HIGHLIGHTS

- Key milestone for Middle Gobi Coal Project with maiden independently prepared Indicated and Inferred JORC Resource for EL12929X of 221Mt of thermal coal (32Mt Indicated and 189Mt inferred)
- This resource adds to the recently announced maiden JORC resource for the South Gobi Project of 63.1Mt (38.2Mt indicated and 24.9Mt inferred)
- The total initial JORC Resources for Mongolian Projects totals 284Mt of coking and thermal coal (70Mt Indicated and 214Mt Inferred)
- The Middle Gobi Project thermal coal resource contains multiple shallow and thick coal seams amenable to open cut mining methods
- Drilling is scheduled to recommence in March 2012 following shutdown for the winter period to expand the current resource at EL12929X in the Middle Gobi Project
- Coal from Middle Gobi Project could be trucked to the Trans Mongolian Railway where it could be transported by rail to either the Chinese or Russian border
- Guildford’s attributable JORC coal resource base across Queensland and Mongolia now totals 1.32Bt
MONGOLIA PROJECT OVERVIEW

Guildford’s interests in Mongolia are held through Guildford’s 70% owned subsidiary, Terra Energy.

Terra Energy controls 7 exploration tenements contained in two projects in Mongolia. The coal projects are located in the coal bearing basins of the South Gobi and Middle Gobi which contain both thermal and coking coals.

The South Gobi Project consists of five exploration licences located in the South Gobi Province (Umnigovi Aimag) of Mongolia. These licences are situated approximately 1,000km south-west of the Mongolian capital of Ulaanbaatar and approximately 60km from the Chinese border station of Ceke, where coal produced in nearby Mongolian mines is currently transported through to China.

The Middle Gobi Project consists of two exploration licences located in the Dundgovi Province which is approximately 200km south of Ulaanbaatar and just over 200km west of the Mongolian railway grid with a logistic route to China via the Erlianhaote border crossing.

Terra Energy recently announced a 63.1Mt maiden JORC resource for the South Gobi Project consisting of 38.2Mt of indicated and 24.9Mt of inferred coking coal. This resource underpins the start up mine which could potentially produce 1-2 Mtpa with targeted commencement of mining by mid 2012. Mining Licences are expected to be granted before the end of 2011.

Terra Energy has also previously announced a significant Exploration Target for its Mongolian coal projects with a range of 30Mt to 1.380Bt as follows:

- South Gobi Project - 0 to 700Mt, and
- Middle Gobi Project - 30Mt to 680Mt.

Map Showing Location of Guildford Coal Projects in Mongolia in relation to Infrastructure
MIDDLE GOBI PROJECT – OVERVIEW

The Middle Gobi Project consists of two exploration licences located in the Dundgovi Province which is approximately 200km south of Ulaanbaatar and just over 200km west of the Mongolian railway grid with a logistic route to China via the Ereen/Erlianhaote border crossing.

The two Middle Gobi Project exploration licences have an approximate area of 36,000 hectares and are located in the coal bearing Ongi Gol Basin.

The regional geology is moderately dipping which potentially provides multiple hard and low rank surface coal targets, and the project location is within close proximity to potential customers including Mongolian and Chinese electricity generators.

There are two potential coal deposits located in the Middle Gobi Project

- Tsagaan Ovoo Deposit (Exploration Licence 15466X)
- Tsakhiurt Gobi Deposit (Exploration Licence 12929X)

In the Middle Gobi Project, geologists have mapped approximately 4km of coal seam outcrop on Terra Energy’s 12929X tenement and multiple exploration holes have intersected thick coal seams potentially suitable for open cut mining methods. Coal is currently mined from the Tsagann Ovoo Mine, which is located adjacent to Terra Energy’s 15466X tenement, and provides feedstock for the domestic energy market.

MIDDLE GOBI PROJECT – MAIDEN JORC COAL RESOURCE

Independent mining consultants – Moultrie Database and Modelling (MDM) have prepared the maiden mineral resource on EL12929X in accordance with the Australian Guidelines for the Estimation and Reporting of Inventory Coal, Coal Resource and Coal Reserves (March 2003). Resources are reported in compliance with the Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (The JORC Code) 2004 Edition.

MDM have completed a compilation and assessment of exploration data to date and have calculated an initial JORC resource estimate for EL12929X in the Middle Gobi Project of 221 Mt consisting of 32 Mt of Indicated and a further 189 Mt of Inferred resources.

There have been multiple seams modeled with a net true thickness range of 13.5m to 20.38m. The seams are outcropping and dipping generally to the SE which should allow for a low stripping ratio open cut mine design commencing at the outcrop and working down dip. Suitable discount factors have been applied to take account of the geology of the deposit and more coal quality testing is required before Measured Resources can be estimated.

Preliminary quality results from EL12929X show potential for an energy product suitable for Mongolian and Chinese electricity generators. Further detailed assessment of the coal quality is to be conducted with analysis of specific mining sections and detailed float/sink washability testing.
Map Showing Location of Terra Energy Middle Gobi Coal Projects
ABOUT GUILDFORD COAL

Guildford Coal has established a portfolio of coal exploration tenement areas in Queensland, Australia and more recently in Mongolia. Guildford Coal’s Queensland tenements cover an estimated area of 20,000 square kilometres and are defined within project areas as follows:

- Hughenden Project (Galilee / Eromanga Basins):
  - FTB (Qld) Pty Ltd (Guildford 100%)
  - Orion Mining Pty Ltd (Guildford 80%)
  - White Mountain Project - EPC1250 (Guildford 100%)
    - EPC1260 (Guildford 56%)

- Sierra Project (Bowen Basin);
- Kolan Project (Maryborough Basin);
- Sunrise Project (Surat/Bowen Basin);
- Monto Project (Nagoorin Graben).

Guildford Coal also has an equity share in 7 tenements contained in two projects in Mongolia through its 70% shareholding in Terra Energy. The coal projects are located in the South Gobi and Middle Gobi coal bearing basins which contain thermal and coking coals.

Guildford Coal’s key objective is to create shareholder value through the identification, securing and exploration and potential development of coal deposits. In order to achieve this objective, Guildford Coal intends to:

- Drill and assess existing exploration permits with the aim of establishing coal resources;
- Complement and diversify Guildford Coal’s existing portfolio through application for and acquisition of additional coal assets;
- Undertake project development for high priority targets where economic coal deposits are proven; and
- Ultimately produce and sell a variety of coal products into export markets if successful in exploration objectives.

For and on behalf of Guildford Coal Limited.

MICK AVERY
Managing Director
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# Exploration Target

References to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is important to note that in relation to reported Exploration Targets any references to quality and quantity are conceptual in nature. Exploration carried out to date is insufficient to be able to estimate and report coal resources in accordance with the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Coal Resource.

## Competent Persons Statement

Technical information in this report in relation to the Exploration Target has been compiled by Brendan Lloyd, who is a Member of the Australasian Institute of Mining and Metallurgy (Member #208658) and has had sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activities which are being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr. Lloyd is Exploration Manager for Guildford Coal Limited engaged under secondment from Palaris Mining Pty Ltd and consents to the inclusion of the matters based on his information in the form and context in which it appears. Mr Lloyd has over 10 years experience in exploration and mining of coal deposits.

## JORC Resource Competent Persons Statement

Technical information in this report in relation to the JORC Resource has been compiled by Mr Mark Biggs, Principal Geologist of Moultrie Database and Modelling. Mr Biggs is a member of the Australasian Institute of Mining and Metallurgy (Member #107188) and has over 25 years of experience relevant to the style and type of coal deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined by the Australasian Code for Reporting of Minerals Resources and Reserves (JORC) 2004. The resource information in this report is being released to the Australian Securities Exchange. Mark Biggs consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The estimates of the Coal Resources presented in this Report are considered to be a true reflection of the Coal Resources as at 6th December 2011 and have been carried out in accordance with the principles and guidelines of the Australian Code for Reporting of Coal Resources and Coal Reserves published in September 2004 (JORC Code).

## Forward Looking Statements

This Announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Guildford.