



GUILDFORD
COAL

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ASX ANNOUNCEMENT

Update on offer to acquire Australian coal assets

Following the announcement on 17 July 2014, the Board of Guildford Coal Limited (ASX: GUF) (**Guildford**) advises that they have reached agreement with Sino Construction Limited (**Sino**), a Singaporean company listed on the Main Board of the Singapore Exchange Securities Trading Limited (**SGX**), to enter into a term sheet, to acquire all of Guildford's Australian coal assets. The key terms of the offer are as follows:

1. Coal assets

Sino will acquire all of Guildford's Australian coal assets, being the Clyde Park Project, Pentland Project, Springsure Project, Hughenden Project (Galilee/Eromanga Basins), Sunrise Project (Surat/Bowen Basin), Monto Project (Nagoorin Graben and Mulgildie Basin), Sierra Project (Bowen Basin) and Kolan Project (Maryborough Basin).

2. Purchase price

The purchase price will consist of:

- US\$25,000,000, payable by way of a non-interest bearing convertible promissory note which matures six months after issue. The promissory note is payable in cash or, if the 30 day VWAP for Sino's share as quoted on the SGX is at least SG\$0.24 on the date two business days prior to maturity, Sino may convert, at its option, the promissory note into ordinary shares in Sino to be issued to Guildford at an issue price of SG\$0.20 (assuming an exchange rate of USD1:SGD1.26); and
- a royalty paid to Guildford which is equal to US\$0.35 per tonne of coal sold from all of Guildford's Australian coal assets. The royalty will be payable for 5 years from the date the first Australian coal asset commences commercial production.

3. Management agreement

Guildford will be appointed as sole and exclusive manager of the Australian coal assets and will have a first and last right to be appointed as the contract miner for each asset that moves into commercial production. A management fee payable to Guildford for providing these management services will be agreed with Sino.

Completion of the sale of Guildford's Australian coal assets to Sino would be subject to, among other things, confirmatory due diligence, obtaining necessary shareholder, regulatory and third party approvals, negotiation of binding documentation, entry into the management agreement and other customary conditions.

The Board will provide further updates to shareholders in due course.

This offer does not currently have any impact on the timetable for the non-renounceable entitlement offer announced on 10 July 2014.

For further information please contact Peter Kane, Group Managing Director on +61 7 3005 1533.



Peter Kane
Group Managing Director