



stanmorecoal

MANAGING DIRECTOR PRESENTATION

30 November 2016

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YEAR IN REVIEW

Company Highlights since 2015 AGM

Continuation of our strong safety record

- ✓ No lost time injuries across Isaac Plains operations and drilling programs conducted during the year

Isaac Plains operational with ramp-up achieved in short period

- ✓ Completion of Isaac Plains acquisition¹ in November 2015 in parallel with finance facility provided by Taurus
- ✓ Commenced mining in February 2016², first coal shipped to customer in May 2016³
- ✓ Rehabilitation of 82ha completed – strong commitment to environmental legal obligations and responsibility associated with mine ownership

Isaac Plains mine life extension underway

- ✓ Environmental Authority amendment and Mining Lease Applications submitted in October 2016. Key approval stage gates in next 6 months
- ✓ Further drilling campaign commencing December 2016, providing closer points of observation to be utilised for feasibility assessment

1. Refer to ASX announcement on 30 November 2015

2. Refer to ASX announcement on 12 February 2016

3. Refer to ASX announcement on 12 May 2016

ISAAC PLAINS REVIEW

Operations to date

- Accelerated recommencement of mining from transaction close to first product coal in 6 months
- Dragline overhaul pre-commencement of mining has contributed to +16mbcm annualised total movement rate. Minor additional capex required for propel gearing failures
- CHPP teething issues requiring additional capex to improve reliability and performance. Recent results are encouraging an in-line with steady state expectations
- Stanmore and Golding knowledge of site has improved.
- Stanmore is currently in discussion with Golding on a revised mining schedule to account for changes to mining path and also consider accelerated pre-strip activities in FY17 to improve working areas and dragline system efficiency over the remaining life of the contract

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%

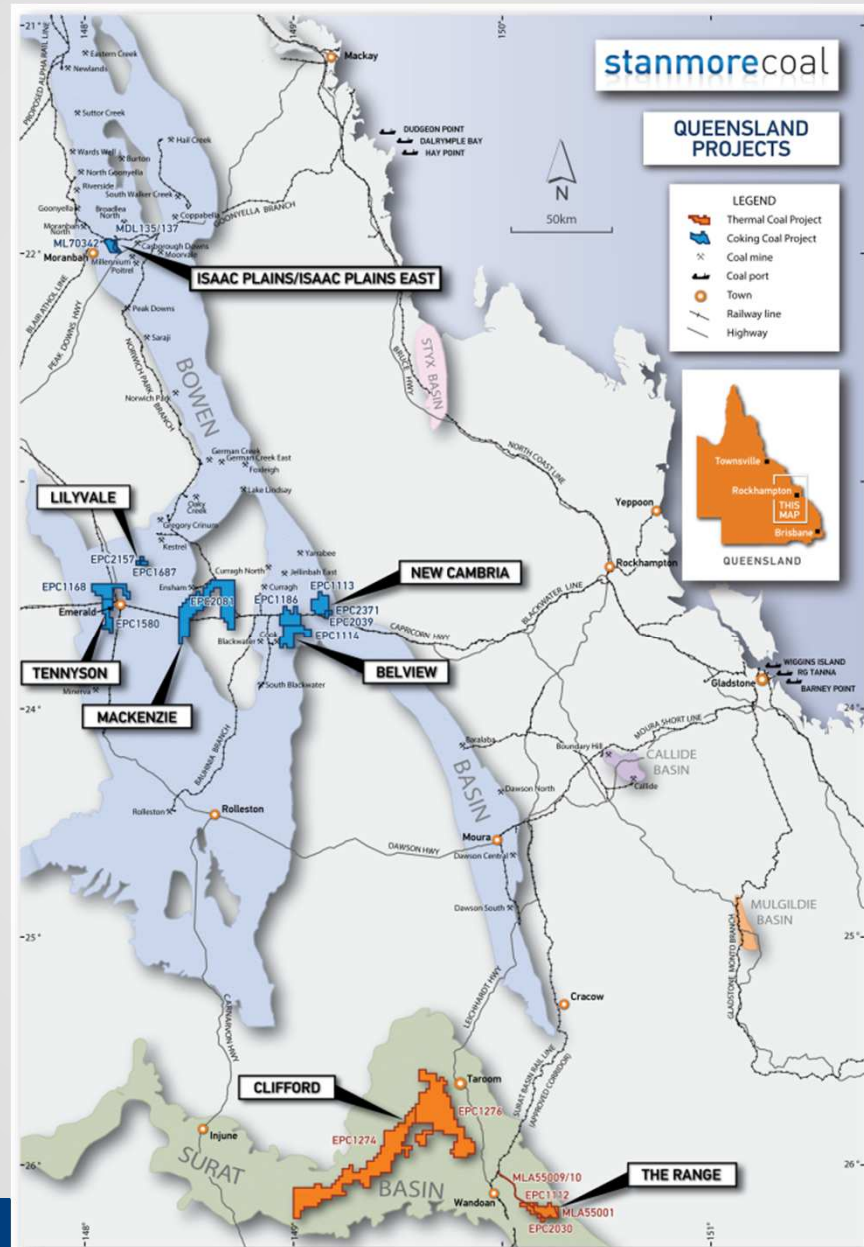
- Development

BELVIEW – 100%

- Exploration

LILYVALE – 85%

- Exploration



MACKENZIE – 85%

- 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

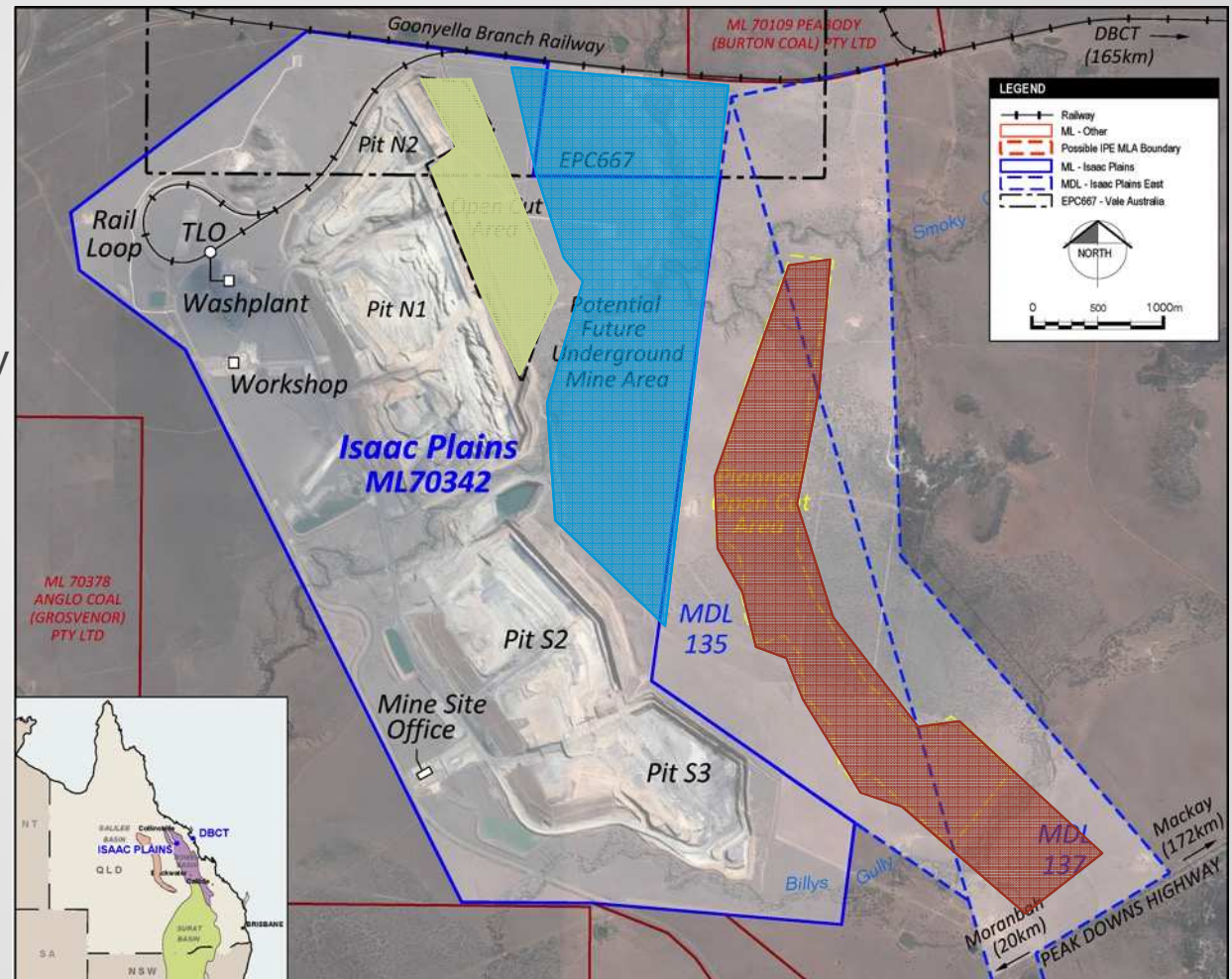
- Current 3 year mining services contract producing coal

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

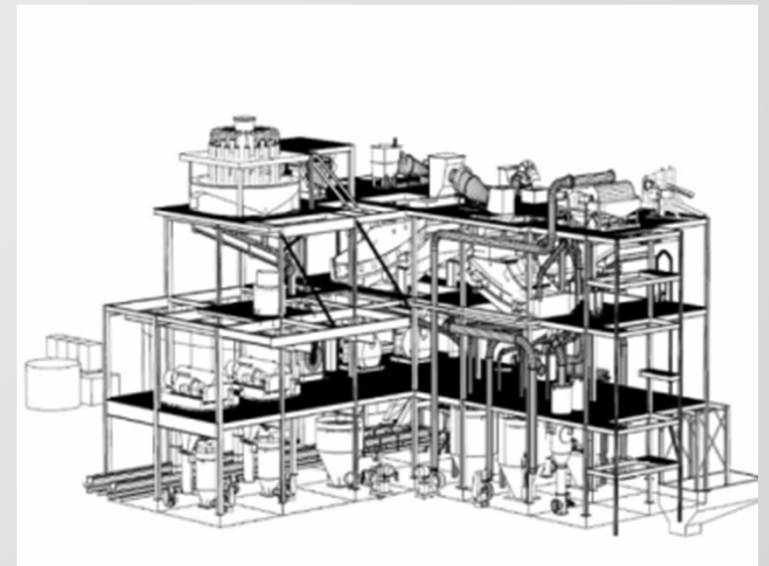
STANMORE OWNED

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

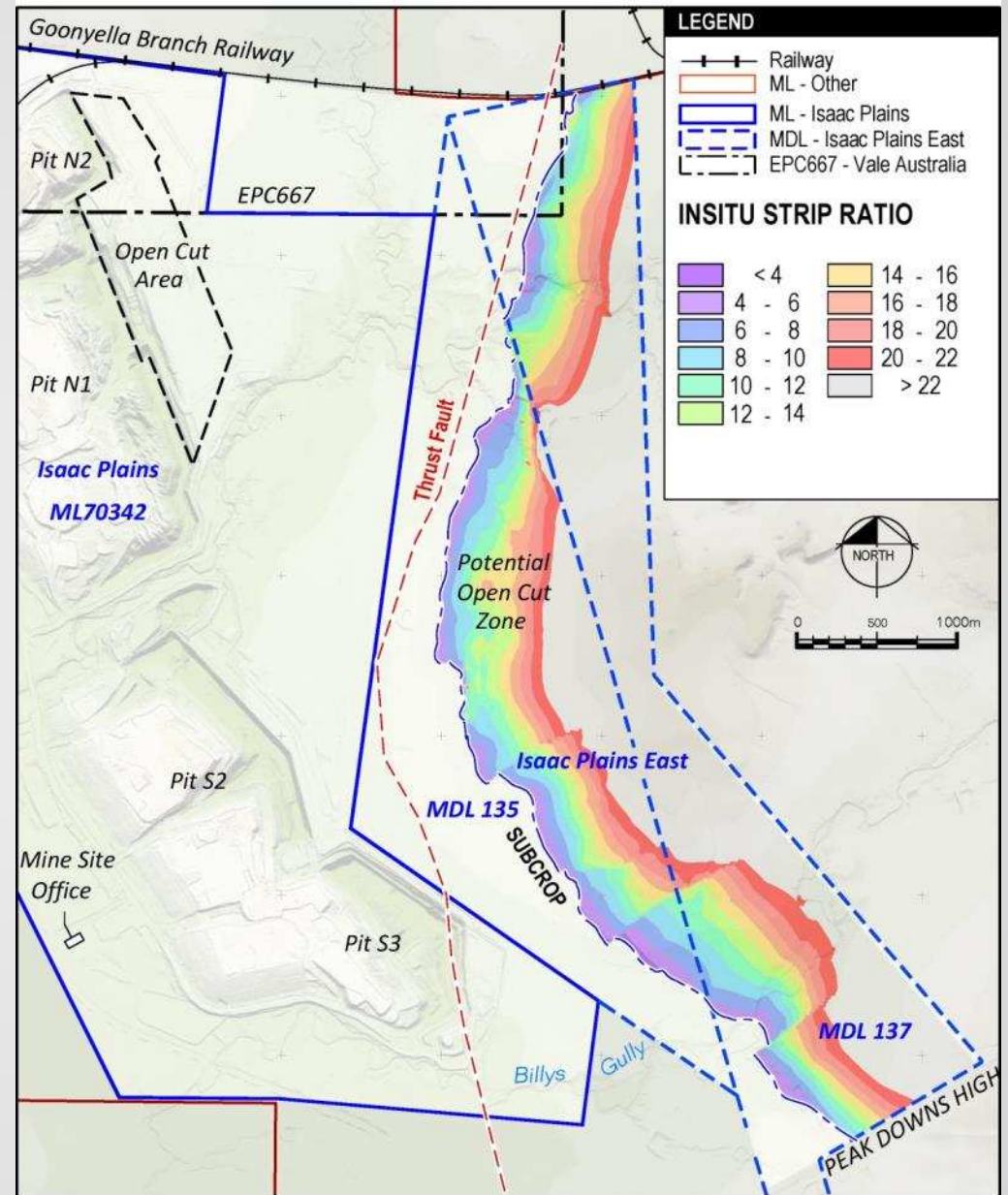
- Designed nameplate feed capacity of 500tph
- “Dry” Rejects (i.e. no tailings dam)
- System uses:
 - A 2 Stage Dense Medium Cyclone
 - Jamieson Cell technology
 - Teetered Bed Separation
- Overall CHPP performance and throughput has improved over time given capital investment and learnings from the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



ISAAC PLAINS EAST

LOW STRIP RATIO, ADJACENT RESOURCE

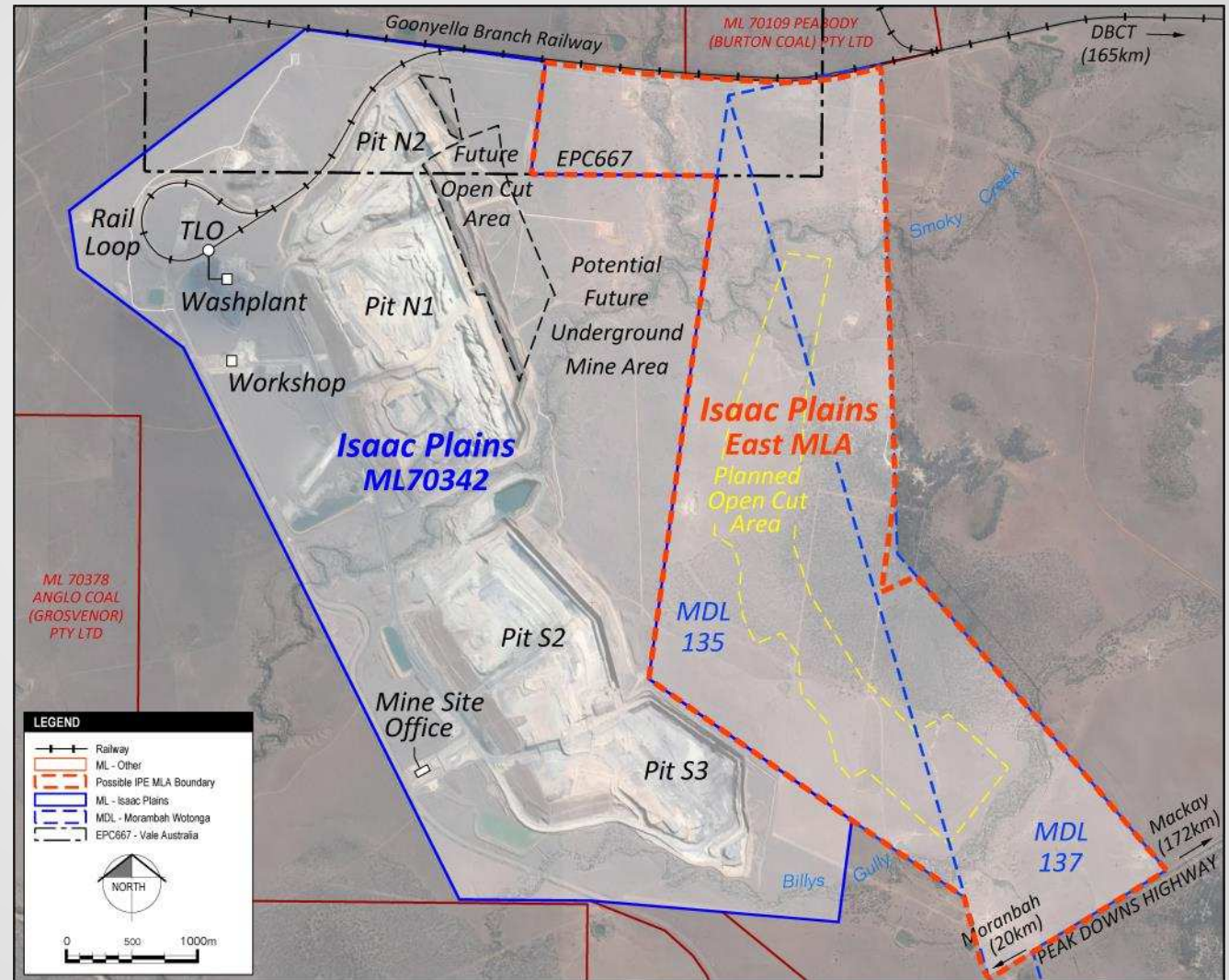
- Coking coal adjacent tenures – improved coking properties and coking fraction compared to existing Isaac Plains operation
- Low strip ratio coal starting <6:1, average over first 4 years sub 10:1 (lower than Isaac Plains)
- Environmental Authority amendment and Mining Lease Applications submitted in 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

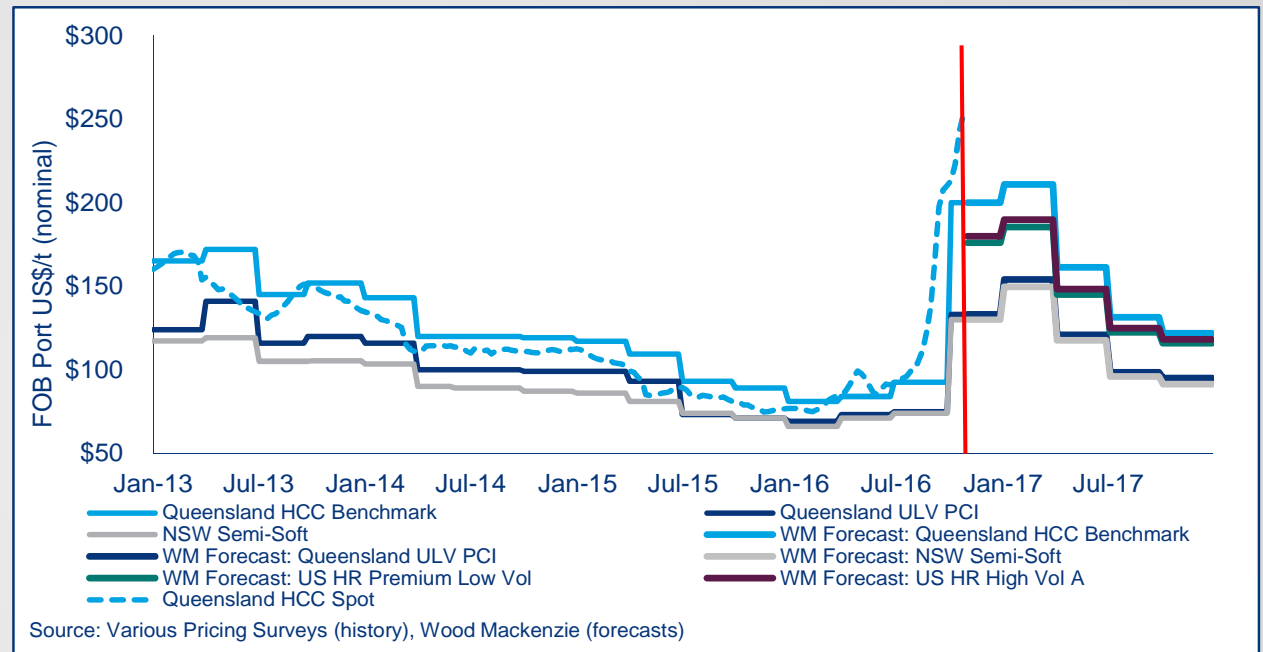
- Concept mining studies indicated operation via bord & pillar operation most viable
- Further exploration activities are planned in 2017 to de-risk the project



RECENT COKING COAL STRENGTH

RETURN TO MORE STABLE INVESTMENT LEVELS IN MEDIUM TERM

- Coking and thermal spot markets continue to remain tight – hard coking over USD300/t, semi-soft coking coal over USD140/t and thermal coal USD100/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



- Stanmore's acquisition Isaac Plains included a vendor royalty mechanism designed to allow the vendors 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 of up to \$40m¹ impacting 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