Quarterly Report

March 2015 Quarterly Report

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HIGHLIGHTS

Guildford Coal Limited (Guildford or the Company) (ASX: GUF) has successfully transitioned from explorer to miner. Production at Baruun Noyon Uul (BNU) coking coal mine successfully and safely recommenced in mid-December 2014, with all major equipment recommissioned. The following material movements are reported as at March 31, 2015:

- Total waste movement of 2,121,000 bcm pre-stripping overburden to uncover coal
- Total ROM coal mined of 64,000 tonnes as required by sales contracts
- Total coal trucked from the BNU mine to the Ceke border port station of 54,000 tonnes

The BNU coking coal mine ramp-up is progressing well, having recently reached an important safety milestone of 1 Million man-hours Lost Time Incident free.

Solid progress was made with branding of the BNU coking coal in northern China. A total of four customers received commercial quantities of coal for evaluation and/or use in their coke oven blends. All end users have recognised the value of the low ash, low sulfur and premium coking properties of the BNU coal, positioning our coal in the premium price range for coking coals in the region.

Long term offtake discussions have been progressing positively with key customers and are nearing completion with only finer details to be agreed before finalisation of the contracts.

On February 17, 2015, Sino Construction Ltd lodged on the ASX a Notice of Status of Conditions and a Supplementary Bidder's Statement which advised that it had decided not to waive the breach of condition triggered by Guildford undertaking the Entitlement Offer. The Takeover Offer subsequently lapsed on February 25, 2015.

The Company was successful in negotiating a deferral of debt payments due to its financial backers: Noble Group and Orchard Capital Partners.

During the period a Renounceable Rights Issue successfully raised A$6.6m during the quarter with underwriting by Auspicious Future Ventures and Maiora.

MONGOLIA

During the quarter, Guildford via its wholly owned subsidiary Terra Energy LLC, continued to export shipments of hard coking coal and PCI coal from the BNU coking coal mine. Nearly 50,000 tonnes of the coal was sent for washing at the Ceke wash plant, and two shipments of 3,500 tonnes each were shipped prior to washing in Baotou, Inner Mongolia province of China.

The Company further demonstrated the effectiveness of the supply chain and market opportunities for the coal shipped from the BNU coking coal mine.

Guildford's Mongolian subsidiaries also made several applications for new licenses in Mongolia under the revised Minerals Law of Mongolia. Further advice from the Minerals Resource Authority of Mongolia on these applications is expected in the very near future.

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QUEENSLAND, AUSTRALIA

A Mining Development Lease (MDL) application covering part of the Springsure Project area was submitted to the Department of Natural Resources and Mines (DNRM), MDL 3002. Two of the required assessments have been completed and the process is ongoing.

Key activities undertaken on the Springsure Project (EPC 1674) during the quarter included:

- Springsure Project Research and Development claim lodged and accepted
- Positive meetings with Landholders in the Springsure Project who's properties are impacted within the MDL 3002 application area
- Planning and costing of the next steps exploration program
- Commenced small coal washability testing of Springsure composite samples to confirm coal quality and target product specifications

An application lodged in January for the consolidation of the Hughenden and Pentland projects into the North Galilee Project was approved by the DNRM in early April.

The Company continues to conserve operational costs on the Queensland Portfolio to ensure focus and priority is maintained on the development of the BNU coking coal mine.

The Exploration Development Incentive (EDI), announced in the 2014 budget, was passed by the Senate in early March. The incentive is a refundable tax offset (a tax rebate not a tax deduction) for eligible investors in an eligible exploration program. Guildford will review opportunities and requirements for our future exploration programs to meet the eligibility criteria.

CORPORATE

Guildford has engaged UOB Kay Hian Holdings Limited ("UOB Kay Hian") in connection with its investigation of the merits and mechanisms for a potential listing (dual and/or sole) on the Singapore Exchange Securities Trading Limited as announced in the February 27 Release (the "Potential Listing"). UOB Kay Hian is a regional financial services group headquartered in Singapore providing a comprehensive range of broking agency services, corporate advisory and fund raising and other corporate finance and investment banking activities. Its distribution footprint now spans across Singapore, Hong Kong, Thailand, Malaysia, Indonesia, London, New York and Toronto.

Guildford has also recently established a regional office in Singapore, a strategic move towards being closer to operations, customers, financiers and the majority of shareholders.

Shareholders are advised that there is no certainty or assurance as at the date of this announcement that the Potential Listing will proceed or be completed. The Company will make the necessary announcements when there are further developments in relation to the Potential Listing.

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Board, Personnel and Office Changes

- Philip Forrest and Loo Hwee Fang were appointed to the Board of Directors
- Jenya Mesh was appointed as Investor Relations Director
- Key accounting and administration staff have been engaged in Singapore

Cash & Investments

As at March 31, 2015, Guildford Coal had cash of $6.1m (December 2014: $2.2M). The principal movements in cash and investments for the quarter were attributable to:

Operating Cash Flows:

- Net inflow for exploration and evaluation expenditure of $0.1m due to a R&D tax return
- Payments for development expenditure of $3.4m
- Cash outflows for operational support costs, insurance and overheads of $2.2m
- Net outflow of interest expense/income of $1.1m

Investing and Financing Cash Flows

- Proceeds from issues of shares $6.6m
- Proceeds from borrowings $8.7m
- Repayments of borrowings $4.9m

ABOUT GUILDFORD COAL www.guildfordcoal.com.au

Guildford Coal has recently transitioned from being an explorer to miner. Production at the Baruun Noyon Uul (BNU) coking coal mine in the South Gobi Mongolia successfully restarted in late 2014. The Company's goal is to become one of the largest and highest quality coking coal producers in Mongolia, providing exceptional value for its steel-producing customers. Guildford Coal is also focused on developing two priority projects in Queensland, Australia: the large thermal coal Northern Galilee Project and the PCI/thermal coal Springsure Project.

Please contact Jenya Mesh, +85 264 666 218 or Tony Mooney, +61 423 841 259 for further information.

Michael Avery

Group Managing Director

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