

Upgrade potential remains

With market concerns around falling coal prices, it was a strong signal to see Stanmore deliver an agreed Q419 price for its Semi-Soft product (US\$126.5/t) 60% above the current spot thermal price (cUS\$80). While cost increases of \$2/t are temporary and due to higher production rates, the market has also seemingly overlooked the \$50m of cash generated through the quarter to drive a \$58m cash balance. Production upgrades (2.3mt from 2.15mt FY19E) are driving yet further upgrade potential at the EBITDA line as we approach year end, in our view, as late June shipping timing could move favourably in SMR's direction. Trading at just 2.4x FY19E EV/EBITDA, commitment to a dividend and formidable cash generation lead us to believe the shares are deserving of a higher rating. We make some small upgrades to our forecasts, resulting in a 5cps lift in our target price to \$1.45. BUY maintained.

Key points

Production upgraded, EBITDA guidance held: With another solid production run in Q3 (ROM coal 759kt, saleable coal 691kt), Management upgraded FY19 guidance for the 3rd time to 2.3mt, up from 2.15mt. Nonetheless, with some pressures emerging around mining costs and port charges, EBITDA guidance was left in the \$140-155m range. We continue to see some upside to this, with timing of late June shipments the key to outperformance here. However we also note this existing range is a number that can essentially be banked on.

Margins strong, B/S moves to strong cash position: SMR delivered a margin of cA\$85/t, putting them at the top of the domestic sector on this metric. Considered mine management is key to our investment thesis; we see this as being undervalued. While there is some downside in Q4, this is nonetheless impressive. Cash generation of \$54m in the quarter was a highlight, pushing cash on hand to c\$58m, significantly de-risking the outlook.

Value is being overlooked: Although only a small producer, we see the shares as fundamentally undervalued. With potential to achieve 7.0Mtpa ROM CHPP feed over the medium term, this combines with a still solid pricing outlook, EV/EBITDA multiple of 2.4x FY19E and P/E 3.2x FY20E, with a FCF yield of 36.1% and dividend yield of 6.4% in FY19E; all appearing to be overlooked.

Risks and catalysts

Key risks include: (1) Coal price movements; (2) slower expansion into Isaac Downs; (3) higher unit costs of production; (4) safety issues; (5) increased rehabilitation costs; and (6) cyclone activity given its Bowen Basin location.

Earnings forecasts					
Year-end June (AUD)	FY17A	FY18A	FY19F	FY20F	FY21F
Revenue (\$m)	137.8	208.1	398.7	345.3	301.4
EBITDA margin (%)	14	12	37	34	23
NPAT norm (\$m)	12.0	6.0	92.0	69.6	38.0
Consensus NPAT (\$m)			88.1	67.4	28.9
EPS norm (cps)	5.1	2.4	35.8	27.0	14.7
EPS growth (%)	157	-53	1391	-24	-45
P/E norm (x)	22.5	47.9	3.2	4.3	7.8
EV/EBITDA (x)	19.1	15.1	2.4	3.1	5.2
CFM (x)	-13.8	15.2	2.8	4.2	7.7
DPS (cps)	0.0	2.0	7.4	2.8	1.5
Franking (%)					

Source: Company data, Wilsons estimates, S&P Capital IQ

Wilsons Equity Research

Analyst(s) who own shares in the Company: n/a

Recommendation	BUY
12-mth target price (AUD)	\$1.45
Share price @ 09-Apr-19 (AUD)	\$1.15
Forecast 12-mth capital return	26.1%
Forecast 12-mth dividend yield	4.0%
12-mth total shareholder return	30.0%

Market cap	\$291m
Enterprise value	\$364m
Shares on issue	253m
Sold short	0.2%
ASX 300 weight	n/a
Median turnover/day	\$0.3m

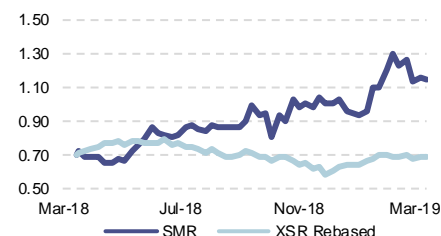
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FUNDAMENTAL
INSIGHTS

12-mth price performance (\$)



	1-mth	6-mth	12-mth
Abs return (%)	-2.8	22.2	72.8
Rel return (%)	-3.3	25.0	75.0

Key changes			
	12-Feb	After	Var %
Revenue:			
FY19F	373	399	7.0%
FY20F	339	345	2.0%
FY21F	284	301	6.3%
EBITDA:			
FY19F	144.0	149.5	3.8%
FY20F	114.0	116.2	2.0%
FY21F	66.3	70.5	6.3%
EPS:			
FY19F	34.3	35.8	4.4%
FY20F	26.3	27.0	2.7%
FY21F	13.5	14.7	9.2%
Price target:	1.40	1.45	3.6%
Rating:	BUY	BUY	

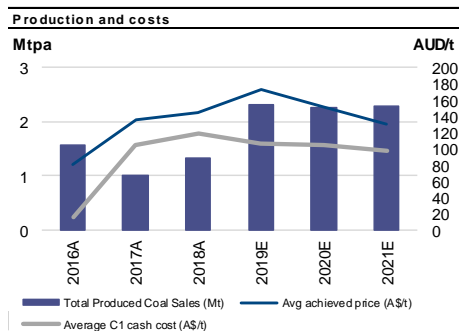
Figure 1: Financial summary

Capital profile		
Number of shares (m)	252	
Market capitalisation (A\$m)	254	
Enterprise value (A\$m)	235	
Enterprise value (US\$m)	181	

Resources		
Coal Resources (Mt)	157	
Reserve (Mt)	38	
EV/t Resource (A\$/t)	149	12 (US\$/t)
EV/t Reserve (A\$/t)	6.13	4.7 (US\$/t)

VALUATION for SMR		
Description	A\$m	A\$ps
Isaac Plains Mine	0	0.00
Isaac Plains East	188	0.75
Isaac Downs	89	0.35
Total Operations	277	1.10
Net (debt)/ cash	73	0.29
Corporate overheads (incl WC)	0	0.00
Franking Credits	0	0.00
Listed investments	0	0.00
Exploration	20	0.08
Total Valuation	369	1.47
Premium (Discount)	0%	0.00
Target Price	1.47	
Isaac Plains Underground*	0	0.00
P/NPV		0.69

Operations NPV split	Valuation inputs
Isaac Downs 32%	Rf rate 5.3%
Isaac Plains Mine 0%	MRP 5.3%
Isaac Plains East 68%	Equity beta 12
	Ke 2%
	Kd 6%
	Gearing 30%
	Tax rate 30%
	WACC 10.0%
	DCF (A\$) 147
	Prem/disc 0%
	Target (A\$) 147

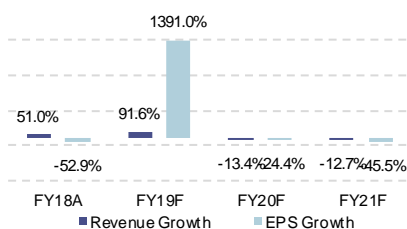


*Isaac Plains Underground has not yet been approved - will add 0.27A\$ps

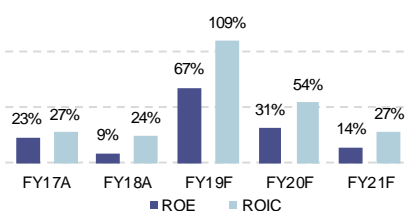
June year end	2016A	2017A	2018A	2019E	2020E	2021E
NPAT Reported (A\$m)	-19.7	12.0	6.0	92.0	69.6	38.0
NPAT Normalised (A\$m)	-19.7	12.0	6.0	92.0	69.6	38.0
EPS (A¢)	-8.9	5.1	2.4	35.8	27.0	14.7
CFPS (A¢)	-22.3	-12.0	2.8	22.2	20.0	10.7
DPS (A¢)	0.0	0.0	2.0	7.4	2.8	1.5
P/E (x)	nm	19.8	42.1	2.8	3.7	6.9
P/CF (x)	-4.5	-8.4	36.7	4.5	5.1	9.5
EV/EBITDA (x)	-15.0	12.3	9.8	1.6	2.0	3.3
EPS Growth	53%	-157%	-53%	1391%	-24%	-45%
Yield (%)	0.0%	0.0%	2.0%	7.3%	2.7%	1.5%
Assumptions FY	2016A	2017A	2018A	2019E	2020E	2021E
AUD/USD	0.73	0.75	0.74	0.72	0.75	0.75
Hard coking coal (USD/t FOB (Aus))	0.0	182.0	202.0	180.0	170.0	140.0
Low Vol PCI (USD/t FOB (Aus))	0.0	149.0	166.0	130.0	128.0	110.0
Semi-Soft Coking (USD/t FOB (Aus))	61.4	107.3	88.9	125.0	115.0	100.0
Thermal (Newc) (USD/t FOB (Newc))	52.3	73.7	67.8	98.9	100.0	70.0
Avg achieved price (A\$/t)	81.2	135.1	144.8	172.6	152.3	131.3
Total Coal Produced (100%)	2016A	2017A	2018A	2019E	2020E	2021E
Isaac Plains Mine	1.0	1.2	1.1	0.4	0.0	0.0
Isaac Plains East	0.0	0.0	0.0	1.9	2.3	2.3
Isaac Downs	0.0	0.0	0.0	0.0	0.0	0.0
Isaac Plains Underground*	0.0	0.0	0.0	0.0	0.0	0.0
Total Coal Produced (Mt) - 100%	1.0	1.2	1.1	2.3	2.3	2.3
Total Produced Coal Sales (Mt)	1.6	1.0	1.3	2.3	2.3	2.3
Thermal Coal as % of production	86.6%	25.2%	30.0%	5.9%	5.0%	5.0%
C1 cash costs	2016A	2017A	2018A	2019E	2020E	2021E
Isaac Plains Mine	15.7	104.9	118.2	118.0	117.9	0.0
Isaac Plains East	0.0	0.0	0.0	102.0	98.0	98.0
Isaac Downs	0.0	0.0	0.0	98.0	98.0	98.0
Isaac Plains Underground*	0.0	0.0	0.0	0.0	0.0	0.0
Average C1 cash cost (A\$/t)	15.7	104.9	118.2	106.0	104.6	98.0
Average C1 cash cost (US\$/t)	11.4	78.2	87.5	75.8	78.5	73.5
Profit and Loss (\$m)	2016A	2017A	2018A	2019E	2020E	2021E
Revenue	12.7	137.8	208.1	398.7	345.3	301.4
Costs	24.6	107.0	155.8	241.9	222.1	224.9
EBITDA	-15.7	19.1	24.0	149.5	116.2	70.5
Depreciation & amortisation	1.3	3.3	5.2	9.4	9.5	9.4
EBIT	-17.0	15.7	18.8	140.1	106.8	61.1
Interest income	0.4	0.2	0.3	0.4	1.7	2.2
Interest expense	3.1	9.5	9.1	9.1	9.1	9.1
Pre tax profit	-19.7	6.4	10.0	131.4	99.5	54.2
Tax expense (benefit)	0.0	-5.6	4.1	39.4	29.8	16.3
NPAT - underlying	-19.7	12.0	6.0	92.0	69.6	38.0
Significant items	0.0	0.0	0.0	0.0	0.0	0.0
NPAT - reported	-19.7	12.0	6.0	92.0	69.6	38.0
Profitability analysis	2016A	2017A	2018A	2019E	2020E	2021E
EBIT margin	-	11.4%	9.0%	35.1%	30.9%	20.3%
EBITDA margin	-	13.8%	11.5%	37.5%	33.7%	23.4%
Effective tax rate	0.0%	-87.5%	40.6%	30.0%	30.0%	30.0%
ROA - EBIT / (total assets - cash)	-16.9%	11.6%	12.7%	58.5%	43.6%	24.3%
ROE - NPAT / equity	-50.5%	18.0%	8.2%	46.0%	27.4%	13.2%
Cashflow	2016A	2017A	2018A	2019E	2020E	2021E
EBITDA	-15.7	19.1	24.0	149.5	116.2	70.5
Operating cashflow	-33.6	-17.8	21.9	112.6	75.5	44.1
Sustaining Capex	-5.0	-4.9	-4.2	-11.5	-9.1	-9.2
Free cashflow (after sust capex)	-38.5	-22.7	17.7	101.1	66.4	34.9
Growth Capex	-8.0	-5.8	-10.8	-44.0	-15.0	-7.5
Free cashflow (after growth capex)	-46.5	-28.5	6.9	57.1	51.4	27.4
Investing cashflow	30.5	2.7	-14.0	-55.5	-24.1	-16.7
Financing cashflow	0.0	30.5	-15.6	-13.4	-12.8	-5.4
Net Change in cash	-3.1	15.3	-7.7	43.6	38.6	22.0
Balance Sheet Analysis	2016A	2017A	2018A	2019E	2020E	2021E
Debt	0.0	15.6	0.0	0.0	0.0	0.0
Equity	39.1	66.8	73.2	199.8	254.1	286.7
Assets	112.3	163.1	168.1	312.4	346.8	375.7
Cash	12.1	27.5	19.8	72.7	102.1	124.1
Net debt	-12.1	-11.9	-19.8	-72.7	-102.1	-124.1
Gearing - net debt/equity	-0.3	-0.2	-0.3	-0.4	-0.4	-0.4
Gearing - net debt/ (net debt + equity)	-0.4	-0.2	-0.4	-0.6	-0.7	-0.8
Net debt / EBITDA	0.8	-0.6	-0.8	-0.5	-0.9	-1.8
EBIT / net interest	-6.1	1.7	2.1	16.1	14.5	8.9
EBITDA / net interest	-5.6	2.0	2.7	17.1	15.8	10.3
FCF yield (FCF / EV)	-16.4%	-9.7%	7.6%	43.1%	28.3%	14.9%
Met Coal %	13.4%	74.8%	70.0%	94.1%	95.0%	95.0%
EBITDA margin (A/t)	-14.9	15.8	21.3	64.7	51.3	30.7

Source: Company data, Wilsons

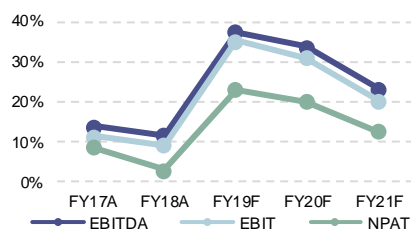
Growth rates



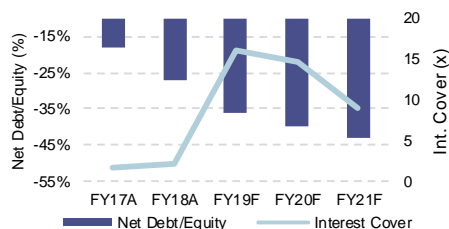
Returns



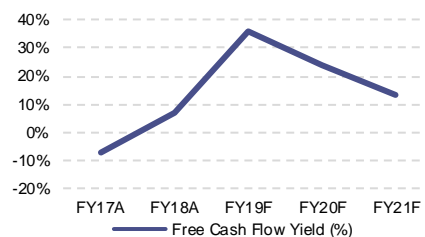
Margin trends



Solvency



Free cash flow yield



Interims (\$m)

	1H18A	2H18A	1H19A	2H19E
Sales revenue	82.8	125.3	148.3	250.4
EBITDA	20.7	3.4	41.6	107.9
EBIT	19.1	-0.3	37.7	102.4
Net profit	8.0	-2.1	22.4	69.5
Norm EPS	3.2	-0.8	8.7	27.5
EBIT/sales (%)	23.1	-0.2	25.4	40.9
Dividend (c)	1.0	1.0	3.0	4.4
Franking (%)				
Payout ratio (%)	31.3	<0	34.3	15.9
Adj payout (%)	0.0	0.0	17.6	11.4

Key assumptions

Year-end June (AUD)	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
Revenue Growth (%)		985.4	51.0	91.6	-13.4	-12.7
EBIT Growth (%)	33.6	-192.8	19.6	644.2	-23.8	-42.8
NPAT Growth (%)	62.5	-160.9	-50.4	1,441.5	-24.3	-45.5
EPS Growth (%)	53.4	-157.3	-52.9	1,391.0	-24.4	-45.5
EBIT / Sales (%)	-133.6	11.4	9.0	35.1	30.9	20.3
Tax Rate (%)	0.0	-87.5	40.6	30.0	30.0	30.0
ROA (%)	-15.1	9.7	11.2	44.8	30.8	16.3
ROE (%)	-43.4	23.6	25.7	70.1	42.0	21.3

Profit and loss (\$m)

Year-end June (AUD)	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
Sales revenue	12.7	137.8	208.1	398.7	345.3	301.4
EBITDA	-15.7	19.1	24.0	149.5	116.2	70.5
Depn & amort	1.3	3.3	5.2	9.4	9.5	9.4
EBIT	-17.0	15.7	18.8	140.1	106.8	61.1
Net interest expense	2.8	9.3	8.8	8.7	7.3	6.8
Tax	0.0	-5.6	4.1	39.4	29.8	16.3
Minorities/pref divs	0.0	0.0	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (pre-sig items)	-19.7	12.0	6.0	92.0	69.6	38.0
Abns/exts/signif	0.0	0.0	0.0	0.0	0.0	0.0
Reported net profit	-19.7	12.0	6.0	92.0	69.6	38.0

Cash flow (\$m)

Year-end June (AUD)	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
EBITDA	-15.7	19.1	24.0	149.5	116.2	70.5
Interest & tax	-2.8	-3.7	-12.9	-48.1	-37.2	-23.1
Working cap/other	-15.1	-33.2	10.7	11.3	-3.6	-3.3
Operating cash flow	-33.6	-17.8	21.9	112.6	75.5	44.1
Maintenance capex	-3.3	-3.3	-2.8	-7.7	-6.0	-6.1
Free cash flow	-36.9	-21.1	19.1	104.9	69.5	38.0
Dividends paid	0.0	0.0	0.0	-13.4	-12.8	-5.4
Development capex	-9.6	-7.4	-12.2	-47.8	-18.0	-10.6
Invest/disposals	0.0	0.0	0.0	0.0	0.0	0.0
Other inv flows	43.4	13.4	1.0	0.0	0.0	0.0
Cash flow pre-financing	-3.1	-15.1	7.9	43.6	38.6	22.0
Funded by equity	0.0	14.7	0.0	0.0	0.0	0.0
Funded by debt	0.0	15.8	-15.6	0.0	0.0	0.0
Funded by cash	3.1	-15.4	7.7	-43.6	-38.6	-22.0

Balance sheet summary (\$m)

Year-end March (AUD)	FY16A	FY17A	FY18A	FY19F	FY20F	FY21F
Cash	12.1	27.5	19.8	72.7	102.1	124.1
Current receivables	22.3	16.6	22.4	27.8	24.3	24.6
Current inventories	5.1	27.5	21.0	33.1	30.4	30.8
Net PPE	33.4	35.2	36.4	46.7	52.8	59.0
Investments	0.0	0.0	0.0	0.0	0.0	0.0
Intangibles/capitalised	28.4	31.3	43.2	84.7	93.3	94.4
Other	11.0	24.9	25.3	47.2	43.9	42.8
Total assets	112.3	163.1	168.1	312.4	346.8	375.7
Current payables	22.6	22.3	27.0	38.3	36.4	36.8
Total debt	0.0	15.6	0.0	0.0	0.0	0.0
Other liabilities	50.6	58.4	67.9	74.3	56.3	52.2
Total liabilities	73.2	96.3	94.9	112.6	92.7	89.0
Minorities/convertibles	0.0	0.0	0.0	0.0	0.0	0.0
Shareholder equity	39.1	66.8	73.2	199.8	254.1	286.7
Total funds employed	39.1	82.4	73.2	199.8	254.1	286.7



Key takeaways from Q319 production

Key takeaways:

- **Agreed pricing is incredibly solid:** In this market all attention has been on coal pricing in recent weeks, as we have seen declines across the market, notably in thermal. While Stanmore produce a semi-soft met product, the small size and lack of a traded market mean there is no relevant spot prices. The low ash content of the IPEast coal however does appeal to Japanese steel makers and we see this as being more of a derivative of Hard-Coking prices, rather than thermal, as is sometimes the case with lower quality semi-soft products.
- **Fully funded for FY19:** With \$58m of cash on hand, payments for Isaac Downs, internal projects and payment of a dividend are fully funded. Looking ahead, this gives the company a solid backing to pursue the development of Isaac Downs over the next 2-3 years. Nonetheless, with a bid already forthcoming at end-2018, we can't dismiss that this may make Stanmore an even more enticing target for a potential acquirer.
- **We continue to see upside:** While production limits may reach their natural zenith due to port/rail capacity, EBITDA may fall higher depending on the timing of late June shipments from Dalrymple Bay. With port congestion a serious concern, Management have excluded the final deliveries from the year from guidance. If timing falls their way, this could provide another (c10% in our estimates) upside to the guidance range of \$140-155m.
- **Buyback has commenced:** The company has bought back 39,365 shares to date, or 0.15% of the potential total (c25m).

Keys to production:

- 759kt ROM produced compares to our 800kt estimate, and down 5% q/q. No major weather delays aided this production number, which was also up +99% y/y.
- Produced 691kt of saleable coal, up 5% q/q.
- IPEast is now producing from 3 pits, with the dragline successfully moved over Christmas 2018. The coal produced is 100% met (semi-soft) and yields have risen to c80% from 75% in H119. We note low ash yields (below 12%) have surprised to the upside (and aided achieved pricing).
- Cash on hand rose to \$58m from \$9m at Dec-31. Inventory held at 31-Dec was sold through the half, as port hold ups cost them sales at the back end of H1. This leaves the company in a good position to fund early development costs at Isaac Downs.

Keys to guidance:

- Guidance for saleable coal production has been lifted from 2.15mt to 2.3mt, a 7% lift.
- EBITDA guidance has been maintained at \$140-155m.
- Costs of production have lifted by A\$2/t to A\$88/t (from A\$86/t) for the full year. This is due to higher excavator costs incurred in the mining of IPEast, however also reflects the elevated price environment (and margin outcome) possible in the current market.
- Looking ahead, port hold ups could incur a higher costs as we move through Q4.
- Pricing (contracted) has reduced from US\$130/t in Mar-19 (qtr) to US\$126.5/t, -3%, further weighing on the margin. Nonetheless, this is a very solid outcome in light of price falls elsewhere (thermal c-20% YTD).



Changes to forecasts

- We moderate our H2 forecasts for price, only slightly, down \$2/t to US\$128. This results in a US\$125/t average price for FY19E.
- Costs rise by \$2/t to \$102 for IPEast, reflecting the higher costs of using the excavator method of mining, combined with the dragline and traditional truck and shovel methods. Some additional costs relate to the wind down of Issac Plains.
- Slightly improved cash position (debtors) sees operating cash flow improve, and delivering a net cash position of c\$73m for 30 June 2019E.
- Looking ahead, we lift production rates to reflect an annual 2.3mtpa production rate from IPEast, in line with 2019. With port and rail capacity of 2.4mtpa, the company is approaching its limit, however we note some additional capacity can generally be purchased from producers not fully utilising their own allocations.

Figure 2: Changes to forecasts, FY19-21E

	FY19			FY20			FY21		
	New	Old	Difference	New	Old	Difference	New	Old	Difference
Total coal sales (mt)	2.31	2.15	7.5%	2.27	2.22	2.0%	2.30	2.16	6.3%
Average Selling Price/A\$t	172.6	173.5	(0.5)%	152.3	152.3	0.0%	131.3	131.3	0.0%
Average cost/A\$t	104.7	103.3	1.4%	98.0	98.0	0.0%	98.0	98.0	0.0%
Revenue	398.7	372.7	7.0%	345.3	338.5	2.0%	301.4	283.7	6.3%
Gross profit	156.8	150.8	4.0%	123.2	120.7	2.0%	76.5	72.0	6.3%
EBITDA	149.5	144.0	3.8%	116.2	114.0	2.0%	70.5	66.3	6.3%
D&A	(9.4)	(9.4)	0.0%	(9.5)	(9.5)	0.0%	(9.4)	(9.4)	0.0%
EBIT	140.1	134.6	4.1%	106.8	104.5	2.2%	61.1	56.9	7.3%
Interest	(8.7)	(8.7)	0.0%	(7.3)	(7.7)	(4.7)%	(6.8)	(7.3)	(5.8)%
PBT	131.4	125.9	4.4%	99.5	96.8	2.7%	54.2	49.7	9.2%
Tax	(39.4)	(37.8)	4.4%	(29.8)	(29.0)	2.7%	(16.3)	(14.9)	9.2%
rate (%)	30%	30%	0.0%	30%	30%	0.0%	30%	30%	0.0%
NPAT	92.0	88.1	4.4%	69.6	67.8	2.7%	38.0	34.8	9.2%
EPS	36.4	34.9	4.4%	27.5	26.8	2.7%	15.0	13.7	9.2%
DPS	7.4	7.1	4.4%	2.8	2.7	2.7%	1.5	1.4	9.2%
Payout ratio	20.2%	20.2%	0.0%	10.0%	10.0%	0.0%	10.0%	10.0%	0.0%
Op. Cash flow	112.6	70.9	58.9%	75.5	78.6	(3.9)%	44.1	42.2	4.4%
Net Debt/(cash)	(72.7)	(31.8)	128.6%	(102.1)	(65.3)	56.3%	(124.1)	(86.3)	43.9%
Net Debt(cash)/EBITDA	(0.5)x	(0.2)x	120.2%	(0.9)x	(0.6)x	53.3%	(1.8)x	(1.3)x	35.4%

Source: Company data, Wilsons



Valuation

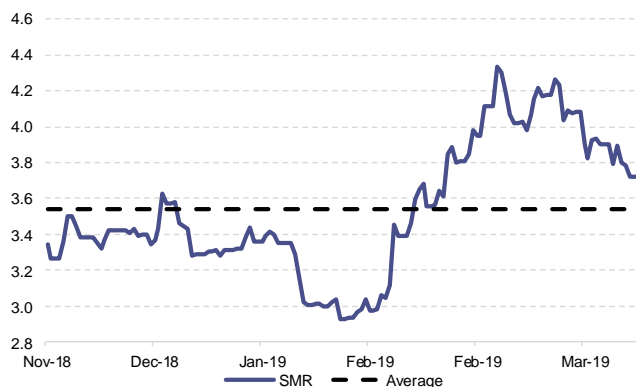
Trading at 2.4x EV/EBITDA (Wilson's 2019E) and 3.2x P/E is ahead of LT average 1.8x and 3.5x (respective) multiples. We would expect a premium multiple at this point in the cycle. Looking further ahead this multiple does not appear challenging for a company with such significant growth prospects and is a steep discount to the XSR.

Figure 3: 1-yr fwd EV/EBITDA, based on consensus figures



Source: IRESS

Figure 4: 1-yr fwd P/E, based on consensus figures



Source: IRESS

Valuation summary

Our valuation is based on a 100% weighting to our NPV valuation. Our NPV utilises a WACC of 10%, based on beta of 1.25x and LT growth rate of 3%. We do include Isaac Downs in our valuation, given the obvious potential for this mine to be a significant contributor to the group. Nonetheless we do risk weight our valuation by -50% to reflect the fact the mine has to obtain approvals (mining, environment, water).

We factor in a deterioration in coal prices after 2 years, with these reverting to longer term averages; while the cycle will moderate the questions is timing. For valuation comparison, we also highlight a multiples approach (below), where we apply a 4x multiple to FY19E EBITDA.

Figure 5: NPV valuation summary

Valuation	A\$m	A\$ps
Isaac Plains Mine	0.0	0.00
Isaac Plains East	188.1	0.75
Isaac Downs	88.5	0.35
Total Operations	276.6	1.10
Isaac Plains Underground	0.0	0.00
Net (debt) / cash	72.7	0.29
Franking Credits	0.0	0.00
Listed investments	0.0	0.00
Exploration	19.7	0.08
Total Valuation	369.1	1.47

Source: Wilson's, company data

Figure 6: EV/EBITDA multiple valuation summary

EV/EBITDA Valuation	
FY19E EV/EBITDA	4.0x
FY19E EBITDA	149.5
EV	597.9
Net debt/(cash)	(72.7)
Equity Value	670.7
Diluted shares	251.8
Equity Value/sh	2.66

Source: Wilson's, company data



Figure 7: Coal comps FY19-21

Company Name	Ticker	Currency	Year-end	Mkt cap (m)	EV/EBITDA			EV/EBIT			P/E (norm.)			EBITDA margin		
					FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Wilsons																
Bounty Mining Limited	ASX:B2Y	AUD	30-Jun	46	(23.5x)	2.0x	1.6x	(9.8x)	2.4x	1.9x	(13.9x)	5.6x	4.6x	-1%	8%	9%
Coronado Global Resources Inc.	ASX:CRN	USD	31-Dec	2,900	3.0x	4.6x	6.5x	3.9x	7.3x	13.1x	5.8x	11.0x	19.8x	31%	22%	19%
New Hope Corporation Limited	ASX:NHC	AUD	31-Jul	2,386	4.7x	5.3x	10.2x	5.7x	6.6x	15.5x	9.0x	9.1x	24.3x	39%	36%	40%
Stanmore Coal Limited	ASX:SMR	AUD	30-Jun	291	2.4x	3.1x	5.2x	2.6x	3.4x	6.0x	3.2x	4.3x	7.8x	37%	34%	23%
Whitehaven Coal Limited	ASX:WHC	AUD	30-Jun	3,839	3.7x	5.1x	5.2x	4.4x	6.8x	6.8x	6.6x	10.2x	10.2x	38%	33%	33%
Average					(1.9)x	4.0x	5.7x	1.4x	5.3x	8.7x	2.1x	8.0x	13.3x	28.9%	26.7%	24.8%
Wilsons (consensus)																
Bounty Mining Limited	ASX:B2Y	AUD	30-Jun	46	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0%	0%	0%
Coronado Global Resources Inc.	ASX:CRN	USD	31-Dec	2,900	2.6x	3.6x	4.9x	3.4x	5.6x	6.5x	5.0x	8.0x	9.1x	31%	26%	21%
New Hope Corporation Limited	ASX:NHC	AUD	31-Jul	2,386	3.9x	4.6x	7.5x	4.7x	6.0x	9.5x	5.9x	7.4x	12.2x	46%	42%	36%
Stanmore Coal Limited	ASX:SMR	AUD	30-Jun	291	2.0x	2.5x	5.0x	2.1x	2.8x	6.1x	3.3x	4.4x	10.2x	38%	34%	19%
Whitehaven Coal Limited	ASX:WHC	AUD	30-Jun	3,839	3.8x	4.8x	5.4x	4.6x	6.1x	6.9x	6.3x	8.7x	9.9x	43%	39%	35%
Average					2.5x	3.1x	4.6x	2.9x	4.1x	5.8x	4.1x	5.7x	8.3x	31.7%	28.1%	22.2%
Diversifieds																
BHP Group	ASX:BHP	USD	30-Jun	202,461	6.8x	6.9x	7.3x	9.2x	9.6x	10.2x	14.6x	13.9x	15.1x	53%	53%	51%
Rio Tinto Group	ASX:RIO	USD	31-Dec	77,001	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	47%	44%	43%
South32 Limited	ASX:S32	USD	30-Jun	18,832	5.3x	5.5x	5.5x	7.1x	7.8x	8.2x	10.4x	11.1x	11.8x	31%	30%	30%
Anglo American plc	LSE:AAL	USD	31-Dec	27,930	4.6x	5.1x	5.3x	6.6x	7.8x	8.2x	10.0x	12.0x	12.4x	36%	32%	30%
Glencore plc	LSE:GLEN	USD	31-Dec	45,378	5.9x	5.7x	5.6x	11.5x	10.8x	10.6x	11.8x	10.4x	9.4x	7%	7%	8%
Vale S.A.	BOVESPA:VALE3	BRL	31-Dec	273,691	4.5x	5.1x	5.2x	5.7x	7.0x	6.8x	9.6x	9.4x	8.3x	48%	44%	42%
Average					4.5x	4.7x	4.8x	6.7x	7.2x	7.3x	9.4x	9.5x	9.5x	37.2%	35.1%	33.9%
Coal - Global																
Peabody Energy Corporation	NYSE:BTU	USD	31-Dec	3,039	3.5x	3.8x	4.2x	11.3x	11.4x	16.9x	15.7x	15.6x	47.5x	20%	19%	17%
Cameco Corporation	TSX:CCO	CAD	31-Dec	6,246	17.5x	14.8x	10.6x	82.5x	29.6x	18.2x	216.6x	54.7x	35.1x	21%	25%	36%
Coal India Limited	NSEI:COALINDIA	INR	31-Mar	1,446,016	4.2x	4.2x	3.9x	5.2x	5.2x	4.9x	8.8x	8.7x	8.3x	25%	24%	24%
Alliance Resource Partners, L.P.	Nasdaq:ARLP	USD	31-Dec	2,433	3.8x	4.2x	4.5x	7.5x	8.0x	8.8x	6.5x	7.3x	8.5x	36%	33%	31%
Arch Coal, Inc.	NYSE:ARCH	USD	31-Dec	1,576	3.4x	4.0x	4.3x	5.3x	7.8x	9.8x	5.6x	5.6x	5.9x	18%	16%	15%
Foresight Energy LP	NYSE:FELP	USD	31-Dec	295	5.5x	5.7x	5.7x	17.9x	19.6x	19.7x	NM	NM	3.5x	31%	31%	30%
Warrior Met Coal, Inc.	NYSE:HCC	USD	31-Dec	1,609	3.8x	5.2x	5.9x	4.8x	8.1x	7.5x	5.4x	8.2x	8.7x	40%	33%	30%
CONSOL Coal Resources LP	NYSE:CCR	USD	31-Dec	486	6.0x	6.2x	6.4x	10.1x	11.7x	14.5x	8.6x	8.6x	9.1x	32%	31%	31%
Hallador Energy Company	Nasdaq:HNRG	USD	31-Dec	153	4.4x	4.5x	4.8x	11.4x	11.6x	14.0x	12.1x	12.1x	16.4x	22%	22%	20%
Ramaco Resources, Inc.	Nasdaq:METC	USD	31-Dec	256	3.4x	2.6x	2.9x	4.6x	3.9x	4.9x	4.4x	3.7x	4.1x	28%	29%	25%
Average					5.6x	5.5x	5.3x	16.1x	11.7x	11.9x	31.5x	13.8x	14.7x	27.2%	26.2%	25.9%
Production - domestic																
Yancoal Australia Ltd	ASX:YAL	AUD	31-Dec	4,767	4.8x	5.5x	6.5x	7.2x	9.6x	12.5x	6.5x	7.2x	8.8x	34%	31%	27%
Wollongong Coal Limited	ASX:WLC	AUD	31-Mar	75	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	N/A	N/A	N/A
Bathurst Resources Limited	ASX:BRL	NZD	30-Jun	213	2.1x	2.9x	3.0x	3.1x	4.7x	5.0x	4.4x	5.6x	6.5x	209%	150%	143%
Average					2.3x	2.8x	3.2x	3.4x	4.8x	5.8x	3.6x	4.3x	5.1x	121.5%	90.3%	85.1%
Explorers - domestic																
Atrium Coal Limited	ASX:ATU	AUD	31-Dec	151	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	N/A	N/A	N/A
Australian Pacific Coal Limited	ASX:AQC	AUD	30-Jun	27	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	N/A	N/A	N/A
MC Mining Limited	ASX:MCM	USD	30-Jun	111	NM	NM	2.4x	NM	0.0x	0.0x	0.0x	0.0x	0.0x	-14%	-4%	26%
TerraCom Limited	ASX:TER	AUD	30-Jun	264	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	N/A	N/A	N/A
Tigers Realm Coal Limited	ASX:TIG	AUD	31-Dec	70	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	N/A	N/A	N/A
Metro Mining Limited	ASX:MMI	AUD	31-Dec	187	10.1x	4.3x	3.0x	14.2x	5.2x	3.4x	20.2x	6.6x	4.2x	13%	19%	22%
Average					2.0x	0.9x	0.9x	2.8x	0.9x	0.6x	3.4x	1.1x	0.7x	-0.2%	7.5%	24.3%
Coal - China																
China Shenhua Energy Company Limited	SEHK:1088	CNY	31-Dec	457,111	4.8x	4.7x	4.9x	6.4x	6.3x	6.7x	7.2x	7.2x	7.3x	37%	38%	36%
Inner Mongolia Yitai Coal Co.,Ltd.	SHSE:900948	CNY	31-Dec	3,843	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	N/A	N/A	N/A
Shaanxi Coal Industry Company Limited	SHSE:601225	CNY	31-Dec	96,900	5.6x	4.3x	0.0x	6.3x	5.1x	0.0x	8.6x	7.7x	0.0x	37%	47%	N/A
Shanxi Lu'an Environmental Energy Develop	SHSE:601699	CNY	31-Dec	25,158	4.0x	3.9x	0.0x	6.5x	6.2x	5.7x	8.9x	8.3x	7.8x	26%	26%	0%
China Coal Energy Company Limited	SEHK:1898	CNY	31-Dec	70,588	7.3x	7.0x	7.1x	12.6x	12.7x	12.5x	7.8x	7.6x	7.4x	20%	21%	21%
Yanzhou Coal Mining Company Limited	SEHK:1171	CNY	31-Dec	60,647	5.7x	5.8x	7.3x	8.4x	9.1x	12.6x	5.4x	5.9x	7.4x	30%	29%	24%
Average					4.6x	4.3x	3.2x	6.7x	6.6x	6.3x	6.3x	6.1x	5.0x	30.0%	32.4%	20.3%
Group Median					3.8x	4.3x	4.9x	5.2x	6.2x	6.8x	6.1x	7.3x	7.8x	31.5%	30.7%	26.9%
Group Average					3.2x	3.9x	4.1x	7.2x	6.5x	7.2x	11.0x	7.7x	8.8x	34.0%	31.6%	29.3%

Source: S&P Capital IQ, Wilsons estimates

Figure 8: Coal comps FY19-21

Company Name	Ticker	Currency	Year-end	Mkt cap (m)	ND/EBITDA			FCF yield			Div yield			ROCE		
					FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21	FY19	FY20	FY21
Wilsons																
Bounty Mining Limited	ASX:B2Y	AUD	30-Jun	46	0.0x	(0.0x)	(0.1x)	0.9%	59.7%	35.4%	0.0%	0.0%	0.0%	0.0%	0.0%	
Coronado Global Resources Inc.	ASX:CRN	USD	31-Dec	2,900	(0.2x)	(0.3x)	(0.5x)	25.2%	17.2%	11.5%	18.2%	11.5%	5.5%	31.8%	19.1%	16.5%
New Hope Corporation Limited	ASX:NHC	AUD	31-Jul	2,386	(0.1x)	(0.4x)	(1.0x)	17.0%	13.3%	6.2%	5.6%	3.3%	1.2%	25.4%	19.8%	12.4%
Stanmore Coal Limited	ASX:SMR	AUD	30-Jun	291	(0.5x)	(0.9x)	(1.8x)	36.1%	23.9%	13.1%	6.4%	2.4%	1.3%	103.6%	78.4%	36.0%
Whitehaven Coal Limited	ASX:WHC	AUD	30-Jun	3,839	0.1x	0.3x	0.4x	24.5%	10.1%	10.0%	12.9%	5.9%	5.4%	22.3%	16.8%	14.8%
Average					(0.1x)	(0.3x)	(0.6x)	20.7%	24.8%	15.2%	1.3%	5.8%	3.4%	36.6%	26.8%	16.0%
Wilsons (consensus)																
Bounty Mining Limited	ASX:B2Y	AUD	30-Jun	46	N/A	N/A	N/A	(59.5)%	(43.7)%	(8.4)%	0.0%	0.0%	2.5%	0.0%	0.0%	0.0%
Coronado Global Resources Inc.	ASX:CRN	USD	31-Dec	2,900	(0.1x)	(0.0x)	(0.0x)	14.1%	7.8%	3.0%	13.3%	7.8%	4.3%	31.8%	19.1%	16.5%
New Hope Corporation Limited	ASX:NHC	AUD	31-Jul	2,386	(0.1x)	(0.3x)	(0.6x)	(25.9)%	11.5%	0.0%	5.6%	5.6%	3.8%	25.4%	19.8%	12.4%
Stanmore Coal Limited	ASX:SMR	AUD	30-Jun	291	(0.2x)	(0.6x)	(1.4x)	8.9%	17.5%	5.8%	6.5%	4.2%	1.9%	103.6%	78.4%	36.0%
Whitehaven Coal Limited	ASX:WHC	AUD	30-Jun	3,839	0.1x	0.2x	0.4x	20.9%	13.0%	11.2%	11.4%	7.5%	5.5%	22.3%	16.8%	14.8%
Average					(0.1x)	(0.2x)	(0.4x)	(8.3)%	1.2%	2.9%	9.2%	6.3%	3.6%	36.6%	26.8%	16.0%
Diversifieds																
BHP Group	ASX:BHP	USD	30-Jun	202,461	(0.4x)	(0.4x)	(0.3x)	5.3%	5.1%	5.1%	6.5%	3.7%	2.9%	17.8%	17.1%	16.0%
Rio Tinto Group	ASX:RIO	USD	31-Dec	77,001	(0.3x)	(0.2x)	(0.1x)	10.9%	9.6%	9.7%	4.4%	3.6%	3.1%	19.0%	16.4%	15.4%
South32 Limited	ASX:S32	USD	30-Jun	18,832	0.3x	0.6x	1.0x	11.9%	10.3%	9.9%	4.6%	4.6%	4.0%	18.6%	17.1%	16.2%
Anglo American plc	LSE:AAL	USD	31-Dec	27,930	(0.2x)	(0.3x)	(0.3x)	12.1%	9.9%	10.1%	5.5%	5.0%	4.7%	15.1%	12.8%	12.3%
Glencore plc	LSE:GLEN	USD	31-Dec	45,378	(2.0x)	(1.7x)	(1.4x)	13.8%	15.0%	17.9%	6.0%	6.6%	6.8%	9.1%	9.7%	9.9%
Vale S.A.	BOVESPA:VALE3	BRL	31-Dec	273,691	(0.2x)	(0.0x)	0.0x	2.1%	2.4%	3.0%	0.0%	0.9%	1.6%	4.8%	3.9%	4.0%
Average					(0.5x)	(0.3x)	(0.2x)	9.3%	8.7%	9.3%	5.4%	4.1%	3.8%	14.1%	12.8%	12.3%
Coal - Global																
Peabody Energy Corporation	NYSE:BTU	USD	31-Dec	3,039	(0.4x)	0.3x	0.3x	17.4%	16.9%	15.5%	1.9%	1.9%	1.9%	4.8%	4.8%	3.2%
Cameco Corporation	TSX:CCO	CAD	31-Dec	6,246	(0.7x)	(0.0x)	0.3x	3.3%	4.6%	4.2%	0.5%	0.5%	0.5%	1.1%	3.1%	5.1%
Coal India Limited	NSEI:COALINDIA	INR	31-Mar	1,446,016	1.1x	1.0x	0.9x	5.6%	9.0%	10.7%	8.4%	8.6%	8.8%	26.0%	25.9%	27.4%
Alliance Resource Partners, L.P.	Nasdaq:ARLP	USD	31-Dec	2,433	(0.3x)	(0.2x)	0.0x	14.1%	17.0%	17.6%	11.3%	11.6%	11.8%	18.9%	17.6%	16.0%
Arch Coal, Inc.	NYSE:ARCH	USD	31-Dec	1,576	0.3x	0.5x	0.6x	15.3%	9.2%	6.5%	1.9%	1.9%	1.9%	17.8%	12.1%	9.6%
Foresight Energy LP	NYSE:FELP	USD	31-Dec	295	0.0x	0.0x	0.0x	76.7%	71.6%	75.7%	0.0%	0.0%	0.0%	4.6%	4.2%	4.2%
Warrior Met Coal, Inc.	NYSE:HCC	USD	31-Dec	1,609	0.1x	0.9x	1.2x	21.8%	16.1%	15.0%	0.6%	0.6%	7.5%	30.1%	18.0%	19.5%
(Invalid Identifier)	NYSE:CLD (Invalid Identifier) (Invalid Identifier) (Invalid Identifier)				N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CONSOL Coal Resources LP	NYSE:CCR	USD	31-Dec	486	(1.3x)	0.0x	0.0x	14.2%	14.6%	0.0%	11.6%	11.0%	11.0%	16.2%	14.0%	11.3%
Hallador Energy Company	Nasdaq:HNRG	USD	31-Dec	153	0.0x	0.0x	0.0x	30.7%	29.3%	0.0%	0.0%	0.0%	0.0%	6.1%	6.0%	4.9%
Ramaco Resources, Inc.	Nasdaq:METC	USD	31-Dec	256	0.5x	0.7x	1.1x	12.4%	18.2%	39.9%	0.0%	0.0%	0.0%	35.5%	42.0%	33.6%
Average					(0.1x)	0.3x	0.4x	21.1%	20.7%	18.5%	3.6%	3.6%	4.3%	16.1%	14.8%	13.5%
Production - domestic																
Yancoal Australia Ltd	ASX:YAL	AUD	31-Dec	4,767	(1.5x)	(1.0x)	(0.7x)	26.7%	25.2%	19.1%	6.9%	5.5%	4.6%	9.5%	7.1%	5.5%
Wollongong Coal Limited	ASX:WLC	AUD	31-Mar	75	N/A	N/A	N/A	0.0%	0.0%	0.0%	N/A	N/A	N/A	0.0%	0.0%	0.0%
Bathurst Resources Limited	ASX:BRL	NZD	30-Jun	213	0.2x	0.7x	0.8x	0.0%	0.0%	0.0%	14.1%	11.9%	10.5%	63.6%	42.1%	39.6%
Average					(0.7x)	(0.2x)	0.1x	26.7%	25.2%	19.1%	10.5%	8.7%	7.5%	24.4%	16.4%	15.0%
Explorers - domestic																
Atrium Coal Limited	ASX:ATU	AUD	31-Dec	151	N/A	N/A	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Australian Pacific Coal Limited	ASX:AQC	AUD	30-Jun	27	N/A	N/A	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
MC Mining Limited	ASX:MCM	USD	30-Jun	111	2.4x	13.9x	(1.2x)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-4.3%	0.0%	0.0%
TerraCom Limited	ASX:TER	AUD	30-Jun	264	N/A	N/A	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tigers Realm Coal Limited	ASX:TIG	AUD	31-Dec	70	N/A	N/A	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Metro Mining Limited	ASX:MMI	AUD	31-Dec	187	(0.6x)	(0.4x)	0.3x	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.7%	23.8%	36.0%
Average					0.9x	6.8x	(0.4x)	N/A	N/A	N/A	N/A	N/A	N/A	0.7%	4.0%	6.0%
Coal - China																
China Shenhua Energy Company Limited	SEHK:1088	CNY	31-Dec	457,111	0.4x	0.8x	1.2x	10.3%	10.8%	11.4%	4.8%	5.1%	4.3%	14.4%	14.6%	13.8%
Inner Mongolia Yitai Coal Co., Ltd.	SHSE:900948	CNY	31-Dec	3,843	N/A	N/A	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Shaanxi Coal Industry Company Limited	SHSE:601225	CNY	31-Dec	96,900	0.7x	0.8x	N/A	17.9%	18.6%	0.0%	4.7%	5.1%	0.0%	20.1%	24.8%	0.0%
Shanxi Lu'an Environmental Energy Develop	SHSE:601699	CNY	31-Dec	25,158	0.0x	0.0x	N/A	0.0%	0.0%	0.0%	3.4%	3.6%	3.8%	12.4%	13.1%	14.1%
China Coal Energy Company Limited	SEHK:1898	CNY	31-Dec	70,588	(3.6x)	(3.3x)	(3.0x)	4.1%	11.2%	12.0%	2.9%	2.9%	2.4%	6.1%	6.1%	6.1%
Yanzhou Coal Mining Company Limited	SEHK:1171	CNY	31-Dec	60,647	(2.0x)	(1.9x)	(2.5x)	14.5%	16.8%	20.2%	5.1%	4.7%	4.0%	8.9%	8.3%	5.9%
Average					(0.9x)	(0.7x)	(1.5x)	11.7%	14.3%	14.5%	4.2%	4.3%	3.6%	10.3%	11.1%	6.7%
Group Median					-0.1x	0.0x	0.0x	11.9%	10.8%	6.5%	4.4%	3.4%	2.5%	14.4%	13.1%	11.3%
Group Average					-0.2x	0.3x	-0.2x	260.3%	311.4%	193.5%	4.6%	3.7%	3.2%	18.3%	15.4%	11.9%

Source: S&P Capital IQ, Wilsons estimates

Stanmore Coal (SMR)

Business description

Stanmore Coal Limited (SMR) is a coal company focussed on developing the Isaac Plains complex of metallurgical and thermal coal mines and on-site infrastructure, including a CHPP and loadout capacity of 3.5Mt ROM coal. Purchasing the assets for \$1 in 2015, production has quickly ramped up, with approved mining leases and reserves supporting a +10year mine life. The company has guided to 2Mtp production in FY19E, of which 80% is a metallurgical grade, semi-soft product. SMR has a portfolio of over 1,080sqkm of granted exploration tenements in the Bowen and Surat Basin coal regions, and further organic growth projects in these regions can support production levels over the longer term.

Investment thesis

Our Buy recommendation is based on a robust outlook for coal demand and coal prices, increasing the company's ability to grow earnings over the short to medium term. An effective mine plan and experienced management team ensure that a low cost strategy, while leveraging the existing infrastructure and improving its throughput can support the business through the cycle.

Revenue drivers

- Thermal and metallurgical coal sales
- Isaac Downs, Isaac Plains Underground and Isaac South approval and development

Balance sheet

- FY18 net cash: \$19.8m

Key assets

Isaac Plains, Isaac Plains East, Isaac Plains Underground, Isaac Downs, Isaac Plains South. CHPP of 3.5Mtpa capacity is located at the Isaac Plains complex.

Reserves and resources

Coal Resources (Mt)	157		
Reserve (Mt)	38		
EV/t Resource (A\$/t)	1.49	1.2	(US\$/t)
EV/t Reserve (A\$/t)	6.13	4.7	(US\$/t)

Board

- Stewart Butel: Chairmain
- Patrick O'Connor: Non-Executive Director
- Neal O'Connor: Non-Executive Director
- Stephen Bizzell: Non-Executive Director

Key issues/catalysts

- Potential for increased bid from GEAR
- Upward revisions to guidance
- Better than expected performance at Isaac Plains East

Management

- Dan Clifford: Managing Director
- Ian Poole: Chief Financial Officer & Company Secretary
- Bernie O'Neill: General Manager (Operations)
- Jon Romche: General Manager (Development)

Risk to view

- Coal price movements
- Slower expansion into Isaac Downs
- Higher unit costs of production
- Safety issues
- Increased rehabilitation costs
- Cyclone activity given its Bowen basin location

Miscellaneous and other

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Disclosures and disclaimers

Recommendation structure and other definitions

Definitions at wilsonsadvisory.com.au/Disclosures.

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