



JUNE QUARTER 17 PRODUCTION REPORT

STRONG PRICES AND QUARTERLY RECORDS FOR STANMORE

HIGHLIGHTS

- Investment into pre-strip and product inventory (from Dec 16 Capital Raise) completed successfully, underpinning reliability of operations.
- Record coal mined for the quarter with 564kt run of mine (ROM) in June Quarter
- Record product coal production of 392kt in June Quarter
- Rapid response to Tropical Cyclone Debbie impacts resulting in strong sales performance
- A strong June Quarter 2017 Benchmark Semi-soft coal price was set at US\$126/t
- Average price for the June quarter for Semi-soft was US\$152/t

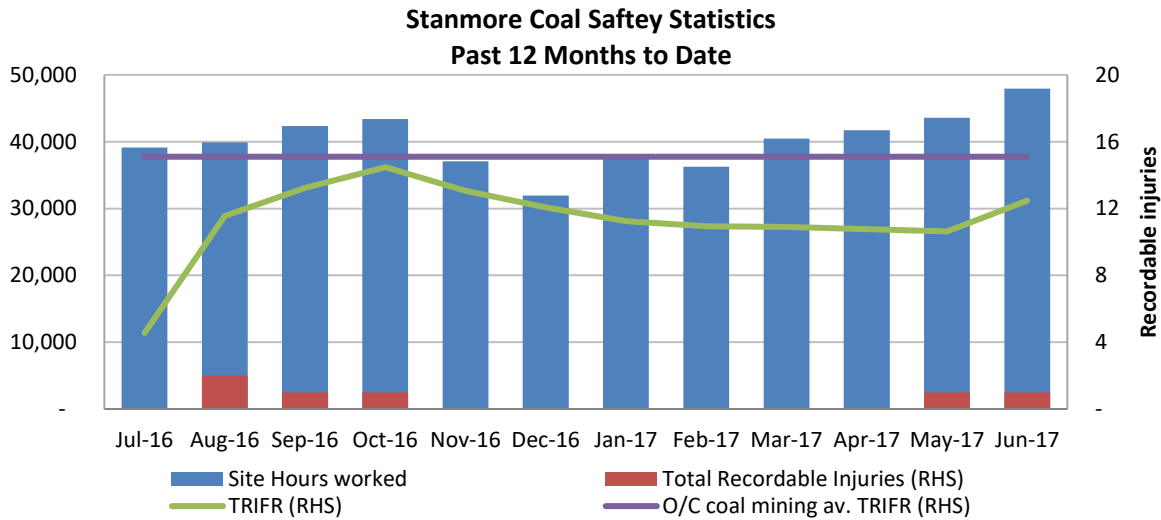
PRODUCTION AND SALES

Thousands of tonnes	Quarter Ended			12 mths
	Jun 2017	Mar 2017	Change %*	Jun 2017
ROM coal produced	564	355	59%	1,737
ROM strip ratio (bcm waste/ROM t)	10.7	12.2	(12%)	13.4
Saleable coal produced	392	230	70%	1,204
Total coal sales	265	205	29%	1,020
Product coal stockpiles	258	126	105%	258
ROM coal stockpile	62	53	17%	62

* **Note:** Change is favourable/unfavourable

SAFETY PERFORMANCE

During the June quarter, there were two injuries (TRI's) of minor impact at the Isaac Plains Mining Complex, with no other injuries recorded across other projects and tenements of Stanmore Coal Limited (**Stanmore** or the **Company**). The Total Reportable Injury Frequency Rate at quarter end is 12.46 per million hours representing a 15% reduction from the peak in Nov 16.

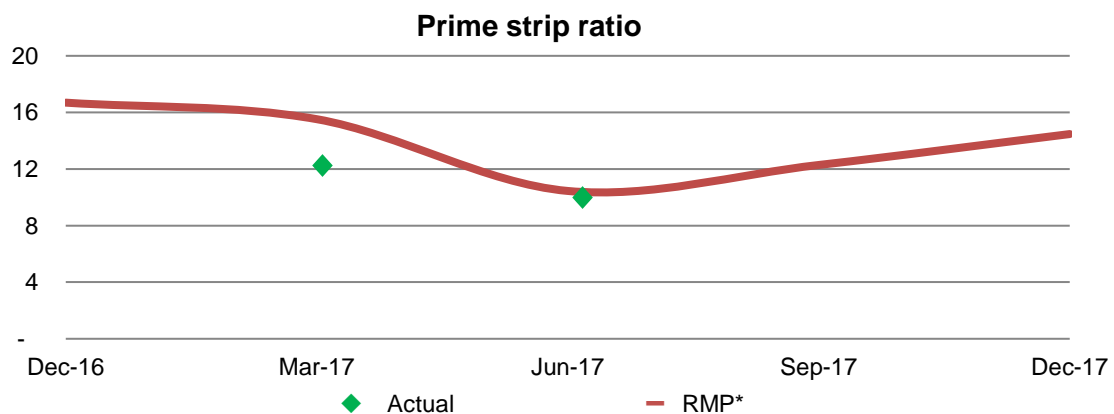


ISAAC PLAINS OPERATIONS

The June quarter results for mining were the strongest on record with 564kt of ROM coal mined, 59% above the March quarter which was the previous highest quarter for open-cut coal mining. The strip ratio for the quarter was 10.7x, down from 12.2x in the March quarter, with overburden removal also returning to plan (6.5m bcm prime).

The wash plant total yield was 74.2% for the quarter with the mix of semi soft coking coal to thermal coal produced being 67% to 33%, as it washed highly faulted coal. The product split is expected to return to more typical product split in the next quarter.

Graph 1: Prime strip ratio



*Note *: the "RMP" line refers to the guidance provided in the ASX announcement titled "Capital Raising Presentation" released on 14 December 2016*

A record quarter for coal mining and production has resulted in the Company exceeding the prior guidance of 1.15Mt, producing 1.20Mt. FY18 guidance of 1.2mt product (noting FY17 actual included 125kt of highwall mining tonnes which is not continued in FY18).

An underlying FOB cost of \$102.60/t was achieved for the quarter. Total unit costs in the June Quarter were \$125.85/t, including state royalties of \$21.35/t (Q3 royalty was \$8.46/t), a rail benefit of \$2.26/t relating to prior period adjustments and demurrage charges of \$4.17/t because of delays due to Tropical Cyclone Debbie.

COAL SALES AND MARKET OUTLOOK

During the quarter, the Company sold 265kt of semi-soft coking coal, with 60% of these sales on the March 2017 quarterly benchmark price of US\$171 per tonne and 20% achieving the June quarterly benchmark price of US\$126 per tonne. The average shipped price for all coal during the quarter was US\$152 per tonne (A\$202 per tonne), with no thermal coal sold in the quarter.

The Company has renewed sales contracts with its Japanese and Korean customers, at a total contracted volume of 800kt (excluding carryover tonnes) including an improvement in price relativity to the Hunter Valley Benchmark for semi soft coking coal of approximately US\$1.15 per tonne to an average discount of approximately US\$0.625 per tonne.

EXPLORATION & DEVELOPMENT

Total exploration expenditure for the June quarter was \$1.3m.

Isaac Plains East Project

Progress during the June quarter resulted in the recent finalisation of negotiations with landholders allowing the public notification process to be triggered. This delay has resulted in the targeted potential first production from Isaac Plains East moving into Q4 FY18 (from Q3 FY18) subject to no objections during the process and timely processing of the approvals. The company will make updates on progress as milestones are achieved.

The project has progressed to the Bankable Feasibility Study (BFS) stage following the completion of the drilling program (also for JORC purposes) and the alignment of the mine plan against the EA conditions. Detailed work on capital estimates, production sequencing and final environmental studies are underway and should align generally with the potential completion of the public notification period (approx. 40 business days).

Isaac Plains Underground Project

Progress has been centred around the detailed 3D seismic and drilling program to de-risk the project. With the wet weather delays as a result of TC Debbie, further studies will be commissioned in the coming months following the outcomes of the of the program. The company is still anticipating a bankable feasibility study (BFS) progression decision based on the business case during Q2 FY18.

CORPORATE

Stanmore's cash balance at 30 June 2017 is \$27.5m (up from \$16.1m in the March Quarter).

During the quarter, a further \$6.7m investment was made in pre-strip, ROM and product coal inventory compared to the prior quarter. The inventory build during the quarter reached 432kt (ROM & product coal) which resulted in the full use of the funds raised in December. This investment in pre-strip and inventory has help underpin the improved operational performance in the quarter.

Yours faithfully

Ian Poole

Company Secretary

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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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