



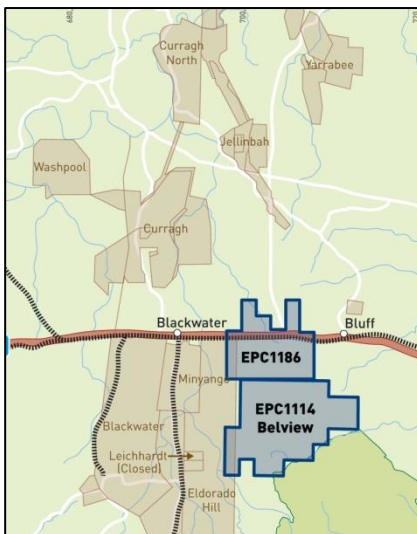
ASX announcement

6 March 2013

New Concept Mining Study for Belview Coking Coal Project

Highlights

- 3.5Mtpa ROM production over 64 year mine life single underground longwall project
- High quality coking coal plus secondary PCI/thermal coal product suitable for export markets at competitive \$91.40/t FOB operating cost (ex royalty)
- Potential for second longwall increasing production to 7Mtpa ROM



Stanmore Coal Limited (ASX:SMR, “Stanmore Coal”) in conjunction with Xenith Consulting (“Xenith”) has completed its updated Concept Mining Study (“the Study”) on its Belview Underground Coking Coal Project (“the Belview Project” or “the Project”). The Study considered 3.5Mtpa Run of Mine (“ROM”) coal produced from a single underground longwall operation. This study builds on work conducted during 2012 in conjunction with MineCraft Consulting Pty Ltd and incorporates the economic impact on the Project of the acquisition of EPC 1186 in November 2012 and further refinement to the project geological model.

The Belview Project includes EPC1114 and EPC 1186 and lies to the east of Blackwater, on the eastern side of Queensland’s Bowen Basin. The acquisition of EPC 1186 has resulted in significant improvement to underground mining potential of the Belview Project by providing a larger, shallower resource base which has reduced both operating costs and capital intensity. Relocation of the underground access point to capitalise on shallower coal in the north of EPC 1186 means it is now located immediately adjacent to existing rail infrastructure on the Blackwater line.

Start-up capital requirements for a single (3.5Mtpa ROM) longwall operation is estimated at \$869M. Under a single longwall, total mine life across the deposit is expected to be 64 years. Operating costs have been estimated at \$71/t Free on Rail (“FOR”) and \$91/t Free on Board (“FOB”), prior to royalties. The addition of a second longwall unit is estimated to add \$529 million of capital expenditure and increase production to 7.0Mtpa ROM. Xenith has conducted cash flow modelling on a conceptual mine plan in the northern part of the Project area which supports the shallowest mine access point and mining depth of cover. Under this scenario, the Project has demonstrated a strongly positive NPV on a single longwall basis and the opportunity to significantly enhance project economics through the introduction of a second longwall.

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The Project will mine coal seams within the Rangal Coal Measures which are regionally well understood and down dip from existing and planned coking coal mines. Output from surrounding operations and coal quality analysis, indicates that the Belview Project has the potential to produce a high quality coking product with a secondary PCI or high energy thermal product.

To support the Study, a new geological model which incorporates EPC 1114 and EPC 1186 has been developed. The geological model has been extended and refined to incorporate available data from 11 holes within the Belview tenement area and a further 33 boreholes located on adjacent tenements to the north and west of EPC 1186. This has improved the model confidence level significantly. In addition to the 95Mt JORC Inferred Resource previously established, Xenith has estimated a total Exploration Target¹ of 735-1,103Mt at a depth of 385m to 800m.

Given the positive economics demonstrated by this concept study, Stanmore Coal intends to:

- conduct further exploration work and geological modelling (including drilling, geotechnical stability analysis, coal quality analysis and seismic surveys) to improve resource confidence during 2013; and
- commence a pre-feasibility study in the second half of 2013.

Managing Director Nick Jorss said, “Belview is a promising coking coal project which demonstrates strong project economics on a single longwall basis and significantly greater NPV on a dual longwall basis. The Belview Study demonstrates a long life high quality coking coal project in an environment where the identification and development of new generation, high quality coking coal projects remains challenging. The Project is well located on existing rail infrastructure within the Bowen Basin. A further drilling program will commence shortly to define additional JORC resources to underpin a Pre-Feasibility 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
Mine life	64 years
Production assumptions	
ROM production	3.5Mtpa
Yield	80%
Saleable production	2.8Mtpa
Product	80% coking coal 20% PCI/high energy thermal coal
Capital and operating expenditure estimates	
Development capital expenditure	\$869 million
LOM operating cash costs - pre royalty	\$91.40/t FOB

APPENDIX - DETAILED RESULTS OF CONCEPT STUDY

1. GEOLOGY, RESOURCES AND EXPLORATION TARGETS

The Rangal Coal Measures occur within the Belview Project from 385m in depth and dip gently to the east at 3-5 degrees. Within the Rangal Coal Measures, the Castor and Pollux seams coalesce into the Gemini seam, which exists in the south and west of the project area and is approximately 6m thick. In the east of EPC1114 and within EPC1186, the Gemini seam splits into the Castor seam and Pollux seam which are on average 2.5m and 2.7m thick respectively.

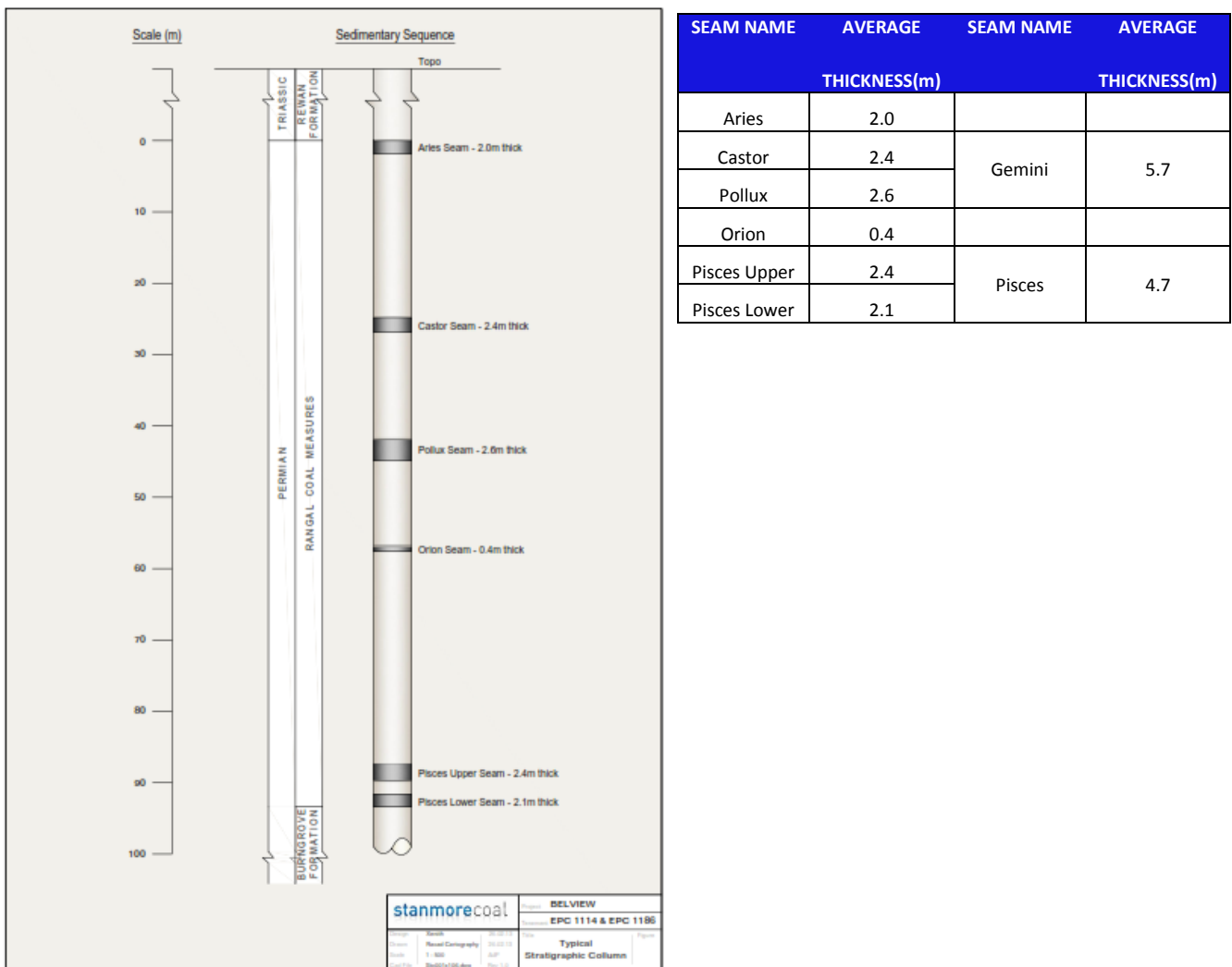


Figure 1: Belview Project Exploration Target Seams

In October 2012, Xenith Consulting prepared an independent Exploration Target¹ estimate for EPCs 1114 and 1186 of between 735 million tonnes and 1,103 million tonnes to a depth of 800m. The Study assumes mining only within the Aries, Castor and Pollux seams (and Gemini where the Castor and Pollux seams have coalesced). The Pisces seam requires further investigation for coal quality before it is included in the conceptual mining plan.

Depth Category		EPC1186		EPC1114		TOTAL	
		Exploration Target ¹ Range (Mt)					
		LOW	HIGH	LOW	HIGH	LOW	HIGH
	<500m	118	178	0	0	118	178
	500-800m	541	811	76	114	617	925
	800-1000m	419	629	149	223	568	852
	Total	1079	1619	225	337	1303	1955

Figure 2: Belview Project Exploration Target¹

The previous Stanmore Coal drilling program consisted of five holes located on the western fringe of EPC 1114. In conjunction with two historical holes within EPC 1114 and four existing holes within EPC 1186, there are eleven holes within the Project area (at a sufficient depth to intersect the Rangal Coal Measures) upon which Xenith have developed their exploration target¹ estimates.

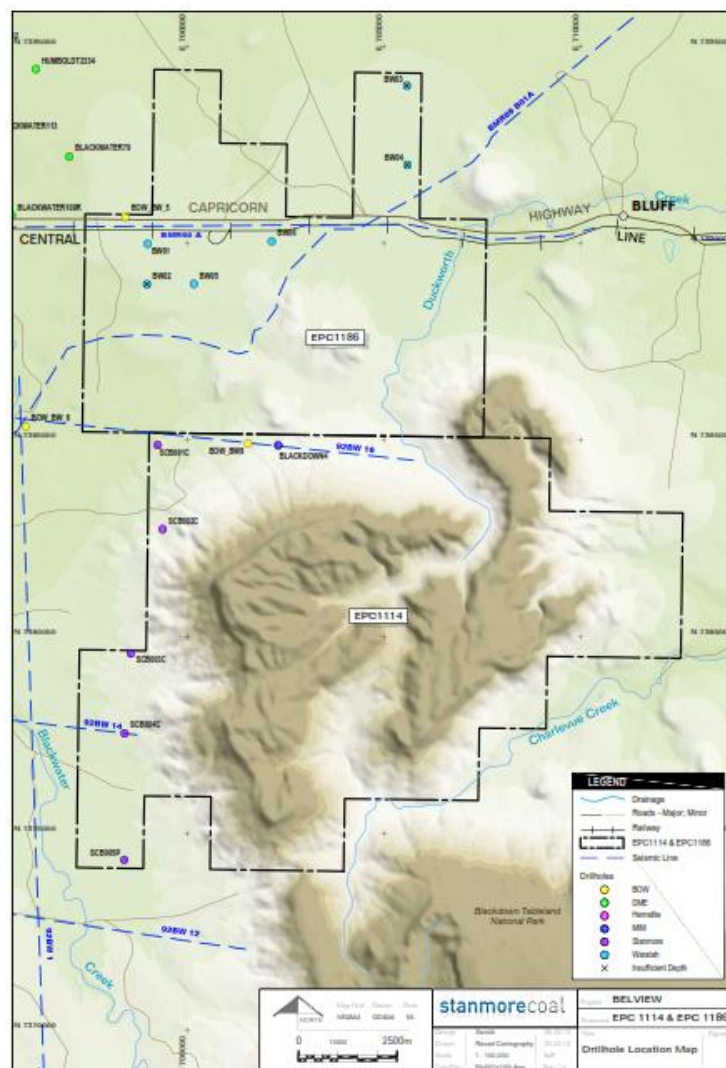


Figure 3: Belview Project Existing Drill-hole Locations

An updated geological model for the project has been developed taking into account these 11 holes within the project area and a further 33 drill holes outside the EPC 1186 and EPC 1114 tenement areas that have been incorporated into the model to aid in controlling seam structure.

The geological model indicates that the north-west area of EPC 1186 has the shallowest overburden and consequently initial underground mine development has focussed on this area, as demonstrated in Figure 4.

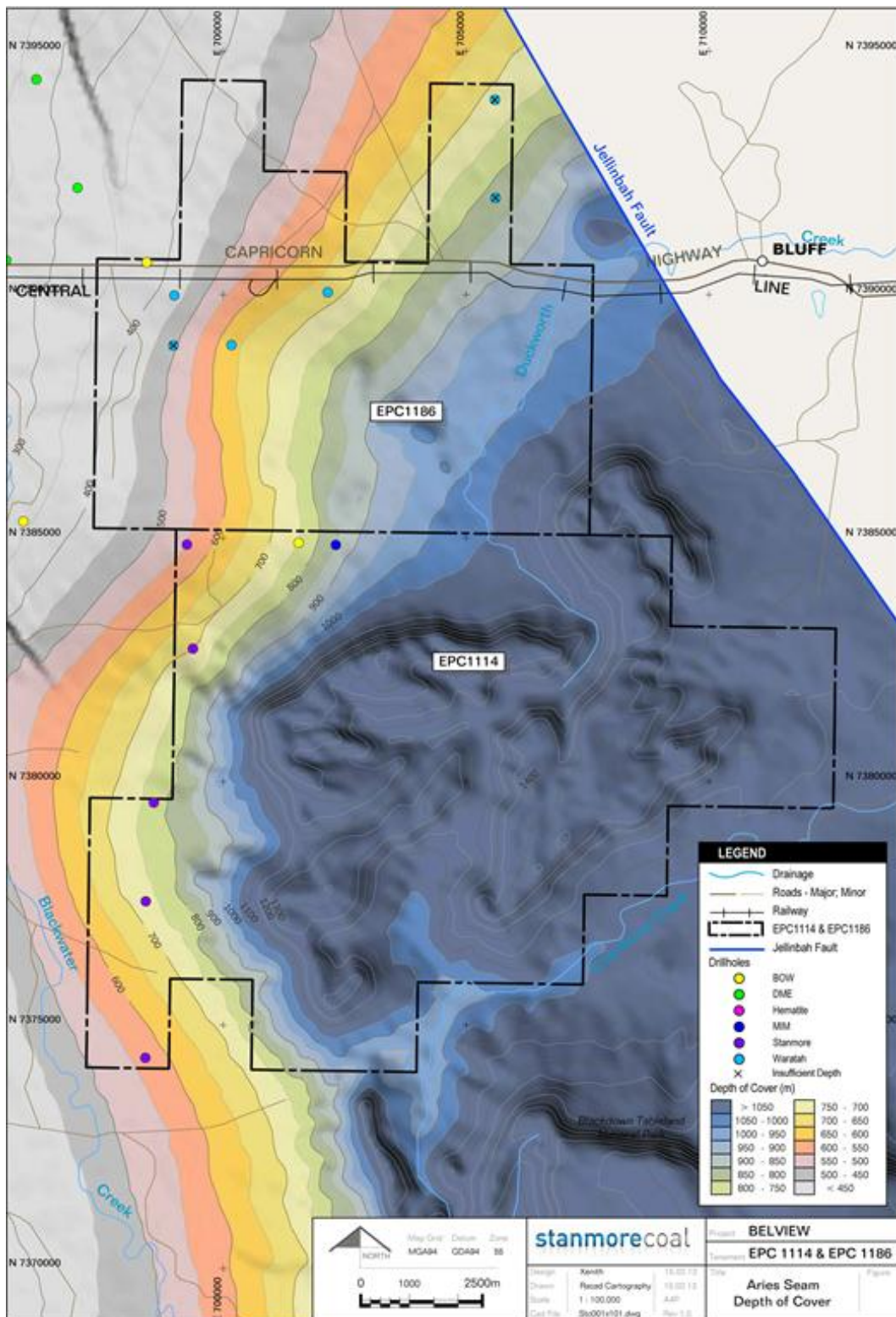


Figure 4: Aries Seam Depth of Cover

2. COAL QUALITY

Coal quality input to the Study has been acquired at various stages of exploration in the Belview Project and neighbouring leases, including the results of the Stanmore Coal 2012 drilling program (Gemini Seam) within EPC 1114.

The coal quality data indicates a bituminous, medium to low Volatile Matter and low to medium Ash coal. The rank is expected to lie between Rv max 1.30 in the south west and Rv max 1.60 in the north east of the project area. It is assumed that the rank generally increases with depth to the east. Lower rank coals mined to the west of the project area produce low to medium volatile coking and thermal products. Similar rank coals to Belview, along strike to the north, have produced low volatile coking, PCI and thermal products.

Based on samples tested, Belview coal from the Gemini Seam includes low Volatile Matter content and low sulphur content similar to premium Bowen Basin coking coal.

For the purposes of the study, Xenith has assumed an 80% total yield with a split of 80% primary coking product and 20% thermal by-product which is consistent with experience from operating mines in the surrounding region. Xenith believes that the rank implied by the measured Volatile Matter contents and Vitrinite Reflectance to date should not warrant a significant price reduction (if any) compared with coking coals currently mined from operations up dip of Belview.

3. PROPOSED MINING METHOD

Mining of the Rangal Coal Measures is regionally well established and the performance of operating mines in the region provides a level of confidence to support the Belview mining concept. Operating coal mines targeting the Rangal Coal Measures in the region include:

- the BMA owned South Blackwater operations;
- Wesfarmer's Curragh and Curragh North operations;
- Caledon's underground Cook Colliery;
- Yancoal's Yarrabee operation;
- Jellinbah Mine; and
- Idemitsu's Ensham open-cut and underground mines.

The mining method assumed for this study is longwall mining. The practical and economic limit of mining at Belview is likely to be driven by geotechnical conditions and, economic analysis in the study has been limited to coal at depths down to 800m. Initial access depths for coal in the north west of the Project area are well within achievable ranges by Australian standards.

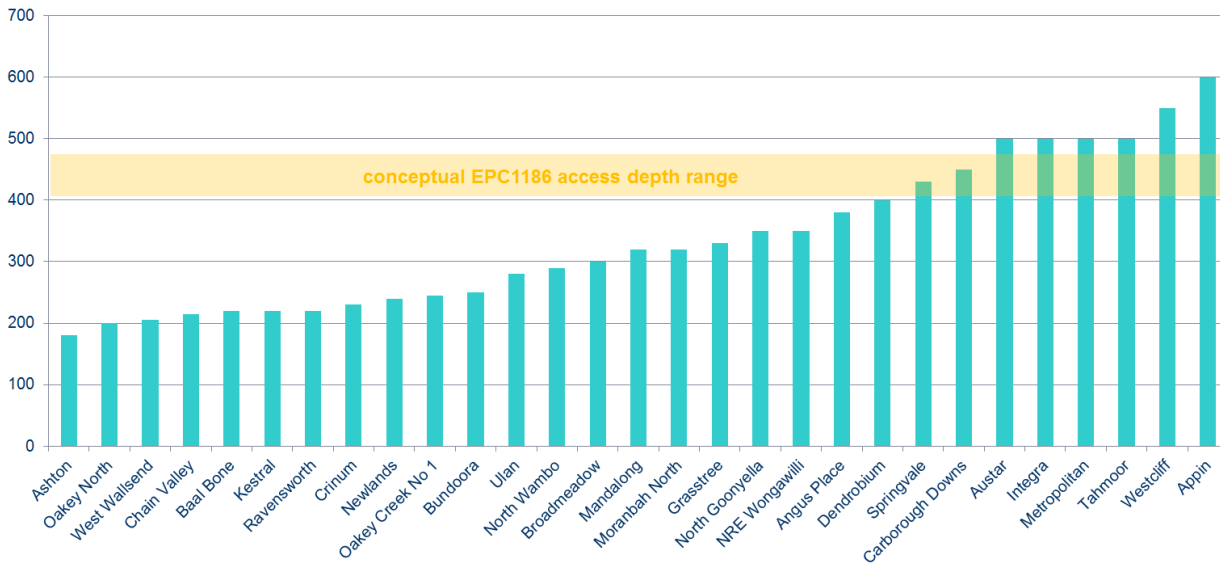


Figure 5: Australian Longwall Mining Depths

All mining seams modelled in the Study by Xenith are greater than 1.8m thickness and mining is therefore considered amenable to conventional underground mining. Modelled interburden between the Belview target¹ seams are generally greater than 10 metres in thickness and thus considered likely to be amenable to multi seam mining. The viability of multi-seam mining will ultimately require detailed geotechnical investigation, particularly where the interburden thins between the Castor and Pollux seams adjacent to the Gemini split line which is located on the border of EPC 1186 and EPC 1114.

In the southern project area within EPC 1114, the Gemini seam is modelled to be up to six metres thick. The maximum cut height for a conventional longwall is generally in the order of 4.5 to 5.0m, although configurations of greater than 6.5m have been installed overseas. The more common practice for thick seam mining is the method known as Longwall Top Coal Caving. The method has been employed in both Australia and overseas. Thick seam mining has been assumed in this study.

The initial longwall mining concept targeting seams at a depth less than 800 metres is based on the following key features:

- Panels orientated to be favourable with respect to:
 - expected principle insitu stress direction
 - consistent depth
- (Likely) gradual variation in coal quality and gas content
- Access point at the western extent of the initial mains at approximately 400m depth
- Two drifts for coal clearance and men and materials access plus one initial ventilation shaft

A productivity of 3.5Mt ROM per annum has been assumed for Belview in this study. This places the assumed productivity at the upper end of the current operations productivity envelope (as shown below). It is assumed that the project equipment will be new and therefore offer technology advantages compared with existing operating equipment.

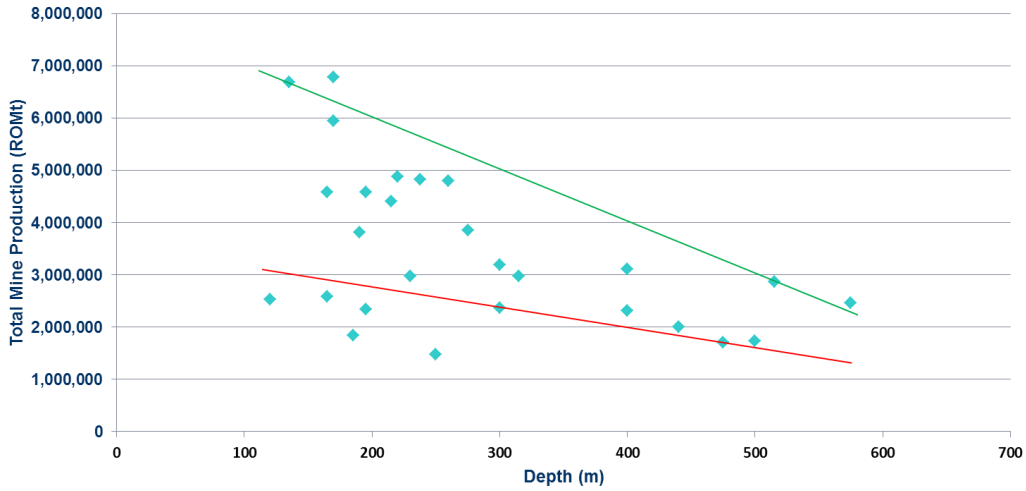


Figure 6: Australian Longwall Productivity (4 year average) vs Depth of Cover

Xenith has assumed a maximum panel length of 4.0km in the concept layout. This length takes into consideration that Belview would be deep and likely have significant ventilation requirements to assist with methane gas management. The concept layout features a set of main headings orientated approximately along the existing road and rail network in the north of Belview. Coal in the central and southern regions of Belview (as identified in figure 7) cannot be accessed from longwall panels connected to this set of main headings. For this reason, Xenith has proposed a Belview concept of a Northern, a Central and a Southern mine.

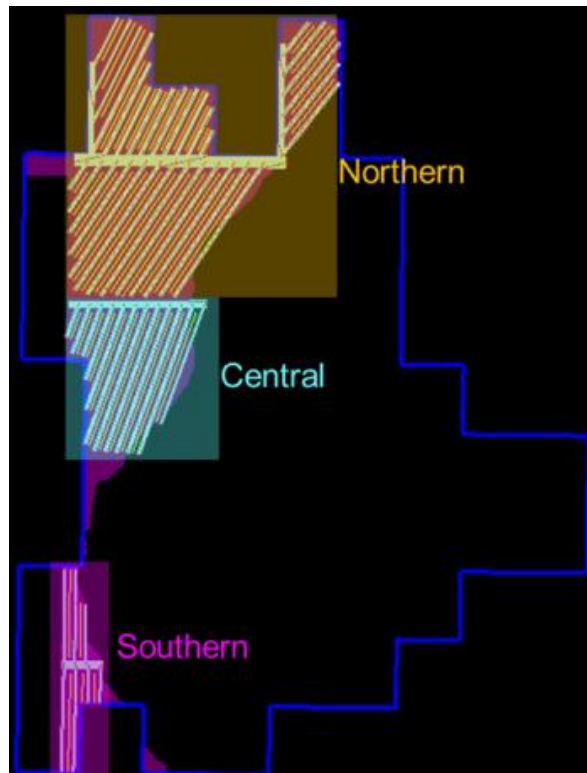


Figure 7: Concept Belview Mine Layout and Mining Zones

In the case of the Central and Southern sections, an independent surface access and an overland conveyer to the northern region infrastructure would be required to allow infrastructure sharing benefits. An alternative option would be to drive a second set of main headings from the initial west – east mains to form an underground connection.

Mine life with a single longwall in the three proposed mining zones is estimated as follows:

Mining zone	Estimated Mine life (years)
Northern	41
Central	17
Southern	6
Total	64

4. CAPITAL COSTS

The project capital costs for a single longwall operation are summarised below. The estimates are based upon calibration against recent underground projects.

Cost Item	Estimate (\$M)
Longwall	172
Development	49
Conveyors	77
Diesel Equipment	21
2 x Drifts & 1 x Shaft*	98
Underground Services	34
Surface Facilities	49
Power, Water, Comms & Fuelling	47
Gas Drainage System & Gas Plant	50
CHPP (includes stockpiling, train loadout etc)	90
Exploration & Studies	40
Lease and EIS costs	12
Owners Costs	10
Eng. Design & Project Management	40
Contingency	80
TOTAL	869

The capital costs estimate includes allowance for:

- 1 x men and materials drift at an angle of 1 in 8 (regular mobile diesel design compliant);
- 1 x coal conveyor drift at 1 in 6 (accessible by mobile diesel e.g. for belt maintenance and facilitates second means of egress requirements); and
- 1 x initial return ventilation shaft.

The introduction of a second longwall unit at a capital cost of \$529 million will increase annual production and is assumed to have no material impact on unit operating costs.

5. OPERATING COSTS

Xenith has estimated the mine operating costs for the Belview Project. These estimates are based on calibration with Xenith’s industry knowledge of operating underground mines with mining conditions similar to those expected at Belview.

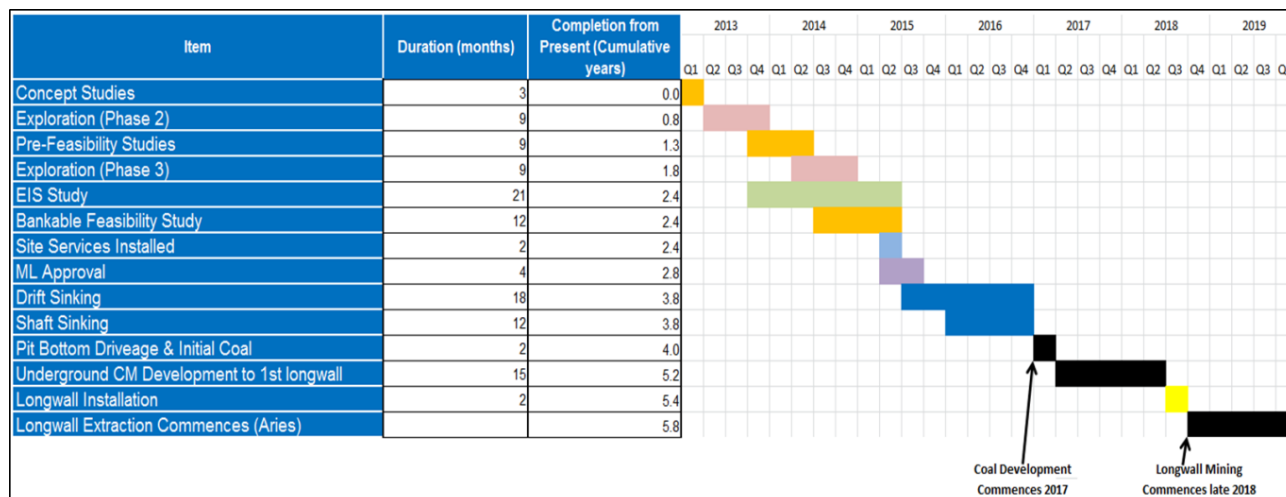
Item	Units	Value
Pit Top Mining Cost	A\$/ROM t	47
Coal Processing	A\$/ROM t	4.50
Loadout	A\$/Prod t	1.00
Overheads (township, head office, marketing etc)	A\$/Prod t	6.00
Total FOR	A\$/Prod t	71.38
Rail and Port Costs	A\$/Prod t	19.75
Research Levy	A\$/Prod t	0.27
Total FOB pre royalty	A\$/Prod t	91.40
Royalties*	A\$/Prod t	20.92
Total FOB	A\$/Prod t	112.32
Sustaining Capital	A\$/ROM t	10.25
Coal Yield	%	80
Weighted Avg. Coal Price**	US\$/Prod t	184
Exchange Rate	A\$/US\$	0.90

* Based on total royalty percentage splits up to the assumed weighted average coal price

** Based upon 80% coking product split at predicated long term average price of \$200/t and 20% thermal product split at predicated long term average price of \$120/t

6. TIMETABLE

A bankable study is expected to be completed in line with approvals mid calendar 2015. Construction is expected to commence second half of calendar 2015 with first coal in 2017.



7. FORWARD PLAN

Stanmore Coal intends to undertake further exploratory drilling to support a Pre-Feasibility Study in March 2013 subject to weather conditions. A pre-feasibility study is planned for the second half of calendar 2013.

On behalf of the Board

D McAlpine
Joint Company Secretary

For further information, please contact:

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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 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 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").

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 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.

About Xenith

Xenith is a leading coal mining consultancy that provides mining technical services in the areas of geology, mine planning and business analysis as well as wider management services in operations, contracting and investment advice in respect of both open cut and underground mines.

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