MARCH 18 QUARTERLY PRODUCTION REPORT

HIGHLIGHTS

- Isaac Plains East Mining Leases granted, and Commonwealth gives EPBC approval
- Isaac Plains East non-mining capital of $7.8m underway, fully funded from operating cashflow, allowing operations to commence in July 2018
- Coal production in the March Quarter impacted by weather, mining conditions and an unplanned 9-day dragline breakdown
- Isaac Plains Underground Bankable Feasibility Study underway
- Product guidance of 1.2mt for FY18 reconfirmed

PRODUCTION AND SALES

	Quarter Ended					Year-to-date		
Thousands of tonnes	**Mar 2018**	**Dec 2017**	**Change %***	**Mar 2017**	**Change %***	**Mar 2018**	**Mar 2017**	**Change %***
ROM coal produced	382	271	41%	355	8%	1,096	1,173	(7%)
ROM strip ratio (BCM/ROM t) ^	14.6	14.8	(1%)	12.2	20%	13.3	16.1	(17%)
Saleable coal produced	302	197	53%	230	31%	814	812	0%
Saleable coal purchased	10	-	-	-	-	10	-	-
Total coal sales	404	183	121%	205	97%	998	755	32%
Product coal stockpiles	84	177	(53%)	126	(33%)	84	126	(33%)
ROM coal stockpile	10	54	(81%)	53	(81%)	10	53	(81%)

*Note: Change is favourable/unfavourable

SAFETY PERFORMANCE

During the quarter there were two minor injuries (TRIs) recorded at Isaac Plains during January, with no injuries across other Stanmore projects and tenements. The 12-month TRIFR at the end of the March 18 quarter was 14.7 compared to 11.1 this time last year. In January 2018 the Company intensified its safety management activity, pleasingly the Company was injury free in February and March.

ISAAC PLAINS OPERATIONS

Mining performance at Isaac Plans during the March quarter, whilst a 41% improvement over the prior quarter, was impacted by weather, mining conditions and an unplanned 9-day dragline breakdown. The plan outlined in the previous quarter, put in place to ensure production guidance for the full year, has commenced with both dragline and truck and excavator overburden removal for coal production.

ROM tonnes mined in the March quarter were 382kt, up from 271kt in the prior quarter as the acceleration plan built momentum although impacted by weather (+200 hours), mining conditions and the unplanned dragline breakdown. Product tonnes produced were 302kt, up from 197kt in the prior quarter. Product stockpiles at the end of the quarter were 84kt being a 53% decrease from the prior quarter as stock levels were wound down to appropriate levels from the highs following Tropical Cyclone Debbie in March 2017 and the high port queues during December 2017.

Stanmore is experiencing some logistics delays as the producers and service providers work through the outcomes of a Queensland Competition Authority decision. At this stage it is difficult to quantify impacts on FY18 and the Company will make an update in May 2018.

During the quarter Stanmore continued to handle 3rd party coal on a toll loading basis, this activity will finish at the end of April. At 31 March Stanmore had received 609kt and railed 475kt to DBCT.

Product guidance of 1.2mt remains subject to continuing monitoring of rail logistics performance, stockpile management and geotechnical issues as the Isaac Plains mine moves towards completion.

COAL SALES

Coal sales in the March quarter were 404kt, including 10kt of purchased coal, up from a prior quarter of 183kt as the high port queues at the DBCT unwound. The average price per tonne of coal sold was A$151 (US$115), with 293kt of semi-soft coking coal sold at A$161 (US$122) per tonne and 111kt of thermal coal sold at A$123 (US$96) per tonne.

Stanmore's pricing for its semi-soft coking coal is based on a quarterly negotiated benchmark price agreed in advance to the commencement of the quarter as well as a negotiated lagging benchmark price which references the hard-coking coal index of the first two months of the current quarter and the last month of the prior quarter.

The June 2018 quarterly advance benchmark price was settled at US$136/t. The benchmark for the June quarterly lagging benchmark referencing the index is to be negotiated in May.

ISAAC PLAINS EAST PROJECT

Stanmore was granted the Mining Leases for Isaac Plains East and received the Commonwealth EPBC Act approvals during the quarter, this will enable operations to commence in July 2018 in significantly lower strip ratio's, following the completion of the $7.8m of pre-production (non-mining) capital works which are fully funded from operating cash flow. Saleable product is expected during Q1FY19.

As previously foreshadowed, Stanmore's intent for FY19 in the short term was to operate Isaac Plains and Isaac Plains East concurrently. This will involve mining Isaac Plains East initially with a truck and shovel fleet until Isaac Plains mining ceases during the FY19 when the dragline will walk to Isaac Plains East. In the event coal prices fall, Stanmore will be able to react to reduce costs by deploying the dragline to Isaac Plains East earlier and reducing concurrent activities. The company will also continue to review and optimise the cost and production profile for the Isaac Plains East Project taking into account the current industry wide pressure on cost structures including contractor costs, logistics capacity implications, labour costs and a moderating outlook for coal prices.

ISAAC PLAINS UNDERGROUND PROJECT

The Company is progressing with a BFS[1] for the Isaac Plains Underground project in conjunction with Mastermyne (ASX: MYE) based on an early contractor engagement model. The BFS is targeted for completion in six months from commencement. A financial investment decision on the project is planned for FY19 and subject to economics, the Company will look to move to mine development, which would supplement the open cut ROM feed to fully utilise the CHPP infrastructure and rail loop at the Isaac Plains Complex.

CORPORATE

Stanmore's net cash position improved from $14.6m to $23.4m[2] during the quarter.   During the quarter the Company repaid a further A$2.6m in interest-bearing debt.

EXPLORATION

Stanmore exploration program for its EPC 755 tenement (15km south of the Isaac Plains) is planned to commence following the wet season, the purpose of the program is to assess the opportunity to provide further long-term ROM feed for its Isaac Plains Complex infrastructure within 100% owned tenements.

Yours faithfully

Ian Poole
Company Secretary

---

[1] Bankable Feasibility Study

[2] Net cash of $23.4m represented by cash of $23.4m less interest-bearing debt of $nil

FOR FURTHER INFORMATION, PLEASE CONTACT:

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

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. **Stanmore Coal Limited ACN 131 920 968**

p: +61 (7) 3238 1000
f: +61 (7) 3238 1098
e: info@stanmorecoal.com.au w: www.stanmorecoal.com.au
Level 8, 100 Edward Street, Brisbane QLD 4000
GPO Box 2602, Brisbane QLD 4001