

22 December 2014

ASX Announcement

Baruun Noyon Uul Mine Second Trial Coal Test Results

Guildford Coal Limited (**Guildford** or the **Company**) (ASX: GUF) is pleased to provide an update on the positive progress made in December 2014 at the Baruun Noyon Uul (**BNU**) Mine in the South Gobi.

BNU Mine in Production

Production at the BNU Mine has recommenced. The photo below shows the CAT 6030 Excavator in operation. It is anticipated that a 15,000t coal sale contract will be signed this week and pending customs approval the shipment should begin later in the week.



Blasting has also commenced with the first confined shot fired in the BNU pit occurring on the 20th of December which will improve equipment productivity and performance. The excellent project safety record of the BNU Mine has been maintained with no safety incidents reported to date.



CSR Results from Bulk Coal Washing Trials

On 27 November 2014, Guildford announced the washing and laboratory testing results from the second trial batch of coal (14,300t) from the BNU Mine. The Company has now received the preliminary results on the Coke Strength after Reaction (**CSR**) tests which are reported to be in the range of 50 to 61 to date, which is considered high. A coal which, when coked, achieves a high CSR value is highly regarded in the market, primarily because this test relates to blast furnace performance, particularly fuel rate and permeability of the burden.

The target specification of the primary product from BNU 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.

Recent washability test work has also demonstrated that a higher quality product can be produced with only minor loss in yield. Further testing and market studies will be undertaken to evaluate the value / cost benefit of this higher quality product in the available market. This evaluation will also focus on determining the final target specification to optimise project value considering all costs from mine to customer.

Float and Sink test work conducted prior to the washing trials consistently demonstrated that very high yields are possible when washing the BNU coal. Furthermore the BNU coal has successfully exported a portion of the total trial batch that can bypass the wash plant and be sold directly to the end users without washing.

For further information please contact Tony Mooney on +61 7 3005 1533.



Mick Avery

Acting Group MD