



stanmorecoal

NOOSA MINING AND EXPLORATION CONFERENCE
CORPORATE PRESENTATION

July 2014

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

Competent Persons Statement:

The information in this report relating to the Belview Project exploration results and coal resources is based on information compiled by Mr Troy Turner who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to all other project exploration results and coal resources is based on information compiled by Mr Troy Turner who is a member of the Australasian Institute of Geoscientists and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2004 Edition of the JORC Code. Mr Turner consents to the inclusion in this document of the matters based on the information, in the form and context in which it appears.

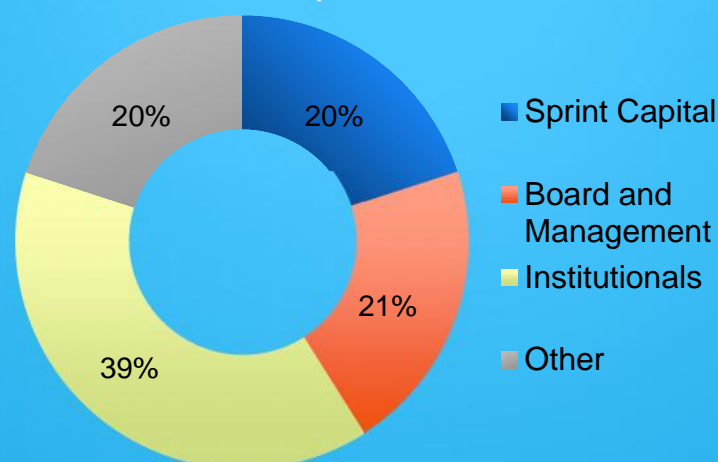
The information in this report relating to coal reserves is based on information compiled by Mr Richard Hoskings who is a member of Minserve Pty Ltd. Mr Hoskings is a mining engineer, a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience (30+ years) in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)". Mr Hoskings consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

ABOUT STANMORE COAL

- Queensland based coal development company
- Counter-cyclical investment opportunity with advanced thermal and metallurgical coal development projects
- Emerging coking coal producer at Belview
- Additional pipeline of attractive projects
- Rail and port infrastructure in place for key coking coal projects
- Strong Board and management team with proven track record of developing and operating coal mines
- Small, highly skilled team with low overhead cost base
- Well funded with a strong shareholder base
- No take or pay obligations
- Capacity to pursue opportunities in the down-cycle

ASX Code	SMR
Share price	A\$0.15 ²
Shares	209.1m
Market cap	\$31.4m ²
Cash	A\$18.2m ³

Share ownership



Large resource base

Total JORC Resource⁴
933.2 Mt

Measured and indicated JORC Resource⁴
231 Mt

JORC Marketable Reserves
94 Mt

1. Refer to Marketable Reserves Note (p.2) , JORC Probable Reserve (ROM) of 117.5 Mt • 2. As at 16 July 2014 • 3. As at 30 June 2014 • 4. 18 Mt Measured, 212.7 Mt Indicated, 702.5 Mt Inferred

STRONG BOARD AND MANAGEMENT TEAM

Over 150 years of coal exploration, development and operational experience



**Neville
Sneddon**

**Non-exec
Chairman**

Mining engineer with 40 years experience in coal, formerly CEO of Anglo Coal Australia, Chairman of DBCT Port and Director of PWCS Port



**Viv
Forbes**

**Non-exec
Director**

Over 40 years of Bowen Basin coal experience including all phases of coal mine development at Burton, South Blackwater and Goonyella coal mines. Formerly Director of DBCT Port



**Stephen
Bizzell**

**Non-exec
Director**

Extensive experience in commercialising resources companies, former executive director of Arrow Energy and current Chairman of Bizzell Capital Partners



**Chris
McAuliffe**

**Non-exec
Director**

Co-founder and MD of Sprint Capital Partners. More than 20 years experience in investment banking and private equity in Asia



**Nick
Jorss**

**Managing
Director**

20 years in engineering, project management, resource financing and M&A



**Doug
McAlpine**

**Chief
Financial
Officer**

15 years of accounting and finance and commercial experience in property, investment and contracting sectors



**Mike
McKee**

**Chief
Operating
Officer**

Mine manager with 30 + years experience, mainly in the Bowen Basin. Most recently General Manager at Minerva, Yarrabee and Sonoma mines

STANMORE COAL'S STRATEGY

Driving towards production with disciplined growth

The Company's strategy is to:

Deploy capital judiciously, where long term value can be created

- Undertake drilling activities and studies to support development of key projects particularly Belview
- Continue to deliver further exploration programs through our strong relationships with key funding partners (the Japan Oil, Gas and Metals National Corporation and Taiheiyo Kouhatsu Inc.)

Undertake value engineering for key projects

- Opportunity to engineer substantial capital costs out of all projects
- Working with key contractors and suppliers to reduce operating and capital costs
- Enhance projects to ensure we are at the front of the queue of coal development projects as existing mines are depleted

Selectively pursue low capital, high-value expansion opportunities

- Pursue expansion of existing projects to further enhance project economics via farm-in and joint venture arrangements with adjacent tenement holders
- Review late stage development assets that become available to support potential acceleration of production

Minimise overhead costs

- Running costs have been reduced substantially – continue to monitor and manage through the cycle
- Maintain core team to deliver strategy and retain ability to respond quickly when market conditions improve

LOCATED IN QUEENSLAND'S PREMIER COAL BASINS

Emerging Bowen Basin coking coal producer at Belview

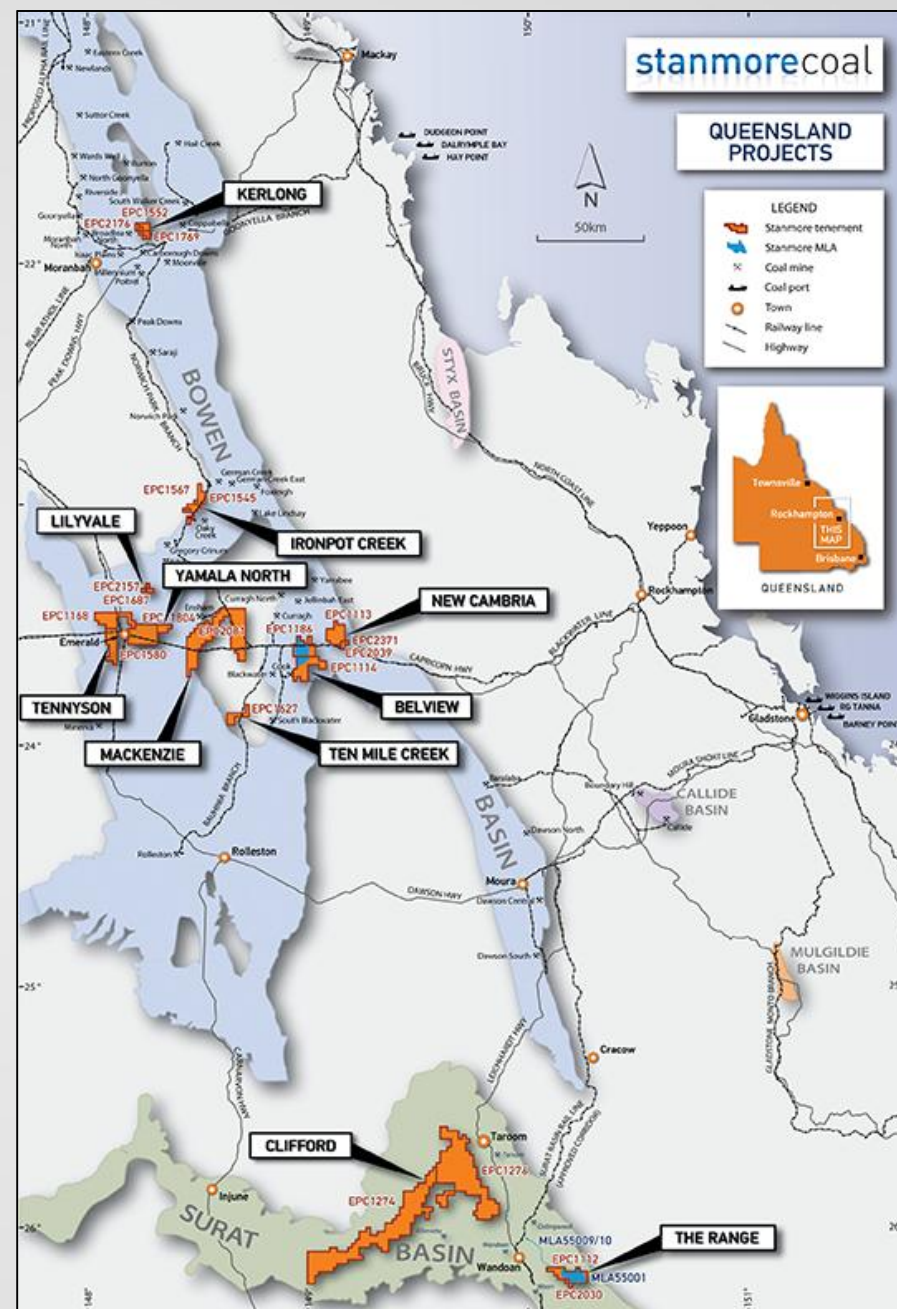
- Belview hosts high quality underground coking coal on existing rail line
- First coking coal exports planned from Belview in 2018

Pipeline of additional coal projects

- Lilyvale hosts underground coking coal in the German Creek seam
- The Range (Surat Basin) open-cut 5 Mtpa (low emission) export thermal coal at feasibility stage
- Other prospective thermal, PCI and coking deposits in the Bowen and Surat basins

Well located for infrastructure

- Rail and port capacity for Belview is expected to be available in line with development timeline
- Bowen Basin assets are adjacent to existing rail lines
- Surat Basin assets located within close proximity to proposed Surat Basin Rail line
- No “take or pay” exposure





Coal market outlook

WHERE ARE WE IN THE RESOURCES CYCLE?

Bottom of the cycle opportunity – long term outlook is strong

Cyclical lows

- Coking and thermal coal are at their lowest levels since the GFC driven by oversupply not a reduction in demand
- Slower industrial growth and increased domestic coal supply in China is having an impact
- A significant percentage of seaborne coal producers are unprofitable at current pricing levels – an unsustainable position
- Typical bottom of the cycle behaviour observed in both miners and investors creates opportunities

Strong long term demand from Asia

- Major steel production and other manufacturing facilities will be relocated to the west and south of China which makes imported coal more competitive
- Japan has a renewed focus on coal fired generation capacity in light of the ongoing restrictions on nuclear
- New Government in India may allow electricity tariff to rise – a major potential driver of coal demand
- South East Asian countries are increasing their reliance on coal fired power generation to meet the electricity demands from their growing economies as regional gas supplies deplete

Renewed focus on cost and productivity

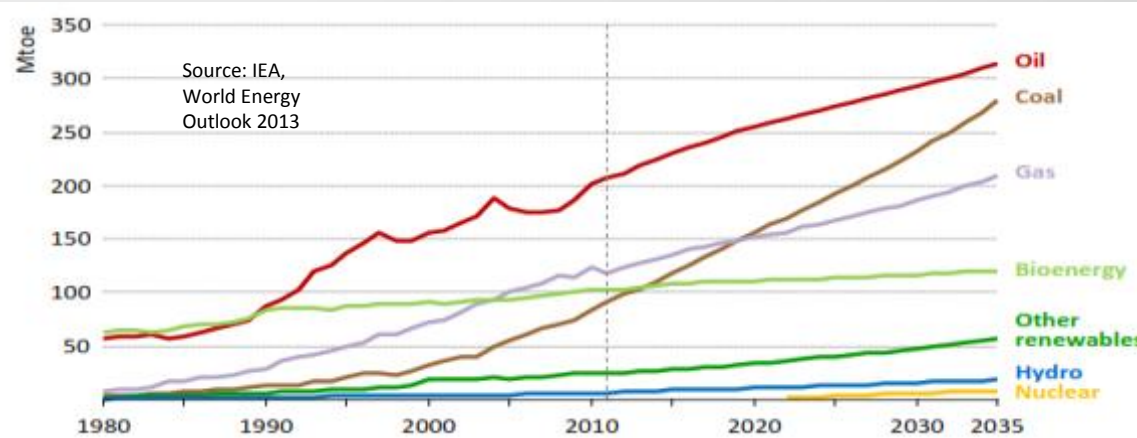
- The majors continue to aggressively pursue cost reduction initiatives and productivity improvement
- The need to ship coal to offset significant take or pay liabilities has impacted producer behaviour and further exacerbated oversupply

Historical pattern of strong recovery

- History tells us that resource down-cycles are followed by inevitably stronger up-cycles
- The majors have turned off the tap to new projects – thus It is likely that the longer the downturn, the bigger the upswing

ASEAN Primary Energy Demand by Source

Coal is forecast to contribute an even greater %



SUPPLY/DEMAND OUTLOOK

Macro factors support a strong coal demand

Short term oversupply

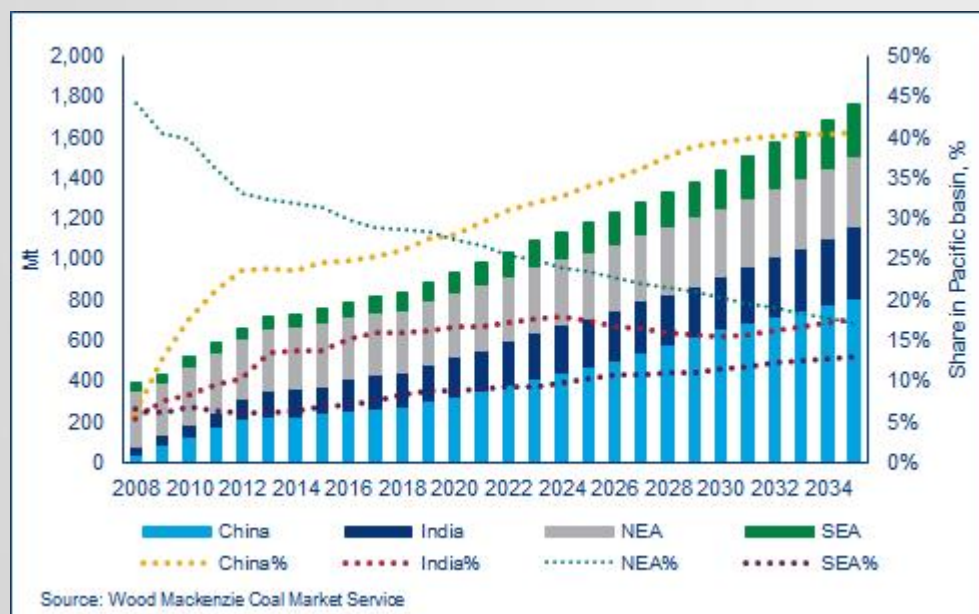
- China re-stocking typically occurs in the second half of the year
- Seaborne cost curve suggests that a number of unprofitable producers will be forced to shut
- Indonesia is becoming increasingly conscious of energy security and will likely constrain export growth

Quantity and quality of resources declining globally

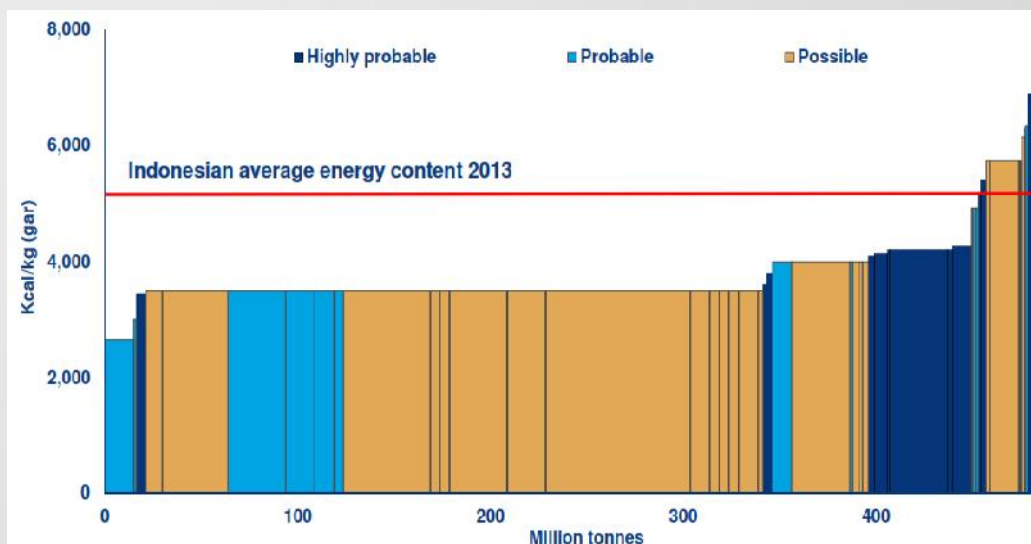
- Increased focus from China on the emission profile of imported thermal coal
- The quality and calorific value of Indonesian (Australia's primary competitor into China) export coals falls away dramatically over time
- Australia still has abundant supply of good quality relatively shallow coal e.g. Surat Basin

Long term demand growth is underpinned by Asia

Seaborne thermal coal demand forecast in the Pacific basin (Mt, %)



Standard Energy for Indonesian Greenfield Projects



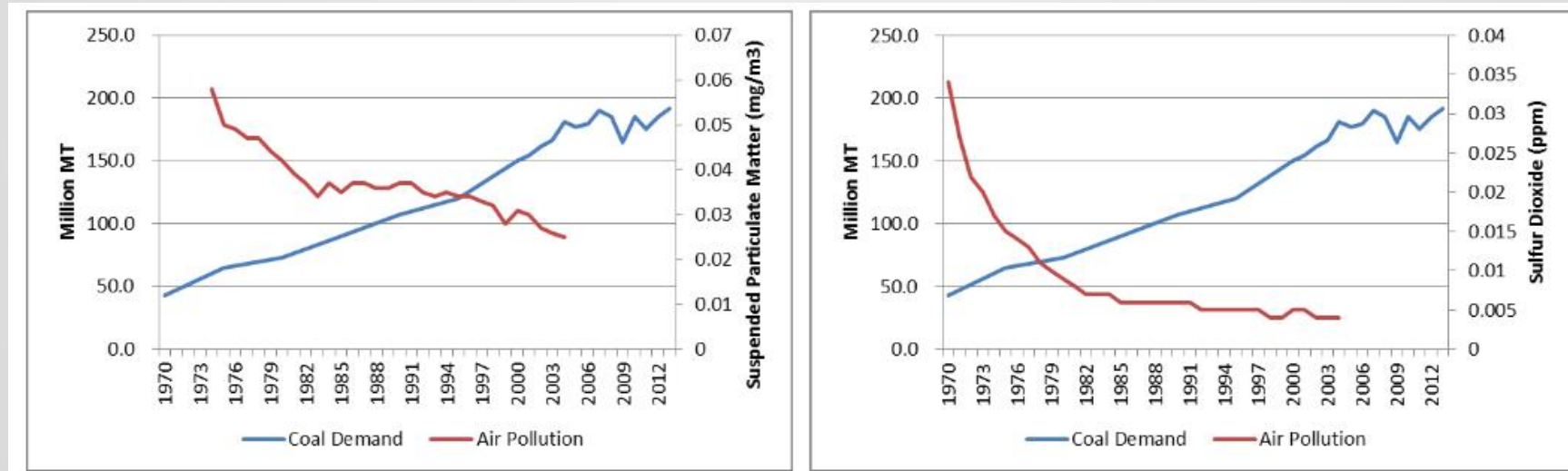
ENVIRONMENTAL IMPACT OF COAL

Modern technologies reduce emissions and increase efficiencies

Burning high quality thermal coal will reduce the emission profile of emerging economies

- Centralised ultra-critical power plants are significantly more efficient and produce less particulate and other emissions
- Japan and the United States addressed the emissions challenges created through their rapid urbanisation through adopting efficient coal technologies and controlling vehicle emissions
- Australia is endowed with substantial deposits of high energy, low emission thermal coal which is increasingly sought after in Asian markets

In Japan, air pollution has historically decreased as coal consumption increased due in part to the use of efficient, supercritical coal plants



Sources: Reproduced from New Hope Coal Corporation Limited's Half Year Results Presentation 25 March 2013
Air Pollution: "FY 2004 Status of Air Pollution" by Ministry of the Environment; Government of Japan
Coal Demand: 1970 to 2000: "Annual Report for Energy Production and Supply-demand Figures" (edition for each year) by Ministry of Economy, Trade and Industry; Government of Japan
2000 onwards: "Foreign Trade Statistics" by Ministry of Finance; Government of Japan

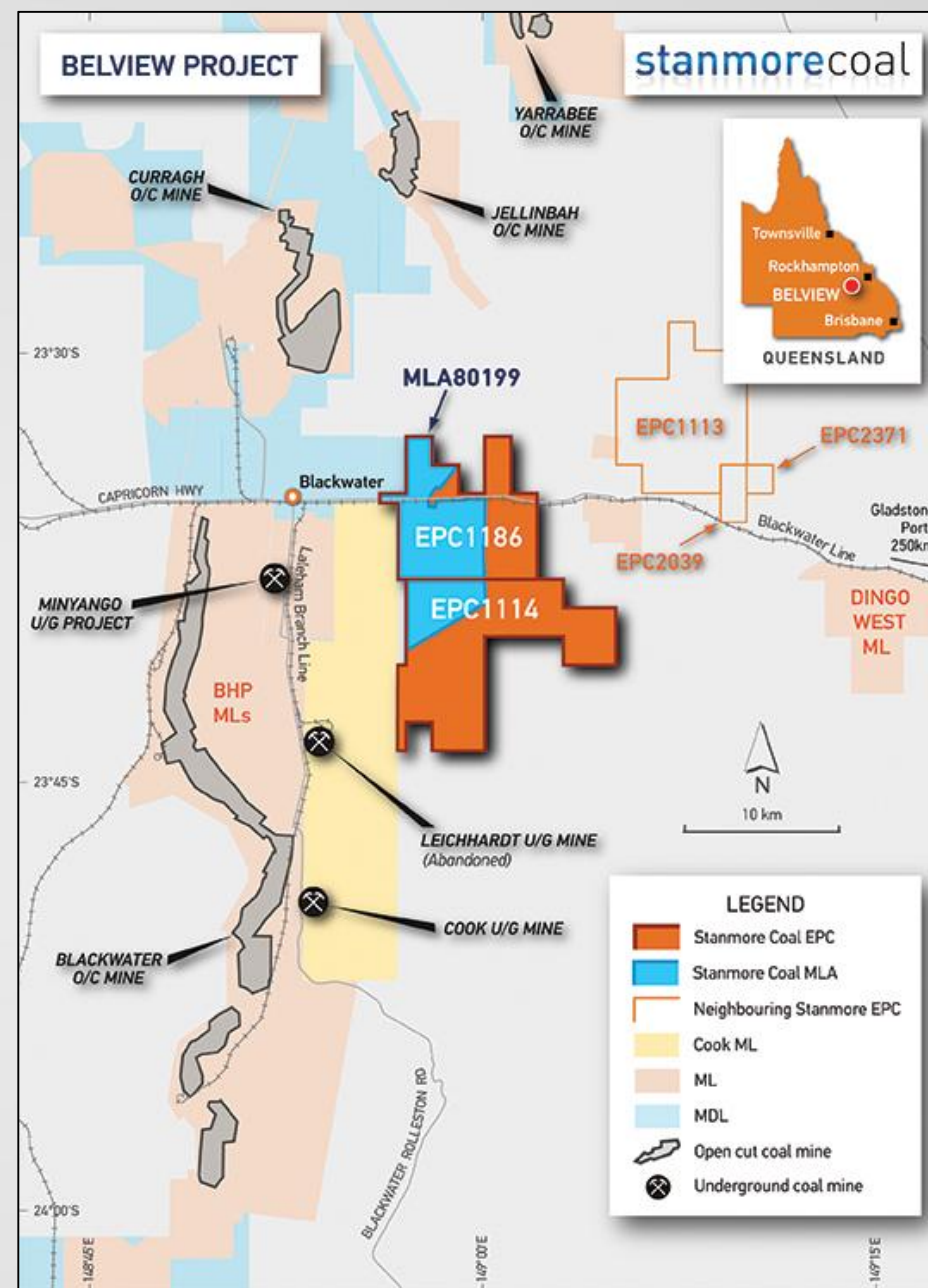


Our Projects

BELVIEW PROJECT

Significant coking coal project in the Bowen Basin 100% owned

- Substantial coking coal deposit in heart of the Bowen Basin –342 Mt JORC Inferred Resource
- Infrastructure in place – located on existing Blackwater Rail Line to Gladstone Port
- Surrounded by operating coking coal mines; one of limited number of large scale coking coal projects in Queensland
- Mining lease application submitted
- Funding from Taiheiyo Kouhatsu and JOGMEC demonstrate the attractiveness of the project to third party investors and off-takers
- Coal testing indicate that Belview will produce a Hard Coking Coal (“HCC”) primary product and a secondary low volatile Pulverised Coal Injection (“PCI”) product
- 2014 drilling confirms HCC quality is excellent, exhibiting low ash, low volatile matter and low sulphur
- PCI quality is also very good, exhibiting high calorific value, low volatile matter and low sulphur
- Overall washed total yield is in the range of 73% to 83% for two high value metallurgical coal products (62% HCC, 38% PCI)
- Further drilling to support Indicated Resource planned this year with PFS to follow



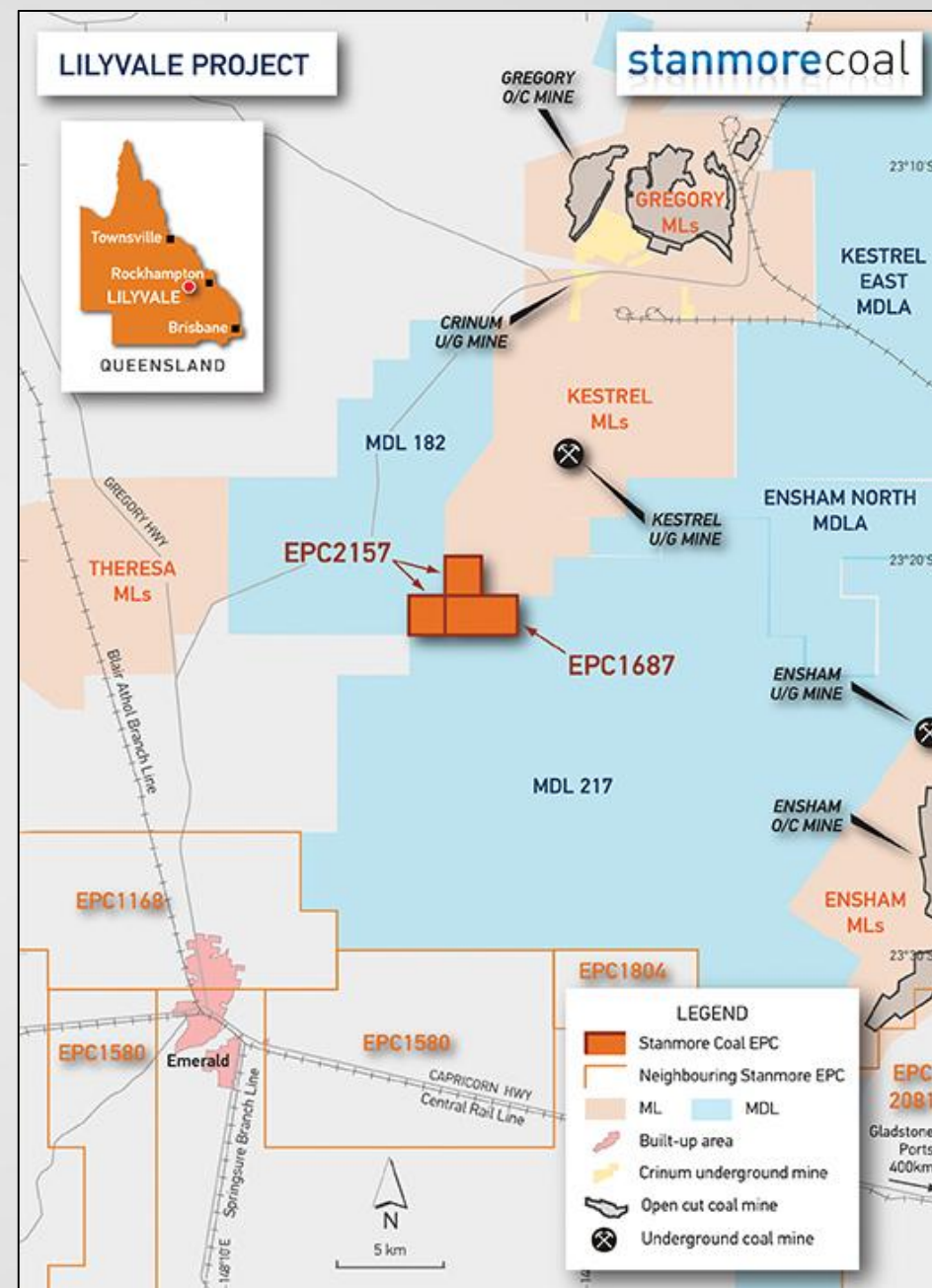
LILYVALE PROJECT

Coking coal project

- The Lilyvale Project is targeting the German Creek seam which is mined as a prime coking coal at nearby operating mines:
 - Kestrel UG Longwall (Rio Tinto)
 - Crinum UG Longwall (BMA)
- Historical drilling results and knowledge of surrounding assets suggest Lilyvale can produce an export grade coking coal from a 2.4 m thick seam

	Min	Max	Expected ¹
Yield %	83.3	90.2	85.0
Ash %	7.8	9.5	8.5
Sulphur %	0.5	0.6	0.5
Phosphorus %	0.006	0.027	0.02
Moisture %	2.3	3.4	3.0
Volatile %	30.3	35.5	33.0
CSN	5	7.5	6–7 ²
Fluidity (dd/min)	108	130	120

- Min and max values are derived from regional borehole information as well as two boreholes within the tenement, although on the western edge. Expected values are estimates based on typical variances observed when depth of cover increases, as well as a trend towards borehole NS 7, a single data point located on the eastern boundary.
- Option exists to enhance washing to reduce yield and increase CSN, but not included in the estimate.

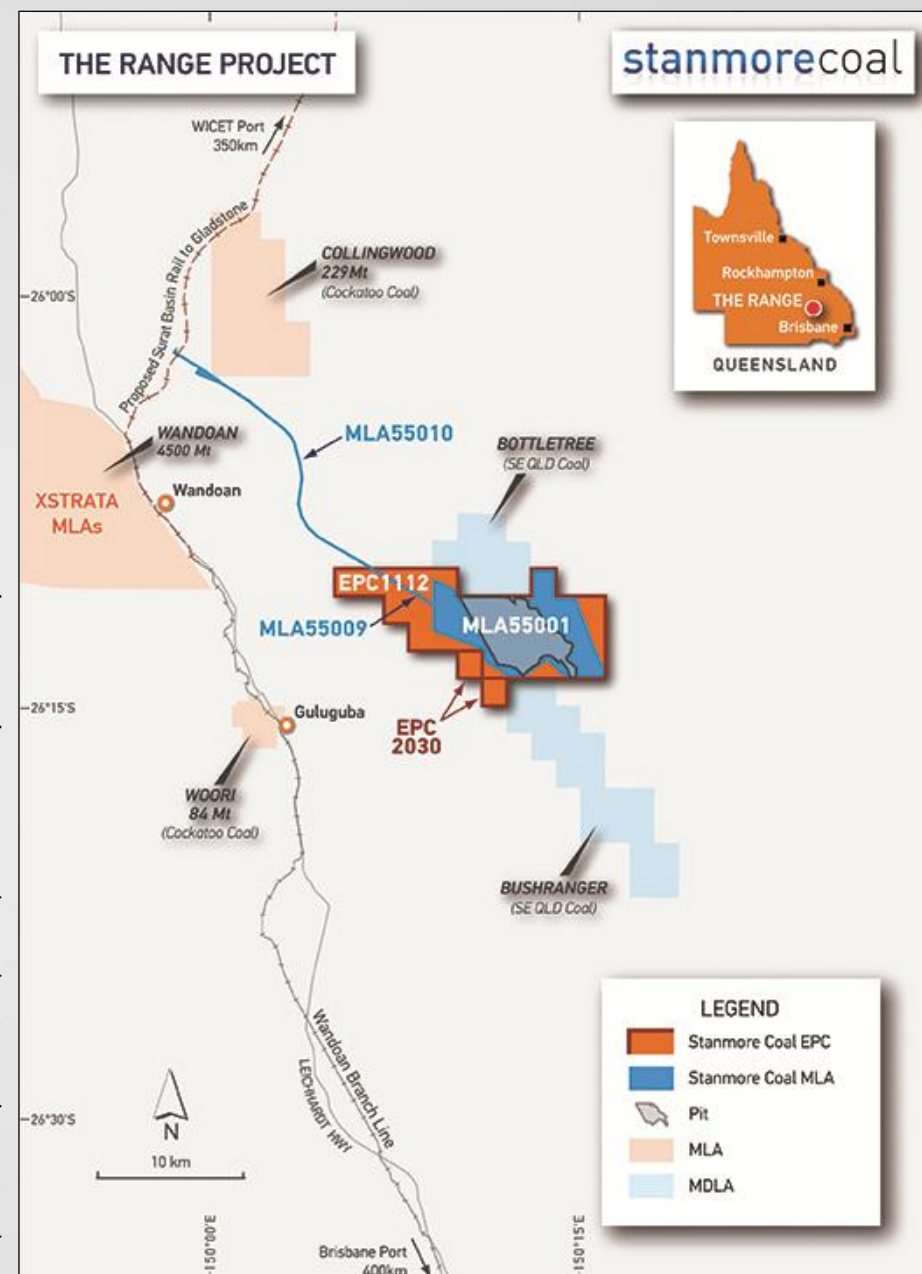


THE RANGE PROJECT

Open cut, high energy, export grade thermal coal mine 100% owned

- Feasibility Study complete on 5 Mtpa open cut export thermal coal mine over 25 years
- EIS completed and Mining Lease in process; no further expenditure required until 190km Surat Basin Rail is committed
- High energy, low emission thermal coal sought after in Asia

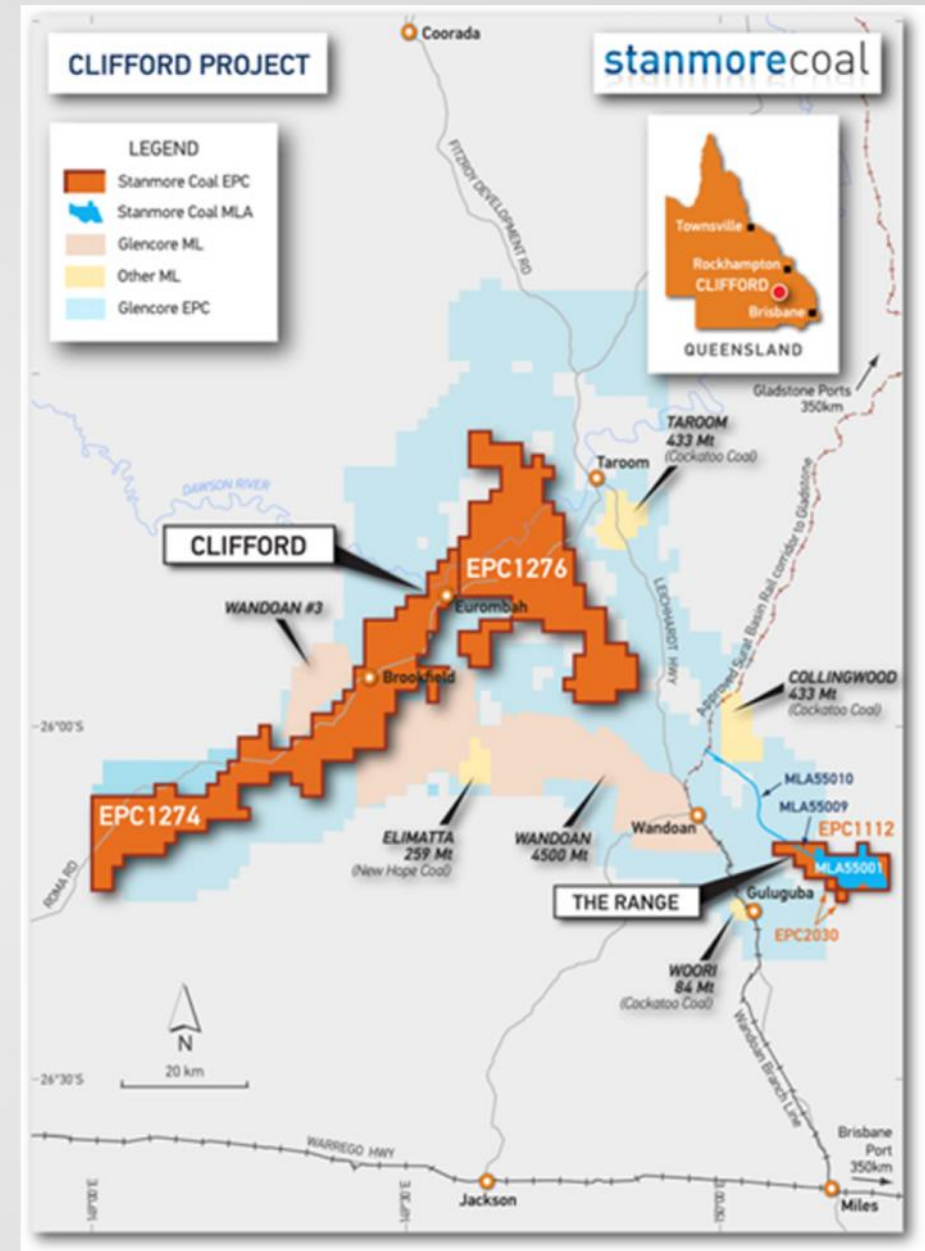
Quality	Surat Walloon Coals	Comment
Sulfur (%)	0.4	✓ Low levels of trace elements and low emissions of atmospheric pollutants (oxides of sulfur, nitrogen and particulates) mean excellent environmental performance
Nitrogen (% ult daf)	1.1	
Ash (%)	10	✓ Lower than Newcastle benchmark
CO ₂ (kg/MWh S/O)	920-940	✓ Contain up to 30% more organically bound hydrogen than most thermal coals, resulting in lower CO ₂
Ash fusion temp (C)	1,420	✓ High ash fusion and favourable ash composition mean that slagging and fouling problems are minimal or eliminated
Volatile matter (%)	40-42	✓ Very high, consistent with its high rank and produces rapid combustion and good burnout



CLIFFORD PROJECT

Large exploration area with open cut potential

- Substantial exploration opportunities within the 1,161km² Clifford Project Area
- Potential to host a substantial thermal coal deposit suitable for open cut mining
- Substantial synergies with the Range
- JOGMEC funding allows for \$4.5M of exploration activity at Clifford over the next 3 years for a 40% project interest
- Strategic Japanese government interest in the Surat Basin supports long term value in Stanmore projects



RESERVES AND RESOURCES

Project		JORC Marketable Coal Reserve ^{1,2}	JORC Recoverable Coal Reserve ^{1,2}	JORC Measured Resource ¹	JORC Indicated Resource ¹	JORC Inferred Resource ¹	Total JORC Resource ¹
The Range	Thermal	94.2	117.5	18.0	187.0	82.0	287.0
Mackenzie	Coking	-	-	-	25.7	117.5	143.2
Belview⁴	Coking	-	-	-	-	342.0	342.0
Tennyson	Thermal/Coking	-	-	-	-	161.0	161.0
Totals		94.2	117.5	18.0	212.7	702.5	933.2

1. Refer to Competent Persons Statement (p. 2)

2. Refer to Marketable Reserves Note (p. 2)