

29 July 2024

June 2024 Quarterly Activities Report

Strong 2Q 2024 production volumes

“Saleable production for the quarter was strong and continues to track to plan. We ended the quarter with healthy levels of product and ROM stockpiles across our portfolio, which should also support 3Q 2024 sales performance.

Prime hard coking coal prices were generally stable through the quarter despite a generally challenging steel market. PCI pricing gained strength relative to prime hard coking coal prices along with a general return to Australian origin PCI material in response to imposition of further Russian sanctions. Stanmore’s sales volumes continued to perform well in the quarter, and the company maintains a strong forward sales program and is well placed through the upcoming quarters.”

Marcelo Matos, Chief Executive Officer & Executive Director

Highlights

- June quarter Run of Mine (ROM) coal mined of 4.9Mt, saleable production of 3.4Mt and total coal sales of 3.5Mt, in line with our annualised guidance range
- Binding agreement entered into to acquire the remaining 50% of the Eagle Downs Metallurgical Coal Joint Venture and 100% of the Eagle Downs South tenements from Aquila, majority owned by the giant Chinese steelmaker, BaoWu
- Completed the sale of the southern portion of Wards Well, with cash consideration of approximately US\$136 million received
- Consolidated cash as at June 30 of US\$404 million, with net cash of US\$192 million after accounting for Stanmore’s long-term debt position at quarter end, receipt of cash from the Wards Well transaction and US\$170 million tax paid in June 2024

Consolidated Production & Sales Performance

		Quarter-Ended		Year-to-Date	
		June-24	Mar-24	June-24	June-23
ROM Coal Mined	Mt	4.9	4.6	9.4	9.1
ROM Strip Ratio	Prime	8.4	7.8	8.1	8.0
Saleable Coal Produced	Mt	3.4	3.3	6.8	6.4
Sales of Produced Coal	Mt	3.5	3.3	6.9	5.9
Sales of Purchased Coal	Mt	0.0	0.1	0.1	0.1
Total Coal Sales	Mt	3.5	3.4	7.0	6.0

Safety

Stanmore's 12-month rolling Serious Accident Frequency Rate (SAFR) increased to 0.48 from 0.35 in the prior quarter, following an unfortunate finger injury requiring hospital admission. This compares to the industry average of 0.56 (reported as of March 2024 by Resources Safety and Health Queensland for Surface mines).

We also experienced an increase in hand and finger related as well as musculoskeletal recordable injuries and are constantly assessing our site existing procedures, focusing especially on recurring patterns. This includes improving on the quality of our investigations as well as on the quality of our field leadership engagement. In line with our proactive risk management strategy, we have finished a thorough review of principal hazards and critical control at our operations and are actively updating our site systems and Principal Hazard Management Plans for all recommendations made.

Operational Highlights

South Walker Creek

		Quarter-Ended		Year-to-Date	
		June-24	Mar-24	June-24	June-23
ROM Coal Mined	Mt	2.2	2.1	4.3	4.0
ROM Strip Ratio	Prime	7.5	7.0	7.2	8.3
Saleable Coal Produced	Mt	1.6	1.6	3.2	3.1
Total Coal Sales	Mt	1.7	1.6	3.2	2.9

South Walker Creek (SWC) had another very strong quarter, benefiting from productive mining techniques and healthy inventories to support a robust production profile of 1.6Mt (6.4Mt annualised) of saleable coal. Strip ratios were slightly higher in the quarter, as dragline stripping was lower due to the commencement of a scheduled 70-day shutdown for the planned AC upgrade on dragline 27 at the start of May. The upgrade has progressed well and is on schedule, with re-commissioning ongoing.

Coal sales of 1.7Mt were in-line with saleable production, supported by robust closing raw coal and product inventories.

Poitrel

		Quarter-Ended		Year-to-Date	
		June-24	Mar-24	June-24	June-23
ROM Coal Mined	Mt	1.5	1.4	2.9	3.1
ROM Strip Ratio	Prime	9.3	9.7	9.5	8.1
Saleable Coal Produced	Mt	1.0	1.1	2.1	1.6
Total Coal Sales	Mt	1.1	1.2	2.3	1.6

Poitrel continued to deliver strong results during 2Q 2024, enabled by healthy opening ROM coal inventories, shorter haulage opportunities to the R20 dump voids and improvements in equipment availability. The advancement of 786Kt of ROM coal from 1Q 2024 into 4Q 2023 strengthened opening ROM coal inventories and enabled increased saleable production and sales, despite lower ROM coal production volumes in 1H 2024 as we redirected digging fleets to waste mining. This resulted in an expected (timing based) increase in YTD strip ratios, though we expect a strong 2H 2024 ROM coal production plan. A planned CHPP shutdown in April resulted in a reduction in saleable coal production when compared to the prior quarter, although saleable coal production remains marginally above plan year to date.

Isaac Plains Complex

		Quarter-Ended		Year-to-Date	
		June-24	Mar-24	June-24	June-23
ROM Coal Mined	Mt	1.0	1.0	2.0	2.0
ROM Strip Ratio	Prime	10.1	7.8	8.9	7.2
Saleable Coal Produced	Mt	0.7	0.5	1.3	1.6
Total Coal Sales	Mt	0.7	0.5	1.3	1.6

Isaac Plains Complex delivered a strong performance in the quarter recovering from wet weather impacts in 1Q 2024. Saleable production improved on the prior quarter with improved utilisation of the primary crushing unit at the CHPP, realising a reduction in historical operational delays and gaining run time for the plant overall.

Strip ratios increased in the quarter as a result of overburden mining of the higher strip-ratio Pit 5 area continuing in 2024, while the majority of coal mined in Pit 5 is scheduled for 2025.

Mining fleet performance improved over the quarter, with a focus on improving the underpinning drivers of performance. This is providing a high level of confidence on achieving mined volumes and annualised run rates over the remainder of 2024.

Development and Exploration Projects

South Walker Creek

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

All three expansion fleets of excavators and trucks were fully operational by the end of 2Q 2024. The Y-South pit has had 6.1Mbcm of overburden material moved in the box cut which is ahead of planned volumes. First coal remains on track to be achieved from Y-South in August 2024. Y-South is expected to contribute 13Mt of low strip ratio and high yielding ROM coal adjacent to the CHPP. Similar to the MRA2C Project and Ramp 10 North in Poitrel, box cut volumes will be capitalised and amortised over the life of the pit.

The CHPP expansion project progressed with 100% of the construction packages now awarded, with initial hardstand construction, piling and foundation work completed and structural works well underway. The tie-in of the new plant module is planned to occur concurrently with the CHPP major shutdown scheduled for 4Q 2024. The mine expansion infrastructure design project has progressed well and remains on target to release the construction packages to market in 3Q 2024, commencing construction thereafter in 2025.

MRA2C Project

The creek diversion project continues to perform well with earthwork productivities running approximately 17% ahead of target production for the quarter. The project has moved 4.9 million cubic metres of material to date, which represents over 76% of the project bulk earthworks volumes. Rehabilitation of completed areas is well underway with 36% of works completed. The project continues to run ahead of schedule and is also under budget.

Poitrel Southern Levee & Ramp 10 Box Cut

The Southern Levee Extension Project is now complete including receipt of levee certification.

The construction of a water pipeline connecting the northern pits with the mine's dams has also recently been completed, providing improvements to the site's water transfer capability.

Stripping of the Ramp 10 North box cut area continued in the quarter, with completion expected 3Q 2024. There is a planned reduction in the fleet size that coincides with the completion of the box cut stripping.

Millennium Complex Underground Development

During 2Q 2024, a total of 123Kt of ROM coal was mined from the Mavis Pit area, with 103Kt of saleable coal produced and net shipments of 105Kt. As noted in a prior announcement, mining operations ceased on 28 June 2024 with the focus now on safely closing the Mavis E-Pit Underground mine and demobilising all contractors and equipment by end of 3Q 2024.

Exploration

Work on the Lancewood Pre-Feasibility study continued through the quarter including exploration drilling with drill cores taken for coal quality and gas content and scenario analysis on CHPP and train load out options to further inform the development strategy. Regulatory approvals remain the longest timeline for project development.

Corporate & Guidance

Corporate

Stanmore concluded the quarter with a total cash position of US\$404 million, and a net cash¹ position of US\$192 million as at June 30, 2024.

During the quarter, Stanmore paid scheduled debt amortisation of US\$15 million under the terms of our Acquisition Financing Facility, reducing the principal balance of that facility to US\$210 million.

Major non-operating cash flows during the quarter included proceeds from the sale of the southern portion of Wards Well, a cash receipt of approximately US\$136 million in April 2024, as well as an income tax payment of US\$170 million in June 2024 as anticipated. However, as the Eagle Downs acquisitions had not completed as at June 30, the required purchase consideration did not draw on cash in the quarter and is now expected to be made in 3Q 2024, along with the final BMC acquisition payment to BHP of US\$150 million in late August.

During the quarter, the Company extended the US\$70 million loan facility with Golden Energy and Resources Pte. Ltd. (GEAR) until 30 June 2026. This provides a continued source of additional liquidity for corporate purposes and general operating requirements as and when needed. In consideration for the extension, the Company agreed a one-off extension fee of 1.5% with all other commercial terms remaining consistent. The facility is currently undrawn.

Guidance

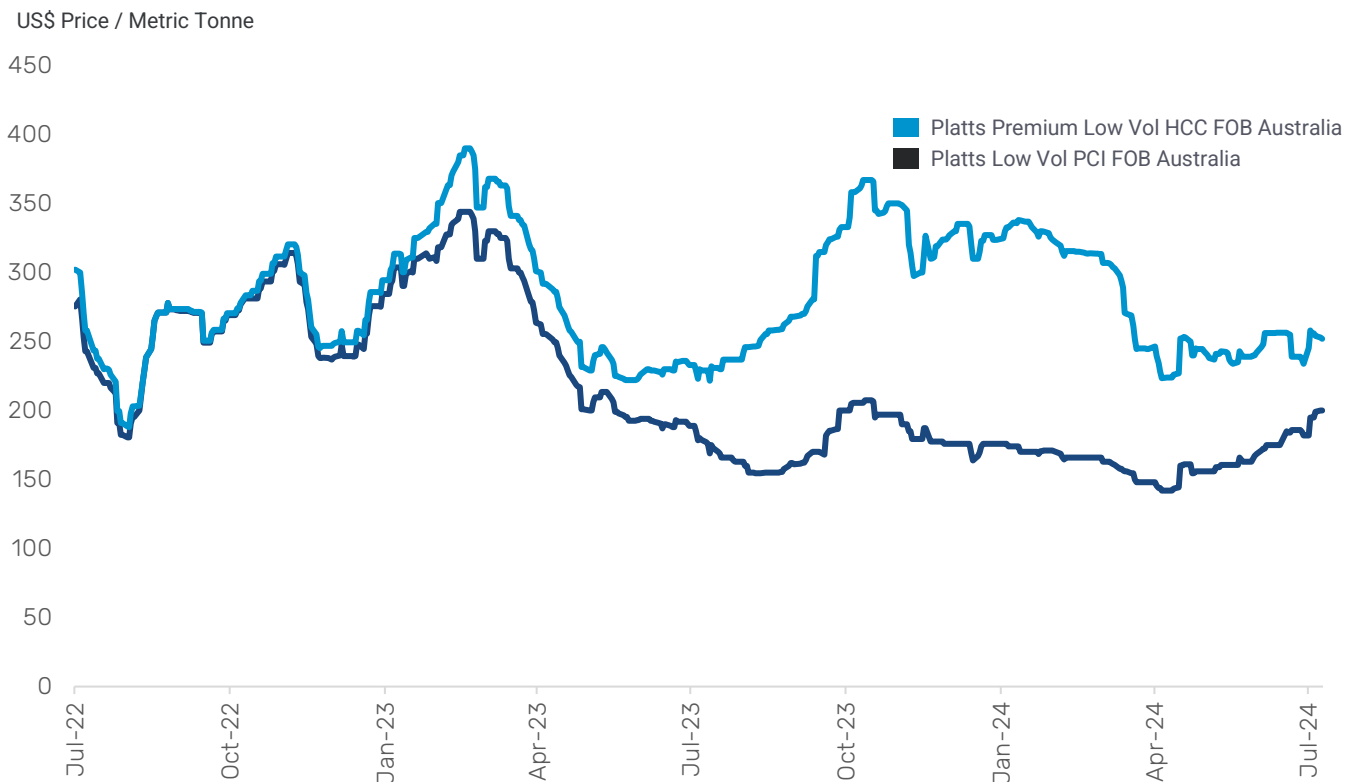
There is no change to Public Guidance for 2024, which remains as per the Guidance released to the market February 26, 2024. While we no longer expect coal production out of Millennium from 2H 2024, a continued strong operating performance is anticipated from Stanmore's other operating assets to allow the Company to perform within the existing consolidated Guidance range. A further update will be provided following the release of the 2024 half year accounts scheduled for late August 2024.

Metallurgical Coal Markets

The prime hard coking coal price was generally stable through the quarter, closing at US\$234 after a weakening trend late in the quarter, attributable to a release of Australian prime hard coking coal cargoes as well as Indian demand retreating with onset of monsoon. Chinese steel exports contributed to a challenging steel pricing environment, however metallurgical coal demand remained generally stable through the quarter. An accident at a major Australian prime hard coking coal mine at the close of the quarter is still being understood by markets, although has contributed to a tightening sentiment, particularly towards the latter part of the quarter.

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

Announcements of further sanctions on Russian companies in 2Q 2024, restricted access to material of this origin in some markets that had been previously consuming it. In some instances, concerns for future security of supply are driving buyers back towards a preference for Australian material. This has contributed to a general decrease in availability of Australian PCI material through the quarter, supporting higher PCI relativities.



Notes: S&P Global Commodity Insights Platts Premium Low Vol HCC FOB Australia and Low Vol PCI FOB Australia indices: 1 Jul 2022 to 9 July 2024

Summarised Production Statistics

		Quarter-Ended		Year-to-Date	
		June-24	Mar-24	June-24	June-23
ROM Coal Mined	Mt	4.872	4.565	9.437	9.120
South Walker Creek	Mt	2.248	2.061	4.309	3.997
Poitrel	Mt	1.521	1.402	2.923	3.128
Isaac Plains Complex	Mt	0.980	0.983	1.963	1.995
Millennium ¹	Mt	0.123	0.119	0.242	-
Strip Ratio	Prime	8.4	7.8	8.1	8.0
South Walker Creek	Prime	7.5	7.0	7.2	8.3
Poitrel	Prime	9.3	9.7	9.5	8.1
Isaac Plains Complex	Prime	10.1	7.8	8.9	7.2
Saleable Production	Mt	3.420	3.340	6.760	6.373
South Walker Creek	Mt	1.572	1.623	3.195	3.106
Poitrel	Mt	1.003	1.081	2.084	1.621
Isaac Plains Complex	Mt	0.743	0.545	1.287	1.646
Millennium ¹	Mt	0.103	0.091	0.194	-
Total Coal Sales		3.546	3.444	6.990	5.978
South Walker Creek	Mt	1.656	1.589	3.245	2.856
Poitrel	Mt	1.067	1.209	2.276	1.562
Isaac Plains Complex	Mt	0.718	0.545	1.263	1.560
Millennium ¹	Mt	0.105	0.101	0.206	-
<i>Sales – Coking Coals</i>	%	31%	30%	31%	36%
<i>Sales – PCI</i>	%	62%	63%	62%	59%
<i>Sales – Thermal Coals</i>	%	7%	7%	7%	5%
Product Coal Stockpile		0.583	0.709	0.583	0.868
South Walker Creek	Mt	0.261	0.354	0.261	0.387
Poitrel	Mt	0.149	0.205	0.149	0.236
Isaac Plains Complex	Mt	0.174	0.133	0.174	0.245
Millennium ¹	Mt	-	0.017	-	-
ROM Coal Stockpile		1.048	1.217	1.048	1.257
South Walker Creek	Mt	0.343	0.201	0.343	0.239
Poitrel	Mt	0.500	0.722	0.500	0.783
Isaac Plains Complex	Mt	0.160	0.272	0.160	0.235
Millennium ¹	Mt	0.045	0.022	0.045	-

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

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

Further Information

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Media

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

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About Stanmore Resources Limited (ASX: SMR)

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