

29<sup>th</sup> September 2014

## **ASX Announcement**

### **Baruun Noyon Uul Mine First Trial Coal Test Results**

Guildford Coal Limited (**Guildford** or the **Company**) (ASX: GUF) is pleased to announce the results of the recent trial batch washing and laboratory results at the Baruun Noyon Uul (**BNU**) mine. As previously announced, Guildford delivered the first trial batch of coal (8,000t) from the BNU mine to Ceke (border of Mongolia and China) which has now been tested. The test results provide an opportunity for Guildford to confirm an initial BNU coal quality and negotiate with potential customers with more certainty about the BNU coal brand.

Whilst the first washing trial of the BNU coal has been encouraging, the Company expects the extraction process and the yield will become more favourable during subsequent delivery of trial batches. The first batch of coal was taken from a stock pile of coal that had been dormant and exposed to the weather at the BNU mine for a period of time. In addition, the Zhongmeng wash plant utilized by Guildford at the Ceke border had been dormant for an extensive period of time and the less than efficient process undertaken at the wash plant for the BNU coal will be improved as more batches of coal are washed.

The following are outcomes from the trial:

- BNU coal can be washed to meet a very clean premium quality hard coking coal specification with very low sulphur
- BNU coal is naturally very low in inherent ash and sulphur. Bulk washing of BNU coal will result in a highly marketable premium hard coking coal for the China market
- BNU coal can be friable, resulting in fines generation. The existing wash plant has equipment that is designed to recover coal particles down to -0.35mm, which is sufficient for the BNU coal, although the Company is mindful that additional operating experience at the wash plant is needed to improve the performance
- Float/sink testing of the bulk sample prior to washing demonstrated the BNU Coal to be amenable to washing showing yields of premium hard coking coal greater than 80% are achievable when generating a product with ash less than 8% and sulphur less than 0.6%.
- Guildford is confident that once the efficiency at the Zhongmeng wash plant is achieved, an improvement in the yield performance of the BNU coal will result
- The next batch of 12,000t is due to be shipped commencing 11th October
- The company is currently negotiating with several interested Chinese customers for the sale of the BNU coal. Independent samples have been supplied to potential Chinese customers directly from the Zhongmeng wash plant product stockpile. Draft Offtake agreements have been prepared in anticipation of the BNU mine commencing operation
- The recent announcement by the Chinese Government of restricting the import of coal that does not meet particular Ash and Sulphur specifications, to 40% and 3% respectively, is welcome news to the Company and will attract further strong interest in BNU mine coal

The wash results from the initial batch of 8,000 t are outlined in the table below:

	ROM tested result from mine site S/P including Float/sink test	Wash plant Result	ROM tested result from mine site S/P including Float/sink test	Wash plant result
	Lot 1 (4kt)	Lot 1	Lot 2 (4kt)	Lot 2
Ash	18.9%	9.6%	19.7%	8.4%
Sulfur	0.55%	0.45%	0.42%	0.53%
Yield	75-85%	50.35%	70-80%	57.06%

NB This table does not reflect the mine spec for BNU mine. It demonstrates a comparison of what was tested at the mine site vs the actual from the washing activity.

Float and sink tests were jointly performed by Zhongmeng and AHK, achieving the following results:

Lot 1	Yield (%)	Ash (d) (%)
Float @ 1.3	37.9	3.8
Float @ 1.4	69.2	5.5
Float @ 1.5	76.1	6.4
Float @ 1.6	78.8	7.1
Float @ 1.8	81.5	8.2
Sink @ 1.8	18.5	84.5

Lot 2	Yield (%)	Ash (d) (%)
Float @ 1.3	23.1	3.8
Float @ 1.4	72.0	5.8
Float @ 1.5	81.2	6.8
Float @ 1.6	84.1	7.5
Float @ 1.8	86.9	8.5
Sink @ 1.8	13.1	82.7

The laboratory results were confirmed from A. H. Knight laboratory in Ulaanbaatar. It is envisaged that the next batch of 12,000t will be transported and processed, departing site from the 11<sup>th</sup> of October.

This remains an exciting period in the evolution of Guildford from explorer to miner and the Company is confident of negotiating a profitable offtake agreement to secure the operation of the BNU mine.

Appendix 1 reveals recent photos of the BNU mine coal testing from the Zhongmeng wash plant.

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



**Peter Kane**

**Group Managing Director**

## Appendix 1 – Photos from BNU washing trials at Ceke, Zhongmeng wash plant



Figure 1 Zhongmeng washplant

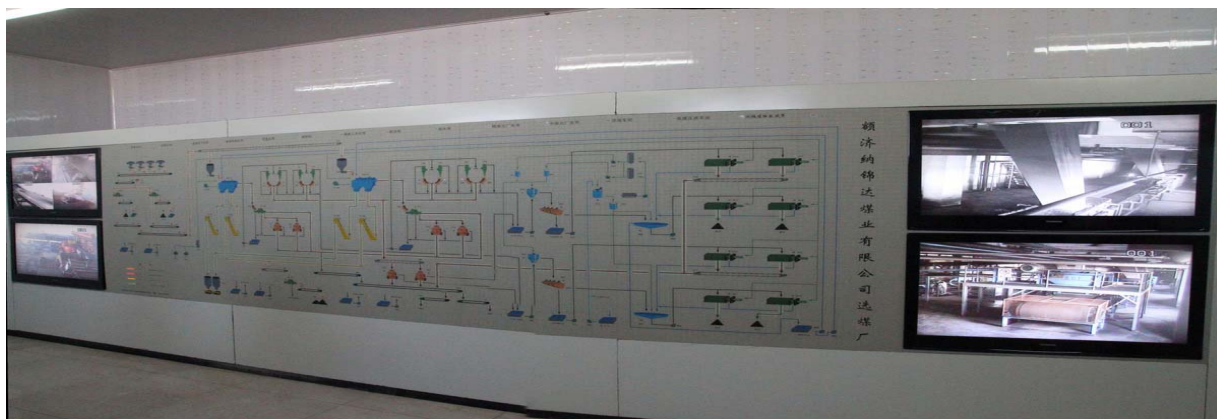


Figure 2 Washplant control room showing process flow



Figure 3 Looking back at washplant feed area





Figure 4 Jig (coarse coal separator) area with float cells in background



Figure 5 Lot 1 clean coal stockpile