



TRANSCRIPTION

Company: Stanmore Resources Limited
Date: Tuesday, 27 October 2026
Time: 12:00pm AEDT
Duration: 25:28
Reservation Number: 10057556

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Operator: Thank you for standing by, and welcome to the Stanmore Resources Limited September 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 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, everyone, or good afternoon to those joining from the Southern States. And thank you for joining us as we take you through our September Quarterly Activities Report. With me today, again, is Shane Young, our Chief Financial Officer.

The third quarter was another successful one for Stanmore. Mining conditions were favourable, with dry conditions and the investment into pit preparation through the first half supporting a record performance at South Walker Creek and solid results overall, with no serious accidents recorded during the quarter.

Year-to-date, saleable production is tracking well within the guidance range, and with closing ROM stockpiles of 1.7 million tonnes as of 30th September, we are in good shape for the fourth quarter and to close out the year. As a result, we have reaffirmed our full year saleable production guidance, and are currently tracking towards the top end of the range.

On the market, supply tightness domestically in China and out of Russia supported coal prices, with the headline PLV Index trading at levels not observed since the first quarter of 2024. Our average quarterly sales price



increased to US\$163 per tonne, up 6% on the June quarter. On a year-to-date basis, our average sales price is 18% higher than the first nine months of last year.

Combined with the operational performance, this culminated in a healthy cash generation, with net debt reducing to US\$19 million, and total liquidity improved to over US\$500 million.

Finally, we remained active on the corporate front, with the completion of the refinance and the announcement of the agreement to acquire the Moranbah South tenements. Overall, since our half year results, we've gained greater certainty on Moranbah South, delivered a strong third quarter, and benefited from the improved market conditions.

These developments have, together, supported strong cash generation and improved liquidity, giving the Board confidence to revisit its early decision and declare an interim dividend of approximately US\$20 million.

Moving on to a summary of our operational performance, and starting with South Walker Creek. Following the prioritisation of stripping and pit preparation early in the year, the mine delivered record ROM and saleable production of 2.8 million tonnes and 1.9 million tonnes, respectively.

This surpasses the previous quarterly ROM record set in December 2025 quarter, with saleable production supported by CHPPs performing above nameplate capacity. Closing ROM stocks at South Walker Creek have also increased to more than 800,000 tonnes, positioning the operation well to deliver on the fourth quarter production and sales plan.

At Poitrel, the quarter reflected the planned CHPP shutdown that we deferred from June to July. As a result, saleable production decreased to 1.1 million tonnes as CHPP feed was constrained during the shutdown, before processing rates returned to normal in August and September.

Nonetheless, ROM volumes remained strong at 1.9 million tonnes, which supported a build-up in ROM inventories to more than 700,000 tonnes at the quarter end. Year-to-date, saleable production at Poitrel of 3.6 million tonnes remains on track towards the upper end of full year guidance.



At the Isaac Plains Complex, we assumed operatorship at Isaac Downs during the quarter, as previously announced. We are pleased with the early results, with strong truck and excavator fleet performance, and an optimisation of the dragline dig methodology supporting efficiencies. Strip ratios, saleable production, and total coal sales each improved quarter-on-quarter.

Turning to the development pipeline, the key new development has obviously been the Moranbah South deal, which continues to progress through the various stages required for completion, aimed for the fourth quarter.

As highlighted in the initial announcement, the Moranbah South tenements contain 724 million tonnes of measured and indicated resources, believed to be of premium hard coking coal quality in the Goonyella Middle Seam, and are located directly to the north of our Eagle Downs project.

While we have been keeping the pace on Eagle Downs, including progressing approvals for the connecting transport mining lease between Eagle Downs and our processing infrastructure at Poitrel, we intend to bring the Moranbah South deposit into a broader, more comprehensive study scope.

This includes a potential integrated joint development with Moranbah South to ensure the best development outcome for the combined resource. We plan to update the market on the timeline for that work as it takes shape post-completion of the Moranbah South transaction.

Turning now to the coal markets, pricing during the quarter was driven by concurrent shortages of coal from key Russian and Chinese production basins. In China, safety inspections and the curtailment of domestic production, combined with a slower clearance of Mongolian land-borne volumes, led to a supply shortage and a rapid escalation in domestic prices.

At the same time, Russian exports were materially disrupted from the Black Sea terminals following an escalation of vessel strikes, and these volumes were not fully replaced from the Baltic or Far East terminals. Higher fuel and labour costs also pushed Russian offer prices up through the quarter, while delays and reduced availability were observed from key North American export terminals.

The net effect saw premium hard coking coal and low-vol PCI prices peak at US\$285 and US\$220, respectively. The rally began later in the quarter, and



therefore will take some time to materialise into our realised pricing, given the roughly 30-day lag on our pricing mechanisms.

Looking ahead, higher coal and energy prices have placed pressure on steel margins, including in China. The direction of Chinese steel production after the holiday season and any trade flow outcomes from the tariff discussions between China and the United States will be important factors for the fourth quarter.

Notwithstanding that, India's emergence from the monsoon season, together with the commissioning of new large-scale coke oven facilities, is expected to provide ongoing support for seaborne demand.

Following the quarter end, it was pleasing to see the Indian Ministry of Steel drafting a National Steel Policy: Vision 2047, which supports India's role as a long-term growth market of metallurgical coal.

The draft projects metallurgical coal demand to more than triple by 2047, with Australian exporters expected to benefit from additional demand. We will continue to monitor how the draft develops through consultation.

With that, I'll now hand over to Shane to update you on our financial position and guidance.

Shane Young:

Thanks, Marcelo. Looking at the balance sheet, Stanmore concluded the quarter with a consolidated cash balance of US\$231 million. After factoring in the drawn balance of the new US\$250 million term loan, this translates to net debt of just US\$19 million as at September 30.

This is an improvement of US\$53 million on the June quarter, with cash flows supported by the improved market conditions and our second half weighted production and sales profile.

Key non-operational cash flow items included capital expenditure of US\$22 million and the initial US\$5 million payment towards the acquisition of Moranbah South.

These outflows were almost entirely offset by US\$26 million refund received during the quarter following our successful objection to stamp duty assessment from 2025 relating to the acquisition of Eagle Downs.



Total liquidity increased to US\$501 million at quarter end, providing financial flexibility to support the remaining US\$100 million completion payment for Moranbah South.

Regarding the dividend, as Marcelo mentioned earlier, the Board elected to defer an interim dividend in August given the uncertainty around Moranbah South, our second half weighted sales production profile, and the importance of maintaining our balance sheet flexibility.

Since then, we have gained greater certainty around Moranbah South, delivered a strong third quarter, benefited from improved coal prices, and received the Eagle Downs stamp duty refund earlier than anticipated, all of which have strengthened our liquidity position.

Importantly, the decision to declare a dividend today reflects our ongoing commitment to disciplined capital allocation, balancing shareholder returns with the need to maintain financial flexibility as we progress our portfolio of development opportunities.

Future dividends will continue to be assessed in accordance with our dividend policy, taking into account prevailing market conditions and the group's capital requirements.

Turning to guidance, we reaffirm our 2026 full-year public guidance, with saleable production continuing to track towards the top end of the range. While there are no changes to FOB cash cost or capital expenditure guidance, both are experiencing upward pressure, particularly from higher diesel prices and the stronger Australian dollar.

For reference, year-to-date SGO indexed diesel prices have averaged approximately US\$150 per barrel, which is above the US\$120 per barrel assumed as part of our revised guidance range provided in the March Quarterly Report.

Notwithstanding this, operational cost improvements and hedging benefits, together with saleable production tracking towards the top end of the guidance range, have helped partially mitigate the impacts of diesel and FX.

That concludes the prepared remarks for today's call. 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 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 Christopher Creech with Morgans Financial. Please go ahead.
- Christopher Creech: Good morning, Marcelo and team. Thank you very much for your time this morning, and well done on the result, especially South Walker Creek had a really good result. First question for you guys today is, in terms of Poitrel, I know, you obviously called out the planned CHPP shutdown in in July.
- Was there any other reason as to why there was a big deficit between, I guess, the usual ROM and saleable sort of production, the implied yield? And was it was there a bit of a delay in terms of coal mining? Was it all at the back end of it, or was it just predominantly the CHPP shutdown in July?
- Marcelo Matos: Hi, Chris. A combination of things. I think obviously the shutdown is one of the key reasons. But, as you said, there was a, let's say, a yield element of the saleable production number as well because we brought forward some of the primary feed in June, by the end of the quarter.
- So there was a lot of higher-yielding volumes washed in June, with some thermal and lower-yielding products at Poitrel this quarter. So I think as a combination, this was I think they were probably the key drivers of that, let's say, slightly lower saleable production.
- But there's nothing, let's say, unusually happening at Poitrel. I think things are well on track. ROM volumes are healthy. It's tracking at the top end of the guidance range and is expected to finish the year strong. And it's a bit early to provide guidance for next year, but we are actually expecting another strong year next year as well. So all going pretty well at Poitrel.
- Christopher Creech: Yes, perfect. And then, I guess jumping into I guess, your full year guidance, I mean, you've already mentioned that you're maintaining your 2026 guidance and looking it towards the upper end. I mean, with the raw stocks you guys have got, you're going to have a pretty good run of it to the saleable production in the fourth quarter, one would expect.

And did you potentially see potentially above the big guidance if you guys had a good run of it? Is there any production disruptions that are expected across any of the operations, excluding weather or the things that you guys can't control or is it should be pretty steady state across the operations in the fourth quarter?

Marcelo Matos:

Steady state, Chris. No surprises expected, everything is nice and steady. It's been wet for the last 10 days, to be frank, a bit wetter than expected. I think as we get to the fourth quarter, we normally make assumptions for of course, operating hour losses due to weather, and I think we are eating through those assumptions now and those allowances.

But other than potential weather, I don't we're not expecting anything to, let's say, to prevent us to achieve a good, strong fourth quarter and finish the year towards the end of the top end of guidance at this stage.

Christopher Creech:

No worries. And then if I could just sneak in just one last one. In terms of Moranbah South, I guess once, assuming that that gets completed in the fourth quarter and everything takes it's ticked over on that one, does that change your time frame for your potential FID for Eagle Downs, or does that just that become I guess potential upside to the case rather than slowing it down at this stage?

Marcelo Matos:

We are not slowing down the work streams for Eagle Downs, okay? If you look at Eagle Downs on a stand-alone basis, I think we're we are progressing. I think it's a bit early to say if an integrated development would not, let's say, affect the timetable for an investment decision on Eagle Downs.

There are things that we will need to look at if we were to, let's say, develop both on an integrated basis, especially if there is a potential in the future for us to have, as an example, two longwalls operating, one in Eagle Downs and one in Moranbah South, using the same conveying infrastructure, drifts infrastructure, and the likes, or surface infrastructure.

So, I think there's -- I think obviously we need to get the keys. We need there's a bit of work to do in in Moranbah South on this optioneering work and this integrated development view. The reality is that Moranbah South will require approvals, so there'll be a work that will be required to not only get all the ecology and groundwater data to support submission of an EIS, but also, of



course, supporting the development of a plan to I mean, to be the basis of those submissions.

And from the moment we lodge an EIS down the track, I think there's still quite some time to be able to get approval. So reality is that even if they were projects develop on an integrated basis, there'll be a few years until we can mine coal from Moranbah South.

So we will progress with the with the view of Eagle Downs on a stand-alone basis, but with Moranbah South as a potential optimised integrated development down the track.

Christopher Creech: No worries at all. Thank you very much for your time, Marcelo. I'll pass it on.

Marcelo Matos: Always. Thanks.

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: Good morning, Marcelo and Shane. Just on the cash flow over the quarter, Shane, any feel for what the cost was for the debt program through the quarter? Was that material?

Shane Young: No, not really. I mean, there were some fees associated with that refinance. It was a few million dollars in that, which is pretty typical for refinancing of that nature, but nothing that's sort of jumped off the page beyond that.

Glyn Lawcock: When you say a few, I've always grew up thinking that was sort of like five to seven, mid-single digit?

Shane Young: Around five. Yeah.

Glyn Lawcock: Okay. Thanks. And then just on the capex, obviously, you're running well behind nine months in. Is there something, you expect to catch up, or you've done a good job on being able to maybe save some capex or defer it into '27?

Marcelo Matos: Glyn, it's a bit of a timing thing. I think Q4 will be a big quarter, capex-wise, so there will be a bit of catching up. I think we are now looking at being well within guidance. There's potential for us to actually be tracking more towards the, let's say, the mid to top end of guidance for a few reasons.

I think first, obviously, is FX, but another one which is actually good news is that the de-mudding at the new pits at MRA2C area or the -- especially the G-Pit where we actually are already mining coal from, actually progressed really well and ahead of schedule.

So actually we're going to get additional ROM this year that was not part of the original plan, that's going to benefit next year as well, and if F-Pit de-mudding progress as well, I think it's good news, so it's still within plan, and with a strong Q4 capex-wise, but still within guidance.

Glyn Lawcock:

No worries. And maybe just the last one, Marcelo, you obviously gave us lots of detail around what happened in Q3 from a pricing perspective, but I guess since the quarter ended, we've seen a roll down in pricing, particularly the PLV. I mean, what do you think is happening now, and how do you see the remainder of the year playing out? Thanks.

Marcelo Matos:

China has been driving the spot indices. Glyn, I don't think the story has changed. If you look it's still, at the moment, still cheap to buy seaborne coal compared to domestic price, so it is competitive. They are not being too active, though.

There is an expectation that there will be some improvement in Mongolian trucking volumes and even in domestic supplies. Those expectations are somehow reflected in the forward curve, which are looking at a slight backwardation towards the end of the year.

India is pretty quiet. India hasn't come back strongly buying post-monsoon. The PCI market, though, has been mostly driven by India, which is positive. I think the PCI relativities are good.

There's a general expectation that steel demand may be a bit softer in China as we get to the to the winter months as well, which somehow corroborates with this view of maybe some softening prices towards the back end of the year.

But, obviously, weather is something else, something else that needs to play out as well. Everyone's expecting a drier wet period or end of the year and summer in the -- in Australia, but it's October, it has already started wetter than expected. So we will see. So far, things are reasonably steady.



- Glyn Lawcock: And just a quick one on India then. So you just think, what, they're just reluctant to pay the price at the moment, they've all monsoon has gone longer, it's just your sense, or are they just holding out for lower price as they do?
- Marcelo Matos: As they do. I think they are just quiet and holding. And as I said, China is driving that PLV market. Normally, India drives the mid-vol market, and they've been quiet. There's been some additional mid-vol volumes out of out of Queensland, especially out of the Moranbah North mine ramping up volumes.
- They've been producing well. So they there's been cargos offered and usually, India are buyers of some of those mid-vol volumes, but they've I think they are avoiding aggravate the situation with China already driving this this spot market. So they they've been pretty quiet and running low inventories, as they've been doing for the past two years.
- Glyn Lawcock: Yeah. No, worries. That's great. Thanks, Marcelo. Appreciate the colour.
- Marcelo Matos: Always.
- Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone. We'll pause a moment to allow for any final questions. There are no further questions at this time.
- I'll now hand back to Marcelo Matos for closing remarks.
- Marcelo Matos: Thank you for your questions and for joining today's call. I also extend my sincere thanks to all our employees and contractors whose hard work and commitment, particularly to safety, made these results possible. We look forward to updating you on the fourth quarter and the full year 2026 performance in the new year. Thanks, everyone. Have a good day.
- Operator: Thank you. That does conclude our conference for today. Thank you for participating. You may now disconnect.

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