

SEPTEMBER QUARTER 17 PRODUCTION REPORT

HIGHLIGHTS

- Returning to a strong safety performance trend – 16% YTD Improvement on TRIFR to 10.0
- Record prime waste performance of 7.86m BCM, up 24% on the previous quarter
- Quarterly ROM and saleable production levels in line with full year target
- Record quarterly coal sales of 411kt, 125kt higher than the previous quarterly record
- Significant milestone reached with Isaac Plains East approvals process successfully progressing through the public notification period with no submissions or objections
- The benchmark semi-soft coking coal (SSCC) price held strength for the quarter at US\$120/t.

PRODUCTION AND SALES

Thousands of tonnes	Quarter Ended					Year-to-date		
	Sept 2017	Jun 2017	Change %*	Sept 2016	Change %*	Sept 2017	Sept 2016	Change %*
ROM coal produced	443	564	(21%)	394 ¹	12%	443	394 ¹	12%
ROM strip ratio (BCM/ROM t)	11.7	10.7	9.3%	15.1	(23%)	11.7	15.1	(23%)
Saleable coal produced	314	392	(20%)	280	12%	314	280	12%
Total coal sales	411	265	55%	286	44%	411	286	44%
Product coal stockpiles	164	258	(36%)	68	141%	164	68	141%
ROM coal stockpile	81	62	30%	15	446%	81	15	446%

* Note: Change is favourable/unfavourable

¹ Includes 146kt of highwall ROM coal

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SAFETY PERFORMANCE

The company's safety performance continued to improve over the last 12-month period after the prior quarter's deterioration was corrected. The TRIFR at the end of the September quarter was 10.0, representing a 16% year to date (YTD) improvement on the FY17 result and remains below the Queensland industry average level of 14.4. Two minor injuries (TRIs) were recorded for the quarter at the Isaac Plains Mining Complex, with no injuries across other Stanmore projects and tenements.

ISAAC PLAINS OPERATIONS

A strong physical performance at Isaac Plains during the September quarter provides further certainty to Stanmore's short and medium term strategic objectives. A record 7.86Mbcm for overburden removal underpinned delivery for the quarter of 443kt of ROM coal and 314kt² of product coal. The total FOB cost of production for the quarter was A\$90.33/t sold.

The coal handling and preparation plant (CHPP) underwent a planned major shutdown early in the September quarter. The yield for the quarter was 74%. The dragline will undergo a planned major shutdown for 15 days in the current December quarter and with the reliability in performance of the operation Stanmore remains in a sound position for continuity of sales during the shutdown and will be going into the wet season with healthy stocks and pre-strip inventories.

As the quarterly production results were ahead of or in line with the annualised target rates, Stanmore's production guidance of 1.2mt of product remains unchanged.

COAL SALES

A record 411kt³ in coal sales⁴ (average price A\$124.58/t) was achieved for the quarter, an increase of 126kt on the previous best quarter. Stanmore achieved an average price for SSCC of US\$124 (A\$159). The Hunter Valley SSCC quarterly benchmark for the quarter was US\$120 per tonne.

The sales result has reduced stocks built as a result of Tropical Cyclone Debbie from 258kt to 164kt, with strategic stocks returning to appropriate levels by January 2018 and all sales contract performances are expected to be in line the same time, achieving the catch-up volumes required following the cyclone.

The Hunter Valley SSCC benchmark for the December quarter has not been set as the pricing mechanisms adopted by the industry result in suppliers not finalising price until early December.

² Production – semi soft 219kt and thermal 95kt (70%:30%)

³ Sales - semi-soft 173kt and thermal 238kt

⁴ Average price of A\$124.58/t (includes both semi-soft and thermal sales)

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ISAAC PLAINS EAST PROJECT

The Isaac Plains East Project has progressed successfully through the Public Notification Period. The Bankable Feasibility Study (BFS) is nearing completion, and Environmental Approval conditions and associated agreements for the mining lease are being negotiated. First coal date guidance has been moved to early Q1 FY19 due to the potential risk of approval delays caused by the timing of the State Election and Christmas holidays.

ISAAC PLAINS UNDERGROUND PROJECT

A detailed 3D seismic survey of the proposed Isaac Plains underground project was undertaken in the quarter with analysis now under way. Associated technical studies are progressing in parallel and the Company is holding the timing of its investment decision to progress to a bankable feasibility study (BFS) during Q2 FY18.

CORPORATE

On the 31 August 2017, the company completed an extension of its bonding and working capital facilities⁵ arrangements with Taurus⁶ to 15 November 2019 which are an important part of Stanmore's preparations for the execution of the Isaac Plains East Project.

Stanmore's net cash position improved from \$11.9m to \$21.3m⁷ during the quarter. Continuing cash generation from Isaac Plains operations will enable Stanmore to fully fund start-up at Isaac Plains East.

A commercial coal handling and services agreement was reached with Noble Resources⁸ to load coal from the Isaac Plains train loadout, increasing the utilisation of Isaac Plains Complex infrastructure.

Production guidance remains at 1.2Mtpa which supports our half year FY18 FY2018 EBITDA guidance range of \$23m to \$26m.

EXPLORATION

Total exploration expenditure for the September quarter was \$2.1m.

Yours faithfully

Ian Poole
Company Secretary

⁵ Bonding facility US\$29.0m and Working Capital facility US\$22.0m

⁶ Taurus Mining Finance Fund LP and Taurus Mining Finance Annex Fund LP.

⁷ Net cash of \$21.3m represented by cash of \$27.7m less interest-bearing debt of \$6.4m

⁸ Noble Resources International Australia Pty Ltd

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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ABOUT STANMORE COAL LIMITED (ASX CODE: 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 mine and the adjoining Isaac Plains East Project. The company is focused on the creation of shareholder value via the efficient operation of Isaac Plains, timely development of Isaac Plains East Project and identification of further development opportunities within the region. In addition, Stanmore Coal holds a number of high quality development assets in both coking and thermal coal located in the Queensland's Bowen and Surat Basins.

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