



GUILDFORD
COAL

**GUILDFORD COAL LIMITED
CHAIRMAN'S ADDRESS TO
ANNUAL GENERAL MEETING
28 NOVEMBER 2014**

A. INTRODUCTION

Ladies and Gentlemen,

Good morning and welcome to the 2014 Annual General Meeting for Guildford Coal Limited.

Let me introduce myself - I am Peter Kane, Group Managing Director of Guildford Coal Limited and Chairman of this meeting.

As we have a quorum, being a minimum of 5 shareholders, I declare this meeting open.

I propose that after making my preliminary comments and outlining some housekeeping matters for the conduct of this meeting, I will proceed with the more formal aspects of the meeting (as described in the Notice of Meeting you have all received).

It would be appreciated if you could please turn off your mobile phone now if you have not already done so as a courtesy to your fellow shareholders.

Before proceeding, let me introduce (*to my left / right*) my fellow director:

- Mr. Mick Avery, a non-executive director

Also in attendance are:

- Ms Aimee Hyde, Company Secretary of Guildford Coal
- Mr Chris Munday, Acting CFO of Guildford Coal
- the Company's auditors, EY, represented by partner, Kellie McKenzie
- Also present is Emma Janik, a representative of Link Market Services – Guildford Coal's share registrar – who will be acting as returning officer should a poll be called.

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We are all very pleased you have joined us today for the meeting and although most of this meeting is, in compliance with the Corporations Act, formal in nature and restricted to the resolutions detailed in the notice of meeting, we hope that afterwards you will join us for informal discussions.

B. Update to Shareholders regarding the Company's business

Over the past year we farewelled the acting Chairman, the Honourable Alan Griffiths, as well as non-executive Director, the Honourable Craig Wallace and non-executive Director, Kon Tsiakis.

On behalf of the Board, I thank each of these individuals for their service to Guildford and wish them well for the future.

With respect to the position of Chairman, as a result of Sino Construction Limited's intention to make a conditional off-market takeover bid to acquire all of the issued shares in the Company, the Board and Mr Wal King have resolved to delay the appointment of Mr King as Chairman of Guildford until the bid has been determined. Mr Craig Ransley has accepted the role of Acting Chairman in the interim. Unfortunately Mr Ransley was unable to attend and give the Chairman's address today however, on behalf of the Board I welcome him back.

Mr Michael Avery is also welcomed back to the Guildford board. Michael's extensive mining background and international mining business experience is strongly regarded and will serve the Company well during its transition from developer to producer.

The Company's Constitution provides that all directors appointed to the Board by the Board are eligible to hold office until the end of the Company's next AGM following their appointment. As both Mr Ransley and Mr Avery were appointed after the date the Notice of Meeting was issued, they are not eligible for re-election at this AGM which means both will cease to hold the office of director at the close of today's meeting. The Board intend to re-appoint both Mr Ransley and Mr Avery to the Board immediately after close of this meeting, and they will be required to stand for re-election at the Company's AGM in 2015 if they still hold the position of director at that time.

I will now present an update regarding the company's business activities.

[MD Presentation]

I will now move on to the formal part of the meeting.

C. NOTICE OF MEETING

Notice of this Annual General Meeting has been given to shareholders in accordance with the Company's constitution, the Listing Rules of the Australian Securities Exchange Limited (**ASX**) and

the Corporations Act. A copy of the notice of meeting has been lodged with the ASX and posted to all shareholders.

Does anyone not have a copy of the Notice of Meeting who would like a copy?

Replacement copies are available from Link Market Services staff at the entrance to the room.

I table the Notice of Meeting dated 27 October 2014 which is taken as read.

I am pleased, in the interests of the environment, to note that an increasing proportion of the Company's shareholders choose to receive all company communications electronically. Almost all elect to access the Annual Report electronically. However, copies of the Annual Report are available at the entrance to the room if anyone wishes to refer to it during the meeting or to take a copy away.

I will now hand over to our Company Secretary, Aimee Hyde, to explain the voting procedures for this meeting.

VOTING PROCEDURES

With regard to voting on today's resolutions, all Shareholders, proxyholders and authorised corporate representatives who are entitled to vote should have been issued with green voting cards. A green card also entitles you to comment and ask questions in this meeting.

If anyone present is entitled to vote and does not have a green voting card, please see one of the Link Market Services' staff at the registration table at the entrance door. They will assist you.

Non-voting Shareholders were issued with a purple card upon entering the room. A purple card will not allow you to vote. However, you may still comment and ask questions.

White cards indicate a visitor. Visitors and Media are reminded that whilst we welcome you at this meeting, it is a Shareholder meeting and you may not make comments or ask questions.

If the Chair calls on you, please raise your green voting or purple non-voting admission card prior to speaking to identify yourself as a Shareholder. If you are acting as a proxy, please state clearly who you are appointed to represent when introducing yourself to the meeting.

When voting on a show of hands, please raise the green voting card.

I will now hand back to Peter to turn to the business of the meeting.

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BUSINESS OF THE MEETING

1. Receipt and Consideration of Financial Statements and Reports for the period ended 30 June 2014

This agenda item is intended to provide Shareholders with the opportunity to raise questions on the consolidated financial statements, the directors' report and the auditor's report and on the performance of the Company generally. It is not the purpose and there is no requirement either in the Corporations Act or in the Constitution of the Company for Shareholders to approve the financial report, the directors' report or the auditor's report of the meeting or that the Financial Statements and Reports be accepted, rejected or modified in any way.

No written questions to the auditor under Section 250PA of the Corporations Act were received by the cut-off date 5 business days before this meeting.

If you have a question on the financial statements or reports for the period ended 30 June 2014, please raise your green or purple card to identify yourself as a Shareholder.

I will now turn to the resolutions to be considered.

2. Resolutions to be considered at the meeting

I will follow the procedure for conducting shareholder meetings described in the Company's constitution. All resolutions will be decided on a show of hands unless a poll is demanded at or before the declaration of the result of the show of hands.

I wish to advise Shareholders that the number of proxies received by the Company, including those received by fax, as at 11:00 am on Wednesday 26 November 2014 was 106. Proxies received after that time are invalid as, under the Company's Constitution, they were received too late.

For each resolution, I will inform the meeting how many proxy votes have been received and how the proxy votes are to be cast on that resolution before a vote is taken.

Before we commence I remind you that only Shareholders present in person, persons holding valid proxies, and validly appointed corporate representatives have the right to speak and vote at this meeting. If a Shareholder has appointed a proxy but is present at the meeting in person, the proxy holder is not entitled to speak or vote.

Resolution 1 – Remuneration Report (Advisory Resolution)

Under the Corporations Act, the Company must put the adoption of its Remuneration Report to the vote at the Annual General Meeting and must allow the Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report which was included on

pages 19 to 25 of the Company's 2014 Annual Report (and 14 to 20 of the Company's financial statements for the year ended 30 June 2014 lodged with the ASX on 30 September 2014).

The Remuneration Report:

- (a) explains the Board's policies in respect of the nature and level of remuneration paid to Directors and senior management of the Company;
- (b) discusses the link between the Board's policies and the Company's performance;
- (c) explains why the performance conditions were chosen and how performance is measured against them;
- (d) sets out the remuneration details for each Director and each member of the Company's senior management team; and
- (e) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives and executive Directors.

Although the vote to adopt the Remuneration Report is advisory only, it must still be put to members at this Annual General Meeting.

If you have a question on the Remuneration Report, please raise your green or purple card to identify yourself as a Shareholder.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report of the Company (which forms part of the Directors' Report) for the financial year ended 30 June 2014 be adopted."

I note for the record that under the Corporations Act 2001:

- (a) if the vote to approve the Remuneration Report receives a "no" vote by at least 25% of the votes cast, this will constitute a "first strike" for the purposes of the Corporations Act; and
- (b) members of the key management personnel whose remuneration details are included in the Remuneration Report (and any closely related party of those members) are not permitted to vote on a resolution to approve the Remuneration Report, except where:
 - (i) either:
 - (A) they are voting as a proxy for a person who is not a member of the key management personnel (or a closely related party of those members) and they have been appointed in writing specifying how the proxy is to vote on the proposed resolution; or

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(B) the vote is cast by the Chairman of the meeting as proxy for a person entitled to vote in accordance with an express authority to vote undirected proxies as the Chairman of the meeting sees fit; and

(ii) the vote being cast is not on behalf of a member of the key management personnel (or a closely related party of those members).

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 323,067,589 valid proxies were received, of which –

- (a) 55,818,523 votes were in favour of the resolution;
- (b) 265,808,952 votes were against the resolution;
- (c) 14,903,517 abstained;
- (d) 640,114 were directed to the Chairman to vote in accordance with his voting intentions on Resolution 1, *As Chairman of this meeting I will be voting in favour of passing this resolution.*

I now move to a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution [carried/lost – *as appropriate*].

Given that the next resolution relates to my re-election as a Director of the Company, I will excuse myself from further participation at this time and ask that Mr. Michael Avery chair the meeting for this resolution.

Resolution 2 - Election of a director of the Company

Rule 15.1 (c) of the Company's Constitution provides that the directors may at any time appoint any person to be a director. That person may only hold office until the next Annual General Meeting and is eligible for election at that meeting.

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

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“That Peter Kane who retires under rule 15.3 of the Company’s constitution, and, being eligible, offers himself to re-election, be re-elected as a Director of the Company”.

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 337,971,106 valid proxies were received, of which –

- (a) 325,282,066 votes were in favour of the resolution;
- (b) 11,200,622 votes were against the resolution;
- (c) 0 abstained; and
- (d) 688,418 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. *As Chairman of this meeting for this Resolution I will be voting in favour of passing this resolution.*

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution [carried/lost – as appropriate].

I now ask Peter Kane to resume the chair and continue as Chairman for the remainder of the meeting.

Resolution 3 – Ratification of issue of Shares

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.4 and for all other purposes, the issue and allotment of:

- *41,666,667 ordinary shares in the Company;*
- *41,666,667 options over ordinary shares in the Company; and*
- *the number of ordinary shares issued by the Company to the extent that the optionholder has exercised all or part of its 41,666,667 options,*

on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors recommend that shareholders vote in favour of Resolution 3.

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 338,070,575 valid proxies were received, of which –

- (e) 296,604,381 votes were in favour of the resolution;
- (f) 39,977,776 votes were against the resolution;
- (g) 6,000 abstained; and
- (h) 688,418 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. *As Chairman of this meeting I will be voting in favour of passing this resolution.*

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution [carried/lost – *as appropriate*].

Resolution 4 – Approval of 10% Additional Placement Capacity

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purpose of Listing Rule 7.1A and for all other purposes, shareholders approve the issue of shares up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.”

A more detailed explanation of Resolution 4 is contained in the Notice of Meeting.

As stated in the Notice of Meeting, the directors recommend that shareholders vote in favour of Resolution 4.

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 337,329,696 valid proxies were received, of which –

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- (i) 73,663,129 votes were in favour of the resolution;
- (j) 262,178,149 votes were against the resolution;
- (k) 746,879 abstained; and
- (l) 688,418 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. *As Chairman of this meeting I will be voting in favour of passing this resolution.*

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution [carried/lost – *as appropriate*].

Resolution 5 – Termination of Management Agreement

The Resolution before you is to consider and if thought fit, to pass the following resolution as an ordinary resolution:

“That for all purposes, approval is given for the Company to:

- *terminate the Management Agreement; and*
- *transfer 15% of the issued share capital in Springsure Mining Pty Ltd, owned by the Company, to TheChairmen1 Pty Ltd,*

on the terms and conditions set out in the Explanatory Notes accompanying this Notice of Meeting.”

As stated in the Notice of Meeting, the directors recommend that shareholders vote in favour of Resolution 5.

I now disclose to the meeting how many proxies have been received concerning this resolution and how the proxy votes are to be cast on the resolution.

In total 225,272,862 valid proxies were received, of which –

- (m) 220,772,473 votes were in favour of the resolution;
- (n) 2,271,092 votes were against the resolution;
- (o) 31,368,113 abstained; and

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- (p) 1,429,297 were undirected, leaving the Chairman of the meeting with a direction as to how to vote the relevant proxies. *As Chairman of this meeting I will be voting in favour of passing this resolution.*

I now move to put the resolution to shareholders for a vote on a show of hands.

All those in favour?

Those against?

I declare the resolution [carried/lost – *as appropriate*].

THAT CONCLUDES THE FORMAL RESOLUTIONS WHICH ARE THE SUBJECT OF THIS MEETING.

D. CLOSING OF MEETING

Ladies and Gentlemen, that concludes the business of this meeting. I do hope you will stay and take the opportunity to discuss with our directors any issues that you may care to raise about the activities of the company.

Thank you for your attendance.

I declare the meeting closed.

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ANNEXURE**PROCEDURE WHERE POLL DEMANDED**

1. First, call for a show of hands on the resolution
2. Second, if there is either
 - (a) any doubt of the result or sense of the meeting; or
 - (b) a valid demand for a poll; or
 - (c) a result that the Chairman knows or believes is contrary to the recommendation being made by the Chairman,then the Chairman should demand a poll.
3. A valid poll can be demanded by
 - (a) the Chairman;
 - (b) any 5 members;
 - (c) any individual or members holding 5% or more of the vote.

Directions (Chairman to read as follows)

A poll has been called by me as Chairman of the Meeting in respect of Resolutions []. The poll will now be taken, so I therefore declare the poll open.

All members and appointed proxies entitled to vote were given a green card upon admission to the meeting.

Members attending the meeting who have also voted by proxy must vote under a poll as their proxy votes are ineligible.

Please clearly mark either "For", "Against" or "Abstain" on the front of the card next to the resolution being voted on under a poll.

The Returning Officer for the poll will be Emma Janik from Link Market Services.

Once you have marked your vote it will be collected by the Returning Officer's staff.

I now declare the Poll closed.

The Returning Officer will now count the ballot papers.

I will announce the result once all ballots have been counted.

Adjourn meeting to count results of the poll

Thank you for your patience, ladies and gentlemen. We will not have a result until the vote is counted. Accordingly, I will now adjourn the meeting for approximately 15 minutes. During that adjournment, please help yourselves to the refreshments.

Announcement of result of poll (If Results are announced during the meeting)

Thank you for waiting for the outcome of the voting ladies and gentlemen. I now declare the meeting re-opened and announce the results of the poll.

Resolution

The number of votes cast FOR Resolution [] was [.....] representing [.....] % of all votes cast.

The number of votes cast AGAINST Resolution [] was [.....] representing [.....] % of all votes cast.

The number of votes cast ABSTAINING was [.....] representing [.....] % of all votes cast.

Accordingly, I declare the motion in relation to Resolution [] [**carried / defeated**] as the required [**50%** majority [**has / has not**] been achieved. The results of the poll in respect of Resolution [] will be released to the ASX shortly and will be displayed on the ASX website as soon as practicable later today.

Once the voting cards have been collected, and the Poll has been declared closed, Link will complete the count & provide the reports (including but not limited to the Poll Declaration) on the outcome of the poll.

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