

# Stanmore Coal Limite: September 2016 Quarterly Report

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Brisbane - [Stanmore Coal Ltd.](#) (ASX:SMR) is pleased to provide its September 2016 Quarterly Production Report.

## HIGHLIGHTS

- 8 shipments completed for 286 thousand tonnes (86% coking and 14% thermal)
- Continued safety record of no lost time injuries to date for the Isaac Plains Coal Mine
- December 2016 quarterly benchmark price set as USD 130 per tonne, a rise of USD 56 per tonne or 75% above the September 2016 quarterly benchmark price of USD 74 per tonne.
- Rehabilitation activities undertaken and nearly completed on 82Ha

## SAFETY PERFORMANCE

During the September quarter, there were no lost time injuries (LTI's) recorded and two reportable injuries at the Isaac Plains Mining Complex, with no others across other projects and tenements of [Stanmore Coal Ltd.](#) (Stanmore or the Company). The Total Reportable Injury Frequency Rate at quarter end is 9.9 per million hours.

## ISAAC PLAINS OPERATIONS

The September quarter included carryover for the ramp-up phase of operations towards steady-state production. Mining activities were completed in the smaller N2 pit with mining in the N1 pit commencing which features a considerably longer strike length. Overburden and coal mining in the open cut pits progressed at a run-of-mine (ROM) strip ratio of 23.8 for the quarter (23.0 for project to date) following a continued build-up of pre-strip activities in preparedness for the upcoming wet season and a planned dragline outage in October, in addition to the completion of the higher strip ratio N2 pit. Open cut ROM coal production was lower than planned for the quarter. Operations were also impacted also by unseasonal rainfall during July and August that slowed coal release. These factors contributed to the build-up of overburden inventories during the September quarter with the operation now set up for future periods where strip ratio will trend toward the life of mine ratio.

Highwall mining activities noted improvements in performance and plunge depths toward the end of the quarter after experiencing initial operating and water-related issues at commencement. Highwall mining contributed 146kt (37% of total production) of ROM coal during the quarter. Highwall mining is expected to cease by early November and is expected to have produced approximately 220kt of ROM coal by completion.

During the quarter the Company carried out further rectification works at the washplant facilities on previously noted issues with performance and reliability of the plant. The initial results following completion of these works is a significant improvement to total washing yields and the proportion of coking product produced. As a consequence of the improved coking proportion a total of 7 coking coal shipments (86% product sold) and 1 thermal coal shipment (14% product sold) were completed during the September quarter.

Notwithstanding the lower than planned open cut ROM coal production for the September quarter, the Company continued to expect to be able to produce 1.1 million tonnes of product coal from its open cut operations which, together with the contributions from highwall mining, the Company expect to produce 1.25 million tonnes of product coal this financial year.

## COAL SALES AND MARKET OUTLOOK

The December quarterly 2Q17 benchmark price has been set as USD 130 per tonne, a rise of USD 56 per tonne or 75% above the September 2016 quarterly benchmark price of USD 74 per tonne. Under Stanmore's

term contracts with major Asian steel mills each new quarterly price applies after any carry over tonnes from the previous quarter are delivered. On this basis it is currently anticipated that the higher December quarterly price will apply coal to be delivered by the mine from around November 2016 through February 2017.

The first shipment of Isaac Plains coking coal was delivered in mid-May, being half way through the first contract quarter. As a result of this a large portion of September quarter sales were still being sold on the June quarter contract price which has led to an average sale price for the quarter of US\$68 per tonne. The Company is continually monitoring its optimal product mix and in particular the potential for reintroducing a semi-hard coking coal product as was historically produced at Isaac Plains.

## REHABILITATION

The 2016 rehabilitation campaign commenced during the Quarter with Golding completing all works in the N1N rehabilitation area. Final topsoil push and seeding will continue on the S2 waste dumps into early October, resulting in a total rehabilitation area of 82Ha. Stanmore is fully committed to meeting its obligations to State and the environment as it fast-tracks rehabilitation works within the first year of ownership of the Isaac Plains Coal Mine.

## EXPLORATION & DEVELOPMENT

Total exploration expenditure for the September quarter was \$0.5m.

### Isaac Plains East

During the September quarter the Company progressed environmental studies to support the submission of an Environmental Authority (EA) amendment application on the existing Isaac Plains EA. The EA amendment together with Mining Lease (ML) applications over the tenement were lodged in October with relevant State government departments.

In addition to the works being undertaken on the lodgement of the EA and ML applications, Stanmore has also commenced capital and operating cost reviews together with mine planning and development strategies. An optimisation study is planned in conjunction with further confirmatory exploration activities works to improve detailed mine planning.

### Isaac Plains Underground

Conceptual mining studies have commenced for a potential underground mining within the current Isaac Plains mining lease. Further works will be carried out in the near term including internal assessment of the planning and timing to progress development.

### Clifford Project

Stanmore continued works within the Clifford Project during the September quarter with support of JV partner JOGMEC. A field exploration program was completed in the Grange prospect during July, which consisted of 5 core holes and 2 rotary chip holes for a total of 554 metres drilled.

Stanmore has commenced a concept study for the Clifford Project with independent consultants to assess mining and development options in conjunction with other Surat Basin projects.

## CORPORATE

As at 30 September 2016 Stanmore's cash position was \$14.0m (increase of \$2.0m from prior quarter). The Company has an estimated remaining receivable in relation to vendor compensation payments of \$7.3m at quarter end with available undrawn Taurus Mining Finance Fund (Taurus) working capital facility of US\$12m (A\$15.8m).

Bank guarantees held with Taurus are unchanged from the prior quarter, amounting to A\$36.8m. Post the quarter end the Company has drawn the Taurus working capital facility USD 6m to manage variability in the shipping schedule. The undrawn portion of the facility is USD 6m (USD 12m total facility).

## COMMUNITY

Stanmore continues to support local communities through providing grants and donations to local events and fundraisers and has established a fund to support the local communities in which we operate. Further donations were made during the quarter to local groups.

To view the report, please visit:

<http://abnnewswire.net/lnk/CV1NWF4>

**About Stanmore Coal Limited:**

Stanmore Coal (ASX:SMR) 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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