SEPTEMBER 18
QUARTERLY PRODUCTION REPORT

stanmorecoal

30 Oct 2018

RECORD ROM RUN-RATE WITH ISAAC PLAINS EAST OPERATIONAL

HIGHLIGHTS

- Record ROM[1] production at an annualised run-rate of 2.7Mtpa at Isaac Plains Complex since Isaac Plains East commenced coal mining
- Isaac Plains East fully operational with strong overburden and initial ROM performance setting up for 50% increase in production over prior years
- Dragline nearing completion at Isaac Plains and due to transition to Isaac Plains East in December 18 Quarter which will lead to lower mining costs
- 16 Day planned maintenance shutdown at Coal Handling and Preparation Plant (CHPP) successfully completed
- FY19 Production guidance of 1.8Mt at $86/t Underlying FOB cost (excluding state royalty) reconfirmed
- Isaac Downs (Wotonga South) acquisition completed with $10m of the $30m cash consideration paid during the quarter
- December quarter semi-soft coking coal benchmark (forward looking) set at US$130/tonne

PRODUCTION AND SALES

	Quarter Ended				
Thousands of tonnes	Sep 2018	Jun 2018	Change %*	Sep 2017	Change %*
ROM coal produced	498	547	(9%)	443	12%
ROM strip ratio (BCM/ROM t)	11.0	13.1	(16%)	11.7	(6%)
Saleable coal produced	337	314	7%	314	7%
Saleable coal purchased	10	-	n.a.	-	n.a.
Total coal sales	319	320	(1%)	411	(23%)
Product coal stockpiles	111	80	39%	164	(32%)
ROM coal stockpile	158	85	85%	81	95%

*Note: Change is favourable/unfavourable

[1] Run of mine

SAFETY PERFORMANCE

During the quarter there were 3 minor injuries (TRI) recorded at Isaac Plains, with no injuries across other Stanmore projects and tenements. The 12-month TRIFR at the end of the September 2018 quarter was 16.5.

ISAAC PLAINS COMPLEX OPERATIONS

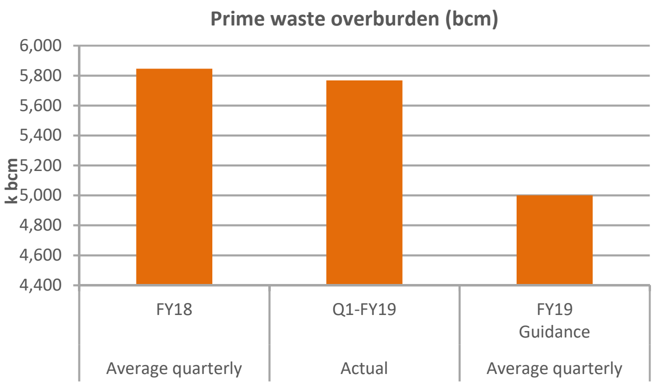
Isaac Plains Complex	Quarter
ROM coal mined (k tonnes)	**498**
Isaac Plains	220
Isaac Plains East	278
Product coal sold (k tonnes)	**319**
FOB cost (A$/t)	**128**
ASP (A$/t)	**169**

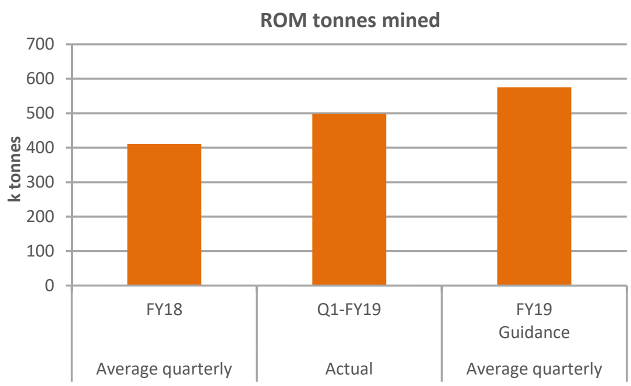
Record ROM annualised run-rate of 2.7Mtpa at Isaac Plains Complex since Isaac Plains East (IPE) commenced coal mining in early August. A 16-day planned CHPP shutdown during the quarter resulted in lower product tonnes produced, leading to 185kt of ROM stocks at the end of the quarter. Initial results from processing IPE coal have shown better than expected total yields (approx. 80%) and higher metallurgical coal / thermal coal splits (95%:5%).

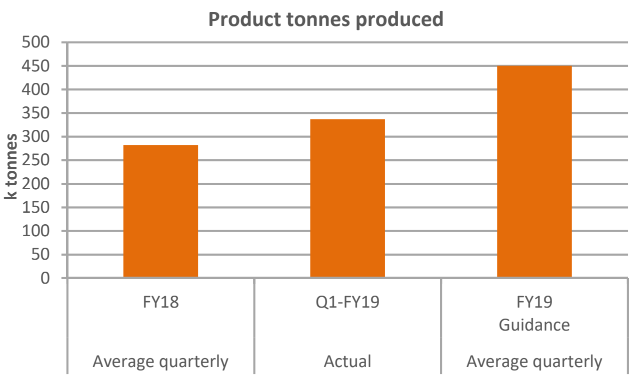
Final strip at Isaac Plains

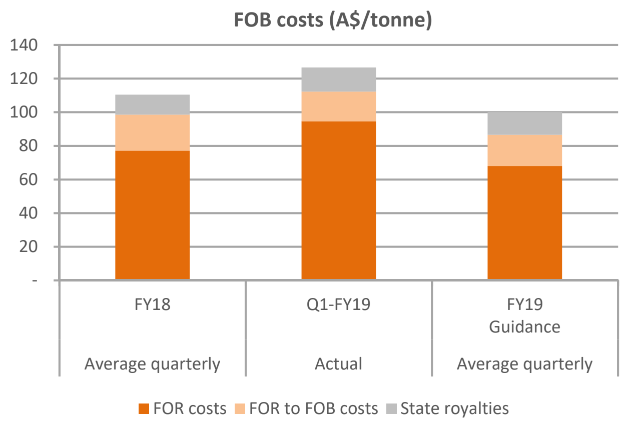
IPE Pit 4

The underlying FOB costs for the September quarter were $128/t sold and in line with Management's expectation for the quarter as the higher strip ratio Isaac Plains mine (16:1) and the initial box cuts at Isaac Plains East were mined as planned. Opening the new Isaac Plains East mine with a box cut allows the low-cost dragline to be highly productive when it transitions to Isaac Plains East in the December quarter with a significantly lower cost of production.









COAL SALES

Coal sales in the September quarter were 319kt, similar to the prior quarter of 320kt. Product stockpiles increased in the quarter by 39% to 111kt. Port queues have started to drop.

The average price per tonne of coal sold was A$169 (US$123), with 211kt of semi-soft coking coal sold at A$184 (US$134) per tonne and 108kt of thermal coal sold at A$139 (US$101) per tonne.

Stanmore's pricing for its semi-soft coking coal is based on a quarterly negotiated benchmark price agreed in advance of 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.

Semi-soft Benchmark Summary (US$/t, Financial Year)	Q1-19	Q2-19	Q3-19	Q4-19
Forward looking	137	130	TBA	TBA
Index based (backward looking)	129	TBA	TBA	TBA

ISAAC PLAINS UNDERGROUND PROJECT

The bankable feasibility study for the Isaac Plains Underground (IPUG) project is materially complete. A financial investment decision on the project remains planned for FY19. The IPUG project is one of a number of options available to fill the CHPP.

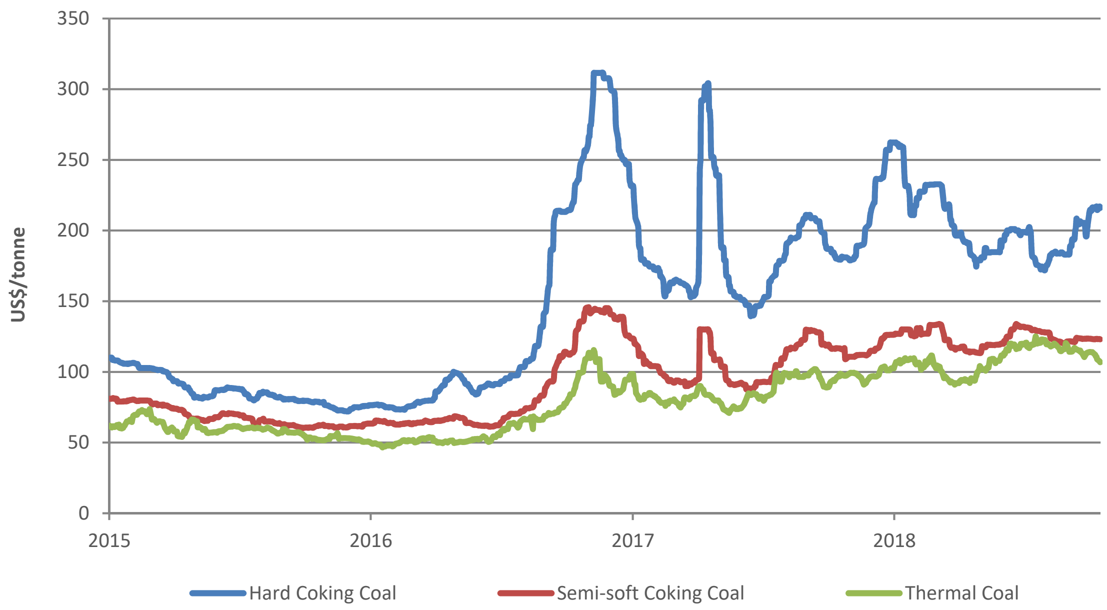
ISAAC DOWNS

Stanmore completed the acquisition of MDL137[2] and EPC728[3] (Isaac Downs previously known as Wotonga South) from Millennium Coal Pty Ltd (Peabody) on 31 July 2018. During the quarter $10 million of the agreed $30 million cash consideration was paid from operating cash flows. The remaining $20 million in deferred payments is payable over the next 10 months and is expected to be met from operating cashflows.

Stanmore has commenced environmental studies, baseline data collection, and additional exploration planning at Isaac Downs. Detailed mine and infrastructure design planning has also commenced.

[2] Mineral Development License
[3] Exploration Permit for Coal

COAL PRICE OUTLOOK



Volatility in coal markets in the last 12 months is modest compared to FY17. The outlook for seaborne metallurgical coal continues to remain positive as supply responses to the current price and increased demand remains restrained.

CORPORATE

FY19 Production guidance of 1.8Mt at $86/t underlying FOB cost (excluding state royalty) remains unchanged.

Stanmore's net cash position declined slightly from $19.8m to $19.3m[4] during the quarter. This was following the payment of $10.0m for the acquisition of Isaac Downs, $2.9m in Isaac Plains East development, $0.7m in the underground project BFS, $1.8m in sustaining capital at Isaac Plains and an increase in operating cash flows of $9.0m and working capital of $6.0m.

Cash Flow ($m) *	Sep-18 Qtr
Operating Cashflow	9.0
Working Capital	6.0
Investing Cashflow	(15.4)
Financing Cashflow	(0.2)
Cash Movement	**(0.5)**
Opening Cash	19.8
Closing Cash	**19.3**

** Unaudited financial information*

Stanmore declared a maiden FY18 final dividend of 2cps which will be paid on 23 November 2018. The company has also initiated a Dividend Reinvestment Plan which will enable shareholders to invest in the company at a 5% discount[5] without incurring brokerage fees.

[4] Net cash of $19.3m represented by cash of $19.3m less interest-bearing debt of $nil
[5] 5 day VWAP Friday 2 Nov 2018 to Thursday 8 Nov 2018

EXPLORATION

Stanmore released its JORC Resource statement to the ASX for its wholly owned EPC 755 tenement (Isaac South) (15km south of the Isaac Plains) on 27 July 2018. Exploration is planned for EPC 755 during FY19 to assess the opportunity to provide further long-term ROM feed for the Isaac Plains Complex infrastructure. This tenement is located nearby to the Isaac Downs which will provide synergistic benefits to the future development of this tenement.

Yours faithfully

Ian Poole
Company Secretary

FOR FURTHER INFORMATION, PLEASE CONTACT:

Dan Clifford
Managing Director
07 3238 1000

Ian Poole
Chief Financial Officer & Company Secretary
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 Complex which includes the original Isaac Plains Mine, the adjoining Isaac Plains East (now a new open cut mine that commenced operations in July 2018), 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 Isaac Plains and Isaac Plains East, identification of further development opportunities (such as the Isaac Plains Underground Mine and the Isaac Downs Project) within the region. In addition, Stanmore Coal holds a number of high-quality development assets (both coking and thermal coal resources) located in the Queensland's Bowen and Surat Basins.

Stanmore Coal Limited ACN 131 920 968

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