



GUILDFORD
COAL

CONSOLIDATED FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2014

ASX: GUF

SHARE INFORMATION

Issued shares: 917.6m

BOARD OF DIRECTORS

Acting Non-Exec Chairman: C.
Ransley
Acting Group MD: M. Avery
Non-Exec: T. Tsogt
Non-Exec: C. Wallace

PRINCIPAL CONTACT

M. Avery – Acting Group MD
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Directors

Mr Craig Ransley	Acting Non-Executive Chairman
Mr Michael Avery	Acting Group Managing Director
Mr Tsgot Togoo	Non-Executive Director
The Hon Craig Wallace	Non-Executive Director

Company Secretary

Mr Tony Mooney

Registered office and principal place of business

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Share registry

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Australia

Guildford Coal Limited shares are listed on the Australian Securities Exchange (ASX code: GUF).

Solicitors

Herbert Smith Freehills
101 Collins Street
Melbourne, Victoria 3000
Australia

Bankers

Westpac Banking Corporation Limited
Shop 2,700 Albany Creek Rd
Albany Creek, QLD 4035
Australia

Auditors

EY
Level 51, 111 Eagle Street
Brisbane, QLD 4000
Australia

The directors present their report, together with the interim financial statements of The Group, being Guildford Coal Limited (the Company) and its controlled entities, for the half year ended 31 December 2014.

Directors

The names of the directors in office at any time during, or since the end of, the half year are:

Names	Position	Appointed/Resigned
Mr Craig Ransley	Acting Non-Executive Chairman	Appointed 19/11/2014
Mr Michael Avery	Acting Group Managing Director	Appointed 15/12/2014
Mr Tsogt Togoo	Non-Executive Director	
The Hon Craig Wallace	Non-Executive Director	Re-Appointed 15/12/2014 Resigned 29/09/2014
Mr Michael Avery	Non-Executive Director	Appointed 13/11/2014 Resigned 15/12/2014
The Hon Alan Griffiths	Acting Non-Executive Chairman	Resigned 19/11/2014
Mr Kon Tsiakis	Non-Executive Director	Resigned 13/11/2014
Mr Peter Kane	Group Managing Director	Resigned 15/12/2014

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Results of operations

The consolidated comprehensive loss of the Group for the financial period after providing for income tax was \$17.6 million (2013: \$11.0 million)

Review of operations

Highlights

- Production at Guildford Coal Limited's (Guildford) Baruun Noyon Uul (BNU) Coking Coal Mine successfully and safely recommenced in mid-December 2014 with all major equipment recommissioned and the following material movements reported year to date at the end of December 2014:
 - Total waste movement of 324,000 bcm and ROM coal mined of 2,765 tonnes
 - Total coal trucked from the BNU Mine to Ceke border port station of 24,900 tonne
- The BNU Coking Coal Mine ramp up is progressing well having no Lost Time Injuries since commencement of development and is on track to produce 1.15Mt for the calendar year of 2015.
- The Mineral Resources Progression Committee from the Mineral Resource Authority of Mongolia (MRAM) formally approved an increase in the allowable mining capacity to 1.5Mt in 2015 and 2.0Mt in 2016.
- Strategic supporters and debt providers the Noble Group (Noble) and Orchard Capital Partners (OCP) agreed to continue to support the company by providing additional working capital and delaying the date for further principal and interest payments on its facilities to allow Guildford to ramp up production at BNU Coking Coal Mine.
- Preliminary results from the washing and laboratory testing confirmed the target specification of the primary product from BNU Coking Coal Mine is for a low ash premium quality hard coking coal with low sulphur and the following key parameters; Ash 8%, VM25%, G 80, Y17, CSR 50+, S <0.7, TM 8% which is highly desirable amongst Chinese steel makers.

Mongolia

During the period, Guildford via its wholly owned subsidiary Terra Energy LLC exported its first trial lot of Hard Coking Coal from the BNU coal project. The coal was sent for trial washing and signalled the commencement of coal sales from the mine. That significant milestone demonstrated the full process of extracting, exporting and delivering the premium product from the BNU coal project.

Subsequent to the first shipment, Terra Energy LLC exported its second and commenced its third shipment of Hard Coking Coal and PCI coal from the BNU Coking Coal Mine. The majority of the coal was sent for trial washing, although some ROM coal by-passed the wash plant process as it met final product specification without any processing.

A sample of ROM coal was shipped to a potential end user customer for coal quality testing in their state of the art facility. The customer demonstrated that the BNU Coal can be washed to a very low ash with acceptable yield. Offtake negotiations are ongoing, the outcomes of which should recognize the value for a very low ash product.

Further preparations at the BNU project are now focusing on continuous operations and a ramp up of production.

Queensland

During the period a successful renewal of the Springsure Project's EPC 1674 for an additional 5 years was achieved securing the tenement until June 2019. A MDL application covering part of the Springsure Project area was approved by the Springsure Mining and Guildford Boards for submission to the Department of Natural Resources and Mines (DNRM). Obtaining the MDL will enable the Project to progress to commercialisation in a timely manner.

Financial Position

During the six months to 31 December 2014, the company successfully raised A\$9.3 million under an Entitlement. Cash at bank at the end of the reporting period was \$2.2 million (June 2014 \$9.1million).

Dividends Paid or Recommended

No dividends were paid or declared for future payment during the financial period.

Events Subsequent to Reporting Date

- The entitlement offer on 27 January 2015 resulted in an OCP Asia debt facility covenant being broken, specifically that a change of control in The Group as defined in the Deed Agreement had occurred. The Group has discussed this with OCP Asia and are seeking a formal waiver. OCP have agreed to instruct the Note holders to reduce the change of control provision from 20% to 15% and also waive the current redemption rights as they relate to the change of control that has occurred subsequent to the half year end. If this waiver is not obtained, OCP Asia has the right to call the debt recorded at \$54,837,065.
- On 2 January 2015, the Company announced it has received notification that Acting Chairman Craig Ransley has entered into an agreement with Orchard Capital Partners (OCP) for he or his nominee to acquire the US\$10m convertible notes issued by the Company to OCP.
- On 9th January 2015 the loading of the first train as part of the trial shipment of 3,000t of low ash hard coking coal from Ceke Border Station to Jiuquan Iron & Steel (Group) Co Ltd (JISCO) occurred.
- On 22 January 2015, the Company announced that negotiations with Noble Resources International Pte. Ltd. (Noble) regarding an additional US\$7 million working capital facility had concluded, long form documents had been executed and Guildford had issued a draw down notice in respect of the entire US\$7 million facility. Guildford also advised that OCP Asia (Hong Kong) Limited (OCP) had formally agreed to defer interest payments totalling approximately US\$3.9 million, which were due on 8 January 2015 pursuant to the Note Trust Deed, to 8 July 2015.
- A condition in the Noble funding agreement is that Guildford would meet certain financial ratios at predefined dates. At the first calculation date being 28 February 2015 Guildford was in breach of the financial ratios and Noble could enforce its rights to call the debt upon an event of default as stated in the agreement.
- Guildford has also exercised its option to acquire the 12600 exploration lease, which is adjacent to the BNU Mine in Mongolia, from Noble and will, subject to certain conditions and exceptions, prioritise bringing this project into commercial production. The acquisition of this lease will result in operational synergies with the adjacent BNU Mine as the coal seams are contiguous. Part of the purchase price for the 12600 project is a payment of US\$6 million which is due at the end of May 2015. Guildford anticipates that it will meet this payment in the ordinary course. If Guildford has not brought the 12600 project into commercial production by 8 May 2018, then Guildford has the option to retain the tenement and pay Noble 5 annual payments of US\$11.8 million or return the tenement to Noble.
- On 27 January 2015, Guildford made a Renounceable Entitlement Offer to existing shareholders, on the basis of 1 new share for every 4.85 shares, at an issue price of \$0.037. The company raised approximately A\$6.6million to support the ramp up of coal production at the BNU Mining operation and for working capital purposes.
- On the 11 March 2015, Guildford announced that the Company had successfully completed the transition from explorer to miner with the completion of the first commercial shipment of 6,000t of coal to Baotou Iron & Steel (Group) Co. Ltd in China from the BNU mine.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the half year ended 31 December 2014 has been received and can be found on page 24 of the interim financial report.

This director's report is signed in accordance with a resolution of the Board of Directors

Director: 

Mr Craig Ransley

Dated: 13 March 2015

	Note	2014 \$	2013 \$
Other income	2	14,651	1,727,394
Employee benefits expense	3	(1,352,364)	(1,367,565)
Depreciation and amortisation expense		(485,745)	(40,129)
Legal and professional fees	3	(454,269)	(1,116,106)
Management fees		(415,502)	(1,250,000)
Rent expense		(400,722)	(503,783)
Consulting fees		(257,108)	(449,829)
Travel expense		(92,544)	(247,677)
Impairment losses	6	(284,448)	-
Other operating expenses	3	(19,484,732)	(3,529,882)
Finance costs	3	(3,156,835)	(5,333,318)
Loss on disposal of subsidiary	9	(1,052,594)	-
Loss before income tax		(27,422,212)	(12,110,895)
Income tax benefit		(348)	10,491
Loss for the period		(27,422,560)	(12,100,404)
Other comprehensive income, net of income tax:			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		9,864,773	1,129,705
Total other comprehensive loss for the period		(17,557,787)	(10,970,699)
Loss attributable to:			
Members of the parent entity		(27,416,200)	(11,542,157)
Non-controlling interest		(6,360)	(558,247)
Total Loss		(27,422,560)	(12,100,404)
Total comprehensive income / (loss) attributable to:			
Members of the parent entity		(17,992,712)	(10,352,868)
Non-controlling interest		434,925	(617,831)
Total comprehensive loss		(17,557,787)	(10,970,699)
Earnings per share			
Basic earnings/(loss) per share (cents)		(3.23)	(1.81)
Diluted earnings/(loss) per share (cents)		(3.23)	(1.81)
The accompanying notes form part of these financial statements			

	Note	31 December 2014 \$	30 June 2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,224,710	9,140,971
Trade and other receivables		37,096	750,969
Other assets		1,791,687	2,004,359
TOTAL CURRENT ASSETS		4,053,493	11,896,299
NON-CURRENT ASSETS			
Trade and other receivables		4,882,086	2,289,436
Investments in associate	9	1,292,056	-
Property, plant and equipment	5	104,728,789	70,770,041
Exploration and evaluation assets	6	58,728,230	79,392,258
Intangible assets		325,353	330,810
TOTAL NON-CURRENT ASSETS		169,956,514	152,782,545
TOTAL ASSETS		174,010,007	164,678,844
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		12,328,664	12,329,974
Borrowings	7	60,875,374	38,216,560
Financial Liability	7	835,711	683
Short-term provisions		139,068	130,151
TOTAL CURRENT LIABILITIES		74,178,817	50,677,368
NON-CURRENT LIABILITIES			
Borrowings	7	61,339,545	65,978,178
Long-term provisions		766,222	687,769
TOTAL NON-CURRENT LIABILITIES		62,105,767	66,665,947
TOTAL LIABILITIES		136,284,584	117,343,315
NET ASSETS		37,725,423	47,335,529
EQUITY			
Issued capital	8	179,742,889	170,466,514
Reserves		(23,189,303)	(32,612,792)
Retained earnings		(117,259,800)	(89,843,600)
Total equity attributable to equity holders of the Company		39,293,786	48,010,122
Non-controlling interest		(1,568,363)	(674,593)
TOTAL EQUITY		37,725,423	47,335,529

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2014

Note	Issued Capital \$	Accumulated Losses \$	Acquisition Reserve \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Share based payments reserve \$	Owners of the Parent \$	Non- controlling Interests \$	Total \$
Balance at 1 July 2014	170,466,514	(89,843,600)	(29,675,375)	(10,938,329)	7,958,847	42,066	48,010,123	(674,594)	47,335,529
Loss attributable to members of the parent entity	-	(27,416,200)	-	-	-	-	(27,416,200)	-	(27,416,200)
Loss attributable to non-controlling interests	-	-	-	-	-	-	-	(6,360)	(6,360)
Total other comprehensive income/(loss) for the period	-	-	-	9,423,488	-	-	9,423,488	441,285	9,864,773
Transactions with owners in their capacity as owners									
Shares issued during the year	8 9,276,375	-	-	-	-	-	9,276,375	-	9,276,375
Disposal of subsidiary	-	-	-	-	-	-	-	(1,328,694)	(1,328,694)
Balance at 31 December 2014	179,742,889	(117,259,800)	(29,675,375)	(1,514,841)	7,958,847	42,066	39,293,786	(1,568,363)	37,725,423
Balance at 1 July 2013	168,806,514	(27,023,796)	(29,683,414)	(851,084)	4,744,027	-	115,992,247	2,253,078	118,245,325
Loss attributable to members of the parent entity	-	(11,542,157)	-	-	-	-	(11,542,157)	-	(11,542,157)
Loss attributable to non-controlling interests	-	-	-	-	-	-	-	(558,247)	(558,247)
Total other comprehensive income/(loss) for the period	-	-	-	1,189,289	-	-	1,189,289	(59,584)	1,129,705
Transactions with owners in their capacity as owners									
Shares issued during the year	1,660,000	-	-	-	-	-	1,660,000	-	1,660,000
Additional share capital in non-controlling interest	-	-	-	-	-	-	-	486,386	486,386
Recognition of non-controlling interest	-	-	8,039	-	-	-	8,039	(8,039)	-
Balance at 31 December 2013	170,466,514	(38,565,953)	(29,675,375)	338,205	4,744,027	-	107,307,418	2,113,594	109,421,012

The accompanying notes form part of these financial statements.

	31 December 2014 \$	31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(4,953,752)	(5,817,754)
Interest received	14,651	72,628
Net cash provided by (used in) operating activities	(4,939,101)	(5,745,126)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(4,356,712)	(27,831,577)
Payments for exploration and evaluation expenditure	(695,628)	(2,060,642)
Outflow from disposal of entities	(101)	-
Net cash provided by (used in) investing activities	(5,052,441)	(29,892,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from rights issue of shares	9,276,375	-
Proceeds from non-controlling interest share contribution	-	486,386
Proceeds from borrowings	-	24,284,989
Payment of finance costs	(6,240,943)	(3,012,667)
Net cash provided by (used in) financing activities	3,035,432	21,758,708
Net increase (decrease) in cash and cash equivalents held	(6,956,110)	(13,878,637)
Cash and cash equivalents at beginning of period	9,140,971	25,681,908
Net foreign exchange difference	39,849	1,129,705
Cash and cash equivalents at end of period	2,224,710	12,932,976

The accompanying notes form part of these financial statements.

Note 1 Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Guildford Coal Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2014, together with any public announcements made during the following half year.

The significant accounting policies used in the preparation and presentation of these interim financial statements are provided below and are consistent with prior reporting periods unless otherwise stated.

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

The interim financial statements have been prepared on an accrual basis and are based on historical costs, except for the measurement at fair value of selected financial assets and financial liabilities.

(b) Going Concern

The financial report has been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

During the transition from explorer to developer, the Company sustained operating losses. These losses have continued as the Company transitions the Baruun Noyon Uul (BNU) mine to producer status, with operating losses for the half-year ended 31 December 2014 being \$27,422,560. The Group has reported a net current liability position of \$70,125,324 at 31 December 2014 which casts doubt on the Group's ability to continue as a going concern.

Since 31 December 2014, the Directors have undertaken the following funding initiatives:

- An additional US\$7 million working capital facility was provided by Noble as announced on 22 January 2015,
- Undertaken a rights issue which raised approximately AUD\$6.6 million,
- Has recently executed a "pre-pay" (funding) facility as part of recent off take agreements, and
- Are assessing various options for optimising the Company's capital structure and assessing its future requirements. In this regard the Company is in advanced discussions with established financiers and considers additional capital can be secured in a timely manner if required.

The Directors have reviewed the production activities in respect of the BNU mine. The funds and facilities available, after allowing for funds required for administration and exploration costs, cover the cost of these activities until such time as sales revenues sustain the business. The Directors and management are continuously monitoring cash forecasts of the Group with particular focus on debt servicing requirements.

While there is some uncertainty as to whether additional capital will be secured, the accounts have been prepared on a going concern basis as the directors believe there are reasonable grounds that additional funding required will be obtained. On this basis, the Directors believe the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classifications of liabilities that might be necessary should the Parent and Group not continue as a going concern.

(c) Adoption of new and revised accounting standards

The Group has adopted all mandatory new and amended standards and interpretations applicable for the current period. The adoption of these standards and interpretations had no material impact on these financial statements or on the financial position or performance of the Group.

The Group has not elected to early adopt any other new Standards or Amendments that are issued but not yet effective.

(d) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Guildford Coal Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(e) Fair value measurement

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 2 Other Income

		31 December 2014	31 December 2013
	Note	\$	\$
- Interest received		14,651	72,628
- Mark to market valuation on conversion option	2(a)	-	714,192
- Gain on Terra Energy Limited acquisition deferred consideration	2(b)	-	940,574
		14,651	1,727,394

(a) Mark to market valuation of the previously held Convertible loan held with OCP Asia. On 8 January 2014 the company entered into an agreement with OCP for Amortising notes (refer note 7d) and settled in full this Convertible loan.

(b) Gain on revaluing deferred consideration relating to the Terra Energy acquisition. The deferred consideration was settled in shares in December 2013.

Note 3 Expenses

The following expense items are relevant in explaining the financial performance for the interim period:

	31 December 2014 \$	31 December 2013 \$
Interest expense on financial liabilities at amortised cost:		
- Working capital facility (refer to Note 7(a))	172,993	422,323
- Interest bearing loans (refer to Note 7(b))	469,855	461,127
- Convertible bonds (refer to Note 7(c))	1,959,161	4,279,776
- Other interest	19,534	170,092
- Costs of finance	535,292	-
	3,156,835	5,333,318
Interest expenses are net of \$6,437,897 (31 December 2013: \$nil) capitalised to Mining Development		
Legal and professional fees:		
- Legal fees	288,350	966,405
- Accounting fees	128,767	110,294
- Other professional fees	37,152	39,407
	454,269	1,116,106
Employee benefits expense:		
- Salaries and wages	1,086,362	1,032,064
- Bonuses	-	20,000
- Directors' fees	103,537	119,205
- Payroll tax	32,846	24,084
- Other employee expenses	129,619	172,212
	1,352,364	1,367,565
Other expenses:		
- Donations and community sponsorship	115,234	148,735
- Foreign currency loss	16,398,634	87,553
- Insurance costs	68,693	106,564
- Listing fees and charges	105,642	104,090
- Mongolian administration and operating expenses	1,155,830	2,772,609
- Other expenses	58,522	119,860
- Project costs	747,149	190,471
- Mark to market valuation on convertible option (refer note 7c)	835,028	-
	19,484,732	3,529,882

The Foreign currency loss arises from the Group's US dollar denominated borrowings being translated to Australian dollars at reporting date and reflects the movement in the exchange rate between the USD and AUD. This amount is exclusive of unrealised exchange gains on intercompany loans with foreign controlled subsidiaries which is disclosed in the Foreign Currency Translation Reserve (Equity).

Note 4 Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of The Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the geographical location of the segment; and
- any external regulatory requirements.

Performance is measured based on segment profit before income tax as included in the internal financial reports.

Types of products and services by reportable segment

The principal products and services of each of these operating segments are as follows:

Segment	Activities
Australia	Coal exploration and extraction activities within Australia.
Mongolia	Coal exploration and extraction activities within Mongolia.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

All amounts reported to the Board of Directors, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

A number of inter segment transactions, receivables, payables or loans occurred during the period or existed at balance date.

(b) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(c) Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

(d) Segment performance

	Australia		Mongolia		Unallocated		Total	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Reconciliation of segment net loss to consolidated net loss after tax:								
Exploration Permits for Coal Rent	(360,413)	(405,179)	-	-	-	-	(360,413)	(405,179)
Administration and operating costs	-	-	(1,155,830)	(2,772,609)	-	-	(1,155,830)	(2,772,609)
Interest Revenue	11,177	72,628	3,474	-	-	-	14,651	72,628
Other Revenue	-	1,654,766	-	723,973	-	-	-	2,378,739
Employee Costs	-	-	-	-	(1,352,364)	(1,367,565)	(1,352,364)	(1,367,565)
Other Operating Expenses	-	-	-	-	(23,515,662)	(10,016,909)	(23,515,662)	(10,016,909)
Loss on disposal of subsidiary	(1,052,594)	-	-	-	-	-	(1,052,594)	-
Income taxes	-	-	(348)	10,491	-	-	(348)	10,491
Net loss after tax per Consolidated Statement of Comprehensive Income	(1,401,830)	1,322,215	(1,152,704)	(2,038,145)	(24,868,026)	(11,384,474)	(27,422,560)	(12,100,404)

(e) Segment assets and liabilities

	Australia		Mongolia		Unallocated		Total	
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2014	2014	2014	2014	2014	2014	2014	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Property, plant and equipment	163,092	200,664	104,565,697	70,569,377	-	-	104,728,789	70,770,041
Exploration and evaluation assets	49,061,053	52,000,000	9,667,177	27,392,258	-	-	58,728,230	79,392,258
Trade and other receivables	324,581	983,855	4,594,601	2,056,550	-	-	4,919,182	3,040,405
Cash and cash equivalents	1,715,424	8,800,284	509,286	340,687	-	-	2,224,710	9,140,971
Investment in associate	1,292,056	-	-	-	-	-	1,292,056	-
Other assets	475,477	594,070	1,641,563	1,741,099	-	-	2,117,040	2,335,169
Total assets per Consolidated Statement of Financial Position	53,031,683	62,578,873	120,978,324	102,099,971	-	-	174,010,007	164,678,844
Segment Liabilities								
Trade and other payables	7,564,293	6,517,181	4,764,371	5,812,793	-	-	12,328,664	12,329,974
Borrowings	30,553,730	25,629,895	91,661,189	78,564,843	-	-	122,214,919	104,194,738
Financial Liability	-	-	835,711	-	-	-	835,711	-
Other Liabilities	-	168	766,222	688,284	139,068	130,151	905,290	818,603
Total liabilities per Consolidated Statement of Financial Position	38,118,023	32,147,244	98,027,493	85,065,920	139,068	130,151	136,284,584	117,343,315

(f) Segment Cash flow information

	Australia		Mongolia		Total	
	31 December	31 December	31 December	31 December	31 December	31 December
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Payments for acquisition of exploration, evaluation and development expenditure	108,810	1,356,170	4,943,631	28,536,049	5,052,441	29,892,219

Note 5 Property, plant and equipment

	31 December	30 June
	2014	2014
	\$	\$
LAND AND BUILDINGS		
At cost	165,128	165,128
Accumulated depreciation	(90,883)	(78,601)
	74,245	86,527
CAPITAL WORKS IN PROGRESS		
At cost	11,562,585	9,611,500
PLANT AND EQUIPMENT		
At cost	4,124,028	3,863,214
Accumulated depreciation	(795,982)	(547,138)
	3,328,046	3,316,076
MINE DEVELOPMENT		
At cost	89,763,913	57,755,938
Total	104,728,789	70,770,041

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current half year:

	Capital Works in Progress	Buildings	Plant and Equipment	Mine Development	Total
	\$	\$	\$	\$	\$
Consolidated					
Balance at 1 July 2014	9,611,500	86,527	3,316,076	57,755,938	70,770,041
Effects of foreign exchange on opening balance	1,096,554	-	365,302	4,505,895	5,967,751
Additions	854,531	-	101,124	9,838,955	10,794,610
Transfers from exploration and evaluation assets	-	-	-	17,663,125	17,663,125
Depreciation expense	-	(12,282)	(454,456)	-	(466,738)
Balance at 31 December 2014	11,562,585	74,245	3,328,046	89,763,913	104,728,789
Balance at 1 July 2013	1,273	113,297	599,842	22,140,102	22,854,514
Additions	9,610,227	418	3,112,342	34,460,228	47,183,215
Effects of foreign exchange on opening balance	-	-	(85,452)	(3,643,975)	(3,729,427)
Transfers from exploration and evaluation assets	-	-	-	4,799,583	4,799,583
Depreciation expense	-	(27,188)	(310,656)	-	(337,844)
Balance at 30 June 2014	9,611,500	86,527	3,316,076	57,755,938	70,770,041

Note 6 Exploration and evaluation assets

	31 December 2014	30 June 2014
	\$	\$
Exploration and evaluation assets - at cost	58,728,230	79,392,258

(a) Movements in carrying amounts of exploration and evaluation assets

A summary of movements for capitalised exploration and valuation expenditure is as follows:

	\$
Balance at 1 July 2014	79,392,258
Effects of foreign exchange on opening balance	1,204,691
Exploration expenditure	695,628
Impairment losses	(284,448)
Transfers to mine development	(17,663,125)
Transfers to account receivable	(1,005,663)
Disposal of subsidiary (Note: 9)	(3,611,111)
Balance at 31 December 2014	58,728,230

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment testing for exploration and evaluation assets occurs when impairment indicators are identified.

During the period certain exploration and evaluation assets have been written down to fair value less cost of disposal as a result of the Independent Technical Specialist's Report (ITSR) prepared by Xenith Consulting Pty Ltd which was included in the Company Target's Statement released on 24 December 2014.

(b) Interest in mining tenements

Tenure Number	Location	Percentage Interest	
		31 December 2014	30 June 2014
1250	Charters Towers, Queensland Australia	64.40%	64.40%
1260	Charters Towers, Queensland Australia	64.40%	64.40%
1300	Charters Towers, Queensland Australia	100%	100%
1394	Charters Towers, Queensland Australia	100%	100%
1477	Charters Towers, Queensland Australia	100%	100%
1478	Charters Towers, Queensland Australia	100%	100%
1479	Charters Towers, Queensland Australia	100%	100%
1480	Mount Isa, Queensland Australia	100%	100%
1574	Charters Towers, Queensland Australia	100%	100%
1674	Emerald, Queensland Australia	35.78%	50.78%
1822	Rockhampton, Queensland Australia	100%	100%
1870	Rockhampton, Queensland Australia	100%	100%
1872	Rockhampton, Queensland Australia	100%	100%
1890	Charters Towers, Queensland Australia	100%	100%
1892	Charters Towers, Queensland Australia	100%	100%
1893	Charters Towers, Queensland Australia	100%	100%
1962	Charters Towers, Queensland Australia	100%	100%
1963	Charters Towers, Queensland Australia	100%	100%
1964	Charters Towers, Queensland Australia	100%	100%
2003	Rockhampton, Queensland Australia	100%	100%
2046	Mount Isa, Queensland Australia	100%	100%
2047	Mount Isa, Queensland Australia	100%	100%
2048	Charters Towers, Queensland Australia	100%	100%
2049	Charters Towers, Queensland Australia	100%	100%
2057	Dalby, Queensland Australia	100%	100%
2058	Dalby, Queensland Australia	100%	100%
2105	Charters Towers, Queensland Australia	100%	100%
2503	Charters Towers, Queensland Australia	100%	100%
2504	Charters Towers, Queensland Australia	100%	100%
12929X	Mid Gobi, Mongolia	100%	100%
13352X	South Gobi, Mongolia	100%	100%
13780X	South Gobi, Mongolia	100%	100%
14522X	South Gobi, Mongolia	100%	100%
15466X	Mid Gobi, Mongolia	100%	100%
5262X	South Gobi, Mongolia	70%	70%
5264X	South Gobi, Mongolia	100%	100%
17163X	South Gobi, Mongolia	100%	100%
17162	South Gobi, Mongolia	100%	100%
16971	South Gobi, Mongolia	70%	70%

Note 7 Borrowings

		31 December 2014	30 June 2014
	Note	\$	\$
CURRENT			
Working capital facility	(a)	12,192,148	10,615,711
Interest bearing loans	(b)	27,229,131	27,600,849
Convertible loan	(c)	11,858,594	-
Amortising notes	(d)	9,595,501	-
Total		60,875,374	38,216,560
NON-CURRENT			
Interest bearing loans	(b)	6,502,480	1,769,285
Convertible bonds	(c)	-	10,059,396
Amortising notes	(d)	54,837,065	54,149,497
Total		61,339,545	65,978,178

The entitlement offer on 27 January 2015 resulted in an OCP Asia debt facility covenant being broken, specifically that a change of control in The Group as defined in the Deed Agreement had occurred. The Group has discussed this with OCP Asia and are seeking a formal waiver. OCP have agreed to instruct the Note holders to reduce the change of control provision from 20% to 15% and also waive the current redemption rights as they relate to the change of control that has occurred subsequent to the half year end. If this waiver is not obtained, OCP Asia has the right to call the debt recorded at \$54,837,065.

A condition in the Noble funding agreement is that Guildford would meet certain financial ratios at predefined dates. At the first calculation date being 28 February 2015 Guildford was in breach of the financial ratios and Noble could enforce its rights to call the debt upon an event of default as stated in the agreement

(a) Working Capital Facility

On 24 September 2012, the company entered into a working capital facility agreement for US\$10,000,000 with Noble International Pte Ltd ("Noble"). The facility originally bore an annual interest rate of LIBOR (London Interbank Offered Rate) plus a margin of 7.25% however from June 2014 this was increased to 10.5% after commencement of negotiations to defer the principal repayment. On 4 February 2015 the Company agreed with Noble to defer the principal repayment until 1 June 2015.

The Company has capitalised interest to the extent that funds were used in developing a qualifying asset in accordance with accounting policies. As at 31 December 2014, the entire US\$10,000,000 facility had been drawn down, with AU\$1,576,437 in unrealised foreign exchange losses being recognised.

(b) Interest Bearing Loans

Long-term debt facility: On 31 October 2012, the company entered into a long-term debt facility agreement for US\$10,000,000 with Noble. The facility originally bore an annual interest rate of LIBOR (London Interbank Offered Rate) plus a margin of 7.25% however from June 2014 this was increased to 10.5% after commencement of negotiations to defer principal repayments. As at 31 December 2014, US\$10,000,000 facility had been drawn down, with a US\$1,111,111 principal repayment made on 4 March 2014.

Effective 31 December 2014 the Group agreed with Noble to defer further principal repayment until 1 June 2015, with 4 equal instalments of US\$2,222,222 made each quarter until maturity.

The Company has capitalised interest to the extent that funds were used in developing a qualifying asset in accordance with accounting policies. \$1,401,277 in unrealised foreign exchange losses are being recognised in the current period.

Fuel Exclusivity: On 14 November 2013, the company entered into a Fuel Exclusivity agreement with Noble International Pte. Ltd for US\$8,000,000. The facility bears an implied annual interest rate of 9.7% and matures on 11 November 2015. As at 31 December 2014, the entire US\$8,000,000 facility had been drawn down, US\$1,666,667 of principal repayments were made to date.

The Company has capitalised interest to the extent that funds were used in developing a qualifying asset in accordance with accounting policies. \$998,410 in unrealised foreign exchange losses have been recognised in the current period.

Long-term additional debt facility: On 18 December 2013, the company entered into a long-term additional debt facility agreement with Noble International Pte. Ltd for US\$14,000,000. The facility originally bore an annual interest rate of LIBOR plus a margin of 7.25% however from June 2014 this was increased to 10.5% after commencement of negotiations to defer principal repayments. As at 31 December 2014, US\$14,000,000 facility had been drawn down, with a US\$1,555,555 principal repayment made 4 March 2014.

Effective 31 December 2014 the Group agreed with Noble to defer further principal repayment until 1 June 2015, with 4 equal instalments of US\$3,111,111 made each quarter until maturity.

The Company has capitalised interest to the extent that funds were used in developing a qualifying asset in accordance with accounting policies, and \$1,961,788 in unrealised foreign exchange losses has been

(c) Convertible Loans

On 8 January 2014 the Group entered into a debt facility with "OCP Asia" to issue convertible notes with a face value of USD\$10,000,000. Proceeds were used to fund working capital requirements in the Group's Mongolian operations. The Convertible Notes bear an interest rate of 12% p.a. and mature on the 8 July 2015. Principle terms are:

- 1,000 convertible notes, each with a face value of US\$10,000
- Term: 18 months from the date of issue, being 8 July 2015 (the "maturity date")
- Conversion Price: \$0.06 (subject to standard adjustments)
- Dates for Conversion: at any time on 8 January 2014 and up to 7 business days prior to the maturity date

The convertible notes issued originally included an option for the lender to convert the debt to ordinary shares of the Group at \$0.30 per share. This exercise price was modified during the period as a result of the share rights issued during the period at \$0.06 per share. Under the terms of the facility, the exercise price is subject to a number of standard adjustments, including repricing in the event of a share placement. In accordance with The Group's accounting policies at 30 June 2014, this conversion options were recognised as a financial liability at their fair value being \$683, which was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield	nil
Stock price volatility	50.75%
Riskfree interest rate	2.43%
Expected life of options	1.02 years
Share Price	\$0.06

At 31 December 2014, the option was fair valued to \$835,711. Therefore, a loss of \$835,028 has been recorded in other operating expenses in the consolidated statement of comprehensive income to mark to market the previously booked financial liability at 30 June 2014 of \$683. The fair value of the option was determined by applying the Black Scholes option pricing model with the following assumptions:

Dividend yield	nil
Stock price volatility	84.40%
Riskfree interest rate	2.43%
Expected life of options	0.52 years
Share Price	\$0.04

The Company has capitalised interest to the extent that funds were used in developing a qualifying asset in accordance with accounting policies, and \$1,573,811 in unrealised foreign exchange losses has been recognised in the current period.

(d) Amortising notes

On 8 January 2014 the Group also entered into an agreement with "OCP Asia" to issue amortising notes with a face value of USD\$55,000,000. The facility was fully drawn down with proceeds used to settle the previous convertible loans and to fund working capital requirements in the Group's Mongolian operations. The Amortising Notes bear an interest rate of 12% p.a. and matures on 8 January 2017.

The Company has capitalised interest to the extent that funds were used in developing a qualifying asset in accordance with accounting policies, and \$8,523,853 in unrealised foreign exchange losses has been recognised in the current period.

(e) Securities pledged

As part of the security package in relation to the Noble facility agreements, Guildford's subsidiaries have provided Mongolian law pledges over the coal stockpile held by Tellus Marketing Pte. Ltd., Tellus Commodities Pte. Ltd. Terra Energy Mongolia, Alag Tvesh and Tsagaan in favour of Noble.

Guildford (together with its relevant subsidiaries) has also provided Mongolian law share pledges in favour of Noble over:

- 100% of the shares in Alag Tvesh held by Tellus Marketing Pte. Ltd.; and
- 100% of the shares in Tsagaan held by Terra Energy Mongolia.

The other securities provided include:

- Singapore law charges of proceeds accounts (from Tellus Commodities Pte. Ltd.);
- Singapore law assignments of contracts (from Tellus Marketing Pte. Ltd. and Tellus Commodities Pte. Ltd.); and
- New South Wales law guarantee and indemnity (from Tsagaan Uvuljuu).

The security provided by Guildford to OCP Asia in relation to the Note Trust Deed includes a General Security Agreement entered into with Guildford itself, and certain of its subsidiaries, attaching to all Australian mining tenements held or controlled by Guildford or its subsidiaries.

Note 8 Issued Capital

There are no externally imposed capital requirements.

	31 December 2014	30 June 2014
	\$	\$
917,612,681 (June 2014: 761,857,020) Ordinary Shares	179,742,889	170,466,514

(a) Ordinary shares

	31 December 2014	31 December 2013
	No.	No.
At the beginning of the reporting period	761,857,020	635,046,899
Shares issued for acquisition of 25% ownership in Terra Energy Ltd	-	20,000,000
Springsure Mining Pty Limited Indicative Resource Settlement	-	106,810,121
Rights issue 8 August 2014	83,333,334	-
Exercise of options	72,422,327	-
At the end of the reporting period	917,612,681	761,857,020

Exercise of options

On 10 July 2014, the company offered a fully underwritten pro rata non-renounceable entitlement offer of new fully paid ordinary shares at an offer price of \$0.06. Existing shareholders were offered 1 New Share (Rights Issue) and 1 attaching New Option for every 18.284 existing fully paid ordinary shares in the company. On 8 August 2014 83,333,334 shares were issued with the Company receiving \$5,000,000. Subsequently 72,422,327 options were exercised resulting in the company receiving a further \$4,345,340. Entitlement offer inflows disclosed in the Consolidated Statement of Changes in Equity (\$9,276,375) are net of transaction costs of \$68,965.

(b) Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 9 Disposal of a subsidiary that results in loss of control

Guildford entered into a management agreement with TheChairmen1 Pty Ltd (C1) dated 26 May 2010 (which was varied on 20 July 2010) ("Management Agreement"). Under the terms of the Management Agreement C1 agreed to provide certain management services to Guildford for a fee of \$2,500,000 per annum (excluding GST).

On 28 November 2014 the Company received shareholder approval to terminate the Management Agreement effective 12 September 2014 in return for transferring 15% of the company's shareholding in Springsure Mining Pty Ltd (Springsure) to C1.

At 30 June 2014, Guildford held a 50.78% interest in Springsure and accounted for the investment as a consolidated subsidiary as it was deemed to control Springsure. On termination of the Management Agreement Guildford's interest in Springsure decreased to 35.78% and it was deemed to hold significant influence over Springsure.. Guildford has accounted for the remaining 35.78% interest as an investment in an associate whose fair value at the date of disposal was \$1,292,056. This transaction has resulted in the recognition of a loss in profit or loss, calculated as follows:

\$

Consideration Received	-
Net assets disposed of	(3,673,344)
Carrying amount of non-controlling interests	1,328,694
Retained investment in Springsure at fair value	1,292,056
Loss on disposal	(1,052,594)

(a) Analysis of assets and liabilities over which control was lost**Current Assets**

Cash and cash equivalents	101
Trade and other receivables	131,276

Non-current assets

Exploration and evaluation assets	3,611,111
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Current liabilities

Trade and other payables	(69,144)
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Net Assets disposed of	3,673,344
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(b) Net cash outflow on disposal of subsidiary

Consideration received in cash and cash equivalents	-
Less: cash and cash equivalents disposed of	(101)
	(101)

Note 10 Fair Value Measurement

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned categorisation within the fair value hierarchy for each financial asset and liability held by The Group:

		Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2014					
Recurring fair value measurements					
Options on convertible notes	7(c)	-	835,711	-	835,711
Financial instruments not carried at fair value					
Convertible bonds		-	11,858,594	-	11,858,594
Amortising notes		-	63,109,604	-	63,109,604

		Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2014					
Recurring fair value measurements					
Options on convertible notes		-	683	-	683
Financial instruments not carried at fair value					
Convertible bonds		-	10,059,396	-	10,059,396
Amortising notes		-	54,149,497	-	54,149,497

The fair value of the interest bearing loans and working capital facility approximates their present value at 31 December 2014 due to their short term nature. The fair value of all other financial instruments approximates their carrying values at 31 December 2014 due to their short term nature.

Level 2 measurements

The fair values of the conversion option on the convertible notes is determined using the Black Scholes option pricing model which uses observable market data. The details of the data used is contained in Note 7(c).

The fair value of the convertible bonds and amortising notes is based on the present value of expected cash flows determined using current estimates and market interest rates.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 values.

Note 11 Contingencies

Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting period.

Note 12 Events after the end of the Interim Period

- The entitlement offer on 27 January 2015 resulted in an OCP Asia debt facility covenant being broken, specifically that a change of control in The Group as defined in the Deed Agreement had occurred. The Group has discussed this with OCP Asia and are seeking a formal waiver. OCP have agreed to instruct the Note holders to reduce the change of control provision from 20% to 15% and also waive the current redemption rights as they relate to the change of control that has occurred subsequent to the half year end. If this waiver is not obtained, OCP Asia has the right to call the debt recorded at \$54,837,065.
- On 2 January 2015, the Company announced it has received notification that Acting Chairman Craig Ransley has entered into an agreement with Orchard Capital Partners (OCP) for he or his nominee to acquire the US\$10m convertible notes issued by the Company to OCP.
- On 9th January 2015 the loading of the first train as part of the trial shipment of 3,000t of low ash hard coking coal from Ceke Border Station to Jiuquan Iron & Steel (Group) Co Ltd (JISCO) occurred.
- On 22 January 2015, the Company announced that negotiations with Noble Resources International Pte. Ltd. (Noble) regarding an additional US\$7 million working capital facility had concluded, long form documents had been executed and Guildford had issued a draw down notice in respect of the entire US\$7 million facility. Guildford also advised that OCP Asia (Hong Kong) Limited (OCP) had formally agreed to defer interest payments totalling approximately US\$3.9 million, which were due on 8 January 2015 pursuant to the Note Trust Deed, to 8 July 2015.
- A condition in the Noble funding agreement is that Guildford would meet certain financial ratios at predefined dates. At the first calculation date being 28 February 2015 Guildford was in breach of the financial ratios and Noble could enforce its rights to call the debt upon an event of default as stated in the agreement.
- Guildford has also exercised its option to acquire the 12600 exploration lease, which is adjacent to the BNU Mine in Mongolia, from Noble and will, subject to certain conditions and exceptions, prioritise bringing this project into commercial production. The acquisition of this lease will result in operational synergies with the adjacent BNU Mine as the coal seams are contiguous. Part of the purchase price for the 12600 project is a payment of US\$6 million which is due at the end of May 2015. Guildford anticipates that it will meet this payment in the ordinary course. If Guildford has not brought the 12600 project into commercial production by 8 May 2018, then Guildford has the option to retain the tenement and pay Noble 5 annual payments of US\$11.8 million or return the tenement to Noble.
- On 27 January 2015, Guildford made a Renounceable Entitlement Offer to existing shareholders, on the basis of 1 new share for every 4.85 shares, at an issue price of \$0.037. The company raised approximately A\$6.6million to support the ramp up of coal production at the BNU Mining operation and for working capital purposes.
- On the 11 March 2015, Guildford announced that the Company had successfully completed the transition from explorer to miner with the completion of the first commercial shipment of 6,000t of coal to Baotou Iron & Steel (Group) Co. Ltd in China from the BNU mine.

No other matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of The Group, the results of those operations, or the state of affairs of The Group in future financial years.

The directors of the Company declare that:

1. The interim financial statements and notes, as set out on pages 4 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
Mr Craig Ransley

Dated: 13 March 2015



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Auditor's Independence Declaration to the Directors of Guildford Coal Limited

In relation to our review of the financial report of Guildford Coal Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Kellie McKenzie
Partner
Brisbane
13 March 2015



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To the members of Guildford Coal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Guildford Coal Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Guildford Coal Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Guildford Coal Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1b in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters there is significant uncertainty whether the company will continue as a going concern 12 months from the date of the report, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Ernst & Young

Kellie McKenzie
Partner
Brisbane
13 March 2015