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Company Announcements Platform
Australian Stock Exchange
10th Floor, 20 Bond Street
Sydney,
NSW 2000

Guildford Increases Stake in the Hughenden Project

The Directors of Guildford Coal Limited (ASX: GUF) are pleased to advise that the Company has moved to 100% ownership of its 80%-owned subsidiary company FTB (Qld) Pty Ltd with the acquisition of a 20% stake from Carpentaria Exploration Limited. FTB controls a 100% interest in a number of tenements which makes up approximately 60% of the Hughenden Coal Project by area.

As Manager of the project, Guildford has been fast tracking the Hughenden Project for potential development with substantial progress being made on exploration, environmental studies and port and rail infrastructure. GUF had also expanded its own tenement interests for potential open cut coal deposits with additional tenement acquisitions such as the White Mountain Project on the north eastern edge of the Galilee basin located in close proximity to infrastructure to facilitate the ability to fast track coal production.

Mr Craig Ransley Non-Executive Chairman of Guildford stated that "This transaction enables Guildford to more rapidly advance the Hughenden Project given its access to substantial funding, total focus on coal exploration and development, larger regional tenement position and the need for critical mass to potentially develop a project of the scale of Hughenden with an **Exploration Target[#] of 0.58 to 5.72 billion tonnes overall.**"

Total consideration comprises \$1.5 million cash and \$2.5 million equivalent of fully paid ordinary Guildford shares. Carpentaria also retains a 50 cent per tonne royalty on coal production sold from the FTB tenements, capped at 10 million tonnes per year for 20 years from first coal production with a potential value of up to \$100 million.

Mr Mick Avery Managing Director of Guildford stated that "this acquisition confirms Guildford's strong belief in the value of our northern Galilee Basin project as the potential overall consideration of over \$100m is for 20% of approximately 60% in area of the overall Hughenden Project". He went on to say that "the deal is a testament to the capability of the Guildford management team in negotiating a very favourable deal for Guildford with minimal up-front payment and a majority of the consideration to be paid in a royalty linked to the successful commercialisation of the project."

Hughenden Project Overview

The Hughenden Project is located in the northern end of the coal bearing Galilee Basin in Queensland, Australia. The Project covers approximately 16,500 square kilometres of exploration permit applications for coal of which an estimated 11,500 square kilometres has been granted.

The project target is for substantial export thermal coal tonnages with open cut and underground mining potential which are located in close proximity to infrastructure with the Mt Isa to Townsville rail line running across the project area.



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The MDM analysis of exploration results to date also confirms that a JORC underground inferred resource on EPC1477 could be declared following completion and analysis of the current exploration hole being cored. A photo of part of the core taken from the Permian Betts Creek seams are shown as follows:



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Photo of Core taken from Hole HO17 located on EPC1477 in the Hughenden Project

As previously notified to the market Guildford is on track to release its maiden JORC Underground Resource for Hughenden on EPC1477 in September / October 2011.

For and on behalf of Guildford Coal Limited

Mr Michael Avery
Managing Director
02 4914 5910



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Exploration Targets

It is important to note that references to Exploration Targets 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 guidelines of the JORC Code (2004). It is uncertain if further exploration will result in the determination of a Coal Resource.

Competent Person Statement

Technical information relating specifically to the Exploration Target for the Hughenden Project in this report 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.