

December 2023 Quarterly Activities Report



Highlights

- Consolidated December quarter Run of Mine (ROM) production of 4.8Mt, saleable production of 3.4Mt and total coal sales of 3.8Mt, the highest quarterly sales tonnes for the year driven by improved logistics availability and strategic acquisitions of surplus capacity
- The strong quarterly result translates into consolidated 2023 ROM production of 18.4Mt, saleable production of 13.2Mt and total coal sales of 13.1Mt, with multiple production records supporting a full year saleable production figure above Guidance
- Multiple transactions announced during the quarter: the partial sale of the southern area of the Wards Well tenement for US\$136 million¹ combined with a potential royalty stream and various agreements which will support the development pathway for Lancewood; and the acquisition of the remaining 50% interest in the Millennium Complex (comprised of the former Millennium and Mavis Downs mining areas)
- Consolidated cash on 31 December 2023 closed at US\$446 million, supporting a net cash² position of US\$126 million after accounting for Stanmore's long-term debt position at year-end and net of the special dividend declared and paid in November 2023

CEO Statement

Marcelo Matos, Chief Executive Officer and Executive Director:

"While our focus on lead safety indicators and maintaining a strong SAFR continued in 2023, we unfortunately reported four non-severe recordable injuries and one serious recordable injury during the quarter.

Saleable production for the quarter remained strong with coal sales seeing the benefits of recently acquired additional logistics capacity, and an improvement in rail network and haulage performance in the Bowen Basin. The Company has ended the quarter with healthy levels of product and ROM stockpiles which should also support 1Q 2024 sales performance.

The saleable production results for the year are a testament to the consistency and resilience of our operations, especially considering weather events experienced throughout the year and challenges associated with the rail network and haulage performance in the first half of 2023.

Pricing for metallurgical coals remained strong through the quarter, with continued tight balance for supply of prime materials, whilst prices for non-prime materials remained stable. Stanmore is well positioned to benefit from ongoing supportive market conditions, with potential upside should a relativity mean reversion occur in 2024 for our PCI products."

¹ Comprising US\$125 million upfront cash and a US\$10.5 million port and rail rebate.

² Unaudited net cash (debt) is calculated as the outstanding principal balance of any balance sheet debt facilities and finance leases, excluding lease liabilities accounted for under IFRS-16, less consolidated unrestricted cash on hand.

Consolidated Production & Sales Performance ^{3, 4}

| | | Quarter Ended Dec-23 | Quarter Ended Sep-23 | YTD Ended Dec-23 | YTD Ended Dec-22 |
|----------------------------|-------|-------------------------|-------------------------|---------------------|---------------------|
| ROM Coal Produced | Mt | 4.8 | 4.5 | 18.4 | 13.5 |
| ROM Strip Ratio | Prime | 7.1 | 7.5 | 7.6 | 7.4 |
| Saleable Coal Produced | Mt | 3.4 | 3.4 | 13.2 | 9.2 |
| Sales of Produced Coal | Mt | 3.7 | 3.2 | 12.8 | 9.3 |
| Sales of 3P Purchased Coal | Mt | 0.1 | 0.1 | 0.2 | 0.1 |
| Total Coal Sales | Mt | 3.8 | 3.3 | 13.1 | 9.4 |

Overview

In the December quarter, ROM production increased 6.7%, whilst sales of produced coal increased 15.6%, closing out a strong year across all sites where these results were supported by multiple new production records being achieved. This represents a final result of above guidance saleable production for 2023, notwithstanding robust closing inventory positions.

Looking ahead into the early stages of 2024, severe storm cells subsequent to the quarter close have resulted in various impacts at our operations and recovery work is ongoing. Nonetheless, we are still confident in our ability to recover from these impacts, over the course of 2024.

Safety

During the quarter, there were five recordable injuries reported across the group, one of which was disappointingly, a recordable serious accident. Stanmore has completed a review of investigation quality across our assets, with the intent to identify areas where improvement is required and an aim of lifting our capability to prevent future incidents, particularly those that have been repeated.

The 12-month rolling TRIFR at the end of the quarter increased to 3.2 per million hours, similar to the previous quarter⁵. The Serious Accident Frequency Rate (SAFR) for the 12-month period is 0.016, well below the industry average of 0.53 (reported as of June 2023 by Resources Safety and Health Queensland).

Operational Highlights

South Walker Creek

| | | Quarter Ended Dec-23 | Quarter Ended Sep-23 | YTD Ended Dec-23 | YTD Ended Dec-22 |
|------------------------|-------|-------------------------|-------------------------|---------------------|---------------------|
| ROM Coal Produced | Mt | 1.8 | 2.2 | 8.0 | 5.4 |
| ROM Strip Ratio | Prime | 8.5 | 8.3 | 8.3 | 7.8 |
| Saleable Coal Produced | Mt | 1.6 | 1.6 | 6.3 | 4.0 |
| Total Coal Sales | Mt | 1.6 | 1.6 | 6.1 | 4.1 |

³ All figures are on a 100% basis.

⁴ Stanmore's share of MetRes Pty Ltd increased to 100% on 22 December 2023. For performance reporting purposes, physical metrics will be consolidated from 1 January 2024.

⁵ Previous quarter TRIFR adjusted to include one additional reportable injury following release of the September 2023 Quarterly Activities Report.

The CHPP had the highest coal production quarter for the year, maintaining an annualised run rate above 6.2Mt. ROM coal of 1.8Mt for the quarter was 82% of 3Q 2023 due to mine sequencing and wet weather. However, coal inventories were available to support a consistent saleable production figure quarter on quarter and enable above plan CHPP yields.

1.6Mt of coal was sold during the quarter (100% of 3Q 2023), however coal railed was behind prior quarter, partly due to a planned 5-day CHPP outage in November and rail network issues experienced over the Christmas period. There was 330Kt of product coal at site at the end of the quarter, reflective of the impacted rail network. Production records achieved for the year included ROM tonnes mined (7.97Mt), all-time saleable production (6.26Mt), waste movement, blasted BCM's and achieved yield.

Poitrel

| | | Quarter Ended Dec-23 | Quarter Ended Sep-23 | YTD Ended Dec-23 | YTD Ended Dec-22 |
|------------------------|-------|-------------------------|-------------------------|---------------------|---------------------|
| ROM Coal Produced | Mt | 2.2 | 1.6 | 6.9 | 4.2 |
| ROM Strip Ratio | Prime | 5.5 | 5.6 | 6.7 | 8.4 |
| Saleable Coal Produced | Mt | 1.2 | 1.2 | 4.0 | 2.8 |
| Total Coal Sales | Mt | 1.4 | 1.0 | 4.0 | 3.0 |

Sustained stripping performance enabled a strong quarterly coal mining record of 2.17Mt, being a 40% increase on 3Q 2023 performance. Strip ratio for the quarter was in line with the previous quarter, with the year-on-year strip ratio lower due to capitalised volumes for R10N box-cut fully caught up to our original plans. The first stage of the box-cut was completed in November despite a delayed start to the program in 1Q 2023, due to pit conditions from wet weather and approval delays. Production records achieved for the year included total material moved, explosives tonnes loaded and drill metres.

CHPP saleable coal production was in-line with 3Q 2023 (with some additional 3rd party coal washing), but strong inventory levels for 3Q 2023 allowed a 32% increase in coal sales, with December setting the record for highest coal sales in the year.

Isaac Plains Complex

| | | Quarter Ended Dec-23 | Quarter Ended Sep-23 | YTD Ended Dec-23 | YTD Ended Dec-22 |
|------------------------|-------|-------------------------|-------------------------|---------------------|---------------------|
| ROM Coal Produced | Mt | 0.9 | 0.7 | 3.6 | 3.9 |
| ROM Strip Ratio | Prime | 8.4 | 9.2 | 7.9 | 5.6 |
| Saleable Coal Produced | Mt | 0.6 | 0.6 | 2.9 | 2.4 |
| Total Coal Sales | Mt | 0.8 | 0.7 | 3.0 | 2.3 |

Water management and recovery set up work ahead of the wet season positively influenced actual pit recovery, supporting a step-up in quarterly ROM production and sales to close out the year. Lower annual ROM production is reflective of the impact from wet weather events early in the year and the prioritisation of stripping in 4Q 2023 to ensure good float ahead of dragline path for 1Q 2024, with the impact to saleable production and sales being buffered by strong opening inventories in 2023.

The CHPP suffered from a bearing failure in the secondary crushing unit as well as major crack repairs in the deslime screen, impacting operational hours over the quarter. This quarter, the first parcel of third-party purchased ROM coal was processed through the IPC CHPP, yielding positive results.

The mine completed 113 hectares of rehabilitation at Isaac Plains East during the year – adding to strong rehabilitation performance in 2022.

Production records achieved for the year included Total Material Moved (39.1Mbcms), CHPP feed (4.2Mt) and saleable production (2.9Mt).

Millennium Complex ^{3, 4}

Conventional open-cut truck and shovel production activities concluded in 4Q 2023, with the operation focused on underground coal mining activities.

Underground operations continue to ramp up production volumes following the introduction and establishment of the second production unit. This reflects the progress to operate independent production panels, each utilising their own production units, and supporting the continued ramp up to planned mining productivities. The underground mining conditions experienced to date have supported the planned production build up and conditions are continuing to improve as the mine expands beyond an anticipated fault line in the first production panel.

A total of 103Kt of ROM coal was mined in the quarter, including 69Kt from underground operations with 74Kt of saleable coal produced. Net shipments of 94Kt of metallurgical coal were completed.

Projects

As part of our ongoing approach to increase efficiency and maximise delivery of value from the Company's assets, progress on the following organic development projects is noted:

South Walker Creek

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

As noted previously, the South Walker Creek expansion project will see mine production increase to 9.4Mtpa of ROM Coal between mid-2024 and early 2025 and to 7.0Mtpa saleable production from early 2025. All approvals are in place with key contracts awarded during the quarter for the CHPP expansion works and provision of Heavy Mining Equipment (HME) for the 3 additional expansion fleets to be mobilised during 1H 2024. Further ancillary contracts will be awarded during 1Q 2024. The project is on schedule and on budget.

Internal development approval for critical Y South pit was secured during the quarter. Whilst Y South has always been contemplated as part of the mine's life of mine plan, fast-tracking of the project became critical with the approval of the expansion project, with Y-South expected to contribute 13Mt of low strip ratio and high yielding ROM coal adjacent to the CHPP. Similarly, to MRA2C and Ramp 10 North in Poitrel, box cut volumes will be capitalised and amortised over the life of the pit. Total expenditure is estimated at US\$32M and has been included in 2024 capital expenditure guidance, as previously disclosed. Access to the pit was obtained at the end of the quarter, with production drilling commencing in early January 2024 in preparation for the first blast and ahead of the plan to direct two of the additional expansion fleets to the area during this year.

MRA2C Project

The project continues to progress in line with approved budget and time expectations. Bulk earthworks are well underway on the creek diversion and protection levees, with over 1 million cubic metres of material moved in the quarter. Ancillary infrastructure works, including water and powerline works are more than 90% complete.

Poitrel

The Southern Levee Extension Project has continued to progress well. The planned levee height of 1 in 1000-year flood height was achieved a month earlier than planned and below budget.

Stripping of the Ramp 10N box cut area continued in the quarter, with the first stage complete in November. Stage two will continue into 2024, which upon completion, will extend the terrace to facilitate full strip mining by early 2025.

Isaac Plains Complex

Development of the Pit 5 North project at Isaac Plains East continued in the quarter with various civil activities completed. Blasting of waste material commenced during the quarter with the first ROM coal mined in December.

Significant progress was made in the construction of the Isaac Downs Mining Infrastructure Area, however, labour shortages experienced by our contractors pushed the completion of this work to 1Q 2024. Approximately 1.4Mt of ROM Coal is expected to be mined between the 2024 and 2025 calendar years.

Exploration

Exploration drilling activities continued through 4Q 2023 with four rigs in operation across the Nebo West and Lancewood projects. The drilling program at Nebo West achieved a combined total of 45 structural and pilot boreholes, totalling some 11,244m for the period.

Drilling with respect to the planned Lancewood project commenced in October and focused on the drilling and installation of groundwater monitoring bores to support our environmental obligations and to support and inform the next stage of mine design and the baseline data required for the environmental approval for the project, together with ecology works, which also commenced. A total of 12 groundwater monitoring bores and six structural boreholes were drilled for a total of 2,731m.

Peer reviewed results from the 3D seismic campaign conducted in 3Q 2023 at Lancewood are expected in January 2024. These results have been slightly delayed from 4Q 2023 so the data from recently drilled structural boreholes can be included in the analysis.

A Pre-Feasibility Study for Lancewood is expected to be completed in 2Q 2024, which will include assessment of development options on a stand-alone basis or utilising the upgraded infrastructure at Peabody's Centurion (formerly North Goonyella) complex as contemplated in the transaction announced on 26 October 2023.

Coal Sales and Realised Pricing

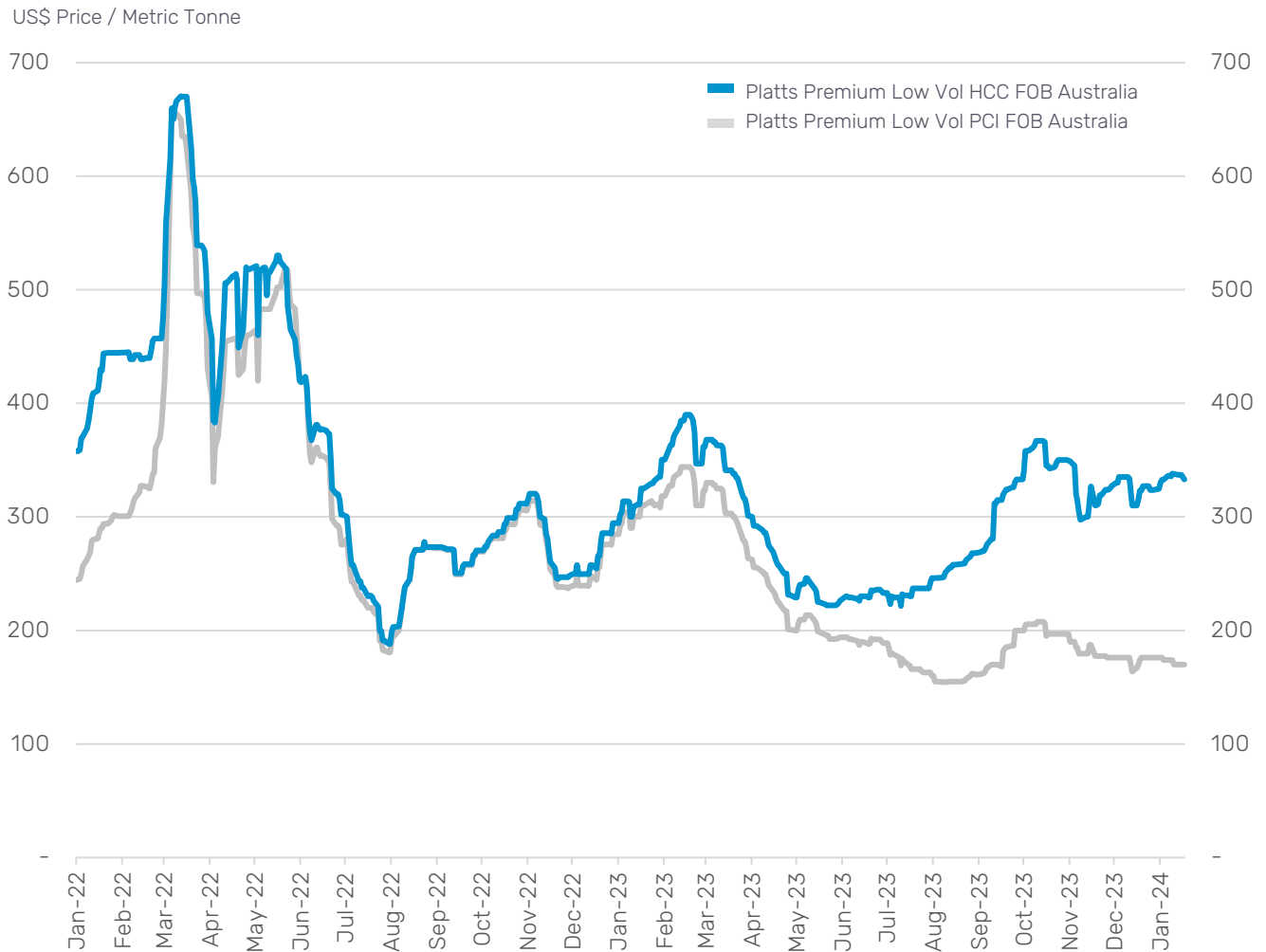
Overall demand for metallurgical coal remained generally stable throughout the quarter, with some strengthening of demand from China observed, attributable to ongoing high production rates for steel mills, winter restocking demand and a number of safety related shutdowns in key metallurgical coal mines. At times through the quarter, the pricing arbitrage reopened for supply of Australian material into China. Supply conditions from Australian producers meant that premium hard coking coal remained tight for the quarter, with pricing at the outset of quarter at US\$333 per tonne, closing at US\$324 per tonne. The relative availability of non-premium grades of metallurgical coal to prime hard coking coal did not materially change quarter on quarter, with Russian competition for non-prime grades (especially PCI coals) continuing to impact relativities.

Export infrastructure availability improved through the quarter, in combination with ongoing efforts to manage capacity this supported an increase in sales quarter on quarter for Stanmore. The severe storm cells very early in

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the new year referred above, subsequent to the quarter close, may affect the performance of supply chains in 1Q 2024.

Steel market conditions remain generally subdued, with some key purchasing regions having deferred purchasing decisions and are expected to return to the market through 1Q 2024 with improved demand. Stanmore has been proactive in positioning a strong sales book for the January to March period on all coal types.



Notes: S&P Global Commodity Insights Platts Premium Low Vol HCC FOB Australia and Low Vol PCI FOB Australia indices: 3 Jan 2022 to 19 January 2024
 Source: S&P Global Commodity Insights, ©2023 by S&P Global Inc.

Corporate

Stanmore concluded the year strongly with a net cash⁶ position of US\$126 million as of 31 December 2023. Operational cash flows were largely offset by the fully franked special dividend of US5.82cps declared in November 2023, as well as the corporate tax payment of A\$120 million in December and capital expenditure to support ongoing improvement projects. The tax payment, as previously disclosed, represents the final SMC tax return payment as SMC joined the SMR tax consolidated group on 7 October 2022 following the acquisition of Mitsui’s 20% ownership share.

A scheduled loan amortisation payment of US\$15 million was made on the acquisition financing facility in December, reducing the balance to US\$318 million ahead of the next cash sweep payment to be made early in 1Q

⁶ Unaudited net cash (debt) is calculated as the outstanding principal balance of any balance sheet debt facilities and finance leases, excluding lease liabilities accounted for under IFRS-16, less consolidated unrestricted cash on hand.

2024. With a closing cash position of US\$446 million as of 31 December 2023, the balance sheet is well positioned heading into 2024.

Various transactions were announced during the quarter, including the sale of the southern areas of the Wards Well tenements and the acquisition of the remaining 50% interest in the MetRes JV.

The Wards Well transaction announced on 26 October 2023 is anticipated to complete in 1H 2024 and will provide approximately US\$136 million in upfront consideration to Stanmore, a potential future royalty stream and optionality to minimise the start-up capital for the development pathway of Lancewood.

The Millennium Complex transaction was announced and completed on 22 December 2023, allowing Stanmore, as the primary creditor, to consolidate ownership and streamline operations with our existing adjacent operations.

2023 Guidance

Overall production results for 2023 were above guidance ranges, driven by numerous records and strong results across all operations as per the table noted below.

These are preliminary views. Final positions, including an update on cost per tonne and capital expenditure compared to guidance will be provided as part of Stanmore's annual report, due for release in late February 2024.

| | | 2023 Actual | 2023 Guidance |
|----------------------------|----|-------------|---------------|
| Saleable Production | Mt | 13.2 | 12.3 - 13.0 |
| South Walker Creek | Mt | 6.3 | 5.9 - 6.1 |
| Poitrel | Mt | 4.0 | 3.6 - 3.8 |
| Isaac Plains Complex | Mt | 2.9 | 2.7 - 3.0 |

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

Further Information

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About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited controls and operates the Isaac Plains Complex, South Walker Creek and Poitrel metallurgical coal mines and the Millennium Complex (comprised of the former Millennium and Mavis Downs mining areas), as well as the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources 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: Detailed Statistics^{7, 8, 9}

| | | Quarter Ended Dec-23 | Quarter Ended Sep-23 | YTD Ended Dec-23 | YTD Ended Dec-22 |
|-------------------------------------------|--------------|-------------------------|-------------------------|---------------------|---------------------|
| ROM Coal Production | | | | | |
| South Walker Creek | Mt | 1.786 | 2.183 | 7.966 | 5.375 |
| Poitrel | Mt | 2.173 | 1.557 | 6.858 | 4.193 |
| Isaac Plains Complex | Mt | 0.881 | 0.731 | 3.607 | 3.935 |
| Total | Mt | 4.840 | 4.471 | 18.431 | 13.503 |
| Strip Ratio | | | | | |
| South Walker Creek | Prime | 8.5 | 8.3 | 8.3 | 7.8 |
| Poitrel | Prime | 5.5 | 5.6 | 6.7 | 8.4 |
| Isaac Plains Complex | Prime | 8.4 | 9.2 | 7.9 | 5.6 |
| Total | Prime | 7.1 | 7.5 | 7.6 | 7.4 |
| Saleable Coal Production | | | | | |
| South Walker Creek | Mt | 1.598 | 1.557 | 6.261 | 3.956 |
| Poitrel | Mt | 1.185 | 1.205 | 4.011 | 2.812 |
| Isaac Plains Complex | Mt | 0.638 | 0.631 | 2.915 | 2.401 |
| Total | Mt | 3.422 | 3.393 | 13.187 | 9.168 |
| Total Coal Sales | | | | | |
| South Walker Creek | Mt | 1.617 | 1.592 | 6.065 | 4.072 |
| Poitrel | Mt | 1.382 | 1.022 | 3.966 | 3.042 |
| Isaac Plains Complex | Mt | 0.801 | 0.691 | 3.052 | 2.314 |
| Total | Mt | 3.800 | 3.305 | 13.083 | 9.429 |
| <i>Sales - Coking Coals</i> | % | <i>28%</i> | <i>31%</i> | <i>32%</i> | <i>40%</i> |
| <i>Sales - PCI</i> | % | <i>63%</i> | <i>61%</i> | <i>61%</i> | <i>58%</i> |
| <i>Sales - Thermal Coals¹⁰</i> | % | <i>9%</i> | <i>8%</i> | <i>7%</i> | <i>2%</i> |
| Product Coal Stockpile | | | | | |
| South Walker Creek | Mt | 0.363 | 0.380 | 0.363 | 0.125 |
| Poitrel | Mt | 0.314 | 0.445 | 0.314 | 0.093 |
| Isaac Plains Complex | Mt | 0.047 | 0.194 | 0.047 | 0.165 |
| Total | Mt | 0.725 | 1.018 | 0.725 | 0.382 |
| ROM Coal Stockpile | | | | | |
| South Walker Creek | Mt | 0.217 | 0.357 | 0.217 | 0.394 |
| Poitrel | Mt | 0.925 | 0.539 | 0.925 | 0.249 |
| Isaac Plains Complex | Mt | 0.056 | 0.103 | 0.056 | 0.615 |
| Total | Mt | 1.198 | 0.999 | 1.198 | 1.258 |

⁷ Rounding may impact totals when computed in this table.

⁸ All controlled coal production shown on a 100% basis, with South Walker Creek and Poitrel showing statistics from 1 May 2022 onwards. Millennium Complex production to be shown from 1 January 2024.

⁹ Stanmore operates with a view to primarily producing and selling metallurgical coals (coking and PCI coals) only; however, a small percentage of thermal coal is sold as a by-product of metallurgical coal production.