



TRANSCRIPTION

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Operator: Thank you for standing by, and welcome to the Stanmore Resources Limited June 2025 Quarterly Activities Report Investor Briefing. All participants are in a listen only mode. There will be a presentation followed by a question and answer session. If you wish to ask a question, you will need to the star key followed by the number one on your telephone keypad. I would now like to hand the conference over to Mr. Marcelo Matos, Executive Director and CEO. Please go ahead.

Marcelo Matos: Good morning, everyone. Welcome to today's call where Shane and I will present the June quarterly activities report, highlighting our performance, achievements and the outlook for the remainder of the year.

Overall, it's been a solid quarter, and we are pleased to have reported a strong recovery in our ROM coal mining volumes, which has supported the maintaining of our full year saleable production guidance. This has been achieved despite the wet weather challenges from the first quarter continuing into April when more than 110 millimeters of rain was recorded in Moranbah, bringing the year-to-date figure just four months into the year to the end of April to almost 100% of the annual average from the previous five years.

Furthermore, we are very proud that this recovery was achieved without any serious accidents, facilitating the return of our serious accident frequency rate to zero for the first time since late 2023. This is a remarkable result given the circumstances. And I would like to commend our site operational teams for their unwavering discipline when it comes to safety.

On the market side, it should come as no surprise that metallurgical coal pricing conditions remained suppressed, and range bound during the quarter as China steel exports remain at record levels and supply-related constraints persisted.



Annualised Chinese steel exports for the first half of 2025 were 116 million tons compared to the full year exports for 2024, which were already at record levels of 111 million tons. This has continued to place pressure on steel margins globally and resulted in an extended period of demand softness that has been sufficient to offset the supply side constraints in the Australian market.

Considering these conditions, cash preservation has remained vital for the industry, and we are pleased to report that Stanmore generated positive cash flow over the quarter and retained a strong liquidity position of more than US\$400 million.

I'll now move on into the body of the report and begin with a brief update on each of our operations. South Walker Creek had an exceptional quarter, delivering the highest ROM production since Stan Ozona ship in mid-2022 and more than 1 million tons in the month of June alone. This signifies the beginning of the step change in output following the completion of MRA2C and the broader expansionary activities early in the year.

Productivity ramped up during the quarter given the ongoing wet weather in April and subsequent dewatering activities. As such, production volumes were very much back ended, resulting in a build-up of ROM inventories quarter-on-quarter, meaning that saleable production ultimately remained in line with the March quarter.

Yield was impacted during the quarter, nevertheless, as we needed to ensure that the CHPP operated at capacity as much as possible. And this meant that coal was washed on demand, therefore, limiting our ability to brand ROM types to optimise washing yields in line with our regular plans.

Nonetheless, the strong ROM coal mining volumes, especially during the second half of the quarter, together with the upgraded processing capacity of the CHPP, have supported the maintaining of full year saleable production guidance for 2025.

We also expect improved yields in the second half of the year as ROM volumes from higher-yielding pits are expected to be mined. Maximising CHPP operating hours and utilisation will remain a critical factor for the achievement of our second half volumes, but we remain confident on our ability to deliver that.



Poitrel continued its strong one-off production numbers, posting a 7% increase in ROM production and 14% increase in coal sales quarter-on-quarter. The sales performance has been supported by proactive adjustments to the mine plan to overcome the adverse weather conditions as well as continued drawdown of its healthy inventory position over the course of the year-to-date.

Highlighting this is the strong CHPP feed for the first half, which exceeded 3.7 million tons despite a scheduled shutdown during the month of May. Saleable production was slightly down on the prior quarter, however, remains above the annualised run rate of guidance and is well positioned to deliver for the remainder of the year as strip ratios and production continue to normalise in the dry conditions.

Separately and as highlighted in the report, the June quarter saw the conclusion of a 16-month auger mining campaign at Poitrel. We saw more than 200,000 tons of ROM coal volumes that were previously deemed unviable recovered from the southern end wall using the world's largest auger mining system. This is an extremely commendable effort from our site personnel and demonstrates our collaborative attitude to drive innovation and exploit incremental value no matter the scale of the opportunity.

Isaac Plains recovered strongly from a heavy weather-affected first quarter to deliver ROM volumes of 932,000 tons, a 60% increase on the prior quarter. This result is, once again, commendable given the ongoing wet weather in April, which severely impacted coal availability and resulted in clean coal production being very much back ended.

Year-to-date, saleable production remains below the run rate to achieve full year guidance, and yield was also impacted at Isaac Plains during the quarter, mostly driven by the mining of the over thrust areas at Isaac Downs North, which was not expected. However, with productivity having returned to the expected run rate in this quarter, we have left guidance unchanged at this time, barring any further unplanned interruptions.

Finally, a brief update on the key projects before I hand over to Shane. As you know, per our update in the last quarter, we have softened the pace on Eagle Downs in the current market conditions. Nonetheless, we have continued the base level studies and design work required to maintain momentum in



optimising the capital and operational parameters of the project with a view to concluding these works by mid-2026.

Meanwhile, the Isaac Downs extension work has been progressing well with preliminary design work largely complete, in line with our required time frame for mining lease application, application requirements and EIS submission.

I'll now hand over to Shane to summarise our corporate activities and guidance.

Shane Young:

Thanks, Marcelo. Moving now to a quick summary of our financial position and cash flows over the June quarter. We are pleased to report that our robust operational performance translated into positive operating cash flows, including leasing tax and interest of approximately US\$90 million for the quarter.

This is before certain non-operational cash flows outlined in the report, including our six-monthly term loan amortisation, capital expenditures and a US\$24 million of stamp duty related to the Eagle Downs transaction.

It should be noted that while payment of stamp duty was not a surprise, the amount assessed by the Queensland Revenue Office was well above what we had reasonably expected based on legal advice and how similar transactions had been assessed in the past. On this basis, we have now formally objected to the quantum of the stamp duty assessed and have paid the initial amount simply to preserve our right of appeal should the objection process fail.

Notwithstanding this cash outflow, solid operational cash flows resulted in a reduction in net debt quarter-on-quarter with net debt decreasing to more than - to below US\$100 million and overall liquidity of more than US\$400 million as at 30 June 2025. This provides the platform necessary for us to withstand this period of softer market conditions with substantial capital expenditure, deleveraging and organic reinvestment also now largely behind us.

In terms of guidance, as noted in the operational update from Marcelo, we are pleased to report unchanged guidance despite the challenges faced earlier in the quarter from wet weather. We expect the recovery story to continue throughout the second half from significantly higher volumes with year-to-date saleable production tracking at only 46% of the midpoint of full year guidance.

Finally, as you are aware, this year, we have commenced reporting consolidated average sales price on a quarterly basis to provide a clearer



insight into realisation trends. During the second quarter, the consolidated average sales price was US\$127 per ton compared to US\$139 per ton in the prior quarter. This represented a realisation of just under 70% of the average Premium Low Vol, or PLV, index compared to 75% in the prior quarter.

The primary drivers for this change were threefold. Firstly, sales slippage from March to April, driven by the considerable wet weather discussed earlier, moved lower price March sales from Q1 to Q2. Secondly, the Tier 2 low-vol hard coking coal index used as a benchmark to price Poitrel coking coals dropped to an average of 79% of the PLV index for the first half, well below its 5-year average of 90%.

And finally, Stanmore's thermal byproduct coals also witnessed a lower price realisation as the API 5 thermal price index traded at a historically low relativity to higher calorific value thermal coals such as those using the NUC index.

Pleasingly, PCI relativities have remained stable at around 75%, and currently quoted at 80%, even trading at a slight premium to the Tier 2 low-vol hard coking coal index in recent weeks prior to a recent upswing in that index, which will also assist our ASP relativities in the second half.

On that note, I will hand back to Marcelo to conclude the briefing with a more general overview of market conditions.

Marcelo Matos:

Thanks, Shane. As highlighted in the report, FOB Australia prices remained range bound over the quarter with very limited offers in the spot market from producers and market direction being set by intermediaries and broader market sentiment.

As mentioned at the beginning, weak sentiment continues to be driven by the glut of steel exports from China which have been tracking at levels even higher than the record year of 2024. The Chinese domestic market was very well supplied over the quarter, including some coals from Mongolia that have competed with Australian material in terms of quality.

It has resulted in a widening of the spread of China netback pricing to FOB Australia during the second quarter, which has begun to narrow in the third quarter as Chinese mines understood to having been operating at unsustainable levels of the cost curve.



This weaker sentiment on the demand side was partially offset by ongoing supply constraints in Australia driven by the ongoing adverse weather conditions, the long-term outages at key mines and ongoing cost curve pressure for higher quartile seaborne producers.

Looking ahead, India is headed into the earliest monsoon season in 16 years and done so with historically low metallurgical coal inventories. With safeguard measures introduced on steeling imports and an extension of the coke import quota as well as ongoing blast furnace commissioning, we are hopeful that the combination of these factors will support our resurgence in Indian demand post monsoon season.

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

Operator:

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

Brett McKay:

Another strong quarter and good to see that recovery well underway. Just a few questions from me, if I may, this morning. Just the strip ratio seemed to drop quite a bit quarter-on-quarter. Can you just give us a bit of a feel for how that's going to look going forward and if you expect any catch-up?

Clearly, you're focusing on ROM volumes. But on the waste side, is there anything that we should be aware of over the second half that would sort of see that potentially lift a little bit?

Marcelo Matos:

Thanks, Brett. Yes, I think we've seen a drop, which is basically us, of course, focusing on catching up on the coal flow on ROM volumes in Q2. You've probably seen, let's say, a larger reduction in South Walker and in Poitrel relatively to Isaac Plains. Isaac Plains, we'll see a large volume of ROM actually very back-ended in the year, which is a result of the sequence at the Pit 5 North mine.

Most of Pit 5 North will finish this year. So, Isaac will still -- let's say, we will still have a bit of a lagging approach to catching up on strip ratios, and probably we will see a largest reduction in Q4. But as for South Walker and Poitrel, I think



we are tracking in line with the trends expected. And we still expect a slight reduction for the remainder of the year with both expected to finish 2025, very close to around the 8:1 strip ratio on a prime basis.

Isaac Plains, I would say, around the 10:1, which is in line with the plans we have indicated previously.

Brett McKay: Yes. That's perfect. Thank you, Marcelo. Just a couple of ones on Eagle Downs. Can you just remind us what you expect to present to the market come Q2 next year with respect to that study just around what you'd like to -- what the ultimate outcome you'd like to present at that point in time?

Marcelo Matos: Brett, I think the outcome depends on many factors. Of course, we need to understand the, let's say, the -- what to expect from the project from a capital requirement standpoint. That's one of the focuses on the work. Obviously, there's a lot of work also happening around operational parameters.

And how resilient we can expect the mine to be, of course, to withstand different market conditions at different coal prices. Obviously, funding and funding solutions is a critical part of the equation. So as I've been saying repeatedly over the past few quarters, a lot of the focus of the work streams is to make sure that we are ready to make decisions.

I think whether or not an investment decision will be made, I think it will depend on a lot of these different parts of the equation, including market conditions, Brett. So I think nothing has changed. What -- the output that can be expected by mid next year is around some of the parts of this equation.

But the pace of it will also depend on market conditions and how we make sure we manage our cash. So there's a lot of expenditure that goes into the studies work stream. And we decided that we needed to, let's say, pace it in a different way to cater with the cash position for the business given that it would be very unlikely that we will make any commitment late this year.

And whether or not we will make any commitment mid next year, it's also to be decided. There's a lot of water to go under that bridge.

Brett McKay: Okay. Understood. And just maybe a quick comment on that stamp duty payment. Are you able to -- you probably can't say much, but are you able to



sort of say what you expected it to be relative to what you paid as to what the difference might be there?

Shane Young: Yes. No worries, Brett. Yes, you're right, we don't want to comment too much on this with the ongoing process underway, but we're expecting a number close to sort of the 2 million to 3 million U.S. range with the point of contention just being around the contingent vendor royalties and the treatment for stamp duty purposes that we're looking at there. So yes, at this stage, we're just reserving our rights and following the process from here.

Brett McKay: How long is that expected to take, Shane?

Shane Young: There's a two step process. So one firstly involves an objection, which has been lodged with the QRO. That will take a couple of months to work through. Depending on the outcome of that, if it goes to appeal, that can take quite a bit longer. So more like the 1 to 2 years sort of range, but we'll see how it goes.

Brett McKay: Okay. Thank you. And just a final one. Your comments in the quarterly there and also around China coal pricing uptick in the month of July. Can you just give us a bit of flavour for how you expect that might translate through to Australian pricing and when we might see that. We've seen a couple bucks here and there on royalty prices, but just trying to put the two and two together from an industry insights point of view?

Marcelo Matos: Sure. Brett, I think a lot so far has been driven by some of the announcements by the Chinese government on, let's say, a bit more discipline on production limits by the domestic producers. We know there's been a quite a significant gap between the Chinese net back price with the FOB indices.

I mean, at a certain point, there were -- I mean, that gap was more than \$30. At the moment, we are -- it's already below \$15. So that gap is closing. Production, I mean, Chinese domestic producers they are, especially the higher cost ones, they were losing money.

The steelmakers in China, they are making margins. They are profitable, let's put it like that. So we have seen China releasing reasonably strong GDP results, which means most likely the strong exports out of China are expected to remain given that we are not very confident on any significant stimulus.



So what's going to be driving a lot of the GDP is the -- our exports out of China, which means we do expect some of that -- those steel export volumes to remain. But with potential production cuts or, let's say, more discipline on controlling production limits.

We could expect improvement in domestic prices. There's a bit of margin that could be transferred from Chinese steelmakers to the coal producers to fix some of this loss-making situation. Obviously, with that gap narrowing between domestic prices and FOB and Australian prices, that, of course, helps, let's say, a bit more disciplined, especially in the low-vol sector.

We've seen that gap with the low-vol index. The low-vol index is basically -- in Australia is a proxy for the Rangel type of hard coking coals, right, the Rangel measures, but they are direct competition to some of the domestic coals in China, but also with Mongolia.

So a lot of the Mongolian volumes into China and at low prices have put pressure on that low index. From a value-in-use standpoint, that was never sustainable. In the same way that PCI relativity is at the low 50s 18 months or a couple of years ago were never sustainable.

We've seen the PCI relativities improving. We are already seeing a bit of an improvement in the low-vol index which will -- I mean, a lot of that recovery in domestic Chinese coal prices will support some of that -- of the recovery of the low-vol index relativity that, I mean, was at that unsustainable level.

Brett McKay: All right. Great, thanks. Appreciate it.

Operator: Your next question comes from Tim Elder with Ord. Please go ahead.

Tim Elder: Yes, good morning. Thanks for taking my question. Just on Isaac Plains. I think the quarterly report referred to the fact that you changed some of the sequencing there. Just interested to understand exactly what that change is and the rationale behind it. I think you might have referred to it a little bit earlier, Marcelo?

Marcelo Matos: Tim, Isaac -- I mean, it's probably why we have less flexibility if you look at where we can grow, especially when we are doing dewatering pits, and we are having a lot of recharge out of spoils. We needed to -- I mean from a sequence standpoint, we needed to redirect a bit of mining and go flow into the ID North,



okay, Isaac Downs North, which is where we have that area with the over thrust that has impacted obviously yields and coal flows.

I think now with all the dewatering us back to sequence, I think that we should see an improvement in the second half. But as I said before, Tim, I think one of the key elements for Isaac in the second half is when to expect Pit 5 volumes that's going to be very back ended. So a lot of the ROM coal volumes in IP will be in Q4, especially driven by some of the ROM volumes that we expect out of Pit 5 North.

Tim Elder: Fantastic, thanks all. That's all from me, thanks.

Operator: The next question comes from Paul McTaggart with Citigroup. Please go ahead.

Paul McTaggart: Hi guys, look, I just want to clarify something. So the net debt position at the end of the quarter, 99 million U.S., that included the benefits of the 48 million income tax refund. If that was -- I mean, that's what it says in the release, but I was a bit confused by that because it said, following the submission of your annual tax return for June '25, which I would have thought you'd submitted post the end of the quarter? So I just needed to clarify that, please.

Shane Young: No worries. Thanks, Paul. Yes. So as you remember, we're a December year-end, calendar year-end. Yes. So our tax return for the last calendar year end was just submitted in late May, early June, and therefore, the tax -- the benefit of that tax return came through in the month of June.

Paul McTaggart: Okay. Great. Yes, I was forgetting that.

Shane Young: Yes. No worries.

Operator: Once again if you wish to ask a question, please press star one on your telephone. Your next question comes from Glyn Lawcock with Barrenjoey. Please go ahead.

Glyn Lawcock: Morning Marcelo. I just wanted to have a little bit of discussion around cost and capex. I mean, obviously, it was back in April when you lowered the guidance, and you said you've done nothing then to put the future production at risk. Are you working on anything else that might help the cost and capex? Or do you think given you're sort of treading water at current prices, that's where you want to sit now or is there much more you can do?



Marcelo Matos:

I think we are -- I think we are on track, okay, if you look at -- if you look at the guidance range we've provided, that we revised the in the previous quarter, Glyn, obviously, we will release a bit more colour on that when we release the first half results on financial results and costs.

Yes, I mean, we have -- as I said in the previous quarter, we have met, let's say, a portfolio of initiatives to manage costs, okay, and cash. And as I explained before, from a capital standpoint, a lot of the changes to guidance were more driven by the capital deferrals. I don't think that has changed. We are pretty much on track.

Of course, as we speak now, we are starting to work on the budget for '26. Obviously, depending on coal prices, I mean, we are simply not going to take all the deferrals and just add to the plan for '26. So I think we are, of course, looking at what can be deferred as well out of '26 and to have a more, let's say, balanced capital profile for next year.

As far as this year is concerned, we are on track. And as you see for the performance that we just announced, we are a bit below, let's say, that annualised guidance for capex, but it's catching up on the second half. So I think we still expect to be within that guidance range.

From a cost standpoint, again, we are on track. Second half, I think there's probably an FX impact, okay, that we can expect, given where FX is now if you look at U.S. dollar guidance range that we've provided. On the other hand, we have bigger volumes in the second half, and that's obviously going to help the unit costs.

The plan of banking cost improvement is happening as we speak, Glyn. There's a lot in the pipeline. And as I explained previously, we haven't done so far anything that would, let's say, would be detrimental to the -- to our mine plans and sequence.

Maybe, that's possible. As in, for example, even looking at blast inventories and so on and pushing that back, but for the moment, we haven't done that.

Shane Young:

Yes. Just to add to that and provide a little bit more colour on the FOB costs as well. We managed to finish the first half within the guidance range, which was quite a good effort for us given the volume is more heavily weighted to the



second half of the year. So with a lower denominator of that metric, we've still managed to bring that in within guidance. So quite happy with those results.

The second half, as Marcelo alluded to, when we set guidance, we're assuming an FX rate of \$0.64.5. It's now close to \$0.66. Now even at those levels, we haven't today announced any change to guidance. We're still aiming to finish that cost within guidance, but we're keeping an eye on FX so that could move things a little bit as well.

And we will start to see some benefits come through from some of the cost reductions ramping up a little bit in the second half. So some labour optimisation that we've just recently completed and some other initiatives that are rolling through.

Glyn Lawcock: No, that's great. Shane. So just to clarify then. So if the currency stays at \$0.66, you still think you can achieve the guidance. Is that what you're saying?

Shane Young: Yes, at this stage, yes.

Glyn Lawcock: All right, that's great. Thanks for the colour.

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 your questions and for joining today's call. We are pleased to have delivered a robust quarter operationally and provide further confidence that the business remains in good shape at this stage of the cycle.

As usual, I'd like to thank our employees and contractors for their continued discipline, particularly regarding our safety performance over the last 12 months. We look forward to provide our full financial update in late August and meet with many of you then. Thanks, everyone. Have a good day.

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

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