BALANCE SHEET AS AT 20 MAY 2010

	Note	Reviewed Actual 2010 $	Proforma Adjustments Column 1 $	Proforma Adjustments Column 2 $	Reviewed Proforma 2010 $
Current assets					
Cash and cash equivalents	2		(89,875)	29,510,000	29,420,125
Other receivables		-	4,767	-	4,767
Other assets		1	214,649	-	214,650
Total current assets		**1**	**129,541**	**29,510,000**	**29,639,542**
Non current assets					
Exploration tenements	4	-	48,733,464	-	48,733,464
Non current assets		-	**48,733,464**	-	**48,733,464**
Total assets		**1**	**48,863,005**	**29,510,000**	**78,373,006**
Current liabilities					
Loans to related parties		-	150	-	150
Total current liabilities		-	**150**	-	**150**
Total non current liabilities		-	-	-	-
Total liabilities		-	**150**	-	**150**
Net assets		**1**	**48,862,855**	**29,510,000**	**78,372,856**
Equity					
Contributed equity	5	1	40,640,000	29,894,375	70,534,376
Accumulated losses		-	-	(384,375)	(384,375)
Total parent entity equity		**1**	**40,640,000**	**29,510,000**	**70,150,001**
Non controlling interest		-	8,222,855	-	8,222,855
Total equity		**1**	**48,862,855**	**29,510,000**	**78,372,856**

Reviewed Proforma Balance Sheet as at 20 May 2010

The Reviewed Profoma 20 May 2010 Balance Sheet represents the aggregation of the Reviewed 20 May 2010 balances and the Proforma Adjustments (column 1 and column 2).

The Proforma Adjustments in column 1 reflect the financial impact of the acquisition of the following assets from The Chairmen1 Pty Ltd for consideration of 200 million shares in the Company valued at $40.64 million and incidental acquisition costs of $90,000:

- 80% of the issued capital of Orion Mining Pty Limited ("Orion")
- 100% of the issued capital of Sierra Coal Pty Limited ("Sierra")
- 80% of the issued capital of FTB (Qld) Pty Limited ("FTB")
- The Burt EPC application
- The 2105 EPC application
- The Sunrise applications

Details of the Sale and Purchase agreement relating to this acquisition can be found in section 9 of this Prospectus.

Further details outlining the accounting impact of these acquisitions is disclosed in note 3 below.

The Proforma Adjustments in column 2 reflect the financial impact of:

(a) Issue of 150 million shares at 20 cents per share totalling $30 million to Seed Capital Investors

(b) The issue of 10 million shares at 20 cents each share totalling $2 million to investors participating in the Initial Public Offering.

(c) Payment of $1,290,000 for corporate, legal, capital raising and administrative fees relating to the listing.

(d) Payment of $1,200,000 for seed capital raising fees.

NOTES TO THE FINANCIAL INFORMATION

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information has been prepared on a historical cost basis. The accounting policies set out below have been consistently applied throughout the relevant period. The financial information is presented in Australian dollars.

Statement of compliance

The financial report complies with the recognition and measurement requirements, but not all of the presentation and disclosure requirements of Australian Accounting Standards.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Guildford Coal Limited and its subsidiaries (the Group).

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The parent entity measures its investment in subsidiaries at cost.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Guildford Coal Limited has control.

The non controlling interests represent the interests in FBT (Qld) Pty Limited and Orion Mining Pty Limited not held by the Group.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial information:

(a) Cash and cash equivalents

Cash in the balance sheet comprise cash at bank and short term deposits with an original maturity of three months or less.

NOTES TO THE FINANCIAL INFORMATION (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Exploration and evaluation costs

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Grants and subsidies are offset against costs as incurred. Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

(c) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the Company measures the non-controlling interest at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 3: "Business Combinations" either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 3: "Business Combinations" either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

NOTES TO THE FINANCIAL INFORMATION (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(e) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

NOTES TO THE FINANCIAL INFORMATION (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income tax (continued)

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Trade and other creditors

Trade and other payables are carried at amortised cost due to their short term nature and are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL INFORMATION (continued)

NOTE 2 – CASH AND CASH EQUIVALENTS

	Note	$
Movements in cash		
Cash balance in Guildford Coal Pty Limited		-
150,000,000 shares issued at $0.20 pursuant to Seed Investors		30,000,000
10,000,000 shares issued at $0.20 upon IPO		2,000,000
Capital raising, corporate, legal and administrative fees		(2,580,000)
Cash acquired through business acquisitions	3	125
Proforma at 20 May 2010		29,420,125

NOTE 3 – ASSET ACQUISTIONS

Acquisition of assets from Chairmen1 Pty Limited

Details of this acquisition are contained in the footnote to the Proforma balance sheet above.

The assets acquired have been recorded in the Proforma balance sheet at the following values:

	$
Assets	
Cash and cash equivalents	125
Other receivables	214,649
Prepayments and others	4,767
Exploration tenements	48,733,464
	48,953,004
Liabilities	
Loan payable	150
Shareholder loans*	-
	150
Net assets	**48,952,854**
Minority interests	(8,222,855)
	40,730,000
Cost of the purchase	
Shares issued to Chairmen1 Pty Limited	40,640,000
Incidental acquisition costs	90,000
	40,730,000

*Shareholder loans are owed to The Chairmen1 Pty Ltd and will be forgiven on acquisition

NOTES TO THE FINANCIAL INFORMATION (continued)

NOTE 4 – EXPLORATION TENEMENTS

	Note	$
Exploration tenements		
Exploration tenements balance in Guildford Coal Pty Limited		-
Exploration tenements acquired through asset acquisitions	3	48,733,464
Proforma at 20 May 2010		48,733,464

Commitments for exploration expenditure
Minimum expenditure required by the Department of Mines & Energy on exploration tenement leases

Not later than one year	4,308
Later than one year but not later than 2 years	7,204
Later than 2 years but not later than 5 years	10,642
Later than 5 years	4,710
	26,864

NOTE 5 – CONTRIBUTED EQUITY

	Note	$	Number
Fully paid ordinary shares			
Shares on issue 20 May 2010		1	1
Offer shares issued at $0.20 to Seed Investors		30,000,000	150,000,000
Offer shares issued at $0.20 pursuant to the Prospectus		2,000,000	10,000,000
Share issue costs		(2,105,625)	-
Shares issued on completion of the asset acquisition	3	40,640,000	200,000,000
Proforma at 20 May 2010		**70,534,376**	**360,000,001**

The Company has not issued any options nor are any options proposed to be issued upon IPO.

NOTES TO THE FINANCIAL INFORMATION (continued)

NOTE 6 – RELATED PARTY DISCLOSURES

a. Subsidiaries

The consolidated proforma financial information within this report includes the financial statements of Guildford Coal Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% interest
Orion Mining Pty Limited	Australia	80
Sierra Coal Pty Limited	Australia	100
FTB (Qld) Pty Limited	Australia	80

b. Ultimate parent

The ultimate parent of the group is Chairmen1 Pty Limited, which is incorporated in Australia, and will own 50% of Guildford Coal Limited.

c. Transactions with related parties

The Company has entered into a Management Agreement with Chairmen1 Pty Limited for the provision of management services from Chairmen1 to the Group. Management fees per the agreement amounts to an annual base fee of $2.5 million and a success fee of $20 million payable upon the achievement of agreed milestones (100,000,000 tonnes of proven JORC resources), to a maximum $100 million for up to a five year period. The success fee may be paid in cash or by the issue of shares in the Company at the election of the Company's Independent Directors.