



TRANSCRIPTION

Company: Stanmore Resources Limited
Date: 21 October 2025
Duration: 22:14
Reservation Number: 10050562

[START OF TRANSCRIPT]

Operator: Thank you for standing by, and welcome to the Stanmore Resources Limited September 2025 Quarterly Activities Report Investor Briefing. All participants are in a listen-only mode. 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, Executive Director and CEO. Please go ahead.

Marcelo Matos: Thank you, and good morning, everyone. Thanks for joining us following the release of the September quarterly activities report. I'm joined here today by Shane, our CFO. I'll begin with an overview of our operational performance before we discuss each asset in detail. Firstly, I'm pleased to report that our safety performance remained industry-leading with our 12-month Serious Accident Frequency Rate maintained at zero.

Operationally, the quarter panned out broadly in line with expectations with a strong pickup in ROM production run rate after our teams made significant progress with waste removal and pit preparation early in the quarter. This translated into higher saleable production quarter-on-quarter and has positioned the business in good shape ahead of a strong fourth quarter to finish the year.

As part of today's update, we made a slight revision to our full year saleable production guidance, maintaining the lower end of consolidated guidance, but narrowing the range by reducing the upper end of production range to reflect lower expected annual output from the Isaac Plains Complex.

Isaac Plains suffered most severely from the adverse weather in the first half, and our latest plans now show a bottlenecked CHPP in the fourth quarter. However, partially offsetting this impact is a strong recovery and higher



production out of Poitrel compared to the previously guided range to keep the lower end of the consolidated saleable production consistent with prior announcements.

Moving now into the body of the report and a quick summary of each asset. South Walker Creek had a strong quarter and is now firmly back on track with a planned ramp-up production for 2025. ROM production hit another quarterly record, increasing to 2.5 million tonnes, up from the 2.3 million tonne record in the prior quarter.

Meanwhile, saleable production also stepped up to 1.8 million tonnes, surpassing the previous record set in the September quarter of 2023. These results were supported by strong coal recovery, which was driven by significant overburden removal early in the quarter. This is reflected by more than 8.6 million cubes of prime overburden removal in the month of July, which ultimately facilitated almost 2 million tonnes of ROM production across August and September.

As highlighted in the report, the CHPP operated above the upgraded nameplate capacity throughout the quarter, also contributing to the strong output. Guidance has remained unchanged for South Walker Creek with healthy closing ROM inventories and robust pit preparation, providing confidence heading into the fourth quarter.

Poitrel has continued to show consistent production with ROM volumes increasing by a further 170,000 tonnes in the September quarter to 1.9 million tonnes. Strip ratios increased quarter-on-quarter, in line with the revised mine sequence, which was adjusted to manage wet weather impacts early in the year.

Similar to South Walker Creek and as previously anticipated to the market, this resulted in higher stripping volumes in the September quarter, which is expected to be counterbalanced with lower strip ratios in the December quarter and support a normalisation of strip ratios for the full year.

With the year-to-date saleable production tracking above the midpoint of guidance, we are pleased to have made an upward revision to full year production guidance at Poitrel.



Lastly, the Isaac Plains Complex has reported mostly steady numbers against the June quarter. As you may recall, Isaac was the most severely impacted asset by the wet weather early in the year, and, therefore, has had the most protracted recovery volume -- timeline. Nonetheless, ROM volumes were slightly up with 1 million tonnes for the September quarter while saleable production was in line.

Strip ratios increased quarter-on-quarter, which was impacted by elevated overburden removal at Pit 5 North, ahead of mining at the satellite pit reaching its conclusion later this year with strong ROM coal volumes expected in the fourth quarter.

Although Isaac Plains is back on track ROM coal production-wise, the CHPP is expected to be fully utilised in the fourth quarter, which ultimately is expected to be the limiting factor for saleable production volume that would otherwise be required to meet the previously stated guidance range.

As such, we have made a downward revision to the range to more accurately reflect these operating conditions, which has ultimately led to a reduction in the upper end of group level consolidated saleable production guidance.

On the development front, we invested AUD5.4 million in exploration activities this quarter, including key groundwater and drilling programs at Isaac Downs Extension and Eagle Downs projects. The Isaac Downs Extension project remains on track for environmental impact statement submission in early 2026, whilst Eagle Downs development studies and design work are progressing as planned and as previously indicated.

I'll now hand over to Shane to summarise the financial aspects of this update.

Shane Young:

Thank you, Marcelo. Turning to the corporate section of the update. Cash improved by USD10 million over the quarter with our closing cash balance as at 30 September, increasing to USD190 million. This also saw Stanmore's net debt position reduced to 90 million and total liquidity increased to USD420 million quarter-on-quarter.

We are pleased to see the business continuing to generate cash during subdued market conditions despite elevated overburden stripping in the third quarter and USD22 million in capital expenditures, the highest quarterly capital spend this year-to-date.



Overall, the balance sheet continues to be in strong shape, supported by committed working capital facilities that remain untapped and available for use. Both of these factors have the business well placed to withstand lower met coal prices for longer, which continue to lag in what has been a bullish run for commodities generally in the past few years.

Moving on to the updated guidance position. As highlighted by Marcelo at the outset, we have made some tweaks to the saleable production guidance range in this quarterly report. The most notable change is a reduction in Isaac Plains Complex saleable production guidance.

Although the complex recovered well over the third quarter, we now expect that the fourth quarter will be constrained by CHPP capacity and have therefore opted to prudently adjust the range to reflect our latest output estimates. This change has been partially offset by a boost to saleable production guidance at Poitrel, which has had an outstanding recovery from wet weather, aided by our recent capital investment in the Ramp 10 box-cut completed in mid-2024.

Importantly, these adjustments do not change the lower end of our consolidated saleable production range and have only narrowed the range at the upper end of guidance at the consolidated level for 2025. As highlighted in the report, our plans are tracking around the midpoint of the new guidance range, which is also well within the original range.

There has also been no change to free onboard cash cost guidance, which, as you may recall, was lowered by USD4 per tonne at the midpoint as a part of our March quarterly activities report. Consistent with previous messaging, we currently expect to finish the year towards the higher end of the lowered range. Capital expenditure guidance has also been reaffirmed with no change.

With that, I will hand back over to Marcelo to conclude the call with a quick briefing on markets.

Marcelo Matos:

Thanks, Shane. Met coal markets have been relatively stable and remain range bound with the quarterly average premium low vol price remained steady quarter-on-quarter in what is typically a seasonally weak period. Within the quarter, prices improved from the mid-170s per tonne to close at around 190 per tonne.



This is understood to have been driven by what we believe was a sentiment-driven reaction to announcements made by the Chinese government towards enforcing production limits in some loss-making domestic coal operations from September in China and Lower Mongolian imports.

This also contributed to the narrowing of the gap between the China CFR prices netted back to FOB Australia and the FOB Australia indices by almost 20% over the quarter and flow through to a favorable movement also for the Tier 2 hard coking coals, which similarly improved by 21% over the quarter. The latter point is particularly important for Stanmore given its relevance to the pricing of our Poitrel coking coals.

China steel exports moderated through July and August but picked up again in September, which cumulatively resulted in a 3% reduction quarter-on-quarter. Year-to-date, Chinese steel exports remain at elevated levels year-on-year, and this has continued to weigh on ex-China steel producer margins and as a result, demand for seaborne met coal, exacerbated by India seeking to continue to manage inventories at low levels.

Contrasting this, new coke making commissioning is expected in India in the coming 18 months, which should materialise in improved demand for seaborne metallurgical coals.

That concludes the spoken part of today's call, and I will 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 then two. If you're using a speakerphone, please pick up the handset to ask your question.

The first question today comes from Brett McKay from Petra Capital. Please go ahead.

Brett McKay:

Thank you, and good morning, Shane. Just a couple of really quick ones for me around the capex and the accelerated stripping costs in the quarter. Just clarifying that 22 million that you called out in the report of capex, I assume that's outside of the accelerated stripping. Is that -- can you confirm that, Shane?

- Shane Young: Yes, I can confirm that, Brett. Yes, we don't capitalise stripping at Stanmore as part of our accounting policies. So that's outside of the -- what would be normal over stripping. Obviously, as part of that, though, where we have box cuts, and we did have an E-Ramp box-cut in Q3 that contributed to part of that capital. We do capitalise box cuts, which are the initial box cut to open up a new area of a pit or a mine.
- Brett McKay: Okay. Just I guess, leading into my second question, if you can just give us a loose understanding of sort of where that 22 million was spent. You mentioned the box cuts. Is there anything else to call out there?
- Shane Young: Yes. And probably the other call out was the RMI or Poitrel wash plant tailings pumping project, which is well underway and is a project which will enhance not only the way we safely move tailings but also the cost efficiency of doing so going forward.
- Brett McKay: Okay. Perfect. Thanks. And just that exploration cost in the quarter, just going forward, is that going to be a number that we sort of see more of given the work that's underway at Isaac Downs extension, Eagle Downs, etcetera? Or is it sort of a higher number for that particular quarter?
- Marcelo Matos: Brett, AUD5.4 annualised, that's Aussie dollars, right? Annualising at AUD20, it's probably higher as a quarter, okay, given some specific work that was being done during the quarter. But no, I think on an annualised basis, we are looking at probably something lower than that.
- Brett McKay: Lower than -- for the year?
- Marcelo Matos: Shane is pointing here to me another good point, which is the -- I mean it's been a bit of a timing issue given that wet weather delayed a bit of the work early in the year. So that's a bit of catching up as well, especially on groundwater that acquisition, for example, the likes of Isaac Downs Extension.
- Brett McKay: Okay. Yes. Fair enough. And just finally, on the cost side of things, I know that at the half, we were at the top end of that revised or down the revised guidance and you're still flagging that the year will complete towards the top end of that range.



Just given the extra volumes coming through in the second half, can you explain some of the dynamics around why that cost probably isn't coming down a little bit in the second half?

Shane Young:

Yes. Look, Brett, I think it's more a function of we're delivering on what we expected when we were sort of advising earlier in the year about the -- where we would land in the full year guidance. It was a full year expectation. And I think actually, we're delivering on that. So part of that story is those additional volumes coming into Q4.

It's obviously heavily dependent on the foreign exchange rate and where those exchange rates end up for the rest of the year. I think where we're tracking at the moment, we are still expecting, like we mentioned, to finish within the range. But it's a U.S. dollar number, so it is sensitive to that.

Brett McKay:

Yes.

Marcelo Matos:

I'll just add one point to that, Brett. If you look at South Walker and Isaac, our pre-strip is a part of mining services contracts, right, with Golding in South Walker and EPSA in Isaac Plains, and we pay for material moved, right?

So, to a certain extent, the wet weather impacts or delays somehow contributed to, let's put it, lower costs despite the lower coal volumes in the first half as well, okay, because that pushes some of that material movement into the second half. So, yes, there's a bit of that effect as well.

Brett McKay:

Yes. That makes sense.

Shane Young:

Yes. One thing -- just one final thing to add, Brett, is that we'll absolutely see a lower quarterly FOB number for Q4. But obviously, the numbers we quote for guidance are full year numbers. So, yes.

Brett McKay:

Yes. Understood. That's it. Thanks, Shane.

Operator:

Thank you. Once again, to ask a question, please press star 1 on your telephone. The next question comes from Glyn Lawcock from Barrenjoey. Please go ahead.

Glyn Lawcock:

Good morning, Marcelo. Marcelo, congratulations. It's nice to see a bit of cash despite the coal -- the low coal prices. But given the current environment, what status of any discussions you may be having with the government around relief

or whether that be royalty relief or changes to royalty? Just I mean, surely, this is now showing to the government how tough it is for the industry?

Marcelo Matos:

Discussions have never stopped, okay? There's a strong level of engagement. As you've seen as part of some public statements, the Queensland government is looking at providing what they call a stable environment with some certainty, okay?

And they've been signaling, of course, support in the regulatory space around approvals and so on. Of course, we are yet to see any movement on the royalty space because, I mean, the stability of royalties is not necessarily under the current regime, a good thing.

There is a dialogue in place. I think we have seen some mines closing and some job losses, which, of course, always trigger some sensitivity around the investability in the state in the future. And as I said, we are yet to see any short-term relief, but I mean we continue to work and the work hasn't stopped.

Glyn Lawcock:

Okay. So there's nothing we could see coming down the pipe that would benefit Stanmore at the moment?

Marcelo Matos:

I hope we could, Glyn. But yes, I think it's a bit too early to say.

Glyn Lawcock:

Okay. And then just going back to the cost question. I mean guidance for costs were predicated on a 64.5 currency. If you got the 64.5 currency, where do you think costs would have fallen out across your guidance range of 85 to 90?

Shane Young:

Yes. Look, I mean, they'd probably be closer to the middle of the range. It's a little bit hard to say definitively with some other movements in how the FX has moved over that time. So, a simple average versus the weighted average, for example. But I think it's fair to say that we built that guidance with targeting sort of the midrange of that FX rate.

Glyn Lawcock:

So most of the hit on the cost guidance at the top end is currency, you think? Or is there other things at play?

Shane Young:

Yes, generally, generally, currency. That'd be one or two other things that sort of moved through, but that would probably be the biggest driver.



Glyn Lawcock: All right. And then just a final question, Marcelo. I mean, obviously, the Anglo sales process, is there anything -- any comments you can make on appetite or where that's at?

Marcelo Matos: Glyn, of course, I can't comment too much. I mean they are, as we understand, focusing on the restart of Moranbah North. It hasn't fully restarted yet. That's definitely, as we understand, the key focus.

Obviously, assuming the preference for them would be to still progress with a transaction in the future as a package, Moranbah North and a stable restarted Moranbah North would be critical, right? So that's as much as we think and heard. But yes, I think it's -- that there's still work ahead for them in terms of restarting and stabilising the asset.

Glyn Lawcock: All right. Thanks very much, Marcelo.

Operator: Thank you. Once again, to ask a question, please press star 1 on your phone. We'll pause for a moment to allow parties to enter the queue. 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. We are pleased to have delivered a robust quarter operationally, providing further confidence that the business remains in good shape at this stage in the cycle.

Once again, I would like to thank our employees, our contractors for their contribution and their continued discipline, particularly with their unrelenting focus on safety. We look forward to closing out the year and reconnecting with you all thereafter. Thanks all and have a good day.

[END OF TRANSCRIPT]