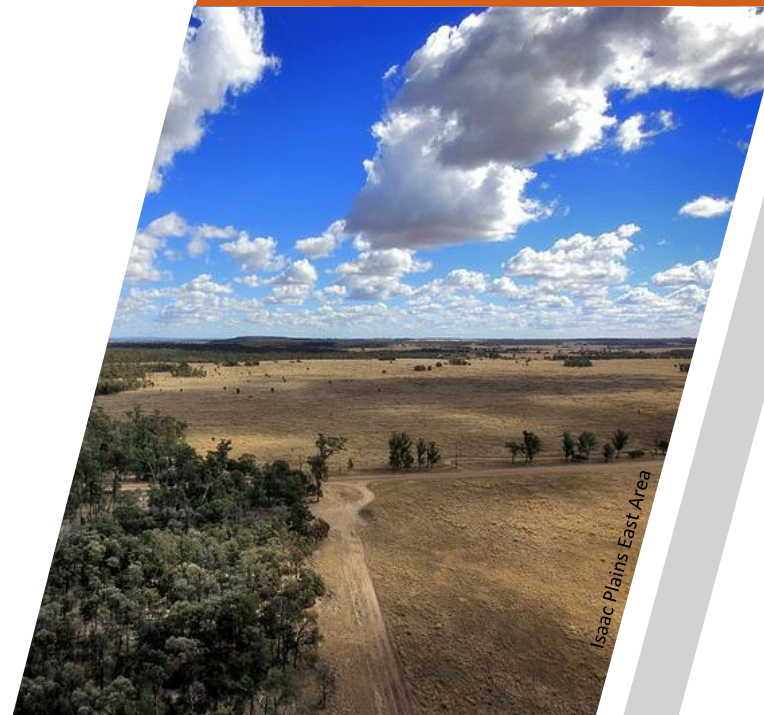


stanmorecoal

**DECEMBER 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\$0.675<sup>1</sup>

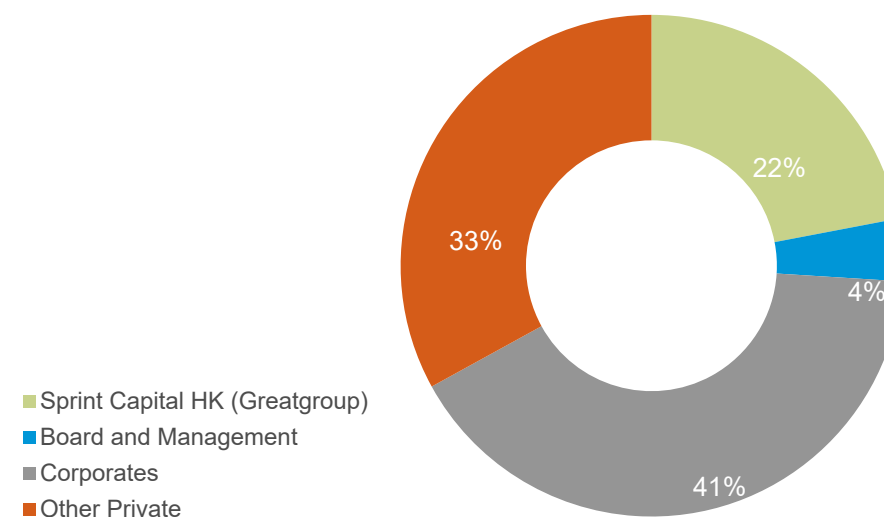
Shares

251,800,978

Market cap

\$170.0m<sup>1</sup>

### SHARE OWNERSHIP



# BOARD OF DIRECTORS

## WEALTH OF EXPERIENCE CREATING THE BUILDING BLOCKS FOR A GROWING ORGANISATION



**NEVILLE SNEDDON**  
**NON-EXECUTIVE**  
**CHAIRMAN**

- Over 40 years' experience in most facets of the Queensland and NSW resource sectors.
- Neville has developed and operated both underground and open cut mines.
- Neville has held several Board positions within mining and infrastructure companies including Chairman of the operating company at Dalrymple Bay Coal Terminal, Director of Port Waratah and Queensland, NSW and National Mining Councils.



**STEWART BUTEL**  
**NON-EXECUTIVE**  
**DIRECTOR**

- More than 40 years of experience in operational management and board roles in the resources industry in New South Wales, Queensland and Western Australia.
- Stewart joined Wesfarmers Limited in 2000 as Managing Director of the Curragh mine, and was Managing Director of Wesfarmers Resources.
- He has held several directorships and was President of the Queensland Resources Council.



**CHRIS MCAULIFFE**  
**NON-EXECUTIVE**  
**DIRECTOR**

- Co-founder and Managing Director of Sprint Capital, a Hong Kong based private equity investment management group.
- Chris has more than 20 years' experience in private equity and investment banking with significant relationships across Asia.
- Chris was Managing Director and co-head of Asia Pacific Industrials group at Citibank in Hong Kong, prior to which he was a Managing Director and head of Asia Industrials and Services Group at Credit Suisse in Singapore.

Note: Stewart Butel assumes role of Chairman from 1 February 2018 when Neville Sneddon leaves the Stanmore Coal Board.

Stanmore Coal

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# BOARD OF DIRECTORS

## WEALTH OF EXPERIENCE CREATING THE BUILDING BLOCKS FOR A GROWING ORGANISATION



**STEPHEN BIZZELL**  
**NON-EXECUTIVE**  
**DIRECTOR**

- Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd.
- Stephen was Executive Director of Arrow Energy Ltd until its acquisition by Shell and PetroChina for \$3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company.
- Stephen has considerable experience in the resources and energy sectors in Australia and Canada with various public companies.



**PATRICK O'CONNOR**  
**NON-EXECUTIVE**  
**DIRECTOR**

- An experienced non-executive director in a wide range of industries including mining, oil and gas exploration, forestry, biotechnology and government utilities.
- Mr O'Connor has undertaken a number of executive director roles, either as Executive Chairman or Chief Executive Officer, to strategically reposition predominantly resource companies to allow them to improve performance



**NEAL O'CONNOR**  
**NON-EXECUTIVE**  
**DIRECTOR**

- 30 years of legal experience in private practice in Australia and the United Kingdom, and within the resources industry.
- He was Company Secretary and General Counsel of the global copper business unit of Xstrata plc, prior to which he was the General Manager Legal at MIM Holdings.
- He is currently a non-executive director of Mitchell Services (ASX: MSV) and Dingo Software.
- Mr O'Connor is admitted to practice as a solicitor in Queensland and England and Wales. He is also a Member of the Australian Institute of Company Directors.

# THE LEADERSHIP TEAM

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**DAN CLIFFORD**  
**MANAGING DIRECTOR**

- More than 20 years' experience in the coal mining industry
  - Has worked in Australia, South Africa and New Zealand
  - Substantial open cut and underground coal mining experience
  - Previously roles were with Solid Energy, Glencore, Anglo Coal and BHP Billiton.
- 



**IAN POOLE**  
**CHIEF FINANCIAL OFFICER**

- Almost 30 years' experience in financial and commercial roles in the resources industry in Australia and the United States
  - Previously CFO of ASX-listed minerals processing and infrastructure company, Sedgman Limited
  - Formally with Rio Tinto Coal Australia Pty Ltd and Pasminco Resources.
- 



**BERNIE O'NEILL**  
**GENERAL MANAGER OPERATIONS**

- More than 30 years' experience in the coal sector in New South Wales and Queensland.
  - Previously General Manager of Newlands/Collinsville Coal for Glencore Coal Australia, responsible for open-cut and underground operations across the Newlands and Collinsville complex in the northern Bowen Basin.
  - As Group Manager, Business Development for Glencore Coal Australia Mr O'Neill was responsible for feasibility studies and financial evaluation of new projects and brownfield expansions.
- 

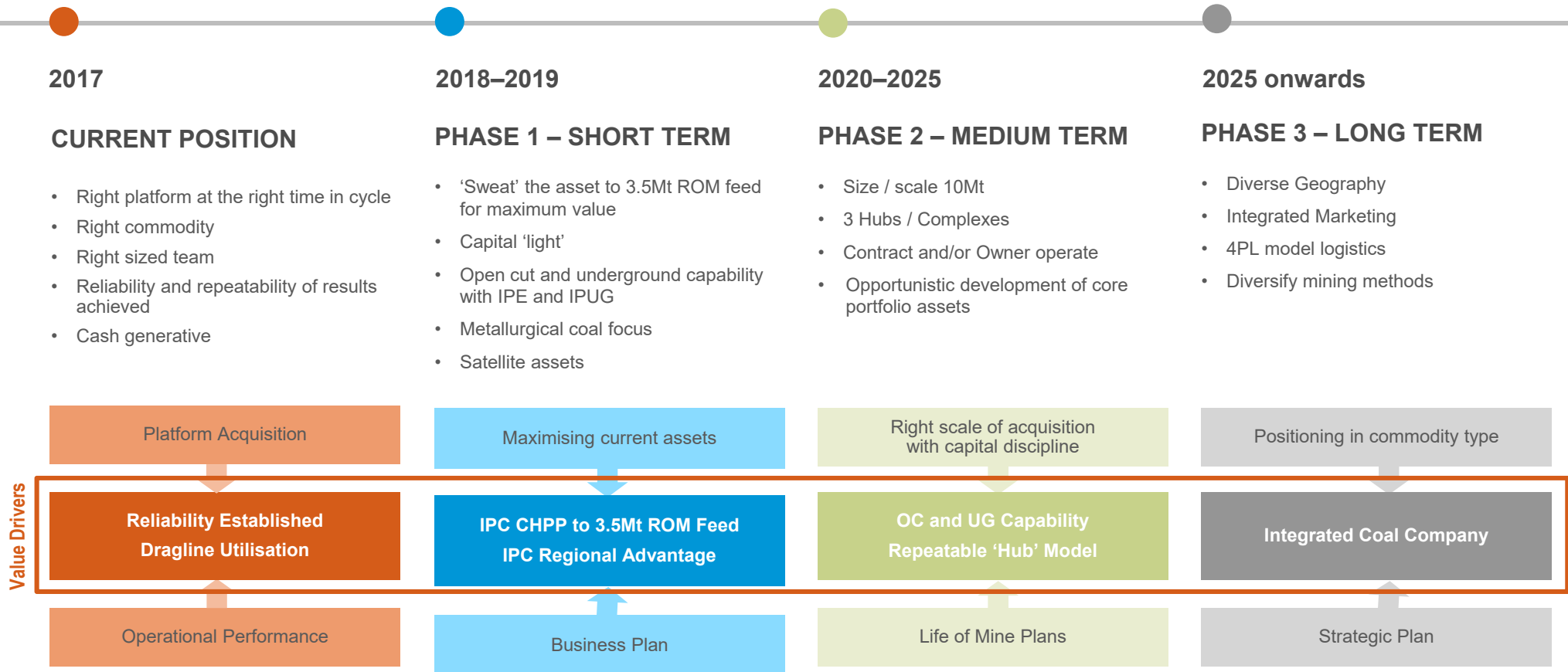


**JON ROMCKE**  
**GENERAL MANAGER DEVELOPMENT**

- Previously Head of Iron Ore Assets with Glencore International. Jon also worked Xstrata Iron Ore in Switzerland and Xstrata Coal in Queensland.
- Identification, targeting and the development of new business opportunities is underpinned by his technical, financial and commercial skills.
- Provides the step change required to successfully develop our business and provide our shareholders with great sustainable and cost effective returns.

# THE STRATEGY

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





# DECEMBER QUARTER HIGHLIGHTS

## FULL YEAR PRODUCTION GUIDANCE ON TRACK WITH SIGNIFICANT GROWTH IN FY19 IMMINENT

### ISAAC PLAINS

- Successful planned dragline shutdown for scheduled maintenance completed over a 16 day period
- Underlying EBITDA for FY18 H1 in line with guidance of \$17-20m
- YTD FOB costs \$98.50/t, with Full Year guidance FOB \$105/t
- Full year production guidance at 1.2Mt product reconfirmed
- March Quarterly SCCC Benchmark price (forward looking) set at USD143/t (AUD178/t), index-linked pricing will be confirmed in March

### ISAAC PLAINS EAST

- Environmental Authority issued on 24 January, 2018
- Capital works underway with self funded \$9.7m committed and anticipated granting of the Mining Leases in the coming months
- Production schedule held for early Q1 FY19
- Integration planning well underway

### ISAAC PLAINS UNDERGROUND

- Prefeasibility completed and business decision made to take project into Bankable Feasibility Study (BFS) over a 6 month period
- Targeting +1Mt ROM / year
- Early contractor involvement (ECI) for BFS out to tender and Project Manager appointed
- Planning estimate of 10 Mt ROM over 8-10 year mine life

### FY19 INTENT

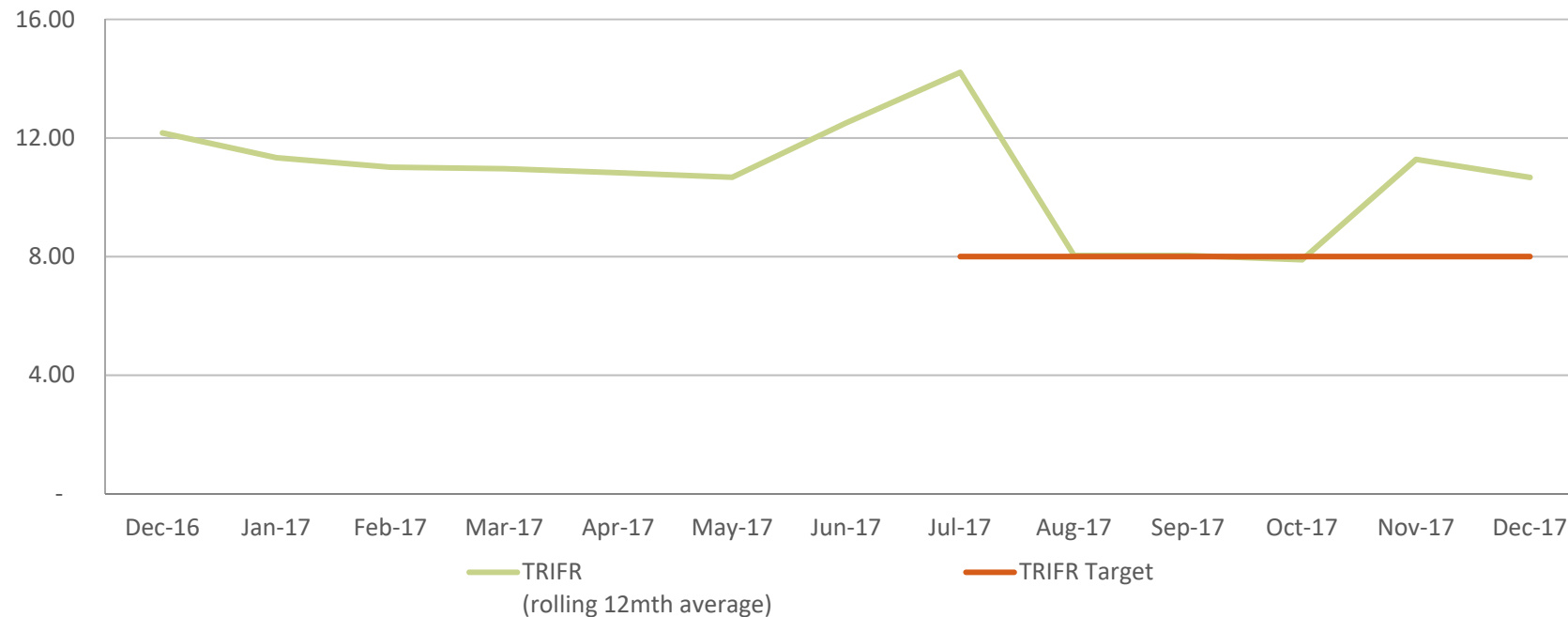
- With Isaac Plains infrastructure capacity, approval timing confidence and flexibility in logistics capability, Stanmore will be boosting ROM production to approximately 2.3Mt ROM for FY19, representing a +40% increase over FY18
- Results in approximately 1.8Mt product, representing a 50% increase over FY18
- This is supported by strong coal prices and long term cost flexibility resulting in significant EBITDA growth in FY19
- Plan results in the dragline staying at Isaac Plains for the majority of FY19, and commencing Isaac Plains East with truck and excavator. The dragline would then move over to Isaac Plains East with the truck and excavator remaining to complement production
- Budget planning underway to finalise FY19 guidance
- Exploration planning for EPC 755 (15km south of Isaac Plains infrastructure) to assess feasibility of standalone operation



# HEALTH AND SAFETY

12% IMPROVEMENT IN TRIFR IN H1 FY18 TRENDING TOWARDS TARGET OF 8.0

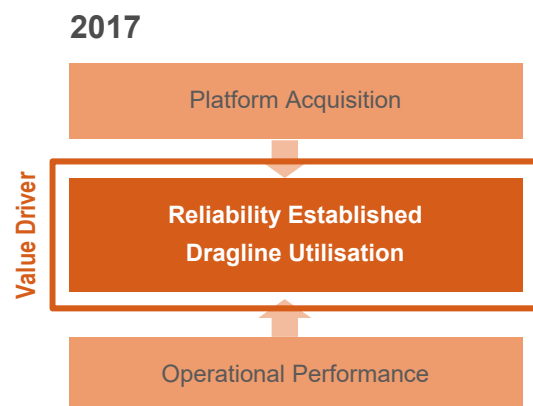
## Stanmore Coal Safety Statistics Past 12 Months to Date



- During the December quarter, there were three Total Recordable Injuries (TRIs) at the Isaac Plains Mining Complex, with no other injuries recorded across other projects and tenements.
- Notwithstanding this disappointing result for the quarter, the company's safety performance has continued to improve over a 12 month period. The Total Recordable Injury Frequency Rate (TRIFR) at the end of the December quarter was 10.67, representing a 12% year to date (YTD) improvement and remains below the Queensland industry level of 11.2<sup>1</sup>

# QUARTER ENDING DECEMBER 17

STRONG SALES IN FIRST HALF COMBINED WITH THE OPERATIONAL PLATFORM HAS SET UP A VALUABLE 2<sup>ND</sup> HALF FOR FY18



## CURRENT POSITION - SCORECARD

- Right platform at the right time in cycle
- Right commodity
- Right sized team
- Reliability and repeatability of results achieved
- Cash generative



Thousands of tonnes	Quarter Ended			Year-to-date		
	Dec 2017	Sept 2017	Change %*	Dec 2016	Change %*	Dec 2017
ROM coal produced	271	443	(39%)	424	(36%)	714
ROM strip ratio (BCM/ROM t)	14.8	12.0	23%	16.1	(8%)	13.0
Saleable coal produced	197	314	(37%)	302	(35%)	512
Total coal sales	183	411	(56%)	264	(31%)	594
Product coal stockpiles	177	164	8%	104	70%	177
ROM coal stockpile	54	81	(33%)	39	39%	54

\* Note: Change is favourable/unfavourable

### December Quarter

- H1 Underlying EBITDA inline with guidance of \$17-20m
- Planned dragline shutdown maintenance period successfully completed (planned impact on overburden of approximately 1.0Mbcm and ROM by approximately 70kt)
- Further investment in prestrip underpins a strong H2 performance
- Mining conditions had some impact on overburden and ROM recoveries during Nov / Dec
- With shipping queues high, option taken to shutdown CHPP in December to manage stockpile coal quality (fluidity) for customers, impacting Product coal by 40kt
- Semi-soft price received A\$151/t (US\$119/t) and thermal price received A\$133/t (US\$98/t) for the quarter
- Net cash reduced to \$14.6m from \$21.3m as a result of increased coal inventories due to high port queues (\$3.3m), planned dragline shutdown (\$2.2m), increased pre-strip (\$4.9m) and further exploration/studies costs on the underground project and Isaac Plains East (\$1.6m)

### 25 January 18

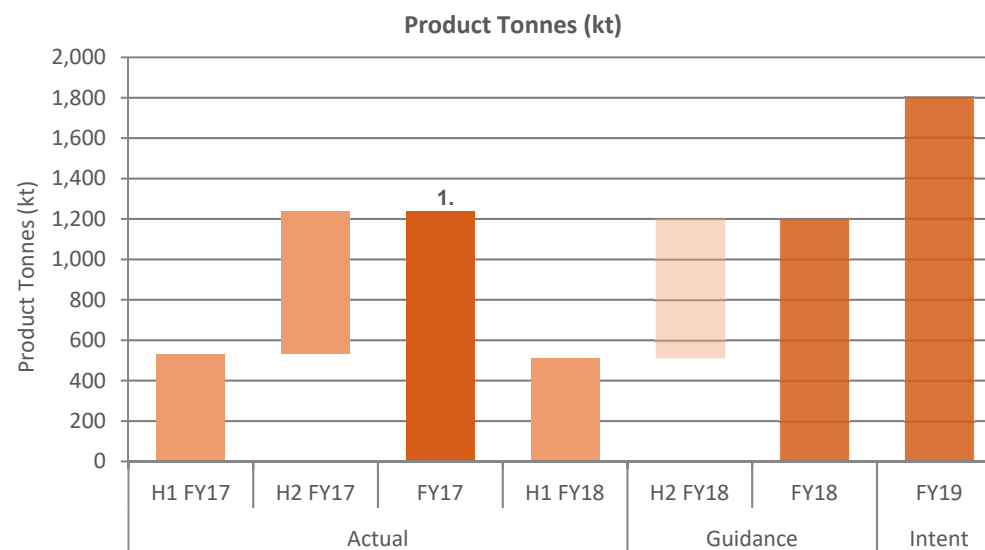
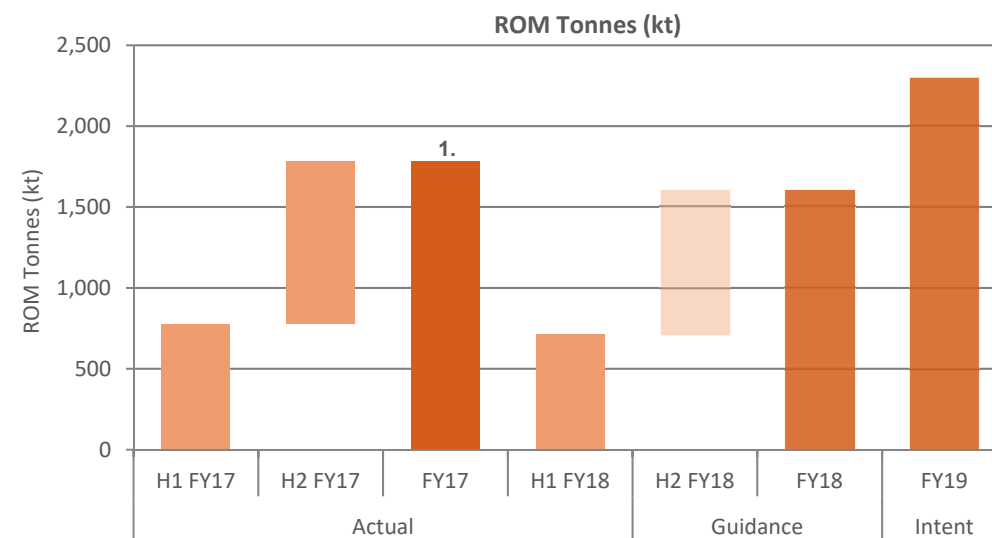
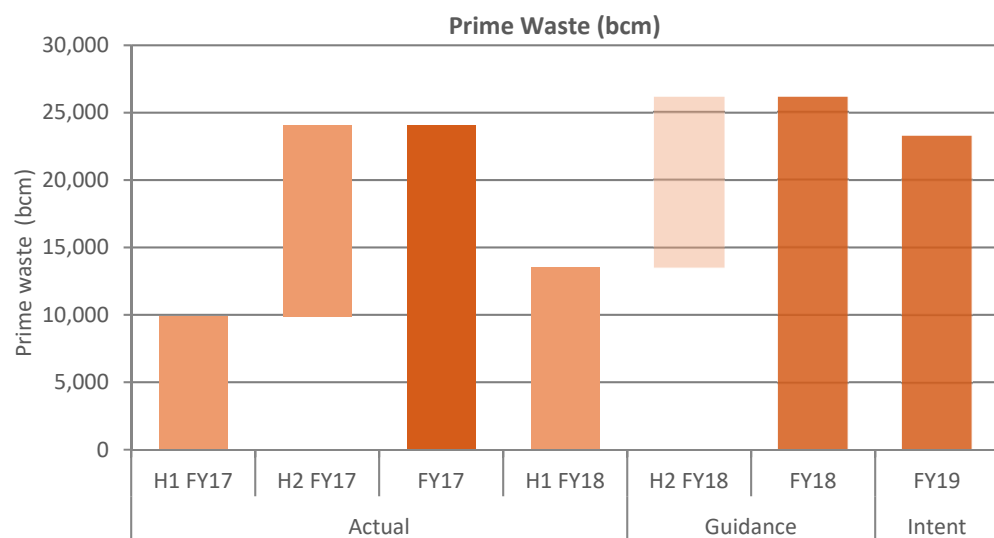
- Net cash of \$18.6m.
- Product Stocks reduced to approximately 70kt

### Full Year Forecast

- Full Year Production Guidance of 1.2Mt product reconfirmed
- Production costs to \$105/t FOB FY18

# HALF ENDING DECEMBER 17

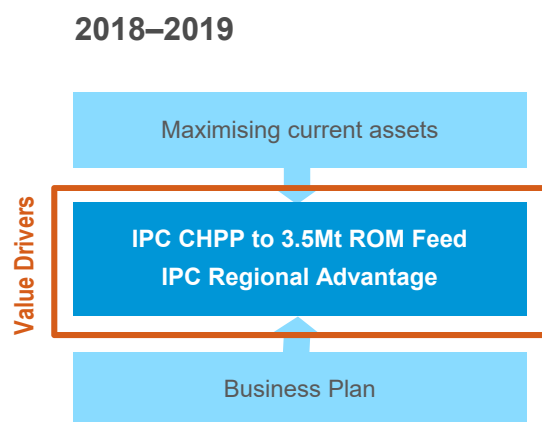
STRONG SALES IN FIRST HALF COMBINED WITH THE OPERATIONAL PLATFORM HAS SET UP A VALUABLE 2<sup>ND</sup> HALF FOR FY18



1. Includes Highwall Mining Production

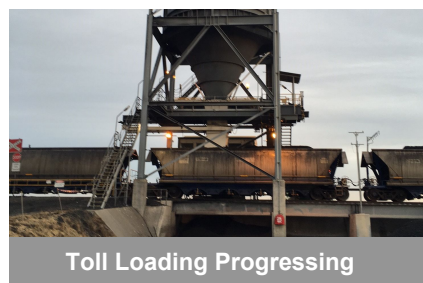
# THE STRATEGY INTO ACTION DURING FY18/19

CASH GENERATION AND FULL UTILIZATION OF THE INFRASTRUCTURE REMAINS FRONT AND CENTRE FOR FULL SHAREHOLDER VALUE



## PHASE 1-SHORT TERM SCORECARD

- 'Sweat' the asset to 3.5Mt ROM Feed for maximum value ●
- Capital 'light' ●
- Open cut and underground capability with IPE and IPUG ●
- Metallurgical coal focus ●
- Satellite assets ●



### Toll Loading

- Progressing well with 190kt received on site and 106kt loaded through the TLO
- A total contracted volume of 550kt to the end of Q3 FY18 is expected at attractive returns on underutilised infrastructure



### Isaac Plains East

- The Environmental Authority was granted on 24 Jan 2018
- All compensation and overlapping tenement agreements have been executed with the respective parties and lodged with the Department of Natural Resources and Mines
- It is anticipated the IPE Mining Leases will be granted in the coming months
- Production planned for early Q1 FY19

### Isaac Plains Underground

- Pre-feasibility study completed and investment decision taken to proceed into a Bankable Feasibility Study (BFS) during December
- An "Early Contractor Involvement" (ECI) model is being used for the completion of the BFS and is currently out to tender
- Targeting +1Mt ROM / year at < \$100/t FOB

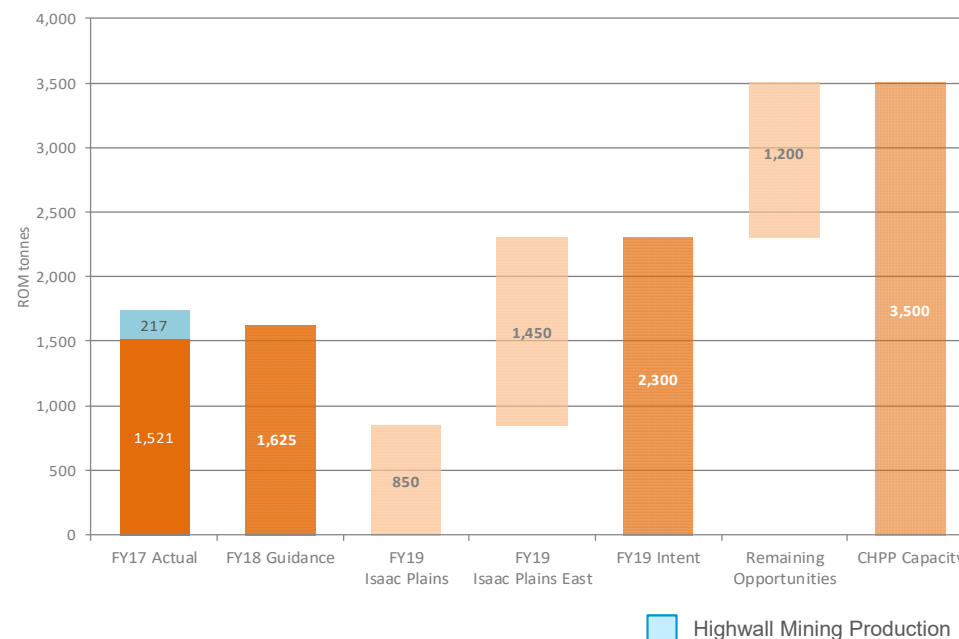
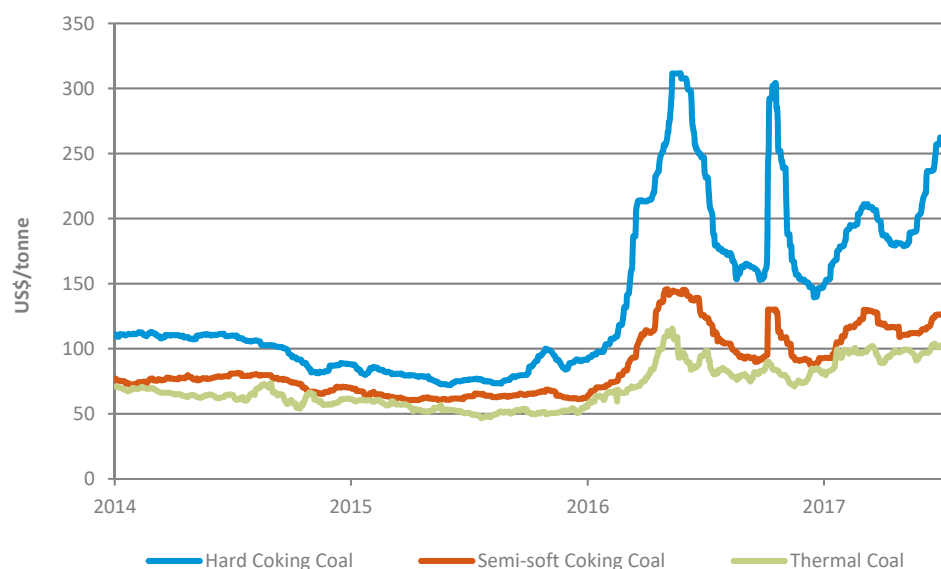
### Projects and Exploration

- Exploration program planned for EPC 755 (approximately 15km to the south of Isaac Plains infrastructure) to assess feasibility of a standalone operation
- Opportunistic regional acquisition



# THE STRATEGY INTO ACTION DURING FY18/19

THE COMBINATION OF PRICE, TIMING OF PROJECTS AND FLEXIBILITY IN INFRASTRUCTURE POSITIONS STANMORE WELL TO ACCELERATE EBITDA GROWTH INTO FY19



## STRATEGY IN ACTION

- Stanmore will be, conditional on Mining Lease grant, be boosting ROM production to approximately 2.3Mt ROM for FY19, representing a +40% increase over FY18
- Results in approximately 1.8Mt product, representing a 50% increase over FY18
- This is supported by strong coal prices in the immediate future which incentivises increased production at a higher cost structure (~\$10/t) resulting in higher EBITDA for shareholders
- All commercial structures impacting costs are being negotiated to ensure that Isaac Plains can revert back to the lowest possible cost structure (i.e. dragline and minimal truck & shovel when pre-strip required) on short notice
- Plan results in the dragline staying at Isaac Plains for the majority of FY19, and commencing Isaac Plains East with truck and excavator. This is an important and accelerated step to Stanmore achieving its short term objective of maximising ROM feed to the plant of 3.5Mtpa
- The remaining capacity in the CHPP (approximately 1.2Mtpa) represents the short term opportunities available to deliver additional EBITDA growth above this initiative. Further opportunities include regional open-cut and underground targets.

# THE STRATEGY INTO ACTION

WITH ISAAC PLAINS MAXIMIZED, FURTHER OPPORTUNITY EXISTS

2020–2025

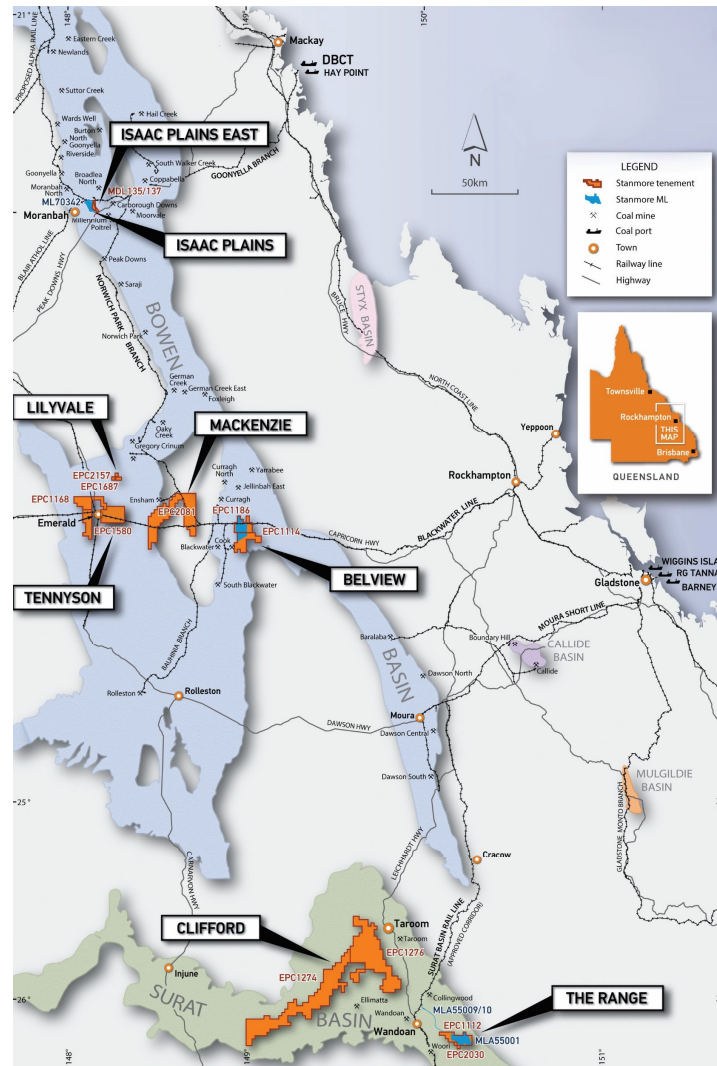
Right scale of acquisition  
with capital discipline

OC and UG Capability  
Repeatable 'Hub' Model

Life of Mine Plans

## PHASE 2 - MEDIUM TERM

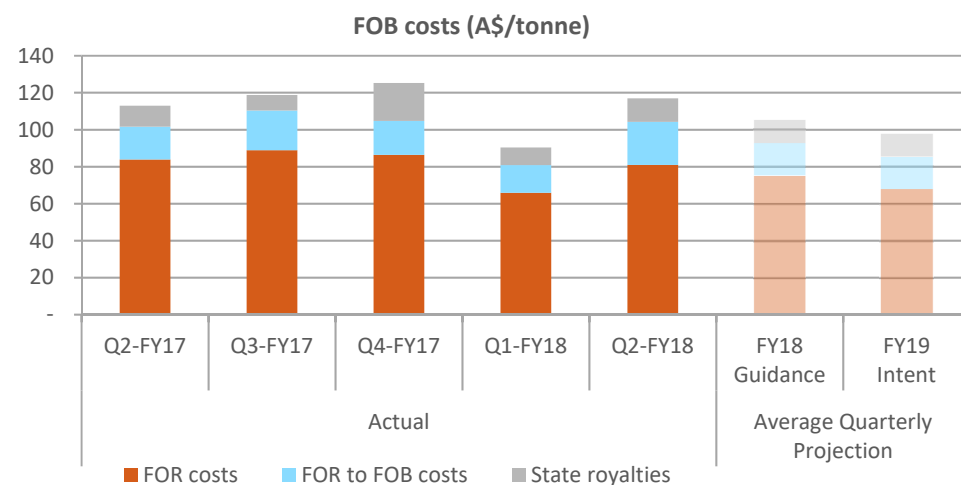
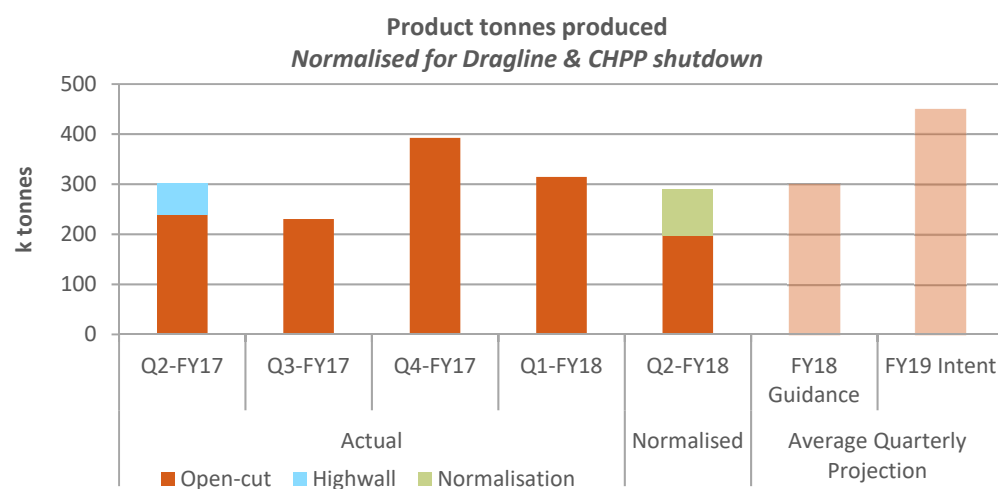
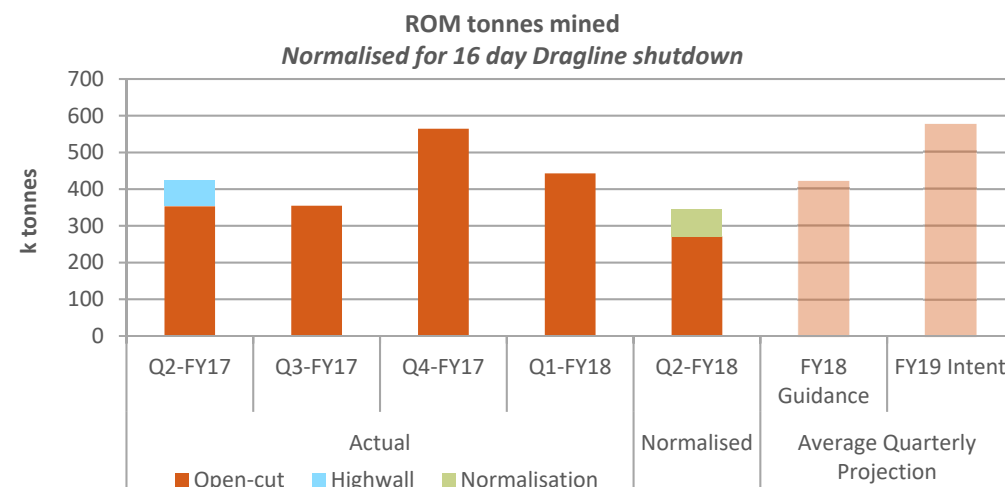
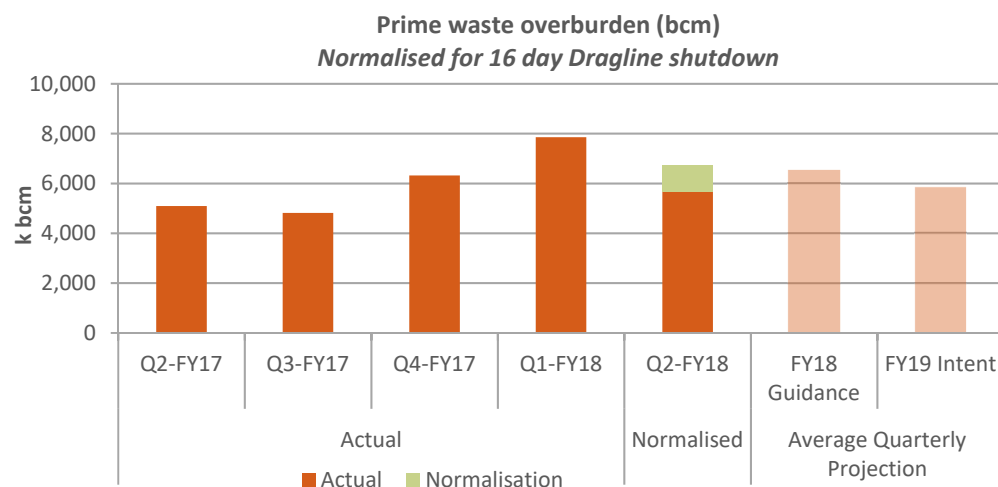
- Size / scale 10Mt
- 3 Hubs / Complexes
- Contract and/or Owner operate
- Opportunistic development of core portfolio assets



- Priority placed on Belview (medium-term focus)
- Exploration planning commenced for Lilyvale and EPC755 to the south of Isaac Plains Complex
- A review of The Range Project (Surat Basin) has been commissioned
- Focussing on multiple producer areas, underutilised capacity and stranded assets

# QUARTERLY RESULTS

## QUARTERLY PERFORMANCE AND ADJUSTMENT FOR DRAGLINE AND CHPP SHUTDOWN





# ISAAC PLAINS COMPLEX

