



9 April 2019

MARCH 2019 QUARTERLY PRODUCTION REPORT CONSECUTIVE QUARTERLY RECORDS IN PRODUCTION AND SALES

Highlights

- Record saleable coal production of 691kt (annualised rate of 2.7Mt) in the March quarter
- Record coal sales of 740kt in the March quarter
- Strong cash generation from operations with Net Cash up from \$9.6m (31 Dec 2018) to \$58.4m (31 Mar 2019)
- Dragline fully operational in Isaac Plains East with minimal wet weather impacts
- Excavator and truck performance ahead of plan resulting in slightly higher costs
- Full Year production guidance lifted to 2.3Mt product
- Full Year Underlying EBITDA guidance maintained at \$140m to \$155m, as DBCT shipping queues expected to build in June Quarter
- Full Year Underlying FOB cost guidance of \$88/t, ex. state royalties.
- An interim fully franked dividend declared during the quarter of 3cps payable on 30 April 2019
- June quarter semi-soft coking coal benchmark (forward looking) set at US\$126.5/tonne, with the March quarter (index-linked, backward looking) benchmark set at US\$130/tonne

PRODUCTION AND SALES

Thousands of tonnes	Quarter Ended					Year-to-date		
	Mar 2019	Dec 2018	Change %*	Mar 2018	Change %*	Mar 2019	Mar 2018	Change %*
ROM ¹ coal produced	759	798	(5%)	382	99%	2,056	1,096	88%
ROM strip ratio (BCM/ROM t)	7.3	9.3	(21%)	15.3	(52%)	8.9	13.7	(35%)
Saleable coal produced	691	641	8%	302	129%	1,669	814	105%
Saleable coal purchased	-	-	n.a.	10	n.a.	10	10	n.a.
Total coal sales	740	573	29%	404	83%	1,632	998	64%
Product coal stockpiles	127	177	(28%)	85	50%	127	85	50%
ROM coal stockpile	103	171	(40%)	10	941%	103	10	941%

* Note: Change is favourable/unfavourable

¹ Run of Mine

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SAFETY PERFORMANCE

During the quarter there were no injuries recorded at Isaac Plains, with no injuries across other Stanmore projects and tenements. The 12-month TRIFR at the end of the March 2019 quarter was 9.94.

ISAAC PLAINS COMPLEX OPERATIONS

Isaac Plains Complex	Quarter
ROM coal mined (k tonnes)	759
Isaac Plains	73
Isaac Plains East	686
Product coal sold (k tonnes)	740
FOB cost (A\$/t, ex. royalty)	82
ASP² (A\$/t, net of royalty)	167

ROM coal for the quarter was 759kt, slightly behind the prior quarter of 799kt due to minor weather delays, however, the March quarter results were again a strong performance for the business with records achieved for:

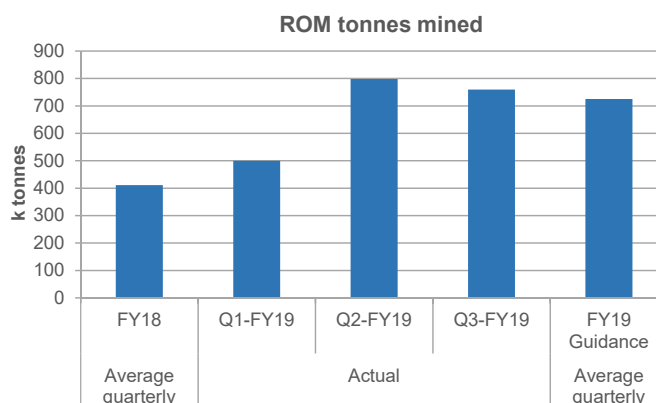
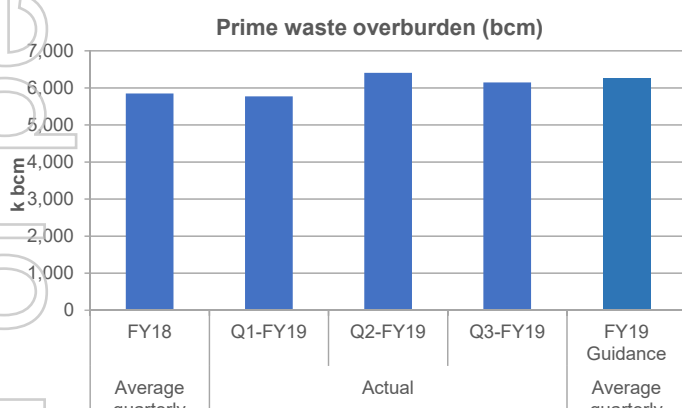
- Saleable coal production 691kt (2.7Mt annualised rate)
- Coal sales 740kt (3.0Mt annualised rate)

Mining operations at the original Isaac Plains mine ceased during the quarter, with Isaac Plains East now operating with 3 pits currently producing 100% coking coal at yields in excess of 80%.

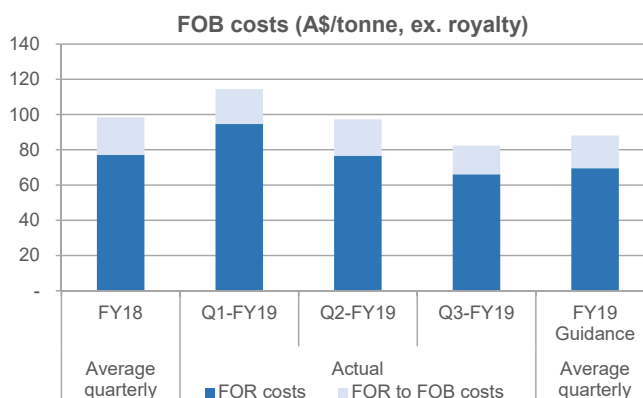
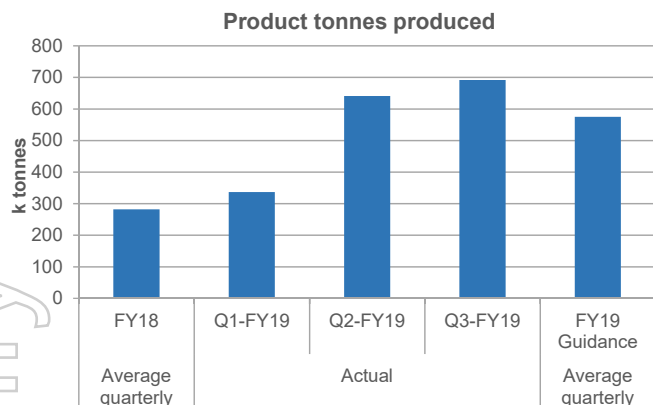
The underlying FOB costs (excluding royalty) for the March quarter were \$82/t sold. In conjunction with the dragline being fully operational in Isaac Plains East, excavator performance has remained ahead of plan which is expected to result in slightly higher full year FOB costs of \$88/t (excluding State Royalties of \$16/t).

Full year FY19 guidance

Full year production guidance has been lifted to 2.3Mt produced, from 2.15Mt following minimal weather impacts during the wet season and strong excavator performance. Excavator performance together with higher sales prices, increased underlying FOB costs guidance by \$2/t from \$86/t to \$88/t (ex. state royalty). The Full Year underlying EBITDA guidance has been maintained at \$140m to \$155m, with shipping queues expected to build due to demand in the June 2019 quarter, impacting timing of full year sales and increasing inventory levels.



² Average Sales Price



COAL SALES

Record coal sales of 740kt were achieved in the March quarter, up by 29% on the prior quarter record of 573kt. The average price per tonne of coal sold was A\$184 (US\$130), with 719kt of semi-soft coking coal sold at A\$186 (US\$132) per tonne and 21kt of thermal coal sold at A\$118 (US\$84) per tonne.

Stanmore's pricing for its semi-soft coking coal 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.

Semi-soft Benchmark Summary (US\$/t, Financial Year)	Q1-19	Q2-19	Q3-19	Q4-19
Forward looking	137	130	131	126.5
Index based (backward looking)	129	136	130	TBA

ISAAC DOWNS

Progress at Isaac Downs during the quarter included advancing environmental studies, preparation for mining lease tenure lodgement, and advancing exploration for further resource definition.

Approval was granted on 5th April 2019 by the State Government regulator for Stanmore to prepare an EIS³ to support the proposed Isaac Downs Coal Mining Project as proposed by Stanmore. This is a key milestone for the Company. The Company expects to lodge Mining Lease applications shortly.

CORPORATE

Stanmore's net cash position increased from \$9.6m to \$58.4m⁴, with the working capital facility fully repaid, during the quarter.

Cash Flow (\$m) *	Mar-19 Qtr
Operating Cashflow	53.8
Working Capital	8.2
Investing Cashflow	(13.1)
Financing Cashflow	(22.8)
Cash Movement	26.1
Opening Cash	32.3
Closing Cash	58.4

* Unaudited financial information

Investing activities during the quarter include \$10m on Isaac Downs acquisition payments, \$0.6m in exploration and studies at Isaac Downs, \$1.0m in Isaac Plains East development, \$0.3m in underground

³ Environmental Impact Statement

⁴ Net cash of \$58.4m represented by cash of \$58.4m less interest-bearing debt of \$nil

project studies⁵ and \$1.3m in sustaining capital at the Isaac Plains Complex. Operating cashflows of \$53.8m with \$8.2m received from working capital movements allowed for the full repayment of the working capital facility (\$22.8m), resulting in a closing cash balance of \$58.4m.

An interim fully franked dividend was declared during the quarter following strong H1 results, with the 3 cents per share dividend payable on 30 April.

The Company also announced during the quarter an on-market share buy-back of up to 10% of the Company's fully paid ordinary shares⁶, with 39,365 shares bought so far at an average price of \$1.149 per share.

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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⁵ A financial decision on the Isaac Plains Underground project remains planned for FY19. It is one of a number of options available to fill the CHPP.

⁶ In accordance with the listing rules the price paid for the shares purchased under the buy-back will be not more than 5% above the volume weighted average share price over the 5 days of prior trading before the purchase is made. The timing and actual number of shares purchased will depend on the prevailing share price, share trading windows and other considerations, and all shares purchased under the buy-back will be cancelled