



ASX announcement

30 October 2012

Belview Coking Coal Project Expansion and Revised Exploration Target

Highlights

- Stanmore Coal has acquired the tenement immediately to the north and along strike from the Belview coking coal project in the Bowen Basin
- Independent modelling has defined a new coking coal Exploration Target¹ across the combined tenement area of 735Mt – 1,103Mt to 800m depth, of which 118Mt - 178Mt is targeted between 385m - 500m depth
- Shallower entry point and substantially increased Exploration Target¹ has the potential to materially improve the project economics

Stanmore Coal Limited (ASX:SMR, “Stanmore Coal”), has acquired Exploration Permit for Coal (EPC 1186) adjacent to existing EPC 1114 (Belview) which currently contains a 95Mt coking coal JORC Inferred Resource and an additional Exploration Target¹. This transaction substantially increases the size of the Belview project footprint and is likely to drive significant improvements in the project scale and economics. Importantly, the tenement is likely to contain significantly more coal at shallower depth than the existing Belview project. The shallowest coal intersected from current drilling within the enlarged project area is 428m (Aries seam) with modelling showing the potential for coal to commence from 385m.

EPC 1186 is a 72km² tenement previously held by Fairway Coal Pty Ltd (“Fairway”) a subsidiary of Waratah Coal Pty Ltd (“Waratah Coal”). Recent drilling by Fairway and historic seismic line coverage across the new tenement provides reasonable confidence in coal depths, seam continuity and shows no indication of major structure. Historical data supports the proposition that coal measures confirmed through the Belview drilling program continue into the new tenement.

EPC 1186 is highly prospective for a similar high quality coking coal to the Belview project. Stanmore Coal remains confident that irrespective of current market volatility, high quality coking coal remains a valuable and extremely scarce commodity.

Total consideration payable for EPC 1186 is \$5.1 million plus 5.7 million Stanmore Coal shares and a minor royalty. The \$5.1m cash payment will be funded from Stanmore Coal's existing cash balance of \$36.9 million. The company is in advanced discussions with respect to an additional funding instrument to support further growth of the business.

	EPC 1114 (Belview)	EPC 1186	Total
JORC Inferred Resource ²	95 Mt		
Exploration Target ¹ to 500m	-	118 – 178 Mt	118 – 178 Mt
Exploration Target ¹ 500m to 800m	76 – 114 Mt	541 – 811 Mt	617 – 925 Mt
Total Exploration Target (in addition to JORC Resource above)	76 – 114 Mt	659 - 989 Mt	735 – 1,103 Mt
Deal structure and price	Already owned	<ul style="list-style-type: none"> • \$5.1m cash on title transfer • SMR scrip of \$2m on title transfer Plus royalty	

Managing Director, Nick Jorss said, “This acquisition is consistent with our strategy of creating and developing a portfolio of world class coal assets. The coking properties of the coal at Belview are attractive and we expect this complementary acquisition will further enhance project economics reported in the Conceptual Mining Study”.

“We are also pleased to welcome Waratah Coal to our share register. We look forward to working with Waratah Coal in the future”.

On behalf of the Board
 Doug McAlpine
 Joint Company Secretary

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Background to Belview Project (EPC 1114)

The existing Belview Project (EPC 1114) is located five kilometres south of the Blackwater to Gladstone railway and four kilometres east of the historic Leichhardt mine where the 6 to 6.5 metre thick Gemini seam of prime hard coking coal was mined underground by BHP from 1970 to 1982. The key seams that have been intersected by Stanmore Coal in the Belview lease are the Aries, Gemini, Orion and Pisces seams. The company has defined an initial JORC Inferred Resource² of 95Mt in the Gemini seam of the Rangal Coal Measures.

Coal quality data analysis indicates the Gemini seam will produce a high quality coking coal.

Coal characteristics - Gemini Seam

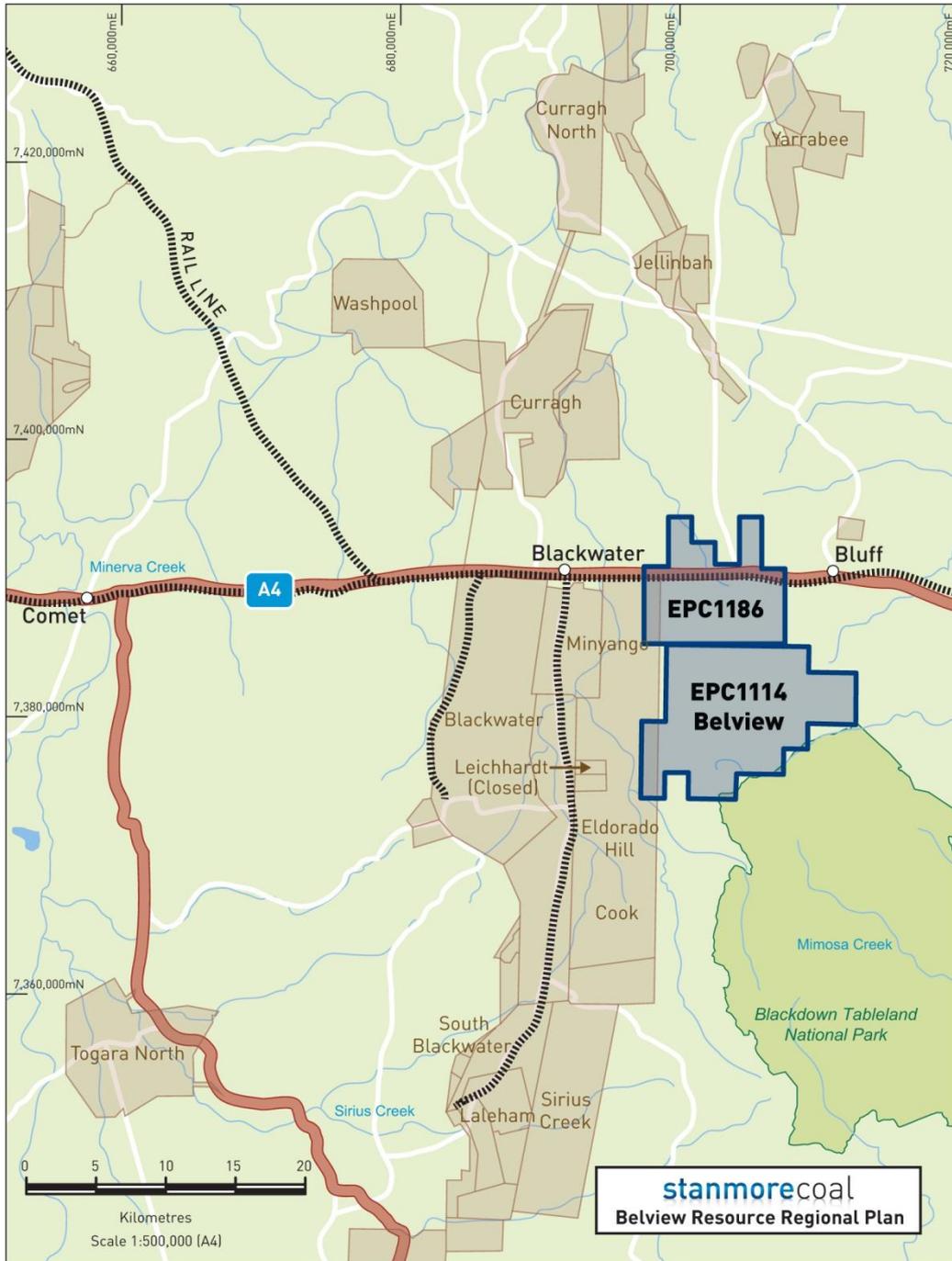
As received (unless noted)		Primary Coking Product	Secondary PCI Product
Total moisture	%	10	10
Ash	%	5.9	9.1
Volatile Matter	%	18.3	17.5
Fixed carbon	%	65.8	63.3
Crucible swelling number (as tested)		7.5	1.5
Total sulphur	%	0.35	0.32
Specific Energy	(adb) kcal/kg	7,930	7,530
Specific Energy	kcal/kg	7,211	6,873

The combined yield for both products in the Gemini seam is very high at 90% which will serve to enhance the project economics. Planning for coke strength testing is underway which will confirm whether the coal will be classified as a hard or semi hard coking coal. 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 8 and a secondary high energy (6,856kcal/kg, adb) thermal / PCI product.

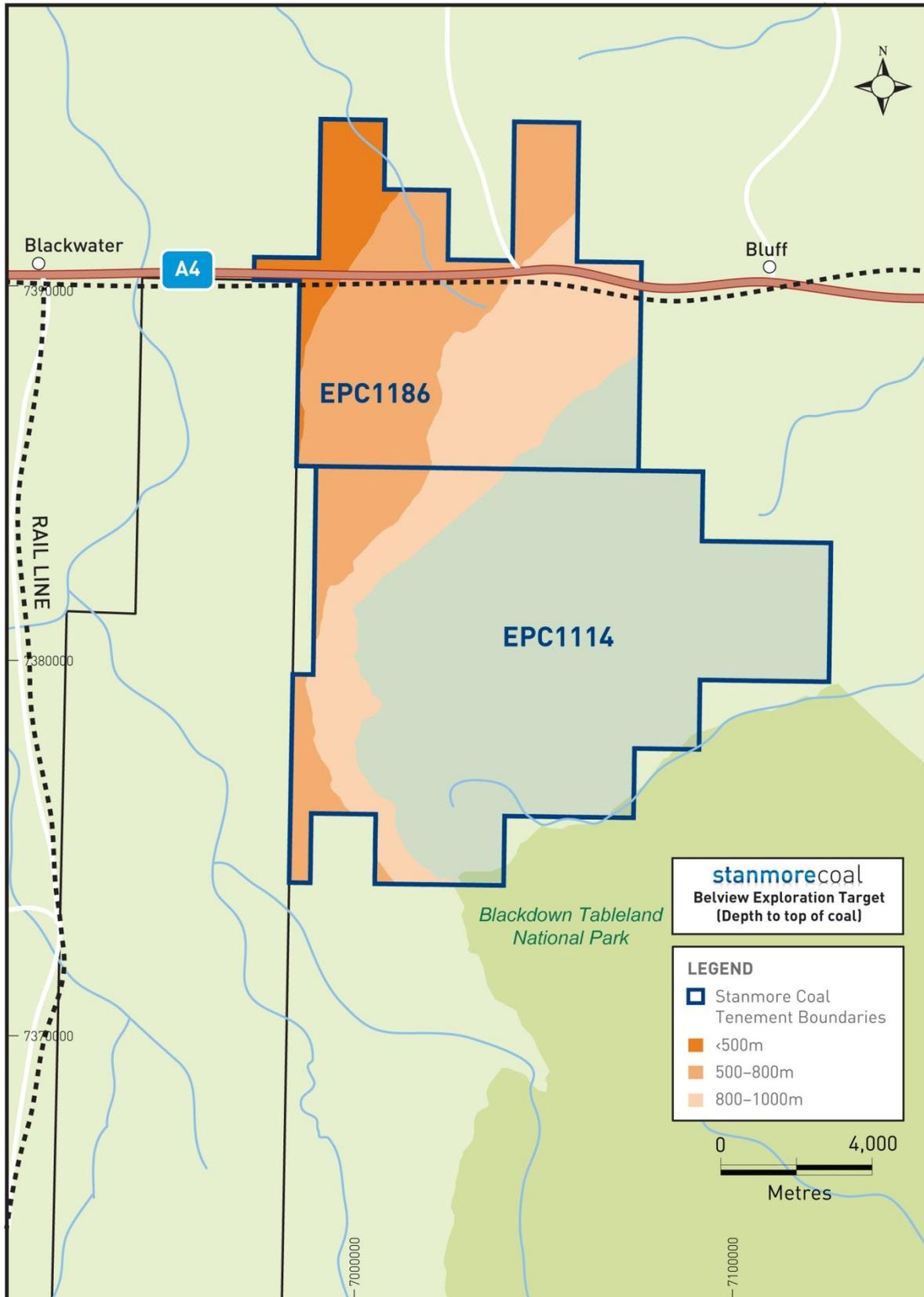
Stanmore Coal completed a favourable Concept Mining Study for the Belview coking coal project based on 3.4Mtpa Run of Mine (ROM) production. The study proposes a three shaft, single longwall development that would take five years to fully establish from commencement of shaft sinking. First development coal production is targeted in 2018, with a ramp up to full longwall production from 2020. The capital cost³ for the three shaft development, all services, mine development, longwall equipment, the coal preparation plant, gas drainage and infrastructure is estimated at \$907m. Operating costs are currently estimated to be \$104/t FOB, excluding State royalties. A substantially shallower entry point for the expanded Belview project is likely to materially improve the project economics with the potential for lower upfront capital and lower unit operating costs. In addition, the significant expansion of the target resource within the shallower areas opens the potential for an increase in the project production rate beyond the current 3.4Mtpa of ROM coal.

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.

Belview Project (Including Expansion)



Expanded Belview Exploration Targets



Competent Persons Statement

The information in this report relating to exploration results and coal resources is based on information compiled by Mr Troy Turner who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the report 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 report 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: 95Mt JORC Inferred Resource for Belview is calculated to 1000m depth

Note 3: Capital cost estimate is to a concept study level estimate (-25% / +40%)

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 the majority of its coal project areas which cover over 2,769km². These projects include significant deposits of open pit coking and thermal coal and are typically well located for export infrastructure.

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