



9 April 2020

MARCH 2020 QUARTERLY PRODUCTION REPORT

Highlights

- Strong quarter of coal mining with 813kt ROM mined and 665kt saleable coal produced.
- March quarter sales of 615kt at an average achieved price of US\$100/tonne.
- Full year cost guidance maintained at A\$107/t, (ex. royalty) with production guidance on track at 2.35Mt saleable coal produced.
- FY20 full year Underlying EBITDA guidance of \$92m to \$100m.
- One recordable injury across Stanmore's sites in the quarter.
- Isaac Downs EIS has been publicly notified and the approval process is tracking according to plan.
- Stanmore continues work on its Bankable Feasibility Study for Isaac Downs.
- Golden Investments initiates unsolicited unconditional on-market takeover offer on 2 April 2020 for all the ordinary shares of the Company for \$1.00 per share. The offer commences on 17 April 2020 and closes 18 May 2020.
- Since the announcement of the offer, Golden Investments has acquired 50,316,100 shares. It now has a 51% interest in Stanmore.
- Stanmore Board recommends all shareholders take no action regarding the offer until Stanmore's Target's Statement is released.

PRODUCTION AND SALES

Thousands of tonnes	Quarter Ended					Year-to-date		
	Mar 2020	Dec 2019	Change %*	Mar 2019	Change %*	Mar 2020	Mar 2019	Change %*
ROM ¹ coal produced	813	864	(6%)	759	7%	2,382	2,056	16%
ROM strip ratio (BCM/ROM t)	12.6	9.7	29%	7.2	75%	10.4	8.7	20%
Saleable coal produced	665	609	9%	691	(4%)	1,894	1,669	13%
Saleable coal purchased	-	-	n.a.	-	n.a.	-	10	n.a.
Total coal sales	615	497	24%	740	(17%)	1,834	1,632	12%
Product coal stockpiles	226	179	26%	127	79%	226	127	79%
ROM coal stockpile	88	96	(8%)	103	(15%)	88	103	(15%)

* Note: Change is favourable/unfavourable

¹ Run of Mine

SAFETY PERFORMANCE

During the March quarter there was one recordable injury at Isaac Plains, and no injuries at Stanmore's other projects and tenements. The 12-month rolling TRIFR at the end of the quarter was 10.6 a 37% reduction from 12-month TRIFR at 30 June 2019.

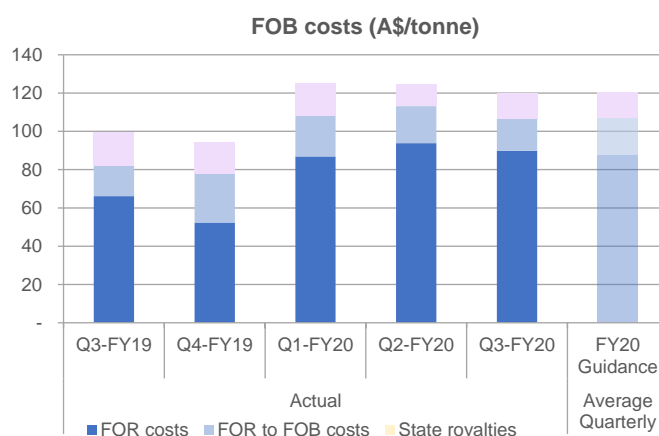
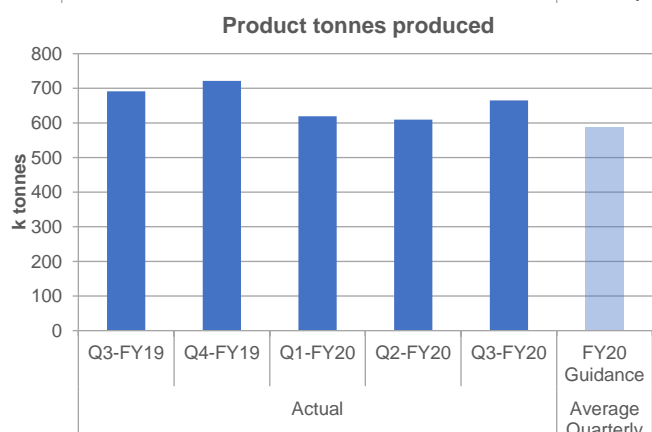
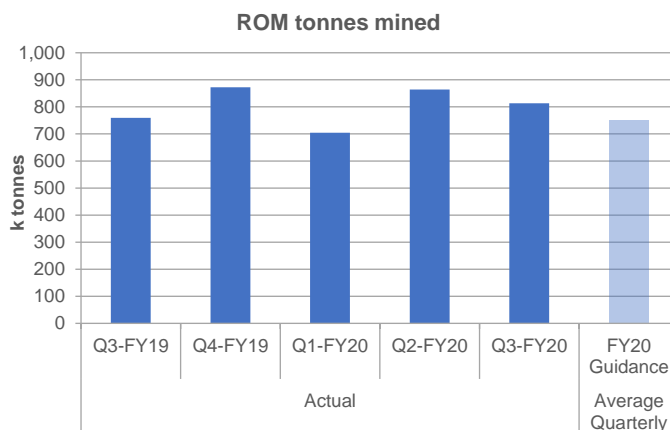
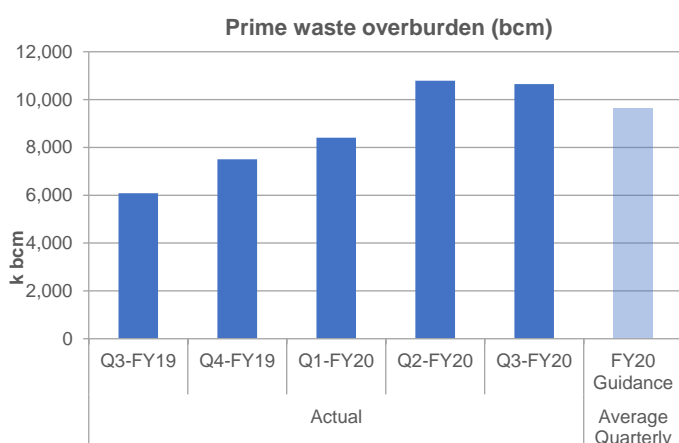
ISAAC PLAINS COMPLEX OPERATIONS

Another strong quarter of coal mining at Isaac Plains East during the March quarter with 813kt ROM mined and 665kt of saleable coal produced (2.66Mt annualised). Year to date ROM mining is 2.4Mt and saleable coal produced is 1.9Mt. The Company is on track to meet its full year FY20 guidance of 2.35Mt saleable coal.

Underlying FOB costs (excluding royalty) for the March quarter were A\$106.6/tonne product coal sold. This result is in line with full year cost guidance of \$107/tonne product coal sold.

A 7-day shutdown was completed on the coal handling and preparation plant in March. During this shutdown routine works were completed, plus an upgrade of the feed conveyor was undertaken which allowed an increase in plant feed from 500tph to above 550tph. Other bottlenecks in the plant will restrict prolonged periods above nameplate capacity of 500tph, however early signs are positive being able to expand capacity, should the site require it.

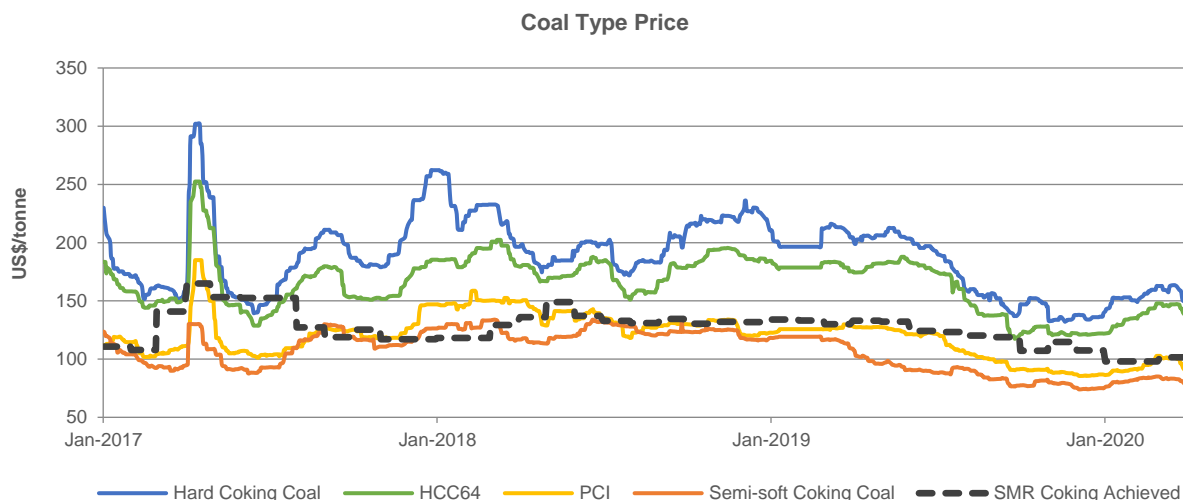
During the quarter the Isaac Plains Mine managed the impacts of COVID-19 through the implementation of social distancing, employee health checks and by making alternative arrangements for transport and accommodation of personnel. The operation does not use FIFO² workers and was not impacted by closure of interstate borders or flight travel restrictions.



² FIFO - Fly In Fly Out

COAL SALES

Coal sales of 615kt were achieved in the March quarter while stockpiles increased from 179kt to 226kt of product coal. The average price per tonne of coal sold was A\$154/t (US\$100/t), with all coal sold as coking coal.



Stanmore's pricing for its coking coal sold under term contracts 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.

SMR Coking Benchmark Summary (US\$/t, Financial Year)	Q1-20	Q2-20	Q3-20	Q4-20
Forward looking	124.0	107.0	101.0	103.7
HCC Index linked (backward looking)	115.0	98.0	103.7	TBC

FULL YEAR FY20 GUIDANCE

Full year production guidance is maintained at 2.35Mt produced and underlying FOB costs guidance of \$107/product tonne coal sold is also maintained. Full Year Underlying EBITDA guidance is provided of between \$92m and \$100m. This full year earnings guidance is based upon the current level of COVID-19 operating restrictions remaining in place for the balance of the financial year, no adverse coal price and exchange rate movements and no disruption to the currently forecast and contracted sales volumes being taken by customers.

ISAAC DOWNS

The approval process for Isaac Downs is tracking according to plan. The Environmental Impact Statement (EIS) has been publicly notified and is available on the Stanmore Coal website. The public notice period concludes in April 2020. Stanmore Coal will respond to the Department of Environment and Science on all submissions received on the EIS. The following timeline summarises the approval process for the Isaac Downs Project.

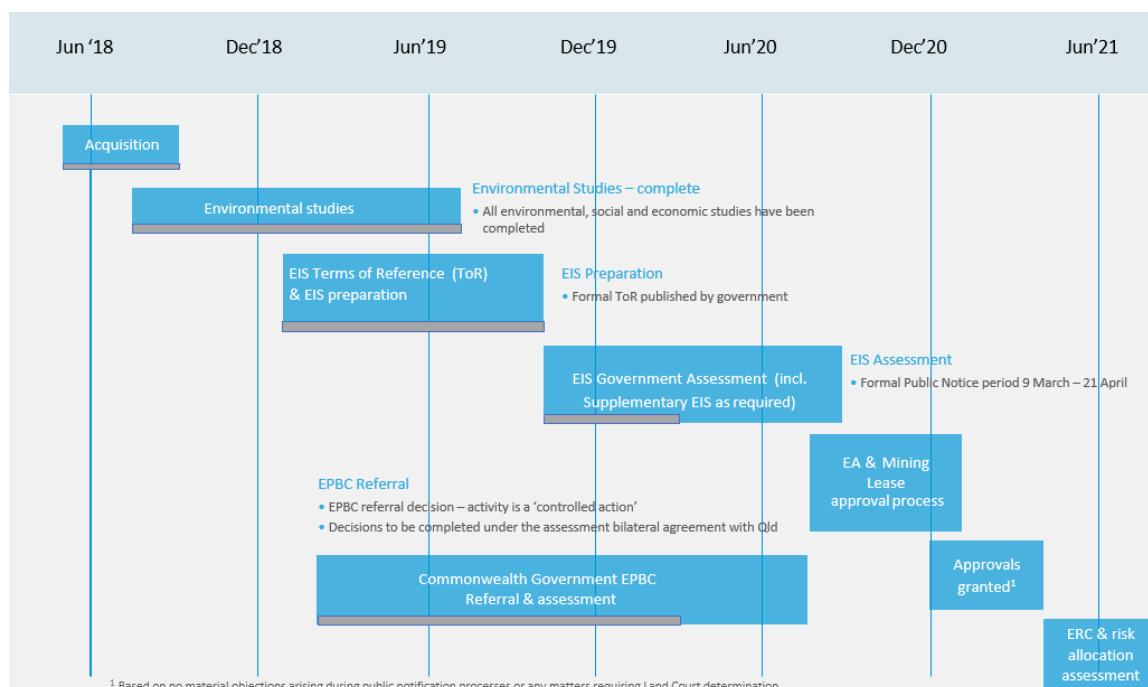


Figure 1: Isaac Downs approval schedule

Work continued on the Bankable Feasibility Study (BFS) with Palaris Australia. Mine planning is at an advanced stage based on a truck and excavator operation initially establishing the box cuts, mining low strip ratio coal followed by a dragline operation. A new Isaac Downs JORC compliant Resource and Reserve Statement will be prepared and finalised in conjunction with the BFS.

Civil Mining and Construction Pty Ltd (CMC) have joined the project team using the Early Contractor Involvement (ECI) model to progress engineering design to enable firm Design and Construct contract packages to be developed ready for execution for the major civils works, including bridgeworks for an underpass for the Peak Downs Highway crossing, the construction of a haul road to link Isaac Downs with Isaac Plains, and the construction of a flood protection levee. Project timing remains to deliver first coal from Isaac Downs in the first quarter of calendar year 2022³.

CORPORATE

Stanmore's net cash position declined from \$57.9m to \$34.7m⁴ during the quarter. The movements in cash flow are summarised below.

Cash Flow (\$m) *	Mar-20 Qtr	Mar-20 YTD
Operating Cashflow (excluding tax payments)	20.8	60.5
Income Tax payments	(27.5)	(27.5)
Working Capital	(14.7)	(36.1)
Investing Cashflow	(2.2)	(32.9)
Financing Cashflow	0.0	(6.8)
Cash Movement	(23.7)	(42.7)
Opening Cash	71.4	90.5
Closing Cash	47.7	47.7
Debt drawn (financing of excavator)	13.0	13.0
Net Cash / (Debt)	34.7	34.7

* Unaudited financial information

Investing activities during the quarter included \$1.5m of sustaining capital on dragline, CHPP and other site assets and \$0.6m on studies and approvals costs at Isaac Downs. Operating cash outgoings of \$6.7m relate to tax payments of \$27.5m in the quarter while \$14.7m was invested in working capital (primarily an increase in product coal stockpiles) which resulted in a closing cash balance of \$47.7m.

³ Subject to receiving no objections to the mining lease and environmental authority

⁴ Net cash of \$34.7m represented by cash of \$47.7m less interest-bearing debt of \$13.0m, relating to the equipment loan with no working capital facility funds drawn.

The Company's unaudited net profit after tax for the quarter is \$12.9m⁵, which is in line with the half year results to December 2019.

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 Project. 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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⁵ Unaudited financial information: The Company's major shareholder, GEAR (AUE.SI) is equity accounting its interest in the Company and will report its share of the Company's NPAT in its quarterly reporting on the Singapore Exchange.