ASX announcement

29 April 2013

Feasibility Study Results for The Range Thermal Coal Project

Highlights

- **Feasibility Study has confirmed the technical and economic feasibility of Stanmore Coal's 100% owned The Range Project in the Surat Basin**
- **The Range Project will produce 5Mtpa of high energy, export quality thermal coal with a low emissions profile over a 25 year mine life**
- **Competitive mining costs underpinned by 6:1 strip ratio over first 13 years**
- **Project NPV of $441m - $499m**
- **EIS completed and approved by State Government**
- **Mining lease application grant anticipated by end of 2013**

Stanmore Coal Limited (ASX:SMR, "Stanmore Coal" or "the Company") has completed the Feasibility Study ("FS" or "the Study") for its wholly owned The Range Project ("the Project"), located in Queensland's Surat Basin. The FS follows on from the Pre-Feasibility Study ("PFS") completed by the Company in November 2011 and provides an enhanced level of accuracy regarding the Project's technical and commercial viability. The Project demonstrates attractive economics under both owner-operator and contractor cases.

Table 1 — Key Financial Metrics - The Range Project

Key Financial Outputs	Owner Mining	Contract Mining
Unit Costs ($A / product tonne)		
Mining and processing cost	41.9	51.1
Rail, Port and Overhead Costs	34.2	33.7
Total FOB Cost (first 13 years)	76.1	84.8
Project Economics		
NPV	$499m	$441m
IRR	18.6%	19.1%
Payback Period	9.0 years	8.8 years

Whilst the project economics are robust, the company believes there is scope to further reduce the cost of rail and port infrastructure and is working with key infrastructure providers to deliver a final, low cost infrastructure solution.

Sufficient work has now been completed around geology, mining and cost structures to confirm that the Range Project is an attractive 5Mtpa high quality, export grade, thermal coal project ready for execution upon the delivery of the Surat Basin Rail linking the basin to the existing Aurizon Moura network via a 200 km rail link. The focus of the company in relation to the Range project is on supporting the delivery of rail and port infrastructure and as such it is not expected that further material expenditure will be required on the project prior to the infrastructure solution being finalised.

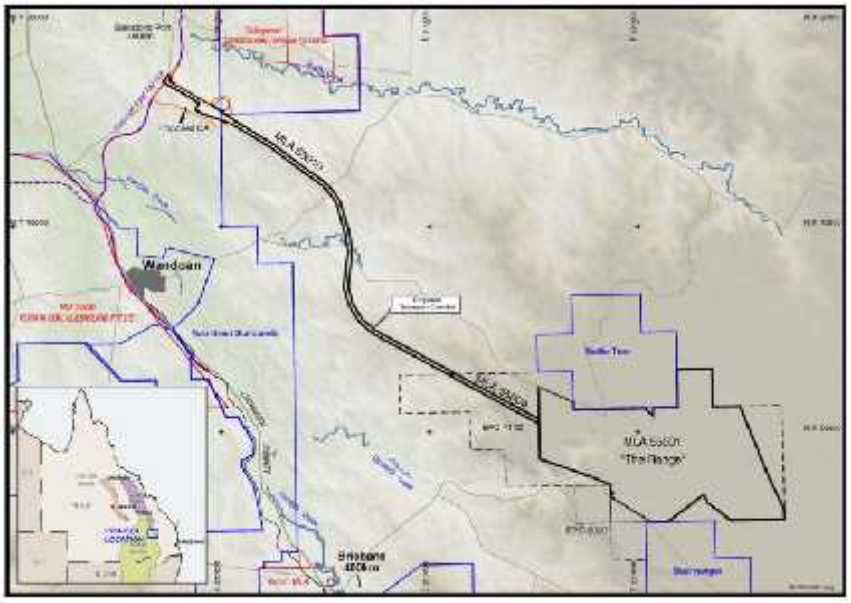
The Environmental Impact Statement ("EIS") and supplementary EIS have been completed and assessed by the Department of Environment and Heritage Protection ("DEHP"). The EIS was approved by the DEHP on 18 February 2013. It is expected that the Mining Lease will be ready for grant by the end of 2013

Figure 1 — The Range Project Site Aerial Photo

1. Project Overview

The Range Project (EPC1112, EPC2030 and MLA 55001) is located 25 kilometres south east of the Wandoan township, within the Surat Basin. It is in direct proximity to the planned Surat Basin Rail line, which will provide a rail link to export facilities at Gladstone.

Figure 2 — The Range Project Locality Map



The mine will utilise conventional truck and shovel methods to deliver ROM coal to a Coal Handling and Preparation Plan (CHPP) at the mine. Product coal will be delivered to a train loadout facility (TLO) off the Surat Basin Rail line approximately 12km northeast of Wandoan via an overland conveyor. The TLO area will be accessed from the Leichhardt Highway via Nathan Road north of Wandoan.

The project contains a JORC Marketable Reserve of 94 million tonnes[1] (Mt) from a JORC Total Resource of 287Mt (18Mt Measured plus 187Mt Indicated plus 82Mt Inferred) of low emission, export quality thermal coal. The study considered both owner mining and contractor mining options to produce 5 Mtpa of export coal over a mine life of 25 years. The Range Project has been extensively geologically interpreted with more than 300 holes drilled (140 cored) within the tenement area, providing a high level of geological and operational certainty over the Project's resource base. The depth of cover to top of first coal is less than 20 metres, with seams dipping approximately one degree to the west.

[1] JORC Probable Reserve (ROM) of 117.5Mt

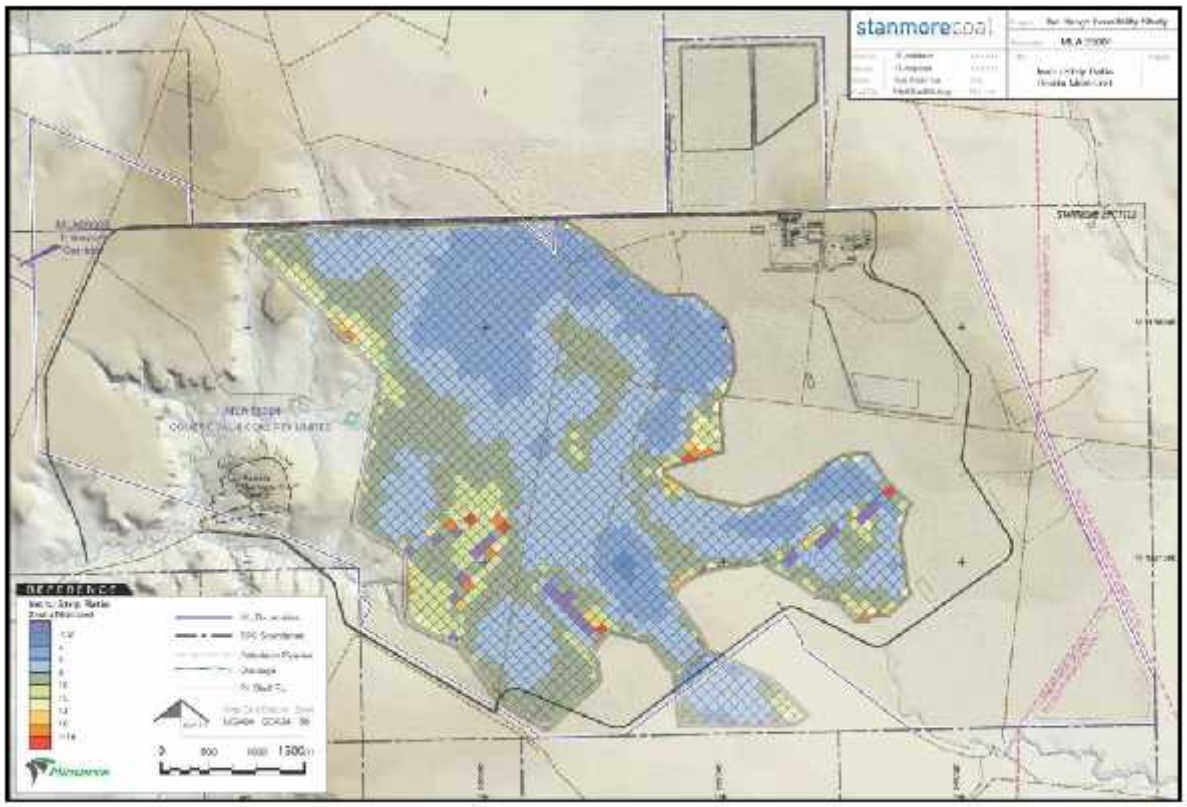
[2] Excludes State Government Royalty estimated at $10.87; includes overheads.

[3] Based on Wood Mackenzie long term forecasts (FOB Newcastle thermal coal price and exchange rate of 0.89 AU$/US$), and a nominal discount rate of 10% (WACC).

Table 2 — Key Production Metrics - The Range Project

Development Capital ($Am)	First 13 Years	Life of Mine
ROM Coal Tonnes (Mt)	79.8	161.5
Product Coal Tonnes (Mt)	58.2	112.9
ROM Strip Ratio (bcm/t)	6.1	7.2

Figure 3 — The Range Project In-Situ Strip Ratio Plot



The Company engaged the services of The Minserve Group Pty Ltd, AECOM Australia Pty Ltd and DRA Pacific Pty Ltd to provide technical input to the Study.

2. Capital and Operating Costs

The development capital cost estimates are shown below for both owner and contract mining cases. The Company anticipates that recent project delays and deferrals will lead to moderation of activity in the mining and construction services sectors and consequently sees considerable scope to further optimise capital and operating costs when procurement contracts are ultimately awarded.

Table 3 — Capital Expenditure Estimates

Development Capital ($Am)	Owner Mining	Contract Mining
Coal Handling & Prep Plant	112	112
Surface Infrastructure	141	141
Conveyer & Rail Loop	124	124
Mining Fleet to first coal	150	6
Port capacity obligations	44	44
Contingency	28	28
Total	**599**	**455**

Capital costs are generally in line with estimates reported in the PFS however:

- the capital cost for the Project in the FS includes the Company's capital obligations in respect of port capacity in Wiggins Island Coal Terminal Expansion Stage 1 ("WEXP1") of $44 million. The quantum and structure of this obligation was not known at the time of the PFS; and
- refinement to the mine plan and mining method has resulted in an upward revision to the cost of the mining fleet.

Table 4 — Average Operating Costs (pre-royalty, first 13 years)

Operating Costs ($A/PRODt)		
	Contract Mining	**Owner Mining**
Mining and processing cost (FOR)	51.09	**41.91**
With rail and port costs (FOB)	84.76	**76.14**

Contract mining costs in the Study were benchmarked against indicative pricing provided by mining contractors. Stanmore Coal believes that market dynamics are likely to apply downward pressure to mining contractor costs over the medium term and consequently expects that at the time of contract award, mining costs could be lower than those presented in the FS.

Total rail and port costs of approximately $32/product tonne are based on cost estimates for the Surat Basin Rail ("SBR") and Wiggins Island Port Expansion Stage 1 ("WEXP1") at the time of the FS. The proposed supply chain solution for the Surat Basin is expensive both within a global and Australian context and Stanmore Coal recognises the need to engineer costs out of the supply chain if Surat Basin coal is to be globally competitive.

3. Coal Quality

Surat Basin coals are currently being exported in significant tonnages to the Asian utility market. The Range coal measures feature good energy content at low ash levels, and the ability to produce a high quality product that comprises low ash, low levels of trace element impurities by international standards, low sulphur and nitrogen contents and excellent burnout characteristics.

The raw and clean coal quality of The Range deposit is in the general range but higher quality than most Walloon coals in terms of moisture, ash, volatile matter, sulphur, hydrogen, nitrogen, HGI, abrasion index, energy levels, rank, ash chemistry, ash fusion temperatures and trace elements.

Surat Basin coals have been used in Japanese and Taiwanese power utilities for many years and are well understood. This coal has an attractive fuel ratio resulting in a high burnout rate from a coarser power station grind.

The FS marketing strategy contemplates two target markets for the premium low ash product 10% (ad) being utilities in both Japan and Taiwan. A higher ash product of 15% to 16% (ad) will be directed to other Asian thermal markets.

Table 5 — Coal Quality

		Product 1	Product 2
Ash	% ad	10.0	16.0
Volatile Matter	% ad	41.8	39.6
Fixed Carbon	% ad	40.2	35.9
Total Sulfur	**% ad**	**0.44**	**0.42**
Nitrogen	% 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

Stanmore Coal believes in the strong long term fundamentals of the thermal coal market supported by increasing demand for cost efficient base load power in emerging economies including India and China. Stanmore Coal's view is that the demand for higher energy, high quality (relative to Indonesia) bituminous thermal coal, with lower emission profiles will be strongly supported and will be a key element of Asia's strategy to address existing pollution difficulties.

In the short term, it is expected that coal fuelled electricity generation will grow globally by close to 400GW by 2016 and increased global demand of 1.3 billion tonnes of thermal coal is forecast by 2035 by the International Energy Agency. This will make coal the fastest growing major fuel in the period to 2035. The vast majority of this growth will be in China and India. While both of these countries have domestic coal industries, this level of electricity

generation growth will also drive seaborne demand.

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Stanmore Coal's Managing Director Nick Jorss said, "The Feasibility Study for the Range Project confirms economics which support the development of a cost competitive, low strip ratio, export grade thermal coal project in the Surat Basin.

"The Range project economics are attractive and a delay to delivery of rail infrastructure allows the project to benefit from reducing contractor and capital costs. Stanmore Coal continues to work with rail and port providers to deliver export infrastructure to support the Surat Basin as cheaply and quickly as possible. Although the quality benefits and excellent environmental performance of Surat Basin coals will continue to be attractive to customers in Asia, we must deliver the product to export markets as cheaply as possible in order to be globally competitive."

"The low levels of impurities and emissions associated with Surat coals have made them popular in Asian counties where they are well established in the market via existing exports out of Brisbane. Thermal coal remains the cheapest source of reliable base load energy globally and is forecast to increase its share of the energy mix in the future. "

On behalf of the Board

D McAlpine
Joint 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.

The information in this report relating to coal reserves is based on information compiled by Mr Richard Hoskings who is a consultant for Minserve Pty Ltd. Mr Hoskings is a mining engineer, a member 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 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.

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