DELIVERING VALUE

as Australia’s newest coking coal producer

Mines and Money Hong Hong
April 2016

stanmorecoal

IMPORTANT

INFORMATION

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Marketable Reserves Note – The Range: The Marketable Coal Reserves of 94Mt is derived from a JORC compliant run of mine (ROM) Probable Coal Reserve of 117.5Mt based on a 14.8% ash product and predicted yield of 80%. The 94Mt marketable reserve is included in the 287Mt total JORC Resource (18Mt Measured + 187Mt Indicated + 82Mt Inferred Resource).

Marketable Reserves Note – Isaac Plains: The Marketable Coal Reserves of 3.7Mt is derived from a JORC compliant run of mine (ROM) Reserve of 5.0Mt based on a predicted yield of 73%. The 3.7Mt Marketable Reserve is included in the 48.2Mt total JORC Resource for Isaac Plains(15.2Mt Measured + 23.0Mt Indicated + 10.0Mt Inferred Resource).

Marketable Reserves Note – Isaac Plains East: The Marketable Coal Reserves of 8.3Mt is derived from a JORC compliant run of mine (ROM) Reserve of 10.3Mt based on a predicted yield of 81%. The 8.3Mt Marketable Reserve is included in the 28.7Mt total JORC Resource for Isaac Plains East (18.7Mt Indicated + 10.0Mt Inferred Resource).

Competent Persons Statement:

The information in this report relating to exploration results and coal resources is based on information compiled by Mr Troy Turner who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to coal reserves for Isaac Plains and Isaac Plains East is based on information compiled by Mr Ken Hill who is a full-time employee of Xenith Consulting Pty Ltd. Mr Hill is the Managing Director of Xenith Consulting Pty Ltd, is a qualified civil engineer, a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience (30+ years) in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)". Mr Hill consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to coal reserves for The Range is based on information compiled by Mr Richard Hoskings who is a member of Minserve Pty Ltd. Mr Hoskings is a mining engineer, a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience (30+ years) in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)". Mr Hoskings consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

STANMORE COAL

DELIVERING VALUE AS AUSTRALIA'S NEWEST COKING COAL PRODUCER

CREATING A LOW COST COKING COAL OPERATION WITH SIGNIFICANT MINE LIFE BY COMBINING TWO NEIGHBOURING ASSETS

✓ **Transformational acquisition**

of Isaac Plains (July 2015), established open-cut mine with $350m (replacement cost) of operating assets

On track to deliver first coal in April 2016 using optimised, low cost mining approach

✓ **Adjacent investment**

(July 2015) of Isaac Plains East

Adjacent resource with substantial operating synergies and minimal capital requirements

✓ **JORC Resources and Reserves upgrades[1]**

(April 2016) extend open-cut mine life from three to ten+ years

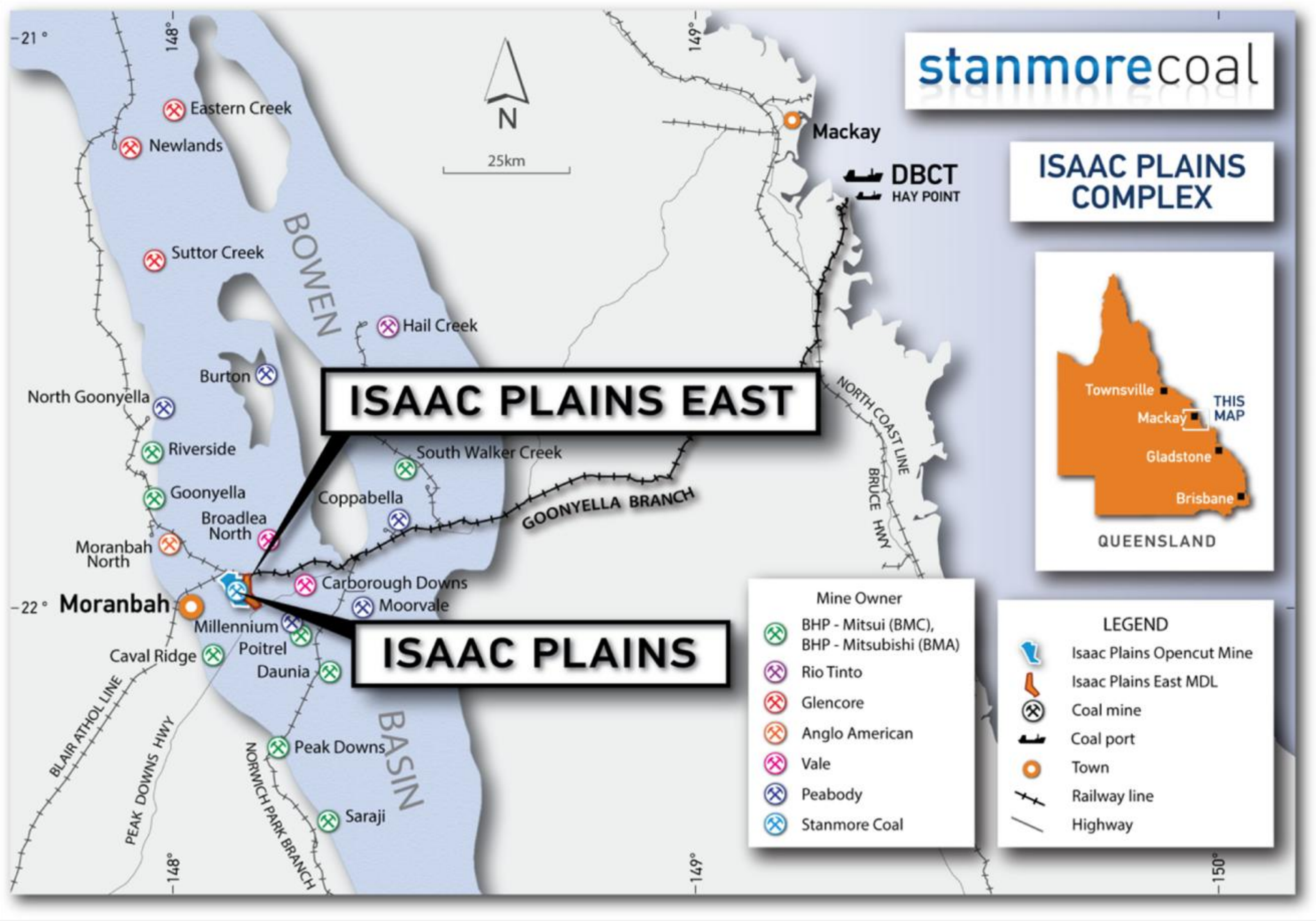
✓ **Fully funded**

for production via cash, A$57m vendor payments and US$42m interest only facility

Note 1: Refer Competent Persons Statement and Marketable Reserves Notes, p2

THE TIGHTLY HELD BOWEN BASIN

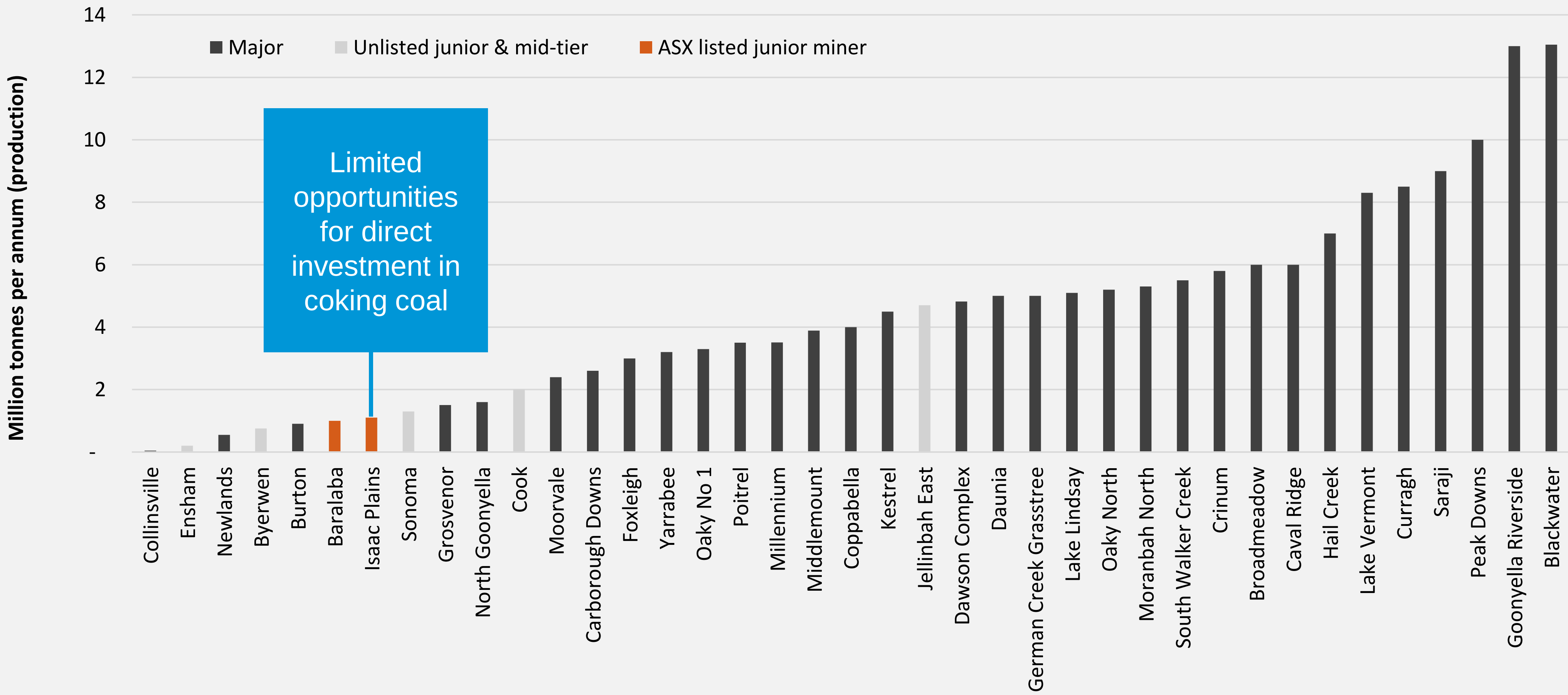
THE MAJORS DOMINATE OWNERSHIP & PRODUCTION



THE TIGHTLY HELD BOWEN BASIN

STRATEGIC MET COAL INVESTMENT OPPORTUNITIES ARE RARE

BOWEN BASIN MET COAL PEER ANALYSIS – ANNUAL PRODUCTION RATES



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A TRANSFORMATIONAL INVESTMENT

ISAAC PLAINS MINE

TRANSACTION OVERVIEW & RATIONALE

ACQUISITION PRICE

$1

TRANSACTION COMPLETED

November 2015

ACQUISITION OF ESTABLISHED MET COAL MINE

- Existing open-cut operation previously in care and maintenance
- Near term cash flows
- Rail and port access agreements in place, exporting through Dalrymple Bay Coal Terminal (DBCT)

HISTORY

- Commenced production in 2006 as a truck shovel operation
- Dragline operations commenced in 2011
- Placed on care and maintenance late 2014 by previous owners Vale SA and Sumitomo Corp
- Maximum historical production 2.3Mtpa (product coal)

LOCATION

- Located near Moranbah in the heart of the Bowen Basin
- 172 km from DBCT via Goonyella rail line

APPROVED MINING LEASE AND ENVIRONMENTAL AUTHORITY

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

COAL QUALITY

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

ISAAC PLAINS MINE

ACQUIRED ASSETS – **REPLACEMENT VALUE > $350m**

DRAGLINE

- Bucyrus BE1370
- High performance machine

TRAIN LOADOUT

- Product stockpile, train loadout, rail loop
- Conveyor feed to rail surge/loading bin

COAL HANDLING AND PREP PLANT (CHPP)

- 500tph feed rate (3.5 Mtpa) constructed in 2006
- Belt press filter – no tailings dams
- Flexible operating setup to produce multiple coal products

OFFICE FACILITIES AND WORKSHOPS

- Established office setup includes communications and other infrastructure
- Several maintenance workshops

A VALUE-ADDING ADJACENT ACQUISITION

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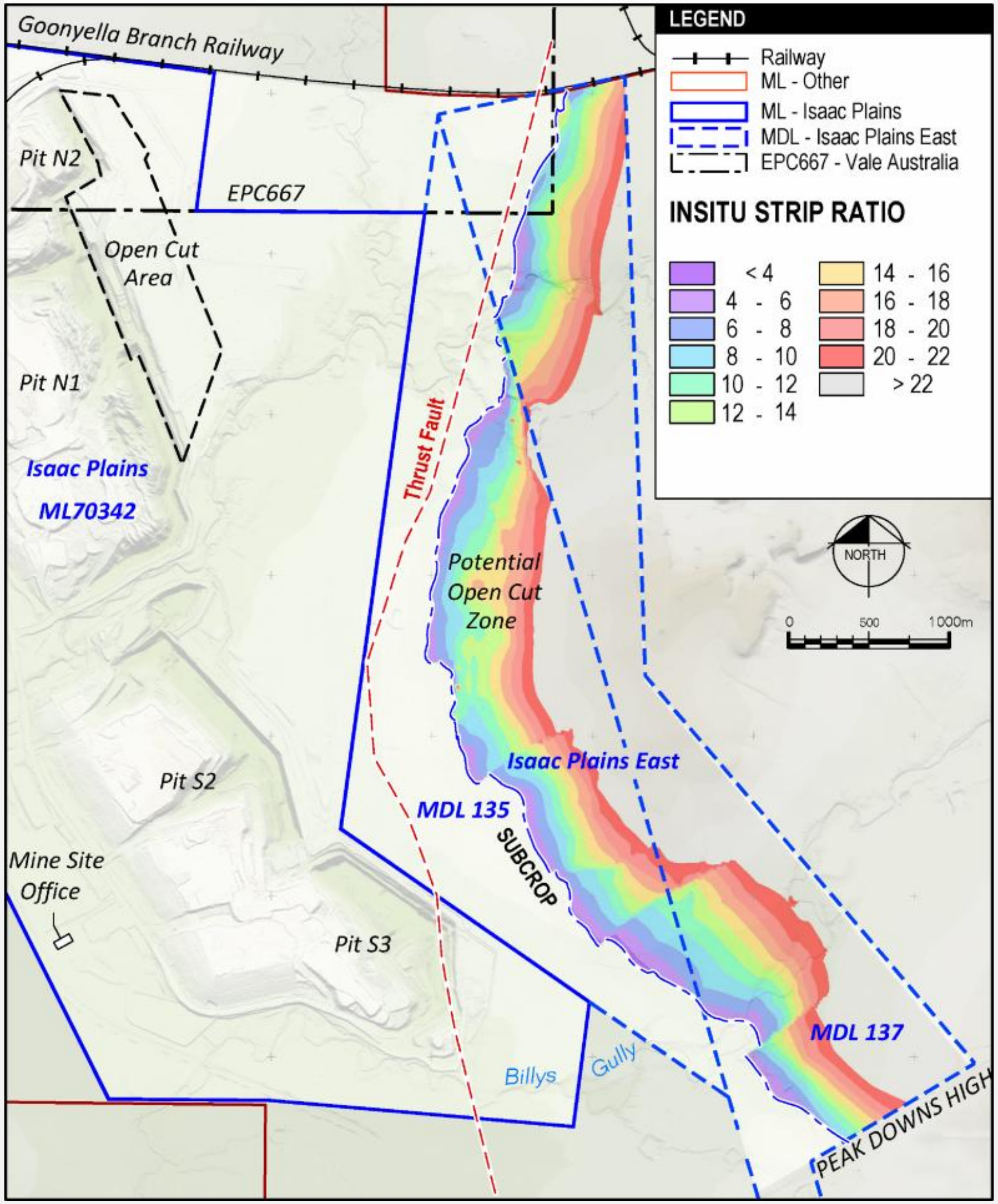
ISAAC PLAINS EAST

LOW STRIP RATIO, ADJACENT RESOURCE

- Acquisition from Peabody Energy in July 2015
- **Coking coal** adjacent tenures
- **Low strip ratio** coal starting <6:1 (lower than Isaac Plains)
- **Significant synergies** with IP, with minimal capital requirements
- **3km haul back** to Isaac Plains processing and transport infrastructure
- Transaction:
  - Upfront payment of $2 million
  - Contingent payments of:
    - $2 million upon grant of a Mining Lease (ML); and
    - $3 million payable as a $1 royalty per tonne sold



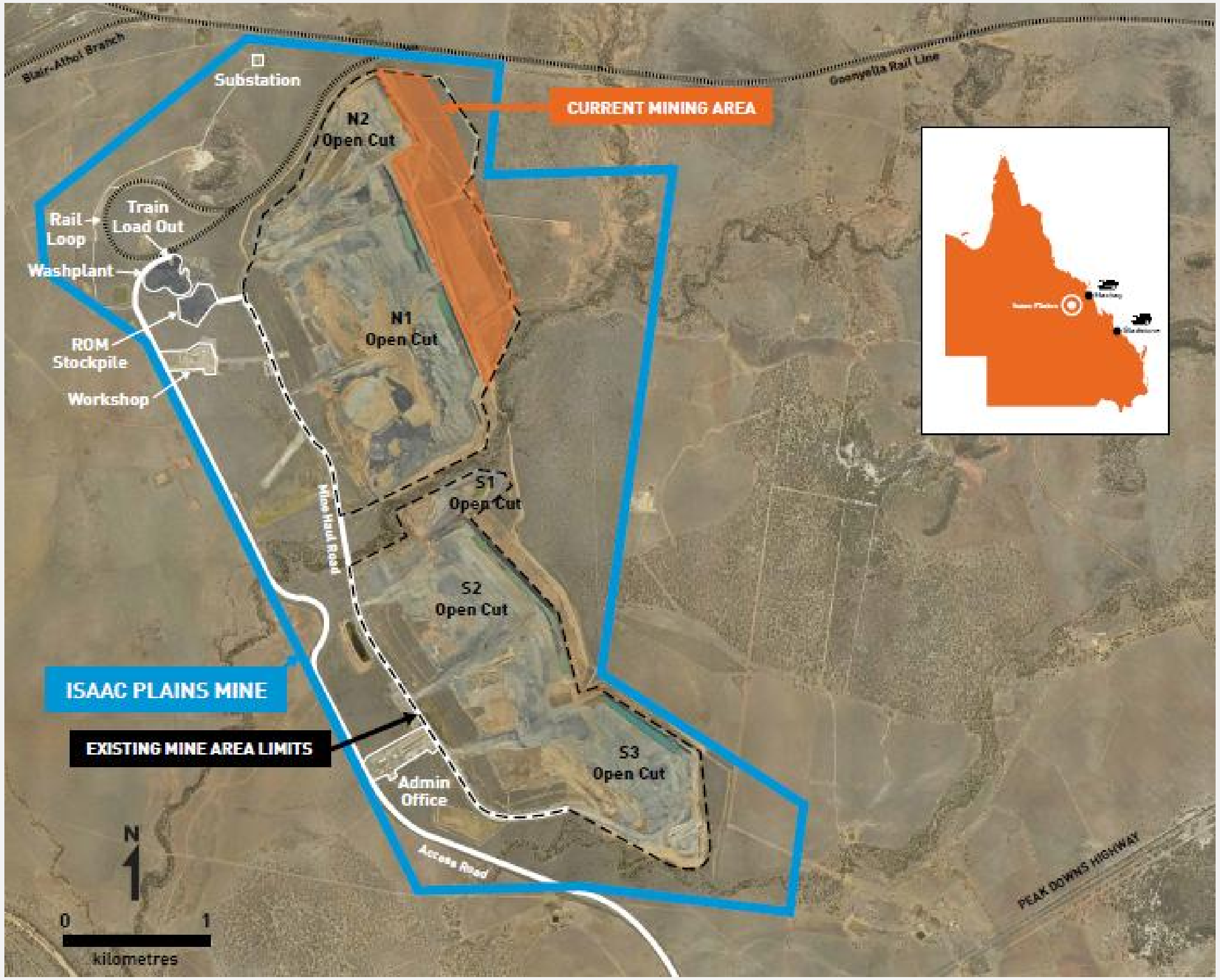
UNTAPPING VALUE: OPTIMISED MINE PLAN & EXTENSIONS

ISAAC PLAINS OPTIMISED

A LOW COST APPROACH

RIGHT SCALE OF OPERATION

- Asset re-optimised at 1.5Mtpa ROM (1.1Mtpa product) to **maximise proportion of low cost dragline**
- Open cut mining of **lower strip ratio northern pits only**
- **Contractors' rates** are significantly lower than recent boom period
- **Reduction in take-or-pay contracts** from 2.8 Mtpa to 1.1 Mtpa match optimised production level



1. Wood Mackenzie and Stanmore Coal analysis

CREATING A LOW COST OPERATION

ISAAC PLAINS COSTS REDUCED BY 35%[1]

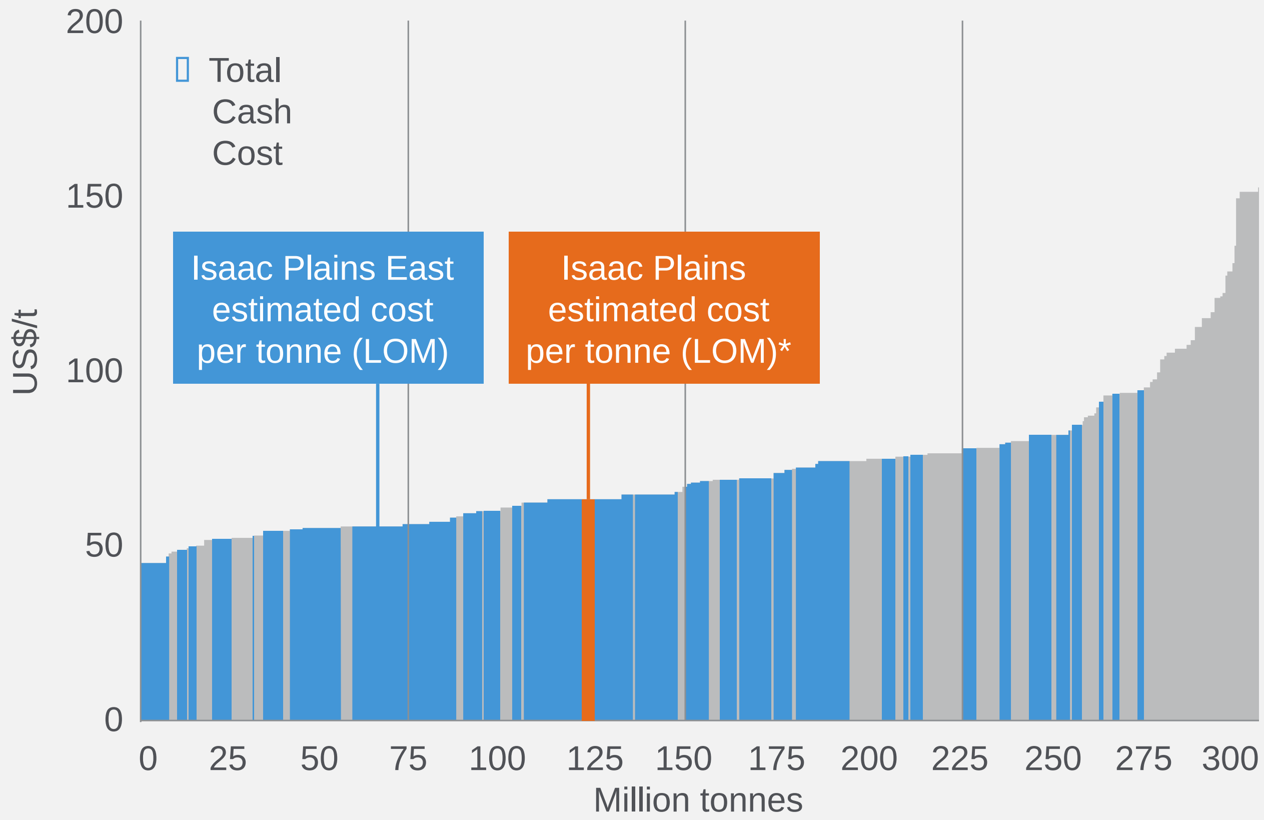
ISAAC PLAINS MINE – OPTIMISED

- 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

MAJOR UPGRADE TO PROJECT SCALE

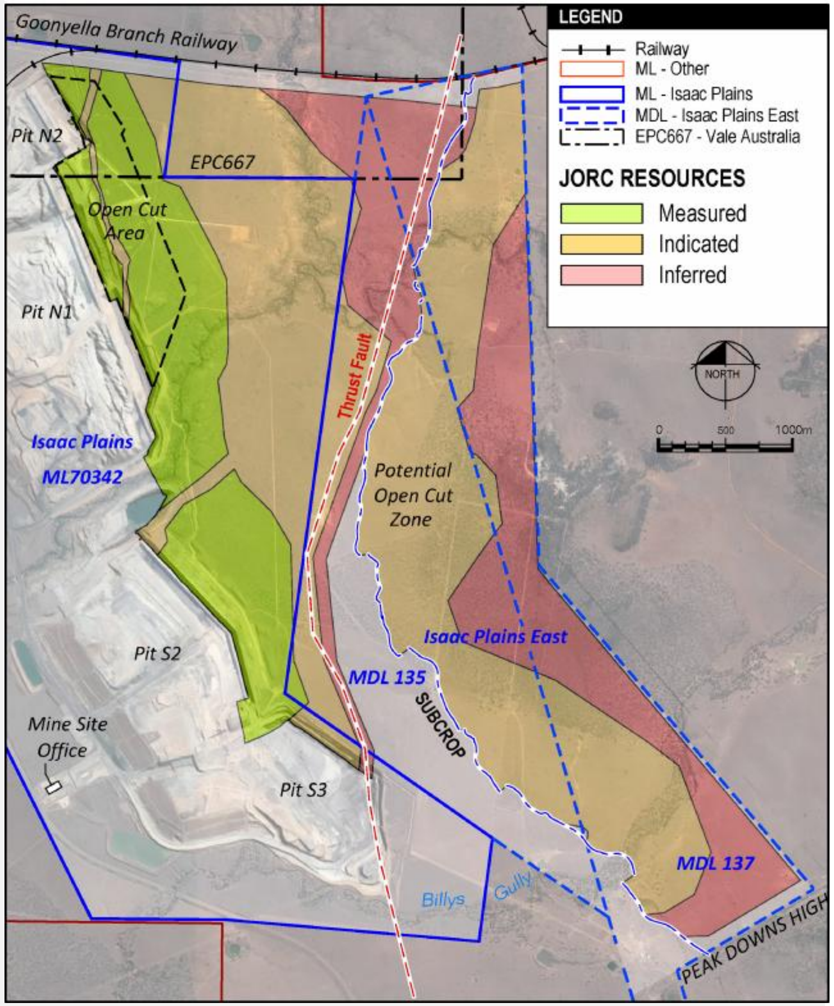
DETAILED EXPLORATION & STUDIES RECENTLY COMPLETED BY STANMORE

JORC UPDATE APRIL 2016[1]

Doubled
JORC Resources
to 76.9Mt

Tripled
JORC Reserves
to 15.7Mt

	PREVIOUS			UPDATE APRIL 2016			% INCREASE
	IP	IPE	TOTAL	IP	IPE	TOTAL	
JORC RESOURCES[1]							
Measured	10.0	0.0	**10.0**	15.2	0.0	**15.2**	52%
Indicated	9.1	0.0	**9.1**	23.0	18.7	**41.7**	358%
Inferred	11.0	0.0	**11.0**	10.0	10.0	**20.0**	82%
Total Resources	**30.1**	**0.0**	**30.1**	**48.2**	**28.7**	**76.9**	**155%**
JORC RESERVES[1]							
Proved	3.7	0.0	**3.7**	3.7	0.0	**3.7**	
Probable	1.3	0.0	**1.3%**	1.3	10.3	**11.6**	792%
Total Reserves	**5.0**	**0.0**	**5.0**	**5.0**	**10.3**	**15.3**	**206%**



Note 1: Refer Competent Person Statement and Marketable Reserve Notes, p2

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SIGNIFICANT GROWTH OPTIONS

SYNERGIES & LIFE-OF-MINE EXTENSIONS

Growth opportunities to utilise IP infrastructure including underutilised CHPP and rail loop

CURRENT ISAAC PLAINS OPEN CUT

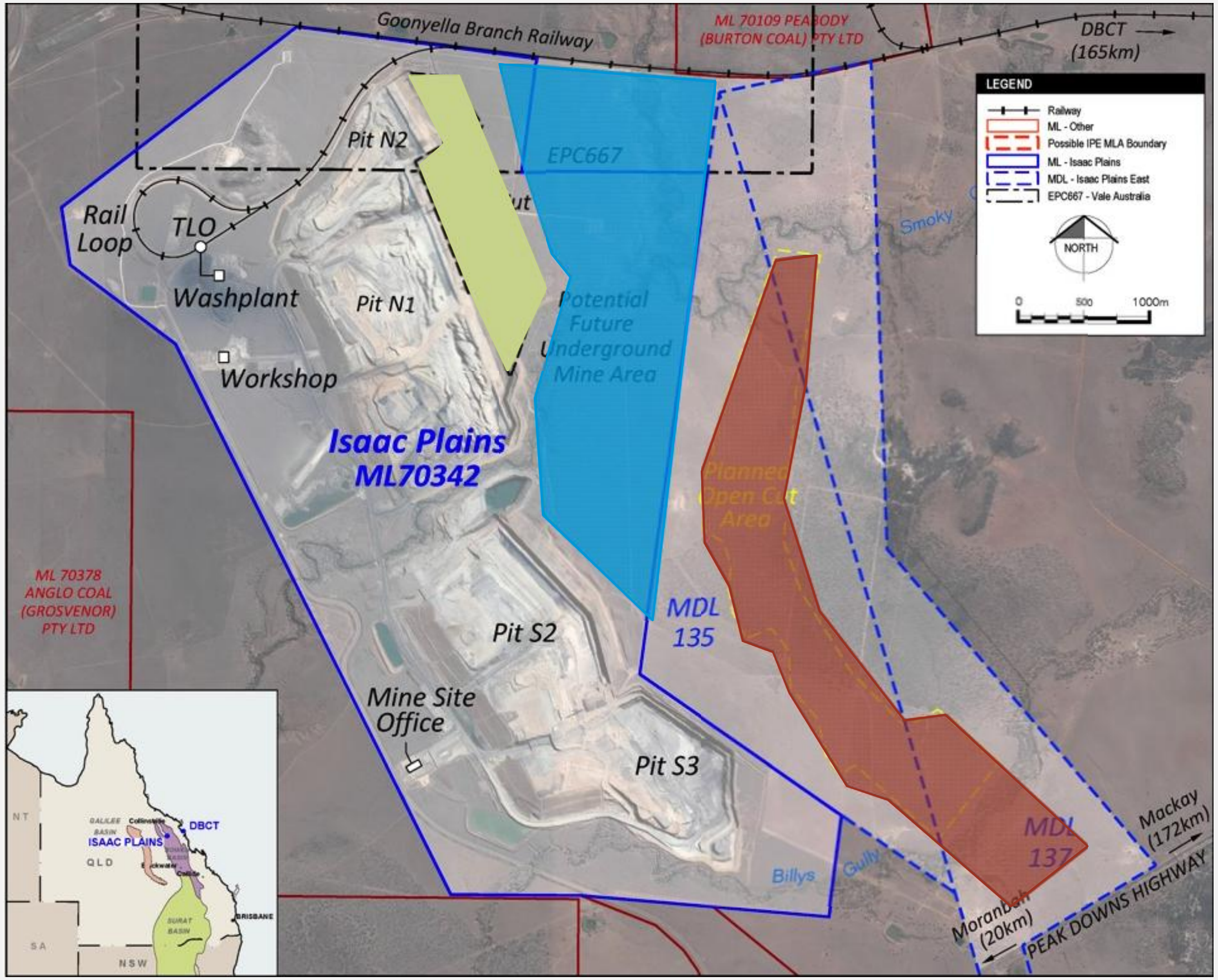
- 3 years at 1.5mtpa ROM production rate

ISAAC PLAINS EAST – OPEN CUT EXTENSION

- Extends open cut mine life to over 10 years at 1.5mtpa ROM production rate
- Materially lower strip ratio than IP

UNDERGROUND RESOURCE EXTENSIONS

- Over 20Mt JORC Measured & Indicated within underground Resources at Isaac Plains
- Potential for highwall mining accessed from the disused southern pits
- Investigating underground extraction methods for 7.5Mt ROM using a Bord and Pillar technique
- Potential additional annual production 0.8 - 1.3 Mtpa



HIGH QUALITY COKING COAL

PRE-SOLD TO MAJOR ASIAN STEEL MAKERS

HIGHLIGHTS

- JPY 2017 contracts signed / terms agreed with top tier Japanese and Korean steel mills on annual benchmark contracts for 900,000t of coking coal
- Current marketing plan sees Isaac Plains producing 80% semi-soft coking coal and 20% thermal, total product yield 73%
- Indicative coal quality shows improvement in 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

Parameter[1]	Isaac Plains		Isaac Plains East (Indicative)
	Coking	Thermal	Coking
Product split (%)	**80%**	**20%**	**+90%**
Inherent Moisture (%)	2.5	3.1	2.3
Ash (%)	9.4	14.0	9.5
Volatile matter (%)	25.4	24.2	24.4
Fixed Carbon (%)	62.3	58.7	63.7
Total Sulphur (%)	0.36	0.37	0.40
Phosphorous (%)	0.100	0.161	0.070
CSN[2]	4		4+
HGI[3]		65	
Calorific Value (kcal/kg)	7,434	6,600	7,380

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

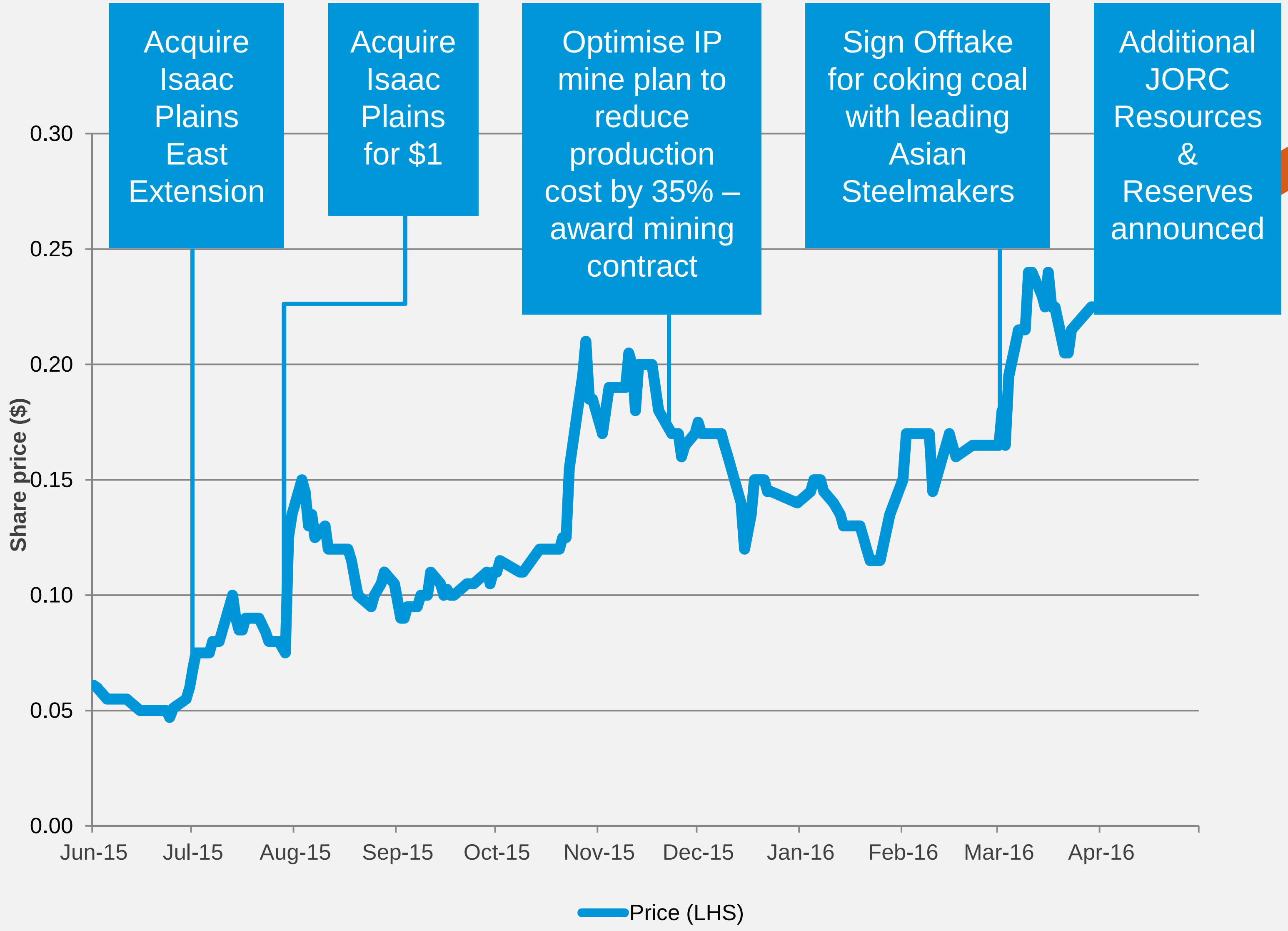
TRANSACTION SUMMARY

✓ **Two strategic transactions completed** to present multiple pathways to enhance shareholder value

✓ **Delivered without dilution** to existing shareholders

DELIVERING ON KEY MILESTONES

CURRENT MARKET CAP: A$50M



UPCOMING MILESTONES

- ✓ First shipment
- ✓ Highwall mining feasibility
- ✓ Underground feasibility
- ✓ Lodge expansion approvals

CONTACT US

FOR FURTHER INFORMATION

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Conference

Booth M4 at Hong Kong Mines & Money

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ASX : SMR

AUSTRALIA'S ONLY ASX LISTED JUNIOR COKING COAL PRODUCER

APPENDICES

STRONG BOARD

AND MANAGEMENT TEAM

Over 150 years of coal exploration, development and operational experience

KEY MANAGEMENT

Nick Jorss
Managing Director

20 years in engineering, project management, resource financing and M&A.

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 and Linc Energy.

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.

Viv Forbes

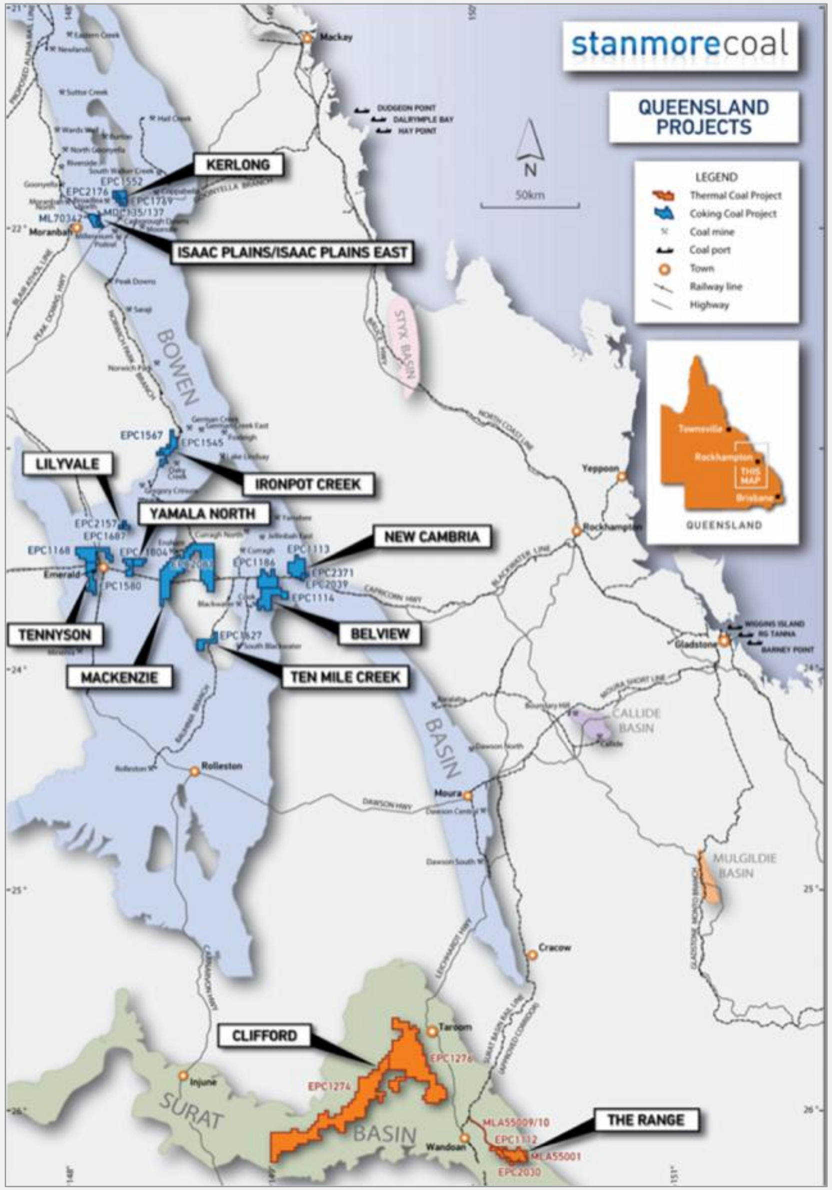
Over 40 years of Bowen Basin coal experience including all phases of coal mine development at Goonyella, South Blackwater, Burton, and Tahmoor coal mines. Formerly Director of DBCT Port.

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.

OVERVIEW

OF STANMORE ASSETS



BOWEN BASIN – Coking Coal

ISAAC PLAINS – 100%

- Total Resources 30.1 Mt
- Total Reserves 5.0 Mt
- Ramp-up to operations

ISAAC PLAINS EAST – 100%

- Undertaking development activities

BELVIEW – 100%

- Total Resources 330 Mt
- Pre Feasibility underway

LILYVALE – 85%

- Exploration

MACKENZIE – 85%

- Coking Coal
- Total Resources 143 Mt
- Exploration

SURAT BASIN – Thermal Coal

THE RANGE – 100%

- Total Resources 287 Mt
- Total Reserves 112 Mt
- Development

CLIFFORD – 60%*

- Total Resources 370 Mt
- Exploration & studies

Note*: Assumes full farm-in completed by JV partner

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FULLY FUNDED FOR PRODUCTION

CASH & ADDITIONAL FINANCING

HIGHLIGHTS

✓

A$57m in Vender Compensation Payments

A$50m to be repaid to the vendors via a production-based royalty once hard coking coal prices are above A$160 per tonne (CPI adjusted)

✓

US$42m Taurus Mining Finance Fund interest only facility for a term of 2 years

US$26m for financial guarantees (down from $30m on acquisition)

US$12m undrawn contingent working capital facility

✓

Cash balance of $17.6m as at 31 March 2016

✓

Strategy in place to refinance the Taurus facilities within 2 years with lower cost bank debt

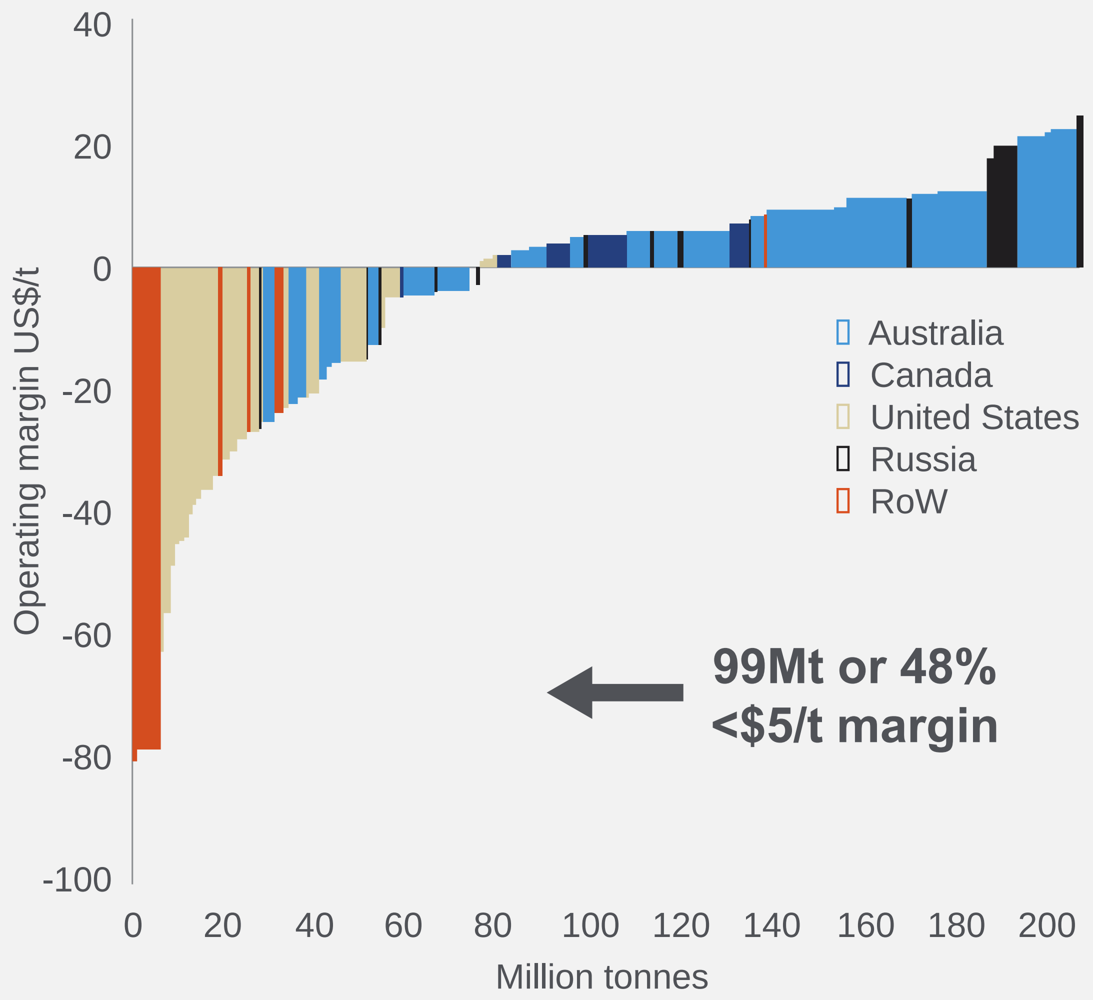
GLOBAL COST CURVE SUPPORT

MACRO FACTORS SUPPORT A POSITIVE OUTLOOK FOR METALLURGICAL COAL

MARKETS CONTINUE TO BE CHALLENGING FOR PRODUCERS OF METALLURGICAL COAL

- Current prices indicate significant tonnages are losing money
- Continued production rationalisation is likely to assist in the short term but it is the lack of current project development in the face of ongoing steel demand that will drive the upward price trajectory as supply demand is rebalanced

GLOBAL HCC US$ MARGINS @US$78 / TONNE



Source: Wood Mackenzie Coal Supply & Coal Market Services

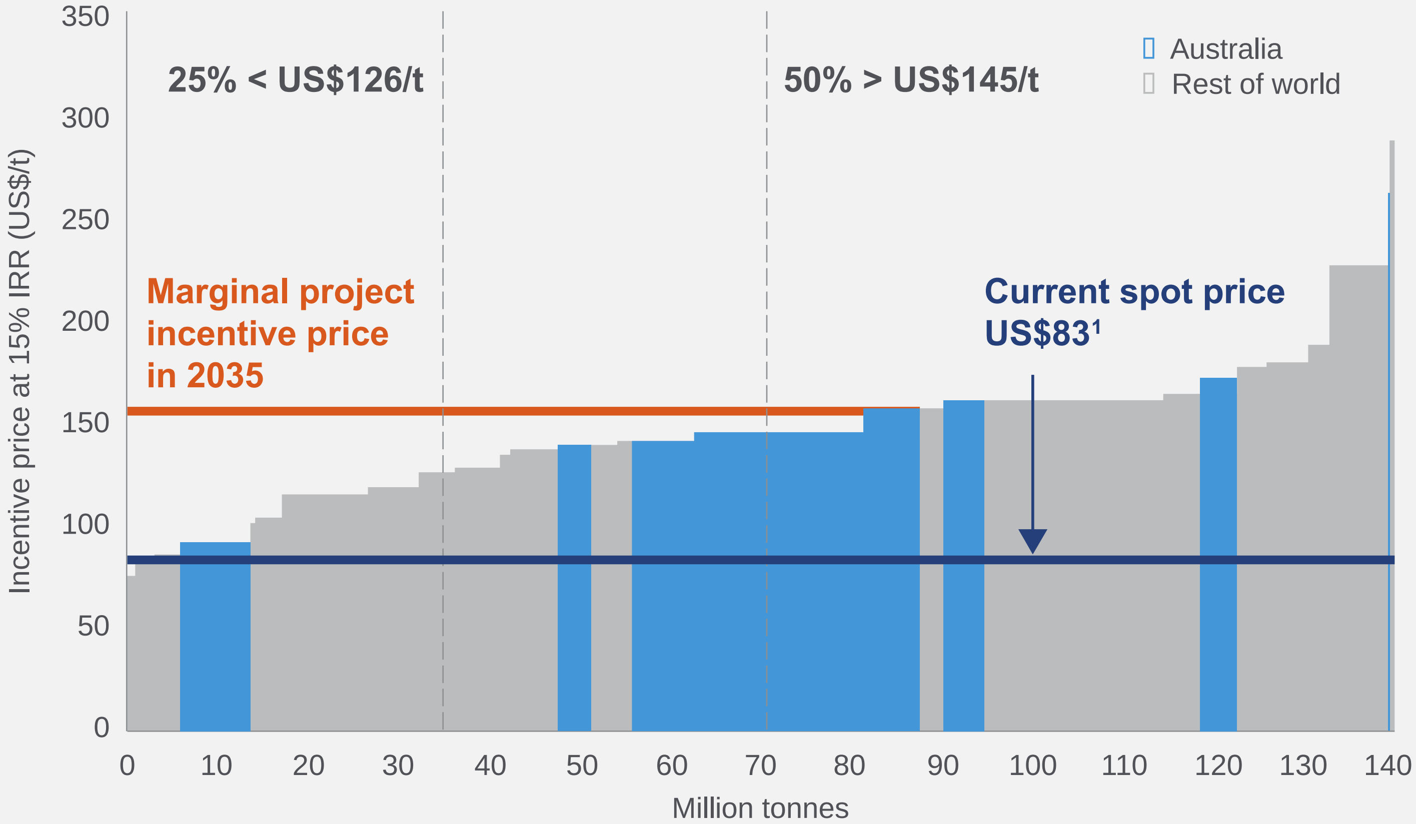
GLOBAL COST CURVE SUPPORT

MACRO FACTORS SUPPORT A POSITIVE OUTLOOK FOR METALLURGICAL COAL

THE NEXT WAVE OF MET COAL PROJECTS REQUIRES A SIGNIFICANT INCREASE IN PRICING

- Incentive price curve shows almost no new projects would be developed in current price environment

INCENTIVE PRICE FOR METALLURGICAL COAL PROJECTS (US$/TONNE, 15% IRR)



Source: Wood Mackenzie; Stanmore Coal analysis

Note 1. Platts Daily Assessment, 31 March 2016