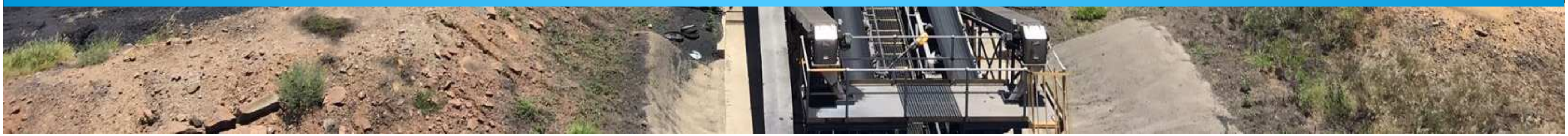
stanmorecoal

HALF YEAR 2017
RESULTS PRESENTATION



IMPORTANT INFORMATION

This document has been prepared by Stanmore Coal Limited ("Stanmore Coal") for the purpose of providing a company and technical overview to interested analysts/investors. None of Stanmore Coal, nor any of its related bodies corporate, their respective directors, partners, employees or advisers or any other person ("Relevant Parties") makes any representations or warranty to, or takes responsibility for, the accuracy, reliability or completeness of the information contained in this document, to the recipient of this document ("Recipient"), and nothing contained in it is, or may be relied upon as, a promise or representation, whether as to the past or future.

The information in this document does not purport to be complete nor does it contain all the information that would be required in a disclosure statement or prospectus prepared in accordance with the Corporations Act 2001 (Commonwealth). It should be read in conjunction with Stanmore's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This document is not a recommendation to acquire Stanmore Coal shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the Recipient releases the Relevant Parties from liability to the Recipient for any loss or damage that it may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.

This document contains certain "forward-looking statements". The words "forecast", "estimate", "like", "anticipate", "project", "opinion", "should", "could", "may", "target" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements.

Although due care and attention has been used in the preparation of forward looking statements, such statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Recipients of the document must make their own independent investigations, consideration and evaluation. By accepting this document, the Recipient agrees that if it proceeds further with its investigations, consideration or evaluation of investing in the company it will make and rely solely upon its own investigations and inquiries and will not in any way rely upon this document.

This document is not and should not be considered to form any offer or an invitation to acquire Stanmore Coal shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment. In particular, this document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1993 ("Securities Act"). Stanmore Coal shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration.

HALF YEAR IN REVIEW
31 December 2016

16 shipments totalling 582 kt sold, resulting in $59.4 million in revenue

Recent increases to coal prices realised from December quarter, with flow through to 2H FY2017

Unit cost of sales per tonne (A$/t) of $117/t representing transitional nature of ramp-up phase

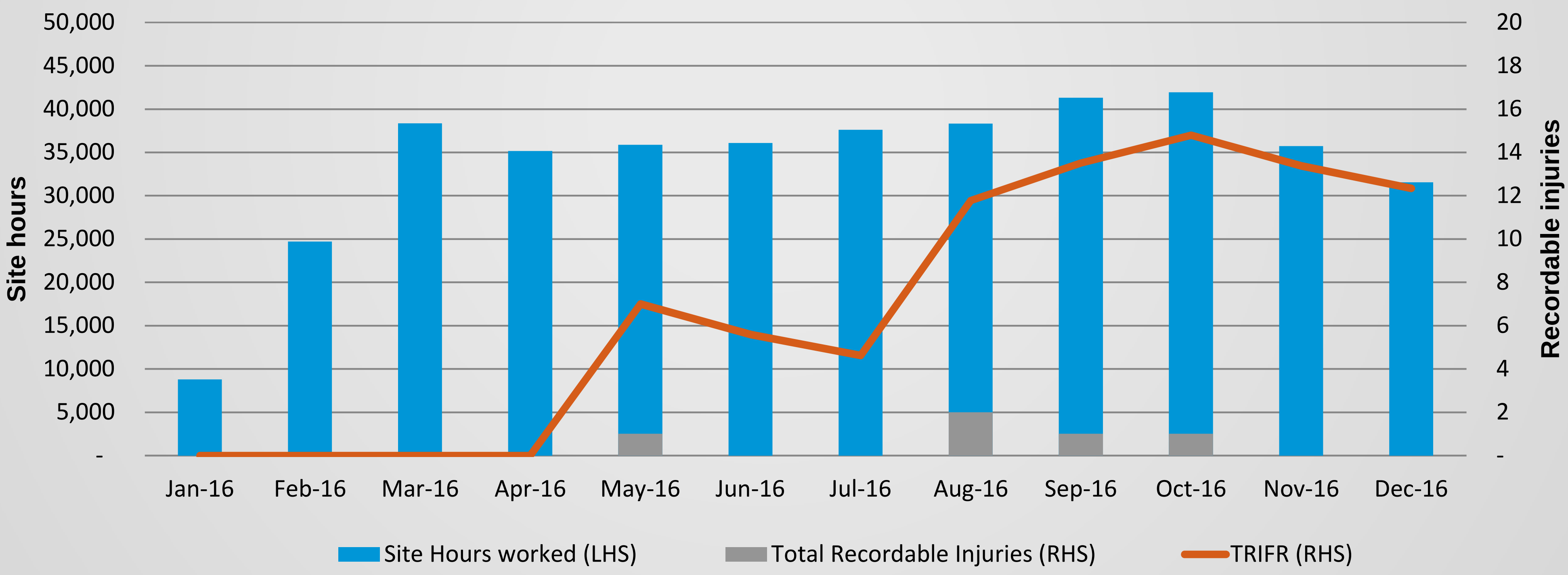
$15m capital raising completed to fund further investment in operational efficiencies

ISAAC PLAINS UPDATE

SAFETY

REVERSING THE EARLY TREND WITH INCREASED FOCUS

- During the half year there were three injuries (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 balance date is 12.34 per million hours.



COMMITTED TO REHABILITATION

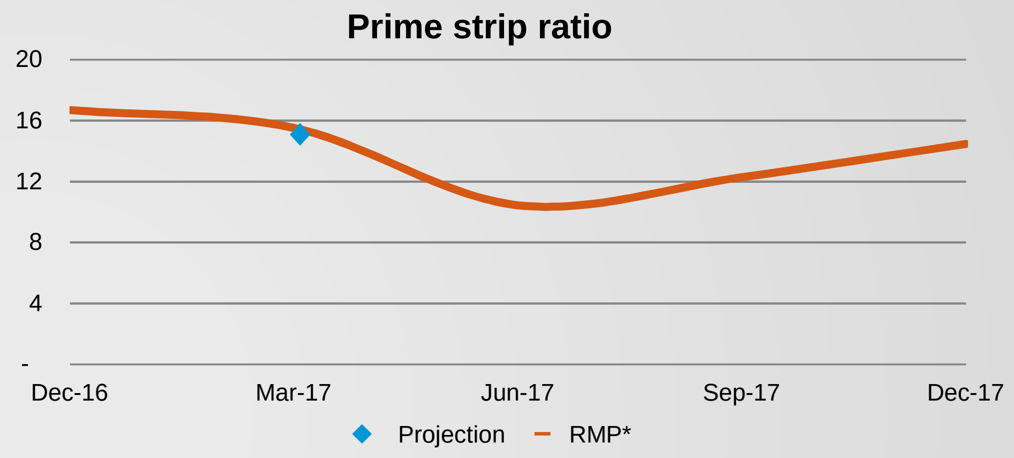
82 Ha UNDERTAKEN IN 1H FY2017

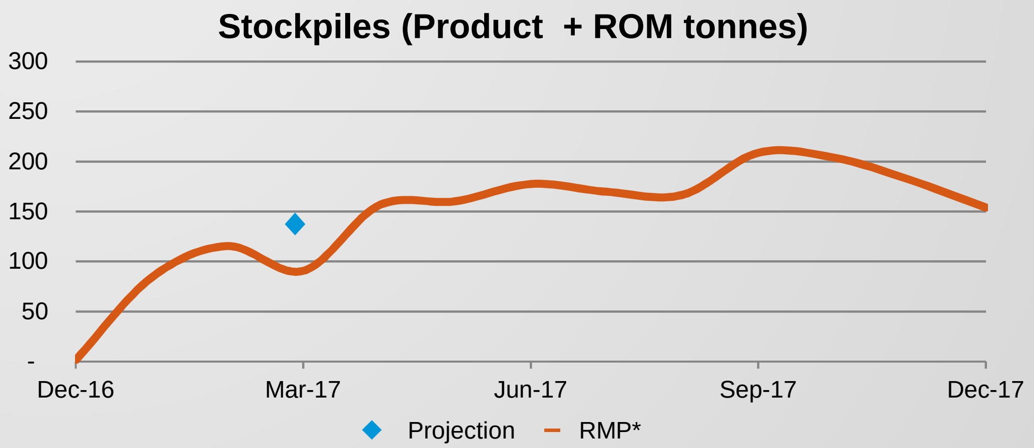
- Stanmore has fast-tracked rehabilitation in the first year of ownership, undertaking bulk shaping of 82ha and the planned proportion of topsoiling and seeding in the first half of FY2017
- Cultural artefact inspection/sweep prior to mining
- Mining Activities are undertaken and rehabilitation processes are commenced shortly after
- Topsoil removed and stockpiled for use in rehabilitation
- Out of pit spoil dumps are seeded with native tree and grass species
- The rehabilitated spoil forms a barrier which acts as a noise, light and dust buffer between the open cut mining operations and the residents to the west of the project

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



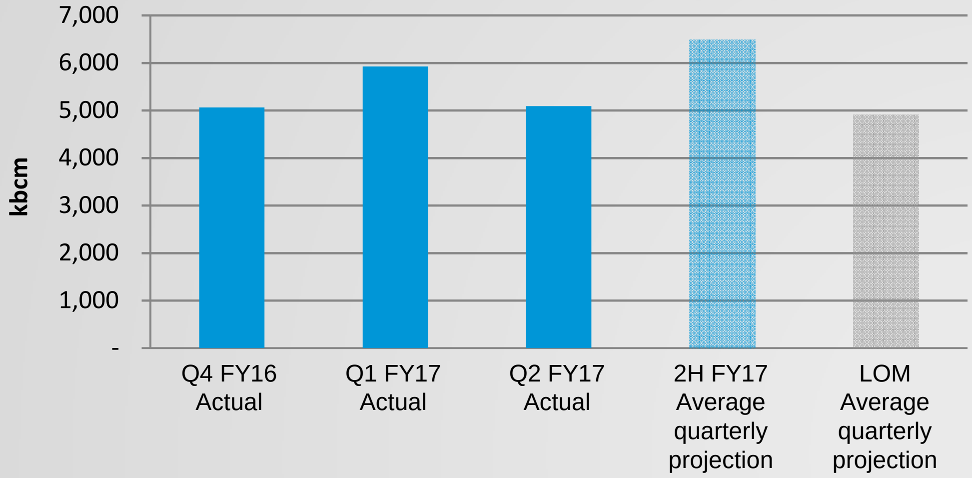


* "RMP " refers to the information provided in the ASX presentation titled "Capital Raising Presentation" dated 14 December 2016

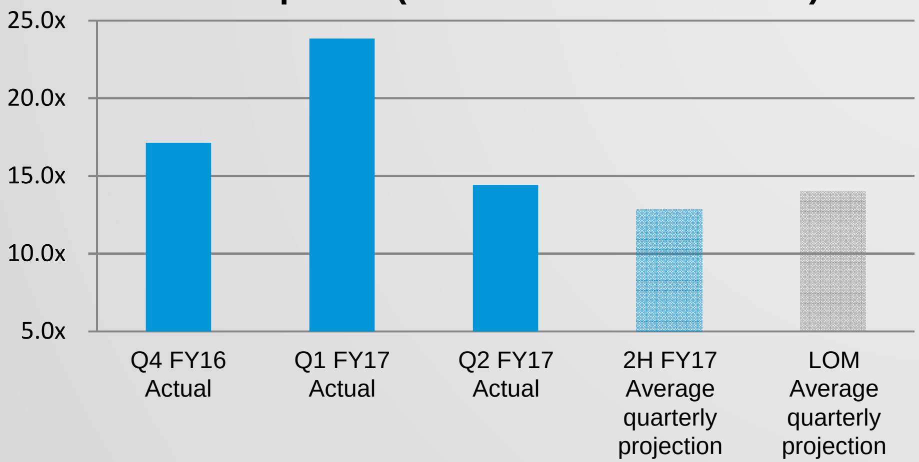
OPERATING RESULTS

ISAAC PLAINS OPEN-CUT MINE PHYSICALS & COSTS

Prime waste overburden (bcm)



Prime strip ratio (bcm waste: ROM tonnes)

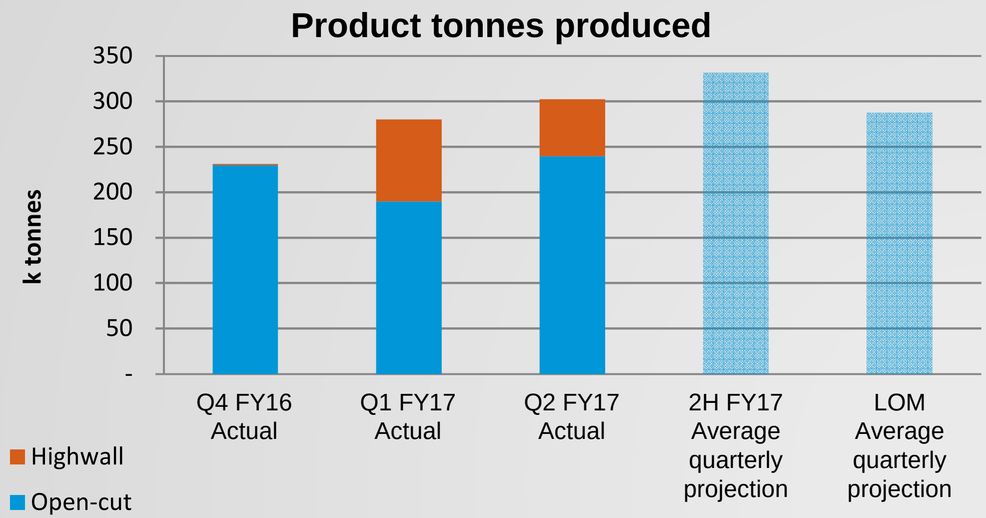


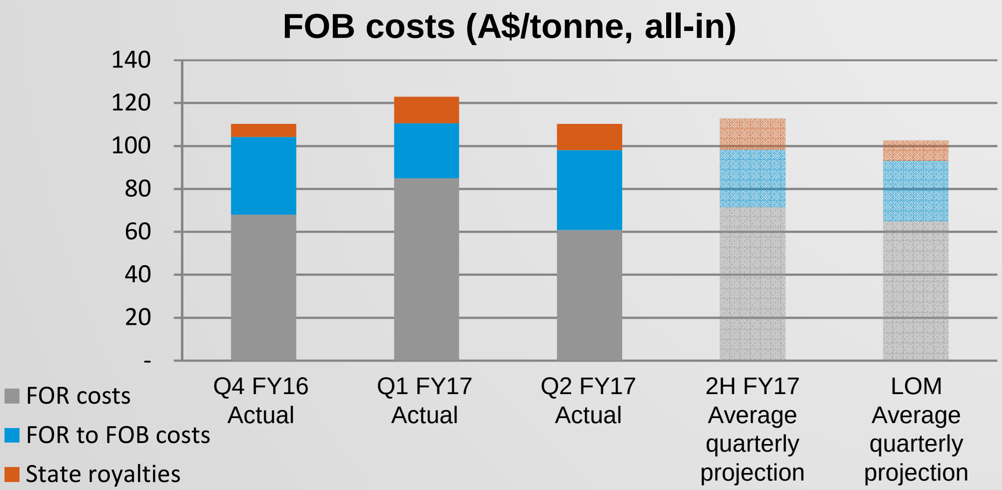
Note: LOM refers to the three year term of the Golding contract at Isaac Plains open-cut

- Prime waste overburden removal for 1H FY2017 was 11.0 million bcm (Mbcm), up 3.6 Mbcm from 2H FY2016, highlighting the ramp-up phase of operations at the Isaac Plains coal mine.
- Overburden removal for 2H FY2017 is forecast to be around 13.0 Mbcm, 2.0 Mbcm higher than 1H FY2017, representing the investment in pre-stripping activities to be undertaken at Isaac Plains with the funds raised during December 2016.
- Although overburden removal is planned to be well above the LOM average in 2H FY2017, an upthrust fault in the coal seam results in significant coal extraction in this period, helping to lower the strip ratio below the Isaac Plains life of mine (LOM) ratio.
- The lower strip ratio in 2H FY2017 will bring the cumulative strip ratio of the project to trend further in-line with the LOM strip ratio for Isaac Plains, while also lowering the cost base of the business.

OPERATING RESULTS

ISAAC PLAINS OPEN-CUT MINE PHYSICALS & COSTS





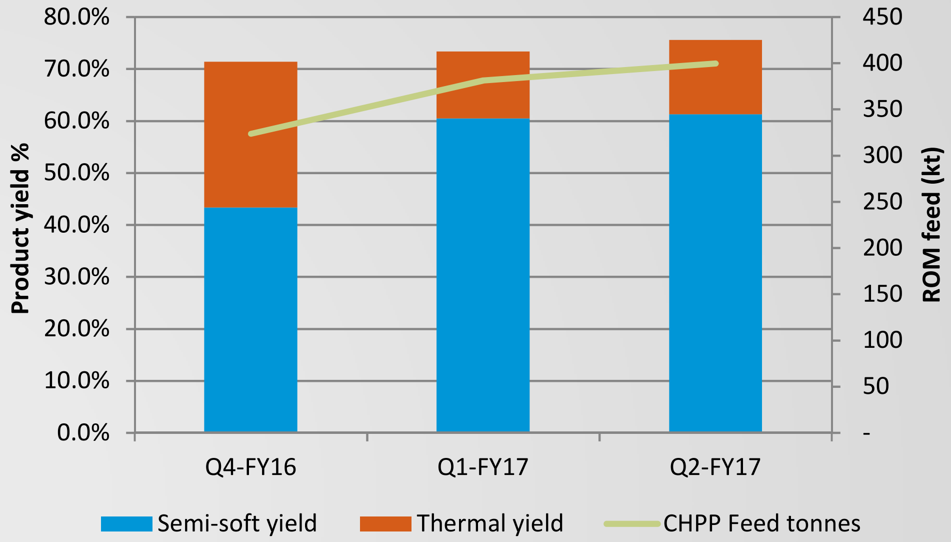
Note: LOM refers to the three year term of the Golding contract at Isaac Plains open-cut

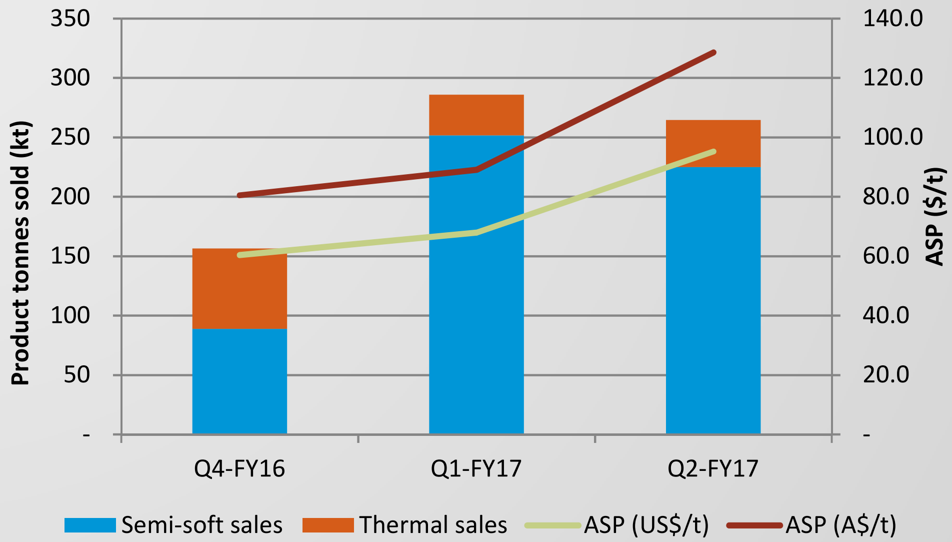
- Product tonnes produced have steadily increased since mining commenced, with a total of 582 kt produced in 1H FY2017. Product tonnes from highwall mining activities contributed 153 kt over the same period.
- It is projected that over 650 kt will be produced in 2H FY2017, meeting the companies target of 1.25 million tonnes for the 2017 financial year.
- FOB costs for 1H FY2017 have been above the estimated life of mine cost due to operational ramp-up. Costs in 2H FY2017 are expected to start trending toward the LOM average, however will remain above this due to further investment in stockpiles and pre-strip inventories to provide operational efficiencies in the medium-term.
- Key areas for cost performance
  - CHPP Operational Efficiency
  - ROM to Product management and planning

COAL SALES

IMPROVED CHPP OPERATING PERFORMANCE

- Isaac Plains has produced 81% semi-soft coking coal and 19% thermal coal in 1HFY17, with a total product yield of 74.5%
- Total of 16 shipments in 1HFY17, totalling 550kt, made up of:
  - 476 kt semi-soft tonnes (87% of total)
  - 74 kt thermal tonnes (13% of total)
- The average sales price (ASP) achieved has risen steadily since first sale in the June 2016 quarter, from US$60/t (A$81/t) to US$92.5/t (A$129/t) in the December 2016 quarter (shipped tonnes basis)
- The ASP over the 1HFY17 period was US$81.1/t (A$107.90)

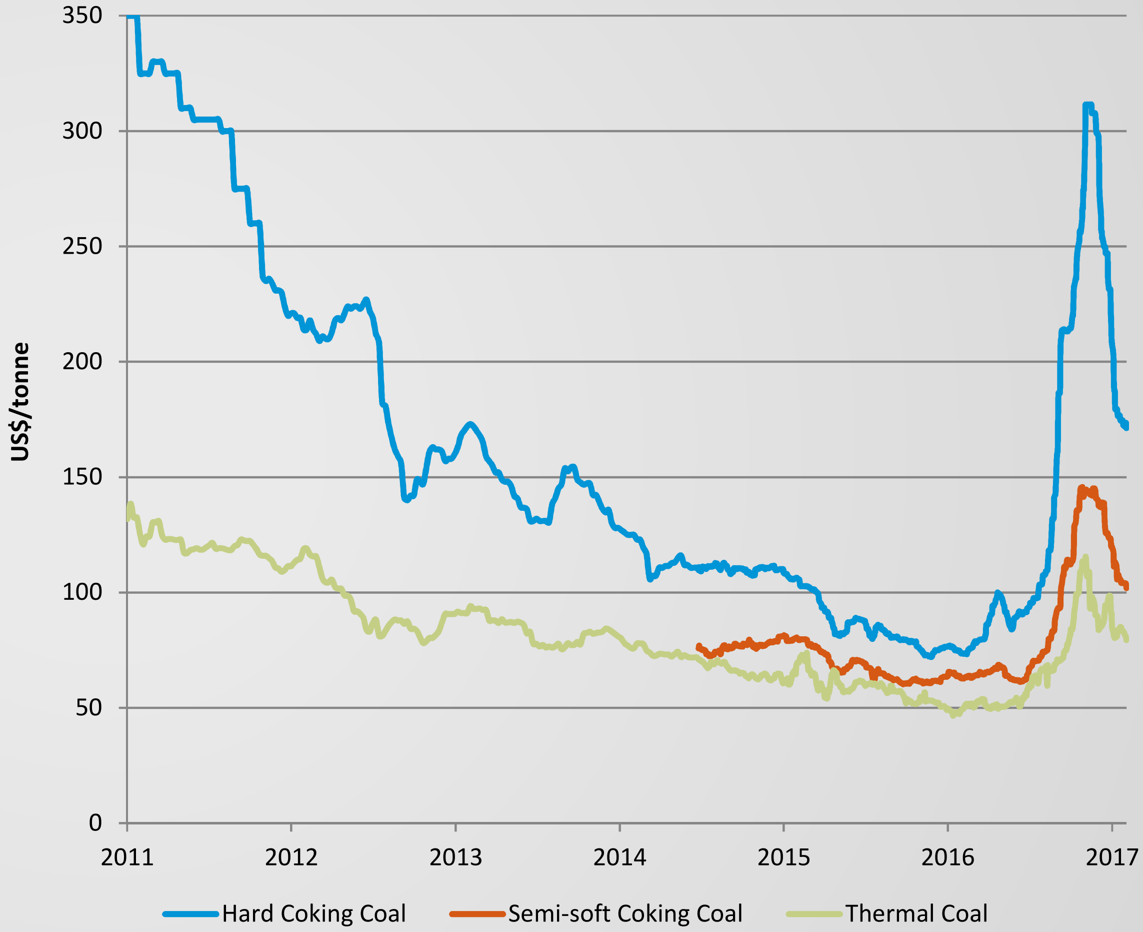




COAL PRICE OUTLOOK

RETURN TO SUSTAINABLE PRICING IN MEDIUM TERM

- Coking and thermal spot markets trending down since 2011
- 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
- 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.
- The Company contracted with three significant steel mills in the first year of production for 900 thousand tonnes of semi soft coking coal within the Japanese fiscal year ending 31 March 2017. Given the commencement of sales in May 2016 and operational issues noted in the open cut operations, a portion of tonnes will remain undelivered at 31 March 2017. Assuming the Company re-contracts with the same steel mills, the undelivered carry over tonnes will form part of the negotiation in respect of the portion to be carried over and added to the new contract year. The Company anticipates a material portion will be carried over at the current March 2017 benchmark.



Source: Platts Coal Trader International

Financial Performance

FINANCIAL HIGHLIGHTS

31 DECEMBER 2016

Profit and loss	H1 FY2017	H1 FY2016	Comment
Net profit / (loss) after tax ($m)	(0.5)	(6.4)	❑ Transitional half year including completion of ramp-up
EBITDA before significant items ($m)	(6.9)	(1.9)	❑ Refer information on slide 15
Cash generated from operations ($m)	(21.2)	(4.9)	❑ Higher pricing environment starting to filter through in December quarter, with flow through to 2H FY2017 ❑ Net outflow for half represents payment for onerous contracts, which were part compensated by the vendors of the mine through “Investing” inflows of $13.4m
Unit cost per tonne produced (A$/t)	$117/t	n.a.	❑ Above LOM average due to operational ramp-up completed in 1HFY17
Balance Sheet	**December 2016**	**June 2016**	
Net cash / (debt) ($m)[1]	10.4	12.1	❑ Cash reserves in place to support further investment in stockpiles and pre-strip inventories
Current ratio[2]	1.1x	1.4x	❑ Liquidity available to meet current debts

Note 1: cash less interest bearing liabilities
Note 2: current assets divide current liabilities

FINANCIAL PERFORMANCE

31 DECEMBER 2016

Financial Performance (A$ millions)	H1 FY2017	H1 FY2016
Revenue	59.4	0.2
Cost of sales	(65.3)	-
Gross profit	**(5.9)**	**0.2**
Other income	17.1	1.0
Pre-production mining expenses	-	(0.7)
Other expenses	(22.7)	(6.2)
Profit before income tax and net finance expenses	**(11.5)**	**(5.8)**
Net financial expenses	(4.7)	(0.6)
Income tax benefit / (expense)	15.6	-
Net loss for the year	**(0.5)**	**(6.4)**
Loss per share (cents per share, diluted)	(0.2)	(2.9)

- 16 shipments of coal sold during 1HFY17 resulted in revenue of $59.4 million
- An increased cost of sales due to operational ramp-up has resulted in a gross loss of $5.9 million
- Other income includes onerous contract write-back of $1.6m and write-back of impairment provision for The Range of $13.9m
- Other expenses include employee expenses, mark to market private vendor royalty provision ($16.6m), and other overheads
- Financial expenses relate to interest and fees for the US$42m Taurus facility
- Income tax benefit of $15.6m based on recognition of deferred tax asset from prior losses

EBITDA SIGNIFICANT ITEMS

31 DECEMBER 2016

EBITDA before significant items	H1 FY2017	H1 FY2016	Comment
EBITDA	**(10.5)**	**(5.8)**	
Vendor reimbursements	1.9	-	❑ Reimbursement of costs incurred by the vendors in relation to the period of Stanmore's control of Isaac Plains
Provision for private vendor royalty	16.6	-	❑ Provision movement based on expected private royalty payments to vendors
Write-off for relinquished tenure	0.5	-	❑ Relinquishment of low-prospective exploration assets during the year
Onerous contract provision movement	(1.6)	-	❑ Mark to market measurement to balance date
Reversal of prior period impairment	(13.9)	-	❑ Write-back of The Range impairment due to improvement in long term coal price expectation
Acquisition costs on business combination	-	3.8	❑ Transaction costs relating to acquisition of Isaac Plains
EBITDA before significant items	**(6.9)**	**(1.9)**	

FINANCIAL POSITION

31 DECEMBER 2016

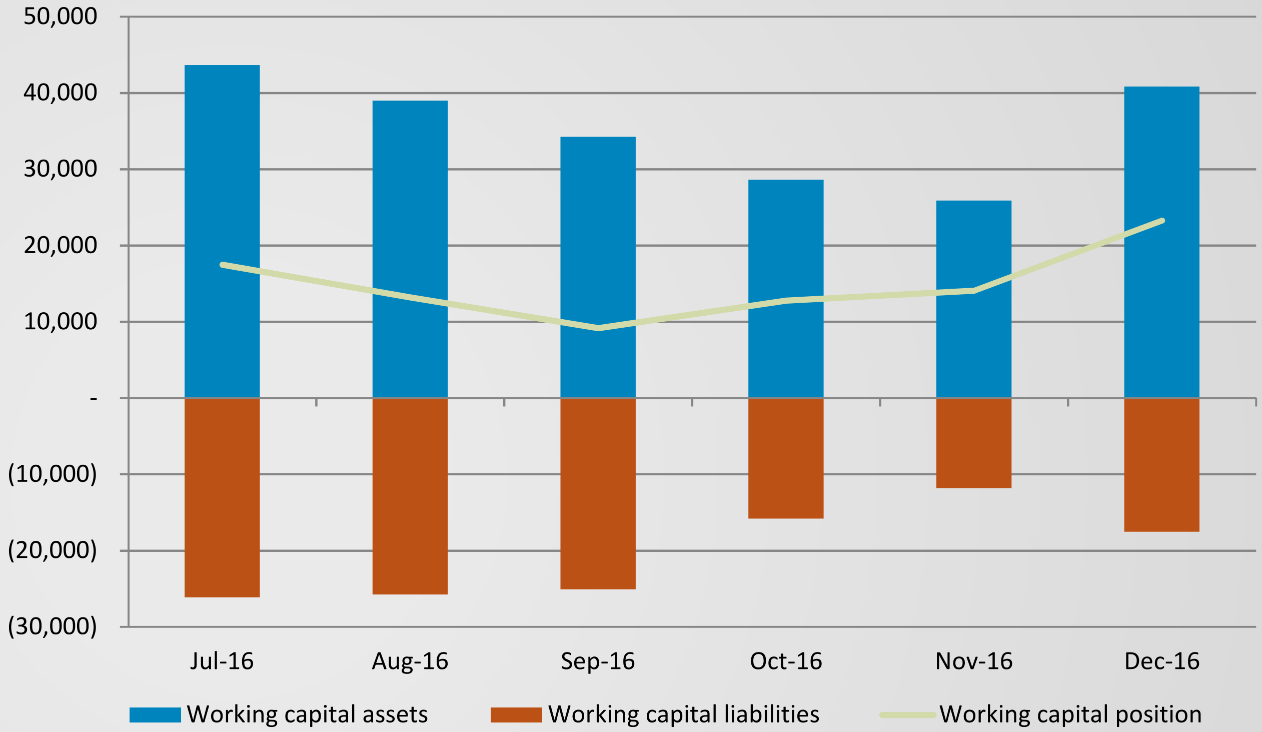
Financial Position (A$ millions)	December 2016	June 2016
Current assets	**42.3**	**42.4**
- Cash (including restricted cash)	18.8	12.2
- Receivables (trade & vendor compensation)	13.0	22.3
- Inventories & other current assets	10.5	7.9
Non-current assets	**103.9**	**69.9**
- Property, plant & equipment	35.5	33.5
- Exploration & evaluation	25.9	23.6
- Capitalised development costs	21.1	7.2
- Intangible assets & other non-current assets	21.4	5.7
Total assets	**146.2**	**112.3**
Current liabilities	**37.4**	**29.4**
- Trade & other payables	18.9	22.6
- Interest bearing loans and borrowings	8.3	-
- Provisions for onerous contracts, rehabilitation & contingent consideration	10.2	6.8
Non-current liabilities	**54.6**	**43.8**
- Provisions for onerous contracts, rehabilitation & contingent consideration	54.6	43.8
Total liabilities	**92.0**	**73.2**
Net Assets	**54.2**	**39.1**

- Receivables at 31 December 2016 includes trade receivables ($10.5m), vendor receivable ($1.3m) and a GST receivable ($1.2)
- Stockpile inventories at 31 December 2016 amount to $6.9m, while other current assets relate to prepayments ($3.6m)
- Non-current assets increased in December 2016 (compared to June 2016) following the write-back of The Range impairment ($13.9m) & recognition of deferred tax asset ($16.7m)
- Interest bearing loans represent the US$6m drawdown of the Taurus working capital facility, with US$6m undrawn at balance date
- The movement in provisions (both current and non current) is largely attributable to mark to market private royalty payable to the vendors, due to higher coal price environment

WORKING CAPITAL POSITION

STRENGTHENING THE BALANCE SHEET

- The working capital position of the company has improved in the 1H FY2017, reversing the declining trend from the first half of the period to end the half year in a stronger position
- The upward trend in working capital position from September driven by transition from the ramp-up phase of operations and increasing average sales prices achieved.



Note:
Working capital assets = current assets
Working capital liabilities = current liabilities, excluding provisions for contingent consideration, onerous contracts and rehabilitation

CASH FLOW

31 DECEMBER 2016

Cash Flow (A$ millions)	H1 FY2017	H1 FY2016
Receipts from customers (inc. of GST)	55.7	0.8
Payments to suppliers and employees (inc. of GST)	(70.5)	(4.4)
Payments for onerous contracts	(6.5)	(1.4)
Interest received	0.1	0.1
Net cash (outflow)/inflow from operating activities	**(21.2)**	**(4.9)**
Payments for property, plant and equipment	(4.1)	(3.6)
Payments for exploration, evaluation & development	(1.2)	(3.8)
Receipts relating to vendor payments	13.4	31.8
Net cash (outflow)/inflow from investing activities	**8.1**	**24.4**
Proceeds from issue of shares (net of costs)	14.5	-
Interest and other finance costs paid	(2.6)	(0.0)
Net proceeds from/(repayment of) borrowings	7.9	(4.2)
Net cash (outflow)/inflow from financing activities	**19.8**	**(4.2)**
Net cash at beginning of year	**12.1**	**15.2**
Net increase in cash held	**6.7**	**15.3**
Net cash at end of year	**18.8**	**30.5**

- Receipts from customers of $55.7 million represents the sale of 540 kt of product for which the funds were received in the period.
- Vendor compensation payments received during the period were $13.4 million
- Proceeds from the issuance of shares during the half year were $14.5 million, following the capital raising in December 2016
- A further $7.9m (US$6m) was raised through the Taurus working capital facility during the period

Background

OVERVIEW

STANMORE PORTFOLIO

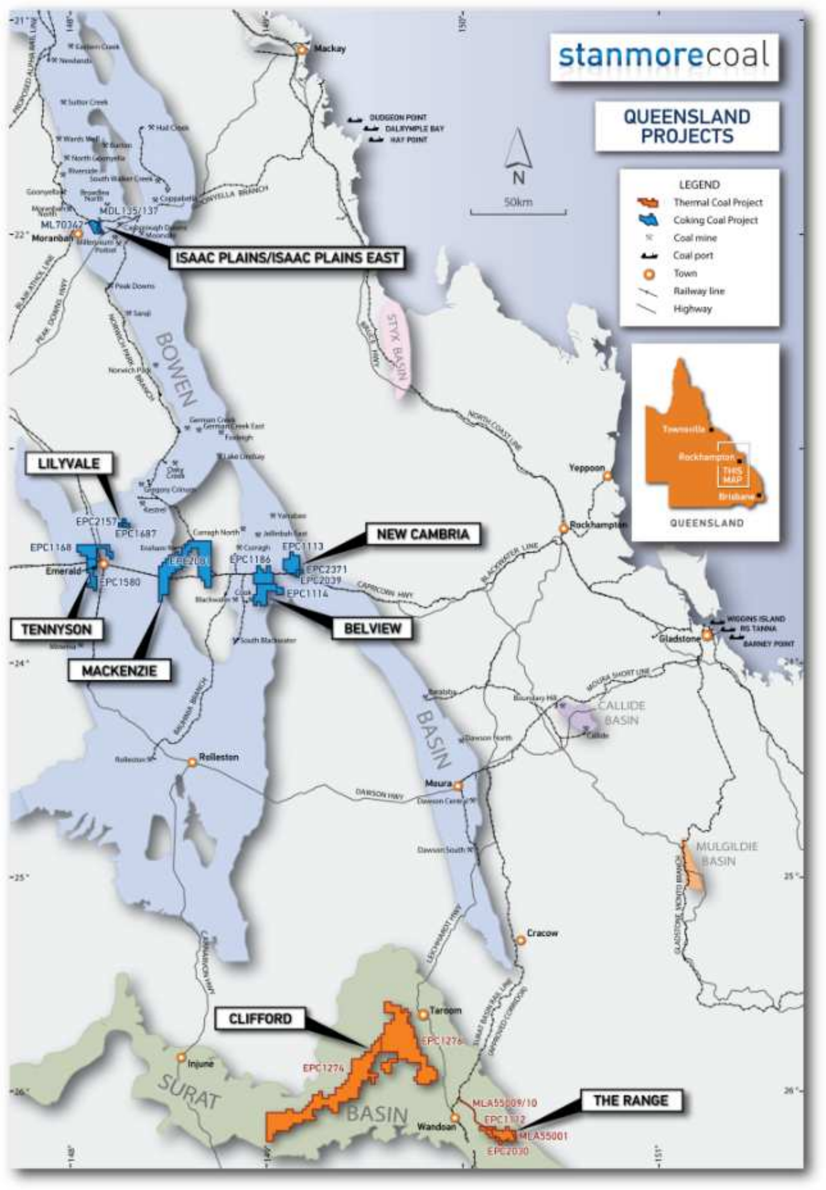
BOWEN BASIN – Coking Coal

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

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

STRATEGIC OBJECTIVES

FY17 AND FORWARD

Time horizon	Internal	External	
Short	❑ Establish reliability and repeatability of production from Isaac Plains ❑ Drive for value from complex via cost per tonne	❑ Assess potential assets in proximity to IP Complex	**In place**
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	**Underway**
Long	❑ Development of portfolio assets	❑ Assessment of product mix strategy	

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)
- AUD 37m letters of credit; USD 6m drawn working capital

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

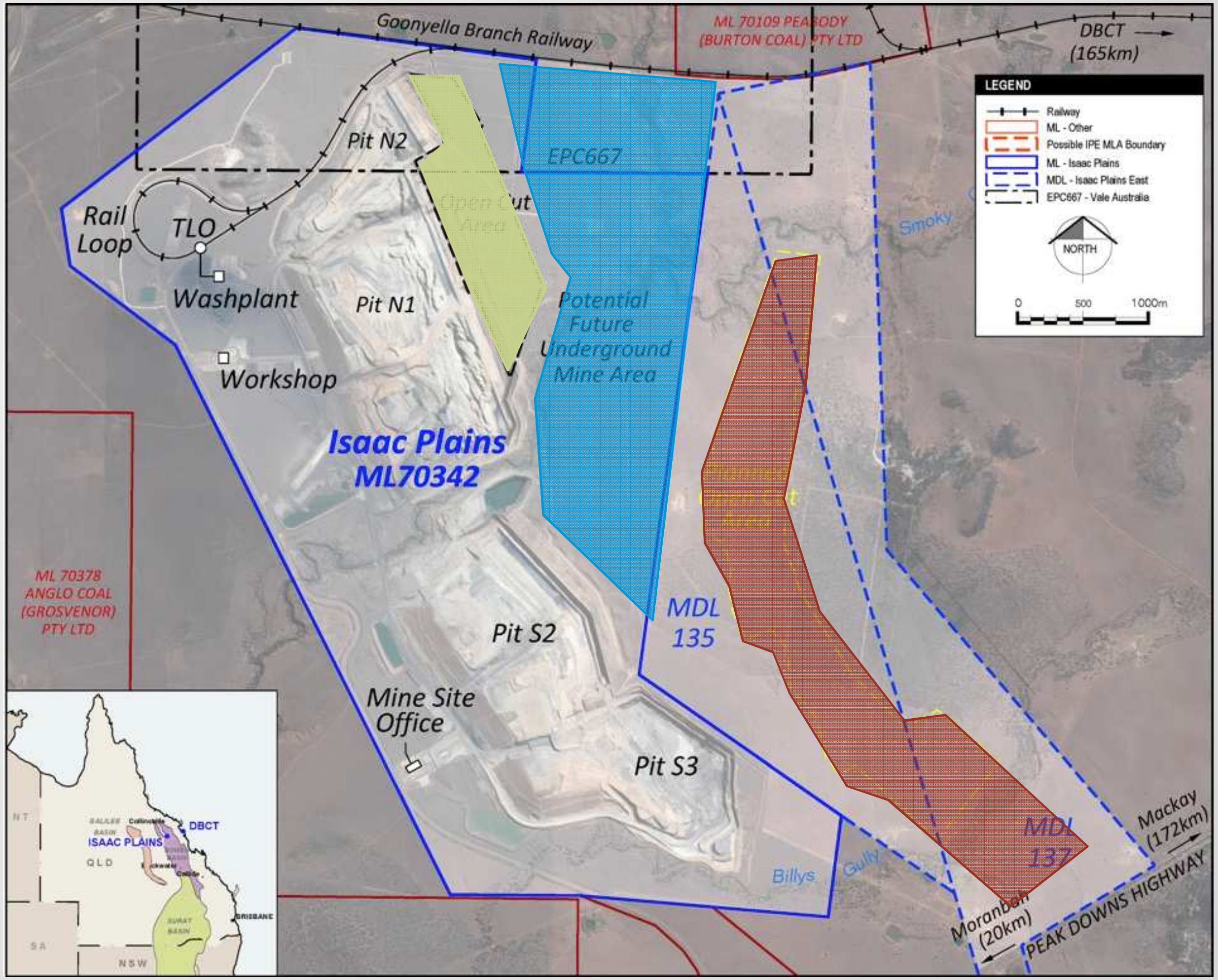
- ❑ Current 3 year mining services contract producing coal

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



PROJECTS UPDATE

ISAAC PLAINS EAST

INDICATIVE TIMETABLE TO PRODUCTION (FINANCIAL YEAR BASIS)

Q1 FY17 | Q2 FY17 | Q3 FY17 | Q4 FY17 | Q1 FY18 | Q2 FY18 | Q3 FY18 | Q4 FY18

- Q2 FY17: EA Amendment and ML Applications lodged
- Q3 FY17: Resolution of key negotiations with landholders & overlapping tenure parties
- Q4 FY17: Public notification period
- Q1 FY18: Potential grant date for Mining Lease, allowing mine construction to commence
- Q3 FY18: Potential first coal at Isaac Plains East

ISAAC PLAINS UNDERGROUND

INDICATIVE TIMETABLE TO INVESTMENT DECISION (FINANCIAL YEAR BASIS)