

Stanmore Coal Limited

ABN 27 131 920 968

Notice of annual general meeting & explanatory memorandum

Meeting information:

Date: Monday, 23 November 2015

Time: 10.00am (Brisbane time)

Place: Corrs Chambers Westgarth, Level 42, 111 Eagle Street,
Brisbane Qld 4000

This document contains important information regarding the Annual General Meeting of Stanmore Coal Limited and should be read in its entirety. If you are in doubt as to how you should vote at the Annual General Meeting, you should seek advice from your accountant, solicitor or other professional adviser without delay.

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Notice of Annual General Meeting

Stanmore Coal Limited

Notice is given that the Annual General Meeting of Shareholders of Stanmore Coal Limited ABN 27 131 920 968 (**Company**) will be held at Corrs Chambers Westgarth, Level 42, 111 Eagle Street, Brisbane Qld 4000, on Monday 23 November 2015 and will commence at 10.00am (Brisbane time).

ORDINARY BUSINESS

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' report and auditors' report, Directors' declaration, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to and forming part of the financial statements for the Company and its controlled entities for the financial year ended 30 June 2015.

Resolution 1: Re-election of Neville Sneddon as a Non-Executive Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Neville Sneddon, who retires in accordance with Rule 38.1 of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Non-Executive Director.

Resolution 2: Re-election of Stephen Bizzell as a Non-Executive Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Stephen Bizzell, who retires in accordance with Rule 38.1 of the Company's constitution and, being eligible, offers himself for re-election, be re-elected as a Non-Executive Director.

Resolution 3: Adoption of Remuneration Report

To consider and, if thought fit, pass the following advisory resolution:

That the Remuneration Report for the year ended 30 June 2015 (as set out in the Directors' Report) be adopted.

The vote on Resolution 3 is advisory only and does not bind the Directors or the Company.

VOTING EXCLUSION STATEMENT – Resolution 3

The Company will disregard any votes cast on Resolution 3 by:

- any member of Key Management Personnel whose details are included in the Remuneration Report and any Closely Related Party of such a member; or
- any member of Key Management Personnel, and any Closely Related Party of such a member, who is appointed as an undirected proxy for a person who is entitled to vote.

However, the Company will not disregard a vote if it is:

- cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides (even if the resolution is connected directly or indirectly with the remuneration of such a member of the Key Management Personnel).

Please refer below to the important information about the appointment of proxies in relation to Resolution 3.

To consider any other business as may be lawfully put forward in accordance with the constitution of the Company.

Specific comments relating to the Resolutions are set out in the Explanatory Memorandum.

By order of the Board

Andrew Roach
Joint Company Secretary

Date: 23 October 2015

Shareholder information

How to vote

You may vote by:

- attending the Meeting and voting in person; or
- by appointing a proxy or authorised corporate representative to vote on your behalf at the Meeting.

Voting in person

To vote in person, attend the Meeting on the date and at the time set out in the Notice. The Meeting will commence at 10.00am (Brisbane time).

Voting by proxy

A Shareholder who is entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy. A form of appointment of proxy is enclosed with this Notice.

The proxy need not be a Shareholder of the Company. A Shareholder who is entitled to cast two or more votes may appoint two proxies and make specified a proportion or number of votes each proxy is appointed to exercise. If the appointment does not specify a percentage or number and two proxies are appointed, each may exercise half of the votes to which that Shareholder is entitled (in which case any fractional votes will be disregarded).

All proxy forms will need to be lodged with the Company no later than 48 hours before commencement of the Meeting (ie lodged by 10.00am (Brisbane time) on 21 November 2015). Any proxy form received after the time will not be valid for the Meeting.

If you wish to appoint a proxy and are entitled to do so, then complete the enclosed proxy form in accordance with the instructions on it and return it to the Company's share registry by the deadline for lodgement as follows:

- by using a replied paid envelope enclosed with this Notice;
- by posting the proxy form to:
**Stanmore Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South, NSW 1235
Australia**

- by hand delivery to:
**Link Market Services Limited
Rhodes Corporate Park
1A Homebush Bay Drive
Rhodes, NSW 2138**

or

**Link Market Services
Level 12, 680 George Street
Sydney, NSW 2000**

- by faxing the proxy form to:

**Link Market Services
+61 2 9287 0309**

Shareholders can also vote online at:

www.investorcentre.linkmarketservices.com.au

Shareholders can login to the Link Market Services website using the details as shown on the proxy form, select 'Voting' and follow the prompts to lodge their vote. To use the online voting facility, Shareholders will need their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the company's constitution to vote, abstained from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. Any directed proxies which are not voted on a poll will automatically default to the chair of the Meeting, who must vote the proxies as directed. If a proxy is not directed how to vote on an item of business, a proxy may vote as they think fit. If a Shareholder appoints the chair of the Meeting as a Shareholder's proxy and does not specify how the chair is to vote on an item of business, the chair will vote, as proxy for that Shareholder, in favour of the item.

Voting by corporate representatives

A corporate Shareholder wishing to appoint a person to act as its representative at the Meeting must provide that person with an authority executed in accordance with the company's constitution and the Corporations Act authorising him or her to act as a corporate representative. The authority must be sent to the Company or its share registry in advance of the Meeting or be handed in at the Meeting when registering as a corporate representative.

Right to vote

The Board has determined that, for the purposes of the Meeting, Shares will be taken to be held by the persons who were the registered holders of those Shares at 7.00pm (Sydney time) on 21 November 2015. Accordingly, the Share transfers registered after the time will be disregarded in determining entitlements to attend and vote at the Meeting.

Shareholder questions and comments

The chair of the Meeting will provide Shareholders with an opportunity at the meeting to ask questions and make comments.

Explanatory Memorandum

Stanmore Coal Limited

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting of the Company to be held at Corrs Chambers Westgarth, Level 42, 111 Eagle Street, Brisbane Qld 4000 on 23 November 2015 commencing at 10.00am (Brisbane time).

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice. The Directors recommend Shareholders read the accompanying Notice and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

This Explanatory Memorandum forms part of and should be read in conjunction with the accompanying Notice. A number of words and terms used in this Explanatory Memorandum have defined meanings, which are set out in the glossary at the end of this document.

ORDINARY BUSINESS

Financial Reports

The Corporations Act requires the financial report, the Directors' report and the auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or in the constitution of the Company for Shareholders to approve the financial report, the Directors' report or the auditor's report. The Company's Annual Report is placed before the Shareholders for discussion. No voting is required for this item.

Shareholders will be given a reasonable opportunity to ask questions of a representative of the Company's auditor, BDO Audit Pty Ltd, in relation to the conduct of the audit.

Resolution 1: Re-election of Neville Sneddon as a Non-Executive Director

In accordance with rule 38.1 of the constitution, Mr Neville Sneddon, a Non-Executive Director, will retire at the Annual General Meeting and being eligible, has offered himself for re-election.

Mr Sneddon was initially appointed as a Non-Executive Director of the Company on 5 October 2009. He is the Chairman of the Company and is also Chairman of the Remuneration Committee. The Directors (other than Mr Sneddon) consider that Mr Sneddon is an Independent Director.

Mr Sneddon is a mining engineer with over 40 years experience in most facets of the mining industry of NSW and Queensland.

In the Hunter Valley he worked in the Coal and Allied business, developing and operating both underground and open cut mines. From 1997, Neville worked in a senior role in the NSW Mines Inspectorate, covering operations in all forms of mining in the state. Moving to Queensland in 1999, he accepted the position of Chief Operating officer with Shell Coal, subsequently Anglo American's Australian coal operations. The operations produce metallurgical coal as well as thermal coal for export and Australian customers. The mines are in both NSW and Queensland. He left the role of CEO in 2007.

Mr Sneddon has held several positions on the Boards of operating mining companies and infrastructure operators in both NSW and Queensland, including that of Chairman of the operating company at Dalrymple Bay Coal Terminal near Mackay and Director of Port Waratah Coal Services, a major coal export facility at Newcastle. He has been a member of the Boards of the Queensland, NSW and National Mining councils. He has been invited onto several Government Committees, including the NSW Mine Subsidence Board, the NSW Mines Rescue Board, Queensland Ministerial Coal Mine Safety Advisory Committee and the joint federal/state advisory committee which is developing nationally consistent mining safety legislation. He is presently on the Board of Cobbora

Coal Limited, Solid Energy Limited (Subject to Deed of Company Arrangement) and Chairman of CSM Energy Limited.

During the past three years, Mr Sneddon has not served as a Director of any other ASX listed companies.

The Directors (with Neville Sneddon abstaining) recommend that you vote in favour of this ordinary Resolution.

Resolution 2: Re-election of Stephen Bizzell as a Non-Executive Director

In accordance with rule 38.1 of the constitution, Mr Stephen Bizzell, a Non-Executive Director, will retire at the Annual General Meeting and being eligible, has offered himself for re-election.

Mr Bizzell was initially appointed as a Non-Executive Director of the Company on 5 October 2009. Mr Bizzell is a member of the Audit & Risk Committee and a member of the Remuneration Committee. The Directors (other than Mr Bizzell) consider that Mr Bizzell is an Independent Director

Mr Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. He is also a Non-Executive Director of Armour Energy Ltd, Titan Energy Services Ltd, UIL Energy Ltd and Queensland Treasury Corporation and Chairman of Diversa Limited, Laneway Resources Ltd and Renascor Resources Limited.

Mr Bizzell was an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. He was also a co-founder and director of Bow Energy Ltd until its takeover.

Mr Bizzell qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions. He has over 20 years' corporate finance and public company management experience in the resources and energy sectors in Australia and Canada with various public companies.

During the past three years, Mr Bizzell has also served as a Director of the following ASX listed companies:

- Armour Energy Limited*
- Bow Energy Ltd (until takeover in 2012)
- Dart Energy Ltd (until 26 November 2013)
- Diversa Ltd*
- Hot Rock Ltd (until 1 August 2014)
- Renascor Resources Limited *(formerly Renaissance Uranium Limited)
- Laneway Resources Limited * (formerly Renison Consolidated Mines NL)
- Titan Energy Services Limited*
- UIL Energy Ltd *

* denotes current ASX listed directorship.

The Directors (with Mr Bizzell abstaining) recommend that you vote in favour of this ordinary Resolution.

Resolution 3: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Annual Report is available for download on the Company's website, www.stanmorecoal.com.au.

In summary the Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and other Key Management Personnel;
- explains the relationship between the Board's remuneration policy and the Company's performance;

- sets out remuneration details for each Director and the other most highly remunerated Key Management Personnel; and
- details and explains any performance conditions applicable to the remuneration of executive Directors and other Key Management Personnel.

The Company's business strategy of becoming a coal producer can only be achieved by identifying and retaining high calibre employees with appropriate experience and capability. Developing an appropriate compensation strategy for the Company's employees is a key factor in ensuring employees are engaged and motivated to improve the Company's performance over the long term. The Board's intention is to maximise stakeholder benefit from the retention of a high quality Board and Executive Team without creating an undue cost burden for the Company, but allowing the Company to respond to opportunities quickly and rapidly progress its projects to development at the appropriate point in the cycle.

The Board regularly reviews the appropriateness of employees' fixed compensation in light of the Company's cost structure and the practices of its peers. In FY15 there were no changes to fixed compensation for key management personnel or any other employees of the Company. This represents a continuation of the policy from FY14 with very few employees receiving any change to base remuneration arrangements since FY13.

The Directors note that during the financial year ending 30 June 2015:

- no options were issued to any Directors or employees of the Company; and
- no performance rights were issued to any Directors or employees of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Shareholders should be aware that any undirected proxies given to the Chairman will be cast by the Chairman and counted in favour of the Resolution.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board (with Managing Director Nick Jorss abstaining) recommends that Shareholders vote in favour of adopting the Remuneration Report. Under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company.

Glossary of terms

In the Notice and Explanatory Memorandum the following words and expressions have the following meanings:

Annual General Meeting	the annual general meeting of the Shareholders convened pursuant to the Notice for the purposes of considering the resolutions set out in the Notice.
Annual Report	the annual report of the Company for the year ended 30 June 2015.
Board	the board of Directors of the Company.
Closely Related Party	in respect of a member of Key Management Personnel: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or of the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; (e) a company that the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth).
Company	Stanmore Coal Limited ACN 131 920 968.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of the Company from time to time (each a Director).
Explanatory Memorandum	the explanatory memorandum that accompanies the Notice.
Key Management Personnel	a person having authority and responsibility for planning, directing and controlling the activities of the Company and its subsidiaries, directly or indirectly, including any Director (whether executive or otherwise) of the Company or any of its subsidiaries.
Notice	this notice of meeting of Shareholders.
Remuneration Report	the section of the Directors' report contained in the Annual Report entitled "Remuneration Report" which starts on page 22 of the Annual Report.
Resolution	a resolution to be proposed at the Annual General Meeting.
Shares	fully paid ordinary shares in the capital of the Company (each a Share).
Shareholder	a registered holder of Shares.