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QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDED 30 JUNE 2015

stanmorecoal

Maiden JORC
Resource of

370Mt

within the
Clifford Project

Acquisition of open
cut coking coal

**Wotonga
Project**

Strong closing
cash balance of

\$15.3m

HIGHLIGHTS FROM

THE JUNE

QUARTER

During the quarter ended 30 June 2015, Stanmore Coal Limited ("Stanmore" or "the Company") finalized the results from the Clifford Project exploration program and the upgraded JORC Resource for the Belview Project. Post quarter end, the Company announced its acquisition of the Wotonga Project, an open cut coking coal deposit east of Moranbah in the Bowen Basin.

Continuing Stanmore's strong safety record, there were no lost time injuries recorded during the quarter in which 1,320 hours of exploration were undertaken by contractors and employees of Stanmore. A total of 458 metres were drilled across 3 drill sites within the Clifford tenements which completed the program for that period.

The acquisition of the Wotonga Project (MDL 135 and part of MDL 137) represents a strategic acquisition for the Company at a time of depressed asset prices. The shallow, coking coal deposit is well located near existing infrastructure in a strong mining region within the Bowen Basin. A large portion of the consideration is payable only if the Company achieves certain development milestones and leveraged toward a recovery in coal market sentiment. The company is currently investigating existing infrastructure options which could serve to fast track Wotonga into production. As previously communicated, the Company is seeking to take advantage of the depressed asset price environment by acquiring assets such as Wotonga which improve Stanmore's portfolio.

The maiden JORC Resource of 370Mt at the Clifford Project is a strong result, with 80Mt of Indicated and 290Mt of Inferred Resource across the Liberty and Grange deposits. Both deposits showed encouraging initial in-situ strip ratios of 7:1 and 6:1 respectively.

Coal quality results from the expansive drilling program continue to show promise, with average energy content above 5,920 (kcal/kg nar¹ basis) and achieved laboratory yields of 82%. These results are indicative of the high quality, low impurity coals of the Surat Basin and exhibit slightly improved parameters over the Company's flagship Surat Basin project, The

Range. The Company is set to undertake a further round of exploration in partnership with the Japan Oil, Gas and Metals National Corporation (**JOGMEC**) in the second half of this calendar year. This program will focus on further resource definition in Liberty and Grange areas as well as additional in-fill drilling to support future mining studies.

In April the Company announced the upgraded JORC Resource for Belview Project which included 50 Mt of Indicated Resource. The Pre-Feasibility Study has commenced with the results of mining options, capital estimates and operating costs to be delivered in the second half of this calendar year.

During the quarter the Company converted the convertible notes held by Greatgroup Investments Limited (**Greatgroup**) into ordinary shares of the Company. Shareholder approval for the conversion was obtained in 2012 with the issuance increasing Greatgroup's holding in Stanmore to approximately 25%.

US dollar denominated coal prices are trading at multi-year lows but there are indications that coal prices generally have reached some levels of pricing support. In parallel the recent weakening of the Australian dollar has provided some improvement in AUD denominated coal prices compared to most major trading partners.

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

¹ Net as received

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COAL IN THE NEWS

A selection of relevant coal market articles is 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.

“The removal of the import tariffs should improve the competitiveness of Australian coking and thermal coal exports relative to Chinese coal and other major exporters to China [except Indonesia, which has a FTA with China]”.

VIVEK DHAR – CBA ANALYST

“The bottom line is that energy demand is expected to grow by nearly 40 per cent over the next 25 years. There will be plenty of growth in gas and renewables. But coal will grow as well. It will grow because it is low cost, abundant and versatile. And it will be good for Australia”.

BRENDAN PEARSON - MINERALS COUNCIL CEO
& MICHAEL ROCHE QUEENSLAND RESOURCES
COUNCIL CEO

“In Japan, they’re building more coal capacity to displace gas because gas has been uneconomic in terms of solution for the problems they’ve had post Fukushima. It’s incumbent on the coal industry to better tell its story of what we can do with our emissions, how we can reduce them.”

PETER FREYBERG – GLENCORE CEO

“Just as in all other countries, including the developed world, coal will continue to remain the mainstay of our energy related needs for the foreseeable future... it would not be correct to say or to expect India to move away from coal when we are at the cusp of our developmental journey.”

PIYUSH GOYAL - MINISTER FOR STATE FOR
POWER, COAL AND NEW & RENEWABLE ENERGY

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 underway 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

WOTONGA OPEN CUT COKING COAL

- Significant database of historical geological data indicates the area hosts the Leichhardt coal seam at a typical coal thickness of [x]m
- The region hosts several mining operations which target the Rangal Coal Measures and produce high quality coking coal products for the premium Asian customer market
- Plan to undertake exploration program to confirm JORC Resource status. Mining planning and approvals processes to commence
- Well located close to an existing rail line with multiple infrastructure options to access the export market

THE SURAT BASIN

- Substantial resource position at The Range - 94 Mt JORC Marketable Reserve², 287 Mt total JORC Resource (18Mt Measured, 187 Mt Indicated + 82Mt Inferred)
- Established maiden JORC Resource of 370Mt at Clifford Project (80Mt Indicated, 270Mt Inferred)
- Recent acquisition by New Hope Group (Cockatoo Coal interest in northern Surat assets) indicates commercial potential of our strategic Surat Basin position
- Third exploration period underway. Drilling to commence in 3Q 2015
- 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 announced the results of the exploration program associated with the \$1.5 million funding grant from Japanese partners Taiheiyo and JOGMEC.

The exploration program improved our confidence of the deposit, with 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

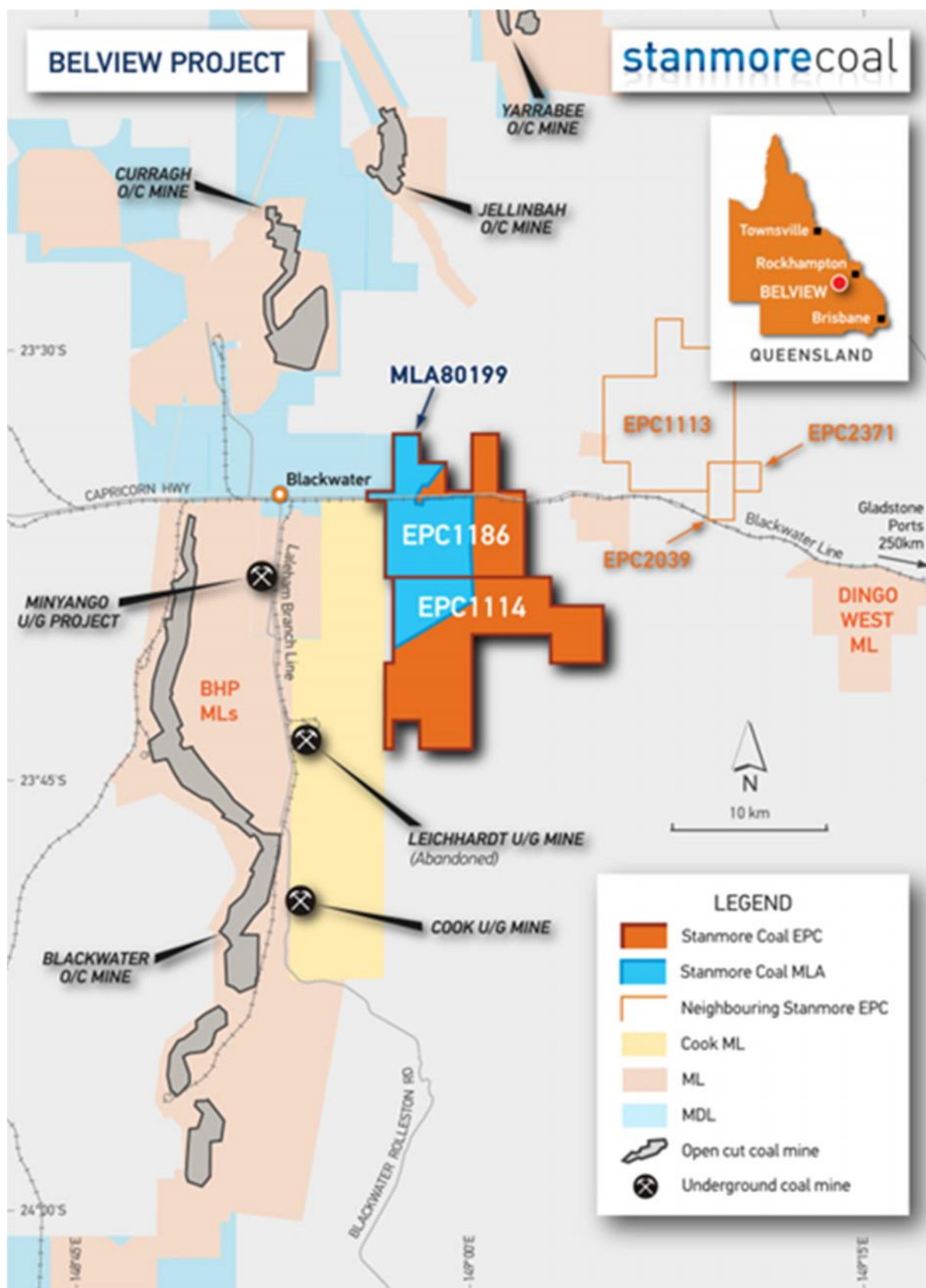
Rangal coal measures with a secondary PCI product with low sulphur, low volatile and a high calorific value.

The Pre-Feasibility Study is underway with results anticipated in the second half of calendar 2015.

Stanmore continues to progress the Mining Lease Application with the outputs of the Pre-Feasibility Study to provide valuable information into the Environmental Impact Statement.

Indicative product specification for Pollux seam within Resource area

Parameter		Primary HCC Product	Secondary PCI Product
Product Split	% Mass	61	39
Inherent Moisture	%	1.5	1.7
Ash	% (ad)	6.5	9.5
Volatile Matter	% (ad)	18.8	17.6
Fixed Carbon	% (ad)	73.2	71.2
Total Sulphur	% (ad)	0.41	0.37
Phosphorus	% (ad)	0.06	0.06
Calorific Value	kcal/kg (gad)	7,900	7,620
Crucible Swell Number (CSN)		6-7	1
Vitrinite Reflectance (Ro Max)	%	1.50	1.48



WOTONGA

COKING COAL PROJECT

TENEMENTS

MDL 135 and (part) 137

OWNERSHIP

100% Stanmore Coal (pending transaction completion)

LOCATION

11 km east of Moranbah

AREA

11 km²

JORC RESOURCE¹

Nil

On 1 July the Company announced the acquisition of MDL 135 and part MDL 137 for total consideration of \$7 million. Up front consideration is \$2 million with a further \$2 million payable upon grant of a Mining Lease and \$3 million as a production royalty. Completion of the transaction is anticipated to occur in August 2015.

Wotonga was extensively explored by previous owners in the 1980s, with over 200 exploration holes drilled within the lease boundary. The Leichhardt seam subcrops in the west with the seam dipping gently to the east. Importantly the shallow depth to coal results in attractive in-situ strip ratios starting at below 5:1.

Historical coal quality and knowledge of coal products from nearby operating mines indicate that Wotonga is likely to produce a medium volatile coking coal product with secondary coking or thermal products, resulting in a high total product value.

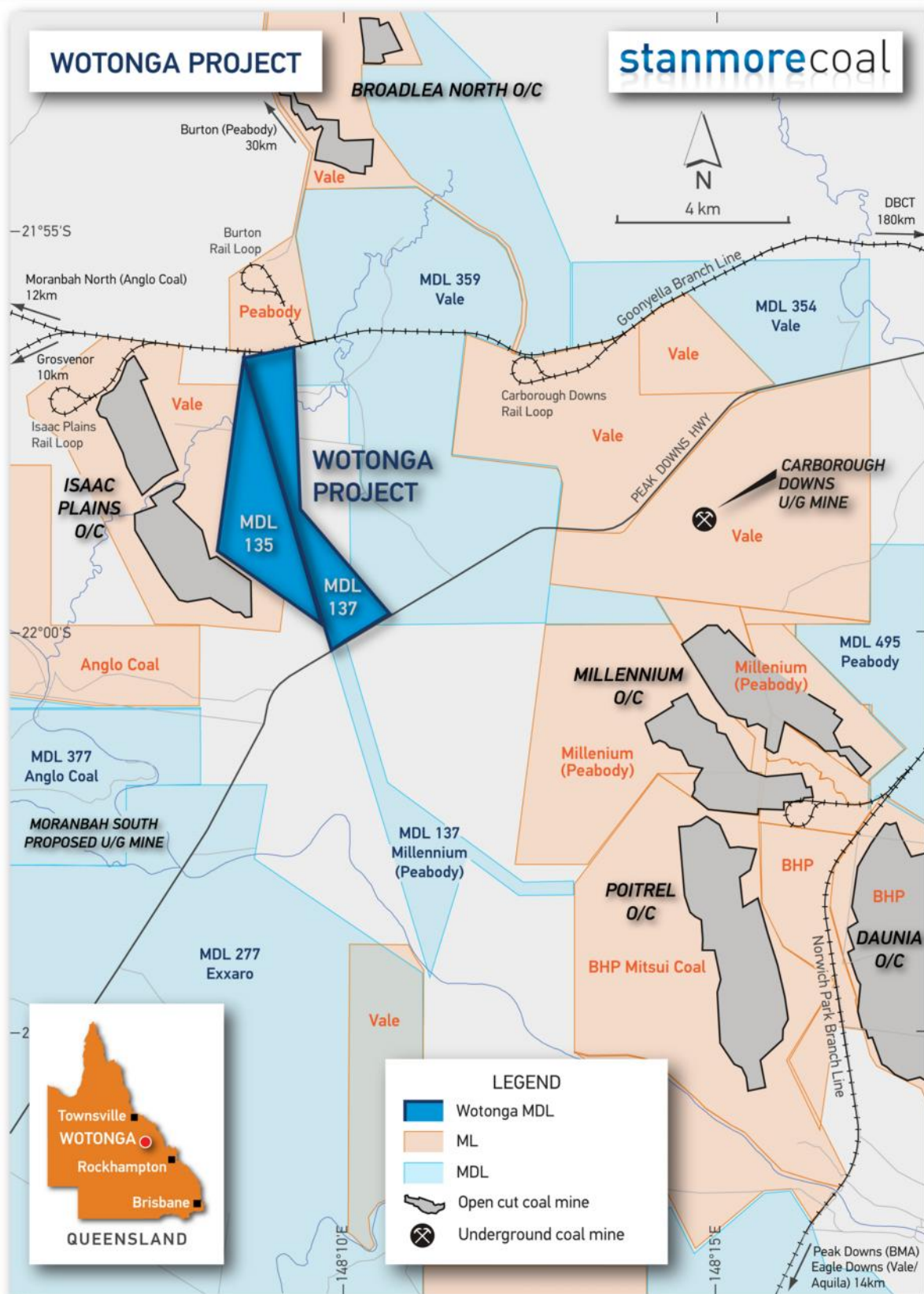
Indicative coking coal specifications (air dried basis):

- Ash 8-9%
- Volatile matter 25-26%
- Total sulphur 0.45%
- CSN 5-7
- Phosphorous 0.06 – 0.08%

Stanmore plans to undertake confirmatory resource exploration and coal quality testing in the second half of this calendar year. The results of this exploration will be used to underpin a feasibility study on the economic potential of the project.

The Company is actively pursuing existing infrastructure solutions that could provide the potential to fast track Wotonga into production.

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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

No work was carried out at Lilyvale during the quarter. 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.

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)

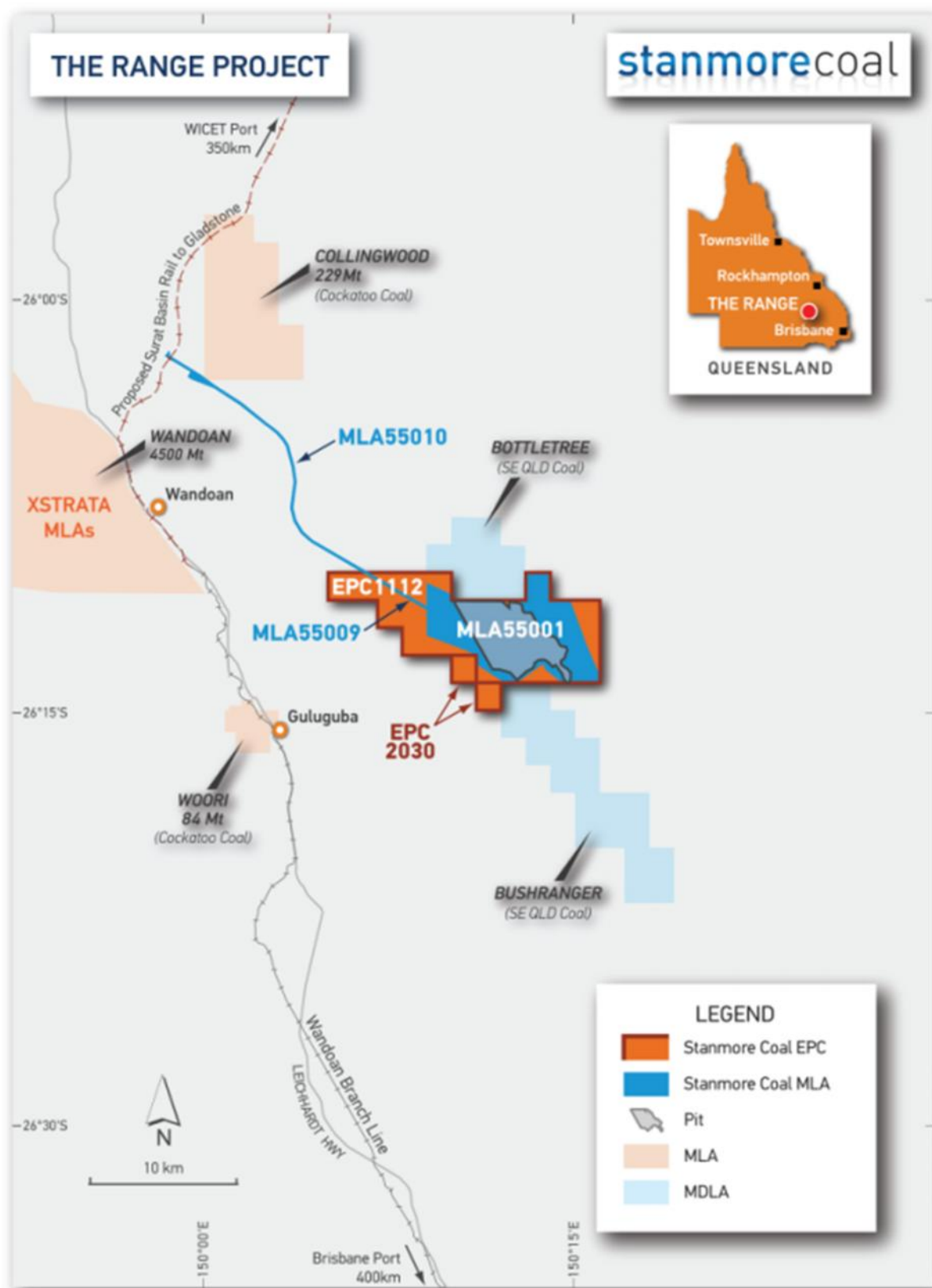
As announced previously, a bankable feasibility study was completed in 2013 which confirmed that the Range Project is an attractive 5Mtpa high quality, export grade, thermal coal project ready for execution upon the delivery of the Surat Basin Rail linking the basin to the existing Aurizon Moura network 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.

An update of capital and operating cost assumptions for The Range was commenced during the quarter.

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.



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 completed an exploration program at Clifford during the quarter with its funding partner JOGMEC and announced a maiden JORC Resource for the Liberty and Grange deposits.

A total JORC Resource of 370Mt was estimated with 100Mt of Inferred for Liberty and 270Mt (80Mt Indicated, 190Mt Inferred) at Grange. Coal intersections continue to be promising with initial in-situ strip ratios of less than 7:1.

Coal quality results from the most recent program confirm the prospective results from earlier exploration carried out by Stanmore. Consistent with typical Surat Basin coals, Clifford coal features high energy content and a low anticipated emissions profile. The Clifford showed particularly high energy relative to other seaborne traded coals and typical Surat Basin coals with calorific values approaching the Newcastle benchmark.

Product coal specifications – Grange and Liberty

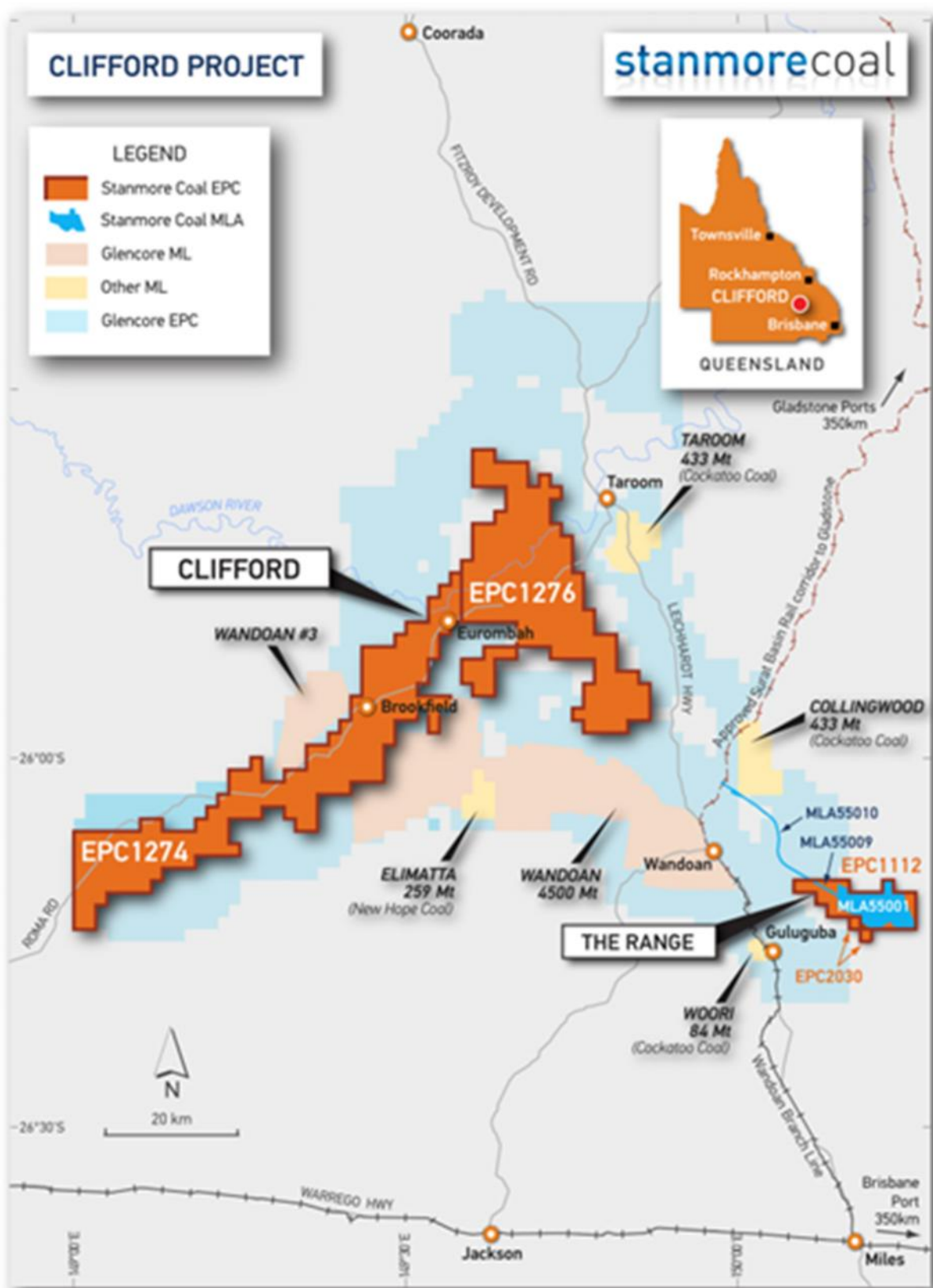
Parameter	Unit ²	Basis ³	Liberty	Grange
Proximate analysis				
Ash	%	ad	9.9	9.3
Volatile Matter	%	ad	42.6	42.7
Fixed Carbon	%	ad	41.4	40.9
Fuel Ratio			0.97	0.96
Sulphur	%	ad	0.47	0.42
Gross Calorific Value	kcal/kg	nar	5,933	5,920
Hardgrove grindability index (HGI)		Ad	34	33
Abrasion index		ad	<10	<10
Ash fusion temperature				
Deformation	C		1,540	1,520
Petrographics				
R max	%		0.51	0.48
Total vitrinite	vol %		66.9	70.8

² "C" represents "centigrade"; "kcal/kg" represents "kilocalories per kilogram"

³ "ad" represents "air dried"; "ar" represents "as received"; "nar" represents "net as received"; "daf" represents "dry ash free"

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.

The Company has completed planning for the follow on drilling program with site preparation anticipated to commence in August. This program will involve the drilling of over 25 rotary holes and over 10 part-cored holes to provide further geological information on the Grange and Liberty deposits.



SCHEDULE OF TENEMENTS

AS AT 30 JUNE 2015

Project	Tenement Number	Status	Beneficial Interest Held
Wotonga Bowen Basin, QLD	MDL 135 (part) MDL 137	Pending transaction completion	100% upon transaction completion
The Range Surat Basin, QLD	MLA 55001 MLA 55009 MLA 55010 EPC 1112 EPC 2030	Applied 3/11/10 Applied 30/1/12 Applied 30/1/12 Granted Granted	n/a n/a n/a 100% 100%
Belview Bowen Basin, QLD	MLA80199 EPC 1186 EPC 1114 EPC 1798	Applied 4/9/13 Granted Granted Granted*	n/a 100% 100% 100%
Lilyvale Bowen Basin, QLD	EPC 1687 EPC 2157	Granted Granted	85% 85%
Clifford Surat Basin, QLD	EPC 1274 EPC 1276	Granted Granted	100% 100%
Mackenzie Bowen Basin, QLD	EPC 2081	Granted	95%
Tennyson Bowen Basin, QLD	EPC 1168 EPC 1580	Granted Granted	100% 100%
New Cambria Bowen Basin, QLD	EPC 1113 EPC 2371 EPC 2039	Granted Granted Granted	100% 100% 100%
Iron Pot Creek Bowen Basin, QLD	EPC 1545 EPC 1567	Granted Granted	100% 100%
Kerlong Bowen Basin, QLD	EPC 1552 EPC 1769 EPC 2176	Granted Granted Granted	100% 100% 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.

Stanmore Coal Limited ACN 131 920 968

Phone: +61 (7) 3238 1000

Fax: +61 (7) 3238 1098

Email: info@stanmorecoal.com.au

Web: www.stanmorecoal.com.au

Street address: Level 8, 100 Edward Street, Brisbane QLD 4000

Postal address: GPO Box 2602, Brisbane QLD 4001