

23 April 2024

March 2024 Quarterly Activities Report

Strong 1Q 2024 production volumes and continued delivery of targeted, strategic M&A

“Saleable production for the quarter recovered well from wet weather experienced across the Bowen Basin and is tracking on plan, and we ended the quarter with healthy levels of product and ROM stockpiles which should also support 2Q 2024 sales performance.

In acquiring 100% of the Eagle Downs project, Stanmore will gain full control over its development and is able to streamline management and fully leverage our strong technical capabilities, unique infrastructure and logistics portfolio to unlock the value of the asset to its full extent. Stanmore will seek to optimise development and take a capital efficient approach to any future investment decision.

Metallurgical coal prices decreased through the quarter as supply conditions from East Coast Australia improved towards the later part of the quarter, while demand weakness persisted globally. Stanmore maintains a strong forward sales program and is well placed through the upcoming quarters.”

Marcelo Matos, Chief Executive Officer & Executive Director

Highlights

- March quarter Run of Mine (ROM) production of 4.6Mt, saleable production of 3.3Mt and total coal sales of 3.4Mt, in line with our annualised guidance range
- Binding agreement entered into to acquire a 50% interest in the Eagle Downs Metallurgical Coal Joint Venture Project and 100% of Eagle Downs Coal Management Pty Ltd from South32 during 1Q 2024 and, subsequent to quarter end, a further agreement signed for the remaining 50% of the Joint Venture and 100% of the Eagle Downs South tenements from Aquila, majority owned by the giant Chinese steelmaker, BaoWu
- Consolidated cash on March 31 of US\$313 million, with net cash of US\$86 million after accounting for Stanmore’s long-term debt position at quarter end and US\$77 million in dividends paid in March 2024
- Stanmore was added to the S&P/ASX 200 Australian Stock Market Index from March 18, 2024
- The sale of the southern portion of Ward’s Well was completed subsequent to quarter-end, with approximately US\$136 million cash consideration received on April 16, 2024

Consolidated Production & Sales Performance

		Quarter-Ended		Year-to-Date	
		Mar-24	Dec-23	Mar-24	Mar-23
ROM Coal Produced	Mt	4.6	4.8	4.6	4.1
ROM Strip Ratio	Prime	7.8	7.1	7.8	8.0
Saleable Coal Produced	Mt	3.3	3.4	3.3	3.2
Sales of Produced Coal	Mt	3.3	3.7	3.3	2.7
Sales of Purchased Coal	Mt	0.1	0.1	0.1	0.1
Total Coal Sales	Mt	3.4	3.8	3.4	2.8

Safety

Stanmore's 12-month rolling Serious Accident Frequency Rate (SAFR) increased to 0.35 from 0.19 in the prior quarter and compared to the industry average of 0.57 (reported as of September 2023 by Resources Safety and Health Queensland for Surface mines), following an unfortunate finger injury requiring hospital admission.

We continue to evaluate our site investigation actions, paying particular attention to those that exhibit a pattern of recurrence. As part of our proactive approach to risk management, we have embarked on a comprehensive review of principal hazards and critical controls during the current quarter. This initiative underscores our dedication to enhancing safety protocols and ensuring the continued success and sustainability of our operations.

Operational Highlights

South Walker Creek

		Quarter-Ended		Year-to-Date	
		Mar-24	Dec-23	Mar-24	Mar-23
ROM Coal Produced	Mt	2.1	1.8	2.1	1.9
ROM Strip Ratio	Prime	7.0	8.5	7.0	8.2
Saleable Coal Produced	Mt	1.6	1.6	1.6	1.6
Total Coal Sales	Mt	1.6	1.6	1.6	1.2

South Walker Creek (SWC) had a very strong quarter, benefiting from an effective mining recovery and healthy inventories to support a robust production profile of 1.6Mt (6.4Mt annualised) of saleable coal, which is on plan for the full year and fully overcoming the wet weather early in 1Q. Dragline stripping was also strong in the quarter, achieving a record 8.6Mbcm and setting up operations for 2Q 2024 and the remainder of the year.

Coal sales were in-line with saleable production of 1.6Mt, supported by 1.7Mt of railings and resulting in robust closing product inventories of 259Kt.

Poitrel

		Quarter-Ended		Year-to-Date	
		Mar-24	Dec-23	Mar-24	Mar-23
ROM Coal Produced	Mt	1.4	2.2	1.4	1.2
ROM Strip Ratio	Prime	9.7	5.5	9.7	8.4
Saleable Coal Produced	Mt	1.1	1.2	1.1	0.7
Total Coal Sales	Mt	1.2	1.4	1.2	0.8

The advancement of 786Kt of ROM coal from 1Q 2024 into 4Q 2023 strengthened opening ROM coal inventories, providing Poitrel with the ability to mitigate and navigate resiliently through the quarter's weather events. Stripping activities increased 32% year-on-year, attributed to favourable digging locations and operational discipline. The strip ratio increased quarter-on-quarter given coal has been brought forward into 4Q 2023 and we took opportunity to catch up on stripping during this quarter, as well as from a reduction in capitalised volume from the Ramp 10 North (R10N) box-cut compared to prior quarter.

CHPP saleable coal production increased 45% compared against the same period last year, supported by strong wash plant utilisation over the period and opening inventories. Coal sales were similarly strong.

Isaac Plains Complex

		Quarter-Ended		Year-to-Date	
		Mar-24	Dec-23	Mar-24	Mar-23
ROM Coal Produced	Mt	1.0	0.9	1.0	1.0
ROM Strip Ratio	Prime	7.8	8.4	7.8	7.0
Saleable Coal Produced	Mt	0.5	0.6	0.5	0.9
Total Coal Sales	Mt	0.5	0.8	0.5	0.9

ROM Coal mined exceed plan despite some wet weather early in the quarter. Nevertheless, CHPP feed was impacted due to timing of ROM coal availability, leading to lower than planned saleable production of 0.5Mt. Toll wash opportunities were exploited during the quarter, supporting maximisation of CHPP throughput and additional 3rd party coal sales.

Strip ratios increased due to mining in the higher ratio Pit 5 area in second half of 2023, and will continue through into 2024 with coal produced from this area scheduled throughout 2024 and 2025

1Q 2024 also saw strong waste stripping, supporting ROM coal in the quarter, while the introduction of two Atlas Pit Viper drill rigs and additional Mobile Processing Unit capacity bolstered drill and blast capability ahead of anticipated requirements for the remainder of the year.

We expect a much stronger 2Q 2024 on saleable production volumes and to be fully caught up on an annualised guidance range basis by the end of 1H 2024.

Projects

South Walker Creek

Expansion Project to 9.4Mtpa of ROM Coal & 7.0 Mtpa Saleable Production

Many of the key contract work packages were mobilised and the first of the three additional expansion fleets commenced operation in Y-South pit in the quarter.

Development of the critical Y-South pit continues to progress well, with operations turning the pit to a fully functioning overburden stripping mine in approximately two months despite incurring ~300mm of rain. Y-South is expected to contribute 13Mt of low strip ratio and high yielding ROM coal adjacent to the CHPP. Similarly to MRA2C and Ramp 10 North in Poitrel, box cut volumes will be capitalised and amortised over the life of the pit. Mobilisation and commencement of two additional expansion fleets is anticipated to commence in 2Q 2024.

The CHPP expansion project progressed with 80% of the construction packages awarded with initial hardstand construction, piling and foundation work commencing. The tie-in is planned to occur concurrently with the CHPP major shutdown scheduled for 4Q 2024. The mine expansion infrastructure design project has progressed well and remains on target to release the construction packages to market in 3Q 2024, commencing construction thereafter in 2025.

MRA2C Project

The project continued to perform well, remaining ahead of program and below budget. All ancillary works are complete, with 45% of bulk earthworks completed and over 2.9 million cubic metres moved to date. Bulk earthworks are scheduled to be completed early 4Q 2024, and project is running to date well below the approved capex budget.

Poitrel Southern Levee & Ramp 10 Box Cut

The Southern Levee Extension Project is almost complete with levee certification expected in 2Q 2024. The project has been successfully executed, ahead of schedule and below budget.

Stripping of the Ramp 10 North box cut area continued in the quarter, with completion expected 3Q 2024, extending the terrace to facilitate full strip mining by early 2025.

Isaac Plains Complex Pit 5 Development & MIA

Development of Pit 5 continued in the quarter with various civil activities completed. Completion of this work has supported pit establishment ahead of ongoing coal mining over the course of 2024 and 2025.

Practical Completion of the Isaac Downs Mining Infrastructure Area was reached by the end of the quarter, providing a quality facility to support mining activity.

Millennium Complex Underground Development

Underground operations continue to progress to the North of the mine where the first production panel has been established while the second mining unit continues to develop in the Mains. The Mains development is encountering known difficult mining conditions, impacting on productivity when mining in this area.

A total of 119Kt of ROM coal was mined in the quarter from underground operations, with 90Kt of saleable coal produced and net shipments of 101Kt.

Exploration and Development

Work on the Lancewood Pre-Feasibility study continued through the quarter, with 3D seismic survey data captured in 2H 2023 processed and analysed. The seismic survey data will be calibrated with exploration drilling to be completed this year.

A further body of work to improve infrastructure cost estimation accuracy is underway along with an update of mine planning options.

The regulatory approvals process has been identified as the longest part of project development. Consequently, a range of fieldworks supporting an EIS process is planned to commence from early-April as the Queensland wet season draws to a close.

Corporate & Guidance

Corporate

Stanmore concluded the quarter with a net cash¹ position of US\$86 million as of March 31, 2024. Operational cash flows were used to fund the fully franked dividend of US\$8.4cps declared and paid (US\$76 million) during the quarter, capital expenditure (US\$42 million) to support ongoing improvement projects and working capital build through to quarter end. The working capital build has partially unwound in early 2Q, illustrated by the fact that by April 5, 2024, Stanmore's net cash¹ position had already improved to US\$149 million.

Furthermore, as a result of the completion of the sale of the southern portion of Wards Well to Peabody on April 16, 2024, approximately US\$136 million cash consideration was received subsequent to quarter end.

During the quarter, Stanmore paid an annual cash flow sweep under the terms of our Acquisition Financing Facility of US\$78 million which, together with a scheduled amortisation payment of US\$15 million, reduced the principal

¹ Unaudited net cash (debt) is calculated as the outstanding principal balance of any balance sheet debt facilities and finance leases, excluding lease liabilities accounted for under IFRS-16, less consolidated unrestricted cash on hand.

balance to US\$225 million. With a closing cash position of US\$313 million as of March 31, 2024, together with subsequent cash flows as noted above, the balance sheet remains well positioned to meet future cash flow obligations.

Various transactions were announced during the quarter, including agreements to acquire 100% of the Eagle Downs Project from South32 and Aquila, together with the Eagle Downs South tenements from Aquila.

Shareholders may recall that Stanmore adopted a dividend reinvestment plan (DRP) on 26 October 2018 and suspended the DRP following payment of Stanmore’s 2020 interim dividend. Given the passage of time since the DRP was suspended, the Board does not anticipate reactivating the plan on its existing terms and has made the decision to terminate the DRP. If the Board decides to adopt a new DRP in the future, Stanmore will notify its shareholders and the ASX.

The Company released its 2023 Sustainability Report and 2023 Annual Report on April 12, 2024. The 2023 Annual General Meeting of Stanmore Resources is scheduled for Thursday May 23, 2024, commencing at 01:00 pm (AEST).

Guidance

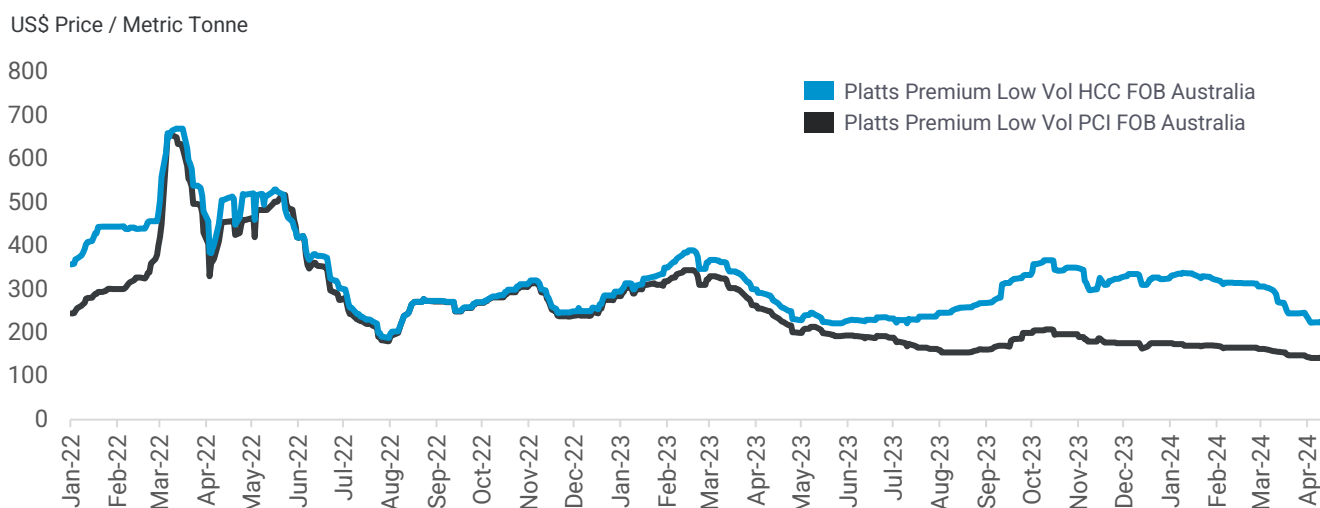
There is no change to Public Guidance for 2024, which remains as per the Guidance released to the market February 26, 2024.

Metallurgical Coal Markets

Following the high level of steel production through 2023 and early 2024, steel demand in China has not generally kept pace, and stimulus measures for the property sector have not been sufficient to return steel demand to balance. With improvement in supply conditions of coal mines in China, coal prices have responded and softened. Consequent surplus steel exports have generated steel price competition and affected regional steel prices in export markets, in turn affecting the production expectations for steel producers in the region.

Through the last quarter of 2023, mills in India were observed to be preferring to delay procurement decisions and reduce days cover of inventory for Australian coking coal. There has been some sign of pre-monsoon restocking late in the January-March quarter, which has acted to stabilise the prime hard coking coal price; however, the effect of the monsoon season is upcoming. The completion of monsoon, conclusion of elections in India and further coke oven commissioning scheduled for later in the year are expected to be positive catalysts for demand through the second half of 2024.

The introduction of additional sanctions on Russian companies has started to impact thermal coal, as well as setting expectations that markets presently consuming Russian material may start to align back to Australian PCI supply.



Notes: S&P Global Commodity Insights Platts Premium Low Vol HCC FOB Australia and Low Vol PCI FOB Australia indices: 3 Jan 2022 to 12 April 2024

Summarised Production Statistics

		Quarter-Ended		Year-to-Date	
		Mar-24	Dec-23	Mar-24	Mar-23
ROM Coal Production	Mt	4.565	4.840	4.565	4.107
South Walker Creek	Mt	2.061	1.786	2.061	1.883
Poitrel	Mt	1.402	2.173	1.402	1.211
Isaac Plains Complex	Mt	0.983	0.881	0.983	1.013
Millennium ¹	Mt	0.119	-	0.119	-
Strip Ratio	Prime	7.8	7.1	7.8	8.0
South Walker Creek	Prime	7.0	8.5	7.0	8.2
Poitrel	Prime	9.7	5.5	9.7	8.4
Isaac Plains Complex	Prime	7.8	8.4	7.8	7.0
Saleable Production	Mt	3.340	3.442	3.340	3.159
South Walker Creek	Mt	1.623	1.598	1.623	1.554
Poitrel	Mt	1.081	1.185	1.081	0.743
Isaac Plains Complex	Mt	0.545	0.638	0.545	0.862
Millennium ¹	Mt	0.091	-	0.091	-
Total Coal Sales		3.444	3.800	3.444	2.801
South Walker Creek	Mt	1.589	1.617	1.589	1.176
Poitrel	Mt	1.209	1.382	1.209	0.762
Isaac Plains Complex	Mt	0.545	0.801	0.545	0.863
Millennium ¹	Mt	0.091	-	0.091	-
<i>Sales – Coking Coals</i>	%	31%	28%	31%	37%
<i>Sales – PCI</i>	%	63%	63%	63%	58%
<i>Sales – Thermal Coals</i>	%	6%	9%	6%	5%
Product Coal Stockpile		0.709	0.725	0.709	0.866
South Walker Creek	Mt	0.354	0.636	0.354	0.544
Poitrel	Mt	0.205	0.314	0.205	0.146
Isaac Plains Complex	Mt	0.133	0.047	0.133	0.176
Millennium ¹	Mt	0.017	-	0.017	-
ROM Coal Stockpile		1.217	1.198	1.217	0.897
South Walker Creek	Mt	0.201	0.217	0.201	0.248
Poitrel	Mt	0.722	0.925	0.722	0.280
Isaac Plains Complex	Mt	0.272	0.056	0.272	0.369
Millennium ¹	Mt	0.022	-	0.022	-

¹ Note that Millennium's results were not consolidated into the 2023 results as Stanmore only gained control of the asset on December 22, 2023

This Quarterly Report is authorised for release to the market by the Board of Stanmore Resources Limited.

Further Information

Investors

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Media

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Our Brisbane corporate office is located on Turrbul and Jagera Country, on the banks of Meanjin, while our mining leases sit within Barada Barna, Jangga and Widi country.

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About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited controls and operates the South Walker Creek, Poitrel, Isaac Plains Complex and Millennium Complex metallurgical coal mines as well as the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources holds several additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins. The Company is focused on the creation of shareholder value via the efficient operation of its mining assets and the identification of further development opportunities within the region.