



TRANSCRIPTION

Company: Stanmore Resources Limited

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Operator: Thank you for standing by, and welcome to the Stanmore Resources Limited December 2024 Quarterly Activities Report. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

I would now like to hand the conference over to Mr. Marcelo Matos, Executive Director and CEO. Please go ahead.

Marcelo Matos: Good morning all, and Happy New Year to all those joining as we provide an update on our performance for the December '24 quarter, thereby also closing our operational performance for our full year reporting. We are pleased to have announced that overall, we have exceeded the upper range of guidance with 13.8 million tonnes of saleable production in 2024.

This outcome is reflective of the consistent performance by the business, including full year run-of-mine production records across all three core operations and sales tonnes records at both South Walker Creek and Poitrel. For the December quarter specifically, despite the planned 14-day shutdown of the South Walker Creek CHPP for the tie-in of the expansion module and significant wet weather headwinds in December, we were able to consolidate the full year results with quarterly saleable production of 3.3 million tonnes.

Metallurgical coal markets remained challenging throughout the quarter with the ongoing glut of Chinese steel exports, keeping demand for seaborne met coal subdued and together with stable supply of all key regions, ultimately resulted in prices tracking largely sideways through the quarter. Despite these market conditions, we expect a lower run rate of production and sales in December and



the tailwind capital expenditure for our major projects in the quarter. Our net debt position improved slightly to US\$26 million.

Late in the quarter, we are also glad to report that we reached an agreement to upsize the corporate revolving credit facility by US\$50 million to a total of US\$150 million. Together with the final 2024 cash balance of US\$289 million and other existing credit facilities, Stanmore now has more than US\$500 million in available liquidity.

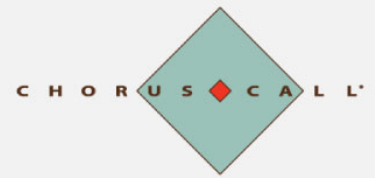
Finally, we continue to make strides in our decarbonisation journey with an agreement with Idemitsu for a trial Pongamia plantation on our significant landholdings adjacent to South Walker Creek.

Moving into further detail for the quarter and starting with safety. With no serious accidents recorded in the whole second half, we've seen the 12-month rolling frequency rate has reduced to 0.3 as at December 31, '24, compared to the latest industry average of 0.67. Overall, for the year, we recorded two serious accidents, both related to line of fire hand injuries with most of the other recordable injuries primarily related to hand, finger, musculoskeletal and ankle injuries.

Moving on to a brief operational update at each site. South Walker Creek, December quarter run-of-mine production of 1.6 million tonnes was down by 0.5 million tonnes compared to the prior quarter. This was primarily a function of wet weather impacting December, where the site received 180 millimeters of rain. However, it was also a function of planned mine sequencing and a strong run rate through to the end of September.

The tie-in of the expansion module of the CHPP was completed during a planned 2-week shutdown in November, which rebounded with strong productivities to support quarterly saleable production of 1.4 million tonnes, only a minor decrease compared to the September quarter. Annual saleable production was 6.3 million tonnes, above the upper end of our stated '24 guidance, and just 4,000 tonnes below the all-time saleable production record set in 2023.

Projects-wise, MRA2C reached a significant milestone with the completion of all major earthworks and rehabilitation ahead of removing the plugs to open the new quick diversion, finishing works and the satisfaction of statutory criteria to



enable development and mining of the new E-North pits from early in the first quarter in '25.

The project is expected to be more than US\$30 million below the anticipated spend, an exceptional outcome for the business and a testament to the quality of our project team in both the planning and execution of our largest capital project yet. As highlighted earlier, with the tie-in of the CHPP expansion module, the broader South Walker Creek expansion is now completed in the December quarter, with handover concluded approximately six weeks ahead of the plan.

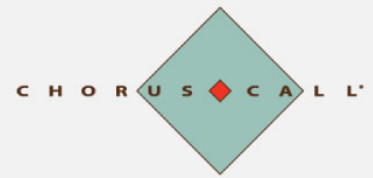
Our major capex campaign started two years ago has now been successfully concluded with a tailwind of expenditure expected in the first quarter '25, with mostly steady-state sustaining capital thereafter. And we look forward to seeing the expanded operation reach new consistent highs in '25 as we eventually see new mine capacity of 9.4 million tonnes of run of mine per annum, equivalent to approximately 7.0 million tonnes going forward.

Poitrel output normalised to 1.6 million run of mine tonnes in the December quarter. Strong opening inventories from an all-time production record in September quarter, supported consistent saleable production and sales quarter-on-quarter which also benefited from increased available wash time following the closure of Millennium's previous lease.

These results flowed out an impressive year for Poitrel, which set all-time run-of-mine coal production, saleable production and sales records, ultimately exceeding guidance for 2024. An extremely commendable effort from our site and operations teams, given the extensive work happening with the Ramp-10 box cut, ramp-up and numerous equipment change offs.

The Isaac Plains Complex had a challenging quarter with weather conditions in December impacting mining conditions which broadly speaking, necessitated prioritisation of overburden removal over coal mining.

Notwithstanding these challenges and a difficult statutory 2024, also from wet weather, the Isaac Plains Complex set annual run-of-mine production record of 3.9 million tonnes for the year. Annual saleable production and sales were 2.8 million tonnes and 2.7 million tonnes respectively, with the former sitting at the upper end of our guidance.



I will now hand over to Shane to summarise our corporate activities and key cash flow items in the quarter.

Shane Young:

Thanks, Marcelo. As highlighted earlier in the call, we concluded the year with US\$289 million in cash which, when accounting for the remaining term loan principal balance of \$315 million, which is after the scheduled principal repayment of US\$35 million during the quarter, translates to a net debt position of US\$26 million as at 31 December 2024.

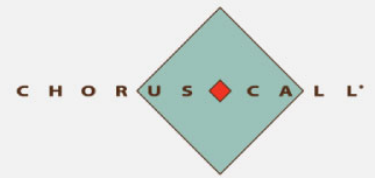
The movement in net debt is largely neutral compared to the closing position as of 30 September 2024, reflective of the above run rate sales in the quarter prior, broadly lower coal pricing indices and US\$24 million of capital expenditure largely related to the tail end of major projects such as MRA2C and the South Walker Creek expansion, which will place us at the lower end of our guidance range for capex for the full year.

The US\$50 million upsizing of our revolving credit facility completed in December was a great outcome for the business as it was strongly supported and ultimately filled by Australian and global banks. This additional liquidity was contemplated as part of the overall refinance included in September 2024, and is on the same terms and conditions as the existing facility.

Overall, the upsized US\$150 million revolving credit facility combines with the \$70 million gear facility and available cash for total liquidity of US\$509 million as at 31 December 2024. This provides a strong base heading into a somewhat uncertain coal price environment in 2025, with a clean balance sheet, following the exhaustion of significant one-off liabilities in 2024, such as that US\$170 million tax payment in June and \$150 million earn-out payment to BHP.

Finally, regarding public guidance, total consolidated salable production has come in at 13.8 million tonnes for 2024, above the guidance range of 12.8 million to 13.6 million tonnes. This is a great result for Stanmore, achieved despite the closure of Millennium Complex and wet weather challenges and demonstrates our operating capability as well as the strength of our de-risked portfolio.

We look forward to opting our investors on our costs and capital expenditure performance versus guidance come the release of our financial results in late



February. I'll now hand back to Marcelo to conclude the call with a brief overview of market conditions before moving to Q&A.

Marcelo Matos:

Thanks, Shane. As detailed in the report, medical indices traded broadly sideways in the December quarter, remaining in a holding pattern at around US\$200 per tonne. We are watching closely how buyers adapts to any shift in global policy direction, particularly with any retaliatory measures that may come out of China from potential US tariffs and the pace of returning demand from India, including announcements of government spending on infrastructure and met coal import quotas.

For the time being, the theme of China steel exports remaining elevated continue through the December quarter, reaching a peak annual run rate in October with just over 11.2 million tonnes for the month. This puts total Chinese exports of steel at over or 110 million tonnes for 2024, which is the highest level recorded since 2015 and well above the average over the last decade.

With that, I'll now hand over to the moderator so we can take your questions.

Operator:

Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question. Your first question today comes from Brett McKay with Petra Capital. Please go ahead.

Brett McKay:

Thank you and good morning team. Another excellent result, well done. Just a quick one around, I suppose, the outlook for operations going into 2025 to the extent that you can speak to it. Just focusing on the strip ratio, probably a bit higher in the December quarter than what I had anticipated, but I guess there's weather impacts in that as well.

Just given where it's at now, can you give us a bit of a guide as to where that might trend into FY '25 for the year? Or are we expecting it to sort of stay up at these levels or trend back slightly with normalisation post the wet season?

Marcelo Matos:

Brett, look, I think strip ratio was an anticipated question. I think South Walker is probably the standout in the quarter. As we said, we were around 0.5 million tonnes below where we wanted to be. There was a bit of prioritising stripping given the impact we had on wet weather. We did finish the -- with healthy ROM stocks, okay, despite all the weather.



We had more than 1 million tonnes of ROM across the board in all the 3 operations, with healthy impending ventures as well. So yes, Q4 was an outlier, I would say, it's probably South Walker, being the key one with 14:1. It's not what we expect going forward.

If you look at the average for the year, South Walker, we were close to 10%. It was a year that is highest rating South Walker was expecting, given the ramp-up of the expansion fleets, right? We have additional fleets to ramp up the ROM production. So this was expected. We had some good outcomes on yield as well, okay?

So we're mining more coal on the southern pits, which somehow offset the strip ratio a little bit to better yields. So going forward, we are now opening the E-North pit, which is the first one at the MRA area, and we expect a much more, let's say, steady state, lower strip ratio going forward in South Walker for sure.

The Poitrel, for the year, we had an average of 8:1, as you see, 8.1%. So that's probably a steady state labor for Poitrel, plus-minus, I would say, plus-minus with some variation. With Isaac having averaged 11.7% in December, that was perhaps above what we were expecting as well. For similar reasons for South Walker, the average was 9%.

Based on expectation, this should be slightly up in '25, which is not unexpected as well. So, I mean, a long answer to your question, Brett, but no, I think Q4 is not a normal -- it was not a normal quarter. We already expect Q1 '25 should be quite different and the '25, as a whole, as well, especially South Walker Creek.

Brett McKay: Okay. Thanks, Marcelo. Just following that, any impacts as you open up those new pits at South Walker on the strip ratio? Or is that sort of going to be some capitalised waste upfront?

Marcelo Matos: There will be some capitalised waste upfront in the E-North pit, which is the only one we're going to mine this year at South Walker. That's going to be part of the capex guidance. It was always part of our estimates for the project. But strip ratio-wise, it would be a pretty low strip ratio be it -- going forward, especially of course, in the early months or years in the MRA area.

Brett McKay: Okay. Great. Just quickly moving on to studies around sort of growth projects and optionality you have in the portfolio. Can you just give us a quick update around timing of the various projects that you've got ongoing and studies that

we might expect to see during the course of this coming year, particularly around Eagle Downs and noting your Lancewood comment that you've paused that study?

Marcelo Matos:

Maybe I'll start with the Isaac extension, okay, which is maybe, for information, is how we are renaming the Isaac South project. We are now calling it Isaac Downs extension. That's going at full throttle, okay, we are now finalising mining plans, which will be the basis for the regulatory approval submissions, which is, of course, critical path, and it's quite important.

So priority is make sure that we land on a base case for the submission, especially if you look around disturbance and all the ecology works in, let's say, groundwater works that we need to do ahead of the submission. Our aim is to be lodging -- is should be finalising and lodging EIS somewhere early next year. That put us on track to hopefully all going well, obtain the regulatory approvals by the end of '27, given it's an expansion project, and we are, we are considering a brownfield extension of the Isaac Downs project.

We are hoping that by 2028, we should be able to start development. It's a similar project to the Isaac Downs as we've spoken in the past, with basically a home road, a bridge over the Isaac River and basically opening the pit and mining infrastructure. So it's a simple project and all going well.

We hope to be able to minimise, let's say, disruption between the end of Isaac Downs or the economic limits of Isaac Downs and the ramp-up of the expansion project. It will be hard to keep tonnes at current levels in Isaac given the higher cost and highest operations going forward. That was all as expected. But of course, the priority will be to work hard to be able to bring the other extension project as quick as possible with the regulatory approvals being the critical path.

Eagle Downs, work is progressing. We don't have -- as we spoke many times in the past, we don't have any, let's say, urgency and taking an investment decision any time in the short term. We always frame Eagle Downs as being a great option to have for -- as a growth project, but also as a long-term replacement for Poitrel. Poitrel only runs out in the early 2030s. So if that is the main, let's say, strategy for the project, we have time.

However, if the project proved to be attractive, and of course, that will be a result of the work that we are doing now on proving up the capex requirements and of course, to look at what we can expect from the performance of the target going forward in tonnes and costs. And if we have the right funding equation for the project, it could be brought forward.

At this stage, we are doing the work required to be able to understand the costing of the project from a capex standpoint within this year to be able to make an investment decision if all the stars align, meaning, we have the right market conditions and we have the right funding solution for the project. But as I said, there is no, let's say, drop-dead date or urgency in making any investment decision for Eagle Downs, let's say, in the short term.

Brett McKay: All right. Excellent. And just quickly on Lancewood. That sounds like it's been sort of -- you've determined some key parameters there and decided to park that study up for the time being?

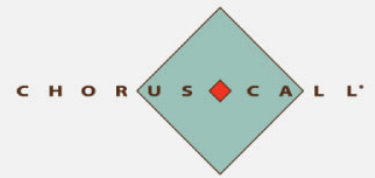
Marcelo Matos: Yes, Lancewood is more on a slower burn, let's put it like that. We have priorities and the priorities are on Isaac -- on the Isaac expansion and to a certain extent, Eagle Downs, given Eagle Downs have all the approvals in place. Lancewood really need to get the -- I mean, although it has a mining lease, we need to get the regulatory approvals. Work towards getting the regulatory approvals will not stop necessarily, because, of course, it's a critical path.

Having said that, the existing mining lease for Lancewood is expiring 2030, so there is time for us to be able to obtain approvals and satisfy those requirements to make sure that we still have the mining lease in place by the time we need to make an investment decision. But as I said, Isaac Extension and as Eagle Downs, they are taking priority in that list.

Brett McKay: All right. Makes sense. I'll leave it there, team. Thanks for that.

Operator: The next question comes from Glyn Lawcock with Barrenjoey.

Glyn Lawcock: Morning, Marcelo and team. I know you're going to give guidance next month, but is there anything you want to call out that we should be aware of in '25, scheduled maintenance shuts again that are going to come up in this year? And when you come to Isaac Plains, you talked about a tough January so does that



feel like you're going to probably have to play a bit of catch-up with that mine in the subsequent quarters post March quarter?

Marcelo Matos:

Morning, Glyn. Look, maybe to start, the key message around projects and capital is by second quarter, we are back to a steady state sustained capital with -- I mean, within the three operations with, let's say, with the capital program completed. That means all going well with South Walker. And so far, it's actually going very well on the ramp-up of the CHPP. We'll be at a steady state 7 million down rate at South Walker.

Poitrel, interestingly, we have another strong year. Of course, we are only giving guidance in another few weeks or so, but it will be another strong year for Poitrel and for Isaac. So what I can anticipate is we expect '25 to be a strong year for production-wise.

January, yes, it was a tough month. We were hit with weather, not only in Isaac, but across the board. So we actually -- similar to 2024 into '23, as well, January was not a good month to start the year. Sales and production were below expected.

But similar to what we've done in '23 and '24, I can't see anything preventing us to catch up, and to be producing the levels we expect for the year. As a whole, Glyn, I think there will be the ups and downs between the three ops as a whole. Interestingly, given one may offset the other, given the timing and coal flow.

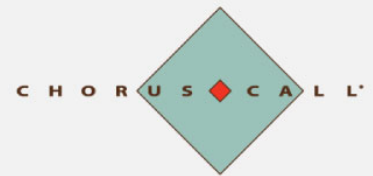
We're expecting a much more even year this year in terms of consolidated total core production compared to, perhaps, the last couple of years. I think we're going to have a more balanced quarter-to-quarter production. But of course, some ups and downs between the -- amongst the operations.

Glyn Lawcock:

All right. That's great. And then maybe just turning to cash movements. You called out a couple of items, but just working capital, was there a working capital built as a result of ROM and saleable production flip in the final quarter, just result in you being net debt at year-end?

Shane Young:

Glyn, yes, I'd say probably one of the things that I called out earlier about sort of the cash movements was that looking at, particularly, Q3 was kind of a strong quarter for sales and with some of the wet weather and other production being a little lower at South Walker, we did see that impacting on Q4.



So to a certain extent, that's had an impact then flowing into just working capital items, which has contributed, as you say, to the movement in cash. As we get into the early parts of 2025, that should start to normalise. But it's all dependent on weather as usual and coal prices and FX, which is actually working in our favor as we sit here today.

Glyn Lawcock: No, thanks. And then just a final question. Just on your level of liquidity, as you said, just over US\$500 million today. Given the nature of the business and coal prices can be volatile. I mean, is that an appropriate level? Or is that on the excessive side? How do you think about 500 million in liquidity now? Is that appropriate?

Shane Young: Yes. Look, interestingly, that's sort of the level that we had shortly after the BMC acquisition. We had a couple of facilities there, which when totaled up along with cash reserves at that time was pushing that 0.5 billion mark. It may be a little bit on the conservative side for a business of our size.

But I guess that's a little bit of the function of where we find the coal market looking forward into 2025 as well. So yes, it's better to have a little bit extra than a little bit less, but it's something that we're monitoring and no doubt the Board will consider, too, when meeting in the Annual Board Meeting in February.

Glyn Lawcock: Yes. We then come to think about the dividend and returns, yes?

Shane Young: Yes. That's right.

Operator: Once again, if you wish to ask a question, please press star one on your telephone. We'll now pause a short moment to allow questions to be registered. There are no further questions at this time. I'll now hand back to Mr. Marcelo Matos for closing remarks.

Marcelo Matos: Thank you all for your questions and for joining today's call. As always, I would like to thank our employees and contractors. We could not have closed out a strong '24 without your dedication and commitment to Stanmore. We look forward to continuing to engage with our shareholders when we release our annual financial results for '24 in February, and good morning, everyone.

Operator: That does conclude our conference for today. Thank you for participating. You may now disconnect.

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