TRANSCRIPTION

Company:	**Stanmore Resources Limited**
Date:	**23 January 2024**
Duration:	**50 minutes**
Reservation Number:	**10036175**

[START OF TRANSCRIPT]

Moderator: Thank you for standing by and welcome to the Stanmore Resources Limited Fourth Quarter Activities Report, hosted by Director and Chief Executive Officer Marcelo Matos and Chief Financial Officer Shane Young.

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 1 on your telephone keypad.

I would now like to hand the conference over to Mr. Matos. Please go ahead.

Marcelo Matos: Thank you. Good morning, everyone and thank you again for joining us on the call today to discuss this time the Fourth Quarter Activities Report for '23, that we just released this morning. As usual, I will start with a summation of the release before inviting everyone for the opportunity for Q&A.

Starting with safety. As usual, we maintain a good record compared to industry averages. However, we are disappointed to report four reportable injuries and a serious accident during the fourth quarter.

This accident was related to a totally avoidable leg fracture, whilst one of our contractors was disembarking from a dozer. This obviously led to a thorough investigation and audit of all our equipment compliance, to try to avoid such incidents in the future.

We remain focused on maintaining our good safety record and we are now focusing our safety programme on leading initiatives, and also pivoting our reporting focus from the TRIFR, which is the Total Recordable Injury Frequency Rates, to the Serious Accident Frequency Rates, in line also with the Queensland government regulators, to ensure that we do whatever it takes to prevent those serious accidents from reoccurring.

Moving to over-all highlights for the quarter, very pleased to report strong operating results, full-year saleable production finishing above our guidance at 13.2 million tonnes. Flowing also on to strong sales performance of 3.8 million tonnes in the quarter and 13.1 million tonnes in the full year, which was helped by the strategic purchase of surplus logistics capacity to offset the constrained logistics systems. This was discussed on previous occasions as well.

And of course, generally improved availability in the system, despite congestions leading just to the end of the year, especially with wet weather the last days of the year.

This demonstrates the resilience of our operations, in a year that started with a headwind back in January '23, with a lot of wet weather. And some of you may recall the force majeure and the amount of rain that was experienced in DBCT back in early '23. So, we always had our sales profile backhanded and in recovery mode, but very pleased to see that we finished up with a strong performance and above our guidance range.

During the quarter, we also announced various transactions. That included the agreement to sell the southern area of Wards Well to Peabody, a transaction that we believe is truly value-accretive to Stanmore, providing also a competitive alternative to optimise the development of Lancewood in the future.

We also closed out a busy December with the purchase of the remaining 50% interest in the Millennium and Mavis assets, as we announced just before the new year. Over-all, the quarter translated into closing cash and net cash positions of US$446 million and US$126 million respectively, leaving us in a strong financial position heading into 2024.

In relation to operations, South Walker Creek had another solid quarter, despite the plant shutdowns for both the Dragline 28 and our wash plant, as well as some impacts from wet weather, especially towards the end of December.

Run-of-mine production was lower quarter on quarter in line with mine sequence, which was planned, was not surprising, but with stronger entry levels supporting stable saleable production in sales.

Over-all, South Walker achieved above-guidance saleable production and has set some fantastic records, including run-of-mine tonnes of 7.97 million tonnes, and an all-time record of annual saleable production of 6.26 million tonnes. As well as total waste blasted, BCMs, and averaging yield. It was a pretty strong year for South Walker, and we look forward to seeing new benchmarks that the operation will be able to set, especially following the completion of the MRHUC and the expansion projects which are now in a full scheme.

Poitrel closed out the year with an exceptional quarter as well. Run-of-mine increased by 37.5% on the third quarter, in line with a back-ended production profile for the year, which was always expected, as indicated in our previous interactions and releases.

Strip ratios also continue to improve, noting that this excluded the capitalised volumes from Ramp-10 box cut, which in fact progressed well during the quarter, concluding the year in line on our regional plans despite the wet weather impacts earlier in '23.

Various production records including total material moved ultimately resulted in the site achieving above guidance for 2023. This is notwithstanding finishing the year with very strong ROM inventories of 925,000 tonnes, 200PN, also a strong start for 2024.

Isaac Plains managed consistent performance on the December quarter with strong opening inventories mostly offsetting impacts from wet weather and some CHVP outages.

Over-all, the complex closed out the year with saleable production of 2.9 million tonnes, just below the upper end of our guidance. And we are pleased to report that another 113 hectares of rehabilitation was completed at Isaac Plains East, additional to the strong performance that we had also in 2022.

Lastly, in relation to the Millennium complex, aside from our acquisition of the remaining 50%, the operation is recovering from the geotechnical challenges experienced in the third quarter, with volumes from the underground continue to ramp up to what we hope can be a steady state, with the true production units during the first quarter now in 2024.

We do intend to incorporate our expectations for the Millennium complex in our guidance numbers going forward, now that we own 100% of the asset. We are reporting volumes, EBITDA and the numbers over-all above the line relatively to what we've been doing to date, with a further update expected to be provided when we release our full-year results near the end of February.

Touching briefly on our ongoing projects, South Walker expansion to lift our saleable production to 7 million tonnes per annum by early 2025 is progressing well, with all approvals in place and key contracts awarded for the CHPP expansion and for the three additional hired truck and excavator fleets early this month.

Supporting this project is also the earlier White South Pit development, with box cuts to be capitalised and access already obtained in the fourth quarter in '23, and the first blast expected now in the first quarter '24.

White South was always contemplated as part of the life-of-mine plan for South Walker, but we decided to bring forward access as part of the expansion plans to optimise trip ratios and costs and ensure a consistent flow of volume, especially from the southern pits closer to the CHPP.

White South is literally adjacent to the CHPP, it's one of the closest pits to the CHPP, so two of our additional excavator fleets that are being mobilised as part of the expansion rampart will be actually allocated to White South development.

Over 1 million BCMs of material was removed in the quarter for MRHUC. 90% of auxiliary infrastructure works is complete and the project's progressing well on time and on budget.

The first stage of the Ramp-10 north box cut in Poitrel was completed in November, delivering the anticipated volumes for 2023 despite some of the delays driven by the wet-weather challenge early in the year, as you all may recall.

Looking ahead, we are looking to continue the second stage in '24, to open up the full strike in Ramp-10 by the beginning of '25. That's always been projected.

At Isaac Plains, waste blasting at Pit 5 North commenced in the quarter. First ROM was mined in December and as we indicated in the past, 1.4 million tonnes of ROM is expected to be mined between 2024 and 2025.

Lastly, exploration progressed well in the quarter. A lot of our focus has been on the Lancewood project, but also in progressing and better defining our Nebo West tenement, which is part of the South Walker complex as a whole.

Groundwater monitoring boreholes and ecology works are advancing well to support baseline data required for our environmental approvals for Lancewood. A pre-feasibility study for Lancewood is expected to be completed in the second quarter of '24, which will include the assessment of development options both on a standalone basis or utilising the upgraded infrastructure at Peabody's Centurion Complex, which is the new name for the former North Goonyella mine.

That was contemplated in the transaction that we announced on the 26th of October '23, so we look forward to update everyone once the previous results are completed and available.

On the market landscape over-all, prices remained relatively stable over the last quarter, with a pick-up in demand in China for imported metcoals from pre-winter restocking, and some turbulence with Chinese domestic supply from safety-related shutdowns.

Still-stable availability of non-premium products, with continued competition from Russian volumes. Unfortunately, the relativity against PLV is remaining wide through to the end of the year. Nonetheless, markets remain buoyant, despite ongoing margin pressure on our clients who are the steel producers. We remain pretty well positioned to benefit from any reversion of relativity through historical levels, which we expect to happen inevitably at some time in the near future.

Like in 2023, 2024 started with some unfortunate wet weather in Northern and central Queensland. Many mines and logistics systems heavily affected. We got a lot of rain just before the new year, close to 200ml in 24 hours at South Walker and Isaac Plains, just as an example, and just under that at Poitrel.

In South Walker we did experience some outages in our train loadouts and CHPP as well due to lightning, and loss of power and some burned-out relays, so a bit of a curveball. Nice challenge to the start of the new year and to make sure that we started full throttle, but recovery is underway. I think we're pretty confident that we should be able to be fully recovered by the end of Q1, to our original production plans. Of course, under the assumption that we don't have any more significant wet weather.

Like in January 2023, sales have been heavily affected though in January 2024, especially due to railings and port down-times. There was a lot of cancellations of trains, partly due to rail but also to port performance.

As some of you may be aware, there's a cyclone approaching Northern Queensland now, so we need to monitor it closely of course, to understand potential further impact to our shipment lineup.

Our previous Q1 plan was pretty strong, we did plan for a strong Q1 on an annualised basis. And this may mean that although we have some impact in January, assuming we're able to recover, we still may be able to close Q1 hopefully in line with our usual annualised quarterly volumes. But of course, we're going to have to monitor the performance of the logistics chains in the next few weeks.

I'll hand over to Shane, who'll provide an overview of corporate updates and close out the summary before the Q&A.

Shane Young: Thanks, Marcelo.

Stanmore closed out 2023 in a strong financial position again, ending with net cash of US$126 million, inclusive of available cash of US$446 million and aggregate debt of roughly US$320 million. This includes some significant one-off cash outflows during Q4, including around US$53 million for the special dividend declared in November, as well as a corporate tax payment of AU$120 million in December, as signalled in the September 2023 Quarterly Activities Report.

Furthermore, as has been noted previously, our capital programme was much more weighted to the second half of the year, and specifically the fourth quarter, with a step-up in spend on the aforementioned projects impacting overall quarterly cash flows.

As noted by Marcello we announced a number of important transactions during the quarter, including the sale of the southern portion of the Wards Well mining lease, and the purchase of the remaining interest of the Millennium complex, comprising of the Millennium open cut and Mavis underground operations.

The Wards Well transaction is significant for our over-all vision and strategy. It brings forward value by monetizing an undeveloped area that realistically would not have been mined for some decades by Stanmore and was logically suited to be accessed by Peabody in conjunction with their re-entering of the North Goonyella mine, now renamed 'Centurion', to the south.

However, it also helps facilitate a development pathway for our Lancewood asset, offering an infrastructure solution via an ability to access latent capacity at the Centurion wash plant, and/or washing capacity through a capital investment into that plant.

This is in addition to framework agreements that will support partnerships in the extraction of value between our neighbouring Peabody and Stanmore operations.

Regarding the Millennium complex transaction, Stanmore had already invested into the capital development of the Millennium and Mavis Downs mines via a AU$90 million debt facility, which is now wholly intergroup.

The streamlining of ownership now also supports short-term working capital requirements as production is ramped up to a steady state during 2024, as well as providing potential synergies that may be realised with our neighbouring Poitrel mine, particularly as Millennium coals are already washed at the Poitrel wash plant.

The purchase of the remaining 50% also allows us to consolidate this position, as Marcelo mentioned earlier, and we'll include Millennium with the rest of our portfolio for performance reporting purposes from 1 January 2024, going forward.

Finally, on guidance, as has already been highlighted. We're very pleased to report the total saleable production finished just above the top end of our previously reported public guidance. This is a testament to the quality of our site leadership and operations teams, as well as the quality of our assets, particularly in a year that was characterised by a number of challenges such as the logistics constraints of the first half and generally back-ended production profile.

We look forward to providing further updates on 2023 performance on free on-board cash cost and capital, together with our release of our annual results in February.

I'll now hand over to our moderator, so that we can take your questions before Marcelo provides his closing remarks.

Moderator: Thank you. If you wish to ask a question, please press *1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press *2. 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.

Jim Xu: Oh, sorry. Hi, Marcelo and Shane. Just a couple of questions from me, please.

Marcelo, you mentioned some pretty significant impacts on sales in January this year due to wet weather, 200ml of rainfall at South Walker Creek in just 24 hours. Can you give a bit more colour on the production impact we might expect? How many days was mining at South Walker affected? And what is Stanmore doing to mitigate the impact of wet weather, just seeing that Cyclone Kirrily continues to move towards the coast?

Marcelo Matos: Thanks, Jim. Yes, it was a pretty wet year-end. Interestingly, as you know, South Walker is a pretty large mine, from a strike-land standpoint. Just for reference, for example, our southern pits were a lot more impacted than the lower pits. So of course, we are now trying to rig a little bit our sequences, to be able to deal with some of these water issues in the southern pits.

I think that the good news is we did end the year with strong stocks at South Walker, so that's helping the line-up, especially in January and February, to make sure that we can service some of those shipments.

In relation to what's coming now with the cyclone, and how aggravated the situation may be, I think we need to wait and see, Jim. The BCT has just advised yesterday they are commencing weather preparations. Vacating berms, starting equipment tie-downs and the like, so we are now trying to make sure we watch closely and work closely, especially in relation to shipments that are about to be nominated to avoid the merger exposure.

Over-all from a production standpoint, we're still confident that we should be able to recover well. Poitrel, interestingly, was a lot less affected compared to Salt Walker and to Isaac Plains, and compared to early in 2023 where it was probably one of the worst-affected mines.

But again, the resilience of South Walker and the flexibility we have there, given the number of pits we mine and the quality of roads and their ability to spread mulch rock and drive in wet weather events, I think it's always proved to be pretty robust.

Isaac Plains is less flexible, to a certain extent. We don't have the same number of pits or flexibility as we have in South Walker. But recovery is underway and I think, again, it's looking positive.

I think the main concern will be system performance, Jim, because not only us, a lot of people were as affected as us, in terms of train configurations and shipments. In the same way as 2023, everyone will be trying to catch up in February and March. I think it'll be a race to get into trains and send boats out.

There's a prioritisation method in the below rail or in the Queensland Goonyella chain. We need to make sure we remain tier-one, or worst case tier-two, to make sure we get a prioritisation of train paths to get our railings and our boats out.

Lots of work at the moment. As I said, the plan always contemplated a stronger Q1 than usually, so hopefully despite the impact, we can still perform at our normal on our live Q1, if you look at our guidance we provided in late November.

Jim Xu: Okay, thank you very much.

Maybe just moving on to the dividend. In the special dividend announcement, you mentioned a one-off catch-up tax payment of US$155 million to US$170 million in mid-2024.

Will you be provisioning for this upcoming tax payment in how you think about your final dividend for this year? Or will that just come out of 2024 cashflow, and therefore affect next year's dividend?

Shane Young: Yeah, thanks, Jim. That's a good question. I think it's something that'll probably go into the mix over-all, as we contemplate the dividend and whether to declare a final dividend for 2023 as we consider other confirmed and known payments.

I guess the advantage with that though is that we have been considering that in our over-all cashflow forecasting, and contemplating that as an operational cashflow as we would for any tax payments.

It's not necessarily something that formulaically goes into a formula that calculates a dividend. It would be more something that is just considered in terms of over-all cash requirements. So it'd be one for the Board to contemplate, but wouldn't necessarily go into a calculation until such time as that we get there and consider the over-all future cashflows for the business.

Jim Xu: Okay, thank you very much.

Shane Young: No worries.

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

Brett McKay: Good morning, gents. Thanks for your time. A few questions from me.

Wanted to chat through Poitrel. It's had a cracking quarter, from a production point of view. Can you outline some of the reasons why the ROM volumes were as high as they are, strip ratios coming down? It looks like it's set up to be in a strong position going through this year, into the completion of Ramp-10 box cut next year.

Can you maybe talk through some of the improvements that have come through in the December quarter?

Marcelo Matos: Brett, I think it's a combination of things. I think sequence is definitely one of them. Stripping performance in Poitrel over-all, post-COVID, performance has been fantastic.

Yield was a bit of a good surprise as well. If you recall, we've done a lot of grade-controlled yield reconciliations in Poitrel, especially post-acquisition and after incorporation of the whole tech services and geological models into our belt.

We've been getting some good outcomes relatively to what we've revised as part of those reconciliations. So, I think it's a combination of both.

I think it was focusing of course a bit more on coal, to get into the wet weather with good competing ventures on ROM stocks. As you see we have 900,000 tonnes, so we wanted to be in good shape for the wet season, in terms of coal availability but also yield.

I think it's productivity. Sequence, prioritise a bit of coal towards the end of the year ahead of wet weather, but also a slightly better yield in the fourth quarter.

I think it's good, I think Poitrel is well-shaped for '24. We are already mining coal at Ramp-10. We are starting open mining very soon, as we got approvals to mine some of the high walls in the southern pits as we explained in the past. So there'll be a bit of volumes coming out of open mining in Poitrel. It's pretty well set up for '24 as well.

And as we always explained in the past, once Ramp-10 is fully developed you have a stable strike and an improved strip ratio going forward.

Brett McKay: Thanks, Marcelo. Just quickly, can you go through some of the dynamics which give you confidence of that reversion on the PCI prices back to the longer-term average this year?

Is there still some additional Russian PCI floating around the market that still needs to wash through, that you can see that coming to an end in the next three to six months, that will allow that relativity to close back up?

Marcelo Matos: Look, I think the first answer to Russia is yes. Russia coals are out there and of course they've been cleared in markets like China, India, and Southeast Asia. Which just happened to be also the key spot market and the key growing market, especially for India and Southeast Asia. So of course, that's not helping relativities.

Availability of PCI has been quite stable in the market, where the premium top of the food chain, which is the PLV type of hard coke and coals, they've been tighter. Mostly driven by production constraints of some of the major miners, as you're probably aware.

So, I think tighter premium supply and more stable availability of PCI and semi-soft has kept that relativity wide. The reality is PCI is probably as low as it can be, from a relativity standpoint.

As I said in the past, so cheap now from a value and use standpoint. Not only for steelmakers to improve the injection rates, but also for them to even use a bit of PCI in the coke blends. We have seen some steelmakers already talking about and buying PCI to use in coke blends, given the wide differential.

I think we need to watch and see, Brett. It is a distortion and I find it hard to be sustainable for too long, given where it is now. But as I said, it's still under pressure because of tightness in the premium side of the market, which is what's keeping the PLVs high.

On demand side, things are not very strong now. Things are quite stable and to a certain extent weak. China has been producing well, as you know, from a steelmaking standpoint. There's been steel out of China going to India. That's putting pressure on the Indian steelmakers as well, of course.

There's a bit of coke production capacity starting in Southeast Asia, which is good for the demand of metcoal but on the other hand puts a bit of pressure on other merchant coke plants elsewhere in India and China, which are also sometimes consuming sea-borne coke and coal.

I think if anything, this weather disruption is helping a little bit to keep the market stable, given a bit of weakness we are seeing on the demand side. But the reality is that steelmakers, because of the pressure on margins, they've been de-stocking a lot. To an extent that they're not ready really for any supply disruption, or if you have any significant weather-related surprises, give the amount of de-stocking they've made in the last few months, they could be caught by surprise.

We need to watch and see, Brett. I think, as I said, I struggle to see PCI relativities staying at these levels for another year or so. I think from a value-use and from a cost standpoint, from a steelmaker perspective, they should normalise.

Russian coals are out there, and I don't think there's a lot more to come. There's no significant expansions out of Russia that we are aware of. But because they are out there and in the spot markets, in the markets that are growing, I think it's putting of course pressure on our sea-borne Aussie PCIs as well.

Brett McKay: Yep, okay. All right. Thanks, Marcelo, and thanks guys for the result today. Cheers.

Marcelo Matos: Thanks, Brett.

Moderator: Thank you. Once again, if you wish to ask a question, please press *1 on your telephone. Your next question comes from Jon Ogden from Eastern Value Limited. Please go ahead.

Jon Ogden: Morning, Marcelo, and Shane. Thank you very much for the presentation, and great year.

A few for me. On the PCI, can you give us the numbers in terms of what the discount is now to the premium low-vol, and what it normally is, please?

In general, on the market, can you give us any thoughts for 2024 in terms of particularly China, I think? Because obviously there's a lot of noise about China's economy being in trouble. Are you seeing that at all, that you're worried about demand from China in 2024? Is that overdone? Any thoughts in general in terms of direction of the market with supply and demand?

Then on Millennium, can you give us an idea of how you see that developing, in terms of production and costs, and the quality of the coal produced? I note that you only paid $1 for the other 50%, so it sounds like there's problems there that might take some time to work through to get that into a profitable mine. Maybe you can tell us what you're going to have to spend to get that up to speed?

And if you've got any thoughts on the CapEx roadmap for the next two, three years, given those projects? Is there some years that are going to be big CapEx, others less? I know you can't give full guidance, but if you can give us your thoughts on that. Thank you.

Marcelo Matos: No worries, john. Starting with the market, China just released numbers and I think they did reach their GDP expectations, which was a bit even surprising to some. Steel production was strong, despite some of the challenges.

We are seeing a pickup of imports in China, and interestingly when we have a weaker India buying. Especially the last few months, there was a lot less buying in India for metcoal.

You are seeing a lot of this-quarter references and what's right in the market's been also a bit of the Chinese margin. It's coming back to what it used to be, years ago. I don't think necessarily that's sustainable longer-term, given that is where the growing market is. But to a certain extent, you are seeing the domestic metcoal prices in China also helping to give a bit of support to the CBO. I'm talking the top of the chain, premium low-VO coke and coals.

PCI is from a relativity standpoint, as low as it has been. It's just north of 50% relativity against hard coke and coal. It's extremely low. Long-term averages are about 70% to 80%. So, as I said, we need to hope to see a normalisation at a certain point. Hopefully it's still in 2024.

As I've always been saying, PCI is extremely cheap for steelmakers now. So, it is cheap for them to increase injection rates for PCI, but also even to use a little bit of PCI in their coke blends. I personally hope to see a normalisation and believe that we should see a normalisation, up from this 50%.

There are pretty high-cost PCI producers out there, not only here but also in Russia. Fortunately, we are not one of them. So, I think we are in good shape, in prices where they are now. We are still making very good margins from a PCI standpoint.

Marketwise, in terms of trends, it is a flat steel market over-all. I think despite that, we are seeing metcoal remain steady above 300 levels. I think that highlights the constraints, especially on sea-borne supply over-all.

I'm talking about the over-all metcoal spectrum, which is similar... The same was true at the end of 2022, with weak demand but weaker supply, which is quite interesting.

India will grow again. I think they will grow the amount again and they will pick up imports in 2024. They are commissioning new coal and coke facilities and some of them may reach completion and commissioning during 2024. They are very active in trying to secure additional supply sources and that includes Tatar, GSW and all the big steelmakers, but also the state-owned ones like the Steel Authority of India.

US, from a supply side US is increasing marginally during 2023. There's still plenty of Mongolian supply going into China. I spoke about Russia already, but there's a lot of tightness in the premium hard coke and coal category, especially with the major miners in Australia. We've heard talks of some of them recovering, expecting recovery, in 2024. I think we need to see, because there's also weather disruptions.

There's a new producer in Queensland ramping up, which is the Olive Downs Mines, and I think we need to see how that may impact the market. But there's not a lot more beyond that, in terms of new supply.

Again, I think there is definitely weakness in the steel markets. China interestingly is producing well, steel production is strong. They have constraints in metallurgical coal production domestically, hence they've been growing their imports of metcoal.

But again, I think long story short, PCI relatives are low, as I was explaining to Brett, John, before. And I do believe that we should see some improvement. If not back to historical levels in the very short-term, but at least from where they are today during 2024.

I think the next question is... I'll touch maybe the CapEx first.

We've released an update on guidance for '23 and '24 just in November last year. What I can say is we've closed '23 just slightly above our upper end of the 2023 range. Which is actually a good thing. With some of the projects like the MRA project, the Poitrel levee was completed ahead of schedule and the Ramp-10 catch-up, it happened, it progressed well, and some of them better than planned.

And that explains a little bit also some of the cash movements in the fourth quarter, given that November and December were very strong in capital, which puts us in a good position in '24. As you saw, the '24 profile is, from our perspective, actually below what we were envisaging a year ago if we were looking at '24, given the guidance range we've provided.

We have spread or have smoothened the capital profile a little bit. We've pushed a couple of projects back into 2025. We are seeing a '24 that's slightly lower than we envisaged a year ago, but there's a bit more in '25 where we were decided to be a bit prudent in '24, just to reduce a little bit relatively to what we did in '23.

As far as going forward is concerned, we were always saying that we should be back by second quarter or third quarter of '25 more to a normal sustaining CapEx level. But with some of this postponement of some expansions from '24, probably '25 will be likely a touch above what we would otherwise expect. But as I said, most of the investment campaigns, at least the ones we have now, will be done in '25.

I think beyond that, we have all the capital projects. We have Lancewood, which the growth project is quite prospective, quite interesting, that we actually hope to be able to be making an investment decision in the near future. But I don't think it's a '25 story. I think it needs environmental approvals and if anything, it's something for two, three years from now, from an investment decision standpoint.

Millennial, we want to comment on millennial.

Shane Young: Yeah, I guess on the Millennium deal, I think the inquiry there was on the purchase price. One thing to note in our announcement that we made announcing that deal is that there was a royalty attached to that as well. So, I think it's probably not appropriate just to consider that a $1 deal. The royalty kicks in at certain coal prices being achieved, as well as return on investments. So, it's a deal that does still provide upsides in the purchase price beyond the $1 deal.

But from our point of view, what it does is it gives us full control of the asset, which allows us to streamline things administratively and also consider the working capital needs of those development areas as we move into steady-state production this year.

I think that there's real benefits in that. We're already providing a facility of AU$90 million into that asset, that now becomes a 100%-owned asset. So, in terms of return on investment, we stand to receive 100% of the profits, notwithstanding that royalty arrangement as well.

Marcelo Matos: Maybe just to add to that, the Millennium project now, it's fully set up. I think that the cost structure is mostly fixed with the underground mining services contract we have in place.

Going forward, it's all about getting the tonnes and of course having some supportive coal prices. I think fortunately coal prices are still very supportive, so I think we need to get the tonnes, and we need to see the production ramping up to where we always envisaged.

I think we're going to be supporting the team to achieve that, incorporating Millennium now as part of our normal management routines that we have for all the three assets. It was always contemplated to be a short-term project in the Mavis underground, and then moving into either the Millennium underground.

Now we have a bit more flexibility because we also have some other prospective potential undergrounds in our portfolio. That gives us a bit of flexibility as well, going forward, to use that expertise and the equipment we have now in the Mavis. But the original plans was always to extend live into the Millennium underground as well.

Jon Ogden: Thank you. Thank you very much for your answers.

One other quick one which occurs to me. I wonder if there's any buyers' remorse as it were from the Queensland government, on the royalties? Has there been any other discussions, that they might have realised that's very detrimental to investment in the industry?

Queensland is always absolutely crucial to the metcoal global supply. Any chance they might wind that back a bit, the royalty? Thank you.

Shane Young: Thanks for the question. It is something that you can see in our financial results and annual results, where we typically highlight the size of the cheque going to the Queensland government as a result of those royalty changes, and have done in the past.

It's a big check to write. We continue to discuss, working with industry groups such as the QRC, ways and means that we can influence government policy. But at the end of the day, we're getting on with business as we need to do from this point forward. There's been no indications of changes at this point, but we'll continue to make sure that people are aware and the government's aware of where we stand on the issue.

Marcelo Matos: I think that means there's a new Premier in Queensland. There's been some initial meetings with industry representation and some signals of intention to re-engage on a positive foot at the beginning of '24. But I think the general message is, I think, "We agree to disagree on royalties, but let's see where else we can work together, for the benefit of Queensland and the industry as a whole."

That's the general messaging, so there's not a lot of expectation that under the current government there will be changes to the existing policies.

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

Marcelo Matos: Thanks everyone for your questions and the ongoing support of all of you, our shareholders. It's been fantastic to engage with you again during 2023. We all look forward here to meeting many of you again next month, after we release the full annual results as usual.

I'd also like to take the opportunity to thank our employees and contractors who are invaluable in the ongoing success of our business and performance of our business. Thanks everyone for your time.

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

[END OF TRANSCRIPT]