

stanmorecoal

SEPTEMBER 17
QUARTERLY
PRESENTATION



Isaac Plains East Area

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STANMORE COAL OVERVIEW

THE RIGHT PATH TO VALUE



INDEPENDENT COAL COMPANY

Positioned in right commodity in the right time of the cycle.



ISAAC PLAINS OPERATIONAL WITH DEMONSTRATED PERFORMANCE

Validation that the resource, equipment and plan is right



ISAAC PLAINS COMPLEX REPRESENTS THE COMPANY'S PLATFORM ASSET

Q1/Q2 cost structures targeted with the right CHPP feed volumes from capital 'light' open cut and underground expansions

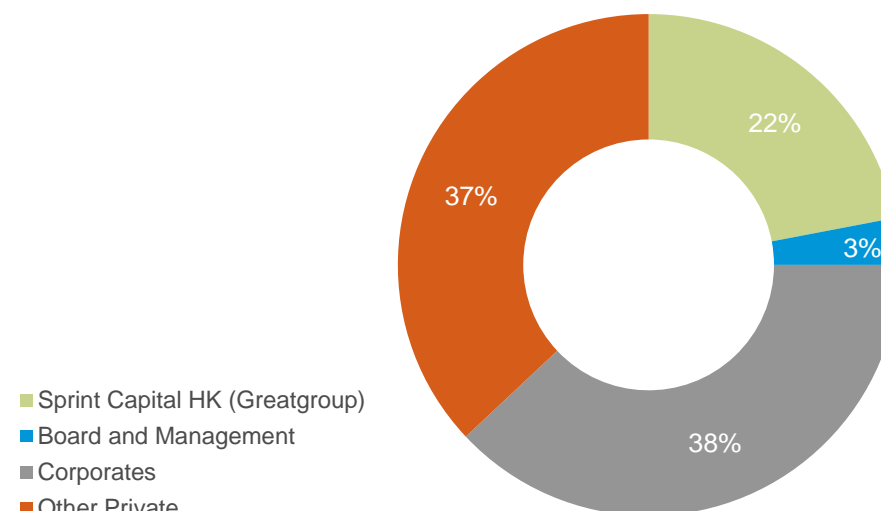


MULTIPLE ACQUISITION TARGETS AND INTERNAL PROJECTS ON WHICH STANMORE CAN CAPITALISE

Replicate the 'hub' approach focusing on reliability and creating value where others can't or won't.

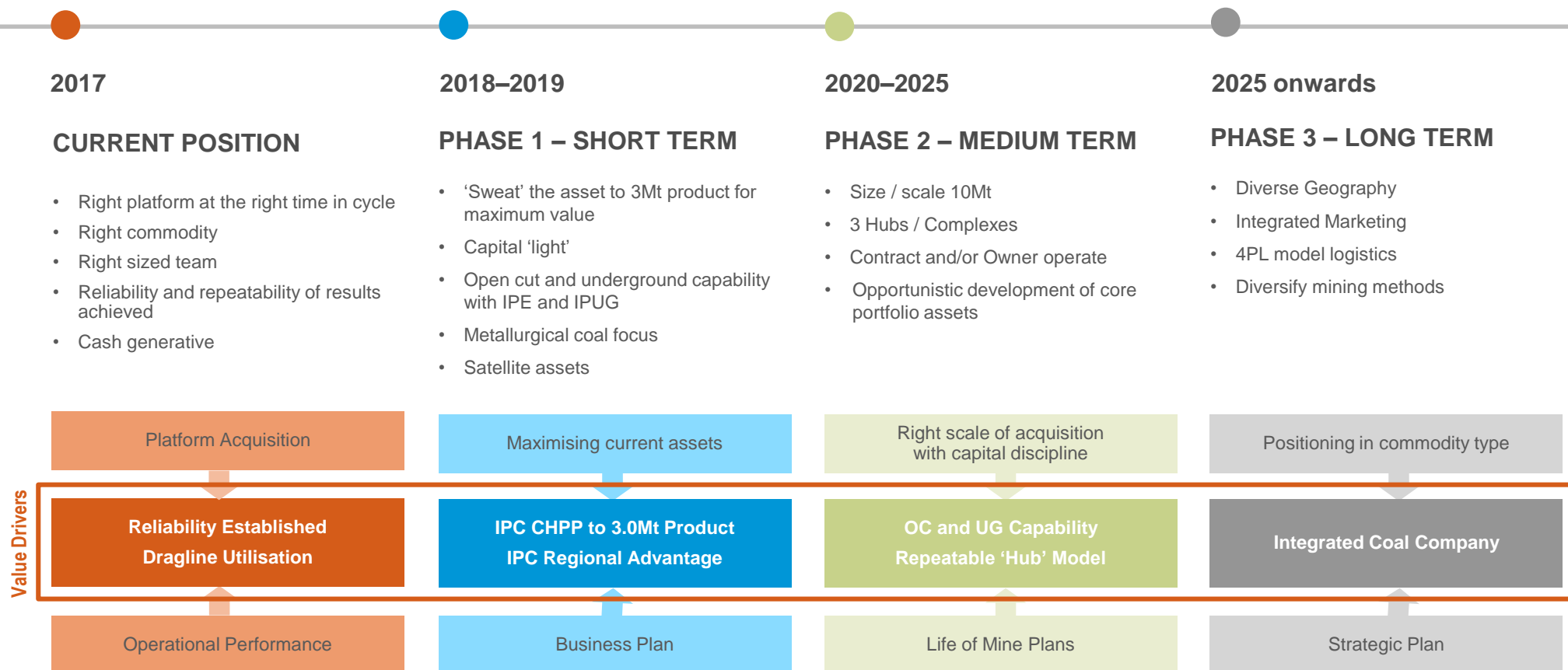
ASX code SMR	Share price A\$0.395 ¹
Shares 251,800,978	Market cap \$99.5m ¹

SHARE OWNERSHIP



THE STRATEGY INTO ACTION

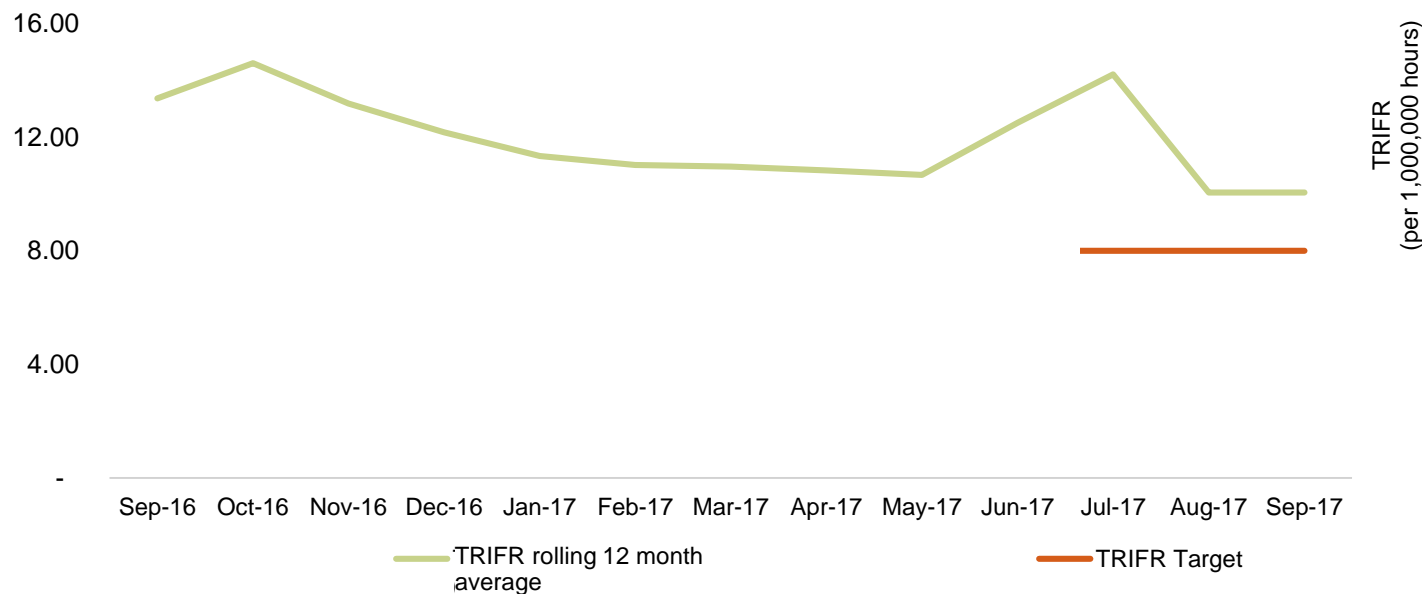
CASH GENERATION, CAPITAL LIGHT APPROACH AND FUNDING ALL IN PLACE
DRIVING CERTAINTY IN STRATEGIC OUTCOMES



HEALTH AND SAFETY

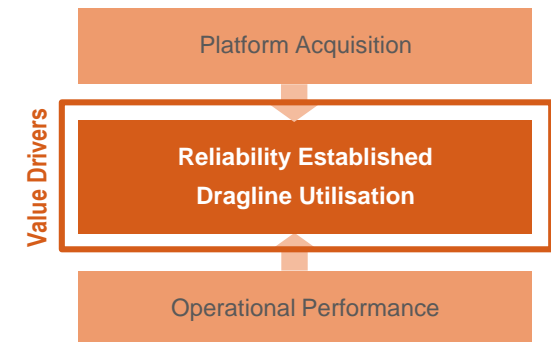
THE PERFORMANCE OF A KEY PILLAR IN THE BUSINESS IS BACK ON TRACK WITH A 16% REDUCTION YTD ON THE FY17 RESULT

STANMORE COAL SAFETY STATISTICS – PAST 12 MONTHS TO DATE



- During the September quarter, there were two Total Recordable Injuries (TRIs) at the Isaac Plains Mining Complex, with no other injuries recorded across other projects and tenements.
- The company's safety performance continued to improve over a 12 month period after the prior quarter's deterioration was corrected. The Total Recordable Injury Frequency Rate (TRIFR) at the end of the September quarter was 10.0, representing a 16% year to date (YTD) improvement on the FY17 result and remains below the Queensland industry level of 14.4.

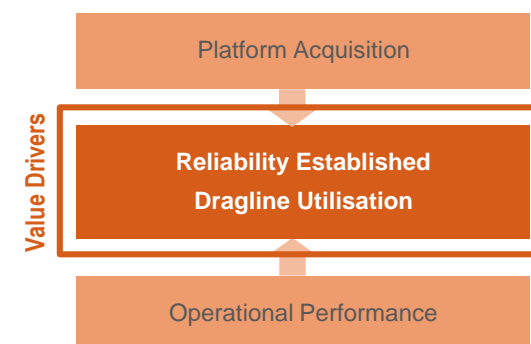
CURRENT POSITION



THE CURRENT POSITION IN THE STRATEGY

STRONG QUARTERLY RESULTS AHEAD OF OR IN LINE WITH EXPECTATIONS ARE REINFORCING STANMORE'S ABILITY TO DELIVER THE NEXT PHASES OF THE STRATEGY

CURRENT POSITION



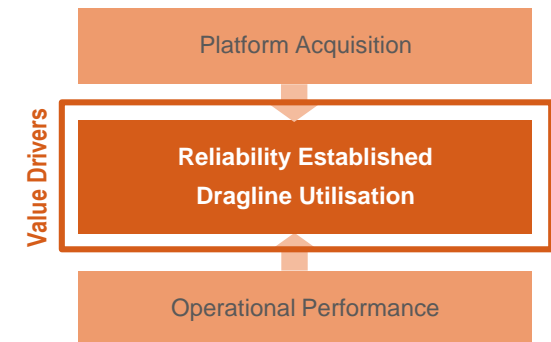
Thousands of tonnes	Quarter Ended					Year-to-date		
	Sept 2017	Jun 2017	Change %*	Sept 2016	Change %*	Sept 2017	Sept 2016	Change %*
ROM coal produced	443	564	(21%)	394 ¹	12%	443	394 ¹	12%
ROM strip ratio (BCM/ROM t)	11.7	10.7	9.3%	15.1	(23%)	11.7	15.1	(23%)
Saleable coal produced	314	392	(20%)	280	12%	314	280	12%
Total coal sales	411	265	55%	286	44%	411	286	44%
Product coal stockpiles	164	258	(36%)	68	141%	164	68	141%
ROM coal stockpile	81	62	30%	15	446%	81	15	446%

¹ Includes 146kt of highwall ROM coal

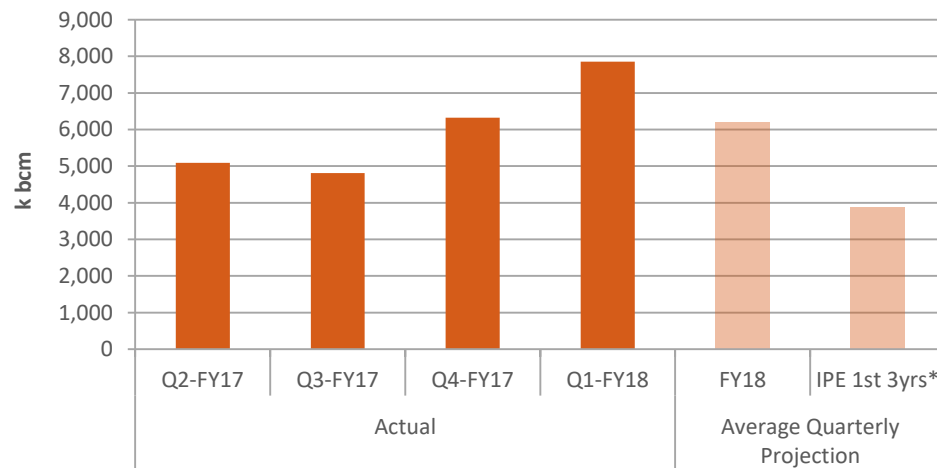
OPERATIONAL PERFORMANCE

THE PERFORMANCE IN THE MINING PHYSICALS CONTINUES TO DEMONSTRATE CONTINUOUS IMPROVEMENT AND ALIGNMENT TO SUPPORT FULL YEAR GUIDANCE

CURRENT POSITION

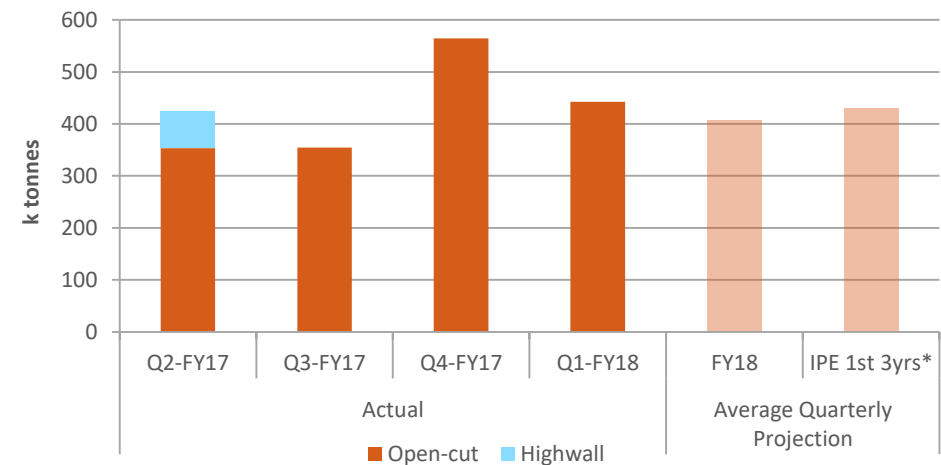


PRIME WASTE OVERBURDEN (BCM)



- A record quarter for overburden performance provides the building block for achieving the company's FY18 average quarterly projection of ~6.0Mbcm per quarter and coal production targets.
- The Isaac Plains Operation is in a solid position for the upcoming wet season and absorbing the impact of the planned dragline shutdown during the December quarter
- Overburden is projected to substantially decrease following the commencement of Isaac Plains East where the coal resource is significantly shallower in the earlier years.

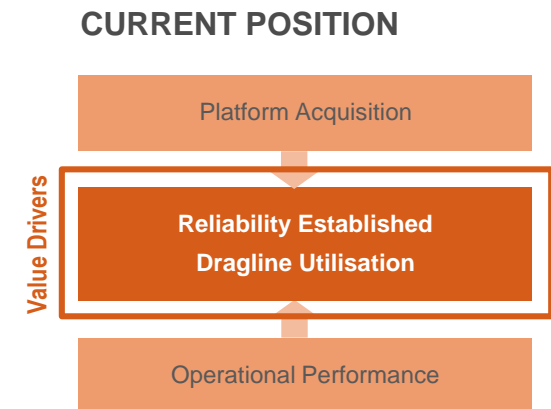
ROM COAL MINED



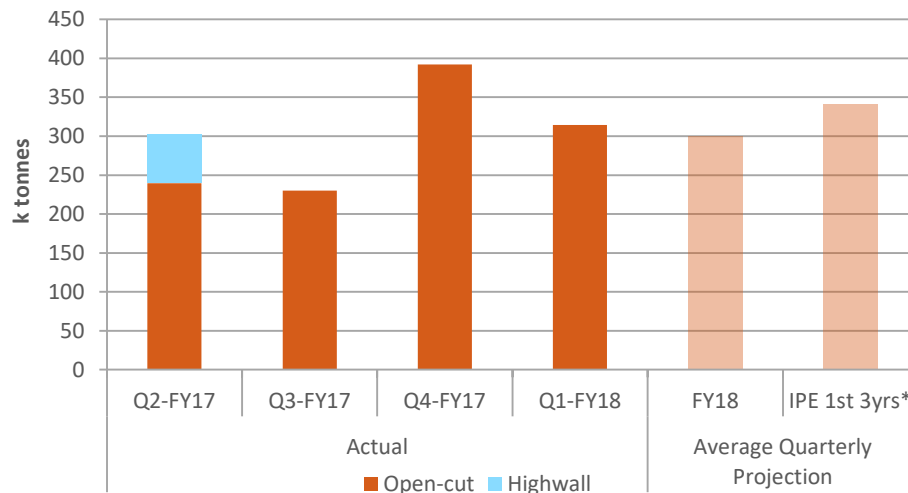
- The overburden result has underpinned a strong quarter of ROM coal mining, with 443kt mined in the September quarter.
- The ROM mining rate at Isaac Plains East is expected to be higher than the FY18 ROM coal mining target, where the shallower coal resource enables higher rates of extraction with lower waste removal.

OPERATIONAL PERFORMANCE

CHPP AND COST OUTCOMES BRINGING CERTAINTY TO THE SUBSTANTIAL VALUE TO BE GENERATED AT ISAAC PLAINS EAST

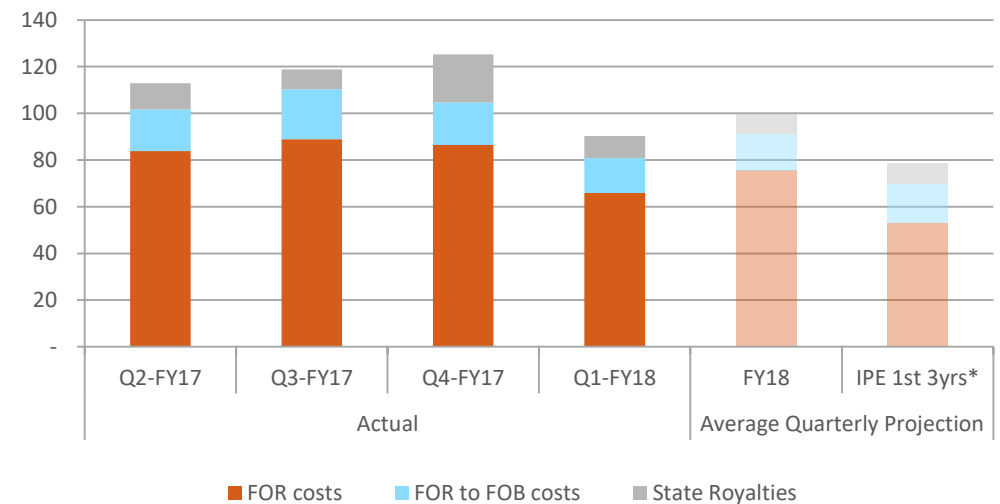


PRODUCT TONNES PRODUCED



- Product tonnes produced in the September quarter were 314kt. This result was ahead of the average quarterly projection for FY18, at an annualised rate of 1.2Mt.
- The coal handling and preparation plant (CHPP) planned major shutdown conducted yield was 74%.
- Isaac Plains East is a higher yielding deposit resulting in greater coal production, with a projected annualised coal production rate of >1.3Mt for the first three years.

FOB (A\$ PER TONNE)

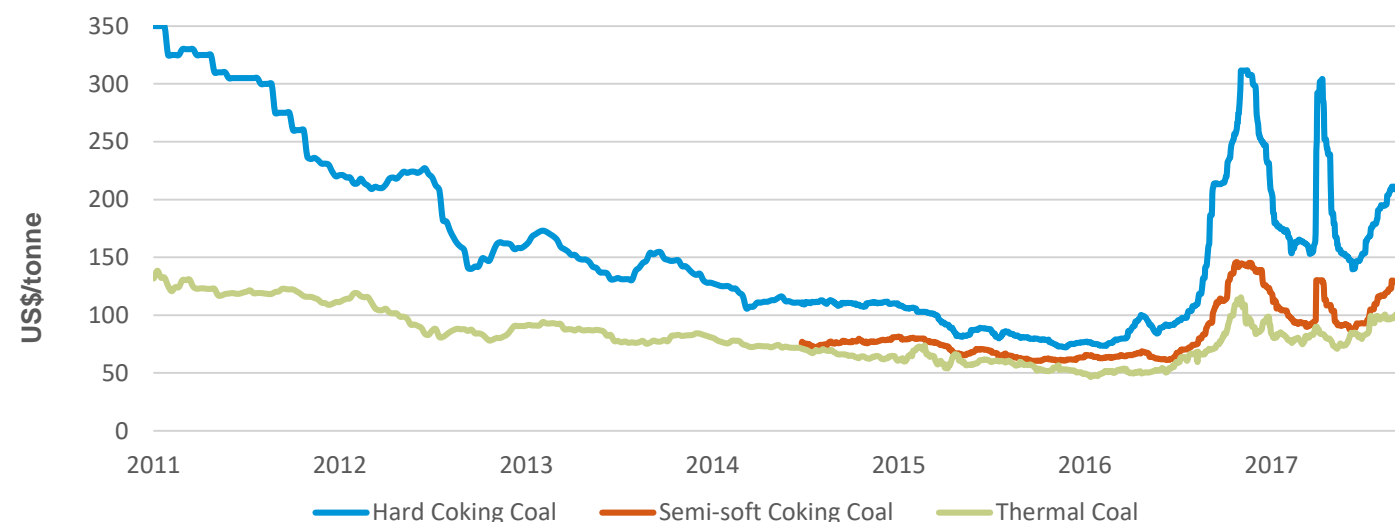


- Total unit costs in the September quarter were \$90.33 per tonne sold, following a record quarter for coal sales at 411kt (44% higher than previous quarter record).
- Isaac Plains East costs are projected to be an average of approximately \$80/t for the first three years.

SHORT TERM – PHASE 1 OF THE STRATEGY

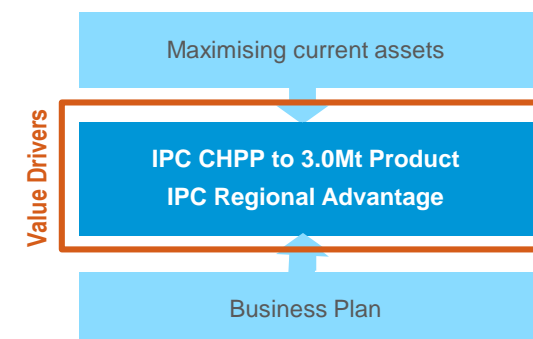
MANAGEMENT'S VIEW IS MAINTAINED THAT PRICES REMAIN SUPPORTED IN THE MEDIUM TERM, AT LEVELS TO INCENTIVISE CAPITAL INVESTMENT DECISIONS TO REPLACE DEPLETING SUPPLY SOURCES OF COKING COAL

HISTORICAL SPOT COAL PRICE (USD)



- During the quarter, Stanmore sold 173kt of semi-soft coking coal. The average shipped price for semi-soft coal during the quarter was US\$124 per tonne (A\$159 per tonne). Thermal sales during the quarter were 238kt, achieving a price of US\$77 per tonne (A\$100 per tonne).
- The September quarterly 1Q18 Hunter Valley benchmark pricing for semi-soft coking coal was set at US\$120 / tonne, based on an indexed linked mechanism using the trailing 3 month average prices from June to August. This backward looking pricing mechanism appears set with most users to continue with the December quarterly price not yet agreed/negotiated.
- Coking coal indices have retracted from recent highs but remain strong and in-line with Company expectations.

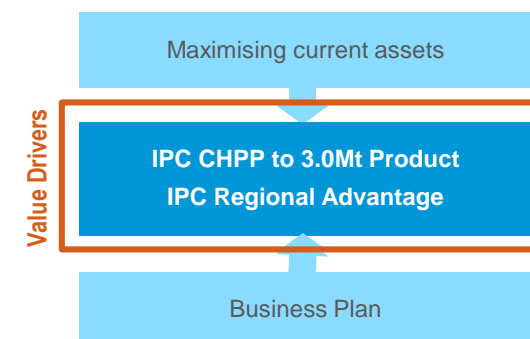
SHORT TERM



SHORT TERM – PHASE 1 OF THE STRATEGY

THE INCREASED UTILISATION OF ISAAC PLAINS COMPLEX ASSETS IS SIGNIFICANTLY DE-RISKED WITH THE PROGRESS OF ISAAC PLAINS EAST APPROVALS AND PROGRESS OF THE ISAAC PLAINS UNDERGROUND OPPORTUNITY

SHORT TERM



ISAAC PLAINS



1.5–1.6 Mtpa ROM

- Subject to coal prices IP has a remaining mine life extending to early FY20 that supports mining rates of ~1.5Mtpa ROM.
- Current operation generating cash

ISAAC PLAINS EAST



1.8 Mtpa ROM potential

- Public notification completed successfully and first production from Isaac Plains East now targeted for early Q1 FY19 with risks from state election and Christmas holidays
- Finalisation of the BFS in current quarter

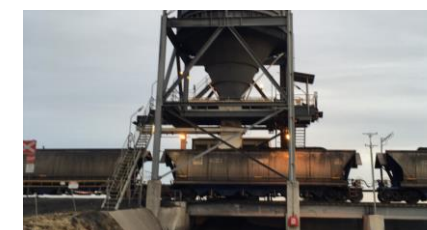
ISAAC PLAINS UNDERGROUND



1.5 Mtpa ROM potential *

- 3-D seismic program completed and analysis underway
- Supporting technical studies progressing
- Investment decision to proceed to Bankable Feasibility Study by Q2 FY18

TOLL LOADING



- A commercial coal handling and services agreement was reached with Noble Resources to load 3rd party coal through Isaac Plains
- Commencing in October 2017

Maximising current assets

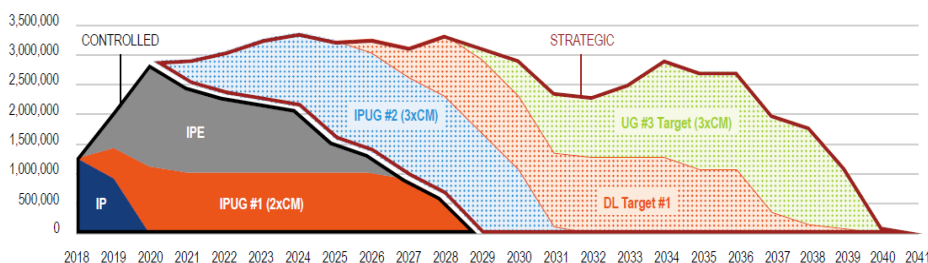
Prices and cost are supporting combining sources to increase ROM with Stanmore owned assets in the short term with out incurring long-term cost liabilities that cannot be exited if the coal price drops

Isaac Plains Complex Capacity of 3.5Mtpa ROM
Short term potential 1.2Mtpa–2.5 Mt product with combined sources

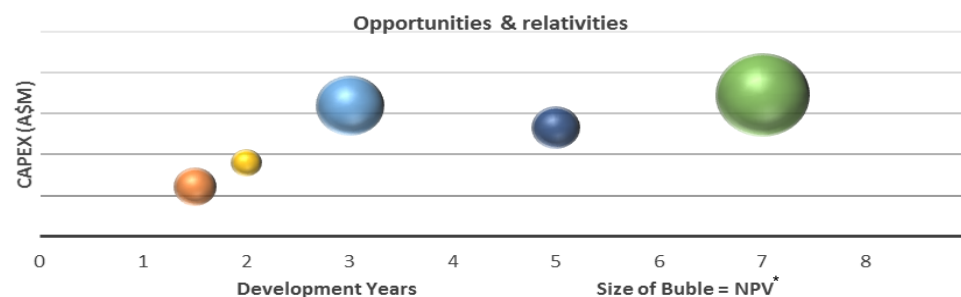
Current guidance of 1.2mt product for full year and \$23-26m EBITDA for first half FY18 with short-term opportunities for growth emerging

PHASE 2 – THE STRATEGY TO CERTAINTY

LOW COST, LOW CAPITAL ACQUISITION TO PROVIDE RUNWAY AND EBITDA GROWTH, COUPLED TOGETHER WITH 'SWEATING' OUR ASSETS, WILL BRING STRATEGY TO CERTAINTY



CREATING 'RUNWAY' FOR THE CURRENT INFRASTRUCTURE



REPEATABILITY OF THE HUB MODEL FOR EBITDA GROWTH

MEDIUM TERM

