



OPERATIONAL UPDATE

Stanmore Coal delivered a record month for coal mined and coal processing at Isaac Plains during April, demonstrating continued improvements in operational performance. The Company is on track for a strong June production quarter and 1.15Mt coal production for FY2017, in line with prior guidance. Sales volumes are expected to increase over the September and December quarters, from an expected 180kt in the June quarter, as the logistics system recovers from Tropical Cyclone Debbie.

HIGHLIGHTS

- Record month for coal mined with 205kt run of mine in April. On plan to achieve over 450kt for June quarter
- On target to achieve June quarter prime overburden plan and 1.15Mt coal produced for FY2017 in line with prior guidance
- Records for daily and monthly CHPP coal feed achieved in April
- Goonyella network re-opened, with several Isaac Plains vessels confirmed for loading in May & June

Managing Director, Dan Clifford said, “The April performance figures are very encouraging and demonstrate our progress in building the reliability and repeatability of our operations. We are on track to close out a strong June production quarter flowing through from the changes and improvements made in the operations.

“The ramp-up of infrastructure and rail interruptions following Tropical Cyclone Debbie will drive higher coal inventory levels and lower sales for the June quarter, with the majority of sales of carry-over tonnes expected over the September quarter.

The rail network owner has done a good job re-starting safe railings along the network, with all speed restrictions lifted except for the Black Mountain region.”

Mine performance

April produced a strong operational result despite lost operating time at the start of the month due to staggered personnel availability following the damage to communities and public roads caused by TC

Debbie. The mine recorded open cut performance of 205kt ROM coal mined (20% higher than prior record of 171kt in December 2016) and 2.1 Mbcm of prime overburden movement.

The strong coal mining performance, paired with short term planning objectives for May and June, provide momentum for planned June quarter production of more than 450kt ROM, a 30% increase over the March 2017 quarter. The improvement is attributed to a focus on building pre-strip in advance through improved equipment utilisation and manning, favourable strip ratio and no planned major maintenance.

The coal handling and processing plant (“CHPP”) achieved a record daily and monthly performance since re-commencement of mining. A total of 181kt ROM was processed in the month of April, a 12% improvement over the next highest month. As a result of the coal mining and CHPP performance, coupled with the rail network interruptions, coal inventory will build and is anticipated to result in higher sales volumes over the coming two quarters in order to catch up to contracted deliveries.

Rail update

As notified by the network owner¹, the Goonyella network resumed restricted operations in the last week of April with full ramp-up anticipated by the second half of May. Railings have commenced from the mine and it is anticipated to load three vessels in May with further arrivals in June. Total coal sales of approximately 180kt are anticipated for the June quarter as vessels arriving offshore in June are unlikely to load coal until July, given port queues will be significantly longer as a result of increased demand following TC Debbie.

Coal contracts

The June quarterly 4Q17 benchmark negotiations for semi-soft coking coal price have been delayed as a result of TC Debbie. The negotiations are expected to conclude in the next few weeks.

The Company has completed negotiations for the majority of its semi-soft coking coal term contracts for the Japanese Fiscal Year (year ending 31 March 2018). The Company has achieved an overall improvement in price relativity to benchmark compared to the previous year.

Yours faithfully

Andrew Roach
Company Secretary

FOR FURTHER INFORMATION, PLEASE CONTACT:

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¹ Refer Aurizon Holdings announcement 18 April 2017 <http://www.asx.com.au/asxpdf/20170418/pdf/43hkwbk4z7mcsy.pdf>

ABOUT STANMORE COAL LIMITED (ASX CODE: SMR)

Stanmore Coal is an operating coal mining company with a number of additional prospective coal projects and mining assets within Queensland's Bowen and Surat Basins. Stanmore Coal owns 100% of the Isaac Plains Coal Mine and the adjoining Isaac Plains East Project and is focused on the creation of shareholder value via the efficient operation of Isaac Plains and identification of further local development opportunities. Stanmore continues to progress its prospective high quality thermal coal assets in the Northern Surat Basin which will prove to be valuable as the demand for high quality, low impurity thermal coal grows at a global level. Stanmore's focus is on the prime coal bearing regions of the east coast of Australia.

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