



16 February 2022

The Manager
Markets Announcements Office
ASX Limited
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Report on results and financial statements for the period ended 31 December 2021

Stanmore Resources Limited announces to the market the financial results for the period ended 31 December 2021.

The following documents are attached:

1. ASX Release to the Market
2. Appendix 4E – Preliminary Final Report;
3. 2021 Annual Report including financial statements for the period ended 31 December 2021;
4. Appendix 4G for the year period 31 December 2021;
5. Annual Corporate Governance Statement;
6. Update on Reserves and Resources for Isaac Plains Complex; and
7. December 2021 Coal Resources & Reserves Summary

This release has been authorised by the Stanmore Resources Board of Directors.

Yours Faithfully

Rees Fleming
Company Secretary
Encl.

16 February 2022

2021 Full Year Results



Transformational year ending with the agreement to acquire an 80% interest in BMC and on track for a successful transition to Isaac Downs in Q1 2022

2021 Highlights

- Underlying EBITDA \$54.448m (CY2020: \$23.961m)
- Cash balance of \$62.859m (31 December 2020: \$5.041m)
- 2,070kt (1,263kt H2, 807kt H1) saleable coal produced (CY2020: 2,262kt),
- Isaac Downs mining leases granted and development of the project commenced
- Entered transformational agreement to acquire an 80% interest in BMC
- Stanmore positioned to become a leading global metallurgical coal producer
- Investment in 50/50 JV to acquire Millennium and Mavis Downs Mine

CEO Statement

Marcelo Matos, Chief Executive Officer and Director

“This has truly been a transformational year for Stanmore. Our business is performing well as operations at Isaac Downs ramp-up and we have achieved record ROM production in the second half of this financial year. Cash Flows from Operations were A\$127m while our underlying EBITDA increased to A\$54m for CY21, 127% higher than CY20.

Market fundamentals remain supportive and coal prices were recovered throughout the second half of the calendar year reaching record levels. We expect a tight market with strong demand to continue with buoyant global industrial production and tight supply.

Stanmore remains acutely focused on safety and ensuring ramp-up of production at Isaac Downs is achieved in a safe and efficient way.

The coming financial year will see Stanmore fully transitioned into Isaac Downs where the dragline will be uncovering coal rapidly given the lower strip ratios benefitting us with lower costs, improved margins and potentially higher volumes, and as importantly, transform Stanmore into a significant global metallurgical coal producer with the acquisition of an 80% interest in BMC on track to complete mid CY2022. We look forward to integrating the business into the Stanmore group and continuing our focus on safety and delivering high quality products and outcomes for our customers, staff and stakeholders.”

Operational Highlights

		2021	2020
Run of Mine coal produced	Kt	2,767	2,943
Run of Mine strip ratio	Prime Waste : ROM	9.0	14.4
Saleable coal produced	Kt	2,070	2,262
Total coal sales	Kt	2,165	2,250
Product coal stockpiles	Kt	98	196
Run of Mine coal stockpile	Kt	96	86

Financial Highlights

		2021	2020
Revenue	A\$'000	382,948	300,185
Underlying EBITDA	A\$'000	54,448	23,961
Profit / (loss) after tax	A\$'000	10,413	(8,137)
Cash flow from operations	A\$'000	127,415	(28,169)
Average sales price achieved	A\$/t	177	133
FOB cash cost (ex. royalties)	A\$/t sold	104	122

Results for the second half of the year benefited from lower strip ratios from mining in the Isaac Downs bulk sample pit providing higher volumes in a significantly higher price market environment. This volume and price uplift more than offset results from the first half of 2021, which were impacted by a conscious decision to preserve cash in a low market price environment exacerbated by high strip ratios at Isaac Plains East.

Record ROM production recorded in H2 2021 with production at c.95% of nameplate capacity of the Isaac Plains CHPP and best represents expected production over the next two years. This achievement was made despite the onset of La Nina weather systems.

Coal production rates are expected to further increase in the next 2 to 3 years, following the transition of the dragline to Isaac Downs in Q1, 2022, operating in lower strip ratio mining areas than Isaac Plains East, aligning with completion of project development.

Corporate Update

Today an extension to the existing US\$70 million loan agreement with Golden Energy and Resources (GEAR) was executed with the repayment deferred to 30 June 2023. This extension allows Stanmore to secure liquidity and help facilitate the smooth transition through the BMC acquisition and Stanmore growth projects in train.

Isaac Downs

All approvals were received for the Isaac Downs mining project during 2021, with significant progress made on the Project to allow de-risked operations in 2022 to fully commence. Construction of the new Underpass and diversion of the Peak Downs Highway to allow coal haulage from Isaac Downs is nearing completion. The dragline will cease operations at Isaac Plains East in Q1 2022 and walk to Isaac Downs where, following a major maintenance shutdown, it will commence overburden uncovering at low strip ratios marking the official transition to full production at Isaac Downs.

BMC Acquisition

On 8 November 2021, the Company announced the execution of a definitive agreement with BHP to acquire BHP's 80% interest in the BMC (BHP Mitsui Coal Pty Ltd) joint venture for consideration of US\$1.2 billion cash with a potential contingent payment of up to US\$150 million after two years, which value is dependent on the realised average prices exceeding certain agreed thresholds.

Completion of the acquisition is subject to satisfaction of conditions precedent.

Certain conditions precedent to completion of the acquisition have now been satisfied.

The Company today received a no objection letter from FIRB thus confirming FIRB approval and satisfaction of another condition precedent.

Merger control clearance has been received from two relevant jurisdictions. The Company expects that the two remaining conditions precedent will be satisfied promptly and within this quarter. The remaining conditions precedent are competition clearance from one further jurisdiction and shareholder approval by DSS (the controlling shareholder of Golden Energy and Resources – GEAR).

The Company will continue to update shareholders on material developments in connection with the acquisition, expected to be completed during Q1 CY2022. The Company is actively progressing and planning for this major acquisition with several key activities identified below:

- The definitive long form finance agreements for the US\$625 million acquisition debt facility were executed during Q4 CY2021;
- Planning has progressed for the equity raise to be launched within the first quarter of 2022;
- Selection of a new Enterprise Resource Planning solution (ERP) finalised;
- Recruitment of key personnel required to operate the expanded Stanmore business;
- Ongoing dialogue and co-operation with BHP to execute the activities required to separate the business from the BHP Group and transition to Stanmore ownership; and
- Extensive work and planning on integration activities as part of the implementation of Stanmore's operating model.

Health, Safety, Environment and Community Performance

Stanmore continues to be committed to the current and future performance of the business for the health, safety and wellbeing of our people, the environment and the communities in which we operate.

The rolling 12-month Total Reportable Injury Frequency Rate is 7.9 per million hours (31 December 2020: 5.9 per million hours), with a rolling 12-month Lost Time Injury Frequency Rate of 2.34 (31 December 2020: nil).

Stanmore is encouraged by the safety performance results for the year, which remain lower than the industry averages.

Stanmore supported the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year. 40 local community organisations received over \$109,000 in funding during the year. In addition, significant 'in-kind' time was also dedicated to regional industry bodies and professional groups to enhance local industry and services in the region.

COVID-19

Stanmore continues to follow recommendations from the Queensland Health and the Australian Government to provide COVID-19 safe workplace.

COVID-19 impacts have not been significant in the period. The company does not anticipate any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or condition which may adversely impact the company as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Consistent with the mining industry there has been an increase in absenteeism in early 2022 due to COVID-19 cases. The company will continue to work with its contractors on protocols to minimise the spread and impacts to operations.

Key Australian Export Metallurgical Coal Prices

Australian metallurgical coal markets have continued to strengthen with new highs being recorded for Premium HCC FOB Australian coal prices in recent weeks.



Source: S&P Global Platts

Metallurgical coal prices are at record levels

- Tight supply due to various supply issues in Australia, Russia, US, Mozambique, Canada and Mongolia over past several months
- Strong demand from rebounding global industrial production and seasonal improvement in steel demand as supply recovers
- Recent depletion of port inventories supports seaborne imports to China

Market fundamentals remain supportive.

- Whilst supply expected to recover in the short term, medium to long term supply is limited by scarcity of economic deposits, difficulty in obtaining approvals or funding for new mine developments, and export infrastructure limitations

- Significant increases in demand for steel infrastructure expected with growing pace of decarbonisation
- Indian steelmakers announced US\$11bn projects over next five years in response to government focus on infrastructure development

Approval

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

Further Information

Investors

investors@stanmore.net.au

Media

media@stanmore.net.au

About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region which includes the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East and Isaac Downs mining areas and the Isaac Plains Underground Project. The Company is focused on the creation of shareholder value via the efficient operation of the Isaac Plains Complex and the identification of further development opportunities within the region. Stanmore Resources is a 50% shareholder in the Millennium and Mavis Downs Mine and holds a number of additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins.

Results for Announcement to Market

Appendix 4E – Period ended 31 December 2021

This document relates to Stanmore Resource’s results for the year ended 31 December 2021.

The Group changed its financial year end in 2020 to align with its parent entity. As a result, this financial report which is for a period of 12 months, ended 31 December 2021 (referred to in this report as FY21) is not entirely comparable with comparative reporting period of six months ended 31 December 2020 (referred to as the period ended 31 December 2020).

Reporting period	12 months ended 31 December 2021
Previous reporting period	6 months ended 31 December 2020

	12 months to 31 December 2021	6 months to 31 December 2020	Change
	\$'000	\$'000	%
Revenue from ordinary activities	382,948	136,309	281%
Profit/(loss) after tax from ordinary activities attributable to members	10,413	(16,120)	162%
Net Profit/(loss) attributable to members	10,413	(16,120)	162%

Dividends paid and proposed

Paid during the period

No dividend was declared or paid during the period

Declared after the period

No further dividend has been declared for FY21.

Explanation of key information and commentary on the results for the period

Commentary on the consolidated results and outlook are set out below and in the Operating and Financial Review section of the Director Report.

Rounding of amounts to the nearest thousand dollars

The company satisfies the requirements of the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 issued by the ASIC relating to “rounding off” of amounts in the financial statements to the nearest thousand dollars. Amounts have been rounded off in the financial statements in accordance with that ASIC Instrument.

Net tangible assets per security

	31 December 2021	31 December 2020	Change
	\$	\$	%
Net tangible assets/(liabilities) per security	0.435	0.402	8%

Details of entities over which control has been gained or lost during the year

The company did not gain or lose control of any entities during the year.

Details of farm in arrangements

Name of Entity	31 December 2021	31 December 2020	Change
	%	%	%
Clifford Joint Venture – EPC 1274 and EPC 1276	60%	60%	-
Lilyvale Joint Venture Agreement – EPC 1687 and EPC 2157	85%	85%	-
Mackenzie Joint Venture Agreement – EPC 2081	95%	95%	-

Compliance statement

The Consolidated Financial Statements upon which this Appendix 4E is based have been audited.



Stanmore Resources Limited
(formerly known as Stanmore Coal Limited)

ABN 27 131 920 968

Annual Financial Report
December 2021

Stanmore Resources Limited

ABN 27 131 920 968

Annual report - 31 December 2021

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Stanmore Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency.

On 28 April 2021, the company changed its name from Stanmore Coal Limited to Stanmore Resources Limited.

Stanmore Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Stanmore Resources Limited
Level 15
133 Mary Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 7, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 16/02/2022. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.stanmore.net.au

**Stanmore Resources Limited
Corporate directory**

Directors	Mr Dwi Suseno <i>Non-Executive Director and Chairman</i> Mr Marcelo Matos <i>Chief Executive Officer</i> Mr Jimmy Lim <i>Non-Executive Director</i> Mr Mark Trevan <i>Non-Executive Director</i> Mr Richard Majlinder <i>Non-Executive Director</i>
Secretary	Mr Rees Fleming
Principal registered office in Australia	133 Mary Street Brisbane QLD 4000 Australia +61 7 3238 1000
Share and debenture register	Link Market Services Level 21 10 Eagle Street Brisbane QLD 4000 1300 554 474
Auditor	Ernst & Young Level 51 111 Eagle Street Brisbane QLD 4000 07 3011 3333
Stock exchange listings	Australian Securities Exchange ASX Code: SMR
Website address	www.stanmore.net.au

Directors' report

The Directors present their report on the consolidated entity consisting of Stanmore Resources Limited and the entities it controlled at the end of, or during, the year ended 31 December 2021 (referred to in this report as Stanmore Resources Limited, the company, the group, or the Consolidated Entity).

The group changed its financial year end to 31 December in 2020 to align with its parent entity. As a result, this financial report which is for a period of 12 months, ended 31 December 2021 (referred to in this report as 'FY21'), is not entirely comparable with the comparative reporting period of six months, ended 31 December 2020 (referred to as 'period ended 31 December 2020').

Directors and company secretary

Mr Dwi Suseno
Mr Marcelo Matos
Mr Jimmy Lim
Mr Mark Trevan
Mr Richard Majlinder
Ms Mary Carroll (resigned 2 July 2021)

The following persons were the company secretary of Stanmore Resources Limited during the financial year and up to the date of this report:

Rees Fleming (appointed 22 July 2021)
Tristan Garthe (resigned 22 July 2021)

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

Dwi Suseno

Chairman and Non-Executive Director
Appointed: 15 May 2020

Experience and expertise

Mr Dwi Suseno is the Executive Director and Group CEO of Golden Energy and Resources Limited (GEAR), a SGX Mainboard listed international mining and resources company. Mr Suseno is responsible for managing operations for GEAR, including mining, logistics and coal marketing, as well as leading the strategic initiatives and expansions.

Mr Suseno began his career in Australia, where he was raised and educated, and he has over 26 years of experience in management, commercial and finance in mining resources as well as oil and gas related industries in both Australia and internationally. Mr Suseno was previously an Executive Director and CFO of Straits Corporation Group, which was then part of the SGX-listed coal mining company Straits Asia Resources Limited. Mr Suseno has previously worked with Baker Hughes Inc. (Fortune 500 NYSE listed oilfield services company), Arthur Andersen Australia and Ernst & Young LLP.

Mr Suseno is a Certified Public Accountant in both Australia and Singapore, graduated with a Bachelor of Commerce Degree from the University of Western Australia, Graduate Diploma in Tax from the University of Melbourne's Law Masters program, as well as a Postgraduate Diploma in Business from Curtin University. He also holds an executive Masters in Business Administration from the Kellogg School of Management & Hong Kong University of Science and Technology.

Other current directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Member of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee

Marcelo Matos

Chief Executive Director
Appointed: 27 November 2020

Experience and expertise

Mr Marcelo Matos has over 20 years of experience in management, marketing and business development roles in the mining sector in Australia, Asia, Mozambique and Brazil. Mr Matos worked for Vale for many years in various senior roles, including as its Chief Marketing and Strategy Officer for Coal as well as its Managing Director in Australia. Prior to his appointment as Interim Chief Executive Officer, Mr Matos was the Chief Commercial Officer for M Resources.

Mr Matos holds a Bachelor of Business Administration degree from the Pontifical Catholic University of Rio de Janeiro (Brazil) and an Executive MBA from IBMEC Business School.

Other current directorships

Nil

Former directorships in last 3 years

Nil

INFORMATION ON DIRECTORS (continued)

Special responsibilities

Member of the Health, Safety, Environment and Community Committee
Member of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee

Jimmy Lim

Non-Executive Director
Appointed: 23 October 2019

Experience and expertise

Mr Jimmy Lim has 20 years of experience in finance and investment management in the metals and mining sector, with extensive industry relationships in Australia and globally. Mr Lim started his career in Perth with Ernst & Young in Tax, serving natural resources and infrastructure companies of all sizes before moving into Corporate Finance with Ernst & Young and then KPMG where he continued advising clients in the natural resources sector. From there, Mr Lim then on to work for JP Morgan in Melbourne where he worked on assignments advising and financing some of the largest companies in the world before moving to Hong Kong with Morgan Stanley and Goldman Sachs, where he was responsible for coverage of Metals and Mining in Asia excluding China.

Mr Lim is a Fellow of Financial Services Institute of Australasia (FINSIA) and holds an MBA and degrees in Engineering and Science from the University of Western Australia.

Other current directorships

Non-Executive Director at American Pacific Borates Limited (ASX:ABR): appointed 4 February 2021

Former directorships in last 3 years

Nil

Special responsibilities

Chair of the Remuneration and Nominations Committee
Member of the Health, Safety, Environment and Community Committee

Mark Trevan

Non-Executive Director
Appointed: 18 May 2020

Experience and expertise

Mr Mark Trevan has extensive experience in the coal mining industry in Queensland and internationally. Most recently, he was a Director and Deputy Chairman of the Wiggins Island Coal Export Terminal, a Director and consultant at Caledon Coal Pty Ltd and a Non-Executive Director of Ncondezi Energy Limited (a London listed, Mozambique focused coal mine development company). Prior to those appointments, he was the Managing Director of Caledon Resources Plc, based in Brisbane, where under his management the Cook underground coking coal mine was recommissioned and the Minyango underground coking coal project was advanced. Mr Trevan also oversaw the takeover of Caledon by Guandong Rising Asset Management, and the delisting of the company. Prior to joining Caledon in 2006, Mr Trevan spent 25 years with Rio Tinto in senior executive roles in the areas of marketing, general commercial, corporate strategy and project feasibility.

Mr Trevan holds a Diploma in Business from the Preston Institute of Technology (now Latrobe University) and a Graduate Diploma in Applied Finance and Investment from the Securities Institute.

Other current directorships

Nil

Former directorships in last 3 years

Nil

INFORMATION ON DIRECTORS (continued)

Special responsibilities

Chair of the Health, Safety, Environment and Community Committee

Richard Majlinder

Non-Executive Director
Appointed: 15 May 2020

Experience and expertise

Mr Richard Majlinder is the Chief Commercial Officer for Madison Group Enterprises which is a manufacturer and b2B distributor of technology infrastructure and hardware. Prior to this, Mr Majlinder held a number of roles at PricewaterhouseCoopers (PwC) including as a Partner in Private Clients Advisory, leading client projects across mergers and acquisitions, consulting and financial management.

Mr Majlinder holds a Bachelor of Science (Honours) in Economic History from the London School of Economics and is a Fellow of the Institute of Chartered Accountants in England and Wales, a Member of the Institute of Chartered Accountants in Australia & New Zealand, and a Member of the Australian Institute of Company Directors (AICD).

Other current directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Chair of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee

Mary Carroll

Non-Executive Director
Appointed: 15 May 2020
Resigned: 2 July 2021

Experience and expertise

Ms Mary Carroll is the Chief Executive Officer of Capricorn Tourism and Economic Development Ltd (Capricorn Enterprise). Capricorn Enterprise is a not-for-profit, membership-based organisation that aims to assist the central Queensland region in tourism and economic development, working with businesses and government to promote the region. Ms Carroll was also previously a Member of the Central Queensland University Council (appointed by the Governor in Council), Director of the Queensland Tourism Industry Council, and the Chair of the Regional Tourism Network in Queensland.

Ms Carroll is a member of the AICD.

Other current directorships

Nil

Former directorships in last 3 years

Nil

Special responsibilities

Nil

CHIEF FINANCIAL OFFICER

Shane Young

Appointed: 12 August 2021

Experience and expertise

Mr Shane Young has over 21 years of experience in accounting, financial planning and analysis, commercial, corporate finance, treasury, corporate development, and governance roles in Australia, the United Kingdom, the Netherlands and the United States. Mr Young has worked for major global organisations including KPMG, Shell and Peabody, and held various senior roles in the mining industry over several years, most recently as General Manager Finance at PanAust Limited.

Mr Young is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Finance) degree from Monash University. He is a Member of the Chartered Accountants Australia & New Zealand, a Member of Australia Corporate Treasury Association (Certified Finance and Treasury Professional), and a graduate of AICD.

Frederick Kotzee

Appointed: 21 September 2020

Interim Chief Financial Officer: 2 June 2020 to 20 September 2020

Resigned: 12 August 2021

Experience and expertise

Mr Kotzee holds a Bachelor of Laws from the University of South Africa and is a qualified Chartered Accountant (South Africa).

Mr Frederick Kotzee is an experienced Chief Financial Officer (CFO) of listed companies across a range of industries and commodities. Mr Kotzee served as the CFO of Kidman Resources Limited before the successful takeover by Wesfarmers Limited. Prior to this, Mr Kotzee was the CFO of Kumba Iron Ore Limited, a global iron ore miner listed on the Johannesburg Stock Exchange, and a member of the Anglo American Plc Group. Mr Kotzee has extensive experience in investment banking, joint ventures, corporate finance and business development.

COMPANY SECRETARY

Rees Fleming

Appointed: 22 July 2021

Experience and expertise

Mr Rees Fleming has over 20 years of experience as a lawyer in both private practice and in-house roles across shipping, resources, coal mining and sugar industries. Mr Fleming has held General Counsel and Company Secretarial for listed and large multinational companies.

Mr Fleming holds a Masters of Law (International Shipping) and a Bachelor of Law. He is a practising legal practitioner and a Graduate of AICD.

Tristan Garthe

Appointed: 16 June 2020

Resigned: 22 July 2021

Experience and expertise

Mr Tristan Garthe has worked in a wide range of financial and commercial roles within the coal mining sector, and the mining industry in general. Mr Garthe's experience crosses both open cut and underground mining operations in Australia and Africa. Mr Garthe has held senior positions in finance and company secretarial roles for listed and international resources companies.

Mr Garthe holds a Master of Business Administration and a Bachelor of Commerce (Accounting and Finance). He is a Certified Practising Accountant and a Member of the Governance Institute of Australia.

DIRECTORS' INTERESTS

As at the date of this report, the Directors held no shares, options and other equity instruments in the Consolidated Entity.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of Directors and of each board committee held during the year ended 31 December 2021, and the numbers of meetings attended by each Director were:

	Board		Meetings of committees					
			Audit & Risk Management		Remuneration & Nomination		Health, Safety, Environment & Community	
	A	B	A	B	A	B	A	B
Mr Dwi Suseno	6	6	4	4	-	-	-	-
Mr Marcelo Matos	6	6	4	4	2	2	4	4
Mr Jimmy Lim	6	6	-	-	2	2	3	4
Mr Mark Trevan	5	6	-	-	-	-	4	4
Mr Richard Majlinder	5	6	4	4	2	2	-	-
Ms Mary Carroll	3	3	-	-	-	-	-	-

A= Number of meetings attended

B= Number of meetings held during the time the Director held office or was a member of the committee during the year

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the group consisted of exploration, development, production and sale of metallurgical coal in Queensland, Australia.

OPERATING AND FINANCIAL REVIEW

Highlights of the group's operations and results for the year ended 31 December 2021 are described below:

- Net profit after tax of \$10.413m (31 December 2020: \$(16.120m));
- Underlying EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation - a non-IFRS measure) of \$54.448m (31 December 2020: \$(13.383m));
- Isaac Plains Complex operating segment profit of \$60.447m (31 December 2020: \$1.684m);
- Net cash of \$62.859m (31 December 2020: \$5.041m);
- Prime overburden removal of 25.003m bcm (31 December 2020: 17.351m bcm);
- US\$30m increase to the existing revolving facility with parent entity, GEAR, with US\$67.6m debt drawn and outstanding as at the end of the period; and
- Isaac Downs mining leases granted and development of the project commenced.

OPERATING AND FINANCIAL REVIEW (continued)

(a) Financial performance

	2021 \$'000	6 months to 31 December 2020 \$'000
Revenue from contracts with customers	382,948	136,309
Cost of sales	<u>(312,540)</u>	<u>(142,928)</u>
Gross profit/(loss)	70,408	(6,619)
Other income and expenses	<u>(39,316)</u>	<u>(9,924)</u>
Profit/(loss) before income tax and net finance expenses	<u>31,092</u>	<u>(16,543)</u>
Finance income	1,803	27
Finance expenses	<u>(17,060)</u>	<u>(5,438)</u>
Profit/(loss) before income tax benefit/(expense)	15,835	(21,954)
Income tax benefit/(expense)	<u>(5,422)</u>	<u>5,834</u>
Profit/(loss) after income tax expense	<u>10,413</u>	<u>(16,120)</u>

(b) Underlying EBITDA result (unaudited, non-IFRS measure)

Underlying EBITDA (an unaudited, non-IFRS measure) reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Consolidated Entity. The items adjusted are determined to be non-cash transactions that are unrelated to mining operations. The presentation of non-IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

	2021 \$'000	6 months to 31 December 2020 \$'000
Statutory profit/(loss) before income tax and net finance expenses	31,092	(16,543)
Depreciation and amortisation	<u>26,761</u>	<u>14,682</u>
Earnings before interest, depreciation and amortisation (EBITDA)	57,853	(1,861)
Remeasurement of rehabilitation provision	-	36
Remeasurement of onerous contracts	<u>(1,191)</u>	<u>(1,893)</u>
Fair value movement - contingent consideration	<u>(2,214)</u>	<u>(9,665)</u>
Underlying EBITDA (non-IFRS measure)	<u>54,448</u>	<u>(13,383)</u>

The underlying EBITDA of \$54.448m for the year ended 31 December 2021 was a \$67.831m increase compared to the underlying EBITDA of \$(13.383m) for the 6-month period to 31 December 2020.

OPERATING AND FINANCIAL REVIEW (continued)

(b) Underlying EBITDA result (unaudited, non-IFRS measure) (continued)

The increase in EBITDA was due to an increase in underlying margin of \$30/t in the period to 31 December 2021 compared to \$(8)/t in the previous period. The significant increase in margin was a result of a \$62/t increase in average sales price per tonne, combined with a decrease in reportable strip ratio to 9.0x as the company commenced mining in the bulk sample pit area as part of development activities in Isaac Downs which has a lower strip ratio compared to the Isaac Plains mining areas. The EBITDA is also impacted by the expenses related to the remaining overburden in advance (OBIA) inventories for the Isaac Plains (for which mining will cease in the first quarter of 2022), resulting in non-cash inventory adjustments of \$49.253m.

The average Hard Coking Coal index price was US\$208.09/t for the year compared to US\$110.28/t in prior period. See page 11 for additional pricing information (source: Platts Coal Trader International).

The primary drivers contributing to the Net Profit after Tax ("NPAT") result include:

- Gross revenue from coal sales increased to \$382.9m for the year ended 31 December 2021 from \$136.3m in the 6-month period to 31 December 2020. The increase was driven by a \$62/t increase in the A\$ realised price to an average of A\$177/t from \$115/t in the prior period, and an increase in sales of produced coal to 2,165kt in the period to 31 December 2021 from 1,184kt in the 6-month period to 31 December 2020;
- Increase in finance costs from \$5.438m for the 6-month period to 31 December 2020 to \$17.060m for the year ended 31 December 2021. This is primarily due to the increase in utilisation of the existing borrowing facilities to support the development of the Isaac Downs project, foreign exchanges losses recognised in the period, coupled with initial finance fees incurred in relation to the announced US\$625m debt facility for the acquisition of BHP's 80% interest in BMC; and
- Underlying non-cash FOB costs includes \$49.253m of costs in relation to the reduction of overburden in advance inventories for the Isaac Plains mining operation, with no corresponding OBIA being recognised for Isaac Downs which is still a development site.

The variance between underlying EBITDA and cash flow from operations is primarily due to the settlement of contingent consideration royalties, completion of rehabilitation works and working capital movements, as outlined in the table below:

	2021 \$'000	6 months to 31 December 2020 \$'000
Underlying EBITDA (non-IFRS measure)	54,448	(13,383)
Net financing costs	(21,982)	(3,003)
Settlement of onerous contracts	(654)	(476)
Completion of rehabilitation works	(1,650)	(3,851)
Settlement of vendor royalties - contingent consideration	-	(284)
Net movement in working capital	97,253	5,297
Cash flow from operations	127,415	(15,700)

In the period to 31 December 2021, working capital significantly improved, with a net inflow of \$97.253m (31 December 2020: \$5.297m), driven by a reduction in inventories (\$55.436m) and an increase in trade payables due to longer credit period from contractors (\$42.801m), offset by timing of sales receipts leading to an increase in current trade receivables of \$31.144m at 31 December 2021. Financing inflows of \$79.733m primarily relate to the changes in the borrowing facilities (see Note 14).

In the year to 31 December 2021, \$1.650m (31 December 2020: \$3.851m) was invested in rehabilitation at Isaac Plains Complex. Stanmore Resources Limited integrates this core activity with operations to ensure timely and efficient close out of rehabilitation.

Overall operational cash flows have increased due to significantly high receipts from coal sales, driven by the increased sales tonnes and higher average sales price per tonne.

OPERATING AND FINANCIAL REVIEW (continued)

(c) Cash flow

In the period to 31 December 2021, total net cash inflows of \$57.818m were recorded. The net cash inflow from operating activities was \$127.415m. Cash flows from investing activities were \$(138.394m). Of this, \$15.356m related to sustaining capital expenditure for plant and equipment, \$28.950m relates to the Loan receivable with MetRes Pty Ltd, and \$44.422m related to the continued investment in Isaac Downs.

At the end of period, US\$67.6m was drawn from the revolving facility with the parent company, Golden Energy and Resources Limited (GEAR). The net inflow from financing activities includes \$80.181 drawn down on the group's various facilities, primarily offset by the cash outflows for the BMC acquisition deposit (US\$30m), the loan issued to MetRes JV (\$28.950m), repayment of the short-term loan (\$2.693m), repayment of insurance premium funding (\$3.874m), and a further \$2.262m paid in relation to the equipment loan to finance the CAT 6060 excavator.

	2021 \$'000	6 months to 31 December 2020 \$'000
Net cash at beginning of period	5,041	32,244
Cash flows from operating activities	127,415	(15,700)
Cash flows from investing activities	(138,394)	(13,699)
Cash flows from financing activities	68,797	2,196
Net increase/(decrease) in cash held	57,818	(27,203)
Net cash at end of period	62,859	5,041

(d) Health, safety, environment and community performance

The Consolidated Entity continues to be committed to the current and future performance of the business for the health, safety and wellbeing of our people, the environment and the communities in which we operate.

The Consolidated Entity undertook or managed 754,930 hours (31 December 2020: 400,819 hours) of coal mining, drilling, exploration, and mine development activities (directly and through its contractors) during the year, and reported two lost time injuries (31 December 2020: nil). The rolling 12-month Total Reportable Injury Frequency Rate is 7.9 per million hours (31 December 2020: 5.9 per million hours), with a rolling 12-month Lost Time Injury Frequency Rate of 2.34 (31 December 2020: nil). The Consolidated Entity is encouraged by the safety performance results for the year, which remain lower than the industry averages.

The Consolidated Entity supported the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year. 40 local community organisations received over \$109,000 in funding during the year. In addition, significant 'in-kind' time was also dedicated to regional industry bodies and professional groups to enhance local industry and services in the region.

(e) Operations

The Isaac Plains Complex mined 25,003kbcm of prime overburden compared to 17,351kbcm in the prior 6-month period to 31 December 2020. The reduction was a result of the expected lower strip ratios at the Isaac Downs mining area, coupled with a focus on ROM coal extraction in the year at the Isaac Plains mine.

Coal mining operations delivered 2,767kt of ROM coal to the CHPP at a prime strip ratio of 9x, compared to 1,491kt and a strip ratio of 12.0x in the prior 6-month period.

Product coal production was 2,070kt, with the CHPP delivering a total yield of 75.1%. The production split of coking to thermal coal was 91.6% coking and 8.4% thermal. Yields and product split have improved due to mining improved quality coal areas, including the Isaac Downs sample pit area.

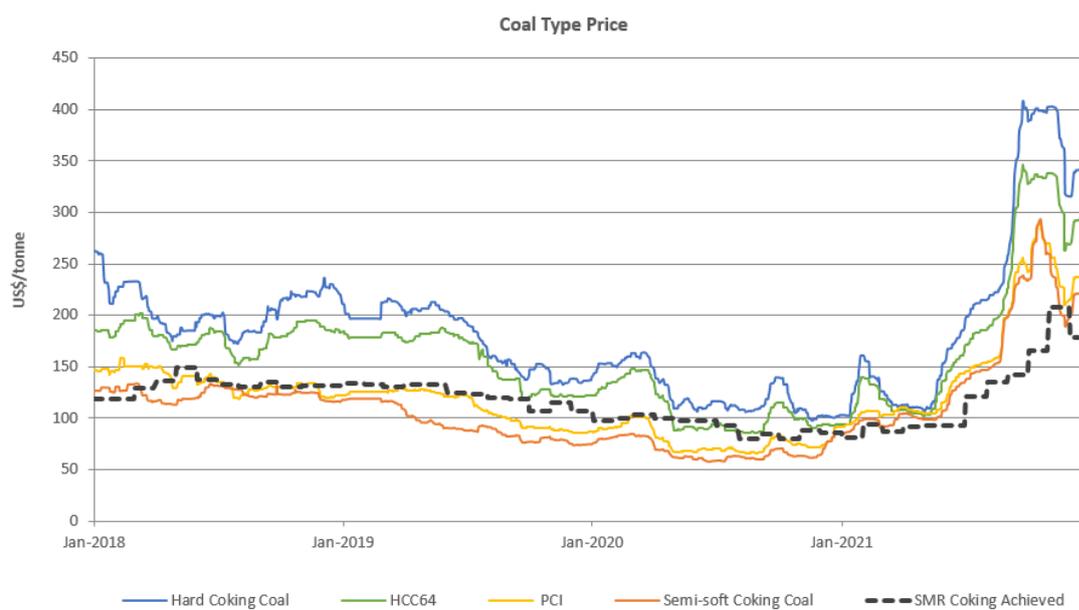
As previously announced, the Isaac Downs mining leases have been granted by the Queensland Government. Mining of this area initially commenced earlier in the year as part of a Sample Pit area, with the Board having also formally approved the development of the Isaac Downs Project.

OPERATING AND FINANCIAL REVIEW (continued)

(e) Operations (continued)

The average sale price achieved for all coal (both metallurgical and thermal) during the period was A\$176.7/t, compared to 31 December 2020 of A\$115.1/t. The increase in price has been driven by the increases in coal demand after the depths of the COVID pandemic, particularly across Asian markets.

The average Hard Coking Coal index price was US\$208.09/t for the year compared to US\$110.28 in the period ended 31 December 2020.



Source: Platts - Coal Trader International

OPERATING AND FINANCIAL REVIEW (continued)

(e) Operations (continued)

	2021	6 months to 31 December 2020
Physicals		
Prime overburden (kbcm)	25,003	17,351
ROM coal produced - Open cut (kt)	2,767	1,491
ROM strip ratio (prime)	9	12
CHPP feed (kt)	2,757	1,475
ROM stockpile (kt)	96	86
Saleable coal produced (kt)	2,070	1,092
Saleable coal purchased (kt)	-	-
Coal sales		
- Metallurgical (kt)	1,971	1,129
- Thermal (kt)	194	55
Total gross coal sales (kt)	2,165	1,184
Product Yield (%)	75	74
Coal product stockpiles (kt)	98	196
Average sale price achieved (A\$/t)	177	115
Unit costs of sales (A\$/t sold)		
FOR cost (A\$/t sold)	106	96
FOR to FOB cost (ex. State royalty) (A\$/t sold)	24	19
State royalty (A\$/t sold)	17	8
FOB cost (A\$/t sold)	147	123
Margin (A\$/t sold)	30	(8)

The variance between coal margins and Underlying EBITDA (non-IFRS measure) is due to net corporate overheads as shown in the table below:

	2021	6 months to 31 December 2020
Margin (A\$/t sold)	30	(8)
Coal sales (kt)	2,165	1,184
Coal sales margin (\$ '000)	63,002	(9,946)
Unallocated corporate overhead (\$ '000)	(8,554)	(3,437)
Underlying EBITDA (non-IFRS measure) (\$ '000)	54,448	(13,383)

OPERATING AND FINANCIAL REVIEW (continued)**(f) Isaac Downs Project**

Isaac Downs is located 10 kilometres south of the existing Isaac Plains operations. Isaac Downs will be operated as a satellite open cut mining operation which will utilise the existing Isaac Plains infrastructure with coal washing and train loading activities to be undertaken at the existing CHPP, ensuring a capital light approach to this project is maintained.

During the period, the company invested in the establishment of infrastructure (according to conditions established under the *Mineral Resources Act* for (MDL137)) at Isaac Downs to undertake a bulk sample pit for testing of proposed product coal cargoes with key international customers. A new access road has been constructed including a new intersection at the Peak Downs Highway, as well as the required infrastructure for environmental controls.

As announced on 27 July 2021, the main project has been granted approvals, environmental authority, and approval under the *Environmental Protection and Biodiversity Conservation Act*.

Since this announcement, the Isaac Downs Project has undertaken key infrastructure works, including the Peak Downs Highway underpass, allowing reduced haulage time and costs between the mining area and the CHPP washplant.

Mining operations within the bulk sample pit are currently taking place at the Isaac Downs area, with the dragline expected to commence operations at Isaac Downs at the end of the first quarter of 2022. This is the point at which full scale production will commence from Isaac Downs and the estimated point of completion of the development.

(g) COVID-19 impacts

The Consolidated Entity continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace.

COVID-19 impacts have not been significant to the Consolidated Entity in the period. The company does not expect any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or conditions which may adversely impact the Consolidated Entity as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Consistent with the mining industry there has been an increase in absenteeism in early 2022 due to COVID-19 cases. The company will continue to work with its contractors on protocols to minimise the spread and impacts to operations.

(h) Debt refinance

On 2 July 2021, the Consolidated Entity signed an amendment to increase the available facility under its existing finance facility with its parent entity, GEAR, from US\$40m to US\$70m.

The increase in the facility was primarily to ensure the progression of the Isaac Downs project together with the Mavis and Millennium acquisition, as it substantially satisfies the company's short to medium term debt requirements and allows a seamless transition from Isaac Plains East to Isaac Downs now that the Mining Lease has been obtained.

(i) Investment in MetRes incorporated Joint Venture

On 13 July 2021, the Consolidated Entity announced the completion of the Millenium and Mavis Downs Mine acquisition from Peabody Energy Australia, via MetRes Pty Ltd, the 50/50 joint venture between Stanmore Resources Limited and M Resources.

Auger mining commenced in August 2021, in line with operational schedules, with MetRes having reached the milestone of its first coal shipment within five months from acquisition.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

(a) Operations

Financial Year 2022 is expected to be a truly transformational year for the company. As well as the transition of its mining operations from Isaac Plains to Isaac Downs, the Consolidated Entity announced on 8 November 2021 that it has executed a definitive agreement with BHP to acquire BHP's 80% interest in the BMC (BHP Mitsui Coal Pty Ltd) joint venture.

At the same time, Stanmore Resources Limited announced its intention to fund the acquisition with a combination of debt and equity, and has since announced on 7 January 2022 that it has successfully executed documentation with certain financiers in respect of a US\$625m debt facility.

Stanmore Resources Limited is well placed to take advantage of the high coal sales prices in the first quarter of 2022, due to the lagging effect on sales pricing of certain fixed pricing sales contracts.

(b) Exploration and development

On 16 February 2022, the Consolidated Entity announced an decrease to the coal and reserves under the relevant *Australasian Code for Reporting Exploration Results and Ore Reserves* (JORC Code). The total Recoverable Coal Reserves across all tenements formally declared and published are now 160.0Mt, and the total Marketable Coal Reserves are 125.4Mt.

The Consolidated Entity will continue to monitor and assess the opportunities to develop or monetise its existing portfolio of assets in the Bowen Basin and explore acquisition opportunities where it makes financial and commercial sense to do so.

(c) Managing risks

The Consolidated Entity is a producing coal group operating in a volatile pricing market. Factors specific to the Consolidated Entity, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of the Consolidated Entity. These events may be beyond the control of the Board or management of Stanmore Resources.

The major risks associated with an investment in the Consolidated Entity are summarised below. The Consolidated Entity identifies and actively manages the material risks as part of its risk management governance framework and internal control systems.

(i) Safety risks

Safety remains of critical importance in the planning, organisation and execution of the group's exploration and operational activities. The group is committed to providing and maintaining a working environment in which all associated with our business are not exposed to hazards that will jeopardise their health and safety.

(ii) Operating risks

The group has historically been a single-mine producer and, therefore, reliant on continued performance of operations at the Isaac Plains Complex. As a result, numerous operating risks were highlighted which may result in a reduction in performance that decreases the group's ability to produce high quality coal to meet customer shipping needs. The risks include, but are not limited to, factors such as weather conditions, machinery failure, critical infrastructure failure or natural disasters.

The group has also previously identified a limited remaining life at Isaac Plains and Isaac Plains East.

The timely mining assent for Isaac Downs received in Q3 2021 has ensured the availability of mining areas to ensure continuity of coal flows to meet contracted obligations. The Consolidated Entity continues to mitigate risks by identifying potential additional mining opportunities at Isaac Plains, Isaac Plains East and Isaac Plains Underground.

The group's announcement on 8 November 2021 that it has executed an agreement with BHP to acquire BHP's 80% interest in the BMC joint venture will also reduce the risk regarding the reliance on the performance of the Isaac Plains Complex.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)**(c) Managing risks (continued)***(iii) Market risks*

The key drivers for the business' financial performance are commodity price and foreign currency markets. The group is not of a size to have influence on coal prices or the exchange rate for Australian Dollars and is therefore a price-taker in general terms.

The group sells export coal in United States Dollars and is therefore exposed to movements in currency rates. The group may from time to time use mechanisms to hedge a portion of its currency risk where deemed appropriate by management and the Board. The market price for Stanmore Resource's products is impacted by many factors which could be favourable or unfavourable for the group.

In order to diversify its customer base and to minimise the reliance on key customers, the group is continuing to work on identifying new customers and markets in 2022 where it makes financial sense to do so.

(iv) Geological risks

Resource and Reserve estimates are prepared by external experts in accordance with the *JORC Code 2012* and *JORC Code 2004* (as applicable) for reporting.

Coal reserves are estimated using various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Reserves are sensitive to cost and revenue assumptions used due to geological structure of deposits, which means that all other factors being the same, if the cost assumption is lower or the price assumption is higher, more reserves are estimated. Some of the deposits are more sensitive to the cost and revenue assumptions used than others due to the characteristics and geological structure of those deposits. Due care is taken with each estimation, but is expected to change as more detailed planning is undertaken.

(v) Regulatory and land access risks

The group's operations and projects are subject to State and Federal laws and regulations regarding mining, environmental protection, land access and native title. These laws and regulations regulate the conduct of mining operations, set requirements in relation to landholder compensation, environmental protection and certain aspects of health, and provide for penalties and other consequences for the breach of such laws.

There is also an obligation to rehabilitate areas impacted by mining activities, which includes the group providing financial assurances in respect of the likely costs and expenses that may be incurred when taking action to rehabilitate areas impacted by mining activities. The *Mineral and Energy Resources (Financial Provisioning) Act 2018* has changed the method by which such financial assurance is calculated but the cost of this change to the group has not been material. The rehabilitation provision recorded in these accounts closely mirrors these obligations.

In order to undertake exploration and production activities, it is first necessary to apply for and obtain necessary government permits, leases and approvals that authorise such activities. To secure such exploration and mining approvals, or to undertake activities within the area of a granted mining tenement, native title, land access and overlapping tenure are matters that need to be addressed.

The group seeks to develop strong, long-term effective relationships with landholders and other stakeholders, with a focus on developing mutually acceptable compensation and access arrangements. The group seeks to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. In addition, the group engages experienced lawyers, consultants and other technical advisors to provide expert advice where necessary to ensure it manages its compliance obligations appropriately.

(vi) Climate change risks

The operations of the Consolidated Entity are focused on the production of coal for use in the steel making industry. Considering the nature of the industry in which the Consolidated Entity operates, both physical and transitional climate changes risks have the potential to impact the company's assets, production and the markets where our product is sold. Transitional risks being those climate change risks associated with the transition to the lower-carbon economy and include policy, legal technology and market related risks, and physical risks being those which have direct financial implications to the Consolidated Entity. Physical risks refer to risks that are event-driven (such as weather events like cyclones, fires and floods) or are 'chronic' risks which are those that are caused by longer-term shifts in climate patterns (including sustained movement in temperature).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)

(c) Managing risks (continued)

(vi) Climate change risks (continued)

There is an increasing interest by stakeholders regarding the potential risks and opportunities to our business and the broader sector as a result of shifts towards a lower-carbon economy. Climate change is a complex risk that requires action at all levels of society. It can heighten existing physical and non-physical risks and introduce new ones that can affect business performance in the near and long terms. We continue to work with the industry on this important topic and develop our response to the *Taskforce on Climate Related Financial Disclosures* (TCFD) framework to improve our disclosure and tracking of climate-related risks and opportunities.

The Consolidated Entity also has a role to play in mitigating emissions generated by its operations. Business and operational risks associated with changes caused by climate change and the measures that will be taken to mitigate those risks and overall emissions are considered during the group's business planning cycle.

(vii) Indigenous engagement

As part of the Isaac Downs approval process, it was recognised that increased collaboration was required with the traditional owners of the land on which the company operates, the Barada Barna people.

Through a process of facilitation and recognition of the need for reconciliation, the company is dedicated to developing a working and collaborative relationship with the Barada Barna people. The company has committed to developing a Reconciliation Action Plan working committee. This process will not only strengthen ties with the Barada Barna people, but pave the way for true reconciliation within the broader meaning.

The company and the Barada Barna people have developed a Native Title Consent Agreement and reviewed a Cultural Heritage Management Plan. Further, the company aims to facilitate and implement a Reconciliation Action Plan process that develops long-term strategies including increasing Indigenous employment and business opportunities which will enable the Barada Barna people to become more involved in the company and encourage a strong working relationship between both parties.

(viii) Sovereign risks

The group has limited influence over the direction and development of government policy. Successive changes to the Australian resources policy, including taxation policy, have impacted Australia's competitiveness and reduced the attractiveness of Australian coal projects to foreign investors. The group's view is coking coal is critical for future steel production and thermal coal will continue to play a key role in the global energy mix as part of sustaining global growth, particularly in developing regions, through efficient electricity generation.

(ix) Access to capital

At 31 December 2021 the group remains well funded with cash reserves and a revolving finance facility expected to be sufficient to meet the business' operating costs. The group's ability to effectively continue as a coal producing business may be dependent upon several factors including the success of the mine operations, or the successful exploration and subsequent development of the group's tenements. Should these avenues be delayed or fail to materialise, the group may need to raise additional funding through debt, equity or farm out/sell down to allow the group to continue as a going concern and meet its debts as and when they fall due.

There is no guarantee that additional funding through debt will be available, or if it is, there is no guarantee that such new funding will be on terms acceptable to the group. Global credit markets have been severely constrained in the past, and the ability to obtain new funding or refinance may in the future be significantly reduced. Increasingly, financial institutions have made public statements in relation to their unwillingness to finance certain types of coal mines and coal-fired power stations.

If the group is unable to obtain sufficient funding, either due to banking and capital market conditions generally, or due to factors specific to the coal sector, the group may not have sufficient cash to meet its ongoing capital requirements or the ability to expand its business.

Following the on-market takeover by Golden Investments in 2020, the group has been able to access funding through our parent entity, GEAR. See details of the debt refinance on page 13 of this report. As at the date of this report, GEAR has a credit rating of B1 by rating agency Moody's and B+ by rating agency Fitch. This has reduced the risk the group may not have access to capital. Any present risk is still being actively monitored by Stanmore Resources Limited.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)

(c) Managing risks (continued)

(ix) Access to capital (continued)

In respect of the BMC transaction, Stanmore Resources Limited has also signed definitive agreements with certain financiers for a US\$625 million senior debt facility, demonstrating the group's ability to access funds when required.

Stanmore Resources Limited continues to explore a number of avenues in relation to working capital initiatives.

(x) Access to insurance cover

There is a risk that the policies of financial institutions with respect to the funding of coal projects may, in the future, extend to an unwillingness to provide insurance products to coal producers and associated companies on terms that are currently provided to such companies. This could result in a material increase in the cost to Stanmore Resources of obtaining appropriate levels of insurance or Stanmore Resources being unable to secure adequate insurance cover.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for each Director of Stanmore Resources Limited and its controlled entities, and for the company's Key Management Personnel ("KMP"). KMP are defined as those persons who have the authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity. The Consolidated Entity's Directors and KMP during 2021 were:

<i>Non-executive and executive Directors (see pages 3 to 5 for details about each Director)</i>	
Mr Dwi Suseno Mr Marcelo Matos Mr Jimmy Lim Mr Mark Trevan Mr Richard Majlinder Ms Mary Carroll (until 2 July 2021)	

Other key management personnel

Name	Position
Mr Frederick Kotzee	Chief Financial Officer (until 12 August 2021)
Mr Jon Romcke	General Manager Development
Mr Leandro Pires	General Manager Operations
Mr Shane Young	Chief Financial Officer (from 12 August 2021)

(a) Remuneration policy overview

The Consolidated Entity's business strategy of managing an operating coal business can only be achieved by identifying and retaining high calibre employees with appropriate experience and capability. Developing an appropriate compensations strategy for the Consolidated Entity's employees is a key factor in ensuring employees are engaged and motivated to improve the group's performance over the long term. The Board's intention is to maximise stakeholder benefit by the retention of high-quality Board and executive team without creating an undue cost burden for the company.

The Board regularly reviews the appropriateness of employees' fixed compensation considering the group's cost structure and the practices of its peers.

The Board formally reviews Board and senior executive performance on an annual basis.

The following describes the Consolidated Entity's remuneration arrangements for KMP.

(b) Elements of remuneration

(i) Fixed annual remuneration (FR)

Chief Executive Officer and Senior Management fixed remuneration

The Consolidated Entity aims to reward the CEO and senior management with a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually by the Remuneration and Nominations Committee and the Board. The CEO reviews all senior management performance and remuneration and then makes recommendations to the Remuneration and Nominations Committee.

The Remuneration and Nominations Committee reviews the performance and remuneration of the management team. The process consists of a review of company and individual performance, relevant comparative remuneration both in the market and internally, and, where appropriate, external advice on policies and remuneration practices.

Non-Executive Director fixed remuneration

The Board seeks to aggregate remuneration at a level which provides the Consolidated Entity with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

REMUNERATION REPORT (Audited) (continued)

(b) Elements of remuneration (continued)

(i) Fixed annual remuneration (FR) (continued)

Non-Executive Director fixed remuneration (continued)

The Constitution of Stanmore Resources Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the company in a general meeting to be apportioned among them in such manner as the Directors agree, and, in default of agreement, equally. The maximum aggregate remuneration currently determined by Stanmore Resources Limited's shareholders is \$750,000 per annum (31 December 2020: \$750,000 p.a.).

The Non-Executive Director's fee was \$50,000 per annum (31 December 2020: \$50,000 p.a.). Committee fees were \$10,000 per annum for the Chair and \$5,000 per annum for members. The Board, at the recommendation of the Remuneration and Nomination Committee after undertaking a benchmarking remuneration review, determined to increase the Non-Executive Director's Fees to \$113,000 per annum, fees for the Chair of a committee to \$22,600 per annum and \$11,300 per annum for members of a committee.

In addition, the Board also determined to pay to the Non-Executive Directors a once off fee in recognition of the significant additional work performed with respect to the acquisition of the BMC assets.

The maximum aggregate fees paid is within the Shareholder's annual agreed limit.

The total Non-Executive Director remuneration for the year was \$541,033 (31 December 2020: \$126,731).

A Non-Executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Directors' or general meetings of Stanmore Resources Limited or otherwise relating to the business of the group.

The fixed remuneration of Non-Executive Directors for the year ending 31 December 2021 is detailed in this Remuneration Report.

(ii) Short-term and long-term incentive plan structures

The Board considers that the use of Short-Term Incentives (STI) and Long-Term Incentives (LTI) are a reasonable means of remunerating Senior Management, on the basis that they:

- encourage Senior Management to drive toward the realisation of shareholder value;
- provide flexibility to the company to actively manage the way in which it remunerates and incentivises Senior Management;
- preserve the company's cash resources; and
- contribute to the attraction and retention of skilled talent in a competitive market.

For the year ended 31 December 2021, performance targets for STI and LTI were formalised and agreed by the Board. For the 6-month financial period to 31 December 2020, no formal STI and LTI performance targets were set, due to the shortened performance period.

(iii) Incentive outcomes

As noted previously, the STI for the period ended 31 December 2020 was based on the Board's discretion, after considering management's performance, and no LTI scheme was in place for the period.

The incentive outcomes for the STI and LTI scheme for the year ended 31 December 2021 are shown below.

REMUNERATION REPORT (Audited) (continued)

(b) Elements of remuneration (continued)

(iv) Short-term incentives

Incentive	Award structure	Outcome/discussion
FY21 STI	Preconditions: zero fatalities / company can fund STI	Preconditions (achieved): zero fatalities / company can fund STI
FY21 STI	Based on multiple key performance indicators: TRIFR* / HPIFR** / ROM T / FOB cash costs / Working Capital	The key performance indicators were met to varying levels, resulting in a total accrued payout of 122% of target. All KMP met eligibility requirements. FY21 STI amounts are highlighted below.

* TRIFR refers to 'Total Recordable Injury Frequency Rate'

** HPIFR refers to 'High Potential Injury Frequency Rate'

In FY21, all KMP were entitled to a payment under the STI scheme. The FY21 STI is due to be paid in late February 2022.

The STI for the year ended 31 December 2021 is ultimately subject to Board discretion, based on management performance, and calculated in line with the STI and LTI targets for the financial year, and is shown below:

	Target STI		FY21		Target STI		December 2020	
	Base of Salary	Target Amount	Awarded	Base of Salary	Base of Salary	Target Amount	Awarded	Base of Salary
	%	\$	\$	%	%	\$	\$	%
Jon Romcke	40%	141,312	172,337	49%	39%	67,275	51,750	30%
Marcelo Matos	50%	271,360	330,938	61%	52%	91,887	70,667	40%
Leandro Pires	40%	135,168	164,844	49%	39%	23,803	17,852	30%
Shane Young	40%	152,000	185,372	49%	-	-	-	-

(v) Long-term incentives

Incentive	Award structure	Outcome/discussion
FY21 LTI	LTI is based on the Relative Total Shareholders Return (TSR) and Working Average Cost of Capital (WACC) performance measures, relative to a fixed measurement point.	Due to the expected impact of the Group's proposed acquisition of BHP's 80% interest in the BMC joint venture, the current LTIP award structure was not applied for the current period. The Board have approved an discretionary cash LTIP award for eligible members for the period up to the expected acquisition date during Q2 2022.

As at 31 December 2021, 144,898 (FY19 and FY20) rights remain in relation to previously disclosed LTIP scheme.

KMP*	FY	No. of Rights	Vesting date**	Target	Salary package value at Stretch (\$)**	Price (\$)**	Value of Rights (\$)**	Total Value (\$)
Jon Romcke	FY20	36,342	30-Jun-22	30%	207,000	1.42	0.37	13,447
Jon Romcke	FY19	108,556	30-Jun-21	30%	191,711	0.88	0.45	48,850
		144,898						62,297

* KMP employed as at 31 December 2021

** Retest available after 12 months if no Rights have vested on vesting date

*** Stretch target based on 2x Target %

**** Based on the 10-day VWAP of shares in the 24 hours following the release of the annual results

***** Accounting value of rights issued

REMUNERATION REPORT (Audited) (continued)

(b) *Elements of remuneration (continued)*

(v) *Long-term incentives (continued)*

Below is a summary of the performance conditions for vesting for FY20 Rights granted:

Performance level	ATSR* of SMR** CAGR***	% of Stretch / Max. Vesting	June 2022 Share Price for Vesting
Stretch	20%	100%	\$2.46
Between Target and Stretch	>15%<20%	Pro-rata	Pro-rata
Target	15%	50%	\$2.17
Between Threshold and Target	>10%<15%	Pro-rata	Pro-rata
Threshold	10%	0%	\$1.90
Below Threshold****	<10%	0%	\$0.00

* Absolute Total Shareholder Return

** Stanmore Resources Limited

*** Compound Annual Growth Rate (CAGR)

**** Subject to retest in FY23 at CAGR

Below is a summary of the performance conditions for vesting for FY19 Rights granted:

Performance level	ATSR* of SMR** CAGR***	% of Stretch / Max. Vesting	June 2022 Share Price for Vesting
Stretch	36.24%	100%	\$2.20
Between Target and Stretch	>26.23%<36.24%	Pro-rata	Pro-rata
Target	26.23%	50%	\$1.75
Between Threshold and Target	>14.33%<26.23%	Pro-rata	Pro-rata
Threshold	14.33%	0%	\$1.30
Below Threshold****	<14.33%	0%	\$0.00

* Absolute Total Shareholder Return

** Stanmore Resources Limited

*** Compound Annual Growth Rate (CAGR)

**** Subject to retest in FY22 at CAGR

In relation to the Rights, one retest is available 12 months after the end of the measurement period only if no vesting occurred in relation to the first test following the completion of the measurement period. The FY19 Rights noted above did not meet conditions for vesting, and will be subject to a retest in FY22.

The Consolidated Entity does not intend to issue more than an aggregate of 5% of its share capital, from time to time, under the LTI plans.

(vi) *General incentive and remuneration consultants*

From time to time, the Remuneration and Nominations Committee seeks and considers advice from external advisors who are engaged by and report directly to the committee. Such advice will typically cover Non-Executive Director fees, Executive KMP and advice in relation to equity plans.

The *Corporations Act 2001* requires companies to disclose specific details regarding the use of remuneration consultants. The mandatory disclosure requirements only apply to those advisers that provide a 'remuneration recommendation' as defined in the act.

No advice was sought during the period under review.

REMUNERATION REPORT (Audited) (continued)*(c) Link between remuneration and performance**(i) Statutory performance indicators*

	December 2021	December 2020*	June 2020	2019	2018
Profit/(loss) attributable to the Group (\$'000)	10,413	(16,120)	34,893	91,598	5,966
Revenue (\$'000)	382,948	136,309	364,485	403,059	208,081
Share price at period end (\$/Share)	1.035	0.81	0.78	1.425	0.87
Basic earnings per share (c/Share)	3.9	(6)	13.2	35.1	2.4
Diluted earnings per share (c/Share)	3.9	(6)	13.2	35.6	2.3
Shareholder dividends paid (c/Share)	-	-	11	5	-

* 6-month period to 31 December 2020

It is the Board's policy that employment contracts or consultancy agreements are entered into with all Non-Executive Directors and senior management.

Contracts do not provide for pre-determining compensation values or method of payment. Rather, portions of compensation are discretionary STI and LTI plan awards that are determined by the Remuneration and Nominations Committee and the Board in accordance with the company's remunerations policies.

All other employment contracts or consultancy agreements have either six or three-month (or lower) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have received letters outlining the key terms of their appointment. The contracts have no specified duration.

KMP are entitled to their statutory entitlements of accrued annual leave and long service leave together with statutory superannuation or termination.

(ii) Chief Executive Officer

Stanmore Resources Limited has an Executive Service Agreement (ESA) with Mr Marcelo Matos for the position of Chief Executive Officer which commenced on 27 November 2020. Mr Matos received a base remuneration of \$542,000 per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy.

Mr Matos is eligible to participate in the STI and LTI schemes. Under the ESA, the target annual STI is 50% of base remuneration. The target LTI is 50% of base remuneration.

REMUNERATION REPORT (Audited) (continued)

(c) *Link between remuneration and performance (continued)*

(iii) *Senior management*

General Manager Operations

Stanmore Resources Limited has an ESA with Mr Leandro Pires for the position of General Manager Operations which commenced on 26 October 2020. For the period to 31 December 2021, Mr Pires received a base remuneration of \$338,000 (31 December 2020: \$330,000) per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy.

Mr Pires is eligible to participate in the STI and LTI schemes. The target annual STI is 40% of base remuneration, and the target LTI is 40% of base remuneration.

General Manager Development

Stanmore Resources Limited has an ESA with Mr Jon Romcke for the position of General Manager Development which commenced on 21 August 2017. For the period to 31 December 2021, Mr Romcke received a base remuneration of \$353,000 (31 December 2020: \$345,000) per annum plus statutory superannuation. The ESA provides for termination by either party by providing two month's written notice, or immediately in the case of serious misconduct or bankruptcy.

Mr Romcke is eligible to participate in the STI and LTI schemes. The target annual STI is 40% of base remuneration, and the target LTI is 40% of base remuneration.

Chief Financial Officer (Appointed 12 August 2021)

Stanmore Resources Limited has an ESA with Mr Shane Young for the position of Chief Financial Officer which commenced on 12 August 2021. For the period to 31 December 2021, Mr Young received a base remuneration of \$380,000 (31 December 2020: nil) per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy.

Mr Young is eligible to participate in the STI and LTI schemes. The target annual STI is 40% of base remuneration, and the target LTI is 40% of base remuneration.

Chief Financial Officer (Resigned 12 May 2021)

Stanmore Resources Limited had an ESA with Mr Frederick Kotzee for the position of Chief Financial Officer which commenced on 21 September 2020. For the period to 31 December 2021, Mr Kotzee received a base remuneration of \$342,000 (31 December 2020: \$380,000) per annum plus statutory superannuation. On 12 May 2021, Mr Kotzee resigned from his position and finished with the company on 12 August 2021.

Prior to his resignation, Mr Kotzee was eligible to participate in the STI and LTI schemes. The maximum annual STI was 39% (Stretch) of his remuneration package, and the maximum LTI was 30% of his remuneration package at Target performance and a further 30% of his remuneration package at Stretch performance.

REMUNERATION REPORT (Audited) (continued)

(d) Remuneration details

The following table details the components of remuneration for KMP of the company, for both the year ended 31 December 2021 and the 6-months to 31 December 2020.

2021	Short-term employee benefits			Post-employment benefits		Total
	Cash salary and fees	Cash bonus	Other non-monetary benefits	Super-annuation	LTIP	
	\$	\$	\$	\$	\$	\$
Directors						
Mr Dwi Suseno	-	-	-	-	-	-
Mr Jimmy Lim	212,817	-	-	-	-	212,817
Mr Marcelo Matos	540,763	327,405	10,440	23,120	384,427	1,286,155
Mr Mark Trevan	132,689	-	-	13,269	-	145,958
Ms Mary Carroll	22,823	-	-	2,177	-	25,000
Mr Richard Majlinder	142,962	-	-	14,296	-	157,258
Sub-total Directors	1,052,054	327,405	10,440	52,862	384,427	1,827,188
Senior Management						
Mr Jon Romcke	353,280	169,749	13,729	22,703	211,968	771,429
Mr Frederick Kotzee	212,917	-	38,997	15,895	-	267,809
Mr Leandro Pires	337,920	277,944	1,373	24,789	168,960	810,986
Mr Shane Young	147,615	185,372	-	10,423	63,333	406,743
Sub-total Senior Management	1,051,732	633,065	54,099	73,810	444,261	2,256,967
Total Director and Senior Management remuneration	2,103,786	960,470	64,539	126,672	828,688	4,084,155

1. Mr Suseno is a nominee from Golden Investments. Any remuneration in relation to his role as Director of multiple GEAR entities is paid for by GEAR with no apportionment to the Consolidated Entity
2. Ms Carroll resigned, effective 2nd July 2021
2. Mr Kotzee resigned, effective 12 August 2021
3. Mr Young commenced, effective 12 August 2021

REMUNERATION REPORT (Audited) (continued)

(d) Remuneration details (continued)

2020	Short-term employee benefits			Post-employment benefits		Share based payments	Total
	Cash salary and fees	Cash bonus	Other non-monetary benefits	Super-annuation	Termination benefits	Cash settled (Rights)	
	\$	\$	\$	\$	\$	\$	\$
Directors							
Mr Jimmy Lim	32,500	-	-	-	-	-	32,500
Mr Marcelo Matos	193,067	70,667	4,768	10,626	-	-	279,128
Mr Mark Trevan	29,505	-	-	2,803	-	-	32,308
Ms Mary Carroll	24,587	-	-	2,336	-	-	26,923
Mr Richard Majlinder	31,963	-	-	3,037	-	-	35,000
Sub-total Directors	311,622	70,667	4,768	18,802	-	-	405,859
Senior Management							
Mr Jon Romcke	185,769	80,924	6,226	11,681	-	-	284,600
Mr Frederick Kotzee	167,762	31,148	120,126	11,681	-	-	330,717
Mr Leandro Pires	62,192	17,852	452	4,172	-	-	84,668
Mr Craig McCabe	150,329	48,280	2,075	6,103	-	-	206,787
Mr Brendan Schilling	60,577	17,238	-	5,424	99,761	-	183,000
Mr Bernie O'Neill	160,558	63,674	-	10,847	182,667	50,000	467,746
Mr Ian Poole	8,192	-	-	778	3,976	-	12,946
Sub-total Senior Management	795,379	259,116	128,879	50,686	286,404	50,000	1,570,464
Total Directors and Senior Management	1,107,001	329,783	133,647	69,488	286,404	50,000	1,976,323

REMUNERATION REPORT (Audited) (continued)

(e) Additional statutory information

(i) Cash bonuses, performance-related bonuses and share-based payments

For the financial year ending 31 December 2021, the details of the STIP and LTIP incentives awarded and payable are shown on page 20.

Current Rights on issue to KMP (FY21 and FY20) are outlined below:

	FY20 Rights issued	FY20 Rights vested	FY20 Rights forfeited	Net FY20 Rights
Jon Romcke	145,366	72,683	36,341	36,342

	FY19 Rights issued	FY19 Rights vested	FY19 Rights forfeited	Net FY19 Rights
Jon Romcke	217,113	108,557	-	108,557

(ii) Equity instruments - shareholdings

Details of ordinary shares held directly, indirectly or beneficially by KMP and their related parties are as follows.

	Balance at 1 January 2021	Granted as remuneration	Bonus issue	Exercise of Rights	Net Change Other*	Balance FY21
Jon Romcke**	1,104	-	-	-	-	1,104

* The net change in shareholding for all KMP relates to the sale of shares on market

** Shares held directly and beneficially

(iii) Equity instruments - options

The Consolidated Entity had no Options on issue at 31 December 2021.

(iv) Equity instruments - rights

Details of Rights held directly, indirectly, or beneficially by KMP and their related parties are as follows:

	Opening balance	Rights issued	Rights vested	Rights forfeited	Closing balance	Vesting FY22*	Vesting FY23**
Jon Romcke	144,898	-	-	-	144,898	108,556	36,342

* Following the on-market takeover by Golden Investments, the Rights granted in FY19 have vested at 50%, with the balance subject to relevant vesting criteria set prior to change of control

** Following the on-market takeover by Golden Investments, the Rights granted in FY20 have vested at 50%, with 25% lapsed and the remaining 25% to vest subject to relevant vesting criteria set prior to change of control

(v) Other transactions with key management personnel

There were no transactions with Directors or Director-related entities during the year ended 31 December 2021.

(vi) Loans given to key management personnel

There were no loans to KMP during the year ended 31 December 2021.

End of Remuneration Report

INSURANCE OF OFFICERS AND INDEMNITIES

(a) Insurance of officers

Each of the Directors and the Company Secretary of Stanmore Resources have entered into a deed whereby the company has provided certain contractual rights of access to books and records of Stanmore Resources to those Directors and the Company Secretary. The company has insured all its Directors and Executive Officers. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

(b) Indemnity of auditors

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young, as part of its terms of its audit engagement agreement against claims by third parties arising from the audit. The company has made no payment to indemnify Ernst & Young during or since the financial year.

SHARES UNDER OPTION

At the date of this report, there were nil unissued ordinary shares under Options and 144,898 potential unissued ordinary shares under Rights as follows:

- (a) 108,556 unlisted Rights vesting subject to various performance hurdles in 2021 or, in the event that no vesting at all occurs, the Rights may be retested vesting in 2022, subject to escalated performance hurdles and other agreed conditions; and
- (b) 36,342 unlisted Rights vesting subject to various performance hurdles in 2022 or, in the event that no vesting at all occurs, the Rights may be retested vesting in 2023, subject to escalated performance hurdles and other agreed conditions.

No Right holder has any right to participate in any other share issue of Stanmore Resources Limited.

During the year ended 31 December 2021, there were 270,417,381 fully paid ordinary shares in Stanmore Resources Limited on issue.

During the year ended 31 December 2021, no new Rights were granted to KMP as part of the Stanmore Resources Limited Rights Plan, and no Rights were forfeited. During the 6-month period ended 31 December 2020, no Rights were forfeited and none vested.

CHANGES TO CAPITAL STRUCTURE

At the date of this report, the Consolidated Entity had 270,417,381 ordinary shares (inclusive of 11,040 employee shares), nil unlisted options and 144,898 Rights on issue.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No events have occurred since 31 December 2021, other than those disclosed within Note 27.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars unless otherwise stated.

DIVIDENDS PAID OR RECOMMENDED

No dividend has been declared for the financial year.

ENVIRONMENTAL REGULATION

The Consolidated Entity is subject to environmental regulation in respect of its operating and exploration activities. There are no material matters that have arisen in relation to environmental issues up to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDIT AND NON-AUDIT SERVICES

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for non-audit services provided by Ernst & Young, the auditor of the Consolidated Entity:

	2021	6 months to 31 December 2020
	\$	\$
Taxation services		
Ernst & Young Australian firm:		
Tax advisory services	146,825	24,910
Total remuneration for taxation services	146,825	24,910
Other services		
Ernst & Young Australian firm:		
Transaction due diligence services	387,469	13,940
Total remuneration for other services	387,469	13,940
Total remuneration for non-audit services	534,294	38,850

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stanmore Resources Limited support and have adhered to the principles of corporate governance. Stanmore Resources Limited's Corporate Governance Statement can be found on the company's website and ASX platform (www.stanmore.net.au/corporate-governance).

This report is made in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'M. Matos', with a stylized flourish at the end.

Mr Marcelo Matos
Director

Brisbane
16/02/2022



Building a better
working world

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Auditor's Independence Declaration to the Directors of Stanmore Resources Limited

As lead auditor for the audit of the financial report of Stanmore Resources Limited for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stanmore Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Tom du Preez
Partner
16 February 2022

Stanmore Resources Limited

ABN 27 131 920 968

Annual financial report - 31 December 2021

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Consolidated statement of profit or loss

		6 months to 31 December	
	Notes	2021 \$'000	2020 \$'000
Revenue from contracts with customers	2	382,948	136,309
Cost of sales	3(b)	(312,540)	(142,928)
Gross profit/(loss)		70,408	(6,619)
Other expenses	3(b)	(42,133)	(21,671)
Other income	3(a)	5,226	11,747
Operating profit/(loss)		33,501	(16,543)
Finance income	3(c)	1,803	27
Finance costs	3(c)	(17,060)	(5,438)
Finance costs - net		(15,257)	(5,411)
Share of net (loss) of joint ventures	23(b)	(2,409)	-
Profit/(loss) before income tax		15,835	(21,954)
Income tax (expense)/benefit	4	(5,422)	5,834
Profit/(loss) for the year/period		10,413	(16,120)
Profit/(loss) is attributable to:			
Owners of Stanmore Resources Limited		10,413	(16,120)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic earnings/(loss) per share (cents per share)	20	3.9	(6.0)
Diluted earnings/(loss) per share (cents per share)	20	3.9	(6.0)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

	2021 \$'000	6 months to 31 December 2020 \$'000
Profit/(loss) for the period	<u>10,413</u>	<u>(16,120)</u>
Other comprehensive income for the year/period	<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year/period	<u>10,413</u>	<u>(16,120)</u>
Total comprehensive income/(loss) for the period is attributable to: Owners of Stanmore Resources Limited	<u>10,413</u>	<u>(16,120)</u>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

		31 December	
	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	62,859	5,041
Trade and other receivables	7	52,408	21,264
Inventories	8	11,748	67,184
Other current assets	12	60,742	5,599
Current tax receivables		-	5,520
Total current assets		187,757	104,608
Non-current assets			
Trade and other receivables	7	15,000	-
Property, plant and equipment	9	64,903	64,819
Capitalised development costs	10	88,758	44,336
Exploration and evaluation	10	43,220	41,141
Mine properties	10	21,848	17,298
Intangible assets	11	2,015	2,519
Other non-current assets	12	21,571	20,048
Total non-current assets		257,315	190,161
Total assets		445,072	294,769
LIABILITIES			
Current liabilities			
Trade and other payables	13	83,492	40,692
Borrowings	14	97,075	19,421
Lease liabilities	15	180	117
Derivative financial instruments	16	6,121	-
Current tax liabilities		6,285	-
Employee benefit obligations	18	2,537	811
Provisions	17	5,659	9,497
Total current liabilities		201,349	70,538
Non-current liabilities			
Borrowings	14	6,739	9,104
Lease liabilities	15	450	612
Employee benefit obligations	18	54	60
Provisions	17	43,150	34,231
Deferred tax liabilities	4	30,443	27,786
Total non-current liabilities		80,836	71,793
Total liabilities		282,185	142,331
Net assets		162,887	152,438

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

		31 December	
	Notes	2021 \$'000	2020 \$'000
EQUITY			
Issued capital	21	121,747	121,725
Share based payment reserves	32	2,337	2,323
Retained earnings		38,803	28,390
Total equity attributable to the owners of Stanmore Resources Limited		<u>162,887</u>	<u>152,438</u>
Total equity		<u>162,887</u>	<u>152,438</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Notes	Issued capital \$'000	Retained earnings \$'000	Share based payment reserve \$'000	Total \$'000
Balance at 1 July 2020	121,725	44,510	2,348	168,583
Loss for the period	-	(16,120)	-	(16,120)
Total comprehensive loss for the period	-	(16,120)	-	(16,120)
Transactions with owners in their capacity as owners:				
Share-based payments	-	-	(25)	(25)
Balance at 31 December 2020	121,725	28,390	2,323	152,438
Notes	Share capital \$'000	Retained earnings \$'000	Share based payment reserve \$'000	Total \$'000
Balance at 1 January 2021	121,725	28,390	2,323	152,438
Profit for the year	-	10,413	-	10,413
Total comprehensive income for the year	-	10,413	-	10,413
Transactions with owners in their capacity as owners:				
Deferred tax recognised directly in equity	22	-	-	22
Share-based payment	-	-	14	14
	22	-	14	36
Balance at 31 December 2021	121,747	38,803	2,337	162,887

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

		6 months to 31 December	
	Notes	2021 \$'000	2020 \$'000
Operating activities			
Receipts from customers		369,953	116,751
GST refunds		27,714	14,827
Payments to suppliers and employees		(257,331)	(148,967)
Interest received		1,803	27
Interest and other finance costs paid		(23,786)	(3,030)
Income tax received/(paid)		9,062	4,692
Net cash inflow (outflow) from operating activities	6	<u>127,415</u>	<u>(15,700)</u>
Investing activities			
Payments for property, plant and equipment		(15,355)	(9,996)
Payments for capitalised development, exploration and evaluation assets		(44,422)	(3,513)
Payments for mine property assets		(1,791)	(190)
Payments of vendor royalties	17	(4,122)	-
Payments for loan receivable principal		(28,950)	-
Payments for refundable security bonds		(41,345)	-
Payment for acquisition of Joint Venture	24	(2,409)	-
Net cash (outflow) from investing activities		<u>(138,394)</u>	<u>(13,699)</u>
Financing activities			
Proceeds from borrowings		79,733	19,609
Repayment of borrowings		(9,297)	(3,553)
Benefit of principal lease liability		(116)	1
Payments for financial securities		(1,523)	(13,861)
Net cash inflow from financing activities	5(c)	<u>68,797</u>	<u>2,196</u>
Net increase (decrease) in cash and cash equivalents		57,818	(27,203)
Cash and cash equivalents at the beginning of the financial year		<u>5,041</u>	<u>32,244</u>
Cash and cash equivalents at end of year	5(a)	<u>62,859</u>	<u>5,041</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the financial statements

1 Basis of preparation of full year report

The financial statements of Stanmore Resources Limited for the reporting period ended 31 December 2021 covers the Consolidated Entity consisting of Stanmore Resources Limited and its subsidiaries as required by the *Corporations Act 2001*.

The group had changed its financial year to 31 December to align with its parent entity. As a result, the results presented in this financial report, which is for a period of 12 months ended 31 December 2021, are not entirely comparable with the comparative period stated, being the 6-month period 1 July 2020 to 31 December 2020.

The financial statements are presented in the Australian currency.

Stanmore Resources Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of the Consolidated Entity are the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

The consolidate general-purpose financial report of the Consolidated Entity for the period ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 16/02/2022. The Directors have the power to amend and reissue the financial report. The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, the Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191;
- adopts all new and amended Accounting Standards and interpretations issued by the AASB that are relevant to the operations of the Consolidated Entity and effective for reporting periods beginning on or after 1 January 2021. Refer to Note 1(i) or further details; and
- does not early adopt any Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective, except for those described in Note 1(i)(i)

The financial statements have been prepared on a historical cost basis, except for Vendor Royalties - Contingent Consideration and Derivative Financial Instruments which have been measured at fair value. The Consolidated Entity is a for-profit entity for the purposes of Australian Accounting Standards.

(a) Key judgements and estimates

In the process of applying the Consolidated Entity's accounting policies, managements has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

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Basis of preparation of full year report

(a) Key judgements and estimates (continued)

(b) Going concern

As disclosed in the Directors' report, the group is in the process of transitioning its core mining operations from Isaac Plains and Isaac Plains East during Q1 2022 to Isaac Downs where full scale production is scheduled to commence once the Drag Line has been walked across and initial development activities are completed.

In addition to this, the group has also announced the acquisition of 80% of the shares in BMC from BHP which will be funded through a combination of debt and equity.

In respect of the BMC transaction, at the date of this report, the group has signed definitive agreements with certain financiers for a US\$625 million senior debt facility. As announced by Stanmore Resources Limited on 8 November 2021, the Group is proposing to part fund the balance of the completion payment for the BMC transaction through an entitlement offer. Further details of the proposed entitlement offer are expected to be announced after key conditions precedent for the transaction have been substantially progressed.

In respect of the existing operations and transition from Isaac Plains and Isaac Plains East, the Directors have considered projected cash flow information for the 12 months from the date of the approval of these financial statements under multiple scenarios (which includes the ability to slow or defer spending), including conservative pricing forecasts and the group's access to undrawn working capital facilities as disclosed in Note 14. On 16 February 2022, the group has also extended the GEAR facility maturity date by another year to 30 June 2023.

Based on the above, the group is expected to continue to operate within the available cash levels and is confident in its ability to complete the required capital and debt to be raised to continue to fund the ongoing operations and complete the BMC transaction. The company is also in the process of assessing raising further debt to assist with future capital development and has capacity under the ASX Listing Rules to raise further funds through the issue or placement of securities.

Accordingly, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

(c) Debt facility

On 2 July 2021, the Consolidated Entity signed an amendment to increase the available facility under its existing finance facility with its parent entity, GEAR, from US\$ 40m to US\$70m.

The increase in the facility was primarily to ensure the progression of the Isaac Downs project together with the Mavis and Millennium acquisition, as it substantially satisfies the company's short to medium term debt requirements and allows a seamless transition from Isaac Plains East to Isaac Downs now that the Mining Lease has been obtained.

As at 31 December 2021, US\$67.6m (A\$93.2m) has been drawn down under this facility.

(d) COVID-19

These impacts are not significant to the Consolidated Entity and will not negatively impact the financial statements or trigger any significant uncertainties with respect to events or conditions which may adversely impact the Consolidated Entity as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

There is no impact on the going concern of the Consolidated Entity as a result of the above.

(e) Basis of consolidation

Subsidiaries are all those entities over which the company has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Basis of preparation of full year report

(f) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

(g) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(h) Notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Consolidated Entity. Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Consolidated Entity;
- it helps to explain the impact of significant changes in the Consolidated Entity's business, for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the Consolidated Entity's operations that is important to its future performance.

(i) New and amended standards and interpretations adopted by the Consolidated Entity

The group has applied all the standards and amendments for the first time for their annual reporting period commencing 1 January 2021. These amendments had no impact on the financial statements of the Group.

(i) Early adoption of AASB 2020-3 Annual Improvements 2018-2020 and Other Amendments

The group has chosen to early adopt AASB 2020-3: Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments, in relation to changes made to AASB 116. As a result, discreet revenues and operating costs of the Isaac Downs Bulk Sample Pit are to be recognised within the consolidated statement of profit or loss. There is no previously measured pre-production revenues that required restatement in the prior period.

2 Revenue

	6 months to 31 December	
	2021	2020
	\$'000	\$'000
Revenue from contracts with customers	382,948	136,309
Total revenue	382,948	136,309

(a) Disaggregation of revenue from contracts with customers

The group recognises revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	31 December	
	2021	2020
	\$'000	\$'000
Revenue from external customers		
Metallurgical coal/Asia	296,293	121,930
Metallurgical coal/Europe	58,388	10,725
Thermal coal/Asia	28,267	3,654
Total segment revenue	382,948	136,309

(b) Recognition and measurement

Revenue is recognised when the control of the goods is passed to the customer. The amount of revenue recognised is the consideration the Consolidated Entity is entitled to receive in exchange for transferred goods to the customer.

*(i) Contracts with customers - coal sales**General recognition*

Revenue from the sale of coal is recognised in the profit or loss when performance obligations have been met, which is deemed to be when control of the coal has been transferred from the Consolidated Entity to the customer. Typically, the transfer of control and the recognition of a sale occurs when the coal passes the ship rail when loading at the port, unless the sale is made on stockpile at which point the transfer of control will occur when the sales agreement is exercised. All coal is shipped through the Dalrymple Bay Coal Terminal and all coal sold during the year ended 31 December 2021 was on a contracted 'free on board' basis.

As is customary with 'free on board' contracts, parameters such as coal quality and mass are tested using independent experts and weightometers as the vessel is being loaded. The bill of lading is only issued upon verification and confirmation from several parties involved with the logistic and handling process. Once confirmed, the measured parameters form the basis for calculation of final price on the commercial invoice. All customer contracts specify a known price and tolerance range for quality parameters prior to the Consolidated Entity committing to the supply of coal to the customer.

Coking Coal Quarterly Index Linked Price Contracts recognition

Coking Coal Sales contracts with Stanmore Resources customers generally contain quarterly pricing provisions as is customary in the coking coal markets. Sales contracts with regular customers are linked to the relevant coking coal index with index adjustments based on the term agreements/relationship, Isaac Plains specific variations to the index benchmark, or other contractual reasons.

When the quarterly benchmark prices have not been settled, sales invoices are issued and paid based on the provisional prices from the prior quarters' agreed index price. These provisional prices are then adjusted when the final quarterly benchmark prices are settled.

Where sales volumes have not been fulfilled within the scope of the contract for the previous quarters, the coal sales are at the prior quarters' price. At the end of the annual contract period, full year carry over tonnes are discussed between the parties and the supply of tonnes can be cancelled or carried over to the next annual contract.

Due to the volatility in the coking coal price indices, management reviews the index price at the of the quarter. Coal sales are then adjusted, based on the final index price, which has been agreed with customers. If the price has not yet been signed off on all contracts, management will make judgements on the risks associated with the customer and adjust the provisional price based on the contract. The risk weighted price would then be used rather than the quarterly index price which has not yet been agreed with the customer.

Thermal coal contracts sales

Thermal coal sales are not customarily index linked and are settled based on contract prices as agreed and adjusted by the contract terms. Generally, price and adjustments are finalised and final invoiced within a short period of time after the coal is 'free on board'.

Key judgements

Where prices are not finalised at the end of a period due to the timing of contractual adjustments, management will make assessments on the adjustments and provide for the expected impact of the contract adjustments. Price adjustments are minimal in comparison to the total invoice and are generally not material in nature.

Revenue

3 Other income and expense items

(a) Other income

		6 months to 31 December	
	Notes	2021 \$'000	2020 \$'000
Revaluation in rehabilitation provision	17	602	(36)
Onerous contract re-measurement	17	1,191	1,893
Fair value movement - vendor royalty - contingent consideration	17	2,154	9,665
Other income		1,279	225
		5,226	11,747

(b) Breakdown of cost of sales and other expenses

		6 months to 31 December	
		2021 \$'000	2020 \$'000
Mining costs		164,705	83,374
Processing costs		24,602	16,551
Transport and logistics		47,151	21,700
State royalties		36,570	9,944
Private royalties		5,128	1,213
Production overheads		27,848	7,311
Other production costs		6,536	2,835
Total cost of sales		312,540	142,928

		6 months to 31 December	
		2021 \$ '000	2020 \$ '000
Other expenses		42,133	21,671
Total other expenses		42,133	21,671

Other expenses include the following specific items:

		6 months to 31 December	
		2021 \$ ' 000	2020 \$ '000
<i>Employee benefits expenses</i>			
Salaries and wages		6,346	3,219
Employee superannuation		424	185
Share-based payments		14	(35)
Total employee benefits expenses		6,784	3,369

Other income and expense items

(b) Breakdown of cost of sales and other expenses (continued)

	2021	6 months to 31 December 2020
	\$ '000	\$ '000
<i>Depreciation and amortisation</i>		
Plant and equipment	15,135	6,529
Mine properties	10,986	7,838
Intangibles	504	252
Right of use asset	136	63
Total depreciation and amortisation	26,761	14,682

	2021	6 months to 31 December 2020
	\$ '000	\$ '000
<i>Other overhead expenses</i>		
Short term lease payments	221	174
Other overhead expenses	8,367	3,446
Total other overhead expenses	8,588	3,620

(c) Finance income and costs

	2021	6 months to 31 December 2020
	\$'000	\$'000
<i>Finance income</i>		
Interest	1,803	27
Finance income	1,803	27
<i>Finance costs</i>		
Interest paid - external parties	5,416	406
Interest amortisation unwinding	1,570	1,697
Movement in foreign currency, including derivatives	7,534	2,408
Borrowing costs	2,484	898
Interest charge - lease liability	56	29
Finance costs expensed	17,060	5,438
Net finance costs	15,257	5,411

(d) Recognition and measurement

(i) Cost of sales

Cost of sales are costs incurred directly or indirectly relating to the mining and preparation of coal for sale to third party customers. Costs have been recognised on an accrual basis at the time the sale is recognised, in line with movements through inventory and survey information from site. Refer to Note (18) on page 60.

(ii) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period. They are measured at amounts expected to be paid when the liabilities are settled.

Expenses for sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Other income and expense items

(d) Recognition and measurement (continued)

(ii) Wages and salaries, annual leave and sick leave (continued)

Where the group has liabilities that are not expected to be settled wholly within 12 months after the end of the reporting period, such as long service leave, these obligations are measured at the present value of the expected future payments to be made in respect of the services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as close as possible, the estimated future cash flows.

(iii) Leases

The leases recognised in Other Expenses relate to short-term lease obligations where the entity has adopted the recognition exemption. Lease payments for short-term leases are charged to profit or loss on a straight-line basis over the term of the lease, net of any incentives.

4 Income tax expense

(a) Income tax expense

	6 months to 31 December	
	2021	2020
	\$'000	\$'000
Current income tax (benefit)	9,368	(10,372)
Prior year adjustments	(6,603)	-
Deferred income tax expense/(benefit)	2,657	4,538
Income tax expense	5,422	(5,834)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	6 months to 31 December	
	2021	2020
	\$'000	\$'000
Prima facie tax expense (30%) on profit/(loss) before income tax	4,751	(6,586)
<i>Add tax effect of:</i>		
Non-deductible expenses	8	3
Accounting distribution - MetRes Pty Ltd	723	-
Prior period taxes over/(under) recognised	(60)	749
Income tax expense/(benefit)	5,422	(5,834)

(c) Deferred tax balances

	6 months to 31 December	
	2021	2020
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Deductible temporary differences	18,815	17,981
Taxable temporary differences	(49,258)	(45,767)
Net deferred tax liabilities	(30,443)	(27,786)

Income tax expense

(c) Deferred tax balances (continued)

Deferred tax assets will only be recognised when:

- the Consolidated Entity derives future assessable income of a nature of an amount sufficient to enable the losses to be realised;
- the Consolidated Entity continues to comply with the conditions of deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Consolidated Entity in realising the losses.

(d) Recognition and measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

31 December 2021	Opening balance \$ '000	Recognised in profit or loss \$ '000	Closing balance \$ '000	Deferred tax asset \$ '000	Deferred tax liability \$ '000
Provision for rehabilitation	7,974	(392)	7,582	7,582	-
Provision for onerous contracts	988	(482)	506	506	-
Property, plant and equipment	(5,306)	(10,373)	(15,679)	-	(15,679)
Vendor private royalty	4,157	(1,545)	2,612	2,612	-
Exploration and development costs	(20,257)	(12,463)	(32,720)	-	(32,720)
Unrealised FX	502	2,245	2,747	2,747	-
Other	(3,814)	5,297	1,483	1,737	(254)
Vendor receivable	(129)	129	-	-	-
Provision for impairment - exploration and development	3,631	-	3,631	3,631	-
Rail loop benefit	(756)	151	(605)	-	(605)
Overburden in advance	(14,776)	14,776	-	-	-
TOTAL	(27,786)	(2,657)	(30,443)	18,815	(49,258)

31 December 2020	Opening balance \$ '000	Recognised in profit or loss \$ '000	Closing balance \$ '000	Deferred tax asset \$ '000	Deferred tax liability \$ '000
Provision for rehabilitation	8,989	(1,015)	7,974	7,974	-
Provision for onerous contracts	1,609	(621)	988	988	-
Property, plant and equipment	(5,470)	164	(5,306)	-	(5,306)
Vendor private royalty	6,795	(2,638)	4,157	4,157	-
Exploration and development costs	(18,529)	(1,728)	(20,257)	-	(20,257)
Unrealised FX	426	76	502	502	-
Other	(2,626)	(1,188)	(3,814)	729	(4,543)
Vendor receivable	(1,284)	1,155	(129)	-	(129)
Provision for impairment - exploration and development	3,631	-	3,631	3,631	-
Rail loop benefit	(832)	76	(756)	-	(756)
Overburden in advance	(15,957)	1,181	(14,776)	-	(14,776)
TOTAL	(23,248)	(4,538)	(27,786)	17,981	(45,767)

Income tax expense

(d) Recognition and measurement (continued)

(i) Tax consolidation

Stanmore Resources Limited and its wholly owned subsidiaries have formed a tax consolidated group and are taxed as a single entity. Stanmore Resources Limited is the head entity of the tax consolidated group. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly owned subsidiaries that form part of the tax consolidated group. Stanmore Resources Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables as a tax funding arrangement.

5 Cash and cash equivalents

	31 December	
	2021	2020
	\$'000	\$'000
Current assets		
Cash at bank and in hand	62,859	5,041

(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial year as follows:

	31 December	
	2021	2020
	\$'000	\$'000
Balances as above	62,859	5,041
Balances per consolidated statement of cash flows	62,859	5,041

(b) Recognition and measurement

For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes (1) cash on hand and at bank; (2) deposits held at call with financial institutions; (3) other short-term, highly liquid investments with original maturities of three months or less; that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(c) Reconciliation of liabilities arising from financing activities

	Chattel mortgage \$'000	Lease liabilities \$'000	Short-term loan \$'000	Working capital facility \$'000	Insurance premium funding facility \$'000	Total \$'000
Net debt as at 1 January 2021	11,373	729	2,693	12,983	1,476	29,254
Cash inflows	-	-	-	75,795	3,938	79,733
Cash outflows	(2,730)	(116)	(2,693)	-	(3,874)	(9,413)
Foreign exchange movements	-	-	-	4,386	-	4,386
Non-cash changes	467	17	-	-	-	484
Net debt as at 31 December 2021	9,110	630	-	93,164	1,540	104,444
	Chattel mortgage \$'000	Lease liability \$'000	Short term loan \$'000	Working capital facility \$'000	Insurance premium funding facility \$'000	Total \$'000
Net debt as at 1 July 2020	12,469	823	-	-	-	13,292
Cash inflows	-	1	2,693	13,189	3,727	19,610
Cash outflows	(1,302)	-	-	-	(2,251)	(3,553)
Non-cash changes	206	(95)	-	(206)	-	(95)
Net debt as at 31 December 2020	11,373	729	2,693	12,983	1,476	29,254

Cash and cash equivalents

6 Cash flow information

(a) Cash generated from operations

	2021	6 months to 31 December 2020
	\$'000	\$'000
Reconciliation of profit/(loss) after income tax to net cash flow from operating activities		
Profit/(loss) for the period	10,413	(16,120)
<i>Adjust for non-cash items:</i>		
Depreciation and amortisation and disposal of fixed assets	26,761	14,682
Non-cash employee benefits expense - share-based payments	14	(25)
Loss joint ventures	2,409	-
Non-cash movement in onerous contracts	(951)	(1,595)
Non-cash movement in rehabilitation provisions	(602)	468
Non-cash movement in contingent considerations	(1,028)	(8,508)
Foreign exchange loss	4,853	-
Forward foreign exchange contracts	6,121	-
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(17,194)	(16,549)
(Increase)/decrease in inventories	55,436	11,680
(Increase)/decrease in prepayments	(13,798)	(2,732)
(Increase)/decrease in income taxes receivable	11,805	(5,680)
(Decrease)/increase in deferred tax liabilities	2,679	4,538
Increase/(decrease) in trade and other payables	40,739	8,778
Increase/(decrease) in provisions for onerous contracts	(654)	(476)
Increase/(decrease) in rehabilitation provisions	(1,307)	(3,851)
Increase/(decrease) in contingent considerations	-	(284)
Increase/(decrease) in provisions for employee benefits	1,719	(26)
Net cash inflow/(outflow) from operating activities	127,415	(15,700)

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities are classified as operating cash flows.

7 Trade and other receivables

	2021	31 December 2020
	\$'000	\$'000
Current		
Trade receivables at amortised cost	35,783	19,030
GST receivable	6,156	1,957
Other receivables	233	277
Loans to related parties	10,236	-
	52,408	21,264
Non-current		
Loans to related parties	15,000	-
	15,000	-

During the period, the company provided MetRes Pty Ltd, a 50% owned Joint Venture (see Note 24), with a secured, total finance facility up to A\$50m, including a working capital debt facility of A\$15m to the Joint Venture to cover initial working capital requirements, and an additional A\$35m debt facility as required. The loan is fully secured against the underlying property, plant & equipments, and mine properties of the Joint Venture. A total of \$28.95m was drawn as at 31 December 2021, less an offsetting cash prepayment of \$3.714m.

Trade and other receivables

(a) Recognition and measurement

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised Cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Profit or Loss and Comprehensive Income.

(i) Impairment

The Consolidated Entity assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. Loans to related parties are assessed using the general approach required by AASB 9 for the assessment of expected credit losses. Management has determined that assessment of expected credit loss associated with trade receivables is immaterial.

8 Inventories

	31 December	
	2021	2020
	\$'000	\$'000
Current assets		
ROM coal inventories	3,423	3,546
Product coal stocks	8,325	14,385
Overburden in advance	-	49,253
	<u>11,748</u>	<u>67,184</u>

(a) Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimate selling price in the ordinary course of business, less the estimate costs of completion and selling expenses.

The cost of coal inventories is determined using a direct costing basis. Costs include blasting, overburden removal, coal mining, processing, labour, transport and other costs which are directly related to mining activities at site.

Inventories are classified as follows:

- overburden in advance material extracted through the pre-strip mining process and includes blasting activities;
- run of mine material (ROM) extracted through the mining process and awaiting process at the coal handling and preparation plant; and
- product coal which has been processed into final saleable form. Product coal may be held at the site or at port shared stockpile facilities awaiting delivery to customers.

(b) Interpretation 20 - stripping costs in the production phase of a surface mine

In open pit mining operations, overburden and other waste materials must be removed to allow extractions of the coal minerals underneath. Previously, the costs of overburden removal are capitalised separately as Inventory under AASB 102, to the extent that a future benefit from the stripping activity is expected to be realised from future coal extraction. In the current year, Isaac Downs was in development within mining from the bulk sample pit and ongoing development which is scheduled to be completed in the coming months.

9 Property, plant and equipment

	31 December	
	2021	2020
	\$'000	\$'000
Plant and equipment		
At cost	95,979	89,788
Accumulated depreciation	<u>(43,885)</u>	<u>(29,020)</u>
	52,094	60,768
Buildings and improvements		
At cost	3,141	2,366
Accumulated depreciation	<u>(856)</u>	<u>(587)</u>
	2,285	1,779
Furniture and office equipment		
At cost	132	137
Accumulated depreciation	<u>(121)</u>	<u>(123)</u>
	11	14
Right of use asset		
At cost	735	718
Accumulated depreciation	<u>(223)</u>	<u>(87)</u>
	512	631
Capital work in progress		
At cost	<u>10,001</u>	<u>1,627</u>
	10,001	1,627
	64,903	64,819

(a) Recognition and measurement

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably.

(i) Movements in carrying amounts

	Plant and Buildings and equipment improvements \$'000	Furniture and office equipment \$'000	Right of use asset \$'000	Capital work in progress \$'000	Total \$'000
Year ended 31 December 2021					
Opening net book amount	60,768	1,779	14	631	1,627
Additions	-	-	-	17	15,338
Transfers	6,184	775	5	-	(6,964)
Depreciation charge	<u>(14,858)</u>	<u>(269)</u>	<u>(8)</u>	<u>(136)</u>	<u>-</u>
Closing net book amount	52,094	2,285	11	512	10,001
					64,903

Property, plant and equipment

(a) Recognition and measurement (continued)

(i) Movements in carrying amounts (continued)

	Plant and Buildings and equipment improvements		Furniture and office equipment	Right of use asset	Capital work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Period ended 31 December 2020						
Opening net book amount	54,976	1,583	15	788	5,529	62,891
Additions	-	-	-	-	8,614	8,614
Disposals	-	-	-	(94)	-	(94)
Transfers	12,227	289	-	-	(12,516)	-
Depreciation charge	(6,435)	(93)	(1)	(63)	-	(6,592)
Closing net book amount	60,768	1,779	14	631	1,627	64,819

(ii) Revaluation, depreciation methods and useful lives

The carrying amount of all non-mining property fixed assets, except land, is depreciated over their useful life from the time the asset is held ready for use. Property, plant and equipment are depreciated on a units of production basis over the life of the economically recoverable resources. The base for the units of production is drawn from the assets principal use. Items that are specific to open cut operations are depreciated over the run of mine open cut coal reserves. Surface infrastructure that is not specific to a mining method such as the was plant and loadout facilities utilise the Economically Recoverable Resources of Isaac Plains Complex, which includes an estimate of recoverable underground coal reserves.

The depreciation rates used for each class of assets are:

- Plant and equipment 5-25% straight line/units of production
- Furniture and office equipment 5-25% straight line
- Buildings and improvements 5-10% straight line
- Right-of-use asset 18% straight line

The group assesses at each reporting date whether there is an indication that an asset (or Cash Generating Unit - CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's Fair Value Less Cost of Disposal and its Value in Use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

The group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure. As part of the Group's impairment assessment, the Group considers the expected future demand for its product, impact of known climate policies and potential policy responses to climate change. Based on the Group's research, demand for its product will continue over the life of the CGU.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period which they arise.

(iii) Right-of-use asset

At the inception of a contract, the Consolidated Entity assesses whether a contract contains a lease based on whether the contract conveys the right to use or control the use of an identified asset for a period of time in exchange for consideration.

Property, plant and equipment

(a) Recognition and measurement (continued)

(iii) Right-of-use asset (continued)

At the commencement date of the lease, the Consolidated Entity recognises a lease liability and a corresponding right-of-use asset. The lease liability is initially recognised at present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and are discounted using the interest rate determined using the lessee's incremental borrowing rate. The right-of-use asset is initially measured at cost which includes any direct costs, and subsequently measured at costs less any depreciation and impairment.

The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the Statement of Profit or Loss in depreciation and amortisation.

The unwind of the financial charge on the lease liability is recognised in the Statement of Profit or Loss in financial expenses based on the lessee's incremental borrowing rate.

10 Capitalised development, exploration and mine properties

	31 December	
	2021	2020
	\$'000	\$'000
Capitalised development costs		
Cost	88,758	44,336
	<u>88,758</u>	<u>44,336</u>
Exploration and evaluation assets		
Cost	55,325	53,246
Accumulated impairment	(12,105)	(12,105)
	<u>43,220</u>	<u>41,141</u>
Mine properties		
Cost	64,164	48,627
Accumulated depreciation	(42,316)	(31,329)
	<u>21,848</u>	<u>17,298</u>
	<u>153,826</u>	<u>102,775</u>

	Capitalised development costs \$ '000	Exploration and evaluation assets \$ '000	Mine properties \$ '000	Total \$ '000
Year ended 31 December 2021				
Opening net book amount	44,336	41,141	17,298	102,775
Additions	44,422	2,079	15,536	62,037
Depreciation charge	-	-	(10,986)	(10,986)
Closing net book amount	<u>88,758</u>	<u>43,220</u>	<u>21,848</u>	<u>153,826</u>

Capitalised development, exploration and mine properties

	Capitalised development costs \$'000	Exploration and evaluation \$'000	Mine properties \$'000	Total \$'000
Period ended 31 December 2020				
Opening net book amount	314	93,075	24,946	118,335
Transfers	43,550	(43,550)	-	-
Additions	472	3,721	190	4,383
Depreciation charge	-	-	(7,838)	(7,838)
Provision for impairment	-	(12,105)	-	(12,105)
Closing net book amount	44,336	41,141	17,298	102,775

(a) Recognition and measurement - capitalised development

Capitalised Development expenditure includes costs transferred from Exploration and Evaluation when the Consolidated Entity can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following recognition, the asset is carried at cost less any accumulated impairment losses. Once the development phase is complete and production begins, the costs are transferred from Capitalised Development Costs to Mine Properties where they are amortised over the life of the development project.

(i) Key judgements

Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generating potential of the project, discount rates to be applied and the expected period of which cash flows are expected to be received.

In respect of the development costs incurred at Isaac Downs, full scale production is set to commence upon completion of the development in the first quarter of 2022, and once the dragline has been walked across costs would be reclassified to Mine properties and amortisation will commence.

As at 31 December 2021, the carrying amount of Capitalised Development costs was \$88.758m (31 December 2020: \$44.336m).

(b) Recognition and measurement - exploration and evaluation

Exploration and evaluation expenditure incurred is capitalised on an area of interest basis. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure. These costs are carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable resources and active or significant operations in relation to the area are continuing.

A regular review is undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off against profit in the period in which the decision to abandon the area is made. Where an uncertainty exists for further exploration of the area, a provision is raised for the costs of exploration.

When the technical feasibility and commercial viability is demonstrated, the accumulated costs for the relevant area of interest are transferred to capitalised development costs.

(i) Key judgements

The Consolidated Entity performs impairment testing on specific exploration assets as required in AASB 6 para. 20. The accumulated impairment on these exploration and evaluation assets remained unchanged at \$12.105m.

Capitalised development, exploration and mine properties

(c) Recognition and measurement - mine properties

Mining property assets include costs transferred from Capitalised Development following start of production, and the rehabilitation asset capitalised to offset rehabilitation provisions when disturbance occurs. Following transfer from Capitalised Development, all subsequent development costs are capitalised to the extent that commercial viability conditions continue to be satisfied.

The costs associated with mine properties are amortised based on a units of production method.

(i) Key judgements

Due to the expectation that saleable coal will be produced as a result of the initial mine development, management judgement is required in relation to when a mine is considered to have started production, and therefore transferred to Mine Properties and depreciated. As a result of this exercise, no costs have been transferred during the financial year.

The Consolidated Entity assesses at the end of each period whether there are any impairment indicators in relation to Mine Property assets. As a result of this assessment, no impairment indicators were noted for this financial year.

11 Intangible assets

	31 December	
	2021	2020
	\$'000	\$'000
Infrastructure intangible asset		
Gross value	2,015	2,519
	<u>2,015</u>	<u>2,519</u>
		Infrastructure \$'000
Year ended 31 December 2021		
Opening net book amount		2,519
Amortisation charge		(504)
Closing net book amount		<u>2,015</u>
		Infrastructure \$'000
Period ended 31 December 2020		
Opening net book amount		2,771
Amortisation charge		(252)
Closing net book amount		<u>2,519</u>

(a) Impairment of intangible assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, the Consolidated Entity estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets

(b) Intangible assets

The intangible asset relates to future rebates on the cost of coal railings based on an agreement with the below rail infrastructure owner. Receipts of coal railing rebates are recognised in profit or loss as a credit against the cost incurred. The estimated useful life of the asset is aligned with the term of the contractual agreement and is amortised on a straight-line basis in accordance with the anticipated profile of benefits received.

12 Other assets

	2021	31 December 2020
	\$'000	\$'000
Other current assets		
Prepayments	19,397	5,599
BMC Deposit	41,345	-
	<u>60,742</u>	<u>5,599</u>
Other non-current assets		
Term deposits	3,710	3,711
Security bonds	15,915	14,391
Other	1,946	1,946
	<u>21,571</u>	<u>20,048</u>
	<u>21,571</u>	<u>20,048</u>

(a) Recognition and measurement

Other current assets related to BMC deposits and operational costs paid in advance of the period to which the Consolidated Entity will receive the benefit from those goods and services.

Non-current assets relate to cash security bond payments made to key operational suppliers, and term deposits with the Consolidated Entity's banking provider which are secured against the Consolidated Entity's bank guarantee facilities.

The increase in the period is due to the Consolidated Entity making a deposit payment of US\$30m (A\$41.345m) in relation to the recently announced acquisition of 80% of the BMC joint venture from BHP, as well as \$12.845m of financing fees prepaid in relation to the US\$625m BMC financing loan.

13 Trade and other payables

	2021	31 December 2020
	\$'000	\$'000
Current liabilities		
Trade and other payables	83,389	40,588
Statutory liabilities	103	104
	<u>83,492</u>	<u>40,692</u>

(a) Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the period end and which are unpaid. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Consolidated Entity have been pledged as security for the trade and other payables.

14 Interest bearing loans and borrowings

	2021			31 December 2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Chattel Mortgage	2,371	6,739	9,110	2,269	9,104	11,373
Revolving facility	93,164	-	93,164	12,983	-	12,983
Short-term loan	-	-	-	2,693	-	2,693
Insurance premium funding	1,540	-	1,540	1,476	-	1,476
Total interest-bearing loans and borrowings	97,075	6,739	103,814	19,421	9,104	28,525

(a) Financing arrangements

The following table details the group's financing facilities, available and used:

	31 December	
	2021 \$'000	2020 \$'000
Facility A - Bank guarantee facility - NAB		
Facility A - Total available facility	5,354	5,284
Facility A - Facility utilised	(3,588)	(3,588)
Available facility	<u>1,766</u>	<u>1,696</u>
Facility B - Revolving facility - GEAR		
Facility B - Total available facility	96,472	51,935
Facility B - Facility utilised	(93,164)	(12,983)
Available facility	<u>3,308</u>	<u>38,952</u>
Facility C - Chattel mortgage - 6060		
Facility C - Total loan amount	13,684	13,684
Facility C - Loan balance outstanding	9,111	11,373
Facility C - Total loan	<u>9,111</u>	<u>11,373</u>
Facility D - Short term loan		
Facility D - Total loan amount	-	2,693
Facility D - Loan balance outstanding	-	2,693
Facility D - Total loan	<u>-</u>	<u>2,693</u>
Facility E - Insurance and premium funding		
Facility E - Total funding amount	3,938	3,727
Facility E - Funding balance outstanding utilised	1,540	1,476
Facility E - Total funding	<u>1,540</u>	<u>1,476</u>

(b) Recognition and measurement

Interest bearing liabilities are initially recognised at fair value, net of any transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method.

The Consolidated Entity has an arrangement for a \$5m bank guarantee facility with its existing financial services provider (Facility A).

The Consolidated Entity has also a finance facility with GEAR in respect to a US\$70m secured loan facility (Facility B).

Interest bearing loans and borrowings

(b) Recognition and measurement (continued)

The key terms of the US\$70m facility are:

- US\$70m facility until 30 June 2022;
- upfront commitment fee of 2.0%;
- interest rate on drawn funds of 8.0% per annum; and
- interest rate on undrawn funds of 2.0% per annum.

As at 31 December 2021, US\$67.6m (A\$93.164m) has been drawn down under this facility (31 December 2020: US\$10m, A\$12.983m).

In 2019, the Consolidated Entity entered into an equipment loan facility (Facility C) with Caterpillar Financial Australia Limited to acquire a 600-tonne excavator from Hastings Deering (Australia) Limited. The term of the loan facility is five years and the Consolidated Entity pays 4.55% p.a. fixed interest on the Chattel Mortgage facility to Caterpillar Financial Australia Limited, who subsequently holds security over the excavator. The Chattel Mortgage facility is denominated in A\$.

During the prior period, the Consolidated Entity entered into a short-term loan agreement for \$2.693m (Facility D) with a related party. The loan was undertaken under market conditions and was repaid in full on 4 January 2021.

The Consolidated Entity enters into short-term agreements to access financing for the annual insurance premiums. The facility is fully repaid in during the relevant insurance periods (Facility E).

15 Lease liability

	31 December	
	2021	2020
	\$ '000	\$ '000
Lease liabilities current	180	117
Lease liabilities non-current	450	612
Total lease liability	630	729

(a) Recognition and measurement

The lease liability recognised relates to property leases recognised under AASB 16 Leases. Refer to Note 9 on page 50 for the recognition and measurement policy for lease liabilities.

Reconciliation of movements	2021 \$ '000	31 December 2020 \$ '000
Opening balance	729	823
Depletions through settlement	(172)	(29)
Remeasurement against right-of-use asset	17	(94)
Unwinding discount	56	29
Closing balance	630	729

16 Derivative financial instruments

	31 December	
	2021	2020
	\$ '000	\$ '000
Derivative financial instruments	6,121	-
Total derivative financial instruments	6,121	-

Derivative financial instruments

(a) Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

17 Provisions

	2021		31 December 2020			
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Onerous contracts provision	395	1,291	1,686	615	2,676	3,291
Rehabilitation provision	2,559	35,856	38,415	1,868	24,711	26,579
Vendor Royalties - Contingent consideration	2,705	6,003	8,708	7,014	6,844	13,858
	5,659	43,150	48,809	9,497	34,231	43,728

(a) Reconciliation of movements

Movements in each class of current provision during the financial year, other than employee benefits, are set out below:

	Onerous contracts provision \$'000	Rehabilitation provision \$'000	Vendor Royalties \$'000	Total \$'000
2021				
Opening balance	3,291	26,579	13,858	43,728
Additions - current period disturbance	-	13,745	-	13,745
Adjustments through remeasurement	(1,191)	(602)	(2,154)	(3,947)
Depletions through settlement	(654)	(1,650)	(4,122)	(6,426)
Unwinding of discount via profit and loss	240	343	1,126	1,709
Closing balance	1,686	38,415	8,708	48,809

	Onerous contracts provision \$'000	Rehabilitation provision \$'000	Vendor Royalties \$'000	Total \$'000
2020				
Opening balance	5,362	29,962	22,650	57,974
Additions - current period disturbance	-	190	-	190
Adjustments through remeasurement	(1,893)	36	(9,665)	(11,522)
Depletions through settlement	(476)	(3,851)	(284)	(4,611)
Unwinding of discount via profit and loss	298	242	1,157	1,697
Closing balance	3,291	26,579	13,858	43,728

(b) Onerous contracts provision

(i) Recognition and measurement

The Consolidated Entity assesses onerous contracts at each reporting date by evaluating conditions specific to each contract and the current business plan. Where a contract provides capacity above that required to meet the business plan or for a longer period than the current extent of the business plan, the contract is deemed onerous and the onerous portion of the contract is recognised as a liability using an estimate of future onerous cash flows discounted to a net present value. Any re-measurement of the assessed level of onerous contracts is taken through profit or loss in the period in which the assessment is made.

(b) Onerous contracts provision (continued)*(i) Recognition and measurement (continued)*

During the year ended 31 December 2021 a total of \$654,000 of onerous contracts were settled through payment, with the unwinding of the discount being \$240,000 and \$1.191m through consolidated statement of profit or loss for re-measurement.

(c) Rehabilitation provision*(i) Recognition and measurement*

The provision for rehabilitation closure costs relates to areas disturbed during the operation of the mine up to reporting date and not yet rehabilitated. Provision has been made to rehabilitate all areas of disturbance including surface infrastructure, contouring, topsoiling and revegetation, using internal and external expert assessment of each aspect to calculate an anticipated cash outflow discounted to a net present value. At each reporting date, the rehabilitation liability is re-measured in line with the then-current level of disturbance, cost estimates and other key inputs. The amount of provision relating to rehabilitation of areas caused by mining disturbance is capitalised against Mine Properties as incurred, to the extent there is a future economic benefit, otherwise the re-measurement is recognised in the profit or loss. Any unwinding discounting is recognised in the profit or loss.

The Consolidated Entity assesses rehabilitation liabilities at each reporting date as there are numerous factors that may affect the ultimate liability payable. This includes the extent and nature of rehabilitation activity to be undertaken, changes in technology and techniques, changes in discount rates and regulatory impacts. There may be differences between the future actual expenditure and the assessment made at balance date. The provisions at balance date represent management's best estimate of the present value of rehabilitation cost to completely rehabilitate the site.

During the year ended 31 December 2021, a decrease in the rehabilitation provision of \$1.650m was recognised due to the rehabilitation works completed at Isaac Plains Complex (31 December 2020: \$3.851m). Clearing has continued in line with mining operations of \$13.745m. A corresponding asset is recognised in Mine Properties.

The discount rate used in the calculation of the provision at 31 December 2021 equalled 1.81% (31 December 2020: 0.98%).

(d) Vendor royalties - contingent consideration*(i) Recognition and measurement*

During the business combination of Isaac Plains in 2015, AASB 3 Business Combination required the recognition of contingent consideration. The contingent consideration relates to a royalty stream payable to the vendors of Isaac Plains in the event that benchmark Hard Coking Coal prices are above an Australia Dollar equivalent of 160 (adjusted for CPI) and coal is produced and from either Isaac Plains or Isaac Plains East. Each royalty is capped at predetermined amount for each vendor. Once the price threshold and production requirements are met, the royalty is payable at \$2 per product tonne (2015 dollars) to each of the two vendors of Isaac Plains.

As part of the historical acquisition of the Isaac Downs mining rights, a royalty stream is payable to the vendors in the event that benchmark Hard Coking Coal prices are above an Australia Dollar equivalent of 170 (adjusted for CPI) and coal is produced from Isaac Downs mining area. The royalty is capped at a predetermined amount, and once the price threshold and production requirements are met, the royalty is payable at \$1 per product tonne (2018 dollars) to the vendor.

Royalties across all royalty streams were paid during the year ended 31 December 2021 to the vendors and, as a result, the remaining cap is \$17.2m.

(ii) Key judgements and estimates

The valuation above was performed using a discounted cash flow methodology which was consistent with that used in the previous financial year. The method used is classed as a level 3 valuation under AASB 13. The following key unobservable inputs are used in its calculation:

- Hard Coking Coal price curve based on a compilation of short-term (12 months) price from the Group's coal marketing agent M Resources Pty Ltd, and long-term estimates by Wood McKenzie;
- A\$/US\$ foreign exchange forward curve estimates are based on market consensus curves; and
- Coal sales based on the current mining plans of the Isaac Plains Complex, including the Isaac Plains mine, the Isaac Plains East mine (commenced July 2018), and the Isaac Downs mine.

(d) Vendor royalties - contingent consideration (continued)*(ii) Key judgements and estimates (continued)*

As considered in AASB 13 para 93(h)(i), the following unobservable inputs contain sensitivities that would result in significant changes to the market valuation. Interactions between the sensitivities in the coking coal price and the US\$/A\$ foreign exchange rate. As the coal commodity is currently traded in US\$, the interaction between the index price and the foreign exchange rate could both magnify and mitigate each other depending on the timing and direction of movements of both indexes.

A matrix is shown below of changes in the Hard Coking Coal index and the A\$/US\$ exchange rate. The numbers are shown in millions and the highlighted number in blue is the current valuation:

		Hard Coking Index curve				
		+10%	+5%	Current	-5%	-10%
FX Index curve	+10%	8.708	8.708	7.289	3.334	3.334
	+5%	8.708	8.708	8.708	7.289	3.334
	Current	8.708	8.708	8.708	8.708	6.763
	-5%	8.708	8.708	8.708	8.708	8.708
	-10%	8.708	8.708	8.708	8.708	8.708

Below shows the previous matrix as a percentage change in value:

		Hard Coking Index curve				
		+10%	+5%	Current	-5%	-10%
FX Index curve	+10%	-	-	-16.3%	-61.7%	-61.7%
	+5%	-	-	-	-16.3%	-61.7%
	Current	-	-	-	-	-22.3%
	-5%	-	-	-	-	-
	-10%	-	-	-	-	-

(e) Other provisions

Provisions for legal claims, service warranties and make good obligation are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

18 Provision for employee benefits

	2021			31 December 2020		
	Current \$'000	Non- current \$'000	Total \$'000	Current \$'000	Non- current \$'000	Total \$'000
Provision for annual leave	431	-	431	217	-	217
Provision for STI bonus	1,812	-	1,812	300	-	300
Provision for long service leave	294	54	348	294	60	354
Total employee benefit obligations	2,537	54	2,591	811	60	871

(a) Recognition and measurement

Refer to Note 3(d)(ii) for accounting policies.

Provision for employee benefits

19 Dividends and franking credits

(a) Dividends

(i) Ordinary shares

	2021 \$'000	6 months to 31 December 2020 \$'000
Dividends provided for or paid during the year	-	-

(ii) Dividends not recognised at the end of the reporting period

	2021 \$'000	6 months to 31 December 2020 \$'000
No dividend proposed for 31 December 2021	-	-

(b) Franked credits

Franked credits

	Consolidated entity	
	2021 \$'000	6 months to 31 December 2020 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2021 - 30.0%)	<u>2,693</u>	<u>7,539</u>

20 Earnings per share

(a) Basic earnings per share

	2021 Cents	6 months to 31 December 2020 Cents
Basic earnings per share (cents)	<u>3.9</u>	(6.0)

Basic earnings per share is calculated by dividing the profit attributable to the owners of Stanmore Resources Limited by the weighted average number of ordinary shares outstanding during the financial period.

(b) Diluted earnings per share

	2021 Cents	6 months to 31 December 2020 Cents
Diluted earnings per share (cents)	<u>3.9</u>	(6.0)

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive ordinary shares.

Earnings per share

(c) Weighted average number of shares used as the denominator

	2021 Number	6 months to 31 December 2020 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	270,417,000	270,417,000
<i>Adjustments for calculation of diluted earnings per share:</i>		
Weighted average number of long-term incentive rights issued	145,000	145,000
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	270,562,000	270,562,000

21 Equity securities issued

(a) Share capital

	2021 Shares	6 months to 31 December 2020 Shares	2021 \$'000	6 months to 31 December 2020 \$'000
Ordinary shares				
Fully paid	270,417,381	270,417,381	121,725	121,725
	270,417,381	270,417,381	121,725	121,725

(i) Movements in ordinary shares:

Details	Number of shares (thousands)	Total \$'000
Opening balance 1 July 2020	270,417	121,725
Balance 31 December 2020	270,417	121,725
Opening balance 1 January 2021	270,417	121,725
Balance 31 December 2021	270,417	121,725

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and Stanmore Resources Limited does not have a limited amount of authorised capital.

The shares issued as part of the Employee shares issued are subject to a trading lock of three years, or until such time as the employee resigns from the Consolidated Entity - these are referred to as deferred shares. As at 31 December 2021, 11,040 deferred shares were still subject to trading lock. Excluding 11,040 deferred shares, there are 270,404,133 tradable shares. The difference between the original issued shares under the Employee shares relate to employees that have left the Consolidated Entity and had the holding lock removed from their shares.

(ii) Options

As at 31 December 2021, no options were held by or issued to employees of the Consolidated Entity (31 December 2020: nil).

(a) Share capital (continued)*(iii) Rights issue*

All rights on issue at 31 December 2021 are shown below:

No. of shares	Exercise price	End of measurement period	Conditions
108,556	Nil	30 June 2021	Share price targets based on ASTR CAGR in FY20. If no vesting occurs in FY21, then retest in FY22. See note 30 for further details.
36,342	Nil	30 June 2022	Share price targets based on ASTR CAGR in FY21. If no vesting occurs in FY22, then retest in FY23. See note 30 for further details.

(b) Capital management

The capital of the Consolidated Entity is managed to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's capital comprises equity as shown in the consolidated statement of financial position. There are no externally imposed capital requirements.

Management oversees the Consolidated Entity's capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues and debt.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior period.

(c) Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

22 Financial risk management

In common with all other businesses, the Consolidated Entity is exposed to risks that arise from its use of financial instruments. This note describes the Consolidated Entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Consolidated Entity's exposure to financial instruments.

The Consolidated Entity's financial instruments consist mainly of deposits with banks, trade and other receivables, security deposits, trade and other payables, borrowings, and Vendor Royalty - Contingent Consideration.

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Consolidated Entity's finance function. The Consolidated Entity's risk management policies and objectives are therefore designed to minimise the potential impacts to these risks on the results of the Consolidated Entity where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as possible without unduly affecting the Consolidated Entity's competitiveness and flexibility. Further details regarding these policies are set out below.

(a) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation, resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. The Consolidated Entity's objective is to minimise the risk of loss from credit risk exposure.

Financial risk management

(a) Credit risk (continued)

The Consolidated Entity's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	2021 \$'000	2020 \$'000
Cash and cash equivalents	62,859	5,041
Term deposits	3,710	3,711
Trade and other receivables	52,408	21,264
Security bonds	15,915	14,391
Loans to related parties	28,950	-
Credit risk exposure	163,842	44,407

Credit risk is reviewed regularly by the Board and the Audit and Risk Management Committee.

The Consolidated Entity's credit risk exposure is influenced by mainly by the individual characteristics of each customer. Given the Consolidated Entity trades predominately with recognised, credit worthy third parties, the credit risk is determined to be low. The group assessed the expected credit losses in relation to trade and other receivables in the current and prior years to be immaterial and no low allowance has been recorded. bank deposits are held with the National Australia Bank Limited. The National Australia Bank has a long-term credit rating with rating agency S&P of AA-.

(b) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due. The objective of managing liquidity risk is to ensure that the Consolidated Entity will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is reviewed regularly by the Board and the Audit and Risk Management Committee.

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Consolidated Entity's working capital, being current assets less current liabilities, has decreased from \$34.070m at 31 December 2020 to \$(13.592)m at 31 December 2021, primarily due to the presentation of the Group's finance facility being presented within current liabilities.

Financial risk management

(b) Liquidity risk (continued)

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities:

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 6 months \$'000	Between 6 and 12 months \$'000	Between 1 and 3 years \$'000	Over 3 years \$'000
31 December 2021						
Financial liabilities						
Trade payables	90,446	90,446	90,446	-	-	-
Other payables	107	107	107	-	-	-
Lease liabilities	630	737	89	91	386	171
Contingent consideration - vendor royalties payable	8,708	10,890	2,001	1,230	4,890	2,769
Chattel mortgage	9,110	9,839	1,365	1,365	5,461	1,647
Revolving facility	93,164	93,164	-	93,164	-	-
Short term loan	-	-	-	-	-	-
Insurance premium funding	1,540	1,599	1,599	-	-	-
Derivative financial instruments	6,121	6,121	6,121	-	-	-
Total financial liabilities	209,826	212,903	101,728	95,850	10,737	4,587

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 6 months \$'000	Between 6 and 12 months \$'000	Between 1 and 3 years \$'000	Over 3 years \$'000
31 December 2020						
Financial liabilities						
Trade payables	40,588	40,588	40,588	-	-	-
Other payables	104	104	104	-	-	-
Lease liabilities	729	909	85	87	369	368
Contingent consideration - vendor royalties payable	13,858	14,946	3,716	3,667	4,046	3,517
Chattel mortgage	11,373	12,569	1,365	1,365	5,461	4,378
Revolving facility	12,983	12,983	-	12,983	-	-
Short term loan	2,693	2,707	2,707	-	-	-
Insurance premium funding	1,476	1,491	1,491	-	-	-
Total financial liabilities	83,804	86,297	50,056	18,102	9,876	8,263

Further information regarding commitments is included in Note 25 on page 71.

(c) Currency risk

The Australian dollar (A\$) is the functional currency of the Consolidated Entity and, as a result, currency exposure arises from transactions and balances in currencies other than the A\$.

The Consolidated Entity's potential currency exposures comprise:

(i) Coal sales denominated in US\$

Coal sales for export coal are denominated in US\$. The Consolidated Entity is therefore exposed to volatility in the US\$:A\$ exchange rates.

The Consolidated Entity generally aligns all coking coal prices to relevant coking coal indexes, while thermal coal sales are generally sold on the spot market via negotiation with relevant counter parties. The Consolidated Entity does not use any derivative products to mitigate fluctuations in the relevant coal price indexes.

(c) Currency risk (continued)

(ii) Revolving finance facility

On 2 July 2021, the Consolidated Entity signed an amendment to increase the available facility under its existing finance facility with its parent entity, GEAR, from US\$ 40m to US\$70m, with US\$67.6m (A\$93.164m) drawn down as at 31 December 2021.

As noted above, the Consolidated Entity coal sales are denominated in US\$, which provides a natural economic hedge in relation to adverse foreign currency movements that affect the drawn down facility position, and the current policy is not to hedge foreign exchange risk.

(iii) Expenses denominated in currencies other than A\$

Currently, the exposure to such expenses is minimal, but it is noted that equipment parts and other mine related expenditure can be in various foreign currencies. When entering major transactions in foreign currencies, it is the policy of the Consolidated Entity to assess the currency risk of the transaction and review derivative products or other methods to offset this risk. Where appropriate, these products would be used but no such transactions occurred in current or prior financial years.

As at 31 December 2021, the effect on profit or loss as a result of changes in the foreign exchange rates would be:

	Carrying amount \$ '000	Decrease in FX rate by 5%	Increase in FX rate by 5%
		Profit or loss \$ '000	Profit or loss \$ '000
31 December 2021			
Cash and cash equivalents - US\$	51,028	2,551	(2,551)
Trade receivables - US\$	35,444	1,772	(1,772)
Revolving facility - US\$	(93,164)	(4,658)	4,658
Derivative financial instruments - US\$	(4,441)	(222)	222
Tax charge of 30%	-	167	(167)
After tax increase/(decrease)	-	(390)	390

	Carrying amount \$ '000	Decrease in FX rate by 5%	Increase in FX rate by 5%
		Profit or loss \$ '000	Profit or loss \$ '000
31 December 2020			
Cash and cash equivalents - US\$	4,670	246	(222)
Trade receivables - US\$	19,543	1,029	(931)
Revolving facility - US\$	(12,984)	(683)	618
Tax charge of 30%	-	-177	160
After tax increase/(decrease)	-	415	(375)

(d) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (price risk). The Consolidated Entity does not have any material exposure to market risk.

(e) Interest risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk, refer to the tables below:

Financial risk management

(e) Interest risk (continued)

31 December 2021	Floating interest rate \$ '000	Fixed interest rate \$ '000	Non-interest bearing \$ '000	Total carrying amount \$ '000	Weighted average effective interest rate %
FINANCIAL ASSETS					
Cash and cash equivalents	62,859	-	-	62,859	0.30%*
Restricted cash	-	3,710	-	3,710	0.48%**
Receivables	-	28,950	38,459	67,409	9%***
Security deposits	-	-	57,260	57,260	-
Total financial assets	62,859	32,660	95,719	191,238	-
FINANCIAL LIABILITIES					
Trade and other payables	-	-	83,390	83,390	-
Other payables	-	-	107	107	-
Vendor royalties - contingent consideration	-	-	8,708	8,708	-
Derivative financial instruments	-	-	6,121	6,121	-
Lease liabilities	-	630	-	630	-
Chattel Mortgage	-	9,110	-	9,110	4.47%
Revolving facility	-	93,164	-	93,164	8%
Insurance premium fundings	-	1,540	-	1,540	-
Total financial liabilities	-	104,444	98,326	202,770	-

* 0.3% based on cash rate of 0.1% plus 0.2% margin per NAB

** Same as period ended 31 December 2020: no change to rates on term deposits

*** MetRes utilised interest rate

31 December 2020	Floating interest rate \$ '000	Fixed interest rate \$ '000	Non-interest bearing \$ '000	Total carrying amount \$ '000	Weighted average effective interest rate %
FINANCIAL ASSETS					
Cash and cash equivalents	5,041	-	-	5,041	0.30%
Restricted cash	-	3,711	-	3,711	0.48%
Receivables	-	-	21,264	21,264	-
Security deposits	-	-	14,391	14,391	-
Total financial assets	5,041	3,711	35,655	44,407	-
FINANCIAL LIABILITIES					
Trade payables	-	-	40,588	40,588	-
Chattel Mortgage	-	11,373	-	11,373	4.55%
Vendor royalties - contingent consideration	-	-	13,858	13,858	-
Lease liabilities	-	-	729	729	-
Other payables	-	-	104	104	-
Revolving facility	-	12,983	-	12,983	8%
Short term loan facility	-	2,693	-	2,693	5.5%
Insurance premium funding	-	1,476	-	1,476	2.3%
Total financial liabilities	-	28,525	55,279	83,804	-

The Consolidated Entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current period's results and equity which could result from a change in these risks.

Financial risk management

(e) Interest risk (continued)

As at 31 December 2021, the effect on profit and equity as a result of changes in the interest rate would be as follows:

	Carrying amount \$ '000	Increase in interest rate by 1%		Decrease in interest rate by 1%	
		Profit or loss \$ '000	Equity \$ '000	Profit or loss \$ '000	Equity \$ '000
31 December 2021					
Cash and cash equivalents	62,859	629	629	(629)	(629)
Tax charge of 30%	-	(189)	(189)	189	189
After tax increase/(decrease)	-	440	440	(440)	(440)

	Carrying amount \$ '000	Increase in interest rate by 1%		Decrease in interest rate by 1%	
		Profit or loss \$ '000	Equity \$ '000	Profit or loss \$ '000	Equity \$ '000
31 December 2020					
Cash and cash equivalents	5,041	50	50	(50)	(50)
Tax charge of 30%	-	(15)	(15)	15	15
After tax increase/(decrease)	-	35	35	(35)	(35)

(f) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 9 Financial Instruments: Disclosure which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Consolidated Entity completed a level 3 valuation on contingent consideration (Note 17(d)). The carrying value of a significant portion of all financial assets and financial liabilities approximate the fair values due to their short-term nature. There were no transfers between the levels during the period.

31 December 2021	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Vendor royalties contingent consideration held at fair value through profit or loss	-	-	8,708
Derivative financial instruments held at fair value through profit or loss	-	6,121	-
Total financial liabilities	-	6,121	8,708

31 December 2020	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000
Vendor royalties contingent consideration held at fair value through profit or loss	-	-	13,858
Total financial liabilities	-	-	13,858

There were no other financial assets or liabilities carried at fair value as at 31 December 2021. The carrying amount of all other financial assets and financial liabilities measured at amortised costs approximates their fair value.

23 Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 31 December 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by the group	
			2021 %	2020 %
Comet Coal & Coke Pty Limited	Coal exploration	Australia	100	100
Belview Coal Pty Ltd	Coal exploration	Australia	100	100
Mackenzie Coal Pty Limited	Coal exploration	Australia	100	100
	Trustee of Stanmore Employee Share Trust			
Stanmore Coal Custodians Pty Ltd*		Australia	100	100
Emerald Coal Pty Ltd	Coal exploration	Australia	100	100
New Cambria Pty Ltd	Coal exploration	Australia	100	100
Kerlong Coking Coal Pty Ltd	Coal exploration	Australia	100	100
Stanmore Surat Coal Pty Ltd	Coal exploration	Australia	100	100
Theresa Creek Coal Pty Ltd	Coal exploration	Australia	100	100
Stanmore Wotonga Pty Ltd	Coal exploration and mining	Australia	100	100
Stanmore IP Coal Pty Ltd	Coal mining	Australia	100	100
Stanmore IP South Pty Ltd	Coal exploration and mining	Australia	100	100
Stanmore Bowen Coal Pty Ltd	Coal exploration and mining	Australia	100	100
Isaac Plains Coal Management Pty Ltd	Coal exploration and mining	Australia	100	100
Isaac Plains Sales & Marketing Pty Ltd	Coal exploration and mining	Australia	100	100
Stanmore SMC Holdings Pty Ltd	Coal exploration and mining	Australia	100	-
Stanmore Green Pty Ltd	Renewable energy	Australia	100	-

* Previously Bowen River Coal Pty Ltd

(b) Interests in joint arrangements

Set out below are the significant farm in arrangements of the group as at 31 December 2021. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest		Nature of relationship
		2021 %	2020 %	
MetRes Pty Ltd	Australia	50	-	Joint venture
Clifford Joint Venture	Australia	60	60	Farm in arrangement
Lilyvale Joint Venture	Australia	85	85	Farm in arrangement
Mackenzie Joint Venture	Australia	95	95	Farm in arrangement

During the period, the group purchased 50% of the issued shares in an incorporated joint venture, MetRes Pty Ltd (the JV), totalling \$2.408m as at 31 December 2021.

MetRes Pty Ltd is deemed to be a joint venture under relevant accounting standards, and will be accounted for by using the equity method.

24 Interests in joint arrangements

The group has a 50% interest in MetRes Pty Limited, a joint venture between Stanmore Resources Limited and M Resources to acquire the Millennium and Mavis Downs Mine. The group's interest in MetRes Pty Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2021 \$'000
Summarised balance sheet	
Current assets	23,484
Other current assets	11,245
Non-current assets	36,876
Current liabilities	(65,192)
Non-current liabilities	(15,827)
Equity	<u>(9,414)</u>

The position above is inclusive of the following:

- Cash and cash equivalents - \$8,718k
- Current financial liabilities excluding accounts payable - \$41,235k
- Non-Current financial liabilities excluding accounts payable and provision - \$2,502k

	2021 \$ '000
Group's share in equity - 50%	-
Goodwill	-
Carrying amount	<u>-</u>

	2021 \$'000
Summarised statement of comprehensive income	
Revenue from contracts with customers	8,103
Cost of sales	(21,040)
Depreciation and amortisation	(5,117)
Interest expense	(1,563)
Profit/(Loss) before tax	(19,617)
Income tax expense	
Income tax expense	(5,885)
Loss for the year	<u>(13,732)</u>
Total comprehensive income for the year	<u>(13,732)</u>
Group's share of profit/(loss) for the year	(2,409)

The Group's full share of losses is \$6.865m for the period to 31 December 2021, of which \$4.456m is unrecognised as the losses that exceed the Group's investment in MetRes Pty Ltd.

The joint venture had no other contingent liabilities or commitments as at 31 December 2021 for which the Group is jointly liable.

Interests in joint arrangements

(a) Recognition and measurement

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. If The Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses.

After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the joint venture are prepared for the same reporting period as the group. When necessary, adjustments are made to bring the accounting policies in line with those of the group.

After application of the equity method, the group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

25 Commitments

(a) Exploration and mining

The commitments to be undertaken are as follows:

	2021	6 months to 31 December 2020
	\$'000	\$'000
Payable		
Within one year	244	818
Later than one year but not later than five years	788	1,994
Later than five years	12	395
	1,044	3,207

The Consolidated Entity has certain obligations to spend minimum amounts on exploration and mining tenement areas. These obligations are expected to be fulfilled in the normal course of operations.

Commitments

(b) Low value leases

The commitments to be undertaken are as follows:

	2021 \$'000	6 months to 31 December 2020 \$'000
Payable		
Within one year	10	10
Later than one year but not later than five years	6	6
	16	16

(c) Capital commitments

The commitments to be undertaken as as follows:

	2021 \$'000	6 months to 31 December 2020 \$'000
Payable		
Within one year	8,213	7,257

The Consolidated Entity has non-cancellable, open purchase orders for committed capital works.

(i) Land acquisitions

On 7 April 2011, the Consolidated Entity announced that it had completed an agreement for the right to purchase The Range thermal coal project in the Surat Basin. Variations to this agreement have been negotiated such that final payment and transfer of title is due 30 days after the Mining Lease is granted by the Department of Natural Resources, Mines and Energy, or an earlier date by agreement. The final payment is indexed to land valuation movements with reference to comparable properties, with a reference price of \$3.7m based at 2014. The agreement gives the group access to undertake evaluation and development work as the project moves through the approval process and, ultimately, development and production. The terms of the acquisition are within normal market expectations.

(ii) Isaac Plains Complex royalty

On 26 November 2015, the Consolidated Entity established a finance facility with Taurus to fund the acquisition of and re-start of mining at the Isaac Plains Complex and agreed to a 0.8% royalty payable on:

- the saleable value of all product coal owned by the group at that time and processed through the Isaac Plains infrastructure; and
- any processing or handling fees arising from the treatment of third-party coal processed through the Isaac Plains infrastructure.

The royalty payable increased to 1% during 2017 and this finance facility has since been cancelled (see Note 14 on page 56), but the royalty streams stay on foot and associated costs are included within cost of sales as private royalties (Note 3 on page 43).

(iii) Isaac Plains east landholder agreement

On 20 July 2017, the Consolidated Entity completed a land holder compensation agreement for access to MLA 70016, MLA 70017, MLA 70018, and MLA 70019. The compensation agreement includes the following contingent consideration item:

- a royalty of \$0.60/product tonne sold (increasing by 2.5% p.a.) from July 2018 when the published Hard Coking Coal Price for any quarter is greater than US\$200/t (increasing by 2.5% p.a.) from July 2017.

26 Contingent liabilities and contingent assets

(a) Contingent liabilities

	31 December	
	2021	2020
	\$'000	\$'000
Utility providers	3,377	3,377
Other	211	211
	<u>3,588</u>	<u>3,588</u>

(b) Contingent assets

The group had no contingent assets at 31 December 2021 (2020: nil).

27 Events occurring after the reporting period

(a) Intended acquisition of 80% of BMC joint venture and associated debt facility

As announced on 8 November 2021, Stanmore Resources Limited has executed a definitive agreement with BHP to acquire BHP's 80% interest in the BMC (BHP Mitsui Coal Pty Ltd) joint venture. Consideration for the acquisition comprises of US\$1.2bn cash with a potential follow-up payment of up to US\$150m after two years, the value of which is dependent on the prevailing coal price exceeding certain targets.

Completion of the acquisition is anticipated to occur during the second quarter of 2022, subject to certain conditions precedent.

Stanmore Resources Limited intends to fund the acquisition with a combination of debt and equity, and announced on 7 January 2022 that Stanmore have signed a definitive agreement, through its wholly owned subsidiary Stanmore SMC Holdings Pty Ltd, with certain financiers in respect of a US\$625m debt facility.

The debt facility is an amortising loan note facility which matures five years from first utilisation, and is secured against all the assets of Stanmore SMC Holdings and its 100% subsidiary Dampier Coal (the "Borrower Group"). The security includes Dampier Coal's 80% shareholding in BMC, however, the security does not extend to BMC's assets and operations and there is no recourse to Stanmore Resources Limited's existing assets and operations, all of which sit outside the Borrower Group

(b) Isaac Downs mining service agreement

As announced on 19 January 2022, ESPA Pacific were awarded the Isaac Downs Open-cut mining services contract, with a current value of \$564m.

Awarding of this contract marks a major milestone in moving to full production at the Isaac Downs Mine, following completion of all regulatory approvals in the third quarter of 2021.

In conjunction of the awarding of this contract, Stanmore Resources Limited will transition to an owner-operator model for the Coal Handling and Preparation Plant (CHPP).

(c) Extension of GEAR loan facility repayment terms

As announced on 16 February 2022, the group have extended the GEAR facility maturity date by another year to 30 June 2023. All other terms of the agreement remain unchanged as a result of the extension.

28 Key management personnel

Total key management personnel compensation:

	2021	6 months to 31 December 2020
	\$	\$
Total key management personnel compensation		
Short term employee benefits	3,128,795	1,609,933
Post employment benefits	126,672	79,988
Termination benefits	-	286,404
Long term benefits	828,688	-
	4,084,155	1,976,325

29 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of Stanmore Resources Limited, its related practices and non-related audit firms:

	2021	6 months to 31 December 2020
	\$	\$
Statutory audit services		
Amounts paid/payable to Ernst & Young for audit or review of the financial statements for the entity or any entity in the group	122,451	105,000
Amounts paid/payable to BDO Audit Pty Ltd for audit or review of the financial statements for the entity or any entity in the group	-	93,069
	122,451	198,069

	2021	6 months to 31 December 2020
	\$	\$
Other assurance services required to be performed by the group's auditor		
Amounts paid/payable to Ernst & Young for other assurance services for the entity or any entity in the group	5,000	-
	5,000	-

	2021	6 months to 31 December 2020
	\$	\$
Taxation services		
Amounts paid/payable to related entities of Ernst & Young for non-audit taxation services performed for the entity or any entity in the group	146,825	24,910
Amounts paid/payable to related entities of BDO Audit Pty Ltd for non-audit taxation services performed for the entity or any entity in the group	-	57,276
	146,825	82,186

Remuneration of auditors

	2021	6 months to 31 December 2020
	\$	\$
Other services		
Amounts paid/payable to related entities of Ernst & Young for other non-audit services performed for the entity or any entity in the group	387,469	13,940
Amounts paid/payable to related entities of BDO Audit Pty Ltd for other non-audit services performed for the entity or any entity in the group	-	14,300
	<u>387,469</u>	<u>28,240</u>

30 Parent entity financial information

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following disclosure in regard to the parent entity, Stanmore Resources Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Consolidated Entity's accounting policy.

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as follows:

- investments in subsidiaries, associates and joint ventures are accounted for at cost.

(a) Summary financial information

The individual financial statements for the parent entity, Stanmore Resources Limited, show the following aggregate amounts:

	2021	31 December 2020
	\$'000	\$'000
Current assets	6,351	7,082
Non-current assets	88,833	84,388
Total assets	<u>95,184</u>	<u>91,470</u>
Current liabilities	10,321	986
Non-current liabilities	7,400	21,977
Total liabilities	<u>17,721</u>	<u>22,963</u>
Issued capital	121,747	121,725
Share-based reserve	2,337	2,323
Retained earnings	(38,176)	(55,541)
Total shareholders' equity	<u>85,908</u>	<u>68,507</u>
Profit/(loss) for the year/period	<u>(8,446)</u>	6,849
Total comprehensive income/(loss)	<u>(8,446)</u>	6,849

(b) Guarantees

Under the terms of the Secured Financing Facility entered into in November 2015, Stanmore Resources Limited has provided certain guarantees in relation to the arrangements between the Financier and the borrowing entity (Stanmore IP Coal Pty Ltd). These guarantees relate primarily to payment performance and maintaining the tenure of the Isaac Plains Coal Mine in good standing.

(c) Contingent liabilities and contingent assets

The parent entity did not have any contingent liabilities or contingent assets as at 31 December 2021 or 31 December 2020.

Parent entity financial information

(d) Capital commitments

The parent entity did not have any capital commitments as at 31 December 2021 or 31 December 2020.

31 Segment information

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers - CODM) in assessing performance and determining the allocation of resources. The Consolidated Entity is managed primarily on a producing asset versus non-producing asset basis. Operating segments are determined on the basis of financial information reported to the Board which is at Consolidated Entity level. All segments are located within Australia.

Accordingly, management currently identifies the Consolidated Entity as having two reportable segments, the first being the operation of the Isaac Plains Complex (including the Isaac Plains East project and Isaac Downs bulk sample pit), and the second being all other exploration and development coal assets and corporate.

(a) Description of segments

(i) Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Consolidated Entity.

(ii) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives most of the economic value from the assets. In most instances, segment assets are clearly identifiable based on their nature and physical location.

(iii) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the whole Consolidated Entity and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(iv) Unallocated items

Coal trading, corporate, marketing and infrastructure functions which are managed on a group basis are not allocated to an operating segment.

The Consolidated Entity's income taxes are managed on a group basis and are not allocated to reportable segments.

(v) Major customers

The Consolidated Entity has several customers to whom it sells export grade coal. The Consolidated Entity supplies one such external customer who accounts for 33% of revenue. The next most significant customer accounts for 16% of revenue.

(b) Segment results

The segment information for the reportable segments for the year ended 31 December 2021 is as follows:

31 December 2021	Isaac Plains Complex \$'000	Exploration and Development \$'000	Unallocated operations \$'000	Adjustments and eliminations \$'000	Total \$'000
Total segment revenue	382,948	-	-	-	382,948
Segment operating result	60,477	-	(2,624)	-	57,853
Depreciation and amortisation	(25,726)	-	(1,035)	-	(26,761)
Net finance expense	(15,622)	-	365	-	(15,257)
Income tax expense	-	-	(5,422)	-	(5,422)
Net profit/(loss) after tax	19,129	-	(8,716)	-	10,413
Total segment assets	360,944	43,223	57,766	(16,856)	445,077
Total segment liabilities	268,043	-	24,826	(10,678)	282,191

Segment information

(b) Segment results

The segment information provided to the CODM for the reportable segments for the period ended 31 December 2020 is as follows:

31 December 2020	Isaac Plains Complex \$'000	Exploration and Development \$'000	Unallocated operations \$'000	Adjustments and eliminations \$'000	Total \$'000
Total segment revenue	136,309	-	-	-	136,309
Segment operating result	1,684	-	(3,545)	-	(1,861)
Depreciation and amortisation	(14,682)	-	-	-	(14,682)
Net finance expense	(5,411)	-	-	-	(5,411)
Income tax expense	-	-	5,834	-	5,834
Net profit/(loss) after tax	(18,409)	-	2,289	-	(16,120)
Total segment assets	237,298	41,141	15,630	700	294,769
Total segment liabilities	121,409	-	9,710	11,212	142,331

32 Share-based payments

The following share-based payment arrangements existed at 31 December 2021.

Share-based payments to Directors, executives and employees.

(a) Shares

During the year ended 31 December 2021, there were no shares granted to eligible employees (31 December 2020: nil).

(b) Rights

The amount recognised as share-based payment expense in the consolidated statement of profit or loss and other comprehensive income is as follows:

	31 December 2021 \$'000	31 December 2020 \$'000
Share-based payments	<u>14</u>	<u>(35)</u>

These amounts have been recognised in equity in the consolidated statement of financial position as follows:

	31 December 2021 \$'000	31 December 2020 \$'000
Shared based payment reserve	<u>14</u>	<u>25</u>

(c) Options

During the year ended 31 December 2021, no options granted to eligible employees as share-based payments (31 December 2020: nil).

Share-based payments

(d) Recognition and measurement

The fair value of shares, options or rights granted to employees and consultants are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees or consultants become unconditionally entitled of the instruments. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Stanmore Resources Limited (market conditions). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of instruments that will ultimately vest because of internal conditions of the instruments, such as the employees having to remain with the Consolidated Entity until vesting date, or such that employees are required to meet internal targets.

During the year ended 31 December 2021, no rights were granted to employees as long-term incentive.

The terms and conditions of previous grants are as follows:

Grant date	Measurement date	Exercise price	Balance at start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at end of the period
05/11/2018	30/06/2021	-	219,066	-	-	(110,510)	108,556
24/10/2019	30/06/2022	-	89,905	-	-	(53,563)	36,342
			308,971	-	-	(164,073)	144,898

(i) Performance rights pricing model

The fair value of performance rights granted under the previous LTI program was based on the Absolute Shareholder Total Return (ASTR), measured using a Monte Carlo Simulation model incorporating the probability of the performance hurdles being met. The following table lists the inputs to the models used for the periods ended 30 June 2020 and 30 June 2019, prior to the modification following change of control:

	Tranche 1 (issued in FY19)	Tranche 2 (issued in FY20)
Performance hurdle	ASTR	ASTR
Grant date	5 November 2018	24 October 2019
Vesting date	31 July 2021	31 July 2022
Fair value at grant date	\$0.45	\$0.37
Share price	\$0.94	\$1.13
Exercise price	\$0.00	\$0.00
Dividend yield	0%	4.47%
Expected measurement period	30 June 2021 - 30 June 2022	30 June 2022 - 30 June 2023
Risk-free interest rate	2.09%	0.73%
Expected volatility	60%	50%

(ii) Key estimates

The Consolidated Entity uses estimates to determine the fair value of equity instruments issued to Directors, executives and employees. The estimates include volatility, risk free rates and consideration of satisfaction of performance criteria for recipients of equity instruments.

33 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity is Stanmore Resources Limited, a company incorporated in Australia. The ultimate parent company of the Consolidated Entity is PT Sinarindo Gerbangmas.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel compensation

Disclosures relating to KMP are set out in Note 28.

(d) Transactions with other related parties

During the year, the Consolidated Entity has negotiated an increase to the financing agreements with its parent entity, GEAR. These negotiations were deemed to be on market terms, and further details are shown within Note 14.

M Resources Pty Ltd continues to exclusively manage Stanmore Resources Limited's global sales contract and relationships. M Resources Pty Ltd is also a minority shareholder of the group, and fees totalling \$5.454m were incurred for the year ended 31 December 2021 (31 December 2020: \$1.227m) for services provided on market terms.

During the year, the Company provided MetRes Pty Ltd, a 50% owned Joint Venture, with a secured, total finance facility of up to A\$50m. See Note 7 for further information.

34 Deed of cross guarantee

Stanmore Resources Limited and its wholly owned subsidiaries (as shown in note 23) with the exception of Stanmore SMC Holdings Pty Ltd, are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*.

(a) Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Stanmore Resources Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 31 December 2021 of the closed group consisting of Stanmore Resources Limited and its wholly owned subsidiaries, excluding Stanmore SMC Holdings Pty Ltd.

Deed of cross guarantee

(a) Consolidated statement of profit or loss, statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

	2021 \$'000
<i>Consolidated statement of comprehensive income</i>	
Revenue from continuing operations	382,948
Other income	4,623
Cost of sales of goods	(312,540)
Other expenses from ordinary activities	(14,666)
Employee benefits expense	(6,784)
Depreciation and amortisation expense	(26,761)
Finance costs	(7,604)
Share of net profits of associates and joint ventures accounted for using the equity method	(2,409)
Profit before income tax	16,807
Income tax expense	(5,714)
Profit for the period	11,093
Other comprehensive income	
Other comprehensive income for the period, net of tax	-
Total comprehensive income for the period	11,093
<i>Summary of movements in consolidated retained earnings</i>	
Retained earnings at the beginning of the financial year	28,389
Profit for the period	11,093
Retained earnings at the end of the financial year	39,482

(b) Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 31 December 2021 of the closed group.

	2021 \$'000
Current assets	
Cash and cash equivalents	62,859
Trade and other receivables	52,409
Inventories	11,748
Other financial assets at amortised cost	47,897
Total current assets	174,913
Non-current assets	
Receivables	15,000
Capitalised development costs	88,758
Exploration and evaluation	43,223
Mine properties	21,849
Other financial assets	21,572
Property, plant and equipment	64,426
Intangible assets	2,015
Total-non-current assets	256,843
Total assets	431,756

Deed of cross guarantee

(b) Consolidated statement of financial position (continued)

	2021 \$'000
Current liabilities	
Trade and other payables	75,137
Borrowings	97,076
Lease liabilities	180
Derivative financial instruments	6,121
Current tax liabilities	6,285
Provisions	6,407
Total current liabilities	191,206
Non-current liabilities	
Borrowings	6,739
Lease liabilities	450
Deferred tax liabilities	26,590
Provisions	43,205
Total non-current liabilities	76,984
Total liabilities	268,190
Net assets	163,566
Equity	
Contributed equity	121,747
Reserves	2,337
Retained earnings	39,482
Total equity	163,566

Directors' declaration

The Directors' of the Consolidated Entity declare that:

- (a) The consolidated financial statements, comprising the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows, and accompanying notes are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date, and
- (b) The Consolidated Entity has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;
- (c) In the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;
- (d) The remuneration disclosures included on pages 18 to 26 of the Directors' report (as part of audited Remuneration Report) for the year ended 31 December 2021 comply with section 300A of the *Corporations Act 2001*; and
- (e) The Directors have been given the declarations by the CEO and CFO required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Mr Marcelo Matos
Director

Brisbane
16/02/2022



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working world**

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Independent Auditor's Report to the Members of Stanmore Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Stanmore Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Vendor Royalty - Contingent Consideration Liability

Why significant	How our audit addressed the key audit matter
<p>The Group recognised contingent consideration at 31 December 2021 of \$8.7 million, relating predominantly to its acquisition of Isaac Downs in July 2018.</p> <p>As detailed in note 17 to the financial report, the contingent consideration is a production-based royalty, payable when benchmark hard coking coal prices exceed a threshold coal price.</p> <p>The carrying amount of the royalty payable is estimated based on forecast hard coking coal prices, foreign exchange rates and production volumes, capped at a maximum amount payable as determined within the Royalty Deed.</p> <p>The contingent consideration is a key audit matter due to: the size of the liability; the judgement involved in forecasting hard coking coal prices, foreign exchange rates and production volumes; and the profit and loss volatility that can result from movements in these key input assumptions.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the methodology used to recognise and measure the liability for consistency with Australian Accounting Standards and the requirements of the Royalty Deed. Tested the mathematical accuracy of the model used to calculate the liability. Compared the production volumes used in the model to the Board approved budget and life-of-mine model for the Isaac Downs mine. In conjunction with our valuation specialists, evaluated the forecast coal prices and foreign exchange rates used to measure the liability with reference to market prices (where available) and broker consensus data. Assessed the adequacy of the disclosures made in the financial statements, including disclosure of significant judgements and estimates adopted by management.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report and the shareholder information that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 27 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Stanmore Resources Limited for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Tom du Preez
Partner
Brisbane
16 February 2022

Shareholder information

A. Distribution of equity securities

The number of Ordinary Shares by size of holding is:

Range	Ordinary shares			
	Securities	%	Shares No. of holders	%
100,001 and over	263,830,287	97.57%	25	2.47%
10,001 - 100,000	4,642,199	1.72%	172	16.96%
5,001 - 10,000	920,360	.34%	121	11.93%
1,001 - 5,000	864,748	.32%	316	31.16%
1 - 1000	149,851	.06%	380	37.48%
	<u>270,407,445</u>	<u>100.01%</u>	<u>1,014</u>	<u>100.00%</u>

The number of shareholders holding less than a marketable parcel is 185 (8,351 ordinary shares).

B. Substantial holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Number of shares	% of total shares
ORDINARY SHARES		
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED*	203,934,157	75.42%
LATIMORE FAMILY PTY LTD <LATIMORE FAMILY A/C>	31,836,070	11.77%
OLD FORRESTER PTY LTD	12,899,779	4.77%
LATIMORE FAMILY PTY LTD <LATIMORE FAMILY	5,151,516	1.91%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,144,442	1.16%
M RESOURCES PTY LTD	1,878,945	.69%
CHENGDU D'AO INTERNATIONAL INVESTMENT PTY LTD	672,788	.25%
SIR RONALD ALFRED BRIERLEY	500,000	.18%
CITICORP NOMINEES PTY LIMITED	485,148	.18%
BNP PARIBAS NOMS PTY LTD <DRP>	363,677	.13%
MORANBAH NOMINEES PTY LTD	353,232	.13%
MR DONALD GORDON MACKENZIE	338,000	.12%
MR PHILIP LANGDON SPRING	326,727	.12%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	326,352	.12%
CERTANE CT PTY LTD	226,120	.08%
MRS CHRISTINE JOY TANKEY & MR JAMES ADRIAN TANKEY	206,061	.08%
MR ANDREW PAULINSKI	175,000	.06%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	152,841	.06%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	143,389	.05%
HAMTAR PTY LTD	140,000	.05%
TOTAL OF 20 LARGEST HOLDERS	<u>263,254,244</u>	<u>97.33%</u>

*shares held on behalf of Golden Energy and Resources (Singapore)

C. Restricted securities

There are 11,040 restricted shares on issue.

D. Voting rights

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.

Appendix 4G

Key to Disclosures

Corporate Governance Council Principles and Recommendations

Name of entity

Stanmore Resources Limited

ABN/ARBN

27 131 920 968

Financial year ended:

31 December 2021

Our corporate governance statement¹ for the period above can be found at:²

- These pages of our annual report:
- This URL on our website: www.stanmore.net.au/corporate-governance

The Corporate Governance Statement is accurate and up to date as at 16 February 2022 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.³

Date: 16 February 2022

Name of authorised officer authorising lodgement: Rees Fleming, Company Secretary & General Counsel



¹ "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of Listing Rule 4.10.3.

Under Listing Rule 4.7.3, an entity must also lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX. The Appendix 4G serves a dual purpose. It acts as a key designed to assist readers to locate the governance disclosures made by a listed entity under Listing Rule 4.10.3 and under the ASX Corporate Governance Council's recommendations. It also acts as a verification tool for listed entities to confirm that they have met the disclosure requirements of Listing Rule 4.10.3.

The Appendix 4G is not a substitute for, and is not to be confused with, the entity's corporate governance statement. They serve different purposes and an entity must produce each of them separately.

² Tick whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where your corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

³ Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

See notes 4 and 5 below for further instructions on how to complete this form.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should have and disclose a board charter setting out: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	<input checked="" type="checkbox"/> Information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management) in our board charter and we have disclosed a copy of our board charter at: www.stanmore.net.au/corporate-governance	–
1.2	A listed entity should: (a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	<input checked="" type="checkbox"/> In our Corporate Governance Statement, Principle 1 section.	–
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<input checked="" type="checkbox"/> In our Corporate Governance Charter, section A.1(g).	–
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<input checked="" type="checkbox"/> In our Corporate Governance Statement, Structure of the Board and Director Independence section.	–

⁴ Tick the box in this column only if you have followed the relevant recommendation **in full** for the **whole** of the period above. Where the recommendation has a disclosure obligation attached, you must insert the location where that disclosure has been made, where indicated by the line with “*insert location*” underneath. If the disclosure in question has been made in your corporate governance statement, you need only insert “our corporate governance statement”. If the disclosure has been made in your annual report, you should insert the page number(s) of your annual report (eg “pages 10-12 of our annual report”). If the disclosure has been made on your website, you should insert the URL of the web page where the disclosure has been made or can be accessed (eg “www.entityname.com.au/corporate-governance/charters/”).

⁵ If you have followed all of the Council’s recommendations **in full** for the **whole** of the period above, you can, if you wish, delete this column from the form and re-format it.

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
<p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p> <p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	-	<input checked="" type="checkbox"/> a diversity policy is disclosed and available at www.stanmore.net.au/corporate-governance but otherwise as set out in our Corporate Governance Statement
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<input checked="" type="checkbox"/> and we have disclosed the evaluation process referred to in paragraph (a) at: in our Corporate Governance Statement, Principle 1 section and whether a performance evaluation was undertaken for the reporting period in accordance with that process at: in our Corporate Governance Statement, Principle 1 section	-

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><input checked="" type="checkbox"/></p> <p>and we have disclosed the evaluation process referred to in paragraph (a) at:</p> <p>in our Corporate Governance Statement, Principle 1 section and whether a performance evaluation was undertaken for the reporting period in accordance with that process at:</p> <p>in our Corporate Governance Statement, Principle 1 section</p>	—

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 2 - STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	-	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<input checked="" type="checkbox"/> and we have disclosed our board skills matrix at: in our Corporate Governance Statement, Principle 2 section	-

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	<input checked="" type="checkbox"/> and we have disclosed the names of the directors considered by the board to be independent directors at: in our Corporate Governance Statement, Structure of the Board and Director Independence section and, where applicable, the information referred to in paragraph (b) at: in our Corporate Governance Statement, Structure of the Board and Director Independence section and the length of service of each director at: in our Corporate Governance Statement, Structure of the Board and Director Independence section	-
2.4	A majority of the board of a listed entity should be independent directors.	-	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	-	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Structure of the Board and Director Independence section	-
PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should articulate and disclose its values.	<input checked="" type="checkbox"/> and we have disclosed our values at: in our Corporate Governance Statement, Principle 3 section	-
3.2	A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	<input checked="" type="checkbox"/> and we have disclosed our code of conduct at: in our Corporate Governance Statement, Principle 3 section	-

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
3.3	A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<input checked="" type="checkbox"/> and we have disclosed our whistleblower policy at: in our Corporate Governance Statement, Principle 3 section	-
3.4	A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or committee of the board is informed of any material breaches of that policy.	<input checked="" type="checkbox"/> and we have disclosed our anti-bribery and corruption policy at: in our Corporate Governance Statement, Principle 3 section	-

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	–	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Principle 4 section	–
4.3	A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Principle 4 section	–

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation in full for the whole of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<input checked="" type="checkbox"/> and we have disclosed our continuous disclosure compliance policy at: in our Corporate Governance Statement, Principle 5 section	–
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Principle 5 section	–
5.3	A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Principle 5 section	–
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<input checked="" type="checkbox"/> and we have disclosed information about us and our governance on our website at: www.stanmore.net.au/corporate-governance	–
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Principle 6 section	–
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<input checked="" type="checkbox"/> and we have disclosed how we facilitate and encourage participation at meetings of security holders at: in our Corporate Governance Statement, Principle 6 section	–
6.4	A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	<input checked="" type="checkbox"/> in our Corporate Governance Statement, Principle 6 section	–
6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<input checked="" type="checkbox"/>	<input type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	-	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<input checked="" type="checkbox"/> and we have disclosed whether a review of the entity's risk management framework was undertaken during the reporting period at: in our Corporate Governance Statement, Principle 7 section	-
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	-	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
7.4	A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.	<input checked="" type="checkbox"/> and we have disclosed whether we have any material exposure to environmental and social risks at: in our Corporate Governance Statement, Principle 7 section and t Annual Report, pages 14 to 16 and, if we do, how we manage or intend to manage those risks at: in our Corporate Governance Statement, Principle 7 section and t Annual Report, pages 14 to 16	-

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	–	<input checked="" type="checkbox"/> set out in our Corporate Governance Statement
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<input checked="" type="checkbox"/> and we have disclosed separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives at: in our Corporate Governance Statement, Principle 8 section; Corporate Governance Charter, Section C; the Remuneration Report within the Annual Report	–
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	–	<input checked="" type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable

Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		Where a box below is ticked, ⁴ we have followed the recommendation <u>in full</u> for the <u>whole</u> of the period above. We have disclosed this in our Corporate Governance Statement:	Where a box below is ticked, we have NOT followed the recommendation in full for the whole of the period above. Our reasons for not doing so are: ⁵
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES			
9.1	A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	–	<input checked="" type="checkbox"/> we do not have a director in this position and this recommendation is therefore not applicable <u>OR</u>
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	–	<input checked="" type="checkbox"/> we are established in Australia and this recommendation is therefore not applicable
9.3	A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	–	<input checked="" type="checkbox"/> we are established in Australia and not an externally managed listed entity and this recommendation is therefore not applicable



Stanmore Resources Limited
ACN 131 920 968

Corporate Governance Statement

Overview

Stanmore Resources Limited (the **Company** or **Stanmore**) is pleased to present its Corporate Governance Statement for the period ending 31 December 2021 (**Statement**), which outlines the corporate governance framework and practices of the Company and its subsidiaries (together, the **Group**). This Statement is current as at 16 February 2022 and has been approved by the Board. This Statement should be read in conjunction with the Company's 2021 Annual Report for the period ending 31 December 2021.

Governance Framework

The Board of Directors of Stanmore is responsible for the corporate governance of the Group. The Board guides and monitors the business and affairs of the Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

Stanmore's Corporate Governance Statement is structured with reference to the Australian Securities Exchange (**ASX**) Corporate Governance Council's (**Corporate Governance Council**) "Corporate Governance Principles and Recommendations, 4th Edition". A copy of the Company's Corporate Governance Charter can be downloaded from the Company's website at <https://stanmore.net.au/corporate-governance>

Structure of the Board and Director Independence

The skills, experience and expertise relevant to the position of each Director in office at the date of the Annual Report is included in the Directors' Report in the Annual Report. The Corporate Governance Council defines an Independent Director as a Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of the director's judgement and their capacity to act in the best interests of the Company as a whole, rather than in the interests of an individual security holder or other party.

The composition of Stanmore's Board is reflective of the significant shareholding of Golden Investments (Australia) Pte Ltd (**Golden Investments**) which exceeds 75 per cent of Stanmore's voting shares.

The Board currently comprises two independent Directors and three non-independent Directors.

In the context of Director Independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is greater than 5% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty. Factors that may impact on a Director's independence are considered each time the Board meets.

Stanmore considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted below have been appointed to the Board of Stanmore due to their considerable expertise, industry and corporate experience. The Company conducts comprehensive background checks prior to the appointment of any new Director. Formal letters of appointment setting out the terms of their appointment are in place for all Directors and tailored induction and training is offered to assist Directors to discharge their responsibilities effectively.

At each meeting of the Board, Directors table their current outside interests. Where it is considered that a Director has a material potential conflict, it is noted and where appropriate the relevant Director absents themselves for that specific item of business. That decision is minuted.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense. Given the size and complexity of the Company, the Company Secretary has close working relationships with the Board of Directors and the Senior Management Group. In respect of matters relating to the proper functioning of the Board and Corporate Governance, the Company Secretary has direct access to the Chairperson.

The term of office held by each Director in the office at the date of this report is as follows:

Name	Role	Independent	Term in office	Audit & Risk Management Committee	Remuneration & Nominations Committee	Health, Safety, Environment & Community Committee
Dwi Suseno	Chairperson	No	1 Year and 9 months	●	●	
Marcelo Matos	Executive Director/CEO	No	2 Years and 3 months	●		●
Jimmy Lim	Non-Executive Director	No	2 Years and 4 months		●	●
Richard Majlinder	Non-Executive Director	Yes	1 Year and 9 months	●	●	
Mark Trevan	Non-Executive Director	Yes	1 Year and 9 months			●

● Chairperson ● Member

ASX Principals and Recommendations

The Board is of the view that except for the departures from the ASX Corporate Governance Council Principles and Recommendations (4th edition) as set out in the table below, it otherwise complies with all the ASX Guidelines.

ASX Principals and recommendations “Why not” explanations

Principal 1 – Lay solid foundations for management and oversight

Recommendation 1.5

A listed entity should:

- (a) have and disclose a diversity policy;
- (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- (c) disclose in relation to each reporting period:
 - (1) the measurable objectives set for that period to achieve gender diversity;
 - (2) the entity’s progress towards achieving those objectives; and
 - (3) either:
 - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or
 - (B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.

The Company has a diversity policy available on the Company’s web site (<https://stanmore.net.au/corporate-governance>).

The Company has not set measurable objectives for achieving gender diversity due to the small size of its current workforce. The Company will periodically review its policy.

ASX Principals and recommendations “Why not” explanations

Principle 2 – Structure the board to be effective and add value

Recommendation 2.1

The board of a listed entity should:

- (a) have a nomination committee which:
- (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Stanmore notes ASX Recommendation 2.1 recommends that a majority of the nomination committee be independent directors, that an independent director be the chair of the nomination committee, and that it is not currently in compliance with this recommendation.

The composition of Stanmore's Remuneration and Nominations Committee is reflective of the significant shareholding of Golden Investments which together holds in excess of 75% of Stanmore's voting shares.

The Remuneration and Nominations Committee currently comprises one independent Director and two non-independent Directors (one of whom is the chair of the Remuneration and Nominations committee).

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Stanmore notes ASX Recommendation 2.4 recommends that a majority of the Board be independent directors and that it is not currently in compliance with this recommendation.

The composition of Stanmore's Board is reflective of the significant shareholding of Golden Investments which holds in excess of 75% of Stanmore's voting shares.

The Board currently comprises two independent Directors and three non-independent Directors.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Stanmore notes ASX Recommendation 2.5 recommends that the chair of the Board should be an independent director and that it is not currently in compliance with this recommendation.

The chair of Stanmore's Board is a nominee Director of Golden Investments and which is reflective of Golden Investments' significant shareholding in Stanmore, which exceeds 75% of Stanmore's voting shares.

ASX Principals and recommendations “Why not” explanations

Principle 4 – Safeguard the integrity of corporate reports

Recommendation 4.1

The board of a listed entity should:

- (a) have an audit committee which:
 - (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - (2) is chaired by an independent director, who is not the chair of the board, and disclose:
 - (3) the charter of the committee;
 - (4) the relevant qualifications and experience of the members of the committee; and
 - (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Stanmore notes ASX Recommendation 4.1 recommends that a majority of the audit committee be independent directors and that it is not currently in compliance with this recommendation.

The composition of Stanmore's Audit and Risk Management Committee is reflective of the significant shareholding of Golden Investments which holds in excess of 75% of Stanmore's voting shares.

The Audit and Risk Management Committee currently comprises one independent Director (who is currently the chair of the Audit and Risk Management Committee) and two non-independent Directors.

ASX Principals and recommendations “Why not” explanations

Principal 7 – Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.

Stanmore notes ASX Recommendation 7.1 recommends that a majority of the risk committee be independent directors and that it is not currently in compliance with this recommendation.

The composition of Stanmore's Audit and Risk Management Committee is reflective of the significant shareholding of Golden Investments which holds in excess of 75% of Stanmore's voting shares.

The Audit and Risk Management Committee currently comprises one independent Director (who is currently the chair of the Audit and Risk Management Committee) and two non-independent Directors.

Recommendation 7.3

A listed entity should disclose:

- (a) if it has an internal audit function, how the function is structured and what role it performs; or
- (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.

Stanmore notes ASX recommendation 7.3 recommends that a company has an internal audit function and that it is not currently in compliance with this recommendation.

Section B.3(c) of the Corporate Governance Charter notes that the Board is of the opinion that the Company is currently not of a size nor are its affairs of such complexity as to justify the formation of an internal audit function but may be required in the future. The Audit & Risk Management Committee periodically reviews whether there is a need for an internal audit function.

The Company is audited each half year by its external auditors who provide an independent report to the Board on the systems and processes in place. This external audit process provides the Board with sufficient comfort that the Company has sufficient and appropriate internal procedures in place.

Principal 8 – Remunerate fairly and responsibly**Recommendation 8.1**

The board of a listed entity should:

- (a) have a remuneration committee which:
 - (1) has at least three members, a majority of whom are independent directors; and
 - (2) is chaired by an independent director, and disclose:
 - (3) the charter of the committee;
 - (4) the members of the committee; and
 - (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
 - (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Stanmore notes ASX Recommendation 8.1 recommends that a majority of the remuneration committee be independent directors, that an independent director be the chair of the remuneration committee, and that it is not currently in compliance with this recommendation.

The composition of Stanmore's Remuneration and Nominations Committee is reflective of the significant shareholding of Golden Investments which holds in excess of 75% of Stanmore's voting shares.

The Remuneration and Nominations Committee currently comprises one independent Director and two non-independent Directors (one of whom is the chair of the Remuneration and Nominations Committee).

Adherence to General Principles

Principle 1

The Board has adopted an internal self-evaluation process to measure its own performance, as well as the performance of individual Committees and individuals.

The Board will undertake a baseline survey of its performance against an agreed set of performance criteria. Individual Directors report to the Chairperson on a confidential basis on their own performance, which is evaluated by the Chairperson, including feedback. The Board and its Committees will undertake performance assessments. As outlined in the Directors' Report, executives are evaluated against business objectives and their own contractual obligations, including KPIs.

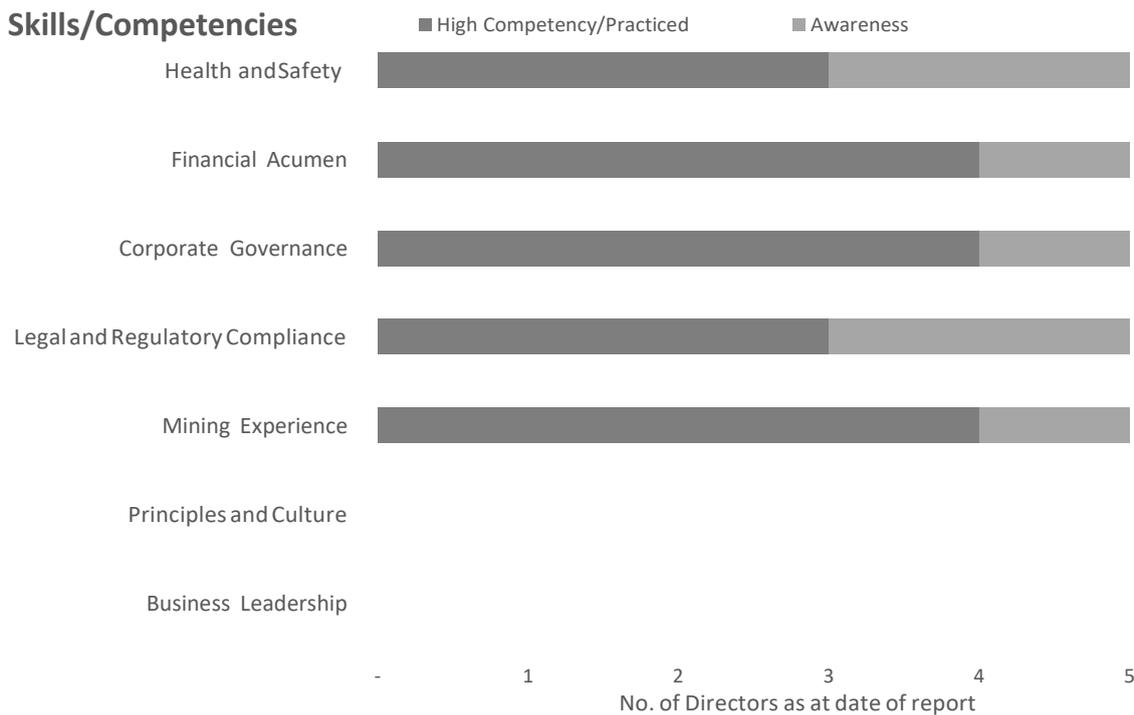
Management conducted a performance review against set key performance indicators as part of the process of awarding short term and long term incentives. Appropriate background checks are conducted on proposed new Directors and executives and material information about a Director being re-elected is provided to security holders.

Principle 2

The Board is comprised of five (5) Directors from a range of backgrounds with significant experience, skills and attributes.

The following Board Skills Matrix describes the proportion of Directors on the Board with particular areas of competence, skills and experience. The Board Skills Matrix recognises direct, practiced experience or a high level of knowledge or awareness in the area of competence. The Board Skills Matrix is current as of the date of this report. To the extent that any skills are not directly represented on the Board, they are realised through Management and external advisors.

The Board Skills Matrix is considered by the Board to guide its assessment of the skills and experience of new and existing Directors and to identify any gaps in the collective expertise of the Board for the purpose of Board succession planning. The Board is of the view that its current Directors hold an appropriate mix of skills, experience and diversity to enable the Board to discharge its responsibilities and deliver on the corporate objectives.



Principle 3

Stanmore is a values-driven business. The Company's value statement is:

"For the health, safety and wellbeing of our people; and for the benefit of our customers, shareholders, the environment and the communities in which we operate, we value Certainty + Collective Courage + Performance."

The Company has a whistleblower policy and an anti-bribery and corruption policy which are published on both the Company website and internal document management system.

The published corporate code of conduct guides executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- acting in the best interests of the Company;
- acting honestly and with high standards of personal integrity;
- complying with the laws and regulations that apply to the Company and its operations;
- not knowingly participating in any illegal or unethical activity;
- not entering into any arrangement or participating in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation;
- not taking advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
- not taking advantage of their position or the opportunities arising from their position with the Company for personal gain.

Any material breaches of the Company's policies are reported to the Board.

Principle 4

The Company has established an Audit and Risk Management Committee. The activities and policies of the Committee are stated in Section B of the published Corporate Governance Charter.

The Board receives written assurances from the Chief Executive Officer and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company is committed to providing clear, concise and effective disclosure in its corporate reports. Processes are in place to verify the integrity of all Company announcements and unaudited periodic reports released to the market, to ensure that they are factual, complete, accurate and provide investors with appropriate information to make informed investment decisions.

The Audit and Risk Management Charter is publicly available on the Company's website as part of the Corporate Governance Charter at <https://stanmore.net.au/corporate-governance>.

Principle 5

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Company. Stanmore's Continuous Disclosure Policy is stated in Section G of the Corporate Governance Charter available on the Company's website at <https://stanmore.net.au/corporate-governance>.

The Board receives copies of all ASX announcements promptly via the ASX notification service.

Copies of investor presentation material are released to market ahead of the presentation.

Principle 6

The Company promotes effective communication with shareholders and encourages effective participation at general meetings by providing information to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and notices of annual general meeting;
- through shareholder meetings and investor relation presentations;
- by offering security holders the option to receive ASX announcements and other notices from the Company electronically; and
- by posting relevant information on Stanmore's website.

The Company's website has a dedicated investor relations section for the purpose of publishing corporate governance and other important company information, including relevant announcements made to the market, at <https://stanmore.net.au/investors>. Investors are provided the opportunity to contact Stanmore and ask questions.

At the AGM, all shareholders are given the opportunity to ask questions prior to the meeting through informal discussions with the Board and Group Executives and during the meeting when comments and questions are invited. All substantive resolutions at shareholder meetings are decided by a poll rather than a show of hands.

The Company also gives shareholders the option to receive communications from, and send communications to, the Company and its Share Registry provider, Link Market Services Limited, electronically.

Principle 7

The Company is exposed to a range of market, financial, operational, environmental, and socio-political risks that could have an adverse effect on the Company's future performance. The nature and potential impact of these risks can change over time and vary in degree to the extent they can be controlled by the Company.

The Company has a risk management framework in place with internal control systems to mitigate these key business risks. The Company's Risk Management Policy is detailed in Section B of the Corporate Governance Charter available on the Company's website at <https://stanmore.net.au/corporate-governance>. Management has evaluated the various risks as disclosed in the Annual Report.

In respect of the Company's financial statements and systems of accounting control, the Company's external auditor attends the Company's Annual General Meeting to address questions from shareholders.

The Audit & Risk Management Committee evaluates and addresses risks within the business as outlined in the Corporate Governance Charter. A review of the risk management framework has been undertaken by the Committee in the period.

Principle 8

The Company has established a Remuneration & Nominations Committee. The Committee's objectives and compliance are detailed in Section C of the Corporate Governance Charter available on the Company's website at <https://stanmore.net.au/corporate-governance>.

The Company's remuneration framework for Directors and Group Executives is set out in the Remuneration Report of the Annual Report. The Remuneration Report includes a summary of Company policies and practices for determining the nature and amount of remuneration for Non-executive Directors and Group Executives, and the relationship between those policies and Company performance.

Details of the nature and amount of each element of the remuneration of Directors and Key Management Personnel of the Company are disclosed in the relevant section of the Annual Report. There is no retirement benefit scheme for Directors other than payment of statutory superannuation and Directors are not eligible for performance-based remuneration.

The Company has adopted a Securities Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter into arrangements which would have the effect of limiting their exposure to risk relating to an element of their remuneration available on the Company's website at <https://stanmore.net.au/corporate-governance>.



16 February 2022

COAL RESOURCE AND RESERVE UPDATE FOR ISAAC PLAINS COMPLEX

Highlights

- Coal Resources estimates at Isaac Plains, Isaac Plains East and Isaac Downs have been updated, which has taken account of mining depletion during 2021 and where applicable all newly acquired geological data. Total Resources are now as follows:
 - Isaac Plains Mine: 45 million tonnes (Mt) total Coal Resource
 - Isaac Plains East Mine 34 Mt total Coal Resource
 - Isaac Downs Mine: 32Mt total Coal Resource
- Coal Reserve estimates at Isaac Plains, Isaac Plains East and Isaac Downs have been updated, which has taken account any mining depletion during 2021 and as applicable, all new mine plans, production, and economic assumptions. Total Reserves are now as follows:
- Isaac Plains Complex Total Coal Reserves (ROM) is **42.5** Mt, comprised of:
 - 23.0 Mt of ROM Reserves for open cut mines, Isaac Downs, and Isaac Plains East, of which 22.0 Mt, or 95%, is classified as Proved Reserves and 1.0 Mt is classified as Probable Reserves
 - 19.5Mt of ROM Reserves for the Isaac Plains Underground Project, of which 11.8 Mt, or 61%, is classified as Proved Reserves and 7.7 Mt is classified as Probable Reserves
- Isaac Plains Complex Total Marketable Coal Reserves is **31.2** Mt, which is comprised of:
 - 15.6 Mt of Marketable Coal Reserves at open-cut mines (IPE and Isaac Downs) of which 15.0Mt, or 96%, is coking coal, and 0.6 Mt is thermal coal
 - 15.6 Mt of Marketable Coal Reserves for Isaac Plains Underground Project of which 12.3 Mt, or 78% is coking coal, and 3.3 Mt is thermal coal

Stanmore Resources Limited (**Stanmore** or the **Company**) is pleased to announce an update to the Coal Resources and Reserves, for its Isaac Plains Complex assets, which includes Isaac Plains, Isaac Plains East, Isaac Downs, and Isaac South.

All Resource and Reserve estimates were prepared in compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2012 Edition) and the Australian Guidelines for the Estimating and Reporting of Coal Resources (2012 Edition).

Please note that for all Resources reported on in the context of this announcement, rounding to the nearest significant figure is applied to *Inferred* category resources, which is deemed conservative and reflective of the Inferred category confidence level. Also, the Total Resource Tonnes for each deposit, i.e., the sum of Measured, Indicated and Inferred Resources are rounded to the nearest significant figure. These rounding methods may account for minor differences in the overall total reported resources for each deposit.

Please note that for all Reserves reported on in the context of this announcement, that the Marketable Coal Reserves are derived from the ROM Coal Reserves; therefore, Marketable Coal Reserves are a sub-set of ROM Coal Reserves.

COAL RESOURCES

Table 1 shows Coal Resources estimated for the Isaac Plains Complex assets as to the date of 31 December 2021. Where any depletion of resource has occurred via mining during the year, this has been accounted for up until this date.

Table 1: Coal Resources for Isaac Plains Complex Assets

Isaac Plains Complex Coal Resources as end December 2021

Project Name	Tenement	Coal Type*	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Competent Person	Report Date
Isaac Plains	ML 70342, ML 700018, ML 700019	C, T	24.3	16.0	5	45	A	Dec-21
Isaac Plains East	ML 700016, ML700017, ML700018, ML700019, EPC 755	C, T	6.4	9.8	18	34	D	Jan-22
Isaac Downs	ML 700046, ML 700047, ML 700048	C, T	29.2	2.9	0	32	B	Feb-22
Isaac South	EPC 755	C, T	11.9	14.5	25	52	C	Jun-18
Isaac Plains Complex	TOTAL		71.8	43.2	48	163		

*Coal Types Potential Legend

C - Coking Coal, semi-soft or greater potential

T - Export Thermal grade

Competent Person

A - Mr Troy Turner - Xenith Consulting

B - Mr Toby Prior - Measured Group

C - Mr Mal Blaik - JB Mining

D - Dr Bronwyn Leonard - Stanmore Resources

Note 1: All Coal Resources are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') 2012.

Note 2: Rounding to the nearest significant figure is applied to Total Resource Tonnes and Inferred category resources. This is deemed conservative and reflective of the Inferred Resource category confidence level and accounts for the minor differences in the overall total reported resources.

Note 3: All Coal Resources are reported on a 100% basis; All Isaac Plains Complex tenure is 100% owned by Stanmore or its subsidiaries.

Coal Resources - Isaac Plains Mine

Xenith Consulting completed an updated resource estimate for Isaac Plains Mine to 31 Dec 2021.

Table 2 summarises the updated Coal Resources for the Isaac Plains Mine – these resources may be utilised by underground operations associated with the future Isaac Plains Underground Project.

Table 2: Isaac Plains Mine Coal Resources by seam/ply

Seam	Resource category – Isaac Plains Mine			Total (Mt)
	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
LHD	23.1	14.7	4.2	42
LHU	1.1	1.1	0.2	2.4
LHL	0.1	0.1	0.7	0.9
Total Resource	24.3	16.0	5	45

LHD refers to the Leichhardt seam – the principal economic seam in the area. To the north the seam splits into an Upper (LHU) and Lower (LHL) seam plies. These coal resources are all contained within granted mining leases ML70342, ML700018, and ML700019.

The prior resource was declared at 31st Dec 2020¹ and based on the current Isaac Plains Mine coal resource model as at end June 2020, for which Stanmore published the results in August 2020.²

The resource was updated by depletion, that is the existing resource model was referenced, then removing any coal which had been extracted via highwall auger mining, as undertaken in 2021, and further applying a 50m buffer sterilisation zone surrounding the auger mined plunges.

In early to mid-2021, highwall auger mining took place in the northern pits. No open cut mining was carried out. In total, the resources were depleted by 0.82 Mt, of which 0.78 Mt were Measured and was 0.04 Mt Indicated Resources.

40% of the depletion was due to the 2021 auger mining (and 50m buffers applied) in the northern pits, whilst 60% was due to an increased buffer around prior (pre-2021) southern pit highwall mining plunges, which was increased from 10m to 50m in the 2021 resource estimate.

The reconciliation of the Dec 2021 and Dec 2020 coal resource estimates is shown in **Table 3**.

Table 3: Isaac Plains Mine Coal Resources reconciliation

Isaac Plains Mine	2020 Resource Estimate (Mt)	2021 Resource Estimate (Mt)	Difference (Mt)
Measured	25.2	24.3	-0.8
Indicated	16	16	0
Inferred	5	5	0
Total	46	45	-0.8

¹ ASX Announcement "Annual Financial Report for the period ended 31 December 2020, Mineral Resource and Coal Reserve Update for Isaac Plains Complex", dated 26 February 2021

² ASX Announcement "Mineral Resources and Coal Reserve Updated for Isaac Plains Mine and Isaac Plains East Mine", dated 21 August 2020 – details of current Isaac Plains Mine JORC Table 1 provided in announcement

Coal Resources - Isaac Plains East Mine

Dr Bronwyn Leonard of Stanmore Resources has completed an updated resource estimate and report for Isaac Plains East to 31 December 2021. JORC Table 1 from the newly updated Resource Report is attached as **Appendix 1** to this announcement.

The previous resource estimate was to end date 31 December 2020³. The geological model used for the current 2021 resource estimate was the same model used for the 2020 resource estimate.

Table 4 summarises the updated Coal Resources for Isaac Plains East.

Table 4: Isaac Plains East Coal Resources by seam

Seam	Resource category - Isaac Plains East			Total (Mt)
	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
LHD	6.4	9.8	18	34

These coal resources are all contained with mining leases ML700016, ML700017, ML700018, ML700019 and exploration permit EPC 755. In November 2021 Stanmore Resources finalised an agreement with Aquila Exploration to secure the coal rights to the northern area of EPC755, adjacent to the east of Isaac Plains East Mine. Based on this agreement, resources have been declared in the northern EPC755 area for the first time.

The resource was further updated to account for activities which had occurred at the mine in 2021, which included depletion from open-cut mining, highwall auger mining and resource sterilisation.

Open cut mining between the 31 December 2020 and 30 November 2021 proceeded in Pits 2, 3 and 4. From 30 November to 31 December 2021 mining forecast was used per the approved mine plan. November final surveyed face positions from the completed mining and predicted forecast positions for the December mining, were applied when depleting the resource for open-cut works.

Highwall auger mining was undertaken in Pit 4 between Jan-May 2021 and Pit 2 in June 2021. When calculating the depletion of the resource in the auger mining areas, a 50m buffer was applied to the auger plunges, consistent with the approach used at Isaac Plains Mine and recognises that a standoff would be required between auger mining areas and any potential future underground mining.

Finally, an area of coal in the south of Pit 2 was removed (sterilised) from the resource estimate due to dumping of spoil in the area during pit progression. Whilst it is possible to remove the dumped material and extract the coal beneath, this is deemed unlikely to occur, due to the small volume of coal available and a commitment that has already been made to the rehabilitation of the area.

Table 5 summarises the resource depletion by category for the Isaac Plains East 2021 resource update.

Table 5: Isaac Plains East Resource depletion by type

Type of Depletion	Resource category			Total (Mt)
	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
Opencut Mined	-1.22	-0.07	0	-1.29
Opencut Forecast	-0.12	-0.04	0	-0.16
Highwall Auger Mined	-0.07	-0.01	0	-0.08
Sterilised	-0.64	-0.24	0	-0.89
Total	-2.05	-0.36	0	-2.41

³ ASX Announcement "Annual Financial Report for the period ended 31 December 2020, Mineral Resource and Coal Reserve Update for Isaac Plains Complex", dated 26 February 2021

Comparison to the previous estimate shows that despite the 2.41Mt of depletion there is still an increase in the total IPE Coal Resource of 14Mt. This is due to the inclusion of maiden resources within EPC755, which alone amount to a total of 16.5Mt.

The reconciliation of the 2021 and 2020 coal resource estimates is shown in **Table 6**.

Table 6: Isaac Plains East Coal Resources reconciliation

Isaac Plains East	2020 Resource Estimate (Mt)	2021 Resource Estimate (Mt)	Difference (Mt)
Measured	8.4	6.4	-2
Indicated	8	9.8	1.7
Inferred	4	18	14
Total	20	34	14

Coal Resources - Isaac Downs

Measured Group have created an updated JORC resource estimate and report for Isaac Downs to 31 December 2021.

JORC Table 1 from the 2021 JORC Resource Report is attached as **Appendix 2** to this announcement.

The Leichhardt and Vermont Upper are the principal economic seams at Isaac Downs. **Table 7** summarises the updated Coal Resources for Isaac Downs, by seam and ply.

Table 7: Isaac Downs Coal Resources by seam

Seam	Ply	Resource category – Isaac Downs*		Total (Mt)
		Measured (Mt)	Indicated (Mt)	
Leichhardt	LU	4.8	1.5	6
	LL3	6.1	0.4	6
	LL2	3.8	0.5	4
	LL1	4.2	0.3	4
Vermont Upper	VU1	7.4	0.1	8
	VU2	2.9	0.1	3
Total Resource		29.2	2.9	32

*Please note there are no Inferred category resources at Isaac Downs, minimum JORC category confidence is Indicated.

All coal resources are wholly contained within granted mining lease, ML700046.

The previous resource estimate was to end of June 2020⁴. Since the last resource update field exploration has generated a total of 276 new boreholes and 16-line kilometres of 2D seismic data.

This data has been used to update the geological model, structural and coal quality, which was finalised in December 2021.

A reconciliation of the 2021 and 2020 coal resource estimates is shown in **Table 8**.

⁴ ASX Announcement "Mineral Resources and Coal Reserve Update for Isaac Downs", dated 21 August 2020

Table 8: Isaac Downs Coal Resources reconciliation

Isaac Downs	2020 Resource Estimate (Mt)	2021 Resource Estimate (Mt)	Difference (Mt)
Measured	24.7	29.2	4.5
Indicated	11.5	2.9	-8.6
Inferred	0	0	0
Total	36	32	-4.1

There has been a considerable number of new structural and coal quality drillholes added within the resource area. This has converted some of the previous resource to Measured status, accounting for a gain of 4.5Mt in the Measured category.

Comparison to the previous estimate also shows a 4.1Mt reduction in the total reported coal resources, which can be attributed to the following:

- 1.2Mt of coal was extracted from the Isaac Downs deposit due to open-cut mining activities which commenced in 2021 and proceeded over the course of the year
- 1.7Mt of LUD ply was excluded from 2021 Resources. The LUD represents the top ply of the Leichhardt seam, it is variable in nature but when assessed on a ply only basis, it is typically high ash, mostly above 50%adb. Recent mine planning has confirmed that this ply will be wasted, so it has now been excluded in the 2021 resource estimate where it was previously included in 2020 resource estimate
- 0.2Mt of VU3 was excluded from 2021 Resources. Recent mine planning confirms there is a very low likelihood that this ply will be mined as it is mostly too thin and/or too far below the VU2 to be considered economic. A portion of this seam has been reclassified as VU2 in the 2021 estimate, whilst the remainder (0.2Mt) was removed from the 2021 resource estimation
- 1.0Mt was removed through general model updates and adjustments because of the newly acquired geological data, including an adjustment of the fault plane defining the northern boundary of fault block 1, changes in the LOX line, additional faults interpretations and updated coal density inputs

Coal Resources - Isaac South

The most recent resource estimate for Isaac South was completed by JB Mining in June 2018⁵. All resources are contained within granted exploration permit EPC 755. Isaac South is an undeveloped resource prospect which sits immediately south of the Isaac Downs mine, on the other side of the Isaac River. No exploration activities have been undertaken since and no new information or data that materially affects the information included in the June 2018 resource estimate has been gathered. All material assumptions and technical parameters underpinning the June 2018 estimate continue to apply and have not materially changed for the period ended 31 December 2021.

⁵ ASX Announcement "Coal Resource – Isaac South Project", dated 27 July 2018

COAL RESERVES

Table 9 summarises ROM and Marketable Coal Reserves estimated for Isaac Plains Complex assets.

All Reserves works and analysis are based upon the most recent geological models and Resource estimates, current as 31 December 2021, and previously covered in this announcement.

Table 9: Combined Reserves (ROM and Marketable) for all Isaac Plains Complex Assets

Isaac Plains Complex Coal Reserves as at end December 2021

Project Name	Tenement	Coal Reserves			Marketable Coal Reserve			Competent Person	Report Date
		Proved	Probable	Total	Proved	Probable	Total		
Isaac Plains East open-cut	ML 700016, ML700017, ML700018, ML700019	0.9	0.6	1.5	0.7	0.5	1.2	H	Feb-22
Isaac Downs open-cut	ML 700046, ML 700047, ML 700048	21.1	0.4	21.5	14.2	0.3	14.4	H	Feb-22
Isaac Plains Underground	ML 70342, ML 700018, ML 700019	11.8	7.7	19.5	9.5	6.1	15.6	F	Feb-21
Isaac Plains Complex		33.8	8.8	42.5	24.3	6.9	31.2		

Coal Type Ratio - Coking:Thermal (% of Marketable Coal Reserve)

Isaac Plains East OC	99%:1%
Isaac Plains Underground	77%:23%
Isaac Downs	96%:4%

Competent Person

F - Mr Benjamin Smith - Xenith
H - Mr Tony O'Connell - Optimal

Note 1: All Coal Reserves are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') 2012.

Note 2: Totals may not be exact due to significant figure rounding.

Note 3: All Coal Reserves are reported on a 100% basis; All Isaac Plains Complex tenure is 100% owned by Stanmore or its subsidiaries.

Coal Reserves (ROM) – Open-cut

Optimal Mining Solutions have completed updated open-cut Coal Reserve Estimates which covers operations at both the Isaac Plains East and Isaac Downs open-cut mines. The combined Isaac Plains Complex open-cut ROM Coal Reserves estimates are provided in **Table 10**.

Table 10: ROM Reserves for Isaac Plains Complex open-cut Assets

JORC category	Open-cut ROM (Mt)		
	Isaac Plains East	Isaac Downs	Isaac Plains Complex
Proved	0.9	21.1	22.0
Probable	0.6	0.4	1.1
Totals	1.5	21.5	23.0

Totals above are subject to rounding and may not be strictly additive, minor differences reflect significant figure rounding

The Coal Reserves are estimated at 31 December 2021 and reflect mine designs and schedules currently used for the open cut mining operation at the Isaac Plains Complex. The prior Reserves were declared at 31 December 2020⁶.

⁶ ASX Announcement "Annual Financial Report for the period ended 31 December 2020, Mineral Resource and Coal Reserve Update for Isaac Plains Complex", dated 26 February 2021

Note that the prior 2020 Reserve estimate also included 0.1Mt ROM of open-cut for Isaac Plains (ML70342), though the current 2021 Reserve estimate has no open-cut tonnes for Isaac Plains. This is because these tonnes were mined via Auger methods during the 2021 calendar year and the open-cut Reserves within ML70342 are now assessed as being exhausted using all present model inputs and assumptions.

Table 1 from the JORC Reserve Reports for Isaac Plains East and Isaac Downs, respectively, are attached as **Appendix 3** and **Appendix 4** to this announcement.

Coal Reserves (ROM) - Underground

Isaac Plains Underground Mine is fully approved, approval for the underground project was granted in March 2019 by the Queensland Government. It is not presently developed or operational, however remains a key development project for Stanmore as part of the Isaac Plains Complex asset base.

The previous underground Reserve estimate was completed by Xenith in February 2021, as at the end date of 31 December 2020⁷.

The latest updated 2021 Isaac Plains Mine Coal Resources, accounted for depletion from 2021 auger mining and sterilisation from the updated 50m buffering to all auger/highwall mining.

As such, the 2021 auger mining plunges and/or an increased buffer has the potential to impact underground Reserves through the exclusion of roadways and pillars which might otherwise be planned in these areas.

To understand what impact, the augering and buffer increases had on the existing underground Reserves, a review was undertaken by Xenith, as 31 December 2021, using the following process.

- Review of areas where barrier increased from approximately 10m to nominal 50m
- Calculation of length of underground roadways within the 50m barrier
- Calculation of reserves of those impacted roadways, assuming worst-case seam thickness and full width (5.5m)
- Calculation of reserves within pillars previously planned for secondary extraction (assumed full pillar extraction for conservatism)
- Review of adjacent mine layout areas for 'mine ability' (to ensure layout was still viable and what other roadways may be impacted if the barrier-affected roadways were removed)

The Reserves impacted by the 2021 auger areas, and an expansion of the buffer, is estimated by Xenith to be approximately 0.08Mt.

For materiality assessment, a comparison was made against the existing Reserve estimate and any Reserves deemed impacted by the auger and barrier and appears in **Table 11**.

Table 11: Comparison of impact to ROM Coal Reserve Estimate as 31 December 2020

Underground ROM Coal Reserves	Proved	Probable	Totals (Mt)
LHD Seam (Mt) - 31st Dec 2020	11.8	7.7	19.5
Reserves impacted by auger/buffer (Mt)	0.08	0.0	0.08
Difference	0.68%	0%	0.41%

As shown, the impact of the auger mining and increased barrier is less than 1%, that is 0.41% of Total Proved and Probable ROM Reserves and is therefore not considered to be a material difference.

As such, the February 2021 JORC Reserves Estimate (as of 31st December 2020) and Report therefore remains valid and current.

⁷ ASX Announcement "Annual Financial Report for the period ended 31 December 2020, Mineral Resource and Coal Reserve Update for Isaac Plains Complex", dated 26 February 2021

Marketable Reserves – open-cut and underground

The Marketable Reserves consists of two coal products: coking and thermal. The Isaac Plains Coal Handling and Preparation Plant design and historical performance is applied when generating the modelled washability data within the geological model data bases. Estimates have been made for the product split of the two product types. This has formed the basis of estimates of Marketable Reserves, which are derived from the ROM Reserve Estimates. Therefore, Marketable Coal Reserves are a subset of ROM Coal Reserves.

Total Marketable Coal Reserves for Isaac Plains Complex, that is Isaac Plains East and Isaac Downs open-cuts and Isaac Plains Underground are presented in **Table 12**.

Table 12: Isaac Plains Complex Marketable Reserves

Marketable Reserves	JORC category	Coking 9.5% ash (Mt)	Thermal Coal (Mt)	Total (Mt)
Isaac Plains East opencut	Proved	0.7	0.0	0.7
	Probable	0.5	0.0	0.5
Isaac Downs opencut	Proved	13.6	0.5	14.2
	Probable	0.2	0.0	0.3
Isaac Plains Underground	Proved	7.5	2.0	9.5
	Probable	4.8	1.3	6.1
Isaac Plains Complex TOTALS	Proved	21.8	2.5	24.3
	Probable	5.6	1.3	6.9
	ALL	27.4	3.8	31.2

Totals above are subject to rounding and may not be strictly additive, minor differences reflect significant figure rounding. Marketable Reserves tonnages are expressed on as-received product moisture basis, this is 11.0% coking and 9.0% thermal. Product ash may experience minor variation, it is typically $\leq 9.5\%$ for coking and $\leq 16\%$ for thermal, on an air-dried basis.

- Open-cut Marketable Reserves at Isaac Plains East and Isaac Downs open-cut mines now totals 15.6Mt (15.0Mt is coking coal and 0.6Mt is thermal coal)
- Underground Marketable Reserves for the Isaac Plains Project are 15.6 Mt (12.3 Mt is coking coal and 3.3Mt thermal coal)

Reconciliation to previous Reserves estimates

The reconciliation of the 2020 and 2021 open-cut ROM Coal Reserve estimates is shown in **Table 13**.

Table 13: Isaac Plains open-cut ROM Coal Reserves reconciliation

ROM Coal Reserves	JORC category	*2020 ROM Reserve Estimate (Mt)	2021 ROM Reserve Estimate (Mt)	Difference (Mt)
Isaac Plains	Proved	0.1	0.0	-0.1
	Probable	0.0	0.0	0.0
Isaac Plains East	Proved	3.0	0.9	-2.1
	Probable	0.7	0.6	0.0
Isaac Downs	Proved	22.3	21.1	-1.2
	Probable	3.6	0.4	-3.2
Isaac Plains Complex open-cut	Proved	25.4	22.0	-3.4
	Probable	4.3	1.1	-3.2
	Total	29.7	23.0	-6.7

Note – Rounding to the nearest significant figure is applied, totals may not add up exactly in the above Table.

*2020 Isaac Plains and East Reserves, were declared as at 31st Dec 2020; and 2020 Isaac Downs Reserves were declared as at 30 July 2020

Comparison to the previous estimate shows 6.7Mt of depletion in the total reported ROM Reserves, which can be attributed to the following:

- ~2.3Mt of coal was extracted from the Isaac Plains East deposit due to open-cut mining activities
- ~1.2Mt of coal was extracted from the Isaac Downs deposit due to open-cut mining activities
- ~3.2Mt is due to the combination of updated economic assumptions, geological modelling updates, and changes to loss and dilution assumptions reducing the economic pit limits

The underground Coal Reserve estimate remains unchanged; hence no comparison is given.

Figure 1 shows the coal tenements which are part of the Isaac Plains Complex and the relative locations of Coal Reserve areas as defined to 31st December 2021.

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

For further information, please contact:

Marcelo Matos
Chief Executive Officer
07 3238 1000

Shane Young
Chief Financial Officer
07 3238 1000

Competent Persons Statement:

The information in this report relating to Coal Resources for the Isaac Plains Mine is based on information prepared by consultants under the guidance of Mr Troy Turner who is Managing Director of Xenith Consulting Pty Ltd. Mr Turner is a qualified Geologist, BAppSc (Geology) from University of Southern Queensland, and a member of the Australian Institute of Mining and Metallurgy. Mr Turner has over 25 years' relevant experience, to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for Isaac Plains East Mine is based on information prepared by Dr Bronwyn Leonard who is a full-time employee of Stanmore Resources and has held the position of Superintendent Mine Geology at Isaac Plains since October 2017. Dr Leonard is a qualified Geologist with a degree from University of Canterbury, and a PhD from James Cook University majoring in Geology/Earth Sciences and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr Leonard has over 15 years' experience in exploration and resource modelling, to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Leonard consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for the Isaac Downs Mine is based on information prepared by Mr Toby Prior who is Principal Geologist and Director of Measured Group Pty Ltd. Mr Prior is a qualified Geologist, BAppSc (Geology) from University of Southern Queensland, and a member of the Australian Institute of Mining and Metallurgy. Mr Prior has over 24 years' relevant experience, to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Prior consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for Isaac South is based on information compiled by Mr Mal Blaik who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Principal Consultant of JB Mining Services Pty Ltd. Mr Blaik is a qualified Geologist, BSc App Geol (Hons) from University of Queensland, 1979. Mr Blaik has more than 30 years' experience in Coal Geology, having sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Blaik consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to the opencut Coal Reserve estimates for Isaac Plains Complex (IPE-IPM) and for Isaac Downs are based on information compiled by Mr Tony O'Connell, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr O'Connell is the Principal Mining Consultant of Optimal Mining Solutions Pty Ltd and holds a bachelor's degree in Mining Engineering from University of Queensland and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr O'Connell has over 20 years' experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. He consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to the Isaac Plains Underground Coal Reserve estimate is based on information compiled by Mr Benjamin Smith, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mine Manager's Association of Australia (MMAA). Mr Smith is an associate of Xenith Consulting Pty Ltd and is a qualified Mining Engineer, holding a Master of Engineering (Mining Management) and Graduate Diploma (Mine Ventilation) from the University of New South Wales, and a Bachelor of Engineering (Mining, Honours) and Bachelor of Commerce (Management) from the University of Wollongong. Mr Smith also holds a First-Class Certificate of Competency for opencut and underground (Mine Manager) in New South Wales, a Second-Class Certificate of Competency (Undermanager) in New South Wales, a Third-Class Certificate of Competency (Deputy) in New South Wales, and a Mine Ventilation Officer's Certificate of Competency in New South Wales. He has over 24 years' experience domestically and internationally in underground coal mining, risk and mine planning and design, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smith consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region which includes the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East and Isaac Downs mining areas and the Isaac Plains Underground Project. The Company is focused on the creation of shareholder value via the efficient operation of the Isaac Plains Complex and the identification of further development opportunities within the region. Stanmore Resources is a 50% shareholder in the Millennium and Mavis Downs Mine and holds a number of additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins.

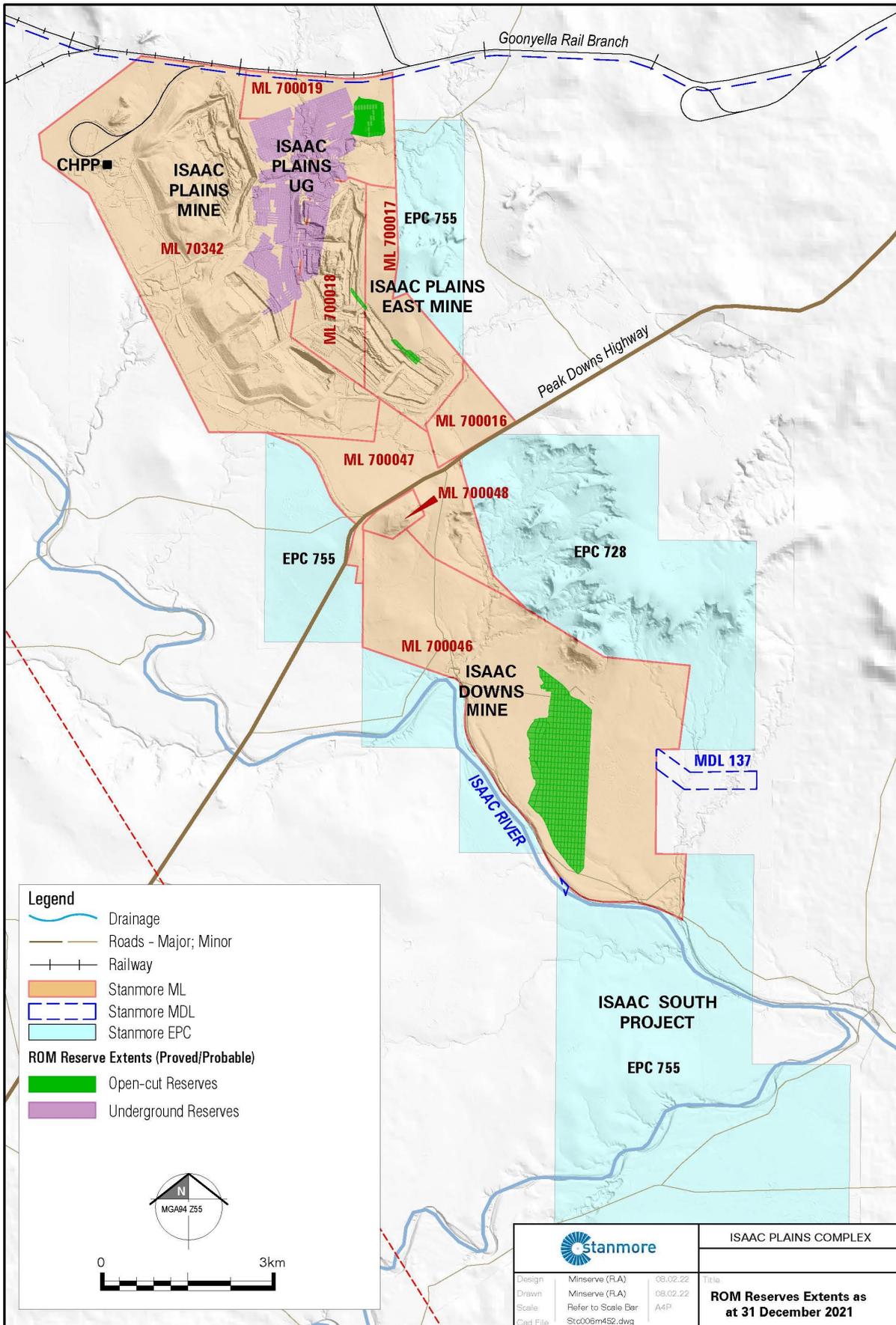
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Figure 1: Coal tenure and relative locations of Coal Reserve areas at the Isaac Plains Complex



Appendix 1:

JORC CODE 2012 EDITION – TABLE 1 FOR ISAAC PLAINS EAST COAL RESOURCES AS AT 31 DECEMBER 2021

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	CP Comments
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • Vertical drillholes were used to obtain core samples of the coal seam and associated stone partings. • Cored intervals were sampled where coal was present at thickness of 0.1m or more, with a maximum sample thickness of 0.5 m. Holes used for washability analysis were drilled at 4C or PQ size. Coal plies were sampled discretely on the basis of lithological characteristics and quality. All non-coal material and partings less than 0.1 m were included with the coal ply and noted in the lithological description. • Cored holes were geophysically logged with down-hole wireline gamma/density/calliper tools to confirm sample recovery and ply representation. • Open hole rotary drilling for structure holes and non-cored intervals of quality holes provided chip samples for the description of geological units. Downhole geophysical logs were acquired to supplement the geological description of the drillholes, to assist with correlation of the various seams and to demonstrate continuity of seam character. • Geophysical logging was carried out by external contractors and subject to their internal calibration, quality assurance and quality control procedures.
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • All Stanmore's coal quality holes were cored (partially or fully) using a conventional 4" core barrel, producing a 101mm core diameter.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • Structural holes were drilled as openholes using a polycrystalline diamond hammer or blade bit depending on the lithology. • Lines of Oxidation (“LOX”) holes were drilled by a reverse circulation hammer drill rig. • Details of the drill type is not available for all historic (pre-Stanmore) holes
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Linear core recovery was calculated by dividing the measured length of the core by the drilled length. Geophysical density logs were used to confirm seam thicknesses and adjust seam depths if required. • Laboratory ARD (Apparent Relative Density) were used to calculate the expected mass of each sample based on the recorded length and this was compared to the laboratory weight to ensure that the seam recoveries were satisfactory (> 90%)
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • All Stanmore drill core was geologically logged, marked and photographed prior to sampling. Geological and geotechnical features were identified and logged as part of this process. • All Stanmore open holes had chips collected every metre, which were then geologically logged and photographed. • Geological and geotechnical logging was undertaken in accordance with the CoalLog industry standard. • Details of the logging is not available for historic (pre-Stanmore) holes
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness</i> 	<ul style="list-style-type: none"> • Sampling of core was in accordance with the CoalLog industry standard. • Cored intervals were sampled where coal was present at thickness of 0.1m or more, with a maximum sample thickness of 0.5 m. Holes used for washability analysis were drilled at 4C or

Criteria	JORC Code explanation	CP Comments
	<p><i>of the sample preparation technique.</i></p> <ul style="list-style-type: none"> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<p>PQ size. Coal plies were sampled discretely on the basis of lithological characteristics and quality. All non-coal material and partings less than 0.1 m were included with the coal ply and noted in the lithological description.</p> <ul style="list-style-type: none"> • All core coal samples were double bagged on site and were transported to a NATA accredited laboratory for testing. • Coal samples were initially tested for Apparent Relative Density (ARD). Samples were then composite to form washability sections. • To simulate mine transport conditions each composite sample was then drop shattered 20 times from a height of 2 metres, any sample mass remaining of > 50 mm was hand knapped to 50 mm, dry tumbled and dry sized at 31.5 mm, 25 mm, 16 mm, 8 mm, 4 mm and 2 mm. • After the dry pre-treatment each composite sample was divided into three parts: <ul style="list-style-type: none"> • 1/8 for quick coke: Crush to 11.2mm, float sink at 1.425 density, crush to 4mm and mill sample to test for Proximate, CSN, Gieseler & Dilatation • 1/8 for raw analysis: Crush to 4mm, mill sample to test for RD, Proximate, TS and CSN. Selected samples were also test for Calorific Value, Moisture Holding Capacity & Chlorine • 3/4 for float sink: Wet tumble and wet size at 31.5, 25, 16, 8, 4, 2, 1, 0.5, 0.25, 0.125 & 0.063mm. Re-combine samples in following fractions: -50+16mm, -16+8mm, -8+2mm and -2+0.25mm. Float sink each size fraction at densities (F1.30, F1.35, F1.375, F1.40, F1.45, F1.50, F1.55, F1.60, F1.70, F1.80,

Criteria	JORC Code explanation	CP Comments
		<p>F2.00). -0.25+0mm fraction subject to tree froth flotation. All fractions analysed for ash and CSN.</p> <ul style="list-style-type: none"> Washability simulations were performed on the float sink results and from that data clean coal composite samples were compiled The historic washability data collected from the Thiess Dampier Mitsui (TDM) drilling in the mid-2000's was from smaller diameter cores that were not pre-treated and were crushed to a reduced top size such as an -11.2mm size fraction. Chris McMahon (MCQR) validated and produced large wash simile data from the TDM borecores by employing steps of density standardisation, pre-treatment alignment and size splitting of the crushed coal. This data was then used to produce yield simulations comparable to the Stanmore large washability data.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> All coal quality analysis techniques are per Australian Standards and completed at NATA accredited laboratories. All coal quality results were checked by cross plots and comparison to original geological logging for accuracy. David Hornsby of Minserve Group reviewed and assessed the coal quality (and dilution) dataset. Geophysical logging was carried out by external contractors (Weatherford and Kinetic) and subject to their internal calibration, quality assurance and quality control procedures. No geophysical logging was conducted on the historic drilling.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Coal quality sample intervals and results were checked and correlated against lithological and geophysical logs. Raw coal quality data was checked for internal consistency and consistency with the existing data set by checking cumulative totals and cross correlations.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • Validation processes by a NATA registered laboratory were conducted for all samples as well as an internal statistical check for anomalies within the laboratory dataset. • Data is stored within Stanmore Geobank database and copies of lab reports are also stored digitally on a separate server
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Survey of drill collars was conducted using high precision differential GPS • Survey was undertaken by the Isaac Plains mine surveyor or a qualified contract surveyor • The coordinate system used was AGD 84 Z55 which is the system used at the Isaac Plains Mine. • The aerial topographic survey was conducted in September 2015 by Atlass (Aerometrex). The survey accuracy is determined to be +/-0.25m.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Borehole spacing has been dictated by the characteristics and consistency of the target seams within the deposit. • Geostatistical and classical statistical analysis of coal ply and working section parameters (thickness and ash) were used to assist in determining the variability of the deposit. • Cored holes are generally spaced between 300m and 600m apart • Structural holes are generally spaced ~100m apart in areas where a pit is planned and up to 800m apart at the limits of the resources. • Structural holes may be very closely spaced (~25m) to define areas of rapid change (e.g. along the Limit of Oxidation, across a fault, along the edge of a basalt channel). • Considering the continuity of the target seam(s) in the deposit, this spacing has proven to be sufficient to give adequate control to the model and give the required confidence in the geological interpretation.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have</i> 	<ul style="list-style-type: none"> • Samples distributed along known coal seam strike and down dip to ensure unbiased sampling. • All drillholes used as points of observation were drilled as vertical holes, which is appropriate given the flat lying and stratiform

Criteria	JORC Code explanation	CP Comments
	<i>introduced a sampling bias, this should be assessed and reported if material.</i>	nature of the coal deposits.
Sample security	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> All coal quality cored samples were double bagged in plastic bags on site and the dispatched via tracked freight service. Chain of custody and sample information was emailed to the laboratory ahead of the sample
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> No audits or data reviews have been undertaken as part of this resource update The testing laboratories undertake internal audits and checks in line with the Australian Standards and their NATA certification The IPE data was fully reviewed as part of the Bankable Feasibility Study (BFS) in 2017 prior to commencement of mining Prior to this resource update the previous resources estimates were reviewed and any variances between the current model and the model used for the last resource estimate were investigated. Since mining commenced in 2018 reconciliations have been conducted for both coal quality and coal quantity on each IPE strip and these have shown very good agreement with the geological model

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	CP Comments
Mineral tenement and land tenure status	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> 	<ul style="list-style-type: none"> The IPE resource is covered by four Mining Leases, ML 700016, ML 700017, ML 700018, and ML 700019, each of which was granted to Stanmore IP Coal Pty Ltd on 1st March 2018. In November 2021 Stanmore Resources finalised an agreement with Aquila Exploration to secure the coal rights to the northern area of EPC755, adjacent to the Isaac Plains East Mine. On the basis of this agreement, resources have also been declared in the northern EPC755 area

Criteria	JORC Code explanation	CP Comments
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • Prior to Stanmore acquiring the IPE tenure, Thiess Dampier Mitsui, Peabody Energy and Blue Energy had all undertaken exploration activities within the project area • Xenith reviewed the historic data prior to Stanmore undertaking their own exploration program
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The IPE deposit occurs in the northern Bowen Basin • The economic coal is contained in the Leichhardt (LHD) Seam of the late Permian Rangal Coal Measures (RCM) • The RCM are unconformably overlain by Tertiary sediments and basalt flows • The LHD has an average thickness of 2.8m and is able to produce a primary semi-soft coking coal +/- a secondary low ash thermal
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • Detailed drillhole data has not been included as it is deemed commercially sensitive. This information may be supplied if requested. • Given that coal is bulk commodity and that there are many drillholes (738) in the deposit individual drillhole details are not considered Material to understanding the resource report
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • Resources have been estimated and reported on a full seam basis. • Where multiple coal quality samples were taken from the seam results have been composited within the modelling software. • Individual samples have been weighted by thickness and density (mass weighting). Laboratory determined relative density (RD ad) has been used for the density weighting.

Criteria	JORC Code explanation	CP Comments
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</i> 	<ul style="list-style-type: none"> • Seam thicknesses have been reconciled to geophysics to ensure accuracy. • Coal thicknesses shown are for downhole thickness. Coal resource modelling and estimation adjusts for seam thickness versus the apparent thickness modelled. • Seam thickness was contoured, and any bullseyes were investigated. • The variations in the thickness was largely attributable to faulting and LOX thinning
Diagrams	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • All appropriate diagrams are contained within the main body of the report
Balanced reporting	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • All available exploration data for the Isaac Plains area has been collated and reported.
Other substantive exploration data	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • 2D Mini-sosie surveys were undertaken as part of the 2016 exploration campaign to better understand the nature of the faulting and structure at IPE. • Ground Magnetic Survey was carried out in October / November 2017 by Atlas Geophysics across the entire area on east west lines spaced every 50m. The resultant data was reviewed by Geo Discovery Pty Ltd and an interpretation of the surface basalt coverage was produced
Further work	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • No future work has been planned for the IPE area. • Recommendations for future work have been proposed for the southern limit of the deposit but no detailed planning has been undertaken.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	CP Comments
Database integrity	<ul style="list-style-type: none"> • <i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i> • <i>Data validation procedures used.</i> 	<ul style="list-style-type: none"> • The Isaac Plains geological database (Geobank) contains all hole surveys, drilling details, lithological data, and coal quality results and is the primary source for all such information. • Original geological field logs (scanned), down hole geophysics (LAS) files and hard copy logs, hole collar survey files, digital laboratory data and reports and other similar source data are maintained on the Stanmore servers and available for reference at any time • Several validations were undertaken on the database that help ensure consistency and integrity of data including, but not limited to: <ul style="list-style-type: none"> • relational link between geological, down hole geophysical and coal quality data; • exclusion of overlapping geological intervals; • restriction of data entry to the interval of the defined hole depth; • use only of defined rock type and stratigraphic codes; and • basic coal quality integrity checks such ensuring data is within normal range limits, that proximate analyses add to 100 percent. • Lithological logs, geophysical wireline logs, assay results and coal intersection depths were adjusted to geophysics before modelling and resource estimation. • Coal quality data checked against NATA laboratory reports where available prior to resource estimation.
Site visits	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> • The competent person works at the Isaac Plains Complex and frequently visits the active mining areas at IPE. She also oversees any exploration activity undertaken on the IPE mining leases.
Geological interpretation	<ul style="list-style-type: none"> • <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> • <i>Nature of the data used and of any assumptions made.</i> • <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> • <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> 	<ul style="list-style-type: none"> • The borehole density (core and chip) in the IPE area allows for a good level of confidence in the nature of seam splitting, seam thickness, coal quality, the location of sub-crops and general location of faults. • Interpretation of Basalt affected areas is from the drilling and ground magnetic Survey. Interpretation is predominately reliant on the results of the drilling program.

Criteria	JORC Code explanation	CP Comments
Dimensions	<ul style="list-style-type: none"> • <i>The factors affecting continuity both of grade and geology.</i> • <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i> 	<ul style="list-style-type: none"> • The Leichhardt target seam(s) extends approximately 7 km along strike and approximately 1.2km perpendicular to strike with an approximate average cumulative thickness of 2.8m. • The depth of first coal ranges from between 15 to 20 m in the west at the fresh coal interface, and 195m in the east under the central topographical high. • Variability for the LHD seam is very minimal; the thickness generally increases to the central north and raw ash increase slightly to the south, north and down dip.
Estimation and modelling techniques	<ul style="list-style-type: none"> • <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> • <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> • <i>The assumptions made regarding by-products recovery.</i> • <i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i> • <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> • <i>Any assumptions behind modelling selective mining units.</i> • <i>Any assumptions about correlation between variables.</i> • <i>Description of how the geological interpretation was used to control the resource estimates.</i> • <i>Discussion of basis for using (or not) grade cutting or capping.</i> • <i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i> 	<ul style="list-style-type: none"> • The structural model was updated in May 2020 and the coal quality model was updated in Jan 2020. • Modelling was done in Maptek's Vulcan 12.0.4 modelling software using the Integrated Stratigraphic Modelling package to produce grids and triangulations. FixDHD was used to interpolate drillhole data prior to structure modelling. • Seam surfaces and thicknesses were modelled using triangulation and coal quality was modelled using inverse distance squared • Seams were stacked using the LHD roof as the reference surface • Modelled grid size is 5m for the structure model and 20m for the coal quality model • Seam grids were cropped to the Permian base of weathering • Faults are treated as vertical and modelled using throw • Dummy points were used to control the LHD roof to the west beyond the subcrop line and adjacent to some faults where data is sparse.
Moisture	<ul style="list-style-type: none"> • <i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i> 	<ul style="list-style-type: none"> • Coal resource tonnages were estimated using a calculated Preston and Sanders in situ relative density, using air-dried moisture, total moisture and moisture holding capacities from coal

Criteria	JORC Code explanation	CP Comments
		<p>samples (where available).</p> <ul style="list-style-type: none"> Based on the results from coal quality testing, the in situ moisture has been estimated to be 4.3%. The 4.3% was derived from the analysed Moisture Holding Capacity values.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> A raw ash % (ad) cut-off grade of 50% was used to distinguish between coal and rock material. No weathered or oxidised coal was included in the Coal Resource estimate.
Mining factors or assumptions	<ul style="list-style-type: none"> <i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i> 	<ul style="list-style-type: none"> It is assumed that the mining methods currently used at IPE (a combination of dragline and CDX (cast doze excavate)) will continue down dip as long as it economic to do so. No depth cut off has been applied but resources have been reported by overburden depth and a depth of 100m to the top of the LHD seam is considered a nominal limit for opencut mining. The LHD seam thickness and depth is deemed suitable for highwall or underground development and therefore resources have been classified below the nominal limit for opencut mining.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i> 	<ul style="list-style-type: none"> The coal from IPE has been successfully processed through the Isaac Plains CHPP since 2018. Washability simulations from exploration cores show that the remainder of the IPE deposit is similar in character and is therefore very unlikely to have any processing limitations
Environmental factors or assumptions	<ul style="list-style-type: none"> <i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an</i> 	<ul style="list-style-type: none"> Two drainage channels lie across the IPE area one in the north, Smokey Creek and one in the south, Billy's Gully. Neither channel is a permanent water course but should be considered for future evaluation.

Criteria	JORC Code explanation	CP Comments
	<i>explanation of the environmental assumptions made.</i>	
Bulk density	<ul style="list-style-type: none"> • <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i> • <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</i> • <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	<ul style="list-style-type: none"> • The in situ density of the coal seams has been estimated using the Preston and Sanders in situ relative density estimation equation. • Inherent moisture values have been derived from the coal quality grids which are based on analysis of the exploration cores. • In situ Moisture (“ISM”) was assumed to be 4.3% for the purpose of the resource estimation. The average ISM was calculated from the analysed moisture holding capacity values derived from the cored holes. Formula for calculation was based on the ACARP report C10041 and is: $ISM = 0.348 + 1.1431 \times MHC$. • Air dried RD values have been derived from the coal quality grids which are based on the analysis of exploration cores
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> • <i>Whether appropriate account has been taken of all relevant factors (i.e.. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> • <i>Whether the result appropriately reflects the Competent Person’s view of the deposit.</i> 	<ul style="list-style-type: none"> • The classification of resources is based on the spacing and distribution of “points of observation” for coal quality and structure. • Coal quality points of observation are defined as cored boreholes with greater than 90% recovery across the seam (or accepted by the Competent Person as being representative of the seam through analysis of the coal quality results, core photography and geophysical signature), and raw and washability coal quality data • Quantity (structure) points of observation are defined as boreholes with downhole geophysical gamma and density logs through the coal seam • Statistical analysis was conducted to determine optimal ranges for each resource category, consisting of general statistics and variography based on seam thickness and raw ash (ad%). • Measured Resources: <ul style="list-style-type: none"> • 500m spacing of coal quality points of observation • Extrapolated up dip or towards the current pit exposure • No extrapolation down dip • Indicated Resources: <ul style="list-style-type: none"> • 1000m spacing of coal quality points of observation • Extrapolation out a structure point of observation if no more than 333m (1/3 of the observation spacing) away from the coal quality point of observation • Inferred Resources:

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • 5000m spacing of structure points of observation • Extrapolation 600m to supporting data points (historic drillholes with no geophysical logs) in the south of the deposit
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> • John Bamberry of Palaris Australia audited the Xenith modelling procedures and dataset in May 2017. • No audits or reviews were conducted for the current resource estimate.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • The coal seam resource polygons are limited by the modelled coal seam sub crops and by the drillhole distribution. This ensures no weathered coal can be counted within the estimate. • The thickness grids of each of the seams are based on actual drill intersections. These intersections are checked and adjusted against geophysics in both cored and chip holes. • A geostatistical review of the coal seam thickness data for the Isaac Plains East Project area has been conducted. • Overlying basalt altered areas have been recognised at site and interpreted for the resource estimate. • The geological model in-situ coal estimate has been reconciled against production on a strip by strip basis and these have shown very good agreement with the geological model. The main variance was in the initial box cuts where production included weathered coal, which had been excluded from the resource estimate.

Appendix 2:

JORC CODE 2012 EDITION – TABLE 1 FOR ISAAC DOWNS COAL RESOURCES AS AT 31 DECEMBER 2021

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	CP Comments
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where ‘industry standard’ work has been done this would be relatively simple (e.g. ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • All core sampled drill holes were wireline geophysically logged with a minimum down-hole tool suite of gamma/density/caliper to afford confirmation of sample recovery and ply representation and to ensure that the core recoveries were satisfactory (> 95%). • Linear core recovery was calculated by dividing the measured length of the core by the drilled length. • Open hole rotary chip holes including the initial (non-core) sections of partial core holes provided chip samples for geological logging and in the case of Line of Oxidation (LOX) drilling, chip samples for laboratory testing. • Geophysical logs were acquired to supplement the geological description of all drill holes, and to assist with the correlation of the various seams and to demonstrate the continuity of seam character. • Geophysical logging was carried out by external contractors and subject to their internal calibration, quality assurance and quality control procedures. • For cored holes, coal and its immediately proximal stone were ply sampled discretely based on lithological characteristics and quality. • Non-coal parting material greater than 0.1 m thick and up to 1.0 m was sampled separately. • The immediate roof and floor of coal boundaries have been sampled at lengths of approximately 0.2 m, in general. At a minimum Apparent Relative Density (ARD) analysis has been conducted on these roof and floor samples. • All coal samples were collected in plastic bags and transported to the laboratory via tracked freight courier and accompanied by a sample advice sheet. Chain of Custody and field observations were emailed to the Laboratory to arrive before the sample. • Coal Quality samples were sent to either of SGS, Mackay or Mitra PTS, Gladstone. • All coal quality samples were prepared and analysed using industry-standard testing methodologies. Each laboratory used is a National Association of Testing Authorities (NATA) registered organisation. • Limit of Oxidation (LOX) chip samples were collected in 1 m samples.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> Lox samples were double bagged on-site and sent to Mitra PTS, Gladstone for proximate and CSN analysis. Selected geotechnical samples from fully cored geotechnical holes were taken to analyse the overburden, coal and floor sediments for rock strength and other quantifiable geotechnical characteristics. Samples were stored in core trays, at representative lengths and wrapped in plastic, foil and sealed from moisture. Samples were selectively chosen by the specialist geotechnical consultant, Geotek Solutions of Milton, and then dispatched for laboratory testing. Geotechnical laboratory testing was undertaken by Cardno, Ullman and Nolan Geotechnic laboratories in Mackay. Testing on selected samples included; Unconfined Compressive Strength, Brazilian Compressive Strength, Direct Shear Strength and Atterberg Limits.
Drilling techniques	<ul style="list-style-type: none"> <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i> 	<ul style="list-style-type: none"> All drill holes were vertical in nature. A variety of drilling types and techniques were used depending on borehole purpose, described further as follows: Partial core holes for coal quality testing: Partial core holes were completed primarily to obtain core samples of the coal seam, the immediate coal seam roof and floor and any associated stone partings. These holes were planned based off depths to the target coal seam/s as predicted from the geological model. The initial portion of each hole was drilled using rotary chip methods with a 10 m offset from the predicted top of first coal marking the commencement of core drilling. The core was then taken until a minimum of 4 m past the base of last target coal seam. These boreholes produced a conventional 4-inch core (101.6 mm diameter) and were core drilled primarily using air techniques and with mud/water injection as required. Fully cored holes for open-cut geotechnical characterisation: Fully cored holes were completed to obtain core samples of the complete stratigraphic sequence likely to be encountered in mining, including the weathered overburden, fresh overburden, coal, inter-burden, partings and under-burden. The initial 6 m of each hole was drilled using rotary chip methods with the remainder of the hole fully cored until a minimum of 6 m post the base of last target coal seam. These boreholes were drilled using HQ wireline core techniques resulting in a 61.1 mm core sample. Open (rotary chip) holes: All open (non-core) rotary chip holes drilled were completed using blade, poly-crystalline diamond (PCD) and hammer drill bits, or a

Criteria	JORC Code explanation	CP Comments
		<p>combination thereof. All holes were at a typical final hole diameter of 125 mm. Rotary holes were completed for a combination of purposes including structural and fault definition and also LOX drilling which aimed to define the boundary of fresh and weathered coal.</p> <ul style="list-style-type: none"> • Blast holes: Several blast (production) holes have now also been completed. Selected holes from within the mine blast pattern which were geophysically logged and surveyed have been incorporated into the most recent model. These are open holes with a final hole diameter of approximately 250mm.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • For core sections of drill holes, samples requiring eventual laboratory analysis were visually assessed and taken by the field geologists according to the established project sampling protocol. Samples were double-bagged in plastic and care was taken by the geologist to ensure all fines material was swept into the appropriate sample. • Core sample returned, which was not required for further analysis was placed in core boxes and retained at the Isaac Plains Mine core storage facility. • All core sampled for analysis were initially stored on-site in chest freezers until wireline geophysical logs were run on the completed drill hole. Once the geophysical logs were received, the cored sections of the hole were corrected to geophysics to determine core sample intervals, core recovery and core representativity. Linear core sample recoveries were recorded and samples selected and sent to the analysis laboratory for further testing. • The core drilling produced very good results in terms of sample recovery with 98.5% of coal ply samples for Leichhardt and Vermont Upper seams achieving >95% linear core recovery. • Minimum linear sample recovery cut-off (for use as a quality point of observation) was set at 95% of the mining ply/seam thickness.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> 	<ul style="list-style-type: none"> • All chip and core sections were visually inspected and logged, with details recorded in accordance with accepted industry standards and practices (e.g. CoalLog Standard). • For each of the fully cored geotechnical holes and where possible for the partial core quality core holes, core sections were geotechnically logged in accordance with accepted industry standards and practices (e.g. CoalLog Standard). • All drill core was photographed in 0.5 m intervals.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • All drill core was geologically logged and marked prior to sampling. • All chip holes, or chip portions of partial core holes, had chips collected in 1 m intervals, which were then geologically logged and photographed. • All holes have been geophysically logged (except where blocked) with a minimum suite of tools run being: Density, Caliper, Verticality/Deviation (not for LOX) and Gamma. • The calibration of the geophysical tools was conducted by the logging contractor, MPC Kinetic Pty Ltd.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Sampling for analysis was undertaken on core samples and sampling of the core was in accordance with accepted industry standards and practices. • The core was field sampled in increments of no greater than 0.5 m or at ply/brightness profile boundaries by splitting the core with hammer and chisel. • All core coal samples were double bagged and then stored on-site in cold storage before eventual transport to the nominated laboratory for testing. • Two coal testing laboratories were utilised being, SGS Mackay and Mitra PTS Gladstone both of which comply with the Australian Standards for sample preparation and sub-sampling. • All samples were initially tested for Apparent Relative Density (ARD) to help validate and determine coal/non-coal boundaries. Samples were then subsequently composited into working ply washability sections, the thickness of which typically ranged from 0.5 to 1.5 m. • To simulate mine transport conditions each composite sample was then drop shattered 20 times from a height of 2 m, any sample mass remaining of > 50 mm was hand knapped to 50 mm, dry tumbled and dry sized at 31.5 mm, 25 mm, 16 mm, 8 mm, 4 mm and 2 mm. Composite samples were then split and further allocated as follows: <ul style="list-style-type: none"> • 1/8 for quick coke: Crush to 11.2 mm, float sink at 1.425 density, crush to 4 mm and mill sample to test for Proximate, CSN, Gieseler & Dilatation • 1/8 for raw analysis: Crush to 4 mm, mill sample to test for RD, MHC, Proximate, TS, CSN, Calorific Value & Chlorine • 3/4 for float sink: Wet tumble and wet size at 31.5, 25, 16, 8, 4, 2, 1, 0.5, 0.25, 0.125 & 0.063 mm. Re-combine samples in following fractions: -50+16 mm, -16+8 mm, -8+2 mm and -2+0.25 mm. Float sink each size fraction at densities (F1.30, F1.35, F1.375,

Criteria	JORC Code explanation	CP Comments
		<p>F1.40, F1.45, F1.50, F1.55, F1.60, F1.70, F1.80 and F2.00). -0.25+0 mm fraction subject to tree froth flotation. All fractions analysed for ash and CSN.</p> <ul style="list-style-type: none"> In 2021, diluted LIMN wash simulations were performed by David Hornsby, Principal Process Consultant at Minserve Group (Minserve) on the diluted laboratory float sink results and from that data, clean coal composite (product) sample instructions were compiled at a range of target ashes for Primary Coking (-16+0 mm), Coarse Coking (-50+2 mm) and Secondary Thermal Coal Composites. Previous wash simulation (undiluted) works (2020 and prior) and product sample instructions was undertaken by McMahon Coal Quality Resources (MCQR).
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> All coal quality and geotechnical analysis techniques are per Australian Standards and completed at NATA accredited laboratories. All coal quality results were checked by cross plots and comparison to original geological logging for accuracy. Down-hole geophysical logging tools are per industry-accepted standards, with the standard tool suite consisting of; natural gamma, density, caliper and verticality/deviation. Additional tools selectively run on holes included; electrical resistivity, neutron, multi-channel sonic, acoustic and optional televiewer. Geophysical logging was carried out by external contractor MPC Kinetic and subject to their internal calibrations, quality assurance and quality control procedures. Downhole tools are calibrated at a test well on a monthly basis.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data</i> 	<ul style="list-style-type: none"> All sample information was transferred from sample sheets completed in the field to the appropriate database at the time. All data was checked against geophysics and is currently stored within a database. All primary digital data is entered into a company database with physical copies being scanned and saved to a separate file server. Coal quality sample intervals and results were checked and correlated against lithological and geophysical logs.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • Apparent Relative Density testing was undertaken on all coal quality samples with density results selectively and randomly cross-checked against geophysical and geological datasets to ensure accuracy. • Raw coal quality data was checked for internal consistency and consistency with the existing data set by checking cumulative totals and cross-correlations. • SGS and Mitra PTS are NATA accredited testing laboratories and comply with the Australian Standards for coal quality testing and as such conduct the verification and validation for coal quality analysis outlined in the standards. • Coal analysis procedure design, laboratory program management, staged lab data validations; washability simulation and product coal assessment was undertaken by independent consultants Chris McMahon of McMahon Coal Quality Resources (MCQR) or David Hornsby of Minserve Group (Minserve). • MCQR/Minserve validated all coal quality results prior to provision to Stanmore and Measured Group for inclusion into the geological model and resource estimate. • No further adjustment to the resultant assay data has been undertaken.
Location of data points	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • A professional survey of all Stanmore exploration boreholes was conducted by Airmap3D or Golding Surveyors (Moranbah). • All survey associated with drill collars, conducted using high precision differential GPS with base station reference with an accuracy of +/- 20 mm. • All survey co-ordinates captured in AGD 1984 AMG Zone 55 (ESPG 20355). • Topographic control was captured using Lidar aerial survey in 2015, with an accuracy of +/- 20 mm. • Checks of the topography surface and drill holes were completed, with only minor and acceptable variances identified between the two data sets.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> 	<ul style="list-style-type: none"> • Geostatistical and classical statistical analysis of coal ply and working section parameters (thickness and ash) was used to assist in determining the variability of the deposit. • Non-core holes are spaced approximately 400 m and 600 m apart and core holes are generally spaced at between 500 m and 750 m apart. • The drill hole spacing has been deemed sufficient to define the areas of resource confidence quoted in this report.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Some seam compositing of raw samples has been undertaken based on geological boundaries.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Drillhole location and samples have been distributed along known coal seam strike and down dip to ensure unbiased sampling. All drill holes used as points of observation were drilled as vertical holes, which is appropriate given the flat-lying and stratiform nature of the coal deposits. The principal coal quality attributes are controlled by stratigraphy rather than structure (faults, veins, joints etc.) and no sampling bias is expected to be generated by this orientation of data. Coal quality variability is interpreted to be influenced more by depositional environment than structure and vertical core holes provide unbiased sampling for analysis. The orientation and spacing of the drilling grid are deemed to be suitable to detect geological structures and coal seam continuity within the defined resource area.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Each sample was secured in 2 x plastic bag(s) and tagged with a unique sample ID. Prior to shipment sample bags were grouped and loaded into a poly weave sacks and dispatched to the laboratory by a commercial transport company. A sample dispatch form is sent with the samples to the laboratory. A digital copy of the sample dispatch form along with sample advice information was emailed to the laboratory, and the sack and contents dispatch forms and sack contents were reconciled by the Laboratory after receipt. All samples were held in cold storage prior to leaving the site and at the laboratory prior to commencing analysis. The same sample security procedure was used for all geotechnical samples derived from geotechnical cored holes
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Several previous resource estimates have been completed by other parties and were reviewed prior to the commencement of the current resource estimate. An internal review of modelling and estimation methods, assumptions and results have been conducted by Peter Handley, Principal Geologist of Measured Group Pty Ltd.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	CP Comments																																										
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Current Coal Resources for the Isaac Downs Project are contained wholly within Mining Lease (ML) 700046. ML 700047 and 700048 are also associated with the Isaac Downs project area, as is Mineral Development Licence (MDL) 137 and Exploration Permits for Coal (EPC) 728 and 755. Tenure is held by Stanmore IP South Pty Ltd or Stanmore IP Coal Pty Ltd (both 100% owned subsidiaries of Stanmore Resources Limited). Project tenure details are as follows: <table border="1"> <thead> <tr> <th>Tenure</th> <th>Lodge Date</th> <th>Grant Date</th> <th>Expiry Date</th> <th>Area (Ha)</th> <th>Principal Holder</th> </tr> </thead> <tbody> <tr> <td>EPC 728</td> <td>21/11/2000</td> <td>17/04/2001</td> <td>16 /04/2026</td> <td>2170</td> <td>Stanmore IP South Pty Ltd</td> </tr> <tr> <td>EPC 755</td> <td>17/08/2001</td> <td>4/10/2002</td> <td>4/09/2023</td> <td>5890</td> <td>Stanmore IP Coal Pty Ltd</td> </tr> <tr> <td>MDL 137</td> <td>02/10/1993</td> <td>07/06/1993</td> <td>30/06/2023</td> <td>652</td> <td>Stanmore IP South Pty Ltd</td> </tr> <tr> <td>ML 700046</td> <td>27/05/2019</td> <td>26/07/2021</td> <td>31/07/2046</td> <td>1831</td> <td>Stanmore IP South Pty Ltd</td> </tr> <tr> <td>ML 700047</td> <td>27/05/2019</td> <td>26/07/2021</td> <td>31/07/2046</td> <td>485</td> <td>Stanmore IP South Pty Ltd</td> </tr> <tr> <td>ML 700048</td> <td>27/05/2019</td> <td>26/07/2021</td> <td>31/07/2046</td> <td>50</td> <td>Stanmore IP South Pty Ltd</td> </tr> </tbody> </table>	Tenure	Lodge Date	Grant Date	Expiry Date	Area (Ha)	Principal Holder	EPC 728	21/11/2000	17/04/2001	16 /04/2026	2170	Stanmore IP South Pty Ltd	EPC 755	17/08/2001	4/10/2002	4/09/2023	5890	Stanmore IP Coal Pty Ltd	MDL 137	02/10/1993	07/06/1993	30/06/2023	652	Stanmore IP South Pty Ltd	ML 700046	27/05/2019	26/07/2021	31/07/2046	1831	Stanmore IP South Pty Ltd	ML 700047	27/05/2019	26/07/2021	31/07/2046	485	Stanmore IP South Pty Ltd	ML 700048	27/05/2019	26/07/2021	31/07/2046	50	Stanmore IP South Pty Ltd
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Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Majority of exploration in MDL 137 prior to 2004 was conducted by BHP Mitsui. Appraisal of exploration drilling and resource assessment was conducted by JB mining in 2002, at which time 9 coal quality holes and 38 chip holes had been drilled in the tenure. Most historic holes were not geophysically logged and topographic surface and collar relative levels were relatively inaccurate. Due to these issues, most of the deposit was classified as inferred. Previous drilling in EPC 755 has predominantly been conducted by Aquila Coal Pty Ltd and Bowen Central Coal. Appraisal of the exploration drilling in EPC 755 was conducted by JB Mining in 2018 as a part of the Isaac Plains South Resource Statement. ML 700046 was granted in late 2021, and now contains the Isaac Downs deposit. 																																										
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Within the project area, economic coal is contained within the Permian Rangal Coal Measures (RCM). Locally, the RCM is unconformably overlain by Tertiary sediments and basalt flows and the sequence dips towards the east at around 2 degrees to 5.5 degrees. 																																										

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • This coal deposit has the potential to produce a range of possible products including thermal, PCI and semi-soft to semi-hard coking coals depending on the selected beneficiation strategy. • The Leichhardt and Vermont seams host the resource and typically have a combined coal thickness approaching 6.0 m. The coal seams are expected to be mined via dragline and truck and shovel methods. • Coal is weathered to an average of 20 m. • No known volcanic activity has materially impacted on the coal contained within the deposit
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>hole length.</i> • <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case</i> 	<ul style="list-style-type: none"> • Detailed drill hole intercepts have not been included as it is deemed commercially sensitive. This information may be supplied if requested.
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer</i> 	<ul style="list-style-type: none"> • All seams have been modelled as individual plies and partings and resources have been estimated and reported on a ply basis. • Samples have been aggregated within the modelling software to match the combined seam. Non-coal intervals greater than 0.3 m have been excluded from aggregation.

Criteria	JORC Code explanation	CP Comments
	<p><i>lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated</i> 	<ul style="list-style-type: none"> Individual samples have been weighted by thickness and density (mass weighting). Laboratory determined air-dried Relative Density (RD ad) has been used for the density weighting.
Relationship between mineralisation widths and intercept length	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> Seam thicknesses have been reconciled to geophysics to ensure accuracy. Coal thicknesses shown are for downhole thickness. Coal resource modelling and estimation adjusts for seam thickness versus the apparent thickness modelled. Thicknesses for each seam/ply were contoured and any bullseyes were investigated.
Diagrams	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> All appropriate diagrams are contained within the main body or appendices of the Isaac Downs resource estimate report.
Balanced reporting	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> All available validated data has been included in the geological model, is reflected in the estimate and associated reporting. The estimate and reporting are considered to be a balanced representation of the Coal Resources contained within the project area.
Other substantive	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical</i> 	<ul style="list-style-type: none"> Regional aeromagnetic and gravity data hosted by the Queensland Department of Natural Resources and Mines was referenced when assessing regional structures that impact on the project area.

Criteria	JORC Code explanation	CP Comments
exploration data	<i>survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<ul style="list-style-type: none"> A 2D seismic survey was conducted by Velseis Pty Ltd in July 2021. It consisted of 11 Vibroseis lines for a total of 16.89 km. Processing was completed during August to September 2021.
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Future exploration programs will likely address the following: <ul style="list-style-type: none"> Split Delineation – infill drilling to tighten up the location of the L seam splitting. Coal Quality – Targeted drilling in areas of any material identified variance or anomaly Structure Delineation – Refine the location of structures (particularly in lower coverage areas down dip) – Both exploration drilling and seismic surveys

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	CP Comments
Database integrity	<ul style="list-style-type: none"> <i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i> <i>Data validation procedures used.</i> 	<ul style="list-style-type: none"> The geological database contains all hole surveys, drilling details, lithological data, and coal quality results and is the primary source for all such information. Where possible, all original geological field logs (scanned or hard copy), downhole geophysics (LAS) files and hard copy logs, hole collar survey files, digital laboratory data and reports and other similar source data are maintained in a project library and referenced within the database to provide an audit trail to this source data. Some validations were undertaken on the database that helps ensure consistency and integrity of data including, but not limited to: <ul style="list-style-type: none"> the relational link between geological, downhole geophysical and coal quality data; exclusion of overlapping geological intervals; restriction of data entry to the interval of the defined hole depth;

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> - use only of defined rock type and stratigraphic codes; and - basic coal quality integrity checks such ensuring data is within normal range limits; that proximate analyses add to 100 per cent; etc. • Lithological logs, geophysical wireline logs, assay results and coal intersection depths were adjusted to geophysics before modelling and resource estimation. • All coal quality results as provided by the laboratory were subject to validation by either Chris McMahon of MCQR or David Hornsby of Minserve, prior to provision to Stanmore and Measured Group for inclusion into the geological model and resource estimate.
Site visits	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> • The Competent Person has not visited the site, however, is very familiar with the geology and target coal seams of the surrounding areas, having previously worked on, and visited adjacent projects. • Material geological assumptions have been reviewed by Stanmore technical staff.
Geological interpretation	<ul style="list-style-type: none"> • <i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i> • <i>Nature of the data used and of any assumptions made.</i> • <i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i> • <i>The use of geology in guiding and controlling Mineral Resource estimation.</i> • <i>The factors affecting continuity both of grade and geology.</i> 	<ul style="list-style-type: none"> • The modelling process has divided the deposit into 6 sub-areas, constrained by thrust faulting; fault blocks 1-6. Resources are currently limited to the south-western most fault block 1, where the confidence in the deposit is at its greatest. Future exploration programs will further delineate fault blocks 2 – 6. • The overall confidence in the geological interpretation of the deposit is high. This is due to the volume and distribution of drilling, the low variability as evidenced by the laterally consistent seam thicknesses, dip and relatively homogeneous coal quality. • Areas of higher variability exist in the areas adjacent to local and regional scale thrust faulting towards the eastern side of the deposit (fault blocks 2 – 6). • Regional-scale geological mapping was also used as supporting information to confirm continuity of the deposit, both along strike and down-dip. • The geological interpretation is based on the integration of all drill hole, geophysics, GIS, 2D seismic and assay data.
Dimensions	<ul style="list-style-type: none"> • <i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i> 	<ul style="list-style-type: none"> • Within the resource estimation area (Fault block 1), the deposit is open to the east, but the depth to the roof of the coal seams of interest is increasing. To constrain the resources; toward the deeper areas to the east; a vertical strip ratio cut-off limit of 20:1 (m³ per tonne of coal) has been applied. As well as this, other constraints to the resource estimation area include; the seam subcrop zone (at an average of 20 m

Criteria	JORC Code explanation	CP Comments
		<p>depth of weathering) in the west and fault structure/s in the northeast. To the south, the resources are constrained by a 100 m buffer around the Isaac River and the lease boundary.</p> <ul style="list-style-type: none"> The dimensions of the deposit are approximately 3 km north-south 2 km east-west.
<p>Estimation and modelling techniques</p>	<ul style="list-style-type: none"> <i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i> <i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i> <i>The assumptions made regarding recovery of by-products.</i> <i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i> <i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i> <i>Any assumptions behind modelling of selective mining units.</i> <i>Any assumptions about correlation between variables.</i> <i>Description of how the geological interpretation was used to control the resource estimates.</i> 	<ul style="list-style-type: none"> The modelling and resource estimation was undertaken using a geological model created using the modelling and estimation tools within Maptek's Vulcan (v2021.3) modelling software. To account for the regional overthrusting present within the deposit, the model has been subdivided into 6 fault block areas using the Maptek fault block methodology. This method operates as follows: <ul style="list-style-type: none"> The fault blocks method creates a fully-featured, grid-based integrated stratigraphic model in each fault domain. Each set of grids generated is unmasked, triangulated and then clipped exactly to each of the fault blocks bounds. This results in a series of disjointed surfaces representing the roofs and floors of each horizon. All the pieces of each horizon's roof and floor are appended to each other to create two faulted surfaces for each horizon - one roof and one floor. Coal analysis samples have been composited (where necessary) to the individual ply level and modelled using the Maptek coal compositing and create multiple surfaces tools. Minimum and Maximum statistics for each coal quality variable were used to constrain the modelling interpolations. The models created were validated by visual inspection of the modelled structure against drill holes intersections through cross-sections, and by visual analysis of data postings versus modelled thicknesses/coal quality in plan view. As well as data honouring; by determining the residual between the data point and the resultant model; any unusual bullseyes were investigated and validated. Grid models were created using a node spacing of 10 m. Seam structure was modelled using planar surface modelling algorithms. Coal Quality was modelled using a variation of the inverse distance algorithm for each assay for each ply and merged seam. Outputs from the fault block and coal compositing models were used to generate a HARP block model.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	<ul style="list-style-type: none"> • Estimations of the total resources were completed using the HARP block model and the Advanced Reserves tools within the Vulcan software. This technique reports the aggregated volumes of blocks within the HARP block model chosen by specific criteria (i.e. Resource polygons) and modified by various variables contained within each block. • There are no known deleterious elements of economic significance. • Correlation between several coal properties has been undertaken (such as raw ash versus relative density) and reported.
Moisture	<ul style="list-style-type: none"> • Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> • All tonnages are calculated using a coal density that has been adjusted according to the Preston & Sanders equation, assuming an in situ moisture of 4%. This assumed moisture content is in-line with previous JORC reports and is in-line with average moistures for the Rangal seams mined at Isaac Plains and IP East to the north-northeast of the deposit.
Cut-off parameters	<ul style="list-style-type: none"> • The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> • A raw ash % (ad) cut-off grade of 50% was used to distinguish between coal and rock material. • No weathered or oxidised coal was included in the Coal Resource estimate.
Mining factors or assumptions	<ul style="list-style-type: none"> • Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> • The assumed mining method is conventional open-cut strip mining, utilizing dragline, excavators, dozers and mining trucks similar to adjacent Stanmore Resources Limited operations. • An economic cut-off for Coal Resources has been applied based on a high-level economic analysis undertaken by Measured, which determined that a strip ratio of 20:1 (bcm per tonne of coal) was appropriate to limit resources at depth. This was also influenced by the economic limits of Stanmore Resources Limited's open-cut mining operations at Isaac Plains Complex. • A minimum coal seam/ply thickness of 0.1 m is assumed for the Coal Resources.

Criteria	JORC Code explanation	CP Comments
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i> 	<ul style="list-style-type: none"> Laboratory analyses for all relevant quality boreholes (36 in total) have been validated, assessed, simulated and reviewed. MCQR/Minserve have undertaken washability simulations and made product coal assessments, based on the results of these simulations and review of the laboratory clean coal (product) analysis. This work indicates that several beneficiation options exist for the coals contained in the project area. Product options are a factor of both processing and mining inputs and considerations. The current base case processing scenario considered is: A “High Yielding” (-50+0 mm) Primary Product delivering a coking product of typical 9.5% ash with a Secondary Export Thermal product of 16.0% ash and >6,000 (kcal/kg, NAR). A detailed and complete processing review of Isaac Downs coal through the current Isaac Plains Complex washplant was completed in August 2020 by Minserve; <i>Stanmore Isaac Downs_Coal Process Review Chp_V2_20200825</i>. This processing review utilised all relevant plant inputs per the CHPP current design, the sized and pre-treated borehole data and the diluted LIMN simulation results of the ID borecore data It is Minserve’s and Stanmore’s opinion that there are no limiting metallurgical factors in the production of market acceptable products. Further analysis of Coking, PCI and Thermal laboratory composites and results of LIMN yield simulations may inform characteristics of any eventual marketable products and help refine any future decision-making processes, once combined with mining cost, and potential revenue inputs. No other assumptions or factors have been used.
Environmental factors or assumptions	<ul style="list-style-type: none"> <i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of</i> 	<ul style="list-style-type: none"> It is assumed that Stanmore Resources Limited will keep the tenures in good standing and operate within environmental approvals. A 100 m buffer around the Isaac River has been excluded from the total resources to exclude the riparian zone.

Criteria	JORC Code explanation	CP Comments
	<p><i>early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i></p>	
Bulk density	<ul style="list-style-type: none"> • <i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i> • <i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</i> • <i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i> 	<ul style="list-style-type: none"> • Bulk density assumptions are based on relative density (RD) sample analysis results (reported on air-dried moisture basis), which are moisture corrected (using the Preston & Sanders equation and 4% in situ moisture).
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Mineral Resources into varying confidence categories.</i> • <i>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i> • <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> 	<ul style="list-style-type: none"> • The classification of resources is based on the spacing and distribution of coal quality holes (Quality PO) and of non-core geophysically logged structure holes (Structure PO) along with other data including non geophysically logged drill holes. • Points of Observation for coal quality (Quality PO), were determined on a full seam basis for each seam using the following criteria: <ul style="list-style-type: none"> - Seam and/or ply interval cored, sampled and analysed; and - sample recovery was nominally a minimum of 95% per coal type within a seam. Where sample recovery was less than this, the intersection was investigated, and a determination made by the competent person as to whether the loss would have constituted a material difference to the assay result for that type for that seam. • Points of Observation for seam structure (Structure PO), were determined on a full seam basis for each seam using the following criteria:

Criteria	JORC Code explanation	CP Comments																																																														
		<ul style="list-style-type: none"> - Hole collar is surveyed; - coal seam has been geophysically logged; - seam has detailed lithological logging; and - the hole has been included in the model. <ul style="list-style-type: none"> • All seam intersections which were deemed not to be a Structure PO but were included in the model were deemed to be an interpretive data point (IDP). • Statistical analysis conducted to determine optimal ranges for each resource category consisted of general statistics and Variography based on the following domains and variables. <ul style="list-style-type: none"> - Seam thickness; and - Coal quality - raw ash, % air-dried. • A greater emphasis on the variography of the coal quality spacings was used because at the Isaac Downs deposit, the variability of the coal quality (ash) is greater than that of the thickness. • The spacings derived from the variography analysis serve as a guide. Ultimately the decision on the required borehole spacings to use is determined by the Competent Person. • For the Stanmore Resources Estimate, the following distances were used for each category: <p>Resource category Distances (m) – Between Defined Points of Observation</p> <table border="1" data-bbox="1021 1007 2051 1385"> <thead> <tr> <th rowspan="2">Seam Group</th> <th colspan="3">Coal Quality</th> <th colspan="3">Structure</th> </tr> <tr> <th>Measured</th> <th>Indicated</th> <th>Inferred</th> <th>Measured</th> <th>Indicated</th> <th>Inferred</th> </tr> </thead> <tbody> <tr> <td>L</td> <td>800</td> <td>1600</td> <td>3000</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> <tr> <td>LU</td> <td>500</td> <td>1000</td> <td>2000</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> <tr> <td>LL3</td> <td>500</td> <td>1000</td> <td>2000</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> <tr> <td>LL2</td> <td>500</td> <td>1000</td> <td>2000</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> <tr> <td>LL1</td> <td>600</td> <td>1200</td> <td>2500</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> <tr> <td>VU1</td> <td>900</td> <td>1900</td> <td>3000</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> <tr> <td>VU2</td> <td>600</td> <td>1200</td> <td>2500</td> <td>500</td> <td>1000</td> <td>4000</td> </tr> </tbody> </table>	Seam Group	Coal Quality			Structure			Measured	Indicated	Inferred	Measured	Indicated	Inferred	L	800	1600	3000	500	1000	4000	LU	500	1000	2000	500	1000	4000	LL3	500	1000	2000	500	1000	4000	LL2	500	1000	2000	500	1000	4000	LL1	600	1200	2500	500	1000	4000	VU1	900	1900	3000	500	1000	4000	VU2	600	1200	2500	500	1000	4000
Seam Group	Coal Quality			Structure																																																												
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Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • Resource categories were extrapolated beyond the last line of Quality and Structure POs based on the following criteria: Measured <ul style="list-style-type: none"> - Extrapolation to half the resource category range distance for Measured if seam continuity could be proven. Indicated <ul style="list-style-type: none"> - Extrapolation to half the resource category range distance for Indicated as long as seam continuity could be inferred. Inferred <ul style="list-style-type: none"> - Extrapolation to half the resource category range distance for Inferred. • Categories defined to represent an area where, based on the competent person's observations of seam character and coal quality, the coal resource could be estimated with a high, moderate or low level of confidence. This was based on the understanding of the geological properties and controls of the deposit and was achieved using the following method and criteria. <p><u>Measured Coal Resource</u></p> <ul style="list-style-type: none"> - A polygon was drawn connecting the last line of Quality PO's if they were located within the measured range distance of two other Quality PO's. - Extrapolation distances were applied. - IDP's used to adjust or expand this polygon if there was high confidence in the area. - Areas where, due to higher geological uncertainty or a lack of supporting data, it was deemed that resources could not be estimated with high confidence were converted to either Indicated or Inferred - Limiting factors were applied as described in the body of the report. <p><u>Indicated Coal Resources</u></p> <ul style="list-style-type: none"> - A polygon was drawn connecting the last line of Quality PO's if they were located within the indicated range distance of two other Quality PO's. - Extrapolation distances were applied.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> - IDP's used to adjust or expand this polygon if there was high confidence in the area. - Areas where, due to higher geological uncertainty or a lack of supporting data, it was deemed that resources could not be estimated with high confidence were converted to Inferred. - Limiting factors were applied as described in the body of the report. <p><u>Inferred Coal Resources</u></p> <ul style="list-style-type: none"> - No Inferred Coal Resources are estimated
Audits or reviews.	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Mineral Resource estimates.</i> 	<ul style="list-style-type: none"> • An internal review of modelling and estimation methods, assumptions and results have been conducted by Peter Handley, Principal Geologist of Measured Group Pty Ltd. • The process and results were deemed suitable for public release.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>These statements of relative accuracy and confidence of the estimate should be</i> 	<ul style="list-style-type: none"> • The coal seam resource polygons are limited by the modelled coal seam sub crops and by the drill hole distribution. This ensures no weathered coal can be counted within the estimate. • In areas where there is limited LOX drilling, Measured resources have been downgraded to Indicated status; • The thickness grids of each of the seams are based on actual drill intersections. These intersections are checked and adjusted against geophysics in both cored and chip holes. • Field geologist seam picks, and correlations have been checked, and individual seam picks are within 0.3 m of the actual seam thickness. • There is unlikely to be any systematic high or low bias in the seam picks. Apparent seam thicknesses have been accounted for as the estimation utilises a block model which sums the volumes of the individual blocks rather than relying on an apparent seam thickness multiplied by an area. • The thickness of seam intersections that have been thickened or thinned by faulting, thinned by weathering or otherwise considered unreliable is not used in creating thickness grids. Thickness grids were checked to ensure that they honour the data and that no obvious anomalies exist which are not geologically sound. Where seams were missing from a drill hole, the thicknesses have been pinched to zero halfway between the nearest hole with a seam intercept.

Criteria	JORC Code explanation	CP Comments
	<i>compared with production data, where available.</i>	<ul style="list-style-type: none">• The resource estimate has not been reconciled against production values. However, the current resource estimate has been reconciled back to the previous resource estimate for the project area.

Appendix 3:

JORC CODE 2012 EDITION – TABLE 1 FOR ISAAC PLAINS COMPLEX (IPE) COAL RESERVES AS AT 31 DECEMBER 2021

This Appendix details section 4 of the JORC Code 2012 Edition Table 1.

Section 5 Estimation and Report of Diamonds and Other Gemstones has been excluded as they are not applicable to this deposit and estimation.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to Section 4)

Criteria	JORC Code explanation	CP Comments														
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> The JORC Coal Resource for Isaac Plains East (IPE) (December 2021) was estimated by Bronwyn Leonard, a full-time employee of Stanmore IP Coal Pty Ltd. Dr Leonard is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” The Coal Resource Estimate for Isaac Plains East is: <table border="1" data-bbox="1077 831 1823 1050"> <thead> <tr> <th></th> <th>IPE Coal Resource (Mt)</th> </tr> </thead> <tbody> <tr> <td>Measured</td> <td>6.4</td> </tr> <tr> <td>Indicated</td> <td>9.8</td> </tr> <tr> <td>Inferred</td> <td>18.0</td> </tr> <tr> <td>Total</td> <td>34.3</td> </tr> <tr> <td>Depletion 31st Dec 2020 to 31st Dec 2021</td> <td>2.4</td> </tr> <tr> <td>Total incl depletion</td> <td>36.7</td> </tr> </tbody> </table> The estimate has been used as the basis for the estimate of Coal Reserves for the Isaac Plains Complex. Coal Resource estimates are inclusive of Coal Reserve estimates. 		IPE Coal Resource (Mt)	Measured	6.4	Indicated	9.8	Inferred	18.0	Total	34.3	Depletion 31 st Dec 2020 to 31st Dec 2021	2.4	Total incl depletion	36.7
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Total incl depletion	36.7															
Site Visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> The Competent Person, Mr Tony O’Connell, has visited the site during the past 12 months. The site visits, reports and a review of mining, production and reconciliation data confirms the mining methods used IPE is suitable for current and planned open cut mining operation; and are being well managed by the IPC operations teams. 														

Criteria	JORC Code explanation	CP Comments
Study Status	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> Mine planning for IPC has been undertaken to a high level of detail to support current open cut mining operations. Stanmore maintains an in- house mine planning function for mid to long term planning, and the current mining contractor (Golding) maintains a mine planning function to manage the open cut mining operation. The mining parameters and modifying factors are based on the experience of the current operations.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> The pit designs for the IPC were developed to cover all coal production that is expected to be economical. At Isaac Plains East, the economic limits of the active pits and Pit 5 was calculated using Deswik (Pseudoflow) backed up by a block margin rank to confirm the limits.
Mining factors or assumptions	<ul style="list-style-type: none"> <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> <i>The mining dilution factors used.</i> 	<ul style="list-style-type: none"> The open cut mining methodology considered for this estimate is: <ul style="list-style-type: none"> - a combination of cast, doze, dragline or truck & excavator to move waste into the adjacent strip or dump. The strip width selected is nominally 50m at IPE. - Drilling and blasting (D&B) of the in situ waste. - A maximum horizon of 50m of waste is allocated to the dragline - Remaining waste is removed by truck and excavator. - Coal mining using excavators and rear dump trucks haul the coal to the Isaac Plains Complex Coal Preparation Plant (IPC CHPP) for washing. - Parting > 0.3m thick is stripped separately. Batter allowances that have been considered are: <ul style="list-style-type: none"> - Highwall (hard): 70° - Highwall (soft): 45° - Spoil Lowwall & Angle of Repose: 37° Loss & Dilution factors used are:

Criteria	JORC Code explanation	CP Comments																																																																													
	<ul style="list-style-type: none"> The mining recovery factors used. Any minimum mining widths used. The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. The infrastructure requirements of the selected mining methods. 	<table border="1" data-bbox="1070 261 1890 746"> <thead> <tr> <th>Item</th> <th>Units</th> <th>Pit 5 & Final Cut</th> <th>LOM Plan</th> <th>Faulted</th> </tr> </thead> <tbody> <tr> <td>Coal Roof Loss</td> <td>m</td> <td>0.08</td> <td>0.17</td> <td>0.245</td> </tr> <tr> <td>Coal Floor Loss</td> <td>m</td> <td>0.08</td> <td>0.17</td> <td>0.245</td> </tr> <tr> <td>Coal Strip Edge Loss</td> <td>m</td> <td>0.25</td> <td>0.25</td> <td>0.25</td> </tr> <tr> <td>Coal Roof Dilution</td> <td>m</td> <td>0.08</td> <td>0.08</td> <td>0.155</td> </tr> <tr> <td>Coal Floor Dilution</td> <td>m</td> <td>0.08</td> <td>0.08</td> <td>0.155</td> </tr> <tr> <td>Coal Strip Edge Dilution</td> <td>m</td> <td>0.25</td> <td>0.25</td> <td>0.25</td> </tr> <tr> <td>Other Loss</td> <td>%</td> <td>1%</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>Other Dilution</td> <td>%</td> <td>1%</td> <td>1%</td> <td>1%</td> </tr> <tr> <td>Dilution Ash</td> <td>%</td> <td>85</td> <td>85</td> <td>85</td> </tr> <tr> <td>Dilution Density</td> <td>t/bcm</td> <td>2.39</td> <td>2.39</td> <td>2.39</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Moisture Assumptions used are: <table border="1" data-bbox="1070 820 1722 1106"> <thead> <tr> <th>Item</th> <th>Units</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Air-dried Moisture</td> <td>%</td> <td>As modelled*</td> </tr> <tr> <td>Insitu Moisture</td> <td>%</td> <td>5%</td> </tr> <tr> <td>ROM Moisture</td> <td>%</td> <td>7%</td> </tr> <tr> <td>Coking Product Moisture</td> <td>%</td> <td>9%</td> </tr> <tr> <td>Thermal Product Moisture</td> <td>%</td> <td>11%</td> </tr> </tbody> </table> The existing infrastructure at IPC is suitable for the methodology described. 					Item	Units	Pit 5 & Final Cut	LOM Plan	Faulted	Coal Roof Loss	m	0.08	0.17	0.245	Coal Floor Loss	m	0.08	0.17	0.245	Coal Strip Edge Loss	m	0.25	0.25	0.25	Coal Roof Dilution	m	0.08	0.08	0.155	Coal Floor Dilution	m	0.08	0.08	0.155	Coal Strip Edge Dilution	m	0.25	0.25	0.25	Other Loss	%	1%	1%	1%	Other Dilution	%	1%	1%	1%	Dilution Ash	%	85	85	85	Dilution Density	t/bcm	2.39	2.39	2.39	Item	Units	Value	Air-dried Moisture	%	As modelled*	Insitu Moisture	%	5%	ROM Moisture	%	7%	Coking Product Moisture	%	9%	Thermal Product Moisture	%	11%
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Metallurgical factors or assumptions	<ul style="list-style-type: none"> The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. 	<ul style="list-style-type: none"> The existing IPC CHPP is proven as suitable to process the target seams. Two products are planned, a primary product coking coal and a secondary product thermal coal. The CHPP yield predictions are based on modelled theoretical laboratory yield data with reconciliation adjustments applied to predict plant performance. 																																																																													

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	
Environmental	<ul style="list-style-type: none"> • <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<ul style="list-style-type: none"> • All Mining Leases within the IPC are subject to granted Environmental Authority (EA) EPML00932713. • Stanmore's onsite activities are managed in accordance with the following: <ul style="list-style-type: none"> - Environmental Management Strategy; - Environmental management procedures for complaints, stakeholder interaction, water management, dams, air quality/dust, land (including permit to disturb, weed and pest control, and spills management), waste, blasting and safety; - IPM Mine environmental management plan; and - Contractor's environment management plans. • These strategies, procedures and plans will be amended as required. • Environmental risk assessments of the following aspects have been undertaken, in conjunction with relevant specialists: <ul style="list-style-type: none"> - Groundwater - Flood modelling - Water management - Air quality

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> - Noise - Terrestrial ecology - Aquatic ecology. • Stanmore assesses and monitors environmental and approvals risks on an ongoing basis.
Infrastructure	<ul style="list-style-type: none"> • <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided or accessed</i> 	<ul style="list-style-type: none"> • Existing Infrastructure supporting IPC operations includes: <ul style="list-style-type: none"> - Mine infrastructure Area; - Heavy vehicle haul roads connecting IPE to IPM CHPP; - Workshop including surrounding laydown areas; - Light vehicle maintenance igloo; - Boiler makers area; - <i>Fuel storage and distribution;</i> - <i>Administration Office (including parking areas);</i> - <i>Warehouse;</i> - <i>Emergency Response Facilities Equipment;</i> - <i>Fuel and Lubrication Facilities;</i> - <i>Electrical and communications; and</i> - <i>Water Infrastructure (Raw, Potable & Process)</i> • The original design criteria for the Isaac Plains mine was 3.5 Mtpa ROM and the existing infrastructure capacity is currently surplus to requirements.
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> 	<ul style="list-style-type: none"> • The utilised costs have been sourced from current contractor rates or built up from first principles where required. • All unit cost rates are in Australian Dollars. • Royalty charges were applied as follows: <ul style="list-style-type: none"> - up to and including \$100 per tonne: 7.0% - over \$100 up to including \$150 per tonne: 12.5% - above \$150 per tonne: 15.0%

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.</i> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • Private royalties are also included.
Revenue factors	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> • Revenue assumptions are based on the historical relative price Stanmore receives for IPE's coking coal and thermal coal products compared to the benchmark hard coking coal price. • The revenue assumptions are based on the forecast prices as described in Section 4.3.8.2, using the long term HCC price of US\$160 which equates to US\$111/tonne (AU\$148/tonne) for coking coal product and US\$80/tonne (AU\$106.67/tonne) for thermal product. The foreign exchange rate used to convert USD to AUD is 0.75.
Market assessment	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> • Two product coal types are produced by IPC, these coal products have been successfully marketed by Stanmore and sold into export markets for the past 11 years (approximately). • It would be reasonable to expect that the IPC will have no difficulty in successfully marketing future coal tonnes produced (Coking and Thermal).
Economic	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the</i> 	<ul style="list-style-type: none"> • The Competent Person has assessed the latest Net Present Value analysis and is confident that the analysis provides accurate forecasts of the economic viability of

Criteria	JORC Code explanation	CP Comments
	<p><i>source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <ul style="list-style-type: none"> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<p>the Coal Reserves. The details of the internally generated economic evaluation is commercially sensitive and is not disclosed.</p>
Social	<ul style="list-style-type: none"> • <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> • The mining tenure for Isaac Plains is Mining Lease (ML) 70342. Isaac Plains East is covered by Mining Leases 700016, 700017, 700018, and 700019 which are all held by Stanmore IP Coal Pty Ltd. • All Mining Leases for IPC are current and are subject to Environmental Authority (EA) EPML00932713. • Stanmore will continue to manage the IPC mining operations, which they have successfully done so to date, whilst developing and maintaining good relationships with key stakeholders and maintaining their social licence to operate.
Other	<ul style="list-style-type: none"> • <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre- Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> • There are no known issues that impact might impact on the Coal Reserve Estimate and classifications of the Coal Reserves. • Stanmore commenced mining operations at IPE in mid-2018.

Criteria	JORC Code explanation	CP Comments																																																																				
Classification	<ul style="list-style-type: none"> <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> Measured, Indicated and Inferred Coal Resources are estimated for IPC. All of the Measured Coal Resources contained within the economic limit of the open cut pit have been classified as Proved Coal Reserves, while all Indicated Coal Resources contained within the economic limit of the open cut pit have been classified as Probable Coal Reserves. The Coal Reserve Estimate and classification of Coal Reserves reflect the Competent Person's view and assessment of the deposit. <table border="1" data-bbox="1077 499 1570 852"> <thead> <tr> <th colspan="3">Coal Reserve (million ROM tonnes)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">IPE</td> <td>Proved</td> <td>0.10</td> </tr> <tr> <td>Probable</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>0.10</td> </tr> <tr> <td rowspan="3">Pit 5</td> <td>Proved</td> <td>0.78</td> </tr> <tr> <td>Probable</td> <td>0.64</td> </tr> <tr> <td>Total</td> <td>1.42</td> </tr> <tr> <td rowspan="3">Total</td> <td>Proved</td> <td>0.89</td> </tr> <tr> <td>Probable</td> <td>0.64</td> </tr> <tr> <td>Total</td> <td>1.52</td> </tr> </tbody> </table> <table border="1" data-bbox="1077 898 1951 1238"> <thead> <tr> <th colspan="2">Marketable Reserves (million product tonnes)</th> <th>Coking Coal (Mt)</th> <th>Thermal Coal (Mt)</th> <th>Total (Mt)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">IPE</td> <td>Proved</td> <td>0.08</td> <td>0.00</td> <td>0.08</td> </tr> <tr> <td>Probable</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>0.08</td> <td>0.00</td> <td>0.08</td> </tr> <tr> <td rowspan="3">Pit 5</td> <td>Proved</td> <td>0.59</td> <td>0.01</td> <td>0.59</td> </tr> <tr> <td>Probable</td> <td>0.49</td> <td>0.00</td> <td>0.49</td> </tr> <tr> <td>Total</td> <td>1.07</td> <td>0.01</td> <td>1.08</td> </tr> <tr> <td rowspan="3">Total</td> <td>Proved</td> <td>0.67</td> <td>0.01</td> <td>0.68</td> </tr> <tr> <td>Probable</td> <td>0.49</td> <td>0.00</td> <td>0.49</td> </tr> <tr> <td>Total</td> <td>1.15</td> <td>0.01</td> <td>1.16</td> </tr> </tbody> </table>	Coal Reserve (million ROM tonnes)			IPE	Proved	0.10	Probable	0.00	Total	0.10	Pit 5	Proved	0.78	Probable	0.64	Total	1.42	Total	Proved	0.89	Probable	0.64	Total	1.52	Marketable Reserves (million product tonnes)		Coking Coal (Mt)	Thermal Coal (Mt)	Total (Mt)	IPE	Proved	0.08	0.00	0.08	Probable	0.00	0.00	0.00	Total	0.08	0.00	0.08	Pit 5	Proved	0.59	0.01	0.59	Probable	0.49	0.00	0.49	Total	1.07	0.01	1.08	Total	Proved	0.67	0.01	0.68	Probable	0.49	0.00	0.49	Total	1.15	0.01	1.16
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Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> Coal Reserve Estimates were reconciled back to previous estimates to ensure consistency. 																																																																				

Criteria	JORC Code explanation	CP Comments
Discussion of relative accuracy and confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	<ul style="list-style-type: none"> • No statistical or geostatistical procedures have been used in the estimation of Coal Reserves themselves. • The most significant areas of uncertainty in the Isaac Plains Complex open cut reserve estimate relates to the coal pricing and foreign exchange rate. However, the present forecasts are based on highly regarded industry experts in this field. • Small differences may be present in the totals due to the tonnage information being rounded to reflect the usual uncertainty associated with the estimate. • The in-seam yields for IPM and IPE have been adjusted by factors calculated via a robust reconciliation process.

Appendix 4:

JORC CODE 2012 EDITION – TABLE 1 FOR ISAAC DOWNS COAL RESERVES AS AT 31 DECEMBER 2021

This Appendix details section 4 of the JORC Code 2012 Edition Table 1.

Section 5 Estimation and Report of Diamonds and Other Gemstones has been excluded as they are not applicable to this deposit and estimation.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to Section 4)

Criteria	JORC Code explanation	CP Comments																																				
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> The JORC Coal Resource for the Isaac Downs Mine (December 2021) was estimated by Mr Toby Prior, a full-time employee of Measured Group Pty Ltd. Mr Prior is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.” The Coal Resource Estimate for the Isaac Downs Mine as at December 31st 2021 is summarised in the table below. <table border="1" data-bbox="1070 869 2011 1209"> <thead> <tr> <th>Seam</th> <th>Ply</th> <th>Measured (Mt)</th> <th>Indicated (Mt)</th> <th>Total (Mt)</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Leichhardt</td> <td>LU</td> <td>4.8</td> <td>1.5</td> <td>6</td> </tr> <tr> <td>LL3</td> <td>6.1</td> <td>0.4</td> <td>6</td> </tr> <tr> <td>LL2</td> <td>3.8</td> <td>0.5</td> <td>4</td> </tr> <tr> <td>LL1</td> <td>4.2</td> <td>0.3</td> <td>4</td> </tr> <tr> <td rowspan="2">Vermont Upper</td> <td>VU1</td> <td>7.4</td> <td>0.1</td> <td>8</td> </tr> <tr> <td>VU2</td> <td>2.9</td> <td>0.1</td> <td>3</td> </tr> <tr> <td>Total</td> <td></td> <td>29.2</td> <td>2.9</td> <td>32</td> </tr> </tbody> </table> The current estimate, which is quoted at 4% in-situ moisture, has been used as the basis for the estimate of Coal Reserves for Isaac Downs. Coal Resource estimates are inclusive of Coal Reserve estimates. 	Seam	Ply	Measured (Mt)	Indicated (Mt)	Total (Mt)	Leichhardt	LU	4.8	1.5	6	LL3	6.1	0.4	6	LL2	3.8	0.5	4	LL1	4.2	0.3	4	Vermont Upper	VU1	7.4	0.1	8	VU2	2.9	0.1	3	Total		29.2	2.9	32
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Criteria	JORC Code explanation	CP Comments
Site Visits	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> • The Competent Person, Mr Tony O'Connell, visited the site in December 2021. • The site visit, reports and a review of mining, production and reconciliation data confirms the mining methods used at Isaac Downs are suitable for current and planned open-cut mining operation; and are being well managed by the operation teams.
Study Status	<ul style="list-style-type: none"> • <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> • <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable, economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> • Mine planning for Isaac Downs has been undertaken to a high level of detail to support current open-cut mining operations. Stanmore maintains an in- house mine planning function for mid to long term planning, and the mining contractors maintain mine planning functionality to manage the open-cut mining operation. • The mining parameters and modifying factors are based on the experience of the current operations at both Isaac Downs and the Isaac Plains Complex.
Cut-off parameters	<ul style="list-style-type: none"> • <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> • The pit designs for Isaac Downs were developed to cover all Measured and Indicated coal that is calculated to be economical and safe to extract. • At Isaac Downs, Deswik's pit optimisation module (Pseudoflow) was utilised to determine the economic pit limits using historical and forecast operating assumptions. The economic limits were confirmed by a financial evaluation undertaken on all of the proposed mining solids.
Mining factors or assumptions	<ul style="list-style-type: none"> • <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> • <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> 	<ul style="list-style-type: none"> • The open cut mining methodology considered for this estimate is: <ul style="list-style-type: none"> - Operating areas are cleared and then stripped of topsoil which is placed in stockpiles for future rehandling onto rehabilitated areas. - a combination of cast, doze, dragline or truck & excavator to move waste into the adjacent strip or dump. The strip width selected is nominally 60m wide. - Drilling and blasting (D&B) of the in situ waste is undertaken on all competent horizons thicker than 2.5m. All waste thinner than 2.5m is ripped by dozers. Soft material such as topsoil and tertiary waste is assumed to be free dug.

Criteria	JORC Code explanation	CP Comments																														
	<ul style="list-style-type: none"> • <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> • <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> • <i>The mining dilution factors used.</i> • <i>The mining recovery factors used.</i> • <i>Any minimum mining widths used.</i> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> - A maximum horizon of 50m of waste is allocated to the dragline system. Only 1 pass dragline operations are undertaken. The allocation of prime within the dragline system is split as such: <ul style="list-style-type: none"> - Cast-to-final -5% - Dragline dozer - 10% - Dragline - 85% - Remaining waste is removed by truck and excavator. - Coal mining using excavators and rear dump trucks haul the coal to the Isaac Downs ROM. The coal is then rehandled in road trains for delivery to the Isaac Plains Coal Preparation Plant for washing. - All partings thicker than 0.3m are mined as separate passes. • Batter allowances that have been considered are: <ul style="list-style-type: none"> - Highwalls and endwalls in competent material: 65° - Highwalls and endwalls in weathered material 45° - Highwalls and endwalls in tertiary material 45° - 25m wide benches have been placed at the dragline horizon, base of weathered material and base of tertiary material. • Loss & Dilution factors used are summarised in the table below: <table border="1" data-bbox="1084 970 1756 1393"> <thead> <tr> <th>Item</th> <th>Units</th> <th>Isaac Downs</th> </tr> </thead> <tbody> <tr> <td>Coal Roof Loss</td> <td>m</td> <td>0.10</td> </tr> <tr> <td>Coal Floor Loss</td> <td>m</td> <td>0.10</td> </tr> <tr> <td>Coal Strip Edge Loss</td> <td>m</td> <td>0.40</td> </tr> <tr> <td>Coal Roof Dilution</td> <td>m</td> <td>0.05</td> </tr> <tr> <td>Coal Floor Dilution</td> <td>m</td> <td>0.05</td> </tr> <tr> <td>Coal Strip Edge Dilution</td> <td>m</td> <td>0.25</td> </tr> <tr> <td>Other Loss</td> <td>%</td> <td>3%</td> </tr> <tr> <td>Other Dilution</td> <td>%</td> <td>1%</td> </tr> <tr> <td>Dilution Ash</td> <td>%</td> <td>85%</td> </tr> </tbody> </table> 	Item	Units	Isaac Downs	Coal Roof Loss	m	0.10	Coal Floor Loss	m	0.10	Coal Strip Edge Loss	m	0.40	Coal Roof Dilution	m	0.05	Coal Floor Dilution	m	0.05	Coal Strip Edge Dilution	m	0.25	Other Loss	%	3%	Other Dilution	%	1%	Dilution Ash	%	85%
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		<table border="1" data-bbox="1084 264 1756 304"> <tr> <td>Dilution Density</td> <td>t/bcm</td> <td>2.32</td> </tr> </table> <ul data-bbox="1021 371 2047 427" style="list-style-type: none"> The moisture assumptions used in the calculation of the respective coal tonnes are summarised in the table below: <table border="1" data-bbox="1077 432 1756 683"> <thead> <tr> <th>Item</th> <th>Units</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Air dried moisture</td> <td>%</td> <td>As modelled %</td> </tr> <tr> <td>Insitu moisture</td> <td>%</td> <td>4.2%</td> </tr> <tr> <td>ROM moisture</td> <td>%</td> <td>7.0%</td> </tr> <tr> <td>Coking Product Moisture</td> <td>%</td> <td>11.0%</td> </tr> <tr> <td>Thermal Product Moisture</td> <td>%</td> <td>9.5%</td> </tr> </tbody> </table> <ul data-bbox="1021 730 2047 818" style="list-style-type: none"> The existing infrastructure at Isaac Plains and Isaac Downs is suitable for the methodology described, however some additional offices and maintenance facilities will be built at Isaac Downs. 	Dilution Density	t/bcm	2.32	Item	Units	Value	Air dried moisture	%	As modelled %	Insitu moisture	%	4.2%	ROM moisture	%	7.0%	Coking Product Moisture	%	11.0%	Thermal Product Moisture	%	9.5%
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Metallurgical factors or assumptions	<ul data-bbox="396 858 999 1374" style="list-style-type: none"> <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> <i>Any assumptions or allowances made for deleterious elements.</i> <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> 	<ul data-bbox="1021 858 2047 1018" style="list-style-type: none"> The existing Isaac Plains CHPP is suitable to process the target seams at Isaac Downs. Two products are planned, a primary coking coal and a secondary thermal coal. The CHPP yield predictions are based on modelled theoretical laboratory yields on clean coal (no dilution) only, adjusted for historical performance. 																					

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications? 	
Environmental	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. 	<ul style="list-style-type: none"> All Mining leases at Isaac Downs are subject to environmental authority EA0002817. The environmental authority allows up to 5m tonnes of coal to be mined each year. Stanmore's onsite activities are managed in accordance with the following: <ul style="list-style-type: none"> Environmental Management Strategy; Environmental management procedures for complaints, stakeholder interaction, water management, dams, air quality/dust, land (including permit to disturb, weed and pest control, and spills management), waste, blasting and safety; Isaac Downs environmental management plan; and Contractor's environment management plans. These strategies, procedures and plans will be amended as required. Environmental risk assessments of the following aspects have been undertaken, in conjunction with relevant specialists: <ul style="list-style-type: none"> Groundwater Flood modelling Water management Air quality Noise Terrestrial ecology Aquatic ecology. Stanmore assesses and monitors environmental and approvals risks on an ongoing basis.
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or 	<ul style="list-style-type: none"> Existing Infrastructure supporting Isaac Downs operations includes the following at the Isaac Plains Complex: <ul style="list-style-type: none"> Mine infrastructure Area;

Criteria	JORC Code explanation	CP Comments
	<p><i>the ease with which the infrastructure can be provided or accessed</i></p>	<ul style="list-style-type: none"> - Heavy vehicle haul roads connecting Isaac Downs to the IPC infrastructure areas; - Workshop including surrounding laydown areas; - Light vehicle maintenance igloo; - Boiler makers area; - Fuel storage and distribution; - Administration office (including parking areas); - Warehouse; - Emergency response facilities equipment; - Fuel and lubrication facilities; - Electrical and communications; and - Water Infrastructure (raw, potable & process). • Additional infrastructure at Isaac Downs includes: <ul style="list-style-type: none"> - Maintenance facilities, - Satellite offices, - Crib hut facilities, - Water treatment facilities, - Coal storage and rehandling facilities. • The original design criteria for the Isaac Plains mine was 3.5 Mtpa ROM, therefore the existing processing infrastructure capacity is currently surplus to requirements.
Costs	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> • <i>The methodology used to estimate operating costs.</i> • <i>Allowances made for the content of deleterious elements.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products.</i> 	<ul style="list-style-type: none"> • The utilised costs have been sourced from contractor rates, forecast future operating costs and historical performance. • All unit cost rates are in Australian Dollars. • Royalty charges were applied as follows: <ul style="list-style-type: none"> - up to and including \$100 per tonne: 7.0% - over \$100 up to including \$150 per tonne: 12.5% - above \$150 per tonne: 15.0%

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • Private royalties are also included.
Revenue factors	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> • Revenue assumptions are based on the historical relative price Stanmore receives for their coking and thermal coal products compared to the Goonyella benchmark Hard Coking Coal (HCC) price. • A USD:AUD exchange rate of 0.73 has been used.
Market assessment	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> • Historically, two product coal types have been produced at the Isaac Plains Complex – Stanmore Coking Coal and Stanmore Thermal Coal. These coal products have been successfully marketed by Stanmore and sold into export markets for the past 10 years. • Given that Isaac Downs targets the same seam (Leichhardt) as Isaac Plains as well as the Vermont seam, it is reasonable to expect that Isaac Downs will have no difficulty in successfully marketing future coal tonnes produced.
Economic	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> 	<ul style="list-style-type: none"> • The Competent Person has assessed the latest Net Present Value analysis and is confident that the analysis provides accurate forecasts of the economic viability of the Coal Reserves. The detail of the internally generated economic evaluation is commercially sensitive and is not disclosed.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	
Social	<ul style="list-style-type: none"> • <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> • The mining tenements for Isaac Downs are ML700046, 700047 and ML700048 – all of which are owned by Stanmore IP South Pty Ltd. Reserves have only been declared for ML700046. • All Mining Leases for Isaac Downs are current and are subject to environmental authority (EA) EA0002817. • Stanmore will continue to manage the Isaac Downs mining operations, which they have successfully done so to date, whilst developing and maintaining good relationships with key stakeholders and maintaining their social licence to operate.
Other	<ul style="list-style-type: none"> • <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre- Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> • There are no known issues that impact might impact the Coal Reserve Estimate and classifications of the Coal Reserves. • Stanmore commenced mining operations at Isaac Downs in 2021.
Classification	<ul style="list-style-type: none"> • <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> 	<ul style="list-style-type: none"> • Measured and Indicated Coal Resources are estimated for Isaac Downs. All the Measured Coal Resources contained within the economic limit of the open-cut pit have been classified as Proved Coal Reserves, while all Indicated Coal Resources

Criteria	JORC Code explanation	CP Comments																																																																																																																						
	<ul style="list-style-type: none"> Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). 	<p>contained within the economic limit of the open cut pit have been classified as Probable Coal Reserves.</p> <ul style="list-style-type: none"> The Coal Reserve Estimate and classification of Coal Reserves reflect the Competent Person's view and assessment of the deposit. <table border="1"> <thead> <tr> <th colspan="2">Coal Reserve (ROM tonnes)*</th> <th>LU (Mt)</th> <th>LL3 (Mt)</th> <th>LL2 (Mt)</th> <th>LL1 (Mt)</th> <th>VU1 (Mt)</th> <th>VU2 (Mt)</th> <th>Total (Mt)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Isaac Downs Mine</td> <td>Proved</td> <td>4.17</td> <td>4.56</td> <td>2.76</td> <td>3.07</td> <td>5.12</td> <td>1.37</td> <td>21.06</td> </tr> <tr> <td>Probable</td> <td>0.30</td> <td>0.05</td> <td>0.02</td> <td>0.01</td> <td>0.02</td> <td>0.01</td> <td>0.42</td> </tr> <tr> <td>Total</td> <td>4.48</td> <td>4.61</td> <td>2.78</td> <td>3.09</td> <td>5.14</td> <td>1.38</td> <td>21.48</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="2">Marketable Reserves (Product tonnes)</th> <th>LU (Mt)</th> <th>LL3 (Mt)</th> <th>LL2 (Mt)</th> <th>LL1 (Mt)</th> <th>VU1 (Mt)</th> <th>VU2 (Mt)</th> <th>Total (Mt)</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Isaac Downs Mine Coking Coal</td> <td>Proved</td> <td>2.91</td> <td>3.31</td> <td>1.97</td> <td>2.04</td> <td>3.18</td> <td>0.21</td> <td>13.62</td> </tr> <tr> <td>Probable</td> <td>0.17</td> <td>0.03</td> <td>0.01</td> <td>0.01</td> <td>0.02</td> <td>0.00</td> <td>0.24</td> </tr> <tr> <td>Total</td> <td>3.08</td> <td>3.35</td> <td>1.98</td> <td>2.05</td> <td>3.20</td> <td>0.21</td> <td>13.86</td> </tr> <tr> <td rowspan="3">Isaac Downs Mine Thermal Coal</td> <td>Proved</td> <td>0.07</td> <td>0.09</td> <td>0.05</td> <td>0.06</td> <td>0.09</td> <td>0.17</td> <td>0.53</td> </tr> <tr> <td>Probable</td> <td>0.01</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.01</td> </tr> <tr> <td>Total</td> <td>0.08</td> <td>0.09</td> <td>0.05</td> <td>0.06</td> <td>0.09</td> <td>0.17</td> <td>0.54</td> </tr> <tr> <td rowspan="3">Isaac Downs Mine Total</td> <td>Proved</td> <td>2.98</td> <td>3.40</td> <td>2.03</td> <td>2.09</td> <td>3.27</td> <td>0.38</td> <td>14.15</td> </tr> <tr> <td>Probable</td> <td>0.18</td> <td>0.04</td> <td>0.01</td> <td>0.01</td> <td>0.02</td> <td>0.00</td> <td>0.26</td> </tr> <tr> <td>Total</td> <td>3.16</td> <td>3.43</td> <td>2.04</td> <td>2.10</td> <td>3.29</td> <td>0.38</td> <td>14.41</td> </tr> </tbody> </table>	Coal Reserve (ROM tonnes)*		LU (Mt)	LL3 (Mt)	LL2 (Mt)	LL1 (Mt)	VU1 (Mt)	VU2 (Mt)	Total (Mt)	Isaac Downs Mine	Proved	4.17	4.56	2.76	3.07	5.12	1.37	21.06	Probable	0.30	0.05	0.02	0.01	0.02	0.01	0.42	Total	4.48	4.61	2.78	3.09	5.14	1.38	21.48	Marketable Reserves (Product tonnes)		LU (Mt)	LL3 (Mt)	LL2 (Mt)	LL1 (Mt)	VU1 (Mt)	VU2 (Mt)	Total (Mt)	Isaac Downs Mine Coking Coal	Proved	2.91	3.31	1.97	2.04	3.18	0.21	13.62	Probable	0.17	0.03	0.01	0.01	0.02	0.00	0.24	Total	3.08	3.35	1.98	2.05	3.20	0.21	13.86	Isaac Downs Mine Thermal Coal	Proved	0.07	0.09	0.05	0.06	0.09	0.17	0.53	Probable	0.01	0.00	0.00	0.00	0.00	0.00	0.01	Total	0.08	0.09	0.05	0.06	0.09	0.17	0.54	Isaac Downs Mine Total	Proved	2.98	3.40	2.03	2.09	3.27	0.38	14.15	Probable	0.18	0.04	0.01	0.01	0.02	0.00	0.26	Total	3.16	3.43	2.04	2.10	3.29	0.38	14.41
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Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Ore Reserve estimates. 	<ul style="list-style-type: none"> Coal Reserve Estimates were reconciled back to previous estimates to ensure consistency. The Reserve generation calculation process was internally audited by Measured Group. 																																																																																																																						
Discussion of relative accuracy and confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of 	<ul style="list-style-type: none"> No statistical or geostatistical procedures have been used in the estimation of Coal Reserves themselves. The most significant areas of uncertainty in the Isaac Downs open-cut Reserves estimate relates to the coal pricing and foreign exchange rate. However, the present forecasts are based on highly regarded industry experts in this field. Small differences may be present in the totals due to the tonnage information being rounded to reflect the usual uncertainty associated with the estimate. 																																																																																																																						

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	<p><i>the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i></p> <ul style="list-style-type: none"> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	



16 February 2022

DECEMBER 2021 ANNUAL COAL RESOURCES & RESERVE SUMMARY

Highlights

- The Company is pleased to provide this updated summary statement of Coal Resources & Reserves, for all tenure holdings, for the period ended 31 December 2021
- Stanmore's Coal Resources across all controlled tenements remains unchanged at >1.7 billion tonnes
- Total Coal Reserves (ROM) across all controlled tenements formally declared and published are now 160 million tonnes and Total Marketable Coal Reserves are now 125 million tonnes, (which includes Coal Reserves at The Range Project)

Stanmore Resources Limited (**the Company**) (ASX: SMR) is pleased to announce an updated summary of the Company's Coal Resources and Coal Reserves for the period ending 31 December 2021.

All Resources and Reserves are reported according to the relevant Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') at the time each report was published. As further work is undertaken on the relevant projects under Stanmore's control, the Coal Resources, Coal Reserves (ROM) and Marketable Coal Reserves¹ will be updated to meet the standard of the latest version of the JORC Code as applicable.

Resources and Reserves relating to Stanmore's Isaac Plains Complex, which includes the operational assets of Isaac Plains East and Isaac Downs opencut mines are reported on, in greater detail, in the release entitled Mineral Resource and Reserve update for Isaac Plains Complex, also dated 16 February 2021.

Table 1 and **Table 2** present the status of tenure held for Coal Resources and Reserves estimated respectively for all of Stanmore controlled mines, projects, and exploration areas.

Stanmore confirms, for its JORC 2012 Coal Resources and Coal Reserves described herein, that it is not aware of any new information or data that materially affects the information included in those Coal Resources and Coal Reserves, and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

¹ Please note that for all Reserves reported on in the context of this announcement, that the Marketable Coal Reserves are derived from the ROM Coal Reserves; therefore, Marketable Coal Reserves are a sub-set of ROM Coal Reserves.

Table 1: Coal Resources for Stanmore Projects

Stanmore Coal Resources as at end December 2021

Project Name	Tenement	Coal Type*	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Competent Person	Report Date
Isaac Plains	ML 70342, ML 700018, ML 700019	C, T	24.3	16.0	5	45	A	Dec-21
Isaac Plains East	ML 700016, ML700017, ML700018, ML700019, EPC 755	C, T	6.4	9.8	18	34	D	Jan-22
Isaac Downs	ML 700046, ML 700047, ML 700048	C, T	29.2	2.9	0	32	B	Feb-22
Isaac South	EPC 755	C, T	11.9	14.5	25	52	C	Jun-18
Isaac Plains Complex	Sub Total		71.8	43.2	48	163		
Clifford	EPC 1274, EPC 1276	T	0	200.0	430	630	A	Aug-16
The Range	EPC 1112, EPC 2030	T	18.1	187.0	81	286	A	Oct-12
Surat Basin Complex	Sub Total		18.1	387.0	511	916		
Mackenzie	EPC 2081	C, T	0	25.7	117	143	A	Nov-11
Belview	EPC 1114, EPC 1186, EPC 1798	C, PCI	0	50.0	280	330	A	Mar-15
Tennyson	EPC 1168, EPC 1580	T	0	0.0	140	140	A	Nov-12
Lilyvale	EPC 1687, EPC 2157	C	0	0	33	33	A	Feb-19
Total Coal Resources			89.9	505.9	1129	1725		

***Coal Types Potential Legend**

C - Coking Coal, semi-soft or greater potential
 PCI - Pulverised Coal Injection
 T - Export Thermal grade

Competent Person

A - Mr Troy Turner - Xenith Consulting
 B - Mr Toby Prior - Measured Group
 C - Mr Mal Blaik - JB Mining
 D - Dr Bronwyn Leonard - Stanmore Resources

Note 1: All Coal Resources are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') applicable at the time each report was published. Reports dated 2012, and earlier, used the JORC 2004 version, reports dated after 2012 are reported against the requirements of the 2012 JORC Code.

Note 2: Rounding to the nearest significant figure is applied to Total Resource Tonnes and Inferred category resources. This is deemed conservative and reflective of the Inferred Resource category confidence level and accounts for the minor differences in the overall total reported resources.

Note 3: All Coal Resources are reported on a 100% basis; Stanmore's economic interest in Clifford is 60%, Mackenzie is 95%, and Lilyvale is 85%, all other tenure noted above is 100% owned by Stanmore.

Table 2: Coal Reserves and Marketable Coal Reserves for Stanmore Projects

Stanmore Coal Reserves as at end December 2021

Project Name	Tenement	Coal Reserves			Marketable Coal Reserve			Competent Person	Report Date
		Proved	Probable	Total	Proved	Probable	Total		
Isaac Plains East opencut	ML 700016, ML700017, ML700018, ML700019	0.9	0.6	1.5	0.7	0.5	1.2	H	Feb-22
Isaac Plains Underground	ML 70342, ML 700018, ML 700019	11.8	7.7	19.5	9.5	6.1	15.6	F	Feb-21
Isaac Downs opencut	ML 700046, ML 700047, ML 700048	21.1	0.4	21.5	14.2	0.3	14.4	H	Feb-22
Isaac Plains Complex		33.8	8.8	42.5	24.3	6.9	31.2		
The Range opencut	EPC 1112, EPC 2030		117.5	117.5		94.2	94.2	G	Jul-11
Total Coal Reserves		33.8	126.3	160.0	24.3	101.1	125.4		

Coal Type Ratio - Coking:Thermal (% of Marketable Coal Reserve)

Isaac Plains East	99%:1%
Isaac Plains Underground	77%:23%
Isaac Downs	96%:4%
The Range	100% Thermal

Competent Person

F - Mr Benjamin Smith - Xenith
H - Mr Tony O'Connell - Optimal
G - Mr Richard Hoskings - Minserve

Note 1: All Coal Reserves are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') applicable at the time each report was published. Reports dated 2012, and earlier, used the JORC 2004 version, reports dated after 2012 reported against the requirements of the 2012 JORC Code.

Note 2: Totals may not be exact due to significant figure rounding.

Note 3: The Reserves quoted for The Range project were established in 2011 under the relevant JORC Code at the time and used a coal price forecast of A\$120/tonne for benchmark NEWC thermal coal equivalent. These Reserves were supported by a Feasibility Study that assumed the completion of the Surat Basin rail to connect the mine to the Port of Gladstone.

Note 4: All Coal Reserves are reported on a 100% basis, and Stanmore's economic interest in the tenures above is 100%

INCORPORATED JOINT VENTURE INTERESTS

Metres Pty Ltd

MetRes Pty Ltd (MetRes) is a 50% Stanmore owned, incorporated joint venture with M Resources Pty Ltd. M Mining Pty Ltd, a wholly owned subsidiary of M Resources, is the Joint Venture's manager and operator.

MetRes is holder of the Millennium and Mavis Downs Mine Complex, which lies adjacent to the east of Stanmore's Isaac Downs Mine.

For accounting purposes, Stanmore reports MetRes on an equity accounted basis and therefore no production or sales volumes for MetRes are included in Stanmore's financial results.

However, to demonstrate Stanmore's effective ownership interest in MetRes's Resources and Reserves, these are further detailed in **Table 3** and **Table 4**, following.

MetRes Resources and Reserves are shown on a 50% interest basis, that is only half of the present total JORC Resource or Reserve is noted in **Table 3** and **Table 4**.

The prior MetRes Resources and Reserves were declared at October 2020².

All MetRes Resources and Reserves are now estimated as current to 31 December 2021.

JORC Table 1 from updated Metres JORC Reserve Reports for Millennium/Mavis open-cut/auger and Millennium/Mavis Underground, respectively, are attached as **Appendix 1** and **Appendix 2** to this announcement.

The MetRes Resource update was conducted by depletion, it references the October 2020 model and removes any coal which had been extracted via mining, since this date until 31st Dec 2021.

The previously announced JORC Table 1 for Resources remains current and can be found in the prior ASX Announcement "Millennium and Mavis Downs Mine Acquisition", dated 15 April 2021.

Table 3: Coal Resources for MetRes Projects

MetRes Coal Resources as at end December 2021 (at 50% Stanmore ownership interest)

Project Name	Tenement	Coal Type*	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Competent Person	Report Date
Millennium	ML70313, ML70344, ML70401	C, PCI	2.7	3.2	2	8	A	Jan-22
Mavis Downs	ML70485, ML70457, ML70483	C, PCI	3.5	5.5	1.5	10	A	Jan-22
Millennium Complex	Total Resources		6.2	8.7	4	18		

*Coal Types Potential Legend

C - Coking Coal, semi-hard or greater potential

PCI - Pulverised Coal Injection

Competent Person

A - Mr Troy Turner - Xenith Consulting

Note 1: All Coal Resources are reported under requirements of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') 2012

Note 2: Rounding to the nearest significant figure is applied to Total Resource Tonnes and Inferred category resources. This is deemed conservative and reflective of the Inferred Resource category confidence level and accounts for the minor differences in the overall total reported resources

Note 3: Coal Resources are shown on a 50% interest basis, that is only half of the present total JORC Resource is noted in the Table above

² ASX Announcement "Millennium and Mavis Downs Mine Acquisition", dated 15 April 2021

Table 4: Coal Reserves and Marketable Coal Reserves for MetRes Projects

MetRes Coal Reserves as at end December 2021 (at 50% Stanmore ownership interest)

Project Name	Tenement	Coal Reserves			Marketable Coal Reserve			Competent Person	Report Date
		Proved	Probable	Total	Proved	Probable	Total		
Millennium/Mavis Opencut & Auger	ML70313, ML70344, ML70401,	0.1	0.2	0.3	0.1	0.2	0.2	J	Dec-21
Millennium/Mavis Underground	ML70485, ML70457, ML70483	0.9	2.0	3.0	0.8	1.7	2.5	F	Feb-22
Millennium/Mavis Complex	TOTAL RESERVES	1.0	2.2	3.2	0.9	1.8	2.7		

Coal Type Ratio - Coking:PCI (% of Marketable Coal Reserve)

Open-cut & Auger

48% Coking: 52% PCI

Underground

54% Coking: 46% PCI

Competent Person

F - Mr Benjamin Smith - Xenith

J - Mr Sunil Kumar - Xenith

Note 1: All Coal Reserves are reported under requirements of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') 2012

Note 2: Totals may not be exact due to significant figure rounding

Note 3: Coal Reserves are shown on a 50% interest basis, that is only half of the present total JORC Reserve is noted in the Table above

The location of all tenure interests, across Queensland, is shown in **Figure 1**.

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

For further information, please contact:

Marcelo Matos
Chief Executive Officer
07 3238 1000

Shane Young
Chief Financial Officer
07 3238 1000

Competent Person Statement

The information in this report relating to Coal Resources for the Isaac Plains Mine, Millennium/Mavis Downs, Clifford, The Range, Mackenzie, Belview, Tennyson and Lilyvale, is based on information prepared by consultants under the guidance of Mr Troy Turner who is Managing Director of Xenith Consulting Pty Ltd. Mr Turner is a qualified Geologist, BAppSc (Geology) from University of Southern Queensland, and a member of the Australian Institute of Mining and Metallurgy. Mr Turner has over 25 years' relevant experience, to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for Isaac Plains East Mine is based on information prepared by Dr Bronwyn Leonard who is a full-time employee of Stanmore Resources and has held the position of Superintendent Mine Geology at Isaac Plains since October 2017. Dr Leonard is a qualified Geologist with a degree from University of Canterbury, and a PhD from James Cook University majoring in Geology/Earth Sciences and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr Leonard has over 15 years' experience in exploration and resource modelling, to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Leonard consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for the Isaac Downs Mine is based on information prepared by Mr Toby Prior who is Principal Geologist and Director of Measured Group Pty Ltd. Mr Prior is a qualified Geologist, BAppSc (Geology) from University of Southern Queensland, and a member of the Australian Institute of Mining and Metallurgy. Mr Prior has over 24 years' relevant experience, to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Prior consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for Isaac South is based on information compiled by Mr Mal Blaik who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a Principal Consultant of JB Mining Services Pty Ltd. Mr Blaik is a qualified Geologist, BSc App Geol (Hons) from University of Queensland, 1979. Mr Blaik has more than 30 years' experience in Coal Geology, having sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Blaik consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to the opencut Coal Reserves estimates for Isaac Plains Complex (IPE-IPM) and for Isaac Downs are based on information compiled by Mr Tony O'Connell, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr O'Connell is the Principal Mining Consultant of Optimal Mining Solutions Pty Ltd and holds a bachelor's degree in Mining Engineering from University of Queensland and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr O'Connell has over 20 years' experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. He consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to the Millennium/Mavis Opencut and Auger Coal Reserve estimate is based on information compiled by Mr Sunil Kumar, who is and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kumar is Principal Mining Engineer at Xenith Consulting Pty Ltd and has over 25 years' experience in the opencut coal mining industry and as such has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to Isaac Plains Underground and Millennium/Mavis Underground Coal Reserve estimates, is based on information compiled by Mr Benjamin Smith, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mine Manager's Association of Australia (MMAA). Mr Smith is an associate of Xenith Consulting Pty Ltd and is a qualified Mining Engineer, holding a Master of Engineering (Mining Management) and Graduate Diploma (Mine Ventilation) from the University of New South Wales, and a Bachelor of Engineering (Mining, Honours) and Bachelor of Commerce (Management) from the University of Wollongong. Mr Smith also holds a First-Class Certificate of Competency for opencut and underground (Mine Manager) in New South Wales, a Second-Class Certificate of Competency (Undermanager) in New South Wales, a Third-Class Certificate of Competency (Deputy) in New South Wales, and a Mine Ventilation Officer's Certificate of Competency in New South Wales. He has over 24 years' experience domestically and internationally in underground coal mining, risk and mine planning and design, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smith consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to the Range Coal Reserve estimate is based on information compiled by Mr Richard Hoskings, who is a Mining Engineer and Member of the Minserve Group Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hoskings has over 40 years' experience in the opencut coal mining industry and as such has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region which includes the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East and Isaac Downs mining areas and the Isaac Plains Underground Project. The Company is focused on the creation of shareholder value via the efficient operation of the Isaac Plains Complex and the identification of further development opportunities within the region. Stanmore Resources is a 50% shareholder in the Millennium and Mavis Downs Mine and holds a number of additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins.

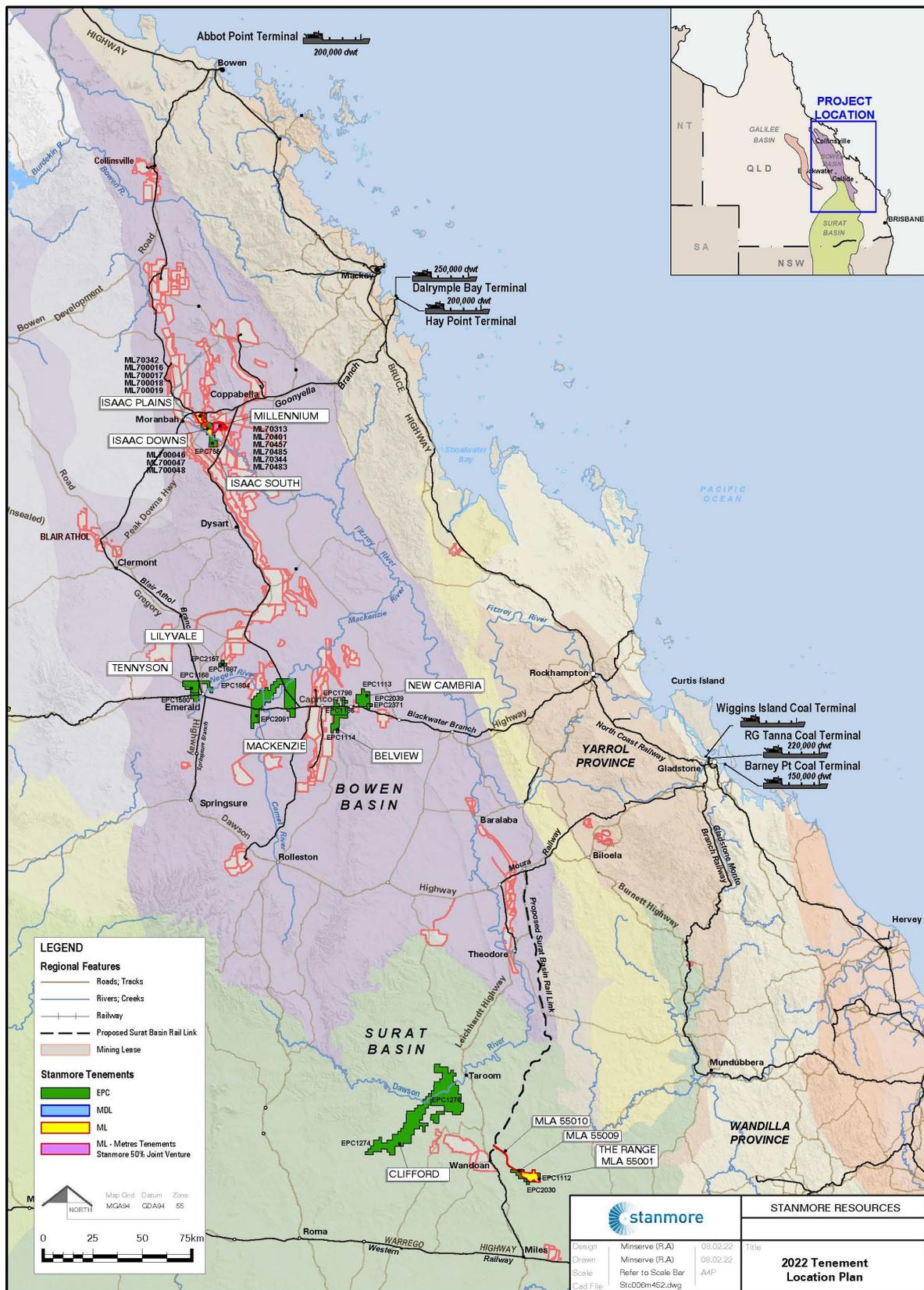
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Figure 1: Stanmore Resources current Queensland tenements



Appendix 1:

JORC CODE 2012 EDITION – TABLE 1 FOR MILLENNIUM/MAVIS OPEN-CUT & AUGER COAL RESERVES AT 31 DECEMBER 2021

This Appendix details section 4 of the JORC Code 2012 Edition Table 1.

Section 5 Estimation and Report of Diamonds and Other Gemstones has been excluded as they are not applicable to this deposit and estimation.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to Section 4). For Sections 1-3, please refer to JORC Resource Report on Millennium Assets, October 2020³

Criteria	JORC Code explanation	CP Comments
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> The Millennium and Mavis Downs coal leases (“the project”) is in central Queensland was previously owned by Millennium Coal Pty Ltd, a subsidiary of Peabody (The Company). In April 2021, the Millennium coal assets have been bought by MetRes Pty Ltd (“MetRes”). The Project comprises two mining areas, Millennium and Mavis Downs, and is being planned to extract metallurgical, and PCI coal by open cut and augering from MLs 70313, 70401 and 70457. JORC Coal Resource estimates as at 31st Dec 2021 for Millennium mine (Millennium and Mavis Downs mining area) have been prepared by Xenith Consulting (“Xenith”) and signed off by Troy Turner (an employee of Xenith Consulting) as the competent person. These have been used as the basis for the conversion from Coal Resources to Coal Reserve for the project Both the Resource models have included seams from the Leichhardt and Vermont seam groups from the Rangal coal measures. The Coal Resource estimates reported were: <ul style="list-style-type: none"> Measured: 12.4 Mt Indicated: 17.3 Mt Inferred: 7 Mt The Coal Resource estimates are inclusive of the Coal Reserve estimate.
Site Visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. 	<ul style="list-style-type: none"> The competent person is familiar with the general mining area proposed for the project (Millennium and Mavis Downs area).

³ Refer ASX Announcement “Millennium and Mavis Downs Mine Acquisition”, dated 15 April 2021

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> Competent person has visited site in September 2021 to discuss with key stakeholders and site personnel on the various geological, geo-technical and mining issues related with open cut and auger mining in Mavis Downs and Millennium area.
Study Status	<ul style="list-style-type: none"> <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i> 	<ul style="list-style-type: none"> Millennium Coal has mined in this area (Millennium and Mavis Downs) through open cut mining and highwall mining since 2005. The mine was under care and maintenance and only rehabilitation and environment management are being undertaken since early 2020 until July 2021. It had been run as an owner-operator site by Millennium Coal since 2013 but earlier it was previously operated by the contractor Downer EDI. Highwall mining commenced in 2018 and Millennium Coal has produced about 1.4Mt of low ash coking and PCI coal through this method. After acquiring the Millennium coal assets, MetRes started mining operations in Mavis Downs area in August 2021 and first coal was struck in September 2021. Xenith is of the view that there is sufficient information available with the past and current mining activities for suitable mining method and mining cost basis for the financial analysis to be verified and have a high confidence level in the current financial model. Open cut mining method is proposed to be conventional strip mining where the floor dip is suitable, and terrace mining where the floor dip is steeper. Waste will be drilled and blasted before being removed by bench using one 360 t and one 180 t hydraulic excavators with suitable matched rear dump trucks. The mined waste will be backfilled in the voids behind the active mining operations in D pit area. No ex-pit dump needed to be created within the mining schedule. Open cut coal is planned to be mined by one 180 t hydraulic excavators and hauled by suitable matched rear dump trucks to a ROM stockpile pad before being processed by a coal handling and processing plant. Augers will be deployed for mining Leichhardt seams in Mavis Downs. No auger mining is proposed in Millennium. Product coal will be railed to export coal ship loading facilities at Dalrymple Bay Coal terminal. Modifying factors used to convert Coal Resources to Coal Reserve have been derived from the knowledge of the past and current mining activities.

Criteria	JORC Code explanation	CP Comments
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> 50% in-situ ash adb basis cut-off was applied to coal seams in the Resource model used for this estimate. Final pit limits used as guidance for strip design were defined using pit optimisation software. Margin of the open cut blocks was applied to the mine design, as well as an offset from the proposed Mining Lease boundaries and watercourses. The mine schedule is evaluated in a financial analysis tool to determine schedule financial viability. This has been utilised as a to validate the economics of the Reserve. A thickness cut-off of 0.30m was used for both coal (minimum seam thickness) and waste (maximum parting thickness) during coal seam aggregation for the Coal Reserve estimate.
Mining factors or assumptions	<ul style="list-style-type: none"> <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> <i>The mining dilution factors used.</i> <i>The mining recovery factors used.</i> <i>Any minimum mining widths used.</i> <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> 	<ul style="list-style-type: none"> The criteria utilised to determine if a Resource can be converted to a Reserve include appropriate Resource classification of Measured or Indicated, margin ranking to determine target area, mine design to create mining blocks inside the economic pit limit, application of appropriate modifying factors to estimate the Reserve tonnage and scheduled economic evaluation to ensure financial viability. The modifying factors used to convert Resources to Reserve were derived from the knowledge on the past and current mining operations at Millennium and Mavis Downs open cut mining and highwall mining area. Truck and excavator mining methods were employed in the past for open cut mining in the area. The competent person considers that this method is appropriate to extract coal from open cuts in this deposit. Currently, contractors have deployed the truck and excavators for open cut mining in Mavis Downs. Geotechnical design parameter assumptions have been based on standard design angles as suggested in initial geotechnical assessments for the Millennium and Mavis Downs open cuts and this has been used for the conversion of Resources to Reserve. The geotechnical design parameters used were: <ul style="list-style-type: none"> - 70-degree overall angle highwall through unweathered material in Mavis Downs - 45-degree overall angle highwall through weathered material - 37-degree lowwall (angle of repose) A scheduling model was developed based on product coal washing capacity at Red Mountain Joint Venture (RMJV), which forms the base case schedule for the waste

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The infrastructure requirements of the selected mining methods.</i> 	<p>and coal mining operations. This scheduling model has been used to convert Resources to Reserves.</p> <ul style="list-style-type: none"> • Waste dilution was estimated by assuming an average roof and floor dilution of 0.04m (each). Dilution density has been assumed at 2.2 t/m³. Dilution ash has been assumed at 85%. • Coal loss was estimated by assuming an average roof loss of 0.03m and average floor loss of 0.03m. • No minimum mining width has been explicitly defined. Strips have been designed at a width of 55-65m in conventional down- dip mining areas. Standard coal blocks have been designed at a length of 100m. • Xenith consulted directly with Coal Augering Services (CAS), an auger mining contractor who are currently deployed to mine the auger blocks to ensure the technical viability and estimate coal recovery in auger mining blocks. On that basis, augering coal recovery of 6-28% (Overall 18%) has been considered. • No Inferred Coal Resource has been reported as Coal Reserve. • As the site has all the project infrastructures in place, no project capital estimates have been estimated in this regard.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> 	<ul style="list-style-type: none"> • Both Millennium and Mavis Downs mining area have comprehensive coal quality data to support ROM and product coal. • The existing coal handling and preparation plant (RMJV) will be using similar washing technology to produce low ash coking and PCI coal. • This metallurgical process is well known and has been used in the past for the marketable products. • The Millennium product is classed as SHCC and is a niche coal which cannot readily be referenced to the standard coking coal indices. Mavis coking coal is aligned to the HCC 64 Mid-vol Platts coking coal index. • The Coal Resource model used for this Coal Reserve estimate contained yield and washability data which specified products per seam. • No allowance has been made for deleterious elements or out of specification products.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications? 	
Environmental	<ul style="list-style-type: none"> The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. 	<ul style="list-style-type: none"> Key environmental approvals are in place as it is an operating mine now. The company is also in the process of rehabilitation in some of the area especially over ex-pit dump. The proposed mining operation along with support operations are located within MLs 70313, 70401, 70457, 70344, 70483 and 70485. Placement of different type of waste rocks were carried out in the past separately and similar process will be followed in the future open cut mining as well. The competent person considers that there are reasonable grounds to expect that the proposed mining operations will adhere to the current EA (Environment Authority) provisions.
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided or accessed 	<ul style="list-style-type: none"> Infrastructure already existing on site include site access roads, administration building, bathhouse, maintenance facilities, dams and water management infrastructure, a coal handling and processing plant and associated infrastructure, stockpiles, waste storage facilities and electrical infrastructure. Rail infrastructure is shared with the nearby Poitrel mine along with train loading facility within RMJV facility. Currently, the open cut and auger operations are contracted at Mavis Downs, the workforce for the project operations are sourced from the local area. Accommodation will be provided in the existing camp.
Costs	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products. 	<ul style="list-style-type: none"> Project capital costs were estimated as part of the mining study, using a combination of build ups from first principles and estimates based on contractual estimates. No capital has been incorporated for mining equipment as the project has been modelled as a contract operation and all earth moving and other mining equipment related capital is included in operating costs as a contractor capital charge. Operating costs for the mining study were derived by Xenith and were estimated as reflective of current contractor operations have been included in the economic analysis for the Coal Reserve estimate. Costs were estimated in Australian dollars.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The source of exchange rates used in the study.</i> • <i>Derivation of transportation charges.</i> • <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> • <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> • A government royalty determined in accordance with QLD government mining royalty rates has been included in the economic evaluation.
Revenue factors	<ul style="list-style-type: none"> • <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> • <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> • Price forecasts for coking and PCI coal products were provided by MetRes Pty Ltd, based on the KPMG September/October 2021 coal price and foreign exchange forecast. Prices for SHCC and PCI coal were then discounted from the benchmark forecasts to reflect expected product quality: • Millennium SHCC – specified at 16% discount to the forecast benchmark HCC price. • Mavis Downs PCI – price specified at 32% discount to the forecast benchmark HCC price. • The detail of this process and of the price forecasts is commercially sensitive. • The exchange rate forecast (AUD:USD) provided by MetRes and used for the Millennium Project economic evaluation is 0.75.
Market assessment	<ul style="list-style-type: none"> • <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> • <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> • <i>Price and volume forecasts and the basis for these forecasts.</i> • <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> • The coal products from the Millennium Project have well established market in the past are expected to continue in the future. • Price forecasts are described in the section above labelled “Cost and Revenue Factors”.
Economic	<ul style="list-style-type: none"> • <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the</i> 	<ul style="list-style-type: none"> • A financial model was developed by Xenith and used for financial evaluation of the mine plan that forms the basis of the Coal Reserve estimate.

Criteria	JORC Code explanation	CP Comments
	<p><i>source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <ul style="list-style-type: none"> • <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<ul style="list-style-type: none"> • The discount rate used was 10%. • Inflation was not included in the financial model, as all values used were quoted as real values. • The project NPV and sensitivities are considered commercially sensitive and are not disclosed in this report. • The margin ranking based on current costs and revenue parameters resulted into no open cuts and augering operations in Millennium mine area and no E open cut in the Mavis Downs area due to very low and negative product margin. Moreover, MetRes is proposing to develop underground mine through E pit highwall in Mavis Downs at cheaper costs compared to open cut methods.
Social	<ul style="list-style-type: none"> • <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> • The stakeholder engagements are already in place due to past and current mining operations and will continue through the mining operations at Millennium and Mavis Downs area. • The competent person considers that there are reasonable grounds to expect that the current agreements will continue to be in place and that there are no significant issues that should prevent stakeholder agreements as required by the project plan.
Other	<ul style="list-style-type: none"> • <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre- Feasibility or Feasibility study. Highlight and discuss the materiality of any</i> 	<ul style="list-style-type: none"> • Mining leases and environmental approvals are already in place received from the Government. • The competent person considers that there are reasonable grounds to expect that the current approvals will continue to hold required by the project plan.

Criteria	JORC Code explanation	CP Comments
	<p><i>unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i></p>	
Classification	<ul style="list-style-type: none"> <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> All Coal Reserves are reported as Proved and Probable Coal Reserves. All Measured Resources inside the mine plan and economic limit have been converted to Proved Coal Reserves and similarly Indicated Resources inside the mine plan and economic limit have been converted to Probable Coal Reserves. No Coal Resources classified as Inferred are included in the Coal Reserve estimate. The competent person considers that the classification of all Coal Reserve into Proved and Probable Coal Reserve reflects the current level of study and certainty in modifying factors due to current mining operations. The outcome reflects the Competent Person's view of the deposit.
Audits or reviews	<ul style="list-style-type: none"> <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> No external audits or reviews of the 2021 Coal Reserve estimate have been undertaken. The reconciliation of the JORC Reserves as at 31st Dec 2021 within Millennium coal lease with the earlier JORC Reserves as at 31st Oct 2020 reduces the total ROM Coal Reserves of about 1.4Mt in the current mine plan due to some of the open cuts and augering blocks resulting very low and negative product margin.
Discussion of relative accuracy and confidence	<ul style="list-style-type: none"> <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be</i> 	<ul style="list-style-type: none"> The study basis for the conversion of Coal Resources to Coal Reserve is at better than the Pre-Feasibility levels study, as the area is being mined again by MetRes Pty Ltd from August 2021. In the past, it has been mined by open cut and highwall mining since 2005 till 2018 under Peabody management. The confidence level in the reported Coal Reserve estimate is commensurate with the level of confidence in Modifying Factors that underpins it due to the past and current mine operations. Coal price and exchange rate forecasting and cost assumptions represent a degree of risk and opportunity for the project. Uncertainty and risk associated with other specific modifying factors for the conversion of Coal Resource to Coal Reserve are also discussed in the report. The statements above relate to global estimates, as the uncertainty in the modifying factors apply globally. The JORC Reserves as at 31st Dec 2021 considers the depletion of mine-out coal (0.14Mt) from Millennium coal leases by the end of December 2021.

Criteria	JORC Code explanation	CP Comments
	<p><i>relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <ul style="list-style-type: none"> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	

Appendix 2:

JORC CODE 2012 EDITION – TABLE 1 FOR MILLENNIUM/MAVIS UNDERGROUND RESERVES AT 31 DECEMBER 2021

This Appendix details section 4 of the JORC Code 2012 Edition Table 1.

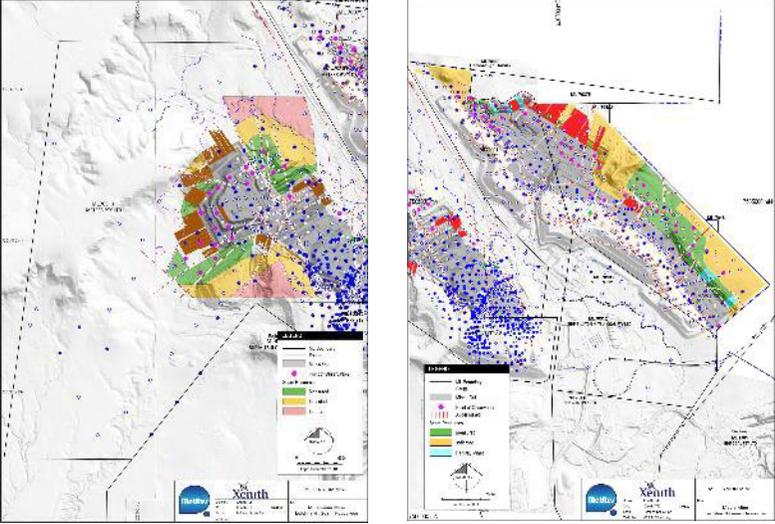
Section 5 Estimation and Report of Diamonds and Other Gemstones has been excluded as they are not applicable to this deposit and estimation.

Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in Section 1, and where relevant in Sections 2 and 3, also apply to Section 4). For Sections 1-3, please refer to JORC Resource Report on Millennium Assets, October 2020⁴

Criteria	JORC Code explanation	CP Comments
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none">• <i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i>• <i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i>	<ul style="list-style-type: none">• The Millennium and Mavis Downs Underground Coal Resource was estimated by Xenith Mining Consultants Pty Ltd in October 2020, and updated as of 31st December 2021.• The coal resources, at 5% in-situ moisture, are:<ul style="list-style-type: none">- Measured: 12.4 Mt- Indicated: 17.3 Mt- Inferred: 7.0 Mt- Total: 36.7 Mt• A 3D resource model was developed using both grid and block modelling techniques to model topography, structure and quality.• A proposed Life of Mine design has been applied to the in situ resource information to create a reserves estimation model which reflects working sections, mining methods and associated assumptions.• Coal Reserves are included within the Coal Resources, and are estimated as at 31st December 2021.

⁴ Refer ASX Announcement “Millennium and Mavis Downs Mine Acquisition”, dated 15 April 2021

Criteria	JORC Code explanation	CP Comments
		
Site Visits	<ul style="list-style-type: none"> • <i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i> • <i>If no site visits have been undertaken indicate why this is the case.</i> 	<ul style="list-style-type: none"> • The Reserves Competent Person was not able to visit the Millennium project area during 2020 owing to ongoing travel restrictions related to COVID-19. • The Reserves Competent Person is familiar with neighbouring operations and mines in the region generally. • A brief site visit was conducted to the Millennium and Mavis area for another purpose during early 2021.
Study Status	<ul style="list-style-type: none"> • <i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i> • <i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that</i> 	<ul style="list-style-type: none"> • The Millennium and Mavis Underground mines are proposed to operate as continuous miner based Bord and Pillar operations. • Studies to at least Pre-Feasibility level, including other sub-studies for the introduction of underground mining, have been completed that address key mining and processing areas. • The workforce in the Bowen Basin and Central Queensland more broadly, are experienced in working the Leichhardt Seam. • The estimated coal reserves and marketable coal reserves are based upon the Life of Proposed mine (LOM) Plan which is technically achievable and economically viable. Material modifying factors have been considered in the conversion of Resources to Reserves.

Criteria	JORC Code explanation	CP Comments
	<p><i>material Modifying Factors have been considered.</i></p>	<ul style="list-style-type: none"> Engaged mining contractor, PIMS Group Pty Ltd, have been involved with the mine planning, design, optimisation, equipment selection, engineering and capital aspects of the planned operation.
Cut-off parameters	<ul style="list-style-type: none"> <i>The basis of the cut-off grade(s) or quality parameters applied.</i> 	<ul style="list-style-type: none"> The proposed mine plan is largely defined by the presence of geological structure. No quality cut-off has been applied to the proposed mine plan. Due to the relatively thick coal seam, no thickness cut-off has been applied to the reserves. For business planning and JORC reporting, a detailed proposed mine design and schedule have been used to generate cash flow schedules that reflect the mining sequence, equipment and workforce requirements, operating costs, capital costs and projected revenue. A discounted cashflow analysis has been used to demonstrate economic viability with the reserves being cashflow positive.
Mining factors or assumptions	<ul style="list-style-type: none"> <i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i> <i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i> <i>The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling.</i> <i>The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).</i> <i>The mining dilution factors used.</i> <i>The mining recovery factors used.</i> <i>Any minimum mining widths used.</i> 	<ul style="list-style-type: none"> A detailed proposed mine plan for both the Millennium and Mavis Downs areas has been developed and used to estimate reserve qualities and quantities from the resource model. In situ coal tonnages are based on 5.0% moisture and the same density basis as the resource model. ROM tonnages are based on 8.0% moisture. Marketable tonnages are based on 10.5% moisture (HCC) and 11.0% moisture (PCI). The Millennium and Mavis Underground mines are proposed to exploit the Leichhardt Seam. Conventional continuous miner-based mining methods are proposed to mine the reserve, with in-seam development by continuous proposed miners used to develop sub-panels panels. The use of continuous miner-only methods is an appropriate low-capital option for mines of smaller tonnages or shorter durations than what is required to pay back the capital of a longwall operation. Continuous miner methods also provide far greater flexibility of layout and are far more responsive to changes in geology or mining conditions. They also allow an operation to increase or decrease the number of mining units in employ as market movements dictate. Personnel and equipment access to the underground project will be provided by transport roadways and associated portal entries, while a dedicated conveyor roadway and portal entry will provide coal clearance.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i> • <i>The infrastructure requirements of the selected mining methods.</i> 	<ul style="list-style-type: none"> • The proposed mine plan is based upon pillar designs based upon industry norms and fall within experience at neighbouring mines. recommendations of geotechnical studies. All main headings, and panel pillars appear to provide the required level of stability at appropriate factors of safety. An initial geotechnical review and strata support design has been completed, with more detailed investigations to come in future study phases. • Bord and Pillar panels have been laid out to maximise resource recovery within the constraints of geological structure. • Roadways are nominally 6.0 m in width and excavated in two passes – ‘A’ and ‘B’ cut. The first cut is at a nominal 4.40 m in width, followed by a 1.6 m cut to complete the full width. • Pillars are uniform in size and are square in shape. Pillars are planned to be at between 24 m and 30 m centres, depending on depth of cover. • Independent geotechnical advice has been gained for the project, with an independent peer review process in place. • Secondary extraction process (unbolted) includes bell-outs in the Mavis mine, and wherever possible in both mines, floor brushing to increase the excavated height. This maximised productivity and reduces costs by maximising the amount of coal production that doesn’t require roof support. • Mining loss estimates are based upon practical experience and losses expected when utilising continuous miners – particularly the amount amount of coal left behind from cleanup. Additionally, a small amount of coal is left in the roof on the ‘B’ cut of widening. Together these have been estimated to account for 2.0% and has been applied to all ROM tonnes. • An amount of Inferred Resources and unclassified resources are included in the LOM Plan. The viability of the LOM Plan would not be unduly compromised by excluding this coal, especially as early years of production are focussed on the Mavis area which are all classified and included in Reserves. All tonnes that are from Inferred Resources or unclassified resources have been excluded from the Reserves. • Established site infrastructure includes the proposed mine offices, warehouse, workshop, power supply, overland conveyors, ROM stockpile, coal handling and

Criteria	JORC Code explanation	CP Comments
		contract preparation plant (CHPP), reject disposal sites, product stockpiles, rail loop and train loader, and sewage/water treatment plants.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • <i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i> • <i>Whether the metallurgical process is well-tested technology or novel in nature.</i> • <i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i> • <i>Any assumptions or allowances made for deleterious elements.</i> • <i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i> • <i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i> 	<ul style="list-style-type: none"> • The project will use the Red Mountain Joint Venture (RMJV) Coal Handling and Preparation Plant (CHPP) for all coal beneficiation. • All ROM coal requires upgrading by standard coal preparation methods comprising two dense medium cyclone circuits, a spirals / reflux-classifier combination for the intermediate-sized fraction and froth flotation for the ultra-fine coal. The plant has adequate sampling stations and a routine sampling regime with 2-hourly quality checks reported from a site laboratory. • The RMJV CHPP consists of ROM coal stockpiles, coal preparation plant modules, product stockpiles, a train loader and reject disposal sites. • The CHPP modules produce two products – a hard coking product and a pulverised coal injection (PCI) product. • This CHPP has been used previously for the treatment of Mavis/Millennium ROM coal and as such is well experienced in preparation of the mine material. • Yield for each product is estimated based on laboratory tests of exploration samples, and modelling. A range of coal qualities have been modelled including volatile matter, sulphur, phosphorus, CSN, CSR, fluidity and specific energy. • None of the trace elements analysed are considered to be present to the extent that they have a material impact upon the marketability of the coal. • Plant performance is measured and reconciled against forecast. • The modelled qualities are appropriate to assigning forecast products to likely markets.
Environmental	<ul style="list-style-type: none"> • <i>The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i> 	<ul style="list-style-type: none"> • The required environmental licences and authorities are in place for the site generally and for open cut operations. However, no approvals currently exist for the underground aspects of the mining project. It is expected that the necessary approvals for underground operations will be in place by early-mid 2023. It is yet to be determined in what form and to what extent relevant environmental studies and assessments will be needed to support applications. • The main environmental impacts of mining at the mine are focussed on surface subsidence and reject disposal. Subsided areas will be routinely monitored and treated to minimise erosion.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> Reject material is already disposed of in surface disposal facilities which will be rehabilitated prior to ultimate closure of the proposed mine.
Infrastructure	<ul style="list-style-type: none"> <i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided or accessed</i> 	<ul style="list-style-type: none"> The project sits proximal to an operating open cut coal mine, with the necessary infrastructure in place. Sustaining capital expenditure is allowed for in the LOM Plan to support ongoing mining on site. As such, the majority of surface infrastructure required for an underground mine is already in place. Some associated and underground-specific equipment and installations will be required – which includes ventilation fans, portal entries, electrical surface substations, compressors, gas monitoring and relevant lamp cabins for underground equipment. This equipment will be largely supplied by the mining contractor engaged for mine production.
Costs	<ul style="list-style-type: none"> <i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i> <i>The methodology used to estimate operating costs.</i> <i>Allowances made for the content of deleterious elements.</i> <i>The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.</i> <i>The source of exchange rates used in the study.</i> <i>Derivation of transportation charges.</i> <i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i> <i>The allowances made for royalties payable, both Government and private.</i> 	<ul style="list-style-type: none"> Recognised contractor PIMS Group Pty Ltd have developed a comprehensive Capital and Operating Cost model for both Millennium and Mavis Undergrounds. These have been reviewed in preparing this Reserve Estimate. Specific major capital requirements are identified as part of the planning process with an allowance made for sustaining capital expenditure. Operating costs are based on actual site costs of similar and relevant projects that PIMS Group Pty Ltd already have experience operating. These costs have been compared for reasonableness with a database of other similar projects and found to be consistent. Regarding product quality or deleterious elements, none of the trace elements analysed are considered to be present to the extent that they have a material impact upon the marketability of the coal. Benchmark coal prices are based upon Platts forecasts for HCC and PCI products, reflecting their perception of expected supply and demand balance. MResources, being commodity traders are well versed in market movements, purchasing and pricing forecast. Exchange rates are based on Xenith's view of possible rate movements. Transportation charges are based upon existing rail contracts. Treatment charges are based on actual site costs. No penalties have been modelled, however an adjustment to benchmark pricing has been made, reflecting Mavis Underground positioning in the market.

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		<ul style="list-style-type: none"> Forecast royalties are based upon current Queensland state government royalty rates, and any private royalties payable.
Revenue factors	<ul style="list-style-type: none"> <i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i> <i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i> 	<ul style="list-style-type: none"> Benchmark coal prices are based upon Platts forecasts for HCC and PCI products, reflecting their perception of expected supply and demand balance. MResources being commodity traders are well versed in market movements, purchasing and pricing forecast.
Market assessment	<ul style="list-style-type: none"> <i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i> <i>A customer and competitor analysis along with the identification of likely market windows for the product.</i> <i>Price and volume forecasts and the basis for these forecasts.</i> <i>For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</i> 	<ul style="list-style-type: none"> The coal market is influenced by a wide range of factors influencing supply and demand. The coal mined from the Millennium project is established in the market place and has been widely accepted previously. The underground mines propose to extract the same Leichhardt seam as previous open cut and highwall mining operations extracted. No significant change in product quality and marketability is anticipated. Sensitivity to potential changes has been tested. Volume forecast is based on the LOM schedule. Pricing is based upon Platts pricing. MResources, being commodity traders are well versed in market movements, purchasing and pricing forecast.
Economic	<ul style="list-style-type: none"> <i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i> <i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i> 	<ul style="list-style-type: none"> Testing of the economic viability of the reserves is based upon actual operating costs, forecast production, forecast capital expenditure, and Platts coal pricing. The details of some of the inputs are commercially sensitive and are not disclosed. NPV has been tested against variations in significant drivers – the reserves remain economically viable under all scenarios.
Social	<ul style="list-style-type: none"> <i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i> 	<ul style="list-style-type: none"> The Millennium mine site is an established mining complex and is committed to sustaining a positive contribution to the local and regional communities through employment opportunities and supply purchases. Taxation and royalty payments contribute to the state and national economies.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> Millennium maintains positive relationships with local landowners, community members, and traditional owners. It is anticipated that with the introduction of underground operations, this will continue.
Other	<ul style="list-style-type: none"> <i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i> <i>Any identified material naturally occurring risks.</i> <i>The status of material legal agreements and marketing arrangements.</i> <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre- Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<ul style="list-style-type: none"> Beyond the normal mining, processing, and business risk, no additional material risks have been identified. Sensitivity to variation in market placement has been tested, and the reserves remain economically viable. All necessary titles and agreements are in place. All current-held leases expire together on 31st December 2034. Leases currently held include <ul style="list-style-type: none"> - ML 70313 - ML 70401 - ML 70457 - ML 70485 - ML 70344 - ML 70483 There are no grounds to expect that the necessary titles and agreements will not be renewed if and as when required. It is noted that the operation does not currently have approval to extract coal by underground means. It is anticipated that the approvals process will commence in early 2021 and be concluded ready for underground operations by mid 2023. It is also noted that the areas for which underground mining approval is being sought are on leases already owned and approved for open cut mining.
Classification	<ul style="list-style-type: none"> <i>The basis for the classification of the Ore Reserves into varying confidence categories.</i> <i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i> <i>The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i> 	<ul style="list-style-type: none"> Mining blocks within the Measured Resource have been converted to Proved Reserves. Mining blocks within the Indicated Resource have been converted to Probable Reserves. Mining blocks within Inferred and unclassified Resource have not been converted into Reserves. The Competent Person is satisfied that the Coal Reserves reflect the outcome of technical and economic evaluation of the deposit.

Criteria	JORC Code explanation	CP Comments
		<ul style="list-style-type: none"> • The Coal Reserves consist of 83% Proved Reserves and 17% Probable Reserves. No Probable Coal Reserves have been derived from Measured Resources. • Some minor areas of coal Resources were not converted to Reserves due to the limited size and therefore likely un-economic nature as a stand- alone mining area. Once further exploration is conducted in these areas, it is anticipated that further Resources may be able to be declared and resultant Reserves estimated. • The estimated Coal Reserves are: <ul style="list-style-type: none"> - Proved: 1.87 Mt - Probable: 4.03 Mt - Total: 5.90 Mt • The estimated Marketable Coal Reserves are: <ul style="list-style-type: none"> - Proved: 1.63 Mt - Probable: 3.34 Mt - Total: 4.97 Mt
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of Ore Reserve estimates.</i> 	<ul style="list-style-type: none"> • An external audit of the coal reserving process has not been completed, other than peer review by management of the company. • This reserves estimate has been peer reviewed by personnel internal to Xenith Consulting.
Discussion of relative accuracy and confidence	<ul style="list-style-type: none"> • <i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i> 	<ul style="list-style-type: none"> • The confidence classifications for the coal resources were determined by Xenith Mining Consultants Pty Ltd. They appear appropriate and have been adopted for reserves classification. • The reserves have been estimated using tools and processes that have been widely tested in the Australian coal mining industry.

Criteria	JORC Code explanation	CP Comments
	<ul style="list-style-type: none"> • <i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i> • <i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i> • <i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i> 	