

27 October 2021

SEPTEMBER 2021 QUARTERLY REPORT

Highlights

- Record quarterly ROM Coal production
- Highest quarterly coal sales by volume and value since March 2019 quarter
- Approvals process for the Isaac Downs Project completed, with the mining leases granted by the Minister for Resources and first coal shipments of trial cargoes from the bulk sample pit
- First ROM coal produced by the Millennium and Mavis Downs mine during the quarter
- Strong coal prices provide confidence of significant improvement in Stanmore's net debt position over the next 12 months

PRODUCTION AND SALES

Thousands of tonnes	Quarter Ended				
	Sept 2021	June 2021	Change %*	Sept 2020	Change %*
ROM coal produced	924	595	55%	641	41%
ROM strip ratio	7.8	9.7	19%	15.8	51%
Saleable coal produced	653	379	72%	519	26%
Total coal sales	723	293	147%	602	20%
Product coal stockpiles	114	188	(39%)	190	(40%)
ROM coal stockpile	141	125	131%	16	781%

* Note: Change is favourable/unfavourable

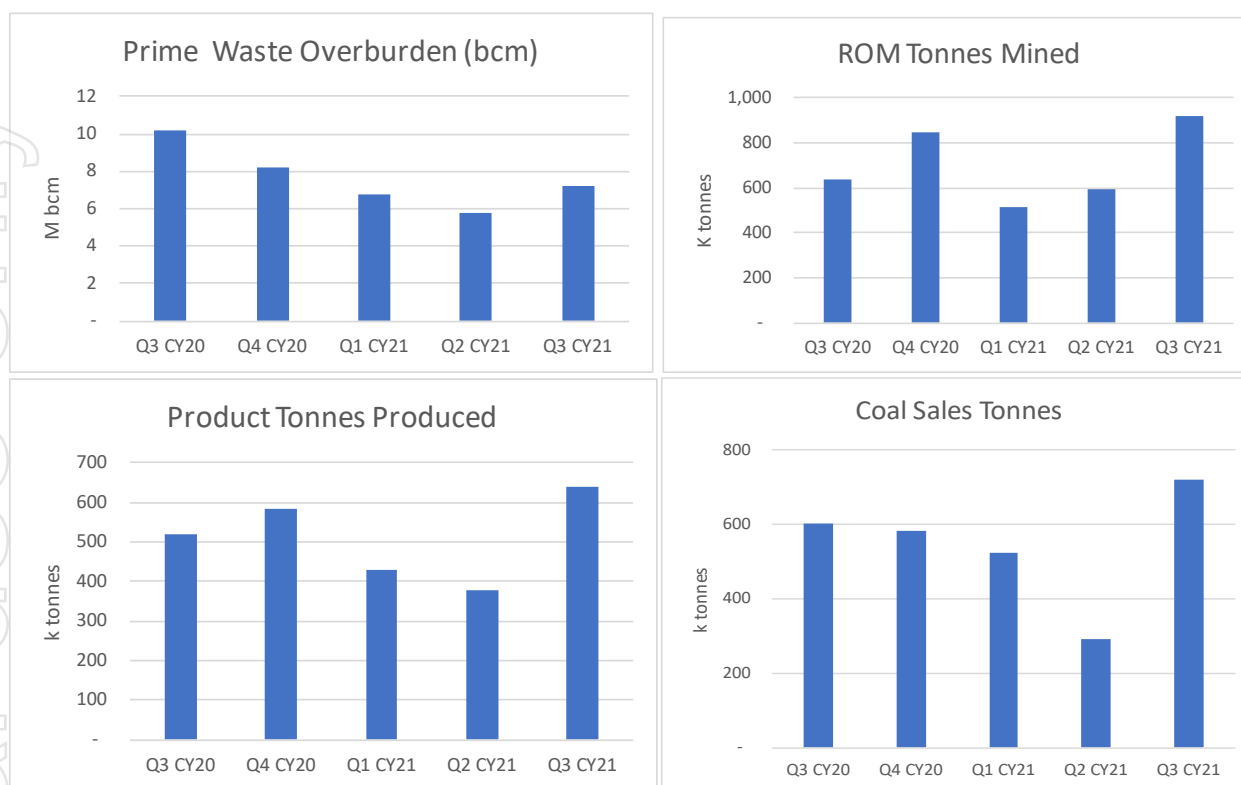
SAFETY PERFORMANCE

During the quarter there was one recordable injury. The 12-month rolling TRIFR at the end of the quarter was 5.4 (3.3 at September 2020).

Stanmore participated in the industry wide safety reset process with introductions to all crews from the Hon. Scott Stewart Minister for Resources stressing the importance of workplace safety.

¹ EPBC – Environmental Protection and Biodiversity Act

ISAAC PLAINS COMPLEX OPERATIONS



Production output increased in the third quarter as the Isaac Downs bulk sample operation ramped up operations. In particular, the EX3600 excavator operating at the Isaac Downs site recorded industry best practice productivity rates. During the period the dragline operation at Isaac Plains also operated at close to peak.

Quarter 3 coal sales (723,000 tonnes) reflected strong mine and coal preparation plant performance that produced 653,000 tonnes of saleable coal (approximately 96% coking and 4% thermal coal).

The Company anticipates coal mining production and corresponding sales to continue to strengthen in the second half of 2021 relative to H1, expecting the lower end of the 2.2 to 2.4Mt range for full-year 2021. The rate achieved for the quarter matches the current system capacity levels of 2.4 Mtpa for saleable production. Further opportunities to increase volumes are being investigated to capture the benefits of improved coal market conditions, strong demand, and improved coal prices for seaborne coking coal.

ISAAC DOWNS

During the quarter, the Company announced the approval of the mining lease for the Isaac Downs Mine. This is a significant milestone for Stanmore Resources and all environmental and mining approvals are now in place for the new mining operation. Initial capital expenditure of A\$47 million was also announced for the development of the mine, and \$40 million worth of contracts have been executed with Queensland companies for the construction of the Peak Downs Highway underpass bridge and highway re-alignment, the haul roads linking Isaac Downs with the existing Isaac Plains mine, and the 6km long flood protection levee. The Board has also authorised a further \$9 million worth of expenditure including additional water management infrastructure, further power line works and establishment of sub-stations, and the construction of explosive reload facility and magazine.

Construction activity during the quarter is now well established with work on the flood protection levee, haul road and the Peak Downs highway underpass construction all progressing while the initial bulk sample mining operation is completed, and the pit is expanded into the newly approved mining areas.

The bulk sample pit for the purposes of providing trial cargoes to key customers has been successful with no material coal quality issues raised by key customers.



Figure 1: Isaac Downs bulk sample pit, ROM stockpile on the left, and Millennium mine in the far background



Figure 2: Construction of the concrete underpass bridge next to the Peak Downs Highway

MILLENNIUM AND MAVIS DOWNS MINE

Operations at the Millennium and Mavis Downs mine commenced during the quarter using a coal auger contractor to extract coal from available standing highwalls. During the quarter, ROM coal production commenced with 6kt produced on a 100% basis. Stanmore's share is 50% through the ownership of MetRes Pty Ltd, the company which acquired the mining tenements and assets associated with the mine from Peabody. ROM coal was transported to the stockpile at the Red Mountain Infrastructure Coal Preparation Plant ready for the initial toll washing operation which is expected to commence in the December quarter. Note that MetRes Pty Ltd financial performance and physical metrics are not consolidated into the results for accounting purposes.

A key milestone was also achieved during the quarter with the commencement of overburden mining operations to establish remnant opencut mining areas.

As previously announced, contracts are in place for the underground mining operations scheduled for commencement in the second half of 2022.



Figure 3: A Hitachi Ex3600 excavator matched with CAT789 trucks has commenced work

MetRes, Stanmore, M Mining and M Resources hosted the official opening of the operation with Hon Scott Stewart, Minister for Resources attending along with Anne Baker, Mayor of Isaac Regional Council, the Directors of Barada Barna Charitable Trust representing the First Nations people of the region, and representatives of our customers and suppliers.



Figure 4: Opening day at Millennium and Mavis Downs mine

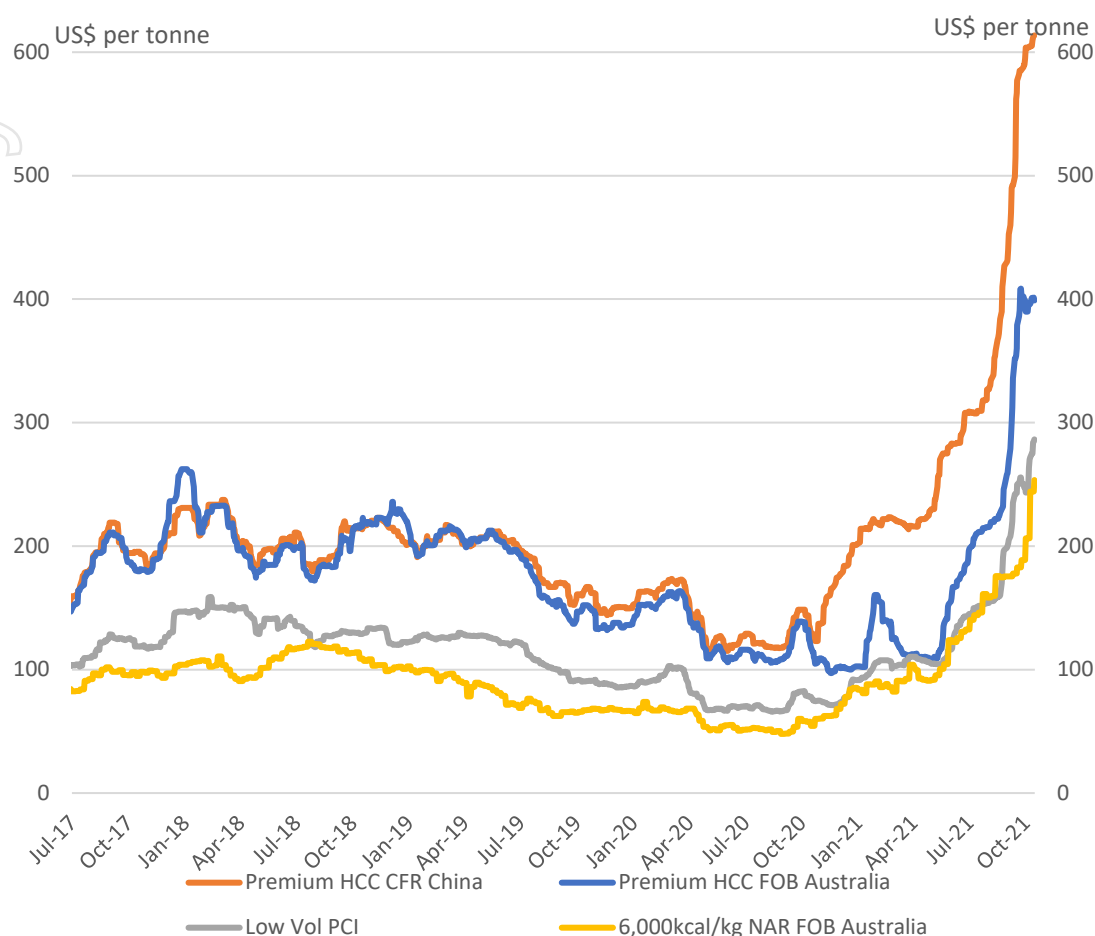
DEVELOPMENT PROJECTS

During the quarter, no significant activities were undertaken on Stanmore's other development projects.

CORPORATE

During the quarter the Company announced an increase of A\$20 million to the Facility B commitment to MetRes Pty Ltd. taking the commitment to A\$35 million for Facility B and A\$50 million in total. The funds under the facility will be used for collateral for cash guarantees, working capital and general corporate purposes. Any amounts drawn from Facility B are required to be repaid in full on or before 30 June 2022.

KEY AUSTRALIAN EXPORT METALLURGICAL COAL PRICES



This Quarterly Report is authorised for release to the market by the Board of Stanmore Resources Limited.

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About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region which includes the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East and Isaac Downs mining areas and the Isaac Plains Underground Project. The Company is focused on the creation of shareholder value via the efficient operation of the Isaac Plains Complex and the identification of further development opportunities within the region. Stanmore Resources is a 50% shareholder in the Millennium and Mavis Downs Mine and holds a number of additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins.

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