



stanmorecoal

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

You should read all of the document. If you are in doubt as to what you should do, you should consult your investment, financial, taxation or other professional adviser.

TARGET'S STATEMENT

This Target's Statement has been issued in response to the on-market takeover offer made by Golden Investments (Australia) Pte. Ltd. for all of your ordinary shares in Stanmore Coal Limited for \$1.00 per share.

If you have any questions, please contact Stanmore Coal on
+61 7 3238 1000 between 9.00am and 5.00pm (AEST) Monday to Friday.



Financial Adviser

Allens & Linklaters

Legal Adviser

IMPORTANT NOTICES

Nature of this Document

This document is a Target's Statement issued by Stanmore Coal Limited ABN 27 131 920 968 (**Stanmore**) dated 29 April 2020 under Part 6.5 Division 3 of the Corporations Act in response to the on-market takeover bid announced by Golden Investments (Australia) Pte. Ltd. (**Golden Investments** or the **Bidder**) on 2 April 2020 for all the ordinary shares in Stanmore.

Further information relating to the Bidder's Offer can be obtained from the Bidder's Statement and Stanmore's website at www.stanmorecoal.com.au.

ASIC and ASX Disclaimer

A copy of this Target's Statement has been lodged with ASIC and given to the ASX. None of ASIC, the ASX or any of their respective officers takes any responsibility for the contents of this Target's Statement.

Defined Terms and Interpretation

Capitalised terms used in this Target's Statement are defined in section 8. Section 8 also sets out some rules of interpretation which apply to this Target's Statement.

No Account of Personal Circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice. The recommendations and other information contained in this Target's Statement should not be taken as personal, financial or taxation advice, as each Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

It is important that you read this Target's Statement in its entirety before making any investment decision and any decision relating to the Offer. Your Independent Directors encourage you to obtain independent advice from your investment, financial, taxation or other professional adviser before making a decision whether or not to accept the Offer.

Disclaimer as to Forward Looking Statements

Some of the statements appearing in this Target's Statement (including in the Independent Expert's Report and the Independent Technical Specialist's Report) are forward looking statements. All statements other than statements of historical fact are forward looking statements and generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Shareholders should note that those forward looking statements are only predictions and are inherently subject to uncertainties, in that they may be affected by a variety of known and unknown risks, variables and other important factors, many of which are beyond the control of Stanmore. Actual values or results, performance or achievements may differ materially from those expressed or implied by such statements. The risks, variables and other factors that may affect the forward looking statements include matters specific to the industry in which Stanmore operates as well as economic and financial market conditions; legislative, fiscal or regulatory developments; the price performance of Stanmore Shares, commodity price fluctuations, input price fluctuations, currency fluctuations, actual demand, geotechnical factors, political conditions in various countries, approvals and cost estimates, coal reserve estimates, operating results including the risk of possible price decline in the absence of the Offer or other takeover or merger speculation; and risks associated with the business and operations of Stanmore. Further information can be found in section 4.5.

None of Stanmore, its Subsidiaries or any of their respective officers and employees, or any person named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) or gives any assurance as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statements, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, Stanmore and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

Responsibility for Information

The Independent Expert has prepared and is responsible for the Independent Expert's Report for the purposes of this Target's Statement and takes responsibility for that report. The Independent Technical Specialist has prepared and is responsible for the Independent Technical Specialist's Report for the purposes of this Target's Statement and takes responsibility for that report.

None of Stanmore, or its Subsidiaries, their respective officers, employees, advisers or the Stanmore Directors assume responsibility for the accuracy or completeness of the Independent Expert's Report or the Independent Technical Specialist's Report, except, in the case of Stanmore, in relation to the historical information which it has provided to the Independent Expert and Independent Technical Specialist.

Coal Resources and Coal Reserves

The information in this Target's Statement that relates to Stanmore's June 2019 Coal Resources and Coal Reserves estimates were reported under the JORC Code 2012 or JORC 2004 (as applicable) in an announcement released to the ASX on 30 August 2019 entitled '2019 Annual Coal Resources & Reserves Summary' and is available to view on the Stanmore website at www.stanmorecoal.com.au. The Competent Persons named in that report were Mr Troy Turner (responsibility: Coal Resource estimates for Isaac Plains, Isaac Plains East, The Range, Mackenzie, Belview, Tennyson and Lilyvale); Mr James Knowles (responsibility: Coal Resource estimate for Isaac Downs), Mr Mal Blaik (responsibility: Coal Resource estimate for Isaac South), Mr Oystein Naess (responsibility: Coal Resource estimate for Clifford), Mr Tony O'Connell (responsibility: Coal Reserve estimate for Isaac Plains, Isaac Plains East and Isaac Downs), Mr Mark McKew (responsibility: Coal Reserve estimate for Isaac Plains Underground) and Mr Richard Hosking (responsibility: Coal Reserve estimate for The Range).

Stanmore confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed. Stanmore confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original announcement.

Effect of Rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Target's Statement.

Discrepancies between totals in tables and or in calculations are due to rounding.

Information obtained from public sources

The information in this Target's Statement about the Bidder has been compiled from or is otherwise based on information obtained from publicly available sources, including information in the Bidder's Statement, and has not been independently audited or verified by Stanmore or its advisers. If the information obtained from public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. Accordingly, Stanmore does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of any information in relation to Bidder. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Diagrams and charts

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Privacy

Stanmore has collected your information from the register of Shareholders for the purpose of providing you with this Target's Statement. The type of information Stanmore has collected about you includes your name, contact details and information on your shareholding (as applicable) in Stanmore. Without this information, Stanmore would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Shareholders to be held in a register. Your information may be disclosed on a confidential basis to external service providers (including the share registry of Stanmore and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Stanmore, please contact Stanmore on +61 7 3238 1000.

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Key Dates

Offer announced and Bidder's Statement lodged with ASIC and the ASX	2 April 2020
Bidder's appointed broker commences standing in the market	2 April 2020
First Supplementary Bidder's Statement lodged with ASIC and the ASX	28 April 2020
Date of this Target's Statement	29 April 2020
Offer Period commences	17 April 2020
Scheduled close of Offer Period (unless Offer is extended or withdrawn*)	4:00pm (Sydney time) on 18 May 2020

** Note: the Offer may only be withdrawn in exceptional circumstances in accordance with the Corporations Act as summarised in section 5.5.*

CHAIRMAN'S LETTER

29 April 2020

Dear fellow Stanmore Shareholder

On 2 April 2020, Golden Investments (Australia) Pte. Ltd. (**Golden Investments**) announced an unconditional on-market takeover offer for all of the shares in Stanmore Coal Limited (**Stanmore**) at \$1.00 per share (the **Offer**). The Offer will remain open until 18 May 2020, unless extended or withdrawn in accordance with the Corporations Act¹. At the time of announcing the Offer, Golden Investments held just over 31% of the shares in Stanmore and has subsequently increased its shareholding to approximately 50.57% of Stanmore shares.

Why you are receiving this Target's Statement

You should have now received from Golden Investments its Bidder's Statement setting out the terms of the Offer. This Target's Statement sets out your Directors' response to the Offer and contains their recommendations, reasons for those recommendations, and other important information you should consider when deciding whether to accept or reject the Offer.

As required by the Corporations Act, this Target's Statement also includes an independent expert's report (in this case, from BDO Corporate Finance Ltd). The Independent Expert has also commissioned an independent technical expert's report from RPM Advisory Services Pty Ltd, which also accompanies this Target's Statement.

Independent Board sub-committee

There are five directors on the Board of Stanmore, being myself; Stephen Bizzell; Neal O'Connor; Marcelo Matos; and Jimmy Lim. Mr Lim is a nominee of the Bidder, Golden Investments, on the Board. Mr Matos is a nominee of substantial shareholders associated with Matthew Latimore, who collectively hold approximately 19.70% of the shares in Stanmore, on the Board. Following announcement by Golden Investments of the Offer, the Board took steps to ensure the independence of Stanmore's response to the Offer, and established a committee of directors, comprising myself, Stephen Bizzell and Neal O'Connor, to consider Stanmore's response to the Offer.

Independent Directors' recommendation in relation to the Offer

The Directors who comprise the independent Board sub-committee (your **Independent Directors**), being myself, Stephen Bizzell and Neal O'Connor, recommend that you accept the Offer, in the absence of a superior proposal. In summary, the reasons for our recommendation are as follows:

1. While Stanmore's assets continue to have long term strategic value, and its operational performance continues to be strong, we acknowledge that there are risks and uncertainties inherent in the business in relation to matters such as coal prices and the future development of the Company's full asset portfolio. The Offer of \$1.00 per share represents cash certain value now versus those risks and uncertainties inherent in continuing to hold shares in Stanmore.
2. As at 27 April 2020, Golden Investments already holds approximately 50.57% of the shares in Stanmore. Following the Offer, it is likely that the market for Stanmore Shares will be less liquid than the market for Stanmore Shares prior to the Offer. A reduction in liquidity may mean that, if

¹ Note that the Offer can only be withdrawn in exceptional circumstances prescribed by the Corporations Act. See section 5.5 for details.

you do not accept the Offer, it may be more difficult for you to realise your investment in Stanmore Shares in the future.

3. Golden Investments has indicated that, following the Offer, it will reconstitute the Board of Stanmore so that it comprises a majority of Golden Investments nominees, and that, subject to the ASX Listing Rules, it will ask the Stanmore Board to review whether Stanmore should remain listed on the ASX (subject to considerations such as the costs associated with maintaining that listing, Golden Investments' final level of ownership, the number of remaining Stanmore Shareholders and the level of trading in Stanmore Shares). Stanmore Shareholders who do not accept the Offer will become minority shareholders in a company controlled by Golden Investments. Further, Stanmore may in the future cease to be listed on the ASX (with the resulting loss of certain protections provided by the ASX Listing Rules for minorities).
4. The Independent Expert, BDO Corporate Finance Ltd, has valued Stanmore Shares in the range between \$0.90 and \$1.39 per Share on a controlling interest basis. Given that the Offer price of \$1.00 per share is within that range, the Independent Expert has concluded that the Offer is fair and reasonable. A summary of the Independent Expert's reasons for its conclusion are set out in section 2 of the Independent Expert's Report.

Mr Lim and Mr Matos have each declined to make a recommendation in relation to the Offer

As mentioned above, Mr Lim is a nominee of the Bidder, Golden Investments, on the Board. As a result of his connection with the Bidder, Mr Lim has not been involved in the preparation or authorisation of this Target's Statement and has declined to make a recommendation on whether or not you should accept the Offer.

Further, as mentioned above, Mr Matos is a nominee of substantial Shareholders associated with Matthew Latimore, on the Board. Mr Matos has advised that, to avoid any possibility of a conflict of interest arising as a result of such nomination, or the perception of such a conflict, he has not been involved in the preparation or authorisation of this Target's Statement and has declined to make a recommendation on whether or not you should accept the Offer.

Shares issued after the commencement of the Offer – DRP Shares and Bonus Shares

Under the terms of Golden Investments' Offer, the Offer extends to Shares issued by Stanmore and quoted prior to the end of the Offer Period. Accordingly:

- if you elected to participate in the Dividend Reinvestment Plan in respect of the FY2020 interim dividend announced to the ASX on 26 February 2020, you will be issued with those Shares on 30 April 2020 and you will be able to participate in the Offer in respect of those Shares, once issued; and
- if you are eligible to receive the 1 for 33 bonus issue announced to the ASX on 17 April 2020 (for which the record date was 28 April 2020), those Shares will be issued to you on 4 May 2020 and you will be able to participate in the Offer in respect of those Shares, once issued.

If you intend to accept the Offer, and you are entitled to receive Shares under the DRP and/or the Bonus Share Issue, you may wish to delay your acceptance of the Offer until after your DRP Shares and/or Bonus Shares have been issued (4 May 2020 for Bonus Shares). This will avoid the need to accept for your original parcel of Shares, and then again later for your DRP Shares and/or Bonus Shares. Also, if you accept for your original parcel of Shares, and then again later for your DRP Shares and/or Bonus Shares, this may result in you paying higher aggregate brokerage fees than if you accept once for your original parcel together with your DRP Shares and/or Bonus Shares.

You will need to instruct your Broker or Controlling Participant to accept the Offer on your behalf as the Offer is being made on-market only. You will not receive an offer acceptance form in the mail from Golden Investments.

I urge you to read this Target's Statement in full and to seek any independent financial, legal, taxation or other professional advice that you require before making a decision as to whether or not to accept the Offer.

If you have any questions in relation to the Offer as a Stanmore Shareholder, please contact Stanmore on +61 7 3238 1000 Monday to Friday between 9:00am and 5:00pm (AEST).

Your Independent Directors will continue to keep Shareholders informed of material developments in relation to the Offer. Announcements relating to the Offer and Stanmore can be found on the ASX website (www.asx.com.au ASX code: SMR).

Yours sincerely

A handwritten signature in black ink, appearing to read "Stewart Butel".

Stewart Butel
Chairman

1 DIRECTORS' RECOMMENDATION AND REASONS

1.1 Directors' recommendation

The Independent Directors, being Stewart Butel, Stephen Bizzell and Neal O'Connor, have carefully considered the Offer. Your Independent Directors recommend that you accept the Offer for the reasons given in section 1.2 below.

Mr Lim is a nominee of the Bidder, Golden Investments, on the Board. As a result of his connection with the Bidder, Mr Lim has not been involved in the preparation or authorisation of this Target's Statement and has declined to make a recommendation on whether or not you should accept the Offer.

Mr Matos is a nominee of substantial shareholders associated with Matthew Latimore, who collectively hold approximately 19.70% of the shares in the Company, on the Board. Mr Matos has advised that, to avoid any possibility of a conflict of interest arising as a result of such nomination, or the perception of such a conflict, he has not been involved in the preparation or authorisation of this Target's Statement and has declined to make a recommendation on whether or not you should accept the Offer.

1.2 Reasons why the Independent Directors recommend that you should accept the Offer

- (a) **While there may be future scenarios where your Stanmore Shares have a value over \$1.00 per Share, there are risks and uncertainties inherent in the business and the \$1.00 per Share Offer Price represents cash certain value now for your Stanmore Shares**

The Stanmore Board and management have an established track record in creating significant value for Stanmore Shareholders. The Board and management have delivered strong EBITDA generation and increased production whilst maintaining an attractive cash cost profile. The Independent Directors remain confident in the continued expansion and development of the Isaac Plains Complex and the overall business, and there may be scenarios whereby your Stanmore Shares may have a value over the \$1.00 per share offered by Golden Investments.

However, your Independent Directors acknowledge that there are risks and uncertainties inherent in the business in relation to matters such as coal prices and the future development of the Company's full asset portfolio. The Offer of \$1.00 per share represents cash certain value now versus those risks and uncertainties inherent in continuing to hold shares in Stanmore. Those risks and uncertainties include, but are not limited to:

- operational risks, particularly in the performance of operations at the Isaac Plains Complex;
- changes in commodity price and foreign currency markets which could adversely impact the business' financial performance;
- State and Federal laws, policies and regulations (including as to taxation and royalties) that could affect the Group's operations and projects; and
- the ongoing volatility caused by the coronavirus pandemic. In this respect, on 27 April 2020, Stanmore announced that it now expects FY2020 underlying EBITDA to be in the range between \$80 million and \$85 million, primarily as a result of disruption to previously forecast sales volumes being taken by customers, and

that unit costs per tonne are expected to increase above guidance of A\$107/tonne sold, ex royalty, to A\$109/tonne sold.

Furthermore, additional external funding will be required to support future growth in the Stanmore business, and the ability to secure this funding on commercially acceptable terms may become more difficult, including if the global coronavirus pandemic situation continues for a significant duration.

Further information on these and other risks and uncertainties are set out in section 4.5 of this Target's Statement.

(b) Likely liquidity constraints following the Offer

As at the Last Practicable Date, Golden Investments already holds 50.57% of the shares in Stanmore. Following the Offer, it is likely that the market for Stanmore Shares will be less liquid than the market for Stanmore Shares prior to the Offer. A reduction in liquidity may mean that, if you do not accept the Offer, it may be more difficult for you to realise your investment in Stanmore Shares in the future. Further, institutional investors may be less likely to invest in Stanmore as a result.

(c) Changes to Stanmore following the Offer

Golden Investments has indicated that, following the Offer, it will reconstitute the Board of Stanmore so that it comprises a majority of Golden Investments nominees, and that, subject to the ASX Listing Rules, it will ask the Stanmore Board to review whether Stanmore should remain listed on the ASX (subject to Golden Investments' final level of ownership, the number of remaining Stanmore Shareholders and the level of trading in Stanmore Shares). Stanmore Shareholders who do not accept the Offer will become minority shareholders in a company controlled by Golden Investments. Further, Stanmore may in the future cease to be listed on the ASX (with the resulting loss of certain protections provided by the ASX Listing Rules for minorities).

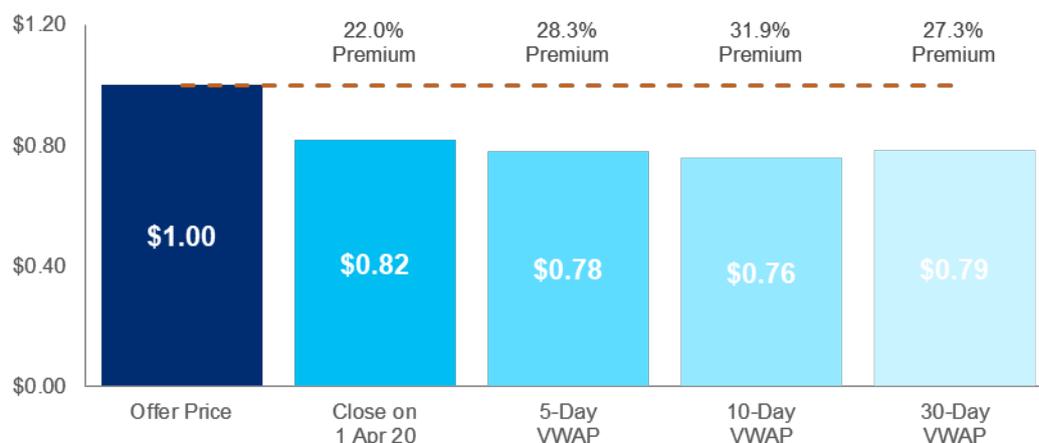
Although Golden Investments has stated in its Bidder's Statement that it will use reasonable endeavours to procure that Stanmore declares and pays dividends in an amount not less than 20% of cash surplus of the Group on an annual or more frequent basis (taking into account the expected operating expenses and capital expenditure needs of the Group), this may be different from Stanmore's existing target dividend payout ratio of between 20% - 30% of net profit after tax as announced on 26 February 2020, and it is possible that this may vary further in the future.

(d) The premium implied by Golden Investments' Offer Price is not unreasonable in current circumstances

When calculated with reference to a range of recent Stanmore Share price measures (the closing price as at 1 April 2020, and the 5, 10 and 30 trading day VWAPs, of Stanmore Shares), the premium implied by Golden Investments' Offer Price of \$1.00 per Stanmore Share exceeds 20%. Against the current economic backdrop caused by the global coronavirus pandemic, the Independent Directors believe the premium implied by the Offer is not unreasonable.

Please see section 3.9 for detail on Stanmore's trading price performance over the five year period prior to announcement of the Offer.

Offer Price Compared to Recent Trading Prior to Offer Date



Source: IRESS

Notes:

- (1) 5-Day VWAP based on cumulative volume traded on the ASX and Chi-X from 26 March 2020 (being five trading days prior to the announcement of the Offer) to 1 April 2020 (being the last trading day before the Offer was announced).
- (2) 10-Day VWAP based on cumulative volume traded on the ASX and Chi-X from 19 March 2020 (being ten trading days prior to the announcement of the Offer) to 1 April 2020 (being the last trading day before the Offer was announced).
- (3) 30-Day VWAP based on cumulative volume traded on the ASX and Chi-X from 20 February 2020 (being thirty trading days prior to the announcement of the Offer) to 1 April 2020 (being the last trading day before the Offer was announced).

(e) **The Independent Expert has concluded that the Offer is fair and reasonable to Stanmore Shareholders**

A copy of a report by the Independent Expert, BDO Corporate Finance Ltd, is included as Annexure A to this Target's Statement. The Independent Expert has valued Stanmore Shares in the range between \$0.90 and \$1.39 per Share on a controlling interest basis. Given that the Offer price of \$1.00 per share is within that range, the Independent Expert has concluded that the Offer is fair and reasonable.

A summary of the Independent Expert's reasons for its conclusion are set out in section 2 of the Independent Expert's Report. Your Independent Directors recommend that you read the Independent Expert's Report in full.

1.3 Risks associated with accepting Golden Investments' Offer

While your Independent Directors recommend that you accept the Offer, there are risks associated with accepting the Offer which you should carefully consider in making your decision. These risks include the following:

(a) **You will no longer have exposure to Stanmore's assets and operations**

If you accept the Offer, you will no longer be a Stanmore Shareholder. This will mean that you will not participate in any potential upside that may result from Stanmore remaining a standalone entity, including any increase in the Stanmore Share price.

You will also cease to have a right to influence the future direction of Stanmore through your voting rights as a Stanmore Shareholder. By accepting the Offer for all of your Stanmore Shares, you will no longer have any economic exposure to Stanmore's future operations, results and performance. There is a possibility that economic conditions will

materially improve in the future. Any such improvement may have a positive impact on the future value of Stanmore.

(b) **The taxation consequences of accepting Golden Investments' Offer**

Accepting the Offer may trigger taxation consequences for you. See section 4.4 below for further information.

(c) **If you have accepted Golden Investments' Offer, you will not subsequently be able to sell your Stanmore Shares or accept an increased offer from Golden Investments**

If you accept the Offer, you will no longer be able to trade your Stanmore Shares on market. There is a possibility that the Stanmore Share price may exceed the Offer Price, or that Golden Investments may increase the Offer Price, after you have accepted the Offer. You may consider that you may have the opportunity to dispose of your Stanmore Shares at a price in excess of \$1.00 per Stanmore Share in the future.

(d) **Possibility of a superior proposal**

Once you accept the Offer you will not be able to accept your Stanmore Shares into any superior proposal that may emerge as you will have entered a binding contract for the sale of your Stanmore Shares. However, since Golden Investments holds a majority of the Stanmore Shares on issue, the Independent Directors believe that it is unlikely that a superior proposal for Stanmore will emerge at a later date from a third party.

1.4 Intentions of your Directors in relation to the Offer

Each of Stewart Butel, Stephen Bizzell and Neal O'Connor has a Relevant Interest in Stanmore Shares and intends to accept the Offer in relation to those Stanmore Shares that they own or control.

Neither Jimmy Lim nor Marcelo Matos has a Relevant Interest in any Stanmore Shares.

Details of the Relevant Interests of each Director in Stanmore Shares are set out in section 6.1 of this Target's Statement.

2 FREQUENTLY ASKED QUESTIONS

This section answers some frequently asked questions about the Offer. It is not intended to address all relevant issues for Stanmore Shareholders. This section should be read together with all other parts of this Target's Statement.

References in the Further Information column are to sections in or Annexure A to this Target's Statement.

QUESTION	ANSWER	FURTHER INFORMATION
How do I ACCEPT the Offer?	<p>You should follow the instructions in the Bidder's Statement if you wish to accept the Offer. As explained in the Bidder's Statement, you will need to instruct your Broker or Controlling Participant to accept the Offer on your behalf as the Offer is being made on-market only.</p> <p>Before accepting the Offer, you should read the risks associated with accepting the Offer in section 1.3, as well as the Independent Expert's Report in Annexure A to this Target's Statement.</p> <p>You should note that brokerage or other fees may be payable upon acceptance of the Offer.</p>	<p>Sections 1.3, 4.3(c) and 5.3</p> <p>Annexure A</p> <p>Refer below to 'Will I need to pay brokerage or stamp duty if I accept the Offer?'.</p>
How do I REJECT the Offer?	<p>To reject the Offer, simply do nothing.</p> <p>You should take no action in relation to any calls or correspondence from or made on behalf of Golden Investments regarding the Offer.</p>	Section 4.3(a)
What is this Target's Statement?	This Target's Statement has been prepared by Stanmore and provides Stanmore's response to the Offer, including the recommendation of your Directors.	n/a
What is the Bidder's Statement?	The Bidder's Statement is the document prepared by Golden Investments setting out the terms of the Offer, a copy of which was originally lodged with ASIC and released on the ASX on 2 April 2020.	n/a
What is the Bidder's Offer for my Stanmore Shares?	The Bidder is offering \$1.00 in cash for each Stanmore Share that you hold. The Offer is unconditional.	Section 5.2
What choices do I have as a Stanmore Shareholder?	<p>As a Stanmore Shareholder, you have the following choices in respect of your Stanmore Shares:</p> <ul style="list-style-type: none"> do nothing; 	Section 4.3

QUESTION	ANSWER	FURTHER INFORMATION
	<ul style="list-style-type: none"> • sell some or all of your Stanmore Shares on the ASX (unless you have previously accepted the Offer); or • accept the Offer on market for all or some of your Stanmore Shares. You should be aware that, if you accept the Offer, you will not benefit if the price offered for your Stanmore Shares is subsequently increased. <p>You should note that brokerage or other fees may be payable upon acceptance of the Offer. Refer below to 'Will I need to pay brokerage or stamp duty if I accept the Offer?'.</p> <p>There are several implications in relation to each of the above choices.</p> <p>If you are in any doubt as to what to do, your Independent Directors recommend that you consult with your investment, financial, taxation or other professional adviser.</p>	
<p>What are the risks of rejecting the Offer?</p>	<p>If you reject the Offer, you will remain a Stanmore Shareholder.</p> <p>If you remain a Stanmore Shareholder, you may become a minority shareholder if less than 90% of Stanmore Shares are acquired by the Bidder under the Offer. This has a number of possible implications which are set out in section 4.7 of this Target's Statement.</p> <p>You should also be aware that there are risks associated with remaining a Stanmore Shareholder. Set out in section 4.5 of this Target's Statement are the possible key risks which may affect the future operating and financial performance of Stanmore and the value of Stanmore Shares.</p>	<p>Sections 4.5 and 4.7</p>
<p>Who is the Bidder?</p>	<p>Golden Investments is a private company incorporated in Singapore which was established for the sole purpose of acquiring Stanmore Shares.</p> <p>Golden Investments is currently 99.9999% owned by GEAR and 0.0001% owned by Ascend Global.</p>	<p>n/a</p>

QUESTION	ANSWER	FURTHER INFORMATION
	Further information on the Bidder can be found in section 5 of the Bidder's Statement.	
Does the Bidder currently have a Relevant Interest in Stanmore?	As at close of ASX trading on 27 April 2020, being the Last Practicable Date, the Bidder has a Relevant Interest in 50.57% of Stanmore's Shares.	n/a
What are the Directors recommending?	<p>Your Independent Directors (Stewart Butel, Stephen Bizzell and Neal O'Connor) recommend that you accept the Offer for the reasons explained in section 1.2.</p> <p>Mr Lim is a nominee of the Bidder, Golden Investments, on the Board of Stanmore. As a result of his connection with the Bidder, Mr Lim has not been involved in the preparation or authorisation of this Target's Statement and has declined to make a recommendation on whether or not you should accept the Offer.</p> <p>Mr Matos is a nominee of substantial shareholders associated with Matthew Latimore, who collectively hold approximately 19.70% of the shares in the Company. Mr Matos has advised that, to avoid any possibility of a conflict of interest arising as a result of such nomination, or the perception of such a conflict, he has not been involved in the preparation or authorisation of this Target's Statement and has declined to make a recommendation on whether or not you should accept the Offer.</p> <p>If there is a change in the recommendation of any of your Directors, or there are any material developments in relation to the Offer, your Directors will make the appropriate supplementary disclosure.</p>	Section 1.2
What do Stanmore Directors intend to do with their own Stanmore Shares?	<p>Stewart Butel, Stephen Bizzell and Neal O'Connor have a Relevant Interest in Stanmore Shares. Each of them intends to accept the Offer in respect of the Stanmore Shares that they own or control.</p> <p>Jimmy Lim and Marcelo Matos do not hold any Stanmore Shares.</p>	Sections 1.4 and 6.1
What is the opinion of the Independent Expert?	Stanmore has appointed an Independent Expert, BDO Corporate Finance Ltd, to prepare an Independent Expert's Report	Annexure A

QUESTION	ANSWER	FURTHER INFORMATION
	<p>assessing the Offer, and to provide an opinion on whether or not the Offer is fair and reasonable to Stanmore Shareholders.</p> <p>The Independent Expert has concluded the Golden Investments' Offer is fair and reasonable. The Independent Expert has valued Stanmore Shares between \$0.90 and \$1.39 per Share on a controlling interest basis.</p> <p>A full copy of the Independent Expert's Report is included in Annexure A to this Target's Statement. You should read that report carefully and in its entirety as part of your assessment of the Offer.</p>	
<p>What are the consequences of accepting the Offer now?</p>	<p>If you accept the Offer now, you will be legally bound to sell those Stanmore Shares to Golden Investments and you cannot later withdraw your acceptance or otherwise deal with your Stanmore Shares while the Offer remains open.</p> <p>If you accept the Offer now, you will also not benefit if the Offer Price is subsequently increased.</p>	<p>Section 5.6</p>
<p>I have elected to participate in the Dividend Reinvestment Plan, will the Offer extend to Shares issued to me under that plan?</p>	<p>Shareholders who elected to participate in the Dividend Reinvestment Plan in respect of the FY2020 interim dividend announced to the ASX on 26 February 2020 will be issued those Shares under the Dividend Reinvestment Plan on 30 April 2020. Under the terms of Golden Investments' Offer, the Offer extends to those Shares issued under Stanmore's Dividend Reinvestment Plan, so you can accept the Offer in respect of those Shares, once issued.</p>	<p>Section 3.12</p>
<p>If I am eligible to participate in the Bonus Share Issue, will the Offer extend to any Bonus Shares issued to me?</p>	<p>As announced to the ASX on 17 April 2020, all eligible Stanmore Shareholders at 5pm (AEST) on the record date of 28 April 2020 will receive 1 free Stanmore Share for every 33 Stanmore Shares held on the record date. Bonus Shares will be issued on 4 May 2020.</p> <p>Golden Investments' Offer is expressed to extend to Stanmore Shares issued prior to the end of the Offer Period and will therefore extend to the Bonus Shares to be issued to eligible Stanmore Shareholders.</p>	<p>Section 3.13</p>

QUESTION	ANSWER	FURTHER INFORMATION
When does the Offer close?	<p>The Offer is presently scheduled to close at 4.00pm (Sydney time) on 18 May 2020 (unless withdrawn in accordance with the Corporations Act), but the Offer Period can be extended in certain circumstances. The Bidder can only withdraw in respect of unaccepted offers in exceptional circumstances.</p> <p>If you intend to accept the Offer, and you are entitled to receive Shares under the DRP and/or the Bonus Share Issue, you may wish to delay your acceptance of the Offer until after your DRP Shares and/or Bonus Shares have been issued (4 May 2020 for Bonus Shares). This will avoid the need to accept for your original parcel of Shares, and then again later for your DRP Shares and/or Bonus Shares. Also, if you accept for your original parcel of Shares, and then again later for your DRP Shares and/or Bonus Shares, this may result in you paying higher aggregate brokerage fees than if you accept once for your original parcel together with your DRP Shares and/or Bonus Shares.</p>	Sections 5.4 and 5.5
Are there any conditions to the Offer?	No, the Offer is unconditional.	n/a
Can I buy Stanmore Shares during the Offer Period?	Yes. Notwithstanding the Offer, you can still continue to buy Stanmore Shares as you normally would through the ASX during the Offer Period.	n/a
If I choose to accept the Offer, when will I receive my consideration?	If you accept the Offer, the usual rules for settlement of transactions which occur on market on the ASX will apply. Once you have accepted the Offer and sold your Stanmore Shares, you will receive payment within 2 trading days of selling your Stanmore Shares.	Section 5.7
Can Golden Investments vary the Offer?	<p>Golden Investments can vary the Offer by extending the Offer Period or increasing the Offer Price (although any increase in the Offer Price will not apply to you if you have previously accepted the Offer). If Golden Investments extends the Offer Period, it must announce the extension to the ASX.</p> <p>Golden Investments cannot increase the Offer Price during the last five trading days of the Offer Period.</p>	Sections 5.4 and 5.6

QUESTION	ANSWER	FURTHER INFORMATION
Can Golden Investments withdraw the Offer?	<p>The Corporations Act permits the withdrawal of unaccepted Offers only in exceptional circumstances.</p> <p>Golden Investments may withdraw unaccepted Offers if certain insolvency events occur during the bid period, regardless of Golden Investments' voting power at that time.</p> <p>Golden Investments cannot withdraw its Offer in respect of Stanmore Shares which have been accepted into the Offer.</p> <p>For further details, see section 2.9 of the Bidder's Statement.</p>	Section 5.5
Will Golden Investments increase the Offer?	<p>Golden Investments has not declared its Offer to be final. Accordingly, Golden Investments could increase its Offer if it chooses. However, Golden Investments cannot increase the Offer Price during the last five trading days of the Offer Period.</p> <p>Stanmore cannot speculate on whether Golden Investments will increase its Offer as this is a matter for Golden Investments.</p>	n/a
What happens if I accept the Offer now and the Offer Price is increased?	If you accept the Offer now, you will not benefit if the Offer Price is subsequently increased.	Section 5.6
What if there is a competing takeover bid?	<p>If a competing takeover bid is received prior to the end of the Offer Period, this will be announced to the ASX and the Board will carefully consider the proposal and advise Shareholders of their recommendation.</p> <p>If you have already accepted the Offer, then you will not be able to participate in a competing proposal from a third party which may emerge.</p>	Refer above to 'What are the consequences of accepting the Offer now?'
Can I be forced to sell my Stanmore Shares?	<p>You cannot be forced to sell your Stanmore Shares unless Golden Investments compulsorily acquires your Stanmore Shares.</p> <p>Golden Investments, together with its Associates, will need to obtain a Relevant Interest in 90% or more of the total issued Stanmore Shares in order to proceed to compulsory acquisition.</p>	Section 4.7(c)

QUESTION	ANSWER	FURTHER INFORMATION
	<p>If Golden Investments proceeds to compulsory acquisition of Stanmore Shares from Shareholders who did not accept the Offer, those Shareholders will receive the Offer Price for their Stanmore Shares, or, if the Offer Price is increased by Golden Investments, the increased Offer Price.</p> <p>Golden Investments' intentions with respect to compulsory acquisition are set out in section 7.4 of the Bidder's Statement. In summary, Golden Investments has indicated that if it becomes entitled to do so under the Corporations Act, it intends to compulsorily acquire any outstanding Stanmore Shares in accordance with the Corporations Act.</p>	
<p>What are the tax implications of accepting the Offer?</p>	<p>A general outline of the tax implications of accepting the Offer for certain Australian residents is set out in section 11 of the Bidder's Statement.</p> <p>As the outline is a general outline only and does not take into account the particular circumstances of each Stanmore Shareholder, Stanmore Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>	<p>n/a</p>
<p>Will I need to pay brokerage or stamp duty if I accept the Offer?</p>	<p>As the Offer is an on-market takeover offer, Stanmore Shareholders may only accept the Offer through Brokers or Controlling Participants who are members of the ASX. You should ask your Broker or Controlling Participant if any fees or charges will apply. Any fees or other charges of such Brokers or Controlling Participants will be your responsibility, as the accepting Stanmore Shareholder.</p> <p>Golden Investments has stated in its Bidder's Statement that no stamp duty or GST will be payable by you on the transfer of your Stanmore Shares pursuant to the Offer (other than GST payable to your Broker in respect of brokerage fees charged to you).</p>	<p>n/a</p>
<p>Is there a number that I can call if I have further queries in relation to the Offer?</p>	<p>If you have any further queries in relation to the Offer, you can call Stanmore on +61 7</p>	<p>n/a</p>

QUESTION	ANSWER	FURTHER INFORMATION
	3238 1000 Monday to Friday between 9:00am and 5:00pm (AEST). Calls to Stanmore may be recorded.	

3 OVERVIEW OF STANMORE

3.1 Business overview

Stanmore is an independent Australian coal company established in 2008 and listed on the ASX in 2009 (ASX: SMR). The principal activities of Stanmore include the exploration, development, production and sale of metallurgical and thermal coal in Queensland, Australia. The Company's head office is located in Brisbane, Queensland.

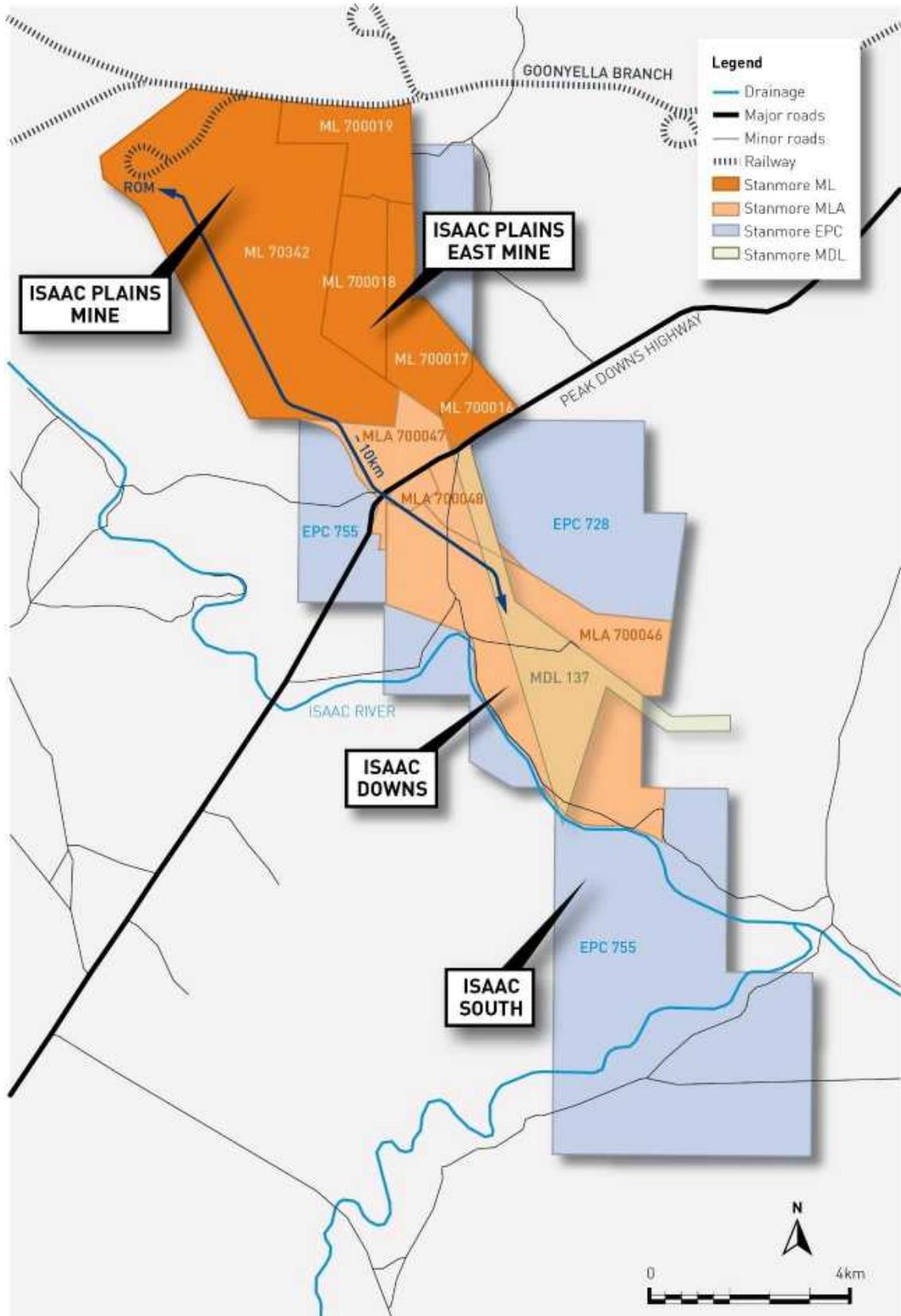
Stanmore owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region. The Isaac Plains Complex encompasses a portfolio of operational mines and projects including:

- (a) the original Isaac Plains coking coal mine (***Isaac Plains***);
- (b) the adjoining Isaac Plains East coking coal mine (with first coal mined in August 2018) (***Isaac Plains East***);
- (c) the Isaac Downs project (***Isaac Downs***);
- (d) the Isaac South project (***Isaac South***); and
- (e) the Isaac Plains Underground project (***Isaac Plains Underground***).

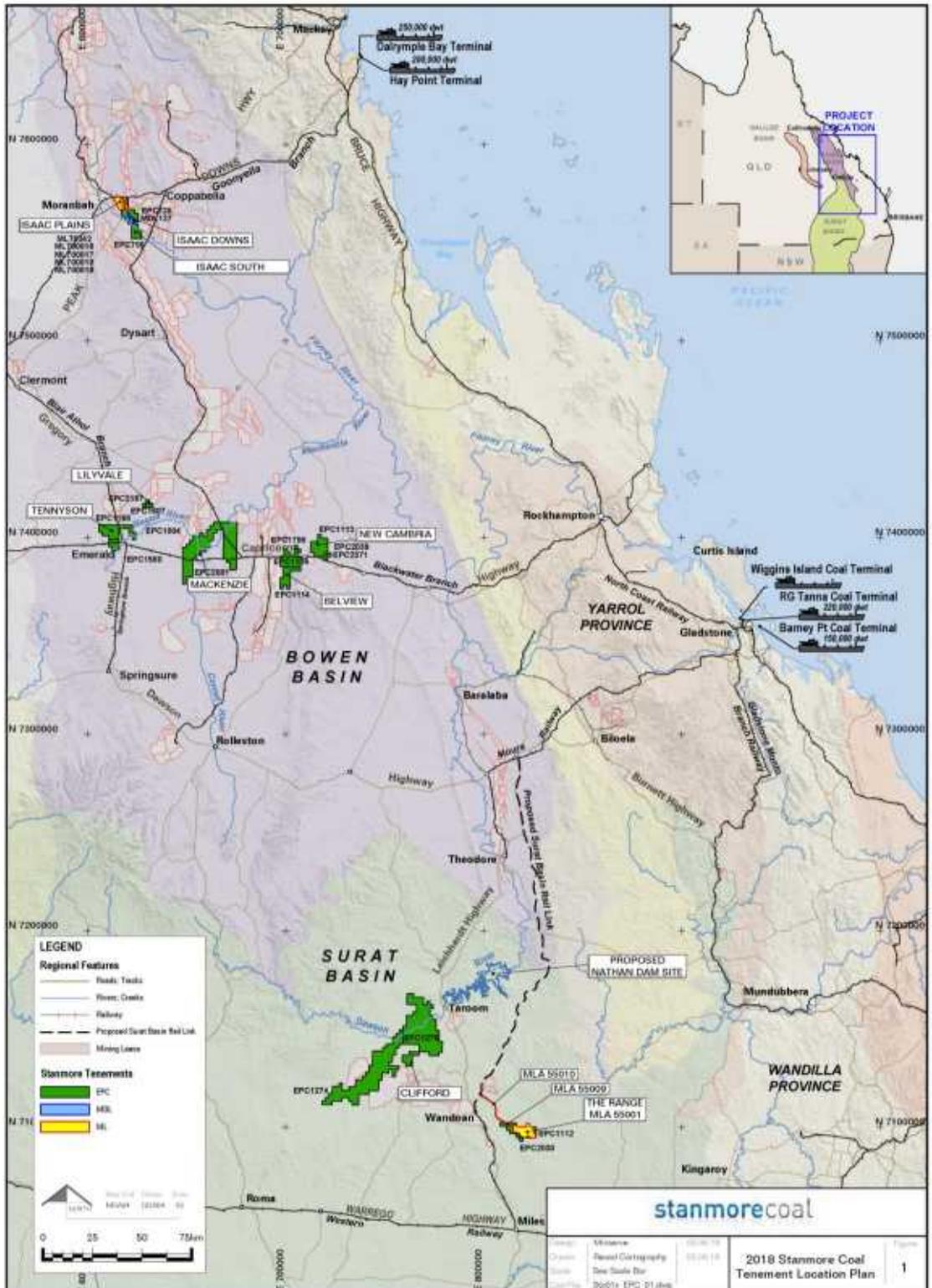
The Company is focused on the creation of shareholder value via the efficient operation of Isaac Plains and Isaac Plains East, the development of Isaac Downs and identification of further development opportunities within the region. In addition, Stanmore holds a number of high-quality development assets (both coking and thermal coal resources) located in the Bowen and Surat Basins in Queensland.

The following maps show the Isaac Plains Complex and Stanmore's portfolio of other tenements, and their locations relative to existing rail and port infrastructure. Further detail about Stanmore's assets is set out in section 3.2.

Isaac Plains Complex



Stanmore Coal Assets



3.2 Asset overview

A brief summary of Stanmore's assets is set out below.

(a) Isaac Plains Complex

Coal Type	Coking and thermal
Tenements	ML 70342, ML 700018, ML 700019 (Isaac Plains and Isaac Plains Underground) ML 700016, ML 700017, ML 700018, ML 700019 (Isaac Plains East) MLA 700046, MLA 700047, MLA 700048, MDL 137, EPC 728 (Isaac Downs) EPC 755 (Isaac South)
Location	7km east of Moranbah
Area	ML and MDLs 40km ² , EPCs 89km ² (partly underlying MLs & MDLs)
Total Coal Resource	167Mt ² (64Mt Measured; 56.6Mt Indicated; 46Mt Inferred) ²
Total ROM Coal Reserves	50.4Mt ² (27.3Mt Proved; 23.1Mt Probable)
Total Marketable Coal Reserve	35.1Mt ² (19.1Mt Proved; 16.0Mt Probable)
Ownership	100% owned by Stanmore

The Isaac Plains Complex represents Stanmore's platform asset. It is located approximately 7km to the east of Moranbah in Central Queensland. The surrounding area is a prime coking coal region within the Bowen Basin, with a number of nearby operating mines and development assets owned by third parties.

The region is well serviced by the coal ports of Dalrymple Bay Coal Terminal (**DBCT**) and the Hay Point Coal Terminal near Mackay. The complex has its own dedicated Coal Handling and Preparation Plant (**CHPP**). It also has access to rail infrastructure, with product coal transported 172km by rail to DBCT. Coal is trucked to the CHPP and washed to form a product at a total yield of 81.0% as of FY2019.

(i) Isaac Plains

Stanmore completed the acquisition of Isaac Plains in November 2015 after it had been placed under care and maintenance by its previous owners in late 2014. The acquisition provided Stanmore not only with an established coking coal mining operation, but a strategic platform to commence progression into Isaac Plains East.

Isaac Plains recommenced mining operations in January 2016. Stanmore achieved first coal sales from Isaac Plains in May 2016. During FY2019, Stanmore's operations moved from the Isaac Plains mining area to the Isaac Plains East area. The dragline moved from Isaac Plains to Isaac Plains East in December 2018 safely, on time and on budget.

(ii) Isaac Plains East

Following the successful transition of mining operations to Isaac Plains East from Isaac Plains in December 2018, Stanmore realised a reduced cost of production due to the favourable geological conditions and lower strip ratio pits.

² See section 3.3 for details in relation to Stanmore Coal Resources & Coal Reserves.

Stanmore completed the acquisition of MDL 135 and the rights to a part of MDL 137, which formed the basis of Isaac Plains East in September 2015. Isaac Plains East leverages the existing Isaac Plains Complex coal processing and transport infrastructure, resulting in a minimal risk, low capital cost program. All coal is shipped through DBCT.

During the first half of FY2019 Stanmore secured additional long-term port capacity through DBCT. The additional long-term port capacity provided Stanmore with the ability to increase production levels to 2.4Mt per annum of saleable coal.

Of the coal sales made during FY2019, 1.299Mt was sold to existing term customers, with the balance sold to new customers or to well established coal traders. Stanmore is continuing to work on selling to new customers and markets where it makes financial sense to do so.

A total of 813kt of ROM coal was extracted for the quarter ended 31 March 2020, with 665kt of saleable coal produced. Sales in the March quarter were 615kt at an average achieved price of US\$100/tonne.³

(iii) Isaac Downs

Stanmore completed the acquisition of Isaac Downs (formerly known as Wotonga South) in June 2018. Isaac Downs will be operated as an open-cut metallurgical coal mine that is expected to produce approximately 24.5 million tonnes over 8-12 years. The project will be a satellite operation utilising the existing Isaac Plains Complex coal processing and transport infrastructure, with coal washing and train loading activities all undertaken at the existing CHPP.

The deposit has Coal Resources of 33Mt and is located 10 kilometres south of the existing Isaac Plains operations. Coal quality information for Isaac Downs indicates the operation will have the capability to produce semi-hard coking coal, a mid-volatility pulverised coal injection product, as well as a range of semi-soft coking coals.

Subject to regulatory approvals, construction and mining operations are expected to commence in 2021. Isaac Downs will provide Stanmore with the right to develop a new open cut mining operation, thereby significantly extending the life of the Isaac Plains Complex.

In order for Isaac Downs to proceed to development, mining lease(s) and environmental approvals (both State and Federal) will need to be obtained. Native title and landowner compensation will also need to be addressed in order for the mining lease(s) to be granted. The Environmental Impact Statement has been publicly notified and is available on the Stanmore website at www.stanmorecoal.com.au. Stanmore anticipates that the approvals will be granted in 2021 and project timing remains to deliver first coal from Isaac Downs in the first quarter of calendar year 2022.⁴ However, obtaining the regulatory approvals, and the timing of such approvals, is not certain.

Additional exploration drilling has been undertaken to help evaluate and inform a bankable feasibility study for Isaac Downs, including more detailed mine planning optimisation. This work scope is currently progressing and a new Isaac Downs JORC compliant Resource and Reserve Statement will be prepared and finalised in conjunction with the bankable feasibility study.

³ Further information can be found in the March 2020 Quarterly Production Report released to the ASX on 9 April 2020 and which can be found on the Stanmore website at www.stanmorecoal.com.au.

⁴ Subject to receiving no objections to the mining lease and environmental authority.

(iv) Isaac South

Stanmore completed the acquisition of Isaac South in November 2015 as part of the same transaction in which Stanmore acquired Isaac Plains. The Isaac South deposit lies approximately 12 kilometres south-east of Isaac Plains, and is immediately south of Isaac Downs.

In a release to the ASX on 27 July 2018 titled 'Coal Resource – Isaac South Project', Stanmore announced total Coal Resources of 52Mt within the Isaac South area. These Coal Resources had been upgraded to the standard required by the JORC Code 2012 and represents coal within Stanmore's wholly owned tenement.

Exploration is planned for the tenement to further assess the opportunity to provide additional ROM feed for the Isaac Plains Complex infrastructure.

(v) Isaac Plains Underground

The bankable feasibility study completed in FY2019 confirmed the financial viability of the Isaac Plains Underground project with potential production of on average 1.2Mt saleable per annum from year 2 of the production plan. Given this production capacity, when combined with open cut sources from Isaac Plains East and Isaac Downs, Stanmore does not currently have enough capacity at the existing CHPP or contracted port capacity to warrant the simultaneous development of Isaac Downs and Isaac Plains Underground. Given these constraints, a decision to develop the Isaac Plains Underground project has been deferred until mining at Isaac Downs is largely completed.

(b) Surat Basin Complex

(i) Clifford

Coal Type	Thermal
Tenements	EPC 1274, EPC 1276
Area	820km ²
Location	Surat Basin - north-west of Wandoan
Coal Resource	630Mt (200Mt Indicated; 430Mt Inferred)
Ownership	60% owned by Stanmore 40% owned by the Japan Oil, Gas and Metals National Corporation

The Clifford thermal coal project (**Clifford**) covers approximately 820km² in Queensland's prospective Surat Basin. The project is located near Stanmore's The Range project (**The Range**), a potential 5 Mtpa open cut export grade thermal coal project. Clifford adjoins Glencore's Wandoan Project and is targeting thermal coal deposits at depths amenable to open cut mining.

(ii) The Range

Coal Type	Thermal
Tenements	EPC 1112, EPC 2030 MLA 55001, MLA 55009, MLA 55010
Area	90km ²
Location	Surat Basin – 24km south-east of Wandoan

Coal Resource	Total of 286Mt high quality open pit thermal coal (18Mt Measured, 187Mt Indicated, 81Mt Inferred Resource)
Coal Reserve	Total of 116.6Mt (Probable)
Ownership	100% owned by Stanmore

A definitive feasibility study completed in February 2013 covering geology, mining and infrastructure confirmed The Range as a high quality, export grade, thermal coal project expected to be capable of producing 94Mt of product over a 22 year life. Stanmore's focus continues to be on the investigation of possible rail infrastructure to link the project with the Port of Gladstone. Until there is certainty as to timing of the rail solution, Stanmore will continue with environmental monitoring and other minor on-site activities to maintain compliance with approvals. In March 2019 a new site specific Environmental Authority was applied for and this application was accepted by the Department of Environment and Science (**DES**) as appropriate to re-activate the DES approval process. The mining lease applications remain 'on foot' pending the outcome of the Environmental Authority approval process.

(c) **Other Projects**

(i) **Belview**

Coal Type	Coking
Tenements	EPC 1114, EPC 1186, EPC 1798
Area	125km ²
Location	Bowen Basin – 10km south-east of Blackwater
Coal Resource	330 Mt (50Mt Indicated, 280Mt Inferred Resource)
Ownership	100% owned by Stanmore

The Belview project (**Belview**) is a potential large scale, metallurgical coal project located in the heart of Queensland's Bowen Basin. Belview currently hosts a 330Mt JORC Coal Resource (50Mt Indicated and 280Mt Inferred) suitable for underground mining.

(ii) **Lilyvale**

Tenements	EPC 1687, EPC 2157
Area	13km ²
Location	Bowen Basin – 25km north-east of Emerald
Coal Resource	33Mt (33Mt Inferred)
Ownership ⁵	85% Stanmore 15% Bowen Coking Coal

The Lilyvale project (**Lilyvale**) is located 25km north-east of Emerald and adjacent to the operating Kestrel South coking coal mine and the Gregory-Crinum coking coal mine, and is also adjacent to an MDL held by Idemitsu as part of the Ensham mine tenements. The project hosts the German Creek seam from 336m in depth with a typical thickness across

⁵ Lilyvale is a joint venture arrangement between Stanmore and Bowen Coking Coal Pty Ltd (**Bowen Coking Coal**). Stanmore and Bowen Coking Coal have an 85% and 15% ownership interest in Lilyvale respectively.

the project area of 2.2m to 2.5m. Geologically, the project and surrounding areas are well understood and not expected to be complex.

The project area has defined JORC Resource of 33Mt (at an Inferred level). Further exploration is planned to define additional resources.

(iii) Mackenzie

Tenements	EPC 2081
Area	347km ²
Location	Bowen Basin – West, north and east surrounding Comet
Coal Resource	143Mt (25.7Mt Indicated; 117Mt Inferred)
Ownership ⁶	95% owned by Stanmore 5% owned by Bowen Coking Coal

The Mackenzie project (**Mackenzie**) is a potential open-cut project with high ash low yielding coking coal potential.

(iv) Tennyson

Tenements	EPC 1168, EPC 1580
Area	111km ²
Location	Bowen Basin – 2km North of Emerald
Coal Resource	139Mt Inferred
Ownership	100% owned by Stanmore

The Tennyson project (**Tennyson**) is a potential underground project within the Rangal Coal Measures with the potential to produce a low ash mid-energy thermal coal.

3.3 Stanmore's Coal Resources and Coal Reserves

This section contains information about Stanmore's Coal Reserves and Coal Resources estimates as reported under the JORC Code 2012 (other than where qualified) in an announcement entitled '2019 Annual Coal Resources & Reserves Summary' (the **Resources & Reserves Report 2019**) released on the ASX on 30 August 2019 and which can be found on the Stanmore website at www.stanmorecoal.com.au.

The information in this section is a summary only and has been prepared and extracted for the purposes of this Target's Statement only.

Stanmore confirms that at the date of this Target's Statement it is not aware of any new information or data that materially affects the information included in the Resources & Reserves Report 2019 and that all material assumptions and technical parameters underpinning the estimates in the Resources & Reserves Report 2019 continue to apply and have not materially changed. Further exploration and coal quality drilling has been undertaken for Isaac Downs to increase the knowledge of the coal resource and support the development of the bankable feasibility study. The coal quality analysis is ongoing and further exploration is also planned. It is proposed that a new Isaac Downs JORC compliant Resource and Reserve Statement will be prepared and finalised in conjunction with the bankable feasibility study for Isaac Downs.

⁶ Mackenzie is a joint venture arrangement between Mackenzie Coal Pty Ltd (a wholly owned subsidiary of Stanmore) and Bowen Coking Coal. Stanmore has a 95% ownership interest in the project and Bowen Coking Coal has a 5% ownership interest with Bowen Coking Coal, having the potential to earn up to a 9% ownership interest through the provision of technical and study management services.

Stanmore confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcement.

(a) **Coal Resources for all of Stanmore's tenements**

Figure 1 below summarises the current status of Coal Resource definition for Stanmore's portfolio of operating mines and projects – June 2019.

Figure 1 – Stanmore Coal Resources

Stanmore Coal – Coal Resources, June 2019								
Project Name	Tenement	Coal Type *	Measured Coal Resources	Indicated Coal Resources	Inferred Coal Resources	Total Coal Resources	Competent Person	Report Date
Isaac Plains	ML 70342, ML 700018, ML 700019	C, T	22.2	21.3	9	52	A	May-18
Isaac Plains East	ML 700016, ML 700017, ML 700018, ML 700019	C	12.9	8.8	8	30	A	May-18
Isaac Downs (Wotonga South)	MDL 137, EPC 728	C, PCI	17.0	12.0	4	33	B	Dec-18
Isaac South	EPC 755	C, T	11.9	14.5	25	52	C	Jun-18
Isaac Plains Complex	Sub Total		64.0	56.6	46	167		
Clifford	EPC 1274, EPC 1276	T	0.0	200.0	430	630	D	Aug-16
The Range	EPC 1112, EPC 2030	T	18.1	187.0	81	286	A	Oct-12
Surat Basin Complex	Sub Total		18.1	387.0	511	916		
Mackenzie	EPC 2081	C, T	0.0	25.7	117	143	A	Nov-11
Belview	EPC 1114, EPC 1186, EPC 1798	C, PCI	0.0	50.0	280	330	A	Mar-15
Tennyson	EPC 1168, EPC 1580	T	0.0	0.0	139	139	A	Dec-12
Lilyvale	EPC 1687, EPC 2157	C	0.0	0.0	33	33	A	Feb-19
Total Coal Resources	Sub Total		82.1	519.3	1126	1728		

***Coal Types Potential Legend**

C – Coking Coal, semi-soft or greater potential
 PCI – Pulverised Coal Injection
 T – Export Thermal grade

Competent Person

A – Troy Turner - Xenith
 B – James Knowles - Measured Group
 C – Mal Blaik - JB Mining
 D – Oystein Naess - Xenith

Note 1: All Coal Resources are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (*the JORC Code*) applicable at the time each report was published. Reports dated 2012, and earlier, used the JORC 2004 version, reports dated after 2012 reported against the requirements of the 2012 JORC code. None of the resources reported using JORC 2004 have been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was originally reported.

Note 2: For all Resources reported under the JORC 2012 Code, Stanmore confirms that it is not aware of any new information or data that materially affects the information included in this announcement and in the case of each of the reported JORC 2012 estimates of coal resources, that all material assumptions and technical parameters underpinning the estimates provided in this announcement continue to apply and have not materially changed.

Note 3: Rounding to the nearest significant figure is applied to Total Resource Tonnes in the Inferred Category. This is deemed conservative and reflective of the Inferred Resource category confidence level and accounts for the minor differences in the overall total reported resources.

Note 4: All Coal Resources are reported on a 100% basis; Stanmore's economic interest in Clifford is 60%, Mackenzie is 95%, and Lilyvale is 85%, all other tenure is 100% owned by Stanmore.

Figure 2 below summarises the results of the mine planning work undertaken to define Coal Reserves and Marketable Coal Reserves for Stanmore's portfolio of operating mines and projects as at June 2019.

Figure 2 – Stanmore Coal Reserves

Stanmore Coal – Coal Reserves, June 2019									
Project Name	Tenement	Coal Reserves			Marketable Coal Reserve			Competent Person	Report Date
		Proved	Probable	Total	Proved	Probable	Total		
Isaac Plains Open-cut	ML 70342	1.0	0.1	1.1	0.7	0.0	0.7	E	Aug-19
Isaac Plains East Open-cut	ML 700016, ML 700017, ML 700018, ML 700019	9.4	2.6	11.9	7.2	2.0	9.2	E	Aug-19
Isaac Plains Underground	ML 70342, ML 700018, ML 700019	0.0	12.9	12.9	0.0	9.4	9.4	F	Apr-18
Isaac Downs	MDL 137, EPC 728	17.0	7.5	24.5	11.2	4.6	15.8	E	Dec-18
Isaac Plains Complex	Sub Total	27.3	23.1	50.4	19.1	16.0	35.1		
The Range	EPC 1112, EPC 2030, MLA 55001	0.0	116.6	116.6	0.0	94.2	94.2	G	Jul-11
Total Coal Reserves	Sub Total	27.3	139.7	167.0	19.1	110.2	129.3		

***Coal Type Ratio – Coking: Thermal
(% of Marketable Coal Reserve)**

Isaac Plains OC	69%:31%
Isaac Plains East OC	98%:2%
Isaac Plains Underground	88%:12%
Isaac Downs	100% Coking
The Range	100% Thermal

Competent Person

E – Tony O'Connel - Optimal / Measured Group
F – Mark McKew - Geostudy
G – Richard Hoskings - Minserve

Note 1: All Coal Reserves are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**the JORC Code**) applicable at the time each report was published. Reports dated 2012, and earlier, used the JORC 2004 version, reports dated after 2012 reported against the requirements of the 2012 JORC code. None of the resources reported using JORC 2004 have been updated to comply with JORC 2012 on the basis that the information has not materially changed since it was originally reported.

Note 2: For all Reserves reported under the JORC 2012 Code, Stanmore confirms that it is not aware of any new information or data that materially affects the information included in this announcement and in the case of each of the reported JORC 2012 estimates of coal reserves, that all material assumptions and technical parameters underpinning the estimates provided in this announcement continue to apply and have not materially changed.

Note 3: Totals may not be exact due to significant figure rounding.

Note 4: The Reserves quoted for The Range were established in 2011 under the relevant JORC Code at the time and used a coal price of A\$120/tonne for benchmark NEWC thermal coal equivalent. These Reserves were supported by a Feasibility Study that assumed the completion of the Surat Basin rail to connect the mine to the Port of Gladstone.

Note 5: All Reserves are reported on a 100% basis, and Stanmore Coal's economic interest in the tenure above is 100%.

Note 6: The IP & IPE Coal Reserves above, are based upon the May 2018 Coal Resource Report. This May 2018 Resource Report does not include a reduction due to mining depletion during FY19 of approximately 3 Million tonnes.

Note 7: The Isaac Downs Reserves are reported as 65% semi-hard coking coal and 35% pulverised coal injection (**PCI**).

(b) **Coal Resource and Coal Reserve Status at the Isaac Plains Complex by category**

Figure 3 below summarises the Coal Resources for the Isaac Plains Complex by category for June 2019, namely Isaac Plains (**IP**), Isaac Plains East (**IPE**), Isaac Downs (**ID**) and Isaac South (**IS**).

Figure 3 – Coal Resources Status at the Isaac Plains Complex by category

Resource Category	Coal Resources (as at end June 2018)	Updated Coal Resources (as at end June 2019)			
	IPC	IP & IPE	ID	IS	Total
Measured (Mt)	65.7	35.1	17	11.9	64.0
Indicated (Mt)	48.2	30.1	12	14.5	56.6
Total M&I Resources (Mt)	113.9	65.2	29	26.4	120.6
Inferred (Mt)	43	17	4	25	46
Total Resources (Mt)	157	82.2	33	52	167

Note 1: IPC – includes Resources at Isaac Plains, Isaac Plains East, and Isaac Downs areas; IP – Isaac Plains; IPE – Isaac Plains East; ID – Isaac Downs Project; IS – Isaac South Project (within EPC755).

Note 2: The IPC Coal Reserves above shows the May 2018 Coal Resource Report and does not include a reduction due to mining depletion during FY19 of approximately 3 Million tonnes.

Figure 4 below summarises the Coal Reserves for the Isaac Plains Complex by category and project area as at June 2019, namely Isaac Plains Complex, Isaac Plains Underground Project and Isaac Downs Project.

Further definition of the Isaac Downs Project area included an assessment of Coal Resources and Coal Reserves that combine the MDL137 and EPC728 areas acquired from Peabody in 2018 with areas of EPC755 held by Stanmore. The formal update was provided to the market on 21 December 2018.

Figure 4 – Coal Reserve Status at the Isaac Plains Complex by category and project area

Resource Category	Previous Coal Reserves			Updated Coal Reserves				Change
	(as at March 2018)	(as at Dec 2018)	2018	(as at end June 2019)				
	IP Complex (IP, IPE & IPU)	ID	Total	IP & IPE	IPU	ID	Total	
Proved (Mt)	12.1	17	29.1	10.3	-	17	27.3	-6.2%
Probable (Mt)	15.7	7.5	23.2	2.7	12.9	7.5	23.1	-0.4%
Total Recoverable Reserve (Mt)	27.8	24.5	52.3	13	12.9	24.5	50.4	-3.6%
Coking coal (Mt)	19.1	15.8	34.9	9.6	8.2	15.8	33.6	-3.7%
Thermal coal (Mt)	1.8		1.8	0.4	1.2		1.6	-11.1%
Total Marketable Reserve (Mt)	20.9	15.8	36.7	10	9.4	15.8	35.2	-4.1%

Note 1: IPC – Isaac Plains Complex, IPU – Isaac Plains Underground Project; ID – Isaac Downs Project.

Note 2: The IPC Opencut figures have been updated as at end June 2019 and include the 3 million tonnes of mining depletion.

3.4 Historical financial information

Stanmore's last published audited financial statements (audited by BDO Audit Pty Ltd) are for FY2019 and were lodged with the ASX on 22 August 2019. Stanmore's last published unaudited financial statements were for the half year ended 31 December 2019 and were lodged with the ASX on 26 February 2020.

Details of Stanmore's operational, financial and exploration activities of the intervening period is provided in Stanmore's Quarterly Production Report lodged with the ASX on 9 April 2020 for the quarter ended 31 March 2020.

Copies of these reports may be obtained from the Stanmore website at www.stanmorecoal.com.au.

3.5 Operational updates

On 16 March 2020, Stanmore announced the appointment of Mr Craig McCabe as CEO of Stanmore, commencing on 1 April 2020.

In Stanmore's Quarterly Production Report announced to the ASX on 9 April 2020, Stanmore released its operational update for the quarter ended 31 March 2020. In particular, Stanmore reported a strong quarter of coal mining with 813kt ROM mined and 665kt saleable coal produced.

The full announcements can be found on the ASX website at www.asx.com.au.

3.6 FY2020 guidance

In an announcement to the ASX on 9 April 2020, Stanmore announced that full year production guidance is maintained at 2.35Mt produced and underlying Free on Board costs guidance of \$107/product tonne coal sold is also maintained. Stanmore also provided guidance that it expected FY2020 underlying EBITDA⁷ for the 12 months ending 30 June 2020 to be in the range between \$92 million and \$100 million based upon the then current level of COVID-19 operating restrictions remaining in place for the balance of FY2020, no adverse coal price and exchange

⁷ Underlying EBITDA is a non-IFRS measure. It reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Stanmore Group.

rate movements and no disruption to the currently forecast and contracted sales volumes being taken by customers.

On 27 April 2020, Stanmore announced that it has revised its FY2020 underlying EBITDA for the 12 months ending 30 June 2020 to be in the range between \$80 million and \$85 million and that it expects unit costs per tonne to increase slightly above guidance of A\$107/tonne sold, ex royalty, to A\$109/tonne sold, due to the unfolding impacts of COVID-19. Stanmore expects COVID-19 to impact earnings in the June 2020 quarter as a result of term customers deferring delivery of coal shipments until later in the year, reductions in coking coal prices and fewer tonnes being sold as well as measures put in place by Stanmore and its suppliers to manage the impacts of COVID-19.

3.7 Board and management

(a) Board

The Board comprises the following members as at the date of this Target's Statement:

Name	Position
Stewart Butel	Chairman and Independent Non-Executive Director
Stephen Bizzell	Independent Non-Executive Director
Neal O'Connor	Independent Non-Executive Director
Jimmy Lim	Non-Executive Director
Marcelo Matos	Non-Executive Director

The Company announced the resignation from the Board of:

- Darren Yeates on 6 February 2020; and
- Dan Clifford on 18 October 2019.

Summaries of the qualifications and experience of Stewart Butel, Stephen Bizzell and Neal O'Connor are set out in the 2019 Annual Report.

Summaries of the qualifications and experience of Jimmy Lim and Marcelo Matos are set out below.

Jimmy Lim, Non-Executive Director

Mr Lim was appointed to the Stanmore Board on 23 October 2019 as nominee Director of Golden Investments.

Mr Lim has over 17 years' experience in finance and investment management in the metals and mining sector, with extensive industry relationships in Australia and globally.

Mr Lim worked for EY and KPMG in Perth and JP Morgan in Melbourne, advising some of the world's largest miners. Thereafter, he moved to Morgan Stanley then Goldman Sachs to cover Metals and Mining in Asia ex-China. Mr Lim is a Fellow of FINSIA and holds an MBA and degrees in Engineering and Science from the University of Western Australia.

Marcelo Matos, Non-Executive Director

Mr Matos was appointed to the Stanmore Board on 27 November 2019 as nominee Director of Stanmore's second largest shareholders Mr Matt Latimore and M Resources Pty Limited.

Mr Matos has over 20 years' experience in management, marketing and business development roles in the mining sector in Australia, Asia, Mozambique and Brazil.

Mr Matos worked for Vale for many years in various senior roles, including as its Chief Marketing and Strategy Officer for Coal as well as its Managing Director in Australia. Mr Matos is currently the Chief Commercial Officer for M Resources, holds a Bachelor of Business Administration degree from the Pontifical Catholic University, Rio, Brazil, and an Executive MBA from IBMEC Business School.

(b) **Senior executive management team**

Stanmore's senior executive management team comprises the following persons as at the date of this Target's Statement:

Name	Position
Craig McCabe	Chief Executive Officer
Ian Poole	Chief Financial Officer and Company Secretary
Bernie O'Neill	General Manager – Operations
Jon Romcke	General Manager – Development
Brendan Schilling	Group Manager – Marketing and Logistics

3.8 Substantial Shareholders

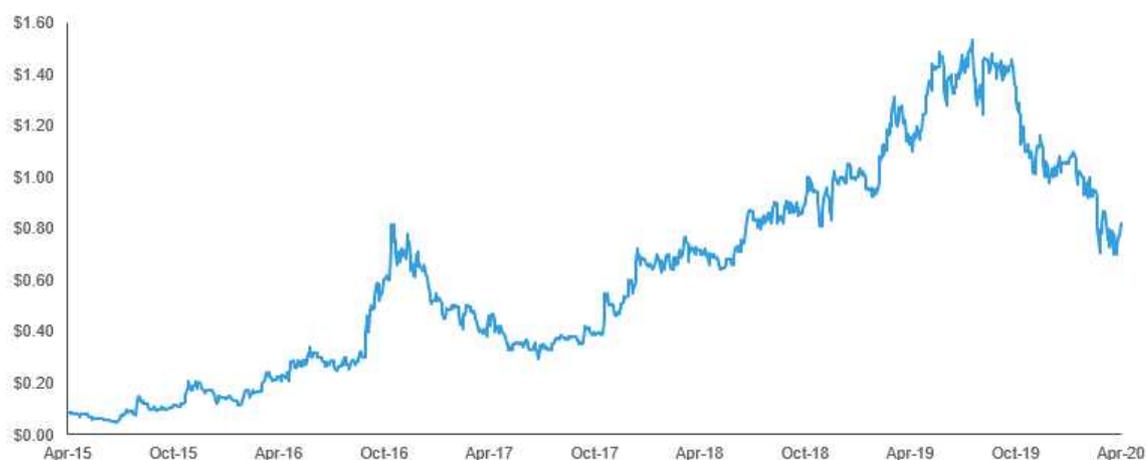
The following persons have substantial holdings (within the meaning of the Corporations Act) in Stanmore Shares as at the Last Practicable Date based on Substantial Shareholder notice lodgements with the ASX which are available on the ASX website:

Shareholder	Number of Shares	% of all Shares on issue
Golden Energy and Resources Limited, Golden Investments (Australia) Pte. Ltd., PT Dian Swastatika Sentosa Tbk, PT Sinar Mas Tunggal, PT Sinar Mas, Pt Sinar Mas Cakrawala, PT Sinarindo Gerbangmas, their related bodies corporate, Franky Oesman Widjaja, Indra Widjaja, and Muktar Widjaja, Halim Susanto, Ascend Financial Holding Ltd, Ascend Capital Advisors Pte. Ltd. and Ascend Global Investment Fund SPC	130,608,062	50.57%
M Resources Pty Ltd and Matthew Latimore	50,872,364	19.70%

3.9 Historical trading prices

Stanmore's trading price performance between 1 April 2015 and 1 April 2020 is outlined in Figure 5 below.

Figure 5 – Historical trading prices of Stanmore Shares (1 April 2015 to 1 April 2020)



Source: IRESS

As at 27 April 2020, being the Last Practicable Date:

- the last recorded trading price of Stanmore Shares was \$1.00; and
- the lowest and highest closing prices of Stanmore Shares during the preceding three months were \$0.68 and \$1.00, respectively.

As at 1 April 2020, being the last trading day before the Offer was announced:

- the last recorded trading price of the Shares was \$0.82;
- the one-month VWAP of the Shares was \$0.793;
- the three-month VWAP of the Shares was \$0.857; and
- the lowest and highest closing prices of the Shares during the preceding three months were \$0.70 and \$1.10, respectively.

3.10 Capital structure

As at the date of this Target's Statement, Stanmore has the following securities on issue:

- 258,288,207 Shares quoted on the ASX;
- 460,182 unvested Performance Rights granted under the 2016 Rights Plan; and
- 14,994 unquoted Stanmore Shares issued under the Stanmore Exempt Share Plan and subject to disposal restrictions in accordance with that plan.

In addition:

- 4,325,518 Shares will be issued under the Dividend Reinvestment Plan on 30 April 2020; and
- 7,788,662 Shares will be issued under the 1 for 33 bonus issue on 4 May 2020.

For further information on the Dividend Reinvestment Plan and bonus issue, see sections 3.12 and 3.13.

3.11 Performance Rights

(a) Background

Stanmore's remuneration framework includes long term incentives in the form of Performance Rights which are granted by the Board annually, and which are subject to certain vesting conditions and a defined vesting period. On the vesting of a Performance Right, the Board has the absolute discretion as to whether to satisfy the vested right by delivering Stanmore Shares to the eligible participant, or by making a cash payment to the eligible participant (or a combination of Stanmore Shares and cash). Further information regarding Stanmore's remuneration framework is set out in the Company's 2019 Remuneration Report (contained in the 2019 Annual Report).

As at the date the Offer was announced (2 April 2020), there were:

- 2,681,447⁸ Performance Rights that had been granted by Stanmore under the 2016 Rights Plan; and
- 100,000 Performance Rights that had been granted by Stanmore under the 2012 Rights Plan.

As detailed further below, in accordance with the rules of the 2016 Rights Plan, the Board exercised its discretion to vest 2,093,969 Performance Rights, lapse 127,296 Performance Rights and leave 460,182 Performance Rights unvested as at the date of this Target's Statement. In addition, the Board exercised its discretion under the rules of the 2012 Rights Plan to free all 100,000 Performance Rights from their vesting conditions, all of which have vested as at the date of this Target's Statement.

(b) Effect of the Offer on Performance Rights granted under the 2016 Rights Plan

The Offer does not extend to any Performance Rights granted under the 2016 Rights Plan. The Offer does, however, extend to Stanmore Shares that may be issued prior to the end of the Offer Period as a result of the vesting of Performance Rights granted under the 2016 Rights Plan.

The 2016 Rights Plan contains provisions allowing for the accelerated vesting of Performance Rights granted under the plan, in the event of a change of control of Stanmore. For the purposes of the plan, a "change of control" occurred on 2 April 2020 when Golden Investments increased its voting power in Stanmore to 51% (the **Change of Control**).

Following the Change of Control, the Board determined to exercise its discretion under the 2016 Rights Plan and accelerated the vesting of 2,093,969 Performance Rights issued under that plan. Stanmore issued Shares on 17 April 2020 in satisfaction of the vesting of those Performance Rights. As mentioned above, the Offer will extend to those Stanmore Shares. Following the Change of Control, the Board also determined to exercise its discretion under the 2016 Rights Plan to immediately lapse 127,296 Performance Rights issued under that plan.

(c) Effect of Offer on Performance Rights granted under the 2012 Rights Plan

The Offer does not extend to the 100,000 Performance Rights which have been granted under the 2012 Rights Plan. The Offer does, however, extend to any Stanmore Shares that may be issued prior to the end of the Offer Period, which includes any Stanmore

⁸ The last Appendix 3B released to the ASX on 24 October 2019 indicated that there were 4,372,197 Performance Rights granted under the 2019 Rights Plan. Of these 4,372,197 Performance Rights, 1,105,020 FY2018 Performance Rights and 585,730 FY2019 Performance Rights granted to Dan Clifford are no longer on foot due to Mr Clifford's resignation.

Shares that may be issued as the result of any vesting of rights under the 2012 Rights Plan.

Under 2012 Rights Plan, if, in the opinion of the Board, a change of control of Stanmore has occurred, or is likely to occur, the Board has discretion to declare a Performance Right to be free of any vesting conditions and Stanmore must then issue the corresponding Stanmore Shares within 12 business days.

Following the change of control that occurred on 2 April 2020 when Golden Investments increased its voting power in Stanmore to 51%, the Board determined to exercise its discretion and declare all 100,000 Performance Rights granted under the 2012 Rights Plan free of any vesting conditions. Stanmore issued Stanmore Shares in satisfaction of the vesting of these Performance Rights on 17 April 2020 and, as mentioned above, the Offer will extend to those Stanmore Shares.

3.12 Dividend Reinvestment Plan

Stanmore's Dividend Reinvestment Plan, which was approved by Shareholders at the 2018 Annual General Meeting, provides eligible Stanmore Shareholders with the option of reinvesting all or part of their dividends in additional Stanmore Shares without paying any brokerage or other associated costs.

Under the Dividend Reinvestment Plan, eligible Stanmore Shareholders can elect to take up Shares in Stanmore at a price determined in accordance with the Dividend Reinvestment Plan. Stanmore Shares issued under the Dividend Reinvestment Plan rank equally with existing ordinary fully paid Stanmore Shares.

The Dividend Reinvestment Plan applies in relation to the FY2020 Interim Dividend that was announced to the ASX on 26 February 2020. As a result, new Stanmore Shares will be issued to eligible Stanmore Shareholders on 30 April 2020 under the Dividend Reinvestment Plan at a discount of 5% per Share on the 5 day VWAP during the pricing period from 6 April 2020 to 14 April 2020. The total number of Stanmore Shares to be issued to Shareholders under the Dividend Reinvestment Plan on 30 April 2020 is 4,325,518. The Offer extends to any Stanmore Shares issued during the Offer Period under Stanmore's Dividend Reinvestment Plan, other than those Stanmore Shares issued to Golden Investments.

If you intend to accept the Offer, and you are entitled to receive Shares under the Dividend Reinvestment Plan, you may wish to delay your acceptance of the Offer until after your new Shares have been issued under the DRP (30 April 2020). This will avoid the need to accept for your original parcel of Shares, and then again later for your DRP Shares. Also, if you accept for your original parcel of Shares, and then again later for your DRP Shares, this may result in you paying higher aggregate brokerage fees than if you accept once for your original parcel together with your DRP Shares.

3.13 Bonus Share Issue

On 17 April 2020, Stanmore announced that it had decided to conduct a bonus issue of Shares to all eligible Stanmore Shareholders on a 1 for 33 basis. This entitles all eligible Stanmore Shareholders at 5pm (AEST) on the record date of 28 April 2020 to receive 1 free Stanmore Share for every 33 Stanmore Shares held on the record date. The Bonus Shares, totalling 7,788,662 Shares, will be issued to eligible Stanmore Shareholders on 4 May 2020.

The Offer is expressed to extend to Stanmore Shares issued prior to the end of the Offer Period and will therefore extend to the Bonus Shares to be issued to eligible Stanmore Shareholders, other than those Stanmore Shares issued to Golden Investments.

If you intend to accept the Offer, and you are entitled to receive Shares under the Bonus Share Issue, you may wish to delay your acceptance of the Offer until after your Bonus Shares have been issued (4 May 2020). This will avoid the need to accept for your original parcel of Shares, and then again later for your Bonus Shares. Also, if you accept for your original parcel of Shares, and then again later for your Bonus Shares, this may result in you paying higher aggregate brokerage fees than if you accept once for your original parcel together with your Bonus Shares.

3.14 Continuous disclosure

Stanmore is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require Stanmore to notify the ASX of information about specified matters and events as they arise for the purposes of the ASX making that information available to participants in the market. Stanmore has an obligation under the Listing Rules (subject to some exceptions) to notify the ASX immediately upon becoming aware of any information concerning it, which a reasonable person would expect to have a material effect on the price or value of the Shares.

Pursuant to the Corporations Act, Stanmore is required to prepare and lodge with ASIC and the ASX both annual and half yearly financial statements accompanied by a Directors' statement and report, with an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office, on the ASX website at www.asx.com.au and on Stanmore's website at www.stanmorecoal.com.au.

3.15 Recent Stanmore announcements

The following table lists Stanmore's announcements to the ASX since the lodgement of Stanmore's 2019 Annual Report on 9 October 2019.

Date	Description
28/04/2020	Change in substantial holding
28/04/2020	Supplementary Bidder's Statement
27/04/2020	FY20 Guidance Update
24/04/2020	Electronic delivery of Stanmore's Target's Statement
17/04/2020	Appendix 2A
17/04/2020	Appendix 3G
17/04/2020	Change of Control - Vesting of Rights
17/04/2020	Bonus Issue to Shareholders
17/04/2020	Proposed issue of Securities - SMR
15/04/2020	Timing of Stanmore's Target's Statement
15/03/2020	Update - Dividend/Distribution - SMR
09/04/2020	March 2020 Quarterly Production Report
08/04/2020	Change of Director's Interest Notice - Bizzell
07/04/2020	Letter to Shareholders - Takeover offer
06/04/2020	Ceasing to be a substantial holder
03/04/2020	Change in substantial holding
02/04/2020	Takeover offer - Take No Action

02/04/2020	Becoming a substantial holder
02/04/2020	Bidder's Statement
02/04/2020	Golden Investments - Unconditional on-market takeover bid
23/03/2020	ASIC Form 484 - Cancellation of shares (Apr 2019)
20/03/2020	Change in substantial holding
18/03/2020	Change in substantial holding
16/03/2020	Appointment of new Chief Executive Officer
02/03/2020	Investor Presentation 2 & 3 March 2020
26/02/2020	Dividend/Distribution - SMR
26/02/2020	December 2019 Half Year Results Announcements
26/02/2020	Appendix 4D & Interim Financial Report December 2019
14/02/2020	Appendix 3G
06/02/2020	Final Director's Interest Notice - Darren Yeates
06/02/2020	Director Resignation - Darren Yeates
14/01/2020	December 2019 Quarterly Production Report
29/11/2019	Changes relating to buy-back - Appendix 3D
28/11/2019	Initial Director's Interest Notice - Marcelo Matos
25/11/2019	Results of Meeting
25/11/2019	Interim CEO's 2019 AGM Presentation
25/11/2019	Interim CEO - 2019 AGM Address
25/11/2019	2019 Chairman's Address to Shareholders
21/11/2019	Wilson's Rapid Insight Conference Presentation
18/11/2019	Director Appointment - Marcelo Matos
08/11/2019	Investor Roadshow Presentation 7/8 Nov 2019
07/11/2019	Investor Roadshow Presentation 7/8 Nov 2019
24/10/2019	Ceasing to be a substantial holder
24/10/2019	Appendix 3B - Issue FY20 Rights
24/10/2019	Annual General Meeting Proxy Form Revised
24/10/2019	Notice of Annual General Meeting/Proxy Form
23/10/2019	Initial Director's Interest Notice - Jimmy Lim
23/10/2019	Director Appointment - Jimmy Lim
18/10/2019	Final Director's Interest Notice - Dan Clifford
18/10/2019	Managing Director Resignation, Interim CEO Appointed
17/10/2019	September 2019 Quarterly Production Report
17/10/2019	Process Deed with Winfield Energy Terminated

3.16 Further information

Further information about Stanmore is contained in electronic form on the Stanmore website at www.stanmorecoal.com.au.

4 IMPORTANT MATTERS FOR STANMORE SHAREHOLDERS TO CONSIDER

4.1 The Offer

Golden Investments announced an on-market takeover offer to acquire all of the Stanmore Shares on 2 April 2020. A summary of the key features of the Offer is contained in section 5 of this Target's Statement.

4.2 Sources of consideration

As set out in section 10 of the Bidder's Statement, Golden Investments will fund the Offer through cash to be provided by GEAR and Ascend Global.

Golden Investments, GEAR and Ascend Global have entered into a share subscription agreement (***Subscription Agreement***) pursuant to which each of GEAR and Ascend Global have agreed to subscribe for shares in Golden Investments for an aggregate share subscription amount equal to the maximum cash consideration that could be payable under the Offer, plus all transaction costs, expenses and fees incurred by Golden Investments under or in connection with the Offer.

4.3 Your choice as a Stanmore Shareholder

Your Independent Directors recommend that you accept the Offer. However, as a Stanmore Shareholder you have three choices currently available to you:

(a) DO NOTHING

Stanmore Shareholders who do not wish to accept the Offer or sell their Stanmore Shares on market should do nothing.

Stanmore Shareholders should note that if you do nothing, you will remain a Stanmore Shareholder, subject to any potential compulsory acquisition of your Stanmore Shares. If you remain a Stanmore Shareholder, you may become a minority shareholder if less than 90% of Stanmore Shares are acquired by the Bidder under the Offer. This has a number of possible implications which are set out in section 4.7 of this Target's Statement.

You should also be aware that there are risks associated with remaining a Stanmore Shareholder. Set out in section 4.5 of this Target's Statement are the possible key risks which may affect the future operating and financial performance of Stanmore and the value of Stanmore Shares.

Stanmore Shareholders should note that if Golden Investments and its Associates have a relevant interest in at least 90% of the Stanmore Shares during or at the end of the Offer Period, Golden Investments will be entitled to compulsorily acquire the Stanmore Shares that it does not already own (see section 5.8 of this Target's Statement for further details).

(b) SELL YOUR STANMORE SHARES ON MARKET

Stanmore Shareholders who have not already accepted the Offer can still sell their shares on market for cash.

As at the Last Practicable Date, Stanmore's share price closed at \$1.00, equal to the Offer Price. The latest price for Stanmore Shares may be obtained from the ASX website, www.asx.com.au.

Stanmore Shareholders who sell their shares on market may be liable for Capital Gains Tax on the sale and may incur a brokerage charge.

Stanmore Shareholders who wish to sell their Stanmore Shares should contact their broker for information on how to effect that sale.

(c) **ACCEPT THE OFFER**

Stanmore Shareholders may elect to accept the Offer. Details of the consideration that will be received by Stanmore Shareholders who accept the Offer are set out in section 5.2 of this Target's Statement and in the Bidder's Statement.

To accept the Offer, you can sell your Stanmore Shares on the ASX. You should contact your broker for information on how to affect that sale. As the Offer is an on market takeover offer there is no way to accept the Offer other than by selling your Stanmore Shares on the ASX.

Stanmore Shares who accept the Offer may be liable for Capital Gains Tax on the sale and may incur a brokerage charge.

4.4 Taxation consequences of accepting the Offer

Accepting the Offer may trigger taxation consequences for you. The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer are set out in section 11 of the Bidder's Statement.

You should carefully read section 11 of the Bidder's Statement and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

4.5 Risks of remaining a Stanmore Shareholder

There are risks which are specific to Stanmore, and other risks which apply to investments generally, which may materially and adversely affect the future operating and financial performance of Stanmore and the value of Stanmore Shares. Those risks (and other risks) will continue to be relevant to Stanmore Shareholders who reject the Offer and retain their current investment in Stanmore. These risks will also continue to be relevant to all Stanmore Shareholders if the Offer is withdrawn in accordance with the Corporations Act. While some of these risks can be mitigated, some are outside the control of Stanmore and the Stanmore Directors and cannot be mitigated.

Stanmore is a producing coal group operating in a volatile pricing market. Factors specific to Stanmore, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of the Group. These events may be beyond the control of the Stanmore Directors or management of Stanmore. The major risks associated with an investment in Stanmore are summarised below. Stanmore identifies and actively manages the Company's material risks as part of its risk management governance framework and internal control systems.

Prior to deciding whether to do nothing, sell your Stanmore Shares on the ASX or accept the Offer in the present circumstances, you should carefully consider this section 4 as well as other information contained in this Target's Statement. Before making a decision in relation to the Offer, you should also carefully consider the Bidder's Statement.

(a) **Operating Risks**

Stanmore is a single-mine producer and therefore reliant on the continued performance of operations at the Isaac Plains Complex. There are numerous operating risks which may result in a reduction in performance that decreases Stanmore's ability to produce high quality coal to meet customer shipping needs. These risks include, but are not limited to,

factors such as weather conditions, machinery failure, critical infrastructure failure, inability to access required rail and port capacity or natural disasters.

(b) **Market Risks**

The key drivers for the business' financial performance are supply and demand for coal, commodity price and foreign currency markets. Stanmore is not of a size to have influence on coal prices or the exchange rate for Australian dollars and is therefore a price-taker in general terms.

Stanmore sells export coal in United States Dollars and is therefore exposed to movements in currency rates. Stanmore may from time to time use forward exchange contracts to hedge a portion of its short-term currency risk where agreed appropriate between management and the Board. The market price for Stanmore's coking coal and thermal coal products is impacted by many factors which could be favourable or unfavourable for Stanmore.

(c) **Geological Risk**

Resource and Reserve estimates are prepared by external experts in accordance with the JORC Code 2012 or JORC Code 2004 (as applicable) for reporting. The estimates are inherently subjective in some respects therefore there is a risk that the interpretation of data may not align with the future experienced conditions in the field. Due care is taken with each estimation.

(d) **Regulatory and Land Access Risk**

The Group's operations and projects are subject to State and Federal laws and regulations regarding mining, environmental protection, land access and native title. These laws and regulations regulate the conduct of mining operations, set requirements in relation to landholder compensation, environmental protection and certain aspects of health, and provide for penalties and other consequences for the breach of such laws.

There is also an obligation to rehabilitate areas impacted by mining activities and Stanmore must provide financial assurance in respect of the likely costs and expenses that may be incurred when taking action to rehabilitate areas impacted by mining activities.

In order to undertake exploration and production activities, it is first necessary to apply for and obtain necessary government permits, leases and approvals that authorise such activities. To secure such exploration and mining approvals, or to undertake activities within the area of a granted mining tenement, native title, land access and overlapping tenure are matters that need to be addressed.

The Group seeks to develop strong, long-term effective relationships with landholders and other stakeholders, with a focus on developing mutually acceptable compensation and access arrangements. The Group seeks to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. In addition, the Group engages experienced lawyers, consultants and other technical advisors to provide expert advice where necessary to ensure it manages its compliance obligations appropriately.

(e) **Climate Change Risk**

Stanmore acknowledges climate change and seeks to be proactive and investigate opportunities for benefits commensurate with the size of Stanmore to be delivered.

Stanmore includes business and operational risks associated with changes caused by global warming as part of its business planning cycle.

The operations of Stanmore are focused on the production of coal for steel making. There remains no viable alternative to metallurgical coal for steel making. Stanmore puts significant focus on minimising its environmental footprint and is continually exceeding its obligations in terms of rehabilitation.

Stanmore supports Australia's commitments under the Paris Agreement to work towards a global agreement to limit global warming to below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. Stanmore abides by any legislative requirements imposed, but also continues to improve greenhouse gas efficiency as part of Stanmore's operations.

(f) **Access to Funding and Insurance**

Stanmore's ability to effectively continue as a coal producing business may be dependent upon several factors including the success of the mine operations, or the successful exploration and subsequent exploitation of Stanmore's tenements. Should these avenues be delayed or fail to materialise, Stanmore may need to raise additional funding through debt, equity or farm out/sell down to allow Stanmore to continue as a going concern and meet its debts as and when they fall due.

There is no guarantee that additional funding through debt will be available, or if it is, there is no guarantee that such new funding will be on terms acceptable to Stanmore. Global credit markets have been severely constrained in the past, and the ability to obtain new funding or refinance may in the future be significantly reduced. As well, in recent months and years several financial institutions have made public statements in relation to their willingness to finance certain types of coal mines and coal-fired power stations. If Stanmore is unable to obtain sufficient funding, either due to banking and capital market conditions generally, or due to factors specific to the coal sector, Stanmore may not have sufficient cash to meet its ongoing capital requirements or the ability to expand its business. This risk may become more acute if the global coronavirus pandemic situation continues for a significant duration.

There is a risk that the policies of financial institutions with respect to the funding of coal projects may, in the future, extend to an unwillingness to provide insurance products to coal producers and associated companies on terms that are currently being provided to such companies. This could result in a material increase in the cost to Stanmore of obtaining appropriate levels of insurance.

(g) **Safety**

Safety remains of critical importance in the planning, organisation and execution of Stanmore's exploration and operational activities. Stanmore is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health and safety, or the health and safety of others associated with Stanmore's business.

(h) **Sovereign Risk**

Stanmore has limited influence over the direction and development of government policy. Successive changes to the Australian resources policy, including taxation policy, have impacted Australia's global competitiveness and reduced the attractiveness of Australian coal projects to foreign investors. Stanmore's view is that whilst there is currently a negative perception of thermal coal, it will continue to play a significant role as an export

commodity. Coking coal is critical for future steel production and thermal coal will continue to play a key role in the global energy mix as part of sustaining global growth, particularly in developing regions, through efficient electricity generation.

(i) **Volatility risk due to the coronavirus pandemic**

The extent of the effect of the coronavirus pandemic on trade, consumption, production and the movement of people is currently unquantifiable. Coronavirus is not yet controlled and continues to spread rapidly in various countries, and with it significant market turmoil and uncertainty as countries or parts of countries move into lockdowns. The virus is likely to continue to have a severe impact on global equity markets and such volatility may have an adverse impact on the value of Stanmore Shares.

4.6 Not exhaustive

The above list of risk factors is not an exhaustive list of the risks relevant to Stanmore, its performance and the value of Stanmore Shares. These risks (and others not specifically referred to above) may materially affect the financial performance of Stanmore and the value of Stanmore Shares. In particular, additional risks and uncertainties not currently known may also have an adverse effect on Stanmore's business and the value of Stanmore Shares.

4.7 Minority ownership consequences

(a) **If Golden Investments acquires less than 90% of Stanmore Shares**

As at the Last Practicable Date, Golden Investments holds 50.57% of Stanmore Shares. If Golden Investments acquires less than 90% of Stanmore Shares pursuant to the Offer, Stanmore Shareholders who do not accept the Offer will remain minority shareholders in Stanmore. This has a number of possible consequences, including:

- Golden Investments will be in a position to cast the majority of votes at a general meeting of Stanmore. This will enable Golden Investments to control the composition of the Board and senior management and control the strategic direction of the businesses of Stanmore and its Subsidiaries;
- Golden Investments has stated in section 7.5 of its Bidder's Statement that, subject to the Corporations Act and the Stanmore Constitution, Golden Investments intends to restructure the Board (other than Jimmy Lim) with Golden Investments' Board representation depending on Golden Investments' Relevant Interest in Stanmore following the Offer;
- the price of Stanmore Shares may fall immediately following the end of the Offer Period;
- the liquidity of Stanmore Shares may be lower than at present, and there is a risk that Stanmore could be fully or partially removed from certain S&P/ASX indices due to lack of free float and/or liquidity;
- there may be limited institutional support for Stanmore Shares;
- there may be fewer analysts providing coverage of Stanmore Shares;
- Golden Investments has stated in the Bidder's Statement that subject to the Listing Rules, it intends to ask the Directors to review whether Stanmore should remain listed on the ASX or removed from the official list of the ASX (subject to considerations such as the costs associated with maintaining that listing, Golden Investments' final level of ownership, the number of remaining Stanmore Shareholders and the level of trading in Stanmore Shares); and

- since Golden Investments holds a majority of the Stanmore Shares on issue, the Independent Directors believe that it is unlikely that a subsequent takeover bid for Stanmore will emerge at a later date from a third party.

The Offer Period may be extended in limited circumstances, further details of which are set out in section 5.4 of this Target's Statement.

(b) **If Golden Investments acquires more than 75% but less than 90% of Stanmore Shares**

If Golden Investments acquires more than 75% but less than 90% of the Stanmore Shares all of the minority ownership consequences outlined in section 4.7(a) will apply. In addition, if Golden Investments acquires at least 75% of the Stanmore Shares it will be able to pass a special resolution of Stanmore. This will enable Golden Investments to, among other things, change the Stanmore Constitution.

(c) **If Golden Investments acquires more than 90% of Stanmore Shares**

If Golden Investments acquires more than 90% of Stanmore Shares, Golden Investments will be entitled to compulsorily acquire any Stanmore Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer. Golden Investments has also indicated in section 7.4 of its Bidder's Statement that, if it acquires more than 90% of the Stanmore Shares, it intends to compulsorily acquire any outstanding Stanmore Shares. See section 5.8 of this Target's Statement for further details.

4.8 ASX delisting

Golden Investments has stated in section 7.4 of its Bidder's Statement that if Golden Investments becomes entitled to compulsorily acquire the outstanding Stanmore Shares in accordance with the Corporations Act, it intends to procure that Stanmore is removed from the official list of the ASX. In the event that Golden Investments obtains control of Stanmore (but is not entitled to compulsorily acquire the outstanding Stanmore Shares), Golden Investments has indicated in section 7.5 of its Bidder's Statement that, subject to the Listing Rules, it will ask the Stanmore Directors to review whether Stanmore should remain listed on the ASX or removed from the official list of the ASX (having regard to considerations such as the costs associated with maintaining that listing, Golden Investments' final level of ownership, the number of remaining Stanmore Shareholders and the level of trading in Stanmore Shares).

5 KEY FEATURES OF THE OFFER

5.1 The Offer

Golden Investments is offering to acquire all of your Stanmore Shares on issue and listed for quotation on the ASX or to be issued and listed during the Offer Period. Golden Investments has appointed Petra Capital Pty Ltd to acquire Stanmore Shares on-market at the Offer Price.

The Offer is unconditional.

You may accept the Offer in respect of all or some of your Stanmore Shares.

5.2 Offer Price

Golden Investments is offering \$1.00 for every Stanmore Share that you hold.

5.3 Offer Period and acceptance

Unless the Offer is extended or withdrawn in accordance with the Corporations Act, it is open for acceptance from 17 April 2020 until 4:00pm (Sydney time) on 18 May 2020.

The circumstances in which the Bidder may extend or withdraw the Offer are set out in sections 5.4 and 5.5 respectively of this Target's Statement.

As the Offer is an on-market takeover offer, Golden Investments is required to instruct its broker to stand in the market and purchase Stanmore Shares at \$1.00 per Stanmore Share during the Offer Period.

If you choose to accept the Offer, then your acceptance must be received by Golden Investments before the end of the Offer Period.

5.4 Extension of the Offer Period

Pursuant to the Corporations Act, Golden Investments may announce an extension to the Offer Period, or an increase in the Offer Price, at any time up until five trading days before the end of the Offer Period.

An extension to the Offer Period may only be announced during those last five trading days of the Offer Period in limited circumstances prescribed by the Corporations Act, in particular if another person makes an offer under a takeover bid for Stanmore Shares.

5.5 Withdrawal of the Offer

In accordance with the Corporations Act, and as Golden Investments' current shareholding is greater than 50%, Golden Investments may only withdraw the Offer in respect of any unaccepted offers in two circumstances:

- Golden Investments may seek the written consent of ASIC to such withdrawal. ASIC may provide its consent subject to conditions; or
- if any of the following events occur during the Offer Period (regardless of Golden Investments' Voting Power at the time):
 - a liquidator or provisional liquidator of Stanmore or any of its Subsidiaries is appointed;
 - a court makes an order for the winding up of Stanmore or any of its Subsidiaries;
 - an administrator of Stanmore or any of its Subsidiaries is appointed under sections 436A, 436B or 436C of the Corporations Act;
 - Stanmore or any of its Subsidiaries executes a deed of company arrangement; or

- a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Stanmore or any of its Subsidiaries.

Any withdrawal of the Offer must be announced to the ASX.

5.6 Effect of acceptance and any subsequent increase in Offer Price

Once made, an acceptance of the Offer cannot be withdrawn. If you accept the Offer and Golden Investments subsequently improves the Offer Price, you will not be entitled to the benefit of that improved Offer Price. Similarly, if you accept the Offer, you will forfeit the opportunity to benefit from any superior offer made by another bidder for your Stanmore Shares, if a superior offer were to eventuate.

5.7 Timing for receipt of consideration for Stanmore Shareholders who accept the Offer

The usual rules for settlement of transactions which occur on-market with the ASX will apply in respect of acceptance of the Offer. This means that if you accept the Offer, settlement will occur for the \$1.00 cash consideration for each Stanmore Share on a T + 2 basis (being the second trading day after the date of the transaction) in accordance with the ASX Settlement Operating Rules.

5.8 Compulsory acquisition

(a) Introduction

The Bidder has indicated in section 7.4 of its Bidder's Statement that if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding Stanmore Shares (including any Stanmore Shares issued after the end of the Offer Period as a result of the vesting of Performance Rights) and Performance Rights, which have not been cancelled by Stanmore, or acquired by Bidder prior to the Closing Date, in accordance with the Corporations Act.

(b) Compulsory acquisition within one month after the end of the Offer Period

The Bidder will be entitled to compulsorily acquire any Stanmore Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer, if, during or at the end of the Offer Period, the Bidder and its Associates have a Relevant Interest in at least 90% (by number) of the Stanmore Shares.

If this threshold is met, the Bidder will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Stanmore Shareholders who have not accepted the Offer. Stanmore Shareholders have statutory rights to challenge the compulsory acquisition, but a successful challenge will require the relevant Stanmore Shareholder to establish to the satisfaction of a court that the consideration under the Offer is not 'fair value' for their Stanmore Shares. Shareholders should be aware that if their Shares are acquired compulsorily they are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent.

(c) General compulsory acquisition

Golden Investments' general compulsory acquisition rights may be triggered in the future even if Golden Investments does not reach the 90% compulsory acquisition threshold described in paragraph (b) at the end of the Offer Period.

Under Part 6A.2 of the Corporations Act, Golden Investments will be entitled to compulsorily acquire any Stanmore Shares if Golden Investments (either alone or

together with a Related Body Corporate) holds full beneficial interests in at least 90% (by number) of Stanmore Shares at some time after the end of the Offer Period.

If this threshold is met, Golden Investments will have six months after Golden Investments becomes a 90% holder within which to give compulsory acquisition notices to the relevant Shareholders. The compulsory acquisition notices sent to the Shareholders must be accompanied by an independent expert's report and an objection form.

The independent expert's report must set out whether the terms of the compulsory acquisition give 'fair value' for the Shares concerned and the independent expert's reasons for forming that opinion.

If Shareholders with at least 10% of the Shares covered by the compulsory acquisition notice object to the acquisition before the end of the objection period (which must be at least one month), Golden Investments may apply to the court for approval of the acquisition of the Shares covered by the notice. The costs incurred by any Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by Golden Investments, unless the court is satisfied that the Shareholder acted improperly, vexatiously or otherwise unreasonably.

6 INFORMATION RELATING TO YOUR DIRECTORS

6.1 Interests and dealings in Stanmore securities

(a) Interests in Stanmore securities

The Stanmore Directors' Relevant Interests in Stanmore securities as at the date of this Target's Statement are detailed in the table below.

Stanmore Director	Number of Stanmore Shares	Number of Stanmore Performance Rights
Stewart Butel	316,379	nil
Stephen Bizzell	7,377,106	nil
Neal O'Connor	125,204	nil
Jimmy Lim	nil	nil
Marcelo Matos	nil	nil

Stewart Butel, Stephen Bizzell and Neal O'Connor participated in the Dividend Reinvestment Plan and will receive Shares under the Bonus Share Issue as detailed in the table below. They will acquire Relevant Interests in the following Stanmore Shares to be issued under the Dividend Reinvestment Plan on 30 April 2020 and under the Bonus Share Issue on 4 May 2020:

Stanmore Director	Number of Stanmore Shares to be issued under DRP	Number of Stanmore Shares to be issued under Bonus Share Issue	Total number of Stanmore Shares held after DRP issue and Bonus Share Issue
Stewart Butel	10,019	9,588	335,986
Stephen Bizzell	2,306	223,549	7,602,961
Neal O'Connor	3,964	3,795	132,963

(b) Dealings in Stanmore securities

Excluding the above, no other Stanmore Director has acquired or disposed of a Relevant Interest in any Stanmore Shares or Performance Right in the four month period ending on the date immediately before the date of this Target's Statement.

6.2 Interests and dealings in Golden Investments and its Related Bodies Corporate

(a) Interests in securities of Golden Investments and Related Bodies Corporate

As at the date of this Target's Statement, no Stanmore Director had a Relevant Interest in the securities of Golden Investments or a Related Body Corporate of Golden Investments (excluding the Stanmore Group).

(b) **Dealings in securities of Golden Investments and Related Bodies Corporate**

No Stanmore Director acquired or disposed of a Relevant Interest in any securities of Golden Investments or a Related Body Corporate of Golden Investments (excluding the Stanmore Group) in the four month period ending on the date of this Target's Statement.

6.3 Benefits and agreements

(a) **Benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of Stanmore or a Related Body Corporate of Stanmore.

(b) **Agreements connected with or conditional on the Offer**

Golden Investments has stated in section 7.4 of its Bidder's Statement that, if it becomes entitled to compulsorily acquire all of the Stanmore Shares in accordance with the Corporations Act, it does not intend to replace Jimmy Lim as a director of Stanmore.

There are no other agreements made between any Stanmore Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Stanmore Shares or Performance Rights.

(c) **Benefits from Golden Investments or a Related Body Corporate of Golden Investments**

None of the Stanmore Directors has agreed to receive, or is entitled to receive, any benefit from Golden Investments or a Related Body Corporate of Golden Investments (excluding the Stanmore Group) which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Stanmore Shares or Performance Rights.

(d) **Interests of Stanmore Directors in contracts with Golden Investments or a Related Body Corporate of Golden Investments**

None of the Stanmore Directors has any interest in any contract entered into by Golden Investments or a Related Body Corporate of Golden Investments (excluding the Stanmore Group).

(e) **Other Benefits to Directors**

In accordance with their existing letters of appointment, the Company intends to pay the non-executive Directors (other than Jimmy Lim) additional fees of \$120,000 in aggregate for the additional work they have undertaken as a result of and in connection with the Offer. The payment of this additional remuneration will not result in the cap on the total amount that may be paid to the Company's non-executive Directors in FY2020, as approved by Shareholders, being exceeded.

7 ADDITIONAL INFORMATION

7.1 Effect of the Offer on Stanmore's material contracts

(a) Financing arrangements

(i) Taurus working capital and bonding facility

Stanmore has a working capital and bonding facility with its existing lender (the **Taurus Facility**). The parties to the Taurus Facility are Stanmore IP Coal (as borrower), Stanmore, Stanmore Bowen Coal Pty Ltd and Stanmore Wotonga Pty Ltd, Isaac Plains Coal Management Pty Limited, Isaac Plains Sales & Marketing Pty Limited and Stanmore IP South Pty Ltd (as guarantors) and Taurus Mining Finance Fund L.P. and Taurus Mining Finance Annex Fund L.P. (as lender). The Taurus Facility expires on 30 June 2022. The Taurus Facility includes:

- a bonding/bank guarantee facility with a limit of US\$12 million of which US\$10.736 million was drawn as at 31 March 2020; and
- a revolving working capital facility with a limit of US\$28 million which was undrawn as at 31 March 2020.

Under the terms of the Taurus Facility, a change in control⁹ of the borrower or a delisting of Stanmore from the ASX is a 'review event', which allows the lender, on notice to the borrower, to terminate the Taurus Facility and require repayment of any outstanding amounts under the Taurus Facility and associated security documents within 90 days of the notice.

When Golden Investments increased its voting power in Stanmore to 51% on 2 April 2020, this constituted a change of control for the purpose of the Taurus Facility and the occurrence of a 'review event'. The lender has agreed to waive its rights and not take any further action in relation to the change in control only for the period between 2 April 2020 and the earlier of:

- 18 May 2020;
- the date that the borrower notifies the lender that (based on publicly available information) the completion of the Offer will not proceed;
- the date that Golden Investments acquires 90% of the issued shares in Stanmore;
- the date that any current directors are replaced or there are additional directors appointed to the board of Stanmore such that nominees of Golden Investments comprise of a majority of the Board; or
- the delisting of Stanmore from the Australian Securities Exchange.

If, after the expiry of this waiver, the lender were to exercise its rights referred to above to terminate and require repayment of any outstanding amounts under the Taurus Facility, Stanmore would be exposed to the risks associated with having to refinance that facility.

⁹ Under the terms of the Taurus Facility, 'change in control' is broadly defined and includes if a party acquires, directly or indirectly, ownership of the voting rights of the majority of the voting shares of the borrower or otherwise assumes control of the borrower, directly or indirectly, within the meaning of section 50AA of the Corporations Act.

(ii) **Liberty bonding facility**

Stanmore secured a \$20 million bonding facility with Liberty in June 2019 (the **Liberty Facility**). The parties to the Liberty Facility are Stanmore Coal Limited and certain of its Subsidiaries (as indemnifiers) and Liberty Mutual Insurance Company (as surety). The Liberty Facility expires on 30 June 2020. The purpose of the Liberty Facility is to provide financial assurance to the Queensland Government as part of Stanmore's future rehabilitation obligations.

Under the terms of the Liberty Facility, a change in control¹⁰ of Stanmore, without the surety's consent, is a 'review event', which allows the surety, following a period of good faith discussions, on notice to direct the indemnifier to lodge cash cover with the surety in immediately available funds in an amount equal to the aggregate of the maximum liabilities for all unexpired bonds.

When Golden Investments increased its voting power in Stanmore to 51% on 2 April 2020, this constituted a change of control for the purpose of the Liberty Facility and the occurrence of a 'review event'. The surety has agreed to waive its rights and not take any further action in relation to the change in control only for the period between 2 April 2020 and the earlier of:

- 18 May 2020;
- the date that the indemnifier notifies the surety that (based on publicly available information) the completion of the Offer will not proceed;
- the date that Golden Investments acquires 90% of the issued shares in Stanmore;
- the date that any current directors are replaced or there are additional directors appointed to the board of Stanmore such that nominees of Golden Investments comprise of a majority of the Board; or
- the delisting of Stanmore from the Australian Securities Exchange.

If, after the expiry of this waiver, the surety were to exercise its rights referred to above to require the indemnifier to lodge an amount of cash cover with the surety, Stanmore would be exposed to the risks associated with having to lodge sufficient funds with the surety under the Liberty Facility.

(iii) **Caterpillar equipment loan facility**

Stanmore IP Coal (as customer) and Stanmore (as guarantor) entered into an equipment loan facility with Caterpillar Financial Australia Limited (as lender) on 2 July 2019 for \$13.7 million. The term of the loan facility is five years. In FY2019 Stanmore used part of the loan facility to purchase a 600-tonne excavator (**CAT 6060**).

Under the terms of the loan facility, a change of control¹¹ of Stanmore is a 'review event', which allows the lender, at its election, to review its decision to extend financial accommodation to the customer pursuant to the loan facility. If the lender, acting reasonably, believes that the change of control would have a material adverse impact on the customer's or guarantor's ability to perform their obligations under the loan facility, the lender can treat the review event as an

¹⁰ Under the terms of the Liberty Facility, 'control' has the meaning given in section 50AA of the Corporations Act.

¹¹ Under the terms of the loan facility, 'change of control' is defined broadly and includes a change in more than half of the voting rights attaching to the capital of Stanmore, or a change in more than half of the issued capital of Stanmore.

event of default which entitles the lender to, among other things, terminate the loan facility and require immediate repayment of all moneys and/or initiate the use of the remote shut off feature in the CAT 6060's Productlink system.

When Golden Investments increased its voting power in Stanmore to 51% on 2 April 2020, this constituted a change of control for the purpose of the loan facility and the occurrence of a 'review event'. Shareholders that do not accept the Offer should be aware that if the lender treats this review event as an event of default and Golden Investments does not reach the 90% required to proceed to compulsory acquisition, Stanmore will be exposed to risks associated with the refinancing of the loan facility and/or the shut off of the CAT 6060's Productlink system.

(b) **Other material contracts**

Other than the arrangements described in section 7.1(a), and excluding contracts or arrangements which Stanmore considers are not material in the context of the Stanmore Group taken as a whole or for which Stanmore has since received the consent of the relevant counterparty to the change of control, Stanmore is not, after due inquiry, aware of any financing arrangement or other contract that has been entered into by a member of the Stanmore Group which contains a change of control provision that has been, or will be, triggered by either the change of control which occurred upon Golden Investments acquiring more than 50% of Stanmore Shares on 2 April 2020, or by the acquisition by Golden Investments of further Shares under the Offer.

7.2 **Changes to arrangements with employees**

(a) **Stanmore Shares issued under the Stanmore Exempt Share Plan**

As at the date of this Target's Statement, there are 14,994 unquoted Stanmore Shares (the **Employee Shares**) that have been issued to certain Stanmore employees under the Stanmore Exempt Share Plan. The Employee Shares are subject to disposal restrictions in accordance with the terms of the Stanmore Exempt Plan which prevent the holders from disposing of their Employee Shares until the earlier of (i) the date on which their employment ceases and (ii) three years from the date of acquisition of the Employee Shares. If the Employee Shares were to be quoted before the end of the Offer Period, these disposal restrictions would prevent the employees from accepting the Offer in respect of their Employee Shares.

The Stanmore Coal General Employee Share Plan Rules which establish the Stanmore Exempt Share Plan do not provide for an automatic lifting of the disposal restrictions applicable to the Employee Shares in the event of a change of control of Stanmore – the Board would need to amend the Stanmore Coal General Employee Share Plan Rules to do so. As amending the rules in such a manner would have adverse tax consequences for the participating employees, the Board has determined not to lift the disposal restrictions in the context of the Offer.

(b) **Short term incentive payments**

Stanmore has agreed to pay short term incentive payments (the **STI payments**) to key employees to reward them for Stanmore's FY2020 performance on the basis of set performance hurdles, but at the discretion of the Board. The aggregate amount that could be paid to these key employees if the FY2020 performance targets are met is \$604,957.

Having regard to the need to ensure that key employees are rewarded as intended for their contribution to Stanmore's FY2020 performance and to maintain the morale of those

employees, the Board has determined that a proportion of the STI payments (\$440,306) will be paid now based on Stanmore's actual performance year to date against pro-rata full year performance targets, provided those key employees are still employed on the proposed payment date, with a final ('true up') payment to be made once the FY2020 full year results are available, provided those key employees are still employed on the proposed payment date and provided that there have been no fatalities in FY2020.

(c) **Additional workload payments**

In consideration for the increase in the workload of certain key employees and a contractor of Stanmore in responding to the Offer, the Board has resolved to pay a one-off additional workload payment equal to:

- 15% of each key employee's FTE salary to the applicable key employee (which totals approximately \$225,000 in aggregate to all such key employees); and
- \$5,000 to the contractor.

7.3 Material litigation

Stanmore does not believe that it is involved in any litigation or dispute which is material in the context of Stanmore and its Subsidiaries as a whole.

7.4 Changes in financial position

So far as is known to any Director, the financial position of Stanmore has not materially changed since 30 June 2019 (the date of Stanmore's last audited financial report) and the date of this Target's Statement, except as disclosed in this Target's Statement and in Stanmore's announcements to the ASX since 30 June 2019, other than as described elsewhere in this Target's Statement.

7.5 Transaction costs

As at the date of this Target's Statement and based on current circumstances, Stanmore estimates that external takeover related costs (including costs of the Independent Expert and Independent Technical Specialist, legal and financial advisory fees) associated with the Offer will be between approximately \$2.9 million and \$2.94 million (excluding GST).

7.6 Consents

The following persons have given and have not, before the date of issue of this Target's Statement, withdrawn their consent to:

- be named in this Target's Statement in the form and context in which they are named;
- the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Target's Statement; and
- the inclusion of other statements in this Target's Statement that are based on or referable to statements made in those reports or statements, or that are based or referable to other statements made by those persons in the form and context in which they are included.

Name of Person	Named As	Reports or Statements
Allens	Legal adviser	N/A
Citigroup Global Markets Australia Pty Ltd	Financial adviser	N/A
Link Market Services	Share Registry	N/A

BDO Corporate Finance Ltd	Independent Expert	Independent Expert's Report included as Annexure A to this Target's Statement
RPM Advisory Services Pty Ltd	Independent Technical Specialist	Independent Technical Specialist's Report included in the Independent Expert's Report, which is included as Annexure A to this Target's Statement

Each of the above persons:

- has not caused or authorised the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement other than those statements referred to above and as consented to by that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than as described in this section with the person's consent.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or the ASX (in compliance with the Listing Rules). Pursuant to this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of those statements in this Target's Statement. Refer to section 7.9.

Additionally, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

Pursuant to that Class Order, the consent of persons such statements are attributed to is not required for inclusion of those statements in this Target's Statement.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement also contains trading data obtained from IRESS without its consent.

7.7 Reliance on information obtained from Golden Investments or public sources

The information in this Target's Statement about Golden Investments has been prepared by Stanmore using publicly available information, including information in the Bidder's Statement, and has not been independently verified by Stanmore or its advisers. Accordingly, Stanmore does not, subject to the Corporations Act, make any representation or warranty, express or implied as to the accuracy or completeness of this information. The information on Golden Investments in this Target's Statement should not be considered comprehensive. Please refer to the Bidder's Statement for further information in respect of Golden Investments.

7.8 Publicly available information

This Target's Statement contains statements that are made, or based on statements made, in documents lodged with ASIC or the ASX (in compliance with the Listing Rules) by Stanmore.

As required by ASIC Class Order 13/521, any Shareholder who would like to receive a copy of any of those documents (or relevant extracts from those documents) may obtain a copy free of charge by contacting Stanmore on +61 7 3238 1000 between 9:00am and 5:00pm (AEST) Monday to Friday.

7.9 Continuous disclosure

Stanmore is a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Stanmore to notify the ASX of information about specified matters and events as they arise for the purposes of the ASX making that information available to participants in the market. In particular, Stanmore has an obligation under the Listing Rules (subject to limited exceptions) to notify the ASX immediately upon becoming aware of any information concerning it, which a reasonable person would expect to have a material effect on the price or value of the Shares.

In addition, Stanmore will make copies of the following documents available for inspection at its registered office (between 9am and 5pm on Business Days):

- Stanmore's 2019 Annual Report;
- the Stanmore Constitution; and
- any continuous disclosure document lodged by Stanmore with the ASX between the lodgement of its 2019 Annual Report on 9 October 2019 and the date of this Target's Statement. A list of these documents is included in section 3.15.

Copies of the documents are also available on Stanmore's website at www.stanmorecoal.com.au, or may be requested to be provided free of charge by contacting Stanmore on +61 7 3238 1000 between 9:00am and 5:00pm (AEST) Monday to Friday.

Copies of documents lodged with ASIC in relation to Stanmore may be obtained from, or inspected at, an ASIC office.

7.10 ASIC declarations and Listing Rule waivers

As announced to the ASX, on 15 April 2020 ASIC granted Stanmore relief from the requirement under items 10 and 13 of the table in section 635(1) of the Corporations Act to provide this Target's Statement within 14 days of the Bidder's announcement of the Offer. The declaration required Stanmore to provide the Target's Statement to ASIC and the ASX, and to send the Target's Statement to Stanmore Shareholders and the Bidder, on or before 4 May 2020.

As announced to the ASX, on 24 April 2020 ASIC granted Stanmore relief from the requirements of section 648C of the Corporations Act to allow Stanmore to:

- deliver this Target's Statement by electronic mail to those Stanmore Shareholders who have nominated to receive notices by electronic mail; and
- send a letter or postcard, instead of the full Target's Statement, to other Stanmore Shareholders notifying them that they can access the Target's Statement on Stanmore's website and the ASX.

Stanmore has not been granted any waivers by the ASX in relation to the Offer.

7.11 Other information

This Target's Statement is required to include all the information Stanmore Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any of the Directors.

The Stanmore Board is of the opinion that the information that Stanmore Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- the information which has been previously disclosed by Stanmore as a disclosing entity in accordance with its continuous disclosure and reporting obligations to the ASX and ASIC, including the information contained in the 2019 Annual Report;
- the information contained in Stanmore's announcements to the ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement, including the Schedules to this Target's Statement.

The Stanmore Board has assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Stanmore Board has had regard to:

- the nature of the Stanmore Shares;
- the matters Stanmore Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of Stanmore Shareholders; and
- the time available to Stanmore to prepare this Target's Statement.

8 DEFINITIONS AND INTERPRETATION

8.1 Definitions

The following definitions apply in this Target's Statement unless the context requires otherwise.

2012 Rights Plan means Stanmore's Director and Employee Incentive Plan which was approved by Shareholders in October 2012.

2016 Rights Plan means the Stanmore Rights Plan approved by Shareholders in November 2016 and November 2019.

2019 Annual Report means Stanmore's Annual Report for the year ended 30 June 2019 released to the ASX on 9 October 2019.

AEST means Australian Eastern Standard Time.

Ascend Global means Ascend Global Investment Fund SPC, a fund managed by Ascend Capital Advisors (S) Pte. Ltd, a Singaporean-based investment fund manager licensed by the Monetary Authority of Singapore.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as 'ASX' operated by it.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of ASX Settlement or of any relevant organisation which is an alternative or successor to or replacement of, ASX Settlement or of any applicable CS facility licensee.

Belview has the meaning given in section 3.2(c)(i) of this Target's Statement.

Bidder's Statement means the bidder's statement dated 2 April 2020 lodged by Golden Investments with ASIC in relation to the Offer, and includes the First Supplementary Bidder's Statement and any further Supplementary Bidder's Statement issued by Golden Investments.

Bonus Shares means the Shares to be issued under the Bonus Share Issue.

Bonus Share Issue means the 1 for 33 bonus issue of Shares announced by Stanmore to the ASX on 17 April 2020.

Broker means a member organisation admitted to participate in the CHESS.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Brisbane, Australia or Sydney, Australia.

CAT 6060 has the meaning given to that term in section 7.1(a)(iii) of this Target's Statement.

CHESS means the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.

CHPP has the meaning given to that term in section 3.2(a) of this Target's Statement.

Clifford has the meaning given in section 3.2(b)(i) of this Target's Statement.

Closing Date means 18 May 2020, unless the Offer is extended.

Coal Reserve has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Coal Resource has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Competent Persons has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Controlling Participant has the meaning given in the ASX Settlement Operating Rules. Usually your Controlling Participant is a person, such as a Broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).

Corporations Act means the *Corporations Act 2001* (Cth).

DBCT has the meaning given to that term in section 3.2(a) of this Target's Statement.

Dividend Reinvestment Plan or **DRP** means Stanmore's Dividend Reinvestment Plan approved by Shareholders at the 2018 Annual General Meeting.

EBITDA means earnings before interest, tax, depreciation and amortisation.

EPC means an exploration permit for coal under the Mineral Resources Act.

First Supplementary Bidder's Statement means the Supplementary Bidder's Statement dated 28 April 2020 lodged by Golden Investments with ASIC in relation to the Offer.

FY2018 means the financial year ended 30 June 2018.

FY2020 Interim Dividend means the fully franked interim dividend of \$0.03 per Stanmore Share in respect of the six months to 31 December 2020 to be paid to eligible Stanmore Shareholders on 30 April 2020.

FY2019 means the financial year ended 30 June 2019.

FY2020 means the financial year ended 30 June 2020.

GEAR means Golden Energy and Resources Limited, a company incorporated in Singapore with company number 199508589E.

Golden Investments or **Bidder** means Golden Investments (Australia) Pte. Ltd., a company incorporated in Singapore with company number 201837382H.

GST means Australian goods and services tax.

HCC means hard coking coal.

Independent Directors means Stewart Butel, Stephen Bizzell and Neal O'Connor.

Independent Expert means BDO Corporate Finance Ltd (ACN 010 185 725).

Independent Expert's Report means the report of the Independent Expert as commissioned by Stanmore and set out in Annexure A to this Target's Statement.

Independent Technical Specialist means RPM Advisory Services Pty Ltd (ABN 43 611 453 126).

Independent Technical Specialist's Report means the report of the Independent Technical Specialist commissioned by the Independent Expert and set out in Annexure A to this Target's Statement.

Indicated has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Inferred has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Isaac Downs has the meaning given in section 3.1(c) of this Target's Statement.

Isaac Plains has the meaning given in section 3.1(a) of this Target's Statement.

Isaac Plains Complex means the mining complex located approximately 7km from Moranbah, Central Queensland comprising Isaac Plains, Isaac Plains East, Isaac Downs, Isaac South and Isaac Plains Underground.

Isaac Plains East has the meaning given in section 3.1(b) of this Target's Statement.

Isaac Plains Underground has the meaning given in section 3.1(e) of this Target's Statement.

Isaac South has the meaning given in section 3.1(d) of this Target's Statement.

JORC Code 2012 means the 2012 Edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

JORC Code 2004 means the 2004 Edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

Last Practicable Date means the last practicable date prior to the date of this Target's Statement, being close of trading on the ASX on 27 April 2020.

Liberty Facility has the meaning given to that term in section 7.1(a)(ii) of this Target's Statement.

Lilyvale has the meaning given in section 3.2(c)(ii) of this Target's Statement.

Listing Rules means the official listing rules of the ASX.

Mackenzie has the meaning given in section 3.2(c)(iii) of this Target's Statement.

Marketable Coal Reserve has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

MDL means mineral development licence under the Mineral Resources Act.

Measured has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Mineral Resource has the meaning given to that term in the JORC Code 2012 or JORC Code 2004 (as applicable).

Mineral Resources Act means the *Mineral Resources Act 1989* (Qld).

ML means mining lease under the Mineral Resources Act.

MLA means mining lease application under the Mineral Resources Act.

Offer means each offer to acquire Stanmore Shares made in connection with the Takeover Bid.

Offer Period means the period that the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act.

Offer Price means \$1.00 cash per Stanmore Share.

Performance Rights means performance rights issued under the terms of the 2012 Rights Plan or 2016 Rights Plan (as the case may be).

Related Body Corporate has the meaning given in section 50 of the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act.

Resources & Reserves Report 2019 has the meaning given to that term in section 3.3 of this Target's Statement.

ROM means run-of-mine production of coal.

Stanmore or **Company** means Stanmore Coal Limited (ACN 131 920 968).

Stanmore Board or **Board** mean the board of directors of Stanmore from time to time.

Stanmore Coal General Employee Share Plan Rules means the rules appended to the Appendix 3G released by Stanmore to the ASX on 14 February 2020.

Stanmore Constitution means the constitution of Stanmore as amended from time to time.

Stanmore Director or **Director** means a director of Stanmore.

Stanmore Exempt Share Plan means the share plan established under the Stanmore Coal General Employee Share Plan Rules.

Stanmore Group or **Group** means Stanmore and each of its Subsidiaries, and a reference to a 'member of the Stanmore Group' is to Stanmore or any of its Subsidiaries.

Stanmore IP Coal means Stanmore's operating subsidiary, Stanmore IP Coal Pty Ltd (ACN 606 244 615).

Stanmore Share or **Share** means a fully paid ordinary share in the capital of Stanmore.

Stanmore Shareholder or **Shareholder** means a registered holder of Stanmore Shares.

Subsidiary has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

Substantial Holding has the meaning given in section 9 of the Corporations Act.

Supplementary Bidder's Statement means any supplementary bidder's statement despatched by Golden Investments in accordance with sections 643 and 647 of the Corporations Act.

Takeover Bid means the on-market takeover bid under Chapter 6 of the Corporations Act made by Golden Investments to acquire all of the Stanmore Shares on the terms set out in Golden Investments' Bidder's Statement.

Target's Statement means this document (including Annexure A), being the statement of Stanmore under Part 6.5 Division 3 of the Corporations Act.

Taurus Facility has the meaning given to that term in section 7.1(a)(i) of this Target's Statement.

Tennyson has the meaning given in section 3.2(c)(iv) of this Target's Statement.

The Range has the meaning given in section 3.2(b)(i) of this Target's Statement.

Voting Power has the meaning given in section 610 of the Corporations Act.

VWAP means volume weighted average price.

8.2 Interpretation

In this Target's Statement (other than Annexure A):

- (a) Other words and phrases have the same meaning (if any) given to them in the Corporations Act or the Listing Rules (as is appropriate to the context).
- (b) Words of any gender include all genders.
- (c) Words importing the singular include the plural and vice versa.
- (d) An expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.
- (e) A reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- (f) A reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.

- (g) Headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) Unless otherwise specified, a reference to time is a reference to the time in Brisbane, Australia.
- (i) A reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.
- (j) A reference to US\$ and USD is to the lawful currency of the United States of America.

9 AUTHORISATION

This Target's Statement has been approved by a resolution passed by the Stanmore board of directors. All of the Independent Directors voted in favour of that resolution. Mr Lim and Mr Matos did not vote on the resolution.

Dated 29 April 2020.

Signed for and on behalf of Stanmore:

A handwritten signature in black ink, appearing to read "Stewart Butel".

Stewart Butel

Chairman

ANNEXURE A – INDEPENDENT EXPERT'S REPORT AND INDEPENDENT TECHNICAL SPECIALIST'S REPORT

CORPORATE DIRECTORY

Board of Directors

Stewart Butel (Chairman)

Stephen Bizzell

Jimmy Lim

Marcelo Matos

Neal O'Connor

Company Secretary

Ian Poole

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Allens

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Link Market Services

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