

Chairman's Address to AGM

In presenting this chairman's address, I am pleased to report that Stanmore Coal has delivered positive results.

During the Financial Year 2017 we transitioned to be a coal producer, establishing an exciting platform for future growth; our operational results support the development of a clear and implementable path to sustainable growth and profitability that, given reasonable trading conditions, will flow on to shareholders.

<Our Performance>

Turning Isaac Plains into a fully operational mine in Financial Year 2017 following its acquisition in 2015 has been a significant achievement.

Net Profit after Tax (NPAT) was \$6.2 million compared with a loss the previous year. The profit reflects significant gains in the second half – \$34.2 million gross profit following a \$5.9 million loss first half.

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The turnaround has been driven by improvements to all operational and corporate areas, buoyant coal prices and is a clear indicator of the mine's future profitability as operations migrate to Isaac Plains East.

Our balance sheet is strengthening. No dividend was declared in FY2016.

<Price Buffer>

During Financial Year 2017, Stanmore put in place disciplines to ensure we remain flexible and profitable throughout the coal price cycle.

Economic growth in developing markets, especially Asia, is pushing up the demand for steel, and this augurs well for Stanmore as we seek to produce more coking coal at our Isaac Plains Complex.

While prices are difficult to predict, the demand and pricing for coking coal is forecast to remain relatively strong over the long term. The hard coking coal price continues to fluctuate since falling to \$140/tonne in early 2017, then rising to \$300/tonne.

Stanmore will continue to exercise capital discipline through the peaks and the troughs. We intend to produce more coal at lowest cost regardless, as long as the market supports it.

<Our Strategies>

Stanmore has short, medium and long-term strategies in place to produce returns for shareholders. We will optimise our resource portfolio by continuing to re-assess.

In the medium term, we are confident that our as-yet untapped high grade resources in the Bowen and Surat Basins will find ready markets in premium steel mills and high efficiency, low emission coal-fired power plants which are expanding throughout Asia.

Stanmore is positioned to take advantage of the ongoing demand for coking coal and the predicted steady rise in demand for thermal over the next five to 10 years.

With this forecast demand, the ongoing exit from coal of some major miners creates additional opportunity for Stanmore through potential to make acquisitions that suit our portfolio.

<Good Governance>

The Stanmore Board has recognised the business's transition into operations with the appointment of a new Managing Director and by supporting the building of the right team with the right skills and capabilities.

Our transition into operations has required a broadening of our governance activity, and as such, in conjunction with the Audit and Risk Committee, we have established a Health, Safety Environmental and Community Sub-committee.

The Board is also being renewed to reflect our new phase of development, and today we welcome Neal O'Connor and Stewart Butel.

As we have previously announced, I will be leaving the Board in the new year. I would like to take this opportunity to thank our shareholders for their support since we listed. Our fortunes have often followed those of the coal industry in its ups and downs. I would like to think that the present state of the business remains solid enough to ride the falls and celebrate the rises.

<Thank You>

On behalf of the Board, I thank the Stanmore team and our subcontractors for their efforts in 2017.

I also express our gratitude to all investors and stakeholders for your continuing faith in the company.

We look forward to an outstanding year in 2018.