

stanmorecoal

Investor Presentation

May 2013



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Exploration Target Note: 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”).

Marketable Reserves Note: The Marketable Coal Reserves of 94Mt is derived from a JORC compliant run of mine (ROM) Probable Coal Reserve of 117.5Mt based on a 14.8% ash product and predicted yield of 80%. The 94Mt marketable reserve is included in the 287Mt total JORC Resource (18Mt Measured + 187Mt Indicated + 82Mt Inferred Resource)

Competent Persons Statement:

The information in this report relating to the Belview Project 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

The information in this report relating to all other project exploration results and coal resources is based on information compiled by Mr Wes Nichols who is a member of the Australasian Institute of Geoscientists 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. The information in this report relating to coal reserves is based on information compiled by Mr Richard Hoskings who is a member of Minserve Pty Ltd. Mr Hoskings is a mining engineer, a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience (30+ years) in relation to the mineralisation being reported to qualify as a Competent Person as defined in the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)”. Mr Hoskings consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

About Stanmore Coal

- Pure play, Queensland based coal company
- Founded in 2008
- Listed in December 2009

- ASX code - SMR
- Share price - A\$0.15⁽³⁾
- Shares – 207.8m
- Mkt cap - \$31.2m⁽³⁾
- Cash - A\$29m⁽⁴⁾
- Debt - A\$4.0m⁽⁴⁾

- 94Mt of JORC Marketable Reserves⁽¹⁾
- 231Mt of Measured and Indicated JORC Resource
- 686.2Mt of Total JORC Resource ⁽⁵⁾

- **975-1,498 Mt⁽²⁾ of additional exploration targets**
- **c.75% of exploration target is coking coal**

- Two 100% owned flagship projects:
 - Belview coking coal
 - The Range thermal coal
- Other prospective tenements in the Bowen and Surat Basins

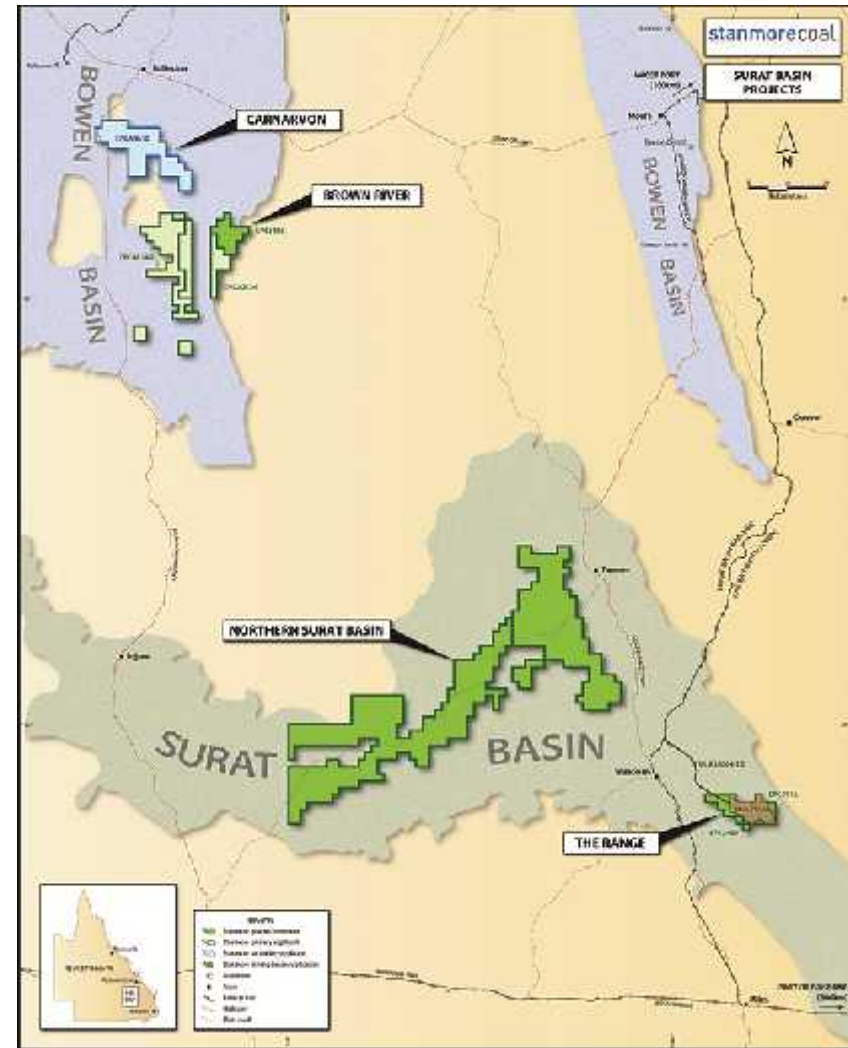
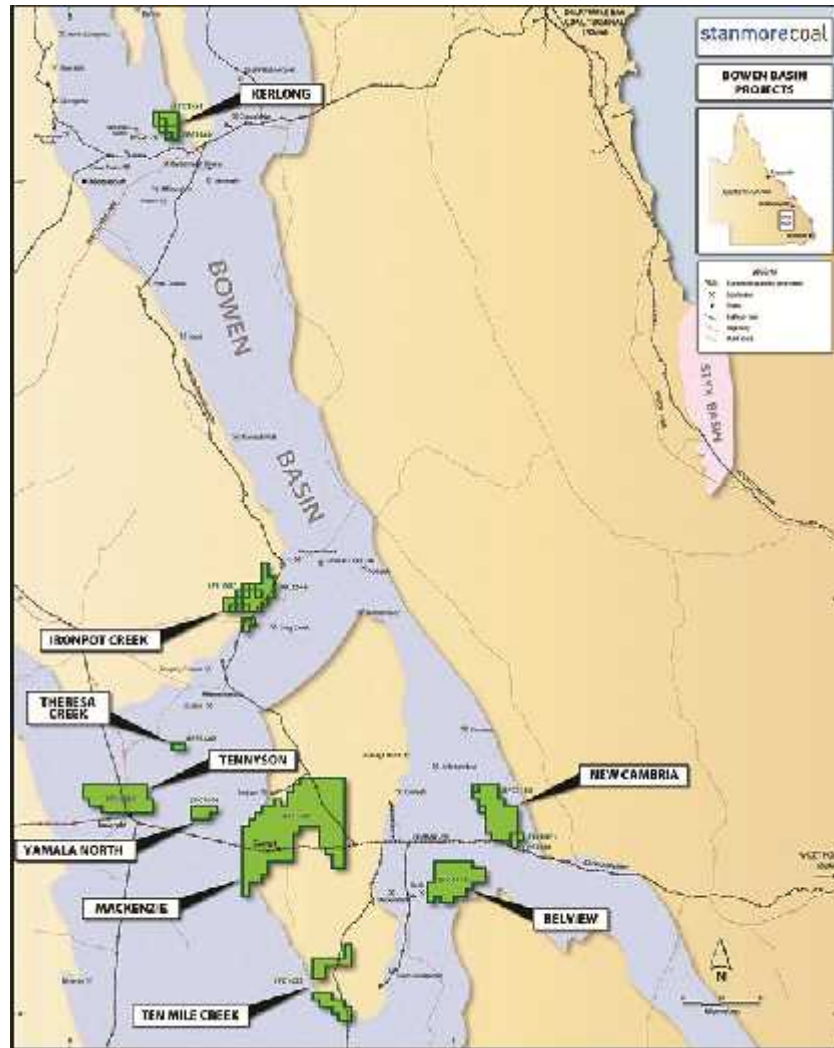
- 5Mtpa of port capacity at Wiggins Island Coal Terminal Expansion Stage 1
- Delivery of rail and port infrastructure in line with proposed mine development

- Strong Board and management team with proven track record of developing and operating coal mines
- Small, highly skilled management team with low overhead cost base

- Well funded with a strong, supportive cornerstone investor
- Financial capacity to pursue opportunities in the down-cycle

(1) Refer to Marketable Reserves Note (p.1) , JORC Probable Reserve(ROM) of 117.5Mt.
(2) Réfer to Exploration Target Note (p.1)
(3) As at 8 May 2013
(4) As at 1 May 2013
(5) 18Mt Measured, 212.7Mt Indicated, 455.5 Inferred

Located in Queensland's Premier Coal Basins



Belview Project Overview

Acquisition of EPC 1186 Creates Large Coking Coal Project in Bowen Basin region

100% owned

- Substantial coking coal project in heart of the Bowen Basin
- Acquisition of EPC1186 provides access to shallower coking coal and significant increase in Exploration Target
- Aries and Gemini seam samples demonstrate attractive coking coal qualities (CSN up to 8)
- Concept mining study identifies 4 mining target seams
- 95Mt of JORC Inferred Resource with substantial exploration target¹

Depth Category	Exploration Targets		
		LOW	HIGH
	<500m	118	178
500-800m	617	925	
800-1000m	568	852	
Total	1,303	1,955	

- New drilling commenced March 2013, targeting NW area of EPC 1186. Updated JORC report anticipated Q3 2013
- First coal targeted for calendar 2017

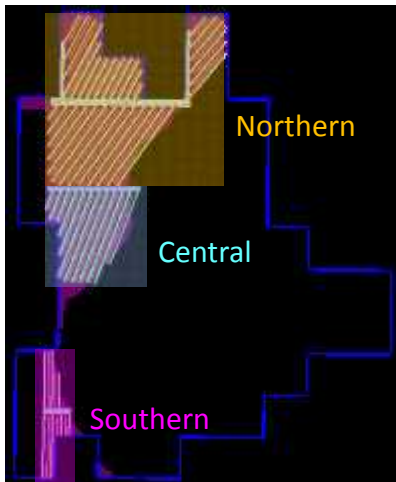
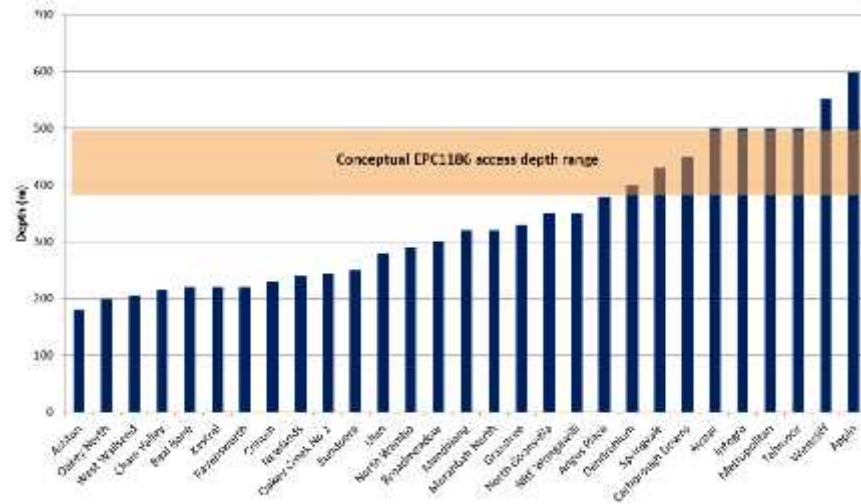


Note:
 (1) Refer to Exploration Target Note (p.1).
 (2) Refer Competent Person's Statement (p. 1)



Belview Project – Concept Study Results

EPC 1186 significantly reduces the initial depth of mining



➤ Due to maximum practical panel length restrictions & resource geometry, the mining concept has been split into 3 regions;

- Northern
- Central
- Southern

Note: Refer to Exploration Target Note (p.1). Within the Rangal Coal Measures to 800m depth

Source: Xenith Concept Mining Study

Asset description	
Project ownership	100%
Location	Blackwater, Bowen Basin, Qld
JORC Inferred Resource	95Mt
Exploration target ¹	735-1,103Mt
Infrastructure solution	Blackwater line, Gladstone Port
Mining profile	
Mining method	Underground longwall
Production assumptions	
Yield	80%
Product	80% coking 20% PCI/high energy thermal
Capital and operating expenditure estimates	
Development capital expenditure	\$869 million



Belview Project Timetable

First coal target 2017

- Concept study estimates underground development can commence in 2017 and longwall mining can commence in late 2018



Source: Xenith Concept Mining Study

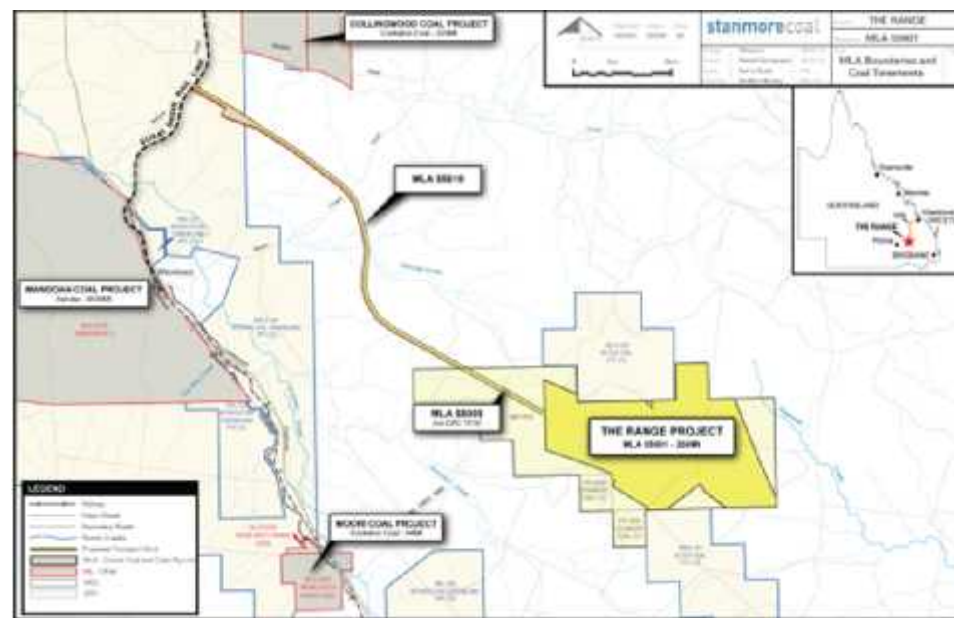


The Range Thermal Coal Project

Open cut, high energy, export grade thermal coal mine

100% owned

- Feasibility Study complete on 5Mtpa open cut export thermal coal mine over 25 years
- High energy, low emission thermal coal sought after in Asia
- Mining Lease on track for 1st quarter calendar 2014
- Infrastructure solution defined and awaiting delivery of rail and port solution
- No further expenditure required until rail and port infrastructure is committed



Category	Reserve (Mt)	Resource (Mt)	Target (Mt)
JORC Marketable Reserve ¹	94		
JORC Measured Resource		18	
JORC Indicated Resource		187	
JORC Inferred Resource		82	
Exploration Target ²			45-80
Totals	94	287	45-80

(1) Refer to Marketable Reserves Note (p.1), JORC Probable Reserve(ROM) of 117.5Mt.
 (2) Refer to Exploration Target Note (p.1)



The Range Thermal Coal Project

Feasibility Study Results

Asset Description	
Project	The Range, Surat Basin (Queensland)
JORC Resources ⁽¹⁾ / Coal Reserves ⁽²⁾	287Mt / 94Mt
Location relative to infrastructure	Located 27km SE of the proposed Surat Basin rail line
Mining Profile	
Mining method	Open-cut, truck and shovel
Potential project life	25 years
Production Profile Assumed in Mine Plan	
First coal production	2016, subject to rail
ROM production	~6Mtpa
Yield	~73% (3.5Mtpa 10% ash, 1.5Mtpa 16% ash)
Saleable coal production	5Mtpa
Average ROM stripping ratio ⁽⁴⁾	6.1:1
Product	100% export quality thermal
Owner Mining Operating and Capital Costs (first 13 years of production) ^{(3),(4)}	
Mining Cost (FOR)	A\$41.9/t
Total Cash Costs (FOB)	A\$76.1/t
Capital cost	\$599M

Key Highlights

- Confirmed the technical and economic feasibility of the project
- Attractive project NPV ~\$500M,
- Competitive ROM strip ratio⁽⁴⁾ averages 6.1bcm/t
- Substantial quantities of clean coal (~35% bypass) resulting in average product yield of ~73%
- Operating costs (owner mining, ex royalty) of A\$76.14/t (FOB)⁽⁴⁾
- Further potential to optimise cost structure as mining contractor and capital costs are expected to reduce in line with market dynamics
- Capital costs include costs for Wiggins Island Expansion Phase 1

- (1) Refer Reserves, Resource and Exploration Target (p.1)
 (2) Refer to Marketable Reserves Note (p.1), JORC Probable Resource (ROM) of 117.5Mt.
 (3) FOB cost excludes State Government Royalty.
 (4) Over the first 13 years of mine life.



The Range Thermal Coal Project

Feasibility Study Results

High energy export thermal coal

- Surat Basin coals are typically clean burning with good burnout characteristics and low nitrogen, ash and sulphur
- Suitable for all key markets including Japan, China, Korea and India
- Marketing trips to Japan and Taiwan confirmed strong interest in product coal
- Coal is capable of being washed to a range of ash levels from 10.0% to 16%. Product specifications identified as part of the FS:

The Range coal quality		10% Ash	16% Ash
Proportion of total production	%	75	25
Volatile Matter	%ad	41.8	39.6
Fixed Carbon	%ad	40.2	35.9
Total Sulphur	%ad	0.44	0.42
Nitrogen (ult)	%daf	1.10	1.12
Total Moisture	%	13.9	10.7
GCV	kcal/kg ad	6,466	5,904
GCV	kcal/kg daf	7,880	7,822



The Range Thermal Coal Project

Surat Basin Coal Quality Comparison

Surat Basin coals are typically high energy, clean burning coals featuring low impurities and emissions.

Quality	Surat Walloon Coals	Other Australian Export Coals	Chinese Coals	Comment
Sulfur (%)	0.4	0.3 - 0.7	0.4 – 1.1	✓ Low levels of trace elements and low emissions of atmospheric pollutants (oxides of sulfur, nitrogen and particulates) mean excellent environmental performance
Nitrogen (% ult daf)	1.1	1.0 - 2.1	1.0 – 3.2	
Ash (%)	10	13	9 - 36	✓ Lower than Newcastle benchmark
CO ₂ (kg/MWh S/O)	920-940	930-1,000	950 – 1,240	✓ Contain up to 30% more organically bound hydrogen than most thermal coals, resulting in lower CO ₂
Ash fusion temp (C)	1,420	1,190 – 1,540	1,050 – 1,450	✓ High ash fusion and favourable ash composition mean that slagging and fouling problems are minimal or eliminated
Volatile matter (%)	40-42	28-42	32 - 36	✓ Very high, consistent with its high rank and produces rapid combustion and good burnout

■ The favourable emission profile of Surat Basin Coal will underpin future demand from Asia

(1) a.d. means air dried basis; FC means fixed carbon; VM means volatile matter; ult d.a.f. means ultimate analysis dry ash free; IDT means initial deformation temperature



Milestones

Asset	1H13	2H13	2014	Beyond
Belview	Drilling EPC 1186 and PFS planning	PFS	FS & Approvals	2014 -2017: Development 2017: First coal
The Range	Feasibility Study & EA negotiation		ML grant and Construction	2016: First coal

KEY

Exploration & Studies	Development	Construction	Production
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SUPPLEMENTARY SLIDES



Strong Board and Management Team

NEVILLE SNEDDON



Chairman

Mining engineer with 37 years experience in coal, formerly CEO of Anglo Coal Australia, Chairman of DBCT Port and Director of PWCS Port

NICK JORSS



Managing Director

20 years in engineering, project management, resource financing and M&A

STEPHEN BIZZELL



Director

Extensive experience in commercialising resources companies; former executive director of Arrow Energy; and Chairman of Bizzell Capital Partners

VIV FORBES



Director

Over 40 years of Bowen Basin coal experience including all phases of coal mine development from exploration to production, including Burton, South Blackwater and Goonyella coal mines. Formerly Director of DBCT Port

ANDREW MARTIN



Director

15+ years in investment banking, infrastructure & resource financing and M&A

CHRIS MCAULIFFE



Director

Co-founder and MD of Sprint Capital Partners. More than 20 years experience in investment banking and private equity in Asia

DOUG MCALPINE



Chief Financial Officer & Company Secretary

15 years of accounting and finance capability in property and contracting. Strong experience in company reporting, taxation and contractual management.

VAUGHAN WISHART



General Manager Project Development

20 years in resource project development, study management, engineering and infrastructure delivery

MIKE MCKEE



General manager Operations

Mine Manager with 30 years experience, mainly in the Bowen Basin. Most recently General Manager at Minerva, Yarrabee, and Sonoma mines

WES NICHOLS



General Manager Exploration

22 years of exploration and mining roles in the Bowen and Surat Basins. Previously Geology Manager at New Hope Coal and held senior positions with Anglo Coal.

Over 150 years of coal exploration, development and operational experience



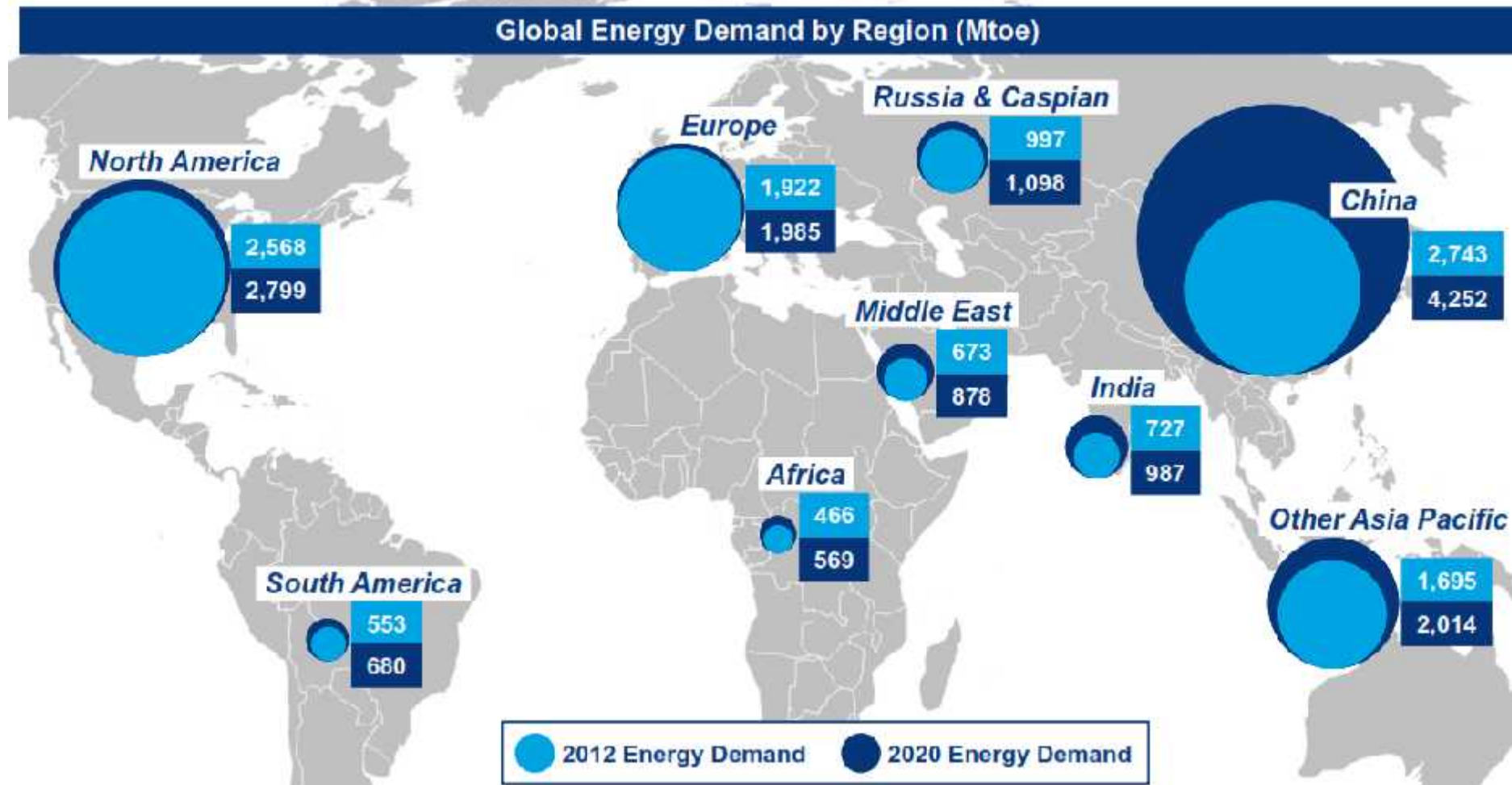
Reserves, Resources and Targets

Project		JORC Marketable Coal Reserve ^{(1) (2)}	JORC Recoverable Coal Reserve ^{(1) (2)}	JORC Measured Resource ⁽¹⁾	JORC Indicated Resource ⁽¹⁾	JORC Inferred Resource ⁽¹⁾	Total JORC Resource ⁽¹⁾	Additional Exploration Target ⁽³⁾	
								Low	High
The Range	Thermal	94.2	117.5	18.0	187.0	82.0	287.0	45	80
Mackenzie	Coking	-	-	-	25.7	117.5	143.2	-	-
Belview ⁽⁴⁾	Coking	-	-	-	-	95.0	95.0	735	1,103
Tennyson	Thermal/Coking	-	-	-	-	161.0	161.0	65	120
1274/76	Thermal	-	-	-	-	-	-	130	195
Totals		94.2	117.5	18.0	212.7	455.5	686.2	975	1,498

- (1) Refer to Competent Persons Statement (p. 1)
- (2) Refer to Marketable Reserves Note (p. 1)
- (3) Refer to Exploration Target Note (p. 1)
- (4) Exploration Target within the Rangal Measures to 800m



Energy Demand is driven primarily by Asia...



Source: Wood Mackenzie Global Energy & Metals Forum 2012



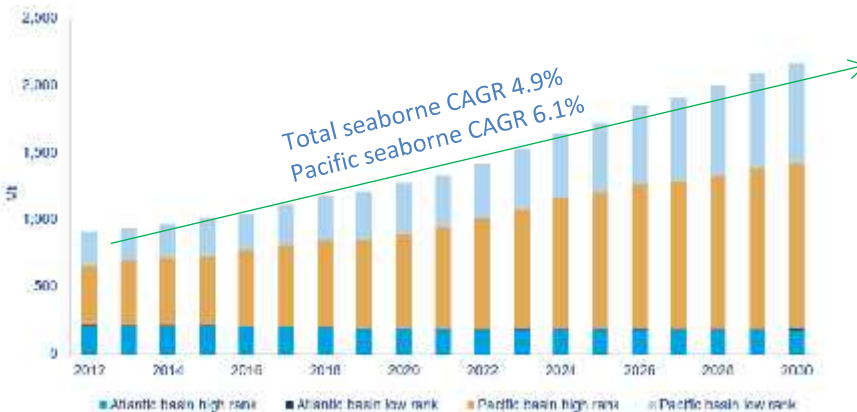
... with the bulk of supply to come from Pacific basin coal

IEA forecasts coal demand to grow 65% by 2035, overtaking oil as the largest supply of energy



Source: IEA World Energy Outlook 2011 'Current Policies' Scenario

Global seaborne thermal coal import demand by basin and rank (Mt)



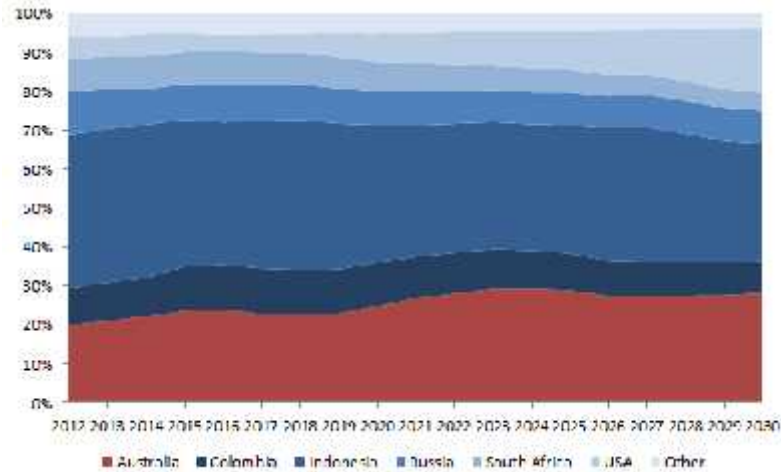
Source: Wood Mackenzie Coal Market Service, November 2012

- Demand for energy coal, as a result of increased power-generation requirements, will be met by the seaborne market
- Thermal coal will **increase its market share as an energy supply source from 27% to 30%** when compared to alternatives over the next 25 years (oil, natural gas, nuclear power, hydro & other)
- Wood Mackenzie forecasts that Australian thermal coal supply **will increase by 429Mt by 2030 (+235%)** to meet the Asian demand
- The Newcastle benchmark has increased off the recent lows and is currently above US\$92/t



QLD coal well positioned to meet the supply gap

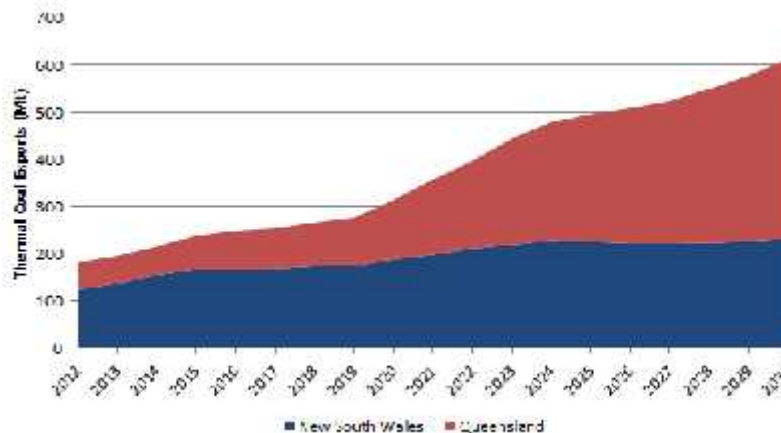
Australia will increase its share of the export market...



- Australian coals will increase their share of the global seaborne market from 20% to 28% due to factors such as:

- superior coal quality;
- proximity to end-user market (Asia);
- delivery of key infrastructure; and
- reliability of supply

... with the majority of supply from QLD developing basins



- Australia thermal coal exports to grow at 7.4% pa to 2030
- QLD coal growth substantial over the period at 11.7% pa

Source: Wood Mackenzie Coal Market Service, November 2012

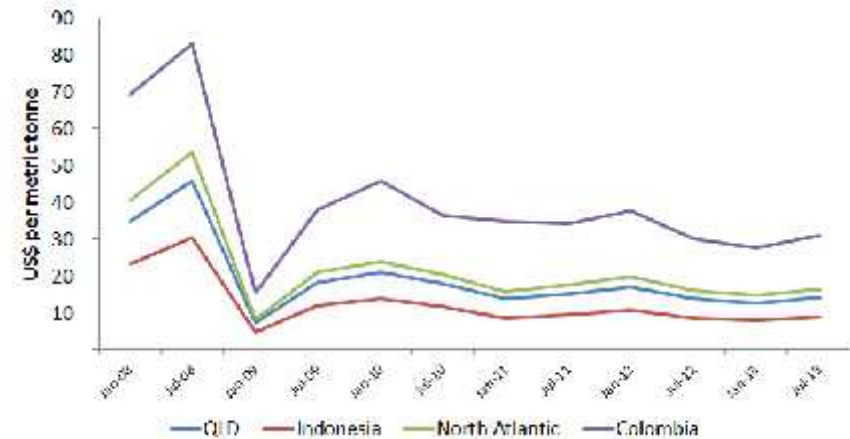


Long term freight rate fundamentals favour Australian coal

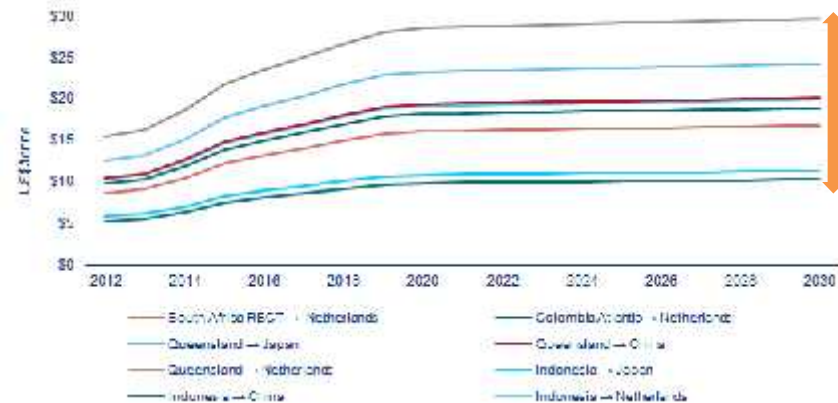
- In the short term, low freight rates, when combined with low natural gas prices, make western USA and Colombian coals economic for Pacific Basin buyers
- Depressed freight rates have resulted from latent capacity in vessels which typically transport OECD bulk goods. As OECD economic growth picks up, excess supply will reduce
- Long term freight differentials to Asia favour Australian miners, particularly Queensland
- **Example:** The differential between Qld and Colombian freight to China (Qingdao) was approximately US\$35dmt in 2008 – in 2012 it was less than US\$20dmt
 - As shipping oversupply reduces this differential should increase

Recent freight rate pricing has been volatile with historic freight differentials less pronounced...

Shipping rates from export origin to China⁽¹⁾ (Qingdao Port)



... but rates and pricing band differentials should increase over the medium to long term⁽²⁾



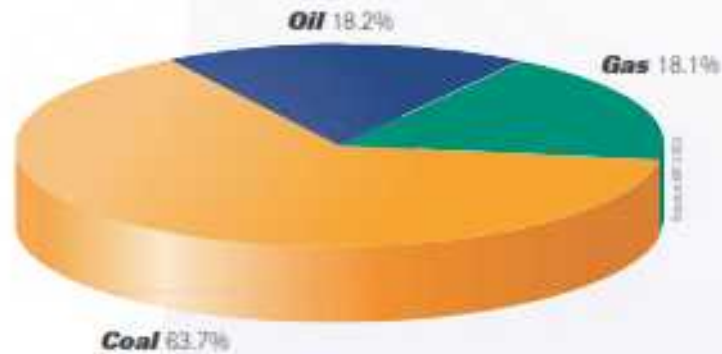
1. Source: RS Platou. 70,000dwt basis

2. Source: Wood Mackenzie Coal Market Service



The importance of coal as part of the global energy mix

Proven reserves of fossil fuels worldwide



Feature	Benefit
<ul style="list-style-type: none"> Large reserves 	<ul style="list-style-type: none"> Available without raising geopolitical or safety issues
<ul style="list-style-type: none"> Easily stored 	<ul style="list-style-type: none"> Stockpiles at minesite, port and power stations can be drawn in emergencies
<ul style="list-style-type: none"> Reliable 	<ul style="list-style-type: none"> Not weather dependent
<ul style="list-style-type: none"> Lower infrastructure hurdle 	<ul style="list-style-type: none"> High pressure pipelines and dedicated supply routes not required

- Fossil fuels are still the most cost competitive source of power generation, with coal the cheapest and most prolific
- Renewable energy will play an increasing role but remains relatively costly and can be unreliable
- Coal will continue to be a large part of the global energy mix for a significant time to come

The World Bank on the role of energy in poverty alleviation

"Reliable energy is a key component of economic and social development... lack of energy is among the key forces slowing down poverty reduction and growth of the rural sector."

World Bank 2002



Commonly held Coal Industry misconceptions

Myth	Fact
“Wind power is now cheaper than coal and gas in Australia” Bloomberg New Energy Finance 2013	Coal remains the cheapest form of reliable base load energy
Global demand for coal has been reducing	“In line with the trend over the last decade, coal was once again the largest growing source of primary energy in 2011 , with incremental consumption over 50% higher than oil and gas incremental demand combined.” IEA World Energy Outlook 2011
Coal demand is forecast to reduce	Thermal coal is forecast to increase it’s market share as an energy supply source from 27% to 30% when compared to alternatives over the next 25 years: Wood Mackenzie, 2012
Australian coal can no longer compete globally	Wood Mackenzie forecasts that Australian thermal coal supply will increase by 429Mtpa by 2030 (+235%) to 2030
Coal is contributing to global warming spiralling out of control	“Over the past 15 years air temperatures at the Earth’s surface have been flat while greenhouse-gas emissions have continued to soar” <i>The Economist 2013</i>



Efficient coal fired electricity helps reduce air pollution

The World Health Organisation estimates that:

- nearly 50% of pneumonia deaths among children under five are due to particulate matter inhaled from indoor air pollution
- women exposed to heavy indoor smoke are three times more likely to suffer from chronic obstructive pulmonary disease (e.g. chronic bronchitis) than women who use cleaner fuels

Over 2.5 billion people worldwide use wood, animal dung and crop waste for heating and cooking. The resulting “indoor air pollution” has devastating effects on health.



Bayswater Power Station.

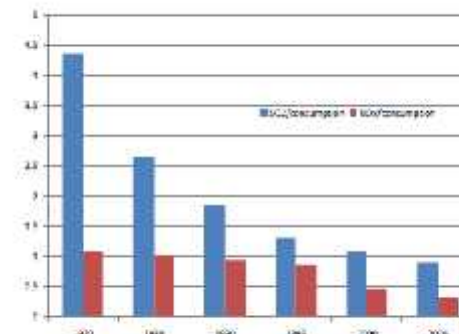
White vapour is steam from the cooling towers – similar to a boiling kettle

Air pollution is dramatically lowered by replacing open fires with coal fired electricity

Technological improvements and high efficiencies of modern coal fired power plants with emissions control further reduces the small amounts of airborne pollutants released by coal fired power stations (e.g. NO_x, SO₂, particulates)

Surat Basin coals such as The Range coal are high energy, clean burning coals featuring low impurities and emissions

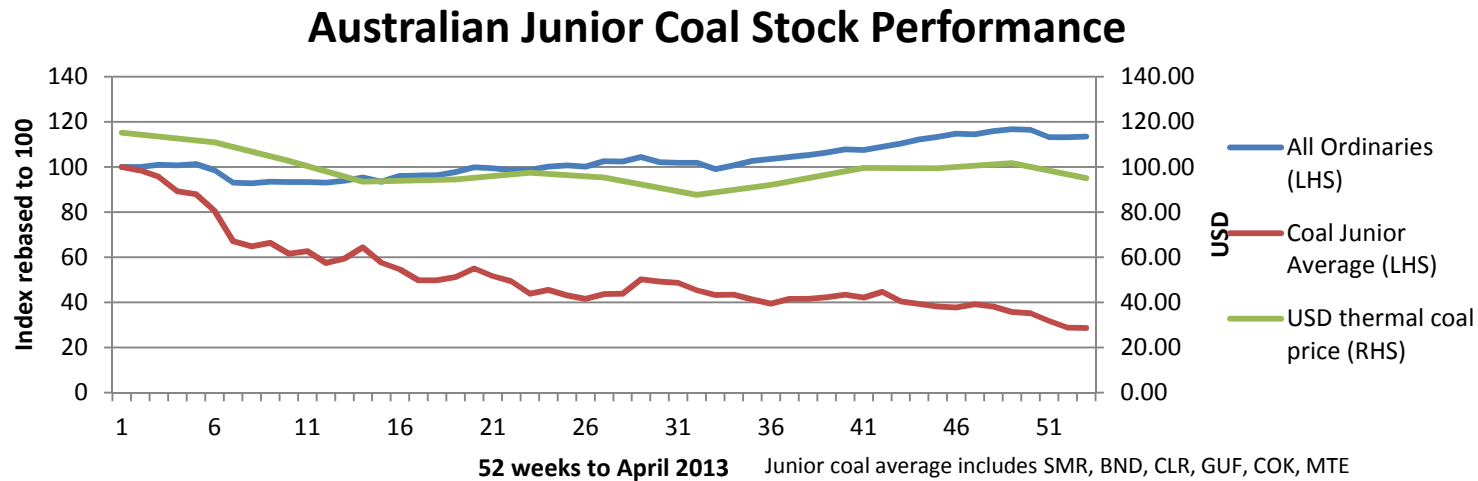
Sulfur Dioxide and Nitrogen Oxide Emissions from Coal Fired Power Plants, per Btu of Coal Consumption (pounds per million Btu)



Source: Energy Information Administration, Annual Energy Review 2007, and Environmental Protection Agency, National Air Pollution Emission Trends, 1980-2004, EPA-404-F-05-002, October 2005



Australian junior coal sector is oversold



- ASX listed Australian junior coal companies are down ~70% over the past year while the All Ordinaries has risen ~13% and thermal coal prices have been reasonably flat
- Long term dynamics of the coal industry continue to be positive for both coking and high quality thermal coal – Australian suppliers are well positioned to capitalise
- Junior coal companies have a strong history of identifying and bringing new projects into production - **7 of the 10 most recent Queensland coal mines were developed by juniors**

