



ASX announcement

17 June 2013

Stanmore Coal expands the Lilyvale Coking Coal Project in the Bowen Basin

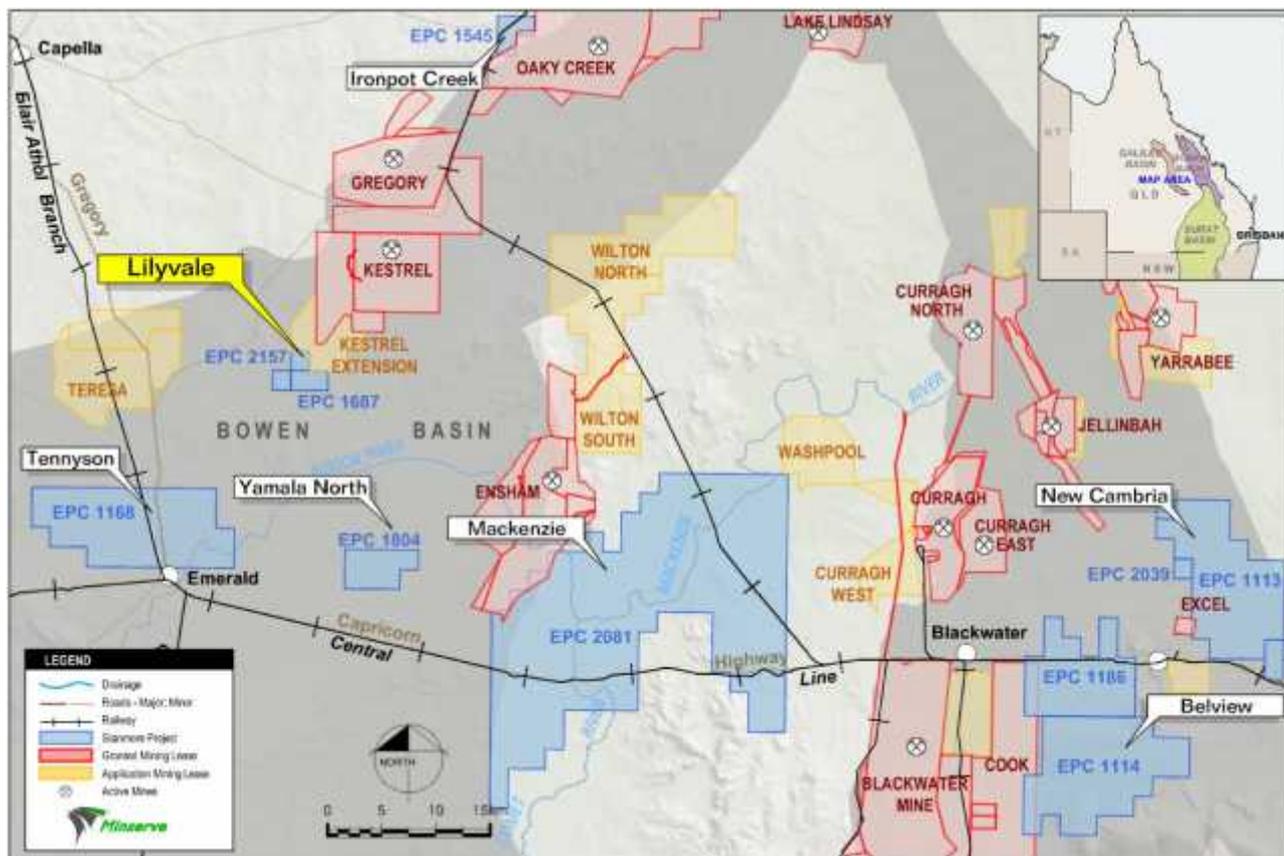
Highlights

- Acquisition of adjacent tenement to the Lilyvale coking coal project provides a shallower depth to coal and enlarged footprint of 13km²
- Project area is nearby the operating Kestrel and Gregory Crinum mines in the Bowen Basin and within 15km of nearest rail infrastructure
- Historical coal quality data from within the project area points to attractive coking properties with CSN values of 5.5 – 6.5

Stanmore Coal Limited (ASX:SMR, “Stanmore Coal” or “the Company”) has completed the acquisition of EPC 2157, for total consideration of A\$125,000 in cash. EPC 2157 is an extension of the Company’s existing EPC 1687 known as the Lilyvale project (formerly known as Theresa Creek). The Lilyvale project is located 25km north east of Emerald and is in close proximity to the Kestrel and Gregory Crinum operating coking coal mines. The project is currently owned 100% by Stanmore Coal but at the completion of certain milestones, Cape Coal Pty Ltd will earn a 15% interest.

The Company, in conjunction with Cape Coal, has conducted a desktop review of the Lilyvale project and identified the German Creek (or Lilyvale) seam as potentially amenable to underground extraction based on depth and estimated seam thickness. This seam is presently mined as a high quality coking coal at the adjacent Kestrel and nearby Gregory Crinum operations. The project is well located within 15km of existing rail infrastructure given the surrounding operating mines.

Figure 1 — Lilyvale Project Location



Historic Exploration

Based on analysis of historical geophysical logs and bore holes in the surrounding region (including 2 cored holes with quality data within the project area) the Company estimates that the Lilyvale project hosts the German Creek seam from 336m in depth (at hole C2059) with a typical thickness across the project area of 2.2-2.5m. The north of the project area is estimated to host the shallowest coal and is contiguous to the Kestrel mine MLA.

Figure 2 — Modelled depth to German Creek seam

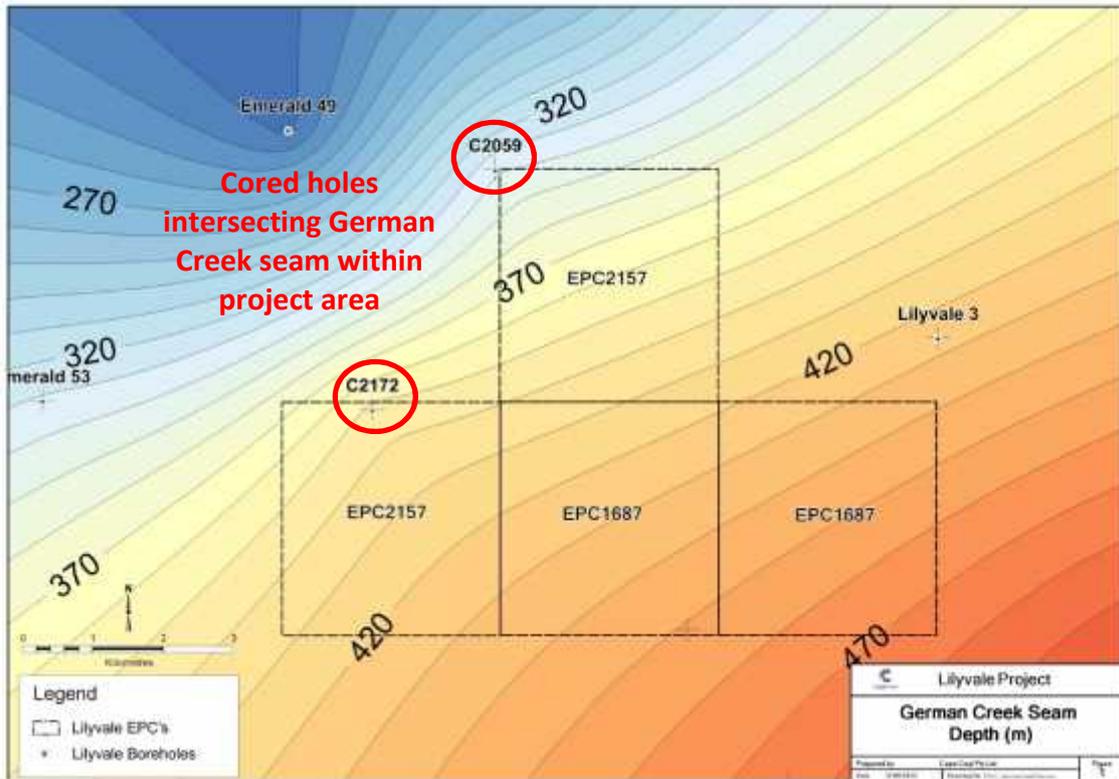


Figure 3 — Modelled coal thickness German Creek seam

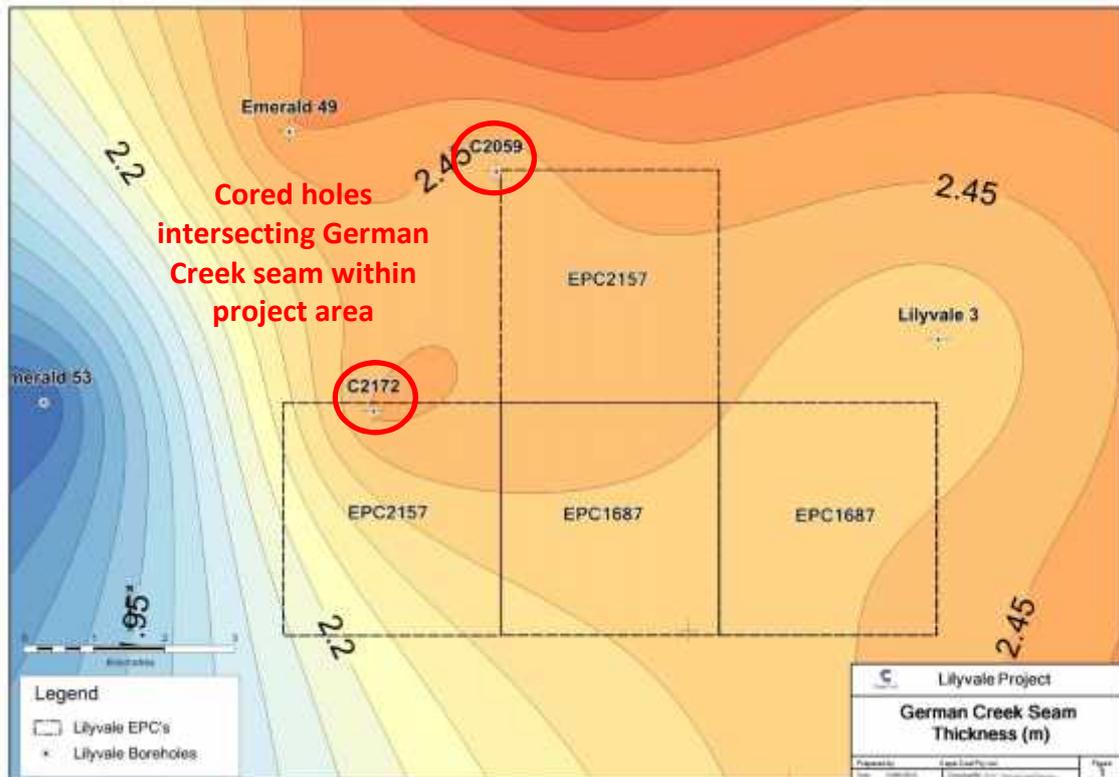


Figure 4 –German Creek seam intersections within the Lilyvale project area

Hole ID	Total Depth (m)	From (m)	To (m)	Thickness (m)
C2059	345.13	336.29	338.70	2.41
C2172	397.33	390.52	392.98	2.46

Historical German Creek seam intersections within the Lilyvale project area demonstrate attractive coking properties as shown below including CSN values of 5.5 – 6.5.

Figure 5 – Lilyvale Project German Creek seam quality data

	C2059	C2172
Thickness (m)	2.41	2.46
F1.60 Qualities		
Yield (%)	86.7	87.7
Ash (%)	8.6	8.4
Energy value (MJ/kg)	30.8	30.3
CSN (BSI)	5.5	6.5
Gray King Class	G1	G1
IM (%)	4.0	3.6
VM (%)	34.7	35.5
Fixed Carbon (%)	53.9	53.8
% Vitrinite	69.0	73.0
Vitrinite Reflectance	0.82	0.77
Max Fluidity (dd/min)	130	130
Softening temp (Deg C)	385	380
Resolidifying temp (Deg C)	455	465
Sulfur (%)	0.6	0.6
Phos (%)	0.006	0.009

Adjacent underground mines at Kestrel (Rio Tinto) and Gregory Crinum (BHP Mitsubishi Alliance) produce a low ash, high volatile hard coking coal from the German Creek seam.

Stanmore Coal believes the long term fundamentals of the coking coal market are strong, supported by steadily increasing Asian demand and depletion of existing mines. Whilst the short term outlook remains challenging, in the medium term supply of new coking coal is likely to be hampered by a global lack of high quality, high yielding coking coal projects with sufficient access to infrastructure and proximity to customer markets. Stanmore Coal believes the Queensland coking coal market is ideally positioned to continue to deliver a significant portion of the required future supply due to the premium quality of the Bowen Basin coking coals and its advantageous position relative to

Asian markets.

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Stanmore Coal's Managing Director Nick Jorss said, "The acquisition of this adjoining tenement materially improves the prospectivity of the Lilyvale coking coal project. The identification and acquisition of incrementally accretive coking coal assets such as this strengthens Stanmore Coal's project development opportunities."

"We are starting to see increasing opportunities for growing long term shareholder value by farm in or acquisition during a low point in the industry cycle. We will continue to seek out and assess logical prospects for Stanmore Coal to support disciplined growth while recognizing the need to maintain our strong cash position in the event of a prolonged market downturn."

"The enlarged Lilyvale project shows considerable potential as an attractive coking coal asset in the Bowen Basin with access to critical transport infrastructure. An exploration program will be undertaken followed by a technical study to further assess the potential of the project."

On behalf of the Board

D McAlpine
Joint Company Secretary

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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 has seven coal project areas, covering over 2,769 km² in total. These projects include significant deposits of open pit coking and thermal coal and are typically well located for export infrastructure.

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