TRANSCRIPTION

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Operator: Thank you for standing by and welcome to the Stanmore Resources Limited full year 2023 financial results presentation. 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'll 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, Chief Executive Officer and Executive Director. Please go ahead.

Marcelo Matos: Thank you. Good morning everyone. Thanks for joining us today for our 2023 full year results webcast. I would like to begin today by acknowledging the traditional owners of the land on which we meet the Turrbal and Jagera peoples here in Meanjin, Brisbane, and I also acknowledge the traditional custodians of the lands on which our operations are based, the Barada Barna, the Janga, and the Wiri peoples of central Queensland.

I will begin with a summary of our highlights on slide number three. 2023 was another fantastic year for Stanmore and the first full year of ownership of our new SMC assets where our focus has been on embedding these operations into the Stanmore culture and our operating model. Our efforts have translated into impressive results highlighted here, including below industry average safety performance, above guidance saleable production of 13.2 million tonnes and below guidance FOB cash costs across the consolidated group of 86 US$ per tonne. Financial outcome was a full year underlying EBITDA of $1.1 billion demonstrating the significant earnings capability of our portfolio in a more normalised pricing environment and also supporting a dividend declaration of $8.20 cents. Together with capital appreciation, Stanmore provided total shareholders return of over 40% for the calendar 2023 significantly above the ASX 300 average and adding to significant returns provided since the last equity raised back in March 2022.

Moving on to the detail for today's presentation. We will start with a summary of our safety performance on slide five. Safety is central to everything we do at Stanmore and is integral to our social licence to operate. For previous announcements, we have recently shifted our public reporting to focus on the serious accidents frequency rate or [inaudible] of course, serious accidents over TRIFR or total recordable injury frequency rate. Whilst the TRIFR will remain an important metric, particularly with regard to informing our current efforts to improve lead indicator identifiers. The SAFR provides a direct benchmark to the reported industry averages and is consistent with the latest focus of the Queensland safety regulators and will sharpen our focus on actions and initiatives to prevent the most critical incidents.

On that note, we were disappointed to record our first serious accident for 2023 right in the back end of the year in December, contributing to a closing SAFR of 0.19, thus still well below industry average. We are also conscious of the increase in TRIFR over 2023 and aim to provide to improve our processes, quality of investigations, procedures and understanding of lead indicators to ensure this does not translate into any serious accidents further and we can endeavour to get this back on the right trajectory, with a goal to return our employees safely home to their families.

I'll move now to the next slide onto sustainability. We are progressing on our sustainability journey aligned with the expectations of our stakeholders as a pure play met coal company. Sustainability roadmap developed this year, or in 2023, provides the direction for ESG for the next five years. On environment, our focus is on our material matters. We've developed our first decarbonization plan and identified various initiatives to contribute to our emissions reductions. The key one that we're busy with at the moment, it's our South Walker Creek gas to electricity project, with ongoing discussions with two partners as well as with the Queensland government.

Also completed a renewable diesel trial as we look to find solutions to reduce diesel emissions, while we wait for OEM equipment solutions. We have also costed action plans to reduce our reliance on externally sourced water and we are working on data collection for the upcoming statutory requirements, reporting requirements including of Scope 3 emissions from 2026. In the social space we developed during 2023 as a social performance strategy and action plan, including the development of our community investment framework, which we intend to adapt to assist us in creating lasting value for the communities in which we operate. We continue to deliver on our reconciliation action plan as we look to go from the reflect phase to the innovate phase later this year.

Finally, in the governance area, we are focused on the ongoing development or implementation of robust governance management processes to match the size and scale of our business. However, ensuring we maintain our strong culture of an agile and entrepreneurial company.

In slide seven, in rehab, following from our very strong performance of over 270 hectares of rehabilitated land in 2022, we delivered another 191 in 2023. Our focus is using also production equipment when not required for production to create good rehab outcomes. There is a great photo on the right here of some of our newly rehab rehabilitated land in 2023 showing the contouring of old dragline spoils and truck shovel dumps levelled, contoured, subsoiled, topsoiled, and seeded to great effect. The teams are looking into the process of doing our first pilot certifications and we look to implement that in the coming years.

On people and community, slide eight. Touching briefly, we remain proud of the positive impact we have on the communities and regions in which we operate. In 2023, our impact to the regions was significant with 507 or 67 percent of our total employed workforce leaving and breathing in these communities whilst from a procurement perspective, 223 million was spent in these local communities. Contributions to the state government via royalties were 835 million Australian dollars demonstrating the sizeable impact of the increased royalty regime introduced from 2022 in Queensland. This figure represents almost 30% of our market cap and over half of our underlying EBITDA in US dollar terms.

Moving to slide 10 on metallurgical coal markets. Starting from our product mix. Our product mix continues to align with our strategy to be a leading met coal producer with PCI and coking coals comprising 93 percent of production and over 97 percent of revenues. Geographical demand trends have proven to be dynamic over the last couple of years with the trade flows adjusting to the Russian sanctions and continued growth in demand from India and Southeast Asia. Stanmore's customer mix remains stable and focused on traditional markets such as Japan, Korea and Taiwan. We have seen European demand stay strong at 21 percent amidst ongoing Russian sanctions, albeit North American volumes have returned to the market, the thermal price is reducing back below metallurgical coal. India and South East Asia continue to grow. As we will highlight in the coming slides, our forecast will be key drivers for growing demand going forward.

In slide 11, we have included a few slides summarising key trends in steel making and metallurgical coal demand from key research houses such as Wood Mackenzie. As you can see here in slide 11, world steel production capacity is forecast to continue to grow increasing by almost 17% through to 2020. Obviously we see a decrease in China of 22 percent, which to be fair to scale is quite significant. Thus, we still see a net positive growth and as mentioned in our last slide, the clear drivers for this expansion are in India and Southeast Asia, which are projected to more than offset the decreasing output from China.

Slide 12 shows the forecast change in global blast furnace steel production outside of China. Whilst traditional steel making countries are expected to increase output from alternative methods such as gas-based, direct iron reduction and electric arc furnaces steel making, the expansionary phase in India and Southeast Asia is forecast to be primarily driven by the more competitive and scalable conventional blast furnace steel making route. Wood Mack has projected total BOF steel making ex-China to increase 23 percent in the next 10 years and 54 percent to 2050. Whilst India's share alone is expected to increase almost 200% over the same horizon.

Zooming in on the PCI market on slide 13, which as a reminder, currently comprises around 60% of our production, demand is projected to steadily increase with India's share of export demand forecast to increase three times to 2050, driven both by India's steel making growth but also by the increasing PCI injection rates, which also grows with the maturity of steel making operating practises. PCI remains an important input to conventional steel making, improving costs by reducing the amount of coke required, something which has become increasingly important in light of the current 40% discount of PCI to premium hot coking coal. At this price levels, we also see increasing demand for PCI as a blend filler in coke making, creating a new source of demand and providing some support for prices.

In slide 14 with Australian exporters set to benefit from growing demand out of India and Southeast Asia, this naturally leads into the conversation of supply we can see here in this slide. Projected growth in demand will require increasing supply for seaborne met coal of course, especially from Australia. Stanmore's current operating portfolio and future development is in step with this projections with development opportunities like Lancewood and Eagle Downs provide the potential increased exposure to the hard coking coal market. Of course, growth in supply remains subject to sufficient investments supporting the development of new mines as well as consideration of the logistics network and challenging regulatory environment in Australia. The growth to 2033 out to 2050 above, includes Wood Mach's expectations for possible and probable projects. Hence still lots of uncertainty considering all regulatory and funding challenges as well.

On the short-term dynamics from slide 15, which shows the historical price of premium hard coking coal and the discount to PCI in the area chart. Premium hard coking coal prices have remained strong over the last 12 months with PCI relatively softening from the middle of last year and remaining soft and well below long-term average of around 75 to 80 percent. Weaker steel market sentiment and compressed margins continue to weigh on demand environment. However, we see the current price and disparity between Australian coking coal grades to be primarily a function of supply. On the PCI side, exports are concentrated to Australia, around one-half to two-thirds. In Russia around one-third of the market. With any significant disruption from either markets impacting prices. Following lower volumes from Russia in 2022 which aided very strong relativities, volumes normalised in 2023 and have increasingly provided competition to Australian exports in key markets such as India and Southeast Asia while traditional markets are still with ongoing trade sanctions.

Nonetheless, in our view, tightness in prime coking coal, the supply from Australia with many large operations performing at lower levels in the past 12 months has kept the premium cooking coal at elevated levels and is the primary driver behind persistently lower relativities for lower PCI and semi-soft grades. This trend is clear on slide 16, showing that 2023 was the lowest annual metallurgical coal export figure in over 10 years with further supply interruptions from major producers. Export figures from Queensland ports in January '24 show supply is still tight with wet weather holding back any recovery in supply and distorting prices for premium products in the short term.

Moving on from markets and onto our operations from slide 18. Total saleable production for the year was 13.2 million tonnes exceeding the upper end of our guidance by 0.2 million tonnes and once again demonstrating the output capable from the portfolio in a full year of full ownership of our new asset portfolio. Consolidated FOB cash costs remained steady year-on-year notwithstanding continued challenge from inflation and labour whilst our average sales price was $76 per tonne lower year-on-year following the record highs in 2022. Focusing on each asset and starting with South Walker Creek on slide 19, it's been another very strong year with saleable production increasing 5% compared to annualised '22 volumes. CHPP performed exceptionally well, delivering nearly world benchmark operating levels at close to 8,000 hours with zero no coal delays and underpinning the strong production result and feeding into our strong sales performance with only a steady increase in unit costs. We look forward to how South Walker Creek will continue to deliver in future years with multiple ongoing projects to improve and expand this foundation assets.

On slide 20, we see that Poitrel also had a robust year achieving multiple records including drilling metres, explosive tonnes loaded and impressively, a mined record for total material movement. Whilst the first half was challenged with wet weather early in 2023, catch-up of eventually stripping and logistics constraints. We are pleased to report a very solid second half in '23 with sales volumes increased almost 50% in the second half. Unit costs were up $9 year-on-year, which is primarily a factor of inflation but also lower yields due to the mining of lower seams with higher ash thermal coal product recoveries as per the previous discussions, but also the fact that coal flow was maximised in second half of 2022 to leverage from the record high price environment and some stripping catching up was required in the first half of 2023. Stockpiles were proactively healthy at the end of 2023 with 900,000 tonnes of ROM providing buffer and de-risking the plant for wet weather impacts in early now in 2024.

Lastly at Isaac Plains on slide 21, we achieved an all-time record for saleable production and sales supported by healthy opening stockpiles for 2023, maximising utilisation of the recently upgraded CHPP as well as the washing of some volumes at Poitrel earlier in 2023. Preparations increased as anticipated with the mining sequence continuing down seam at Isaac Downs whilst waste movement at Pit 5N commenced in the second half. I had the first ROM right at the end of the year in December. Nonetheless, unit cost remain relatively steady year-on-year given the high volumes.

I will hand over to Shane now to discuss our financial results.

Shane Young: Thanks Marcelo. Let's start with a summary of our key financial performance metrics on slide 23. It's important to remember here that all 2022 comparative figures include the SMC assets, South Walker Creek and Poitrel, only from May 2022 onwards. So 2023 is really our first full year of consolidated reporting including these assets. As always too, I remind everyone here that all financial figures used are quoted in US dollars, which is Stanmore's functional currency.

Total income was 4% higher year-on-year with the additional four months of SMC sales, which helped to overcome a reduction in coal prices in 2023 relative to 2022's record levels. Costs remained largely steady year-on-year, flowing through to an underlying EBITDA of just over $1.1 billion and operating cash flows of $737 million which supported significantly deleveraging, funding for value accretive organic growth CapEx and the $52 million special dividend declared in November, all while transitioning the balance sheet from a net debt to a net cash position during the year.

Further to the special dividend declared last year by reference to 2022 cash flows, we are again pleased to return cash to shareholders with today's fully franked dividend of 8.4 US cents per share calculated by reference to 2023 cash flows, with our commitment to creating value for shareholders further demonstrated with total shareholder returns of over 40 percent in 2023.

Moving on to a more detailed summary of our financial performance on slide 24. From a P&L perspective, full year underlying EBITDA translated into net profit after tax of $472 million and EPS of 52.4 US cents per share reflecting normal course of business earnings. Noting that the 2022 figures were affected by significant once off non-operating adjustments and deferred tax benefits related to the SMC acquisition. Looking at the underlying EBITDA walk forward, as you can see here, the primary driver for lower EBITDA was the normalised price environment following those record high coal prices in 2022, partially offset by the additional four months of production out of South Walker Creek and Poitrel. Isaac Plains was slightly lower year-on-year due to anticipated strip ratio increases and non-capitalised overburden in advance removal for the development of Pit 5N, where first run of coal mine was not actually produced until December.

Turning now to the dividend determination on slide 25. As previously highlighted, we are pleased to announce the fully franked final dividend of 8.4 US cents per share following careful consideration of our dividend policy as it applies to our results for 2023, which when taken together with a special dividend of 5.82 US cents per share in November, has generated dividend yield of 6.2% in just under four months. Importantly as the special dividend was effectively determined by way of application of the policy on 2022's results, today's announcement demonstrates a hundred percent commitment to our dividend policy since our equity raise for the SMC acquisition last year rewarding our shareholders for what has been a very successful few years for Stanmore.

With regards to this dividend calculation specifically, you'll notice that we have opted to reserve funds for the upcoming fully accrued BMC acquisition earn-out payment which will be made mid 2023. This represents just a portion of our major cash commitments coming up and we consider reserving this amount to be prudent to ensure business remains adequately funded to meet future cash requirements as well as our ongoing CapEx programme.

On that note, we have provided further detail on our cash position and balance sheet on slide 26. As you can see on the waterfall, a major achievement in 2023 was transitioning to a net cash position in just under 12 months since the SMC acquisition, overcoming almost $800 million of debt raised at the time of the acquisition in May 2022. Cash generation since that time has been used to solidify balance sheet strength with deleveraging of almost 50% in 2023 and following the debt suite payment of $77.5 million in early February this year, increases our total deleveraging of the acquisition debt facility to $385 million or 62% of the facility since its commencement. As mentioned on the previous slide, we do have some significant cash flow requirements this year which have been previously guided to market. They include a catch-up tax payment of between $155 to $170 million.

The SMC earn-out as mentioned earlier of $150 million and upfront consideration for the 50% Eagle Downs acquisition of $15 million. These commitments are expected to be partially offset by the $136 million in proceeds for the sale of the southern portion of Wards Well which is expected to complete and therefore be received this year.

Before I hand back to my Marcelo, slide 27 includes some additional detail on the breakup of capital expenditure. As you can see here, there are numerous significant capital projects going on which are largely, roughly 60 percent, related to growth and improvement projects. When aligned to our 2023 capital expenditure of $200 million, the sustaining portion of around 40 percent sits at that $70 to $80 million for the portfolio. I now hand back to Marcelo to provide a more detailed update of some of these key capital projects from slide 29.

Marcelo Matos: Thanks Shane. Starting with South Walker Creek, we have a significant pipeline of growth projects which will strengthen South Walker Creek's status as a world-class asset. I would also highlight here that the dollars quoted here represent the original budget for each project with the percentage being the amount of that budget spent by the end of 2023. The MRA2C project involving a major creek diversion to open up an area of 58 million tonnes of ROM coal is progressing well with significant infrastructure advancements occurring in 2023 with the completion of the 66 Kva power line relocation, the majority of the required water infrastructure.

Importantly, the material movement commenced in August '23 is on track with the current plan, with project being ahead of schedule and well under budget at this stage. The South Walker Creek CHPP expansion and mining expansion is progressing well with some key achievements of 2023 being the award of the CHPP upgrade contract and the dry hire contracts for the additional tip truck and excavator fleets with the mobilisation of the first additional fleet well on the way.

We commenced access to the Y-South pit in 2023 with clear and grab inside preparation ahead of the majority of the work expected to occur in 2024 which will enable access to high quality low, strip ratio coal due in 2024.

The last major project we wanted to highlight here for South Walker is the dragline 27 AC upgrade, which will be completed in 2024. This upgrade has been in planning phase since 2022 and in 2023 we were able to complete the factory acceptance testing of the major electrical equipment required for the AC upgrade, ahead of the major shutdown and upgrade to start in May this year.

On slide 30, Poitrel had a very positive 2023 with the progression of the two major projects currently in progress being the Ramp 10 [inaudible] development and the

Ramp 30 levee. The Ramp 10 box-cut is very important for Poitrel's production profile and for the strip ratio competitiveness and despite some wet weather challenges early in 2023, project recovered and was able to move over 80% of the planed box-cut volumes by the end of 2023.

The Ramp 30 levee project is a critical project to enable us to continue mining towards the southern part of the mine and sustain strike land with a large certified flood mitigation structure. The team were able to reach 1:1000-year flood height in November '23 well ahead of schedule and under budget. We also commenced re-vegetation of the levee and disturbed the area prior to the wet season.

In relation to our development project, on slide 31, at the end of December, we acquired the remaining 50% in the MetRes joint venture, which owns the Millennium Complex. Millennium completed conventional open cut activities in 2023 with the operation focused on underground coal mining activities going forward. The achievement of '23 for the Mavis underground was the completion of the underground construction and the transition to operations with two continuous mine and place change units.

Studies for the Lancewood development project continue to progress with exploration activities commencing after EA amendments, focusing initially on water bores for groundwater modelling as well as baseline ecology works. The study team completed further optimization of open cut mining operations and refined infrastructure and co-processing optionality and we intend to conclude the pre-feasibility study within this year to be able to make some decisions on how to approach the project including infrastructure options to support all the regulatory approval submissions.

Lastly, I just wanted to do a quick recap of the deal we signed with South32 for the purchase of 50% in Eagle Downs announced earlier this month, on slide 32, which of course remains subject to completion. This is an asset that has done the rounds over the last decade, being owned in various 50:50 joint ventures structures originally between Valley and Aquila, and more recently between South32 and Aquila, which is majority owned and controlled by the Chinese giant steelmaker BaoWu. For Stanmore, it is a transaction that makes sense and aligns with our strategy, adding a large hard coking coal deposit to our reserve base, providing optionality at low upfront costs. Unlike previous owners, our neighbouring assets allow us two option here, development pathways potentially utilising neighbouring infrastructure at Poitrel and Isaac Plains and reducing start-up development CapEx and our enlarged rail and port contract portfolio via both the BCT and NQXT are also critical enablers for a potential development.

The transaction remains subject to the satisfaction of conditions precedent and we are also in discussions with Aquila to consider the purchase of an additional 30%, which may take us to 80% ownership. As it stands, the asset comes relatively unencumbered from any previous rail and port take-or-pay arrangements and have all the regulatory approvals required for start-up construction and future operations. We look forward to completing this transaction and bring it into a stage where we understand the development requirements and the potential they can offer to our portfolio in the long term, including as a growth opportunity, but also as a future replacement through the shorter life of mine at Poitrel and Isaac complex. I now hand briefly back to Shane to close out today's presentation with our updated 2024 guidance.

Shane Young: Thanks Marcelo. On slide 34, we have the update to guidance. Given we provided 2024 guidance as part of the market update and special dividend declaration in November last year, this is really just an incremental update following the acquisition of the remaining 50% of the Millennium Complex, which was previously equity accounted for as an investment rather than fully consolidated into our overall results. As per the table on slide 34, we are guiding to saleable production of between 500 to 600,000 tonnes out of the Millennium Complex in 2024, coming from the Mavis Downs Underground, which has been ramping up through the back half of 2023. Being an underground operation in a development phase, it's naturally a higher cost than our open cut portfolio and therefore has a slightly inflationary impact on Stanmore's consolidated free onboard cash cost per tonne with guidance therefore being adjusted to between $99 to $104 per tonne, while CapEx has also been adjusted to include the remaining development activities at Millennium in 2024. This concludes the formal presentation. I will now hand back to the operator to commence Q&A.

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 comes from Jim Xu from Barrenjoey. Please go ahead.

Pardon me Jim, your line is now live.

Thank you. Your next question comes from Tom Sartor from Morgans Financial. Please go ahead.

Tom Sartor: Morning Marcelo and Shane, well done on another strong set of numbers and thanks from our network who certainly appreciate the dividends flowing now also. Just had a couple of questions on the asset deals. You've had a busy few months. It looks like the Millennium Complex spent a chunkier than expected amount of development capital in '23. Can you just remind us of the scope of the opportunity there in terms of sustainable annual production, maybe life of the underground and maybe if, Shane, you can update us on how the debt to the JV from Stanmore was or is being accounted for in the balance sheet, please?

Marcelo Matos: Tom, I would start maybe with '23 and probably the easiest way to explain the additional capital is that, it was mostly working capital. I think the ramp up challenges that we faced just basically required more injection of working capital given that we are not getting the tonnes, so the actual development capital hasn't been higher than previously anticipated and hence that, there's still a similar situation now for the first quarter of this year where we are still, let's say expecting ramp up volumes to get to the levels we want. You've probably seen in our guidance slide that we have de-rated the amounts for [inaudible] in millennium to around 500 to 600,000 this year. That's basically to reflect the still, let's say, ongoing ramp up.

I think we are probably going to get into more benign conditions soon, both from a structural geo tech standpoint, but also some water that we faced in the last 45 days ingressing from all the high wall mining plunges that were mined in that E pit. I think we're confident that we should be able to achieve those 0.5 to 0.6 this year, hopefully increasing slightly from that going forward in 2025 and '26.

Mavis was always meant to be a short life asset, Tom, and our target is to prove up the reserves in the Millennial side of the complex, move the existing equipment into Millennial to be able to extend life. To do that, we require some EA amendments because there was only open cut mining approvals on the Millennial side. We are busy working on that as we speak.

Shane Young: Tom, just on the loan between Stanmore and MetRes, obviously that now is a hundred percent owned entity, so it eliminates on consolidation, but previous and immediately prior to the acquisition, we did need to assess the fair value for accounting purposes of that loan, so you may know, in the accounts, that there was a provision set aside for potential credit losses on that just based on where coal prices are at long-term from some of the research houses. So for accounting purposes, we had to provide around 18 million against that loan for that purpose, but now that it's a hundred percent owned, it fully eliminates on consolidation and we'll continue to support that asset based on where we see the future from the lending going forward.

Tom Sartor: No worries. That's clear. Thank you. And just a reminder, it's a prime hard product more or less from the underground there and it gets close to a hundred percent realisation, is that right?

Marcelo Matos: Not really. I think we have around 60 percent as a low-vol, hard-coking coal, but it's not prime hard, Tom. It's the Mavis coking coal, has been marketed for many years, right? Back in the days and it was always attracting a hundred percent of the tier two low vol index, not the prime one. And the balance, which is around 35 to 40 percent is a 20 VM PCI.

Tom Sartor: No worries. Thank you. And just quickly on Eagle Downs, appreciate it's a longer dated option, just curious about what drilling and/or evaluation expenditure you might want or need to spend there over the next few years, or is it too early to say?

Marcelo Matos: Tom, the project's been extremely, let's say, studied and the results are extremely well-defined. It's been a lot of exploration from all angles possible from drilling to coal quality structure, seismic and gas, so it's very well-defined. Two very robust [inaudible] feasibility studies done by the owners in the past. The 40 percent built access drift, so we don't expect that any significant amount of [inaudible] acquisition is required. What we are looking now is really to do optimization studies to see what's the entry capital to get the project started. Of course, starting with drift development, getting to coal and of course global mining ventilation and all the infrastructure required.

Our aim is to minimise start-up capital, but as I said before, I think first we need to get the acquisition completed and let's say the final format of the joint venture aligned with the joint venture partner. I think it aligns well with our strategy. It's next door to our assets. A hard cooking coal asset, it has all the approvals in place. It's a potential long-term replacement for Poitrel and Isaac Plains and puts us into the high coking coal space and adds another billion tonnes of resource to our portfolio. Three years ago we were a company with 20 million tonnes of reserves ahead of us. I think we are now at a very privileged position if we complete this deal to have 4 billion tonnes of resources with multiple options to choose from.

Tom Sartor: Understood. Thanks guys. I'll pass it on.

Operator: Thank you. Your next question comes from Brett McKay from Petra Capital. Please go ahead.

Brett McKay: Morning gents. Thanks for your time. Just on the growth options going forward, when do you expect you'll be in a position to clarify what the optimal approach is to the optionality in the portfolio now? I know that Eagle Downs hasn't closed yet, but just in terms of a longer dated timeline, if you could provide a little bit of guidance around when we may find out a bit more about Lancewood. Obviously you're doing a pre-feeze there this year. Eagle Downs. You've still got Isaac Plains Underground in the portfolio, so you do have lots of optionality now in the portfolio, but can you give us a bit of a feel for when we would know exactly how you're going to approach all of these options and then understand how not only the capital is spent but also the production profile, how it might develop over time?

Marcelo Matos: Sure. Brett, I think it's quite relevant and I expect that that's important information. I think there's a bit of work we still need to do to be able to provide better visibility. What I can say is Lancewood is a project that we'll need to go to its own, let's say the full regulatory approvals. Our conclusions to date is if we stay under the 2 million tonne run of mine per annum, which is the threshold for us not to require any EIS in Queensland. It doesn't seem to be economic. It's quite a large box-cut. It's a very compact pit and we started more than nine to one strip ratio compared to Isaac Downs where we were at three to four to one to start. It's quite a large box-cut, which will require more capital and at a scale to be justifiable, that's going to be probably above that 2 million tonne run threshold.

That means that we will need to go through a full EIS and it's own environmental approvals. So I don't think we would be seeing start of construction in Lancewood in less than three years for example. And that provides a bit of visibility because Eagle Downs for example, conversely, it is ready to go. It has all the approvals in place. It's a question all of us understanding the attractiveness of the project, how low we can bring the CapEx to be able to get started and how staggered is the investment until we get to first call because we're going to have to do drift development, development on the ground to get to a [inaudible] box developed and ready to be mined. Fortunately there's a lot of degassing that was done in Eagle Downs, and so we believe that we may be able to start mining a lot ahead that we would otherwise if we needed to start gas drainage from scratch.

So I think we need a bit of time, Brett, but I think we may find that there's probably a way for us to stagger these investments. Given Lancewood, inevitably will take another at least three years until we are able to start disturbing ground until we have approvals. And Eagle Downs, likewise, it's not a project that's going to be built in a year and a half or two years. It's a large development and we should be able to spread it well, but again, focus now is completed the transaction, doing the work to be able to get to that point. So I hope to be able to provide that visibility sometime in the second half this year, Brett, to the market, about what we can expect in terms of timing, in terms of general options for Lancewood and obviously subject to us completing Eagle Downs, get to a point towards the end of the year where we are. We know what the project can be for us and we may be able to start taking some decisions soon.

Brett McKay: Okay, that makes sense. Thanks Marcelo. Just quickly, can you provide us an update on the weather events that you've had earlier in the year? Clearly that was a topic of conversation on the quarterly call. Just looking at what's happened since then, it doesn't look like it's been overly wet. Do you feel like there's potential for you to catch up any of those lost tonnages that we spoke about a month or so ago?

Marcelo Matos: Yes, I think catching up is already happening as we speak, so you're right. I think it hasn't been too wet recently. January, the first half of February, were quite difficult. Poitrel was very well set up, as I said earlier. Since late last year we brought a lot of coal forward. We had a lot of ROM inventories, which helped a lot. We shipped around 800,000 tonnes in January. February, it's looking really strong. So we will have caught up quite a lot in February already from the lower January, from sales but also in production. I think by the end of Q1 we should be back to where we wanted to be as part of the plan of the budget for this year.

Brett McKay: Great. Thanks for that. And just lastly on the dividend, just noting that you pulled out the $150 million that you need to pay for BMC. On an ongoing forward-looking basis, is that something that the company will continue to do is to x out big chunks of, well not even big, modest chunks of expected outgoings from that dividend pool? Just trying to understand the board's decision around those upcoming payments, especially considering the growth profile of the company and how it will evolve over the next 12 to 24 months. Just trying to get a read on how the dividend outlook will morph or evolve over that time.

Shane Young: Brett not sure of this one. It was a bit of a unique situation with the BMC earn-out in that it was a confirmed committed payment that related to a past transaction. We do have other cash commitments coming up in 2024 as mentioned on the call around large tax payment expected in mid-year and some other payments as well. But we thought that this one was more unique in the sense that it did relate to a past transaction and it was known and committed to at the time of making a dividend declaration. So I don't expect this to be something that's really repeated on an ongoing basis beyond the cash flow sweep adjustment that we make each year, which as you know, is connected directly to cash flows generated from the prior year.

And I'd also probably point out that it is timing in nature. For example, if we were to sit down at this time next year and have a look at this calculation again because we have reserved or preserved this 150 from the dividend decision for 2023, we'll have to adjust that back for when we look at cash flows that were generated in 2024. So it's really just about timing of maintaining adequate cash and liquidity for those big once-off, chunky items, which we don't expect to see too many of going forward.

Brett McKay: Okay, that's great. Thanks Shane. I'll hand it over. Thanks.

Operator: Thank you. Your next question comes from Jim Xu from Barrenjoey. Please go ahead.

Jim Xu: Good morning Marcelo and Shane. Hopefully you can hear me this time. So maybe just another-

Marcelo Matos: [Crosstalk].

Jim Xu: Awesome. Maybe just following up on the balance sheet. So understand your acquisition debt facility is non-callable up until May of this year. Given it's got fairly restrictive cash sweeps in that facility, are you looking to refinance it and how advanced are those discussions? And then further on, just to that, if you do refinance it and it becomes a kind of interest-only payment, how will you provision for the debt repayment when you think about your dividend?

Shane Young: Thanks Jim. So the acquisition financing, as you pointed out, can be repaid at par value following a two-year anniversary, which is the 3rd of May this year. So we are free to refinance at any time, but if we do it after the 3rd of May they'd be at par. So it is something that we have been considering. I think I've maybe mentioned that a couple of occasions previously as well. It just gives us a good opportunity to have a look at the market and consider our optimal debt structure and more normalised debt facilities as well for the whole company as a corporate.

So to that end, it is something that we are considering moving forward with in the first half of this year and doing some planning for that as we speak. In terms of how that looks like and what that looks like going forward, that's really something that will play out through that work. I think the objective for us is to have facilities that are normalised for the size of company that we are now and also looking for improvements on where that pricing has come in as well, given the change in our credit profile and risk profile as an organisation. So they're probably the two keys together with allowing the capacity too to consider future growth if we wanted to start to develop some of our organic growth platforms or otherwise.

Marcelo Matos: Maybe just to add to that, Jim, it's reasonable to assume there, this restrictive sweeps that we have as part of the acquisition facility wouldn't be something that we would be looking to add as part of a more normal, let's say, [inaudible] structure. Having said that, depending on the structure, we may not necessarily see only interest-only type of structures. We may see some more normal amortising profile as well, depending on the structure of the overall facility and the profile of the lending group. So I think there's a lot of work happening as we speak, as Shane said, and we look forward to update you guys when we have a bit more progress.

Jim Xu: Understood, thank you. Maybe just the follow-up question on safety. Your SAFR is still well below industry averages, but both SAFR and TRIFR have increased over the past year. Has there been a main driver of the increase in the TRIFR? Anything that the management team would like to focus on in particular?

Marcelo Matos: Jim, I normally would like to talk to safety as a rabid dog. You'll keep your foot on its neck, otherwise it goes and bites you. So you can never take the foot off and I don't think there's any fundamental structural issue. I think the culture is good, it's positive, the systems are in place and we were working at a TRIFR level of one and a half, which is extremely low. So it's not very unusual for you to see all those recurrences happening. And I think what we need to do when they happen is understand the drivers, the lead indicators, and that's what we are working hard on, is to make sure that we focus on leading initiatives to be able to see them coming. And as I said, the focus on SAFR as we go forward is really to prevent the serious one. Those are the ones that we really need to be on top of that we cannot afford them happening. I think, as I said, a lot of work, good work going into that and I hope to see those trends reversing soon.

Jim Xu: Okay, thank you. And if I can just sneak one more in, it'd be a quick one. Just wanted to confirm, with the Eagle Downs acquisition, are there any take-or-pay liabilities associated with that or have they been all held at the core level and cleared by them?

Marcelo Matos: No rail or port take-or-pay. There are some existing commitments for power infrastructure. This was a part of the implementation of the transmission lines and the power infrastructures available to the project. There's no power supply, but it's more a long-term payment of infrastructure and water supply is around just above 600 mega litres of raw water as a contract, which is fundamental for the project. I don't think, in terms of carrying costs for the project, they are significant and we're also going to be talking to the JV partner because even on our existing business, we should be able to absorb some of the, for example, water requirements, given that we also have a lot of reliance on the Braeside, [inaudible] to South Walker and Poitrel. So again, water power and minimum site maintenance at the moment as we speak. That's all.

Jim Xu: Okay. I'm sorry. Are you able to give any guide on the size of the carry cost of the project?

Marcelo Matos: At the moment between 12-14 million Aussie dollar per year. That's the basic carrying cost at the moment as we speak.

Jim Xu: Okay. Thank you.

Marcelo Matos: On a hundred percent basis. Okay, Jim?

Operator: Thank you. There are no further questions at this time. I'll now hand back to Mr. Matos for closing remarks.

Marcelo Matos: Thanks everyone for the questions. It's been a privilege to present such a fantastic result today. I would like to take the opportunity to thank our employees and our major contractors. Last two years has certainly been a dynamic period and at the end of the day it's our employees who show up each day to underpin our business and its successes. Of course, I would like to thank our major shareholders that have been with us through this journey and continue to show this report for the fundamentals of our business. We look forward to engaging with all of you in the coming days. Thanks everyone for your time. Have a good day.

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

[END OF TRANSCRIPT]