



ASX announcement

11th July 2012

Concept Mining Study Completed for Belview Coking Coal Project

Highlights

- 3.4Mtpa ROM production, \$907m capital cost and \$104/t FOB cost (ex royalty)
- Primary high quality coking plus secondary low vol PCI products
- Potential for additional production from additional shaft and second longwall

Stanmore Coal Limited (ASX:SMR, "Stanmore Coal"), in conjunction with MineCraft Consulting Pty Ltd ("MineCraft"), has completed a Concept Mining Study for the Belview coking coal project based on 3.4Mtpa Run of Mine (ROM) coal produced from a multi-shaft, single longwall operation. MineCraft is a specialist underground coal mining engineering consultancy. MineCraft has conducted engineering studies and design for underground coal mining projects throughout the Queensland and NSW coal fields.

The Belview coal resource occurs within the Rangal Coal Measures and contains two seams for potential underground extraction, the Aries seam (2-3m thick) and the Gemini seam (5-6m thick).

Stanmore Coal has previously defined an initial JORC Inferred Resource of 95 million tonnes (Mt) in the Gemini seam. The overlying Aries seam is not yet to a JORC resource reporting standard but is included in the additional Exploration Target¹ of 205-345Mt. The Rangal Coal Measures are mined extensively throughout this part of the Bowen Basin as a coking coal and the Gemini coal seam was previously mined as a hard coking coal at BHP's Leichhardt mine 4km to the west of Belview.

The study proposes a three shaft, single longwall development that would take five years to fully establish from commencement of shaft sinking. First development coal production is targeted in 2018, with a ramp up to full longwall production from 2020. The capital cost² for the three shaft development, all services, mine development, longwall equipment, the coal preparation plant, gas drainage and infrastructure is estimated at \$907m.

Operating cost estimate summary:

Operating Costs	
(real \$A per product tonne)	
Mining (to pit top)	\$75
CHPP	\$6
Transport	\$23
FOB (excl royalty)	\$104
State Royalty ³ (est)	\$18
FOB (incl royalty)	\$122

At an estimated combined yield of 85%, the project will produce annual product coal of 2.9Mtpa. Productivity improvements may be realised through the installation of additional shafts and a second longwall to provide increased hoisting and mining capacity, or via the investigation of top coal caving to mine out the entire 6m Gemini seam. These issues will be examined in future feasibility studies.

A significant gas pre-drainage program has been factored into the capital costs and an on-going gas drainage program is included in the operating costs. This study limits coal extraction at Belview to a mining window of 560m to 1000m depth and both capital and operating costs make allowance for mitigation of potential engineering issues. Resource depths are shown in the table below.

All Seams	JORC Inferred (Mt)	Additional Exploration Target ¹ (Mt)
0 – 800m	18	60-120
800 – 900m	49	145-225
900 – 1000m	28	
Total	95	205-345

The technology utilised when mining at this depth is well understood in a global context as mining in the UK occurs up to 1100m deep and the Suncun mine in China operates at depths of up to 1300m. The Paskov mine in the Czech Republic currently mines to 1120m being one of a number of mines in the region operating at depths in excess of 1000m with some shafts presently being deepened up to 1346m.

A further exploration program is planned at Belview to test the Exploration Target¹ of 205-345Mt, extend the Inferred Resource and address core recovery issues encountered in a number of the completed drill holes.

Coal quality test work has determined that the Gemini Seam is capable of producing a dual product comprising a high quality hard coking and a low vol PCI coal in a 50:50 product split. Further testing is planned to confirm all coal properties (incl coke strength). Summary coal quality results to date are provided below:

Coal characteristics - Gemini Seam

As received (unless noted)		Primary Coking Product	Secondary PCI Product
Total moisture	%	10	10
Ash	%	5.9	9.1
Volatile Matter	%	19.4	18.9
Fixed carbon	%	64.7	62.0
Crucible swelling number (as tested)		7.5	2
Total sulphur	%	0.37	0.32
Specific Energy	(adb) kcal/kg	7,930	7,625
Specific Energy	kcal/kg	7,238	6,953

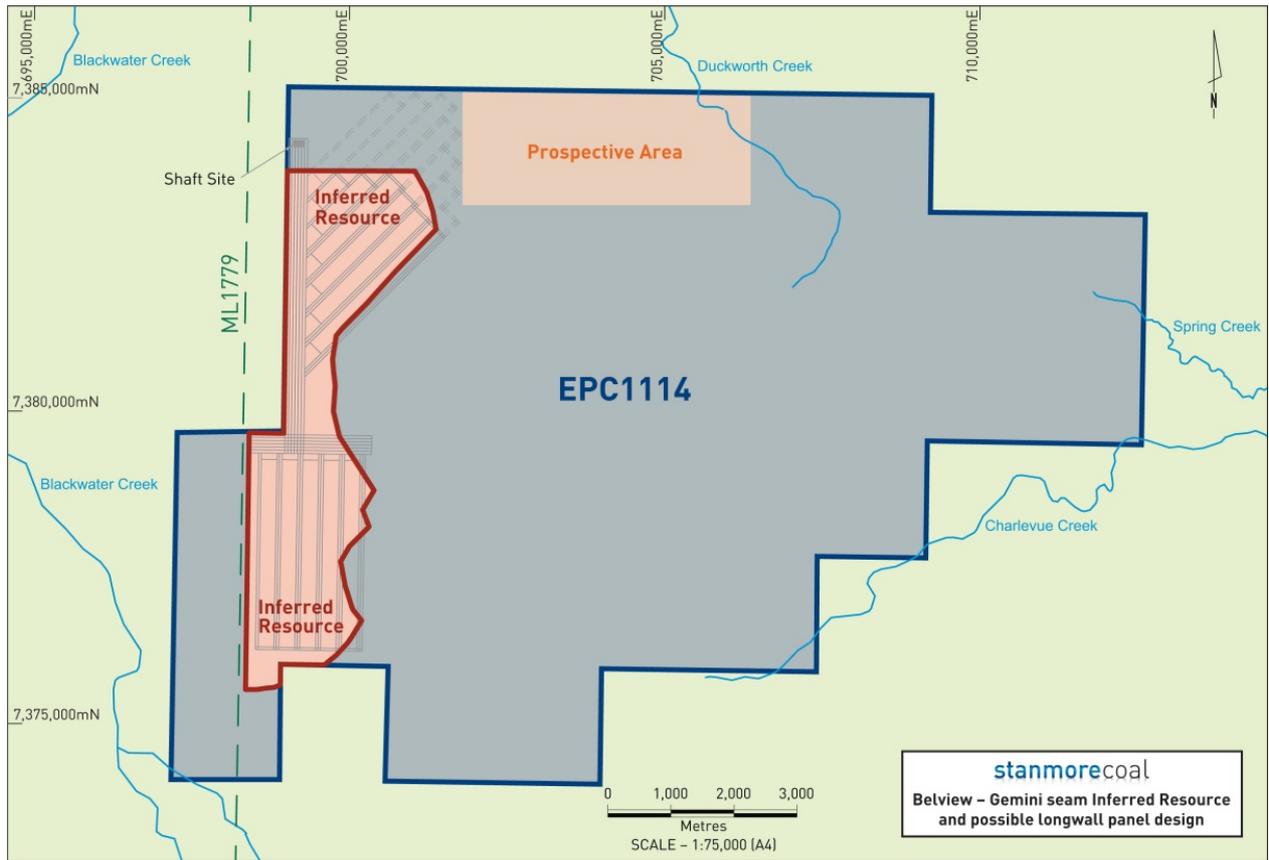
Clean coal composite results from the Aries seam samples demonstrate the potential to optimise yield by the production of a low sulphur, coking product with CSN's of up to eight and a secondary high energy (6,856kcal/kg air dried) thermal / PCI product.

The tenement is located 5km from the existing Blackwater line and is one of the closest Bowen Basin coal deposits to the ports of Gladstone.

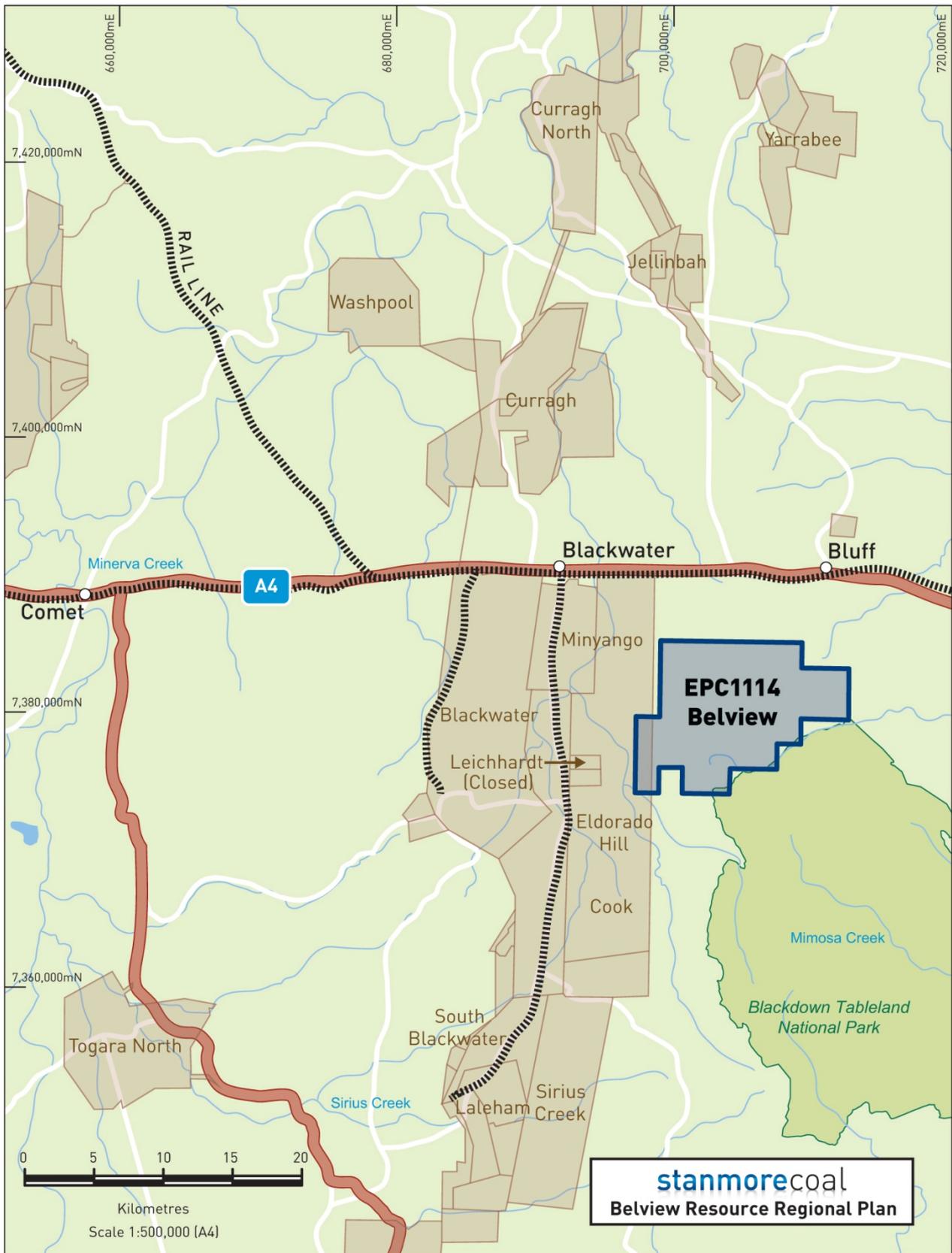
Managing Director, Nick Jorss said, "This study demonstrates that Belview has the potential to become a high quality coking coal mine for Stanmore Coal. The coking properties of the coal are attractive and the project is well located for existing Bowen Basin rail and port infrastructure".

"Belview has already attracted interest from global coking coal consumers and if the right terms can be achieved we will consider introducing a joint venture partner to expedite project development".

Belview Project Conceptual Layout



Belview Locality Plan



On behalf of the Board
DP Cornish
Company Secretary

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Competent Persons Statement

The information in this report relating to exploration results and coal resources is based on information compiled by Mr Wes Nichols who is a member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Stanmore Coal. Mr Nichols is a qualified geologist and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the JORC Code. Mr Nichols consents to the inclusion in this document of the matters based on the information, in the form and context in which it appears.

Note 1: Exploration Target

All statements as to exploration targets of Stanmore Coal and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource and identification of a resource will be totally dependent on the outcome of further exploration. Any statement contained in this document as to exploration results or exploration targets has been made consistent with the requirements of the Australasian code for reporting of exploration results, mineral resources and ore reserves ("JORC Code").

Note 2: Capital cost estimate is to a concept study level estimate (-25% / +40%)

Note 3: State Royalty based on an average USD 190 coal price and AUD/USD rate of 0.85

About Stanmore Coal Limited (ASX code: SMR)

Stanmore Coal is a growth focused, pure play coal exploration and development company with a number of prospective coal projects and exploration areas within Queensland's Bowen and Surat Basins. Stanmore Coal is focused on the creation of shareholder value via the identification and development of coal deposits, with a focus on the prime coal bearing regions of the east coast of Australia.

Stanmore Coal holds 100% interests in its coal project areas which cover over 2,594 km². These projects include significant deposits of open pit coking and thermal coal and are typically well located for export infrastructure.

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