



TRANSCRIPTION

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Operator: Thank you for standing by, and welcome to the Stanmore Resources Limited March 2025 Quarterly Activities Report. All participants are in a listen-only mode. There will be a presentation, followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

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

Marcelo Matos: Hi all and thank you for joining us today as we discuss our performance for the First Quarter of 2025, following the release of the activities report this morning. It is no secret that it has not been an easy quarter in the Bowen Basin with rainfall of more than 470 millimetres from January to March, which is almost 80% of the annual average for the previous five years.

This has understandably impacted operations and the whole logistics chains, whilst also coinciding subdued demand in the metallurgical coal markets, which has driven down the headline coal prices to a level not seen since mid-2021.

Nonetheless, we are proud of the efforts from our site teams in managing these headwinds to deliver saleable coal production of 3.3 million tons. Although below our guidance on an analysed basis, this result is above market consensus given the expected weather impacts and in line with the prior quarter.

Moreover, we are pleased to have kept full year saleable production guidance unchanged owing to the recovery plans being underway and the underlying resilience of our assets. In recognition of the market conditions, we have also announced a reduction in the guidance range for both FOB cash costs and capital expenditure, further solidifying our cost competitive position.



On a different note, we have maintained our focus on project development pipeline and are pleased to have announced the maiden JORC compliant reserve statement for the combined Isaac Downs Extension project.

Opening with safety, we are glad to report that no serious accidents occurred during the quarter, reducing our serious accident frequency rate to 0.15. This is a great start to 2025 and we are also pleased to have observed a significant reduction in our total recordable injury frequency rate, giving credibility to our proactive safety culture and the commitment of our site teams in identifying and managing risk, especially given the difficult weather-driven mining conditions we face within the quarter.

Moving on to the operational update and starting with South Walker Creek. Overall, ROM coal mining volumes recovered compared to the fourth quarter of 2024, supporting steady saleable production and a lower strip ratio. This is an impressive result in light of the challenging conditions, demonstrating the underlying strength of the asset and adaptability that comes with a long strike length and multiple active pits, as well as the benefits of the asset being well capitalised in recent years.

The draglines, which are less impacted by the wet weather, recorded another impressive quarter with total material movement of 8.8 million BCMs compared to 8.1 million BCMs in the prior quarter. This sets a good baseline to execute on the recovery plan for the remainder of the year, which, as highlighted in the report, is expected to be weighted towards the second half as operations manage the flow-on effects from restricted coal uncover during the second quarter.

On the project's front, the newly upgraded wash plant reached its nameplate capacity of 1,200 tons per hour during the first quarter and even above this throughput rate at times when consistent feed was achieved. The MRA2C creek diversion reached substantial completion, enabling clearing works to begin at the new E North-Pit.

Poitrel produced a standout quarter with stable coal mining volumes quarter-on-quarter and the almost 850,000 tons of opening ROM coal inventories providing the feed stability to support the increase in salable production.



With the North Queensland Export Terminal and the associated rail network adversely impacted by the extreme weather and flooding conditions in late January and early February in North Queensland, sales volumes were lower compared to salable production. This has led to a modest build in product inventories, partially offsetting the drawdown in ROM inventory and positioning the asset well as weather recovery plans are actioned through the second quarter.

The excellent operational performance out of Poitrel has ultimately led to a slight increase in the full year production guidance range for salable production, enabling us to keep portfolio level guidance steady. The Isaac Plains Complex suffered the biggest impact from wet weather, with limited flexibility to manage the conditions from fewer active pits at Isaac Downs and lower opening inventories compared to other operations.

ROM coal was 216,000 tons lower quarter-on-quarter, while salable production was 240,000 tons lower and sales 140,000 tons lower, resulting in unexpected impact to strip ratios, which should improve in the coming quarters with increased coal flows.

Dragline performance was a positive, recording strong productivity despite the headwinds and supporting recovery efforts in the second quarter and for the remainder of the year. Nonetheless, considering the impacts in the first quarter and the expected recovery trajectory, we have lowered the full year salable production guidance range by 200,000 tons, with a commensurate impact to sales volumes expected.

As highlighted earlier, we are currently expecting that this impact can be mostly offset by the higher volumes from Poitrel, enabling us to maintain the total group guidance for salable production.

On the project front, we have been accelerating our pace of activity for the Isaac Downs Extension project, focusing on those items on the critical path for development and seasonally dependent activities. We are pressing ahead with the required studies and works for the environmental impact statement, targeting submission in early 2026.

As mentioned earlier, we are pleased to have announced today the maiden reserve statement for the project. With a total reserve of 52 million tons, this



release reiterates the underlying strength of this project as we press ahead towards an investment decision.

On Eagle Downs, whilst this remains a core project and we are advancing work packages as part of moving towards achieving readiness to support a final investment decision, with the market conditions where they are, we have prudently notched down a gear or two as part of the overall focus on cash preservation, meaning that we would now expect final investment decision readiness to take place in the first half of 2026.

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

Shane Young:

Thanks, Marcelo. Stanmore's balance sheet remains in a solid position despite the current industry conditions, with closing cash of US\$169 million, or around A\$260 million at current exchange rates, and total liquidity of almost US\$400 million. This positions net debt at US\$146 million compared to US\$26 million at the end of 2024.

The major cash items that are driving this movement include the US\$60 million dividend paid to shareholders in March and 17 million in capital expenditure, primarily related to the wrapping up of our key growth improvement projects at MRA2C and the South Walker Creek CHPP expansion.

Furthermore, there has been a notable working capital build contributing to the increase in net debt as at March 31st, with our customer receivables balance having increased from the end of 2024, primarily due to timing differences in sales and cash receipts. Collections of those receivables has already seen the cash balance improve to approximately US\$224 million or A\$350 million by the middle of April.

In terms of guidance, as mentioned by Marcelo, we are pleased to have reaffirmed our saleable production guidance despite the weather-related headwinds in the first quarter. Hopefully, it is self-evident in our quarterly report, but we do expect that our consolidated production and sales profile will be lower in the first half of 2025 compared to the second half, if considered in light of our full-year guidance, as we deal with the associated flow-on effects of the weather impacts from Q1 and enact recovery plans throughout the course of the second quarter.



With respect to other guidance items, FOB cash costs are currently tracking below our previously stated guidance range of US\$89 to US\$94 per ton. This is primarily due to lower input costs, as well as benefiting from a lower Aussie dollar exchange rate during the first quarter and into April.

This, together with cost improvement initiatives being implemented for the remainder of the year, has supported a 4% reduction in FOB cash costs guidance to between US\$85 to US\$90 per ton for the full year.

Furthermore, we have taken a deep dive into our capital expenditures for the remainder of 2025, seeking to defer non-essential sustaining and improvement capital works into 2026 for reassessment depending on market conditions at that time.

This, together with favourable effects in the first quarter, has supported a significant reduction in capital expenditure guidance, reducing the range by more than 20% to between US\$80 million to US\$90 million.

These changes add to Stanmore's already strong cost position in the industry, giving all stakeholders further confidence that the business is well-placed to withstand volatility that is currently being experienced in commodity markets.

I will now hand back to Marcelo to conclude the call with a brief overview of market conditions.

Marcelo Matos:

Thanks, Shane. It has clearly not been an easy quarter for metallurgical coal markets, with headline coal prices which opened at the highest level of US\$200 per ton for quarter, reducing to a four-year low of US\$166 by mid to late March.

The key driver has continued to be the elevated level of Chinese steel exports, further dampening steel market conditions, ex-China. It has obviously been impacted by the overall uncertainty from the tariff announcements, particularly as it relates to metallurgical coal trade flows between US and China.

We perceive that the smoke signals for the price move lower in March were certainly there, with no price response in late January and February, despite the supply disruptions across Queensland.

Nonetheless, a recent rebound in prices, back to US\$190 per ton, has been well received, with supply risks becoming more prevalent following further incidents impacting expected supply from Queensland and New South Wales.



On the demand side, buying interest from India has improved, which we expect to be a signal of the beginning of restocking activities ahead of monsoon season, and ahead of ongoing new coal covenants commissioning from the third quarter in India. This is a positive sign for the market and remains key for price direction, together with the obvious uncertainties from the global geopolitical environment.

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

Operator:

Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you're on a speakerphone, please pick up the handset to ask your question.

Your first question comes from Brett McKay with Petra Capital. Please go ahead.

Brett McKay:

Good morning, gents, and another good result given the circumstances. Well done. I just wanted to quickly talk about the capex and opex changes to guidance and how much is sustainable in terms of cost-out initiatives you've put into place and will remain that way versus any of the costs that have been taken out this year that might come back in next year, just trying to get an understanding both from the cost and the capex side as to the magnitude of sustainability across both of those buckets versus what might come back in next year?

Shane Young:

Yes, no worries. Thanks, Brett. Shane here. Yes, look, I mean, what we've sought to do there is to -- there's various initiatives that are taking place to look forward to reducing costs and improving the effectiveness and productivity of operations.

So looking at low cost, country sourcing and improvements with vendors on the supply chain side of things, obviously taking out some low-hanging fruit where we can in terms of cost improvement initiatives, as well as areas on the operations side where you're looking to improve yield or increase throughput through our wash plants.

So at this stage, I think there are a lot of initiatives here that could well be sustainable well into the future as we look to make sure that we focus on



productivities and cost improvements through the medium term. So there's nothing that's been done that's at risk, I think, future production.

I think one of the things we're always conscious of, though, is particularly at Isaac Plains and the steeply dipping coal seam there with strip ratios will naturally increase over time. But beyond that, I don't think there's too much there that is really all wiped off in nature. I think there are -- I think these costs are sustainable into the future.

Brett McKay: And what about on the capex side? I mean, we were sort of expecting that roughly \$100 million number from a sustaining capex point of view going forward, but it seems like that could be a little bit lower given the capital projects are now complete?

Marcelo Matos: Right. This is Marcelo. As we explained in the release, most of the capex reductions, they are actually deferrals. They are, in our view, low-risk deferrals. So we are not putting at risk the integrity, of course, of the assets, like postponing things like shutdowns or critical overhauls. Most of them are projects that we classify as more like potential improvement opportunities that obviously would generate a benefit.

But in light of the focus on cash preservation, we just thought that some of those benefits can wait. As an example, one of them is a project in Portugal for pumping tailings, which will save us some cost of tailings haulage, which is a great project with quick payback, but could wait. And so we could well be in the plan for next year, for example.

Okay. So I don't think anything has changed against our previous message that we are back now to sustaining capital levels. This type of improvement projects are part of this sustaining capital book. But in light of this year's market conditions, we decided that some of them can wait. And we, of course, are focusing on making sure that we are protecting margins and preserving cash.

Brett McKay: Yes. Okay. That makes sense. Thanks, Marcelo. Maybe just a quick one for Shane, just on underlying free cash flow, current prices, given that there was some working capital movements in the quarter that you stated that cash has now come in and built the cash reserves quite substantially. Just at current prices and with this lower cost structure in place, is the business cash flow positive?



Shane Young: Yes, absolutely. We're still generating cash flows. And even if we look at some of the low points of coal prices, as we experienced through Q1, where the business is being positioned, we're still making margins even if those low points were to be revisited. So that's one of the things that we're looking to do is to really capitalise on what are already pretty competitive assets on the cost curve by just making sure that they survive all seasons through this volatility we're seeing at the moment.

Brett McKay: Yes. Excellent. Thanks, Shane. And just the last one on Isaac Downs Extension. Can you give us a bit of granularity on the opex and capex side of things? I know that they weren't included even though the pre-phase has been complete. Is there any sort of guidance you can provide around those sorts of numbers that came out of the study?

Marcelo Matos: Brett, if you put some of the contingent payments associated with the acquisition of the block of coal that we've concluded with Anglo and Exxaro last year, and if we just look at the, which has small payments in it of the day, there's a first coal payment. And there's a, let's say, a stream of royalties in the future. But if you just focus on the project development itself, we are looking really at around probably \$150 million US to develop the project.

As I said before, it's a very similar project to the Isaac Downs project, comprising of a whole road, pit development, which is box cut, a basic flood protection infrastructure in the form of levees, and associated, let's say, a mine infrastructure.

So it's a very simple project. We've done it before, very successfully. And we are very comfortable with the challenge ahead of us. And I think it's going to be a capital light project for us. And whichever way we look at it, as an extension of brownfield project, it's going to be attractive for us with pretty quick payback.

Brett McKay: All right, perfect. Thanks, Marcelo. I'll leave it there.

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

Tim Elder: Good morning, Marcel and Shane. Thanks for taking my question. Just interested around the revised capex guidance. And Shane, you pointed to some lower assumptions around FX. I'm just interested in if you can give us a split around how much of that is related to projects that you've deferred, those changed assumptions around FX?

Shane Young:

Yes, no worries, Tim. Yes, I guess referring to FX, I was mainly referring to the impact on Q1 capex. So in the first quarter, we had about \$17 million of capex in US dollar terms, which has benefited from lower exchange rates in that quarter.

When we look forward to the rest of the year, we've actually used the same FX assumptions as we had done for the previous guidance. So we're not seeing the improvements for the rest of the year being necessarily FX related, but more deferrals. And we've been seeing sort of up to that 20 million mark of deferrals of capex that we can move.

That's A\$20 million, by the way, that we've been able to move out of the year without a detrimental impact to our operations or to operating costs. So just looking for that sort of low-hanging fruit and ways and means that we can improve our cash position this year and to see where markets go over the course of this year and into next year.

Tim Elder:

Now, thanks for clarifying that. And then in terms of the Isaac Plains extension, I'm just wondering if you can give us an update on the approvals processes with Queensland government and how you found working with the new government.

Marcelo Matos:

Look, the initial dealings with new government has been pretty positive so far, Tim. We are still on the, let's say, working hard on the work streams to support the submission of the EIS in early '26. And I think a lot of the work now is on all the, let's say, acquisition of data around groundwater, all the ecology works that are required to support that submission.

In parallel, of course, we are firming up the work packages for the project. We have time for that. So all going well. No issues so far. And pretty good early days with the new Queensland government as well around discussions around how we can fast-track the approval towards ensuring.

As I said before, our target of good continuity from the moment we start to ramp up the extension project to when Isaac Downs starts to reach its economic limits, which I expect it to be around somewhere around 2028.

Tim Elder:

Yes, thanks. That makes sense. And then just around the coal quality for that project, it seems like you're targeting more of a PCI coal than my understanding was a similar kind of a semi-soft product previously. I'm just wondering if you can talk through the rationale for that.

Marcelo Matos: Look, Tim, the option is there. We can produce, I mean, the wash plant and the resource will allow us to produce both, okay? We can tweak the plant towards a slightly higher as PCI that could give us a better, let's say, price relativity compared to what we would get if we targeted a semi-soft, because if we targeted a semi-soft in that resource, we would have a larger portion of a secondary thermal coal product.

So that's where the trade-off is, is whether we tweak towards a higher PCI at times, or we change the semi-soft depending on what the market is. We do that very often with Poitrel. Sometimes we have a yield benefit as well.

It solidates. It's not a decision we need to take now. Depending on PCI relativities, a slightly higher as PCI could actually generate a better revenue outcome combined with the overall, let's say, yield and margins outcome. As I said, like we do with Poitrel, this can change from time to time depending on market conditions.

Tim Elder: Yes, thanks for that. I'll hand it on.

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

Glyn Lawcock: Morning, Matos. I know it's a tough question and I don't want to ask it, but you've pulled costs out, done a great job, but coal price goes down again once the weather abates. How much more do you think you can pull out of the business? I mean, good job to date, but is there more? Are you working to produce another cost guidance again in a quarter's time?

Marcelo Matos: Glyn, there's a lot of work going in that space. So far, we've banked a portion of the improvement initiatives that we've identified. We have a very clear pipeline of improvement initiatives. They go from operational improvements from loss and dilution, productivities, yield, as Shane said before, to the procurement book. There's a range identified. Some of them need to be better, let's say, defined at a more granular level.

We need to understand how much we are able to capture in 2025 or how much is also going to be like a more multi-year type of opportunity. So that pipeline of opportunities are well mapped. So I would say, yes, there's more to identify that we could, let's say, bank on.

Some of them are no regrets, okay, to be frank. We might just go and implement anyway. So far, we have not pulled the trigger on initiatives that could actually have an impact, let's say, in 2026 on what's like high-grade in mine plans or chasing lowest preparation areas or, let's say, a shorter haulage cause that could have an impact, let's say, in the life of my plans in the future. So those options are also there if we really need to. So far, we haven't.

Shane Young: Probably just one thing to add to that, too, Glyn, is that some of the, particularly in the supply chain initiatives, as we implement them, you'll see an improvement this year, but you won't get that full year run rate improvement until next year.

And that's where you can start to see actually some actually weight, more weighty improvements going forward, depending on how successful those initiatives are.

Glyn Lawcock: Okay. That's great. So hopefully, we might get another cost guidance update in the June quarter result in July, if all goes well.

Marcelo Matos: Wouldn't promise that at this stage, but a lot of work in this space going on now.

Glyn Lawcock: Well, don't promise it, but drive for it. That's all we'd ask. Just on the market side, if maybe you could just shed a little bit more colour, I was a little bit confused. You were sort of saying in your release, when we emerge from the monsoon season, which is Q3, so that's actually quite a long way away from today. That's another four or five months.

So how much of the recent bounce in the price, do you think is really just related to the weather and the outages like Moranbah North? We saw Appen out for a period. Do you feel that prices in the next quarter, the next three months, probably go back down again with all the restarts, etcetera?

Marcelo Matos: I would say the markets quite balanced now, as we speak. Yes, probably a bit of that is a result of some of the supply withdraw that we've seen. We are not seeing a lot of volumes sitting with traders needing to move volumes, as we've seen earlier in the last quarter, which is good.

So we are not seeing a lot of new producer offering as well. So the market, it's balanced. A lot of this recent uptick were driven by very few number of cargos offered in the spot market. They were driven by the Indian market. The Chinese



CFR price is at a different level, as you're probably aware. We will see what happens ahead of monsoon.

The Indians are still running very low inventories. This hasn't changed. So they have not come back to buy big time yet to bring inventories back to a higher level, which means they have been taking risk in terms of running lower stocks, because the market was reasonably well supplied.

It's tighter now. So we could see some restocking ahead of monsoon. When you go through monsoon, things get a bit weaker. It's quite normal, right? It's a seasonal thing every year. But then we have a few things happening in the second half of this year, which are a few new coke plants that are commissioning.

In India, they're quite well known to the market, and from everything we've heard, there won't be delays in terms of firing up those new coke plants. So we would assume that they will need to go and, of course, buy up inventories to fire up those plants, which could have a positive impact in the second half.

So it's all about now waiting to see what happens pre-monsoon, if the Indians will take a more conservative approach and restock ahead of monsoon, or whether they're going to, you know, keep inventories low, protecting their margins, given the pressure they were suffering on Chinese steel imports into India. As you probably heard, there have been tariffs raised by the Indian government as well on steel imports. So it's -- there's a lot to watch in that space.

Glyn Lawcock: Yes, I appreciate that. But obviously, the lack of spot sales has probably more been driven by the weather and the outages than anything else in at least the last two weeks, you'd say?

Marcelo Matos: Well, to a certain extent, Yes. I think supply tightens has contributed to that. Yes.

Glyn Lawcock: Yes. All right. Thanks, Marcelo. I appreciate it.

Marcelo Matos: No worries, Glyn.

Operator: Your next question comes from Peter Kerr with the Australian Financial Review. Please go ahead.



Peter Kerr: Good morning. Thanks for your time. And apologies, I haven't heard all of the call. But in terms of the unit costs going down, obviously, the Australian dollar would be helping there. Can you give us a steer on what's happening with waiver, like wages going down? Or have you reduced headcount at the mines?

Marcelo Matos: Hi, Peter. This is Marcelo here. No, there's been no significant reduction in headcount. Actually we've been on an expansion mode. So over the last -- if you look back at the last 18 months, we've actually increased the number of fleets we were running in South Walker Creek, which is our largest operation. This hasn't changed.

There is a portion of that additional capacity that was always planned to stop because that was part of the ramp up. That's going to happen during this year. But it's not a result of what's happening with the market.

For example, it was more part of the normal process of ramping up capacity and stabilising the operation. Labour costs have not decreased, okay. There are actually some of our enterprise bargaining agreements, I mean, they have already pre-established increases. And some of them were concluded in the last couple years, or the last 2 two or 3 years.

And I mean, we have had, as you're probably aware, cost implications as a result of same job, same pay in one of our, especially in one of our operations, Poitrel, where we have quite a substantial increase in costs, given that we have -- do have, let's say, a larger number of labour hire and headcount, which was, let's say, was impacted out of that legislation.

Peter Kerr: Okay, great. Thank you. And I thought I heard correctly earlier that the cash balance of US\$169 at March 31 had improved to US\$224 since then, you know, the last month and a half, or sorry, over the last month.

So if, should we be thinking that if coal prices stay where they are today for the rest of this quarter, that your cash balance will be at least US\$224 at June 3?

Shane Young: Yes, I think that's not an unreasonable assumption. I mean, obviously, we need to see where the FX rate goes. And, some -- and you know, hopefully, there's no further weather interruptions, which was a big interrupter for Q1 for us.



But at this stage, it's not an unreasonable assumption, again, depending on coal prices. And probably the only other thing to note is that we do have a debt repayment in June, a scheduled amortisation amount of US\$35 million.

Peter Kerr: Great. Thank you very much.

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

Marcelo Matos: Well, thanks, everyone, for your questions and joining today's call. While it's been a challenging quarter, we have ultimately delivered a relatively robust operational performance, and most importantly, done so safely. 2025 is shaping to be a tale of two halves, with a more challenging first half with recovery on the way, and a stronger second half, but we remain confident on the ability and resilience of our operations to deliver on our guidance numbers.

We'd like to once again commend our employees and contractors for driving this outcome, which I believe demonstrates the positive and unique culture we have at Stanmore. Thanks again to everyone who has joined today's call, including our shareholders. Goodbye.

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

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