



GUILDFORD
COAL

EPC 2048

Hughenden Project

Annual Report 2013

22/06/2012 – 21/06/2013

Report No 2048 - 004
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Tenure Holder: FTB (Qld) Pty Ltd (100% owned by Guildford Coal Limited)

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1. Summary

Tenement EPC 2048 forms part of the Guildford Coal Limited (Guildford) Hughenden Project Consolidation Submission first submitted to the Department on the 14th September 2011, and finalized on 20th December 2011, the Submission was approved 27th January 2012 (**Figure 1**).

EPC 2048 includes stratigraphy from the Jurassic to Cretaceous Eromanga Basin and the Carboniferous to Triassic Galilee Basin. The target formations of interest to Guildford are Jurassic Coal of the Eromanga basin which includes the two potential target formations, the Blantyre Sandstone and the Ronlow Beds and the Permian Coals of the Betts Creek Beds.

Exploration within the Hughenden Project area has given Guildford a better understanding of the regional stratigraphy. Recent exploration in the Hughenden area has focused on the nearby tenement – EPC 1477. Intersections of coal bearing Betts Creek Beds occurred at shallow depths within this tenement. These intersections contributed to Guildford's Joint Ore Reserves Committee (JORC) standard Inferred Resource of 1.076 Bt and an Indicated Resource of 132.29 Mt announced over the area to the Australian Stock Exchange (ASX) on 8th February 2013.

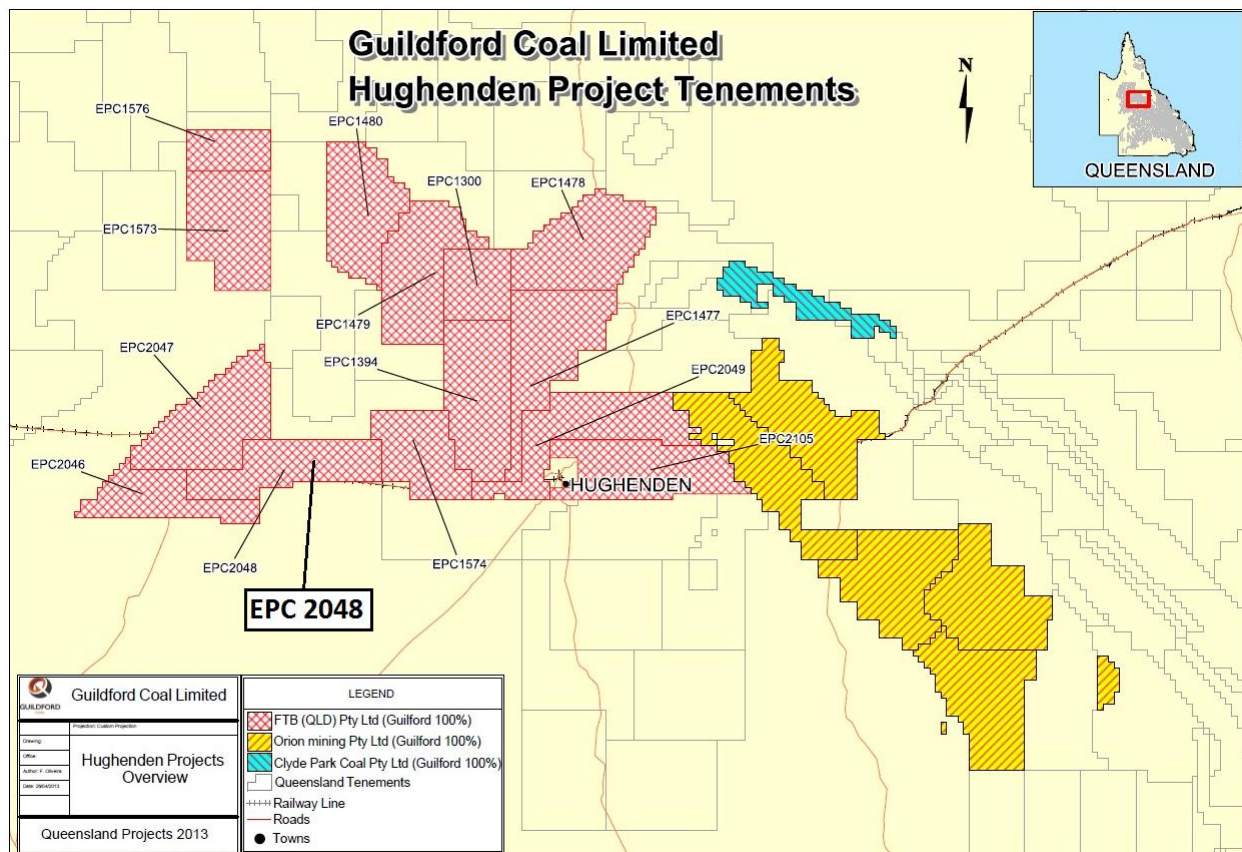


Figure 1: EPC2048 within the Hughenden Project Area

2. Introduction

EPC 2048 is located approximately 30km east of Richmond in the north-west Galilee Basin. Access to the area from Richmond is by travelling east along the Flinders Highway. The EPC adjoins other tenements managed by Guildford Coal Ltd in the region, **Figure 1**.

Guildford Coal has not undertaken any direct exploration work on the tenement during this reporting year.

2.1. Tenure Details

Exploration Permit for Coal (EPC) 2048, was granted to Carpentaria Exploration Ltd (Carpentaria) on 22 June 2010. Carpentaria and Guildford entered an agreement whereby the tenement would be assigned to FTB (Qld) Pty Ltd in which Guildford held 80% and Carpentaria 20%. By way of ASX announcement dated 15 September 2011 Guildford purchased the remaining stake in FTB to assume 100% ownership.

The EPC covers an area of 770 km² in 240 sub-blocks (**Table 1**). The ASX listed company Guildford Coal Limited (ASX: GUF), is the Operator and Manager of the exploration title, through ownership of 100% of FTB (QLD) Pty Ltd. Guildford relinquished 60 sub blocks on 19 June 2012, the result of the relinquishment was finalised by the department on 19 July 2012.

Table 1: Sub-block Listing of EPC 2048 (Total of 240 sub-blocks).

BIM CODE	Block	Sub-Blocks
CLON	712	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	713	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	714	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	715	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	716	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	782	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	783	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z
CLON	784	A, B, C, D, E, F, G, H, J, K, L, M, N, O, P, Q, R, S, V, W, X
CLON	785	A, B, C, D, E, F, G, H, J, K, L, M, N, O

2.2. Location and Access

EPC 2048 is located 30km east of Richmond in the northwest Galilee Basin. The lease is accessed along the Flinders Highway east towards Hughenden. The flinders Highway cuts through the middle of the lease in an east-west direction along with the Mt Isa to Townsville railway line.

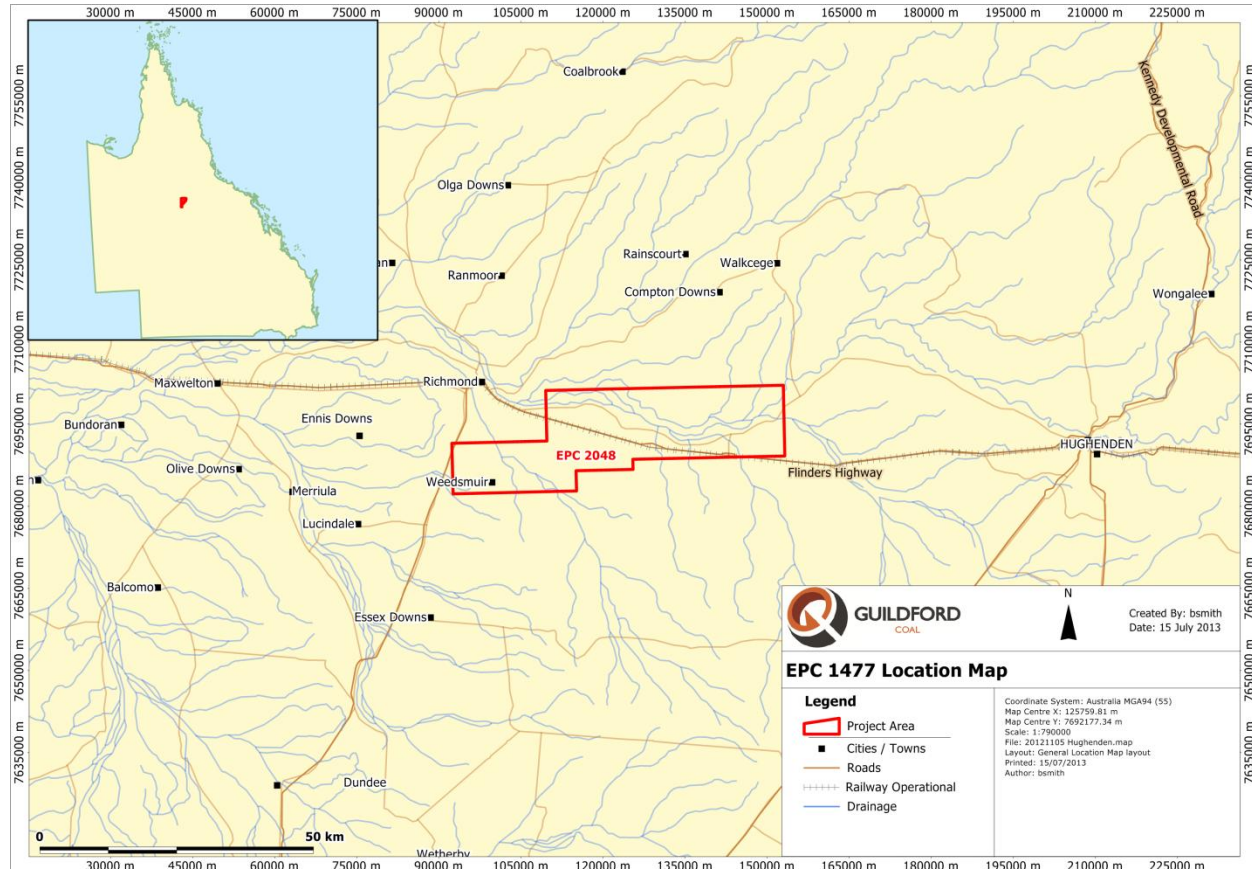


Figure 2: Location Map of EPC2048

2.3. Topography and Climate

Topography is relatively flat with gentle sloping plains. The Flinders River crosses the tenement in a westerly direction along with creeks running north-west to the river. The majority of the tenement is used for grazing land with low-lying grass.

The Lower Cretaceous Rolling Downs Group is the surface rock type over much of the tenement, with minor Quaternary sediment. This means the entire Cretaceous sequence has to be drilled through to reach the target Jurassic and Permian Strata.

The climate in the area is tropical with dry cool winters and hot humid summers. The latter summer months are typically referred to as the 'wet season' when persistent rain causes flooding and restricts access.

2.4. Environmentally Sensitive Areas

There are no Endangered Regional Ecosystem (ERE) areas within EPC 2048

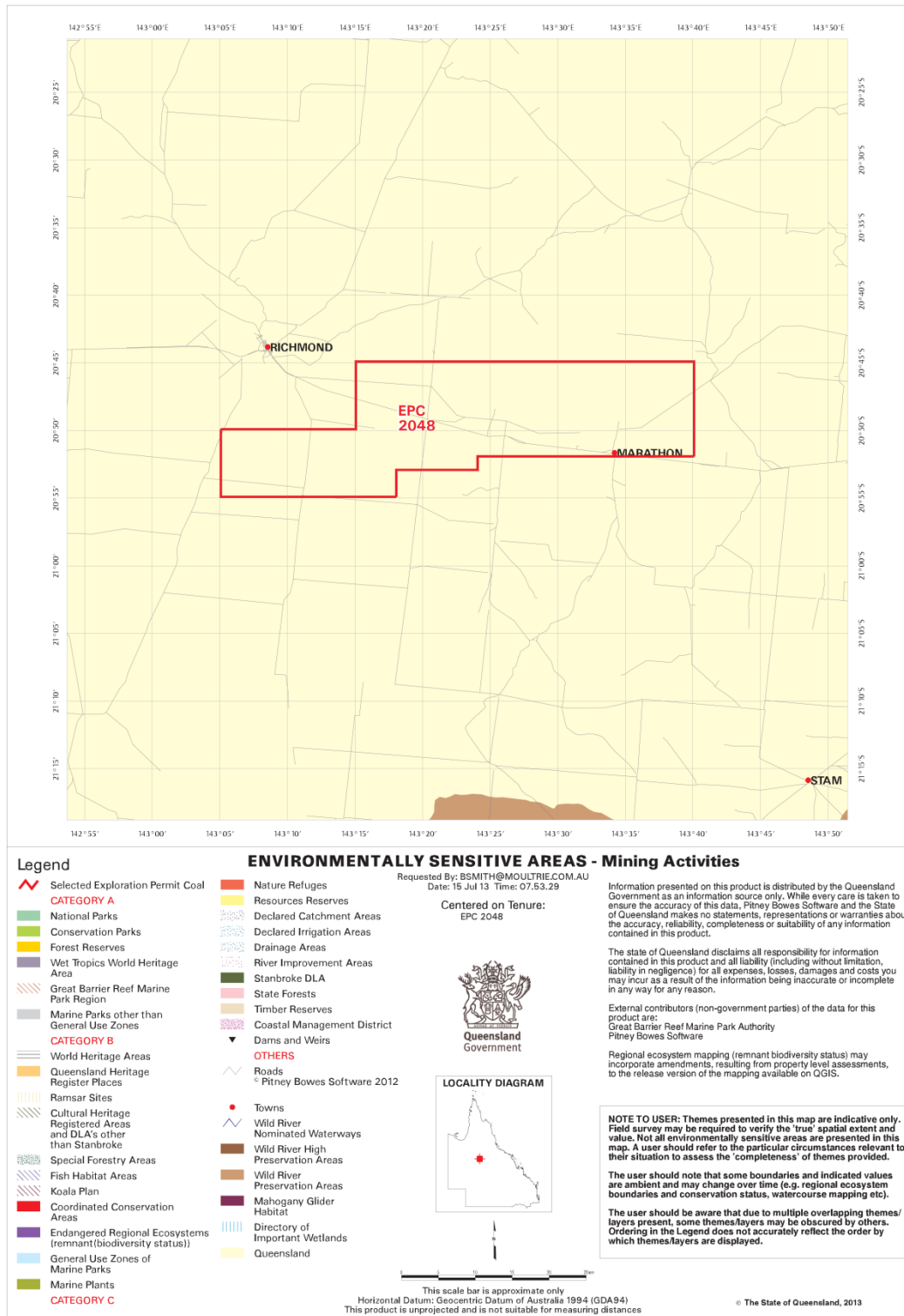


Figure 3: Environmentally Sensitive Areas within EPC 2048

2.5. Cultural Heritage and Native Title

The recognised and registered native title claimants for the tenement area are the Yirendali People (**Figure 4**). Guildford enjoys a productive and mutually beneficial relationship with the Yirendali People through several Agreements including a Section 31 Ancillary Agreement and a Top up Agreement. Guildford and the Yirendali have finalized a Cultural Heritage and Native Title Agreement for all tenements held within the Yirendali claim area (Native Title Protection Condition Payment Schedule). Members of the Yirendali People qualified to act as Cultural Heritage Inspectors, live in the nearby township of Richmond and have been available for inspection of proposed drill sites and any other development as required.

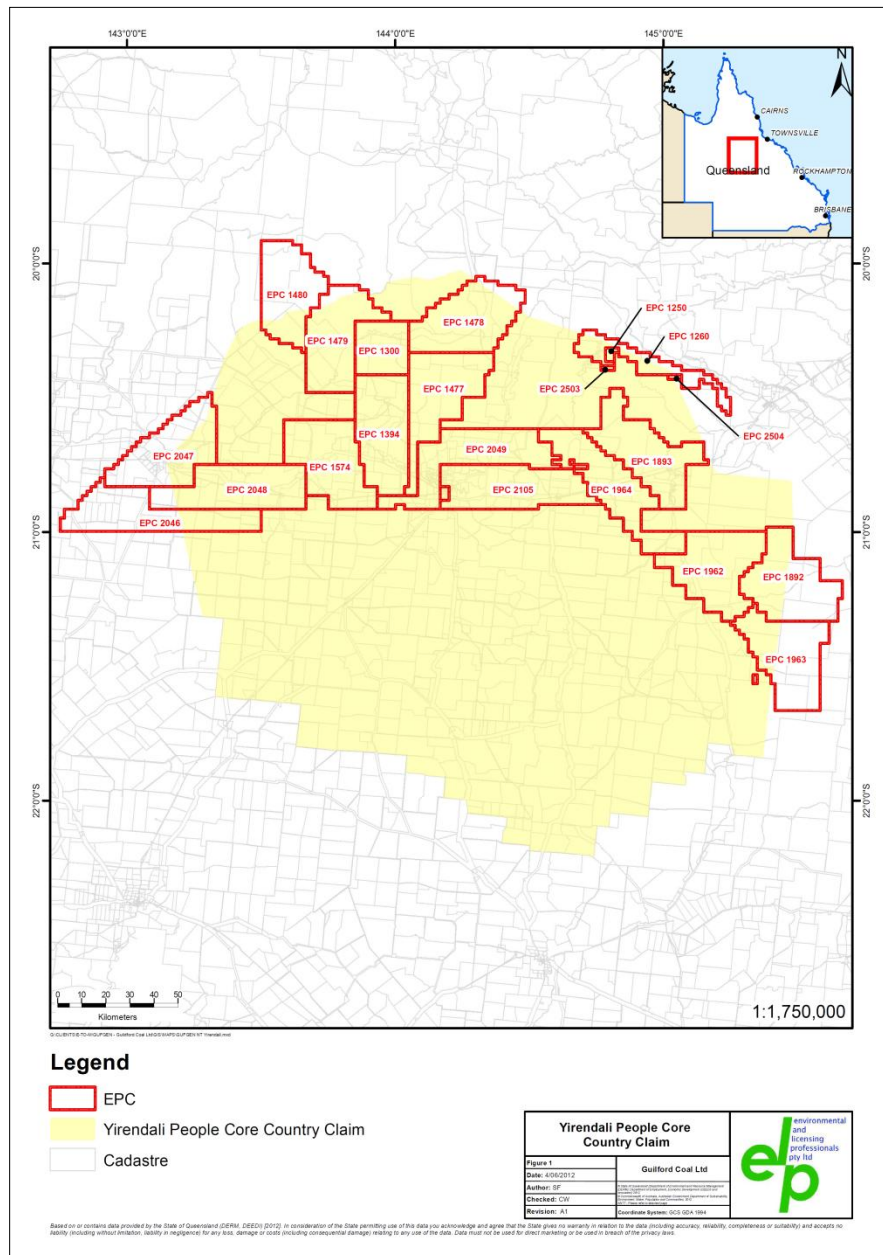


Figure 4: Yirendali Aboriginal Corporation Registered Cultural Heritage Area

2.6. Exploration History

There has been minimal exploration drilling on EPC 2048. Historical drilling on EPC 2048 has included two water bores which recorded coal within EPC2048. Water bore L13202 recorded a 3.05m thick interval of “brown shale & coal” from 321.56 to 324.61m. Water bore L69967 recorded a 96m interval logged as “sandstone/bands of coal” between 437 and 533m. These depths and lithology descriptions indicate they both are most likely Jurassic coal intersections, although the reliability of these water bores may be questionable.

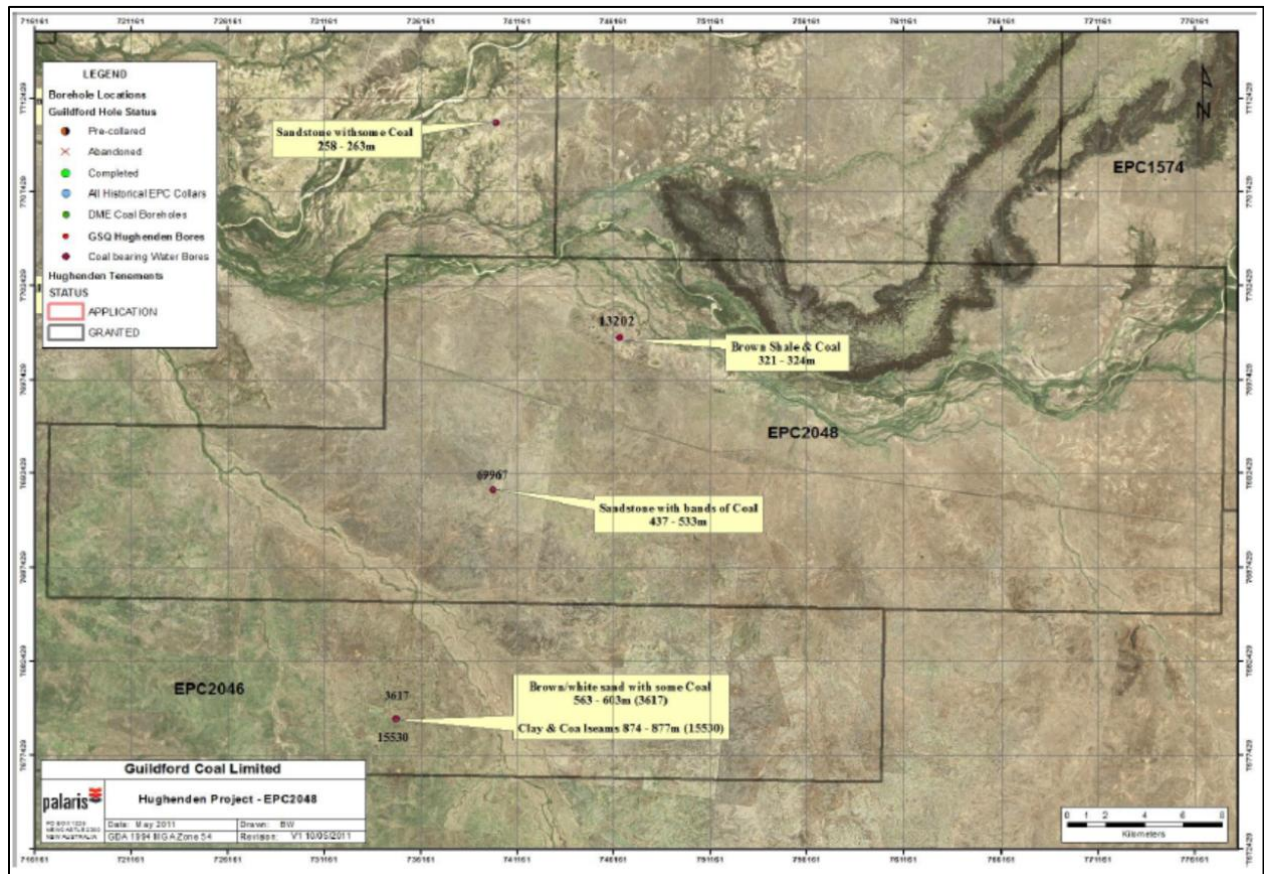


Figure 5: Historical drilling within EPC 2048

3. Regional Geology

The Late Carboniferous-Middle Triassic Galilee Basin is an extensive intra-cratonic basin with predominantly fluvial sediment infill. The basin extends over an area of 250,000km² in the central west of Queensland with strata outcropping on the eastern and north-eastern margins, with the majority of the area covered by the Jurassic to Cretaceous Eromanga Basin sediments. The Eromanga Basin covers an area of approximately 1,000,000km² of the interior of eastern Australia. Both the Eromanga and Galilee Basins have a regional dip in the area ranging from less than 5 degrees to around 10 degrees to the south. In general, the Galilee Basin appears to flatten out to the south of the tenement area at a depth of approximately 1,000m.

During the late Early Permian within the Galilee Basin, widespread development of peat swamps resulted in deposition of the Aramac Coal Measures. Similarly widespread coal swamps occurred throughout the basin during the Late Permian resulting in the Betts Creek Beds coal measures. The Betts Creek Beds are the target geology for possible mineable coal resources within EPC 2048. Within the Eromanga Basin sequences the Jurassic Blantyre/Injune Creek Formation is regarded as having limited potential for economic coal extraction.

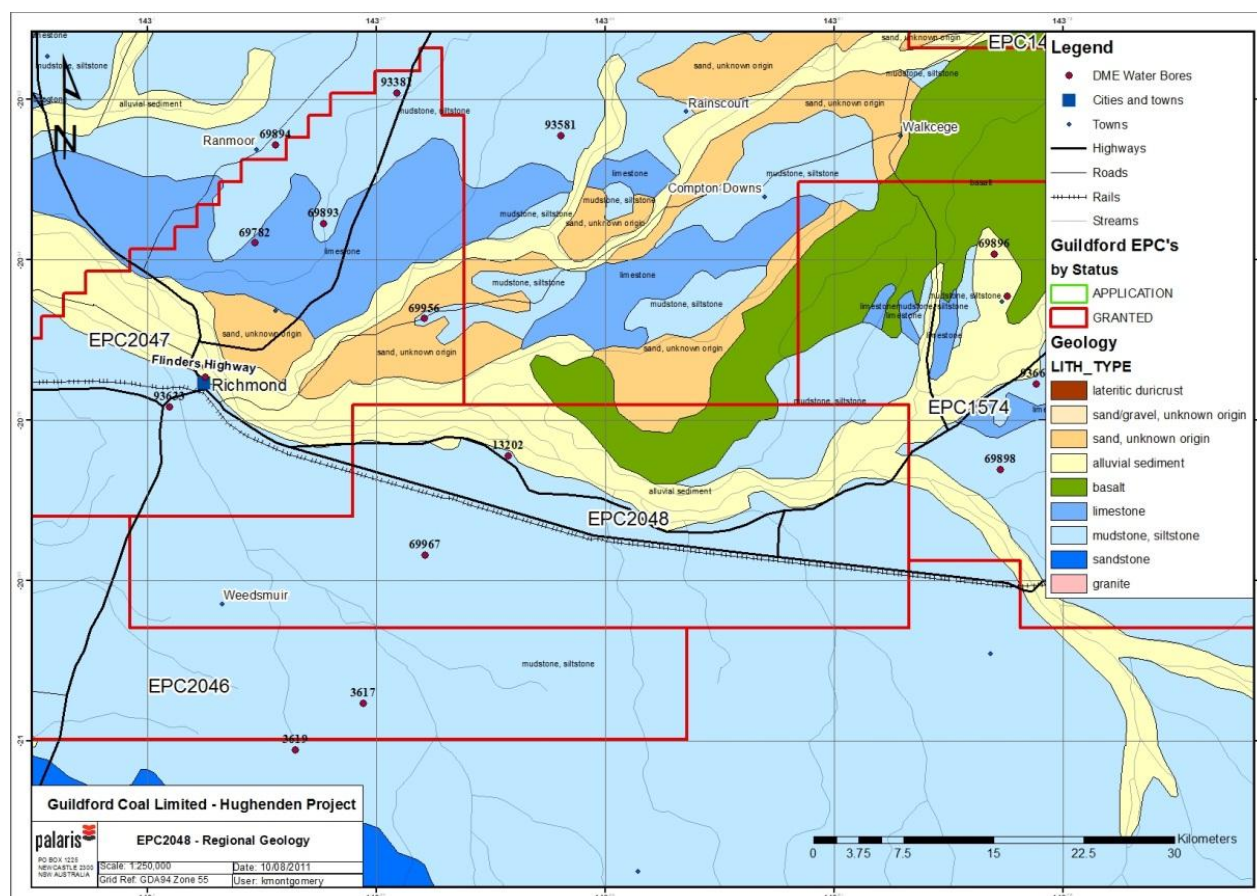


Figure 6: Geology of EPC 2048

4. Exploration Work Completed

There has been no previous coal exploration on EPC 2048 before Guildford Coal was granted the tenement in 2010. Guildford Coal has not currently undertaken any direct exploration work on the tenement however extensive exploration work was completed on the Hughenden Project Area (please refer to the Hughenden Project Consolidation Submission approved 27th January 2012) .

Guildford has undertaken drilling in the adjacent tenement EPC 2047 where two open bore holes, for a total of 1,192m were drilled. Drilling commenced on 13/06/2011 and was completed by 27/07/2011 by Coal and Seam Gas Services Pty Ltd (CSG). RM_S1 was completed to a depth of 600 metres and intersected predominantly sandstone with minor siltstone and mudstone. A carbonaceous mud was intersected at 193.5 to 197m. RM_S2 was completed to 582m and intersected similar lithologies to RM01. Casing was installed to 162 metres in RM_S1 and 204m in RM_S2.

Drilling activities within the project area have focused on the northeastern edge of the project area where the Permian target formation, the Betts Creek Beds is found (EPC 1477). To date, Guildford has expended over \$20M on the Hughenden Project area.

5. Conclusion

EPC 2048 has limited prospect. Coal targets occur at depth with Jurassic coal occurring at depths below 300m and Permian coal at depths below 650m in the north. Due to the dip of the basin these are greater than 500m for Jurassic and 800m for Permian in the south.

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