



TRANSCRIPTION

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Operator: Thank you for standing by and welcome to the Stanmore Resources Limited September 2024 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 Marcelo Matos, Chief Executive Officer and Executive Director. Please go ahead.

Marcelo Matos: Good morning, all. Thank you for joining us today as we discuss our quarterly activities report for the September quarter. It's been another solid sale of production results, third quarter favourable production of 3.8 million tonnes, bringing the year-to-date favourable production to 10.6 million tonnes. Closing inventories were healthy across both sides, which helps building a buffer to the expected sales performance and de-risk the wet weather later in the year.

There were numerous one-off factors contributing to cash flow movements in the quarter, with almost US\$330 million in gross cash outflows between M&A-related settlements, the payment of the interim dividend and expenditure with our ongoing capital investment program. Nonetheless, closing cash went healthy at US\$322 million, which when accounting for the US\$350 million principal balance of the new term loan facility has resulted in a net debt position of US\$D28 billion.

We are very pleased to have announced during the quarter an agreement for potential mining on a designated area within the western part of Moranbah South JV tenure adjacent to our Isaac South exploration permit. This transaction is a significant milestone in securing a capital-efficient brownfield



expansion of Poitrel for the Isaac complex, and we look forward to updating the market of further developments for this exciting and top priority project.

Jumping to the body of the report with our sector performance. We're very happy to report that no serious accidents were recorded in the quarter, resulting in the serious accident frequency rate reducing slightly to 0.46. This is compared to the latest industry average of 0.51. This is a credit to our site leadership teams and is a positive initial change in trend following a number of safety initiatives conducted this year.

Moving on to a brief operational update at each site. South Walker Creek continues to have a strongly saleable production of 1.6 million tonnes in both the June and the September quarters. Year-to-date, saleable production sits at 6.4 million tonnes on an annualised basis, providing a strong position heading into the fourth quarter. This positions the operation nicely for the fourth quarter ahead of the scheduled of 14 days CHPP shutdown for the tie-in of the expansion dense media cyclone module later in November.

Strip ratios ticked up comparatively to the June quarter with the majority of capitalised box-cut volumes related to the Y-South pit development having been completed in the prior quarter ahead of first quarter August. We are already making good volumes out of our Y-South pit with good washing yield results so far.

MRA2C Project continues to progress well with 100% of our targeted bulk earthworks achieved in the quarter, and we are reaching the tail end of this important project with 94% of total budgeted material movement now complete. The project remains ahead of schedule and under budget.

I recommend, you also have a look at our link in time lapse that we posted recently upon the completion of the construction works for the CHPP expansion. It's a significant milestone for the overall mine expansion and was completed with only a band-aid on a finger as an injury. This is a testament to the quality of our site management teams and reinforces our strong safety culture.

As mentioned earlier, we will now look to move ahead with the DMC module tie-in and positioning in the fourth quarter. And lastly, for South Walker, we are pleased to announce as part of this quarterly that the tender of our pre-strip



mining services and combining pre-strip and coal mining services contract is now complete.

Golding who is also the existing contractor for the services, has been awarded a new contract spanning a five-year term from January 26, with the current contract being extended from August 25 to the end of 2025. We are glad to continue to build this partnership with Golding and its workforce.

Poitrel had an exceptional quarter, selling a quarterly run production of record of 2.6 million tonnes since the inception of the mine in 2006. This was supported by a very strong September, where 1.2 million tonnes of ROM coal was mined, driven by continuous mine shipments planning, resulting in short haulage and benefiting from the improved productivity and availability of the brand new 600-tonne class diggers.

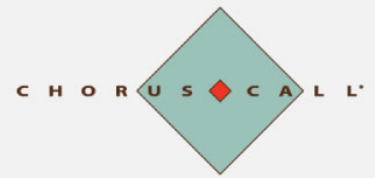
This record coal mining resulted in closing in ROM adventures of over 1 million tonnes as of September 30, giving Poitrel also a high level of confidence to manage anywhere the disruptions in the fourth quarter and remaining on track with guided volumes.

The Ramp 10 box cut project has met our expectations, communicated previously to the market in the June quarterly has been completed in the September quarter. This is ahead of our initial budget, which has estimated completion in 2025. It is a major milestone in securing the production, strip ratios and cost profile for Poitrel over the remaining of its life of mine.

Isaac Plains recorded the highest coal mining and sale of production volumes for the year, recovering well from the wet weather challenges early in the year to maintain volumes comfortably within our guided range. This was driven by improved equipment availability and productivity as well as continuing to progress mining operations in the Pit 5 North here. The CHPP saw the highest quarterly yield for the year, supported by improved utilisation of the primary crushing units.

Briefly on the Millennium Complex. The Mavis Underground was safely closed within the quarter and the mining services contractor has since demobilised from the site in October.

I'll now hand over to Shane to summarise our corporate activities and key cash flow items in the quarter.



Shane Young:

Thanks, Marcelo. It's certainly been a busy quarter with various transactions reaching their conclusion. Kicking off with the refinance. Following the announcement that we have received binding commitments for a US\$350 million term loan and a US\$100 million revolving credit facility, we have swiftly progressed through long-form legal documentation and are pleased to report that the refinance was concluded and new term loan fully drawn 30th of September.

The US\$350 million proceeds were used to repay and retire a US\$210 million principal repayment, a principal balance of the BMC acquisition facility as well as accrued interest and the various refinance transaction costs. The net proceeds have been posted to the balance sheet, bolstering our liquidity position during a somewhat cloudy macroeconomic environment and supporting the strong 30 September closing cash position of US\$322 million.

As previously highlighted, the refinance is another significant milestone in Stanmore's maturity, reinforcing the fact that there is still support for pure-play metallurgical coal companies with major commercial debt providers. The new facilities have significantly reduced our interest margin and overall borrowing costs while simplifying our debt capital structure and enhancing balance sheet flexibility.

We would like to thank the incoming lenders for their support during the process, and we look forward to strengthening our relationship with them over the coming years.

As Marcelo highlighted at the outset of this call, there have been several once-off cash flows impacting the quarter. These include the US\$150 million final contingent payment to BHP for the BMC acquisition, approximately US\$36 million paid in total for the Eagle Downs acquisition, US\$15 million paid for the Isaac South designated area agreement transaction and importantly, the interim dividend of US\$40 million paid in September.

And factoring in an additional almost US\$40 million of capital spend in the quarter primarily attributable to our ongoing improvement projects, the total non-cash non-operational cash outflow for the quarter was approximately US\$280 million.



After consideration of Q3's positive operating cash flows, this ultimately materialised into a net debt position of US\$28 million as at September 30, a modest position considering the significant M&A-related payments made during the quarter.

Finally, as evidenced from Marcelo's earlier comments, each of our operating assets are well placed to meet their saleable production targets for the full year. As such, we have no change to public guidance released to the market with our half year results in August.

I'll now hand back to Marcelo to conclude the call with a brief overview of market conditions before moving to Q&A.

Marcelo Matos:

Thanks, Shane. The metallurgical coal market has softened throughout the quarter with the PLV hard coking coal index retreating to a low point of 180 per tonne in early September, as an ongoing glut of steel exports from China impacted demand for seaborne met coals.

In fact, the September monthly data for steel exports released last week of 10.2 million tonnes was the highest since 2016, stocking fee is around Chinese domestic demand and the embargo property sector.

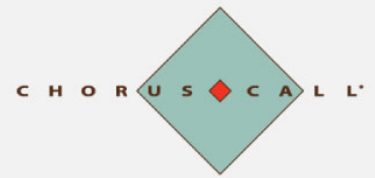
Pleasingly, we since have seen conditions improve late in the quarter and into October as the announcement of Chinese stimulus measures have returned a degree of confidence into the market. It has seen the PLV hard coking coal retraced back to around US\$200 per tonne, with PCI relativities also strengthening to almost close to 80% month to date, given the reasonably tight market for FOB Australia high quality PCIs.

It's not unusual to experience a cyclically weaker third quarter. And overall, we remain optimistic heading into the fourth quarter, as Indian buy is expected to return following a prolonged monsoon season. And supply usually faces challenges with the wet weather season. Nonetheless, macroeconomic uncertainty remains with the upcoming US elections and ongoing tensions in the Middle East.

With that, I'll 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 1 on your telephone and wait for your name to be announced. If you wish to cancel your request,



please press star then two. If you're using a speakerphone, please pick up the handset to ask your question. The first question comes from Brett McKay from Petra Capital.

Brett McKay: Another really strong quarter, congratulations. Just looking at the guidance for the year, I know you've kept it unchanged post the update at the half year. But it looks like you're tracking pretty strongly. There's only about 3 million tonnes saleable production left to achieve the upper end of your guidance for the year.

Can you just give us a bit of a feel for the length of the shutdown at South Walker Creek because that looks like you going to have a softer quarter due to that shutdown based on where guidance is tracking. Maybe just give us a bit of a feel of how long that outage will be to tie in the new part of the CHPP because it looks like it's probably not going to be that long to account for the lower production volumes, that guidance is implied at this point?

Marcelo Matos: Brett, shutdown is scheduled as a 14-day shut. So far, on track, being as planned. No reasons to expect that would be any shorter or longer at this stage. Q3 was a pretty big quarter. We were expecting, as we indicated in previous quarters, that we would be catching up reasonably well in coal production and of course, on the coal flow overall on the second half. It will position us well, all going well ahead of the wet season, which starts next year also with healthy prom stocks. But the fourth quarter is expected to be not as big as the third quarter.

And hence, the reason we kept guiding some changes. Yes, we have the 14-day shut in South Walker. We have, of course, more wet weather, potential risk as part of the plan. But if anything, I think, with the performance here today, we risk a lot in Q4, of course, any potential wet weather, and of course, the 14-day shut, that was always expected.

Brett McKay: Okay. All right, thanks for that Matos. Just staying on South Walker with that mining contract renewal, can you give us a feel for the percentage increase that you ended up for what ended up being agreed. Is there any color you can provide around that?

Marcelo Matos: We haven't considered providing that color or brand yet. It's all pretty fresh. Actually, we signed an announcement today, and our dive was also announced today. As we indicated before, a reset was always expected. The original HIC

contract was signed many years ago. The last renewal was five years ago. It was a very different world. A world of zero interest rates. And there will be a fleet renewal component as part of the new contract, as we indicated before, where we are actually going to hire five new fleets, [inaudible] fleets, on the operating lease. We will provide this to the mining service contractor to maintain and operate.

It will be actually a competitive solution for us to do the operating ourselves, but of course there's the benefit of the fleet from a performance standpoint. But I mean obviously it's a new fleet, a new world in terms of financing costs. And of course a bit of inflation since the last contract, although you know the last contract already included some rise and fall mechanisms. What we've managed to do as well, Brad, was to extend the existing contract from August 25 to December 25, so it gives us another full calendar year of the existing contract. And then the new contract kicking in from January 26.

I think, hopefully, I mean going forward, as we provide a bit more colour on guidance, we should be able to give a bit more visibility on what to expect cost-wise at South Walker. But as I said, I think new contract and when we say the new contracts are better contract, okay, with a better commercial model in our view is a schedule of rates with rise and run, matrices and more alliance between us and the contractor to us achieving better production and productivities in the current contract.

Brett McKay:

Yes, that makes sense. Thanks. And just finally, obviously, it's been a massive year of investment in both organic -- sorry, inorganic bolt-on acquisitions around the area, but also organic capital projects. Can you give us a sense moving into 2025 outside of inorganic opportunities that you may be considering and outside of the Eagle Downs project, are there any other projects in the pipeline across the three main projects that you might look to pull the trigger on moving into 2025?

Marcelo Matos:

Not really. As we've been saying for a while, I think the investment campaign through, let's say, to strengthen current assets and make them more resilient in the next few years. I think it's concluded with the South Walker, MRA and Y-South development, and of course, the expansion project Poitrel, if we concluded the campaign and we're going to see years of mostly sustaining



capital going forward, Poitrel was always an operation that, where fleet replacement was expected.

We are already, we haven't embarked on that, but as you know, we are doing that in the form of an operating leases. But there is no other significant project in Poitrel. So, a few improvements of Poitrel, but they are not material as the ones that we just concluded. And in Isaac, it's a short life, and the main target for the Isaac complex now is extend life beyond 2028, which is where Isaac panels start to get uneconomic.

So, all the focus for us in the short term will be on progressing the Isaac South development, which would be a game changer for Stanmore because it could prolong and extend life in the Isaac Complex for another 10, 15 years, at least, a pretty competitive preparation. So of course, that rush needs the mining needs and we'll need all the regulatory and environmental approvals. I'm confident that we will work closely with the regulators to progress that given it is a brownfield extension of an existing mine, and we hope to be able to implement that very competitively.

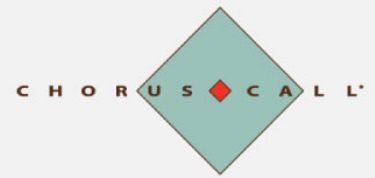
Brett McKay: What would you say is the next major milestone we should look out for there for Isaac South?

Marcelo Matos: Working progress, great progress, but of course we need to do all the data acquisition to support the EIS submission. We are talking about ecology, works at groundwater, and a development plan that we can land on to be able to support those submissions. That's very important to get the ball rolling, okay, both on state and federal levels. And that, of course, then moves ahead with everything else in parallel.

Like all the engineering work and design work for the infrastructure pieces, which is, you know, home road, bridge over the Isaac River, the pit development overall can run in parallel, but really the approvals work stream is where it's always been a critical part to implement the project. It's quite a simple project to be implemented, similar to what we've done in Isaac Downs.

And the implementation itself can be pretty – we could move with it pretty fast, but of course we need approvals to start disturbing and getting the project moving.

Brett McKay: Okay, great. Thanks, Marcelo. I'll leave it there today.



- Marcelo Matos: We should be able to give a bit more update, Brett, soon about when exactly we're expecting submissions to the EIS being made and so on, and what we think could be an indicative timetable expected at state and federal level. Of course, we don't control those timetables, but as far as our internal work and submissions, I think we can plan to provide a bit more color on that perhaps in the next few months or so.
- Brett McKay: Okay, great. Thank you.
- Operator: Thank you. The next question comes from Paul McTaggart from Citigroup. Please go ahead.
- Paul McTaggart: Good morning, gents. So, I just wanted to follow up on India and you're saying that were kind of slow coming back into the market and maybe you haven't got back at that traditional run rate. So, if you maybe give us a little more colour on that? And I wanted to also know what proportion of your comp sales does India represent now?
- Marcelo Matos: India at the moment, probably around the mid-20s, look at percentage of sales. We do expect that to grow, given India's growth. I mean, we have a bit of growth volume in South Walker, so that should absorb a bit of that growth. To your first point, I think the Indian market is still quiet. We would have expected that at this stage, it would already be -- would be buying more. What's been driving the spot market has been mostly in some positions and the trade starting in the Chinese market.
- So yes, I think it's still unfortunately, required in India, but we will hope that they come back and start restocking more especially ahead of the wet season here, we found the main spirit given they're growing and they need secure volumes. And they've been running stocks reasonably low. We are hoping to see that happening towards the fourth quarter.
- Operator: The next question comes from Glyn Lawcock from Barrenjoey.
- Glyn Lawcock: Good morning. Marcelo, you've avoided the elephant in the room, but any comments you can make on the Anglo coal sale process that you're willing to share?
- Marcelo Matos: We don't comment on M&A, as you know. As far as the process is concerned, I think. The process that I hear, the process is happening. We are probably down

to final stage, rumours are that they want to get completed soon, sooner than later. And that's a highly competitive process. That is much as I can comment at this stage.

Glyn Lawcock:

Second question, just if I look at the third quarter production, I know you should never annualise a quarter, but -- because you're obviously going to have maintenance and weather. But that's 15 million tonnes of production against your guidance for this year of 12.8 to 13.6. I mean, where do you think the business is now operating? I mean, on a sustainable yearly basis now, are we in that 14 million to 15 million tonne range, do you think now as a business?

Marcelo Matos:

Look South Walker, it's pretty consistent. Bottleneck was always the plant. The plant could always do slightly more. And importantly, the plant has been performing well. The hours we are getting from the plant has been fantastic. So -- and we had the opportunity to do a bit of toe washing with our -- the producer next door as well during the fourth quarter, which helped, let's say, with the --

Well, we are expecting now in this fourth quarter, which will help us somewhat it will be slightly above its usual 6 million type of mark. So it's where volumes being really outstanding, okay? A combination of few things. I think we've -- first, we started the year with very healthy brown stocks, which helped, of course, with good performance in the first half.

But now also in the second half with remaining closure. I think some of the windows that washing windows in Red Mountain they were expected to be used by millennial. I think we had an opportunity to -- given the high brown stocks in Poitrel really watch some of their core and bring production up. So I think that's -- it's been -- I mean, other than that, for the people overall, the Poitrel has been outstanding.

Isaac, it's pretty much on the mark. So probably for Poitrel is the outstanding. Why? South Walk as well, just really performing well at the wash plant with a bit of toe washing opportunity. A bit for next year, similarly, I think obviously, we are looking now at what the potential is. And it's going to -- all going to be about the ramp-up of the South Walker expanded CHPP module, which we are confident that we shouldn't have any issue.

I think we may build a bit of a very path curve in the first quarter as we restart the plant now in December. So we may not get to assume that they're going to

get to the 7 million in 2025, given we're going to build a bit of a ramp-up profiling in '25 -- I'm sorry, in the first quarter. But Poitrel is one -- is the one where we are having a strong look at because there's a bit of a...

I mean, there's always a bit of movement between whether we take the mixed multi-waste PCI or coke. If we take a bit, if we produce a bit more PCI, we get a better yield. And of course, how much of those lower seams that produce thermal coal that we can wash, especially now where millennium is no longer there.

So we could have a likelihood that we could have another reasonably high year in Poitrel next year, but I think we are very active now as part of the budget process for the calendar year and hopefully soon we will provide guidance in the normal calendar that we work towards.

Glyn Lawcock:

All right. No, I appreciate that. And just a couple of quick ones to follow up. Just on Isaac South, do you have any sense of what the scope of that looks like? I know there's a lot of things to do. You've only just acquired it, but I mean, what are you thinking? Is it a low single-digit tonnage operation? Or what does it look like in your mind?

Marcelo Matos:

We'll be targeting something, at least, around the 4 million type of ROM setup. It could potentially do more. That's what doing in Isaac Downs now. So if you look at dragline and the three configuration we have now at Downs, we should be able to replicate that in Isaac South, but at least 4 million ROM, but as I said, there is a potential to do more there. It is a low strip ratio deposit for the first, I would say, 10 years.

It is -- there going to be a dragline. So there is a potential actually to stretch that. CHPP now is running around 600,000 tonnes an hour, performed extremely well after we -- if I implemented the primary crushing, we actually improved yields as well. Today, the potential to do four or more. If you want to do substantially more than four, we could add a wash bay in Red Mountain or we could also debottleneck the large plains at Isaac Plains a little bit further. And that's something we, of course, we need to land on as part of the space.

But I mean, as the resource itself would offer the ability to the assets which will do the same for medium or potentially slightly more, but of course, that could shorten the life of that pit as well. Project wise a very simple project of box-cut,



pit development, all roads to connect to Isaac Downs, a bridge over the Isaac agreement as part of that haulage path and the just basic pit infrastructure for the South. It's around 6 kilometres – 5 kilometres to 6 kilometers will be in Isaac Downs, Bromley Ross and in Isaac Downs and Isaac South.

Glyn Lawcock: Thanks. And you see this as all incremental tonnage, Marcelo, to the business?

Marcelo Matos: Not really. Isaac South would phase out around 2028. We've indicated before that from 2028, Isaac Downs would start to get - the economics would start to get very challenging. And given it's a steep and dipping seam and we have seams splitting beyond that point as well. So we've been working very hard for a while for expanding life for Isaac. This was the very large logical point. We already own the Eastern part of that Isaac South block.

The West and South was very important because that where the sub crop is, that's where the lowest preparation and logic box-cut would see. And now, we have it out of the transaction done, get the approvals done. But it is an extension of life for Isaac rather than incremental blocks. If we keep at 4, it will be just -- hopefully, if you can stagger it at the end of Isaac Downs back to back without this continuity.

Hopefully, it will just be a continuation of 4 million tonnes ROM, close to 3 prod for 10 years, 15 years. As I said, there is a potential to make the stretch a bit more. That's something we need time to work on.

Glyn Lawcock: Okay. That's great. I appreciate the colour. Thank you.

Operator: Thank you once again. To ask a question please press star one on your phone. The next question comes from Tom Sartor from Morgans Financial. Please go ahead.

Tom Sartor: Good morning guys. Thanks for the call and for the data. I just had a quick couple on the market, actually. Just firstly, on realisations. Going back a while, we had pretty low, 0.6 plus realisation to be a much more solid history. But we've seen realisations improve a lot despite a weaker prime hard market. And I'm curious, you mentioned the tightness in Aussie supply. And previously there was a Russian oversupply issue. I'm wondering how that realisation piece has normalised lately, if it's actually more around Australia or what insights you could provide there?

Marcelo Matos:

Well, Tom, look, that's a clear decoupling of Russia guys are doing, let's say, if you look at the last China-based agent to what the prices for Aussie, that will be high-volume PCIs. This market being quiet which is good on the FOB Australia PCI. In its size, we are not seeing lot of offering of high-quality FOB -- PCI, FOB Australia.

As we've spoken before, we've seen Korea, for instance, South Korea phasing out some Russian volumes and moving some of that purchase into an Australian PCI which was expected to generate some tightness. I think it's a process that's probably still happening, given that the second batch of its sanctions in Korea.

So that gap the -- let's say, the demand obviously FOB prices reasonably tight and quite -- relativities are up. They were pretty high. Recently, they normalise a bit towards the mid 70s, which where we always thought they would go to and now is just seeing between 75% and 80%.

We are alive at historical levels. There is nothing unusual to things ahead now. But as we all know, there is still this, let's say, this market that's very normal right from a trade flows standpoint with Russia only going to very limited number of markets at different prices and then all the markets were sanctioning Russian calls by mostly Aussie PCIs and therefore [inaudible].

Tom Sartor:

No worries, thank you. And just on China stimulus. I know China is not a key end market for you, but drives index setting. Just curious if you've seen any change in tone amongst your North Asian customers around this monetary stimulus out of China and whether it's actually changed, anything you have yet to speak of in tone or sentiment around your steel customers?

Marcelo Matos:

Not really. General feedback we've got is, the stimulus measures have been, let's say, disappointing, as in having significant part of material part into steel demand, let's say, especially in the short term. But we've seen a bit of it. I mean, there's recent trades have pushed -- boosted PLVs -- the low VOL, the prime low VOL is what's driving the market rather than the mid VOLS that normally go more to India, China drove the low VOLS spot market and that's why we see more activity on the way up was position has been taking, okay, ahead of the fourth quarter and maybe with an expectation of the stimulus trader improvements.



But as you saw in the last couple of days, so I read some of these positions and why price moved slightly down. I think I expect it reasonably required.

Fortunately, we still supported 180, 190 levels, we've seen improvement, marketing side, and we are ahead of our approach a wet season. We need having to come back and buy a wet season in the Southern Hemisphere and we have seen disruption we see here is 1 of an initiative now have any part as well in terms of keeping the market a bit tight because I think we'll see what happens now in the next couple of quarters. But usually, they are stronger quarters, right, with the tightest supply.

Tom Sartor: No worries. Thanks for the detail.

Operator: Thank you. At this time, we're showing no further questions. I'll hand the conference back to Marcelo for any closing remarks.

Marcelo Matos: Thanks, everyone, for your questions and for joining today's call. As always, I'd like to thank our employees, our contractors. It has been a remarkable quarter and delivering a strong set of numbers has not been easy with all the activity and the construction going on at all the three sites. Look forward to continuing to engage with our shareholders in the coming weeks and months. Thanks everyone again for your support. Have a good day.

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