



stanmorecoal

DEC 16 QUARTERLY PRESENTATION

30 January 2017



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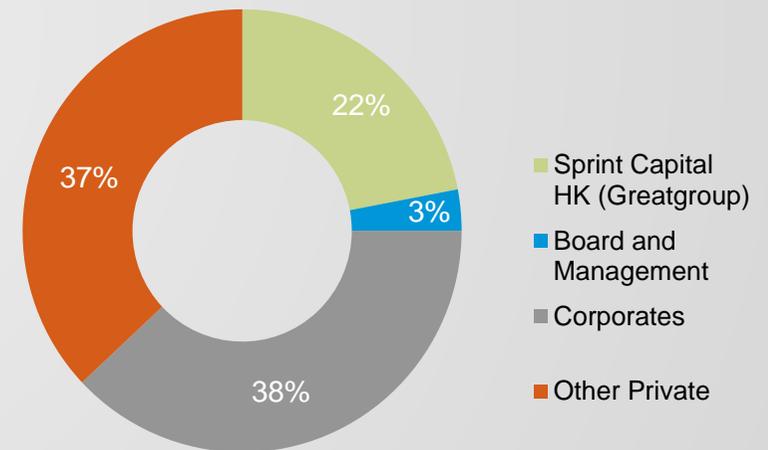
OVERVIEW

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\$0.50 ¹
Shares	251,107,978
Market cap	\$125.6m ¹
Unlisted instruments	
Options	693,000 ²
Performance rights	2,150,000 ³

Share ownership



• 1. As at 27-Jan-17 • 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

THE BUSINESS AT A GLANCE

1

Independent coal company with focus on coking coal

2

Isaac Plains operational with ramp-up achieved

- 1–2Mtpa sales opportunity (FY17 1.25Mt)
- March 2016 quarter SSCC settled at USD 171 per tonne
- Mining, port and rail contracts in place
- Mid-range of international coking coal cost curve

3

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

4

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%

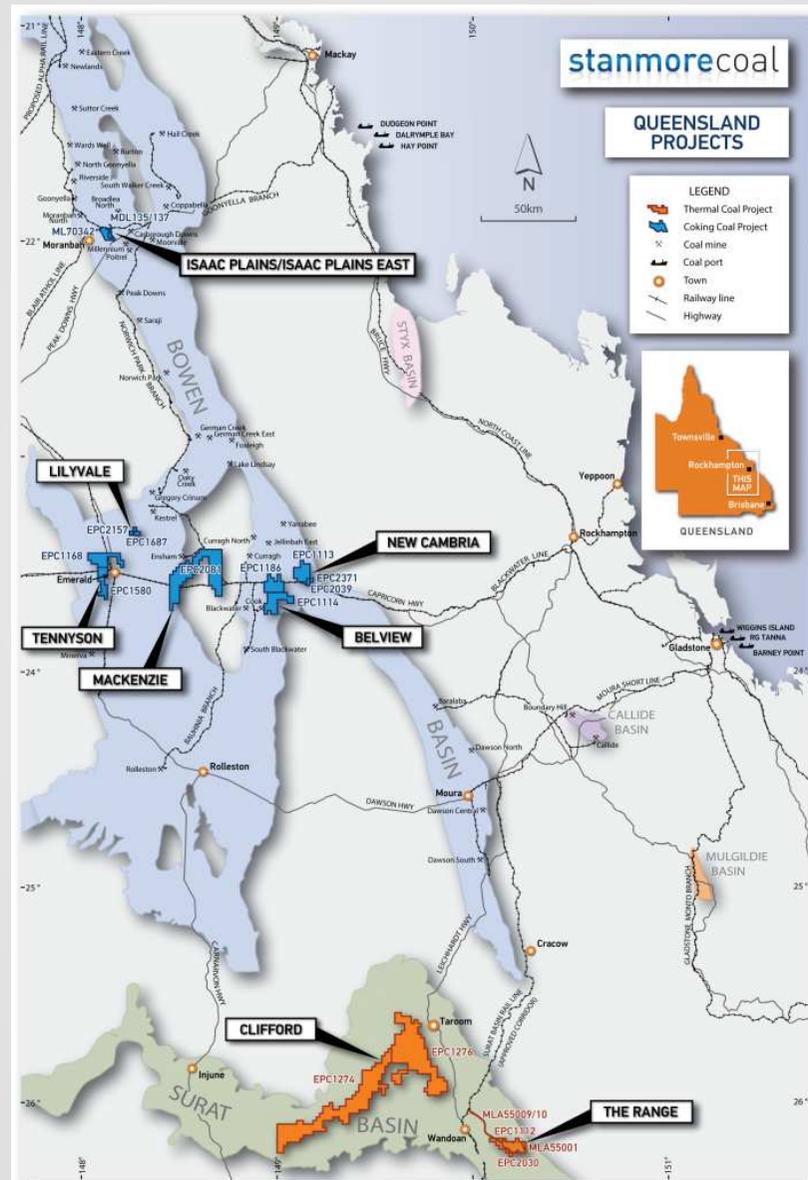
- Development

BELVIEW – 100%

- Exploration

LILYVALE – 85%

- Exploration



MACKENZIE – 95%

- Exploration

SURAT BASIN – Thermal Coal

THE RANGE – 100%

- Development (pending infrastructure)

CLIFFORD – 60%

- Exploration & studies

STRATEGIC OBJECTIVES

FY17 AND FORWARD

Time horizon	Internal	External	
Short	<ul style="list-style-type: none">Establish reliability and repeatability of production from Isaac PlainsDrive 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 UndergroundRationalise our portfolio based on highest value to shareholders	<ul style="list-style-type: none">Pursuing realistically attainable assets with premium coal quality	Underway
Long	<ul style="list-style-type: none">Development of portfolio assets	<ul style="list-style-type: none">Assessment of product mix strategy	



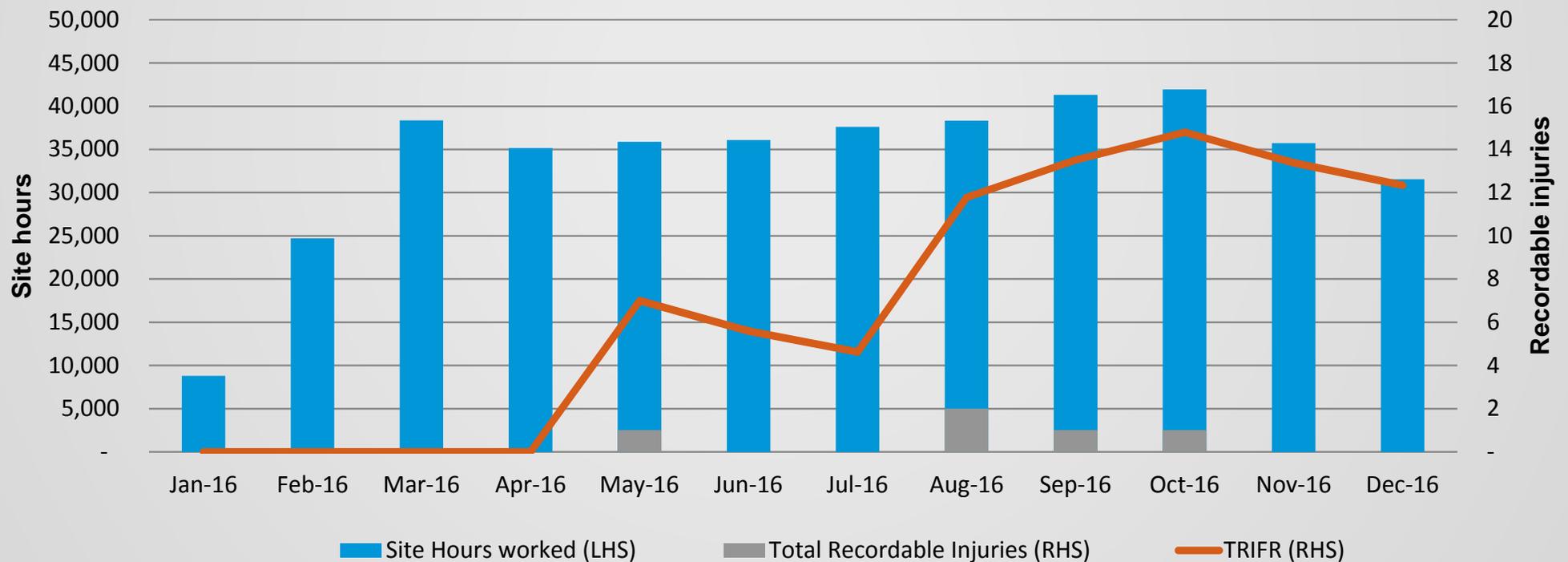
ISAAC PLAINS UPDATE



SAFETY

TRIFR below industry average

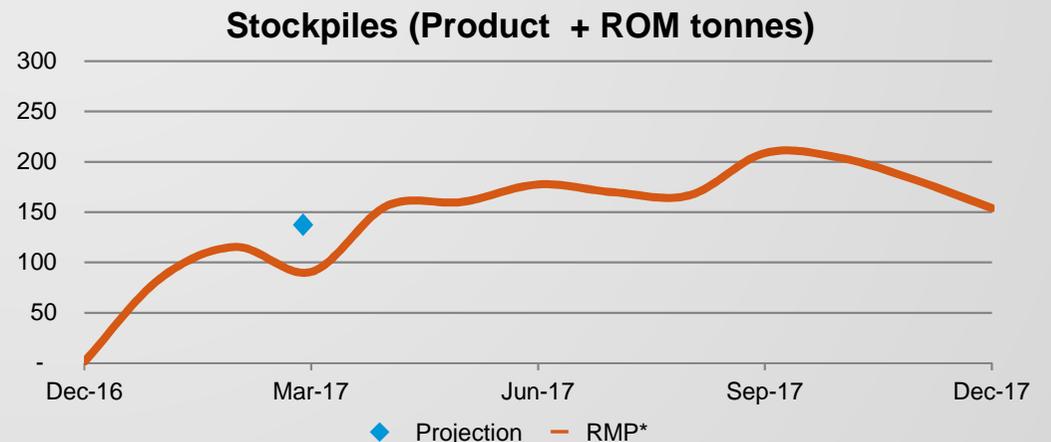
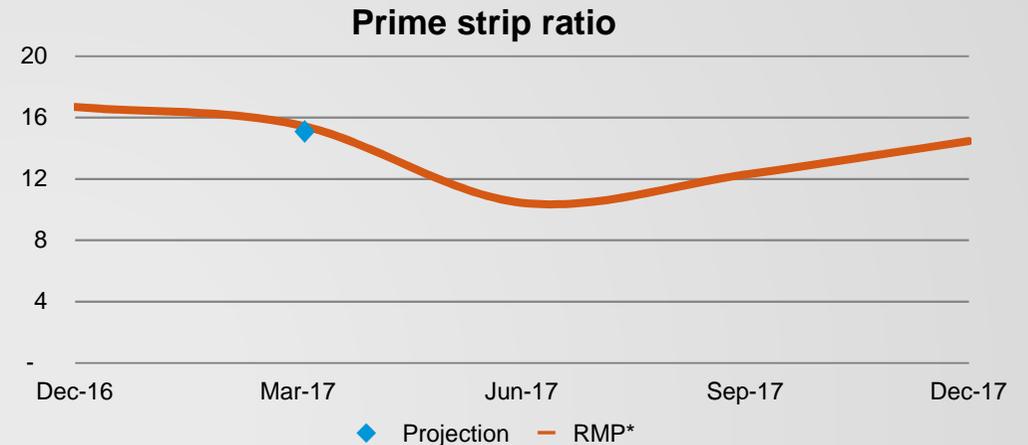
- During the December quarter, there was one injury (TRI) at the Isaac Plains Mining Complex, with no other injuries recorded across other projects and tenements
- The Total Reportable Injury Frequency Rate (TRIFR) at quarter end is 12.34 per million hours.



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)
- The RMP includes acceleration of pre-strip activities that will increase the short term strip ratio in FY17 whilst the life of mine ratio is unchanged (~14:1 ROM strip ratio)
- Total stockpile build (run-of-mine and product coal) is a key focus of the RMP to improve the reliability and repeatability of operations. Current and projected inventory is materially in line with the RMP
- Stock levels will be assessed for additional coal sales opportunities

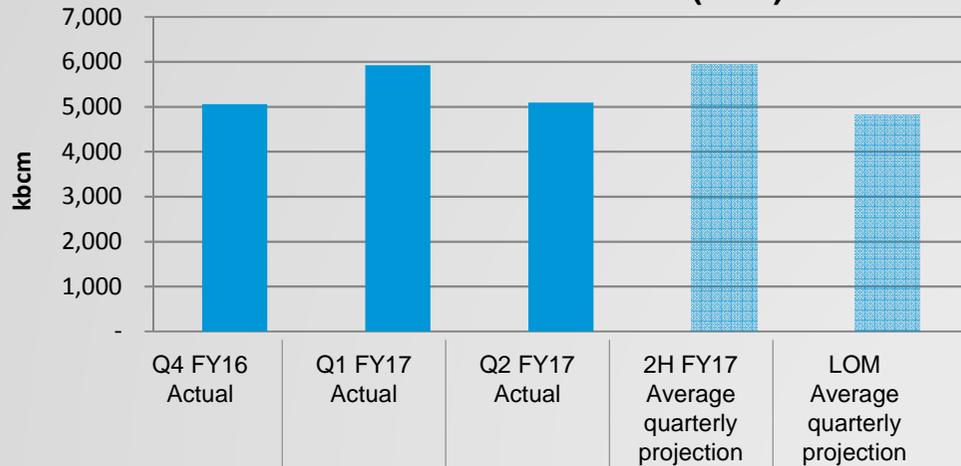


* "RMP " refers to the information provided in the ASX presentation titled "Capital Raising Presentation" dated 14 December 2016

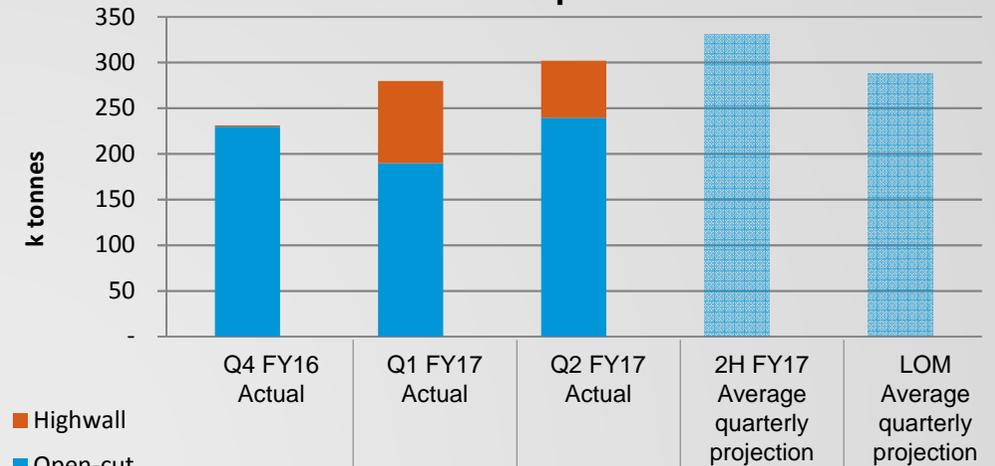
OPERATING RESULTS

MINE PHYSICALS & COSTS

Prime waste overburden (bcm)



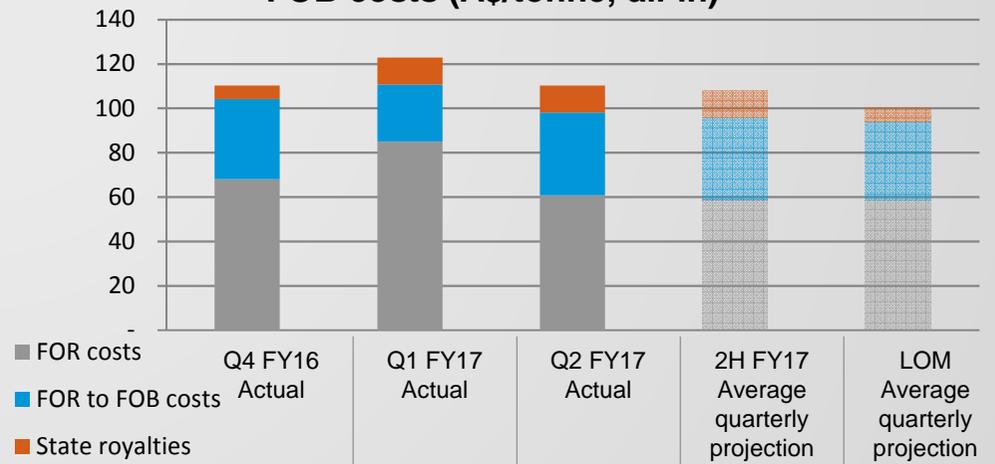
Product tonnes produced



Prime strip ratio (bcm waste: ROM tonnes)



FOB costs (A\$/tonne, all-in)



Key areas for cost performance

- CHPP Operational Efficiency
- ROM to Product management and planning

QUARTERLY COKING COAL PRICING

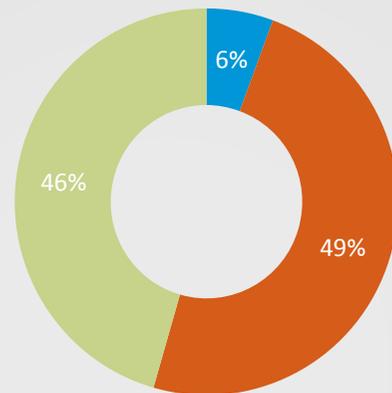
FLOW THROUGH OF CONTRACT PRICING

- The March quarterly 3Q17 benchmark semi-soft coking coal price has been set as USD 171 per tonne, a rise of USD 41 per tonne or 32% above the December 2016 quarterly benchmark price of USD 130 per tonne.
- Each new quarterly price applies after any carry over tonnes from the previous quarter are delivered, assessed on a contract by contract basis. Currently anticipate that higher March quarterly price will apply to approximately 50% of sales in the March quarter, with approximately 128kt of carry-over tonnes at 31 December to be sold at prior price benchmarks before transitioning to the March quarterly pricing.
- Of these anticipated shipments, approximately 25% of cash receipts in the March quarter will be on the March quarterly benchmark price.

December Quarter

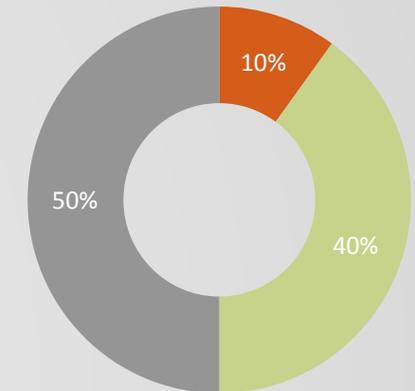
(accounting basis, actual)

Average price US\$95.2/tonne, accounting basis
Tonnes = 224kt semi-soft, 40kt thermal



March Quarter

(accounting basis, estimate)

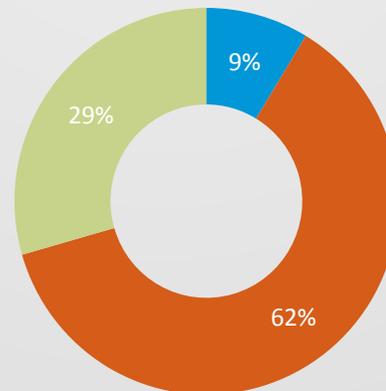


- Q4 FY16 price
- Q1 FY17 price
- Q2 FY17 price
- Q3 FY17 price

December Quarter

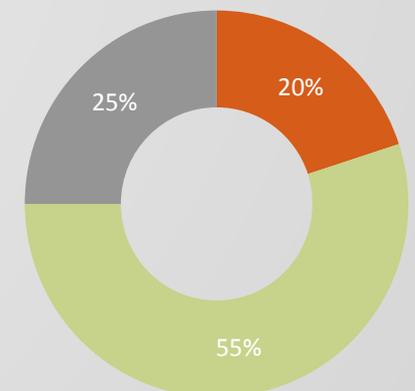
(cash basis, actual)

Average price US\$87.4/tonne, cash basis
Tonnes = 202kt semi-soft, 40kt thermal



March Quarter

(cash basis, estimate)



DEC 16 QUARTERLY CASH FLOW

CASH COSTS HIGHER AS A RESULT OF PRIOR PERIOD STRIP RATIO

A high level analysis of the cash flows (*AUD millions*) during the quarter is presented below:

Opening Cash Balance – 1 October 2016	14.0
Coal receipts	27.8
Other income	1.0
FOB costs	(31.3)
FOB catch-up costs ¹	(8.9)
Investment in inventories ²	(3.6)
Capex	(2.7)
Vendor compensation receipts	4.9
Taurus working capital drawdown less facility interest	5.4
Net proceeds from capital raising and exercise of options	14.4
Corporate head office costs	(1.0)
One-off corporate costs (business development, etc.) ³	(1.3)
Closing Cash Balance – 31 December 2016	18.7

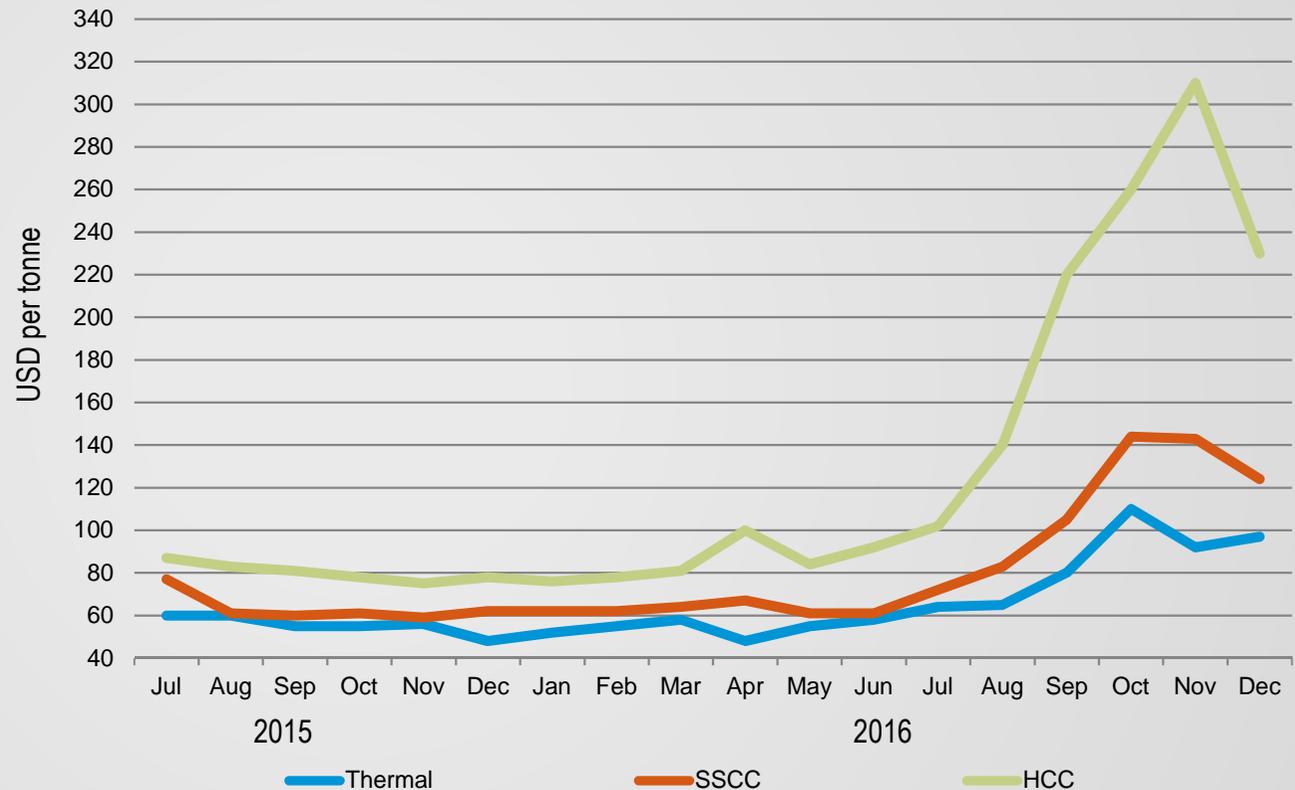
The geology and forward mine physicals in 2HFY17 results in a reduction to the strip ratio compared to 1HFY17, which, in conjunction with higher coal throughput is anticipated to reduce FOB costs against 1HFY17

1. FOB catch-up payments relate to costs held over from prior period relating to mining and rail services
2. Additional ROM and product coal inventory investment against prior quarter
3. Non-recurring corporate costs relating to business development, legal advisory services and one-off employment costs

COAL MARKET

RETURN TO MORE STABLE INVESTMENT LEVELS IN MEDIUM TERM

- Coking and thermal spot markets trending down since November 2016
- Weakness in volumes remain, relating to the new year period and caution from both buyers and sellers in the lead up to contract negotiations for the next Japanese fiscal year
- Management view that prices remain supported in the medium term, at levels to incentivise capital investment decisions to replace depleting supply sources of coking coal



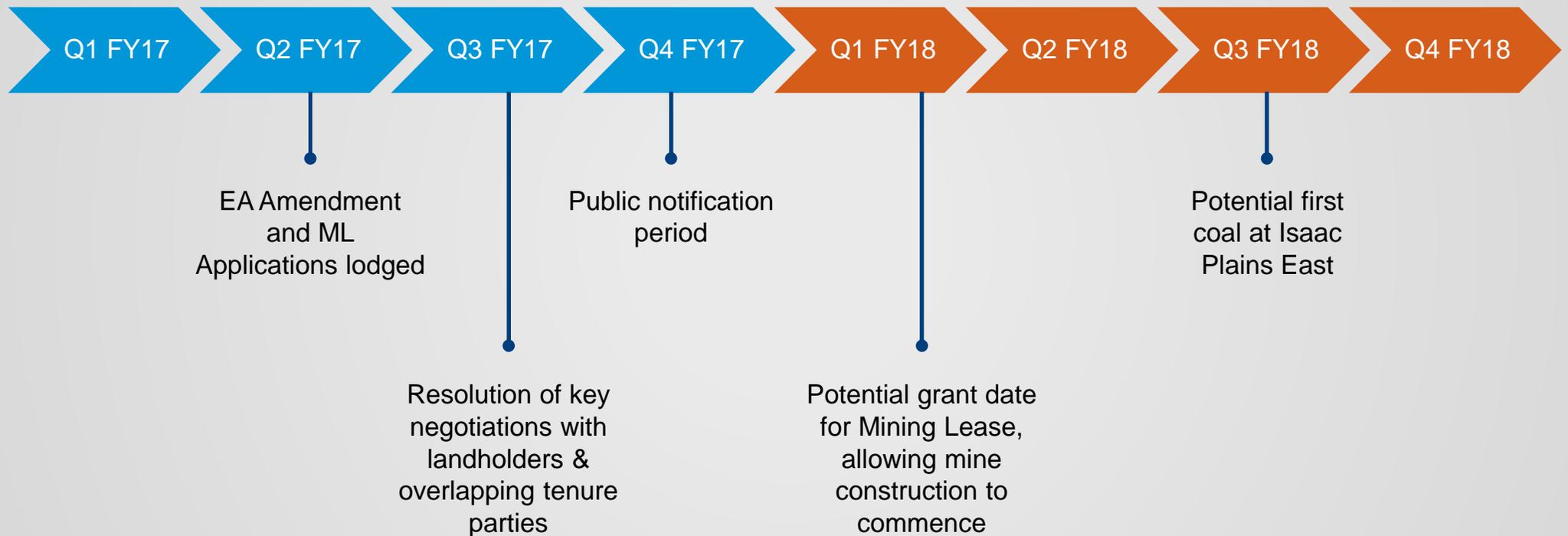


PROJECTS UPDATE



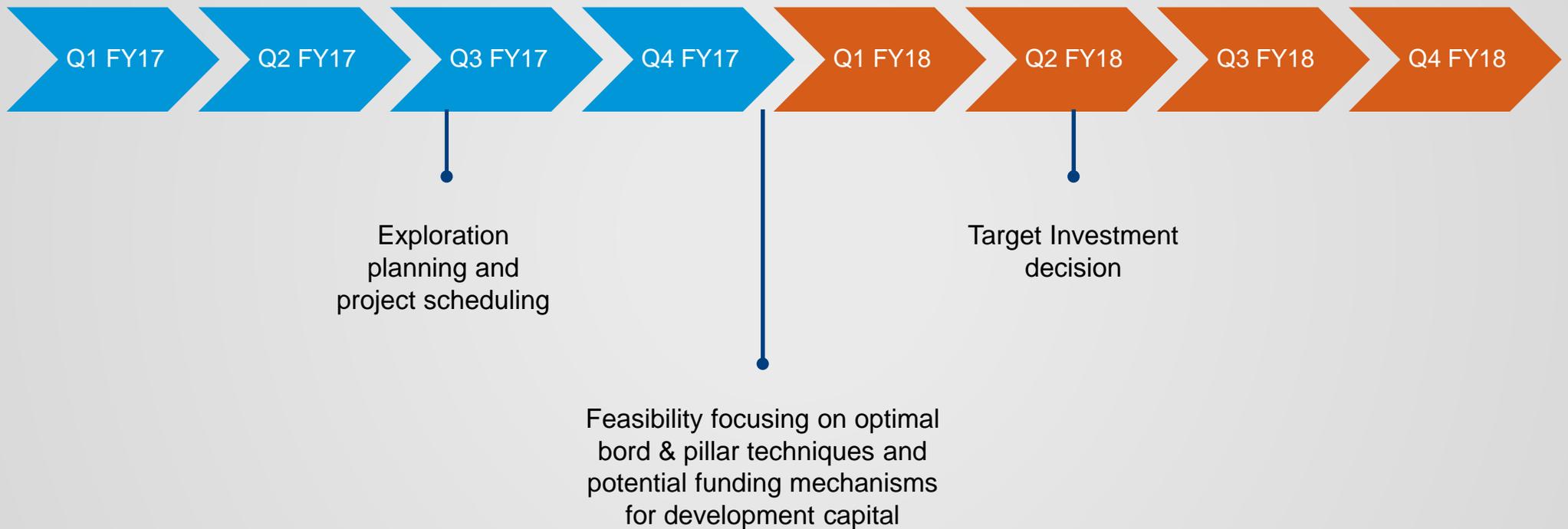
ISAAC PLAINS EAST

INDICATIVE TIMETABLE TO PRODUCTION (FINANCIAL YEAR BASIS)



ISAAC PLAINS UNDERGROUND

INDICATIVE TIMETABLE TO INVESTMENT DECISION (FINANCIAL YEAR BASIS)





Background

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 REPLACEMENT VALUE OF ACQUIRED 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

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

