



29 July 2019

NOTICE UNDER SECTION 249D OF THE CORPORATIONS ACT

The Board of Stanmore Coal Limited (**Stanmore** or the **Company**) (ASX: SMR) announces that on 26 July 2019, the Company received a notice from Golden Investments (Australia) Pte Ltd (**Golden Investments**) under section 249D of the *Corporations Act 2001* (Cth) (**Section 249D Notice**) requesting the directors to convene an Extraordinary General Meeting of the members of the Company (**Meeting**).

Golden Investments proposed Meeting resolutions

Golden Investments requests that a Meeting be held to consider the following resolutions:

1. Removal of Stewart Butel as Director (*current Chair*)
2. Removal of Dan Clifford as Director (*current Managing Director*)
3. Election of Cameron Vorias as an Independent Non-executive Director and Chairman
4. Election of Jimmy Sen Ming Lim as a Non-executive Director.

In addition to putting these resolutions to shareholders, Golden Investments has proposed that:

5. Darren Yeates, who was appointed by the Board in May 2019 as an Independent Non-Executive Director to fill a casual vacancy and is required by the Company's constitution to stand for re-election at this year's AGM, instead offer himself for re-election at the requisitioned Meeting; and
6. Cameron Vorias be appointed to act as the Company's Chair (Stanmore notes the Chair holds a casting vote at Board meetings and the constitution requires the Chair to be chosen by the Company's Board and not its shareholders).

The Board does not intend to act on these further proposals and notes that they are clearly designed to offer Golden Investments control.

The Board of Stanmore Coal believes that Golden Investments is attempting to obtain effective control of the Company without paying other shareholders a control premium, by seeking to remove and replace the Company's current Chair and Managing Director with their nominees.

If Golden Investments secures shareholder support for its resolutions and further proposals, Golden Investments will have achieved effective control of the Board and therefore, the Company, despite the fact that it has a total holding of only 25.89%.

Board composition

In February 2019, after Golden Investments' unsuccessful takeover offer expired, the Board began discussions with Golden Investments regarding representation on the Board. Golden Investments requested the appointment of two of its nominees to the Board. The Board agreed to appoint Mr Jimmy Sen Ming Lim and advised Golden Investments that it was in the process of recruiting an additional independent non-executive director (and subsequently appointed Mr Yeates). Golden Investments has not taken up this offer to appoint Mr Lim to the Board.

On 26 July 2019, after receiving the Section 249D Notice, the Board reconfirmed to Golden Investments its willingness to appoint Mr Lim and offered to appoint Mr Cameron Vorias to the Board, subject to usual appointment terms and protocols including those to manage conflicts of interest. This offer was made on the basis that Golden Investments withdraw the Section 249D Notice, to protect all shareholders from the consequences of a public fight over the Company's board composition. Golden Investments rejected the Board's offer on the same day and declined a request for an urgent meeting to discuss the matter.

Golden Investment claims

Golden Investments claims in its Section 249D Notice that Stanmore's re-financing terms are not competitive or commensurate with the Company's operations and financial position. This claim is based on benchmarking against companies with operations and financial arrangements which the Board believes are not valid comparisons to Stanmore. The Company's interest rate on drawn funds has been reduced by 2% which is a significant improvement in current market conditions.

Golden Investments claims it has commissioned an independent review that states coal sold from the Isaac Plains Complex could have achieved a premium to Stanmore's actual FY19 Average Sales Price and therefore questions the Company's coal marketing function. Golden Investments has not previously raised this concern with the Company and has declined to provide a copy of the review. Stanmore's coal contract pricing and product specification would be critical inputs to any review of the Company's coal pricing. Given that this information is confidential, the accuracy of the review's analysis and the validity of its findings are not clear.

In its Section 249D Notice, Golden Investments claims to have lost confidence in Stanmore's Board. The Board is very surprised to hear this. Following the release of FY19 half year results, Golden Investments congratulated management in writing on the Company's performance. Stanmore's FY19 results will be at the top end of, or exceed its FY19 guidance. Under the leadership of Chair, Stewart Butel and Managing Director, Dan Clifford, Stanmore has achieved record levels of coal production, coal sales, revenue and earnings in FY19, resulting in a Total Shareholder Return of 69.5% for the year to 30 June 2019.

There is no reasonable basis for concluding that the current Chair and Managing Director have underperformed in their roles. The Board is not convinced that Golden Investments' concerns about the Board's performance are genuine. The Board considers that the attempt by Golden Investments to remove key members of the Company's successful Board and management team is likely to have a negative impact on the Company's share price, customer relationships and employee morale.

Chair, Stewart Butel said, "After a failed bid that undervalued Stanmore, Golden Investments is trying to take effective control of the Company, this time without paying any premium to their fellow shareholders.

"We have built Stanmore into a successful, independent Australian resources company and Golden Investments' refusal to discuss its alleged concerns with us shows it is more concerned about achieving its goal of obtaining effective control of the Board than about the performance of the business.

"The Board and management team of Stanmore are confident of the performance and prospects of the business. We will convene the EGM to resolve the situation and give all shareholders certainty about the future of their Company."

EGM timing

An Extraordinary General Meeting will be held in September, taking into account the requirements of the Company's constitution, the *Corporations Act 2001* (Cth) and the ASX Listing Rules. A Notice of Meeting with details of the resolutions and the recommendations of the Board will be provided to shareholders in due course.

Under section 249D of the *Corporations Act 2001* (Cth), the Directors must call the Meeting within 21 days after the request is given to the Company and the Meeting must be held not later than two months after the notice of request has been received.

Yours faithfully,

Ian Poole
Company Secretary

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For further information, please contact:

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Managing Director
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Ian Poole
Chief Financial Officer & Company Secretary
07 3238 1000

About Stanmore Coal Limited (ASX: SMR)

Stanmore Coal operates the Isaac Plains coking coal mine in Queensland's prime Bowen Basin region. Stanmore Coal owns 100% of the Isaac Plains Complex which includes the original Isaac Plains Mine, the adjoining Isaac Plains East (operational), Isaac Downs (open cut mine project) and the Isaac Plains Underground Mine (currently being assessed in a Bankable Feasibility Study). The Company is focused on the creation of shareholder value via the efficient operation of the Isaac Plains Complex and the identification of further development opportunities within the region. In addition, Stanmore Coal holds a number of high-quality development assets (both coking and thermal coal resources) located in Queensland Bowen and Surat basins.

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