



18 July 2019

JUNE 2019 QUARTERLY PRODUCTION REPORT STRONG COMPLETION OF A RECORD YEAR

Highlights

- Record saleable coal production of 721kt (annualised rate of 2.9Mt) in the June quarter
- Strong coal sales of 688kt in the June quarter
- Net Cash up from \$58.4m (31 Mar 2019) to \$90.5m (30 Jun 2019)
- Full Year production of 2.39Mt product, was above guidance of 2.3Mt
- Full Year Underlying EBITDA¹ of \$154m to \$156m (subject to audit) is expected to be at the top end of previous guidance (\$140m to \$155m)
- An interim fully franked dividend of 3cps was paid on the 30th of April 2019
- June 2019 quarter semi-soft coking coal benchmark (index-linked, backward looking) set at US\$129/tonne, with the September 2019 quarter (forward looking) benchmark set at US\$124/tonne
- Isaac Downs consenting on track with draft EIS Terms of Reference lodged

PRODUCTION AND SALES

Thousands of tonnes	Quarter Ended					Year-to-date		
	Jun 2019	Mar 2019	Change %*	Jun 2018	Change %*	Jun 2019	Jun 2018	Change %*
ROM ² coal produced	872	759	15%	547	59%	2,929	1,643	78%
ROM strip ratio (BCM/ROM t)	9.6	7.2	34%	13.5	(29%)	8.9	13.6	(34%)
Saleable coal produced	721	691	4%	314	130%	2,390	1,128	112%
Saleable coal purchased	16	-	n.a.	-	n.a.	27	10	172%
Total coal sales	688	740	(7%)	320	115%	2,319	1,318	76%
Product coal stockpiles	175	127	38%	80	119%	175	80	119%
ROM coal stockpile	109	103	6%	85	27%	109	85	27%

* Note: Change is favourable/unfavourable

¹ Non IFRS measure

² Run of Mine

SAFETY PERFORMANCE

Q4 FY19 was a disappointing quarter for safety with five injuries recorded at Isaac Plains, and another injury at Stanmore's other projects and tenements. The 12-month TRIFR at the end of the June 2019 quarter was 16.7.

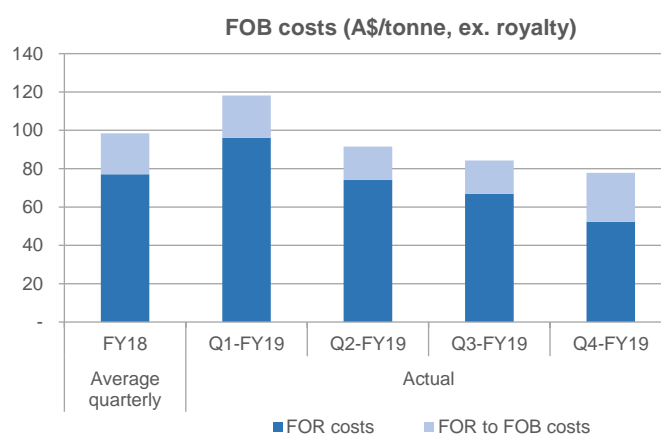
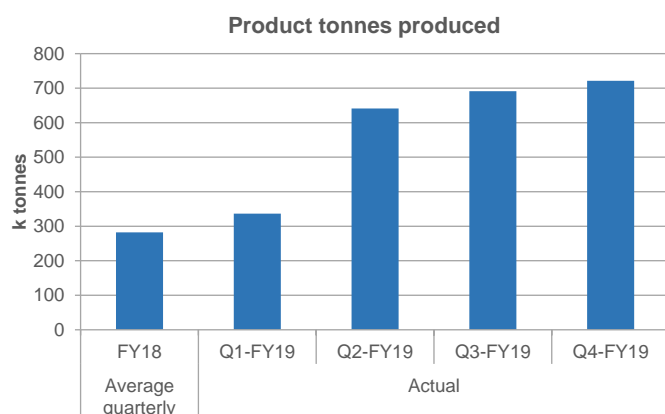
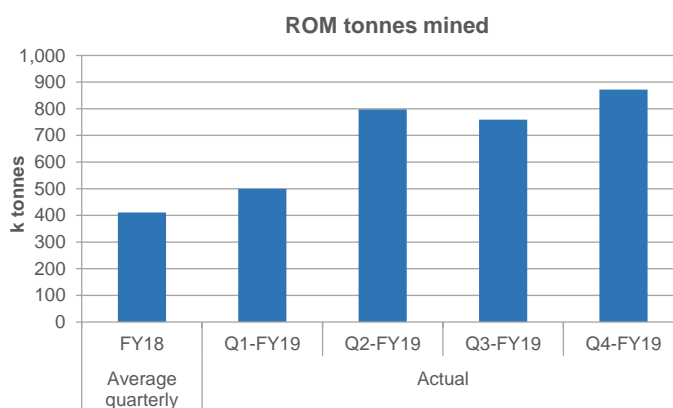
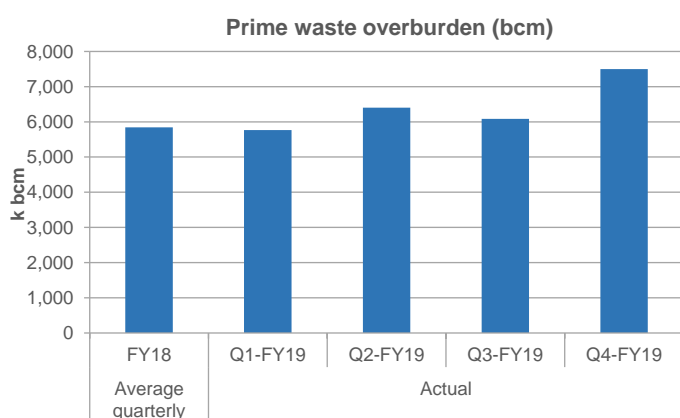
An intervention plan is being developed and this, in conjunction with the implementation of the Fatal Risk Standards and Life Saving Rules, is expected to correct the result and significantly improve safety performance.

ISAAC PLAINS COMPLEX OPERATIONS

Isaac Plains Complex	Quarter	YTD
ROM coal mined (k tonnes)	872	2,929
Isaac Plains	-	558
Isaac Plains East	872	2,371
Coal sales (k tonnes)	688	2,319
FOB cost (A\$/t, ex. royalty)	78	89
ASP³ (A\$/t, net of royalty)	157	158

A record 872kt of ROM coal (3.5Mt annualised rate) was mined in the June quarter leading to a record 721kt of saleable coal production (2.9Mt annualised rate).

The underlying FOB costs (excluding royalty) for the June quarter were \$78/t sold. Year to date underlying FOB costs (excluding royalty) were \$89/t sold, slightly above guidance due to the overperformance of excavators resulting in very minor cost increases but higher saleable coal production for the year.



³ Average Sales Price

COAL SALES

Coal sales of 688kt were achieved in the June quarter, slightly behind the previous quarters record of 740kt. Product stocks grew to 175kt as a result of June shipping queues. These stocks are expected to decrease over Q1/Q2 FY20. The average price per tonne of coal sold was A\$174 (US\$122), with 615kt of semi-soft coking coal sold at A\$183 (US\$129) per tonne and 73kt of thermal coal sold at A\$94 (US\$66) per tonne.

Stanmore's pricing for its 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.

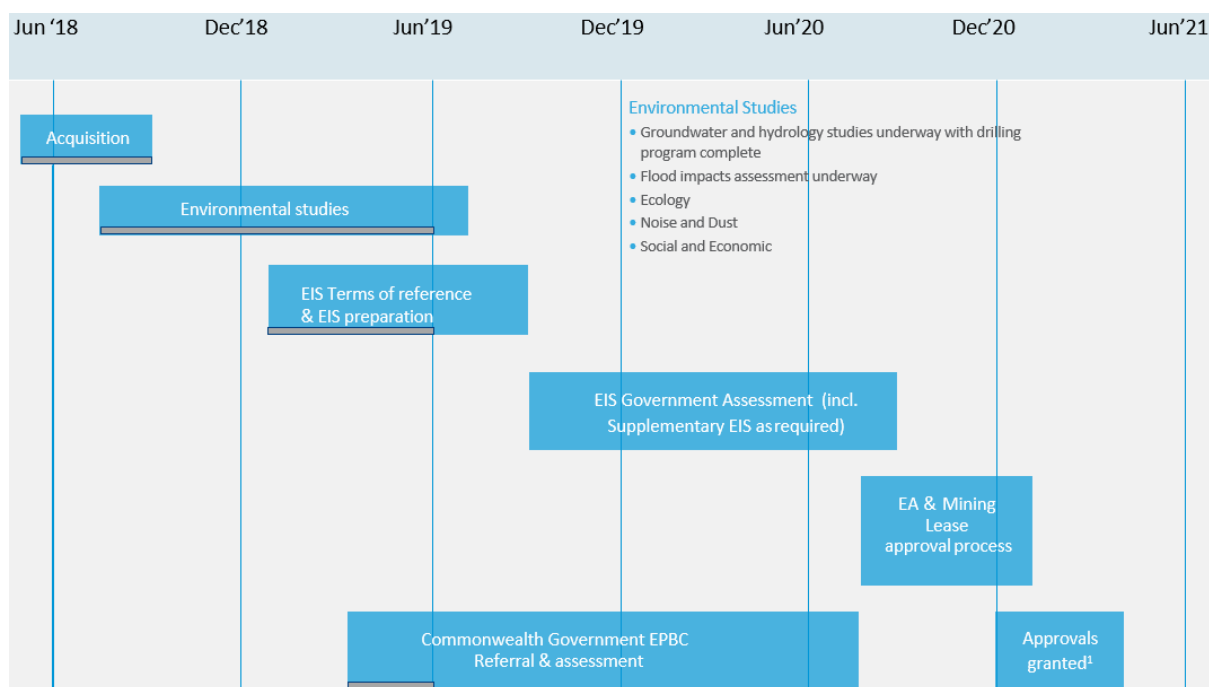
Stanmore's average benchmark coking coal price relative to the average Hard Coking Coal spot price has improved from 62% to 66% over the past four quarters, while the relativity to the average Semi-Soft Coking Coal spot price has improved from 109% to 141% over the same period.

SMR Coking Benchmark Summary (US\$/t, Financial Year)	Q2-19	Q3-19	Q4-19	Q1-20*
Forward looking	130.0	131.0	126.5	124.0
Index based (backward looking)	136.0	130.0	129.0	TBD

ISAAC DOWNS

The Isaac Downs Project is located 10 kilometres south of the existing Isaac Plains operations. Isaac Downs 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, ensuring a capital light approach is maintained.

The following timeline summarises the approval process for the Isaac Downs Project. Progress is according to plan.



¹ Based on no material objections arising during public notification processes or any matters requiring Land Court determination

The Department of Environment and Science (Qld Government) has published the Isaac Downs Draft Terms of Reference for the Environmental Impact Statement and the associated project description.

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 three 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. Construction of these projects will begin following the granting of the mining leases and environmental approvals, expected to be in H2 FY21, and take approximately 6-9 months.

CORPORATE

The financial year ending 30 June 2019 is expected to produce underlying EBITDA of between \$154m and \$156m (from guidance of \$140m to \$155m), subject to audit.

Stanmore's net cash position increased from \$58.4m to \$90.5m⁴ during the quarter, while the Company paid an interim fully franked 3 cent per share dividend on 30 April 2019 amounting to a cash payment of \$4.0m.

Cash Flow (\$m) *	Jun-19 Qtr	Jun-19 YTD
Operating Cashflow	44.5	133.3
Working Capital	1.1	3.9
Investing Cashflow	(9.5)	(58.1)
Financing Cashflow	(4.0)	(8.4)
Cash Movement	32.1	70.7
Opening Cash	58.4	19.8
Closing Cash	90.5	90.5

* Unaudited financial information

Investing activities during the quarter include \$5m on Isaac Downs acquisition payments, \$1.4m in exploration and studies at Isaac Downs, \$1.1m in Isaac Plains East development, \$0.1m in underground project studies⁵ and \$1.8m in sustaining capital at the Isaac Plains Complex. Operating cashflows of \$44.5m with \$1.1m received from working capital resulted in a closing cash balance of \$90.5m.

The Company announced on 1 July 2019 that it had completed a debt refinancing, securing a A\$20 million bonding facility with Liberty International Underwriters (Liberty) for Financial Assurance to the Queensland Government as part of the Company's future rehabilitation obligations, while extending and amending the current Taurus facilities to 30 June 2022 (previously maturing 15 November 2019), reducing the bonding facility component from US\$29 million to US\$12 million and increasing the working capital facility component from US\$22 million to US\$28 million.

The refinancing was a good result for the Company with an overall reduction in debt interest rates on drawn funds. The Taurus facilities interest rate reduced from 10.0% to 8.0% on drawn funds, while the new Liberty facility was agreed at 4.7% on drawn sureties. The establishment of the Liberty bonding facility will generate annual finance cost savings of A\$580k for the Company.

Yours faithfully,

Ian Poole
Company Secretary

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⁴ Net cash of \$90.5m represented by cash of \$90.5m less interest-bearing debt of \$nil

⁵ A decision to defer the Isaac Plains Underground project was announced on 3 July 2019.

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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