

stanmorecoal

**JUNE 17
QUARTERLY
PRESENTATION**

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STANMORE COAL OVERVIEW

THE RIGHT PATH TO VALUE



INDEPENDENT COAL COMPANY

Positioned in right commodity in the right time of the cycle.



ISAAC PLAINS OPERATIONAL WITH DEMONSTRATED PERFORMANCE

Validation that the resource, equipment and plan is right



ISAAC PLAINS COMPLEX REPRESENTS THE COMPANY'S PLATFORM ASSET

Q1/Q2 cost structures targeted with the right CHPP feed volumes from capital 'light' open cut and underground expansions



MULTIPLE ACQUISITION TARGETS AND INTERNAL PROJECTS ON WHICH STANMORE CAN CAPITALISE

Replicate the 'hub' approach focusing on reliability and creating value where others can't or won't.

ASX code

SMR

Share price

A\$0.335¹

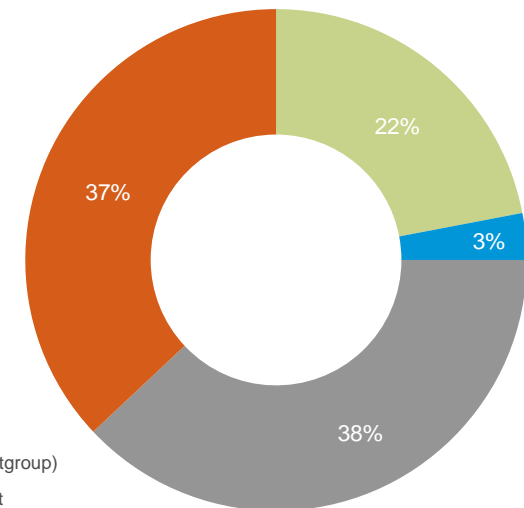
Shares

251,107,978

Market cap

\$84.4m¹

SHARE OWNERSHIP



■ Sprint Capital HK (Greatgroup)

■ Board and Management

■ Corporates

■ Other Private

THE LEADERSHIP TEAM

NOT JUST EXPERIENCE



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 responsible for feasibility studies and financial evaluation of new projects and brownfield expansions.

PULLING THE VALUE LEVERS

A CASH GENERATIVE, CAPITAL LIGHT, FULLY FUNDED PLATFORM ON WHICH TO GROW

2017

CURRENT POSITION

- Right platform at the right time in cycle
- Right commodity
- Right sized team
- Reliability and repeatability of results achieved
- Cash generative

2018–2019

PHASE 1 – SHORT TERM

- 'Sweat' the asset to 3Mt product for maximum value
- Capital 'light'
- Open cut and underground capability with IPE and IPUG
- Metallurgical coal focus
- Satellite assets

2020 - 2025

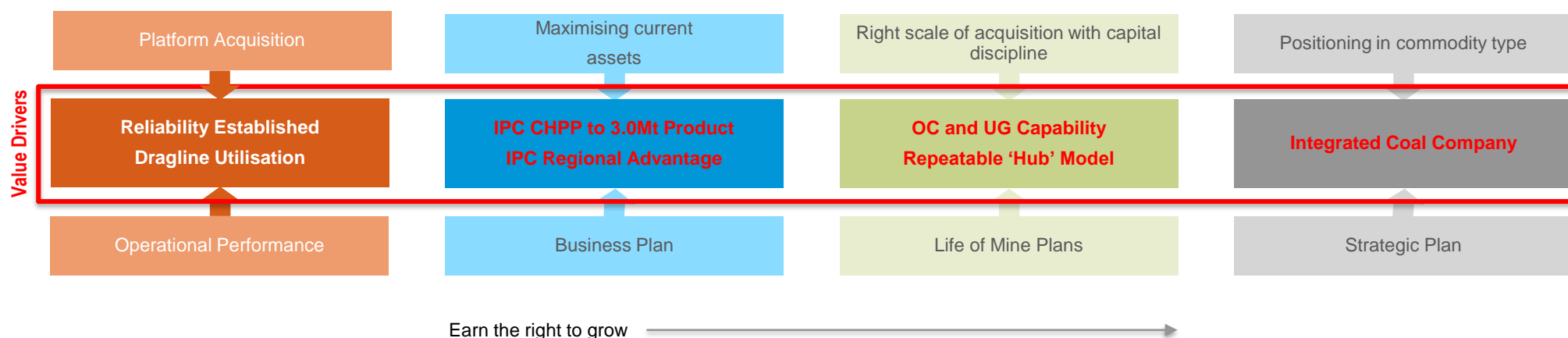
PHASE 2 – MEDIUM TERM

- Size / scale 10Mt
- 3 Hubs / Complexes
- Contract and/or Owner operate
- Opportunistic development of core portfolio assets

2025 – Onwards

PHASE 3 - LONGTERM

- Diverse Geography
- Integrated Marketing
- 4PL model logistics
- Diversify mining methods

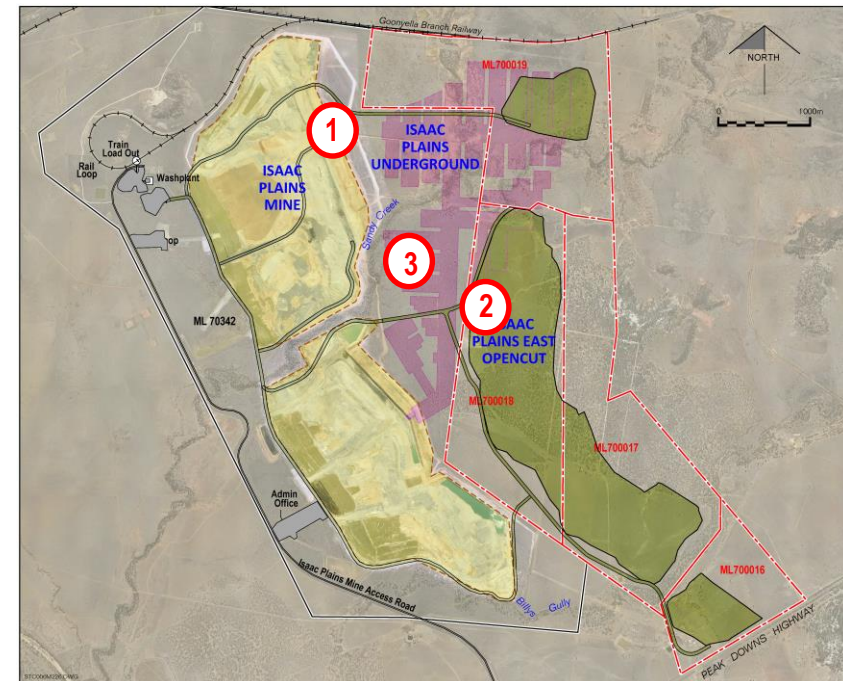


PHASE 1 – SHORT TERM

THE RIGHT METHODOLOGY FOR VALUE CREATION

VALUE CREATION FROM:

- Coal handling infrastructure in place at a replacement value of >\$350m with underutilised capacity
- Open cut mining method at Isaac Plains, Isaac Plains East and beyond utilising a dragline represents the lowest cost OC mining method available
- Low cost entry options to underground resources via highwalls
- Underground mining opportunities at Isaac Plains Underground with low capital intensity, agile and low risk operations via bord and pillar method
- Focusing on projects that can deliver low cost tonnes as a result of lower capital requirements due to access to IPC infrastructure
 - For each mine the dragline develops or extends, a low cost longer life underground can be developed
 - With a multiplier effect, the CHPP can be 'choke' fed to produce 3.0mt product



1

DL - Isaac Plains

2

DL - Isaac Plains East

Dragline Target #1

Dragline Target #2

3

Isaac Plains Underground – Set A

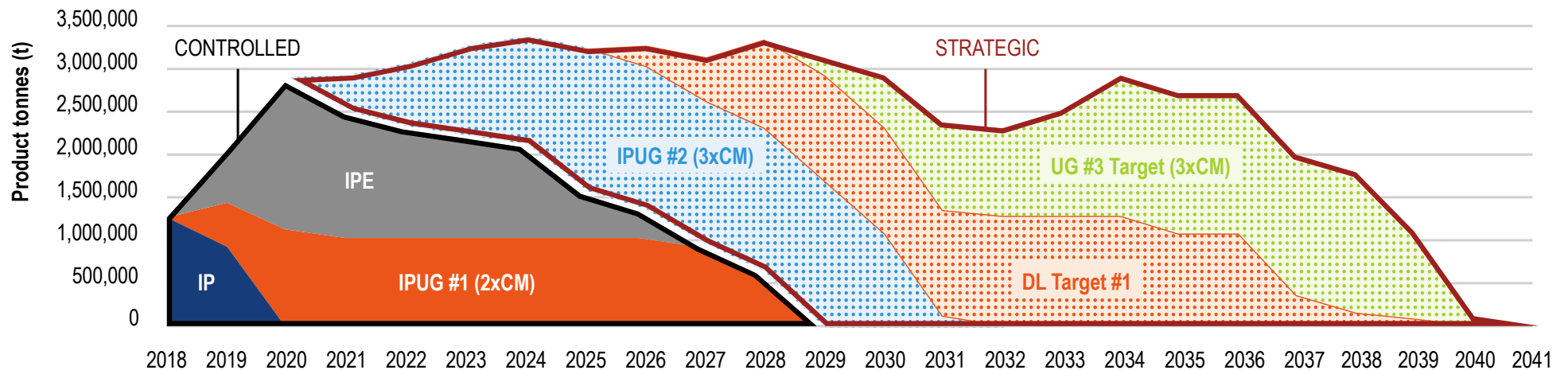
Underground Target #2 – Set B

Underground Target #3 – Set A

Underground #4 – Set B

PHASE 1 – SHORT TERM

INCREMENTAL VOLUME AND LIFE EXTENSION OPPORTUNITIES



SUSTAINABLE VALUE CREATION FROM:

- Dual approach of volume and life extension regionally
- With capital and operational discipline, doubling the life and volumes of CHPP feed sources is front and centre
- Underground and opencut operational excellence is essential

PHASE 2 – MEDIUM TERM

THE STANMORE PORTFOLIO OFFERS MULTIPLE ‘HUB’ OPPORTUNITIES

BOWEN BASIN – COKING COAL

ISAAC PLAINS – 100%

Operations

ISAAC PLAINS EAST – 100%

Development

BELVIEW – 100%

Exploration

LILYVALE – 85%

Exploration

MACKENZIE – 95%

Exploration

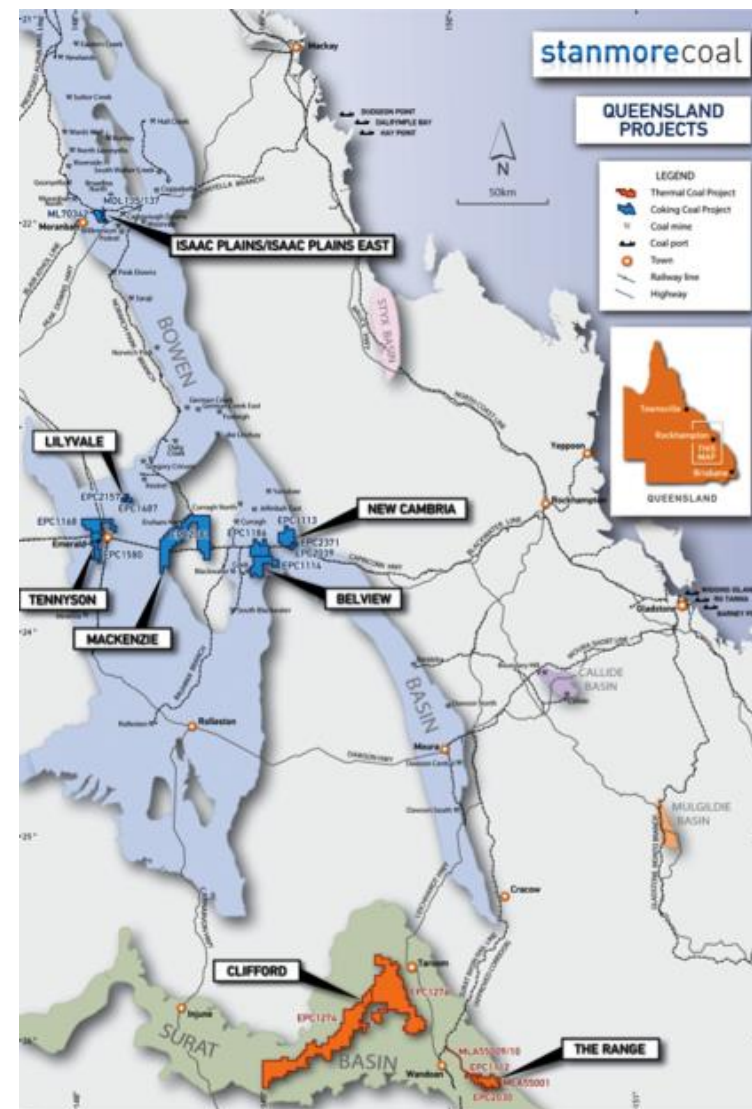
SURAT BASIN – THERMAL COAL

THE RANGE – 100%

Development (pending infrastructure)

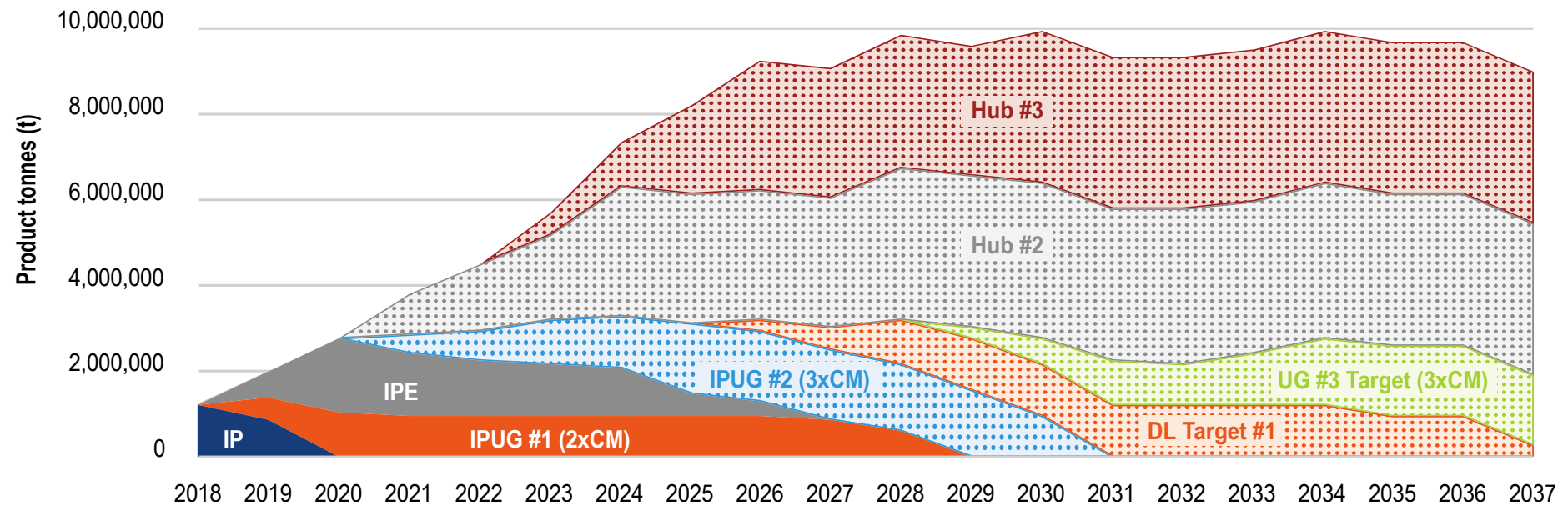
CLIFFORD – 60%

Exploration & studies



PHASE 2 – MEDIUM TERM

THE TRANSITION TO AN INTEGRATED COAL COMPANY



STEP CHANGE VALUE CREATION FROM:

- Building (life and volume) off a cash generative, repeatable platform
- Replication of capital 'light', synergistic aggregation of assets from multiple vendors with both underground and opencut to form regional coal hubs
- Continued positioning in commodity cycles

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ISAAC PLAINS UPDATE

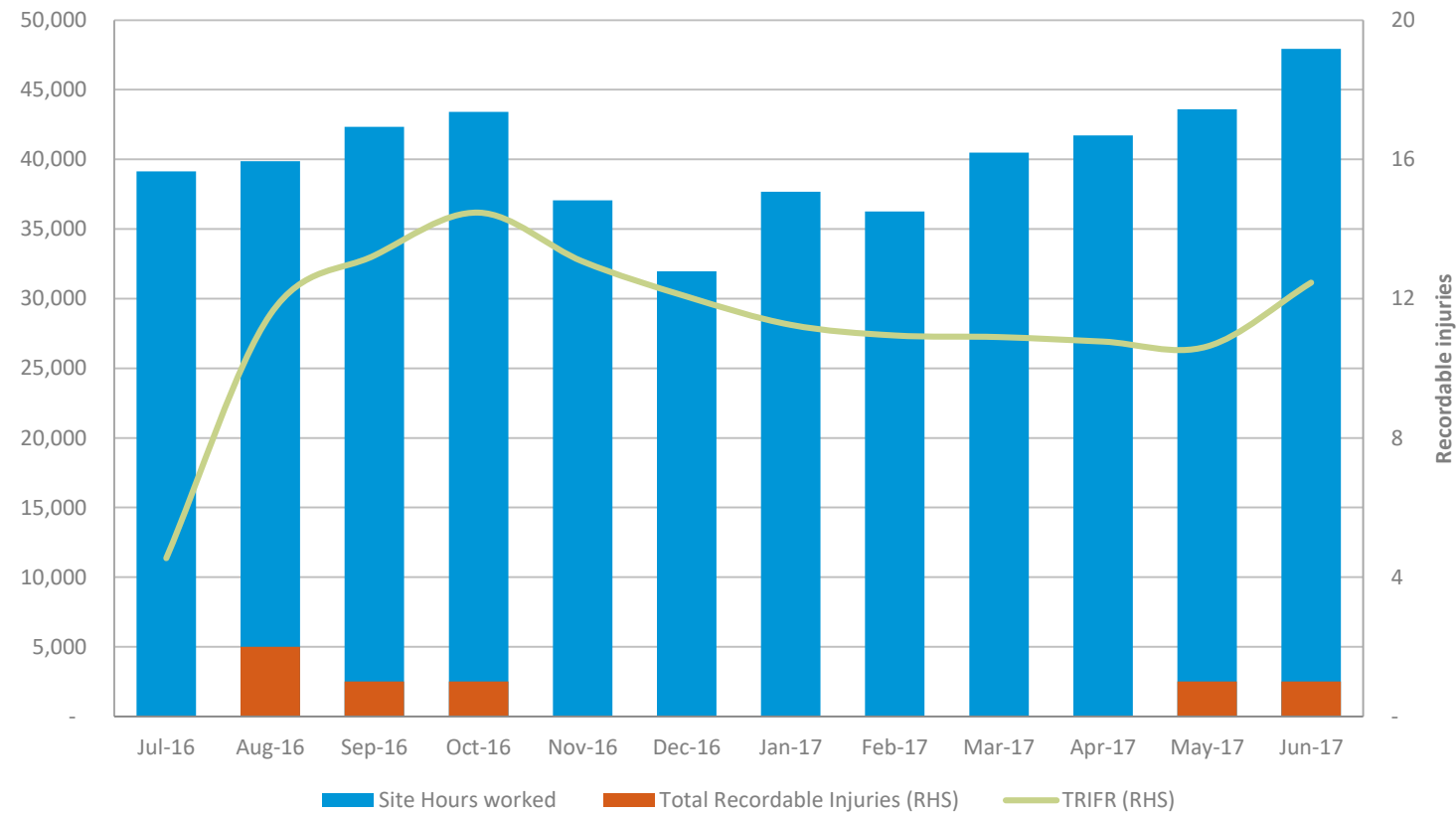
SAFETY

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



INVESTMENT IN REVISED MINE PLAN COMPLETE

SIGNIFICANT OPERATIONAL RELIABILITY GAINED

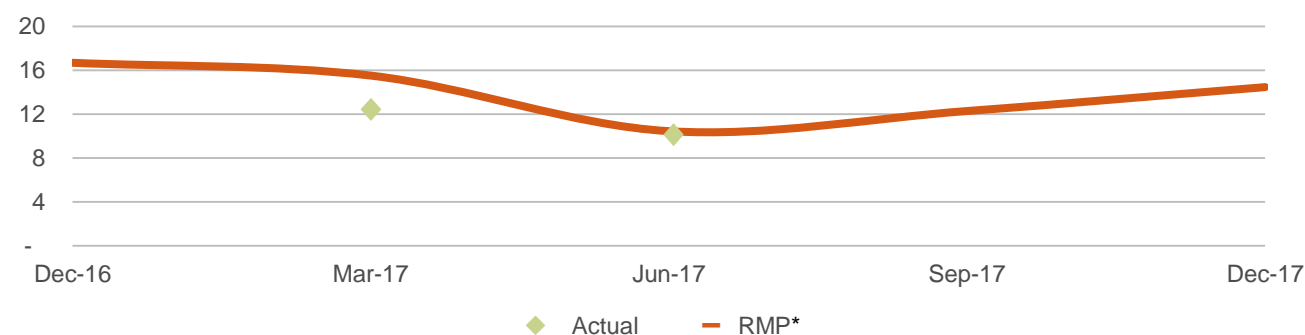
PROGRESS AGAINST THE PLAN

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).

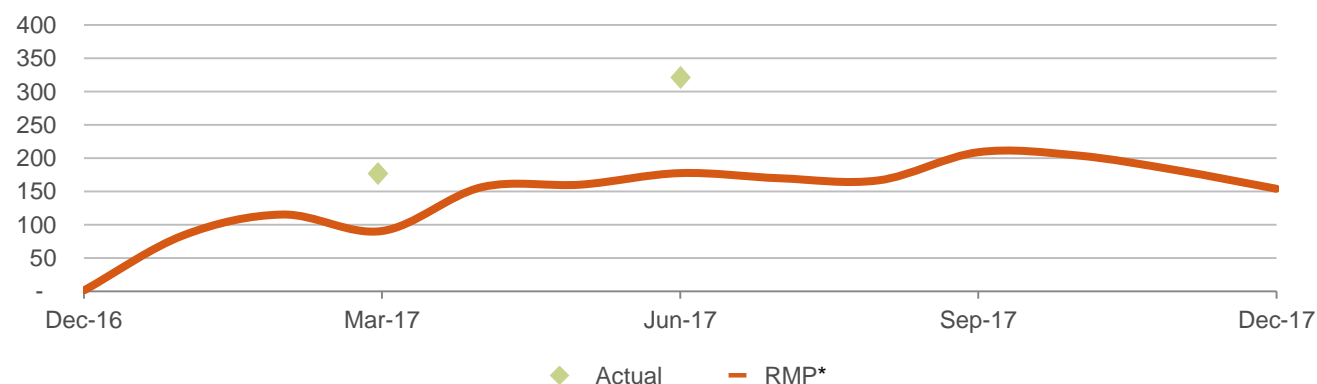
During the June quarter the Company had fully invested the A\$15m raised in pre-strip and coal inventories, with total coal (ROM & product) stockpiles reaching 432kt during the month of June, after delays to the Goonyella Rail Network following Tropical Cyclone Debbie in late March.

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



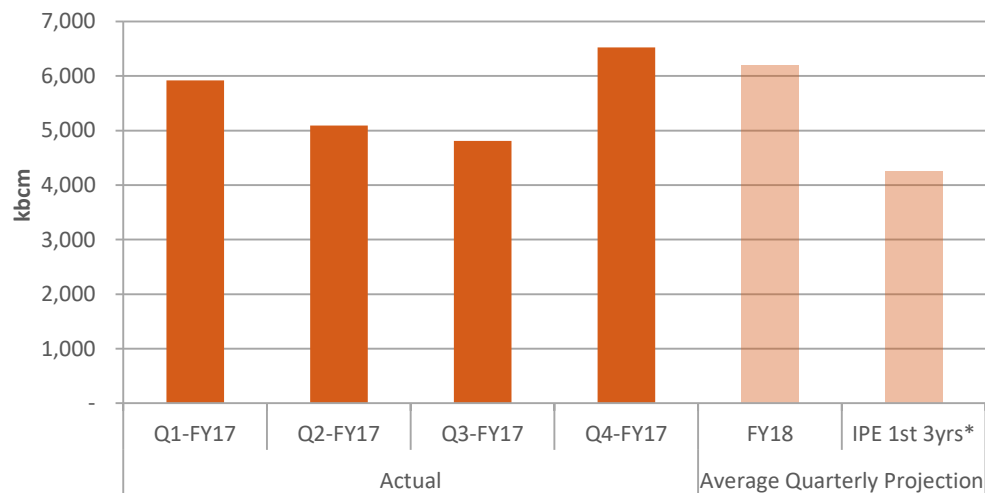
STOCKPILES (PRODUCT + ROM TONNES)



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

OPERATING RESULTS – MINE PHYSICALS AND COSTS

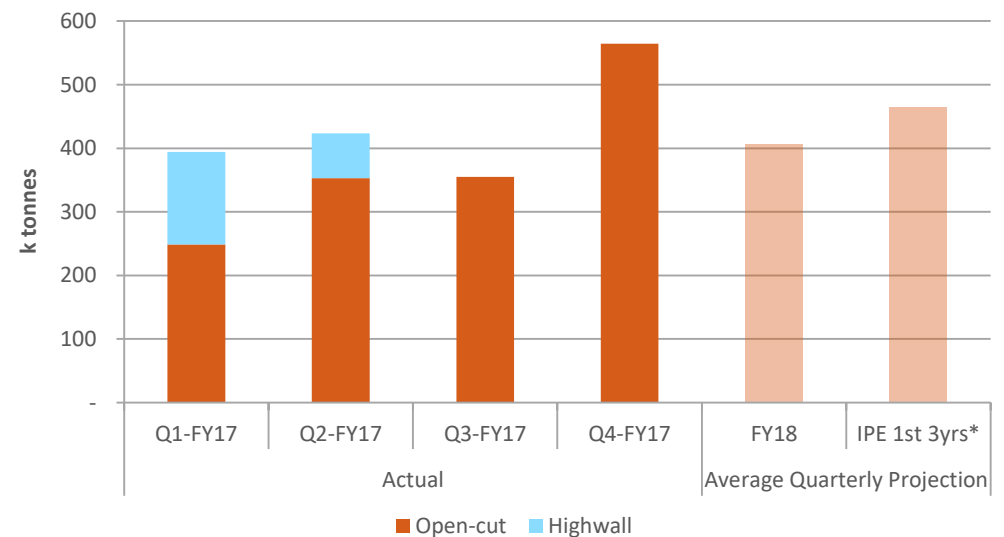
PRIME WASTE OVERBURDEN (BCM)



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.

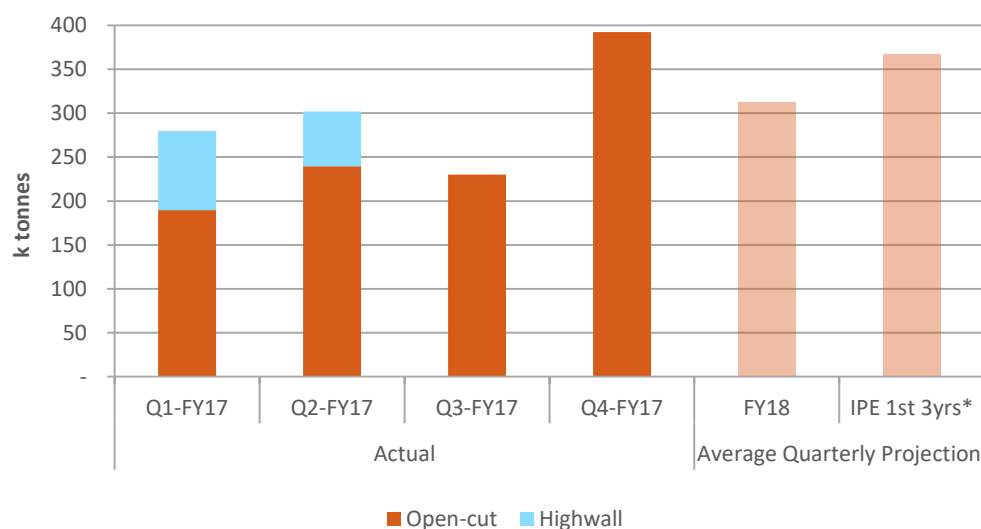
FY18 ROM coal mining is projected at an annualised rate >1.6Mt.

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

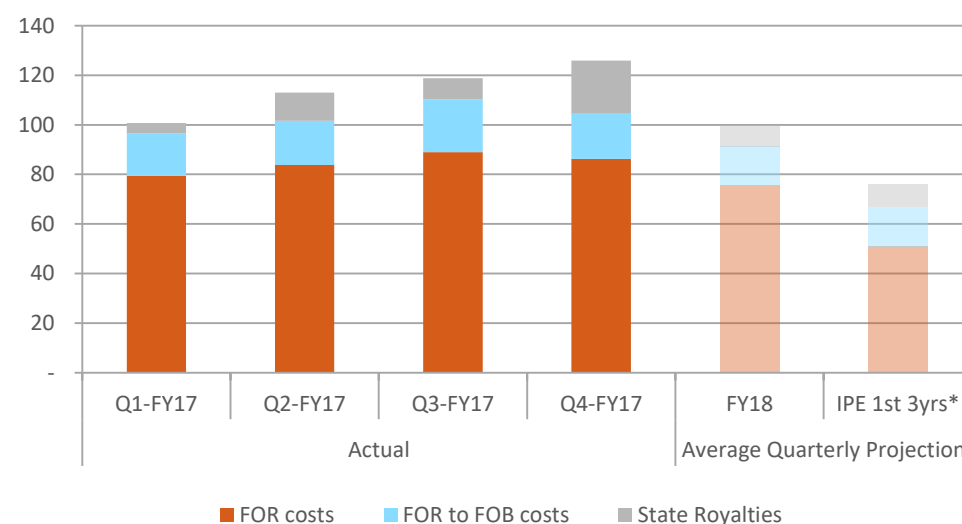


Following a record quarter of coal mining (overburden & ROM), product tonnes produced were 392kt, the strongest on record to date.

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).

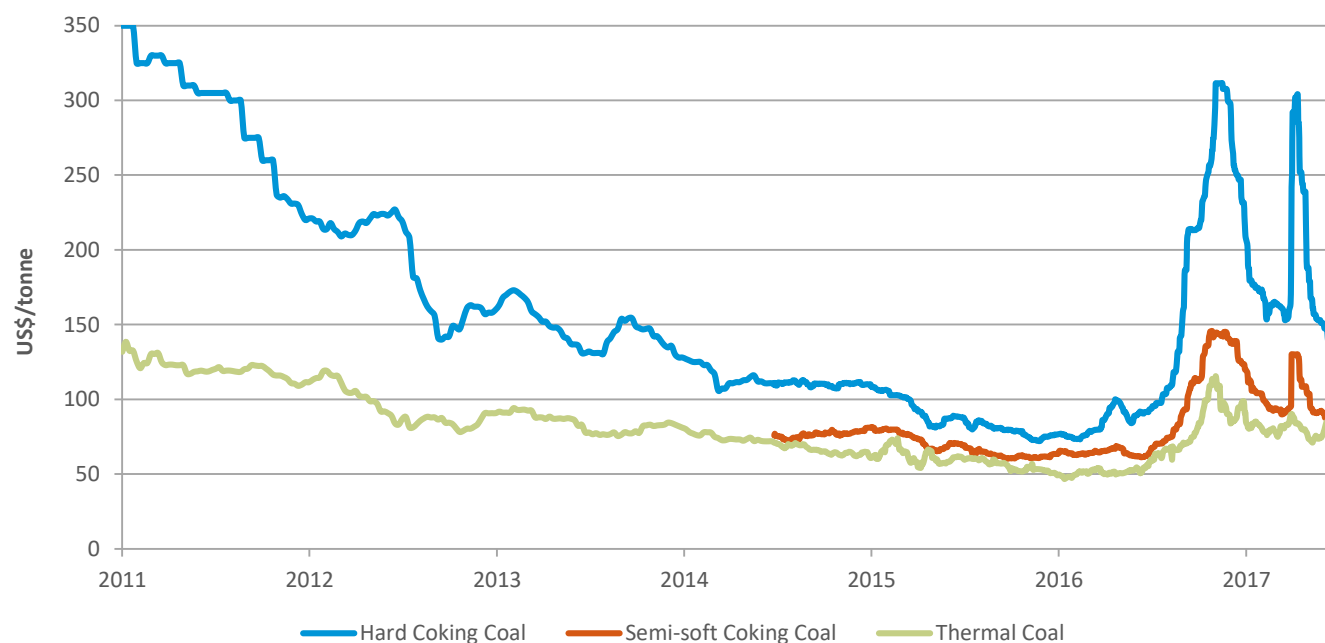
The September quarterly 1Q18 benchmark pricing negotiations for semi-soft coking coal are ongoing. There are various different pricing mechanisms being discussed, with SMR Management supporting the currently adopted mechanism.

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)

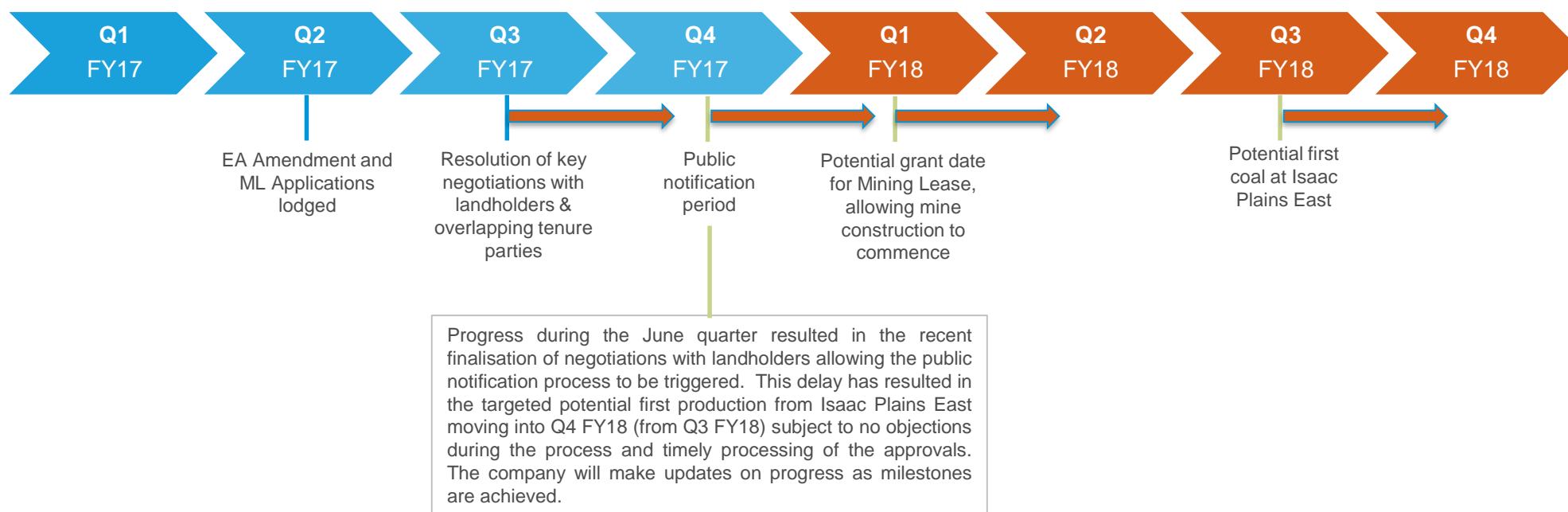


Source: Platts Coal Trader International

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PROJECTS UPDATE

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



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

