



# ISAAC PLAINS

Coking Coal Mine

Site Visit

23 November 2016

stanmorecoal

# IMPORTANT

## INFORMATION

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# STANMORE COAL

## COMPANY OVERVIEW

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### 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 OF STANMORE ASSETS

## BOWEN BASIN – Coking Coal

### ISAAC PLAINS – 100%

- Operations

### ISAAC PLAINS EAST – 100%

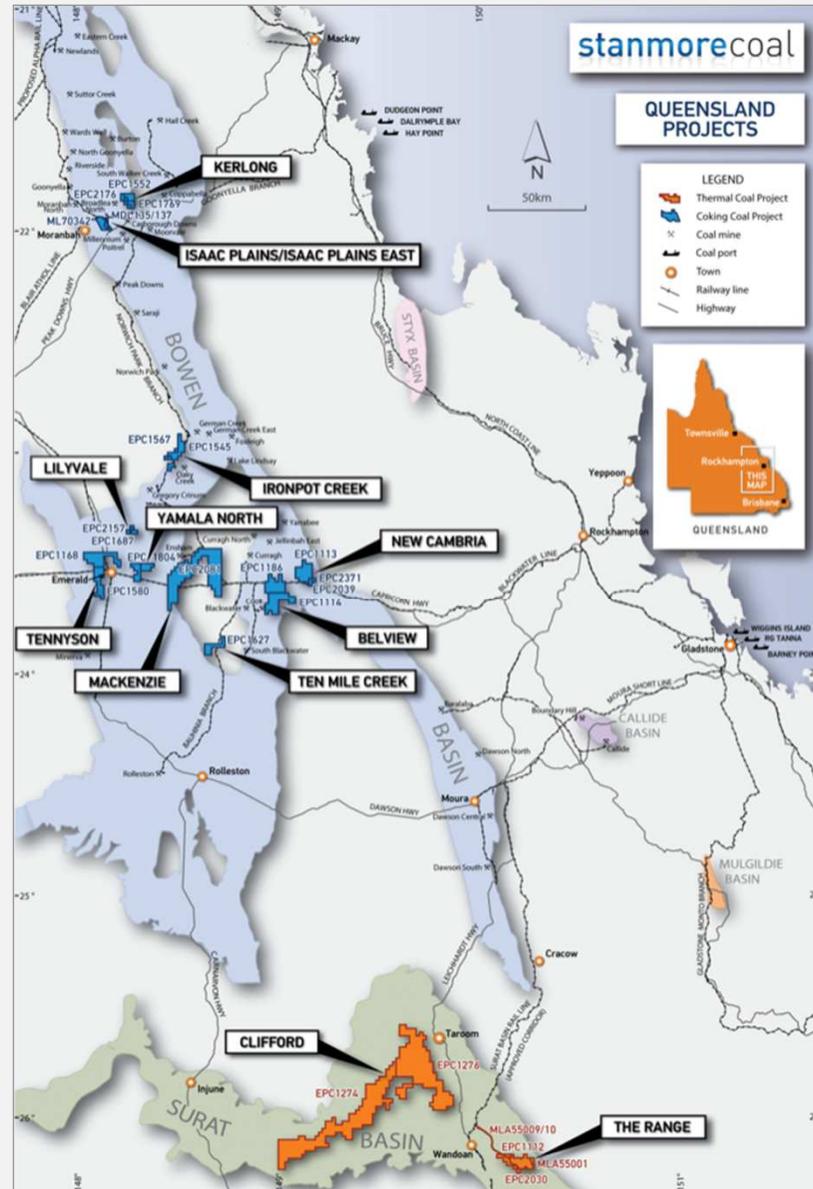
- Development

### BELVIEW – 100%

- Exploration

### LILYVALE – 85%

- Exploration



### MACKENZIE – 85%

- Exploration

## SURAT BASIN – Thermal Coal

### THE RANGE – 100%

- Development pending infrastructure path to market

### CLIFFORD – 60%\*

- Exploration & studies

# DEVELOPMENT HISTORY

## THE HISTORY OF ISAAC PLAINS

- Located near Moranbah in the heart of the Bowen Basin, 172 km from Dalrymple Bay Coal Terminal (DBCT) via Goonyella rail line
- Commenced production in 2006 as a truck shovel operation
- 4.0Mtpa run of mine (ROM) production approvals currently in place
- Dragline operations commenced in 2011/2012 following the purchase of a Bucyrus BE1370
- Coal Handling and Prep Plant (CHPP) designed with a nameplate capacity of 500tph, with adjoining product stockpile, conveyors, train load-out facility, rail loop
- Sold into major steel mills primarily in Japan and Korea, producing a semi-hard and semi-soft coal product
- Placed on care and maintenance late 2014



# COMBINED 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

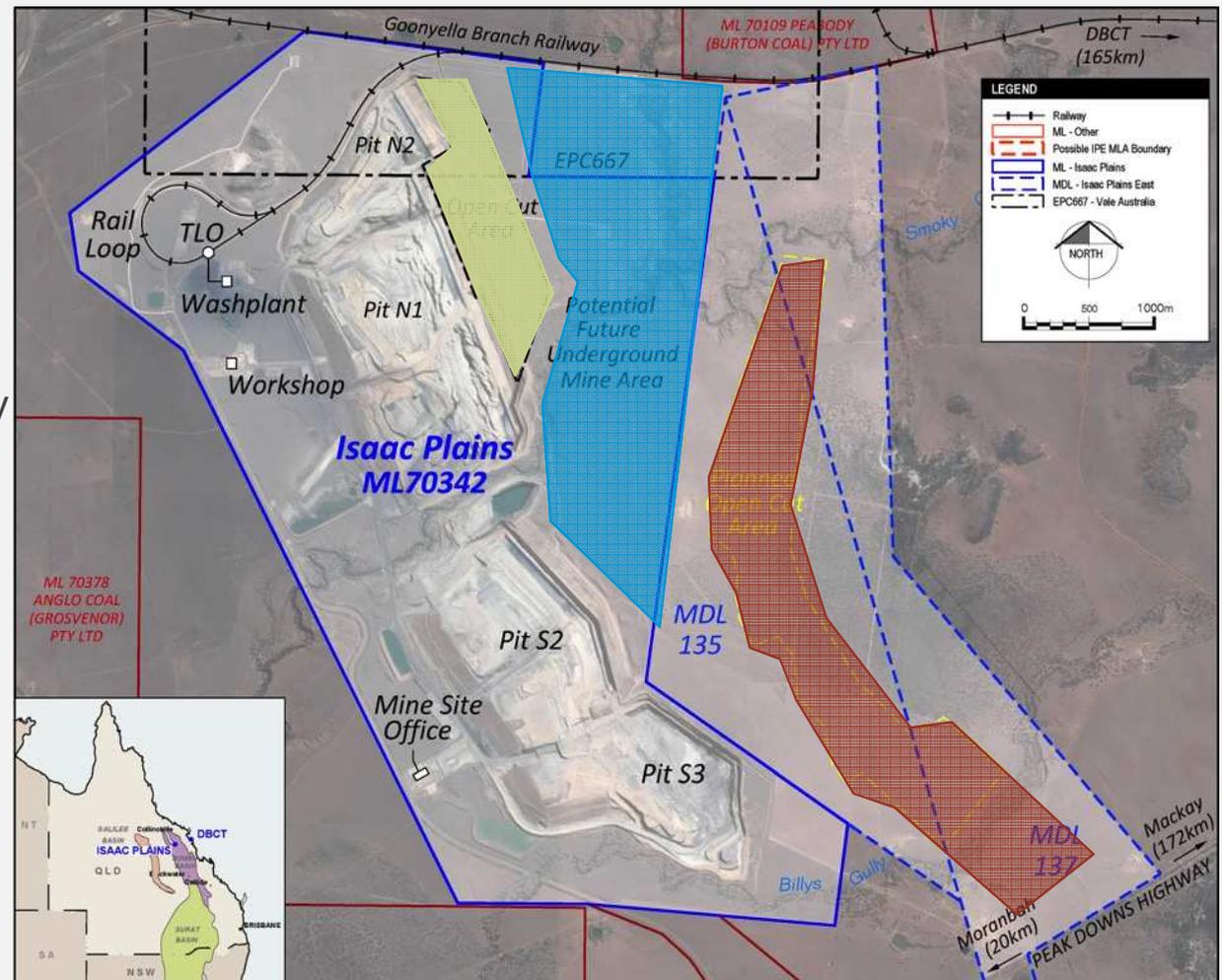
- Current 3 year mining services contract producing coal

### ISAAC PLAINS EAST – OPEN CUT EXTENSION

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

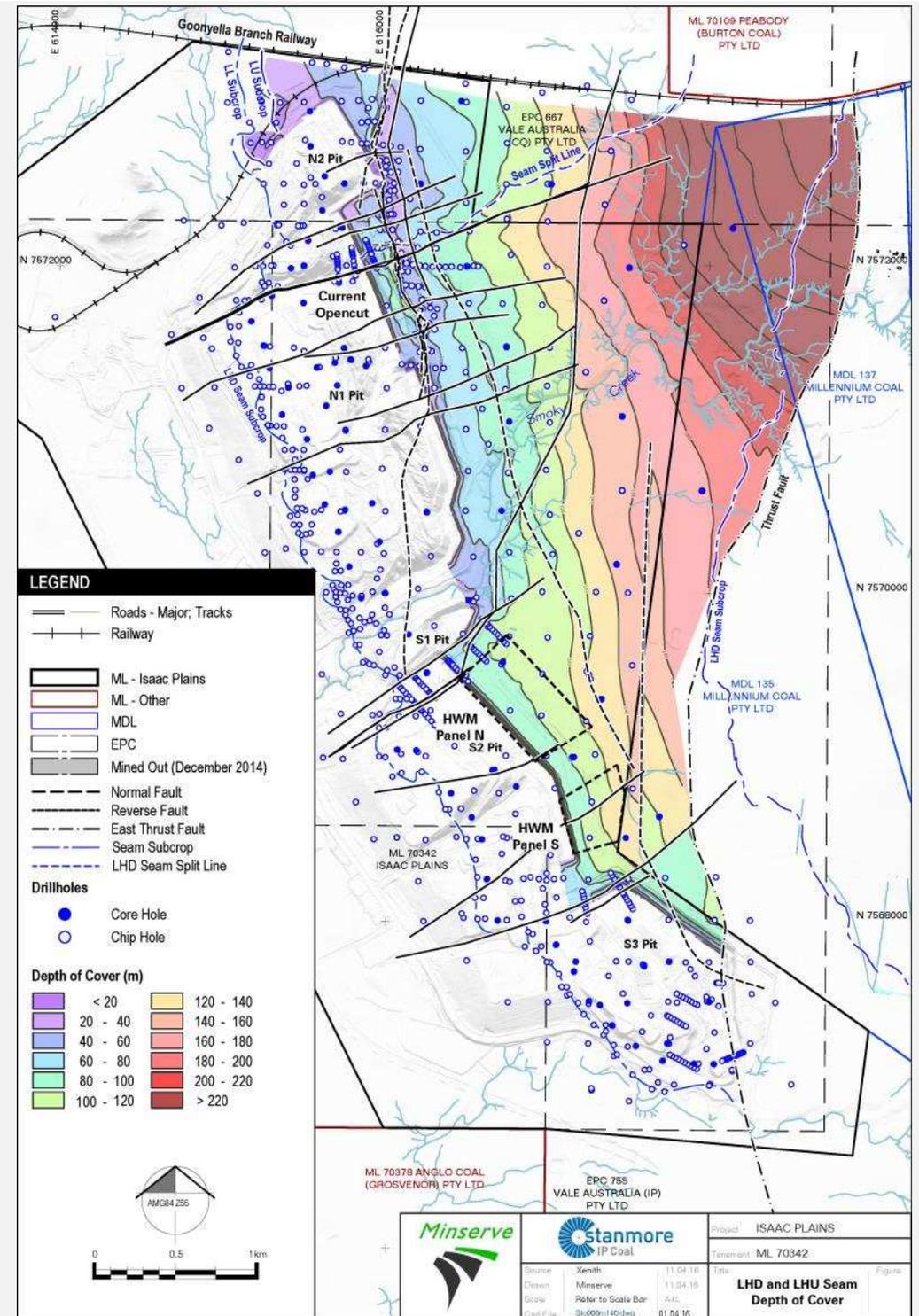
### UNDERGROUND RESOURCE EXPANSION

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



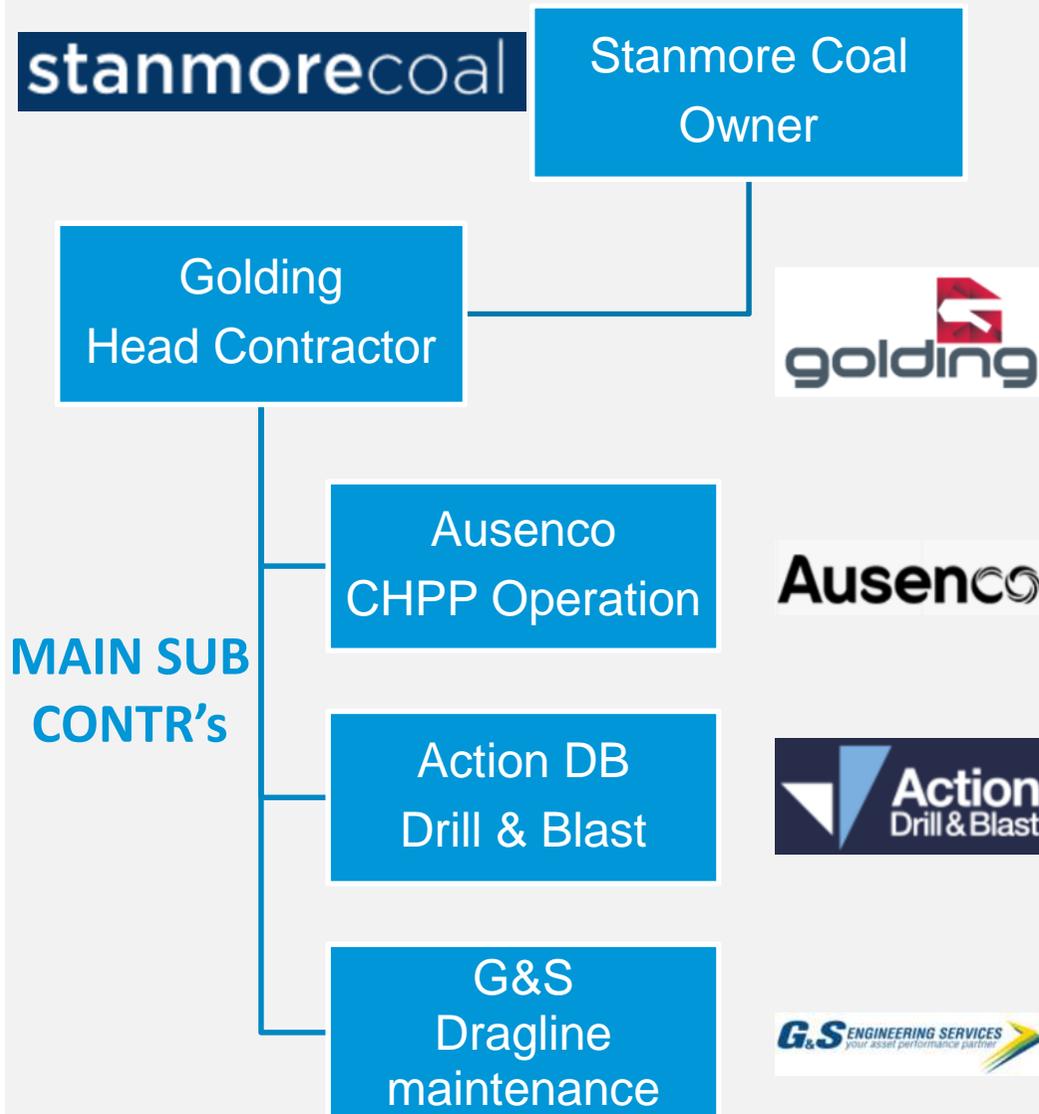
# GEOLOGY

- 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



### PRINCIPAL CONTRACT OVERVIEW

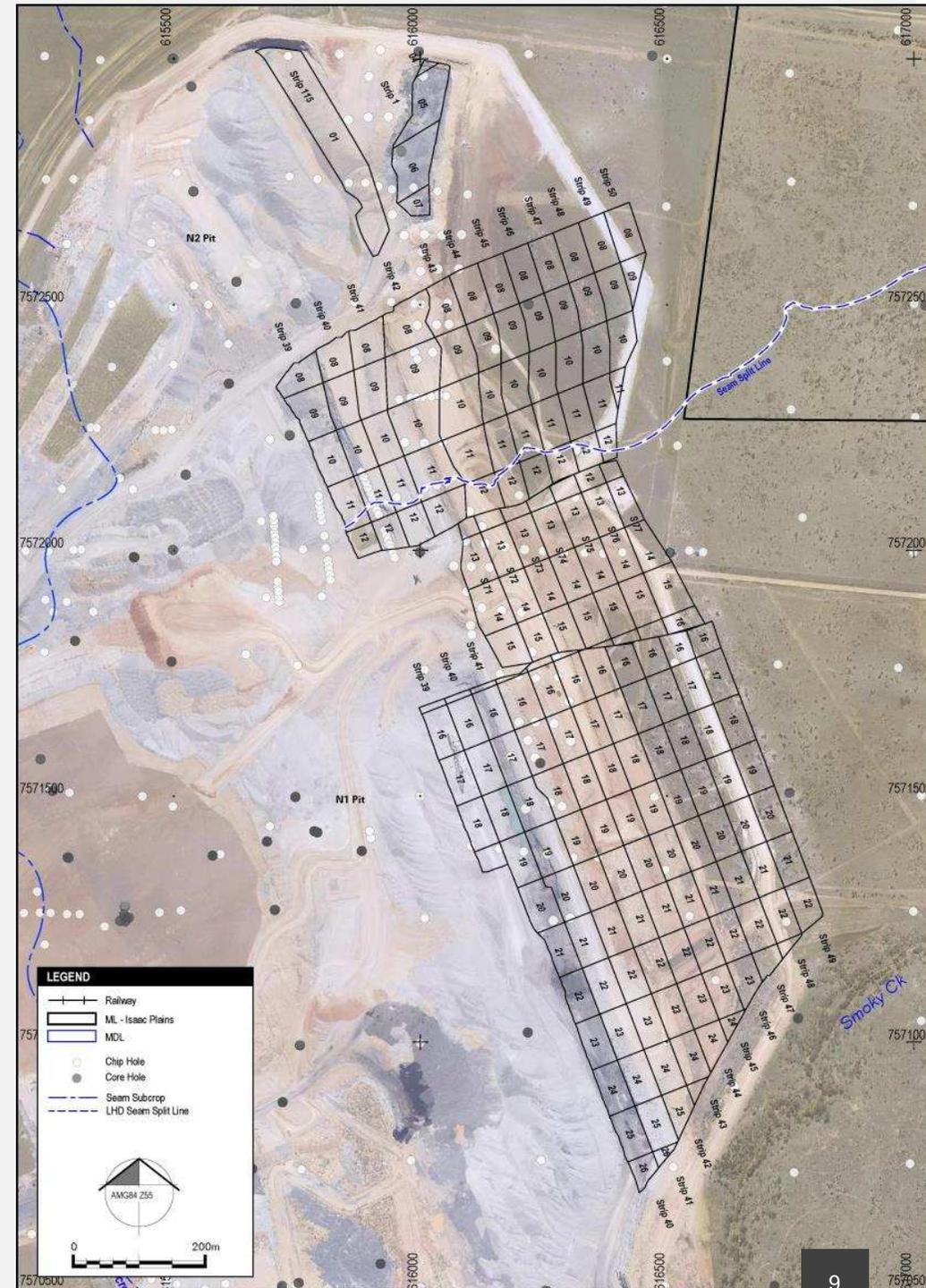
- Head Contractor paid on a rolled-up rate basis a, which requires assumption of certain efficiency and operational risks
  - Waste rate (\$/bcm) covering blasting and all overburden removal. Golding operate and maintain Stanmore's dragline (maintenance sub-contracted to G&S Engineering) as part of their 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



# DRAGLINE

STANMORE OWNED

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## DRAGLINE

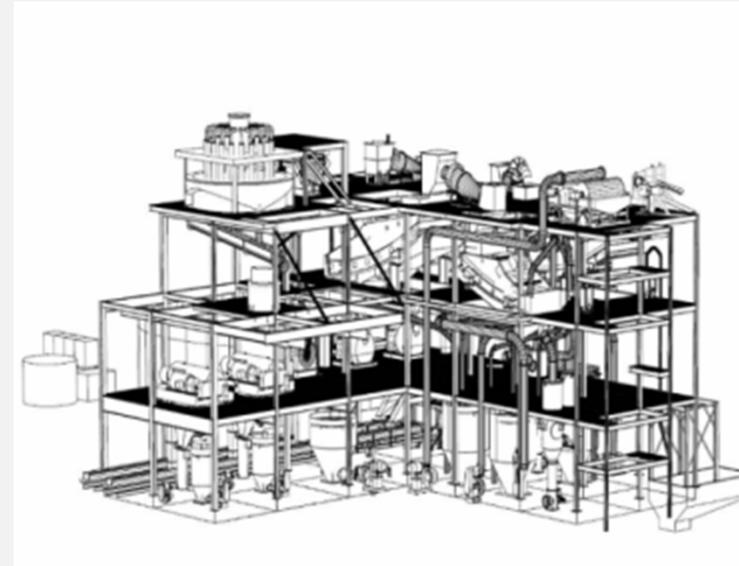
- Dragline purchased in 2006. Relocated to site in 2008 and originally refurbished and recommissioned 2011
- Contractor is responsible for planning and carrying out minor maintenance of the dragline. All maintenance activities are based on a plan developed jointly between Golding and Stanmore
- The dragline for the project to date has been operating at +16 million bcm per annum



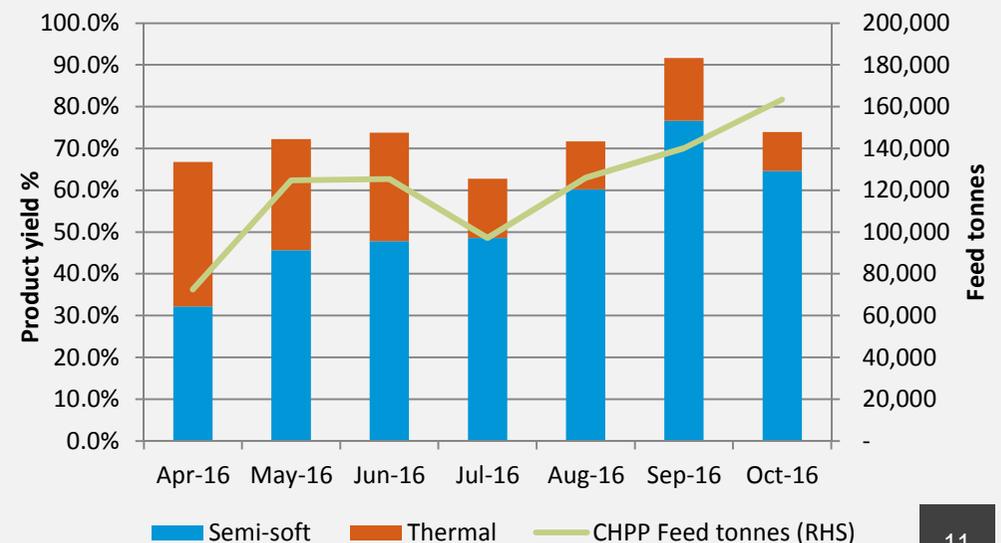
# COAL HANDLING & PROCESSING PLANT

STANMORE OWNED

- 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



CHPP MONTHLY PRODUCTION STATISTICS



# SALES & MARKETING

- Produced around 75% semi-soft coking coal and 25% thermal, with a total product yield of 74% (project to date)
- FY17 year to date show an improvement in coking coal product mix to around 85%<sup>1</sup>, at a total processing yield of 76%<sup>1</sup>

Indicative Parameter <sup>1</sup>	Isaac Plains	
	Coking	Thermal
<b>Product split (%)</b>	<b>80%</b>	<b>20%</b>
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 <sup>2</sup>	4	
HGI <sup>3</sup>		65
Calorific Value (kcal/kg)	7,434	6,600

Notes:

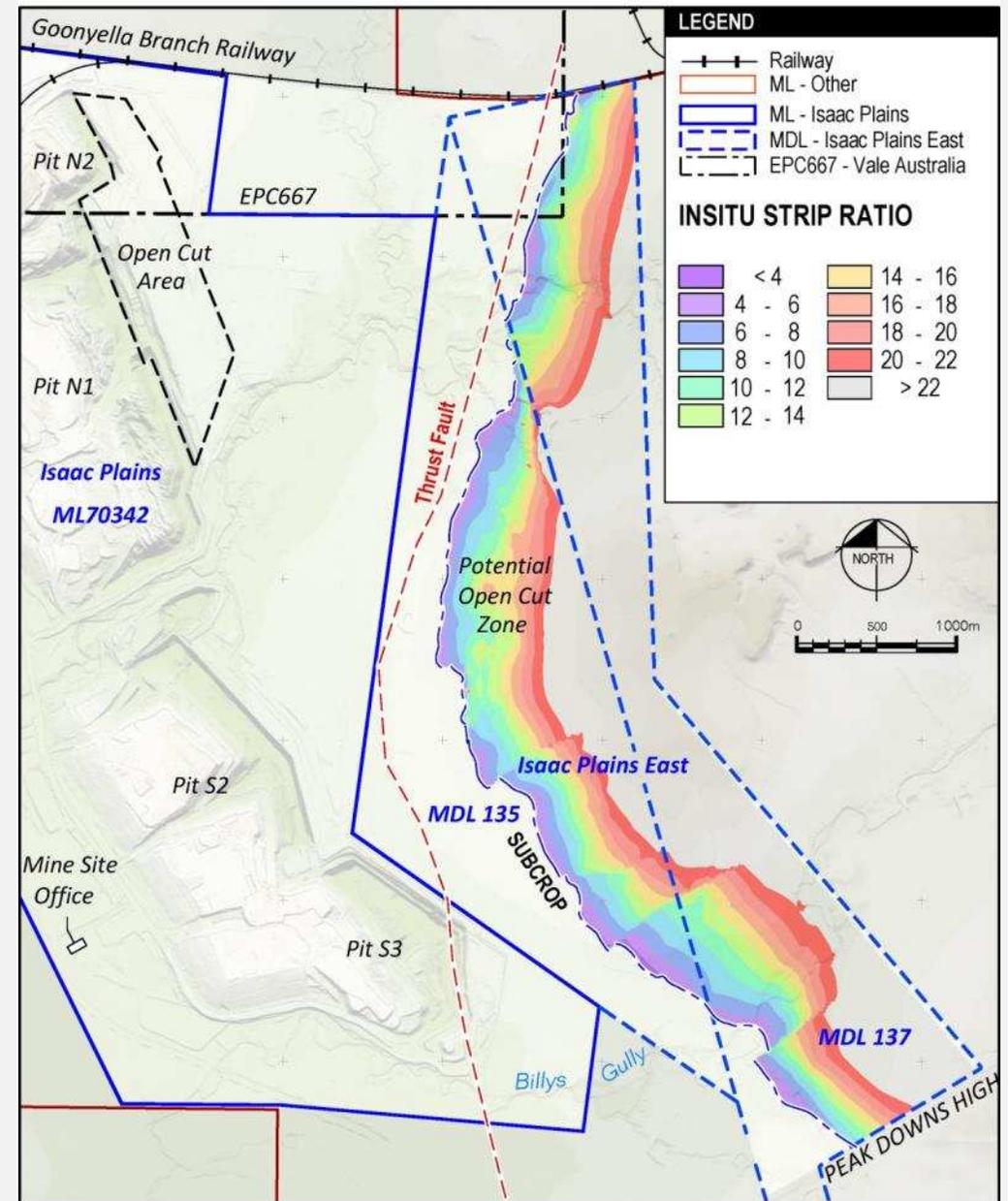
- Air dried basis unless stated otherwise
- Crucible swell number
- Hardgrove grindability index

Note 1: To end 31 October 2016

# ISAAC PLAINS EAST

## LOW STRIP RATIO, ADJACENT RESOURCE

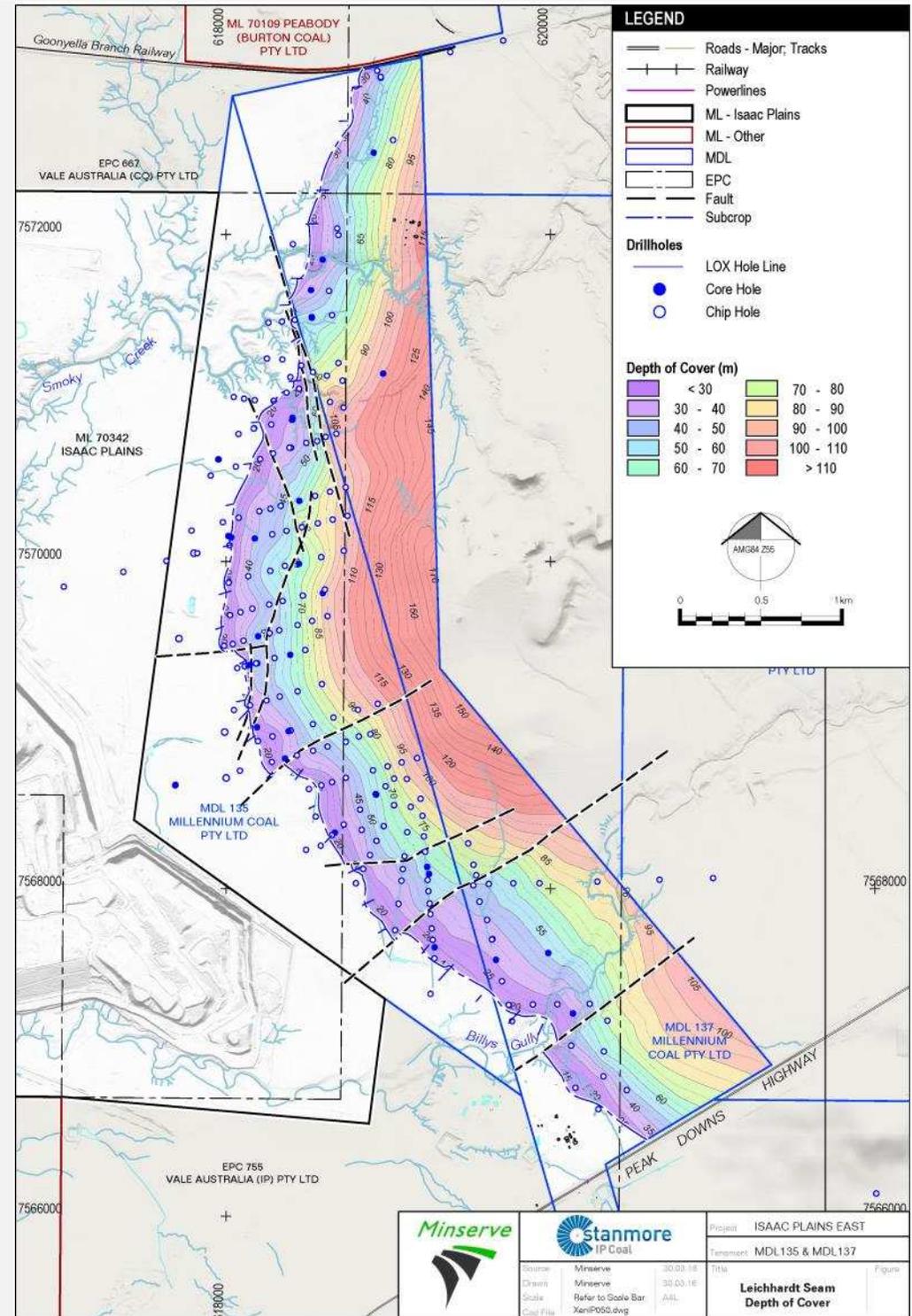
- Coking coal adjacent tenures – improved coking properties and coking fraction compared to existing Isaac Plains operation
- Low strip ratio coal starting <6:1, average over first 4 years sub 10:1 (lower than Isaac Plains)
- Environmental Authority amendment and Mining Lease Applications submitted in October 2016
- Key approval stage gates in next 6 months
- Landholder and stakeholder negotiations underway



# ISAAC PLAINS EAST

## DE-RISKING THE PROJECT

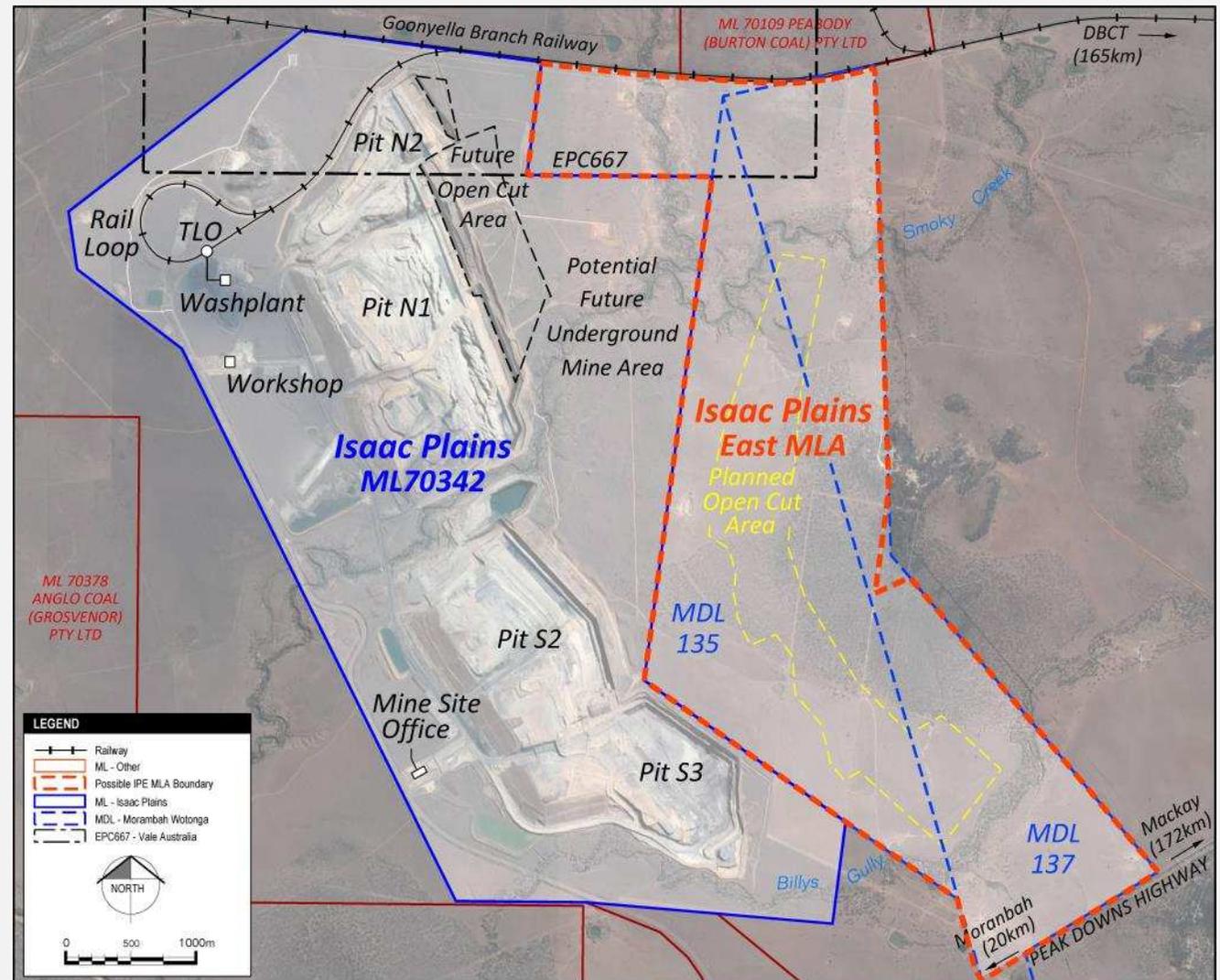
- Significant number of holes drilled by former owners in the 1980's
- Staged de-risking of the project by undertaking an initial exploration program in late 2015
- Further drilling campaign commencing December 2016, providing closer points of observation for detailed planning
- Updated geological model 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

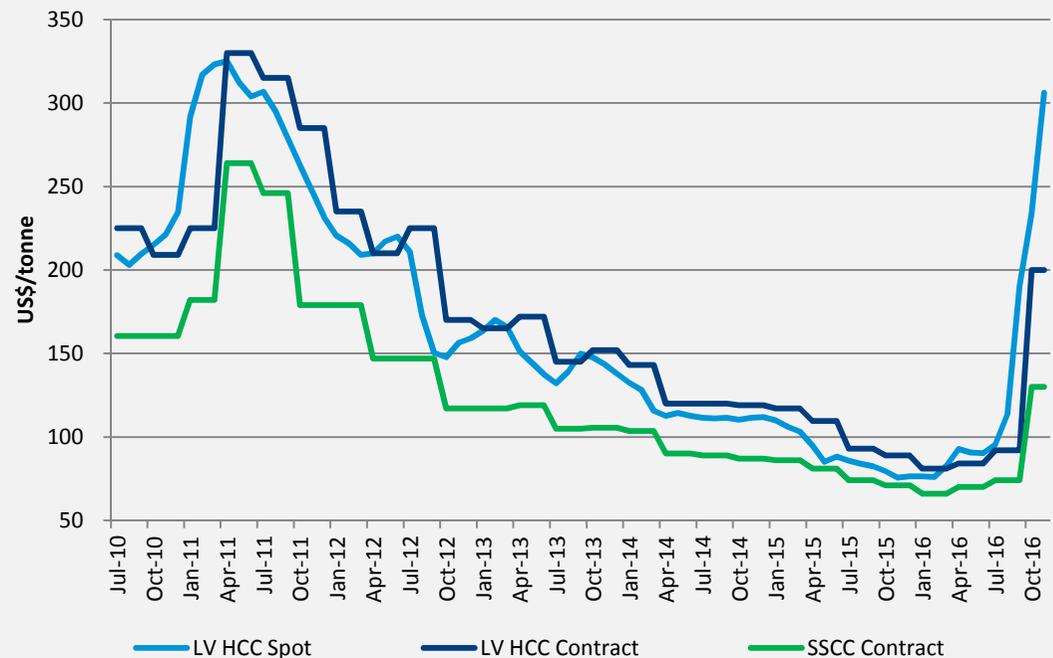


# STRONGER PRICING OUTLOOK

## CONTINUED STRENGTH IN COKING COAL MARKET

- Contracted December quarter reflecting trend in spot market
  - Hard coking coal USD200 (up USD107.50 from Sep QTR)
  - Semi soft coking coal USD130 (up USD56 from Sep QTR)
  - Thermal coal USD94.75 (up USD30.15)
- 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
- Low coal prices for a number of years have led to significant underinvestment – lack of development assets and lead time for new production suggests limited supply response to higher pricing

Historical coking coal prices



Source: Wood Mackenzie & Argus Media (dataset to Sep-16) & Platts (Oct & Nov dataset)  
Note: spot price reflects monthly average

# STRATEGIC OBJECTIVES

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## 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

- Pursue realistically attainable assets with premium coal quality

Long

- Development of portfolio assets

- Assessment of product mix strategy

