stanmore

www.stanmore.net.au

14 August 2023

The Manager
Markets Announcement Office
ASX Limited
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Stanmore 2023 Half Year Results to 30 June 2023

Stanmore Resources Limited announces to the market the financial results for the half year period ended 30 June 2023.

The following documents are attached:

1. Appendix 4D
2. 2023 Half Year Results announcement
3. Half Year Interim Financial Report to 30 June 2023

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

Yours sincerely

Rees Fleming
Company Secretary

Stanmore Resources Limited

Tel +617 3238 1000

ACN 131 920 968

Registered address
Level 32, 12 Creek Street
Brisbane QLD 4000

Postal address
GPO Box 2602
Brisbane QLD 4001

Results for Announcement to Market

Appendix 4D – Period ended 30 June 2023

This document relates to Stanmore Resource Limited's results for the 6 months ended 30 June 2023.

Reporting period	6 months ended 30 June 2023
Previous reporting period	6 months ended 30 June 2022

	6 months to 30 June 2023 US$m	6 months to 30 June 2022 US$m	Change %
Revenue from ordinary activities	1,493.4	1,096.2	36%
Profit/(loss) after tax from ordinary activities attributable to members	340.3	232.7	46%
Net Profit/(loss) attributable to members	340.3	232.7	46%

Dividends paid and proposed

Paid during the period

No dividend was declared or paid during the period

Declared after the period

No dividend has been declared since the end of 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 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

	30 June 2023	30 June 2022	Change
	$	$	%
Net tangible assets/(liabilities) per security	1.857	1.344	38%

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

No Change

Details of farm in arrangements

Name of Entity	30 June 2023	30 June 2022	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 4D is based have been reviewed Ernst & Young, the company auditors.

14 August 2023

2023 Half Year Results

Highlights

- Total recordable injury frequency rate (TRIFR) on a rolling 12-month basis of 2.5 (31 December 2022: 1.5)
- Consolidated Run Of Mine (ROM) production of 9.1Mt, saleable production of 6.4Mt and total sales of produced coal of 6.0Mt supported by numerous monthly production records
- Fully consolidated underlying EBITDA of US$650 million
- US$395 million operating cash flows to support capital requirements for improvement projects and growth
- Acquisition debt repayments during the period of US$267 million
- Available cash as at June 30 reached US$421 million, more than offsetting our long-term debt, with Stanmore now in a US$70 million net cash position
- Lower sales volumes relative to saleable production levels and higher June 30 stockpile levels as a result of underperformance of coal logistic chains, delaying the recovery of sales volumes after the 1Q wet weather impacts
- Significant organic growth opportunities initiated, including approval of the 9.4Mtpa ROM coal expansion of South Walker Creek, and the development of Pit 5 North at Isaac Plains East (an area containing 1.4Mt of ROM coal)
- Commencement of works at our MRA2C creek diversion and Ramp 10 North Box Cut projects at South Walker Creek and Poitrel respectively

CEO Statement

Marcelo Matos, Chief Executive Officer and Executive Director

"Stanmore's 2023 half year financial performance has been strong, generating significant underlying EBITDA and operating cash flows. This has enabled us to continue to strengthen our balance sheet through deleveraging and position Stanmore well for future growth and value delivery.

The project approvals at South Walker Creek and Isaac Plains Complex demonstrate the continued drive by Stanmore to maximise and accelerate shareholder value generation from our existing assets by implementing capital efficient organic improvement and growth projects.

While market prices in 1H 2023 softened early in the half, before stabilising in recent months, we remain confident in 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 remains committed to safety as its number one priority and strive towards our goal of everybody returning home safe each day.

With eight injuries unfortunately recorded during the period, the 12-month moving average Total Recordable Injury Frequency Rate (TRIFR) for the business increased to 2.5 per million hours, still well below industry average, but higher when compared to 1.5 to the end of December 2022. Focus continues on lead safety indicators with particular emphasis on the quality of our field interactions and investigations. We proactively continue to improve our existing processes, systems and knowledge sharing 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 period. 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]

		1H 2023	1H 2022
Run of Mine coal produced	Mt	**9.1**	3.9
Run of Mine strip ratio	Prime Waste : ROM	**8.0**	9.3
Saleable coal produced	Mt	**6.4**	2.8
Sales of coal produced	Mt	**5.9**	2.9
Sales of purchased coal	Mt	**0.1**	-
Total coal sales	Mt	**6.0**	2.9

Financial Highlights[2, 3]

		1H 2023	1H 2022
Revenue	US$M	**1,493**	1,096
EBITDA	US$M	**650**	435
Underlying EBITDA	US$M	**650**	726
Profit after tax	US$M	**340**	233
Cash flow from operations	US$M	**395**	563
Average sales price achieved	US$/t	**250**	377
FOB cash cost (ex. royalties)	US$/t sold	**97**	87

Results reflect the full operation of the South Walker Creek and Poitrel mines over the period with sales volumes of produced coal increasing compared to the corresponding period by 3.0 million tonnes, with Stanmore commencing ownership from 3 May 2022. The volume increase, partially offset by a decrease in average realised sales price to US$250/tonne, has driven an Underlying EBITDA of US$650 million for the period.

Cash generated from our operations was US$395 million, despite a significant amount of Queensland Government royalties paid during the period of US$359 million (applying the new Queensland Government royalty rates which came into effect from 1 July 2022).

[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, comparative production statistics and financial results throughout this document have been reported from 1 May 2022

Weather events in the first quarter resulted in operational impacts primarily in relation to truck and excavator pre-strip and coal mining, and truck haulage across all three mines.

1H 2023 FOB costs per tonne sold (excluding royalties) were US$97 per tonne. Higher mining costs per tonne are attributed to continued inflationary pressures, the impacts of timing of undercapitalised waste volumes in the first quarter, and the continued inability of both rail network and haulage to provide sufficient capacity to support the recovery of sales volumes after the wet weather impacts experienced in the first quarter. The Company expects FOB costs per tonne sold to be lower in 2H 2023, as the logistics systems recover supporting catching up on our expected full year sales volumes, capitalising on healthy levels of product and ROM stocks at the end of the half to support a stronger second half sales performance.

Risks remain around securing appropriately skilled labour throughout the Bowen Basin, looming accommodation shortages and cost pressures. However, energy related costs (explosives, diesel, electricity) appear to have stabilised and in some cases eased towards the back end of 1H 2023.

South Walker Creek

Managed Production		1H 2023	1H 2022
ROM coal produced	Mt	**4.0**	1.3
ROM strip ratio	*Prime*	**8.3**	8.0
Saleable coal produced	Mt	**3.1**	1.0
Total coal sales	Mt	**2.9**	1.1
Average sales price achieved	US$/t	**267**	435
FOB cash cost (ex. royalties)	US$/t sold	**80**	77

Strong overburden performance by the dragline and excavator fleets helped overcome significant rainfall events experienced in 1Q 2023. Several site operating records were achieved during the second quarter as a result of improvements in blasted inventory, coal blending opportunities and generally low rainfall. Among these were a record 6-month CHPP feed volume of 4.15Mt. Blasted inventory volumes have increased significantly on the back of targeted improvement programs, which has had the effect of reducing production risk for the remainder of 2023.

Increased railings during June (597Kt railed in June compared with the 1H 2023 monthly average of 466Kt) has eased clean coal product stockpile pressure caused by multiple train cancellations experienced as the system recovered from significant January 2023 rain events.

MRA2C Project

Clearing and grubbing works for the growth enabling MRA2C (creek diversion) Project along with powerline relocation works are 90% complete, on schedule and under budget. The bulk civil earthworks contract has been awarded, has commenced mobilisation and is scheduled for commencement in 3Q 2023, and we expect to ramp up production of competitive ROM Coals at this new pit in 1H 2025 in line with our previously announced plans.

Expansion to 9.4Mtpa of ROM Coal and 7.0 Mtpa saleable production

We have been successfully granted with a minor amendment to our Environmental Authority in 2Q 2023 to allow up to 9.4 million tonne per annum (Mtpa) ROM coal to be mined going forward. Consequently, the Stanmore Board resolved to approve the SWC Expansion Project. The project has three main elements, being:

i) Upgrading the SWC CHPP to 1,200 tph via the construction of a dense media cyclone circuit connected to the existing CHPP to increase washing capacity to circa 9.4Mtpa of coal feed and resulting in circa 7.0Mtpa of saleable production of saleable coal;

ii) The construction of an enlarged maintenance workshop to support increased number of mobile fleets, as well as other support infrastructure; and

iii) The procurement of additional truck and excavator fleets with additional operating expenditure commitments to deliver approximately 25Mbcm of additional overburden to support the enlarged operation.

Mining capacity is expected to increase from circa 8.0 to 9.4Mtpa annualised rate by 3Q 2024. These investments are expected to take place during 2H 2023 and 2024 with the aim to achieve the new steady state saleable production rate of circa 7.0Mpta from early 2025.

Isaac Plains Complex

Managed Production		1H 2023	1H 2022
ROM coal produced	Mt	**2.0**	1.7
ROM strip ratio	*Prime*	**7.2**	5.4
Saleable coal produced	Mt	**1.6**	1.1
Total coal sales	Mt	**1.6**	1.1
Average sales price achieved	US$/t	**231**	311
FOB cash cost (ex. royalties)	US$/t sold	**92**	84

Mining operations were affected by a number of wet weather events in January and March but continued to deliver strong ROM tonnage performance during the period.

Despite some initial teething issues experienced earlier in the year from the commissioning and ramping up of the recently upgraded CHPP, throughput continued to improve during the period. This was highlighted by a throughput record of 380Kt ROM coal feed and a record monthly saleable production of 288Kt, both achieved in June.

Haulage of ROM coal to the Red Mountain CHPP at Poitrel, via the Peak Downs Highway, continued in 2023 with the program completed in early April. The extended campaign assisted to mitigate the secondary crusher teething issues at the Isaac Plains CHPP in January during the ramp up post upgrade. A total of 575Kt (inclusive of 222Kt in 4Q 2022) was hauled from this program in this campaign utilising the unused CHPP capacity at Poitrel allowing strong saleable production results from the mine.

Development of Pit 5 North

Development of Pit 5 North project at Isaac Plains East commenced in 2Q 2023 for additional mining production of 1.4 million tonnes of ROM Coal over a period of two years utilising an additional truck and excavator fleet. Capital expenditure of approximately US$2.5 million for surface water management, culverts for a creek crossing and realignment of the 66kV overhead power line, clearing & grubbing and topsoil stripping is also required.

Poitrel

Managed Production		1H 2023	1H 2022
ROM coal produced	Mt	**3.1**	0.9
ROM strip ratio	*Prime*	**8.1**	10.7
Saleable coal produced	Mt	**1.6**	0.7
Total coal sales	Mt	**1.6**	0.7
Average sales price achieved	US$/t	**237**	390
FOB cash cost (ex. royalties)	US$/t sold	**136**	109

The mine recovered very well from the challenges posed by the wet weather experienced in the first quarter and the mine sequence stabilised in the second quarter by enabling continuous cast and dozer push operations. Drill and blast as well as total material movement records were achieved for the mine in the second quarter. Blasted inventory significantly improved towards the end of the 1H 2023. In May, Poitrel produced its highest material movement on record (7Mbcm stripping, 0.8Mt ROM coal) with strong cast, dozer push and exceptional truck and shovel performance. June followed as the second-best month on record.

Due to a prioritisation of coal flow in 2022 driven by the strong metallurgical coal price environment, catching-up on waste volumes was required throughout the course of 1H 2023. This has contributed to lower annualised sales volumes in 1H 2023 compared to 2022, albeit this is expected to normalise in 2H 2023. The mine ended the half year with healthy ROM coal stockpile inventory with a variety of coal types.

Over 250Kt of opportunistic ROM coal from the Vermont lower plies were mined during the period. These coals were historically excluded from reserves due to thickness and quality uncertainties. Latent CHPP capacity was used in the second quarter to wash V23/VL coal, including a successful trial of rewashing some rejects to ascertain longer term viability of this strategy. The trial indicated that there is an opportunity to reprocess some rejects and the mine is currently stockpiling identified rejects in anticipation of a further wash opportunity later in 2023.

In addition to toll washing 371Kt of Isaac Downs coal in 1H 2023, 190Kt of other third-party coals from neighbouring mines enabling Poitrel to unlock value by using its spare washing capacity and provide additional product blending flexibility and optimisation when opportunity presents.

1H 2023 has seen higher than budgeted maintenance costs, equipment and labour costs and fuel prices. These additional costs have been partially offset by additional toll washing revenue. In addition to the cost pressures, skilled labour supply shortages continued to be challenging, resulting in the extension of a successful new-to-industry training program throughout 1H 2023.

The 2023 exploration campaign focussed on furthering geological knowledge into the heavily faulted area in Ramp 10 North, and further validating the deposit coal quality.

Ramp 10 North Project

All environmental approvals to continue development of the Ramp 10 North project have been received. Vegetation clearing, topsoil stripping and de-watering activities are well advanced to prepare the pit layback in the geotechnically challenging area, thereby maintaining coal flow into the coming years.

The Southern Levee extension project is underway and on track to enable pit progression in the Southern ramps, in 2024.

Progress at the Ramp 10 North capital project during the first half was impacted by wet weather early in the year and the fleet capacity that would otherwise be stripping capitalised waste volumes was redirected to other mining pits, impacting operational costs in the half. Leveraging the exceptional drill and blast performance during the second quarter, most of the overburden has been successfully blasted, allowing for good recovery of the delays caused by the wet weather earlier in the year. Excavation progress is surpassing the latest forecast, enabled by the exceptional truck and shovel performance in June, and we expect to conclude the year with R 10 N development on time hence higher amount of capitalised waste expected during 2H resulting to materially lower operational costs.

Corporate Update

Cash

Stanmore ended the half-year with US$421 million in cash in hand and aggregate total debt[4] of US$351 million, resulting in a 30 June 2023 net cash position of US$70 million. This was despite a large income tax payment in June 2023, ongoing capital expenditure (including supporting the underground development at our MetRes joint venture through the increased loan facility) and strategic acquisitions of additional long term rail and port capacity. The net cash position is a remarkable result for the Company considering the US$795 million in total debt drawdowns during 2022 and subsequent acquisition of the remaining 20% interest in SMC funded by internal cashflows.

Financing

The annual cash sweep under the Acquisition Debt Facility commenced with a principal repayment of US$252.3 million made on 9 February 2023. Following scheduled amortisation of US$15 million in 1H 2023, the balance of the Acquisition Debt Facility reduced to US$348 million.

An extension of the Golden Energy and Resources Limited (GEAR) US$70 million facility to 30 June 2024 was executed in 2Q 2023. Also included in the agreement was the release of securities held by GEAR in relation to the facility. The facility remains undrawn and will continue to provide a source of liquidity for corporate purposes and general operating requirements as and when needed.

Stanmore's unsecured surety bonding facility limit was increased in 1Q 2023 from A$25 million to A$40 million, to meet expected additional performance guarantee requirements and retain existing headroom.

The Company agreed to amend the terms and increase its secured finance facility with MetRes Pty Ltd to A$90 million. The facility will be used to support the ongoing development of the Mavis underground mine and is subject to a structured repayment schedule.

Safeguard Mechanism

Currently our Poitrel and South Walker Creek mines are included in the Safeguard Mechanism. Following extensive industry engagement, on 7 July 2023 the Federal Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) finalised its coal production variable review as part of the broader Safeguard Mechanism reforms. DCCEEW determined a single production variable for run-of-mine coal incorporating coal mine waste gas emissions is most suitable. They also decided on a slower transition from the site specific to industry specific coal production variable compared to what had previously been communicated.

The Safeguard reform package will require a progressive reduction in carbon emission intensity, aligned with the intent of the Safeguard Mechanism. Stanmore will work towards implementing mitigations in line with previous commitments and work plans.

2023 Dividend Determination

While Stanmore's financial performance in 1H 2023 has been strong, considering expected capital commitments in 2H 2023, and uncertain commodity markets and global economic conditions, no interim dividend for 2023 has been declared by the Board at this time.

[4] 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

Other Corporate

The Company was pleased to release its second Sustainability Report on 6 April 2023. Stanmore also released its Modern Slavery Statement for the year ended 31 December 2022 on 29 June 2023.

Stanmore will continue its successful Marketing Services Agreement with M Resources Trading Pty Ltd such that, pursuant to its previously executed terms and conditions, the agreement will continue on a rolling three-year basis. Amendments have been made to the agreement to adjust the fees payable for the comprehensive services provided to bring them in line with commercial, market rates effective from 1 July 2023.

Key Australian Export Metallurgical Coal Prices

Average Selling Price (ASP)		1H 2023	1H 2022
South Walker Creek	US$/t sold	**267**	435
Poitrel	US$/t sold	**237**	390
Isaac Plains Complex	US$/t sold	**231**	311
Total	US$/t sold	**250**	377

The price environment has stabilised following a supply-side recovery after early year wet weather events. Since the severe weather event experienced in January 2023 which impacted mostly the Mackay coastal area, rainfall for the remainder of 1H 2023 was limited and weather conditions for Bowen Basin operations remained favourable. As Australian supply constraints eased and coal availability normalised, premium hard coking coal prices adjusted by falling from US$300/t at the close of the March quarter to around the US$230/t levels by the end of April, stabilising around these levels for the balance of the half.

The performance of Queensland's infrastructure logistics chains was subdued and restricted export volumes. Structural underperformance was observed especially from rail service providers, which in combination with maintenance periods resulted in the supply chain being bottlenecked for a majority of the period after the wet weather in January through to June.

The July to September period is forecast to continue to see scheduled infrastructure maintenance periods impacting export capacity for Queensland networks, and service providers are indicating continued tight conditions are likely to persist.

Considering the logistics chain constraints, the Company has taken action to manage its contracted position with infrastructure service providers on the short-term spot market combined with longer term increased capacity, which will be supported by ongoing actions to secure surge capacity to alleviate constraints in the medium term. Early indications are the additional capacity will align the Company's export capacity and production capacity more closely.

Through 1H 2023, steel makers have reported more challenging export market dynamics for steel products, and this has been consistent with the generally weak demand conditions for steel products in China where steel demand and steelmakers margins have been soft. The Chinese market for Australian coal re-opened during the period, and this has supported a substantial thermal trade.

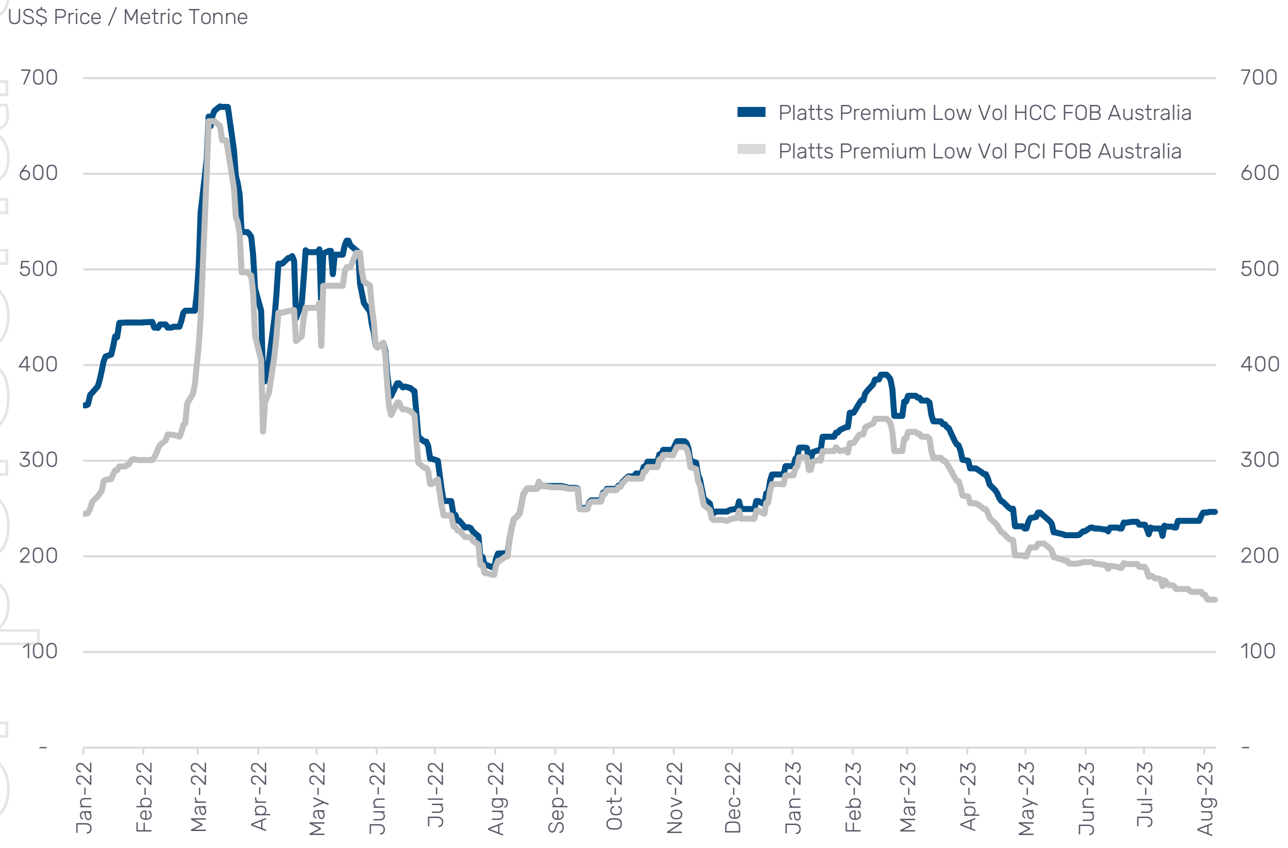
In addition to growth in supply availability from Australia, North American exports have also performed well in 1H 2023 relative to 1H 2022, and Russian exports have not declined in aggregate. Metallurgical coal importing countries that will not import Russian material have been adequately supplied, and any additional material offered in grades that Russia supplies (such as PCI and weak coking coals) are now competing with Russian offers. Stanmore maintains a prudent forward sales policy and is well supported in its offtake across a diversified customer base. There are signs emerging of a floor in metallurgical market pricing, with converging FOB Australian and Russian delivered PCI pricing into key markets such as China, SEA and India that can intake both origins. The willingness for Russian PCI producers to offer further discounts has also observed to have been decreasing with mine netback realisations reaching challenging levels.

With recent performance of domestic production, domestic pricing for prime coking coals has meant seaborne imports of prime coking coals could be attractive again to Chinese end users. In combination, large Australian producers are continuing with their planned seasonal maintenance shutdowns through the July to September quarter, impacting the availability of prime hard coking coal material in the market and supporting pricing in this segment.

Indian procurement had continued strongly, well into June and the monsoon season, with purchasing activity subdued since this time. The emergence from monsoon and return to market activity may prove a positive catalyst for metallurgical coal markets.

Supply chains continue to be sensitive to disruption events, and short-term availability in metallurgical coal production still has the potential for large upside price risk. Fundamentals continue to be supportive with continued rollout of new blast furnace fleet across South Asia.

The chart below describes the strong performance of key Australian metallurgical coal prices through 2022 and 2023:



Notes: *S&P Global Commodity Insights Platts Premium Low Vol HCC FOB Australia and Low Vol PCI FOB Australia indices: 3 Jan 2022 to 8 August 2023*
Source: *S&P Global Commodity Insights, ©2023 by S&P Global Inc.*

2023 Guidance and Outlook

The Company is forecasting saleable production of up to 13Mtpa for 2023 with costs per tonne normalising in the second half. Capital expenditure will be stepped-up in 2H 2023 with re-scheduling of the Poitrel Ramp 10 work following wet weather experienced early in the year and the ramp-up of the MRA2C program and South Walker Creek expansion.

		2022 Actual	1H 2023 Actual	2H 2023 Guidance	2023 Guidance
Saleable Production	Mt	9.2	6.4	5.9 - 6.6	12.3 - 13.0
South Walker Creek	Mt	4.0	3.1	2.8 - 3.0	5.9 - 6.1
Poitrel	Mt	2.8	1.6	2.0 - 2.2	3.6 - 3.8
Isaac Plains Complex	Mt	2.4	1.6	1.1 - 1.4	2.7 - 3.0
FOB Cash Cost	US$/t sold	83	97	83 - 89	87 - 93
Capital Expenditure	US$	82	46	130 - 150	175 - 195

Approval

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

Further Information

Investors

investors@stanmore.net.au

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

		1H 2023	1H 2022
ROM Coal Production			
South Walker Creek	Mt	3.997	1.346
Poitrel	Mt	3.128	0.851
Isaac Plains Complex	Mt	1.995	1.693
Total	Mt	**9.120**	**3.890**
Strip Ratio			
South Walker Creek	Prime	8.3	8.0
Poitrel	Prime	8.1	10.7
Isaac Plains Complex	Prime	7.2	5.4
Total	Prime	**8.0**	**7.5**
Saleable Coal Production			
South Walker Creek	Mt	3.106	1.005
Poitrel	Mt	1.621	0.670
Isaac Plains Complex	Mt	1.646	1.134
Total	Mt	**6.373**	**2.809**
Saleable Production - Coking Coals	%	*36%*	*54%*
Saleable Production - PCI	%	*59%*	*46%*
Saleable Production - Thermal Coals	%	*5%*	*0%*
Total Coal Sales			
South Walker Creek	Mt	2.856	1.081
Poitrel	Mt	1.562	0.726
Isaac Plains Complex	Mt	1.560	1.104
Total	Mt	**5.978**	**2.911**
FOB Cash Cost (ex. royalties)			
South Walker Creek	US$/t sold	80	77
Poitrel	US$/t sold	136	109
Isaac Plains Complex	US$/t sold	92	84
Total	US$/t sold	**97**	**87**
Average Selling Price			
South Walker Creek	US$/t sold	267	435
Poitrel	US$/t sold	237	390
Isaac Plains Complex	US$/t sold	231	311
Total	US$/t sold	**250**	**377**

Note 1: All controlled coal production shown on a 100% basis, with South Walker Creek and Poitrel showing comparative 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

Interim financial report
June 2023

Stanmore Resources Limited
ABN 27 131 920 968
Interim financial report - 30 June 2023

Contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Stanmore Resources Limited and its subsidiaries. The financial statements are presented in United States Dollars.

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 14 August 2023. The Directors have the power to amend and reissue the financial statements.

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 Chair Mr Marcelo Matos Chief Executive Officer and Executive Director Mr Jimmy Lim 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 Mr Murray Smith Alternate Director for Matthew Latimore (appointed 1 June 2023)
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 +61 7 3011 3333
Stock exchange listings	Australian Securities Exchange ASX Code: SMR
Website	www.stanmore.net.au

Directors' report

Your Directors present their report on the group consisting of Stanmore Resources Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons held office as Directors of Stanmore Resources Limited during the financial period and up to the date of this report:

Mr Dwi Suseno, Non-Executive Director and Chair
Mr Marcelo Matos, Chief Executive Officer and Executive Director
Mr Jimmy Lim, 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
Mr Murray Smith, Alternate Director for Matthew Latimore (appointed 1 June 2023)
Mr Mark Trevan, Non-Executive Director (resigned 30 June 2023)

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

Principal activities

During the period the principal continuing activities of the Group consisted of the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

Operating and Financial Review

Highlights of the Group's operations and results for the six-month period to 30 June 2023 are described below:

- Cash inflows from operations of $395.2m (30 June 2022: US$562.7m)
- Net profit after tax of $340.3m (30 June 2022: $232.6m profit)
- Underlying EBITDA (a non-IFRS measure) of $649.7m (30 June 2022: positive $726.0m)
- Net cash of $69.5m as at 30 June 2023 (31 December 2022, net debt $187.7m),
- Run of mine coal produced (ROM) of 9.1mt (30 June 2022: 3.9mt)
- Saleable coal produced of 6.4mt (30 June 2022: 2.8mt)

Financial Performance

	Half-year 30 June 2023 $M	Half-year 30 June 2022 $M
Revenue from contracts with customers	**1,493.4**	1,096.2
Other income and expenses	**(974.4)**	(719.4)
Profit/(loss) before income tax and net finance expenses	**519.0**	376.8
Finance income	**10.3**	1.3
Finance expenses	**(49.4)**	(25.0)
Net finance income/(expenses)	**(39.1)**	(23.7)
Profit/(loss) before income tax benefit/(expense)	**479.9**	353.1

Operating and Financial Review (continued)

Financial Performance (continued)

	Half-year 30 June 2023 $M	Half-year 30 June 2022 $M
Income tax benefit/(expense)	**(139.6)**	(120.5)
Profit/(loss) after income tax expense	**340.3**	232.6

Underlying EBITDA result (non-IFRS measure)

Underlying EBITDA (non-IFRS measure) reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Consolidated Entity. The items adjusted are determined to be not in the ordinary course of business. The presentation of non-IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

	Group	
	Half-year 30 June 2023 $M	Half-year 30 June 2022 $M
Revenue	**1,494.4**	1,096.2
Other gains/(losses)	**(2.1)**	1.1
Expenses	**(962.2)**	(740.6)
Share of profit/(loss) from associates	**(11.1)**	20.1
Profit/(loss) before income tax and net finance expenses	**519.0**	376.8
Depreciation and amortisation expense	**130.7**	57.8
Earnings before interest, depreciation and amortisation (EBITDA) (Non-IFRS measure)	**649.7**	434.6
Remeasurement of provisions	**-**	0.1
Inventory Purchase Price allocation adjustment	**-**	227.5
Transaction and transition costs	**-**	63.8
Underlying EBITDA (Non-IFRS measure)	**649.7**	726.0

The Underlying EBITDA (non-IFRS measure) of $649.7m for the 6-month period to 30 June 2023 was a $76.3m decrease compared to $726.0m for the period to 30 June 2022. The decrease in EBITDA was primarily due to a reduction in the average sales price achieved US$377/t to US$250/t, and an increase in the FOB cash costs (ex. royalties) from US$87.3/t to $97.4/t. These impacts have been primarily offset by an increase in sales volumes of 3.1mt, due to a full 6 months of ownership of Stanmore SMC Pty Ltd.

Operating and Financial Review (continued)

Underlying EBITDA result (non-IFRS measure) (continued)

The primary drivers contributing to the Net Profit after Tax (“NPAT”) result $340.3m include:

• Gross revenue from coal sales increased to $1,493.4m for the period to 30 June 2023 from $1,096.2m in the period to 30 June 2022. The increase was driven by an increase in sales of produced coal to 5.9mt from 2.9mt, driven by a full 6 months of ownership of Stanmore SMC Pty Ltd, offsetting a $127/t decrease in the US$ realised price to an average of $250/t from $377/t in the period to 30 June 2022.

• 1H FOB costs per tonne sold (excluding royalties) were US$97.4. Higher mining costs per tonne are attributable to continued inflationary pressures, the impacts of timing of under capitalised waste volumes in the first quarter, and the continued inability of both rail network and haulage to provide sufficient capacity to support the recovery of sales volumes after the wet weather impacts experienced in the first quarter.

• Depreciation and amortisation costs increased broadly in line with production levels and capital expenditure levels, driven primarily by a full 6 months of ownership of Stanmore SMC Pty Ltd.

Cash flow

	Group	
	30 June 2023 $M	30 June 2022 $M
Cash at beginning of period	**432.4**	45.6
Cash flows from operating activities	**395.2**	562.7
Cash flows from investing activities	**(88.1)**	(1,282.7)
Cash flows from financing activities	**(316.1)**	1,221.9
Effects of exchange rate changes on cash and cash equivalents	**(2.5)**	(1.4)
Net increase/(decrease) in cash held	**(11.5)**	500.5
Cash at end of period	**420.9**	546.1

Cash inflows from operating activities decreased from $562.7m for the period to June 2022 to $395.2m for the period to 30 June 2023. The decrease is primarily due to increases in mining costs, coupled with increases in the Queensland Government royalty rates effective 1 July 2022. These increases in cash costs were partially offset by increases in cash receipts from customers as a result of higher sales volumes in the current period.

Cash outflows from investing activities decreased by $1,194.6m, driven by $1,254.6m of payments for the acquisition of Stanmore SMC Pty Ltd (formerly BHP Mitsui Coal Pty Ltd) in the period to 30 June 2022. Current period outflows relate to capital expenditure of $45.7m (30 June 2022: $15.2m) and $40.1m for the drawdown of a related party loan by MetRes Pty Ltd (30 June 2022: $17.8m).

Cash flows from financing activities decreased by $1,538.0m to a net outflow of $316.1m for the period to 30 June 2023. The period to 30 June 2022 included one-off receipts of $503.1m in relation to the issuance of additional shares, and a further $795.0m received in relation to the drawdown of acquisition financing and other facilities to fund the acquisition of SMC. During the period to 30 June 2023, $265.9m of borrowings were repaid, primarily in relation to the Stanmore SMC Pty Ltd financing facility.

Operating and Financial Review (continued)

Operational Summary

Health, Safety, Environment and Community Performance

Stanmore remains committed to safety as its number one priority and strives towards our goal of everyone returning home safe each day.

With eight injuries unfortunately recorded during the period, the 12-month moving average Total Recordable Injury Frequency Rate (TRIFR) for the business increased to 2.5 per million hours, still well below industry average, but higher when compared to 1.5 per million hours to the end of 31 December 2022. Focus continues on lead safety indicators with particular emphasis on the quality of our field interactions and investigations. We proactively continue to improve our existing processes, systems and knowledge sharing 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 period. 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.

Operations

		1H 2023	1H 2022
Run of Mine coal produced	Mt	**9.1**	3.9
Run of Mine strip ratio	Prime Waste: Rom	**8.0**	9.3
Saleable coal produced	Mt	**6.4**	2.8
Sales of coal produced	Mt	**5.9**	2.9
Sales of purchased coal	Mt	**0.1**	-
Total coal sales	Mt	**6.0**	2.9

Results reflect the full operation of the South Walker and Poitrel mines over the period with sales volumes of produced coal increasing compared to the corresponding period by 3.0 million tonnes, with Stanmore commencing ownership from 3 May 2022. Note, for consolidation purposes results reflect consolidation from 1 May 2022.

Weather events in the first quarter resulted in operational impacts primarily in relation to truck and excavator pre-strip and coal mining, and truck haulage across all three mines.

The average sale price achieved for all coal (both metallurgical and thermal) during the period was $249.8/t, compared to 30 June 2022 of $377.0/t. The price environment has stabilised following a supply-side recovery after early year wet weather events. Since the severe weather event experienced in January 2023 which impacted mostly the Mackay coastal area, rainfall for the remainder of 1H 2023 was limited and weather conditions for Bowen Basin operations remained favourable. As Australian supply constraints eased and coal availability normalised, premium hard coking coal prices have adjusted, falling from US$300/t at the close of the March quarter to around the US$230/t levels by the end of April, stabilising around these levels for the balance of the half-year.

The performance of Queensland infrastructure logistics chains was subdued and restricted export volumes. Structural under-performance was observed, especially from rail service providers, which in combination with maintenance periods resulted in the supply chain being bottlenecked for a majority of the period after the wet weather in January through to June.

Risks remain around securing appropriately skilled labour throughout the Bowen Basin, looming accommodation shortages and cost pressures. However, energy related costs (explosives, diesel, electricity) appear to have stabilised and in some cases eased towards the back end of 1H 2023.

Operating and Financial Review (continued)

Operational Summary (continued)

South Walker Creek

Strong overburden performance by the dragline and excavator fleets helped overcome significant rainfall events experienced in 1Q 2023. Several site operating records were achieved during the second quarter as a result of improvements in blasted inventory, coal blending opportunities and generally low rainfall. Among these were a record 6-month CHPP feed volume of 4.15Mt. Blasted inventory volumes have increased significantly on the back of targeted improvement programmes, which has had the effect of reducing production risk for the remainder of 2023.

Increased railings during June (597Kt railed in June compared with the 1H monthly average of 466Kt) has eased clean coal product stockpile pressure caused by multiple train cancellations experienced as the system recovered from significant January 2023 rain events.

Poitrel

The mine recovered very well from the challenges posed by the wet weather experienced in the first quarter and the mine sequence stabilised in the second quarter by enabling continuous cast and dozer push operations. Drill and blast as well as total material movement records were achieved for the mine in the second quarter. Blasted inventory significantly improved towards the end of the half. In May, Poitrel produced its highest material movement on record (7Mbcm stripping, 0.8Mt ROM coal) with strong cast, dozer push and exceptional truck and shovel performance. June followed as the second-best month on record.

Due to a prioritisation of coal flow in 2022 driven by the strong metallurgical coal price environment, catching-up on waste volumes was required throughout the course of 1H 2023. This has contributed to lower annualised sales volumes in 1H 2023 compared to 2022, albeit this is expected to normalise in 2H 2023. The mine ended the half-year with healthy ROM coal stockpile inventory with a variety of coal types.

In addition to toll washing 371Kt of Isaac Downs coal in 1H 2023, 190Kt of other third-party coals from neighbouring mines were also washed, enabling Poitrel to unlock value by using its spare washing capacity and provide additional product blending flexibility and optimisation when opportunity presents.

1H 2023 has seen higher than budgeted maintenance costs, equipment and labour costs, and fuel prices. These additional costs have been partially offset by additional toll washing revenue. In addition to the cost pressures, skilled labour supply shortages continued to be challenging, resulting in the extension of a successful new-to-industry training program throughout 1H 2023.

Isaac Downs Complex

Mining operations were affected by a number of wet weather events in January and March, but continued to deliver strong ROM tonnage performance during the period.

Despite some initial teething issues experienced earlier in the year from the commissioning and ramping up of recently upgraded CHPP, throughput continued to improve during the period. This was highlighted by a throughput record of 380Kt ROM coal feed and a record monthly saleable production of 288Kt, both achieved in June.

Haulage of ROM coal to the Red Mountain CHPP at Poitrel, via the Peak Downs Highway, continued in 2023 with the program completed in early April. The extended campaign assisted to mitigate the secondary crusher teething issues at the Isaac CHPP in January. A total of 575Kt (inclusive of 222Kt in 4Q 2022) was hauled from this program in this campaign utilising the unused CHPP capacity at Poitrel allowing strong saleable production results from the mine.

Operating and Financial Review (continued)

Other activities

The annual cash sweep under the Acquisition Debt Facility commenced with a principal repayment of US$252.3m made on 9 February 2023. Following scheduled amortisation of US$15.0m in 1H 2023, the balance of the Acquisition Debt Facility reduced to US$348.0m.

An extension of the Golden Energy and Resources Limited (GEAR) US$70.0m facility to 30 June 2024 was executed in 2Q 2023. Also included in the agreement was the release of securities held by GEAR in relation to the facility. The facility is currently undrawn and will continue to provide a source of liquidity for corporate purposes and general operating requirements as and when needed.

Stanmore's unsecured surety bonding facility limit was increased in 1Q 2023 from A$25.0m to A$40.0m during the quarter, to meet expected additional performance guarantee requirements and retain existing headroom.

The Company agreed to amend the terms and increase its secured finance facility with MetRes Pty Ltd to A$90.0m. The facility will be used to support the ongoing development of the Mavis underground mine and is subject to a structured repayment schedule.

The GEAR loan extension, combined with cash on hand and the ongoing availability of the other revolving facilities, puts Stanmore's closing total liquidity at US$644.0m as at 30 June 2023.

Likely developments and expected results of operations

Operations

Healthy ROM and product stockpiles provide a strong position leading into the second half of the year.

At South Walker Creek mine, work will commence on the expansion to 9.4Mtpa and continues on the capital works at the Mulgrave Resources Area 2C (MRA2C) which will unlock lower strip ratio and higher yielding / quality ROM volumes.

At Poitrel, capital works continue on the Ramp 10 North project with coal production to normalise following the lag effect of coal prioritisation in the high price 2022 environment.

At Isaac Plain Complex, work has commenced on development of Pit 5 North and is forecast to achieve record full-year saleable production.

Exploration and development

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.

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 9.

Rounding of amounts

The Company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument.

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

Mr Marcelo Matos
Director

Brisbane
14 August 2023

Building a better working world

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

As lead auditor for the review of Stanmore Resources Limited for the half-year ended 30 June 2023, 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 review; and

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

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

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

Ernst & Young

Ernst & Young

Tom du Preez
Partner
Brisbane
14 August 2023

Condensed consolidated statement of profit or loss

	Notes	Group Half-year **30 June 2023 $M**	30 June 2022 $M
Continuing operations			
Revenue from contracts with customers	2	**1,493.4**	1,096.2
Other income	3	**1.0**	-
Other gains/(losses)		**(2.1)**	1.1
Total income		**1,492.3**	1,097.3
Net coal inventory movements		**56.9**	(245.0)
Foreign exchange gains/(losses)		**12.6**	28.6
Depreciation and amortisation expense		**(130.7)**	(57.8)
Employee benefits expense		**(59.5)**	(23.5)
Materials and supplies		**(159.6)**	(53.4)
Operating expenses		**(316.4)**	(136.6)
Royalties expense		**(285.2)**	(146.6)
Transaction and transition costs	3(b)	**-**	(63.8)
Other expenses	3(b)	**(80.3)**	(42.5)
Operating profit		**530.1**	356.7
Finance income	3(c)	**10.3**	1.3
Finance expenses	3(c)	**(49.4)**	(25.0)
Share of profit/(loss) from associates net of tax	23(b)	**(11.1)**	20.1
		(50.2)	(3.6)
Income tax expense	4	**(139.6)**	(120.5)
Profit for the period		**340.3**	232.6
Profit is attributable to:			
Owners of Stanmore Resources Limited		**340.3**	218.1
Non-controlling interests		**-**	14.5
		340.3	232.6
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**37.8**	32.4
Diluted earnings per share		**37.8**	32.4

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

Condensed consolidated statement of comprehensive income

	Group	
	Half-year	
	30 June 2023 $M	30 June 2022 $M
(Loss)/profit for the half-year	**340.3**	232.6
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation	**-**	(20.7)
Other comprehensive income for the half-year, net of tax	**-**	(20.7)
Total comprehensive income for the half-year	**340.3**	211.9
Total comprehensive income for the half-year is attributable to:		
Owners of Stanmore Resources Limited	**340.3**	197.4
Non-controlling interests	**-**	14.5
	340.3	211.9

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

Condensed consolidated balance sheet

	Notes	Group 30 June 2023 $M	 31 December 2022 $M
ASSETS			
Current assets			
Cash and cash equivalents	6	**420.9**	432.4
Trade and other receivables	7	**253.7**	333.2
Inventories	8	**181.0**	107.5
Derivative financial instruments	22	**-**	6.5
Other current assets	9	**27.8**	20.0
Total current assets		**883.4**	899.6
Non-current assets			
Loans to related parties		**39.8**	-
Investments accounted for using the equity method		**8.2**	19.3
Financial assets at FV through OCI	22	**25.0**	25.0
Property, plant and equipment	11	**1,146.0**	1,103.3
Other assets	9	**31.8**	22.1
Exploration, development and mine properties	12	**1,205.7**	1,246.5
Total non-current assets		**2,456.5**	2,416.2
Total assets		**3,339.9**	3,315.8
LIABILITIES			
Current liabilities			
Trade and other payables	13	**264.2**	424.5
Borrowings	14	**71.7**	290.7
Lease liabilities	15	**94.0**	61.9
Derivative financial instruments	22	**5.4**	-
Current tax liabilities		**210.9**	127.7
Employee benefit obligations		**32.5**	30.3
Provisions		**10.4**	4.3
Total current liabilities		**689.1**	939.4
Non-current liabilities			
Borrowings	14	**272.2**	313.4
Lease liabilities	15	**206.8**	198.2
Deferred tax liabilities	4	**167.2**	183.1
Provisions	17	**330.7**	348.1
Total non-current liabilities		**976.9**	1,042.8
Total liabilities		**1,666.0**	1,982.2
Net assets		**1,673.9**	1,333.6
EQUITY			
Share capital	21	**616.4**	616.4
Other reserves		**(23.7)**	(23.7)
Retained earnings		**1,081.2**	740.9
Total equity		**1,673.9**	1,333.6

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

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Condensed consolidated statement of changes in equity

Group	Issued Capital $M	Other reserves $M	Retained earnings $M	Total equity $M
	Attributable to owners of Stanmore Resources Limited			
Balance at 1 January 2023	**616.4**	**(23.7)**	**740.9**	**1,333.6**
Profit for the half-year	**-**	**-**	**340.3**	**340.3**
Total comprehensive income for the half-year	**-**	**-**	**340.3**	**340.3**
Balance at 30 June 2023	**616.4**	**(23.7)**	**1,081.2**	**1,673.9**

Group	Issued Capital $M	Retained earnings $M	Other reserves $M	Non-controlling interests $M	Total equity $M
	Attributable to owners of Stanmore Resources Limited				
Balance at 1 January 2022	**113.4**	**13.2**	**(8.3)**	**-**	**118.3**
Profit for the half-year	**-**	**218.1**	**-**	**14.5**	**232.6**
Other comprehensive income	**-**	**-**	**(20.7)**	**-**	**(20.7)**
Total comprehensive income for the half-year	**-**	**218.1**	**(20.7)**	**14.5**	**211.9**
Transactions with owners in their capacity as owners:					
Acquisition of Dampier group Issue of share capital	**503.0**	**-**	**-**	**-**	**503.0**
Transactions with non-controlling interests	**-**	**-**	**-**	**389.4**	**389.4**
	503.0	**-**	**-**	**389.4**	**892.4**
Balance at 30 June 2022	**616.4**	**231.3**	**(29.0)**	**403.9**	**1,222.6**

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

Condensed consolidated statement of cash flows

	Notes	Group Half-year 30 June 2023 $M	30 June 2022 $M
Cash flows from operating activities			
Receipts from customers		**1,549.5**	1,117.6
Payments to suppliers and employees		**(1,065.6)**	(411.7)
Interest received		**10.3**	1.3
Interest and other finance costs paid		**(32.9)**	(19.6)
Income tax received/(paid)		**(66.1)**	(124.9)
Net cash inflow from operating activities		**395.2**	562.7
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	5	**-**	(1,254.5)
Payments for property, plant and equipment	11	**(45.7)**	(15.2)
Payments for capitalised development, exploration and evaluation assets		**-**	(21.9)
Payments for mine property assets		**-**	(2.4)
Payments of vendor royalties		**(3.3)**	(1.6)
Dividends received		**1.0**	-
Receipt of repayments of loan to Joint Venture		**-**	30.7
Drawdown of loan principle by Joint Venture		**(40.1)**	(17.8)
Net cash outflow from investing activities		**(88.1)**	(1,282.7)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities	21	**-**	503.1
Proceeds from borrowings	14	**-**	795.0
Repayment of borrowings		**(265.9)**	(93.9)
Principal elements of lease payments		**(56.1)**	(9.0)
Proceeds from financial securities		**-**	(1.4)
Refunds/(payments) for refundable security bonds		**5.9**	28.1
Net cash (outflow)/inflow from financing activities		**(316.1)**	1,221.9
Net (decrease)/increase in cash and cash equivalents		**(9.0)**	501.9
Cash and cash equivalents at the beginning of the half-year		**432.4**	45.6
Effects of exchange rate changes on cash and cash equivalents		**(2.5)**	(1.4)
Cash and cash equivalents at end of the half-year		**420.9**	546.1

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

1 Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2023 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and 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 interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by Stanmore Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

(b) Going concern

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.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2023.

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.

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.

(d) 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.

1 Basis of preparation of half-year report (continued)

(e) 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.

(f) 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.

2 Revenue

The Group derives the following types of revenue:

	Group Half-year **30 June 2023 $M**	30 June 2022 $M
Revenue from contracts with customers	**1,493.4**	1,096.2
Total revenue from continuing operations	**1,493.4**	1,096.2

(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 geographical regions.

	Group Half-year **30 June 2023 Revenue from external customers $M**	30 June 2022 Revenue from external customers $M
Metallurgical coal/Asia	1,071.9	929.4
Metallurgical coal/Europe	305.4	102.8
Metallurgical coal/South America	85.3	64.0
Thermal coal/Asia	30.8	-
Total segment revenue	1,493.4	1,096.2

(b) Recognition and measurement

The group recognises revenue from the transfers of goods at a point in time, when control of the coal has been transferred from the Consolidated entity to the customer. Typically, the transfer of control and the recognition of the sale occurs when the coal passes the ship rail when loading at the port.

3 Other income and expense items

(a) Other income

	Group Half-year 30 June 2023 $M	30 June 2022 $M
Dividends	**1.0**	-

(b) Breakdown of other expenses

	Half-year 30 June 2023 $M	Half-year 30 June 2022 $M
Operational accommodation and travel	**21.6**	7.5
Sales and marketing	**23.0**	17.4
Administration and other operational expenses	**2.7**	17.6
Purchased Coal	**33.0**	-
Total other expenses	**80.3**	42.5

	Half-year 30 June 2023 $M	Half-year 30 June 2022 $M
Transaction and transition costs	**-**	63.8
Total transaction and transition costs	**-**	63.8

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

3 Other income and expense items (continued)

(c) Finance income and costs

	Group Half-year 30 June 2023 $M	30 June 2022 $M
Finance income		
Interest	**10.3**	1.3
Finance income	**10.3**	1.3
Finance costs		
Interest paid	**32.9**	16.5
Interest amortisation unwinding	**4.3**	5.4
Interest charge - lease liability	**12.2**	3.1
Finance costs expensed	**49.4**	25.0
Net finance costs	**39.1**	23.7

4 Income tax expense

(a) Income tax expense

	Group Half-year 30 June 2023 $M	30 June 2022 $M
Current tax	**155.5**	173.4
Deferred tax	**(15.9)**	(52.9)
Total current tax expense/(benefit)	**139.6**	120.5

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

	Group Half-year 30 June 2023 $M	30 June 2022 $M
Profit from continuing operations before income tax expense	**479.9**	353.2
Prima facie tax expense (30%) on profit/(loss) before income tax	**144.0**	106.0
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses	**3.5**	14.5
Prior period taxes over/(under) recognised	**(3.2)**	-
Other	**(4.7)**	-
Income tax expense/(benefit)	**139.6**	120.5

(c) Deferred tax balances

(i) Recognised deferred tax assets and liabilities

4 Income tax expense (continued)

(c) Deferred tax balances (continued)

(i) Recognised deferred tax assets and liabilities (continued)

	Notes	Group 30 June 2023 $M	31 December 2022 $M
The balance comprises temporary differences attributable to:			
Deductible temporary differences	14	**168.5**	164.2
Assessable temporary differences		**(335.7)**	(347.3)
Total deferred tax liabilities		**(167.2)**	(183.1)

5 Business combination

Acquisition of Dampier Coal (Queensland) Pty Ltd

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 were 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**

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

	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**

5 Business combination (continued)

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

	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**
	(1,286.3)
Less: Balances acquired	
Cash	**63.0**
Net outflow of cash - investing activities	**(1,349.3)**

The US$100m of deferred consideration was subsequently paid on 3 November 2022, in accordance with the sales and purchase agreement.

Acquisition-related costs

Transaction costs associated with the acquisition have been expensed as transaction and transition costs in the period to December 2022 totalling US$70.4m (30 June 2022: $63.8m) .

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 30 June 2023, 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.

Acquisition of non-controlling interests in Stanmore SMC Pty Ltd

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.

Accounting classification change

During the current year, an accounting reclassification was performed between categories within capitalised development and exploration as a result of the finalisation of the purchase price allocation related to the SMC business combination. This reclassification is outlined in Note 12.

6 Cash and cash equivalents

	Group 30 June 2023 $M	31 December 2022 $M
Current assets		
Cash at bank and in hand	**420.9**	432.4

(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.

7 Trade and other receivables

	Group 30 June 2023		31 December 2022	
	Current $M	**Non-current $M**	Current $M	Non-current $M
Trade receivables	**226.0**	**-**	281.6	-
Other receivables	**(2.0)**	**-**	14.0	-
GST receivable	**29.7**	**-**	37.6	-
Loans to related parties	**-**	**39.8**	-	-
	253.7	**39.8**	333.2	-

8 Inventories

	Group 30 June 2023 $M	31 December 2022 $M
Current assets		
ROM coal inventories	**69.7**	52.8
Product coal stocks	**71.7**	31.3
Warehouse inventories	**39.6**	23.4
	181.0	107.5

9 Other assets

	Group 30 June 2023 $M	31 December 2022 $M
Other current assets		
Prepayments	**27.8**	20.0

9 Other assets (continued)

	Group 30 June 2023 $M	31 December 2022 $M
Other non-current assets		
Security bonds	**1.3**	19.7
Other	**2.3**	2.4
Prepayments	**28.2**	-
	31.8	22.1

10 Financial assets at fair value through other comprehensive income

	Group 30 June 2023 $M	31 December 2022 $M
Non-current assets		
Financial assets at FV through OCI	**25.0**	25.0

11 Property, plant and equipment

	Group 30 June 2023 $M	31 December 2022 $M
Plant and equipment		
At cost	**577.1**	570.6
Accumulated depreciation	**(149.0)**	(113.0)
	428.1	457.6
Land and buildings		
At cost	**259.3**	259.3
Accumulated depreciation	**(20.2)**	(11.8)
	239.1	247.5
Right of use asset		
At cost	**403.6**	315.3
Accumulated depreciation	**(92.7)**	(46.0)
	310.9	269.3
Capital work in progress		
Capital work in progress	**167.9**	128.9
	167.9	128.9
	1,146.0	1,103.3

11 Property, plant and equipment (continued)

Group	Plant & equipment $M	Buildings & improvements $M	Right of use asset $M	Capital work in progress $M	Total $M
Half-year ended 30 June 2023					
Opening net book amount	**457.6**	**247.5**	**269.3**	**128.9**	**1,103.3**
Additions	**0.1**	**-**	**90.8**	**45.6**	**136.5**
Exchange differences	**(0.2)**	**-**	**-**	**-**	**(0.2)**
Transfers	**6.6**	**-**	**-**	**(6.6)**	**-**
Depreciation charge	**(36.0)**	**(8.4)**	**(49.2)**	**-**	**(93.6)**
Closing net book amount	**428.1**	**239.1**	**310.9**	**167.9**	**1,146.0**

Group	Plant & equipment $M	Buildings & improvements $M	Right of use asset $M	Capital work in progress $M	Total $M
Half-year ended 30 June 2022					
Opening net book amount	**37.7**	**1.8**	**0.3**	**7.2**	**47.0**
Acquisition of business	**752.2**	**256.9**	**256.8**	**55.8**	**1,321.7**
Additions	**-**	**-**	**61.5**	**14.5**	**76.0**
Exchange differences	**(0.3)**	**-**	**-**	**(0.5)**	**(0.8)**
Transfers	**1.1**	**-**	**-**	**(1.1)**	**-**
Depreciation charge	**(24.7)**	**(2.9)**	**(12.2)**	**-**	**(39.8)**
Closing net book amount	**766.0**	**255.8**	**306.4**	**75.9**	**1,404.1**

12 Non-current assets - Capitalised Development and Exploration

	Group	
	30 June 2023 $M	31 December 2022 $M
Exploration and evaluation assets	**130.2**	68.9
Mine properties	**1,075.5**	1,177.6
	1,205.7	1,246.5

Group	Exploration and evaluation $M	Mine properties $M	Total $M
Half-year ended 30 June 2023			
Opening net book amount	**68.9**	**1,177.6**	**1,246.5**
Remeasurement of rehabilitation assets	**-**	**(4.0)**	**(4.0)**
Depreciation charge	**-**	**(36.8)**	**(36.8)**
Reclassifications	**61.3**	**(61.3)**	**-**
Closing net book amount	**130.2**	**1,075.5**	**1,205.7**

12 Non-current assets - Capitalised Development and Exploration (continued)

Group	Capitalised development costs $M	Exploration and evaluation $M	Mine properties $M	Total $M
Half-year ended 30 June 2022				
Opening net book amount	**64.4**	**31.4**	**15.9**	**111.7**
Exchange differences	**(0.8)**	**(0.5)**	**0.2**	**(1.1)**
Acquisition of subsidiary	**-**	**38.8**	**921.1**	**959.9**
Additions	**22.3**	**0.2**	**2.3**	**24.8**
Depreciation charge	**-**	**-**	**(17.8)**	**(17.8)**
Reclassifications	**(85.9)**	**-**	**85.9**	**-**
Closing net book amount	**-**	**69.9**	**1,007.6**	**1,077.5**

(a) Key judgements and estimates

During the current year, the purchase price allocation of the SMC business combination was finalised. As a result of this exercise, a reclassification of value between mining properties and exploration and evaluation of $61.3m was performed to the exploration and evaluation assets.

13 Trade and other payables

	Group 30 June 2023 $M	31 December 2022 $M
Current liabilities		
Trade and other payables	**51.6**	104.0
Accrued expenses	**142.3**	288.8
Other payables	**20.1**	31.7
Statutory payables	**50.2**	-
	264.2	424.5

14 Interest bearing loans and borrowings

		Group					
		30 June 2023			31 December 2022		
	Notes	**Current $M**	**Non-current $M**	**Total $M**	Current $M	Non-current $M	Total $M
Acquisition financing		**60.0**	**270.2**	**330.2**	285.6	309.4	595.0
Chattel Mortgage		**1.7**	**2.0**	**3.7**	1.1	4.0	5.1
Insurance premium funding		**10.0**	**-**	**10.0**	4.0	-	4.0
Total interest bearing loans and borrowings		**71.7**	**272.2**	**343.9**	290.7	313.4	604.1

Financing arrangements

The Group entered into a number of financing facilities in order to fund the acquisition of SMC from BHP in the prior year, and for the expanding operations of the Group.

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

14 Interest bearing loans and borrowings (continued)

Financing arrangements (continued)

Loans and borrowing facilities	30 June 2023 $M	31 December 2022 $M
Acquisition Financing		
Facility outstanding	**(347.7)**	(615.0)
Stanmore Revolving Credit Facility		
Total available facility	**120.0**	120.0
Facility utilised	**-**	-
Available facility	**120.0**	120.0
SMC Working Capital Facility		
Total available facility	**33.2**	33.9
Total facility utilised	**-**	-
Available facility	**33.2**	33.9
Group Revolving Credit Facility - GEAR		
Total available facility	**70.0**	70.0
Facility utilised	**-**	-
Available facility	**70.0**	70.0
Chattel Mortgage		
Total facility outstanding	**3.7**	5.1

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. The calculation of the annual cash flow sweep cannot be confirmed until December 31 each year once full year cash flows are known. However, the amount of this sweep would be $82.6m if using only cash flows from the six months ended 30 June 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.

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. On 30 June 2023, this facility was extended for 12 months under the revised terms below.

The key terms of the US$70m facility are:
• US$70m facility until 30 June 2024, with final draw down available until 31 March 2024;
• upfront fee of 1.5%
• fixed interest rate on drawn funds of 12.0% per annum
• commitment fee of 3.0% per annum; and
• is an unsecured facility

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, maturing in 2024, 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$.

14 Interest bearing loans and borrowings (continued)

Financing arrangements (continued)

Guarantee and bonding facilities	**Group 30 June 2023 $M**	31 December 2022 $M
SMC Bank Guarantee Facility		
Total facility	**39.8**	40.7
Facility utilised	**(32.9)**	(33.7)
Available facility	**6.9**	7.0
SMC Surety Bonding Facility		
Total facility	**59.7**	61.0
Facility utilised	**(45.9)**	(33.9)
Available facility	**13.8**	27.1
Group Bank Guarantee Facility		
Total facility	**0.4**	3.9
Facility utilised	**(0.4)**	(2.7)
Available facility	**-**	1.2
Group Surety Bonding Facility		
Total facility	**26.5**	16.9
Facility utilised	**(18.2)**	(6.1)
Available Facility	**8.3**	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 bank guarantee facility for general purpose usage.

The 'Group Surety Bonding Facility' is an unsecured A$40m surety bonding facility.

Other facilities	**Group 30 June 2023 $M**	31 December 2022 $M
Insurance Premium Funding		
Total funding amount	**12.7**	11.4
Funding balance outstanding	**10.0**	4.0

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.

15 Lease liability

	Group 30 June 2023 $M	31 December 2022 $M
Lease liabilities current	**94.0**	61.9
Lease liabilities non-current	**206.8**	198.2
Total lease liability	**300.8**	260.1

(a) Reconciliation of movements

Reconciliation of movements	Half-year June 2023 $'M	Half-year June 2022 $'M
Opening balance	260.1	0.4
Additions	90.8	61.5
Additions through acquisitions	-	256.8
Depletions through settlement	(62.3)	(12.1)
Foreign exchange remeasurements	-	(15.6)
Interest expense	12.2	3.1
Closing balance	**300.8**	**294.1**

16 Derivative financial instruments

	Group 30 June 2023 $M	31 December 2022 $M
Derivative financial assets/(liabilities)	**(5.4)**	6.5
Total derivative financial instruments	**(5.4)**	6.5

17 Provisions

	Group 30 June 2023			Group 31 December 2022		
	Current $M	**Non-Current $M**	**Total** $M	Current $M	Non-current $M	Total $M
Onerous contracts provision	-	-	-	0.3	0.7	1.0
Rehabilitation provision	8.5	185.7	194.2	3.0	200.2	203.2
Contingent consideration	1.9	145.0	146.9	1.0	147.2	148.2
	10.4	330.7	341.1	4.3	348.1	352.4

17 Provisions (continued)

(a) Movements in provisions

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

Group Half-year to 30 June 2023	Onerous contracts provisions $M	Rehabilitation provision $M	Contingent consideration $M	Total $M
Opening balance	**1.0**	**203.2**	**148.2**	**352.4**
Additions - current period disturbance	**-**	**(4.0)**	**-**	**(4.0)**
Adjustments through remeasurement	**-**	**-**	**(1.5)**	**(1.5)**
Depletions through settlement	**(1.0)**	**(3.0)**	**2.5**	**(1.5)**
Unwinding of discount via profit and loss	**-**	**(2.0)**	**(2.3)**	**(4.3)**
Carrying amount at end of period	**-**	**194.2**	**146.9**	**341.1**

Group Half-year to 30 June 2022	Onerous contracts provisions $M	Rehabilitation provision $M	Contingent consideration $M	Total $M
Opening balance	1.2	27.9	6.3	35.4
Additions through acquisition	-	199.2	140.0	339.2
Adjustments through remeasurement	(0.2)	-	0.5	0.3
Depletions through settlement	(0.1)	-	(1.5)	(1.6)
Unwinding of discount via profit and loss	-	0.8	0.3	1.1
Exchange differences	0.1	(16.8)	(0.3)	(17.0)
Carrying amount at end of period	1.0	211.1	145.3	357.4

18 Provision for employee benefits

	Group 30 June 2023 $M	 31 December 2022 $M
Provision for annual leave	**21.2**	16.9
Provision for bonus	**9.1**	12.9
Provision for long service leave	**2.2**	0.5
	32.5	30.3

19 Dividends and franking credits

(a) Ordinary shares

	Group Half-year 30 June 2023 $M	30 June 2022 $M
Dividends provided for or paid during the half-year	**-**	-

(b) Franked credits

	Consolidated entity 30 June 2023 $M	30 June 2022 $M
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2022 - 30.0%)	**88.4**	11.7

20 Earnings per share

(a) Basic earnings per share

	Group Half-year 30 June 2023 Cents	30 June 2022 Cents
Basic earnings per share (cents)	**37.8**	32.4

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

(b) Diluted earnings per share

	Group Half-year 30 June 2023 Cents	30 June 2022 Cents
Diluted earnings per share (cents)	**37.8**	32.4

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 potential ordinary shares.

20 Earnings per share (continued)

(c) Weighted average number of shares used as denominator

	Group	
	30 June 2023 Number	30 June 2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**901,391,634**	674,042,802

21 Equity securities issued

Group	**30 June 2023 Shares**	31 December 2022 Shares	**30 June 2023 $M**	31 December 2022 $M
Issues of ordinary shares during the half-year				
Fully paid	**901,391,634**	901,381,698	**616.4**	616.4
	901,391,634	901,381,698	**616.4**	616.4

22 Fair value measurements of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 and 31 December 2022 on a recurring basis:

Group - At 30 June 2023	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets				
Investments at Fair Value through other comprehensive income	-	-	**25.0**	**25.0**
Financial liabilities				
Contingent consideration held at fair value through profit or loss	-	-	**146.9**	**146.9**
Derivative financial instruments held at fair value through profit or loss	-	**5.4**	-	**5.4**
Total financial liabilities	-	**5.4**	**146.9**	**152.3**

22 Fair value measurements of financial instruments (continued)

(a) Fair value hierarchy (continued)

Group - At 31 December 2022	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Financial assets				
Derivative financial instruments held at fair value through profit or loss	-	6.5	-	6.5
Investments at Fair Value through other comprehensive income	-	-	25.0	25.0
Total financial assets	-	6.5	25.0	31.5
Financial liabilities				
Contingent consideration held at fair value through profit or loss	-	-	148.2	148.2
Total financial liabilities	**-**	**-**	**148.2**	**148.2**

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

23 Interests in other entities

(a) Material subsidiaries

The Group's material subsidiaries at 30 June 2023 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 principle place of business.

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by the group 30 June 2023 %	31 December 2022 %
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**	**100**
Stanmore SMC Pty Limited	Coal mining	Australia	**100**	**100**
Red Mountain Infrastructure Pty Ltd	Coal mining	Australia	**100**	**100**

23 Interests in other entities (continued)

(b) Interests in joint arrangements

Set out below are the significant farm in arrangements of the Group as at 30 June 2023. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group 30 June 2023 %	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 Segment and revenue information

(a) Description of segments

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 makers - CODM) in assessing performance and determining the allocation of resources and the financial information available to be reported to the Board.

The Group produces and sells metallurgical (as primary product) and thermal coal (as secondary product) in Queensland, Australia.

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

25 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.

Directors' declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 2 to 34 are in accordance with the *Corporations Act 2001*, including:

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

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date and

(b) there are reasonable grounds to believe that Stanmore Resources Limited will be able to pay its debts as and when they become due and payable.

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

Mr Marcelo Matos
Director

Brisbane
14 August 2023

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

Conclusion

We have reviewed the accompanying half-year financial report of Stanmore Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2023, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Tom du Preez
Partner
Brisbane
14 August 2023