



QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 31 MARCH 2015

stanmorecoal

Maiden JORC Indicated
Resource of

50Mt

within the Belview
Project

Total of

3,383 m

of drilling during the
quarter across Clifford
and Belview Projects

Small net cash outflow
for the quarter of only
\$0.3 million. Strong
closing balance of

\$16.9m

HIGHLIGHTS FROM
THE MARCH
QUARTER

During the quarter ended 31 March 2015, Stanmore Coal Limited (“Stanmore” or “the Company”) completed the drilling program at the Belview Project and continued with substantial exploration within the Clifford Project. These cash-neutral funding arrangements, coupled with a continued lean cost-focus within the business, enabled the Company to end the quarter with \$16.9 million cash at bank.

Notably there were nil lost time injuries recorded during the quarter in which 3,912 hours of exploration was undertaken by contractors and employees of Stanmore. A total of 3,383 metres were drilled across 20 drill sites within the Clifford and Belview tenements.

The six-hole drilling program at the Belview Project was successfully completed in February despite significant weather interruptions encountered in January. The program was targeting the shallowest coal intersections within the north of EPC 1186. As a result of this exploration and subsequent coal quality analysis, the Company announced an upgraded JORC Resource of 330Mt post the quarter end. Within the total JORC Resource, 50Mt was estimated as Indicated status given the increased confidence in coal seam continuity as a result of the exploration campaign. The Company intends to undertake a Pre-Feasibility Study within the second half of calendar 2015 which will, amongst other things, provide a contemporary view on potential capital and operating costs.

Exploration continued at Clifford during the quarter in relation to the 2nd farmin period of the Joint Exploration Agreement¹ with the Japan Oil, Gas and Metals Exploration Corporation (“JOGMEC”). 9 core holes and 7 open holes were drilled and logged with the balance of the program completed within April. Coal samples from the core holes are being processed through the laboratory at

present, with analysis expected to be completed and released in the June quarter. The Company anticipates these exploration results may underpin an initial JORC Resource over a number of sub regions within the Clifford area.

Further US dollar denominated price weakness was observed during the quarter for all seaborne coal indices and contract benchmarks. Continued weakness in the Australian dollar has assisted the Australian coal industry but given Australia’s prominence in the market and the current coal oversupply, further Australian dollar declines may be matched with declines in US dollar linked prices in the short term. The seaborne markets remain volatile as the recent decline in China’s imports has pushed the market into oversupply, benefiting other buying regions such as India. There is potential for further mine shutdowns in the near term is high as loss-making operations inevitably shut down which will restore some balance into the market.

The Board would like to thank the shareholder base for their support and reinforce that cost management continues to be a key priority. A range of selected growth opportunities are being evaluated and may be pursued where long term shareholder value can be enhanced.

The Board has confidence in the long term outlook for coal and believes that its strategy of development of its high quality projects and assessment of expansion opportunities is the correct approach at a time when quality assets are trading at a fraction of their recent valuations.

With \$16.9 million cash at quarter end the Company remains well positioned with no take-or-pay liabilities.

¹ Refer ASX announcement 20 December 2013

COAL IN THE NEWS

A number of news-articles during the quarter related to the pro-efficiency position taken by the Japanese government to ensure best-practice coal-fired power plant technology is available around the world, particularly developing nations in Asia. The Australian Government release the '2015 Energy White Paper' which highlights that economics gains are anticipated to flow to the Australian coal industry for many decades to come.

The full text of the below and other relevant coal market articles are accessible at our website and we encourage you to visit www.stanmorecoal.com.au to keep up to date with coal industry trends and information.

“We expect developing countries will use public financing to reduce the cost of highly efficient coal-fired power plant”.

KATSUHISA SHIMAKURA
COAL POLICY DIRECTOR, JAPANESE ECONOMY
MINISTRY

“Australia is among the world’s largest exporters of LNG, coal and uranium. With the right policy settings, our importance to global energy markets will continue to grow, particularly to meet the increasing demand for energy from Asia. Australia has the potential to reap substantial economic gains in meeting future global energy demand, which is expected to increase by over one-third by 2040”.

2015 ENERGY WHITE PAPER

PROJECT

SNAPSHOT

BELVIEW UNDERGROUND COKING COAL

- 330 Mt JORC Resource¹ (50Mt Indicated, 280 Mt Inferred)
- Completed exploration program utilising \$1.5 million funding support provided by Taiheiyo Kouhatsu and JOGMEC
- Coal quality analysis work confirms the project can produce a high quality coking coal plus secondary PCI product, with a high total product yield
- Pre-Feasibility Study planned for 2H2015 with a focus on reducing capital costs and developing initial mining options
- Located adjacent to Blackwater rail line which connects to the coal loading terminals of Gladstone

LILYVALE UNDERGROUND COKING COAL

- Historical geological data indicates the Project area hosts the German Creek seam at a typical coal thickness of 2.2–2.5m
- The region is not expected to be geologically complex and the German Creek seam is mined as a high quality coking coal in adjoining underground mines
- Located close to an existing rail line that connects to an existing coal loading terminals

THE SURAT BASIN

- Substantial resource position established at The Range - 94 Mt JORC Marketable Reserve², 287 Mt total JORC Resource (18Mt Measured, 187 Mt Indicated + 82Mt Inferred)
- Recent acquisition by New Hope Group (Cockatoo Coal interest in northern Surat assets) indicates commercial potential of our strategic Surat Basin position
- Continued successful partnership with JOGMEC. 2nd farm in period nearly complete, planning for 3rd period underway
- The Range EIS has been approved by the State and is being progressed through Commonwealth approvals.
- No material level of expenditure required on the Range prior to development of rail infrastructure and decision to proceed.

BELVIEW

COKING COAL PROJECT

TENEMENTS

EPC 1114, 1186, MLA 80199

OWNERSHIP

100% Stanmore Coal

LOCATION

10 km south-east of Blackwater

AREA

170 km²

JORC RESOURCE¹

330 Mt (50Mt Indicated, 280Mt Inferred)

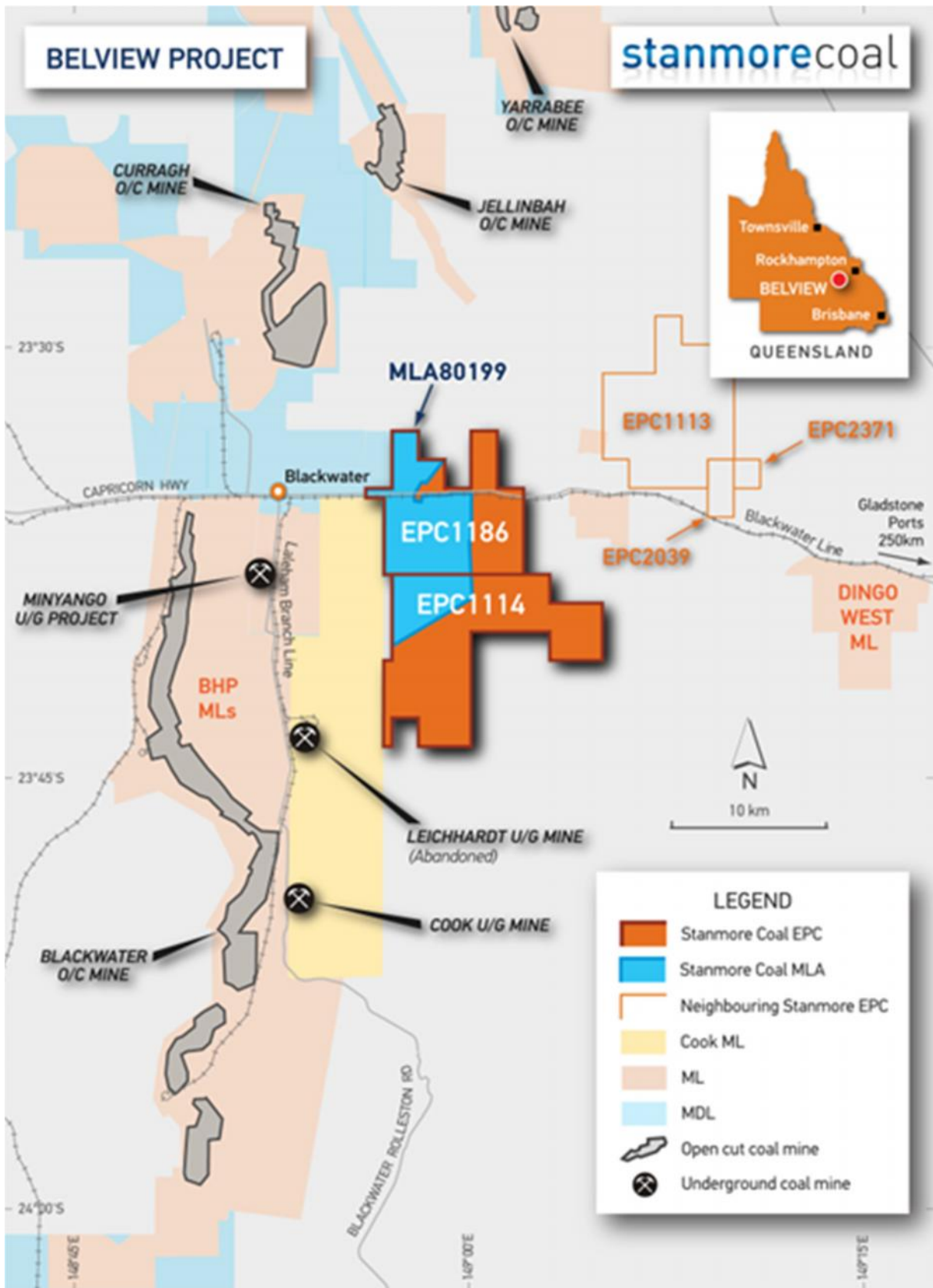
During the quarter the Company completed the exploration program associated with the \$1.5 million funding grant from Japanese partners Taiheiyo and JOGMEC.

The exploration results and updated JORC Resource results were released quarter end. The exploration program improved our understanding of the deposit, providing for a maiden JORC Indicated Resource estimate of 50Mt.

Coal quality testing on all holes was undertaken with the results confirming earlier quality analysis. The HCC product will be a low volatile, low ash, low sulphur coking coal typical of the Rangal coal measures with a secondary PCI product with low sulphur, low volatile and a high calorific value.

The broad coal quality database will underpin marketing analysis and other features of the Pre-Feasibility Study to be undertaken in the second half of calendar 2015.

The Mining Lease Application is progressing with the outputs of the Pre-Feasibility Study to provide valuable information into the Environmental Impact Statement.



LILYVALE

COKING COAL PROJECT

TENEMENTS

EPC 1687, 2157

OWNERSHIP

85% Stanmore Coal, 15% Cape Coal

LOCATION

25 km north-east of Emerald

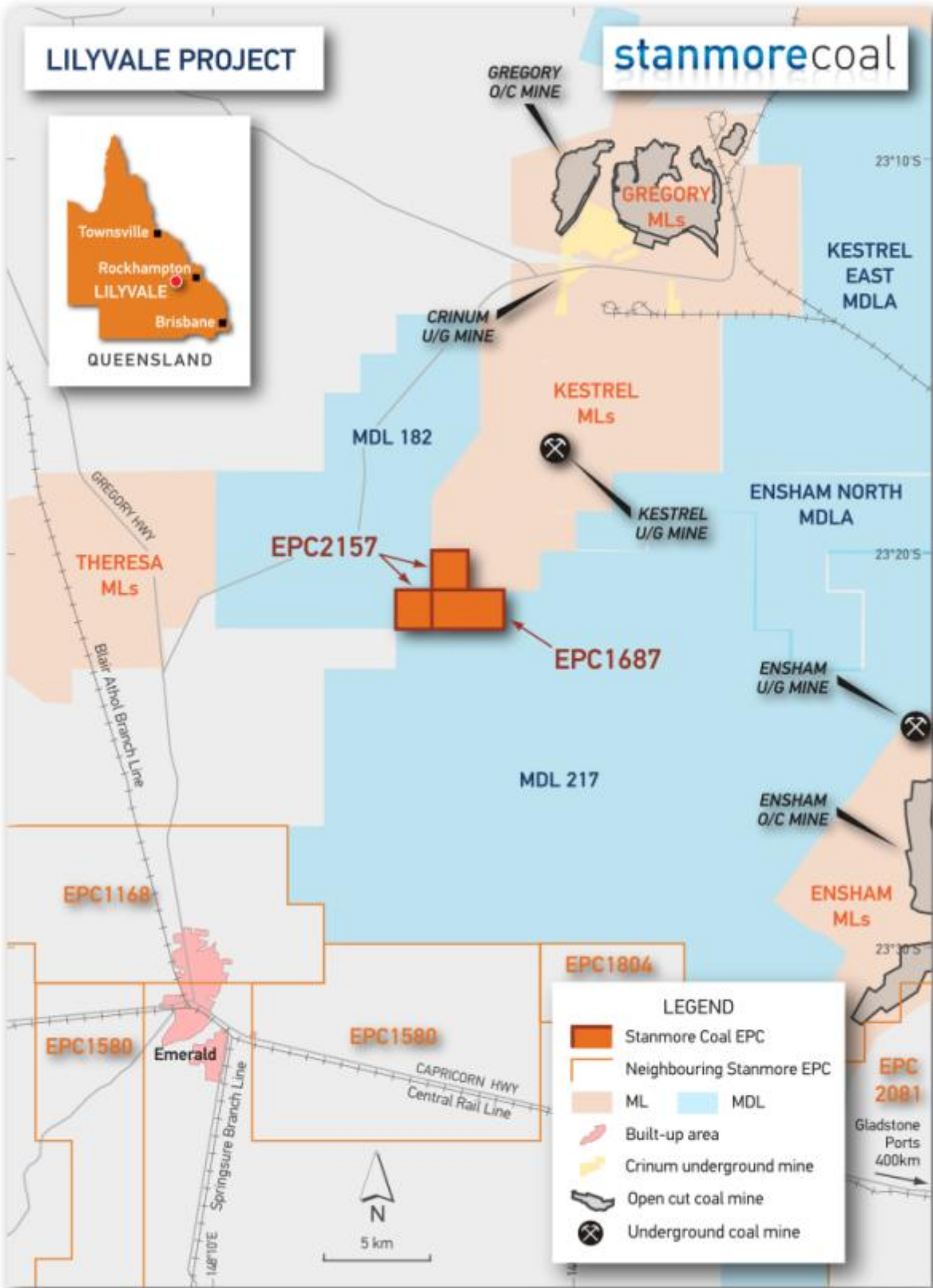
AREA

13 km²

The Lilyvale project is located 25 km north east of Emerald and is in close proximity to the operating Kestrel South and Gregory – Crinum coking coal mines. No work was carried out at Lilyvale during the quarter.

The German Creek (or Lilyvale) seam has been identified 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 Company continues to assess several contiguous expansion options for the project footprint. The Company will continue to evaluate these opportunities and potential field activities within the next twelve months. At the appropriate time the Company may consider introducing suitable funding partners.



THE RANGE

THERMAL COAL PROJECT

TENEMENTS

EPC 1112, 2030, MLA 55001, 55009, 55010

OWNERSHIP

100% Stanmore Coal

LOCATION

24 km south-east of Wandoan (Surat Basin)

AREA

92 km²

JORC RESOURCE¹

287 Mt total high quality open pit thermal coal
(18 Mt Measured + 187 Mt Indicated + 82 Inferred Resource)

JORC MARKETABLE RESERVE²

94 Mt (included in the 287 Mt, Measured, Indicated and Inferred Resource
noted under JORC resource)

No material work was conducted at The Range during the quarter.

As announced previously, a bankable feasibility study was completed in 2013 which confirmed 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 190km rail link.

The Environmental Impact Statement ("EIS") was approved by the DEHP in February 2013.

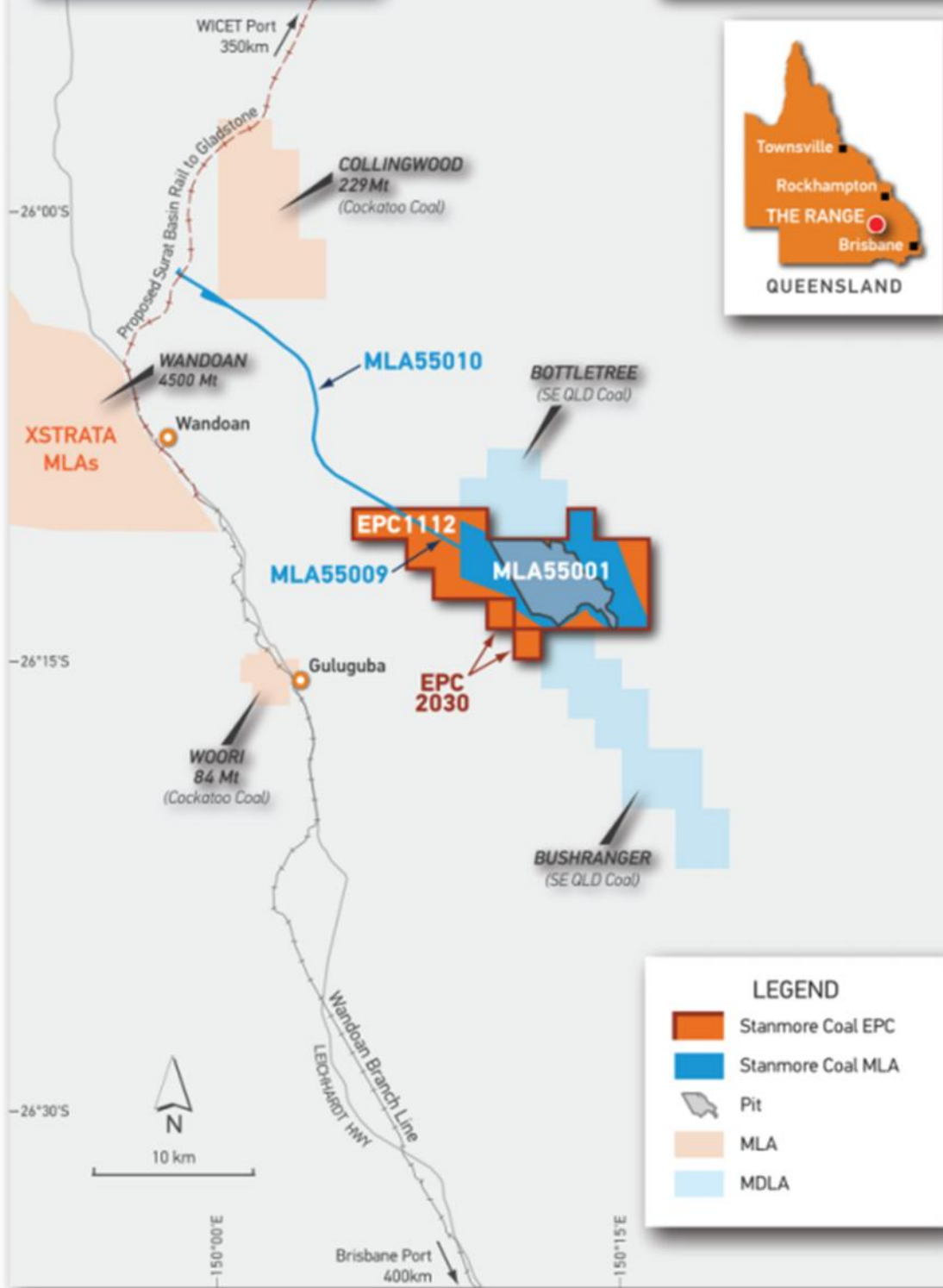
The New Hope Group transaction to acquire certain Surat Basin interest from Cockatoo in late 2014 is an indication of the commercial potential of the basin. Whilst the current poor thermal coal markets place a limit on large scale

greenfield developments, such developments have long lead times and the Company is actively assessing its options with respect to positioning the project for ultimate commercialisation.

The Company has reduced all ongoing costs at The Range to a minimum until there is clear visibility on the timing of a defined rail solution. The Company will continue with ongoing environmental monitoring and other minor on-site activities to maintain compliance with approvals.

THE RANGE PROJECT

stanmorecoal



CLIFFORD

THERMAL COAL PROJECT

TENEMENTS

EPC 1274, 1276

OWNERSHIP

100% Stanmore Coal (JOGMEC earn up to 40% economic interest)

LOCATION

24 km south-east of Wandoan (Surat Basin)

AREA

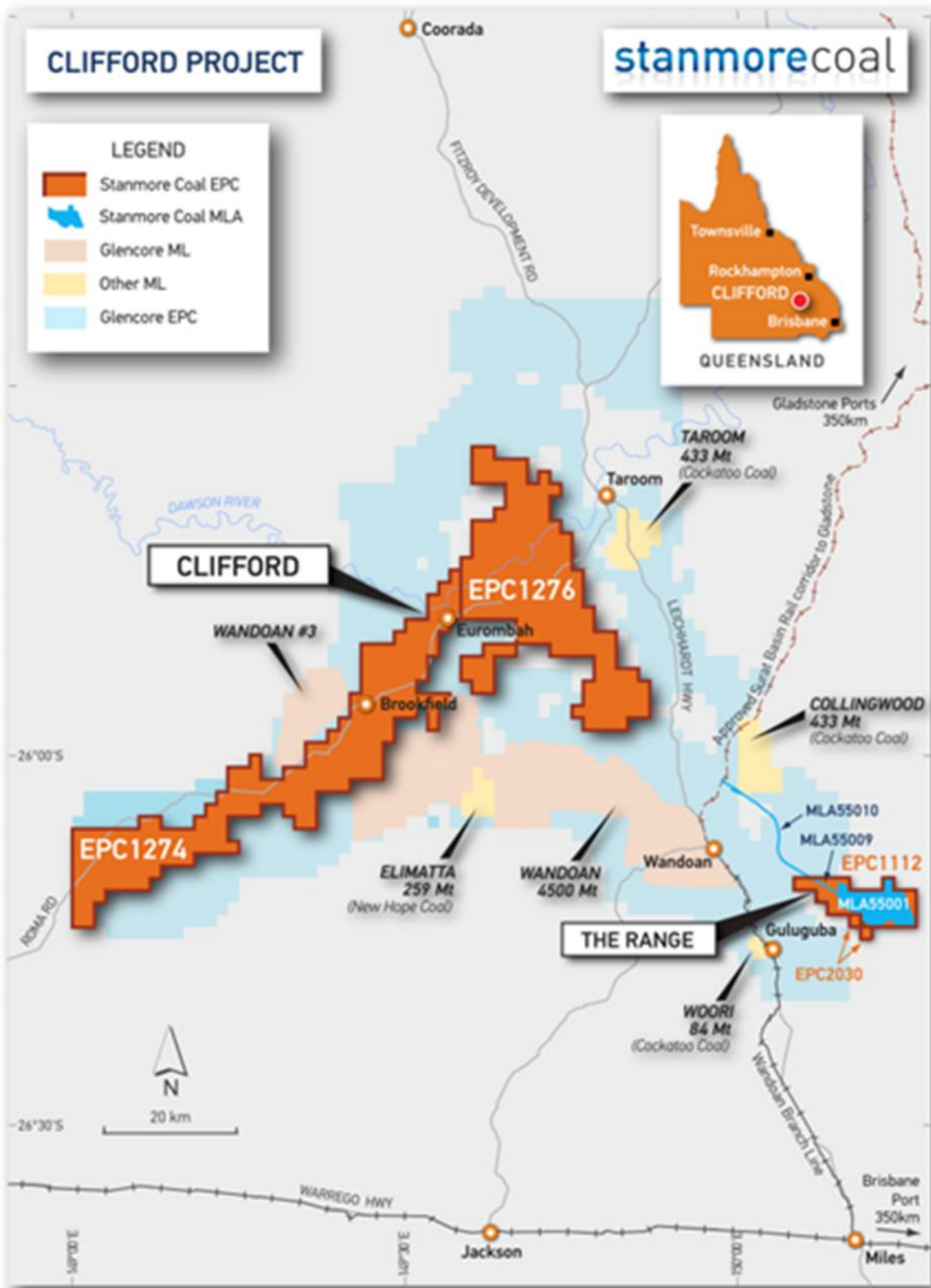
1,161 km²

The Company continued with exploration at Clifford despite significant weather interruptions in January. In this period 9 core holes and 7 open holes were completed, with the remaining holes of the 2nd JOGMEC farm-in period completed in early April.

Coal samples from the core holes are being processed through the laboratory at present, with analysis expected to be completed in the June quarter. The Company anticipates these exploration results may underpin an initial JORC Resource over a number of sub regions within the Clifford area.

As announced in September 2014, initial coal quality results from the project indicate the potential for a high energy, low ash export thermal coal. Some composites produced an energy content higher than the Newcastle thermal coal benchmark of 6,700kcal (air dried basis). Several sites produced over 10 metres of cumulative coal thickness which best indicative in-site strip ratios between 2.5:1 and 10:1 at depths shallower than 100 metres.

The Clifford Project (EPC 1274 and EPC 1276) is located within Queensland's highly prospective Surat Basin, nearby the Company's The Range Project. Through a joint exploration initiative with Stanmore Coal, JOGMEC has an enhanced role in the development of a new, long term source of high quality thermal coal highly suitable for Japanese electricity generators. JOGMEC will provide up to \$4.5 million of funding for all of the planned exploration expenditure over three years within the Clifford Project area. As at the end of this quarter, approximately \$2 million remains to be invested from the JOGMEC commitment. The Company is working very closely with JOGMEC to plan exploration activities for the third farm-in period that commences at the end of the next quarter.



SCHEDULE OF TENEMENTS

AS AT 31 MARCH 2015

Project	Tenement Number	Status	Beneficial Interest Held
The Range Surat Basin, QLD	MLA 55001	Applied 3/11/10	n/a
	MLA 55009	Applied 30/1/12	n/a
	MLA 55010	Applied 30/1/12	n/a
	EPC 1112	Granted	100%
	EPC 2030	Granted	100%
Belview Bowen Basin, QLD	MLA80199	Applied 4/9/13	n/a
	EPC 1186	Granted	100%
	EPC 1114	Granted	100%
	EPC 1798	Granted*	100%
Lilyvale Bowen Basin, QLD	EPC 1687	Granted	85%
	EPC 2157	Granted	85%
Clifford Surat Basin, QLD	EPC 1274	Granted	100%
	EPC 1276	Granted	100%
Mackenzie Bowen Basin, QLD	EPC 2081	Granted	95%
Tennyson Bowen Basin, QLD	EPC 1168	Granted	100%
	EPC 1580	Granted	100%
New Cambria Bowen Basin, QLD	EPC 1113	Granted	100%
	EPC 2371	Granted	100%
	EPC 2039	Granted	100%
Iron Pot Creek Bowen Basin, QLD	EPC 1545	Granted	100%
	EPC 1567	Granted	100%
Kerlong Bowen Basin, QLD	EPC 1552	Granted	100%
	EPC 1769	Granted	100%
	EPC 2176	Granted	100%
Yamala North Bowen Basin, QLD	EPC 1804	Granted	100%
Ten Mile Creek Bowen Basin, QLD	EPC 1627	Granted	100%

CONTACTS

AND NOTES

For further information, please contact:

Mr Nick Jorss – Managing Director
07 3238 1000

Mr Andrew Roach – Company Secretary
07 3238 1000

NOTE 1: 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 a Competent Person as defined in the 2012 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 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 2012 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.

NOTE 2: MARKETABLE RESERVES NOTE

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

ABOUT STANMORE COAL LIMITED (ASX CODE: SMR)

Stanmore Coal is a growth focused 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.

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