

FINANCIAL RESULTS RELEASE

Full year ended 31 December 2021



SAFETY – TRIFR¹

7.9

vs industry average of
8.1²

SALEABLE COAL PRODUCTION

2,070Kt

1,263kt in H2
vs **807kt** in H1

FOB CASH COST³

\$104/t

\$87/t in H2
vs **\$114/t** in H1

UNDERLYING EBITDA

\$54m

vs \$24m for CY20

SHARE PRICE

\$1.04

vs \$0.81 as at
31-Dec-2020

OPERATING CASH FLOW

\$127m

vs -\$28m for CY20

Note: 1 Total Reportable Injury Frequency Rate, measured per million hours

2 Queensland coal surface mines 12 month rolling average TRIFR to Sep-21, sourced from Queensland Government Open Data Portal

3 FOB cash cost per tonne sold, excluding royalties

4 Comparative period of 12 months to 31 December 2020 calculated based on 12 months to 30 June 2020, less 6 months to 31 December 2019, plus 6 months to 31 December 2020

BUSINESS UPDATE



2021 was a transitional year for Stanmore, ending with the successful transition to Isaac Downs and the transformational agreement to acquire an 80% interest in BMC

GEAR Completes acquisition of 75% interest in Stanmore

- New board appointed

Start of Isaac Downs Exploration Bulk Sample Pit

- BSP facilitated product testing enabling a rapid transition to Isaac Downs
- Low strip-ratio helped maintain profitability during tough market conditions

Isaac Downs mining lease approved by QLD government

- Commencement of construction of project infrastructure

BMC Acquisition

- Target completion mid CY22

May
2020

October
2020

December
2020

April
2021

July
2021

November
2021

2022

Bankable Feasibility Study completed for the Isaac Downs

- Study revealed production levels of ROM coal matching the 3.5Mt nameplate capacity of the Isaac Plains CHPP

50/50 JV to acquire Millennium and Mavis Downs Mine with M Resources

- Opportunistic acquisition completed in low coal price environment

Agreement to acquire 80% interest in BMC

- Leading to creation of global metallurgical coal producer

ACQUISITION OF BMC

Definitive agreement with BHP to acquire its 80% interest in BMC, which owns the South Walker Creek and Poitrel operating mines and the Wards Well underground development project

Wards Well Development

Undeveloped underground HCC project

MINE TYPE: Underground

South Walker Creek

Open-cut coal mine producing high quality, low volatile PCI coal for export

MINE TYPE: Open cut

MINE LIFE: 25+ years

CAPACITY: 6.3Mt

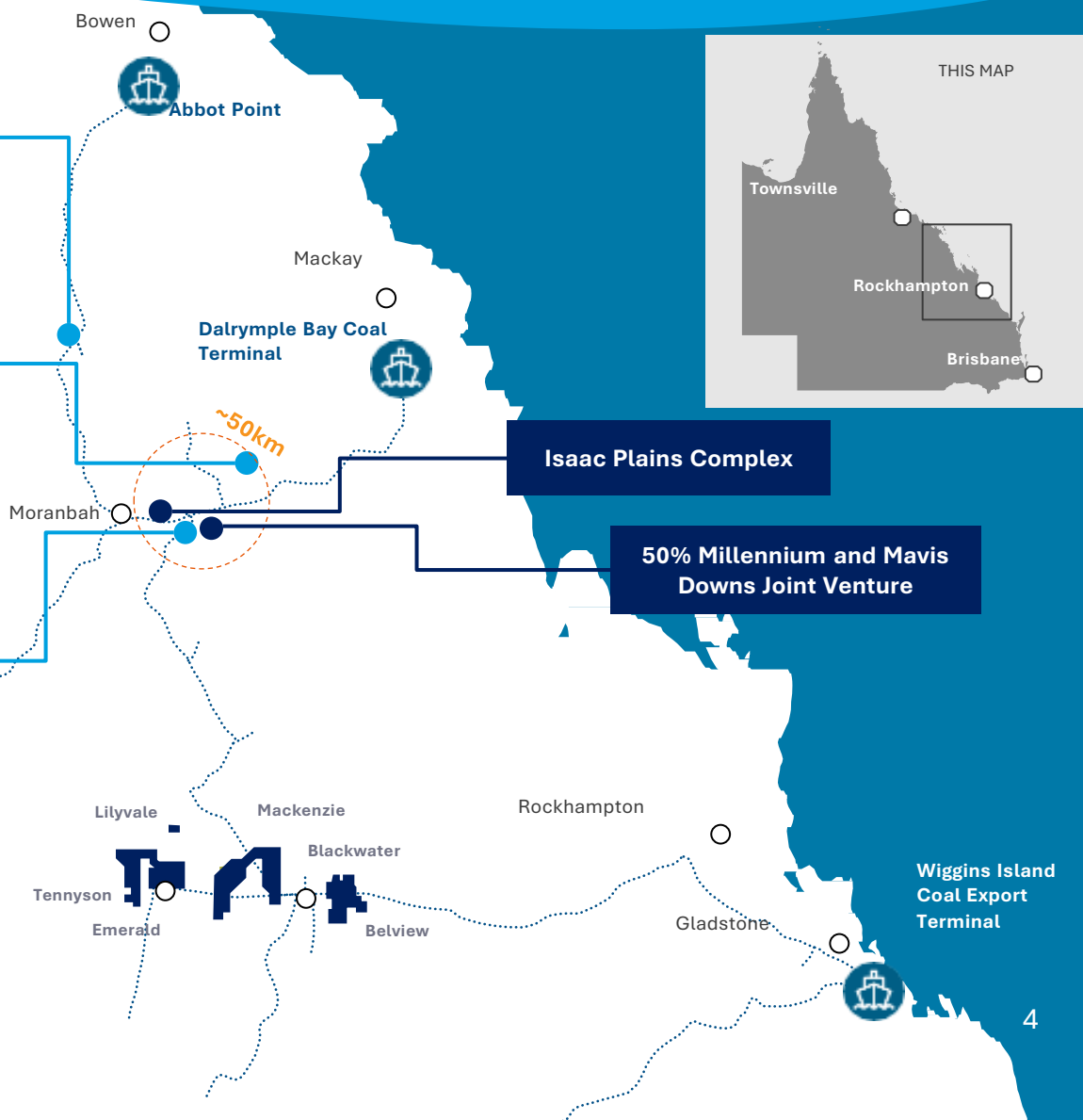
Poitrel

Open-cut coal mine producing a mix of HCC and PCI (approximately 35%) coal primarily for export

MINE TYPE: Open cut

MINE LIFE: 10+ years

CAPACITY: 4.2Mt



ACQUISITION OF BMC

With the acquisition of BMC, Stanmore is on track to become a leading Australian supplier of metallurgical coal to global markets

Following acquisition SMR will have:

4 mines and **3**
wash-plants within
~50km radius

Ability to increase
production with
limited
development and
ramp-up risk

Combined
12.5Mt
of annualised met
coal production¹

Combined
331Mt
of coal
reserves²

BMC Investment Highlights

Stanmore will be positioned as one of the largest global exporters of metallurgical coal

South Walker Creek and Poitrel are top tier de-risked and cash generating operating assets

High quality, long life, well capitalised assets backed by an equipment rich business and experienced people

Strong products including benchmark PCI at South Walker Creek, supported by a significant contract book and global customer base

Potential to realise operational synergies between Stanmore and BMC, including via access to BMC's infrastructure portfolio

Source: Stanmore December 2021 quarterly production report and BHP Operational Review for the half year ended 31 December 2021

Note: 1 Annualised combined saleable met coal production based on quarter ended 31-Dec-2021. BMC consolidated on a 100% basis

2 Stanmore reserves as at 31 December 2021, BMC reserves as at 30 June 2021. Consolidated on a 100% basis. Excludes Millennium (Stanmore interest 50%)



02

OPERATIONAL AND FINANCIAL RESULTS

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY

Stanmore is committed to the health, safety and wellbeing of our people, the environment and the communities in which we operate

TRIFR¹

7.9

Rehabilitation

44Ha

Community
Organisations
Supported

40

Funding to
Community
Organisations

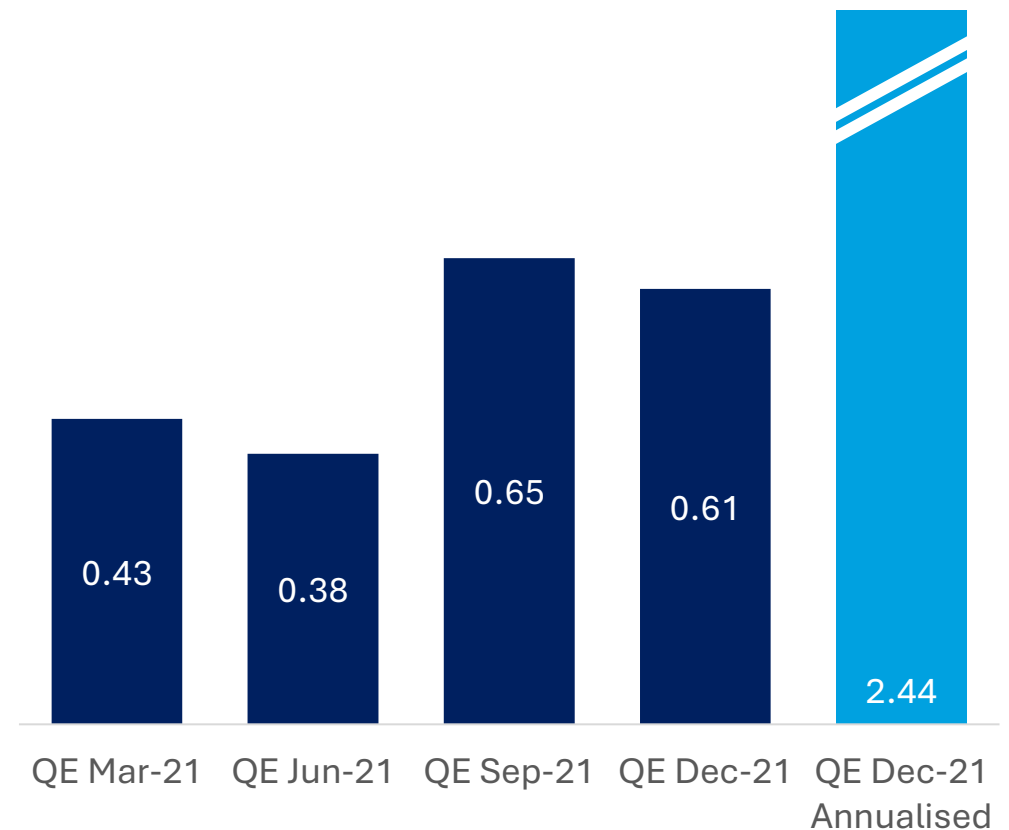
\$109k



Note: 1 Total recordable Injury Frequency Rate (TRIFR), measured per million hours

- Record H2 2021 production in all aspects including ROM, product, CHPP feed, and sales
 - H2 2021 ROM production at c.95% of current nameplate capacity of the Isaac Plains CHPP
 - Despite production being impacted from the onset of La Nina weather systems
- H2 2021 production best represents expected production over next 2 years
 - Coal production rates to further increase in next 2-3 years, with plans to transition dragline to Isaac Downs in Q1 2022 and operate in strip ratios lower than Isaac Plains East
 - Isaac Plains CHHP capacity upgrade approved by the Board to be increased from 500 to 600 tonnes per hour to maximise coal production
- Completion of the highway underpass work and flood levee scheduled for Q1 2022, enabling a ramp up to full annual production rates

Stanmore Saleable Production (Mt)



Underlying
EBITDA

\$54m

▲ 127%

FOB Cash Cost¹

\$87/t in H2

vs \$114/t in H1

Operating
Cash Flow

\$127m

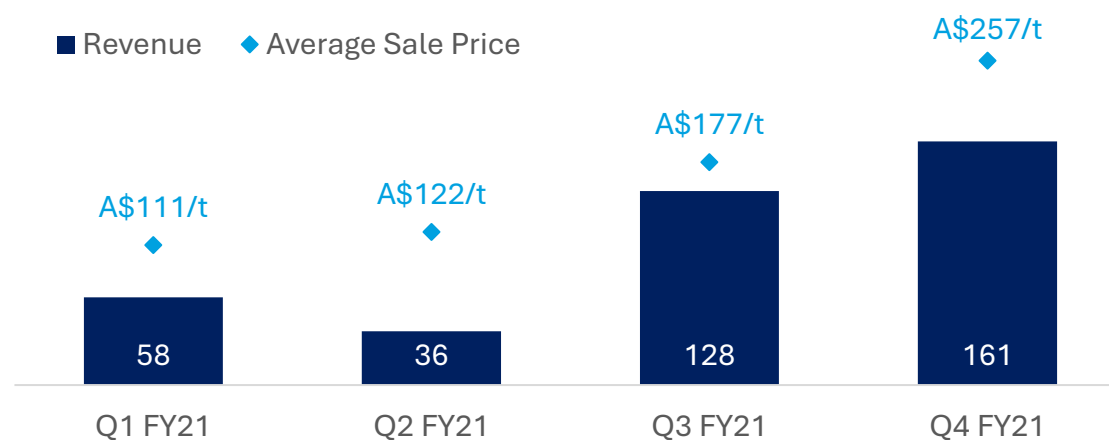
vs -\$28m in CY20

Available
Liquidity

\$68m

▲ 48%

Quarterly Revenue (A\$M) and Average Sale Price (ASP)



- Significant increase in average selling price each quarter through FY 2021 coinciding with tightness in the metallurgical coal market
- Benchmark pricing includes a combination of forward and lagged prices on a quarterly basis
- Pricing captures exposure to full quarter, carryover tends to lag revenue
- Increasing diversity of the customer book through 2021 and exposure to higher market levels

Note: 1 FOB cash cost per tonne sold, excluding royalties

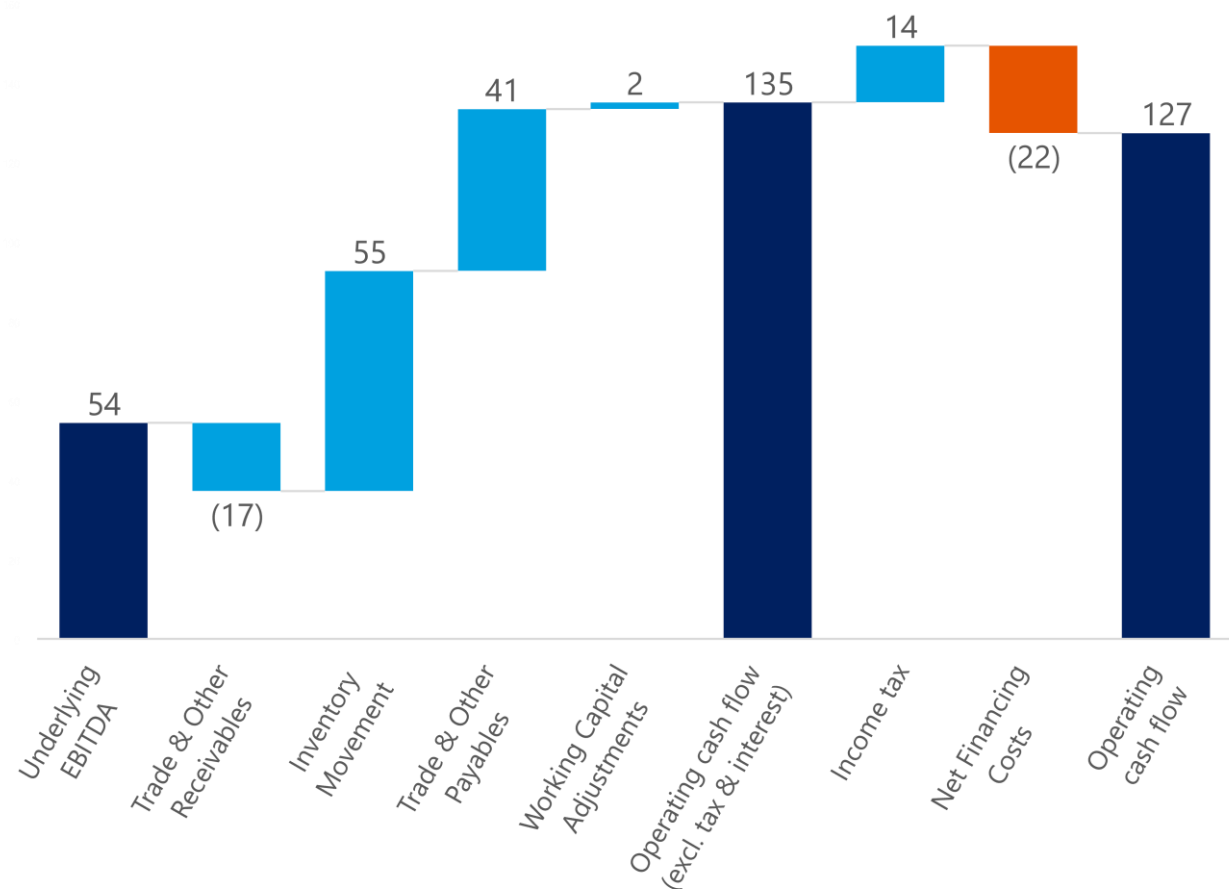
2 Comparative period of 12 months to 31 December 2020 calculated based on 12 months to 30 June 2020, less 6 months to 31 December 2019, plus 6 months to 31 December 2020

UNDERLYING EBITDA VS OPERATING CASH FLOW

Full Year Operating Cash Flows are +\$73m Higher than 2021 Underlying EBITDA:

- **Trade & Other Receivables:** Reflects timing of collections for realised sales as at 31 Dec impacted by higher realised prices in Q4-21 and contract terms
- **Inventory:** Non-Cash adjustments in Underlying EBITDA reflecting changes in valuation of inventory on stockpiles
- **Trade & Other Payables:** Successful optimisation of working capital position by maximising payment terms with suppliers
- **Working Capital Adjustments:** Other working capital adjustments including accounting for onerous contract provisions and rehabilitation

Underlying EBITDA vs Operating Cash Flow (A\$m)



FINANCIAL PERFORMANCE

YE 31 DEC (A\$M)	CY21	CY20 ²
Underlying EBITDA	54.4	24.0
Depreciation and amortisation	(26.8)	(30.6)
Non-Operating Adjustments ¹	3.4	10.0
Profit / (loss) before income tax and finance expenses	31.1	3.4
Net finance costs	(15.3)	(9.9)
Income tax expense	(5.4)	(1.6)
Profit / (loss) for the period	10.4	(8.1)
<i>Basic earnings per share (cents/share)</i>	3.9	(3.0)

Note: 1 Non-Operating Adjustment includes takeover costs, remeasurement of onerous contracts and rehabilitation provisions and fair value movement in contingent consideration
 2 Comparative period of 12 months to 31 December 2020 calculated based on 12 months to 30 June 2020, less 6 months to 31 December 2019, plus 6 months to 31 December 2020

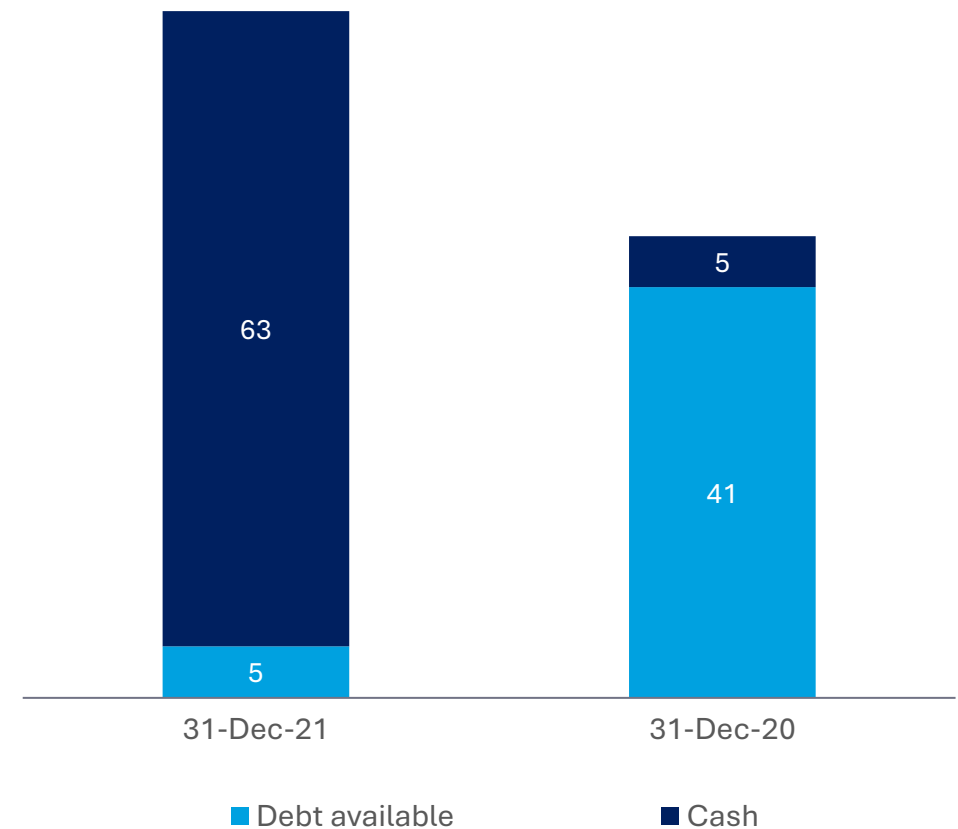


DEBT AND LIQUIDITY

- Available liquidity of \$68m, made up of cash \$63m and undrawn debt \$5m
- Net debt of \$41m, reflecting support for the capital requirements of the Isaac Downs and Millennium & Mavis mine development, as well as BMC acquisition
- Existing revolving facility with GEAR increased from US\$40m to US\$70m
 - US\$67.6m (A\$93.2m) drawn as at 31 December 2021
 - GEAR facility extended to 30 June 2023



Available Liquidity (A\$M)



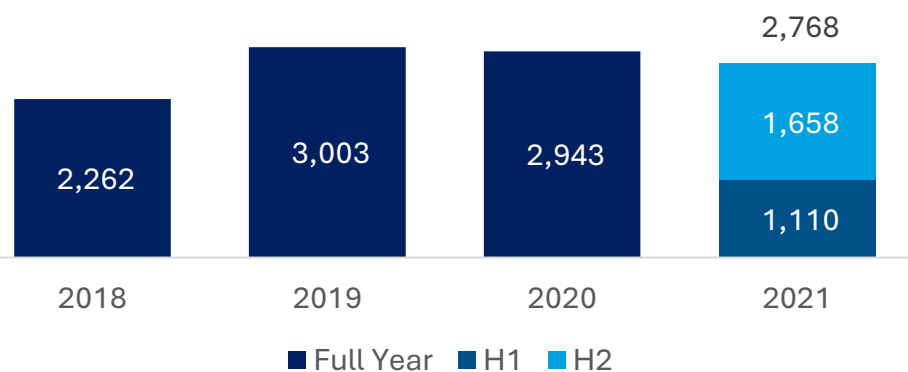


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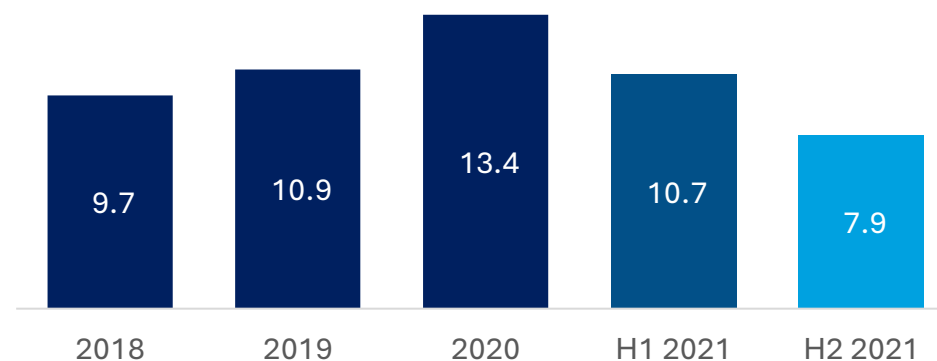
OPERATIONAL PERFORMANCE

HISTORICAL OPERATING PERFORMANCE

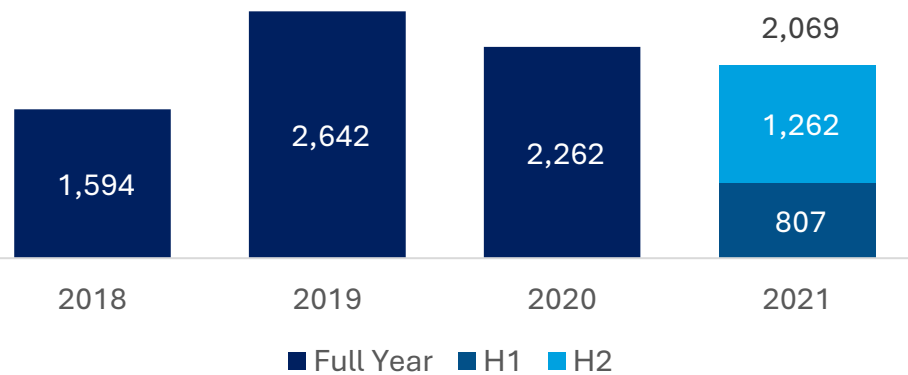
ROM (Kt)



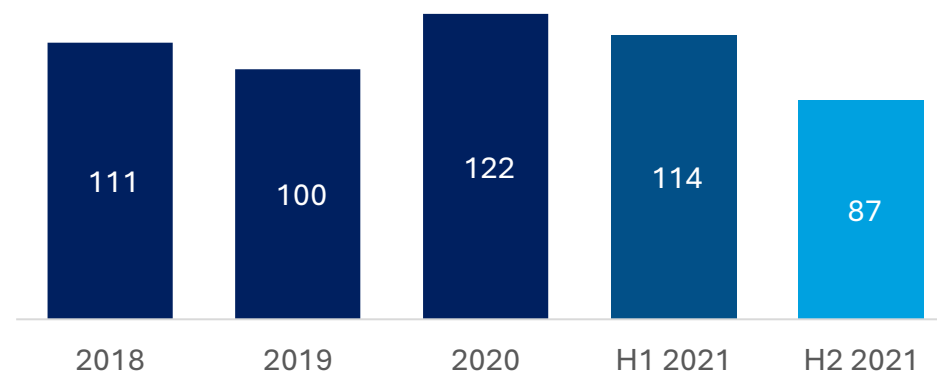
Strip Ratio



Saleable Production (Kt)



FOB Cash Cost ex. Royalties (A\$/t sold)



Saleable
Production

2,070kt

FOB
Cash Cost¹

\$104/t

- Transition from Isaac Plains East to Isaac Downs well progressed:
 - Bulk sample pit successfully mined and facilitated testing of proposed product coal cargos
 - The Isaac Downs mining leases granted extending life by 5+ years
 - EPSA Pacific awarded the Isaac Downs Open-cut mining services contract reducing technical and operating risk
 - Construction of new Underpass and Diversion of Peak Downs Highway to allow coal haulage from Isaac Down nearing completion
- Strong rebound in production and sales in 2H CY22 due to Isaac Downs ramp up
- Transitioning to owner-operator model for the CHPP

Note: 1 FOB cash cost per tonne sold, excluding royalties



MILLENNIUM COMPLEX



Poitrel Mine

Millennium and
Mavis Downs Pits

- Acquisition from Peabody Energy completed in July 2021 (Stanmore 50% ownership)
- PIMS Mining awarded the underground mining services contract at a value of \$425 million
- First ROM coal produced by the Millennium and Mavis Downs in Q3 CY21
- Millennium mine mined 135 kt ROM (100% basis) and exported first coal during Q4 CY21

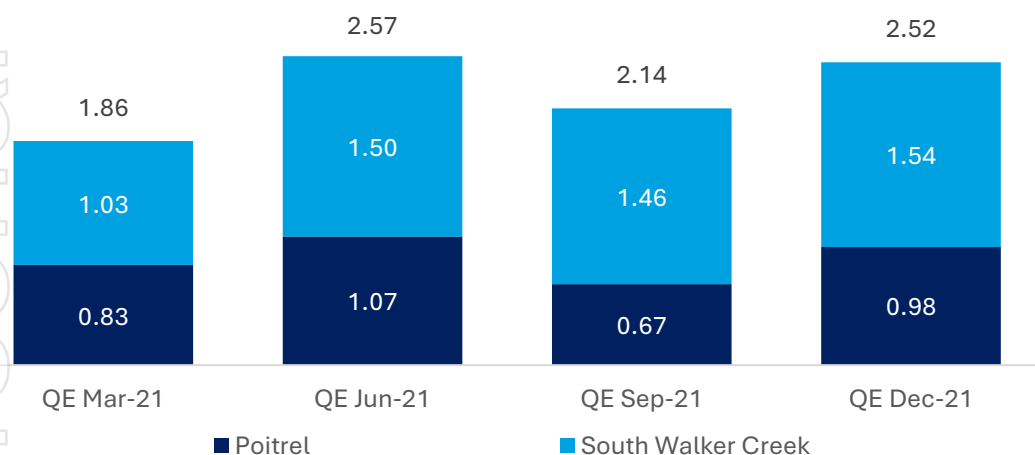
Millennium
Complex
Reserves
5.5Mt¹

Millennium
Complex
Resources
37Mt¹

Note: 1 Millennium complex mineral reserves and resources on a 100% basis per "December 2021 Annual Mineral Resources & Reserve Summary" released to the ASX on 16 February 2022. Stanmore interest in Millennium Complex is 50%.



BMC Saleable Production (Mt, 100% basis)



South Walker Creek

- **Open-cut coal mine** located approximately 35km west of Nebo in the northern region of the Bowen Basin
 - It produces **high quality, low volatile PCI** coal for export
 - Commenced production in 1996
 - 25+ year mine life
 - JORC Marketable Reserves of 98Mt and Resource of 689Mt (100% basis)
 - Produced approximately 5.5Mt of coal in CY21

Poitrel

- Established **open-cut coal mine** located approximately 20km southeast of Moranbah in the eastern flank of the Bowen Basin
 - Commenced production in 2006
 - 10+ year mine life
 - JORC Marketable Reserves of 39Mt and 150Mt Resources (100% basis)
 - CY21 produced approximately 3.6Mt of coal, comprised of HCC and PCI

Wards Well

- Wards Well is an undeveloped underground HCC project located in the Bowen Basin
 - 1,313Mt JORC Resources (100% basis)

Note: ¹ The information that relates to BMC has been extracted from the ASX release by BHP Minerals Pty Ltd titled "BHP Annual Report 2021" dated 14 September 2021 and the Table 1 information provided by BHP and attached to the ASX Announcement by Stanmore on 4 November 2021 "Stanmore resources to Acquire BHP's 80% interest in BMC"

RESERVES AND RESOURCES

- Mineral Reserve Estimates at Isaac Plains, Isaac Plains East and Isaac Downs have been updated, which has taken account of any mining depletion during 2021 and as applicable, all new mine plans, production, and economic assumptions
- All Resource and Reserve estimates were prepared in compliance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2012 Edition) and the Australian Guidelines for the Estimating and Reporting of Coal Resources (2012 Edition)



Stanmore Mineral Resources as at end December 2021

	Measured	Indicated	Inferred	Total
Isaac Plains Complex	71.8	43.2	48	163
Surat Basin Complex	18.1	387.0	511	916
Mackenzie	-	25.7	117	143
Belview	-	50.0	280	330
Tennyson	-	-	140	140
Lilyvale	-	-	33	33
Total Coal Resources	89.9	505.9	1,129	1,725

Stanmore Mineral Reserves as at end December 2021

	Proved	Probable	Total
Isaac Plains Complex	33.8	8.8	42.5
The Range Opencut	-	117.5	117.5
Total Coal Reserves	33.8	126.3	160.0

Note: 1 Stanmore mineral reserves and resources per "December 2021 Annual Mineral Resources & Reserve Summary" released to the ASX on 16 February 2022



04

OUTLOOK

1

Deliver on de-risked Isaac Downs project

- Transfer dragline to Isaac Downs and operate in areas with strip ratio lower than Isaac Plains East
- Achieve targeted ROM capacity of 4.0Mtpa with increased CHPP capacity to support rapid coal uncover

2

Commence production at Millennium Underground

- Continue to ramp up production at Millennium and Mavis Down Mine to achieve target production of 1Mtpa
- Baseload coal tonnage and operating cash flows to support transition to underground mining in H2-2022

3

Integrate BMC assets

- Acquiring fully functioning site operations with some systems implementation for Day 1 operations handover
- Stand-up / resource-up central functions for technical services (strategy and governance), finance, human resources, technology, legal and compliance

4

Realise synergies & value at BMC

- Create value through the realisation of synergies across BMC and Stanmore
- Opportunities from blending of BMC and SMR coals, Red Mountain CHPP access and an expanded infrastructure portfolio

Historical benchmark prices (US\$/t)



- **Record metallurgical coal prices**

- Tight supply due to various supply issues in Australia, Russia, US, Mozambique, Canada and Mongolia over past several months
- Strong demand from rebounding global industrial production and seasonal improvement in steel demand as supply recovers
- Recent depletion of port inventories supports seaborne imports to China

- **Fundamentals still supportive**

- Whilst supply expected to recover in the short term, medium to long term supply is limited by scarcity of economic deposits, difficulty in obtaining approvals or funding for new mine developments, and export infrastructure limitations
- Significant increases in demand for steel infrastructure expected with growing pace of decarbonisation
- Indian steelmakers announced US\$11bn projects over next five years in response to government focus on infrastructure development

IMPORTANT INFORMATION



This presentation should be read in conjunction with the announcement “SMR 2021 Annual Financial Report” released on 16 February 2022, which is available on Stanmore Resources Limited’s (“Stanmore”, “Company”) website: <https://stanmore.net.au/>.

Forward-looking statements

This document contains certain “forward-looking statements”. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. Although due care and attention has been used in the preparation of forward looking statements, such statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Other than where required by law, Stanmore does not undertake to publicly update or review any forward-looking statements whether as a result of new information or future events.

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It is a requirement of the ASX Listing Rules that the reporting of ore reserves and mineral resources in Australia comply with the Joint Ore Reserves Committee’s Australasian Code for Reporting of Mineral Resources and Ore Reserves (“JORC Code”). Investors outside Australia should note that while ore reserve and mineral resource estimates of the Company in this document comply with the JORC Code (such JORC Code compliant ore reserves and mineral resources being “Ore Reserves” and “Mineral Resources” respectively), they may not comply with the relevant guidelines in other countries and in particular do not comply with (i) National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of the Canadian Securities Administrators (“Canadian NI 43-101 Standards”); or SEC Industry Guide 7, which governs disclosures of mineral reserves in registration statements filed with the US Securities and Exchange Commission (the “SEC”). You should not assume that quantities reported as “resources” will be converted to reserves under the JORC Code or any other reporting regime or that Stanmore will be able to legally and economically extract them.

Mineral resources and reserves

This presentation contains estimates of Stanmore’s ore reserves and mineral resources, as well as statements about BMC’s mineral resources and ore reserves. The information in this presentation that relates to the ore reserves and mineral resources of Stanmore has been extracted from the ASX release by Stanmore titled “December 2021 Coal Resources and Reserves Summary” dated 16 February 2022, published as part of the Annual results and financial statements on 16 February 2022 and prepared by Competent Persons in accordance with the requirements of the JORC Code. The information that relates to BMC has been extracted from the ASX release by BHP Minerals Pty Ltd (“BHP”) titled “BHP Annual Report 2021” dated 14 September 2021 and the Table 1 information provided by BHP and attached to the ASX Announcement by Stanmore on 4 November 2021 “Stanmore resources to Acquire BHP’s 80% interest in BMC”. Copies of these announcements are available at www.asx.com.au.

Stanmore confirms that it is not aware of any new information or data that materially affects the information included in those announcements and, in relation to the estimates of Stanmore’s and BMC’s ore reserves and mineral resources, that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. Stanmore confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the relevant announcement.