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Stanmore Coal investing in open cut efficiency

Highlights

- Stanmore Coal is to acquire a new 600-tonne class excavator which will increase overburden removal productivity rates and reduce average unit overburden costs.
- The acquisition of a new excavator will maintain ROM coal volumes from Isaac Plains East in the short term and allow accelerated ramp-up of the Isaac Downs Project once the approvals are granted.
- Amendment to the Mining Services Agreement with Golding (ASX: NWH) agreed to include the new excavator and supporting trucking fleet.
- Isaac Plains Underground Project deferred as Stanmore Coal prioritises its Isaac Downs Project which has higher margin ROM coal to feed the CHPP.

NEW EXCAVATOR

Stanmore Coal is pleased to announce it has entered into binding agreements to acquire a 600-tonne excavator (CAT 6060) for the Isaac Plains East mine from Hasting Deering (Australia) Limited. The trucking fleet required to support the excavator will be supplied by Golding (ASX: NWH). This equipment will join the operations at the Isaac Plains East mine and will either move prime overburden in front of the dragline or overburden in dedicated excavator and truck pits uncovering coal.

Stanmore Coal will finance the excavator through an equipment loan facility set up with Caterpillar Financial Australia Limited a lender associated with the OEM supplier. The term of the loan facility is 5 years.

Once the environmental approvals are granted for the Isaac Downs Project, it is planned that the excavator will transfer to Isaac Downs to commence the box-cut operation to establish the mine. Operations at Isaac Plains East will continue in parallel with the development of the Isaac Downs Project.

The total investment required is approximately A\$13M which includes additional workshop facilities and associated equipment expenditure at Isaac Plains to support efficient maintenance practices. The typical life of this equipment is more than 10 years, so this capital investment is an integral part of the Isaac Downs Project, as well as supporting the existing Isaac Plains East operations in the short term.

AMENDMENT TO MINING SERVICES AGREEMENT

Amendments to the mining services agreement have been agreed with Golding to include the operation and maintenance of the excavator and the supply of the associated trucking fleet. The inclusion of this additional fleet will enable Stanmore Coal to operate the existing site infrastructure at capacity which is matched to the port contracts. With the inclusion of the additional fleet, Stanmore Coal has retained its flexibility to scale up and down production through a cost-effective structure.

ISAAC PLAINS UNDERGROUND

Stanmore Coal has completed the Isaac Plains Underground Bankable Feasibility Study. This study confirms a positive business case for the new underground mine with potential production ramping up to an average of 1.2 million saleable tonnes per annum from year 2 of the production plan. The quantum of product tonnes forecast for the Underground combined with the open cut sources exceeds the current

CHPP and contracted port capacity. Stanmore Coal is prioritising its highest margin ROM coal at Isaac Plains East and Isaac Downs Project, to maximise returns to shareholders. Accordingly, the Isaac Plains Underground Project will be deferred until additional port and CHPP capacity are secured or until mining at the Isaac Downs Project is largely complete, subject to prevailing business conditions.

Yours faithfully,

Ian Poole
Company Secretary

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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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