



stanmorecoal

**JUNE 2017
QUARTERLY
PRESENTATION**

July 2017

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OVERVIEW OF STANMORE COAL



Queensland based coal development company, operations at Isaac Plains Coking Coal Mine



Strong shareholder base



Advanced metallurgical and thermal coal development projects in the Bowen and Surat Basin



Highly experienced Board and management team with proven track record of developing and operating mines



Actively pursuing further opportunities in the current market downturn conditions

ASX code

SMR

Share price

A\$0.335¹

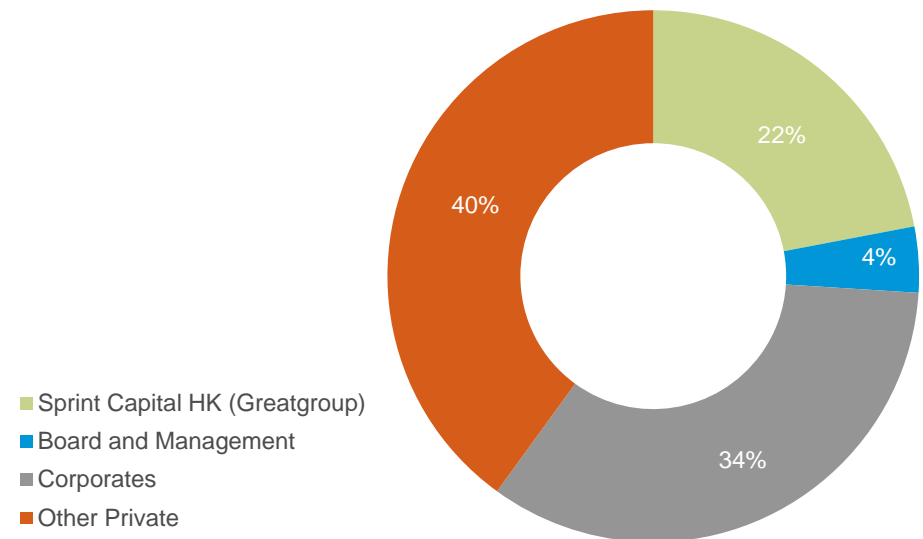
Shares

251,800,978

Market cap

\$84.4m¹

SHARE OWNERSHIP



THE BUSINESS AT A GLANCE

INDEPENDENT COAL COMPANY WITH FOCUS ON COKING COAL

ISAAC PLAINS OPERATIONAL WITH RAMP-UP ACHIEVED

- 1–2Mtpa sales opportunity
- September 2017 quarter SSCC negotiations continued. Recent spot price increase is encouraging
- Mining, port and rail contracts in place
- Mid-range of international coking coal cost curve

ISAAC PLAINS REPRESENTS THE COMPANY'S PLATFORM ASSET

- Considered as a regional hub
- Dragline, CHPP, conveyors, train load out and other infrastructure 100% owned
- Approvals in place for up to 4.0Mtpa ROM
- Primarily coking coal with secondary thermal coal for export

MULTIPLE ACQUISITION TARGETS AND INTERNAL PROJECTS ON WHICH STANMORE CAN CAPITALISE

- Grow internal production and operational capability
- Focus on coal quality, reliability and creating value where others can't or won't

OVERVIEW – STANMORE PORTFOLIO

BOWEN BASIN – COKING COAL

ISAAC PLAINS – 100%

Operations

ISAAC PLAINS EAST – 100%

Development

BELVIEW – 100%

Exploration

LILYVALE – 85%

Exploration

MACKENZIE – 95%

Exploration

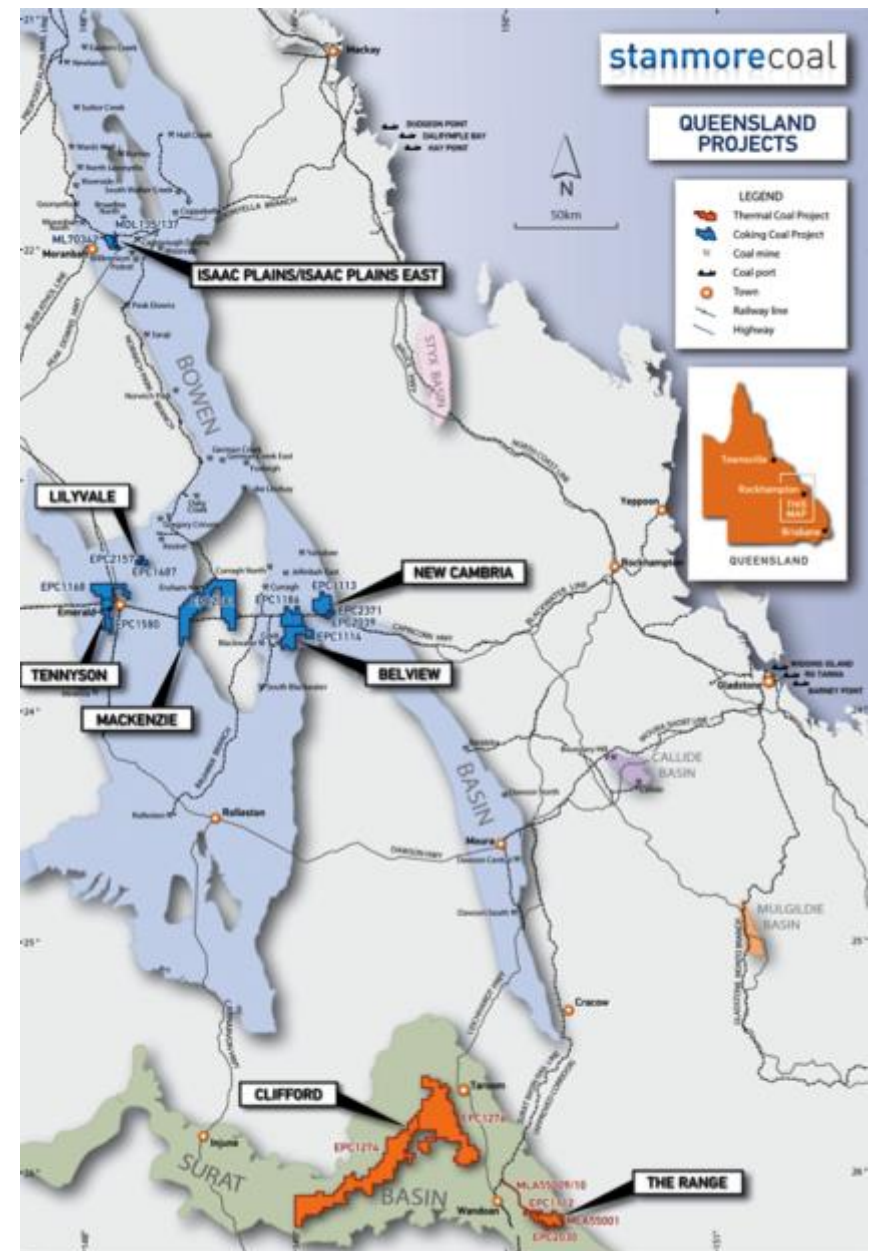
SURAT BASIN – THERMAL COAL

THE RANGE – 100%

Development (pending infrastructure)

CLIFFORD – 60%

Exploration & studies



STRATEGIC OBJECTIVES FY17 AND FORWARD

Time horizon	Internal	External	
Short	<ul style="list-style-type: none"> Establish reliability and repeatability of production from Isaac Plains Drive for value from complex via cost per tonne 	<ul style="list-style-type: none"> Assess potential assets in proximity to IP Complex 	In place
Medium	<ul style="list-style-type: none"> Develop Isaac Plains East and complete assessment of Isaac Plains Underground Rationalise our portfolio based on highest value to shareholders 	<ul style="list-style-type: none"> Pursuing realistically attainable assets with premium coal quality 	Under way
Long	<ul style="list-style-type: none"> Development of portfolio assets 	<ul style="list-style-type: none"> Assessment of product mix strategy 	

EXPERIENCED LEADERSHIP TEAM

DAN CLIFFORD **MANAGING DIRECTOR**

- More than 20 years' experience in the coal mining industry
- Has worked in Australia, South Africa and New Zealand
- Substantial open cut and underground coal mining experience
- Previously roles were with Solid Energy, Glencore, Anglo Coal and BHP Billiton.

IAN POOLE **CHIEF FINANCIAL OFFICER**

- Almost 30 years' experience in financial and commercial roles in the resources industry in Australia and the United States
- Previously CFO of ASX-listed minerals processing and infrastructure company, Sedgman Limited
- Formerly with Rio Tinto Coal Australia Pty Ltd and Pasminco Resources.

BERNIE O'NEILL **GENERAL MANAGER OPERATIONS**

- More than 30 years' experience in the coal sector in New South Wales and Queensland.
- Previously General Manager of Newlands/Collinsville Coal for Glencore Coal Australia, responsible for open-cut and underground operations across the Newlands and Collinsville complex in the northern Bowen Basin.
- As Group Manager, Business Development for Glencore Coal Australia Mr O'Neill was responsibility for feasibility studies and financial evaluation of new projects and brownfield expansions.



**ISAAC
PLAINS
UPDATE**

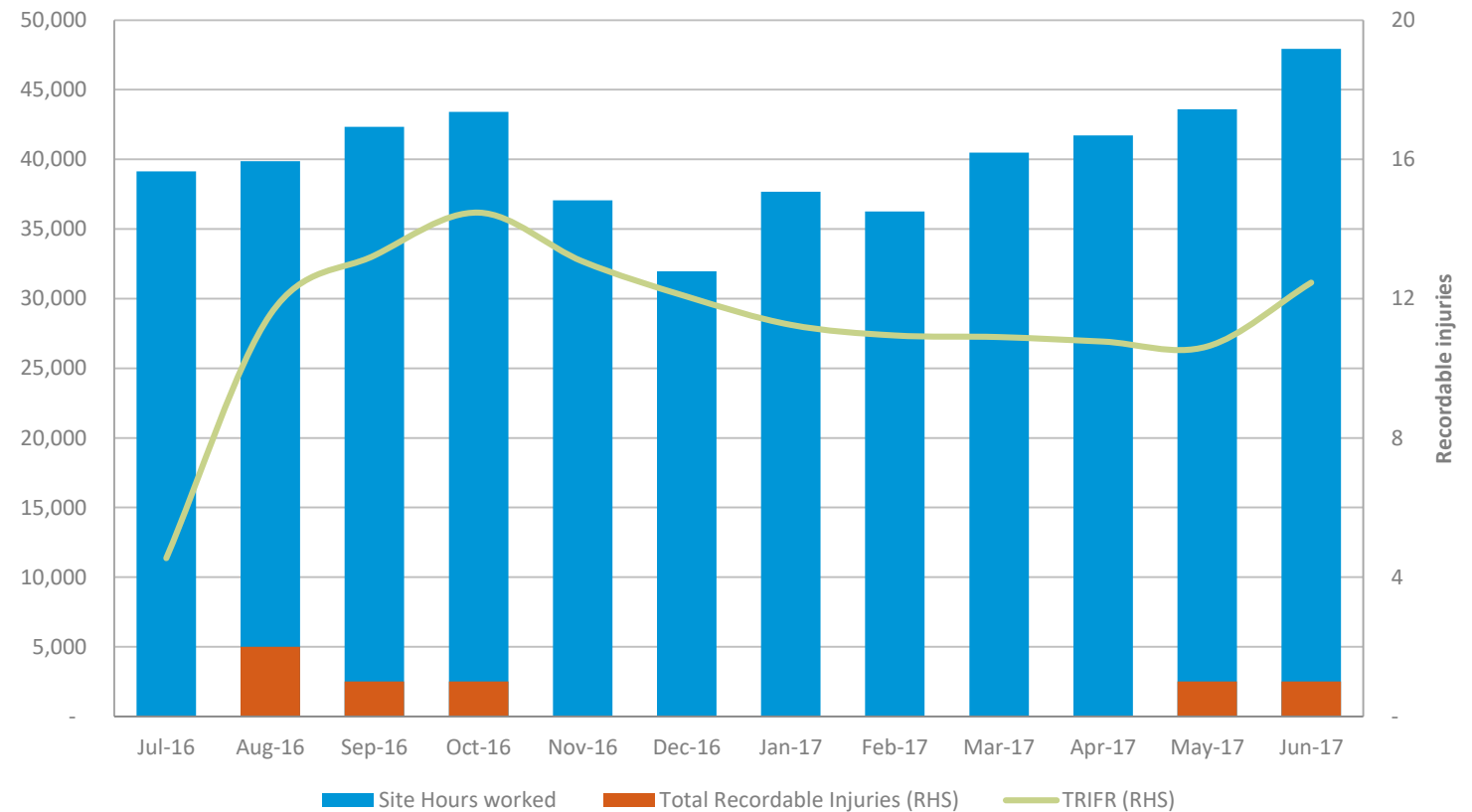
SAFETY

TWO INJURIES (TRI) DURING QUARTER

During the March quarter, there were two injuries (TRI) (including one lost time injury) at the Isaac Plains Mining Complex, with no other injuries recorded across other projects and tenements.

The Total Reportable Injury Frequency Rate (TRIFR) at quarter end is 12.46 per million hours.

STANMORE COAL SAFETY STATISTICS PAST 12 MONTHS TO DATE



REVISED MINE PLAN

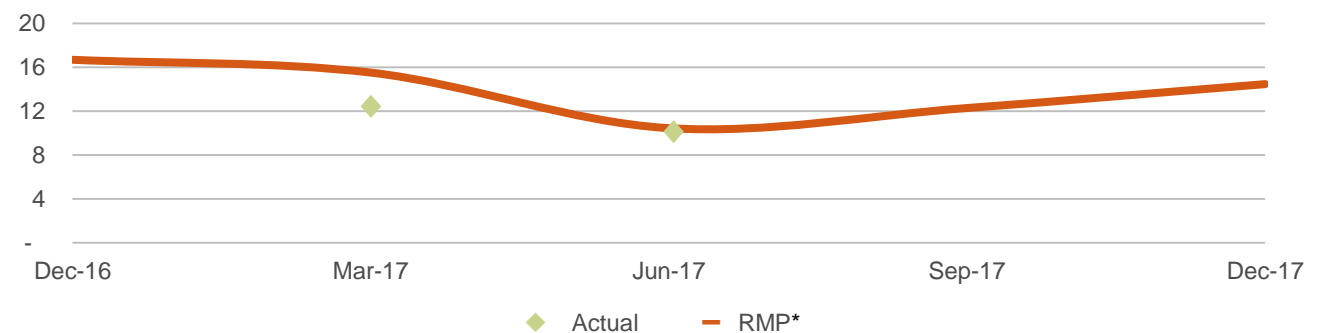
PROGRESS AGAINST THE PLAN

In December 2016 the Company announced a capital raising for A\$15 million (pre costs) to invest in both pre-strip advancement and coal inventory, based on a Revised Mine Plan (RMP).

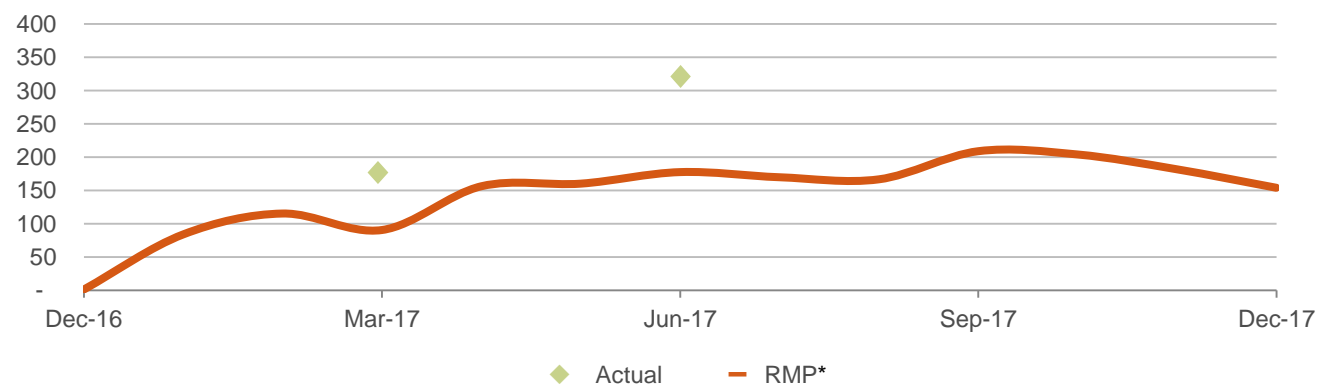
During the June quarter the Company had fully invested the A\$15m raised in pre-strip and coal inventories, with total coal (ROM & product) stockpiles reaching 432kt during the month of June, after delays to the Goonyella Rail Network following Tropical Cyclone Debbie in late March.

The Company is expecting to convert a large proportion of the 320kt (ROM & product) coal inventories on hand at 30 June 2017 into cash in the September quarter.

PRIME STRIP RATIO



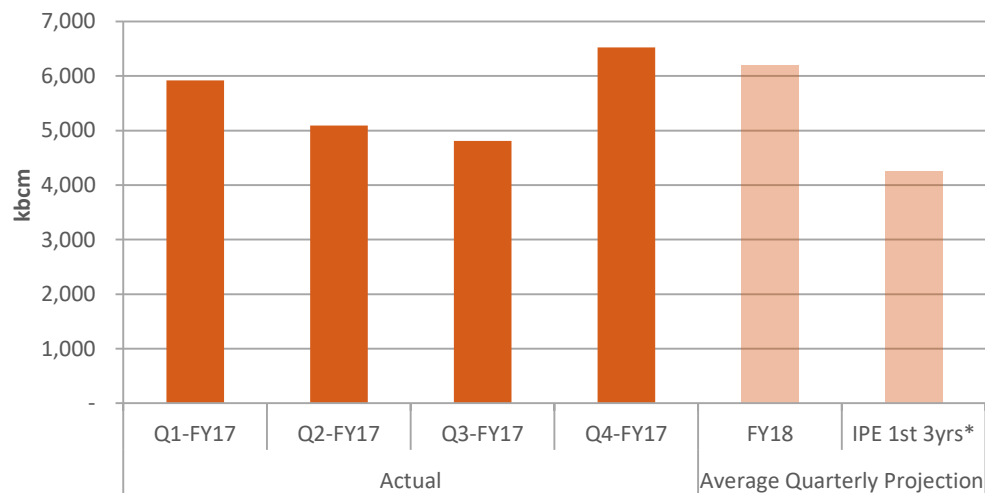
STOCKPILES (PRODUCT + ROM TONNES)



*RMP refers to the information provided in the ASX presentation titled "Capital Raising Presentation" dated 14 December 2016

OPERATING RESULTS – MINE PHYSICALS AND COSTS

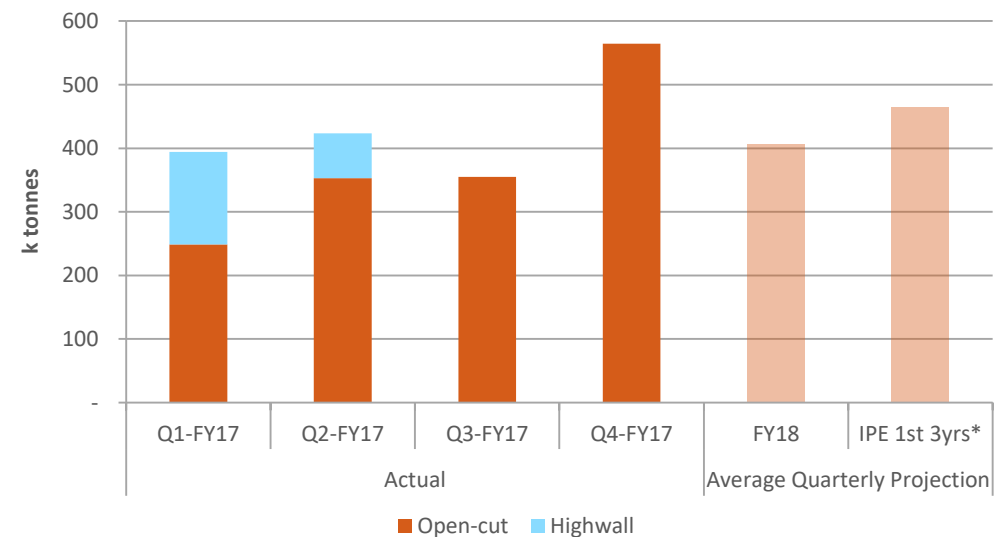
PRIME WASTE OVERBURDEN (BCM)



Record quarter for overburden performance outperformed prior guidance of 6.4Mbcm, at >6.5Mbcm. This strong result provides support and confidence to the Companies FY18 average quarterly projection of >6.0Mbcm per quarter.

Overburden is projected to substantially decrease following the commencement of Isaac Plains East where the coal resource is significantly shallower requiring less truck & shovel pre-strip activities.

ROM COAL MINED



A record quarter for overburden removal has directly delivered the strongest quarter of ROM coal mining to date, with 564kt mined in the June quarter.

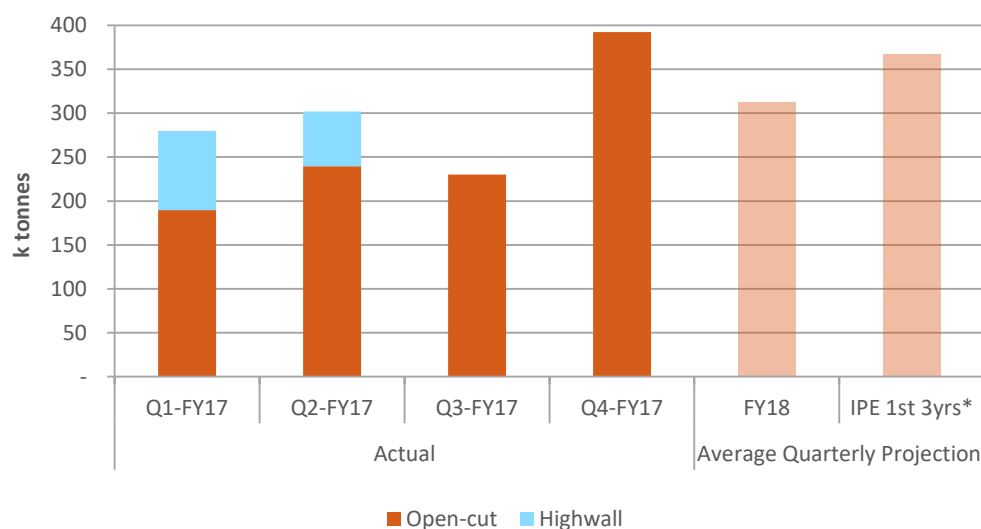
FY18 ROM coal mining is projected at an annualised rate >1.6Mt.

ROM mining rate is projected to substantially increase with the commencement of mining at Isaac Plains East where the shallower coal resource enables higher rates of extraction.

* IPE 1st 3yrs is the projected quarterly average of Isaac Plains East for the first three years of operation

OPERATING RESULTS – MINE PHYSICALS AND COSTS

PRODUCT TONNES PRODUCED

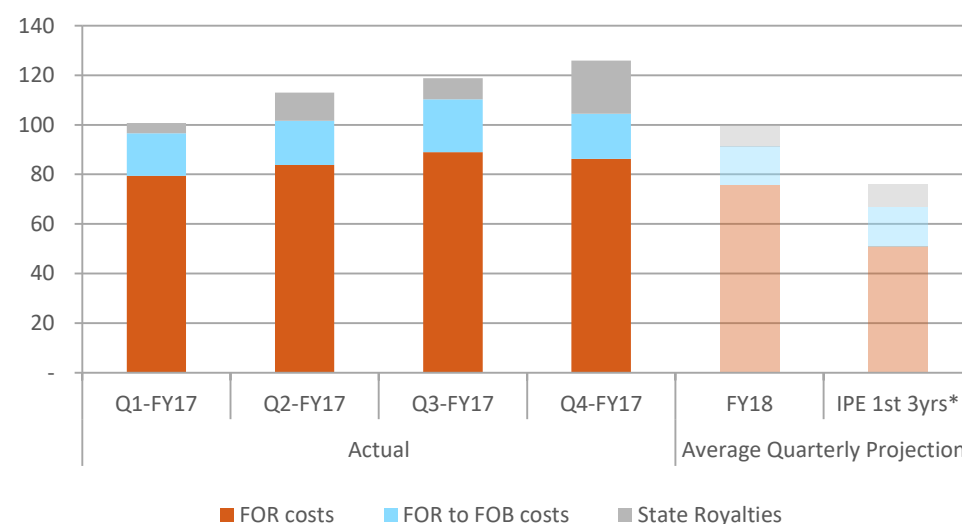


Following a record quarter of coal mining (overburden & ROM), product tonnes produced were 392kt, the strongest on record to date.

The FY18 projection for product coal produced is in-line to that achieved in FY17, at approximately 1.2Mt. Noting there will be no additional tonnes from highwall mining in FY18, this implies a stronger outlook in coal mining and coal produced than achieved in FY17.

* IPE 1st 3yrs is the projected quarterly average of Isaac Plains East for the first three years of operation

FOB COSTS (A\$/TONNE)



An underlying FOB cost of \$102.60/t was achieved for the quarter. Total unit costs in the June Quarter were \$125.85/t, including state royalties of \$21.35/t (Q3 royalty was \$8.46/t), a rail benefit of \$2.26/t relating to prior period adjustments and demurrage charges of \$4.17/t because of delays due to Tropical Cyclone Debbie.

FY18 Projected unit costs are expected to decline through the adoption of a conservative pricing curve (impacting variable costs) and cost saving initiatives implemented by the Management team, in addition to higher sales in FY18 (lower unit costs) to deplete the 258kt of product coal inventories on hand at 30 June 2017.

Isaac Plains East costs are projected to be an average of \$76/t for the first three years.

Note: The FOB cost breakdown between categories has been reclassified by the Management team (resulting in a higher allocation of costs to FOR). Additionally, pre-strip accounting has been adopted going forward (revised in the FY17 quarter figures).

COAL PRICE OUTLOOK

RECENT VOLATILITY TO STABILISE IN MEDIUM TERM

During the quarter the Company sold 265kt of semi-soft coking coal, with no thermal sales in the quarter. The average shipped price for all coal during the June quarter was US\$152 per tonne (A\$202 per tonne).

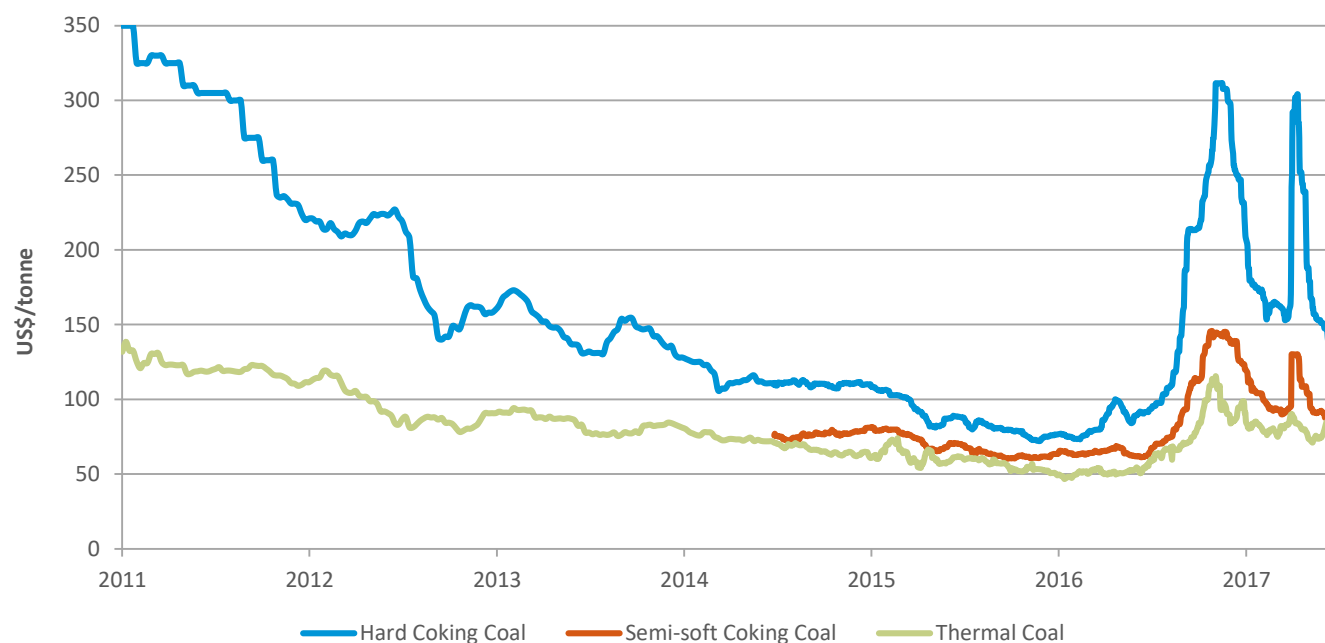
The September quarterly 1Q18 benchmark pricing negotiations for semi-soft coking coal are ongoing. There are various different pricing mechanisms being discussed, with SMR Management supporting the currently adopted mechanism.

Recent upward movements in coking coal indices provides the Company with a more optimistic outlook for the 1Q18 price than anticipated. The June quarterly benchmark price was set at US\$126 per tonne.

Management's view is maintained that prices remain supported in the medium term, at levels to incentivise capital investment decisions to replace depleting supply sources of coking coal.

Contract negotiations with existing customers have been finalised at contract volumes of approximately 800kt, with improved relativity achieved to benchmark across the portfolio.

HISTORICAL SPOT COAL PRICE (USD)

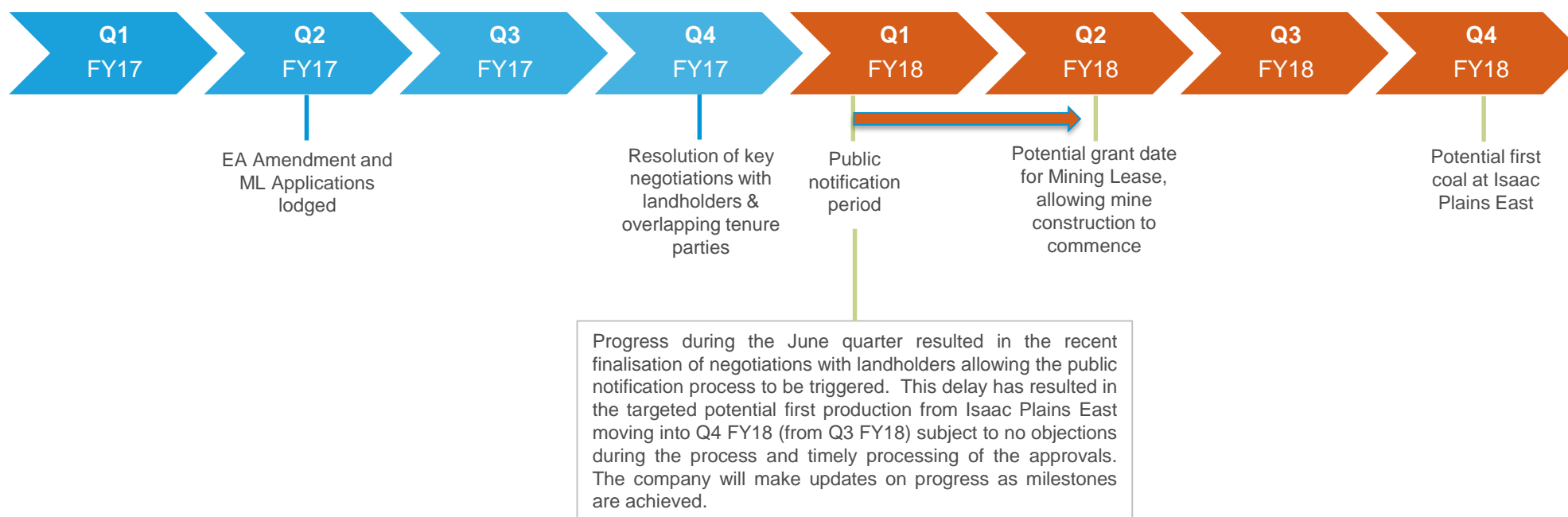


Source: Platts Coal Trader International

A wide-angle photograph of an industrial facility, possibly a power plant or refinery, during a dramatic sunset. The sky is filled with large, dark clouds, with a bright orange and yellow glow from the setting sun breaking through in several places. In the foreground, a large, dark, multi-bladed wind turbine stands prominently. To its left, a complex structure of pipes and scaffolding is illuminated with numerous small, warm lights. The ground is dark and appears to be a mix of dirt and sparse vegetation. A large, solid blue triangle is positioned in the upper right corner of the image, and a dark grey triangle is positioned below it, both pointing towards the bottom right corner.

PROJECTS UPDATE

ISAAC PLAINS EAST INDICATIVE TIMETABLE TO PRODUCTION (FINANCIAL YEAR BASIS)



ISAAC PLAINS UNDERGROUND INDICATIVE TIMETABLE TO INVESTMENT DECISION (FINANCIAL YEAR BASIS)

