

26 August 2013

ASX ANNOUNCEMENT

Mongolia Update

Guildford Coal Ltd (ASX: GUF) is today hosting an Investors presentation in Ulaan Baatar, capital of Mongolia. The presentation is being attended by the major investors in GUF as well as representatives of financial institutions, coal traders and Mongolian Government officials.

The presentation was delivered by Peter Westerhuis (Group Managing Director), Julien Lawrence (Chief Operating Officer), Allan Dawson (General Manager Marketing), Mike Wotherspoon (Chief Financial Officer) and Tsogt Togoo (Non-Executive Director).

The presentation is appended to this announcement. The key points of note are:

1. Development activities at the mine site are progressing satisfactorily and remain on target for coal extraction to commence in Q4-2013.
 - a. Overburden stripping volumes are on target;
 - b. Approximately 50,000 tonnes of coking coal is exposed, ready for mining;
 - c. The program to introduce the purpose built, large scale earthmoving fleet is continuing;
 - d. Mine facilities including accommodation, workshop, crushing plant and stockpile areas are under construction.
2. Government approval for construction of the new haul road to connect with the existing border crossing road is imminent.
3. Current projection is for first exports to commence in December 2013.
4. Coal production is planned to stabilize in Q4-2014 at a 3Mtpa rate and a minesite cost in the order of US\$35 to US\$40/tonne.
5. GUF and Noble, under the auspices of the Sales and Marketing Agreement, are combining efforts to establish off-take agreements with Chinese customers, some of whom are undertaking mine visits.
6. Metallurgical testing confirms coal quality specifications indicative of Hard Coking Coal, allowing GUF to differentiate its product from other producers in the region.

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7. GUF is entering the market at a time when global market conditions are very challenging and coal prices remain under strong pressure. Current industry benchmark price indices infer a mine site sale price in the range of US\$55 to US\$60/tonne.
 8. GUF and Noble are pleased to advise an in-principle agreement to extend an existing debt facility that will provide GUF with sufficient capacity to construct the unpaved haulroad, complete mine development works and commence coal production.
 9. Based on assumptions outlined in the accompanying presentation an additional capital raising of US\$45M to US\$55M is forecast for December 2013. This will secure a positive cash balance during the period in which market penetration is obtained and coal sales escalate to match mine production levels.
 10. GUF will source an optimal financing solution which could include accessing debt capital markets. Once secured these funds will provide greater certainty and flexibility in executing our business plan.

For further information please contact:

Peter Westerhuis
Managing Director
07 3005 1537



Guildford Coal

Investor Presentation

26th August 2013



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Agenda

1. Company Overview
2. Permitting Update
3. South Gobi Project and Operations Update
4. OPEX and Capital Overview
5. Marketing Overview
6. Pricing Considerations and Expectations
7. Profit Guidance Summary and Funding Requirements
8. Conclusion



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Company Overview



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Company Overview

Australia's next large independent miner, capitalising on its diverse and strategically positioned coal deposits in Mongolia and Queensland

Diversified Asset base and JORC Resource

Emphasis on achieving Mongolia production in 2013



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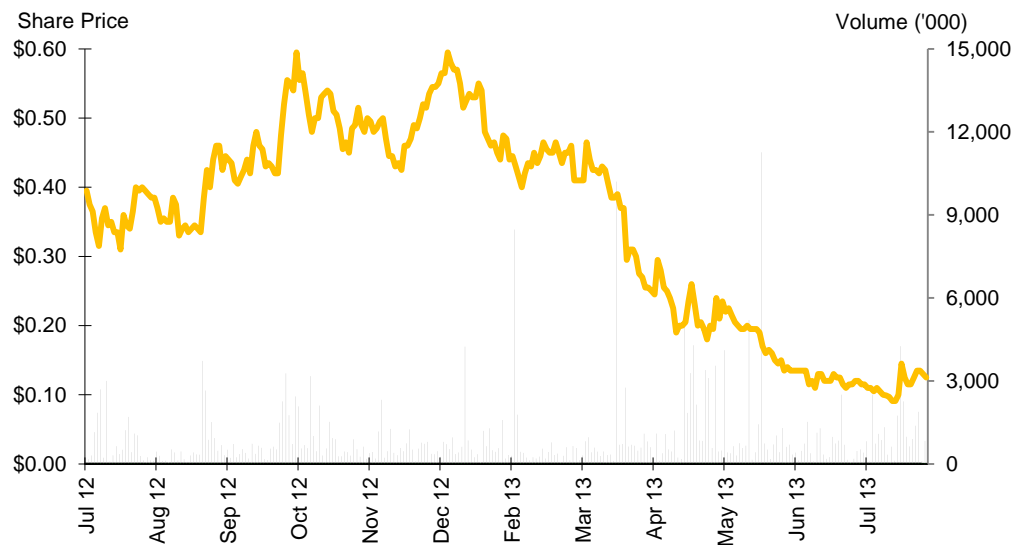


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Company Overview - Snapshot

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ASX code	GUF
Shares on Issue	635M
Share price (23 Aug 2013)	\$0.155
Market Capitalisation	A\$98.4M
Cash (31 July 2013)	A\$21.9M
Debt / facilities	A\$61.5M
Enterprise Value	A\$138.0M



Substantial Shareholders

The Chairmen 1 Pty Ltd	39.3%
Och-Ziff Capital Management	8.1%
Terra Holdings Ltd	6.3%
Gleneagle Asset Management Ltd	5.8%
UBS Securities	3.6%

Board of Directors

Hon Peter Lindsay	Independent Chairman
Pier Westerhuis	Managing Director
Hon Alan Griffiths	Non Executive Director
Tsogt Togoo	Non Executive Director
Gary Humphrys	Non Executive Director
Kon Tsiakis	Non Executive Director



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Company Overview – New Team

Peter Westerhuis, Group Managing Director
Mechanical Engineer, MBA, GAICD
30 years resources industry experience, including 20 years in the coal industry

Julien Lawrence, Chief Operating Officer - Mongolia
Mining Engineer
15 years international resources industry experience, including 5 years developing coal operations in Mongolia

Mark Sinton, General Manager Operations
Mine Manager
35 years international resources industry experience, including numerous start-ups

Michael Wotherspoon, Chief Financial Officer
Chartered Accountant, MAICD
15 years experience, Australia & international, in the financial services, private equity and resources industries

Allan Dawson, General Manager Marketing
Geologist, MBA
40 years resources industry experience, including 25 years global coal marketing

Mark Reynolds, Project Director - Queensland
Chartered Accountant
20 years resources industry experience, including project evaluation and development

Tony Mooney, General Manager Stakeholder Relations
FAICD
30 years experience in local Government, various Board Directorships

Tsogt Togoo, Non-Executive Director
Economist, MBA
20 years in Mongolian Public Sector, including privatisation of various companies



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Permitting Update

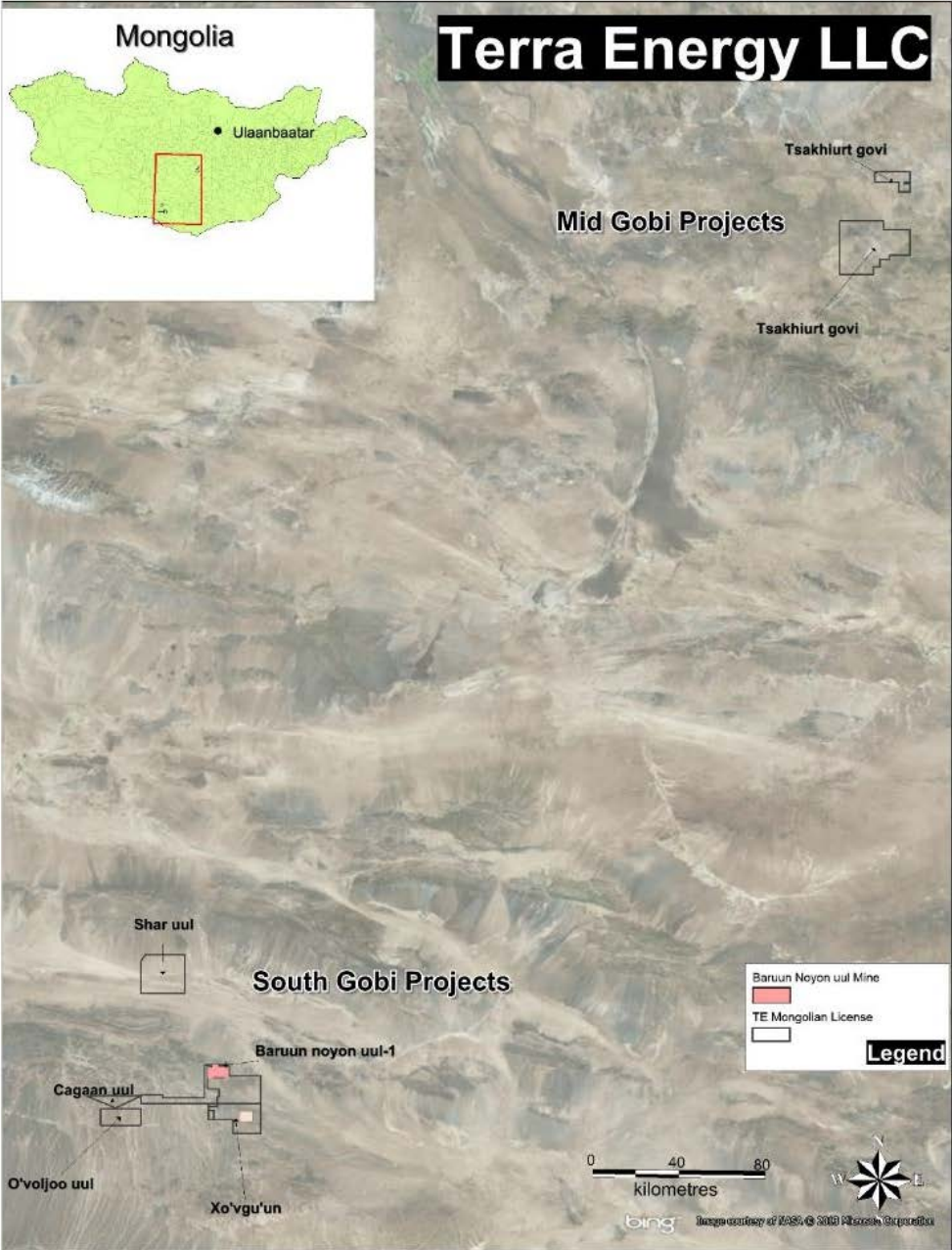


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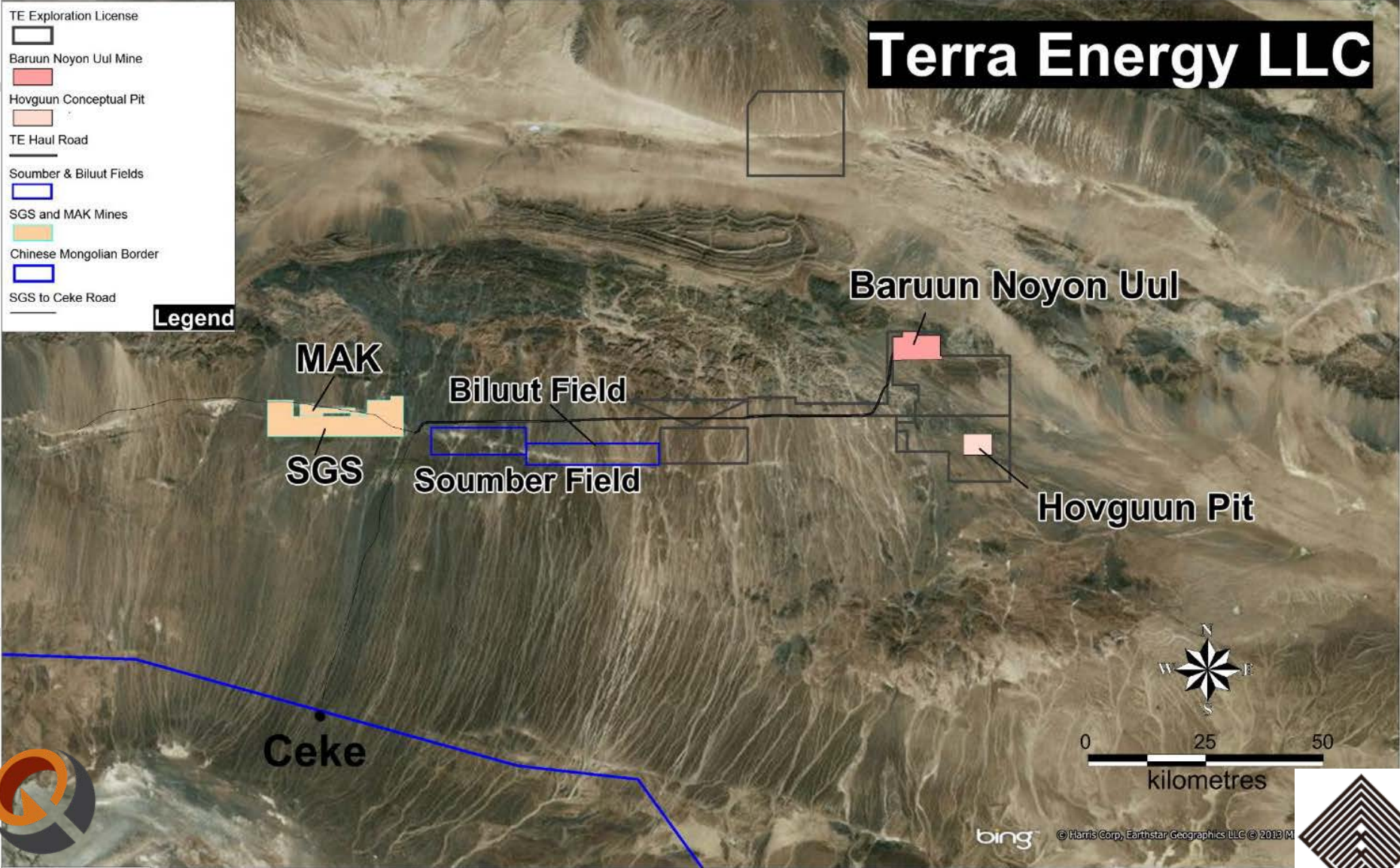


Mongolia License Locations

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South Gobi Licenses



Terra Energy LLC

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Haul Road Permitting Process

- ✓ Local soum (council) land use agreements made
- ✓ Affected landholders endorsements received
- ✓ Road alignment approved by National Government
- ✓ Road construction agreement made with National Government
- ✓ Detailed road design completed and approved
- ✓ On-lease construction works have commenced
- ✓ Off-lease road alignment is being pegged

This week

- Contract made with appointed Construction Contractor
- Appointment of Independent Engineering Inspector
- Hand over between design consultant and construction Contractor

Next week

- Commence off-lease construction of unsealed road, a 10 week construction program



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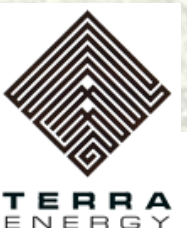


Haul Road Construction Plan

- The Construction Agreement to construct a sealed haul road expires June 2016
- The unsealed road alignment will be completed in 2013, at a cost of US\$17M
- Coal haulage scheduled to commence in December 2013
- Construction of sealed haul road will commence in April 2014
- The sealed road construction schedule will be determined by:
 - Cost effectiveness of operating an unsealed road for an extended period
 - Health & safety aspects of operating an unsealed road
 - Road funding options
- GUF/Terra will assess schedules & options prior to construction commencement in April 2014



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South Gobi Project and Operations Update



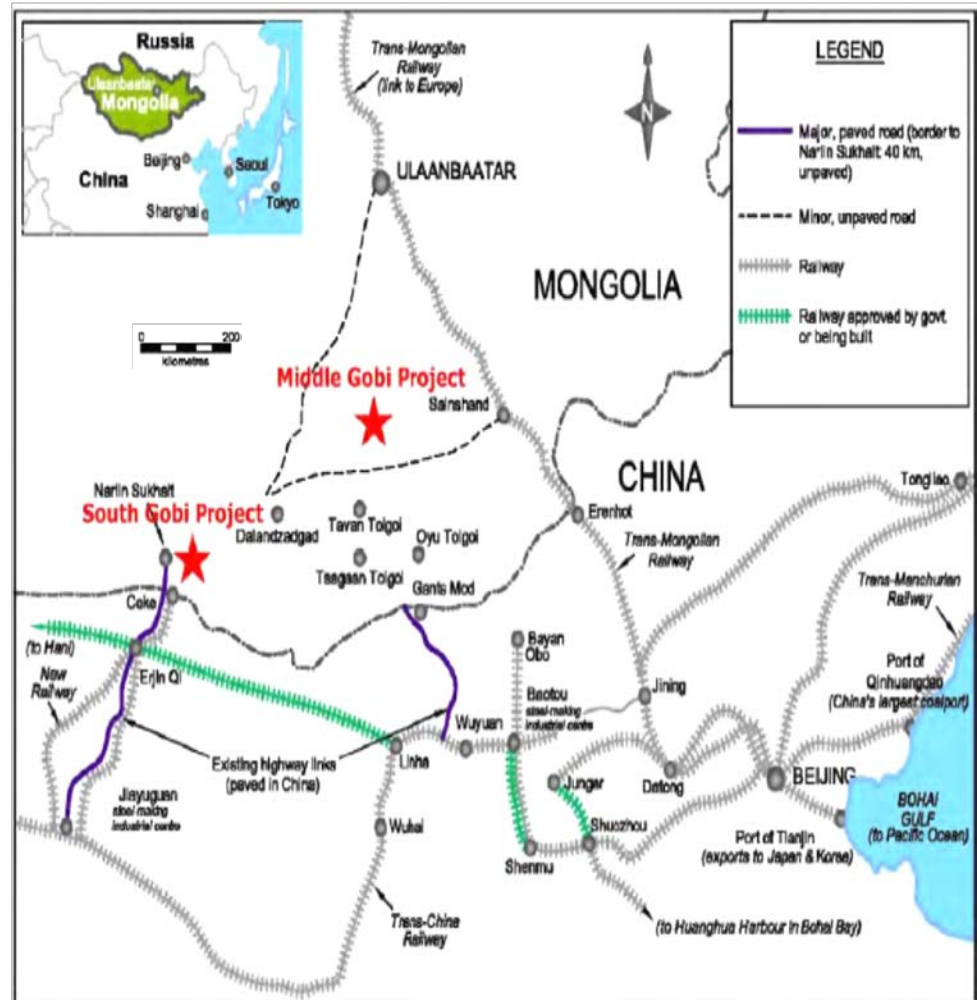
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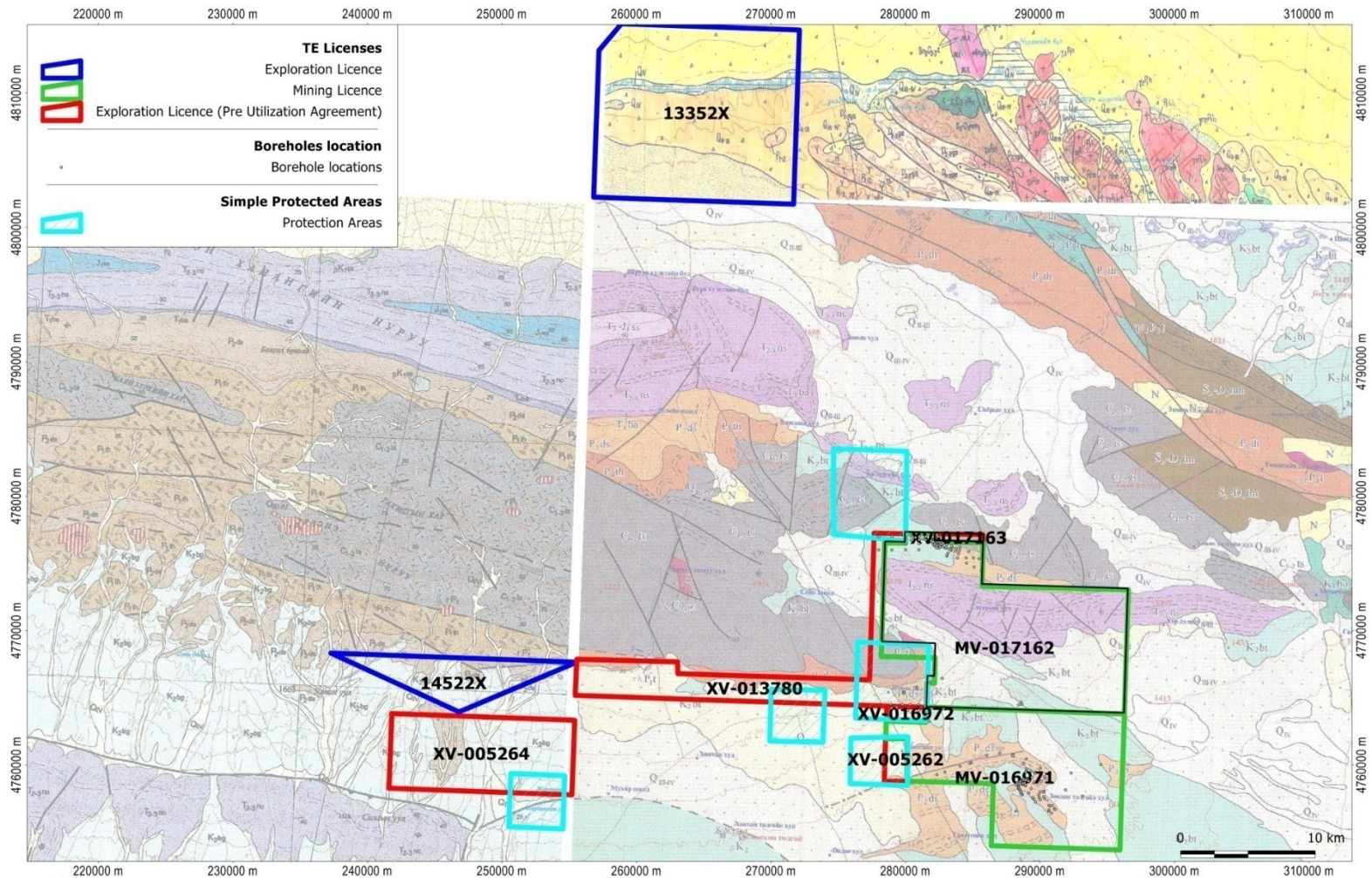
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South Gobi Project Update

- South Gobi Project is managed & operated by 100% owned Guildford Coal subsidiary, Terra Energy
- Project includes a ML over the Baruun Noyon Uul (BNU) Mine (formerly Northern Pit)
- JORC resources for BNU Mine – 70.4Mt (Indicated 39.7Mt and Inferred 30.7Mt) Further resource definition is currently underway to move to a JORC Reserve.
- Commercial production scheduled to commence from 4Q13 and ramp up to 3Mtpa from 4Q14. Initial production in FY14 is expected to be 620kt.
- Coal quality produced will be close in specification to a prime coking coal.
- initial open cut excavation 70% complete exposing 55kt of coal and mine infrastructure being developed, for final compliance inspection and sign off.
- 98km road to transport coal from site to border connection road is nearing permitting completion



South Gobi Project - Licenses



South Gobi - Exploration Tenements

Universal Transverse Mercator - Zone 48 (N)
 Drawn: BL
 Printed at: 3/3/2013

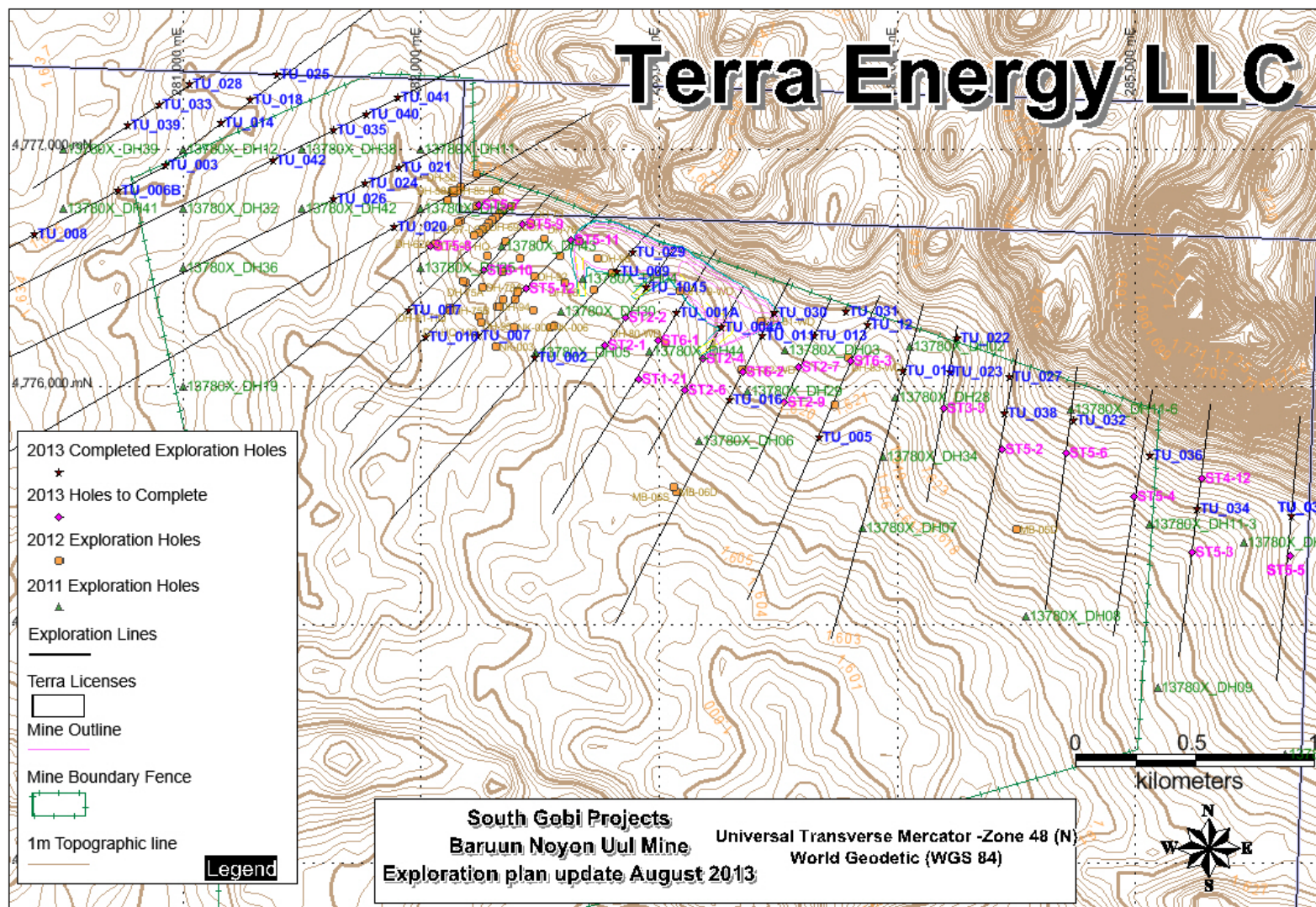


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South Gobi Project – BNU Resource Definition (formerly North Pit)



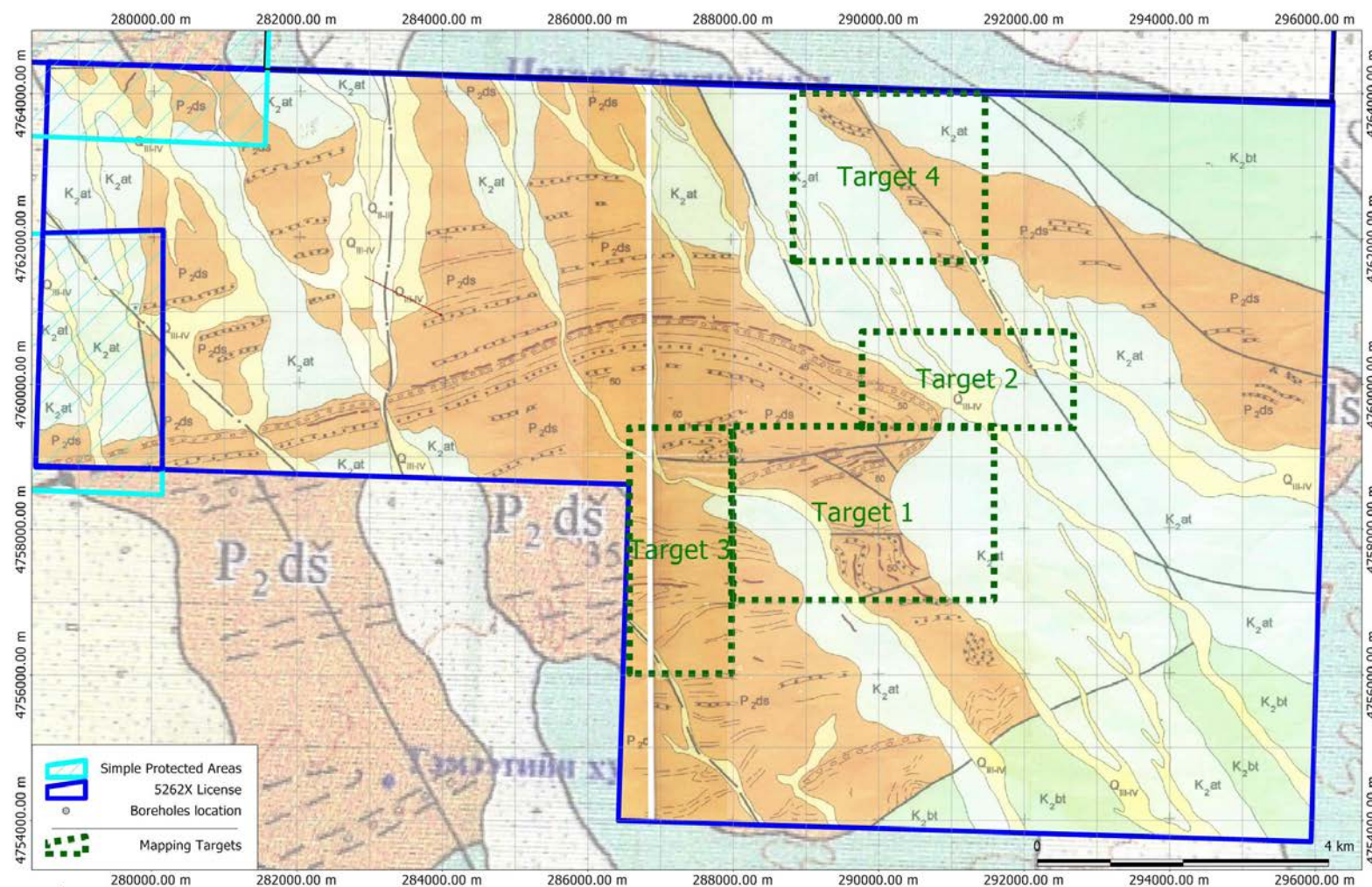
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South Gobi Project – Hovguun Exploration (formerly east pit)



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MV-016971 - Mapping Targets

Universal Transverse Mercator - Zone 48 (N)
Printed at: 4/13/2013



Mine Development

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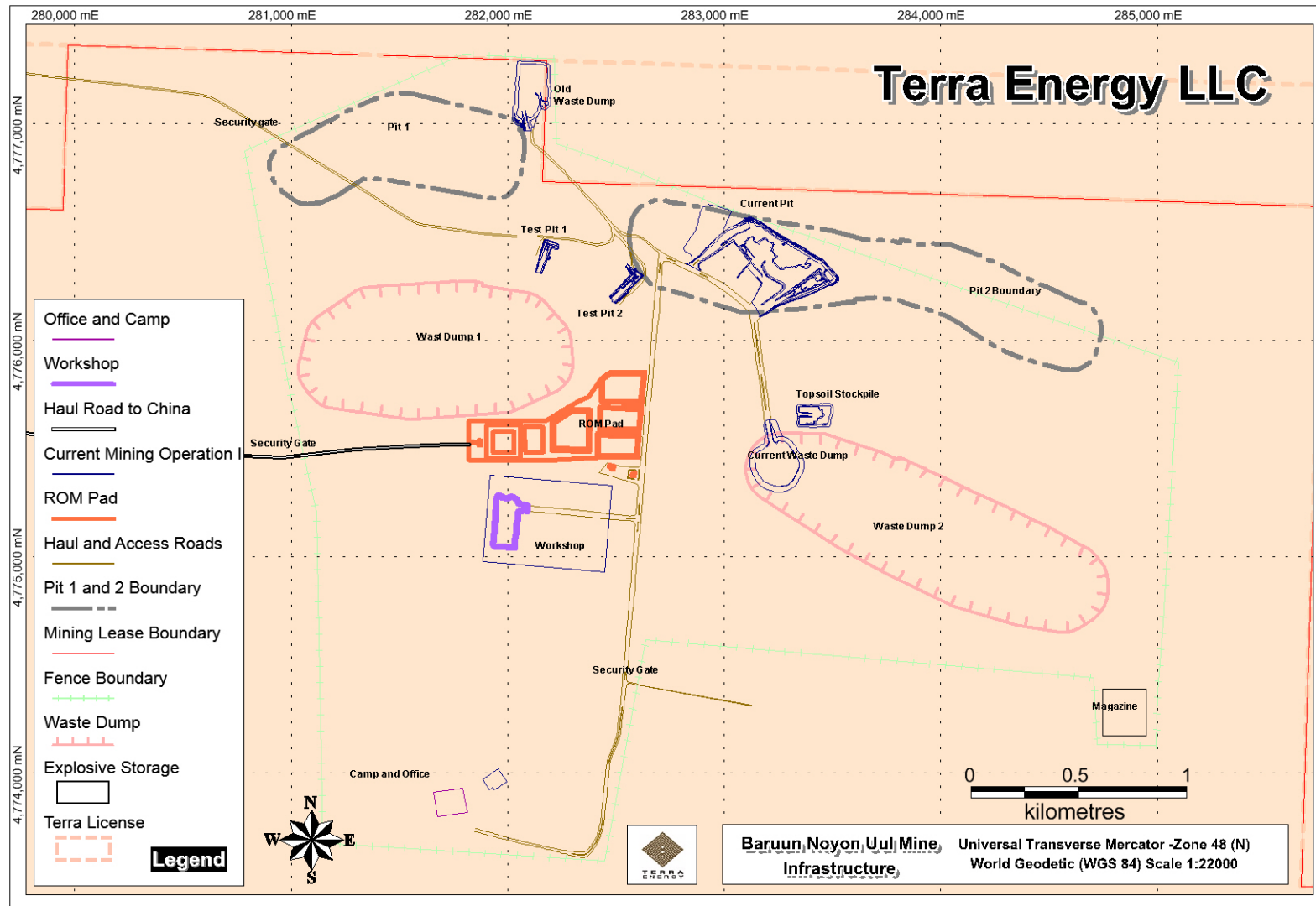
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South Gobi Project General Layout

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South Gobi Project BNU Mine Progress

- Mining equipment secured through rental arrangements
- Workforce established focused on local hire
- Building TE team to support the operation reliability
- Putting in place BOOT arrangements for mine infrastructure
- Reduce upfront expenditure by targeting the lowest reliable stripping ratio possible
- Aim to ramp up production throughout 2014 to achieve 3mtpa production rate.
- Develop a sustainable project that meets international standards with respect to quality, reliability and corporate responsibility
- Budget production in cost range US\$35 to US\$40 / t FOB on the truck



South Gobi Project BNU Boxcut



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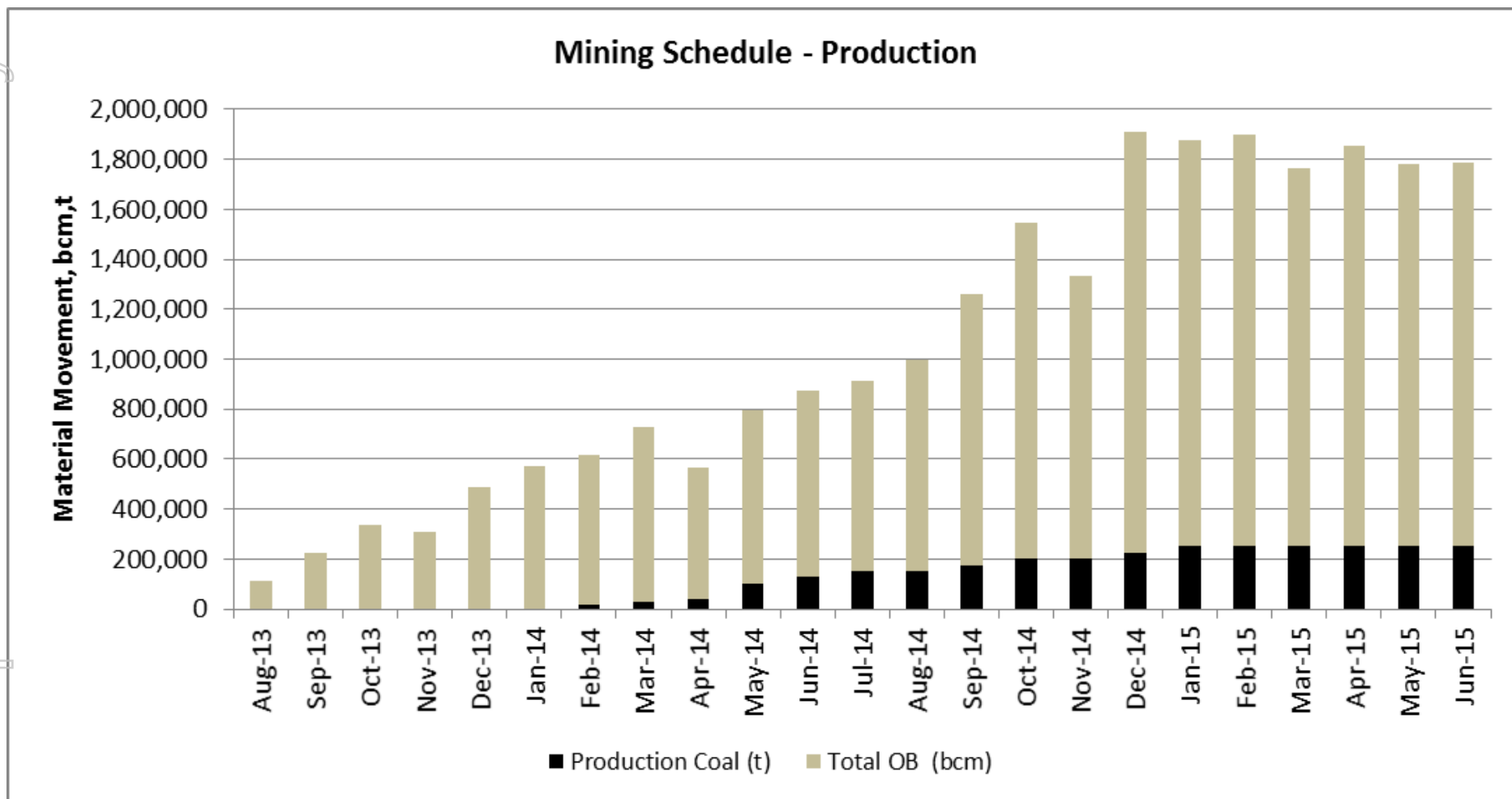
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BNU Mine Production Profile to June 2015

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Mine Infrastructure

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BNU Pit Capital Estimate

BNU Pit Capital	Estimate
Road Construction - Unsealed	\$17M
Boxcut	\$13M
Other	\$7M
Exploration	\$3M
Total Capital Estimate	\$40M

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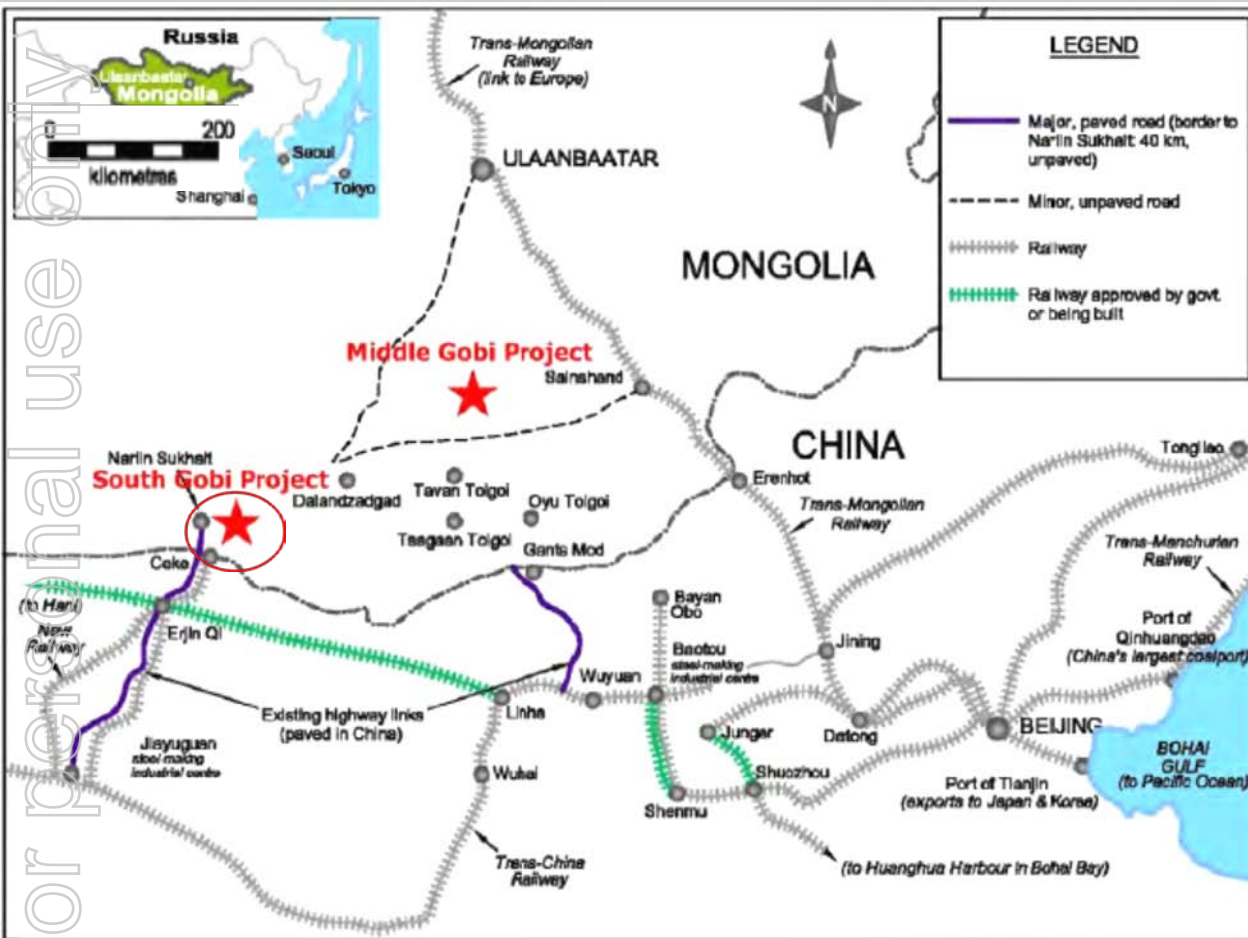
Marketing Overview



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Mine Location and Key Project Highlights



- The mine is ideally located some 150km by road from the Chinese border station at Ceke and close to numerous Chinese steel plants and coke works
- Coal quality produced will be close in specification to prime coking coal
- A marketing agency agreement is in place with Noble Resources International
- Discussions with potential off-take partners regarding a coal supply agreement are underway



Mongolian Supply - Terra Energy well positioned



Mine Production Schedule and Coal Quality Update⁵

Sales Schedule

Month	'000 tonne
Dec 2013	20
Jan 2014	30
Feb 2014	40
Mar 2014	100
Apr 2014	130
May 2014	150
June 2014	150
Q3 2014	575
Q4 2014	725

Coal Quality

Spec.	Spec 1	Spec 2
Ash %arb	5-8	10
VM %daf	28-30	24-26
Sulfur %arb	0.5-0.9	0.6-0.9
G Index	70-90	80-90
CSN	4.5-6	4-6

Initially we will blend coal from within the boxcut and after more pits are open, it is expected that blending of the coals from different pits will ensure a reliable supply of a consistent high quality HCC product



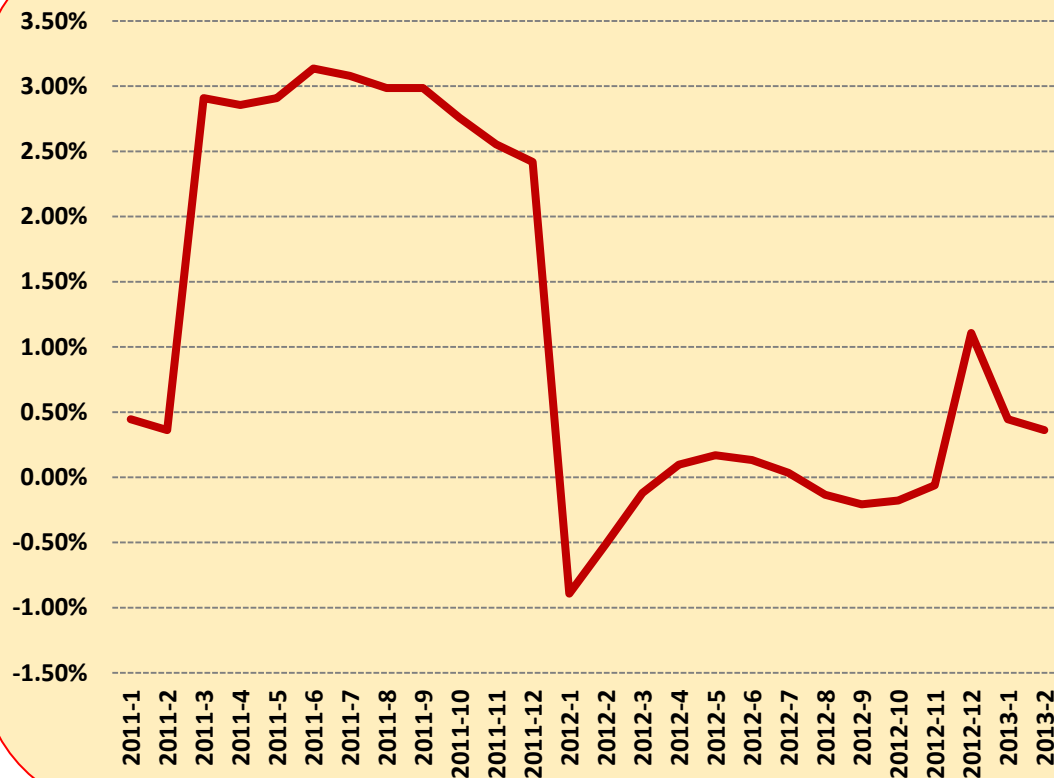
tomorrow today

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Pricing Considerations and Expectations

Steel Plant Profitability

China Major Steel Mills Profit Ratio



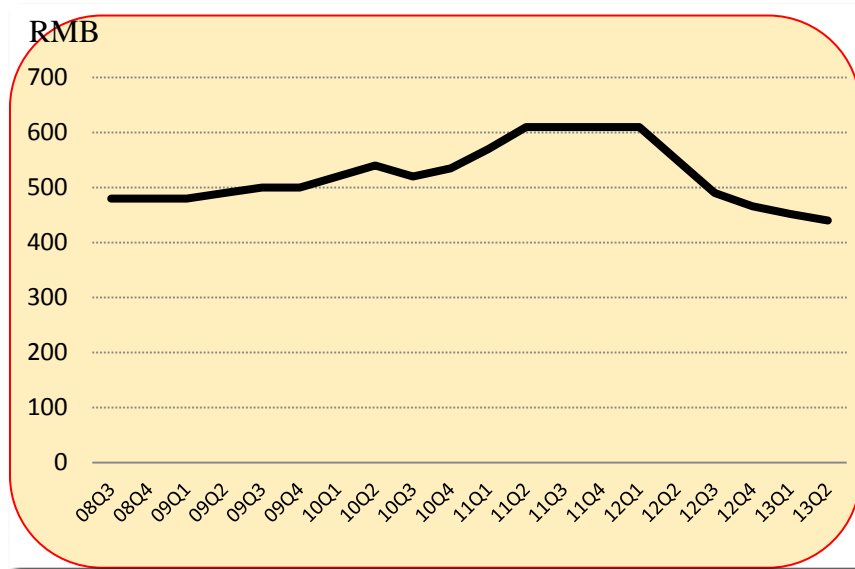
Data: Umetal.com

- Product Inventory remains high at 15Mt as of Aug 2nd 2013.
- The average profit rate of major steel mills only 0.13% in July (Source: CISA)
- Forcing coke price to fall

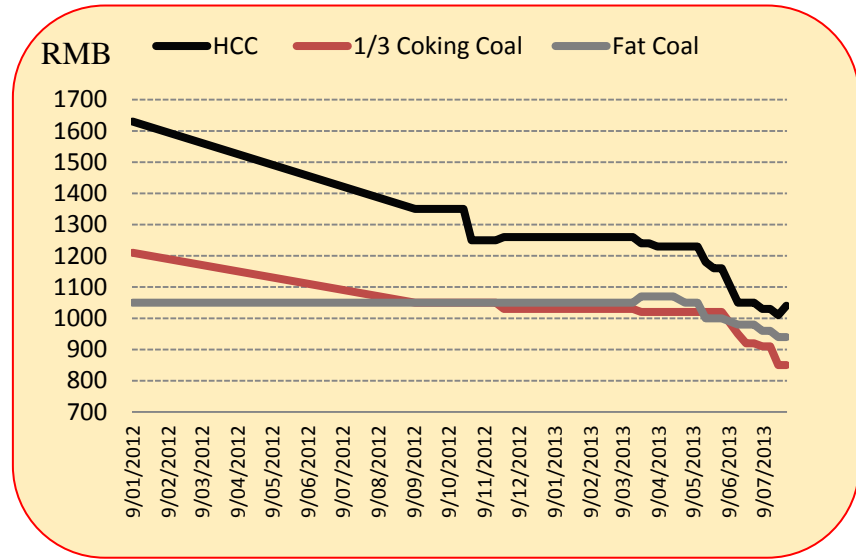
Terra Energy must create competitive advantages (Quality/Price) in order to win business



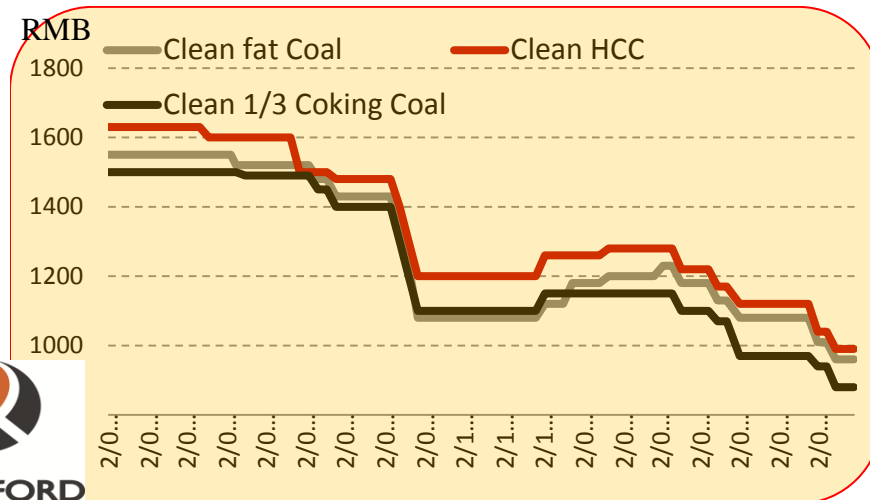
Ceke Spot Pricing



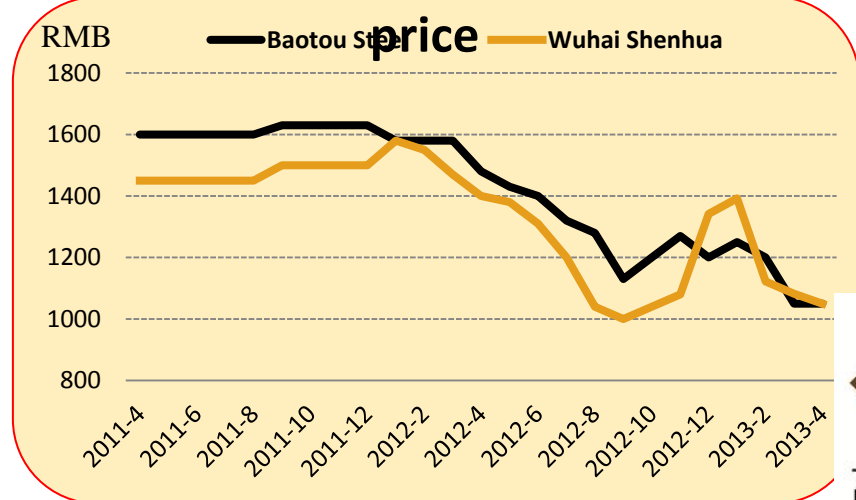
Jingtang Port Ex-stockyard Price



Shanxi Coking Coal Price



Hard Coking Coal – other end users



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Terra Energy's Coal Pricing Strategy

- **At least 4 different pricing reference points are being monitored**
- **Transportation costings are based on current research and advice**
- **Each index offers its own justification**
- **Current indications are that the FOB minesite price for Terra Energy's HCC expected to be in the range USD55-USD60/t**

Profit Guidance Summary and Funding Requirements



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Profit Guidance Summary

- Production profile – commences Q4 2013 and gradually ramps up to 3mtpa by end of Q4 2014.
- Sales price – range of US\$55-US\$60 per tonne FOB truck at mine gate.
- Marketing fee and royalties approximately US\$5 per tonne.
- Mine operating cost per tonne when producing 3Mtpa is in range of \$US35 –US\$40 per tonne
- Forecast project profit margin between US\$10 and US\$20 per tonne.
- Corporate overheads (Mongolia, Brisbane, Townsville) – US\$5 per tonne



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Funding Requirements

- Group cash position at the end of July 2013 was A\$21.9M.
- Current Group financing facilities include:
 - A\$39.4M convertible bond from OCP Asia
 - US\$20M working capital/debt facility from Noble
- In-principle extension of existing Noble debt facility agreed to fund Mongolian haul road costs and complete mine development works.
- Additional capital raising of US\$45M - US\$55M forecast for December 2013
- This will maintain positive cash during the period of market penetration and coal sales escalating inline with mine production
- GUF will source an optimal financing solution which could include accessing debt capital markets
- These funds will provide greater certainty and flexibility in executing our business plan



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Conclusion



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GUILDFORD COAL & TERRA ENERGY

- **Near term coal producer with a determination for success**
- **A new team to achieve and deliver**
- **Premium coal quality differentiates us in the market**
- **Strong strategic partnership with Noble, a global force in the coking coal market**
- **Final statutory approvals imminent**
- **Mine commissioning Q4 2013**
- **Delivering value for all stakeholders**



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LET PRODUCTION BEGIN ...



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