Results for Announcement to Market

Appendix 4E– Period ended 31 December 2022

This document relates to Stanmore Resources' results for the year ended 31 December 2022.

Reporting period year ended 31 December 2022

Previous reporting period year ended 31 December 2021

	Year to 31 December 2022 US$m	Year to 31 December 2021 US$m	Change %
Revenue from ordinary activities	2,695.8	283.3	852
Profit/(loss) after tax from ordinary activities attributable to members	727.4	6.8	10,597
Net Profit/(loss) attributable to members	727.4	6.8	10,597

Dividends paid and proposed

Paid during the period

No dividend was declared or paid during the period

Declared after the period

No dividend was declared or paid after the period

Explanation of key information and commentary on the results for the period

Commentary on the consolidated results and outlook are set out in the Operating and Financial Review section of the Director Report.

Rounding of amounts to the nearest hundred thousand dollars

The company satisfies the requirements of the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the ASIC relating to "rounding off" of amounts in the financial statements to the nearest hundred thousand dollars. Amounts have been rounded off in the financial statements in accordance with that ASIC Instrument.

Net tangible assets per security

	31 December 2022 US$	31 December 2021 US$	Change %
Net tangible assets/(liabilities) per security	1.478	0.431	243%

Details of entities over which control has been gained or lost during the year

On 3 May 2022 the Company through its 100% owned entity Stanmore SMC Holdings Pty Ltd acquired 100% of the shares in Dampier Coal (Australia) Proprietary Ltd (Dampier) who hold an 80% share of BHP Mitsui Coal Pty Ltd (BMC) with two operating mine sites (South Walker Creek and Poitrel). On 11 May 2022, the entity changed its name to Stanmore SMC Pty Ltd. On 7 October 2022 Dampier acquired the remaining 20% share of Stanmore SMC Pty Ltd.

Details of farm in arrangements

Name of Entity	31 December 2022 %	31 December 2021 %	Change %
Clifford Joint Venture – EPC 1274 and EPC 1276	60%	60%	-
Lilyvale Joint Venture Agreement – EPC 1687 and EPC 2157	85%	85%	-
Mackenzie Joint Venture Agreement – EPC 2081	95%	95%	-

Compliance statement

The Consolidated Financial Statements upon which this Appendix 4E is based have been audited by Ernst & Young, the company auditors.

27 February 2023

2022 Full Year Results

Highlights

- Total recordable injury frequency rate (TRIFR) for the 12 months ended 31 December 2022 reduced to 1.5 (31 December 2021: 7.9), driven by 15-month injury-free period at Isaac Plains
- Consolidated full year Run Of Mine (ROM) production of 13.5Mt, saleable production of 9.2Mt and total sales of produced coal of 9.3Mt supported by numerous monthly production records
- Record production results delivered, within public Guidance ranges, despite unseasonal wet weather impacts and full transition and integration of the SMC assets
- Fully consolidated underlying EBITDA of US$1.46 billion (~A$2 billion) after adjusting for one-off accounting adjustments and transaction/transition costs of US$336 million, despite only 8 months of South Walker Creek and Poitrel ownership
- US$1.18 billion operating cash flows facilitated the acquisition of the remaining 20% of SMC, supported balance sheet deleveraging and will help position the Company for future growth
- Despite acquiring 100% of SMC during the year, cash on hand as at 31 December 2022 totals US$432 million and net debt has reduced to US$183 million as at year end
- Approximately 245% return on investment delivered in less than 12-months; based on the March 2022 Share Entitlement Offer Price of A$1.10

CEO Statement

Marcelo Matos, Chief Executive Officer and Director

"This has truly been an exciting year for Stanmore. We completed the acquisition of the SMC assets including the South Walker Creek and Poitrel mines and welcomed new employees and contractors into the Stanmore family. We completed the transition of operations to Isaac Downs, which coincided with commencement of a new mining services operator and owner-operating our CHPP at the Isaac Plains Complex. I have been pleased to see the enthusiasm and efforts of everyone across the business in safely and productively managing these challenges. The overall safety performance from the Group is pleasing despite five non-severe injuries being recorded. There has been a strong and still increasing focus on lead indicators driving a continued downward trend in TRIFR.

The second half of the year saw the full integration of the Poitrel and South Walker Creek mines and the commencement of synergistic benefits, including coal blending and the trucking of Isaac Plains ROM coal for washing at the Poitrel CHPP and expected operational improvement initiatives. We continued our focus on safety and delivering high quality products and outcomes for our customers, employees, and all stakeholders.

Stanmore's 2022 financial performance has been strong, generating significant underlying EBITDA and operating cash flows, despite only eight months of ownership of the South Walker Creek and Poitrel assets and wet weather, with no disruptions despite the significant integration and transition process involved in such a large-scale *acquisition. This has enabled us to strengthen our balance sheet through deleveraging and position Stanmore well for future growth and value delivery.*

While the unprecedented market prices in 1H 22 have somewhat softened in recent months, primarily due to the impact of global inflationary pressures, global supply chain disruptions and tightening monetary policy impacts on consumption and global growth, we remain confident on metallurgical coal market fundamentals going forward with long term demand supported by the continued growth in steel production and the industrialization of South-East Asia and India."

Health, Safety, Environment and Community

Stanmore continues to be committed to the current and future performance of the business for the health, safety and wellbeing of our people, the environment and the communities in which we operate.

The safety performance results for the year are encouraging despite five recordable injuries. This result saw the 12-month moving average Total Recordable Injury Frequency Rate (TRIFR) for the business reduce to 1.5 per million hours, which represents and results in a 81% decrease as compared to 31 December 2021 (7.9 per million hours) which is a pleasing result. There is a strong positive safety culture since the integration of the SMC acquired assets with learnings integrated and shared across the business.

Stanmore continues to support the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year. Over 70 local community organisations received funding during the year. In addition, significant 'in-kind' time was also dedicated to regional industry bodies and professional groups to enhance local industry and services in the region.

Operational Highlights[1, 3]

		2022	2021
Run of Mine coal produced	Mt	**13.5**	2.8
Run of Mine strip ratio	Prime Waste : ROM	**7.4**	9.0
Saleable coal produced	Mt	**9.2**	2.1
Sales of produced coal	Mt	**9.3**	2.2
Sales of purchased coal	Mt	**0.1**	-
Total coal sales	Mt	**9.4**	2.2

Financial Highlights[2, 3]

		2022	2021
Revenue	US$M	**2,699**	284
EBITDA	US$M	**1,120**	34
Underlying EBITDA	US$M	**1,456**	34
Profit after tax	US$M	**727**	7
Cash flow from operations	US$M	**1,182**	96
Average sales price achieved	US$/t	**290**	131
FOB cash cost (ex. royalties)	US$/t sold	**83**	78

[1] All figures are 100%, fully consolidated figures excluding the Millennium joint venture (MetRes Pty Ltd), with South Walker Creek and Poitrel showing statistics from 1 May 2022 onwards

[2] Fully consolidated, with Millennium joint venture consolidated on an equity accounting basis only

[3] While ownership of SMC sites (South Walker Creek & Poitrel) moved to Stanmore from 3 May 2022, production statistics and financial results throughout this document have been reported from 1 May 2022.

Results for the period reflect the acquisition of Stanmore SMC Pty Ltd ("SMC") (South Walker Creek and Poitrel mines) with sales volumes of produced coal increasing compared to the corresponding period by 7.1 million tonnes, with the full consolidation of SMC from 3 May 2022. The volume increase, which has coincided with an increase in average realised sales price to US$290/tonne, has driven a record Underlying EBITDA of US1.456 billion after adjusting for US$336 million of accounting adjustments and one-off transition costs related to SMC acquisition to better reflect actual business notional performance. The US$336 million adjustment is made up of:

- Inventory revaluation adjustment based on net realisation value as at 3 May 2022 (at elevated coal prices) required for accounting purposes as part of the SMC acquisition – this increased the value of coal acquired (and subsequently sold in May and June) by US$227 million
- One-off transaction and transition costs associated with the acquisition totalling US$108 million, such as government stamp duty, due diligence, advisory, transition and integration costs

Notwithstanding the impacts presented by the unfortunate and unexpected increase in Queensland State royalties from 1 July 2022 consuming a large portion of our operating cashflows, cash generated from our operations have increased to US$1.18 billion. Total Queensland Government royalties incurred during the year totalled US$458 million.

The industry during 2022, just like the global economy, has seen significant pressure on costs driven by rising input prices on diesel, explosives, tyres, parts as well as labour and general services. These cost pressures are expected to continue and be realised over the full year in 2023.

Noting the continued inflationary pressures expected in 2023, our FOB cash costs per tonne increased year on year from 2021 to 2022 more than offsetting the transition to the lower strip ratio Isaac Downs mine, and the contribution from the low-cost South Walker Creek and Poitrel mines. Note also that FOB costs are quoted in US dollars and therefore, given much of our cost base is incurred in Australian dollars, will be subject to year-on-year changes in the relative strength of the Australian dollar.

Weather events (both seasonal and unseasonal across the course of the year) resulted in operational impacts primarily in relation to truck and excavator pre strip and coal mining, truck haulage across all three mines and haul road haulage at Isaac Downs. Notwithstanding the above, production targets were achieved as per guidance previously provided.

South Walker Creek

Managed Production		2022	2021
ROM Coal Produced	Mt	**5.4**	-
ROM Strip Ratio	*Prime*	**7.8**	-
Saleable Coal Produced	Mt	**4.0**	-
Total Coal Sales	Mt	**4.1**	-
Average sales price achieved	US$/t	**308**	-
FOB cash cost (ex. royalties)	US$/t sold	**73**	-

Strong stripping performance by both our draglines and excavator fleets helped overcome above-average rainfall for the year. Both AC Dragline 28 individually and the combined dragline operations posted record stripping performance for the year. Total stripping and coal mining quantities were the highest yearly numbers recorded in South Walker Creek's history. Healthy ROM and in-pit coal inventories at year end (>1Mt) have positioned the mine well for 2023. Strategic inventories held ex-pit in satellite stockpiles enabled CHPP blending optimisation, resulting in higher yields for 4Q 22 due to additional blending options.

As noted previously, a major shut for Dragline 27 (DL27) has been deferred from 2022 to 2024 based on component condition. This decision coincided with Board approval to convert DL27 from DC to AC rotating equipment, which will deliver improved safety, increased productivity, lower carbon emissions as well as reduced operating costs through reduced maintenance, parts synergies and holdings of common spares and parts with DL28 (which is also an AC machine).

An additional excavator fleet was commissioned in December 2022 with the plan to support the bottleneck CHPP and de-risk pre-stripping inventory prior to the upcoming DL27 AC conversion in 2024. As a result, steady state production will be maintained at historical levels, albeit at a slightly elevated cost profile.

The mine successfully transitioned its blasthole drilling contractor during the quarter. This was executed smoothly with no impact to downstream operations.

MRA2C Project

The resource development strategy at South Walker Creek includes progressively opening and operating low strip ratio pits along the undeveloped strike of available resource, and mining the highest margin strips to maximise and accelerate value generation. Mulgrave and Central have been identified as the next low strip ratio reserves to exploit, adding 58Mt ROM (40Mt Pulverized Coal Injection (PCI) product).

MRA2C provides the ability to access these reserves and combine lower strip ratio, higher yielding and shorter haulage ROM coal with other existing pits. Key items for the project include:

- Walker Creek diversion of approximately 8.5km
- Installation of flood protection levees of approximately 7km in length
- 66KVa powerline relocation
- Water infrastructure connections
- Construction of an alternative mine affected water storage location
- Capital expenditure approval for A$183 million over 2023-2025, with robust economic returns and short pay back

All regulatory and environmental approvals are in place for the development of this project. Early works commenced in February 2023 with bulk earthworks to follow at the conclusion of the 2022/23 wet season. The program of works is focussed on enabling mining to commence early 2025.

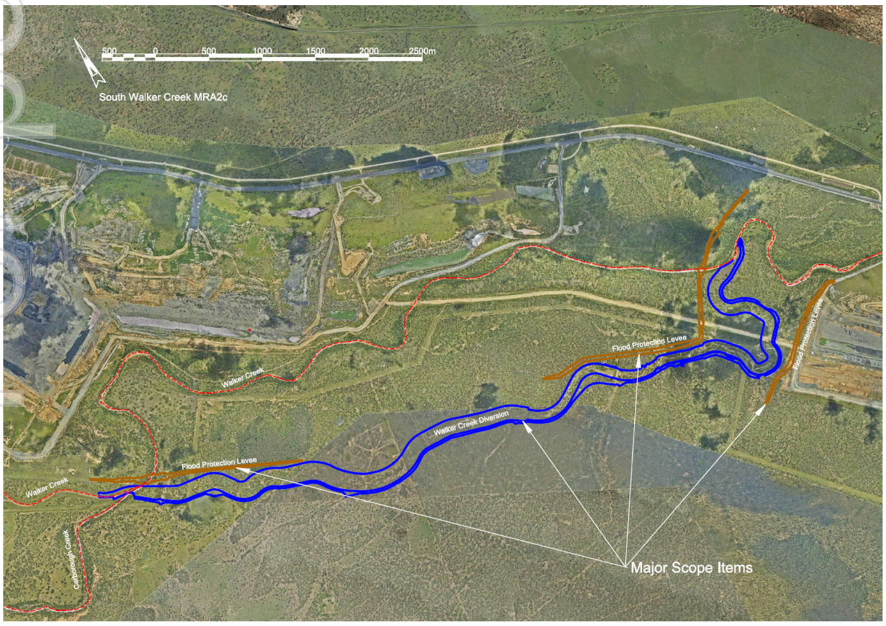


Figure 1: MRA2C schematic

Isaac Plains Complex

Managed Production		2022	2021
ROM Coal Produced	Mt	**3.9**	2.8
ROM Strip Ratio	*Prime*	**5.6**	9.0
Saleable Coal Produced	Mt	**2.4**	2.1
Total Coal Sales	Mt	**2.3**	2.2
Average sales price achieved	US$/t	**270**	131
FOB cash cost (ex. royalties)	US$/t sold	**81**	78

The highlight for the year was achieved on 27 November 2022, marking an unprecedented record with a year since the last recordable injury at IPC. This is a remarkable outcome given the high levels of activity and transition at the mine. The mine also completed an impressive annual record of 212 hectares of rehabilitation at Isaac Plains East and a further 49 hectares between Isaac Plains and Isaac Downs post Isaac Downs development activities.

Mining operations were augmented by the introduction of an additional excavator fleet in 4Q 22, which led to recovery of pre strip volumes missed in the wet winter. New ROM production records of 410Kt and 501Kt were set in October and November respectively.

Construction of the new underpass and diversion of the Peak Downs Highway to allow coal haulage from Isaac Downs was completed early in the year. The dragline transitioned to Isaac Downs where, following a major maintenance shutdown, commenced overburden uncovery at low strip ratios marking the official transition to full production at Isaac Downs. Paving and sealing of the haul road from Isaac Downs mine to the Isaac Plains CHPP, to make it all weather resistant and improve resilience of haulage in challenging wet conditions, is substantially complete. We have been able to delay the decision to construct a haul road between Isaac Plains and Poitrel CHPP by gaining approval to haul via the Peak Downs Highway. We have hauled 419kt since commencing in Nov 2022. As there is a limit of 1.35Mt, we will make a decision on whether to revisit this project in 1H 23. Mining within the lower strip ratio Isaac Downs mining lease also coincided with the successful transition to a new Mining Services operator (EPSA) in early April 2022. In addition, Stanmore commenced operating our CHPP.

CHPP throughput was curtailed by a series of unforeseen primary crusher failures in 3Q and 4Q 22, which resulted in unplanned downtime for repairs. The whole feeder system was upgraded during a two-week shutdown in November where a brand-new upsized feeder chain and a new secondary crusher assembly were fitted. As a result of the upgrade (which also increased feed rate from 500 tonnes per hour (tph) to 600 tph), a new throughput record of 356Kt in December was achieved despite some ramp up teething issues with the crusher in November and December. An unforeseen breakdown was also experienced in January 2023 (resulting in repeated downtime). However, this has already been repaired with brand new components having being replaced.

Haulage of ROM coal to the Red Mountain CHPP at Poitrel, via the Peak Downs Highway, commenced in October and is expected to continue until end of 1Q 23. This mitigated reduced washing capacity during 4Q 22 due to the CHPP upgrade shutdown and unplanned downtimes and ensures we benefit from unutilised capacity at Red Mountain CHPP to process available ROM production volumes from Isaac Downs.

While the geology of the Isaac Downs mining area, like many open cut coal mines, is such that strip ratios and the associated cost of mining will increase over time, initiatives such as those to upgrade and stabilise the CHPP and continue synergistic haulage and washing arrangements at Poitrel, places the mine in a good position to improve production to help mitigate these risks.

There is also an opportunity to develop the Isaac Plains Pit 5 North resource in 2H 23, containing approximately 1.4Mt of ROM coal at under 13:1 strip ratio, with a short haulage to our CHPP, with a business case currently under ongoing validation.

Poitrel

Managed Production		2022	2021
ROM Coal Produced	Mt	**4.2**	-
ROM Strip Ratio	*Prime*	**8.4**	-
Saleable Coal Produced	Mt	**2.8**	-
Total Coal Sales	Mt	**3.0**	-
Average sales price achieved	US$/t	**271**	-
FOB cash cost (ex. royalties)	US$/t sold	**96**	-

Operational performance was strong over the period with several production records achieved, overcoming unseasonable wet weather impacts. The employment of previously unutilised haul trucks plus two hired-in supplementary haul trucks, contributed not only to minimising excavator hang and increasing excavator performance and mining output, but to also increase ongoing production while the existing truck fleet undergoes a major overhaul program on engines rebuilds.

Poitrel, being a truck and shovel operation, is impacted by rising inputs costs (such as diesel and tyres, etc.) to a greater extent than our other dragline operations. However, we managed to mitigate these pressures by strong above historic 2H 22 production and sales run-rates and continued optimisation of the mine's operating model and supplier base.

July 2022 saw the commencement of mining and processing of two seams previously not mined at very low incremental strip ratios – Vermont 2/3 (V23) and Vermont Lower (VL) – to take benefit of the available capacity at the Red Mountain CHPP. Processing of these seams achieved acceptable yields and coal quality outcomes, leading to further production gains in 2H 22. We are now conducting further in pit drilling and optimisation work with the view of incorporating these reserves into Poitrel's life of mine plans going forward.

Through October, the Red Mountain CHPP saw its first feed supplied from the Isaac Downs mine via Peak Downs Highway haulage and ultimately over 200Kt of feed was processed during 4Q 22. This synergy between the two neighbouring mines allows Poitrel to assist in de-bottlenecking the Isaac Plains Complex CHPP during peak coal flow periods and provides additional blend flexibility between the two mines' products when appropriate.

Over the next 24 months, the mining path at the Northern part of the mine (R10N) will encounter a major fault that runs perpendicular to the highwall. We have decided to de-risk this transition by bringing in an additional excavator fleet to minimise impact to production volumes while transitioning operations across the fault to access the lower strip ratio reserves in R10N and increase available strike length. Costs associated with this work will be capitalised. Meanwhile higher strip ratios are expected until R10N is fully developed and coal flow commences in 2025.

Corporate Update

Financing

During 1H 22, Stanmore drew down in full the US$625 million Acquisition Debt Facility, the US$120 million Ascend Facility, and the US$50 million Bridge Facility which, together with the proceeds of the US$506 million equity raise, were used to fund and complete the acquisition of the SMC assets. Post-acquisition, Stanmore has repaid the US$50 million Bridge Facility, the US$120 million Ascend Facility and the GEAR facility in full, though the latter two facilities remain active and may be redrawn as a source of liquidity until the current expiry dates of March 2025 and June 2023 respectively. Scheduled amortisation on the Acquisition Debt Facility commenced from 3Q 22 onwards. The annual cash sweep under the Acquisition Debt Facility also commenced with a principal repayment of US$252.3 million made on 9 February 2023.

In 4Q 22, SMC paid a US$110 million dividend to Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "Mitsui") in respect of 2022 SMC earnings and US$270 million in relation to the acquisition of Mitsui's 20% remaining interest in SMC. The consolidation of Stanmore's interest in SMC from the Mitsui acquisition was wholly funded from internal sources, and going forward will increase cash flows for Stanmore.

Separately in 4Q 22, Stanmore also paid the deferred consideration of US$100 million as part of the acquisition of BHP's 80% interest in SMC.

A new unsecured Surety facility of A$25 million was executed in 4Q 22, supporting the release of cash previously provided to support contractual performance guarantee requirements at the Isaac Plains Complex.

Stanmore ended the year with US$432 million in cash in hand and aggregate total debt[3] of US$615 million, resulting in a 31 December 2022 net debt position of US$183 million.

SMC Integration & Mitsui Acquisition

On 7 October 2022, the Company successfully completed the acquisition of the remaining 20% Mitsui interest in SMC. The Company now owns 100% of SMC, allowing Stanmore to realise the full value of this company as well as consolidating its operations.

Stanmore successfully transitioned its SMC assets to SAP on 1 August 2022 and the remainder of Stanmore transitioned on 1 December 2022. The completion of this activity fully integrates business management reporting processes.

Integration of the SMC sites has primarily been completed with positive feedback from transitioning employees who have taken on Stanmore's vision, values and operating model with enthusiasm, highlighting many great improvement initiatives across the sites to unlock further value from this highly accretive transaction.

Improvement initiatives have been defined, implemented or realised across the two new sites, such as mining coal seams previously deemed uneconomic; increasing trucking to improve excavator utilisation and coal output; and improving product yields through product optimisations; among others.

Key synergistic benefits of the SMC acquisition have commenced including the Poitrel CHPP processing Isaac Downs coal and coal blending between the mine sites leading to cargoes of blended coal sold during the year.

2022 Dividend Determination

While Stanmore's financial performance in 2022 was strong, no final dividend for the 2022 financial year has been declared by the Board at this time.

The Board has made this decision following careful consideration of its current dividend policy. Free cash flow from operations, net of capital expenditure, totalled US$1,064 million in 2022. This cash flow was put to work in funding the acquisition of SMC from BHP and Mitsui (net cash outflows including proceeds from debt and equity raises of US$405 million) and in deleveraging activities in 2022 (US$302 million). Retaining cash for the acquisition financing cash sweep paid in February 2023 (US$252 million), free cash flow after debt service of US$105 million is available in relation to 2022 to fund a potential dividend.

Notwithstanding this, the Board considers retaining this cash within the business is appropriate at this time to assist with strengthening the balance sheet after a period of busy M&A and rapid deleveraging.

[3] Aggregate total debt includes the principal amount outstanding of the Group's financing facilities, excluding lease liabilities accounted for under AASB 16, Finance Leases and Premia Funding

GEAR Corporate Actions

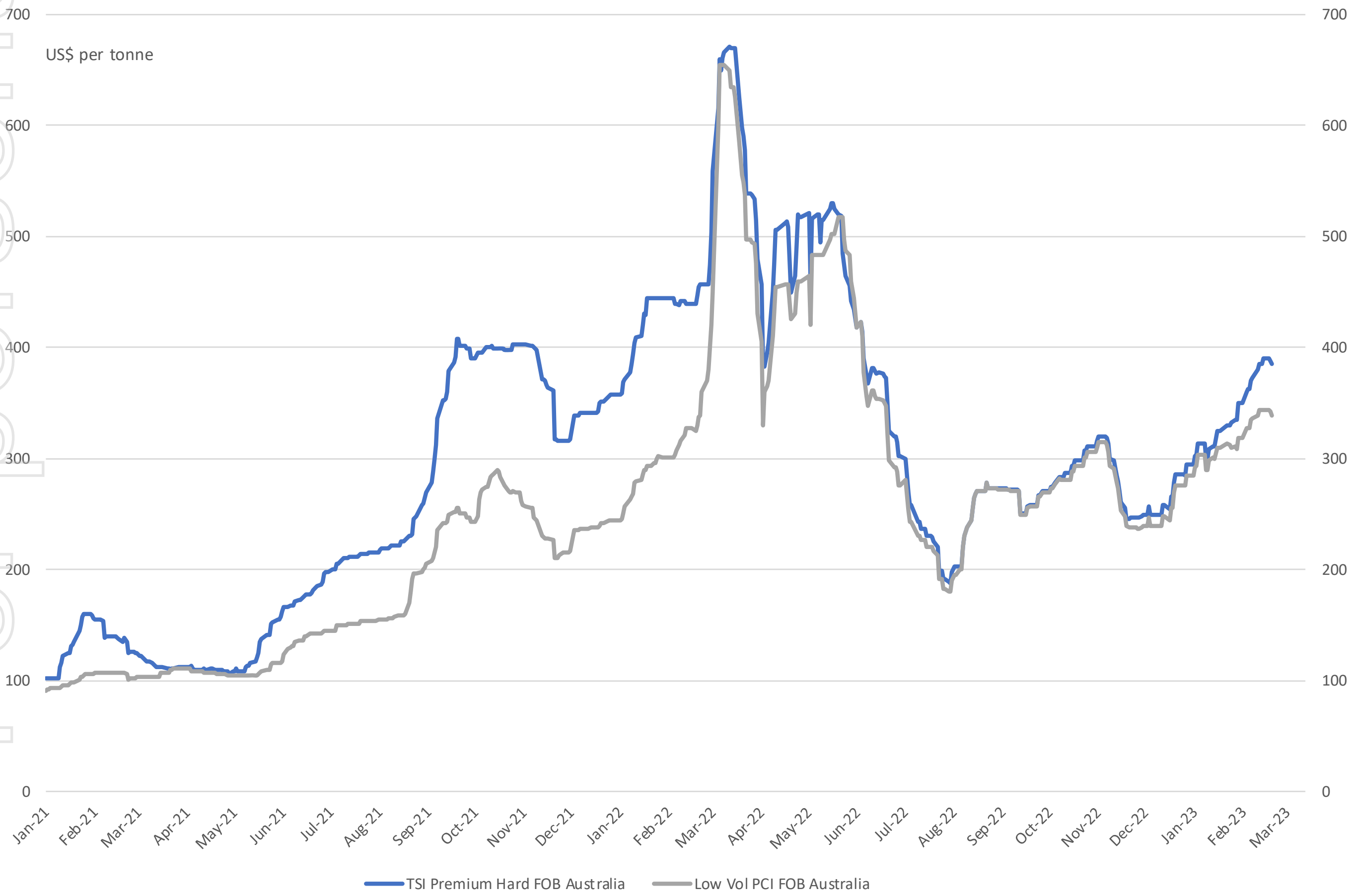
Golden Energy and Resources Limited ("GEAR"), a company listed on the Singapore Exchange ("SGX"), is a major shareholder of Stanmore with voting power of 64.01% in Stanmore.

On 9 November 2022, GEAR publicly announced certain corporate actions which include, among others, a voluntary delisting from the Official List of the SGX and a conditional exit offer to be made by Duchess Avenue Pte. Ltd. to acquire all the issued and paid-up shares of GEAR ("Exit Offer"), upon the satisfaction of certain conditions (the "GEAR Transactions").

The GEAR Transactions do not directly impact the Company or its shareholders. However, as Stanmore is considered a material subsidiary of GEAR and is a member of the GEAR consolidated group, Stanmore has provided GEAR with information to meet its relevant regulatory disclosure requirements with regards to the GEAR Transactions. Furthermore, any Stanmore disclosures (especially forward-looking statements and publication of guidance) are relevant to GEAR in the context of the GEAR Transactions and, consequently, Stanmore will not provide guidance until such time that the GEAR Transactions have concluded. It is noted that the GEAR Transactions remain subject to the satisfaction of a number of conditions, and the current long-stop date for the satisfaction of the Exit Offer conditions is 9 August 2023.

Key Australian Export Metallurgical Coal Prices

The chart below describes the strong performance of key Australian metallurgical coal prices through 2022, with prime coking coal maintaining an average of over US$360 per tonne FOB Australia through the period.



Average Selling Price (ASP)		2022	2021
South Walker Creek	US$/t sold	**308**	-
Poitrel	US$/t sold	**271**	-
Isaac Plains Complex	US$/t sold	**270**	131
Total	US$/t sold	**290**	131

FY 22 Metallurgical Coal Prices

Metallurgical coal pricing continued to perform strongly through 2022, albeit with a high level of volatility. Prices for prime hard coking coal ranged from US$190 per tonne Free On Board (FOB), up to US$670 per tonne FOB. The realised average sales price for the year was US$290 per tonne, up from US$133 per tonne, realised in the corresponding period. This has also benefited from higher than historical levels of relativity between the price of Headline Hard Coking Coal and PCI.

Coming into 2022, metallurgical coal pricing was well supported from demand side recovery post COVID and elevated steel pricing. With the Russian invasion of Ukraine, supply from the second largest seaborne producer of PCI became uncertain through policy restrictions (or expectations of restrictions) as well as physical and financial hurdles to securing Russian origin material. Given profitable steel margins, prices spiked as consumers sought alternative supplies.

Furthermore, throughout 2022, energy pricing provided strong support to metallurgical coal prices, with an arbitrage open for a significant amount of time enticing marginal coals to switch into thermal markets.

As Russian coal flows restarted to markets that did not impose restrictions, a large Australian producer restarted its prime coking coal complex that had been idled for an extended period, and steel markets started to deteriorate, causing prices to weaken through 3Q 22.

For the final quarter of 2022, supply performance from multiple key exporting countries continued to underperform, supporting metallurgical coal pricing. This has continued with wet weather and other infrastructure issues hampering recovery from Queensland producers for the early part of 2023.

Market Fundamentals Remain Supportive

Australian supply performance should recover and as the wet season risk abates through 2Q 23, potentially resulting in some price normalisation after the supply driven headwinds in early 2023.

The reopening of the Chinese economy presents a potential upside to demand for seaborne metallurgical coal, subject to the supply and pricing of domestic metallurgical coal, recovery of domestic construction /real estate sector and the global growth outlook.

Steel demand expected to remain prone to downstream supply chain disruption or subdued end user demand as a result of global inflationary pressures and weakening economic conditions in some regions.

Installation of blast furnaces continues, primarily in South East Asia and India, supporting a net increase in seaborne demand for metallurgical coal in the long term.

2022 Overall Performance

Overall production results for 2H 22 were within Guidance ranges, driven by strong results at the Poitrel and South Walker Creek mines as per the table noted below.

2022 cost per tonne was within Guidance range on a Stanmore consolidated basis; with Poitrel achieving the low end of their range, South Walker Creek within range and Isaac Plains above its range – driven by unplanned CHPP downtime, wet weather and sales volumes slippage at the end of 2022.

Consolidated capital expenditure for 2022 finished higher than Guidance given the capitalisation of box cut development costs for Ramp 10 North at Poitrel in late 2022.

		2H 22 Actual	2H 22 Guidance
Isaac Plains Complex			
Saleable Production	Mt	1.3	1.3 – 1.4
FOB Cash Cost ex. Royalties	US$/t	77	68 – 73
Poitrel			
Saleable Production	Mt	2.1	1.9 – 2.1
FOB Cash Cost ex. Royalties	US$/t	94	100 – 105
South Walker Creek			
Saleable Production	Mt	3.0	2.8 – 3.1
FOB Cash Cost ex. Royalties	US$/t	73	75 – 80
Stanmore Consolidated			
Saleable Production	Mt	6.4	6.0 – 6.6
Capital Expenditure	US$m	82	65 – 75

Approval

This announcement has been approved for release by the Board of Directors of Stanmore Resources Limited.

Further Information

Investors

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Media

media@stanmore.net.au

About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited controls and operates the Isaac Plains Complex, South Walker Creek and Poitrel metallurgical coal mines, as well as the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources is also a joint owner of the Millennium and Mavis Downs Mines and holds several additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins. The Company is focused on the creation of shareholder value via the efficient operation of its mining assets and the identification of further development opportunities within the region.

Appendix: Site Information

		Year 2022	Year 2021
ROM Coal Production			
South Walker Creek	Mt	5.375	-
Poitrel	Mt	4.193	-
Isaac Plains Complex	Mt	3.935	2.767
Total	Mt	**13.503**	2.767
Strip Ratio			
South Walker Creek	Prime	7.8	-
Poitrel	Prime	8.4	-
Isaac Plains Complex	Prime	5.6	9.0
Total	Prime	**7.4**	9.0
Saleable Coal production			
South Walker Creek	Mt	3.956	-
Poitrel	Mt	2.812	-
Isaac Plains Complex	Mt	2.401	2.070
Total	Mt	**9.168**	2.070
Saleable Production - Coking Coals	*%*	*40%*	*100%*
Saleable Production - PCI	*%*	*58%*	*0%*
Saleable Production - Thermal Coals	*%*	*2%*	*0%*
Total Coal Sales			
South Walker Creek	Mt	4.072	-
Poitrel	Mt	3.042	-
Isaac Plains Complex	Mt	2.314	2.165
Total	Mt	**9.429**	2.165
FOB Cash Cost (ex. royalties)			
South Walker Creek	US$/t sold	73	-
Poitrel	US$/t sold	96	-
Isaac Plains Complex	US$/t sold	81	78
Total	US$/t sold	**83**	78
Average Selling Price			
South Walker Creek	US$/t sold	308	-
Poitrel	US$/t sold	271	-
Isaac Plains Complex	US$/t sold	270	131
Total	US$/t sold	**290**	131

Note 1: All controlled coal production shown on a 100% basis, with South Walker Creek and Poitrel showing statistics from 1 May 2022 onwards

Note 2: Rounding may impact totals when computed above

Note 3: Stanmore operates with a view to primarily producing metallurgical coals (coking and PCI coals) only, however a small percentage of thermal coal can be produced (typically less than 5% of annual production) as a by-product of metallurgical production and/or on an opportunistic basis where thermal coal market prices are at elevated levels

Stanmore Resources Limited

ABN 27 131 920 968

Annual Financial Report December 2022

Stanmore Resources Limited
ABN 27 131 920 968
Annual report - 31 December 2022

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Stanmore Resources Limited and its subsidiaries.

During the period the Company and its subsidiaries changed their functional and presentational currencies from Australian dollars to United States dollars. This annual report, including the Directors' report and financial statements, are presented in United States dollars and all amounts reported in United States dollars unless otherwise stated.

Prior year comparatives have been restated into US dollars following the change in presentation currency.

Stanmore Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Stanmore Resources Limited
Level 32
12 Creek Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 2, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 27 February 2023.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.stanmore.net.au

Stanmore Resources Limited
Corporate directory

Directors	Mr Dwi Suseno *Non-Executive Director and Chairman*
	Mr Marcelo Matos *Chief Executive Officer and Executive Director*
	Mr Jimmy Lim *Non-Executive Director*
	Mr Mark Trevan *Non-Executive Director*
	Mr Richard Majlinder *Non-Executive Director*
	Mr Brett Garland *Non-Executive Director*
	Mr Matthew Latimore *Non-Executive Director*
	Ms Caroline Chan *Non-Executive Director*
Secretary	Mr Rees Fleming
Principal registered office in Australia	Level 32 12 Creek Street Brisbane QLD 4000 Australia +61 7 3238 1000
Share and debenture register	Link Market Services Level 21 10 Eagle Street Brisbane QLD 4000 1300 554 474
Auditor	Ernst & Young Level 51 111 Eagle Street Brisbane QLD 4000 07 3011 3333
Stock exchange listings	Australian Securities Exchange ASX Code: SMR
Website address	www.stanmore.net.au

Directors' report

The Directors present their report on the consolidated entity consisting of Stanmore Resources Limited ("the Company" or "Stanmore") and it's controlled entities ("the Group") for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year that have not been noted in the review of operations.

Directors and company secretary

Mr Dwi Suseno
Mr Marcelo Matos
Mr Jimmy Lim
Mr Mark Trevan
Mr Richard Majlinder
Mr Brett Garland (appointed 25 May 2022)
Mr Matthew Latimore (appointed 25 May 2022)
Ms Caroline Chan (appointed 25 May 2022)

The following person was the Company Secretary of the Company during the financial year and up to the date of this report:

Mr Rees Fleming

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

Dwi Suseno

Chairman and Non-Executive Director
Appointed: 15 May 2020

Experience and expertise

Mr Dwi Suseno is the Executive Director and Group CEO of Golden Energy and Resources Limited (GEAR), a SGX Mainboard listed international mining and resources company. Mr Suseno is responsible for managing operations for GEAR, including mining, logistics and coal marketing, as well as leading the strategic initiatives and expansions.

Mr Suseno began his career in Australia, where he was raised and educated, and he has over 26 years of experience in management, commercial and finance in mining resources as well as oil and gas related industries in both Australia and internationally. Mr Suseno was previously an Executive Director and Chief Financial Officer of Straits Corporation Group, which was then part of the SGX-listed coal mining company Straits Asia Resources Limited. Mr Suseno has previously worked with Baker Hughes Inc. (Fortune 500 NYSE listed oilfield services company), Arthur Andersen Australia and Ernst & Young LLP.

Mr Suseno is a Certified Public Accountant in both Australia and Singapore, graduated with a Bachelor of Commerce Degree from the University of Western Australia, Graduate Diploma in Tax from the University of Melbourne’s Law Masters program, as well as a Postgraduate Diploma in Business from Curtin University. He also holds an executive Masters in Business Administration from the Kellogg School of Management, and Hong Kong University of Science and Technology.

Other listed current directorships

Executive Director of Golden Energy and Resources Limited (SGX: AUE)

Former listed directorships in last 3 years

Nil

INFORMATION ON DIRECTORS (continued)

Special responsibilities

Chair of the Disclosure Committee
Member of the Remuneration and Nominations Committee
Member of the Sustainability Committee

Marcelo Matos

Chief Executive Officer and Executive Director
Appointed: 27 November 2020

Experience and expertise

Mr Marcelo Matos has circa 25 years of experience in general management in the mining sector in roles overseeing operations, projects, business development, marketing and sales, strategy and planning roles in Australia, Asia (China and Singapore), Mozambique and Brazil. Mr Matos worked for Vale for close to 20 years in various senior roles, including as its Chief Marketing and Strategy Officer for Coal as well as their Managing Director in Australia. Prior to his appointment as Chief Executive Officer, Mr Matos was a Director at Stanmore and the Chief Commercial Officer for M Resources.

Mr Matos holds a Bachelor of Business Administration degree from the Pontifical Catholic University of Rio de Janeiro (Brazil) and an Executive MBA from IBMEC Business School.

Other listed current directorships

Nil

Former listed directorships in last 3 years

Nil

Special responsibilities

Member of the Health and Safety Committee
Member of the Sustainability Committee
Member of the Disclosure Committee

Jimmy Lim

Non-Executive Director
Appointed: 23 October 2019

Experience and expertise

Mr Jimmy Lim has 20 years of experience in finance and investment management in the metals and mining sector, with extensive industry relationships in Australia and globally. Mr Lim started his career in Perth with Ernst & Young in Tax, serving natural resources and infrastructure companies of all sizes before moving into Corporate Finance with Ernst & Young and then KPMG where he continued advising clients in the natural resources sector. From there, Mr Lim then went on to work for JP Morgan in Melbourne where he worked on assignments advising and financing some of the largest companies in the world before moving to Hong Kong with Morgan Stanley and Goldman Sachs, where he was responsible for coverage of Metals and Mining in Asia excluding China.

Mr Lim is a Fellow of Financial Services Institute of Australasia (FINSIA) and holds an MBA and degrees in Engineering and Science from the University of Western Australia.

Other listed current directorships

Non-Executive Director at 5E Advanced Materials Inc (NASDAQ: FEAM): appointed 12 January 2022

Former listed directorships in last 3 years

Non-Executive Director at American Pacific Borates Limited (ASX:ABR): resigned 4 February 2021

Special responsibilities

Chair of the Remuneration and Nominations Committee
Member of the Audit and Risk Management Committee

INFORMATION ON DIRECTORS (continued)

Mark Trevan

Non-Executive Director
Appointed: 18 May 2020

Experience and expertise

Mr Mark Trevan has extensive experience in the coal mining industry in Queensland and internationally. Most recently, he was a Director and Deputy Chairman of the Wiggins Island Coal Export Terminal, a Director and consultant at Caledon Coal Pty Ltd and a Non-Executive Director of Ncondezi Energy Limited (a London listed, Mozambique focused coal mine development company). Prior to those appointments, he was the Managing Director of Caledon Resources Plc, based in Brisbane, where under his management the Cook underground coking coal mine was recommissioned and the Minyango underground coking coal project was advanced. Mr Trevan also oversaw the takeover of Caledon by Guandong Rising Asset Management, and the delisting of the company. Prior to joining Caledon in 2006, Mr Trevan spent 25 years with Rio Tinto in senior executive roles in the areas of marketing, general commercial, corporate strategy and project feasibility.

Mr Trevan holds a Diploma in Business from the Preston Institute of Technology (now Latrobe University) and a Graduate Diploma in Applied Finance and Investment from the Securities Institute.

Other listed current directorships

Nil

Former listed directorships in last 3 years

Nil

Special responsibilities

Member of the Health and Safety Committee

Richard Majlinder

Non-Executive Director
Appointed: 15 May 2020

Experience and expertise

Mr Richard Majlinder is the Chief Investment Officer at Maranello Capital, an Australian-owned private wealth fund. He was previously Chief Commercial Officer for Madison Group Enterprises, a manufacturer and B2B distributor of communications technology. Prior to this, he held a number of roles with PricewaterhouseCoopers (PwC), including as a Partner in Private Clients Advisory, leading client projects across mergers and acquisitions, consulting and financial management.

Mr Majlinder has a Bachelor of Science (Honours) in Economic History from the London School of Economics, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Member of the Institute of Chartered Accountants in Australia & New Zealand, and a Member of the Australian Institute of Company Directors (AICD).

Other listed current directorships

Nil

Former listed directorships in last 3 years

Nil

Special responsibilities

Chair of the Audit and Risk Management Committee
Member of the Remuneration and Nominations Committee

INFORMATION ON DIRECTORS (continued)

Matthew Latimore

Non-Executive Director
Appointed: 25 May 2022

Experience and expertise

Mr Matthew Latimore is Chairman and President of M Resources, a rapidly growing and agile company involved in investment, marketing, and trading of metallurgical coal. M Resources also operates metallurgical coal mines in Queensland, Australia.

Prior to establishing M Resources, Mr Latimore held the position of General Manager for Sales and Marketing at Wesfarmers' Curragh coal mine. In this role, Mr Latimore was responsible for global sales to steel mills and domestic and international power utilities. Mr Latimore was also a Director of Curragh Coal Sales Pty Ltd.

Mr Latimore has held various positions with Mitsui & Co (Australia) Pty Ltd in Brisbane, Sydney and Tokyo, working on joint ventures including Atlantic Richfield and BHP Mitsui Coal.

Mr Latimore has a Master of Business Administration (Executive) from the Australian Graduate School of Management, and a Bachelor of International Business from Griffith University. He is a Graduate of the Australian Company Directors Course and graduated from the Columbia Senior Executive Program in New York in 2011.

Other listed current directorships

Non-Executive Director of Bowen Coking Coal Limited (ASX: BCB): Appointed 17 June 2020
Non-Executive Director of Magnum Mining and Exploration Limited (ASX: MGU): Appointed 4 May 2021

Former listed directorships in last 3 years

Nil

Special responsibilities

Nil

Brett Garland

Non-Executive Director
Appointed: 25 May 2022

Experience and expertise

Mr Brett Garland has worked in the Australian mining industry for more than 44 years and held numerous management and executive management positions, including Executive Vice-President Production - Macarthur Coal, Project Executive, New Saraji - New Hope Group, Managing Director of Caledon Coal and Chief Executive Officer of Baralaba Coal.

Mr Garland served from 2005 until 2015 as a member of the Queensland Ministerial Advisory Committee for the Queensland Coal Mining Safety & Health Act. He is currently Director of the Mining Industry Safety & Health Centre, part of the Sustainable Mining Institute at the University of Queensland. He is also Chairman of the Queensland Mines Rescue Board.

Mr Garland holds a Bachelor of Engineering (Honours) from the University of Wollongong and an Executive Master of Business Administration from the Queensland University of Technology. He also holds qualifications as a Certified Coal Mine Manager in NSW & Queensland, and is a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional with the AusIMM.

Other listed current directorships

Nil

Former listed directorships in last 3 years

Nil

INFORMATION ON DIRECTORS (continued)

Special responsibilities

Chair of the Health and Safety Committee

Caroline Chan

Non-Executive Director
Appointed: 25 May 2022

Experience and expertise

Ms Caroline Chan has more than 20 years of experience in commercial and investment banking, and corporate commercial roles. Most recently, Ms Chan was Head of Institutional Banking, Western Australia & South Australia for Westpac Banking Corporation. Prior to this, she spent 16 years in Sydney in various roles including Chief Operating Officer of Corporate & Institutional Banking at Westpac Institutional Bank. Before joining Westpac, Ms Chan gained transaction and commercial experience through roles in M&A at Deutsche Bank, acquisition finance at NM Rothschild, and at Singtel Optus and Perth Airport.

Ms Chan is currently on the Board of the Australia-ASEAN Council. She was a Board member of Loreto Nedlands, and Chair of its Finance Committee from 2016-2021. Ms Chan is a WA Business News ‘40 under 40’ award winner, and is a passionate advocate for inclusion and diversity initiatives. She holds Bachelor of Laws and Bachelor of Commerce (Accounting & Finance) degrees from the University of Western Australia, a postgraduate Diploma in Applied Finance & Investment from the Securities Institute of Australia, and is a Graduate of the Australian Institute of Company Directors (AICD).

Other listed current directorships

Nil

Former listed directorships in last 3 years

Nil

Special responsibilities

Chair of the Sustainability Committee
Member of the Audit and Risk Management Committee

CHIEF FINANCIAL OFFICER

Shane Young

Appointed: 12 August 2021

Experience and expertise

Mr Shane Young has over 23 years of experience in accounting, financial planning and analysis, commercial, corporate finance, treasury, corporate development, and governance roles in Australia, the United Kingdom, the Netherlands and the United States. Mr Young has worked for major global organisations including KPMG, Shell and Peabody, and held various senior roles in the mining industry over several years, most recently as General Manager Finance at PanAust Limited.

Mr Young is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Finance) degree from Monash University. He is a Member of the Chartered Accountants Australia & New Zealand, a Member of Australia Corporate Treasury Association (Certified Finance and Treasury Professional), and a graduate of Australian Institute of Company Directors (AICD).

Special responsibilities

Member of the Disclosure Committee

COMPANY SECRETARY

Rees Fleming

Appointed: 22 July 2021

Experience and expertise

Mr Rees Fleming has more than 22 years' experience as a lawyer in both private practice and in-house roles across shipping, resources, coal mining and sugar industries. He has held General Counsel and Company Secretarial roles for listed and large multinational companies, including Vale, Wilmar Sugar Australia and in private practice with major law firms Ashurst and Clayton Utz.

Mr Fleming holds a Master of Law (International Shipping) and a Bachelor of Law. He is a practising legal practitioner, a graduate and member of the Australian Institute of Company Directors (AICD), and a member of Queensland Law Society, Governance Institute of Australia, Association of Corporate Counsel and Energy Resources Law Association.

Mr Fleming has previously held the role of Director of Sugar Terminals Limited.

Special responsibilities

Member of the Disclosure Committee

DIRECTORS' INTERESTS

Mr Latimore and the entities he controls hold 43,593,804 (4.8%) shares in the Consolidated Entity.

As at the date of this report, no other Directors held any shares, options and other equity instruments in the Group.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 31 December 2022, and the numbers of meetings attended by each Director were:

	Board		Meetings of committees							
			Audit & Risk Management		Remuneration & Nomination		Healthy & Safety		Sustainability	
	A	B	A	B	A	B	A	B	A	B
Mr Dwi Suseno	7	7	2	2	3	3	-	-	2	2
Mr Marcelo Matos	7	7	2	2	-	-	4	4	2	2
Mr Jimmy Lim	7	7	2	2	3	3	2	2	-	-
Mr Mark Trevan	7	7	-	-	-	-	4	4	-	-
Mr Richard Majlinder	7	7	4	4	3	3	-	-	-	-
Mr Matthew Latimore	5	5	-	-	-	-	-	-	-	-
Mr Brett Garland	5	5	-	-	-	-	2	2	-	-
Ms Caroline Chan	5	5	2	2	-	-	-	-	2	2

A= Number of meetings held during the time the Director held office or was a member of the committee during the year

B= Number of meetings attended

DIVIDENDS PAID OR RECOMMENDED

No dividend has been declared or paid for the financial year.

SHARES UNDER OPTION

At the date of this report, there were nil unissued ordinary shares under Options.

During the year ended 31 December 2022, no new Rights were granted to KMP as part of the Stanmore Resources Limited Rights Plan, and 144,898 Rights were forfeited. During the year ended 31 December 2021, no Rights were forfeited and none vested.

CHANGES TO CAPITAL STRUCTURE

At the date of this report, Stanmore had 901,381,698 (2021: 270,417,381) ordinary shares inclusive of 9,936 employee shares, nil unlisted options and nil Rights on issue.

On 3 March 2022, Stanmore announced its Share Entitlement Offer to raise A$694.0m (US$506.0m) to part fund the acquisition of BHP Minerals Pty Ltd's 80% interest in BMC Mitsui Coal Pty Ltd. A total of 630,964,317 ordinary shares were issued as a result.

On 14 February 2022, 9,936 restricted employee shares were converted to ordinary shares.

INSURANCE OF OFFICERS AND INDEMNITIES

(a) Insurance of officers

Each of the Directors and the Company Secretary of Stanmore Resources have entered into a deed whereby the Company has provided certain contractual rights of access to books and records of Stanmore Resources to those Directors and the Company Secretary. The Company has insured all its Directors and Executive Officers. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The *Corporations Act 2001* does not require disclosure of the information in these circumstances.

(b) Indemnity of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of its terms of its audit engagement agreement against claims by third parties arising from the audit. The Company has made no payment to indemnify Ernst & Young during or since the financial year.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matters or circumstance have arisen since 31 December 2022 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest hundred thousand dollars unless otherwise stated.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of its operating and exploration activities. There are no material matters that have arisen in relation to environmental issues up to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

AUDIT AND NON-AUDIT SERVICES

The board of Directors has considered the level and type of non-audit services provided by the auditor and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by Ernst & Young, the auditor of the Group:

	Group	
	2022	2021
	$'000	$'000
Taxation services		
Ernst & Young Australian firm:		
Fees for tax compliance and advisory services	**90.4**	110.3
Total remuneration for taxation services	**90.4**	110.3
Other services		
Ernst & Young Australian firm:		
Fees for transaction due diligence services	**114.3**	291.1
Fees for other advisory services	**11.5**	-
Total remuneration for other services	**125.8**	291.1
Total remuneration for non-audit services	**216.2**	401.4

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 28.

OPERATING AND FINANCIAL REVIEW

Highlights of the Group's operations and results for the year ended 31 December 2022 are described below:

- Acquisition of 80% interest in BHP Mitsui Coal Pty Ltd (BMC) from BHP, completed on 3 May 2022, for consideration of up to US$1,526.3m. Post completion, BMC was renamed as Stanmore SMC Pty Ltd (SMC) on 11 May 2022;
- Successful Share Entitlement Offer during the period, raising A$694.0m (US $506.0m) in funding for the BMC acquisition;
- Acquisition of the remaining 20% of SMC from Mitsui on 7 October 2022 for US$270.0m;
- There were 5 recordable injuries reported in the period, reducing the rolling total recordable injury frequency rate (TRIFR) for the 12 months ended 31 December 2022 to 1.5 (31 December 2021: 7.9);
- Net profit after tax of US$727.4m (31 December 2021: US$6.8m)
- Underlying EBITDA (a non-IFRS measure defined below) of US$1,456.0m (31 December 2021: US$34.3m);
- Cash inflows from operations of US$1,181.7m (31 December 2021: US$95.7m); and
- Cash of US$432.4m as at 31 December 2022 (31 December 2021: US$45.6m)

(a) Financial performance

	Group	
	31 December 2022 US$M	31 December 2021 US$M *Restated
Total income	**2,699.1**	284.3
Operating Costs	**(1,824.3)**	(268.2)
Operating profit	**874.8**	16.1
Profit/(loss) before income tax and net finance expenses	**874.8**	16.1
Finance income	**6.9**	1.3
Finance expenses	**(91.7)**	(5.2)
Share of profit/(loss) from associates	**19.8**	(1.8)
Profit/(loss) before income tax benefit/(expense)	**809.8**	10.4
Income tax benefit/(expense)	**(82.4)**	(3.6)
Profit/(loss) after income tax expense	**727.4**	6.8

(b) Underlying EBITDA result (unaudited, non-IFRS measure)

Underlying EBITDA (an unaudited, non-IFRS measure) reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group. The items adjusted are determined to be non-cash transactions that are unrelated to mining operations. The presentation of non-IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

OPERATING AND FINANCIAL REVIEW (continued)

(b) Underlying EBITDA result (unaudited, non-IFRS measure) (continued)

	Group	
	31 December 2022 US$M	31 December 2021 US$M *Restated
Net Profit after tax	**727.4**	6.8
Add back:		
Depreciation and amortisation expense	225.7	20.0
Income tax expense	82.4	3.6
Finance costs - net	84.8	3.9
Earnings before interest, depreciation and amortisation (EBITDA)	**1,120.3**	34.3
Transaction and transition costs	108.3	-
Inventory Purchase Price allocation adjustment	227.4	-
Underlying EBITDA (non-IFRS measure)	**1,456.0**	34.3

The underlying EBITDA of US$1,456.0m for the year ended 31 December 2022 was a US$1,421.7m increase compared to the underlying EBITDA of US$34.3m for the period to 31 December 2021.

The increase in EBITDA was primarily driven by the acquisition of the South Walker Creek and Poitrel mines on 3 May 2022, as a result of the acquisition of SMC.

FOB cash costs per tonne have decreased year on year due to the transition to the lower strip ratio Isaac Downs mine combined with the contribution from the low cost South Walker Creek and Poitrel mines.

The primary drivers contributing to the Net Profit after Tax ('NPAT') result include:

- Gross revenue from coal sales increased to US$2,695.8m for the year ended 31 December 2022 from US$283.3m in the period to 31 December 2021. The increase was driven by a US$159.08/t increase in the US$ realised price to an average of US$290.04t from US$130.96/t in the prior period, and an increase in sales of produced coal to 9.3mt in the period to 31 December 2022 from 2.2mt in the period to 31 December 2021;
- Due to inflationary pressures, our Free on Board ('FOB') cash costs per tonne (excluding royalties and inventory movements) have increased year on year, from US$78.2/t to US$82.6/t, more than offsetting the transition to the lower strip ratio Isaac Downs mine, combined with the contributions from the low-cost South Walker Creek and Poitrel mines.
- Depreciation and amortisation costs increased from US$20.0m to US$225.7m in line with the increased Property, Plant and Equipment assets, mine property assets and production levels during the period as a result of the acquisition of the SMC assets.

(c) Cash flow

In the period to 31 December 2022, total net cash inflows of US$386.8m, including the effect of exchange rate changes, were recorded (31 December 2021: US$41.7m)

The net cash inflow from operating activities was US$1,181.7m (31 December 2021: US$95.7m). Overall operational cash flows have increased due to significantly higher receipts from coal sales, driven by the increased sales tonnes and higher average sales price per tonne.

Cash outflows from investing activities were US$1,426.8m (31 December 2021: US$72.9m). Of this US$1,323.4m related to the acquisition of the 80% shares in SMC (including US$100m of deferred consideration) and US$83.5m related to ongoing PPE investment.

OPERATING AND FINANCIAL REVIEW (continued)

(c) Cash flow (continued)

Net cash from financing activities totalled US$640.4m (31 December 2021: US$51.7m), with US$503.1m of inflows from the issue of shares in the period, US$795.0m from the drawdown of financing arrangements, most notably the US$625m acquisition financing facility entered in the period. US$249.2m of borrowings were repaid, US$110m paid in dividends to non-controlling interests and a US$270.0m outflow relating to the acquisition of the remaining 20% in SMC. See note 14 for further information.

	Group	
	31 December 2022 US$M	31 December 2021 US$M *Restated
Net cash at beginning of period	**45.6**	3.9
Cash flows from operating activities	**1,181.7**	95.7
Cash flows from investing activities	**(1,426.8)**	(72.9)
Cash flows from financing activities	**640.4**	20.6
Effects of exchange rate changes on cash and cash equivalents	**(8.5)**	(1.7)
Net increase/(decrease) in cash held	**386.8**	41.7
Net cash at end of period	**432.4**	45.6

(d) Health, safety, environment and community performance

The Group continues to be committed to the health, safety and wellbeing of our people, the environment and the communities in which we operate.

The safety performance results for the year are directionally encouraging despite five recordable injuries. The 12-month moving average TRIFR for the business reduced to 1.5 per million hours (31 December 2021: 7.9 per million hours), driven by a 15-month injury free period at Isaac Plains.

The strong positive safety culture has continued during the period, with learnings integrated and shared across the business since the integration of assets acquired from BHP and Mitsui.

Stanmore continues to support the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year. Seventy local community organisations received funding during the year. In addition, significant 'in-kind' time was also dedicated to regional industry bodies and professional groups to enhance local industry and services in the region.

(e) Operations

	Group	
	31 December 2022	31 December 2021
Physicals		
ROM Coal Mined (mt)	**13.50**	2.80
Clean coal produced (mt)	**9.20**	2.10
Coals Sales (mt)	**9.30**	2.20
Unit costs of sales (US$/t sold)		
Revenue /Sales T	**$290.0**	$131.0
US$ FOB Cash Costs / Sales T (ex Royalties & inv)	**$82.6**	$78.2
US$ Royalties / Sales T	**$49.4**	$12.4

OPERATING AND FINANCIAL REVIEW (continued)

(e) Operations (continued)

Results for the period benefited from the acquisition of the South Walker Creek and Poitrel mines with sales volumes of produced coal increasing compared to the corresponding period by 7.1 million tonnes, reflecting the full consolidation of SMC from 3 May 2022. The volume increase, which has coincided with an increase in average realised sales price to US$290.04/tonne, has driven a record underlying EBITDA of US$1.456.0m after adjusting for US$335.8m of accounting adjustments and one-off transition costs related to the SMC acquisition to better reflect actual business notional performance. The US$335.8m adjustment is made up of:

- Inventory revaluation adjustment based on net realisation value as at 3 May 2022 (at elevated coal prices) required for accounting purposes as part of the BMC acquisition - this increased the value of coal acquired (and subsequently sold in May and June) by US$227.4m
- One-off transaction costs associated with the acquisition totalling US$108.3m, such as government stamp duty, due diligence, advisory, transition and subsequent integration costs

Notwithstanding the impacts presented by the increase in royalties imposed by the Queensland State, cash generated from our operations has increased to US$1,181.7m (31 December 2021: US$95.7m).

The industry during 2022, just like the global economy, has seen significant pressure on costs driven by rising input prices of diesel, explosives, parts as well as labour and general services. These cost pressures are expected to continue and be realised over the full year in 2023.

Noting the continued above inflationary pressures, our Free on Board ('FOB') cash costs per tonne (excluding royalties and inventory movements) have increased year on year, from US$78.2/t to US$82.6/t, more than offsetting the transition to the lower strip ratio Isaac Downs mine, combined with the contributions from the low-cost South Walker Creek and Poitrel mines.

Weather events (both seasonal and unseasonal across the course of the year) resulted in operational impacts especially in relation to truck and excavator pre strip and coal mining and truck haulage across all three mines, however production targets were achieved as per guidance previously provided.

(f) Isaac Downs Project

Isaac Downs is located 10 kilometres south of the existing Isaac Plains operations. Isaac Downs operates as an open cut mining operation utilising the existing Isaac Plains infrastructure with coal washing and train loading activities undertaken at the existing CHPP.

During the period, the dragline commenced operations at Isaac Downs at which point full scale production commenced.

(g) COVID-19 impacts

The Group continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace.

COVID-19 impacts have not been significant to the Group in the period. The Company does not expect any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or conditions which may adversely impact the Group as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(h) Financing

On 7 January 2022, the Group announced that it had executed, through its wholly owned subsidiary Stanmore SMC Holdings Pty Ltd, a definitive debt facility agreement in respect of a US$625 million secured loan facility, to partly fund the acquisition of the 80% interest in BHP Mitsui Coal Pty Ltd (now Stanmore SMC Pty Ltd). The loan was secured against certain assets of the Group and was used for the general corporate purposes of the Company, including to fund working capital needs. The loan was fully drawn prior to successful completion of the SMC acquisition on 3 May 2022.

OPERATING AND FINANCIAL REVIEW (continued)

(h) Financing (continued)

On 3 March 2022, the Group announced that it had entered into a definitive facility agreement in respect of a US$120 million senior secured Revolving Credit Facility ('RCF'). The RCF was secured against certain assets of the Group and will be used for the general corporate purposes of the Company, including to fund working capital needs.

On 3 March 2022, the Group announced its Share Entitlement Offer to raise A$694 million (US$506 million) to part fund the acquisition of BHP Minerals Pty Ltd's 80% interest in BMC Mitsui Coal Pty Ltd. The institutional component of the Entitlement Offer closed on 3 March 2022 and raised gross proceeds of A$656 million (US$478 million). The retail component of the Entitlement Offer closed on 24 March 2022, raising A$38 million (US$27.7 million) in gross proceeds.

On 4 April 2022, the Group announced the execution of a A$110 million facility, comprising a A$60 million bank guarantee facility and A$50 million working capital facility, to be made available upon completion of the acquisition of BMC.

On 14 April 2022, the Group executed an US$50 million Senior Secured Facility Agreement, to act as a short-term bridging loan during the completion period of the BMC acquisition.

On 3 May 2022, the Group completed the acquisition of an 80% interest in BHP Mitsui Coal Pty Ltd, consisting of the South Walker Creek and Poitrel mining operations, for initial cash consideration of US$1,255m, which was subsequently adjusted to US$1,223.4m as part of the completion processes. See note 2 for additional information regarding the fair value of the assets acquired and the consideration paid, including contingent and deferred consideration recognised upon completion.

On 19 May 2022, the Group executed a A$90 million Surety Bond facility to support the contractual performance guarantee requirements of the BMC. The facility is secured against the BMC specific assets. See note 14 for further information.

On 8 December 2022, the Group executed a A$25 million unsecured Surety Bond facility to support the contractual performance guarantee requirements of the Stanmore and Isaac Plains.

(i) Investment in MetRes incorporated Joint Venture

Auger and open-cut mining continued throughout 2022. MetRes are continuing to mine the Millennium pit, which will assist with coal volumes to support the ramp up of underground operations.

Underground mining development drivage has commenced, with development coal expected from late 3Q 23.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

(a) Operations

Given the transformational changes during 2022, the focus will be to continue streamlining and embedding the acquired operational assets into the Stanmore Group.

Healthy ROM inventories at 31 December 2022 have provided a strong position for the early 2023 wet weather events.

We expect continued pressure on our input costs, driven by global inflationary environment and labour constraints. However there is optionality to explore competitive value improvement, as well as expansion opportunities to provide incremental volume increases and/or manage these continued input cost pressures.

The Mulgrave Resource Area 2C (MRA2C) has been approved, with capital expenditure to commence in 2023. The fully permitted project provides access to lower strip ratio and higher yielding/quality ROM volumes for our South Walker Creek operation.

The first annual cash flow sweep of US$252million was paid in February 2023, eliminating 41% of the outstanding principal balance of the acquisition financing facility as at 31 December 2022. As a result, overall balance sheet resilience has been established to provide a strong platform heading into 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)

(b) Exploration and development

On 16 February 2022, Stanmore announced a decrease to coal resources and reserves at the Isaac Plains Complex under the relevant Australasian Code for Reporting Exploration Results and Ore Reserves (JORC Code).

On 31 October 2022, Stanmore announced an increase to the coal resources and reserves at its SMC assets under the relevant Australasian Code for Reporting Exploration Results and Ore Reserves (JORC Code).

On 27 February 2023, Stanmore announced the annual update to coal resources and reserves across the Group under the relevant Australasian Code for Reporting Exploration Results and Ore Reserves (JORC Code).

The total Proved and Probable Coal Reserves across all tenements formally declared and published are now 382Mt, and the total Marketable Coal Reserves are 294Mt.

The Group will continue to monitor and assess the opportunities to develop or monetise its existing portfolio of assets in the Bowen and Surat Basins and explore acquisition opportunities where it makes financial and commercial sense to do so.

(c) Managing risks

Stanmore is a metallurgical coal company operating in a volatile pricing market. Factors specific to Stanmore, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of the Group. These events may be beyond the control of the Board or management of Stanmore.

The material risks associated with an investment in Stanmore are summarised below. Stanmore identifies and actively manages the material risks as part of its risk management governance framework and internal control systems.

(i) Safety risks

The Health and Safety of our employees remains of critical importance in the planning, organisation and execution of the Group's exploration and operational activities. The Group is committed to providing and maintaining a working environment in which all people associated with our business are not exposed to hazards that will jeopardise their physical and mental health and safety.

(ii) Operating risks

The Group has historically been a single-mine producer and, therefore, reliant on continued performance of operations at the Isaac Plains Complex. The completion of agreements to acquire 100% of the assets of SMC operations greatly reduces the reliance risk.

Operating risks that may result in the reduction in performance that decreases the Group’s ability to produce high quality metallurgical coal to meet customer's shipping needs include but are not limited to weather conditions, machinery failure, critical infrastructure failure or natural disasters and supplier concentration.

(iii) Market risks

The Group’s activities expose it to market risks including commodity price risk and foreign currency risk. The Group’s exposure to commodity price risk is predominantly changes in metallurgical coal prices, which are driven by various factors, including but not limited to, changes in seaborne supply, geopolitical economic activity, commodity substitution, international demand and contract sales negotiations. Currently, the Group does not hedge against coal price volatility.

As the US dollar is the Group’s predominant sales currency and functional currency, any transactions denominated in a currency other than the US dollar expose the Group to foreign currency risk. The Group enters into Derivative Financial Instruments to hedge a portion of this risk.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)

(c) Managing risks (continued)

(iii) Market risks (continued)

In order to diversify its customer base and to minimise reliance on key customers, the Group is continuing to work on identifying new customers and markets in 2023 where it makes financial sense to do so.

(iv) Geological risks

Resource and Reserve estimates are prepared by external experts in accordance with the JORC Code 2012 and JORC Code 2004 (as applicable) for reporting.

Coal reserves are estimated using results from exploration activities and various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Reserves are sensitive to cost and revenue assumptions. Some of the deposits are more sensitive to cost and revenue assumptions used than others due to the characteristics and geological structure of those deposits. Due care is taken with each estimation, but as more detailed exploration is undertaken the estimates are expected to change.

(v) Regulatory and land access risks

The Group's operations and projects are subject to State and Federal laws and regulations regarding mining, environmental protection, land access and native title. These laws and regulations regulate the conduct of mining operations, set requirements in relation to landholder compensation, environmental protection and certain aspects of health, and provide for penalties and other consequences for the breach of such laws.

There is also an obligation to rehabilitate areas impacted by mining activities, which includes the Group providing financial assurances in respect of the likely costs and expenses that may be incurred when taking action to rehabilitate areas impacted by mining activities.

The Group seeks to develop strong, long-term effective relationships with landholders and other stakeholders, with a focus on developing mutually acceptable compensation and access arrangements. The Group seeks to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. In addition, the Group engages experienced advisors to provide expert advice where necessary to ensure it manages its compliance obligations appropriately.

(vi) Climate change risks

The operations of the Group are focused on the production of metallurgical coal for use in the steel making industry. Considering the nature of the industry in which the Group operates, both physical and transitional climate change risks have the potential to impact assets, production and the markets where our product is sold. Transitional risks are climate change risks associated with the transition to the lower-carbon economy and include policy, legal, technology and market related risks. Physical risks have direct financial implications to the Group, and are event-driven (such as weather events like cyclones, fires and floods) or are chronic risks which are those that are caused by longer-term shifts in climate patterns (including sustained movement in temperature).

There is an increasing interest by stakeholders in the potential risks and opportunities to our business and the broader sector as a result of shifts towards a lower-carbon economy. This includes the risk of climate activism. Climate change is a complex risk that requires action at all levels of society. It can heighten existing physical and non-physical risks and introduce new ones that can affect business performance in the near and long terms.

The Group also has a role to play in mitigating emissions generated by its operations. Business and operational risks associated with changes caused by climate change and the measures that will be taken to mitigate those risks and overall emissions are considered during the Group's business planning cycle.

Further details in relation to climate change risk will be provided in the Stanmore 2022 Sustainability Report. Stanmore will report in reference to the Global Reporting Initiative (GRI) Standards, including the GRI Standard 12 - Coal Sector 2022. The GRI Standard provides a framework to report Stanmore’s most significant impacts on the economy, environment, and people.

Stanmore is working towards tracking and disclosing our climate-related risks and opportunities in line with the Taskforce on Climate Related Financial Disclosures (TCFD) framework.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)

(c) Managing risks (continued)

(vii) Indigenous engagement

Through a process of facilitation and recognition of the need for reconciliation, Stanmore is dedicated to developing a working and collaborative relationship with the traditional custodians of the land in which we operate. This includes the Barada Barna, Widi and Janga People. The Company has committed to developing a Reconciliation Action Plan (RAP), the draft of which has been submitted to Reconciliation Australia. The process will not only strengthen ties with the traditional owners but pave the way for true reconciliation within the broader meaning.

Stanmore has developed Native Title Consent Agreements (ILUA) and Cultural Heritage Management Plans across our operations, with the Barada Baran and Widi People.

(viii) Sovereign risks

Stanmore has limited influence over the direction and development of government policy. Successive changes to the Australian resources policy, including taxation policy, have impacted Australia's competitiveness and reduced the attractiveness of Australian coal projects to foreign investors. Stanmore's view is metallurgical coal is critical for future steel production.

During the period the Queensland Government announced a significant change to the coal royalty regime as part of its 2022-23 budget, making the royalties paid by coal producers in Queensland the highest in the world. Three new progressive royalty tiers have been introduced in addition to the current structure, so the regime is as follows:

- As per the existing regime for prices below A$175 per tonne;
- 20% for prices above A$175 per tonne;
- 30% for prices above A$225 per tonne; and
- 40% for prices above A$300 per tonne

The previous regime was:

- 7% for prices up to A$100 per tonne
- 12.5% for prices up to A$150 per tonne; and
- 15% for prices above A$150 per tonne

The changes to the safeguard mechanism currently being considered by the Australian federal parliament create a future risk to the Stanmore business. Two of our mines are considered safeguard facilities and will be impacted by declining emissions baselines as proposed. We are monitoring developments and are concurrently putting in place mitigation measures to reduce the financial impact.

(ix) Access to capital

There is a risk that the Group has insufficient liquidity or is unable to access funding on acceptable terms.

The Group manages this risk by retaining a prudent level of cash reserves and maintaining an adequate level of credit facilities. The acquisition of SMC was funded through a combination of financing (US$625 million senior debt facility) and equity (US$503 million) demonstrating the Group's ability to access funds when required.

At 31 December 2022 the Group remains well funded with cash reserves of US$432.4 million and access to finance facilities of US$223.9 million that are expected to be sufficient to meet the business' requirements.

There is a risk of non-compliance with our annual covenant ratios and compliance requirements. This risk is considered low based on current forecast assumptions and current headroom.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS (continued)

(c) Managing risks (continued)

(ix) Access to capital (continued)

The Group currently participates in the Queensland Rehabilitation Provisioning Scheme. The Scheme provided for the contribution of an annual fee rather than to put in place bank guarantee or bonding arrangements with the Queensland Government. Should the Group cease to qualify for participation in the Scheme, a bonding arrangement of approximately A$396.6m will be required to be put in place placing further stress on the capacity of the Group to access capital for other activities.

(x) Access to insurance cover

There is a risk that the policies of financial institutions with respect to the funding of coal projects may, in the future, extend to an unwillingness to provide insurance products to coal producers and associated companies on terms that are currently provided to such companies. This could result in a material increase in the cost of obtaining appropriate levels of insurance or an inability to secure adequate insurance cover.

(xi) Cyber risk

The Group's operations are supported by a robust back-up data and information technology security framework. However, security of information and operational systems may still be threatened by cyber-attack, computer viruses and similar unauthorised access and disruptions. The Group looks to manage this risk by investing in systems and processes to prevent and detect attacks and unauthorised access.

(xii) Logistics risk

The Group is dependent on third party rail and port providers to export our product. Disruptions in the coal logistics chain can have a material impact on our business as would the inability to secure and/or maintain logistical contractual arrangements. The Group looks to manage this risk by operating on two different port / rail corridors, contracting with multiple providers of above rail capacity and securing secondary capacity.

(xiii) Attract and retain people

The Group's ability to achieve its strategy is reliant on attracting, developing and retaining skilled and experienced employees and contractors. An inability to attract or retain such personnel could adversely affect the success of the Group's business. To manage this risk, the Group seeks to design employment arrangements and succession plans to secure and retain key personnel. In addition, the Group seeks to build a future supply of industry labour by focussing on our local communities and new to mining entrants.

REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for Key Management Personnel ('KMP') of the Group. KMP are defined as those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group, including the Director's of the parent entity, Stanmore Resources Limited.

The Group's KMP during 2022 and up to the date of this report were:

Board

Name	Position Held	
Mr Dwi Suseno	Non-Executive Director Chair of the Board of Directors Chair of the Disclosure Committee Chair of the Sustainability Committee	 Appointed 20 April 2022 Resigned 1 January 2023
Mr Marcelo Matos	Executive Director and Chief Executive Officer	
Mr Jimmy Lim	Non-Executive Director Chair of the Remuneration and Nominations Committee	
Mr Matthew Latimore	Non-Executive Director	Appointed 25 May 2022
Mr Mark Trevan	Independent Non-Executive Director Chair of the Health & Safety Committee	 Resigned 1 July 2022
Mr Richard Majlinder	Independent Non-Executive Director Chair of the Audit and Risk Management Committee	
Mr Brett Garland	Independent Non-Executive Director Chair of the Health & Safety Committee	Appointed 25 May 2022 Appointed 1 July 2022
Ms Caroline Chan	Independent Non-Executive Director Chair of the Sustainability Committee	Appointed 25 May 2022 Appointed 1 January 2023

Other Executive KMP

Name	Position Held	
Mr Shane Young	Chief Financial Officer	
Mr Leandro Pires	General Manager Technical	
Mr Damian Zagel	General Manager Growth and Sustainability	Appointed 19 May 2022
Mr Jon Romcke	General Manager Development	Resigned 29 April 2022

Remuneration Governance

The Group's business strategy of managing an operating metallurgical coal business can only be achieved by identifying and retaining high calibre employees with appropriate experience and capability. Developing an appropriate compensation strategy for the Group's employees is a key factor in ensuring employees are engaged and motivated to improve the Group's performance over the long term. The Board's intention is to maximise stakeholder benefit by the retention of high-quality Board and Executive teams without creating an undue cost burden.

The Board maintains overall responsibility for the remuneration of the Executive KMP and ensures structures are competitive and align with the long-term interest of the Group and shareholders. Oversight in relation to KMP remuneration is delegated to the Remuneration and Nominations Committee (RNC) who regularly review, report and make recommendations to the Board.

The Board formally reviews Board and senior executive performance on an annual basis.

Review of Remuneration Arrangements

From time to time, the RNC seeks and considers advice from external advisors who are engaged by and report directly to the committee. Such advice will typically cover Non-Executive Director fees and other executive remuneration.

REMUNERATION REPORT (Audited) (continued)

Review of Remuneration Arrangements (continued)

The RNC proposed revised Non-Executive Director remuneration rates which were accepted by the Board. Following the revision to the remuneration, total aggregate Director remuneration remained within the shareholder approved maximum aggregate cap of A$750,000 pa.

Following completion of the successful acquisition of the SMC assets, a review of other executive fixed remuneration, including Executive KMP, was carried out using data sourced from an external provider. Following receipt of the data, the RNC proposed revised executive remuneration rates which were accepted by the Board.

The RNC has processes in place to ensure that all engagements with independent external remuneration consultants, and recommendations (if any) are free from undue influence. At times, remuneration consultants may be required to interact with management to obtain relevant information required to form any remuneration recommendations. In these instances, the Chair of the RNC has oversight of these interactions. The Board confirms that remuneration recommendations were made free from undue influence.

Employment Contracts

It is the Board's policy that employment contracts are entered into with all Non-Executive Directors and Executive KMP. For the purpose of this Remuneration Report, Mr Marcelo Matos is considered as an Executive KMP.

Employment contracts detail conditions of employment and individual terms which include cash salary, superannuation, STI and LTI arrangements and non-cash benefits. The details of key employment terms are noted below.

Name	Term of Agreement and Notice Period	Base Remuneration*
Marcelo Matos	No fixed term - 6 month notice period	A$646k
Shane Young	No fixed term - 3 month notice period	A$440k
Leandro Pires	No fixed term - 3 month notice period	A$392k
Damian Zagel	No fixed term - 3 month notice period	A$400k

*As at and for the year ended 31 December 2022

Elements of remuneration

(i) Fixed annual remuneration (FR)

Executive KMP fixed remuneration

The Group aims to reward the Executive KMP with a base level of remuneration which is both appropriate to the position and competitive in the market. The CEO reviews performance of the senior management team and then makes recommendations for review and approval by the RNC and Board. The RNC reviews performance of the CEO and then makes recommendations for review and approval by the Board.

The process consists of a review of company and individual performance, relevant comparative remuneration both in the market and internally, and, where appropriate, external advice on policies and remuneration practices.

Non-Executive Director fixed remuneration

The Board seeks to aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Stanmore Resources Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a general meeting to be apportioned among them in such manner as the Directors agree, and, in default of agreement, equally. The maximum aggregate remuneration currently determined by Stanmore Resources Limited's shareholders is A$750,000 per annum (31 December 2021: A$750,000 p.a.).

Non-Executive Director fees are A$113,000 per annum (31 December 2021: A$50,000 p.a.). Committee fees are A$22,600 (31 December 2021: A$10,000) per annum for the Chair and A$11,300 (31 December 2021: A$5,000) per annum for members.

REMUNERATION REPORT (Audited) (continued)

Elements of remuneration (continued)

(i) Fixed annual remuneration (FR) (continued)

Non-Executive Director fixed remuneration (continued)

In addition, during the period the Board determined to pay to the Non-Executive Directors a once off fee in recognition of the significant additional work performed with respect to the acquisition of the BMC assets, which was paid on 10 June 2022.

Total Non-Executive Director remuneration for the year was A$664,189 (31 December 2021: A$541,033). During the year, in recognition of the special exertions dedicated to ensure the successful completion of the BMC acquisition, Non-Executive Directors were awarded a special exertions payment of A$68,862 per Director pursuant to clause 11.11 of the Stanmore Constitution. This payment is noted as a short term bonus in the Statutory Remuneration Table included in this report and is excluded from Total Non-Executive Remuneration calculations per ASX Listing Rules.

Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors' or general meetings of Stanmore Resources Limited or otherwise relating to the business of the Group.

The fixed remuneration of Non-Executive Directors for the year ending 31 December 2022 is detailed in the Statutory Remuneration Table included in this Report.

(ii) Short-term and long-term incentive plan structures

The Board considers that the use of Short-Term Incentives (STI) and Long-Term Incentives (LTI) are a reasonable means of remunerating Executive KMP, on the basis that they:

- drive realisation of shareholder value;
- provide flexibility to the Company to actively manage the way in which it remunerates and incentivises Executive KMP;
- preserve the Company's cash resources; and
- contribute to the attraction and retention of skilled talent in a competitive market.

Short-term incentives

For the year ended 31 December 2022, performance targets for STI were formalised and agreed by the Board. There are no individual targets in the STI Plan. All targets are based on performance of the Group with all employees working towards common goals.

The outcomes for the STI scheme for the year ended 31 December 2022 are shown below.

Incentive	Target (% of STI)	Outcome (% of STI)
Lead Safety Indicators	20%	40%
Clean Coal Production	20%	27%
FOB Cash Costs	20%	23%
People and Culture	20%	40%
Projects	20%	24%
Total	**100%**	**154%**

In FY22, all Executive KMP are entitled to a payment under the STI scheme. The FY22 STI is due to be paid in March 2023.

The STI for the year ended 31 December 2022 is ultimately subject to Board discretion, based on performance of the Group, and calculated in line with the STI targets for the financial year, and is shown below:

REMUNERATION REPORT (Audited) (continued)

Elements of remuneration (continued)

(ii) Short-term and long-term incentive plan structures (continued)

Short-term incentives (continued)

	FY22				FY21			
	Target		Actual		Target		Actual	
	Base of Salary	Amount	Awarded	Base of Salary	Base of Salary	Amount	Awarded	Base of Salary
	%	US$	US$	%	%	US$	US$	%
Marcelo Matos	60%	269,527	412,376	92%	50%	203,440	248,104	61%
Shane Young	50%	153,161	234,337	77%	40%	113,954	138,973	49%
Leandro Pires	40%	108,961	166,710	61%	40%	101,335	123,584	49%
Damian Zagel	40%	111,265	170,235	61%	-	-	-	-
Jon Romcke	-	-	-	-	40%	105,942	129,216	49%

Discretionary Bonus

Following successful completion of the acquisition of SMC and in recognition of the efforts made, the board of Stanmore determined an acquisition incentive arrangement for Executive KMP, with payment to be made in five tranches. The first tranche consisting of 50% of the bonus amount was paid in June 2022. The remaining 50% will be paid over four years in four equal instalments equivalent to 12.5% of the total bonus on the anniversary date of the of the first payment from 2023 - 2026. Payment of each tranche is subject to the individual remaining in employment within the Stanmore Group at the time of payment. These amounts are noted as a long term bonus in the Statutory Remuneration Table included in this report.

	2022 Paid US$	2023 Awarded US$	2024 Awarded US$	2025 Awarded US$	2026 Awarded US$	Total Awarded US$
Marcelo Matos	825,000	206,250	206,250	206,250	206,250	1,650,000
Shane Young	300,000	75,000	75,000	75,000	75,000	600,000
Leandro Pires	250,000	62,500	62,500	62,500	62,500	500,000

(iii) Long-term incentives

2021 LTI

In recognition of the imminent and significant change to Stanmore through the transformational deal to acquire the BMC assets, the Board resolved to vest all LTIP participants their full long-term incentive at par (100%) value as at March 31, 2022, and pay the LTI in cash in three equal annual instalments.

The first of these instalments was paid on the same date as the payment of the 2021 STI plan on 24 February 2022.

The second and third payments will be made at the same time as payments for the 2022 and 2023 STI plans respectively, or if no STI payment is made in those years, by no later than March 31 in the relevant year, conditional upon the Executive KMP remaining employed by Stanmore at that time.

The LTI payment was calculated on a prorate basis from the date of entry into the LTI plan at Stanmore, or June 30, 2020 (whichever is later) until March 31, 2022.

	2022 Paid US$	2023 Awarded US$	2024 Awarded US$
Marcelo Matos	102,620	102,620	102,620
Shane Young	23,013	23,013	23,013
Leandro Pires	46,155	46,155	46,155
Jon Romcke	59,027	-	-

REMUNERATION REPORT (Audited) (continued)

Elements of remuneration (continued)

(iii) Long-term incentives (continued)

2022 LTI

The current LTI plan (**Plan**) operates as follows:

- The Plan may be offered annually to eligible employees as determined by the Board (**Participants**).
- The Board may award a LTI right to a Participant in accordance with the Plan rules (**Award**).
- Each Award will entitle the Participant to a right to receive a cash amount at the relevant payment date, currently at the end of year 3 of each annual Plan subject to the successful achievement of pre-determined conditions (**Vesting Conditions**) and / or other conditions as determined by the Board (**LTI Payment**).
- If any applicable Vesting Conditions and / or other conditions are not met, Awards, and subsequent LTI Payment, will lapse, in full or in part, unless otherwise determined hereunder or by the Board.
- The Awards are not equal to shares in the Company and do not carry any voting rights or rights to receive dividends or capital distributions.
- Participants are not required to pay a fee to be granted the Awards.
- Payment remains subject to Board discretion.
- Participant remains employed by Stanmore at the time of payment.

The Plan Award is subject to two Vesting Conditions that are separately tested. Each Vesting Condition contributes 50% towards the assessment of the LTI Payment, The Vesting Conditions are:

- Weighted Average TSR (Total Shareholder Returns) against ASX listed coal producer basket (50% of LTI to be assessed against this condition). The share price of the Company for year zero and year three values for each LTI period will be determined on a volume weighted average price basis over a period of 10 days on which the ASX is open for trade (**Business Day**) being four Business Days prior to 1 April, 1 April and five Business Days after 1 April. TSR will take into account all dividends paid to shareholders over the previous 12 months and any declared but unpaid dividends as at 1 April in the relevant year. A recommended TSR will be calculated, taking into account, without limitation, publicly available information; and
- 12% Weighted Average Cost of Capital (50% of LTI to be assessed against this condition).

Measurement Targets are as follows:

	Threshold	**Target**	**Stretch**
TSR (weighted average)	80%	80% = 100%	120%
WACC	80%	12% = 100%	120%

Payment multipliers are as follows:

	Threshold	**Target**	**Cap**
Relative TSR	50%	100%	200%
WACC	50%	100%	200%

If a result falls in between the ranges, the LTI Payment will be awarded a % multiplier on a linear basis. To be eligible for payment the relevant employee is required to be employed at the time of payment.

REMUNERATION REPORT (Audited) (continued)

Link between remuneration and performance

Statutory performance indicators

Group	2022	2021	December 2020[1,2]	June 2020[2]	2019[2]
Profit / (Loss) attributable to the Group ($ million as reported)	727.3	6.8	(11.8)	23.4	65.5
Revenue ($ million as reported)	2,699.1	284.3	99.5	244.8	288.4
Basic earnings per share ($/share, as reported)	83.94	2.6	(0.04)	0.09	0.25
Diluted earnings per share ($/share, as reported)	83.94	2.6	(0.04)	0.09	0.25
Share price at period end (A$/share)	2.95	1.035	0.81	0.78	1.425
Shareholder dividends paid (A$/share)	-	-	-	0.11	0.05

[1] 6-month period to 31 December 2020

[2] Australian dollar results previously reported translated to US$ at the average exchange rate for the period

KMP Statutory tables

The following table sets out the statutory remuneration disclosures required under the Corporations Act 2001 (Cth) and have been prepared in accordance with appropriate accounting standards. They detail the components of remuneration for KMP, for both the year ended 31 December 2022 and the corresponding period to 31 December 2021.

2022	Short-term employee benefits			Post-employment benefits			
	Cash salary and fees $	Cash bonus $	Other non-monetary benefits $	Super-annuation $	LTIP $	Termination benefits $	Total $
Directors							
Mr Dwi Suseno	-	-	-	-	-	-	-
Mr Jimmy Lim	101,854	48,439	-	-	-	-	150,293
Mr Marcelo Matos	494,686	1,210,410	20,136	29,864	482,415	-	2,237,511
Mr Mark Trevan	112,245	48,439	-	8,521	-	-	169,205
Mr Richard Majlinder	119,551	48,439	-	8,651	-	-	176,641
Mr Brett Garland	49,641	-	-	5,212	-	-	54,853
Ms Caroline Chan	49,641	-	-	5,212	-	-	54,853
Mr Matthew Latimore	-	-	-	-	-	-	-
Sub-total Directors	**927,618**	**1,355,727**	**20,136**	**57,460**	**482,415**	**-**	**2,843,356**
Senior Management							
Mr Shane Young	325,625	524,283	21,651	25,102	231,048	-	1,127,709
Mr Leandro Pires	297,303	480,054	21,651	24,527	163,942	-	987,477
Mr Damian Zagel	153,606	191,068	11,727	16,747	100,662	-	473,810
Mr Jon Romcke	102,540	-	7,217	6,621	(87,884)	17,098	45,592
Sub-total Senior Management	**879,074**	**1,195,405**	**62,246**	**72,997**	**407,768**	**17,098**	**2,634,588**
Total Director and Senior Management remuneration	**1,806,692**	**2,551,132**	**82,382**	**130,457**	**890,183**	**17,098**	**5,477,944**

1. Mr Suseno is a nominee from Golden Investments. Any remuneration in relation to his role as Director of multiple GEAR entities is paid for by GEAR with no apportionment to the Group
2. Mr Garland, Mr Latimore and Ms Chan were appointed 25 May 2022
3. Mr J Romcke resigned, effective 29 April 2022
4. Mr D Zagel commenced, effective 19 May 2022
5. Mr Latimore has waived his Director fees
6. The Australian dollar compensation paid during the year ended 31 December 2022 have been converted to US$ at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates

REMUNERATION REPORT (Audited) (continued)

KMP Statutory tables (continued)

2021	Short-term employee benefits			Post-employment benefits		
	Cash salary and fees $	Cash bonus $	Other non-monetary benefits $	Super-annuation $	Cash settled (Rights) $	Total $
Directors						
Mr Dwi Suseno	-	-	-	-	-	-
Mr Jimmy Lim	159,547	-	-	-	-	159,547
Mr Marcelo Matos	405,406	245,453	7,827	17,333	288,201	964,220
Mr Mark Trevan	99,476	-	-	9,948	-	109,424
Ms Mary Carroll	17,110	-	-	1,632	-	18,742
Mr Richard Majlinder	107,178	-	-	10,718	-	117,896
Sub-total Directors	**788,717**	**245,453**	**7,827**	**39,631**	**288,201**	**1,369,829**
Senior Management						
Mr Shane Young	110,666	138,972	-	7,814	47,480	304,932
Mr Leandro Pires	253,336	208,372	1,029	18,584	126,668	607,989
Mr Frederick Kotzee	159,622	-	29,236	11,916	-	200,774
Mr Jon Romcke	264,851	127,259	10,293	17,020	158,911	578,334
Sub-total Senior Management	**788,475**	**474,603**	**40,558**	**55,334**	**333,059**	**1,692,029**
Total Directors and Senior Management	**1,577,192**	**720,056**	**48,385**	**94,965**	**621,260**	**3,061,858**

1. Mr Suseno is a nominee from Golden Investments. Any remuneration in relation to his role as Director of multiple GEAR entities is paid for by GEAR with no apportionment to the Group
2. Ms Carroll resigned, effective 2nd July 2021
3. Mr Kotzee resigned, effective 12 August 2021
4. Mr Young commenced, effective 12 August 2021
5. The Australian dollar compensation paid during the year ended 31 December 2021 have been converted to US$ at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates

Additional statutory information

(i) Movement in options and rights held by KMP

Following the resignation of Mr J Romcke on 29 April 2022, a total of 144,498 rights in relation to a previously disclosed LTIP lapsed.

Details of Rights held directly, indirectly, or beneficially by KMP and their related parties are as follows:

	Opening Balance	Rights Issued	Rights Vested	Rights forfeited	Closing Balance
Jon Romcke	144,698	-	-	144,698	-

(ii) Movement in ordinary shares held by KMP

There are no shares held in the Company by executive KMP or Non Executive Directors. See below table of shares held by related parties during the course of the year.

	Opening Balances	Shares Issued	Shared purchased	Shares sold	Closing Balances
GEAR	203,697,945	373,317,737	-	-	577,015,682
M Latimore/M Resources	38,866,531	22,727,273	-	18,000,000	43,593,804

REMUNERATION REPORT (Audited) (continued)

Additional statutory information (continued)

(iii) Related party transactions and additional disclosures

Mr M Latimore is the sole Director and owner of M Resources Trading Pty Ltd which is exclusively contracted to provide marketing and logistics services to the Group. Mr Latimore is also Director and holder of 50% of shares in MetRes Pty Ltd.

Mr D Suseno is an Executive Director and Group Chief Executive Officer of GEAR who are the majority shareholder holding 64.01% of shares in Stanmore.

(iv) Loans with executive KMP and Non-Executive Directors

The Group has provided a secured total finance facility to MetRes Pty Ltd of up to A$30m which was negotiated on market terms. As at 31 December 2022, the balance of the facility is $0 (31 December 2021: US$18.3m). Financing related income charged to MetRes totalled $1.437m (31 December 2021: US$1.180m).

The key terms of the facility are:

- Secured finance facility up to A$30 million comprising a working capital facility of up to A$15 million to cover initial working capital requirements and an additional A$15 million debt facility as required
- Loan is fully secured against the underlying property, plant and equipment, and mine properties of the Joint Venture
- Interest rate on drawn funds of 9% per annum
- Interest rate on undrawn funds of 3% per annum

The Group currently has a secured loan facility for US$70m with its parent entity, GEAR, which was negotiated on market terms. As at 31 December 2022, the balance of the facility is $0 (31 December 2021: US$67.6m). Financing related costs paid to GEAR totalled $5.191m (31 December 2021: $1.991m)

The key terms of the facility are:

- US$70 million facility until 30 June 2023
- Upfront commitment fee of 2%
- Interest rate on drawn funds of 8% per annum
- Interest rate on undrawn funds of 2% per annum

There were no other loans outstanding to or owed by executive KMP or any Non-Executive Director or their related party entities at any time in the current or prior reporting periods.

(v) Other KMP Transactions

Transactions with Mr M Latimore's related entities include:

- Fees for services provided on market terms for marketing and logistics services totalling US$42.020m for the year ended 31 December 2022 (31 December 2021: USS4.098m)
- Fees for services provided on market terms for support of the SMC acquisition totalling US$1.524m (31 December 2021: US$0m)
- Stanmore purchased coal from M Resources Trading Pty Ltd on market terms before on-selling the coal on a back-to-back basis to a third party customer totalling US$13.424m (31 December 2021: US$0)
- Stanmore sold coal on market terms to MetRes Pty Ltd on a back-to-back to a third-party customer totalling US$115.825m (31 December 2021: US$0) and purchased coal on market terms before on-selling the coal on a back to back basis to a third party customer totalling US$10.024m (31 December 2021: US$0)
- Stanmore sold coal on market terms to ML Resources Pte Ltd on a back-to-back to a third-party customer totalling US$18.575m (31 December 2021: US$0m)
- US$5.959m was owing to M Resources Trading Pty Ltd in relation to these services as at 31 December 2022 (31 December 2021: US$0.800m)
- US$3.954m was owing to MetRes Pty Ltd in relation to coal purchases as at 31 December 2022 (31 December 2021: US$0m)

REMUNERATION REPORT (Audited) (continued)

Additional statutory information (continued)

(v) Other KMP Transactions (continued)

Transactions with GEAR include:

- Fees for services provided on market terms for support of the SMC acquisition totalling US$33.275m (31 December 2021: US$0m)
- US$30.299m was owing to GEAR in relation to transaction costs as at 31 December 2022 (31 December 2021: US$0m)

Apart from the details disclosed above, no other executive KMP or Non-Executive Director or their related parties has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving those peoples interest existing at year end.

End of Remuneration Report

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stanmore Resources Limited support and have adhered to the principles of corporate governance. Stanmore Resources Limited's Corporate Governance Statement can be found on the Company's website and ASX platform (www.stanmore.net.au/corporate-governance).

This report is made in accordance with a resolution of Directors.

Mr Marcelo Matos
Director

Brisbane
27 February 2023

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Auditor's Independence Declaration to the Directors of Stanmore Resources Limited

As lead auditor for the audit of the financial report of Stanmore Resources Limited for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stanmore Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Tom du Preez
Partner
27 February 2023

Stanmore Resources Limited

ABN 27 131 920 968

Annual financial report - 31 December 2022

Contents

Consolidated statement of profit or loss

	Notes	Group 31 December 2022 $M	31 December 2021 $M *Restated
Revenue from contracts with customers	3	**2,695.8**	283.3
Other income		**3.3**	1.0
Total income		**2,699.1**	284.3
Net inventory movements		**(248.5)**	(39.4)
Employee benefits expense		**(83.2)**	(5.3)
Royalties expense		**(464.1)**	(30.7)
Operating expenses		**(399.9)**	(147.0)
Materials and supplies		**(224.4)**	(5.5)
Foreign exchange gains/(losses)		**39.5**	(5.4)
Other expenses	4(b)	**(109.7)**	(14.9)
Transaction and transition costs	2	**(108.3)**	-
Depreciation and amortisation expense		**(225.7)**	(20.0)
Operating profit		**874.8**	16.1
Finance income	4(c)	**6.9**	1.3
Finance costs	4(c)	**(91.7)**	(5.2)
Share of profit/(loss) from joint ventures	23(b)	**19.8**	(1.8)
Profit before income tax		**809.8**	10.4
Income tax (expense)/benefit	5	**(82.4)**	(3.6)
Profit for the period		**727.4**	6.8
Profit is attributable to:			
Owners of Stanmore Resources Limited		**666.8**	6.8
Non-controlling interests		**60.6**	-
		727.4	6.8
		Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share (cents per share)	20	**83.9**	2.6
Diluted earnings/(loss) per share (cents per share)	20	**83.9**	2.6

*Prior year comparatives have been restated into US dollars following a change in presentation currency. Refer to note 1(a) for further details.

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

	Group 31 December 2022 $M	31 December 2021 $M* Restated
Profit/(loss) for the period	**727.4**	6.8
Items that will not be reclassified to profit or loss		
Foreign currency translation	**(14.1)**	(5.6)
Other comprehensive income for the year/period	**(14.1)**	(5.6)
Total comprehensive income/(loss) for the year/period	**713.3**	1.2
Total comprehensive income/(loss) for the period is attributable to:		
Owners of Stanmore Resources Limited	**652.7**	1.2
Non-controlling interests	**60.6**	-
	713.3	1.2

*Prior year comparatives have been restated into US dollars following a change in presentation currency. Refer to note 1(a) for further details.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

	Notes	Group 31 December 2022 $M	31 December 2021 Restated * $M	1 January 2021 Restated * $M
ASSETS				
Current assets				
Cash and cash equivalents	6	**432.4**	45.6	3.9
Trade and other receivables	8	**333.2**	41.5	16.3
Inventories	9	**107.5**	8.5	18.6
Current tax receivables		**-**	-	4.2
Derivative financial instruments	16	**6.5**	-	-
Other current assets	12	**20.0**	14.1	4.3
Total current assets		**899.6**	109.7	47.3
Investments accounted for using the equity method	23(b)	**19.3**	-	-
Trade and other receivables		**-**	7.4	-
Financial assets at FV through OCI		**25.0**	-	-
Property, plant and equipment	10	**1,103.3**	46.9	49.7
Other assets	12	**22.1**	47.1	17.3
Exploration, development and mine properties	11	**1,246.5**	111.6	111.6
Total non-current assets		**2,416.2**	213.0	178.6
Total assets		**3,315.8**	322.7	225.9
LIABILITIES				
Current liabilities				
Trade and other payables	13	**424.5**	61.9	31.2
Borrowings	14	**290.7**	70.4	15.0
Lease liabilities	15	**61.9**	0.1	0.1
Derivative financial instruments	16	**-**	4.4	-
Current tax liabilities		**127.7**	4.6	-
Employee benefit obligations	18	**30.3**	0.5	0.6
Provisions	17	**4.3**	4.2	7.3
Total current liabilities		**939.4**	146.1	54.2
Non-current liabilities				
Borrowings	14	**313.4**	4.9	6.9
Lease liabilities	15	**198.2**	0.3	0.5
Deferred tax liabilities	5	**183.1**	22.1	21.3
Provisions	17	**348.1**	31.3	26.2
Total non-current liabilities		**1,042.8**	58.6	54.9
Total liabilities		**1,982.2**	204.7	109.1
Net assets		**1,333.6**	118.0	116.8
EQUITY				
Share capital and share premium	21	**616.4**	113.3	113.3
Other reserves	21(b)	**(23.7)**	(9.6)	(4.0)
Retained earnings	21(c)	**740.9**	14.3	7.5
Equity attributable to owners of Stanmore Resources Limited		**1,333.6**	118.0	116.8
Total equity		**1,333.6**	118.0	116.8

*Prior year comparatives have been restated into US dollars following a change in presentation currency. Refer to note 1(a) for further details.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

Group	Issued capital $M	Retained earnings $M	Other reserves $M	Total $M
Balance at 1 January 2021 Restated*	**113.3**	**7.5**	**(4.0)**	**116.8**
Profit for the period Restated*	**-**	**6.8**	**-**	**6.8**
Other comprehensive income Restated*	**-**	**-**	**(5.6)**	**(5.6)**
Total comprehensive loss for the period	**-**	**6.8**	**(5.6)**	**1.2**
Transactions with owners in their capacity as owners:				
	-	**-**	**-**	**-**
Balance at 31 December 2021 Restated*	**113.3**	**14.3**	**(9.6)**	**118.0**

Group	Notes	Share capital $M	Retained earnings $M	Other reserves $M	Total $M	Non-controlling interests $M
Balance at 1 January 2021 Restated*		**113.3**	**14.3**	**(9.6)**	**118.0**	**-**
Profit for the year		**-**	**666.8**	**-**	**666.8**	**60.6**
Other comprehensive income		**-**	**-**	**(14.1)**	**(14.1)**	**-**
Total comprehensive income for the year		**-**	**666.8**	**(14.1)**	**652.7**	**60.6**
Transactions with owners in their capacity as owners:						
Issue of Share Capital, net of transactions costs	21(a)	**503.1**	**-**	**-**	**503.1**	**-**
Share-based payment	21(a)	**-**	**-**	**-**	**-**	**-**
Non-controlling interests on acquisition of subsidiary	2	**-**	**-**	**-**	**-**	**381.6**
Acquisition of non-controlling interests		**-**	**59.8**	**-**	**59.8**	**(332.2)**
Dividends provided for or paid	19(a)	**-**	**-**	**-**	**-**	**(110.0)**
		503.1	**59.8**	**-**	**562.9**	**(60.6)**
Balance at 31 December 2022		**616.4**	**740.9**	**(23.7)**	**1,333.6**	**-**

*Prior year comparatives have been restated into US dollars following a change in presentation currency. Refer to note 1(a) for further details.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

	Notes	Group 31 December 2022 $M	31 December 2021 $M Restated*
Operating activities			
Receipts from customers		**2,746.4**	277.9
Payments to suppliers and employees		**(1,303.1)**	(172.5)
Interest received		**6.9**	1.4
Interest and other finance costs paid		**(93.4)**	(17.9)
Income tax received/(paid)		**(176.3)**	6.8
Dividends received		**1.2**	-
Net cash inflow from operating activities	7	**1,181.7**	95.7
Investing activities			
Payment for acquisition of subsidiary, net of cash acquired	2	**(1,223.3)**	-
Payments for property, plant and equipment		**(83.5)**	(11.5)
Payments for capitalised development, exploration and evaluation assets		**-**	(33.4)
Payments for mine property assets		**(34.4)**	(1.3)
Payments of vendor royalties	17	**(2.7)**	(3.1)
Payment of deferred consideration		**(100.0)**	-
Repayment of/issuance of loans to related parties		**17.1**	(21.8)
Payment for acquisition of Joint Venture	24	**-**	(1.8)
Net cash (outflow) from investing activities		**(1,426.8)**	(72.9)
Financing activities			
Proceeds from issues of shares and other equity securities	21(a)	**503.1**	-
Proceeds from borrowings		**795.0**	59.9
Repayment of borrowings		**(249.2)**	(7.0)
Payment of principal lease liability		**(52.9)**	(0.1)
Payment for acquisition of Non-Controlling interests		**(270.2)**	-
Dividends paid to non-controlling interests in subsidiaries		**(110.0)**	-
Payments for financial securities		**-**	(1.1)
Payments for refundable security bonds		**24.6**	(31.1)
Net cash inflow from financing activities	6(b)	**640.4**	20.6
Net increase in cash and cash equivalents		**395.3**	43.4
Cash and cash equivalents at the beginning of the financial year		**45.6**	3.9
Effects of exchange rate changes on cash and cash equivalents		**(8.5)**	(1.7)
Cash and cash equivalents at end of year		**432.4**	45.6

*Prior year comparatives have been restated into US dollars following a change in presentation currency. Refer to note 1(a) for further details.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

Notes to the financial statements

1 Basis of preparation of full year report

The financial statements of Stanmore Resources Limited for the reporting period ended 31 December 2022 covers the Group consisting of Stanmore Resources Limited and its subsidiaries as required by the *Corporations Act 2001*.

The financial statements are presented in US dollars.

Stanmore Resources Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of the Group are the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

The consolidated general-purpose financial report of the Group for the period ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 27 February 2023. The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, the Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- is presented in United States dollars with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial / Directors' Report) Instrument 2016/191;
- adopts all new and amended Accounting Standards and interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 January 2022. Refer to Note 1(i) or further details; and
- does not early adopt any Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective.

The financial statements have been prepared on a historical cost basis, except for Contingent Consideration, Financial assets held at fair value and Derivative Financial Instruments which have been measured at fair value. The Group is a for-profit entity for the purposes of Australian Accounting Standards.

(a) Change in functional and presentation currency

The Company and its subsidiaries changed their functional currencies from Australian dollars to US dollars in the current financial year. The functional currency is deemed the currency of the primary economic environment in which the Group operates.

As a result of the acquisition of the 80% share in Stanmore SMC Pty Ltd on 3 May 2022, a reassessment of the functional currency was undertaken.

The Group's revenues continue to be predominantly denominated in US dollars, however the quantum has increased as a result of the acquisition. Local labour and material costs are generally denominated in Australian dollars, however associated sales and marketing costs are often denominated in US dollars.

Significant US dollar financing arrangements were entered into during the period, further increasing the Group's exposure to US dollar denominated transactions.

As such, the change in the functional currency of all entities in the Group to US dollars is considered most appropriate.

The Group changed its presentation currency from Australian dollars to US dollars in the current financial period. The change in presentation currency is accounted for retrospectively. Comparative financial information previously reported in Australian dollars, has been restated into US dollars using the procedures outlined below:

- The consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows have been translated to US dollars using average exchange rates for the relevant period;
- Assets and Liabilities in the consolidated statement of financial position have been translated to US dollars using the exchange rate as at the relevant balance dates;

(a) Change in functional and presentation currency (continued)

- The Equity section of the consolidated statement of financial position has been converted to US dollars using historical exchange rates;
- Earnings per share and dividend disclosures have also been restated to US dollars based on restated US dollar results for the period;
- Translation differences are recognised in the Foreign Currency Translation Reserve, through Other Comprehensive Income.

(b) Key judgements and estimates

In the process of applying the Groups accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 2: Fair value of assets/liabilities/consideration payable upon acquisition	Page 39
Note 3: Revenue recognised on provisional pricing arrangement	Page 42
Note 5: Reset of tax bases	Page 45
Note 11: Capitalised development costs	Page 53
Note 11: Identification of impairment indicators	Page 54
Note 17: Rehabilitation provision	Page 60

(c) Going concern

At 31 December 2022, the current liabilities exceed the current assets by US$39.8m, primarily as a result of the cash flow sweep mechanism set out in the acquisition finance debt facility disclosed in note 14 being triggered. The triggering of this mechanism results in an accelerated repayment of the loan principal of US$252.3m in addition to the agreed principal repayments initially set out in the facility agreement.

The Directors have considered projected cash flow information for the 12 months from the date of approval of these financial statements under multiple scenarios (which includes the ability to slow or defer spending), including conservative pricing forecasts and the Group's access to undrawn working capital facilities as disclosed in note 14. Based on this analysis, the Group is expected to continue to satisfy its obligations as and when they fall due.

Accordingly, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

(d) COVID-19

The Group continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace.

COVID-19 impacts have not been significant to the Group in the period. The Company does not expect any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or conditions which may adversely impact the Group as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2022.

Subsidiaries are all those entities over which the Company has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

(e) Basis of consolidation (continued)

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

(f) Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

(g) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(h) Notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business, for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the Group's operations that is important to its future performance.

(i) New and amended standards and interpretations adopted by the Group

The Group has applied all the standards and amendments for the first time for their annual reporting period commencing 1 January 2022. These amendments had no material impact on the financial statements of the Group.

2 Business combination

Accounting policies

Business combinations are accounted for using the acquisition method.

The cost of acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

For each business combination, Non-Controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs expenses as incurred to profit or loss.

Acquisition of Dampier Coal (Queensland) Pty Ltd

Summary of acquisition

On 3 May 2022, the Group acquired 100% of the ordinary shares in Dampier Coal (Queensland) Pty Ltd for total consideration of up to US$1,526.3 million. This enabled the entity to acquire BHP's 80% interest in BHP Mitsui Coal Pty Ltd (now Stanmore SMC Pty Ltd). This entity produces and sells metallurgical and thermal coal operating in the same geographic area as the current operating business.

A further US$100.0 million was paid on 3 November 2022 in relation to deferred consideration agreed as part of the acquisition.

The values identified in relation to the acquisition are provisional as at 31 December 2022.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$M
Purchase consideration	
Cash paid	**1,286.3**
Deferred consideration	**100.0**
Contingent consideration	**140.0**
Total purchase consideration	**1,526.3**

Acquisition of Dampier Coal (Queensland) Pty Ltd (continued)

Summary of acquisition (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value $M
Cash	63.0
Trade and other receivables	362.8
Inventories	314.7
Property, plant and equipment	1,067.3
Capitalised development and exploration	1,175.3
Financial assets at fair value through other comprehensive income	25.0
Trade and other payables	(255.8)
Current tax liability	(16.1)
Deferred tax liability	(364.5)
Provision for employee benefits	(16.2)
Lease liabilities	(256.8)
Rehabilitation provisions	(190.8)
Net identifiable assets acquired	1,907.9
Less: non-controlling interests	(381.6)
Net assets acquired	1,526.3

	31 December 2022 $M
Outflow of cash to acquire subsidiary, net of cash acquired	
Total consideration	(1,526.3)
Deferred consideration	100.0
Contingent consideration	140.0
Less: Balances acquired	
Cash	63.0
Net outflow of cash - investing activities	(1,223.3)

The US$100m of deferred consideration was subsequently paid on 3 November 2022, in accordance with the sales and purchase agreement, and has been presented separately in the consolidated statement of cash flows.

Acquisition-related costs

Transaction costs associated with the acquisition have been expensed as transaction and transition costs in the period totalling US$70.4m.

(i) Significant estimate: contingent consideration

As part of the acquisition AASB 3 required the recognition of the additional consideration yet to the paid to the vendor. With a potential follow-up payment of up to US$150m after two years, the value of which is dependent on the prevailing coal price exceeding certain targets.

As at 31 December 2022, it is management's expectation that those conditions will be met, and as such have recognised the expected discounted cash flows of the contingent consideration in full.

(ii) Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Stanmore SMC Pty Ltd, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Acquisition of Dampier Coal (Queensland) Pty Ltd (continued)

Summary of acquisition (continued)

(ii) Accounting policy choice for non-controlling interests (continued)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Revenue and profit contribution

Since the acquisition the SMC Group has contributed US$2,103.9m in revenue and US$447.3m in profit after tax.

Had the business combination occurred at the beginning of the financial reporting period, it is estimated that Group revenues and profit after tax would have been US$4,004.3m and US$1,310.4m respectively.

Acquisition of non controlling interests in Stanmore SMC Pty Ltd

Summary of acquisition

On 7 October 2022, Dampier Coal (Queensland) Pty Ltd, a 100% owned subsidiary of the Consolidated Entity completed the acquisition of the remaining 20% interest in Stanmore SMC Pty Ltd from Mitsui Coal. The acquired entity was already a consolidated subsidiary of the Group and as such the acquisition did not result in any further fair value adjusted in relation to the operational assets of Stanmore SMC Pty Ltd.

The final price paid for the acquisition was US$270m, paid in full at the time of acquisition.

As the acquisition was acquiring the remaining 20% minority interests in Stanmore SMC Pty Ltd, the purchase does not result in any changes to the fair value of Stanmore SMC's assets.

Any difference between the purchase price and the cumulative Non-Controlling Interests prior to the acquisition has been recognised within Retained Earnings in the Statement of Changes in Equity, as it is considered a transaction with owners in their capacity as owners.

3 Revenue

	Group	
	31 December 2022 $M	31 December 2021 $M
Revenue from contracts with customers	**2,695.8**	283.3
Total revenue	**2,695.8**	283.3

(a) Disaggregation of revenue from contracts with customers

The Group recognises revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Group	
Revenue from external customers	**31 December 2022 $M**	31 December 2021 $M
Metallurgical coal/Asia	**2,128.2**	219.5
Metallurgical coal/Europe	**331.6**	43.1
Metallurgical coal/South America	**103.3**	-
Thermal coal/Asia	**116.7**	20.7
Thermal coal/Europe	**16.0**	-
Total segment revenue	**2,695.8**	283.3

(b) Recognition and measurement

Revenue is recognised when the control of the goods is passed to the customer. The amount of revenue recognised is the consideration the Group is entitled to receive in exchange for transferred goods to the customer.

(i) Contracts with customers - coal sales

General recognition

Revenue from the sale of coal is recognised in the profit or loss when performance obligations have been met, which is deemed to be when control of the coal has been transferred from the Group to the customer. Typically, the transfer of control and the recognition of a sale occurs when the coal passes the ship rail when loading at the port, unless the sale is made on stockpile at which point the transfer of control will occur when the sales agreement is exercised. All coal is shipped either through the Dalrymple Bay Coal Terminal or the North Queensland Export Terminal, with the significant majority of the coal sold during the year ended 31 December 2022 contracted 'free on board' basis.

As is customary with 'free on board' contracts, parameters such as coal quality and mass are tested using independent experts and weightometers as the vessel is being loaded. The bill of lading is only issued upon verification and confirmation from several parties involved with the logistic and handling process. Once confirmed, the measured parameters form the basis for calculation of final price on the commercial invoice. All customer contracts specify a known price and tolerance range for quality parameters prior to the Group committing to the supply of coal to the customer.

Coking Coal Quarterly Index Linked Price Contracts recognition

Coal Sales contracts with Stanmore Resources customers generally contain monthly or quarterly pricing provisions linked to the relevant coking coal index or benchmarks. Index relativities take into account quality specifications and other contractual considerations.

When the final pricing has not been determined at the time of invoicing, sales invoices are issued based on provisional prices. These provisional prices are then adjusted when the final index levels are known or benchmark prices have been settled.

Due to the potential volatility in coal price indices, Management reviews the revenue recognised for any provisionally priced shipments at the end of each period. Coal sales revenue recognised for these shipments is then adjusted based on current index levels, price forecasts and managements judgements on the risks associated with the customer.

Thermal coal contracts sales

Thermal coal sales are not customarily index linked and are settled based on contract prices as agreed and adjusted by the contract terms. Generally, price and adjustments are finalised and final invoiced within a short period of time after the coal is 'free on board'.

Key judgements

Where prices are not finalised at the end of a period due to the timing of contractual adjustments, management will make assessments on the adjustments and provide for the expected impact of the contract adjustments. Price adjustments are minimal in comparison to the total invoice and are generally not material in nature.

4 Other income and expense items

(a) Other income

	Group 31 December 2022 $M	31 December 2021 $M
Dividends	**1.2**	-
Services	**2.1**	1.0
	3.3	1.0

(b) Breakdown of other expenses

	Group 31 December 2022 $M	31 December 2021 $M
Operational accomodation and travel	**27.1**	6.1
Sales and marketing	**41.0**	4.5
Administration and other operational expenses	**41.6**	4.3
Total other expenses	**109.7**	14.9

	Group 31 December 2022 $M	31 December 2021 $M
Transaction costs	**70.4**	-
Transition costs	**37.9**	-
Total transaction and transition costs	**108.3**	-

Transaction costs primarily consist of fees and expenses incurred in the completion of the sale and purchase of the 100% interest in Dampier Coal (Queensland) Pty Ltd, such as stamp duty, legal fees, and due dilligence activities.

Transition costs primarily consist of those fees and expenses incurred to enable the Consolidated Entity to take ownership and operate the operations once legal completion occurred, such as IT systems, consultancy, and other business readiness activities.

(c) Finance income and costs

	Group 31 December 2022 $M	31 December 2021 $M
Finance income		
Interest	**6.9**	1.3
Finance income	**6.9**	1.3
Finance costs		
Interest paid	**73.6**	4.0
Interest amortisation unwinding	**7.8**	1.2
Interest charge - lease liability	**10.3**	-
Finance costs expensed	**91.7**	5.2
Net finance costs	**84.8**	3.9

(d) Recognition and measurement

(i) Cost of sales

Cost of sales are costs incurred directly or indirectly relating to the mining and preparation of coal for sale to third party customers. Costs have been recognised on an accrual basis at the time the sale is recognised, in line with movements through inventory and survey information from site.

(ii) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services rendered up to the end of the reporting period. They are measured at amounts expected to be paid when the liabilities are settled.

Expenses for sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Where the Group has liabilities that are not expected to be settled wholly within 12 months after the end of the reporting period, such as long service leave, these obligations are measured at the present value of the expected future payments to be made in respect of the services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as close as possible, the estimated future cash flows.

(iii) Leases

The leases recognised in Other Expenses relate to short-term lease obligations where the entity has adopted the recognition exemption. Lease payments for short-term leases are charged to profit or loss on a straight-line basis over the term of the lease, net of any incentives.

5 Income tax expense

(a) Income tax expense

	Group 31 December 2022 $M	31 December 2021 $M
Current income tax expense	**284.6**	7.0
Prior year adjustments	**(3.7)**	(5.4)
Deferred income tax (benefit)/expense	**(198.5)**	2.0
Income tax expense	**82.4**	3.6

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Group 31 December 2022 $M	31 December 2021 $M
Prima facie tax expense (30%) on profit/(loss) before income tax	**242.9**	3.1
Add tax effect of:		
Tax offset for franked dividends	**0.3**	-
Accounting distribution - MetRes Pty Ltd	**(5.8)**	0.5
Prior period taxes over/(under) recognised	**(3.7)**	-
Deferred tax upon tax base reset	**(151.3)**	-
Income tax expense/(benefit)	**82.4**	3.6

As a result of the acquisition for the remaining 20% interest in Stanmore SMC, the Group obtained 100% ownership, resulting in Stanmore SMC and Red Mountain Infrastructure Pty Ltd joining the Stanmore Resources tax group from 7 October 2022.

This resulted in a resetting of the tax base of those assets and liabilities, with an overall reduction in the deferred tax liabilities recognised. In assessing the reset of the tax bases of these subsidiaries, judgement has been applied in developing the estimated values used to determine the tax bases and the accounting for the reset. On the basis that the reset of the tax bases is not a direct consequence of the acquisition of the NCI but indirect, the tax effects of the adjustment of the tax base has been recognised in the profit or loss through income tax expense.

(c) Deferred tax balances

	Group 31 December 2022 $M	31 December 2021 $M
The balance comprises temporary differences attributable to:		
Deductible temporary differences	**164.2**	13.5
Taxable temporary differences	**(347.3)**	(35.6)
Net deferred tax liabilities	**(183.1)**	(22.1)

Deferred tax assets will only be recognised when:

- the Group derives future assessable income of a nature of an amount sufficient to enable the losses to be realised;
- the Group continues to comply with the conditions of deductibility imposed by the law; and
- no changes in tax legislation aversely affect the Group in realising the losses.

(d) Recognition and measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

31 December 2022	**Opening balance $ 'M**	**Recognised in profit or loss $ 'M**	**Recognised on acquisition $'M**	**Closing balance $ 'M**	**Deferred tax asset $ 'M**	**Deferred tax liability $ 'M**
Provision for rehabilitation	5.5	(8.1)	57.2	**54.6**	54.6	-
Provision for onerous contracts	0.4	(0.1)	-	**0.3**	0.3	-
Property, plant and equipment	(11.2)	48.3	(254.6)	**(217.5)**	-	(217.5)
Contingent consideration	1.9	-	-	**1.9**	1.9	-
Exploration and development costs	(24.0)	1.0	(11.6)	**(34.6)**	-	(34.6)
Unrealised FX	2.0	(8.1)	-	**(6.1)**	-	(6.1)
Other	1.1	74.1	(59.3)	**15.9**	15.9	-
Vendor receivable	-	3.1	-	**3.1**	3.1	-
Provision for impairment -exploration	2.6	-	-	**2.6**	2.6	-
Rail loop benefit	(0.4)	-	-	**(0.4)**	-	(0.4)
Mineral rights	-	84.9	(173.6)	**(88.7)**	-	(88.7)
Lease liabilities	-	7.1	78.7	**85.8**	85.8	-
TOTAL	**(22.1)**	**202.2**	**(363.2)**	**(183.1)**	**164.2**	**(347.3)**

31 December 2021	**Opening balance $ 'M**	**Recognised in profit or loss $ 'M**	**Closing balance $ 'M**	**Deferred tax asset $ 'M**	**Deferred tax liability $ 'M**
Provision for rehabilitation	6.1	(0.6)	**5.5**	5.5	-
Provision for onerous contracts	0.8	(0.4)	**0.4**	0.4	-
Property, plant and equipment	(4.1)	(7.1)	**(11.2)**	-	(11.2)
Contingent consideration	3.2	(1.3)	**1.9**	1.9	-
Exploration and development costs	(15.6)	(8.4)	**(24.0)**	-	(24.0)
Unrealised FX	0.4	1.6	**2.0**	2.0	-
Other	(2.9)	4.0	**1.1**	1.1	-
Vendor receivable	(0.1)	0.1	**-**	-	-
Provision for impairment - exploration and development	2.8	(0.2)	**2.6**	2.6	-
Rail loop benefit	(0.6)	0.2	**(0.4)**	-	(0.4)
Overburden in advance	(11.4)	11.4	**-**	-	-
TOTAL	**(21.4)**	**(0.7)**	**(22.1)**	**13.5**	**(35.6)**

(d) Recognition and measurement (continued)

(i) Tax consolidation

Stanmore Resources Limited and its wholly owned subsidiaries have formed a tax consolidated group and are taxed as a single entity. Stanmore Resources Limited is the head entity of the tax consolidated group. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly owned subsidiaries that form part of the tax consolidated group. Stanmore Resources Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables as a tax funding arrangement.

6 Cash and cash equivalents

	Group	
	31 December 2022 $M	31 December 2021 $M
Current assets		
Cash at bank and in hand	**432.4**	45.6

(a) Recognition and measurement

For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes (1) cash on hand and at bank; (2) deposits held at call with financial institutions; (3) other short-term, highly liquid investments with original maturities of three months or less; that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(b) Reconciliation of liabilities arising from financing activities

	Chattel mortgage $'M	Acquisition financing $'M	Lease liabilities $'M	Insurance premium funding facility $'M	Working capital facility $'M	Revolver facility $M	Bridging facility $M	Total $ 'M
Liabilities as at 1 January 2022	**6.6**	**-**	**0.5**	**0.8**	**67.6**	**-**	**-**	**75.5**
Cash inflows	-	625.0	-	11.4	-	120.0	50.0	806.4
Cash outflows	(1.5)	(10.0)	(52.9)	(8.7)	(67.6)	(120.0)	(50.0)	(310.7)
Foreign exchange movements	-	-	(14.1)	-	-	-	-	(14.1)
Non-cash changes	-	-	69.9	-	-	-	-	69.9
Recognised on acquisition	-	-	256.8	-	-	-	-	256.8
Liabilities as at 31 December 2022	**5.1**	**615.0**	**260.2**	**3.5**	**-**	**-**	**-**	**883.8**

Group	Working capital facility $M	Chattel mortgage $M	Lease liability $M	Insurance premium funding facility $M	Total $M
Liabilities as at 1 January 2021	**9.9**	**8.7**	**0.6**	**-**	19.2
Cash inflows	59.9	-	-	2.1	62.0
Cash outflows	(4.9)	(2.1)	(0.1)	(1.3)	(8.4)
Non-cash changes	2.6	-	-	-	2.6
Liabilities as at 31 December 2021	**67.5**	**6.6**	**0.5**	**0.8**	**75.4**

7 Cash flow information

(a) Cash generated from operations

	Group	
	31 December 2022	31 December 2021
Reconciliation of profit/(loss) after income tax to net cash flow from operating activities	**$M**	$M
Profit for the period	**734.3**	7.8
Adjust for non-cash items:		
Depreciation and amortisation and disposal of fixed assets	**215.7**	20.1
(Profit)/Loss joint ventures	**(19.8)**	1.8
Non-cash movement in provisions	**18.1**	(1.9)
Foreign exchange (gain)/loss	**(58.1)**	10.3
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**77.3**	(12.5)
(Increase)/decrease in inventories	**215.7**	40.2
(Increase)/decrease in prepayments	**(4.9)**	(10.0)
(Increase)/decrease in income taxes payable	**88.8**	8.6
(Decrease)/increase in deferred tax liabilities	**(178.1)**	1.9
Increase/(decrease) in trade and other payables	**87.1**	29.6
Increase/(decrease) in provisions for onerous contracts	**(0.2)**	(0.5)
Increase/(decrease) in rehabilitation provisions	**(15.5)**	(0.9)
Increase/(decrease) in other provisions	**2.9**	-
Increase/(decrease) in provisions for employee benefits	**13.2**	1.2
Increase/(decrease) in Insurance premium funding	**5.2**	-
Net cash inflow from operating activities	**1,181.7**	95.7

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities are classified as operating cash flows.

8 Trade and other receivables

	Group	
	31 December 2022	31 December 2021
	$M	$M
Current		
Trade receivables	**281.6**	26.0
Related party receivables	**-**	10.9
Other receivables	**14.0**	0.2
GST receivable	**37.6**	4.4
	333.2	41.5
Non-current		
Loans to related parties	**-**	7.4
	-	7.4

During 2021, the Company provided MetRes Pty Ltd, a 50% owned Joint Venture (see Note 24), with a secured, total finance facility up to A$30m, including a working capital debt facility of A$15m to the Joint Venture to cover initial working capital requirements, and an additional A$15m debt facility as required. The loan is fully secured against the underlying property, plant & equipments, and mine properties of the Joint Venture. The loan was fully repaid as at 31 December 2022 (31 Dec 2021: US$18.3m)

(a) Recognition and measurement

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised Cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Profit or Loss.

(i) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. Loans to related parties are assessed using the general approach required by AASB 9 for the assessment of expected credit losses. Management has determined that assessment of expected credit loss associated with trade receivables is immaterial.

9 Inventories

	Group	
	31 December 2022 $M	31 December 2021 $M
Current assets		
ROM coal inventories	**52.8**	2.5
Product coal stocks	**31.3**	6.0
Warehouse inventories	**23.4**	-
	107.5	8.5

(a) Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimate selling price in the ordinary course of business, less the estimate costs of completion and selling expenses.

The cost of coal inventories is determined using a direct costing basis. Costs include blasting, overburden removal, coal mining, processing, labour, transport and other costs which are directly related to mining activities at site.

Inventories are classified as follows:

- run of mine material (ROM) extracted through the mining process and awaiting process at the coal handling and preparation plant; and
- product coal which has been processed into final saleable form. Product coal may be held at the site or at port shared stockpile facilities awaiting delivery to customers.

10 Property, plant and equipment

	Group 31 December 2022 $M	31 December 2021 $M
Plant and equipment		
At cost	**570.6**	64.3
Accumulated depreciation	**(113.0)**	(29.2)
	457.6	35.1
Land and buildings		
At cost	**259.3**	7.7
Accumulated depreciation	**(11.8)**	(3.4)
	247.5	4.3
Right of use asset		
At cost	**315.3**	0.5
Accumulated depreciation	**(46.0)**	(0.2)
	269.3	0.3
Capital work in progress		
At cost	**128.9**	7.2
	128.9	7.2
	1,103.3	46.9

(a) Recognition and measurement

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

(i) Movements in carrying amounts

Group	Plant & equipment $M	Buildings & improvements $M	Right of use asset $M	Capital work in progress $M	Total $M
Year ended 31 December 2022					
Opening net book amount	35.1	4.3	0.3	7.2	**46.9**
Exchange differences	14.3	(5.3)	-	(0.5)	**8.5**
Acquisition of subsidiary	497.8	256.9	256.8	55.8	**1,067.3**
Additions	-	-	58.0	74.8	**132.8**
Transfers	8.4	-	-	(8.4)	**-**
Depreciation charge	(98.0)	(8.4)	(45.8)	-	**(152.2)**
Closing net book amount	**457.6**	**247.5**	**269.3**	**128.9**	**1,103.3**

(a) Recognition and measurement (continued)

(i) Movements in carrying amounts (continued)

Group	Plant & equipment $M	Buildings & improvements $M	Right of use asset $M	Capital work in progress $M	Total $M
Period ended 31 December 2021					
Opening net book amount	**43.8**	**4.2**	**0.5**	**1.2**	**49.7**
Exchange differences	**(2.2)**	**(1.8)**	**-**	**(0.3)**	**(4.3)**
Additions	**-**	**-**	**-**	**11.5**	**11.5**
Transfers	**3.1**	**2.1**	**-**	**(5.2)**	**-**
Depreciation charge	**(9.6)**	**(0.2)**	**(0.2)**	**-**	**(10.0)**
Closing net book amount	**35.1**	**4.3**	**0.3**	**7.2**	**46.9**

(ii) Revaluation, depreciation methods and useful lives

The carrying amount of all non-mining property fixed assets, except land, is depreciated over their useful life from the time the asset is held ready for use. Property, plant and equipment are depreciated on a units of production basis over the life of the economically recoverable resources. The base for the units of production is drawn from the assets principal use. Items that are specific to open cut operations are depreciated over the run of mine open cut coal reserves. Surface infrastructure that is not specific to a mining method such as the wash plant and loadout facilities utilise the Economically Recoverable Resources of the associated mining complex, which includes an estimate of recoverable underground coal reserves.

The depreciation rates used for each class of assets are:

- Plant and equipment — 5-25% straight line/units of production
- Furniture and office equipment — 5-25% straight line
- Buildings and improvements — 5-10% straight line
- Right-of-use asset — over the lease term

The Group assesses at each reporting date whether there is an indication that an asset (or Cash Generating Unit - CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's Fair Value Less Cost of Disposal and its Value in Use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices and operating costs. As part of the Group's impairment assessment, the Group considers the expected future demand for its product, impact of known climate policies and potential policy responses to climate change. The Group's assets are metallurgical coal assets and based on the Group's research, demand for its product will continue over the life of the CGU.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period which they arise.

(iii) Right-of-use asset

At the inception of a contract, the Group assesses whether a contract contains a lease based on whether the contract conveys the right to use or control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the lease, the Group recognises a lease liability and a corresponding right-of-use asset. The lease liability is initially recognised at present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and are discounted using the interest rate determined using the lessee's incremental borrowing rate. The right-of-use asset is initially measured at cost which includes any direct costs, and subsequently measured at costs less any depreciation and impairment.

(a) Recognition and measurement (continued)

(iii) Right-of-use asset (continued)

The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the Statement of Profit or Loss in depreciation and amortisation.

The unwind of the financial charge on the lease liability is recognised in the Statement of Profit or Loss in financial expenses based on the lessee's incremental borrowing rate.

11 Capitalised development, exploration and mine properties

	Group	
	31 December 2022 $M	31 December 2021 $M
Capitalised development costs	**-**	64.4
Exploration and evaluation	**68.9**	32.2
Mine properties	**1,177.6**	15.0
	1,246.5	111.6

Group	**Capitalised development costs $ 'M**	**Exploration and evaluation assets $ 'M**	**Mine properties $ 'M**	**Total $ 'M**
Year ended 31 December 2022				
Opening net book amount	**64.4**	**32.2**	**15.0**	**111.6**
Exchange differences	**(0.9)**	**(2.3)**	**7.8**	**4.6**
Acquisition of subsidiary	**-**	**38.8**	**1,136.5**	**1,175.3**
Additions	**22.4**	**0.2**	**2.3**	**24.9**
Reclassifications	**(85.9)**	**-**	**85.9**	**-**
Depreciation charge	**-**	**-**	**(69.9)**	**(69.9)**
Closing net book amount	**-**	**68.9**	**1,177.6**	**1,246.5**

Group	**Capitalised development costs $M**	**Exploration and evaluation $M**	**Mine properties $M**	**Total $M**
Period ended 31 December 2021				
Opening net book amount	**34.0**	**31.5**	**13.3**	**78.8**
Exchange differences	**(2.9)**	**(0.9)**	**(0.2)**	**(4.0)**
Additions	**33.3**	**1.6**	**11.6**	**46.5**
Depreciation charge	**-**	**-**	**(9.7)**	**(9.7)**
Closing net book amount	**64.4**	**32.2**	**15.0**	**111.6**

(a) Recognition and measurement - capitalised development

Capitalised Development expenditure includes costs transferred from Exploration and Evaluation when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

(a) Recognition and measurement - capitalised development (continued)

Following recognition, the asset is carried at cost less any accumulated impairment losses. Once the development phase is complete and production begins, the costs are transferred from Capitalised Development Costs to Mine Properties where they are amortised over the life of the development project.

(i) Key judgements

Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generating potential of the project, discount rates to be applied and the expected period of which cash flows are expected to be received.

In respect of the development costs incurred at Isaac Downs, full scale production commenced in the first quarter of 2022, at which point the capitalised development costs were reclassified to Mine properties and amortisation commenced accordingly.

(b) Recognition and measurement - exploration and evaluation

Exploration and evaluation expenditure incurred is capitalised on an area of interest basis. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure. These costs are carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable resources and active or significant operations in relation to the area are continuing.

A regular review is undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off against profit in the period in which the decision to abandon the area is made. Where an uncertainty exists for further exploration of the area, a provision is raised for the costs of exploration.

When the technical feasibility and commercial viability is demonstrated, the accumulated costs for the relevant area of interest are transferred to capitalised development costs.

(i) Key judgements

The Group performs impairment testing on specific exploration assets as required in AASB 6 para. 20. The accumulated impairment on these exploration and evaluation assets remained unchanged at $12.105m.

(c) Recognition and measurement - mine properties

Mining property assets include costs transferred from Capitalised Development following start of production, and the rehabilitation asset capitalised to offset rehabilitation provisions when disturbance occurs. Following transfer from Capitalised Development, all subsequent development costs are capitalised to the extent that commercial viability conditions continue to be satisfied.

The costs associated with mine properties are amortised based on a units of production method.

(i) Key judgements

Due to the expectation that saleable coal will be produced as a result of the initial mine development, management judgement is required in relation to when a mine is considered to have started production, and therefore transferred to Mine Properties and depreciated. As a result of this exercise, US$85.9m of costs have been transferred during the financial year in relation to the Isaac Downs operation.

The Group assesses at the end of each period whether there are any impairment indicators in relation to Mine Property assets. As a result of this assessment, no impairment indicators were noted for this financial year.

12 Other assets

	Group 31 December 2022 $M	31 December 2021 $M
Other current assets		
Prepayments	**20.0**	14.1
	20.0	14.1
Other non-current assets		
Security bonds	**19.7**	44.2
Intangible assets	**1.1**	1.5
Other	**1.3**	1.4
	22.1	47.1

(a) Recognition and measurement

Other current assets related to operational and financing costs paid in advance of the period to which the Group will receive the benefit from those goods and services.

Non-current assets relate to cash security bond payments made to key operational suppliers, and term deposits with the Group's banking provider which are secured against the Group's bank guarantee facilities.

The increase in the period is due to the acquisition of the South Walker and Poitrel mining assets in the period, increasing the number of prepaid expenses in the period, along with required security deposits in the period.

13 Trade and other payables

	Group 31 December 2022 $M	31 December 2021 $M
Current liabilities		
Trade and other payables	**104.1**	16.4
Accrued expenses	**288.7**	41.9
Other payables	**31.7**	3.6
	424.5	61.9

(a) Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the period end and which are unpaid. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Group have been pledged as security for the trade and other payables.

14 Interest bearing loans and borrowings

	Group					
	31 December 2022			31 December 2021		
	Current $M	**Non-current $M**	**Total $M**	Current $M	Non-current $M	Total $M
Acquisition financing	**285.6**	**309.4**	**595.0**	-	-	-
Chattel Mortgage	**1.1**	**4.0**	**5.1**	1.7	4.9	6.6
Working capital facility	**-**	**-**	**-**	67.6	-	67.6
Insurance premium funding	**4.0**	**-**	**4.0**	1.1	-	1.1
Total interest-bearing loans and borrowings	**290.7**	**313.4**	**604.1**	70.4	4.9	75.3

(a) Financing arrangements

The Group entered into a number of financing facilities in order to fund the acquisition of BMC from BHP, and for the expanded operations of the Group.

The facilities available to the Group during the period are detailed in the categories below.

Loans and borrowing facilities

	Group	
	31 December 2022 $M	31 December 2021 $M
Acquisition Financing		
Total facility	**625.0**	-
Facility utilised	**(615.0)**	-
Stanmore Revolving Credit Facility		
Total facility	**120.0**	-
Facility utilised	**-**	-
Available facility	**120.0**	-
SMC Working Capital Facility		
Total facility	**33.9**	-
Facility utilised	**-**	-
Available facility	**33.9**	-
Group Revolving Credit Facility - GEAR		
Total facility	**70.0**	70.0
Facility utilised	**-**	(67.6)
Available facility	**70.0**	2.4
Chattel Mortgage		
Total loan amount	**9.3**	9.9
Loan balance outstanding	**(5.1)**	(6.6)

The 'Acquisition Financing' facility totals US$625m, with a fixed interest rate of 11.5% and matures 5 years following the first utilisation at 3 May 2022. Repayments are comprised of a fixed amortisation schedule, and an annual sweep of residual excess cash, scaling upwards from a minimum of 25% in periods of higher cash flow. As a result of this mechanism, an additional US$252m of the loan principle has been classified as a current liability as at 31 December 2022, in line with the expected cash flows in 2023.

The 'Stanmore Revolving Credit Facility' is a 3-year US$120m revolving credit facility. The facility has a fixed interest rate of 8% and commitment fees of 2% of the undrawn amount. The facility matures 2 March 2025.

(a) Financing arrangements (continued)

The 'SMC Working Capital Facility' is a 5-year A$50m working capital facility. This facility has a floating interest rate set as BBSY + 5% margin and with commitment fees of 2%. The facility matures 3 May 2027.

The 'Group Revolving Credit Facility' is a revolving working capital facility with its major shareholder GEAR.

The key terms of the US$70m facility are:

- US$70m facility until 30 June 2023, with final draw down available until 31 March 2023;
- upfront fee of 2.0%;
- fixed interest rate on drawn funds of 8.0% per annum; and
- commitment fee of 2.0% per annum.

The 'Chattel Mortgage' is an equipment loan facility with Caterpillar Financial Australia Limited to acquire a 600-tonne excavator from Hastings Deering (Australia) Limited. The term of the loan facility is five years and the Group pays 4.55% p.a. fixed interest on the Chattel Mortgage facility to Caterpillar Financial Australia Limited, who subsequently holds security over the excavator. The Chattel Mortgage facility is denominated in A$.

Guarantee and bonding facilities

	Group	
	31 December 2022 $M	31 December 2021 $M
SMC Bank Guarantee Facility		
Total facility	**40.7**	-
Facility utilised	**(33.7)**	-
Available facility	**7.0**	-
SMC Surety Bonding Facility		
Total facility	**61.0**	-
Facility utilised	**(33.9)**	-
Available facility	**27.1**	-
Group Bank Guarantee Facility		
Total facility	**3.9**	3.9
Facility utilised	**(2.7)**	(2.6)
Available facility	**1.2**	1.3
Group Surety Bonding Facility		
Total facility	**16.9**	-
Facility utilised	**(6.1)**	-
Available facility	**10.8**	-

The 'SMC Bank Guarantee Facility' is a 5-year A$60m bank guarantee facility and matures 3 May 2027.

The 'SMC Surety Bonding Facility' is a A$90m surety bonding facility.

The 'Group Bank Guarantee Facility' is the Group's pre-existing bank guarantee facility for general purpose usage.

The 'Group Surety Bonding Facility' is an unsecured A$25m surety bonding facility.

(a) Financing arrangements (continued)

Other facilities

	Group 31 December 2022 $M	31 December 2021 $M
Insurance Premium Funding		
Total funding amount	**11.4**	2.1
Funding balance outstanding	**(4.0)**	(0.8)

The 'Insurance Premium Funding' is a short-term agreement to access financing for the annual insurance premiums. The facility is fully repaid in during the relevant insurance periods.

(b) Recognition and measurement

Interest bearing liabilities are initially recognised at fair value, net of any transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method.

15 Lease liability

	31 December 2022 $M	31 December 2021 $M
Lease liabilities current	**61.9**	0.1
Lease liabilities non-current	**198.2**	0.3
Total lease liability	**260.1**	0.4

(a) Recognition and measurement

The lease liability recognised relates to property leases recognised under AASB 16 Leases. Refer to Note 10 on page 51 for the recognition and measurement policy for lease liabilities.

Reconciliation of movements	2022 $ 'M	2021 $ 'M
Opening balance	**0.4**	0.5
Additions	**58.0**	
Additions through acquisitions	**256.8**	-
Depletions through settlement	**(64.7)**	(0.1)
Foreign exchange remeasurements	**(0.7)**	-
Interest expense	**10.3**	-
Closing balance	**260.1**	0.4

16 Derivative financial instruments

	31 December 2022 $ 'M	31 December 2021 $ 'M
Derivative financial assets/(liabilities)	**6.5**	(4.4)
Total derivative financial instruments	**6.5**	(4.4)

(a) Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

17 Provisions

	Group					
	31 December 2022			31 December 2021		
	Current $M	**Non-current $M**	**Total $M**	Current $M	Non-current $M	Total $M
Onerous contracts provision	**0.3**	**0.7**	**1.0**	0.3	0.9	1.2
Rehabilitation provision	**3.0**	**200.2**	**203.2**	1.9	26.0	27.9
Contingent consideration	**1.0**	**147.2**	**148.2**	2.0	4.4	6.4
	4.3	**348.1**	**352.4**	4.2	31.3	35.5

(a) Reconciliation of movements

Movements in each class of current provision during the financial year, other than employee benefits, are set out below:

Group 2022	**Onerous contracts provision $M**	**Rehabilitation provision $M**	**Contingent consideration $M**	**Total $M**
Opening balance	**1.2**	**27.9**	**6.4**	**35.5**
Additions through acquisition	**-**	**190.8**	**140.0**	**330.8**
Adjustments through remeasurement	**(0.2)**	**-**	**0.5**	**0.3**
Depletions through settlement	**(0.1)**	**(4.5)**	**(2.6)**	**(7.2)**
Unwinding of discount via profit and loss	**-**	**4.6**	**3.1**	**7.7**
Exchange differences	**0.1**	**(15.6)**	**0.8**	**(14.7)**
Closing balance	**1.0**	**203.2**	**148.2**	**352.4**

Group 2021	**Onerous contracts provision $M**	**Rehabilitation provision $M**	**Contingent consideration $M**	**Total $M**
Opening balance	**1.4**	**24.3**	**7.7**	**33.4**
Additions - current period disturbance	**-**	**6.1**	**-**	**6.1**
Adjustments through remeasurement	**-**	**0.4**	**2.8**	**3.2**
Depletions through settlement	**(0.3)**	**(0.5)**	**(3.6)**	**(4.4)**
Unwinding of discount via profit and loss	**0.1**	**0.2**	**(0.6)**	**(0.3)**
Exchange differences	**-**	**(2.6)**	**0.1**	**(2.5)**
Closing balance	**1.2**	**27.9**	**6.4**	**35.5**

(b) Onerous contracts provision

(i) Recognition and measurement

The Group assesses onerous contracts at each reporting date by evaluating conditions specific to each contract and the current business plan. Where a contract provides capacity above that required to meet the business plan or for a longer period than the current extent of the business plan, the contract is deemed onerous and the onerous portion of the contract is recognised as a liability using an estimate of future onerous cash flows discounted to a net present value. Any re-measurement of the assessed level of onerous contracts is taken through profit or loss in the period in which the assessment is made.

During the year ended 31 December 2022 a total of $0.1m of onerous contracts were settled through payment, with the unwinding of the discount being $0.04m and $0.2 through consolidated statement of profit or loss for re-measurement.

(c) Rehabilitation provision

(i) Recognition and measurement

The provision for rehabilitation closure costs relates to areas disturbed during the operation of the mine up to reporting date and not yet rehabilitated. Provision has been made to rehabilitate all areas of disturbance including surface infrastructure, contouring, topsoiling and revegetation, using internal and external expert assessment of each aspect to calculate anticipated cash outflow discounted to a net present value. At each reporting date, the rehabilitation liability is re-measured in line with the then-current level of disturbance, cost estimates and other key inputs. The amount of provision relating to rehabilitation of areas caused by mining disturbance is capitalised against Mine Properties as incurred, to the extent there is a future economic benefit, otherwise the re-measurement is recognised in the profit or loss. Any unwinding discounting is recognised in the profit or loss.

The Group assesses rehabilitation liabilities at each reporting date as there are numerous factors that may affect the ultimate liability payable. This includes the extent and nature of rehabilitation activity to be undertaken, changes in technology and techniques, changes in discount rates and regulatory impacts. There may be differences between the future actual expenditure and the assessment made at balance date. The provisions at balance date represent management's best estimate of the present value of rehabilitation cost to completely rehabilitate the site.

During the year ended 31 December 2022, an increase in the provision of $190.8m was recongised as a result of the acquisition of Stanmore SMC Pty Ltd. A decrease in the rehabilitation provision of $4.5m was recognised due to the rehabilitation works completed in the period (31 December 2021: US$0.5m).

The discount rate used in the calculation of the provision at 31 December 2022 equalled 3.99% (31 December 2021: 1.81%).

(d) Contingent consideration

(i) Recognition and measurement

As part of the acquisition of the 80% interest in Stanmore SMC Pty Ltd, AASB 3 required the recognition of the additional consideration yet to the paid to the vendor. With a potential follow-up payment of up to US$150m after two years, the value of which is dependant on the prevailing coal price exceeding certain targets.

As at 31 December 2022, it is managements expectation that those conditions will be met, and as such have recognised the expected discounted cashflows of the contingent consideration in full.

There has been no change to the range of outcomes expected by management during the reporting period.

(ii) Key judgements and estimates

The valuation above was performed using a discounted cash flow methodology which was consistent with that used for previous deferred royalty streams. The method used is classed as a level 3 valuation under AASB 13. The following key unobservable inputs are used in its calculation:

- Hard Coking Coal price curve based on a compilation of short-term (12 months) price from the Group's coal marketing agent M Resources Pty Ltd, and long-term estimates by Wood McKenzie;
- Coal sales since acquisition, plus expected future sales of Stanmore SMC Pty Ltd's operating assets, including South Walker Creek and Poitrel mines.

(e) Other provisions

Provisions for legal claims, service warranties and make good obligation are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

18 Provision for employee benefits

	Group	
	31 December 2022 Total $M	31 December 2021 Total $M
Provision for annual leave	**16.9**	0.3
Provision for bonus	**12.9**	-
Provision for long service leave	**0.5**	0.2
Total employee benefit obligations	**30.3**	0.5

(a) Recognition and measurement

Refer to Note 4(d)(ii) for accounting policies.

19 Dividends and franking credits

(a) Dividends

(i) Ordinary shares

	Group	
	31 December 2022 $M	31 December 2021 $M
Dividends provided for or paid during the year	**-**	-

(ii) Dividends not recognised at the end of the reporting period

	Group	
	31 December 2022 $M	31 December 2021 $M
No dividend proposed for 31 December 2022	**-**	-

(b) Franking credits

Franked credits

	Consolidated entity	
	31 December 2022 $M	31 December 2021 $M
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2021 - 30.0%)	**75.0**	-

20 Earnings per share

(a) Basic earnings per share

	Group	
	31 December 2022 Cents	31 December 2021 Cents
Basic earnings per share (cents)	**83.9**	2.6

Basic earnings per share is calculated by dividing the profit attributable to the owners of Stanmore Resources Limited by the weighted average number of ordinary shares outstanding during the financial period.

(b) Diluted earnings per share

	Group	
	31 December 2022 Cents	31 December 2021 Cents
Diluted earnings per share (cents)	**83.9**	2.6

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive ordinary shares.

(c) Weighted average number of shares used as the denominator

	Group	
	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**794,228,828**	270,417,000
Adjustments for calculation of diluted earnings per share:		
Weighted average number of long-term incentive rights issued	**-**	145,000
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**794,228,828**	270,562,000

21 Equity securities issued

(a) Share capital

	31 December 2022 Shares	31 December 2021 Shares	**31 December 2022 $M**	31 December 2021 $M
Ordinary shares				
Fully paid	**901,381,698**	270,417,381	**616.4**	113.3
	901,381,698	270,417,381	**616.4**	113.3

(a) Share capital (continued)

(i) Movements in ordinary shares:

Details	Number of shares (thousands)	Total $M
Opening balance 1 January 2021	**270.4**	**113.3**
Balance 31 December 2021	270.4	113.3
Opening balance 1 January 2022	**270.4**	**113.3**
Share entitlement offer	**631.0**	**503.1**
Balance 31 December 2022	**901.4**	**616.4**

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and Stanmore Resources Limited does not have a limited amount of authorised capital.

(ii) Options

As at 31 December 2022, no options were held by or issued to employees of the Consolidated Entity (31 December 2021: nil).

(b) Other reserves

The following table shows a breakdown of the consolidated statement of financial position line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Group	
	31 December 2022 $M	31 December 2021 $M
Share-based payments	**0.6**	0.6
Foreign currency translation	**(24.3)**	(10.2)
	(23.7)	(9.6)

	Group	
	31 December 2022 $M	31 December 2021 $M
Movements:		
Share-based payments		
Opening balance	**0.6**	0.6
Foreign currency translation		
Opening balance	**(10.2)**	(4.6)
Currency translation differences arising during the year	**(14.1)**	(5.6)
Balance 31 December	**(24.3)**	(10.2)

(i) Nature and purpose of other reserves

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options and rights issued to employees but not exercised

(b) Other reserves (continued)

(i) Nature and purpose of other reserves (continued)

Share-based payments (continued)

- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested
- the issue of shares held by the Example Employee Share Trust to employees.

Foreign currency translation

Exchange differences arising on translation of the Group's historical financial records as a result of the changes in functional and presentational currencies during the year, are recognised in other comprehensive income as described in note and accumulated in a separate reserve within equity.

(c) Retained earnings

Movements in retained earnings were as follows:

	Group	
	31 December 2022 $M	31 December 2021 $M
Balance 1 January	**14.3**	7.5
Net profit for the period	**666.8**	6.8
Acquisition of Non-Controlling Interests	**59.8**	-
Balance 31 December	**740.9**	14.3

(d) Capital management

The capital of the Consolidated Entity is managed to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's capital comprises equity as shown in the consolidated statement of financial position. There are no externally imposed capital requirements.

Management oversees the Consolidated Entity's capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues and debt.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior period.

(e) Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

22 Financial risk management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Due to the recent acquisition of Stanmore SMC Pty Ltd, the Group's exposure to financial instruments has changed compared to previous periods. As a consequence, the Group has changed its functional and presentational currency to US dollars during the period, which has partly mitigated the foreign exchange risks.

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, security deposits, trade and other payables, borrowings, leases, financial assets held at fair value through other comprehensive income, derivative financial instruments and contingent consideration.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts to these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk where possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

(a) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation, resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group. The Group's objective is to minimise the risk of loss from credit risk exposure.

The Group's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Group	
	31 December 2022 $M	31 December 2021 $M
Cash and cash equivalents	**432.4**	45.6
Trade and other receivables	**333.2**	41.5
Security bonds	**19.7**	44.2
Loans to related parties	**-**	29.0
Derivative financial assets	**6.5**	(4.4)
Credit risk exposure	**791.8**	155.9

Credit risk is reviewed regularly by the Board and the Audit and Risk Management Committee.

The Group's credit risk exposure is influenced by mainly by the individual characteristics of each customer. Given the Group trades predominately with recognised, credit worthy third parties, the credit risk is determined to be low. The Group assessed the expected credit losses in relation to trade and other receivables in the current and prior years to be immaterial and no low allowance has been recorded. Bank deposits are held with the National Australia Bank Limited, Bank of China, and ANZ. The National Australia Bank has a long-term credit rating with rating agency S&P of AA-.The Bank of China has a long-term credit rating with rating agency S&P of A+. The ANZ has a long-term credit rating with rating agency S&P of AA-.

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The objective of managing liquidity risk is to ensure that the Group will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is reviewed regularly by the Board and the Audit and Risk Management Committee.

(b) Liquidity risk (continued)

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group's working capital, being current assets less current liabilities, has marginally decreased from $(36.4)m at 31 December 2021 to $(39.8)m at 31 December 2022. The decrease is driven by one off cash payments in Q4 2022, relating to the acquisition of the additional 20% interest in Stanmore SMC, voluntary repayment of the US$120m and US$70m financing facilities (both available for redraw as at 31 December 22), and US$289m of the US$625m acquisition financing facility being classified as a current liabilities.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

31 December 2022	Carrying amount $M	Contractual cash flows $M	Less than 6 months $M	Between 6 and 12 months $M	Between 1 and 3 years $M	Over 3 years $M
Financial liabilities						
Trade payables	392.9	392.9	392.9	-	-	-
Other payables	31.7	31.7	31.7	-	-	-
Lease liabilities	260.1	295.9	38.3	38.3	188.6	30.6
Contingent consideration	148.2	150.0	-	-	150.0	-
Chattel mortgage	5.1	5.1	0.9	0.9	3.2	-
Acquisition financing	615.0	682.4	291.1	49.5	341.8	-
Insurance premium funding	4.0	4.0	4.0	-	-	-
Total financial liabilities	**1,457.0**	**1,562.0**	**758.9**	**88.7**	**683.6**	**30.6**

31 December 2021	Carrying amount $ 'M	Contractual cash flows $ 'M	Less than 6 months $ 'M	Between 6 and 12 months $ 'M	Between 1 and 3 years $ 'M	Over 3 years $'M
Financial liabilities						
Trade payables	58.3	58.3	58.3	-	-	-
Other payables	3.6	3.6	3.6	-	-	-
Lease liabilities	0.5	0.5	0.1	-	0.3	0.1
Contingent consideration	6.3	7.7	1.5	0.6	3.6	2.0
Chattel mortgage	6.6	7.2	1.0	1.0	4.0	1.2
Revolving facility	67.6	67.6	-	67.6	-	-
Insurance premium funding	1.1	1.1	1.1	-	-	-
Total financial liabilities	**144.0**	**146.0**	**65.6**	**69.2**	**7.9**	**3.3**

As disclosed in Note 14, the Acquisition Financing facility is subject to a cash sweep mechanism, increasing in times of higher cash flows. An assessment of the expected cash sweep impacts has been made as at 31 December 2022 to ensure appropriate classifications and liquidity impacts have been reflected in these financial statements.

Further information regarding commitments is included in Note 25 on page 72.

(c) Currency risk

The United States dollar (US$) is the functional currency of the Group and, as a result, currency exposure arises from transactions and balances in currencies other than the US$.

The Group's potential currency exposures comprise:

(i) Operational costs denominated in A$

The operations of the Group are location in Queensland, Australia, and as such a large proportion of its operational costs are incurred and paid in A$.
These costs include a combination of employee expenses and contractor expenses, which also include material lease agreements recognised under AASB16.

As a result the Group's payable and lease liability provisions give rise to a foreign exchange risk for the Group.

(ii) Tax liabilities

Whilst the Group changed its functional and presentational currency during the period the Group is still required to prepare and submit income tax returns to the Australian Tax Office ('ATO') in A$, leading to a foreign exchange risk on both current and deferred tax balances as at 31 December 2022.

In order to mitigate this risk, the Group has changed its functional currency with the ATO to US$, effective 1 January 2023.

(iii) Rehabilitation provisions

The Group expects to fulfil its rehabilitation obligations through the use of existing operational resources, as when required, which will be incurred in A$. In addition, the Group is party to the Queensland Treasury Financial Provisioning Scheme, which is a scheme denominated in A$. As a result, the Group's rehabilitation provisions are recorded in A$, giving rise to foreign exchange risk for these significant provisions.

As at 31 December 2022, the effect on profit or loss as a result of changes in the foreign exchange rates would be:

		Decrease in FX rate by 5%	Increase in FX rate by 5%
31 December 2022	**Carrying amount $ 'M**	**Profit or loss $ 'M**	**Profit or loss $ 'M**
Cash and cash equivalents - A$	41.8	2.1	(2.1)
Derivative financial assets - A$	6.5	0.3	(0.3)
Trade payables - A$	(392.9)	(20.0)	20.0
Tax liabilities - A$	(314.1)	(15.7)	15.7
Chattel Mortgage - A$	(5.1)	(0.3)	0.3
Insurance premium funding - A$	(3.9)	(0.2)	0.2
Lease liability - A$	(260.1)	(13.0)	13.0
Rehabilitation provision - A$	(203.2)	(10.2)	10.2
Tax charge of 30%	-	17.1	(17.1)
After tax increase/(decrease)	**-**	**(39.9)**	**39.9**

		Decrease in FX rate by 5%	Increase in FX rate by 5%
31 December 2021	**Carrying amount $ 'M**	**Profit or loss $ 'M**	**Profit or loss $ 'M**
Cash and cash equivalents - A$	8.6	0.4	(0.4)
Derivative financial liabilities - A$	(4.4)	(0.2)	0.2
Trade payables - A$	(58.3)	(2.9)	2.9
Tax liabilities - A$	(26.6)	(1.3)	1.3
Chattel Mortgage - A$	(6.6)	(0.3)	0.3
Insurance premium funding - A$	(1.1)	-	-
Lease liability - A$	(0.5)	-	-
Rehabilitation provision - A$	(27.9)	(1.4)	1.4
Tax charge of 30%	-	1.7	(1.7)
After tax increase/(decrease)	**-**	**(4.0)**	**4.0**

(d) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (price risk). The Group has implemented a strategy during the year to reduce its foreign currency risks noted above, notably the exposure to A$. The Group recognise any exposure on these arrangement on its balance sheet as part of its estimated fair value of its derivatives. As at 31 December 2022 the Group has recognised a derivative financial asset position of US$6.5m.

(e) Interest risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk, refer to the tables below:

31 December 2022	Floating interest rate $ 'M	Fixed interest rate $ 'M	Non-interest bearing $ 'M	Total carrying amount $ 'M	Weighted average effective interest rate %
FINANCIAL ASSETS					
Cash and cash equivalents	432.4	-	-	432.4	1.56%*
Receivables	-		282.4	282.4	
Derivative financial instruments	-	-	6.5	6.5	-
Security deposits	-	-	17.1	17.1	-
Total financial assets	**432.4**	**-**	**306.0**	**738.4**	**-**
FINANCIAL LIABILITIES					
Trade and other payables	-	-	424.6	424.6	-
Contingent consideration	-	-	148.2	148.2	-
Lease liabilities	-	260.1	-	260.1	-
Chattel Mortgage	-	5.1	-	5.1	4.55%
Acquisition financing	-	615.0	-	615.0	14.10%
Insurance premium fundings		3.9		3.9	-
Total financial liabilities	**-**	**884.1**	**572.8**	**1,456.9**	**-**

* 1.56% based on averages rates across financial institutions

31 December 2021	Floating interest rate $ 'M	Fixed interest rate $ 'M	Non-interest bearing $ 'M	Total carrying amount $ 'M	Weighted average effective interest rate %
FINANCIAL ASSETS					
Cash and cash equivalents	45.6	-	-	45.6	0.30%*
Receivables	-	-	25.9	25.9	-
Security deposits	11.5	-	11.5	23.1	-
Total financial assets	**57.1**	**-**	**37.4**	**94.6**	**-**
FINANCIAL LIABILITIES					
Trade payables	-	-	7.7	7.7	-
Contingent consideration	-	-	6.3	6.3	-
Derivative financial instruments	-	-	4.4	4.4	-
Lease liabilities	-	0.5	-	0.5	-
Chattel Mortgage	-	6.6	-	6.6	4.55%
Insurance premium funding	-	1.1	-	1.1	2.30%
Revolving facility	-	67.6	-	67.6	8.00%
Total financial liabilities	**-**	**75.8**	**18.5**	**94.2**	**-**

* 0.30% based on cash rate of 0.10% plus 0.20% margin per NAB

(e) Interest risk (continued)

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current period's results and equity which could result from a change in these risks.

As at 31 December 2022, the effect on profit and equity as a result of changes in the interest rate would be as follows:

31 December 2022	Carrying amount $ 'M	Increase in interest rate by 1% Profit or loss $ 'M	Increase in interest rate by 1% Equity $ 'M	Decrease in interest rate by 1% Profit or loss $ 'M	Decrease in interest rate by 1% Equity $ 'M
Cash and cash equivalents	432.4	4.3	4.3	(4.3)	(4.3)
Tax charge of 30%	-	(1.3)	(1.3)	1.3	1.3
After tax increase/(decrease)	**-**	**3.0**	**3.0**	**(3.0)**	**(3.0)**

31 December 2021	Carrying amount $ 'M	Increase in interest rate by 1% Profit or loss $ 'M	Increase in interest rate by 1% Equity $ 'M	Decrease in interest rate by 1% Profit or loss $ 'M	Decrease in interest rate by 1% Equity $ 'M
Cash and cash equivalents	45.6	0.6	0.6	(0.6)	(0.6)
Tax charge of 30%	-	(0.2)	(0.2)	0.2	0.2
After tax increase/(decrease)	**-**	**0.4**	**0.4**	**(0.4)**	**(0.4)**

(f) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

31 December 2022	Level 1 $ 'M	Level 2 $ 'M	Level 3 $ 'M
Derivative financial instruments held at fair value through profit or loss	-	6.5	-
Investments at Fair Value through other comprehensive income	-	-	25.0
Total financial assets	**-**	**6.5**	**25.0**
Contingent consideration held at fair value through profit or loss	-	-	148.2
Total financial liabilities	**-**	**-**	**148.2**

31 December 2021	Level 1 $ 'M	Level 2 $ 'M	Level 3 $ 'M
Contingent consideration held at fair value through profit or loss	-	-	6.3
Derivative financial instruments held at fair value through profit or loss	-	4.4	-
Total financial liabilities	**-**	**4.4**	**6.3**

Sensitivity analysis regarding the contingent consideration liabilities has been considered by management, and it is deemed highly probably that the contingent liability will be paid in full on its due date.

There were no other financial assets or liabilities carried at fair value as at 31 December 2022. There were no transfers between the levels during the period.

23 Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by the group 2022 %	2021 %
Comet Coal & Coke Pty Limited	Coal exploration	Australia	**100**	100
Belview Coal Pty Ltd	Coal exploration	Australia	**100**	100
Mackenzie Coal Pty Limited	Coal exploration	Australia	**100**	100
Stanmore Coal Custodians Pty Ltd*	Trustee of Stanmore Employee Share Trust	Australia	**100**	100
Emerald Coal Pty Ltd	Coal exploration	Australia	**100**	100
New Cambria Pty Ltd	Coal exploration	Australia	**100**	100
Kerlong Coking Coal Pty Ltd	Coal exploration	Australia	**100**	100
Stanmore Surat Coal Pty Ltd	Coal exploration	Australia	**100**	100
Theresa Creek Coal Pty Ltd	Coal exploration	Australia	**100**	100
Stanmore Wotonga Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore IP Coal Pty Ltd	Coal mining	Australia	**100**	100
Stanmore IP South Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore Bowen Coal pty Ltd	Coal exploration and mining	Australia	**100**	100
Isaac Plains Coal Management Pty Ltd	Coal exploration and mining	Australia	**100**	100
Isaac Plains Sales & Marketing Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore SMC Holdings Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore Green Pty Ltd	Renewable energy	Australia	**100**	100
Dampier Coal (Queensland) Pty Limited	Coal mining	Australia	**100**	-
Stanmore SMC Pty Limited	Coal mining		**100**	-
Red Mountain Infrastructure Pty Ltd	Coal mining		**100**	-

* Previously Bowen River Coal Pty Ltd

(b) Interests in joint arrangements

Set out below are the significant farm in arrangements of the Group as at 31 December 2022. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2021 %	Nature of relationship
MetRes Pty Ltd	Australia	50	Joint venture
Clifford Joint Venture	Australia	60	Farm in arrangement
Lilyvale Joint Venture	Australia	85	Farm in arrangement
Mackenzie Joint Venture	Australia	95	Farm in arrangement

24 Interests in joint arrangements

The Group has a 50% interest in MetRes Pty Limited, a joint venture between Stanmore Resources Limited and M Resources, to own and operate the Millennium and Mavis Downs Mine. The Group's interest in MetRes Pty Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its AASB financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised balance sheet	**31 December 2022 $M**	31 December 2021 $M
Current assets	**24.6**	17.0
Other current assets	**-**	8.2
Non-current assets	**29.7**	26.8
Current liabilities	**(16.7)**	(47.3)
Non-current liabilities	**(18.3)**	(11.5)
Equity	**19.3**	(6.8)

The position above is inclusive of the following:
- Cash and cash equivalents - US$14.5m (2021: US$6.3m)
- Current financial liabilities excluding accounts payable - US$nil (2021: US$29.9m)
- Non-Current financial liabilities excluding accounts payable and provision - US$12.6m (2021: US$1.8m)

	31 December 2022 $ 'M	31 December 2021 $ 'M
Group's share in equity - 50%	**19.3**	-
Goodwill	**-**	-
Carrying amount	**19.3**	-

Summarised statement of comprehensive income	**31 December 2022 $M**	31 December 2021 $M
Revenue from contracts with customers	**180.2**	6.1
Cost of sales	**(120.9)**	(15.8)
Depreciation and amortisation	**(3.7)**	(3.8)
Interest expense	**(1.7)**	(1.2)
Profit/(Loss) before tax	**53.9**	(14.7)
Income tax expense		
Income tax expense	**(7.7)**	4.4
Profit/(loss) for the year	**46.2**	(10.3)
Total comprehensive income for the year	**46.2**	**(10.3)**
Group's share of profit/(loss) for the year	**23.1**	(1.8)

The Group's full share of losses was $6.865m for the period to 31 December 2021, of which $3.3m was unrecognised as the losses that exceed the Group's investment in MetRes Pty Ltd.

The joint venture had no other contingent liabilities or commitments as at 31 December 2022 for which the Group is jointly liable.

(a) Recognition and measurement

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses.
After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

25 Commitments

(a) Exploration and mining

The commitments to be undertaken are as follows:

	Group	
	31 December 2022 $M	31 December 2021 $M
Payable		
Within one year	**1.1**	0.2
Later than one year but not later than five years	**2.0**	0.6
	3.1	0.8

(a) Exploration and mining (continued)

The Group has certain obligations to spend minimum amounts on exploration and mining tenement areas. These obligations are expected to be fulfilled in the normal course of operations.

(b) Operating commitments

The commitments to be undertaken are as follows:

	Group	
	31 December 2022 $M	31 December 2021 $M
Payable		
Within one year	**121.7**	-
Later than one year but not later than five years	**359.5**	-
Later than five years	**12.5**	-
	493.7	-

The Group has ongoing operational commitments, primarily in relation to its long-term port and rail capacity requirements.

(c) Capital commitments

The commitments to be undertaken as as follows:

	Group	
	31 December 2022 $M	31 December 2021 $M
Payable		
Within one year	**10.9**	6.0

The Group has non-cancellable, open purchase orders for committed capital works.

(d) Other commitments

(i) Land acquisitions

On 7 April 2011, the Group announced that it had completed an agreement for the right to purchase The Range thermal coal project in the Surat Basin. Variations to this agreement have been negotiated such that final payment and transfer of title is due 30 days after the Mining Lease is granted by the Department of Natural Resources, Mines and Energy, or an earlier date by agreement. The final payment is indexed to land valuation movements with reference to comparable properties, with a reference price of $3.7m based at 2014. The agreement gives the Group access to undertake evaluation and development work as the project moves through the approval process and, ultimately. development and production. The terms of the acquisition are within normal market expectations.

(ii) Isaac Plains Complex royalty

On 26 November 2015, the Group established a finance facility with Taurus to fund the acquisition of and re-start of mining at the Isaac Plains Complex and agreed to a 0.8% royalty payable on:

- the saleable value of all product coal owned by the Group at that time and processed through the Isaac Plains infrastructure; and
- any processing or handling fees arising from the treatment of third-party coal processed through the Isaac Plains infrastructure.

The royalty payable increased to 1% during 2017 and this finance facility has since been cancelled (see Note 14 on page 56), but the royalty streams stay on foot and associated costs are included within cost of sales as private royalties (Note 4 on page 43).

(d) Other commitments (continued)

(iii) Isaac Plains east landholder agreement

On 20 July 2017, the Group completed a land holder compensation agreement for access to MLA 70016, MLA 70017, MLA 70018, and MLA 70019. The compensation agreement includes the following contingent consideration item:

- a royalty of $0.60/product tonne sold (increasing by 2.5% p.a.) from July 2018 when the published Hard Coking Coal Price for any quarter is greater than US$200/t (increasing by 2.5% p.a.) from July 2017.

26 Contingent liabilities and contingent assets

(a) Contingent liabilities

Under its contractual performance obligations, the Group is required to provide bank guarantees to third parties through its available facilities. During the period, a number of additional guarantee faciltiies were entered, and subsequently utilised to issue required guarantees, as well as replace some previously issued cash deposits held by third parties. Further details of the facilities entered are shown in Note 14.

The guarantees provided as at the end of the reporting period are detailed in the table below:

As a result, a number of these obligations have been replaced with cash deposit payments (see Note 12 on page 55), leading to an overall reduction in the number of guarantees provided, as detailed in the table below:

	Group	
	31 December 2022 $M	31 December 2021 $M
Rail capacity providers	**19.8**	-
Port capacity providers	**56.8**	-
Utility providers	**0.8**	-
Other	**2.8**	2.6
	80.2	2.6

(b) Contingent assets

The Group had no contingent assets at 31 December 2022 (2021: nil).

27 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

28 Key management personnel

Total key management personnel compensation:

	Group	
	31 December 2022 $'000	31 December 2021 $'000
Total key management personnel compensation		
Short term employee benefits	**4,440**	2,346
Post employment benefits	**131**	95
Termination benefits	**17**	-
Long term benefits	**890**	621
	5,478	3,062

29 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of Stanmore Resources Limited, its related practices and non-related audit firms:

	Group	
	31 December 2022 $'000	31 December 2021 $'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**506.3**	92.0
Fees for assurance services that are required by legislation to be provided by the auditor	**10.4**	3.8
Fees for tax compliance and advisory services	**90.4**	110.3
Fees for transaction due diligence services	**114.3**	291.1
Fees for other advisory services	**11.5**	-
	732.9	497.2

30 Parent entity financial information

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following disclosure in regard to the parent entity, Stanmore Resources Limited. The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group's accounting policy.

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as follows:

- investments in subsidiaries, associates and joint ventures are accounted for at cost less any impairment.

(a) Summary financial information

The individual financial statements for the parent entity, Stanmore Resources Limited, show the following aggregate amounts:

	31 December 2022 $M	31 December 2021 $M
Current assets	**83.3**	48.6
Non-current assets	**974.1**	20.3
Total assets	**1,057.4**	68.9
Current liabilities	**324.3**	7.2
Non-current liabilities	**155.3**	8.3
Total liabilities	**479.6**	15.5
Issued capital	616.4	113.3
Foreign currency translation reserve	**(20.3)**	(9.5)
Share-based reserve	2.6	2.6
Retained earnings	**(21.0)**	(53.0)
Total shareholders' equity	**577.7**	53.4
Profit/(loss) for the year/period	**32.0**	(8.8)
Total comprehensive income/(loss)	**32.0**	(8.8)

(b) Guarantees

Stanmore Resources Limited has guaranteed obligations and performance in respect of the following agreements entered into by subsidiaries:

- Share Sale and Purchase Agreement entered into between BHP Minerals Pty Ltd and Stanmore SMC Holdings Pty Ltd (SMC) on 8 November 2021 - unconditional and irrevocable guarantee of the performance of SMC's obligations under the agreement
- Share Sale Agreement entered into between Mitsui & Co., Ltd, Mitsui & Co. (Australia) Ltd and Dampier Coal (Queensland) Proprietary Limited (Dampier) and, Stanmore Resources Limited, as the Guarantor, on 12 August 2022 - unconditional and irrevocable guarantee of the due and punctual performance of all present and future obligations and the payment of all present and future liabilities of Dampier under the agreement
- Water Purchase Agreement entered into between Stanmore Green Pty Ltd and SOURCE Global Australia Pty Ltd on 29 March 2022 - guarantee of the payment and performance obligations of Stanmore Green Pty Ltd
- Master Loan Agreement entered into between Caterpillar Financial Australia Limited and Stanmore IP Coal Pty Ltd on 2 July 2019 - guarantee the punctual performance of all obligations under the agreement and any loan agreement under that agreement and to pay any amount owing and not paid under the agreement
- Facility Agreement entered into between Stanmore IP Coal Pty Ltd and Golden Energy and Resources (GEAR) on 2 November 2020 - guarantee the performance of all obligations of the obligors under the agreement and to pay to GEAR any amount not paid when due and payable by Stanmore IP Coal Pty Ltd to GEAR
- Deed of cross guarantee entered into on 6 December 2021 - guarantee the debts of all entities within the closed group, as detailed in Note 33

(c) Contingent liabilities and contingent assets

The parent entity did not have any contingent liabilities or contingent assets as at 31 December 2022 or 31 December 2021.

(d) Capital commitments

The parent entity did not have any capital commitments as at 31 December 2022 or 31 December 2021.

31 Segment information

The Group has identified the operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker - CODM) in assessing performance and determining the allocation of resources and the financial information available to be reported to the Board.

The Group primarily produces and sells metallurgical coal in Queensland, Australia.

Accordingly, management currently identifies the Group as having one reportable segment.

(a) Description of segments

(i) Major customers

The Group has several customers to whom it sells export grade metallurgical coal. The Group supplies four major customers who accounts for 55% of revenue, as follows:

Major Customer A: 16.7% (2021: 27.3%)
Major Customer B: 16.3% (2021: 2.1%)
Major Customer C: 12.5% (2021: 9.8%)
Major Customer D: 9.9% (2021: 18.4%)

32 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The immediate parent entity of Stanmore Resources Limited is Golden Investments (Australia) Pte Ltd, a company incorporated in Singapore. The ultimate parent company of the Consolidated Entity is PT Sinarindo Gerbangmas, a company incorporated in Indonesia.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel compensation

Disclosures relating to KMP are set out in Note 28.

(d) Transactions with other related parties

The Group previously entered into a financing agreement with its parent entity, GEAR, which was negotiated on market terms, and further details are shown within Note 14.

In addition to the financing agreement, fees for services provided on market terms for support of the SMC acquisition were paid during the year, totalling $33.275m.

M Resources Pty Ltd continues to exclusively manage Stanmore Resources Limited's global sales contract and relationships, as well providing logistics services to the Group.

M Resources Pty Ltd is also a minority shareholder of the Group, and their sole Director, Mr M Latimore also become a Director of Stanmore Resources Limited during the period.

Transactions with M Resources Pty Ltd and its associates included:

- Fees for services provided on market terms for marketing and logistics services totalling $42.020m for the year ended 31 December 2022 (31 December 2021: S$4.098m)
- Fees for services provided on market terms for support of the SMC acquisition totalling $1.524m (31 December 2021: US$0m)
- Stanmore purchased coal from M Resources Trading Pty Ltd on market terms before on-selling the coal on a back-to-back basis to a third-party customer totalling $13.424m (31 December 2021: US$0m)
- Stanmore sold coal on market terms to ML Resources Pte Ltd on a back-to-back basis to a third-party customer totalling $18.575m (31 December 2021: US$0m)

The Company continues to provided MetRes Pty Ltd, a 50% owned Joint Venture, with a secured, total finance facility of up to A$30m.

Mr Latimore is also Director and holder of 50% of shares in MetRes Pty Ltd.

See Note 8 for further information on the finance facility provided.

During the period to 31 December 2022, Stanmore sold coal on market terms to MetRes Pty Ltd on a back-to-back basis to a third-party customer totalling $115.825m (31 December 2021: nil) and purchased coal on market terms before on-selling the coal on a back to back basis to a third party customer totalling US$10.024m (31 December 2021: US$0m).

33 Deed of cross guarantee

Stanmore Resources deed of cross guarantee group

Stanmore Resources Limited and its wholly owned subsidiaries (as shown in note 23) with the exception of Stanmore SMC Holdings Pty Ltd, Dampier Coal (Queensland) Pty Ltd, Stanmore SMC Pty Limited, and Red Mount Infrastructure Pty Ltd, are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.*

Consolidated statements

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Stanmore Resources Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 31 December 2022 of the closed group.

	31 December 2022 $M	31 December 2021 $M
Consolidated statement of comprehensive income		
Revenue from continuing operations	**570.7**	283.3
Other income	**0.2**	1.0
Operating costs	**(243.8)**	(268.2)
Finance costs	**(19.6)**	(3.9)
Share of net profits of associates and joint ventures accounted for using the equity method	**19.8**	(1.8)
Profit before income tax	**327.3**	10.4
Income tax expense	**(84.2)**	(3.6)
Profit for the period	**243.1**	6.8
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation	**(14.1)**	(5.6)
Other comprehensive income for the period, net of tax	**(14.1)**	(5.6)
Total comprehensive income for the period	**229.0**	1.2
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**14.3**	7.5
Profit for the period	**243.1**	6.8
Retained earnings at the end of the financial year	**257.4**	14.3

Stanmore Resources deed of cross guarantee group (continued)

Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 31 December 2022 of the closed group.

	31 December 2022 $M	31 December 2021 $M
Current assets		
Cash and cash equivalents	**73.9**	45.6
Trade and other receivables	**28.1**	41.4
Inventories	**28.9**	8.5
Other financial assets at amortised cost	**26.2**	14.1
Total current assets	**157.1**	109.6
Non-current assets		
Investments	**400.2**	-
Exploration, development and mine properties	**140.1**	111.6
Other financial assets	**4.1**	45.7
Property, plant and equipment	**114.0**	54.3
Intangible assets	**1.1**	1.5
Total-non-current assets	**659.5**	213.1
Total assets	**816.6**	322.7
Current liabilities		
Trade and other payables	**84.1**	61.9
Financial liabilities	**12.5**	70.4
Lease liabilities	**7.2**	0.1
Derivative financial instruments	**-**	4.4
Current tax liabilities	**57.8**	4.6
Provisions	**8.5**	4.7
Total current liabilities	**170.1**	146.1
Non-current liabilities		
Trade and other payables	**0.8**	-
Borrowings	**141.6**	4.9
Lease liabilities	**43.8**	0.3
Deferred tax liabilities	**33.1**	22.1
Provisions	**20.9**	31.3
Total non-current liabilities	**240.2**	58.6
Total liabilities	**410.3**	204.7
Net assets	**406.3**	118.0
Equity		
Contributed equity	**616.4**	113.3
Reserves	**155.9**	(9.6)
Retained earnings	**(366.0)**	14.3
Total equity	**406.3**	118.0

Directors' declaration

The Directors of the Consolidated Entity declare that:

(a) The consolidated financial statements, comprising the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows, and accompanying notes are in accordance with the *Corporations Act 2001*, and:

  (i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date, and

(b) The Consolidated Entity has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

(c) In the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

(d) In the Directors' opinion, as at the date of this report, there are reasonable grounds to believe that the members of the close group (as defined in note 33) will be able to meet any liabilities to which they are, or may become, subject because of the deed of the cross guarantee;

(e) The remuneration disclosures included on pages 19 to 27 of the Directors' report (as part of audited Remuneration Report) for the year ended 31 December 2022 comply with section 300A of the *Corporations Act 2001*; and

(f) The Directors have been given the declarations by the CEO and CFO required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

Mr Marcelo Matos
Director

Brisbane
27 February 2023

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Independent Auditor's Report to the Members of Stanmore Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stanmore Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Acquisition of Dampier Coal (Queensland) Pty Ltd and its controlled entities

Why significant	How our audit addressed the key audit matter
On 3 May 2022, Stanmore Resources Limited ("Stanmore") completed the acquisition of Dampier Coal (Queensland) Pty Ltd and its controlled entity, which includes 80% of the shares on issue of Stanmore SMC Pty Ltd ("SMC"), formerly BHP Mitsui Coal Pty Ltd. The transaction constitutes a business combination under AASB 3 *Business Combinations* and Stanmore's wholly owned subsidiary, Stanmore SMC Holdings Pty Ltd, was determined to be the acquirer for accounting purposes. The details of the business combination accounting are disclosed in Note 2 of the financial statements. In undertaking the business combination accounting, Stanmore is required to measure the consideration transferred and the fair value of identifiable assets, liabilities and contingent liabilities acquired at the acquisition date and assess the existence of any goodwill. The fair value measurement of identifiable assets, liabilities, and contingent liabilities requires significant judgement and complex estimation, including: • The identification and measurement of all assets, liabilities and contingent liabilities. • The fair valuation of non-current assets, including property, plant and equipment, mineral rights (including coal reserves and resources) and exploration and evaluation assets which are dependent upon, amongst other factors, the existence and extent of underlying coal reserves and resources and key forecast assumptions such as discount rates, commodity prices and operating and capital costs. • The valuation of restoration and rehabilitation liabilities, which in turn are dependent upon the extent of environmental disturbances at the acquisition date, the timing of proposed rehabilitation and decommissioning activities and applicable regulatory and compliance requirements. • The measurement of deferred tax assets and liabilities recognised on initial acquisition of SMC. • Treatment of non-controlling interest, which was subsequently acquired in October 2022 As a result, we considered the Group's business combination accounting and the related disclosures in the financial report to be a key audit matter.	Our audit procedures included the following: • Assessed the Group's determination of the acquisition date of the business combination and the conclusion Stanmore SMC Holding Pty Ltd was the acquirer in the transaction. • Evaluated the Group's determination of the purchase consideration with reference to Australian Accounting Standards including contingent consideration payable. • Evaluated the competence and objectivity of the Group's experts used to determine SMC's coal reserves and resources quantities and the fair value allocated to the acquired property, plant and equipment, mining rights, exploration and evaluation assets, and restoration liabilities. • In conjunction with EY's valuation specialists, we: ► Considered whether the valuation methodology, used by the Group's external expert to measure fair value, was in accordance with the requirements of Australian Accounting Standards. ► Evaluated the reasonableness of the key input assumptions including discount rates and forecast commodity prices with reference to a variety of third-party forecasts, peer information and market data. ► Performed valuation cross checks on the acquired property, plant and equipment, mining rights and exploration and evaluation assets with reference to reserve and resource transaction and trading multiples. ► Assessed decommissioning and restoration liability amounts recognised with reference to internal and third-party restoration cost estimates. We considered the composition of the cost estimates and methodologies used as well as the appropriateness of contingency rates and the other market inputs applied, such as inflation and discount rates. • Tested the working capital balances, including cash, inventory, trade receivable and payables at the acquisition date. • Tested transaction costs associated with business combination were recorded in profit and loss for the year. • Tested the non-controlling interest recognised directly within equity for the 20% minority interest in SMC not held by the Group. • Assessed the adequacy of the disclosures in Note 2 to the financial statements.

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Remeasurement of deferred tax balances upon subsidiaries entering Stanmore Resources Limited's tax consolidation group

Why significant	How our audit addressed the key audit matter
On 7 October 2022, the Group completed the acquisition of the non-controlling interest in Stanmore SMC Pty Ltd ("SMC"), resulting in SMC and Red Mountain Infrastructure Pty Ltd becoming wholly owned subsidiaries of Stanmore Resources Limited ("Stanmore"). Upon becoming wholly owned subsidiaries of Stanmore, the entities were required to irrevocably join Stanmore's pre-existing tax consolidation group. On 7 October 2022, the entities joined the tax consolidation group. Upon entry into the tax consolidation group, Australian tax legislation requires the Group to perform an allocable cost amount ("ACA") assessment whereby the tax bases of the entities entering the Group are reset. Significant judgment and complex estimation is required in measuring the tax bases of non-current assets such as property, plant and equipment and mine properties, requiring the use of third party valuation specialists. The reset of the entities tax bases has resulted in the remeasurement of deferred tax assets and deferred tax liabilities. The reset of SMC's tax bases resulted in a net decrease to deferred tax liabilities of US$151.3m, which has been recognised within the statement of profit or loss within the income tax expense account. As a result, we considered the Group's remeasurement of deferred tax balances resulting from these entities joining the Stanmore tax consolidated group and the related disclosures in the financial report to be a key audit matter.	Our audit procedures included the following: • Assessed the requirement of the entities to irrevocably enter the Stanmore Resources Limited tax consolidated group. • Involved EY's taxation specialists to evaluate the impact of the entities entering the Stanmore Resources Limited tax consolidated group and the application of the relevant tax legislation in determining the allocable cost amount ("ACA") used to reset tax bases of the entities. • Evaluated the competence and objectivity of the Group's experts used to determine the fair value allocated to property, plant and equipment and mine properties used in the ACA calculation. • In conjunction with EY's valuation specialists, we: ► Considered whether the valuation methodology, used by the Group's external expert to measure fair value, was in accordance with the requirements of the relevant tax legislation. ► Evaluated the reasonableness of the key input assumptions including discount rates and forecast commodity prices with reference to a variety of third-party forecasts, peer information and market data. ► Performed valuation cross checks on the acquired property, plant and equipment and mine properties with reference to reserve and resource transaction and trading multiples. • Tested the changes in tax bases agreed to the movement in the Group's deferred tax assets and deferred tax liabilities and the consequential impact on the Group's consolidated income tax expense. • Assessed the adequacy of the disclosures in Note 5 to the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report and shareholders information that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 27 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Stanmore Resources Limited for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Tom du Preez
Partner
Brisbane
27 February 2023

Shareholder information

A. Distribution of equity securities

The number of Ordinary Shares by size of holding is:

	Ordinary shares	
Range	Shares No. of holders	%
100,001 and over	873,267,647	96.88%
10,001 - 100,000	20,751,669	2.30%
5,001 - 10,000	3,913,725	.44%
1,001 - 5,000	3,072,997	.34%
1 - 1000	385,596	.04%
	901,391,634	100.00%

The number of shareholders holding less than a marketable parcel of 141 securities is 185 and they hold 3,253 securities.

B. Substantial holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Number of shares	% of total shares
ORDINARY SHARES		
Golden Energy and Resources	577,015,682	64.00%
Mr Matthew J Latimore	43,593,804	4.80%
Regal Funds Mgt	37,381,293	4.10%
JPMorgan Securities Australia	21,604,750	2.40%
VGI Partners	17,736,376	2.00%
Odey Asset Mgt	16,897,373	1.90%
Argo Investments	12,746,487	1.40%
Construction and Building Industry Super - Cbus	11,950,000	1.30%
BofA Securities	9,815,820	1.10%
UBS Securities	8,977,992	1.00%
Private Clients of Interactive Brokers	6,202,468	.70%
PM Capital	5,838,037	.60%
JPMorgan Securities	5,529,606	.60%
DNR Capital	4,929,885	.50%
Private Portfolio Managers PPM	4,676,080	.50%
Morgan Stanley	4,572,438	.50%
Goldman Sachs Asia	4,094,651	.50%
IFM Investors	3,689,441	.40%
Acadian Asset Mgt	3,631,822	.40%
Norges Bank Investment Mgt	3,353,986	.40%
TOTAL OF 20 LARGEST HOLDERS	**804,237,991**	**89.10%**

C. Restricted securities

There are 9,936 restricted shares on issue.

D. Voting rights

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.