

31 January 2022

DECEMBER 2021 QUARTERLY REPORT

Highlights

- Strong rebound in production profile and sales for the second half of 2022 as operations at Isaac Downs ramp up following the grant of the mining leases
- Historic record for a half year period for ROM coal production of 1.658 million tonnes, and historic record for monthly CHPP feed of 332,820 tonnes
- New 5-year \$564 million Mining Services Agreement signed for Isaac Downs with EPSA Pacific
- Additional excavator fleet transitioned from Isaac Plains East to Isaac Downs providing additional mining capacity
- Initiated integration planning and execution in relation to the proposed acquisition of BHP's 80% share of the BMC mines, including progressing conditions precedent to target completion in early Q2 as previously announced
- MetRes Millennium mine (Stanmore 50% ownership) mined 135 kt ROM (100% basis) and exported first coal during the quarter

PRODUCTION AND SALES

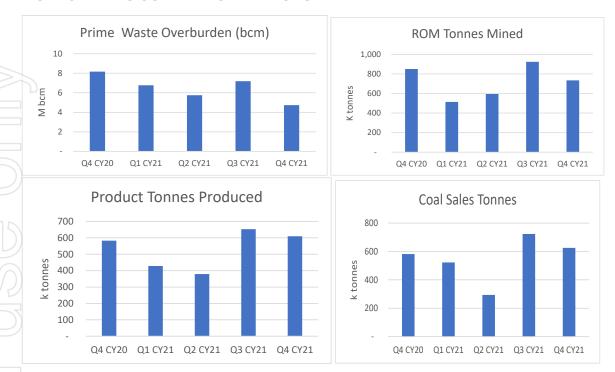
	Q4 2021	Q3 2021	H2 2021	H1 2021	FY 2021	FY 2020
ROM¹ coal produced (Kt)	734	924	1,658	1,109	2,767	2,943
ROM strip ratio	8.4	7.6	7.9	10.7	9.0	14.4
Saleable coal produced (Kt)	610	653	1,263	807	2,070	2,262
Total coal sales (Kt)	632	723	1,355	816	2,171	2,250
Product coal stockpiles (Kt)	98	114	98	287	98	196
ROM coal stockpile (Kt)	96	141	96	154	96	86

SAFETY PERFORMANCE

During the quarter there were three recordable injuries for the IP Complex. One of these was a lost time injury due to a serious incident when a maintenance contractor suffered an injury to his pelvis when working on a blast drill rig. The 12-month rolling TRIFR at the end of the quarter was 7.9 (5.9 at December 2020).

¹ ROM – Run of Mine

ISAAC PLAINS COMPLEX OPERATIONS



Despite the quarterly results facing unfavourable operational productivity headwinds from the onset of La Nina wet weather systems impacting ROM production during the Quarter, we achieved historic record feed rates at the coal handling, processing and preparation plant (CHPP). Quarter 4 production of 610kt of saleable coal and coal sales were also strong at 632Kt which included an opportunistic thermal coal sale of 70Kt that was completed and shipped at an attractive coal price.

We achieved historic records for half year production with the Isaac Plains Complex operating at much improved rates of approximately 95% of the current nameplate capacity of the Isaac Plains CHPP. Performance in the second half of the year was more representative than the first half of the year and indicates expected production rates going forward at Isaac Downs. The forward plan is for the dragline to transition to Isaac Downs where it will operate for the next 2-3 years at strip ratios substantially lower than Isaac Plains East. For this reason, during the quarter, the Stanmore Board of Directors approved approximately \$7 million capital expenditure to increase the CHPP capacity from its nameplate 500 tonnes per hour to 600 tonnes per hour ROM feed. This will provide an annual capacity of more than 4 million tonnes ROM per annum to support the rapid coal uncovery by the dragline and the higher ROM production rates at Isaac Downs, especially in the next 2 years.

The dragline at Isaac Plains East continued to operate at rates well above set targets, while the EX3600 excavator at Isaac Downs also performed well. Stanmore's CAT6060 600 tonne excavator was transferred from Isaac Plains East to the Isaac Downs project area on 4 October 2021 and commenced mining overburden. This increased the bulk mining capabilities for overburden at Isaac Downs within the expanded mining area available following mining lease approvals granted in Q3 2021. An additional Golding EX5500 machine was brought back into service at Isaac Plains East to complete pre-strip activities in front of the dragline and mine the coal uncovered.

Looking forward to 2022, the dragline will transition to the Isaac Downs Mine during the first half of 2022 and, following a maintenance overhaul, will commence mining activities in conjunction with the commencement of the recently announced new mining contractor (EPSA). The awarding of the coal haulage contact, completion of the highway underpass work and construction of the flood levee scheduled for Q1 2022 will complete the final work required for Isaac Downs to ramp up to full annual production rates.

ISAAC DOWNS CONSTRUCTION

During the quarter, construction activity at Isaac Downs continued. The construction of the new underpass bridge and the associated permanent highway deviation was substantially progressed such that all public traffic is expected to be diverted to the new section of highway over the new highway bridge in early February 2022. The new dedicated haul road to connect Isaac Downs with Isaac Plains was also progressed and the section under the old highway will then be excavated and the final pavements completed.

Rain during the quarter had some impact on the construction activities causing delays, however works continued and project construction will be substantially completed for the major packages before dragline operations are transferred to Isaac Downs.



Figure 1: Construction of the new Isaac Plains intersection and underpass bridge next to the Peak Downs Highway – looking north towards Isaac Plains



Figure 2: Peak Downs Highway deviation looking west toward Moranbah, Isaac Downs haul road on the left



Figure 3: Construction of the concrete underpass bridge next to the Peak Downs Highway

MILLENNIUM AND MAVIS DOWNS MINE

During the quarter, toll washing at the Red Mountain Infrastructure Coal Preparation Plant commenced with 54kt of saleable coal produced. The first shipment of coal from the mine occurred during the quarter with 22kt of PCI coal shipped to a customer in Japan. ROM coal production for the quarter was 135kt. All figures are on a 100% basis. Stanmore's share is 50% through the ownership of MetRes Pty Ltd. Note that MetRes Pty Ltd financial performance and physical metrics are not consolidated into Stanmore resources results for accounting purposes.



Figure 4: Millennium Mine in the foreground showing rehabilitation benefiting from recent rain, and Poitrel

Mine in the top left, with Isaac Downs Mine top right in the far background

DEVELOPMENT PROJECTS

No significant activities were undertaken on Stanmore's other development projects during the quarter.

BMC ACQUISITION

On 8 November 2021, the Company announced the execution of a definitive agreement with BHP to acquire BHP's 80% interest in the BMC (BHP Mitsui Coal Pty Ltd) joint venture for consideration of US\$1.2 billion cash with a potential follow-up payment of up to US\$150 million after two years, the value of which is dependent on the prevailing coal price exceeding certain thresholds.

Completion of the acquisition is subject to satisfaction of conditions precedent.

Certain conditions precedent to completion of the acquisition have now been satisfied, including merger control clearance having been received from two relevant jurisdictions, with the response from the one remaining jurisdiction anticipated for this quarter. The Company also expects to satisfy the other outstanding conditions, being FIRB approval and DSS (the controlling shareholder of Golden Energy and Resources – GEAR) shareholder approval, this quarter.

The Company will continue to update shareholders on material developments in connection with the acquisition, expected to be completed within April 2022.

The Company is actively progressing and planning for this major acquisition with several key activities identified below:

- The definitive long form finance agreements for the US\$625 million acquisition debt facility were executed during the quarter;
- Planning has progressed for the equity raise to be launched within the first quarter of 2022;
- Selection of a new Enterprise Resource Planning solution (ERP) finalised;
- Recruitment of key personnel required to operate the expanded Stanmore business;
- Ongoing dialogue and co-operation with BHP to execute the activities required to separate the business from the BHP Group and transition to Stanmore ownership; and
- Extensive work and planning on integration activities as part of Stanmore's operating model.

CORPORATE

The Isaac Plains Complex team has launched the next round of community grants for local not-for-profit organisations with a focus on Moranbah and the surrounding districts as well as youth and sporting activities.

COVID-19

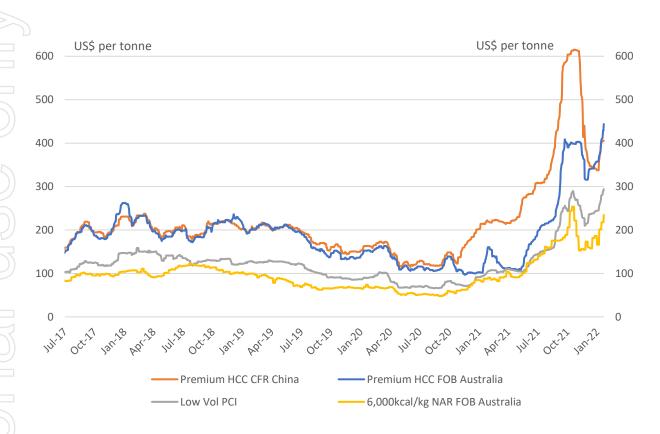
There were no impacts to operations as a result of COVID-19 cases or Government directions in the quarter ending December 2021.

However, there has been an increased number of positive COVID-19 cases and close contacts in the Golding (mining services contractor at Isaac Plains) team in the first month of 2022 leading to increased absenteeism in line with Government isolation directions. This is consistent with the rest of the industry.

The Company is continuing to work with Golding and the new mining services contractor for Isaac Downs (EPSA) on protocols to minimise the spread and impacts to our operations of COVID-19. These protocols will be continually updated in line with Queensland Health and Federal Government recommendations and directives and industry practice.

KEY AUSTRALIAN EXPORT METALLURGICAL COAL PRICES

Australian metallurgical coal markets have continued to strengthen with new highs being recorded for Premium HCC FOB Australian coal prices in recent weeks.



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

For further information, please contact:

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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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