



## JUNE 2020 QUARTERLY REPORT STRONG END TO YEAR

### Highlights

- Significant improvement in safety performance, rolling 12-month TRIFR at 3.4 (16.7 FY19)
- Limited disruption to operations resulting from COVID-19
- Record ROM<sup>1</sup> coal mined of 3.02Mt in FY20 (3% increase on FY19), 638kt for the quarter
- Full Year coal production of 2.39Mt product, higher than guidance of 2.35Mt
- Completion of Golden Investments (Australia) Pte Ltd on-market takeover offer on 18 May 2020 resulting in an increased shareholding of 75.33%
- Refinancing of Taurus facilities, with a non-binding term sheet signed with parent entity, Golden Energy and Resources Limited (GEAR), to provide a US\$40M term loan facility

### PRODUCTION AND SALES

| Thousands of tonnes         | Quarter Ended |         |           |         |           | Year-to-date |       |           |
|-----------------------------|---------------|---------|-----------|---------|-----------|--------------|-------|-----------|
|                             | Q4 FY20       | Q3 FY20 | Change %* | Q4 FY19 | Change %* | FY20         | FY19  | Change %* |
| ROM coal produced           | 638           | 813     | (22%)     | 872     | (27%)     | 3,020        | 2,929 | 3%        |
| ROM strip ratio (BCM/ROM t) | 11.1          | 12.0    | (7%)      | 10.3    | 8%        | 10.4         | 9.1   | 14%       |
| Saleable coal produced      | 496           | 665     | (25%)     | 721     | (31%)     | 2,390        | 2,390 | -         |
| Saleable coal purchased     | -             | -       | n.a.      | 16      | n.a.      | -            | 27    | n.a.      |
| Total coal sales            | 452           | 615     | (26%)     | 688     | (34%)     | 2,286        | 2,319 | (1%)      |
| Product coal stockpiles     | 276           | 226     | 22%       | 175     | 57%       | 276          | 175   | 57%       |
| ROM coal stockpile          | 69            | 88      | (22%)     | 109     | (37%)     | 69           | 109   | (37%)     |

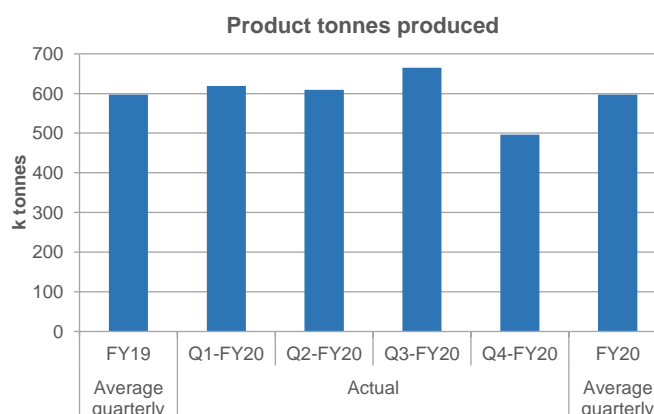
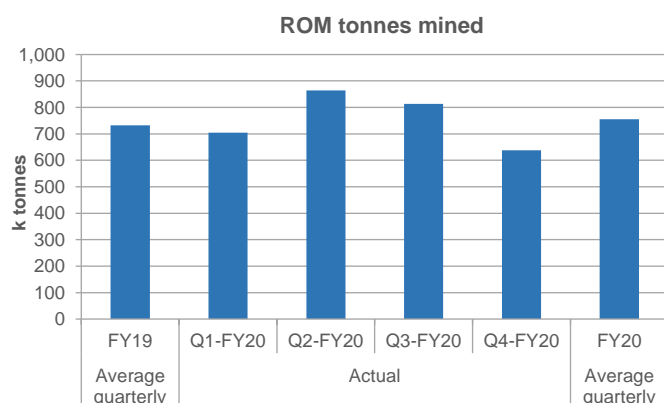
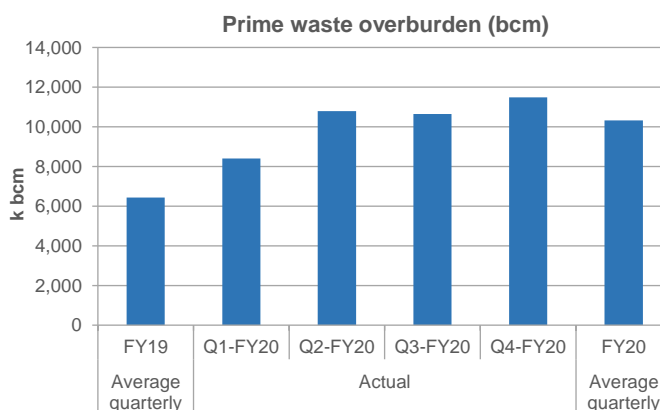
\* Note: Change is favourable/unfavourable

<sup>1</sup> Run of Mine

## SAFETY PERFORMANCE

During the June quarter there were no recordable injuries at Isaac Plains or at Stanmore's other projects and tenements. The 12-month TRIFR at the end of the June 2020 quarter was 3.4 (16.7 at June 2019). The Company is very pleased to see positive results from safety initiatives implemented over the last 12-18 months.

## ISAAC PLAINS COMPLEX OPERATIONS



Stanmore achieved a record year for prime waste mining with 41.3Mbcm moved, driven by industry leading dragline performance of 17Mbcm (total) waste (nameplate capacity of 15Mbcm) and the commencement of the CAT6060 excavator in November 2019 moving 7.7Mbcm (13.2Mbcm annualised rate). This performance enabled ROM coal of 638kt to be mined in the quarter, resulting in a full year record of 3.02Mt coal mined.

Product coal produced was 2.39Mt for the full year and 496Kt for the quarter. The full year result was ahead of guidance (2.35Mt), matching the FY19 record for coal produced. June quarter coal mining and production was lower than prior quarters as the Company managed the impacts of reduced sales from COVID-19 by investing in overburden in advance to balance coal stockpile levels.

Coal sales of 452kt were achieved in the June quarter, a reduction on previous quarters due to the impacts of COVID-19 on Stanmore's customers, resulting in an increase in product stocks to 276kt at the end of the quarter.

Stanmore is currently in the process of extending the life of the Isaac Plains East operations, with environmental approvals expected by H2 2020. These approvals are critical in balancing the timing of transition to Isaac Downs, while maintaining current production levels.

## ISAAC DOWNS

The Isaac Downs Project provides Stanmore with an economical life extension of the Isaac Plains Complex. The Isaac Downs coal resource is located 10 kilometres south of the existing Isaac Plains operations and will be operated as a satellite open cut mining operation which will utilise the existing

Isaac Plains infrastructure with coal washing and train loading activities to be undertaken at the existing CHPP.

The EIS has been through the public notification stage and Stanmore is now assessing all the submissions lodged at the conclusion of the statutory period. It is anticipated that a Supplementary EIS will be submitted to government after additional field work and associated investigations are completed.

Additional exploration and coal quality drilling commenced in 2019, which will increase the knowledge of the coal resource to enhance a Bankable Feasibility Study. Infrastructure designs have been undertaken on major infrastructure components including the flood protection levee, the haul road to link the project to the existing Isaac Plains Mine, and the haul road underpass of the Peak Downs Highway.

During the quarter, \$1.3M was spent on Isaac Downs studies and approvals related costs.

## DEVELOPMENT PROJECTS

During the quarter, no significant activities were undertaken on Stanmore's other development projects.

## CORPORATE

Stanmore paid an interim fully franked 3 cent per share dividend on 30 April 2020 amounting to a cash payment of \$3.6M.

During the quarter, formal notice was given by Taurus<sup>2</sup> to cancel the US\$12 million bonding facility and the undrawn \$US28 million working capital facility with effect from 16 September, following the change of control of Stanmore.<sup>3</sup>

Stanmore subsequently signed a non-binding term sheet with its parent entity, GEAR, in respect of a replacement US\$40 million term loan facility, on terms substantially similar to those entered into with Taurus. Stanmore is now progressing to satisfy the conditions precedent.

The key terms of the proposed facility are: -

- US\$40 million term loan facility to 30 June 2022
- Upfront fee of 2.0%
- Interest rate on drawn funds of 8.0% per annum
- Interest rate on undrawn funds 2.0% per annum

## CHANGE OF FINANCIAL YEAR

Stanmore advises that it is changing its financial year end date from 30 June to 31 December in accordance with section 323D(2A) of the Corporations Act 2001 (Cth).

The change has been made to align the Company's financial year with that of its parent entity, GEAR, and to eliminate significant duplication and reduce administration costs.

The Company will have a six-month transitional financial period beginning 1 July 2020, ending on 31 December 2020 and thereafter the Company will revert to a 12-month financial year commencing on 1 January and ending on 31 December.

This Quarterly Report is authorised for release to the market by the Board of Stanmore Coal Limited.

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<sup>2</sup> Taurus Mining Finance Fund LP and Taurus Mining Finance Annex Fund LP

<sup>3</sup> ASX Announcement "Financing Update" 18 June 2020

## 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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