stanmorecoal

CAPITAL RAISING PRESENTATION

14 December 2016

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OVERVIEW
OF STANMORE COAL

- Queensland based coal development company, operations at Isaac Plains Coking Coal Mine
- Strong shareholder base
- 75% Australian owned

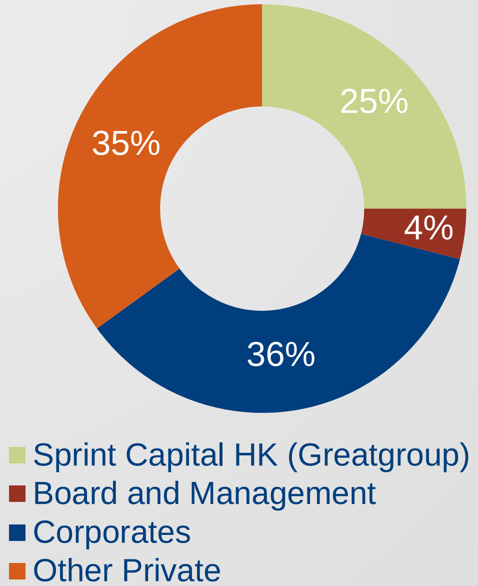
- Advanced metallurgical and thermal coal development projects in the Bowen and Surat Basin
- Rail and port infrastructure in place for key metallurgical coal projects

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

- Low overhead cost base
- Actively pursuing further opportunities in the current market downturn conditions

ASX Code	**SMR**
Share price	A$0.625[1]
Shares	222,683,227
Market cap	$139.2m[1]
Unlisted instruments Options Performance rights	 1,817,751[2] 2,150,000[3]

Share ownership



• 1. As at 12-Dec-16 • 2. Strike price $0.22, vested with expiry 4-Sep-17 • 3. 50% grant upon grant of mining lease for The Range project, balance 50% upon achieving operational milestones

STRONG BOARD
AND MANAGEMENT TEAM

KEY MANAGEMENT

Dan Clifford
Managing Director

Over 20 years' experience in the coal mining industry in Australia, South Africa and New Zealand. Substantial open cut and underground coal mining experience

Mike McKee
Chief Operating Officer

Mine manager with over 30 years experience, mainly in the Bowen Basin. Most recently General Manager at Minerva, Yarrabee and Sonoma mines.

Andrew Roach
Chief Financial Officer

10 years of accounting and finance experience in the resource and financial sectors.

Nigel Clifford
Senior Geologist

10 years of experience including within Stanmore Coal.

NON-EXECUTIVE DIRECTORS

Neville Sneddon
Chairman

Mining engineer with 40 years experience in coal, formerly CEO of Anglo Coal Australia, Chairman of DBCT Port and Director of PWCS Port.

Stephen Bizzell

Extensive experience in commercialising resources companies, former executive director of Arrow Energy and current Chairman of Bizzell Capital Partners.

Chris McAuliffe

Co-founder and MD of Sprint Capital Partners. More than 20 years experience in investment banking and private equity in Asia.

Patrick O'Connor

Experience in a wide range of industries including mining, oil & gas exploration, forestry, biotechnology and government utilities. Former non-executive chairman of TFS Corporation Limited.

THE BUSINESS AT A GLANCE

- Independent coal company with focus on coking coal
- Isaac Plains operational with ramp-up achieved
  - 1-2Mtpa sales opportunity (FY17 1.25Mt)
  - December 2016 quarter SSCC settled at USD 130 per tonne
  - Mining, port and rail contracts in place
  - Mid-range of international coking coal cost curve
- Isaac Plains represents the Company's platform asset
  - Circa $350m of replacement-cost assets
  - 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 for Stanmore to capitalise on
  - Grow internal production and operational capability
  - Focus on coal quality, reliability and creating value where others can't or won't

OVERVIEW

STANMORE PORTFOLIO

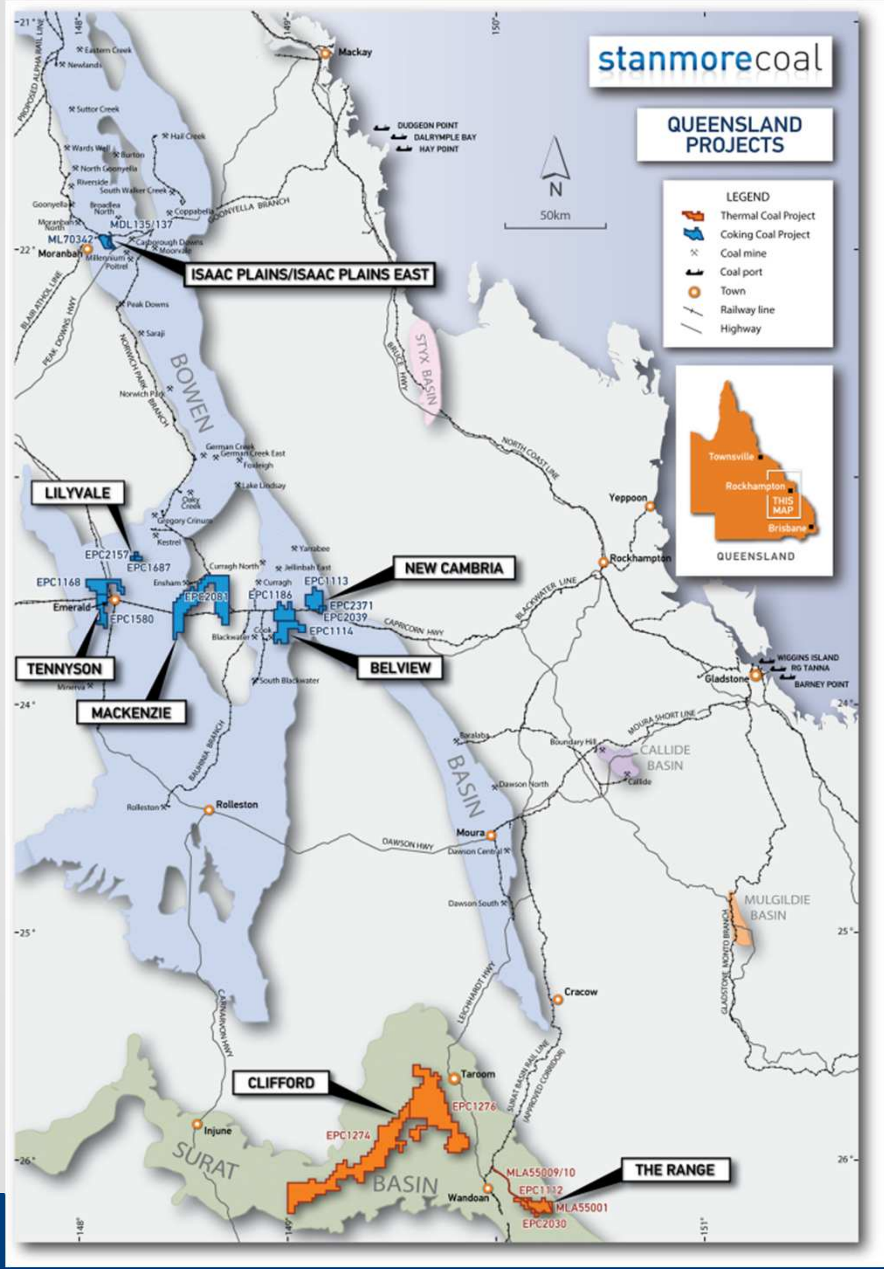
BOWEN BASIN – Coking Coal

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

ISAAC PLAINS COMPLEX

SIGNIFICANT SYNERGIES & MINE LIFE OPTIONS

Opportunities to utilise Isaac Plains infrastructure including underutilised CHPP and rail loop

CURRENT ISAAC PLAINS OPEN CUT

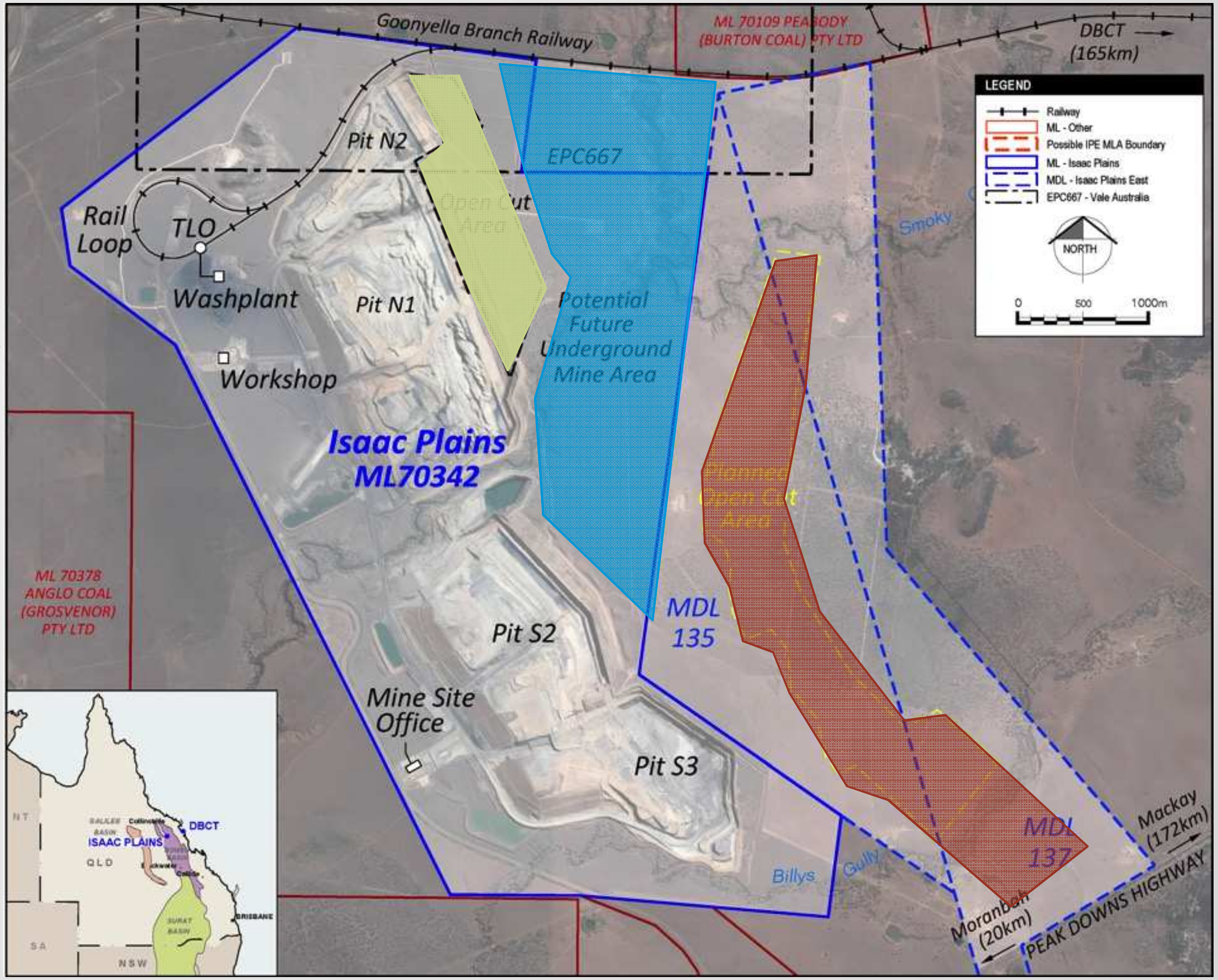
- Current 3 year mining services contract producing coal

ISAAC PLAINS EAST – OPEN CUT EXTENSION

- Extends open cut mine life at a materially lower strip ratio than Isaac Plains

UNDERGROUND RESOURCE EXPANSION

- Investigating underground extraction methods using a Bord and Pillar technique
- Underground extraction can occur in parallel with open cut operations



ISAAC PLAINS ASSETS

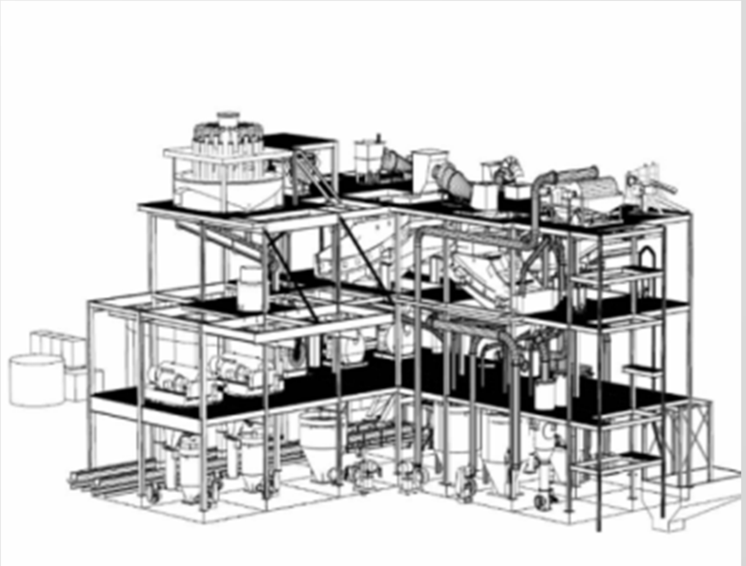
STANMORE OWNED

DRAGLINE

- Originally refurbished and recommissioned 2011
- Contractor is responsible for planning and carrying out minor maintenance of the dragline. All maintenance activities are based on a plan developed jointly between Golding and Stanmore
- The dragline for the project to date has been operating at +16 million bcm per annum

CHPP

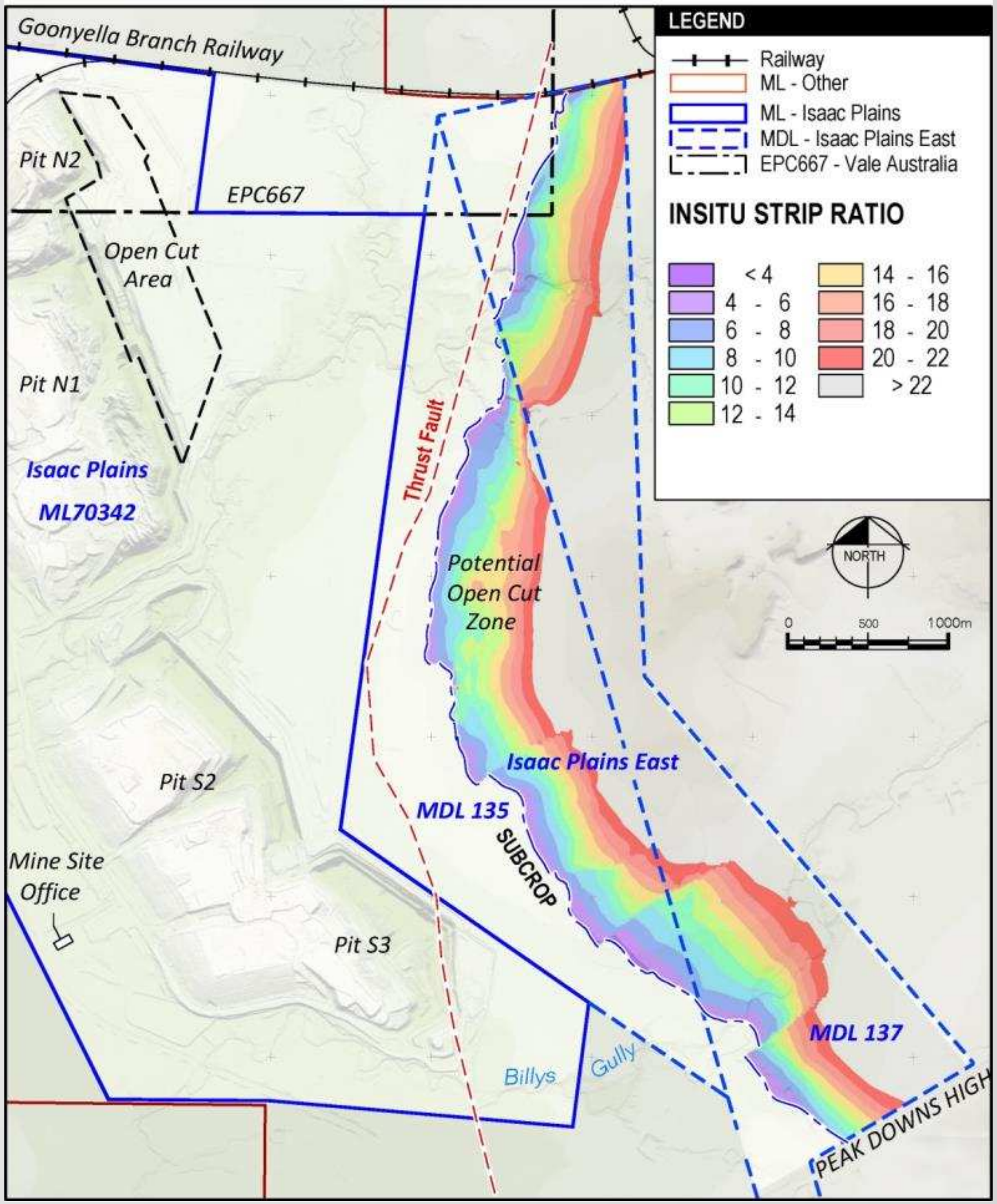
- Designed nameplate feed capacity of 500tph
- “Dry” Rejects (i.e. no tailings dam)
- System uses:
  - A 2 Stage Dense Medium Cyclone
  - Jamieson Cell technology
  - Teetered Bed Separation
- Overall CHPP performance and throughput has improved over time given capital investment and learnings from the plant



ISAAC PLAINS EAST

LOW STRIP RATIO, ADJACENT RESOURCE

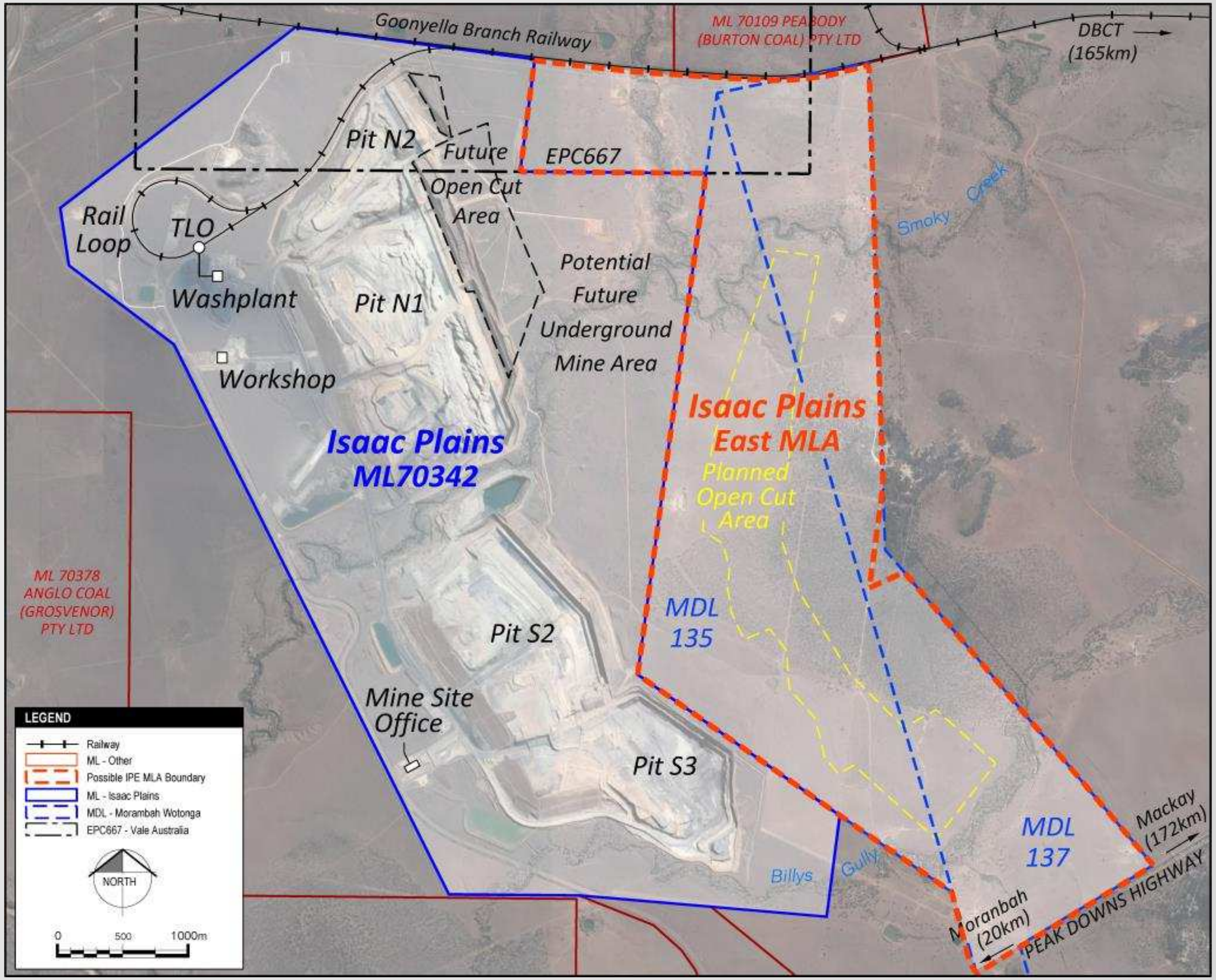
- Coking coal adjacent tenures – improved coking properties and coking fraction compared to existing Isaac Plains operation
- Low strip ratio coal starting <6:1, average over first 4 years sub 10:1 (lower than Isaac Plains)
- Environmental Authority amendment and Mining Lease Applications submitted in October 2016
- Key approval stage gates in next 6 months
- Landholder and stakeholder negotiations underway
- Further drilling campaign commencing December 2016, providing closer points of observation for detailed planning
- Updated geological model providing inputs to refined mine plan to be utilised for feasibility assessment



ISAAC PLAINS UNDERGROUND

PROJECT OVERVIEW

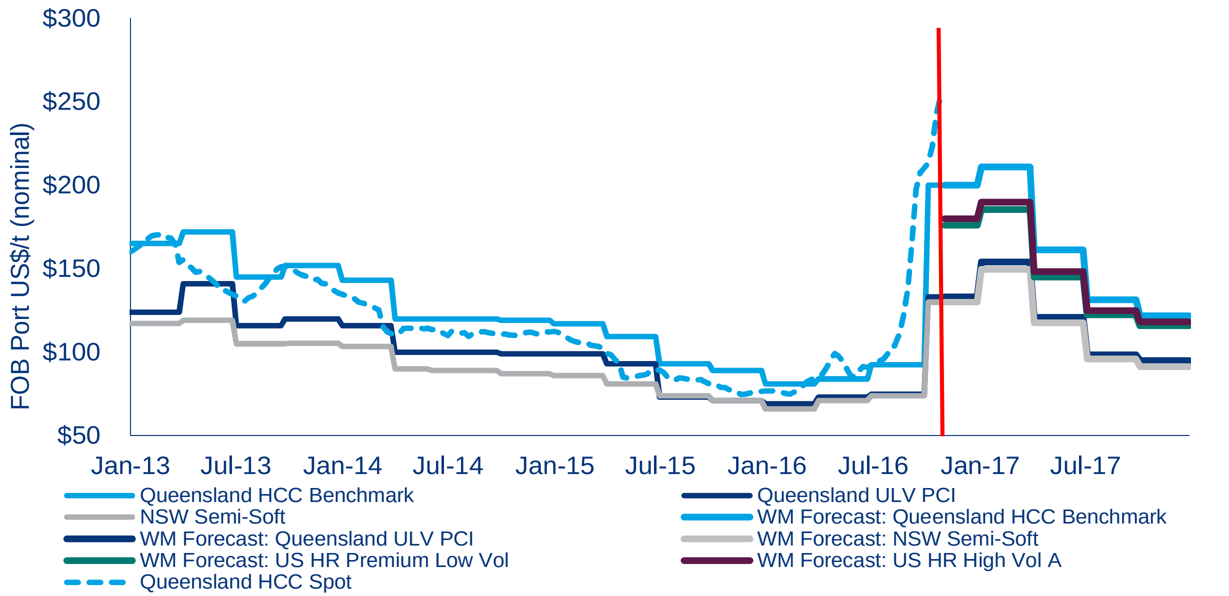
- Concept mining studies indicated operation via bord & pillar operation most viable
- Further exploration activities are planned in 2017 to de-risk the project



RECENT COKING COAL STRENGTH

RETURN TO MORE STABLE INVESTMENT LEVELS IN MEDIUM TERM

- Coking and thermal spot markets continue to remain tight – hard coking price just under USD300/t, semi-soft coking coal USD137/t
- Consensus view that prices won't sustain at these levels much into calendar 2017. However as they settle it is likely the met coal prices will hold at levels conducive to future investment and not return to multi-year lows recently experienced



Source: Various Pricing Surveys (history), Wood Mackenzie (forecasts)

- Stanmore's acquisition of Isaac Plains included a vendor royalty mechanism designed to allow the vendors to recoup part (or all) of the initial compensation provided to Stanmore (A$56m)
- As the coal price trigger for vendor royalties is above A$160 (HCC index), vendor royalties have become payable since Sep 2016 and are likely to continue for at least the short term
- Mark to market liability at 31 Dec 16 of up to $40m[1] will likely impact on the accounting result for period (30 June 16 mark to market liability $nil)

1. Subject to coal pricing outlook around 31 December 2016 and assessment by the Company in conjunction with its auditors BDO Audit

STRATEGIC OBJECTIVES

FY17 AND FORWARD

Time horizon	Internal	External
Short	• Establish reliability and repeatability of production from Isaac Plains	• Assess potential assets in proximity to IP Complex
Medium	• Develop Isaac Plains East and complete assessment of Isaac Plains Underground • Rationalise our portfolio based on highest value to shareholders	• Pursuing realistically attainable assets with premium coal quality
Long	• Development of portfolio assets	• Assessment of product mix strategy

OFFER DETAILS

Placement	• Placement of 27.3m new shares to raise $15.02m offered to new and existing institutional investors • New shares represent approximately 12.3% of Stanmore's issued capital

Offer Price	• Offer price of $0.55 per new share represents:
	  • 12.0% discount to last closing price of $0.625 on 12 December 2016
	  • 15.1% discount to 5 day VWAP

Ranking	• New shares rank equally in all respects with existing shares
Sole Bookrunner and Lead Manager	• Petra Capital Pty Ltd
Brokers to the Offer	• Morgans Financial Limited

SOURCES & USES

PLACEMENT FUNDS

The proposed use of funds (after costs of the offer) is noted as follows:

- Additional short to medium term material movement associated with pre-strip and exposure of coal - $7M;
- Additional working capital associated with inventory build-up for both ROM and Product Stockpiles - $7M

In addition, the Company has an undrawn US$6M working capital facility from Taurus. Together with existing working capital, the Company, in the event of wet weather, will have sufficient funding available for outages of several weeks duration.

Proposed Source of Funds			**Proposed Use of Funds**	
All figures in AUD million			*All figures in AUD million*	
Gross proceeds from Placement	15		Isaac Plains- accelerated pre-strip and other advance activities	7
Broker and advisory fees	(1)		Isaac Plains– working capital rebalance for ROM and product stockpiles	7
Total	**14**		**Total**	**14**

Not withstanding the proposed allocations set out above, in the event circumstances change or other beneficial opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise the benefit to shareholders

MINE PLAN

STAGE 1 OF STRATEGIC OBJECTIVES - A REVISED MINE PLAN

- As the operation has ramped up to planned production level through 2016, progress has been impacted by wet weather, mining system reliability challenges and a production sequence change

- Stage 1 of Stanmore's recently communicated Strategic Objectives covers short term and internal actions to support reliability and repeatability of the production performance at Isaac Plains

- A Revised Mine Plan (**RMP**) has been adopted which accelerates pre-strip and inventory build in FY17 (both ROM and product coal) compared to the Current Mine Plan (**CMP**) to improve the performance of coal production and sales

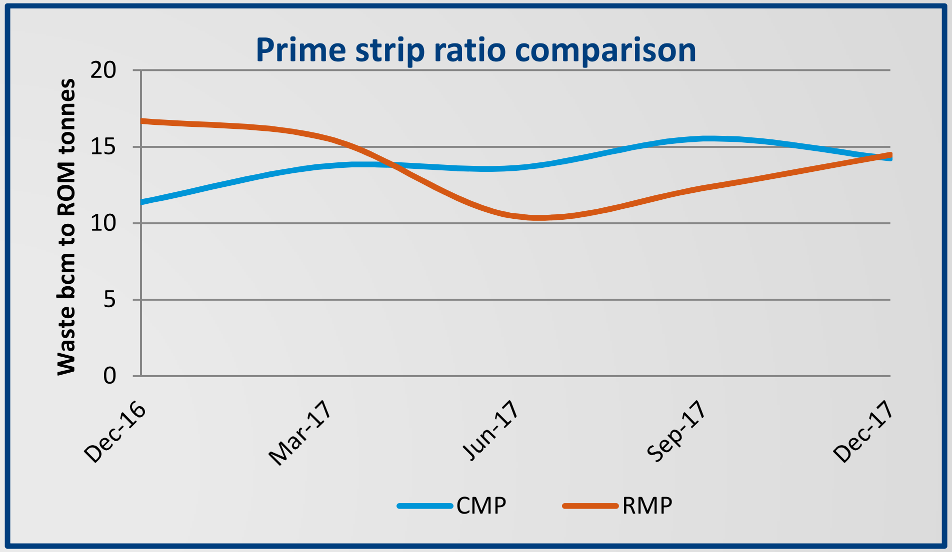
- The assessment of the impacts of the RMP to the Mining Services Agreement is being conducted between the Company and Goldings. These are not expected to be material over the term of the contract. See Risk Factors

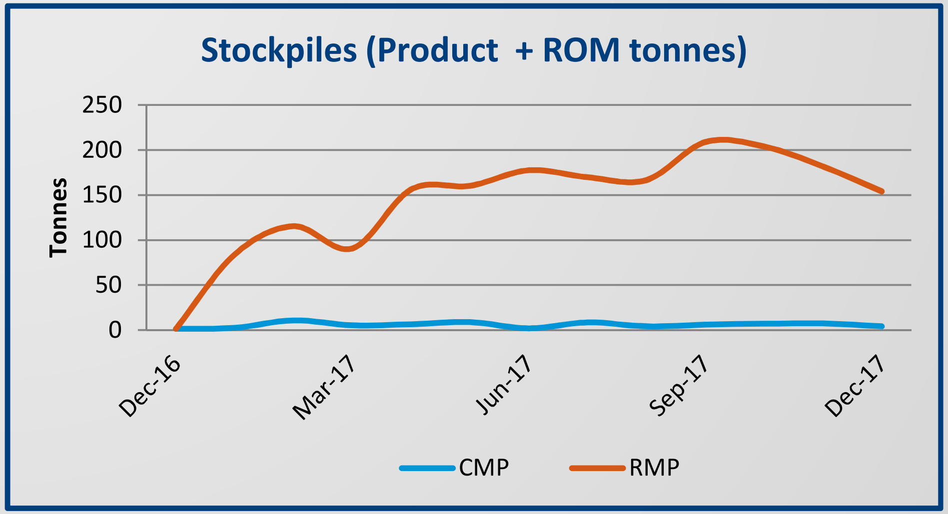
- FY17 production guidance of 1.25Mt maintained

MINE PLAN

IMPACT OF REVISED MINE PLAN

- Accelerated pre-strip activities will increase the short term strip ratio but doesn't fundamentally change the strip ratio of the coal deposit
- The life of mine strip ratio for the Golding mining contract remains around 13-14:1
- Total stockpile build is a key focus of the Revised Mine Plan (RMP)





RISK FACTORS

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1. Introduction

The activities of the Company, as in any business, are subject to risks which may impacts on its future performance. The Company has appropriate actions, systems and safeguards for known risks, although some are outside of its control. Prior to making any decision to invest investors should carefully consider the risk factors which the Company has previously disclosed (many of which are listed below), as well as those risks of which the investor is aware, or should be aware of through their own knowledge and enquiries. Factors other than those listed may in the future materially affect the financial performance of the Company and the value of the Company's shares Investors should read this document in its entirety and consult their stockbroker, accountant or other professional advisor without delay before deciding whether to invest.

2. Company specific risks

Operational risks

The Company owns the Isaac Plains Coking Coal Mine in central QLD new the town of Moranbah. Since acquiring the mine in late 2015 the Company has embarked on a rapid recommencement of coal mining and outsourced mine planning and day to day running of the mine to Golding Contractors Pty Ltd (Golding). The contract with Golding provided incentives for meeting quarterly production targets with Golding being remunerated based on unit rates for prime waste, coal mining and CHPP ROM feed. Detailed mine planning is also carried out by Golding with quarterly and annual production targets being key drivers. Further, Golding (through sub-contractors) operate the CHPP and sub-contract other roles within the site. Given the Company does not run the day to day operations of the mine, albeit with on-site management of activities and head office support, the performance of Golding with respect to coal mining is therefore not guaranteed. Whilst due care was taken by both the Company and Golding in assessing the mine and developing the mine plan, certain aspects of the operation such as mining conditions and geology can only be estimated. Mining outcomes may be different to the plan agreed by and set between the Company and Golding.

Performance of Mining Services Agreement

The Mining Services agreement between the Company and Golding was finalised in December 2015, shortly after completing the acquisition from the vendors of Isaac Plains. To date the operations have been impacted by several factors, including (but not limited to) higher than average rainfall and changes to the mining path. The September 2016 quarter reported open cut performance that was below plan and the Company has been in discussion with Golding in relation to a revised mine plan. Further, a revision to the plan is likely to include additional pre-strip activities in FY17 to improve working room and overall dragline system efficiency over the life of the contract. Whilst this is likely to increase costs for FY17 the change in unit rates and physicals is not material in the context of overall operating costs and FY17 production. The Company and Golding remain in discussion with respect to the project performance to date and no formal claims have been made by either party in relation to past performance.

Approval Risk – Isaac Plains East

The Isaac Plains East project is not currently a permitting Mining Lease albeit the Company has rights to lodge, and the vendors has obligations to consent to, applications to receive Mining Leases in the future. The process involves submissions to State and Federal departments, negotiation of agreements with overlapping tenure holders and underlying landholders, and discussions with a range of other stakeholders in relation to the Company's proposed mining activities. The application documentation was lodged in October 2016 and the Company is actively working through the stages toward grant. There is no certainty that grant will be achieved as several key stakeholders have objection rights and the ability to generally delay the timely approval of the Mining Lease. Any delay or adverse impact on the future grant of the Mining Lease could have a materially adverse on the prospects of the Company given the short-life nature of the existing Isaac Plains open cut.

Project Risk – Isaac Plains East

The Isaac Plains East project is not yet progressed to a bankable or definitive feasibility study level. Whilst exploration activities have underpinned the current geological model and mine planning assumptions, further work is required to de-risk the project and refine critical assumptions in order to mine the target coal seams in the most efficient and economic manner. There is inherent risk that further exploration will not guarantee the feasibility of the resource or the mine plan and any adverse findings could materially alter the prospects of the Company in relation to this project. Areas of focus for the next phase of studies including, but are not limited to, coal quality, geotechnical conditionals, limit of oxidation testing and fault delineation.

Project – Isaac Plains Underground

The Isaac Plains Mining Lease contains an area in the east of the deposit which has been identified as a potential underground coal resource. Limited study work has been carried out by the Company to date in order to assess the geological, geotechnical, mining suitability or a range of other factors which are critical to the assessment of its potential. Further exploration and testing is required to provide additional comfort to the Company around the merits of further work to investigate a bord and pillar operation. Further de-risking is required in relation to Statutory approvals and general mine planning to ensure the opportunity is economic in a stable coal price environment.

Financing structure

The Company entered into a financing facility with Taurus Funds Management in November 2015 in order to complete the Isaac Plains transaction. As is customary for facilities of this nature, Taurus has a perfected security structure over the subsidiary entities which directly own and carry out the activities in relation to the Isaac Plains Complex. The finance facility provides Tauris with the ability to enforce its security position and take control of the Isaac Plains Complex in the event that the Company is in default on its obligations. The Company cannot guarantee nor provide assurance that it will not default on the terms of the finance facility which, if actioned, would have a material adverse change on the Company.

By the operating nature of the Isaac Plains Coal Mine, the Company, through Taurus, holds several performance bonds with key infrastructure and utility providers. The terms of these bonds may allow the counterparty to draw on some or all of the financial security which in turn may result in a breach or default of the finance facility with Taurus. The Company cannot guarantee or cannot provided assurances that a counterparty will not call on the provided security for non-performance by the Company which would in turn have a material adverse affect on the Company's ability to continue to own and manage the operations of the Isaac Plains Coal Mine.

The Company is currently in discussion with Golding in respect of a revised mine plan and performance to date. In accordance with terms of the financing facility Taurus may have certain approval and other rights in relation to the revised mine plan, base case financial model and the arrangements with Golding. Although the Company does not believe these approval and other rights will be triggered as a consequence of the revised arrangements with Golding, there is the risk that Taurus will take a different view and if so, this may affect the timing of or implementation of a revised mine plan with Golding and/or the availability of the Taurus facility.

RISK FACTORS

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2. General Risks

Investing in a company of Stanmore's size and operations within the coal industry involves risks that apply to any investment of this nature which may adversely affect the future operating and financial performance of the Company. Many of these risks are outside the control of the Company, are dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. These risks include:

1. The Share offered should be considered speculative in nature and carry no guarantee of profitability, dividends and that price at which they trade on ASX may be volatile.
2. Risks associated with health and environmental compliance and hazards and the Company could be liable for costs of environmental damage caused by previous owners of property acquired by the Company
3. There is a risk that approvals to mine and explore for various of the Company's tenements will not be granted or that exploration project areas of the Company, or any other permits that the Company may acquire an interest in, will result in the discovery of an economic reserve. Even if an apparent valuable reserve is identified, there is no guarantee it can be economically exploited.
4. The coal price and the market for coal is volatile and is affected by many factors outside the control of the Company and may impact on the ability of the Company to successfully operate the Isaac Plains Coal Mine and monetise its projects. The Company's earnings are dependent on the price of coal.
5. Estimates of both Reserves and Resources are inherently imprecise as they are expressions of judgement at a particular time based on available information, interpreted using experience and resource modelling techniques. Estimates remain subject to change and no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.
6. Changes in relevant taxation, interest rates, other legal, legislative and administrate regimes, and Government policies in Australia (at both Federal and State level) may have an adverse effect on the assets, operations and ultimately, the financial performance of the Company. Policies being developed by various international governments, including the Australian government, may become increasingly negative towards the development and production of fossil fuels, in particular coal.
7. Whilst the Company has a small senior management and technical team, its operations at Isaac Plains and progress with other portfolio assets could be adversely influenced by the loss of key personnel.
8. The Company may require funds from various sources in order to allow it to continue as a going concern and thereby finance its operations, exploration and development activities. Those funds can potentially be raised through the issue of further shares, the obtaining of debt capital and the realisation or recovery of the Company's assets. There can be no assurances that the Company will be able to raise sufficient funds from any of these or other sources on acceptable terms or in a timely manner or at all.
9. Whether or not future income will result from projects undergoing exploration is dependent on the successful results of exploration and on the subsequent establishment of development and production operations or sale of the projects. Factors including capital and operating costs, equipment availability, and coal prices affect successful project development, as does the design and construction of efficient exploration programs, competent operation and management and prudent financial administration including Australian and overseas equity markets may affect the Company's operations and particularly, the trading price of Shares on the ASX.

SUPPLEMENTARY INFORMATION

ISAAC PLAINS COKING COAL MINE

TRANSACTION RECAP

TRANSACTION COMPLETED

November 2015

ACQUISITION OF ESTABLISHED MET COAL MINE

- Existing open-cut operation commenced production in 2006
- Located near Moranbah in the heart of the Bowen Basin
- 172 km from DBCT via Goonyella rail line
- Placed on care and maintenance late 2014 by previous owners Vale SA and Sumitomo Corp
- Rail and port access agreements in place, exporting through Dalrymple Bay Coal Terminal (DBCT)

COAL QUALITY

- Metallurgical coal – semi-soft, semi-hard historically sold
- Sold into major steel mills primarily in Japan and Korea

OVER $350M REPLACMENT VALUE OF AQUIRED ASSETS

- Dragline - Bucyrus BE1370
- 500tph Coal Handling and Prep Plant
- Product stockpile, conveyors, train loadout, rail loop

APPROVED MINING LEASE AND ENVIRONMENTAL AUTHORITY

- Up to 4.0Mtpa run of mine (ROM) production approval in place

VENDOR ROYALTY

- Vendors receive a $2/t royalty (each) when index hard coking price above A$160/t (capped around A$50m)

FINANCE FACILITY

- USD 42m facility with Taurus Mining Finance Fund (10% drawn-rate with 2% undrawn rate)
- USD 6m remains undrawn

CREATING A LOW COST OPERATION

MIDDLE OF INTERNATIONAL COKING COAL COST CURVE

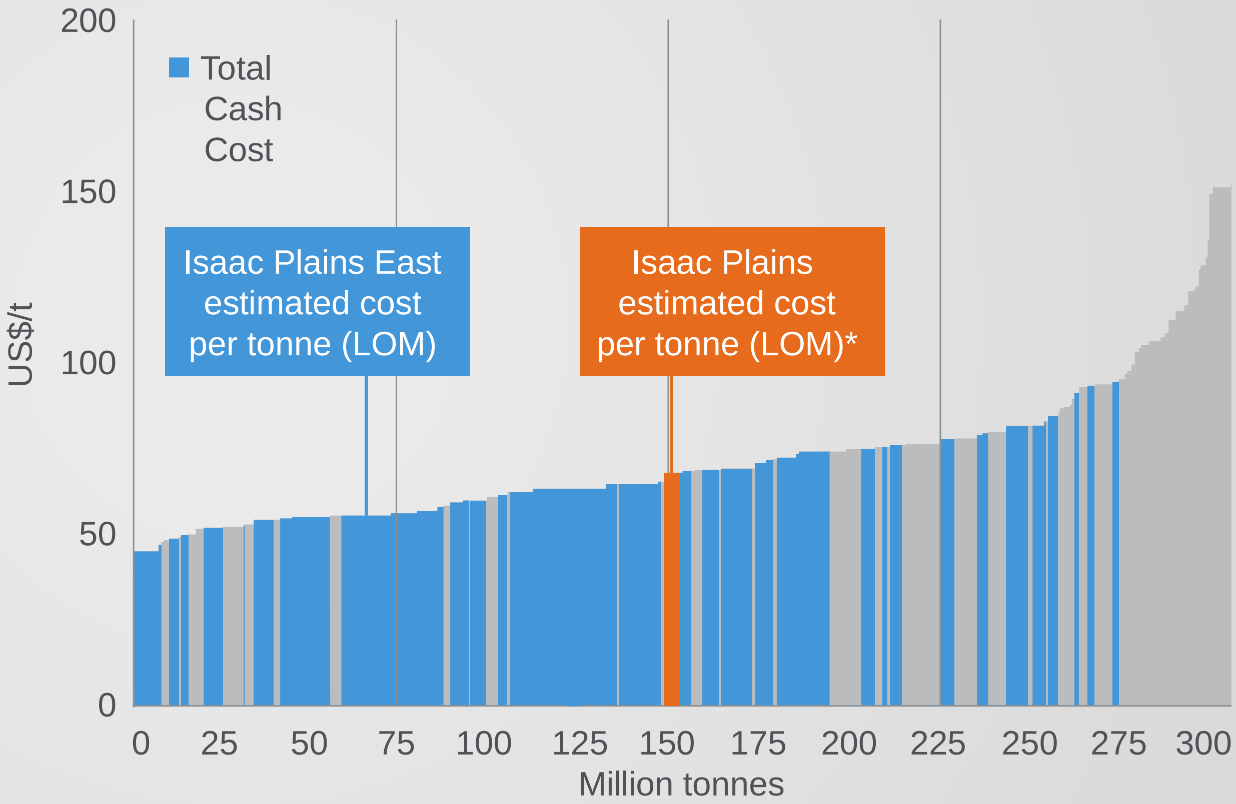
ISAAC PLAINS MINE – OPTIMISED

- Right sized production for dragline and mine
- Competitive mining costs locked in via three year contract
- Low overheads
- Renegotiated other contracts where possible

ISAAC PLAINS EAST – LOW COST EXTENSION

- Significant additional cost reductions due to lower strip ratio
- Enhanced quality improves yield and product spec

Global seaborne coking coal cost curve – 2016

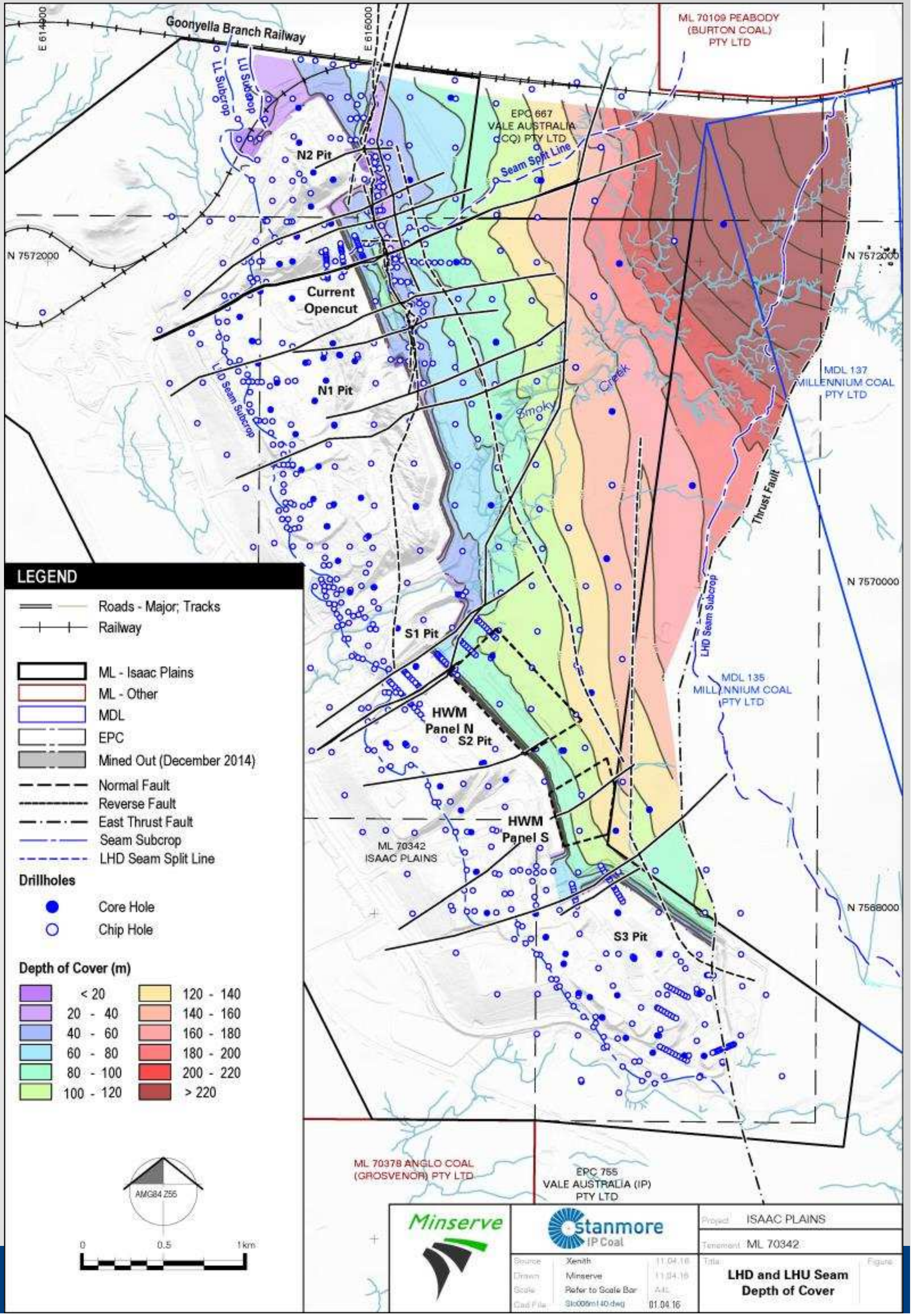


- Cost curve is not margin adjusted for product mix
- AUD:USD 0.75

Source: Stanmore Coal analysis and Wood Mackenzie

GEOLOGY

- The Leichhardt seam (Rangal Coal Measures) averages 3.5m thick across the deposit. The seam splits into an upper and lower section in the far northern area
- Within the open-cut, depth of cover commences at 60m, dipping to the east (~5 degrees), before stepping back up over a 15-20m upthrust fault
- Significant geological information
  - Isaac Plains – over 120 holes drilled in unmined portion of Mining Lease
  - Isaac Plains East – over 300 holes drilled within tenement area
  - Over 50km of 2D seismic over combined tenements



SITE OPERATIONS

CONTRACTING STRUCTURE

stanmorecoal

Stanmore Coal
Owner

Golding
Head Contractor

MAIN SUB CONTR's

Ausenco
CHPP Operation

Action DB
Drill & Blast

G&S
Dragline
maintenance

PRINCIPAL CONTRACT OVERVIEW

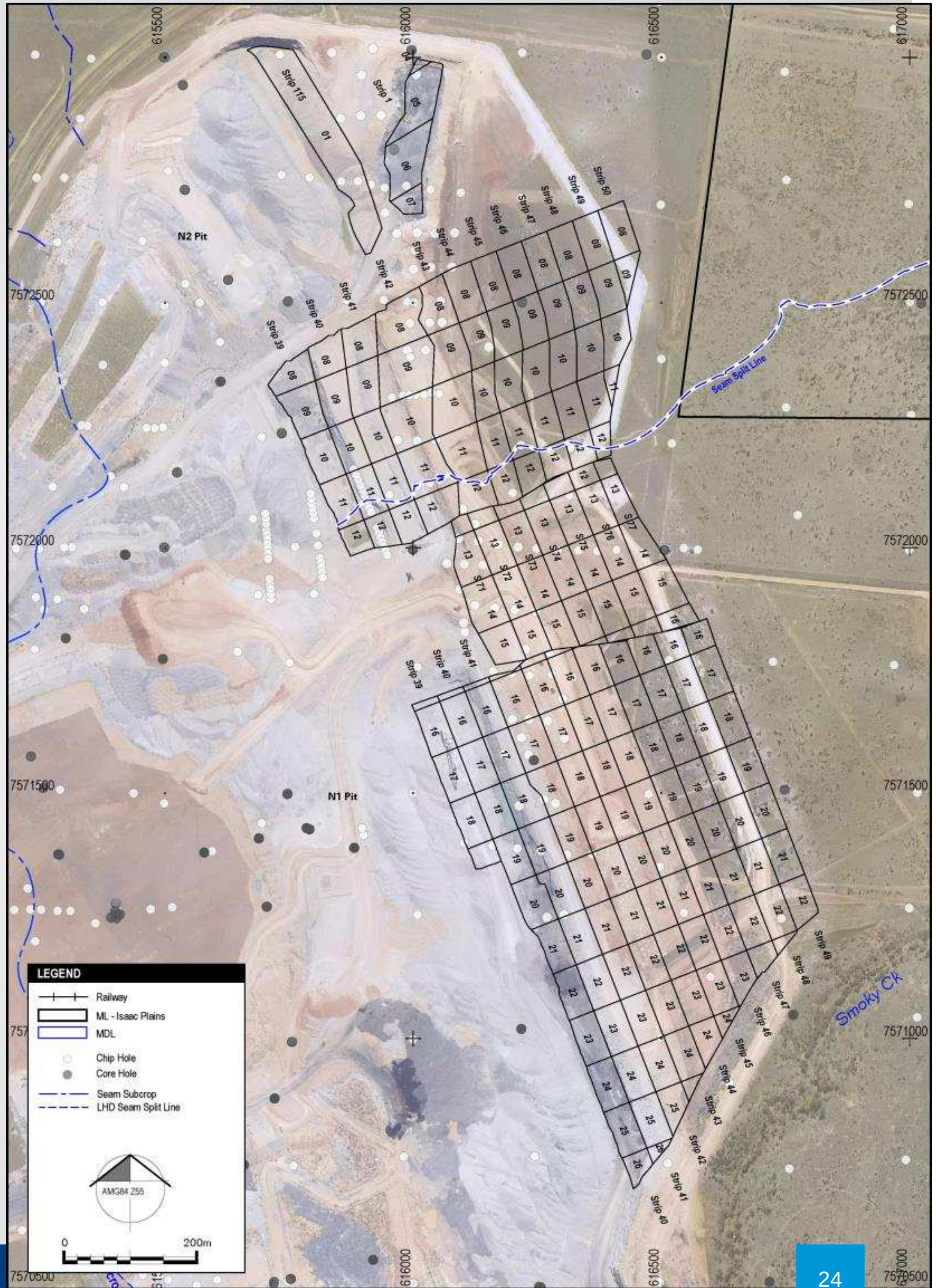
- Head Contractor paid on a rolled-up rate basis, which requires assumption of certain efficiency and operational risks
  - Waste rate ($/bcm) covering blasting and all overburden removal. Golding operate and maintain Stanmore's dragline (maintenance sub-contracted to G&S Engineering) as part of their overburden operations
  - Coal mining rate ($/bcm) covering mining and transport to the CHPP utilising Golding mining fleet
  - Processing rate ($/feed t) covering operation of the CHPP and TLO
- Sub-contractors engaged for specific work requirements with direct reporting lines to Golding

OPEN CUT MINING

AN OPTIMISED APPROACH

Open cut coal mining

- Northern pits, N1 North (N1N) and N1 South (N1S) which are the main operating pits
- The mining flow is typically south to north until the economic coal from N1N and N1S is extracted, before mining out the identified graben zone toward the end of the Golding contract period
- The dragline moves majority of prime overburden waste at a 50m digging horizon. Dozer push and truck & excavator fleets are utilised for pre-strip activities
- A single truck fleet undertakes both waste removal and coal mining between generally two excavators (pre-strip and coal)
- All overburden is drilled & blasted



RAIL & PORT

STRATEGIC INFRASTRUCTURE POSITION

- As part of the transaction Stanmore has secured 1.1Mtpa of rail (Pacific National) and 1.2Mtpa of port capacity (Dalrymple Bay Coal Terminal)
- Good availability of further expansion capacity as required in current market environment
- Total transport infrastructure costs under A$13/tonne at steady-state production
- Significant capacity within Isaac Plains CHPP and train load out up to 2.8Mtpa of production
- Significant stockpiling capacity (ROM and product) at Isaac Plains mine site

Darlymple Bay Coal Terminal

SALES & MARKETING

- Produced 75% semi-soft coking coal and 25% thermal, with a total product yield of 74% (project to date)
- FY17 year to date - improvement in coking coal product mix to around 85%[1], at a total processing yield of 76%[1]
- Indicative coal quality at Isaac Plains East:
  - Total product yield of 81% with higher proportion of coking coal
  - Ability to enhance coking properties by splitting seam and optimising washing yield
  - Potential to re-establish semi-hard coking coal brand (higher value than semi-soft)

Indicative Parameter[1]		Isaac Plains
	Coking	Thermal
Product split (%)	**80%**	**20%**
Inherent Moisture (%)	2.5	3.1
Ash (%)	9.4	14.0
Volatile matter (%)	25.4	24.2
Fixed Carbon (%)	62.3	58.7
Total Sulphur (%)	0.36	0.37
Phosphorous (%)	0.100	0.161
CSN[2]	4	
HGI[3]		65
Calorific Value (kcal/kg)	7,434	6,600

Notes:
1. Air dried basis unless stated otherwise
2. Crucible swell number
3. Hardgrove grindability index

Note 1: To end 31 October 2016

OUR CONTRIBUTION

QUEENSLAND COMPANY THAT TAKES ITS RESPONSIBILITIES SERIOUSLY

JOBS

- 150 jobs in the Isaac region created by the mine restart

ROYALTIES

- Over $7m per year of payments to the State with potential to increase (increased to $12m per year with coal price increase)

THE ENVIRONMENT

- Fast-tracking rehabilitation
  - ✓ Stanmore has completed 82ha of mine site rehabilitation in our first year of ownership, more than the total rehab previously completed since the mine opened in 2006
  - ✓ Substantial bank guarantees provided to the State to back our ongoing environmental commitments
  - ✓ Wash Plant contains belt press filters – no tailings dams required

Caring for baby wallaby at site office