16 May 2023

Dear Shareholder

ANNUAL GENERAL MEETING – SUPPLEMENTARY NOTICE

Further to the announcement by Stanmore Resources Limited (**Stanmore** or the **Company**) (ASX: SMR) on 8 May 2023 that the board had resolved to postpone the Meeting to **Wednesday, 31 May 2023** at **10:00am** (**AEDT**), the Company wishes to advise shareholders that a supplementary notice of annual general meeting (**Supplementary Notice**) has been issued by the Company and is enclosed with this letter.

The Supplementary Notice sets out an additional resolution (being Resolution 7) which will be considered at the Meeting, whereby the Company seeks shareholder approval for it (and/or its wholly owned subsidiaries) to sell up to 25% of the Company's forecast annual coal production to M Resources Trading Pty Ltd each year for a maximum period of three years.

Other than as set out in the Supplementary Notice, all details in relation to the original notice of annual general meeting dated 21 April 2023 (**Original Notice**) remain unchanged. The resolution set out in the Supplementary Notice (and the information in the supplementary explanatory memorandum accompanying the Supplementary Notice) should be read together with the Original Notice.

A replacement proxy form containing all resolutions being proposed at the Meeting is also enclosed with this letter. Shareholders are advised that:

- If you use this replacement proxy form, it will replace and supersede any earlier proxy form that you have already provided to the Company. If you wish to direct your proxy how to vote, you should include a direction in relation to each resolution that you would like to direct your proxy on (including the resolutions that you directed your proxy how to vote on in any proxy form previously delivered to the Company).

- If you have already delivered a valid proxy form to the Company, and do not deliver a replacement proxy form to the Company, your earlier proxy form will remain valid (but it will not include any direction to your proxy as to how to vote on the new Resolution 7).

The appointment of a proxy must be received by the Company no later than **10:00am (AEST) on Monday, 29 May 2023**.

The business of the Meeting affects your shareholding and your vote is important. The Supplementary Notice and supplementary explanatory memorandum should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Approval

This announcement has been approved for release by the Board.

Further information

Investors	Media
investors@stanmore.net.au	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.

Stanmore Resources Limited
ACN 131 920 968

SUPPLEMENTARY NOTICE OF ANNUAL GENERAL MEETING AND SUPPLEMENTARY EXPLANATORY MEMORANDUM

Date of Meeting:	Wednesday, 31 May 2023
Time of Meeting:	10:00am (AEST)
Place of Meeting:	Hybrid meeting held at the offices of Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane, QLD, 4000 and online at https://meetings.linkgroup.com/SMR23

The Non-associated Directors UNANIMOUSLY RECOMMEND that you VOTE IN FAVOUR of the resolution to approve the PROPOSED PRODUCT SALES.

The Independent Expert has concluded that the PROPOSED PRODUCT SALES is both FAIR and REASONABLE to Non-associated Shareholders.

The business of the Meeting affects your shareholding and your vote is important.

This Supplementary Notice and Supplementary Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisors prior to voting.

Should you wish to discuss the matters in this Supplementary Notice, please contact the Company Secretary on email cosec@stanmore.net.au or by phone +61 7 3238 1000.

Supplementary Notice of the Annual General Meeting

Notice was given dated 21 April 2023 that the Annual General Meeting of Shareholders of Stanmore Resources Limited (ACN 131 920 968) (Meeting) will be held by way of a hybrid meeting on Wednesday, 24 May 2023 at 10:00am (AEST).

On 8 May 2023, the Company announced that the Meeting was being postponed and will now be held by way of a hybrid meeting on Wednesday, 31 May 2023 at 10:00am (AEST) at the offices of Norton Rose Fulbright, Level 21, 111 Eagle Street, Brisbane, QLD 4000 and online at https://meetings.linkgroup.com/SMR23 **Postponement Announcement**).

This supplementary notice (**Supplementary Notice**) and supplementary explanatory memorandum (**Supplementary Explanatory Memorandum**) is supplemental to, and should be read with, the Notice of Meeting and Explanatory Memorandum dated 21 April 2023 (**Original Notice**). This Supplementary Notice sets out an additional resolution which will be proposed at the Meeting. Other than as set out below and in the Postponement Announcement, all details in relation to the Original Notice remain unchanged.

Important: The resolution set out in this Supplementary Notice should be read together with the Original Notice.

Unless otherwise indicated, the terms defined in the Original Notice have the same meaning in this Supplementary Notice and Supplementary Explanatory Memorandum.

Agenda

Resolution 7: Approval to sell product to M Resources Trading Pty Ltd

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

> *'That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, approval is given for Stanmore Resources Limited (and/or its wholly owned subsidiaries) to sell up to 25% of the Company's forecast annual coal production to M Resources Trading Pty Ltd each year for a maximum period of three years, details of which are set out in the Supplementary Explanatory Memorandum accompanying this Supplementary Notice.'*

Voting exclusion

The Company will disregard any votes cast on this resolution by certain persons. Details of the applicable voting exclusions are set out in the 'Voting Exclusions' section of the Notes to this Supplementary Notice.

The attached Supplementary Explanatory Memorandum is incorporated into and forms part of this Supplementary Notice. Detailed explanations of the background and reasons for the proposed resolution are set out in the Supplementary Explanatory Memorandum.

By order of the Board.

Rees Fleming

Company Secretary

Dated 16 May 2023

Notes

Voting by Proxy

A Replacement Proxy Form accompanies this Supplementary Notice. If you use this Replacement Proxy Form, it will replace and supersede any earlier Proxy Form that you have already provided to the Company. If you wish to direct your proxy how to vote, you should include a direction in relation to each resolution that you would like to direct your proxy on (including the resolutions that you directed your proxy how to vote on in any Proxy Form previously delivered to the Company). If you have already delivered a valid Proxy Form to the Company, and do not deliver a Replacement Proxy Form to the Company, your earlier Proxy Form will remain valid (but it will not include any direction to your proxy as to how to vote on Resolution 7).

The appointment of a proxy must be received by the Company no later than 10:00am (AEST) on Monday, 29 May 2023.

Voting Exclusions

The ASX Listing Rules require that the Company must disregard particular votes cast by or on behalf of certain persons, on the below resolution to be considered at the Meeting. This voting exclusion is described below.

Resolution 7: Approval to sell product to M Resources Trading Pty Ltd

The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of M Resources Trading, being the person to whom the substantial asset is being disposed, any person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any of their associates, which would include M Resources and Matthew Latimore.

However, the Company need not disregard a vote cast in favour of Resolution 7 if:

- it is cast by a person as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with the directions given to the proxy or attorney to vote on Resolution 7 in that way; or
- it is cast by the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 7, in accordance with a direction given to the Chair to vote on Resolution 7 as the Chair decides; or
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 7; and
    - the holder votes on Resolution 7 in accordance with directions given by the beneficiary to the holder to vote in that way.

Supplementary Explanatory Memorandum

The Company wishes to add the following to the Explanatory Memorandum attached to its Original Notice, pertaining to the additional Resolution 7, the subject of this Supplementary Notice and Supplementary Explanatory Memorandum:

Resolution 7: Approval to sell product to M Resources Trading Pty Ltd

Summary and frequently asked questions

Why did I receive this Supplementary Explanatory Memorandum?	This Supplementary Explanatory Memorandum contains a new Resolution 7 to be considered at the Meeting. As the Company had not concluded its discussions regarding the matters the subject of Resolution 7, and did not have all of the material required to put the resolution to its Shareholders when the Original Notice was given, the resolution was not included in the Original Notice. However, as the Company has now finalised the terms of the arrangements the subject of Resolution 7, in order to avoid the administrative burden, time and cost involved in convening another Shareholder meeting within a short period of time and given the potential advantages in the proposed arrangement for the Company, the Non-associated Directors have determined that Resolution 7 should be put to Shareholders at the Meeting. The information set out in this Supplementary Explanatory Memorandum will assist you, as a Shareholder, to decide how you wish to vote on the new resolution regarding the sale of coal product to M Resources Trading.
Why has the Meeting been postponed?	In order to allow Shareholders sufficient time to consider this Supplementary Notice and Supplementary Explanatory Memorandum, and to avoid the time and cost involved in the Company having to convene a separate meeting to consider the proposed Resolution 7, the Meeting was postponed.
What are the Proposed Product Sales the subject of Resolution 7?	The Company is seeking Shareholder approval to sell up to 25% of the Company's forecast annual coal production volumes to M Resources Trading substantially on the terms of the Coal Sale Agreement. Shareholder approval of the Proposed Product Sales will give the Company the flexibility to sell up to 25% of the Company's forecast annual coal production volumes to M Resources Trading on arm's length commercial terms. If Shareholder approval is given to the Proposed Product Sales, the Company will be under no obligation to sell any such product to M Resources Trading, rather, it will have the ability to do so if it considers the terms of the sale to be commercially attractive at the time of the sale. M Resources Trading will not have a right to purchase any product under the Proposed Product Sales. The key terms of the Coal Sale Agreement (being the Company's standard terms and conditions) are summarised in section 1.2.

Why is the Company seeking to sell product to a related party?	The Proposed Product Sales to M Resources Trading will comprise volumes that would ordinarily be sold to tier 2 customers which would otherwise be made directly by the Company (i.e. in the Company's opinion higher risk, low sale volume customers). As the majority of the Company's sale volumes are generated from contracts with its tier 1 customers (i.e. in the Company's opinion, lower risk, high sale volume customers) which will remain under direct relationship between the customer and the Company, the Proposed Product Sales are not expected to affect the majority of the Company's sales volumes. The Proposed Product Sales is not an offtake type arrangement (which creates an obligation on the Company to sell product, or an obligation or right for M Resources Trading to purchase product). Rather, the Proposed Product Sales provides the Company with the flexibility to sell product to M Resources Trading if it considers the terms of the sale to be commercially attractive at the time of the sale. The Proposed Product Sales will increase full optionality to the Company to maximise margins by unlocking the option to sell spot volumes and/or tier 2 volumes to M Resources Trading without having to accept the counterparty risk that the Company would need to if it was contracting directly with tier 2 customers. The Company seeks the flexibility to be able to sell additional volumes to M Resources Trading for this purpose on commercial arm's length terms.
Why is Shareholder approval required for the Proposed Product Sales?	Matthew Latimore is a director of the Company and also controls M Resources Trading. Accordingly, M Resources Trading is a related party of the Company for the purposes of the ASX Listing Rules and the Corporations Act. ASX Listing Rule 10.1 precludes the Company from disposing of a *substantial asset* to a related party without shareholder approval. For this purpose, product that in aggregate exceeds 5% of the Company's equity interests (currently $66.8 million based on an equity value of $1,333.6 million as per the Company's financial statements dated 31 December 2022) can be considered a *substantial asset*. As the Company may sell more than $66.8 million worth of product to M Resources Trading, prior Shareholder approval is required.
Who can vote in favour of Resolution 7 at the Meeting?	All Shareholders can vote in favour of Resolution 7 at the Meeting, except for M Resources Trading (being the person to whom the product will be sold), any other person who may obtain a material benefit from the Proposed Product Sales and their associates (including M Resources and Matthew Latimore).
What are the key advantages in connection with the Proposed Product Sales?	The Company considers the Proposed Product Sales to be advantageous because it will provide the Company with access to a larger customer base (namely tier 2 customers and customers who require aggregation of parcel sizes) who the Company would not ordinarily contract with directly, flexibility and improved efficiency in management of its product volumes and natural production variability, and beneficial access to alternative delivery points. Further to this, the structure of the Proposed Product Sales does not involve a commitment on the Company to sell any product to M Resources Trading.

	The key advantages are explained in further detail in section 5.4(a) of this Supplementary Explanatory Memorandum.
What are the key disadvantages in connection with the Proposed Product Sales?	The Company considers that the Proposed Product Sales may be disadvantageous because it will reduce the capacity of product available for sale to other customers, potentially making the Company over-reliant on one party, and incentivise M Resources Trading to make purchases as it is also the Company's exclusive marketing agent. Further to this, there is a lack of certainty of sales under the Proposed Product Sales. The key disadvantages are explained in further detail in section 5.4(b) of this Supplementary Explanatory Memorandum.
Who is M Resources Trading?	M Resources Trading is a wholly-owned subsidiary of M Resources and is the entity used for the trading business of M Resources. Further information on M Resources Trading is set out in section 1.3 of this Supplementary Explanatory Memorandum.
Who is M Resources?	M Resources is an Australian proprietary company which operates in the areas of mining, geology, metallurgy, coal technology, coal marketing and data analysis. Further information on M Resources is set out in section 1.4 of this Supplementary Explanatory Memorandum.
How does the Board recommend that I vote?	The Non-associated Directors unanimously recommend that Shareholders vote to approve Resolution 7. Matthew Latimore does not make a recommendation given his interest in the resolution.
What is the opinion of the Independent Expert?	The Company has requested a report from an independent expert, BDO, as to whether the Proposed Product Sales are fair and reasonable to Non-associated Shareholders. A summary of their opinion is on pages 2 - 6 of the Independent Expert's Report. The Independent Expert has concluded that the Proposed Product Sales are both **fair** and **reasonable** to Non-associated Shareholders. The Independent Expert's Report is set out in Annexure A of this Supplementary Explanatory Memorandum. Shareholders are encouraged to carefully read the Independent Expert's Report in its entirety.

1 Overview of the Proposed Product Sales

1.1 Background

The purpose of Resolution 7 is for Shareholders to consider and approve, pursuant to ASX Listing Rule 10.1, the Proposed Product Sales, being the sale of up to 25% of the Company's forecast annual coal production volumes to M Resources Trading substantially on the terms of the Coal Sale Agreement. Forecast annual coal production volumes will be completed on a forward-looking basis and refer to a full calendar year. The annual forecasting is done as part of the annual mine planning and budgeting process which commences mid-year and is completed around late November for the following year, as the Company operates on a calendar year financial year end. Reviews of the annual forecast will occur during the year and will be considered as part of assessing the volume of coal to be sold under the Proposed Product Sales. However, the initial estimate will remain the benchmark to avoid a situation where there is better than expected production in the first part of the year (and sales are made to M Resources Trading on this basis) but then production unexpectedly drops in the second half of the year, due to say extreme prolonged weather events, serious breakdown of critical equipment (such as dragline or coal handling and preparation plant) or serious logistics issues preventing export (rail outages due to serious damage to tracks or major damage to coal loaders at port), resulting in the actual volume sold under the Proposed Product Sales exceeding 25%. The Company notes that this is a worst case scenario and would only be as a result of major issues.

Under the Proposed Product Sales, the Company will have the flexibility to sell up to 25% of the Company's forecast annual coal production volumes to M Resources Trading.

The Company will disclose in each annual report the volume of product sold to M Resources Trading, and the volume of product sold to M Resources Trading as a percentage of forecast annual coal production, during the reporting period pursuant to the Proposed Product Sales trading.

1.2 Key terms of Coal Sale Agreement

The sale of product to M Resources Trading will be on the standard terms for the purposes of such sales currently being used by the Company for the majority of its other independent or non-related arm's length coal sales arrangements. The material terms of the Coal Sale Agreement are set out below.

Item	Description
Parties	Any of Stanmore IP Coal Pty Ltd, Stanmore IP South Pty Ltd or Stanmore SMC Pty Ltd will be the seller. M Resources Trading will be the buyer.
Term	The term will be determined under each individual Coal Sale Agreement. The term will continue until the later of the end of this defined period or until all obligations of both parties are completed (including full payment of all invoices and payment of either demurrage or despatch (if applicable)). The parties can mutually agree in writing to extend the term of any Coal Sale Agreement.
Product and quantity	The coal brand sold, as well as the delivery quantity, will be determined under each individual Coal Sale Agreement. Nothing in the Coal Sale Agreement is to be construed to restrict the ability of the seller to sell or deliver coal to any other person.
Price and price adjustment	The price payable by the buyer is calculated on the basis of unit price per tonne for the quantity of coal to be delivered. Coal product is to be sold on arm's length pricing. So long as coal is being sold under normal market conditions, arm's length pricing means coal is sold as approved by the current delegations of authority for board and management in the normal course of business with regard to prevailing market prices for each grade of coal and with reference to spot prices and prevailing independent index levels for the respective grades. Each sales transaction will need to be approved by management in line with current practices for all contracts and will have regard to the criteria below (as applicable): a) price levels transacted in the market for similar quality coal(s);

	b) reference to a published price index against which the coal is typically sold; and c) at relativities that coal(s) of similar properties are reasonably expected to achieve, having regard to the condition of the market at the time of sale. Any price and weight adjustment for the delivery quantity will be done in line with typical market penalty structures relating to moisture, ash, sulphur and phosphorous and on the basis of the final values for each specification.
Payment terms	Payment term to be discussed and agreed on a case by case basis, which may include prepayment. Payment will otherwise be on terms advantageous to the seller relative to other open account payment terms. This may also be adjusted for different delivery terms other than free on board. If payment terms are not agreed in accordance with the above paragraph, the buyer must pay one hundred percent of the invoice value stated on an invoice for a shipment promptly on receipt of electronic copies of payment documents by email.
Demurrage	If the seller fails to meet the specified loading requirements in the Coal Sale Agreement, demurrage shall be paid by the seller to the buyer for time lost after expiration of allowable laytime. For a free on board transaction, demurrage will be charged per the rate stated on the buyer's charter party provided this is in line with prevailing market at vessel nomination (and evidence of the charter party rate will be provided to the seller on request). Despatch will be paid by the buyer to the seller for laytime saved at the rate of one-half of the demurrage rates, when the vessel is sooner loaded than required.
Representations and warranties	Each party warrants to the other that it has full power and authority to enter into the Coal Sale Agreement. The buyer warrants that the coal is suitable for the purposes for which it is purchasing the coal and that it is not reliant on the skill and judgment of the seller in this regard. Each party represents and warrants to each other party that at the date of the Coal Sale Agreement, so far as they are aware, neither they nor any of their related bodies corporate or representatives are a sanctioned person or in breach of any sanction of a sanctions authority. The buyer represents, warrants and undertakes to the seller that it has complied and will continue to comply with all applicable anti-corruption laws and has not improperly given, offered, received or agreed to accept, nor will it give or offer to give, receive, or agree to accept, any payment, gift or other advantage which violates applicable anti-corruption laws. The buyer warrants that it has procured or will procure that the co-shipper contracts provide that the loading port terms and conditions prevail over the co-shipper contracts in the event of any inconsistency in connection with any combined loadings.
Governing law and dispute resolution	The Coal Sale Agreement will be governed by and construed in accordance with the laws of Queensland and, subject to any dispute being resolved by arbitration, the parties agree to submit to the non-exclusive jurisdiction of the court of Queensland. Any dispute under a Coal Sale Agreement will be resolved by arbitration in Brisbane administered by the Court of Arbitration of the International Chamber of Commerce (**ICC**) in accordance with the ICC Arbitration Rules in force at the time.
Termination	A party may immediately terminate a Coal Sale Agreement (and claim damages) by written notice to the other party if:

	a) the other party has committed a material breach of the Coal Sale Agreement that is capable of remedy and has failed to remedy that breach within ten business days of receiving written notice of such breach; b) an encumbrancer takes possession, or an administrative receiver, receiver or manager is appointed over any part of the assets or undertaking of the other party; c) the other party makes any voluntary arrangement with its creditors or has an administrator appointed or steps are taken for the purpose of placing it in administration; d) the other party goes into liquidation (except for the purposes of amalgamation or re-construction and so that the resulting company effectively agrees to be bound by or assume the obligations imposed on the other party under the Coal Sale Agreement); e) anything analogous to any of the matters under (a)-(d) above under the law of any jurisdiction occurs in relation to the other party; or f) the other party ceases or threatens to cease to carry on business. If the buyer breaches certain obligations in respect of sanctions and fails to rectify any such breach within a reasonable period of time, the seller may terminate the Coal Sale Agreement. If the seller breaches certain obligations in respect of sanctions and fails to rectify any such breach within a reasonable period of time, the buyer may terminate the Coal Sale Agreement in whole or in part (except for the obligation to pay money already due to the seller for completed obligations).
Liability	Neither party is liable, in contract, tort (including negligence or breach of statutory duty) or otherwise for: (i) any loss of profit, business, contracts, revenues or anticipated savings; or (ii) any special, indirect or consequential damage of any nature. However, nothing above limits the seller's ability to recover from the buyer the: (i) price for coal delivered to the buyer; or (ii) difference between the unit price that would have applied under the Coal Sale Agreement and the price per tonne that the seller sells coal for where the buyer fails to take delivery of such quantity of coal in accordance with the Coal Sale Agreement. The seller will have no liability to the buyer in respect of the specifications and/or conditions of the coal and to the maximum extent permissible, all warranties and conditions as to merchantability, specification, description or fitness for any particular purpose of the coal are excluded.
Indemnity	The buyer indemnifies the seller for any damages, costs, charges, expenses, penalties, interest, fines and other losses incurred by the seller as a result of: (i) the buyer's failure to comply with its obligations in respect of sanctions or anti-corruption; and (ii) the seller exercising its rights under the clauses in respect of sanctions or anti-corruption. The buyer's liability under this clause is reduced proportionately to the extent that the loss or damage was caused by the negligent act or omission of the seller.

1.3 Who is M Resources Trading?

M Resources Trading is a wholly-owned subsidiary of M Resources and is the entity used for the trading business of M Resources.

M Resources Trading is an independent Brisbane based marketing services and trading company supported by an experienced team with a long track record in market development, technical marketing, sales, processing, and logistics management in both metallurgical and thermal coal global markets.

1.4 Who is M Resources?

M Resources is an Australian proprietary company which operates in the areas of mining, geology, metallurgy, coal technology, coal marketing and data analysis.

M Resources holds a ~4.84% shareholding interest in the Company. M Resources is wholly-owned by Latimore Family Pty Ltd, an entity controlled by Matthew Latimore, a director of the Company.

1.5 Why is Shareholder approval required?

(a) **Listing Rule 10.1 – Acquisition and disposal of substantial assets**

Listing Rule 10.1 provides that approval of holders of the Company's Shares is required where the Company proposes to dispose of a *substantial asset* to, relevantly, a *related party* of the Company.

For these purposes:

- an entity is a *related party* of the Company if the entity is controlled by a director of the Company (unless the entity is also controlled by the Company); and
- an asset is a *substantial asset* if its value, or the value of the consideration for it, is 5% or more of the equity interests of the Company as set out in the latest accounts of the Company given to ASX under the ASX Listing Rules. The value of multiple sales will be aggregated for this purpose.

M Resources Trading is controlled by Matthew Latimore, a director of the Company, and is therefore a related party of the Company. The value of the Proposed Product Sales may exceed 5% of the equity interests of the Company as set out in the latest accounts, and therefore, the Proposed Product Sales may constitute the disposal of a substantial asset.

(b) **Shareholder approval for the Proposed Product Sales**

Under the Proposed Product Sales, the Company will have the right (but not the obligation) to sell, on arm's length terms, up to 25% of the Company's forecast annual coal production volumes to M Resources Trading for on-sale to end users.

This disposal falls within ASX Listing Rule 10.1.1 and involves the disposal of a *substantial asset*. It therefore requires the approval of Shareholders under ASX Listing Rule 10.1.

(c) **ASX Listing Rule 10.5**

The following information is provided for the purposes of ASX Listing Rule 10.5:

(i) The name of the person from whom the entity is acquiring the substantial asset or to whom the entity is disposing of the substantial asset.

M Resources Trading.

(ii) Which category in rules 10.1.1 – 10.1.5 the person falls within and why.

M Resources Trading, the proposed person to whom the substantial asset will be disposed, is a related party of the Company for the purposes of ASX Listing Rule 10.1.1 as it is controlled by a director of the Company, Matthew Latimore.

(iii) *Details of the asset being acquired or disposed of.*

The asset being disposed of is up to 25% of the Company's forecast annual coal production volumes. The value of this product may exceed 5% of the equity interests of the Company as set out in the Company's accounts for the full year ended 30 June 2022 and also anticipated for the year ended 30 June 2023.

(iv) *The consideration for the acquisition or disposal.*

The actual consideration will depend on the volume of product sold to M Resources Trading and the price of the sales. As described in section 1.2, the price payable by M Resources Trading is calculated on the basis of unit price per tonne for the quantity of coal to be delivered. Coal product is to be sold on arm's length pricing. So long as coal is being sold under normal market conditions, arm's length pricing means coal is sold as approved by the current delegations of authority for board and management in the normal course of business with regard to prevailing market prices for each grade of coal and with reference to spot prices and prevailing independent index levels for the respective grades. Each sales transaction will need to be approved by management in line with current practices for all contracts and will have regard to the criteria below (as applicable): price levels transacted in the market for similar quality coal(s); reference to a published price index against which the coal is typically sold; and at relativities that coal(s) of similar properties are reasonably expected to achieve, having regard to the condition of the market at the time of sale.

If the Company exercises its right to sell the full 25% of forecast annual coal production volumes in a year, the consideration paid could be approximately A$1 billion based on current coal prices.

(v) *In the case of a disposal, the intended use of funds (if any) received for the disposal.*

The Company intends to use the consideration paid by M Resources Trading for the product towards its business operations in the same way as any other revenue received for coal sales.

(vi) *The timetable for completing the acquisition or disposal.*

If Shareholder approval is obtained in respect of the Proposed Product Sales, the Company will only sell product to M Resources Trading on the Coal Sale Agreement terms for up to three years from the date this Resolution 7 is passed, as unsold tonnes become available and the terms of individual Coal Sale Agreements are agreed. All sales will be subject to the limit of 25% of total forecast annual coal production volumes in any particular year (as determined in the initial estimate prepared as part of the annual mine planning and budgeting process). Accordingly, if Shareholder approval is obtained in respect of the Proposed Product Sales, Proposed Product Sales could start following Shareholder approval being given and continue until the date that is three years from the date Shareholder approval is given in respect of Resolution 7.

(vii) *If the acquisition or disposal is occurring under an agreement, a summary of any other material terms of the agreement.*

Section 1.2 of this Supplementary Explanatory Statement sets out the material terms of the Coal Sale Agreement pursuant to which the disposal will be made.

(viii) *A voting exclusion statement.*

A voting exclusion statement is set out in the Supplementary Notice.

(ix) *A report on the transaction from an independent expert.*

The Company has engaged BDO to provide a report on the transaction as an independent expert opining as to whether the transaction is fair and reasonable to the holders of the entity's ordinary securities whose votes in favour of the transaction are not to be disregarded.

This Independent Expert's Report is set out in Annexure A of this Supplementary Explanatory Memorandum.

The Independent Expert has concluded that the Proposed Product Sales is both fair and reasonable to Non-associated Shareholders.

Shareholders are advised to consider the Independent Expert's Report carefully before deciding how to vote on Resolution 7.

2 What happens if the resolution is approved?

If Shareholders approve the disposal contemplated under the Proposed Product Sales, the Company will be able to proceed with selling up to 25% of its forecast annual coal production volumes to M Resources Trading substantially on the terms of the Coal Sale Agreement for a period of three years from the date Resolution 7 is passed and no further Shareholder approvals will be required in relation to the ongoing arrangement.

However, any material amendments to the Proposed Product Sales, or new agreements entered into by the Company or a subsidiary of the Company with an entity mentioned in ASX Listing Rule 10.1, will require separate prior approval by Shareholders.

3 What happens if the resolution is not passed?

If this resolution is not passed, the Company will continue to operate under the current arrangements in place under the Marketing Services Agreement, with any such sales being at a limit so as to not trigger ASX Listing Rule 10.1 requirements. In addition to this, the Company notes that if this resolution is not passed, the Company will incur transaction costs in respect of attempting to obtain Shareholder approval for the Proposed Product Sales and will have fewer options to sell product.

4 Marketing Services Agreement

The Company and M Resources Trading are party to the Marketing Services Agreement, as announced by the Company on 27 July 2020, whereby M Resources Trading exclusively manages the sale of the Company's existing global sales contracts and global relationships as well as securing new sales of coal to global customers.

The Marketing Services Agreement provides for M Resources Trading to sell the Company's product to third parties by either:

(a) finding end users for the Company's product and executing sale contracts as agent for the Company with that buyer; or

(b) purchasing the product and on-selling that product to end users for a margin.

Volumes purchased by M Resources Trading under the Proposed Product Sales will be product purchased for on-sale for the purposes of the Marketing Services Agreement.

M Resources Trading is paid a marketing fee for providing these services.

The sale of product direct to M Resources Trading allows the Company flexibility in the management of its volumes, and allows the Company to sell greater volumes to tier 2 customers without accepting any counterparty risk from the Company contracting directly with tier 2 customers (M Resources Trading accepts those risks as the on-seller). The Company seeks the flexibility to be able to sell additional volumes to M Resources Trading for this purpose, on commercial arm's length terms.

The Marketing Services Agreement has an initial term of 3 years, with a rolling option to extend the term for a further 12-month period at the end of the initial term, or at the end of any subsequent 12-month term. The Company proposes to extend the term of the Marketing Services Agreement, subject to negotiations between the parties in respect of matters related to the Marketing Services Agreement.

5 Rationale for the Proposed Product Sales and Directors recommendation

5.1 Director's recommendations

Based on the information available, including that contained in this Supplementary Explanatory Memorandum and the Independent Expert's Report, the Non-associated Directors consider that Resolution 7 is in the best interests of Shareholders and the Company.

Each of the Non-associated Directors recommends that Shareholders vote in favour of Resolution 7.

5.2 Director's voting intentions

No Directors, other than Matthew Latimore, hold Shares in the Company (or whose associated entities hold Shares) and therefore no Directors will vote in favour of Resolution 7.

5.3 Independent Expert's Opinion

The Independent Expert's Report assesses whether the Proposed Product Sales is fair and reasonable to the Shareholders who are not associated with M Resources Trading. The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the Proposed Product Sales. This assessment is designed to assist all Shareholders in reaching their voting decision.

BDO has provided the Independent Expert's Report and has provided an opinion that it believes that the Proposed Product Sales is **fair** and **reasonable** to Non-associated Shareholders.

It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is contained in Annexure A.

5.4 Why is the Company proposing the Proposed Product Sales?

The sale of product direct to M Resources Trading allows the Company flexibility in the management of its volumes, and allows the Company to sell greater volumes to tier 2 customers without accepting any counterparty risk from the Company contracting directly with tier 2 customers (M Resources Trading accepts those risks as the on-seller). The Company seeks the flexibility to be able to sell additional volumes to M Resources Trading for this purpose, on commercial arm's length terms.

(a) **Advantages of the Proposed Product Sales**

The Company considers the Proposed Product Sales to be advantageous because:

- the sale of product direct to M Resources Trading will allow the Company both flexibility in the management of its volumes and the ability to sell greater volumes to tier 2 customers without accepting any counterparty risk from the Company contracting directly with tier 2 customers. It is contemplated that M Resource Trading will take on the title and risks including the volume and price risk;
- it is a risk mitigation strategy as M Resources Trading will be addressing the riskier parts of the market (i.e. tier 2 customers) where customers either have a lower

credit rating, require finance as a part of coal purchases or do not have sufficient expertise to adequately form contracts with a large ASX-listed miner;

- it allows the Company to access customers that are smaller in size but who require aggregation of parcel size. This will maintain efficient operation and despatch of the Company's (or its wholly owned subsidiaries) mines without the Company needing to deal directly with such customers individually;
- it provides flexibility to the Company (or its wholly owned subsidiaries) for natural production variability without compromising on steady reliable delivery to foundation customers. Tier 1 and tier 2 customers have varying coal quality requirements. Under the Proposed Product Sales, the Company has the ability to sell product to M Resources Trading if the Company does not have a committed customer for the product. By doing so, the Company may generate sales regardless of production variability and without compromising steady and reliable delivery to its tier 1 customers;
- it provides beneficial access to alternative delivery points, including free on stockpile and cost and freight or other delivered bases to customers, effectively broadening the accessible market for the Company;
- it allows for a focussed sales strategy for the remainder of production, enabling a higher investment of effort in servicing higher end customers and prioritisation of railings;
- it enhances production flexibility and certainty by eliminating 'scramble for offtake' to underpin production efficiency;
- the sale of product to M Resources Trading under the Proposed Product Sales will be on the Company's standard Coal Sale Agreement terms that are used for other independent arm's length coal sales arrangements. Each Coal Sale Agreement under the Proposed Product Sales will be approved in accordance with the Company's delegation of authority manual;
- the structure of the Proposed Product Sales does not involve a commitment on the Company to sell any product to M Resources Trading. Rather, it provides the Company the ability to transact with M Resources Trading if it considers the terms of the sale negotiated with M Resources Trading to be commercially attractive as at the time of the sale;
- the Non-associated Directors consider that it builds on the Company's existing relationship with M Resources Trading, a company they consider to be a leading metallurgical coal trading firm; and
- the Proposed Product Sales will include a receivables financing mechanism whereby improved payments terms will be provided, enabling improved working capital management and potentially enhanced payment terms over those of existing customers.

(b) **Disadvantages of the Proposed Product Sales**

The Company considers that the Proposed Product Sales may potentially be disadvantageous because:

- the Proposed Product Sales may limit the amount of coal that can be sold to customers other than M Resources Trading, limiting the extent to which the Company can potentially diversify its customer base. However, the Company does note that the proposed volumes to be sold under the Proposed Product Sales is equivalent to the usual volume allocated to spot or tier 2 customers;

- there may be a risk of over-reliance on one firm for coal sales and exclusive marketing;
- it may make the Company over-reliant on one party and incentivise M Resources Trading to make purchases as it is also the Company's exclusive marketing agent; and
- M Resources Trading has no obligation to purchase product from the Company and the price of coal is not a fixed price and is negotiated for each sale (relative to some offtake agreements). This means the Company will continue to be exposed to movements in the coal price.

Notwithstanding the potential disadvantages, the Company views these as being well mitigated and outweighed by the advantages listed above.

6 Chapter 2E of the Corporations Act

M Resources Trading is a related party of the Company by virtue of section 228(1) of the Corporations Act.

Chapter 2E of the Corporations Act prohibits the giving of a *financial benefit* to a related party of a public company.

The exceptions to the general prohibition are where the benefit is given with the approval of shareholders or the benefit is given in one or more of the limited circumstances in which the giving of a financial benefit to a related party of a public company is permitted. One exception to the general rule is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the company and the related party were dealing at arm's length (or on terms less favourable to the related party than those arm's length terms).

The Non-associated Directors have determined that the Proposed Product Sales the subject of Resolution 7 are reasonable in the circumstances if the Company and M Resources Trading were dealing at arm's length. In making this determination the Non-associated Directors considered the following matters (amongst others):

(a) the price to be paid for the Proposed Product Sales will be determined at the time of the relevant sale based on the prevailing market prices and in accordance with the terms of the Coal Sale Agreement; and

(b) the Coal Sale Agreement contains standard market terms for the sale of coal product.

The Non-associated Directors have also sought independent advice on the nature of the Proposed Product Sales as compared to comparable market arrangements, and have also considered the matters prescribed by ASIC in Regulatory Guide 76 *Related party transactions*.

On this basis, as the provision of the financial benefits is permitted by the arm's length exception under the Corporations Act, the Non-associated Directors do not consider that it is required to seek Shareholder approval for the Proposed Product Sales for the purposes of Chapter 2E of the Corporations Act.

Glossary

The following terms used in the Supplementary Notice and Supplementary Explanatory Memorandum are defined as follows:

BDO means BDO Corporate Finance Ltd ABN 54 010 185 725.

Coal Sale Agreement means the standard coal sale agreement terms of the Company as summarised in section 1.2 of the Supplementary Explanatory Memorandum.

Independent Expert means BDO.

Independent Expert's Report means the report by the Independent Expert included as Annexure A to this Supplementary Explanatory Memorandum.

M Resources means M Resources Pty Ltd ACN 151 351 790.

M Resources Trading means M Resources Trading Pty Ltd ACN 156 582 320.

Marketing Services Agreement means the marketing services agreement dated 20 July 2020 between M Resources Trading Pty Ltd and Stanmore Resources Limited.

Non-associated Director means the Directors of the Company that are not associated with M Resources Trading.

Non-associated Shareholders means the holders of fully paid ordinary shares in the Company that are not associated with M Resources Trading.

Proposed Product Sales means the potential sale of up to 25% of the Company's forecast annual coal production (by volume) to M Resources Trading substantially on the terms of the Coal Sale Agreement.

Replacement Proxy Form means the proxy form accompanying the Supplementary Notice.

Supplementary Explanatory Memorandum means this supplementary explanatory memorandum.

Supplementary Notice means the supplementary notice giving notice to Shareholders of the additional Resolution 7 to be proposed at the Meeting, accompanying this Supplementary Explanatory Memorandum.

Annexure A – Independent Expert's Report

STANMORE RESOURCES LIMITED

Independent Expert's Report and Financial Services Guide

Opinion: The Proposed Product Sale Approval is Fair and Reasonable

15 MAY 2023

FINANCIAL SERVICES GUIDE

Dated: 15 May 2023

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;

b) Arranging to deal in financial products in relation to securities; and

c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the non-associated shareholders of Stanmore Resources Limited ('Stanmore' or 'the Company') in relation to the proposed sale of coal to M Resources Trading Pty Ltd ('M Resources Trading'), at its discretion, of up to 25% of forecast annual coal production ('the Proposed Product Sale Approval'). M Resources Trading is also under no obligation to purchase coal from Stanmore and the sale of coal following approval of the Proposed Product Sale Approval will be done under a coal sale agreement ('CSA') at the relevant point in time (rather than an offtake agreement).

Further details of the Proposed Product Sale Approval are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not the Proposed Product Sale Approval is 'fair and reasonable' to the non-associated Stanmore shareholders ('the Non-Associated Shareholders') and has been prepared to provide information to the Non-Associated Shareholders to assist them to make an informed decision on whether to vote in favour of or against the Proposed Product Sale Approval. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to vote in favour of or against the Proposed Product Sale Approval is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately $60,000 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Proposed Product Sale Approval.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time to time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. While BDOCF has not provided any professional services to Stanmore in the last two years, we note that related entities have provided professional services including BDO Services Pty Ltd providing an independent desktop review of the Company's sustainability report dated calendar year 2022. Further, while BDOCF has not provided any professional services to M Resources Trading in the last two years, BDO Services Pty Ltd has been engaged by M Mining Pty Ltd (a related entity to M Resources Trading) to review the current reporting processes, systems and reports to assist M Mining Pty Ltd to optimise and automate its existing reporting within the finance team. The signatories to this Report do not hold any shares in Stanmore and no such shares have ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the BDO Complaints Policy available on our website.

Referral to External Dispute Resolution Scheme

BDO Corporate Finance is a member of AFCA (Member Number 10236).

Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to the Australian Financial Complaints Authority (AFCA) using the contact details set out below.

Australian Financial Complaints Authority Limited
Mail: GPO Box 3, Melbourne VIC 3001
Online Address: http://www.afca.org.au
Email: info@afca.org
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter Service: 131 450

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act.

Contact Details

BDO Corporate Finance Ltd

Location Address:	Postal Address:
Level 10 12 Creek Street BRISBANE QLD 4000	GPO Box 457 BRISBANE QLD 4001
Phone: (07) 3237 5999	Email: cf.brisbane@bdo.com.au
Fax: (07) 3221 9227	

CONTENTS

GLOSSARY

Reference	Definition
AUD or $	Australian dollars
AGM	Annual general meeting
AME	AME Mineral Economics Pty Ltd
AME Report, the	The work completed by AME to assist us in completing our assessment of the Proposed Product Sale Approval
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 *Valuation Services*
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
ASX Guidance Note 24	ASX Guidance Note 24 *Acquisitions and Disposals of Substantial Assets Involving Persons in a Position of Influence* issued by the ASX
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
BMC	BHP Mitsui Coal Pty Ltd
Board, the	The board of directors of the Company
Company, the	Stanmore Resources Limited
Corporations Act, the	The Corporations Act 2001
CSA	Coal sale agreement
Directors, the	The Directors of the Company
DAM	Delegations of Authority Manual dated 24 November 2022
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FOB	Free on board
FSG	Financial Services Guide
FY	The financial year or 12-month period ended on 31 December
IPO	Initial public offering
M Resources Trading	M Resources Trading Pty Ltd
MSA	Marketing Services Agreement
Meeting, the	General meeting to be held on or around 31 May 2023
Mt	Million tonnes
Non-Associated Directors, the	The Directors of the Company that are not associated with M Resources Trading
Non-Associated Shareholders, the	The holders of fully paid ordinary shares in the Company that are not associated with M Resources Trading
SMC	SMC Holdings Pty Ltd
Supplementary Notice of Meeting, the	The Supplementary Notice of Meeting and Supplementary Explanatory memorandum dated 16 May 2023 prepared by Stanmore
Proposed Product Sale Approval, the	The ability (but not the obligation) to sell up to 25% of forecast annual coal production (by volume) of Stanmore to M Resources Trading on arm's length commercial terms set out by the CSA
Regulations, the	The Corporation Regulations 2001

Reference	Definition
Report, this	This independent expert's report prepared by BDOCF and dated 15 May 2023
RGs	Regulatory guides published by ASIC
RG 111	Regulatory Guide 111: *Content of Expert Reports*, issued by ASIC
RG 76	Regulatory Guide 76: *Related Party Transactions*, issued by ASIC
ROM	Run of mine
Stanmore	Stanmore Resources Limited
Substantial Asset	An asset is substantial if its value or the consideration for it is, or in ASX's opinion is, 5% or more of the value of the equity interests of the entity, as set out in the latest accounts given to the ASX in accordance with the ASX listing rules
USD	United States Dollar
VWAP	Volume weighted average price
We, us, our	BDO Corporate Finance Ltd

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PART I: ASSESSMENT OF THE PROPOSED PRODUCT SALE APPROVAL

Non-Associated Shareholders
C/- Non-Associated Directors
Stanmore Resources Limited
Level 32, 12 Creek St,
Brisbane City QLD 4000

15 May 2023

Dear Non-Associated Shareholders,

1.0 Introduction

BDO Corporate Finance Ltd ('BDOCF', 'we', 'us' or 'our') has been engaged to provide an independent expert's report ('this Report') to the non-associated shareholders of Stanmore Resources Limited ('Stanmore' or 'the Company') in relation to a related party transaction with M Resources Trading Pty Ltd ('M Resources Trading') that requires shareholder approval.

Stanmore is seeking shareholder approval ('the Proposed Product Sale Approval') in relation to a proposal that will allow Stanmore (and/or its wholly owned subsidiaries), at its discretion, to sell up to 25% of forecast annual coal production (by volume) to M Resources Trading on arm's length commercial terms (noting M Resources Trading is also under no obligation to purchase coal from Stanmore). Any sale of coal following approval of the Proposed Product Sale Approval will be done under a coal sale agreement ('CSA') at the relevant point in time with a draft form of the CSA agreed in advance. A more detailed description of Proposed Transaction is set out in Section 4.

The shareholders of Stanmore who are not associated with M Resources Trading ('the Non-Associated Shareholders') are requested by the directors of Stanmore who are not associated with M Resources Trading ('the Non-Associated Directors') to vote in favour of or against the Proposed Product Sale Approval at the annual general meeting to be held on or around 31 May 2023 ('the Meeting').

In this Report, BDOCF has expressed an opinion as to whether or not the Proposed Product Sale Approval is 'fair and reasonable' to the Non-Associated Shareholders. This Report has been prepared solely for use by the Non-Associated Shareholders to provide them with information relating to the Proposed Product Sale Approval. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

This Report, including Part I and Part II, should be read in full along with all other documentation provided to the Shareholders including the Supplementary Notice of Meeting and Supplementary Explanatory Memorandum dated 16 May 2023 prepared by Stanmore ('the Supplementary Notice of Meeting').

2.0 Assessment of the Proposed Product Sale Approval

This section is set out as follows:

- Section 2.1 sets out the methodology for our assessment of the Proposed Product Sale Approval;
- Section 2.2 sets out our assessment of the fairness of the Proposed Product Sale Approval;
- Section 2.3 sets out our assessment of the reasonableness of the Proposed Product Sale Approval; and
- Section 2.4 provides our assessment of whether the Proposed Product Sale Approval is fair and reasonable to the Non-Associated Shareholders.

2.1 Basis of Evaluation

This Report has been prepared for the purpose of meeting various requirements of the Corporations Act 2001 ('the Corporations Act') and the ASX Listing Rules (refer to Section 3.4 below).

Neither the Corporations Act nor the ASX Listing Rules provide guidance in relation to the definition of 'fair and reasonable'. In determining whether the Proposed Product Sale Approval is considered fair and reasonable we have had regard to the guidance provided by ASIC Regulatory Guide 111 *Content of Expert Reports* ('RG 111') and ASIC Regulatory Guide 76 *Related Party Transactions* ('RG 76'). RG 111 provides guidance as to what matters an independent expert should consider in order to assist security holders to make an informed decision about transactions.

RG 111 suggests that where an expert is to assess whether a related party transaction is 'fair and reasonable' for the purpose of complying with ASX Listing Rule 10.1, the assessment should not be applied as a composite test. That is, the expert should assess separately whether the transaction is 'fair' and 'reasonable'. The expert's report should explain how the particulars of the transaction were evaluated as well as the results of the examination and evaluation.

We have assessed the fairness and reasonableness of the Proposed Product Sale Approval in Sections 2.2 and 2.3 below and concluded on our opinion of the Proposed Product Sale Approval in Section 2.4 below.

2.2 Assessment of Fairness

2.2.1 Basis of Assessment

RG 111 states that a related party offer is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made:

- Assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- If the transaction is considered to be a control transaction, assuming 100% ownership of the target irrespective of whether the consideration is scrip or cash.

In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the Proposed Product Sale Approval.

In accordance with the requirements of RG 111, the Proposed Product Sale Approval is 'fair' if the value of the financial benefit being paid by the related party (in this case the price paid by M Resources Trading for coal) is equal to or greater than the value of the asset being disposed of to the related party (the coal itself). This comparison is required to be made assuming an arm's length transaction between knowledgeable and willing, but not anxious parties.

For completeness, we reiterate that the Proposed Product Sale Approval, if approved by the Non-Associated Shareholders, will provide Stanmore with the ability to sell coal to M Resources Trading if both parties can agree on an appropriate price. Even if the Proposed Product Sale Approval is approved, there is no obligation on either Stanmore or M Resources Trading to enter into a transaction. Noting this relationship, in our view, to assess the fairness of the Proposed Product Sale Approval it is appropriate to consider the underlying mechanism in circumstances that Stanmore and M Resources Trading elect to transact with each other.

2.2.2 Asset to be Disposed of by Stanmore

The asset to be disposed of under the Proposed Product Sale Approval is the coal that M Resources Trading agrees to purchase from Stanmore. As at the date of this Report, the quality of coal that may be sold is not known.

2.2.3 Financial Benefit to be Provided by Related Parties

Under the Proposed Product Sale Approval, the price to be received by Stanmore for the sale of coal to M Resources Trading under the Proposed Product Sale Approval is to be determined in line with current practices for all CSAs based on the criteria below:

- The price levels that transactions in the market are being completed at for similar quality coals;

- With a reference to a published price index against which the coal is typically sold; and
- At relativities that coals of similar properties are reasonably expected to achieve, having regard to the condition of the market at the time of sale.

2.2.4 Use of a Specialist Expert

In forming our view on the appropriateness of the Proposed Product Sale Approval, we have relied on the work of AME Mineral Economics Pty Ltd ('AME') who we have engaged to assist us to complete our assessment.

Lloyd Hain prepared AME's report ('the AME Report') with the assistance of staff members. Lloyd Hain, BE, BSc (Hons), is a Director of AME. Mr Hain has extensive experience in mining and metals advisory including work relating to transactions, marketing and pricing in the resources industry. Lloyd is a mining engineer with considerable depth of experience in industry having worked in technical, operational and management roles.

Based on our enquiries and the information provided to us, in our view, it is appropriate for us to consider the work of AME as they are a specialist firm capable of completing this work and they understand the purpose of their work in the context of this Report.

AME states in the AME Report that AME is independent with respect to Stanmore and M Resources Trading and confirms that there is no conflict of interest with any party involved in the Proposed Product Sale Approval. Neither AME nor any of its personnel involved in the preparation of the AME's Report have any material interest in either Stanmore or M Resources Trading, or any other party involved in the Proposed Product Sale Approval.

We confirm that we have been provided with express written consent by AME to refer to and rely on the AME Report for the purposes of our work in this Report. We have made reasonable enquiries of AME and are satisfied that the work in the AME Report is suitable for use in this Report. Notwithstanding this, we do not take responsibility for the work of AME.

2.2.5 Opinion on Fairness

To assess whether the Proposed Product Sale Approval is fair, we have compared the price that will be paid by M Resources Trading for coal to the market value of the coal to be sold at the relevant time. In relation to this assessment, we note:

- The price to be received by Stanmore from the sale of coal to M Resources Trading, pursuant to the Proposed Product Sale Approval, will be determined at the time of the relevant sale based on the prevailing market prices and is not currently known;
- AME have reviewed the policies that Stanmore has in place to ensure that all coal sales are approved by the appropriate delegated authority. Under the Delegations of Authority Manual dated 24 November 2022 ('DAM'), sales contract less than 1,000,000t, which will cover all spot sales, must be approved by the CEO of Stanmore. Any sales contract that is more than 5% below market price must be referred to the board for approval, regardless of volume. This is a key governance tool designed to mitigate against any coal that may be sold below market rates, with Platts indexes given as the benchmark for this assessment. The published Platts price index and the expected relativities from the sales budget or term contracts can be used to establish the market price. This can be used to compare with any formula or fixed price that me be offered in a spot sale.
- The form of the CSA that the coal will be sold under has been agreed in advance. We have discussed the form of the agreed CSA with AME and, based on these discussions, have formed the view that the CSA contains standard market terms for the sale of coal product; and
- Nothing has come to our attention to suggest that in circumstances that the Proposed Product Sale Approval is approved and Stanmore and M Resources Trading agree to sell coal with each other, that the price and related terms that the two parties would transact at would reflect something other than the outcome of an arms-length commercial negotiation between the parties. We reiterate that we have relied on the expertise of AME to assist us form this view.

After considering the information above, it is our view that in the absence of any further information, the Proposed Product Sale Approval is **Fair** to the Non-Associated Shareholders as at the date of this Report.

2.3 Assessment of Reasonableness

2.3.1 Basis of Assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Proposed Product Sale Approval is 'reasonable' we consider it appropriate to examine other significant factors to which the Non-Associated Shareholders may give consideration prior to forming a view on whether to vote in favour of or against the Proposed Product Sale Approval. This includes comparing the likely advantages and disadvantages of approving the Proposed Product Sale Approval with the position of a Non-Associated Shareholder if the Proposed Product Sale Approval is not approved, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Proposed Product Sale Approval is set out as follows:

- Section 2.3.2 sets out the advantages of the Proposed Product Sale Approval to the Non-Associated Shareholders;
- Section 2.3.3 sets out the disadvantages of the Proposed Product Sale Approval to the Non-Associated Shareholders;
- Section 2.3.4 sets out the position of the Non-Associated Shareholders if the Proposed Product Sale Approval is not approved; and
- Section 2.3.5 provides our opinion on the reasonableness of the Proposed Product Sale Approval to the Non-Associated Shareholders.

2.3.2 Advantages of the Proposed Product Sale Approval

Table 2.1 below outlines the potential advantages to the Non-Associated Shareholders of approving the Proposed Product Sale Approval.

Table 2.1: Potential Advantages of the Proposed Product Sale Approval

Advantage	Explanation
The Proposed Product Sale Approval is Fair	In our view, the Proposed Product Sale Approval is fair to the Non-Associated Shareholders as at the date of this Report. In accordance with RG 111, a transaction is considered reasonable if it is fair. Refer to Section 2.2 of this Report for our assessment of the fairness of the Proposed Transaction.
Improving operating efficiency	Approval of the Proposed Product Sale Approval may allow the Company to facilitate sales, regardless of production variability. This may improve Stanmore's operating efficiency. We note that Tier 1 and Tier 2 customers have varying coal quality requirements. Specifically, Tier 1 customers often have specific requirements around coal quality, ash, sulphur and volatile matter. However, due to production variability, not all coal meets the specifications of Stanmore's Tier 1 customers and/or not all production can be sold on this basis. In this case, the excess product is generally offered to Tier 2 customers. Under the Proposed Product Sale Approval, Stanmore has the option to sell coal to M Resources Trading if the Company does not have a committed customer for the coal. By doing so, Stanmore may generate sales regardless of production variability and without compromising steady and reliable delivery to their Tier 1 customers. Further, it allows the Company to develop focused sales strategies and enhance the flexibility and certainty of sales by eliminating the need for offtake agreements that underpin production efficiency. We would however note that M Resources Trading is not the only agent capable of providing this service to Stanmore, and Stanmore is not obliged to use M Resources Trading for this service under the Proposed Product Sale Approval.
Minimise Tier 2 counterparty risk	The Proposed Product Sale Approval allows Stanmore to sell greater volumes of product to Tier 2 customers without accepting Tier 2 counterparty risk. M Resources Trading is addressing the riskier parts of the market (Tier 2 clients) where customers are either lower credit rating, require finance as a part of coal purchases and cannot form contract with a large listed miner. Under the Proposed Product Sale Approval, M Resources Trading will take on the counterparty risks as the on-seller (as Stanmore will sell the coal to M Resources Trading and default risk will sit with M Resources Trading).
On arm's length terms	The sale of product to M Resources Trading under the Proposed Product Sale Approval will be on the Stanmore standard terms that are used for other independent arm's length coal sales arrangements. We note each sales transaction will need to be approved in accordance with DAM (refer to Section 4.2 for more information of the DAM). We understand from the Management that the Company will report the actual tonnage sold to M Resources Trading on an annual basis in its Annual Report. Stanmore has relationships with several commodity trading firms and, if the Proposed Product Sale Approval is approved, Stanmore will be able to interact with M Resources Trading on similar arm's length terms to what it currently interacts with the other commodity trading firms up to the 25% annual production cap incorporated into the Proposed Product Sale Approval.
Access to earlier payments	The Proposed Product Sale Approval includes a receivables financing mechanism whereby improved payments terms will be provided relative to other alternatives that the Company expects would be available for Tier 2 customers. This will enable improved working capital management.
No obligation to sell coal to M Resources Trading	Under the Proposed Product Sale Approval, Stanmore has no obligation to sell coal to M Resources Trading. Rather, it provides Stanmore the ability to transact with M Resources Trading if it considers the terms of the sale negotiated with M Resources Trading to be commercially attractive as at the time of the sale.
Strengthen Stanmore's partnership with M Resources Trading	The Non-Associated Directors consider that the Proposed Product Sale Approval builds on Stanmore's existing relationship with M Resources Trading, its second largest shareholder, and a company they consider to be a leading metallurgical coal trading firm.

Source: BDOCF analysis

2.3.3 *Disadvantages of the Proposed Product Sale Approval*

Table 2.2 below outlines the potential disadvantages to the Non-Associated Shareholders of approving the Proposed Product Sale Approval.

Table 2.2: Potential Disadvantages of the Proposed Product Sale Approval

Disadvantage	Explanation
Reduced capacity of coal available to other customers	The Proposed Product Sale Approval may limit the amount of coal that can be sold to other purchasers other than M Resources Trading, limiting the extent to which Stanmore can potentially diversify its customer base.
Risk of over-reliance on one party	If the Proposed Product Sale Approval is approved, there is potentially a risk of over-reliance on one firm for coal sales and exclusive marketing. Whilst we have no reason to doubt M Resource's financial stability, such a relationship with a single party can increase the risk to the Company should M Resources Trading face future difficulties.
Marketing agent incentives	As the exclusive marketing agent, M Resources Trading currently makes a fixed percentage fee on all coal sales, based on the MSA incentive structure. The Proposed Product Sale Approval may incentivise M Resources Trading, as a trading house, to purchase coal directly for a price that enables them to maximise profits from the resale. Notwithstanding this, we note that this potential exists with any agent (such as commodity trading firms), and the Company has compliance procedures in place to mitigate this risk. We note the key compliance resources and procedures include in house knowledge on coal pricing and marketing, a readily observable market price for coal via the price indexes, and Board approval procedures set out by the DAM.
Approval based on internal controls in place at the time of approval	In January 2018 the initial Delegations of Authority Manual was established to provide a corporate governance framework to govern the coal sales of Stanmore, with the most recent amendment was approved by the Board on November 2022. We note the governance processes such as Board approval procedures set out by the DAM can be amended by the Board subsequent to the approval of the Proposed Product Sale Approval. We understand from Management that the Board has committed to not changing the authorities given with respect to the approval of coal sales. We would expect the Non-Associated Directors to act in the best interests of the Non-Associated Shareholders.
Lack of certainty for sales	Under the Proposed Product Sale Approval, M Resources Trading has no obligation to purchase coal from Stanmore and the price of coal is not fixed price and is negotiated for each sale (relative to some offtake agreements). Stanmore will continue to be exposed to movements in the coal price.

Source: BDOCF analysis

2.3.4 *Position of the Shareholders if the Proposed Product Sale Approval is Not Approved*

Table 2.3 below outlines the potential position of the Non-Associated Shareholders if the Proposed Product Sale Approval is Not Approved.

Table 2.3: Position of Non-Associated Shareholders if the Proposed Product Sale Approval is Not Approved

Position of Shareholders	Explanation
Non-recoverable costs	Stanmore will incur transaction costs in relation to the process involved to obtain shareholder approval for the Proposed Product Sale Approval. The majority of these transaction costs will have been incurred prior to the annual general meeting and are not dependent upon the outcome of the meeting.
Status Quo	If the Proposed Product Sale Approval is not approved, Stanmore will continue to operate under the current arrangements in place under the Marketing Services Agreement ('MSA ') with a limit on the amount of coal that can be sold to M Resources Trading. For completeness, we note that the limit arises as a result of the regulatory framework for related party transactions involving persons in a position of Influence.
Cap on the amount of coal sales to M Resources Trading	If the Proposed Product Sale Approval is not approved, Stanmore will be limited by the amount of forecast annual coal production that they can sell to M Resources Trading (up to USD66.9 million as of 31 December 2022, refer Section 3.4.2 for more information).
Fewer options for coal sales	If the Proposed Product Sale Approval is not approved, Stanmore will have less options to sell coal. While the ultimate price and terms cannot be known with any certainty, potential exists, under this scenario, for coal to be sold on less favourable terms especially in the case of prompt unsold spot cargos relative to what could be negotiated with M Resources Trading following the Proposed Product Sale Approval.

Source: BDOCF analysis

2.3.5 *Assessment of the Reasonableness of the Proposed Product Sale Approval*

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the Proposed Product Sale Approval is **Reasonable** to the Non-Associated Shareholders as at the date of this Report.

2.4 Opinion

After considering the above assessments, it is our view that, in the absence of any other information, the Proposed Product Sale Approval is **Fair and Reasonable** as at the date of this Report.

Before forming a view on whether to vote in favour of or against the Proposed Product Sale Approval, Shareholders must:

- Have regard to the information set out in the balance of this Report, including the Important Information set out in Section 3;
- Consult their own professional advisers; and
- Consider their specific circumstances.

3.0 Important Information

3.1 Read this Report, and Other Documentation, in Full

This Report, including Part I and Part II, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Non-Associated Shareholders in conjunction with this Report should also be read in full, including the Supplementary Notice of Meeting prepared by Stanmore.

3.2 Shareholders' Individual Circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to the Non-Associated Shareholders as a whole. BDOCF has not considered the impact of the Proposed Product Sale Approval on the particular circumstances of individual Non-Associated Shareholders. Individual Non-Associated Shareholders may place a different emphasis on certain elements of the Proposed Product Sale Approval relative to the emphasis placed in this Report. Accordingly, individual Non-Associated Shareholders may reach different conclusions as to whether or not the Proposed Product Sale Approval is fair and reasonable in their individual circumstances.

The decision of an individual Non-Associated Shareholder to vote in favour of or against the Proposed Product Sale Approval is likely to be influenced by their particular circumstances and accordingly, the Non-Associated Shareholders are advised to consider their own circumstances and seek their own independent advice.

Voting in favour of or against the Proposed Product Sale Approval is a matter for individual Non-Associated Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Non-Associated Shareholders should carefully consider the Supplementary Notice of Meeting. Non-Associated Shareholders who are in doubt as to the action they should take in relation to the Proposed Product Sale Approval should consult their professional adviser.

3.3 Scope

In this Report we provide our opinion on whether the Proposed Product Sale Approval is fair and reasonable to the Non-Associated Shareholders.

This Report has been prepared at the request of the Non-Associated Directors for the sole benefit of the Non-Associated Shareholders, to assist them in their decision to vote in favour of or against the Proposed Product Sale Approval. This Report is to accompany the Supplementary Notice of Meeting to be sent to the Non-Associated Shareholders to consider the Proposed Product Sale Approval and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Non-Associated Directors and the Non-Associated Shareholders without our written consent. We accept no responsibility to any person other than the Non-Associated Directors and the Non-Associated Shareholders in relation to this Report.

This Report should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Supplementary Notice of Meeting. Apart from this Report, we are not responsible for the contents of the Supplementary Notice of Meeting or any other document associated with the Proposed Product Sale Approval. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Non-Associated Shareholders.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the necessary legal requirements and guidance of the Corporations Act, the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by the Australian Securities and Investments Commission ('ASIC'), the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- We have performed our analysis on the basis that the conditions precedent to the Proposed Product Sale Approval are satisfied;
- That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- All information which is material to the Non-Associated Shareholders' decision on Proposed Transaction has been provided and is complete, accurate and fairly presented in all material respects;
- ASX announcements and other publicly available information relied on by us are accurate, complete and not misleading;

- If the Proposed Product Sale Approval is approved, that it will be implemented in accordance with the stated terms;
- The legal mechanism to implement the Proposed Product Sale Approval is correct and effective;
- There are no undue changes to the terms and conditions of the Proposed Product Sale Approval or complex issues unknown to us; and
- Other assumptions, as outlined in this Report.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Proposed Product Sale Approval. Stanmore has engaged other advisors in relation to those matters.

Stanmore has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by Stanmore's board of directors ('the Board'), executives and management of all the entities.

3.4 Purpose of this Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Regulations, the RGs and in some cases the listing requirements of the relevant exchanges. These requirements have been set out in Sections 3.4.1 and 3.4.2 below.

3.4.1 Requirements of the Corporations Act

This Report has not been prepared for the purpose of complying with any requirements of the Corporations Act.

3.4.2 Listing Requirements

Chapter 10 of the ASX Listing Rules

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, a substantial holder or a related party without the approval of non-associated shareholders.

ASX Listing Rule 10.2 defines an asset as substantial if its value or the consideration for it is, or in ASX's opinion is, 5% or more of the value of the equity interests of the entity, as set out in the latest accounts given to the ASX in accordance with the ASX listing rules ('Substantial Asset'). ASX Guidance Note 24 *Acquisitions and Disposals of Substantial Assets Involving Persons in a Position of Influence* provides additional information including an expansive definition of an 'asset', which includes inventory produced by a company.

Based on the Stanmore's 2022 Annual Report, the Company's equity interest is USD1,333.6 million as at 31 December 2022 and 5% of this amount is USD66.8 million. While the actual consideration will depend on the volume of product sold to M Resources Trading and the price of the sales, if Stanmore sells to M Resources Trading the full 25% of annual forecasted production volumes in a year, we understand the consideration paid could be as high as USD700 million based on the current coal prices and the current nameplate capacity.

For the purpose of ASX Listing Rule 10.1, a related party includes where the parties to the transaction have common directors. We note the sole director of M Resources Trading, Mr Matthew Latimore, is also a director of Stanmore.

Accordingly, approval of Non-Associated Shareholders is required pursuant to ASX Listing Rule 10.1 in respect of the Proposed Product Sale Approval to provide Stanmore with the ability to sell its inventory to a related party, if both parties agree.

ASX Listing Rule 10.5

Under ASX Listing Rule 10.5, where shareholder approval is sought for the purpose of complying with ASX Listing Rule 10.1, the Supplementary Notice of Meeting distributed to shareholders in relation to the transaction must include a report prepared by an independent expert, which states the expert's opinion as to whether the transaction is fair and reasonable to the non-associated shareholders.

This Report has been prepared to comply with the requirements of ASX Listing Rules 10.1, 10.2 and 10.5, having regard to the Proposed Product Sale Approval.

3.5 Current Market Conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the Meeting, results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to Stanmore. BDOCF is not responsible for updating this Report following the Meeting or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on Information

Stanmore recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by Stanmore, its management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Proposed Product Sale Approval is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis we provide no opinion or assurance on the information.

The Non-Associated Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by Stanmore (either by management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Non-Associated Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, Stanmore has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out immediately following the Table of Contents at the start of this Report.

All dollar ('$') references in this Report are in AUD unless otherwise stated.

3.8 Sources of Information

This Report has been prepared using information obtained from sources including the following:

- The AME Report dated 11 May 2023;
- Stanmore annual report for the year ended 31 December 2022;
- Stanmore ASX announcements;
- Delegations of Authority Manual dated 24 November 2022;
- The Supplementary Notice of Meeting;
- Capital IQ;
- IBISWorld;
- Consensus Economics;
- Other research publications and publicly available data as sourced throughout this Report;
- Various transaction documents provided by the Management of Stanmore and their advisors; and
- Discussions and other correspondence with Stanmore, management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast Information

Any forecast financial information referred to in this Report has originated from the Company's management and is adopted by the directors in order to provide us with a guide to the potential financial performance of Stanmore. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecast may be material.

The directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Stanmore. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based, however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by management to complete our valuation work. In this instance, the forecasts we have adopted for our valuation work will not be the same as the forecasts provided by management.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management, that all material information concerning the prospects and proposed operations of Stanmore has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Scott Birkett have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), CA, CFA, and Mr Birkett, BBusMan/BCom, CFA are directors of BDOCF. Both Mr Whittaker and Mr Birkett have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Birkett are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd

Mark Whittaker
Director

Scott Birkett
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE PROPOSED PRODUCT SALE APPROVAL

4.0 Overview of the Proposed Product Sale Approval

This section sets out an overview of the Proposed Product Sale Approval and is structured as follows:

- Section 4.1 provides a brief description of the Proposed Product Sale Approval;
- Section 4.2 summarises the Delegations Authority Manual;
- Section 4.3 describes the key parties involved in the Proposed Product Sale Approval; and
- Section 4.4 details the rationale for the Proposed Product Sale Approval.

This section is a summary only and should not be treated as a complete description of the Proposed Product Sale Approval. The Non-Associated Shareholders should refer to the Supplementary Notice of Meeting and any subsequent disclosures for additional information relating to the Proposed Product Sale Approval and the key parties involved.

4.1 Summary of the Proposed Product Sale Approval

Under the terms of the Proposed Product Sale Approval:

- Stanmore will have the ability and shareholder approval (but not the obligation) to sell up to 25% of the Company's annual forecasted coal production (by volume) to M Resources Trading. Annual forecast's will be completed on a forward-looking basis and refer to a full calendar year;
- M Resources Trading has no obligation to purchase coal from Stanmore , until such time as a coal sale agreement is agreed;
- The sale of product to M Resources Trading will be on the standard terms for the purposes of such sales currently being used by M Resources Trading for its other independent arm's length coal sales arrangements;
- The Proposed Product Sale Approval will be valid for a term of three years from the date Shareholder approval is given;
- Each sales transaction will need to be approved by management in line with current practices for all contracts and will have regard to the criteria below (as applicable):
  - Price levels transacted in the market for similar quality coal(s);
  - Reference to a published price index against which the coal is typically sold; and
  - At relativities that coal(s) of similar properties are reasonably expected to achieve, having regard to the condition of the market at the time of sale;
- Stanmore will report the actual tonnage sold to M Resources Trading on an annual basis via its annual report; and
- For the coal purchased by M Resources Trading under the Proposed Product Sale Approval, M Resources Trading will receive a marketing fee from Stanmore under the Marketing Services Agreement (discussed further in Section 4.3.1 below).

For completeness, we note that the sale of product to M Resources Trading under the Proposed Product Sale Approval will be on the Stanmore standard terms that are used for other independent arm's length coal sales arrangements. We note each sales transaction will need to be approved in accordance with the Delegations of Authority Manual dated 24 November 2022 ('DAM') which is discussed further in the Section 4.2 below. The Directors have informed us that the Proposed Product Sale Approval is intended to focus on short to medium term deals. Each sale transaction will be on a short-term basis and the term of any fixed price contracts will not exceed a 1 year timeframe.

Non-Associated Shareholders should refer to the Supplementary Notice of Meeting and subsequent disclosures for more detailed information in relation to the Proposed Product Sale Approval.

4.2 Summary of the Delegations of Authority Manual

We have been provided with a copy of the DAM, which sets out certain defined authorities which Stanmore has delegated to management (and in case of sales contracts up to certain defined limits, to their Chief Executive Officer), in order to provide for the efficient operation of the business within an appropriate framework of control and risk management. Stanmore's delegations of authority are partly sub-delegated to other executives and managers of the business as far as other matter and decisions are concerned.

Notwithstanding the DAM, we understand the Board still retains control over its statutory obligations and key strategic decisions by providing leadership and setting the strategic objectives of the Company. Specifically, the Board is responsible for:

- Appointing and overseeing committees where appropriate to assist in the performance of the above functions and use of powers;
- Approval of any transaction which exceeds the limit of authority of level 5 (the CEO) as outlined in the DAM; and
- Approval of any revision of the DAM which increases the authority of level 5.

For completeness, we note that project specific DAMs may be established at the commencement of development projects with planned expenditure equivalent to more than $10 million. All project specific DAMs require CEO approval.

We understand from the Management that CEO is independent with respect to M Resources Trading and have no financial interest M Resources Trading or related entities.

Table 4.1 below outlines delegations under the DAM that are relevant to the Proposed Product Sale Approval.

Table 4.1: Summary of the DAM

Activity	Authority Limit Level	Limit/ Condition
Sales Contracts – Authorisation (Authorise sales agreements with customers)		
Sales contracts on an arms-length: ▸ More than 1,000,000 tonnes; or ▸ More than 2 years.	Board	
Sales contracts on an arms-length: ▸ Less than 1,000,000 tonnes; or ▸ Less than 2 years.	Level 5 (CEO)	Board approval required if proposed price is 5% below spot (Platts) market for product of equivalent specification.[1]
Sales Contracts – Signing/ Executing (Execute sales agreements which have been sought through M Resources Trading)		
Signing/ Executing all sales contracts that exceed $10,000,000.	Level 5 (CEO)	Amounts refer to forecast sales revenue over the life of the contract.
Signing/ Executing all sales contracts that are less than or equal to $10,000,000.	CFO	

Source: Delegation of Authority Manual

1 Mr Mathew Latimore, being an interested director, will not participate in the Board approval.

4.3 Description of the Key Parties involved in the Proposed Product Sale Approval

4.3.1 Overview of M Resources Trading

M Resources Trading, established in 2011 and based in Brisbane, is an independent metallurgical and thermal coal marketing services and trading company. M Resources Trading is a wholly owned subsidiary of M Resources Pty Ltd. M Resources Pty Ltd is wholly-owned by Latimore Family Pty Ltd, an entity controlled by Mr Matthew Latimore, a director of Stanmore. Mr Mathew Latimore is a top 10 shareholder of Stanmore with 4.84% of the shares on issue as of 31 December 2022.

M Resources Trading are party to MSA with Stanmore, as announced by the Company on 27 July 2020, whereby M Resources Trading exclusively manages the sale of the Company's existing global sales contracts and global relationships as well as securing new sales of coal to global customers. In the announcement, Stanmore explained that M Resources trading bring a wealth of experience to support Stanmore in its pursuit to continuously improve value generation from its asset portfolio. Further, as M Resources and Mr Matthew Latimore have a large shareholding in the Company, Stanmore are of the view the MSA creates strategic alignment towards shareholder goals. At the time of this agreement and announcement, Mr Latimore's shareholding was between 14% and 15% of Stanmore's shares on issue.

Under the MSA, M Resources Trading manages the sale of the Company's coal products (and coal otherwise processed by the Company and for which the Company has the right to commercialise). The MSA was signed for an initial term of 3 years, with a rolling option to extend the term for a further 12-month period at the end of the initial term, or at the end of any subsequent 12-month term. In consideration for the marketing services role, Stanmore pay a fixed base fee and an additional performance based variable fee linked to agreed performance targets. For completeness, we note that the marketing fee will apply to every tonne sold, regardless of the end user.

Under the MSA, M Resources Trading are able to sell Stanmore's products to third parties by either:

- Finding end users for the Company's product and executing sale contracts as agent for the Company with that buyer; or

- Purchasing the product and on-selling that product to end users for a margin.

We note that volumes purchased by M Resources Trading under the Proposed Product Sale Approval will be product purchased for on-sale for the purposes of the MSA.

4.3.2 Stanmore's Transactions with M Resources Pty Ltd and its Associated Entities

As set out in Stanmore's 2022 Annual Report, in the financial year ended 31 December 2022, the Company's transactions with M Resources Pty Ltd and its associated entities included the following:

- Fees for services provided on market terms for marketing and logistics services totalling USD42.0 million;
- Fees for services provided on market terms for support of the SMC Holdings Pty Ltd acquisition totalling USD1.5 million;
- Stanmore purchasing coal from M Resources Trading on market terms and on-selling the coal on a back-to-back basis to a third-party customer totalling USD13.4 million;
- Stanmore selling coal on market terms to ML Resources Pte Ltd on a back-to-back basis to a third-party customer totalling USD18.6 million;
- Stanmore continuing to provide MetRes Pty Ltd (a joint venture between M Resources Trading and Stanmore) with a secured total finance facility of up to USD30.0 million; and
- Stanmore selling coal to MetRes Pty Ltd on a back-to-back basis to a third-party customer totalling USD115.8 million and purchasing coal on market terms before on-selling the coal on a back-to-back basis to a third-party customer totalling USD10.0 million.

4.4 Strategic Rationale for the Proposed Product Sale Approval

As set out in the Supplementary Notice of Meeting, the Non-Associated Directors have advised that they believe the Proposed Product Sale Approval is in the best interest of the Non-Associated Shareholders and the Company. The Non-Associated Directors have recommended that the Non-Associated Shareholders vote in favour of the Proposed Product Sale Approval. The Non-Associated Directors have advised that voting in favour of the Proposed Product Sale Approval will enable the following:

- Allow the Company both flexibility in the management of its volumes and the ability to sell greater volumes to Tier 2 customers without accepting any counterparty risk (as M Resource Trading takes on those risks). We note that Stanmore has been seeking the flexibility to be able to sell additional volume to M Resources Trading for this purpose, on commercial arm's length terms;
- Access to better payment terms for cargoes offered to Tier 2 clients than would otherwise be available in the market;
- Provide flexibility to Stanmore for natural production variability without compromising on steady reliable delivery to foundation customers;
- Provide beneficial access to alternative delivery points;
- Allow for focussed sales strategies for the remainder of production, enabling a higher investment of effort in servicing higher end customers and the prioritisation of railings;
- Improved cashflow management with the potential of enhanced payment terms over those of existing customers;
- Enhanced production flexibility and certainty by eliminating a 'scramble for offtake' to underpin production efficiency;
- M Resources Trading's relationship with the Company gives it an interest in the Company's success for the benefit of all shareholders;
- Any issues in respect of the Proposed Product Sale Approval can be resolved through management discussions or at the board level; and
- The Proposed Product Sale Approval will include a receivables financing mechanism whereby improved payment terms will be provided, enabling improved working capital management.

The Non-Associated Directors consider that the Proposed Product Sale Approval builds on Stanmore's existing relationship with M Resources Trading, its second largest individual shareholder, and a company the Non-Associated Directors consider to be a leading metallurgical coal trading firm.

5.0 Background of Stanmore

This section is set out as follows:

- Section 5.1 provides an overview and background information on Stanmore;
- Section 5.2 outlines Stanmore's key projects;
- Section 5.3 summarises the corporate structure of Stanmore;
- Section 5.4 summarises the equity structure of Stanmore;
- Section 5.5 summarises the share market performance of Stanmore; and
- Section 5.6 summarises the historical financial information of Stanmore.

5.1 Background

Stanmore engages in the exploration, development, production, and sale of metallurgical coal in Australia. The Company was formerly known as Stanmore Coal Limited and changed its name to Stanmore Resources Limited in May 2021. The Company was incorporated in 2008 and is headquartered in Brisbane, Australia. Golden Investments (Australia) Pte. Ltd holds 64.01% of the share of Stanmore.

5.2 Operating Projects

Stanmore has four coal producing assets in operation; the Isaac Plains Complex, South Walker Creek, Poitrel and the Millennium and Mavis Downs mines. During the 2022 period, Stanmore's coal producing assets, excluding Millennium and Mavis Downs mines, had a combined saleable production of 9.2 million tonnes ('Mt'), versus 2.1Mt from the prior period. This highlights the period of operational growth that Stanmore has had across the last three year period during which it ramped up production at its existing projects and acquired new producing assets.

5.2.1 Isaac Plains Complex

Stanmore acquired the Isaac Plains Complex in 2016 after it was placed into care and maintenance by its former owners, Vale S.A. The complex comprises the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East and Isaac Downs mining areas, and the Isaac Plains Underground development project. Stanmore proceeded to recommence production during April of 2016 and have successfully continued operations for the last six financial years. As at April 2023, mining activities are currently focused on the Isaac Downs area, which produced 2.4Mt during the 2022 period. As at 27 February 2023, proven and probable run of mine ('ROM') resources of the Isaac Plains Complex were reported as 39Mt with an expected mine life of 10+ years.

5.2.2 South Walker Creek

South Walker Creek is an open-cut mine located 35 kilometres west of Nebo in Queensland's Bowen Basin. The mine has operated since 1996 and adopts a multi-bench, open-cut mining method utilising two draglines, and truck and hydraulic excavators. Stanmore acquired BHP's 80% interest in South Walker Creek in May 2022 due to its acquisition of BHP Mitsui Coal Pty Ltd ('BMC'). The Company took over operations of South Walker Creek during the quarter ended July 2022 and successfully integrated the project into its operations. Stanmore later acquired Mitsui and Co Ltd's remaining 20% stake in BMC to consolidate the ownership of South Walker Creek. In 2022, during the 8 months ownership by Stanmore, South Walker Creek produced saleable production of 4.0Mt, which represented the highest annual coal mining, waste stripping and dragline performance on record for the history of the mine. As at 31 December 2022, proven and probable ROM resources of South Walker Creek were reported as 182Mt with an expected mine life of 25+ years.

5.2.3 Poitrel

Poitrel is an established and successful open-cut coal mine located 35 kilometres east of Moranbah in Queensland. The mine produced first coal in 2006, producing a mix of hard coking coal and PCI coals for export to overseas customers, including in Asia and Europe. Stanmore acquired BHP's 80% interest in Poitrel in May 2022 due to its acquisition of BMC, becoming the operator of Poitrel. The Company took over operations of Poitrel during the quarter ended July 2022 and successfully integrated the project into its operations. Stanmore later acquired Mitsui and Co Ltd's 20% stake in BMC to consolidate the ownership of Poitrel. In 2022, during the 8 Months ownership by Stanmore, Poitrel produced 2.8Mt of saleable production and benefitted from key synergies in relation to almost 0.2Mt of feed from the nearby Isaac Plains Complex. As at 31 December 2022, proven and probable ROM resources of Poitrel were reported as 44Mt with an expected mine life of 10+ years.

5.2.4 Millennium and Mavis Downs

In July 2021, through a 50/50 joint venture with M Resources Trading, Stanmore acquired the Millennium and Mavis Downs asset from Peabody Energy Australia after it was placed into care and maintenance. M Mining is the Operator of the mine. Mining recommenced at Millennium and Mavis Downs in August 2021, followed by first coal exports in the quarter ended December 2021. The project comprises two mining areas, Millennium and Mavis Downs, which both produce low-ash hard coking and PCI coals. In 2022 the project produced 0.5Mt of saleable production, with focus on the development of the Mavis underground mine. Progress for the underground mine development was hampered by wet weather during the 2022 period, with first coal expected in the second half of 2023. 31 December 2022, proven and probable ROM resources of Millennium and Mavis Downs were reported as 3Mt with an expected mine life of roughly 10 years.

5.2.5 *Stanmore JORC Resources*

In summary of the above, we have included a table that outlines the reserves, production and expected mine life of Stanmore's currently operating projects.

Table 5.1 below summarises the JORC Resources of Stanmore's operating projects.

Table 5.1: Stanmore JORC Resources

Operating Project	Proven and Probable ROM Reserves (Mt)	2022 Saleable Production (Mt)	Expected Mine Life (Years)
Isaac Plains Complex	39	2.4	10+
South Walker Creek	182	4.0	25+
Poitrel	44	2.8	10+
Millennium and Mavis Downs[1]	3	0.2[1]	~10
Total	**268**	**9.4**	**25+**

Source: ASX Announcements, Management

2 Production numbers taken at 50% according to Stanmore's shareholding.

5.3 Development Projects

Stanmore also has interest in several non-producing development projects. Each of which are at various stages of exploration and development.

Table 5.2 below summarises the development projects of Stanmore.

Table 5.2: Stanmore Development Projects

Project	Latest JORC Coal Resource (Total, Mt)	Interest	Comment
Wards Well	1,417	100%	Wards Well is an underground development project located in Queensland's Bowen Basin. It was acquired by Stanmore through its purchase of BMC in 2022 and requires further drilling and study before its possible future development.
Isaac Plains South	52	100%	Isaac South is an undeveloped open-cut resource prospect which sits immediately south of the Isaac Downs mine, on the southern side of the Isaac River. Isaac South was acquired as part of the acquisition of the Isaac Plains Complex from Vale S.A. during 2016.
Isaac Plains Underground	19.5	100%	The Isaac Plains Underground project was acquired as part of the acquisition of the Isaac Plains Complex form Vale S.A. in 2016. It's one of the furthest progressed development projects of Stanmore with approval for the underground mine being given in 2019 and development of the underground infrastructure underway as of 28 April 2023.
The Range	286	100%	The Company owned The Range prior to its initial public offering ('IPO') in December of 2009. Exploration and study activities lead to a bankable feasibility study completed in 2013 which did not result in the project being brought into production due to its uneconomic operating costs. On 5 May 2023 the Company announced that the Range project had been declared lapsed by the Commonwealth Government. The Company still owns existing tenure and approvals and may reapply again for Commonwealth approval in the future.
Belview	330	100%	The Belview project is a metallurgical coal project located in the heart of Queensland's Bowen Basin, 10 kilometres south-west of Blackwater. Like The Range, it was acquired prior to the Company's IPO in December of 2009. While the Company has historically completed exploration work on the Belview project, there have been no studies that lead to a progression of the project into a producing asset.
Lilyvale	33	85%	The Lilyvale project is located 25 kilometres north-east of Emerald in Queensland's Bowen Basin. Stanmore holds an 85% interest in the project, while the remaining 15% is held by Bowen Coking Coal. The Lilyvale project was acquired in 2013 for AUD 125,000 and exploration activities have been ongoing since.

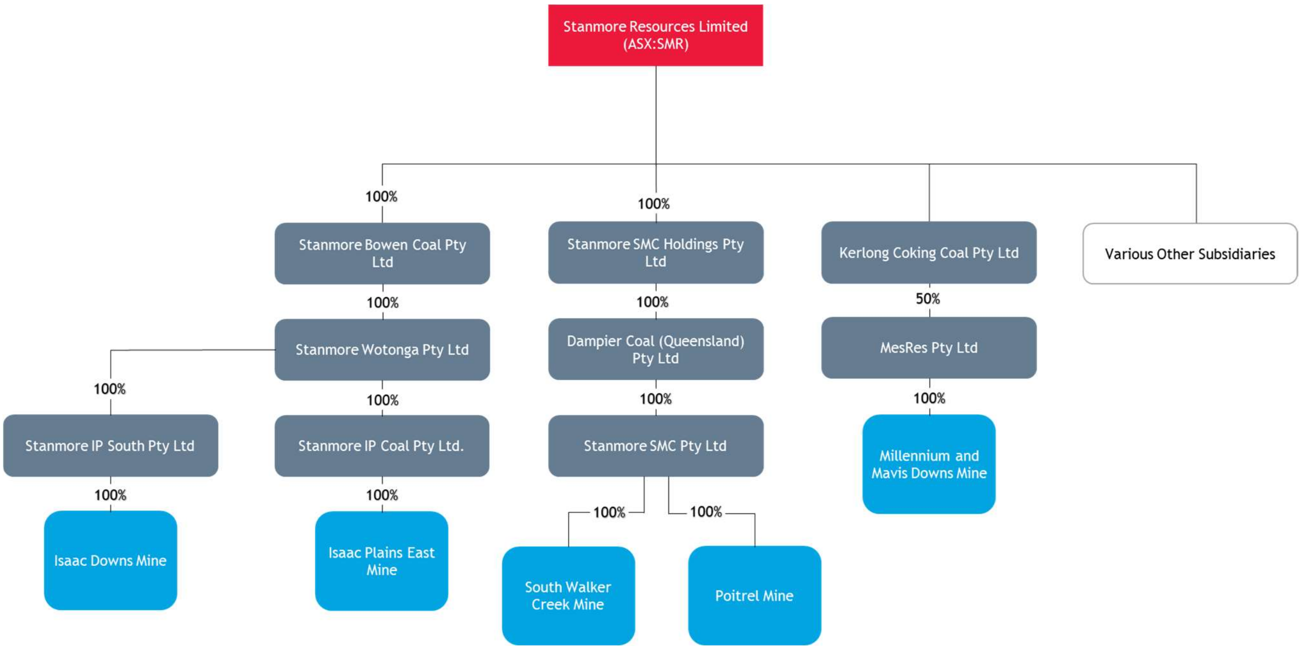
Project	Latest JORC Coal Resource (Total, Mt)	Interest	Comment
Mackenzie	143	95%	The Mackenzie project is located in Queensland's Bowen Basin and lies on the existing Blackwater railway line to Gladstone. Stanmore holds a 95% interest in the project, while the remaining 5% is held by Bowen Coking Coal. Stanmore entered a joined venture in 2012 to help progress the project and exploration activities have been ongoing since.
Clifford	630	60%	The Clifford project covers approximately 820 square kilometres in Queensland's Surat Basin, near Stanmore's The Range project. The project — which is a joint exploration initiative with Japanese Oil, Gas and Metals National Corporation, aims at exploring for thermal coal deposits amendable to open-cut mining. Exploration activities at Clifford are ongoing.

Source: ASX Announcements, Management

5.4 Corporate Structure of Stanmore

Figure 5.1 below summarises the corporate structure of Stanmore.

Figure 5.1: Stanmore Corporate Structure



Source: ASX Announcements, Management

5.5 Equity Structure of Stanmore

5.5.1 Ordinary Shares

As at 13 March 2023, Stanmore had 901.4 million ordinary shares on issue. The top 10 shareholders are set out in Table 5.3.

Table 5.3: Top 10 Shareholders

	Shareholders	Number of Shares	Percentage Holding
1	Golden Energy and Resources	577,015,682	64.01%
2	Mr Mathew J Latimore (M Resources Trading)	43,593,804	4.84%
3	Regal Funds Mgt	36,468,791	4.05%
4	JPMorgan Securities Australia	21,082,489	2.34%
5	VGI Partners	17,441,733	1.93%
6	Odey Asset Mgt	16,897,373	1.87%
7	Argo Investments	12,746,487	1.41%
8	Constructions and Building Industry Super -Cbus	11,715,000	1.30%
9	UBS Securities	10,430,646	1.16%
10	Private Clients of Interactive Brokers	7,957,212	0.88%
	Total Shares Held by Top Ten Shareholders	**755,349,217**	**83.79%**
	Other shareholders	146,042,417	16.21%
	Total shares on issue	**901,391,634**	**100.00%**

Source: Stanmore Annual Report 2022

Having regard to the information set out in Table 5.3 above, we note:

- Golden Energy and Resources, of which Mr D Suseno (Chairman and Non-Executive Director of Stanmore) is an executive director and group CEO, is the majority shareholder with a holding of 64.01% of the shares on issue; and
- Mr Mathew J Latimore, who is a non-executive director of Stanmore and owner of M Resources Trading, is a top 10 shareholder with 4.84% of the shares on issue.

5.5.2 Options on Issue

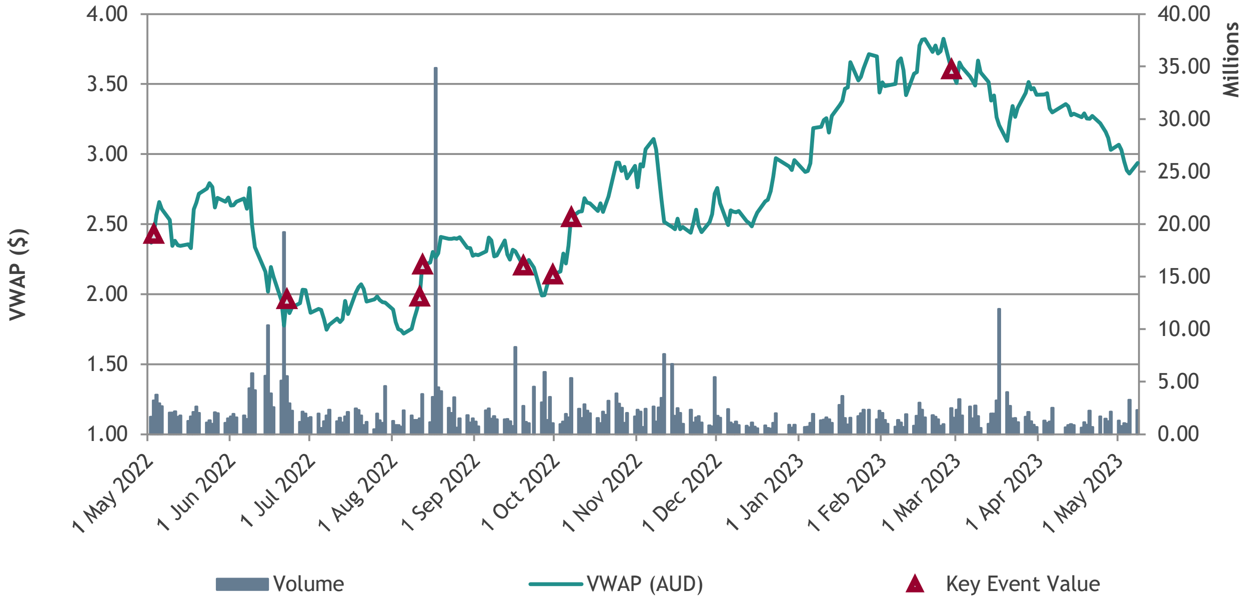
As at 13 March 2023, Stanmore has no options on issue.

5.6 Share Trading Data of Stanmore

5.6.1 Share Trading Data

Figure 5.2 displays the daily volume weighted average price ('VWAP') and daily volume of Stanmore shares traded on the ASX over between 1 April 2022 to 8 May 2023.

Figure 5.2: Daily VWAP and Volume of Stanmore Shares Traded from 1 May 2022 to 8 May 2023



Source: Capital IQ as at 8 May 2023

Over the period graphed in Figure 5.2 above, Stanmore's daily VWAP displays a period low of $1.72 on 5 August 2022 and a period high of $3.82 on 17 February 2023.

In addition to the share price and volume data of Stanmore shown above, we have also provided additional information in Table 5.4 below to assist readers to understand the possible reasons for the movement in Stanmore's share price over the period analysed. The selected ASX announcement references in Table 5.5 below correspond to those displayed in Figure 5.2 above.

Table 5.4: Selected Stanmore ASX Announcements from 1 May 2022 to 8 May 2023

Date	Announcement
03/05/2022	Stanmore completes the acquisition of an 80% stake in BMC for approximately USD 1.2 billion with regulatory approval. The Company funded the remainder of the transaction with cash reserves following the successful pro-rata entitlement offer in March 2022 and Stanmore and its subsidiaries fully drawing down their respective debt facilities including the USD 625 million acquisition debt facility (see announcement dated 7 January 2022). Stanmore also changes the name from BMC to SMC Holdings Pty Ltd ('SMC').
22/06/2022	The Queensland government announces changes to the coal royalty regime as part of its 2022-23 budget, making royalties paid by coal producers in Queensland the highest in the world.
11/08/2022	Earnings and results for the half year ended 30 June 2022 are announced. The Company reported sales of USD 1,096.2 million compared to USD 71.8 million a year previous. Separation activities following the takeover of SMC are nearing completion and integration is progressing well. Consolidated half year ROM production of 3.9Mt and saleable production of 2.8Mt. The Company reports a fully consolidated underlying EBITDA of USD 726 million after adjusting for one off accounting adjustments and transaction costs of USD 291 million related to the acquisition.
12/08/2022	Stanmore enters into share sale agreement to acquire the remaining 20% stake of SMC from Mitsui & Co. Ltd for AUD 280 million. The transaction is expected to be completed by March 2023 pending regulatory approval.
19/09/2022	Stanmore added to S&P Global BMI Index.
30/09/2022	Stanmore receives written correspondence from the Australia Foreign Investment Review Board that the Commonwealth has no objections under the Foreign Acquisitions and Takeovers Act 1975 (Cth) to the acquisition of the remaining 20% stake in SMC.
07/10/2022	Stanmore completes acquisition of remaining 20% stake of SMC from Mitsui & Co. Ltd for AUD 270 million with regulatory approval.
27/02/2023	Stanmore announces results for the Full Year Ended December 31, 2022. The Company reported sales of USD 2,695.8 million compared to USD 283.3 million a year previous. Consolidated full year ROM production of 13.5Mt, saleable production of 9.2Mt and total sales of produced coal of 9.3Mt supported by numerous monthly production records. The Company reports a full year EBITDA of USD 1.46 billion, after adjusting for one off accounting adjustments and transaction/transition costs of USD 336 million, despite only 8 months of South Walker Creek and Poitrel ownership.

Source: ASX Announcements

5.6.2 Liquidity of Stanmore Shares on the ASX

The rate at which equity instruments are traded is generally referred to as the 'liquidity' of the equity instruments. Changes in liquidity may impact the trading price of equity instruments. This is particularly dependent on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the Company to which the equity instruments relate as a whole.

Table 5.5 summarises the monthly liquidity of Stanmore shares for the 12 months ended 28 April 2023. Liquidity has been summarised by considering the following:

- Volume of Stanmore share trades per month;
- Value of total trades in Stanmore shares per month;
- Number of Stanmore shares traded per month as a percentage of total Stanmore shares outstanding at the end of the month; and
- VWAP per month.

Table 5.5: Liquidity of Stanmore shares on the ASX

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Monthly Low Share Price	Monthly VWAP	Monthly High Share Price
May 2022	43,697,700	901,392,740	4.85%	$2.29	$2.55	$2.76
June 2022	87,010,830	901,392,740	9.65%	$1.79	$2.11	$2.75
July 2022	35,230,510	901,392,740	3.91%	$1.72	$1.91	$2.07
August 2022	78,463,500	901,392,020	8.70%	$1.72	$2.22	$2.44
September 2022	48,716,380	901,391,630	5.40%	$1.98	$2.21	$2.43
October 2022	61,448,050	901,391,630	5.08%	$2.20	$2.66	$2.97

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Monthly Low Share Price	Monthly VWAP	Monthly High Share Price
November 2022	53,775,090	901,391,630	5.97%	$2.43	$2.65	$3.10
December 2022	21,068,550	901,391,630	2.34%	$2.49	$2.68	$2.98
January 2023	33,654,920	901,391,630	3.73%	$2.86	$3.39	$3.73
February 2023	30,229,470	901,392,630	3.35%	$3.46	$3.65	$3.86
March 2023	54,029,180	901,391,630	5.99%	$3.09	$3.37	$3.68
April 2023	21,489,490	901,391,630	2.38%	$3.05	$3.25	$3.41
Total	**568,813,670**	**901,391,630**	**63.10%**	**$1.72**	**$2.6046**	**$3.86**

Source: *Capital IQ as at 8 May 2023*

Assuming a weighted average number of 901.4 million Stanmore shares on issue over the period, approximately 63.10% of the total shares on issue were traded over the 12 month period ended 30 April 2023.

5.7 Historical Financial Information of Stanmore

This section sets out the historical financial information of Stanmore. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in Stanmore's annual reports, including the full Statements of Profit or Loss and Other Comprehensive Income, Statements of Financial Position and Statements of Cash Flows.

Stanmore's financial statements have been audited by Ernst & Young. BDOCF has not performed any audit or review of any type on the historical financial information of Stanmore, and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

5.7.1 Statements of Profit or Loss

Table 5.6 summarises the Consolidated Statement of Profit or Loss of Stanmore for the 12 month periods ended 31 December 2021 and 2022.

Table 5.6: Stanmore Consolidated Statement of Profit or Loss

USD million	12 months ended 31-Dec-21 Audited	12 months ended 31-Dec-22 Audited
Revenues		
Revenues from contracts with customer	283.3	2,695.8
Other income	1.0	3.3
Total revenues	**284.3**	**2,699.1**
Operating expenses		
Net inventory movement	(39.4)	(248.5)
Employee benefit expense	(5.3)	(83.2)
Royalties expenses	(30.7)	(464.1)
Operating expenses	(147.0)	(399.9)
Materials and supplies	(5.5)	(224.4)
Foreign exchange gains (loss)	(5.4)	39.5
Other expenses	(14.9)	(109.7)
Transaction and transition costs	-	(108.3)
Depreciation and amortisation expenses	(20.0)	(225.7)
Total operating expenses	**(268.2)**	**(1,824.3)**
Operating profit	**16.1**	**874.8**
Finance income	1.3	6.9
Finance costs	(5.2)	(91.7)
Share of profit/(loss) from joint ventures	(1.8)	19.8
Profit before income tax	**10.4**	**809.8**
Income tax (expense)/benefit	(3.6)	(82.4)
Profit for the period	**6.8**	**727.4**

Source: *Stanmore Annual Report 2022*

With reference to Table 5.6 above, we note the following:

- In 2022, Stanmore's revenue increased to USD2.70 billion from the previous year's USD284.0 million. This was attributed to the additional saleable production from the acquired assets and the continued strength of metallurgical coal market conditions. The average sales price per tonne in the year 2022 was USD290, which was higher than the average sales price per tonne of USD131 in 2021;
- Having regard to the above, Stanmore achieved a record ROM coal production of 13.5 million tonnes in 2022. The reported saleable production was 9.2 million tonnes, and the total sales of product coal were 9.3 million tonnes;
- The free on board ('FOB') costs, excluding royalties and inventory movements, averaged USD83 per tonne sold in 2022, which represents an increase from the average FOB costs of USD78 per tonne sold in 2021 as a result of inflationary pressures;
- Other expenses are comprised of operational accommodation and travel, sales and marketing, and administration and other operational expenses;
- The one-off transaction costs and transition costs of USD108.3 million primarily comprise fees and expenses incurred during the completion of the sale and purchase of SMC, including stamp duty, legal fees, and due diligence activities, as well as costs associated with the subsequent transition and integration;
- Depreciation and amortisation costs increased from USD20.0 million in 2021 to USD225.7 million in 2022 in line with the increased property, plant and equipment assets, mine property assets, and production levels during the period as a result of the acquisition of the SMC assets; and
- Finance costs is comprised of interest paid, interest amortisation unwinding, and interest – lease liability. The increase in finance costs from USD5.2 million in 2021 to USD91.7 million in 2022 is predominantly attributable to the acquisition financing associated to the acquisition of SMC.

5.7.2 Statements of Financial Position

Table 5.7 summarises Stanmore's statements of financial position as at 31 December 2021 and 2022.

Table 5.7: Stanmore's Summarised Consolidated Statements of Financial Position

USD million	As at 31-Dec-21 Audited	As at 31-Dec-22 Audited
Assets		
Current assets		
Cash and cash equivalents	45.6	432.4
Trade and other receivables	41.5	333.2
Inventories	8.5	107.5
Derivative financial instruments	-	6.5
Other current assets	14.1	20.0
Total current assets	**109.7**	**899.6**
Non-current assets		
Investments accounted for using the equity method	-	19.3
Trade and other receivables	7.4	-
Financial assets at FV through OCI	-	25.0
Property, plant and equipment	46.9	1,103.3
Other assets	47.1	22.1
Exploration, development and mine properties	111.6	1,246.5
Total non-current assets	**213.0**	**2,416.2**
Total assets	**322.7**	**3,315.8**
Liabilities		
Current liabilities		
Trade and other payables	61.9	424.5
Borrowings	70.4	290.7
Lease liabilities	0.1	61.9
Derivative financial instruments	4.4	-
Current tax liabilities	4.6	127.7
Employee benefit obligations	0.5	30.3
Provisions	4.2	4.3
Total current liabilities	**146.1**	**939.4**

USD million	As at 31-Dec-21 Audited	As at 31-Dec-22 Audited
Non-current liabilities		
Borrowings	4.9	313.4
Lease liabilities	0.3	198.2
Deferred tax liabilities	22.1	183.1
Provisions	31.3	348.1
Total non-current liabilities	**58.6**	**1,042.8**
Total liabilities	**204.7**	**1,982.2**
Net assets	**118.0**	**1,333.6**
Equity		
Share capital and share premium	113.3	616.4
Other reserves	(9.6)	(23.7)
Retained earnings	14.3	740.9
Total equity attributable to owners of Stanmore	**118.0**	**1,333.6**

Source: Stanmore Annual Report 2022

With reference to Table 5.7 above, we note the following:

- The increase in cash from USD45.6 million as at 31 December 2021 to USD432.4 million as at 31 December 2022 was primarily driven by higher receipts from coal sales, the issuance of shares, and the drawdown of financing arrangements during the year. However, the increase in cash balances was partially offset by cash outflows resulting from investing activities, including the acquisition of SMC and ongoing investment in property, plant and equipment;
- The increases in trade and other receivables, inventories, property, plant and equipment, and capitalised development, exploration and mine properties from 2021 to 2022 predominately results from the acquisition of SMC. As the acquisition contributed the following:
  - Trade and other receivables of USD362.8 million;
  - Inventories of USD314.7 million;
  - Property, plant and equipment of USD1,067.3 million; and
  - Capitalised development, exploration, and mine properties of USD1,175.3 million.
- Having regard to the related party receivables contained in trade and other receivables, we note that the Company extended a secured finance facility to MetRes Pty Ltd (a 50% joint venture between Stanmore and M Resources Trading) in 2021. The facility was for a total of AUD30.0 million and included a working capital debt facility of AUD15.0 million to cover initial working capital needs for the joint venture. An additional AUD15.0 million debt facility was also made available as needed. The loan was fully secured by the MetRes Pty Ltd's underlying property, plant, and equipment, as well as mine properties. The loan was fully repaid by 31 December 2022 (with an outstanding amount of USD18.3 million as of 31 December 2021);
- Inventories is comprised of ROM coal inventories, product coal stocks, and warehouse inventories, which are measured at the lower of cost and net realisable value. During 2022, an inventory revaluation adjustment was made based on the net realisation value as of 3 May 2022, which was required for accounting purposes as part of the SMC acquisition. As a result of this adjustment, the value of the coal acquired (and subsequently sold in May and June) increased by USD227.4 million, reflecting elevated coal prices at the time;
- The increase in trade and other payables, borrowings, lease liabilities, tax liabilities, employee benefit obligations, and provisions from 2021 to 2022 is predominately attributable to the acquisition of SMC. As the acquisition contributed the following:
  - Trade and other payables of USD255.8 million;
  - Current tax liability of USD16.1 million;
  - Deferred tax liability of USD364.5 million;
  - Provision for employee benefits of USD16.1 million;
  - Lease liabilities of USD256.8 million; and
  - Rehabilitation provision of USD190.8 million.
- The increase in interest bearing loans and borrowings is primarily due to the acquisition financing of USD595.0 million in 2022 in relation to the SMC acquisition; and

- The increase in issued capital from 2021 to 2022 relates to Stanmore completing a share entitlement offer to part fund the acquisition of SMC, requiring the issuance of 630,964,317 new ordinary shares. Additionally, there were 9,936 restricted employee shares were converted into ordinary shares during the 2022 year.

5.7.3 Statements of Cash Flows

Table 5.8 summarises Stanmore's Statement of Cash Flows for the 12 month periods ended 31 December 2021 and 2022.

Table 5.8: Stanmore's Summarised Consolidated Statements of Cash Flows

USD million	12 months ended 31-Dec-21 Audited	12 months ended 31-Dec-22 Audited
Operating activities		
Receipts from customers	277.9	2,746.4
Payments to suppliers and employees	(172.5)	(1,303.1)
Interest received	1.4	6.9
Interest and other finance costs paid	(17.9)	(93.4)
Income tax received/(paid)	6.8	(176.3)
Dividends received	-	1.2
Net cash inflow from operating activities	**95.7**	**1,181.7**
Investing activities		
Payment for acquisition of subsidiary, net of cash acquired	-	(1,223.3)
Payments for property, plant and equipment	(11.5)	(83.5)
Payments for capitalised development, exploration and evaluation assets	(33.4)	-
Payments for mine property assets	(1.3)	(34.4)
Payments of vendor royalties	(3.1)	(2.7)
Payment of deferred consideration	-	(100.0)
Repayment of/issuance of loans to related parties	(21.8)	17.1
Payment for acquisition of Joint Venture	(1.8)	-
Net cash (outflow) from investing activities	**(72.9)**	**(1,426.8)**
Financing activities		
Proceeds from issues of shares and other equity securities	-	503.1
Proceeds from borrowings	59.9	795.0
Repayment of borrowings	(7.0)	(249.2)
Payment of principal lease liability	(0.1)	(52.9)
Payment for acquisition of non-controlling interests	-	(270.2)
Dividends paid to non-controlling interests in subsidiaries	-	(110.0)
Payments for financial securities	(1.1)	-
Payments for refundable security bonds	(31.1)	24.6
Net cash inflow from financing activities	**20.6**	**640.4**
Net increase in cash and cash equivalents	**43.4**	**395.3**
Cash and cash equivalents at the beginning of the financial year	3.9	45.6
Effects of exchange rate changes on cash and cash equivalents	(1.7)	(8.5)
Cash and cash equivalents at end of year	**45.6**	**432.4**

Source: Stanmore Annual Report 2022

With reference to Table 5.8 above, we note the following:

- The net cash inflow from operating activities increased to USD1,181.7 million in 2022, compared to USD95.7 million in 2021. The increase in operational cash flows was due to higher receipts from coal sales driven by increased sales tonnes and higher average sales price per tonne;
- Stanmore's investing activities resulted in cash outflows of USD1,426.8 million in 2022, compared to USD72.9 million in 2021. The acquisition of the 80% shares in SMC accounted for USD1,323.4 million, including USD100.0 million of deferred consideration, and USD83.5 million was related to ongoing property, plant and equipment investment; and
- Net cash from financing activities totalled USD640.4 million in 2022, compared to USD51.7 million in 2021. The inflows from the issue of shares were USD503.1 million, and USD795.0 million was from the drawdown of financing

arrangements, notably the USD625 million acquisition financing facility entered during the period. The Company repaid USD249.2 million of borrowings, paid USD110.0 million in dividends to non-controlling interests, and had a USD270.0 million outflow related to the acquisition of the remaining 20% in SMC.

6.0 Industry Overview

The information presented in this section has been compiled from a range of publicly available sources, together with information taken from various databases to which we subscribe. BDOCF has not independently verified any of the information and we recommend that users of this Report refer to the original source of any information listed in this section. This section should be referred to as a guide only.

6.1 Coal Overview

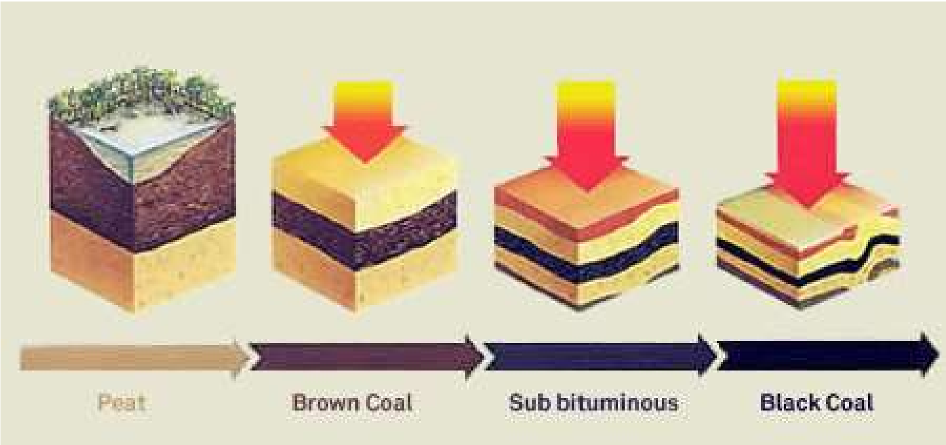
6.1.1 Coal Properties and Uses

Coal is combustible, sedimentary, and organic rock formed from ancient vegetation that has been transformed by the combined effects of microbial action, pressure, and heat over millions of years. This process is known as 'coalification'.

Peat, the precursor of coal, is initially converted into lignite or brown coal and is considered to have low organic 'maturity'. Over many more millions of years, the continuing effects of temperature and pressure progressively change the lignite and increase its maturity, transforming it into the range known as sub-bituminous coals. As this process continues, further chemical and physical changes take place until these coals become blacker, harder, and more mature, at which point they are classified as bituminous or hard coals. Under the right conditions and after a sufficient period of time, progressive increases in organic maturity will ultimately lead to anthracite.

Figure 6.1 below illustrates the coalification process from peat to black coal.

Figure 6.1: Coalification Process



Source: Australian Coal Association

The degree of coalification undergone by a coal, as it matures from peat to anthracite, has an important bearing on its physical and chemical properties, and is typically referred to as the 'rank' of coal.

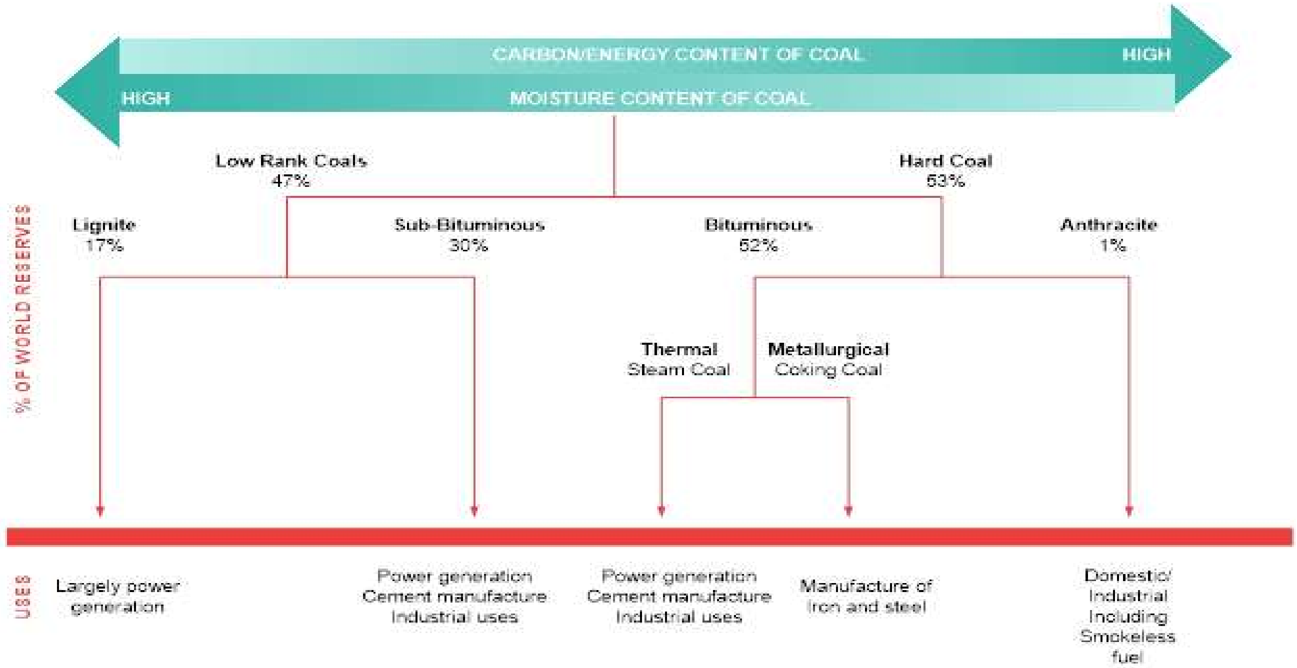
Lower rank coals, such as lignite and sub-bituminous coal are typically softer, friable materials with a dull, earthy appearance. These coals have low energy content due to high moisture levels and low carbon content.

Sub-bituminous coal is difficult to stockpile and/or transport due to its tendency to self-combust and its high moisture content. Accordingly, sub-bituminous coal is typically consumed at the point at which it is mined.

Higher rank coals, such as bituminous coal and anthracite, are typically harder and stronger and tend to have a black vitreous lustre. Higher rank coals have a high energy content due to low moisture levels and a high carbon content. Anthracite is the type of coal with the highest carbon content and the lowest moisture level and is therefore the type of coal with the highest energy content.

Figure 6.2 below illustrates the coal classification spectrum.

Figure 6.2: Coal Classification Spectrum



Source: World Coal Association

The world market for coal primarily consists of higher rank coals, including thermal coal and coking coal.

Coking (or metallurgical) coal, due to its high carbon content and coking characteristics, is generally used for the production of metallurgical coke, which is used as a reductant in the production of iron and steel. Coking coal is further categorised in order of its level of carbon content as follows:

- Hard coking coal (which has the highest carbon content) is more favoured due to its ability to produce strong production of coke and therefore trades at a premium to lower grade coking coals; and
- Semi-soft coking coals and PCI (which have a lower carbon content) are predominantly used for blending with hard coking coal during the coke making process or used as an auxiliary fuel source to increase the effectiveness of blast furnaces, ultimately resulting in lower production costs.

Thermal (or steam) coal, which generally contains less carbon than all types of coking coal, is primarily used in the generation of electricity.

The markets for coking coal and thermal coal generally have different demand determinants and operate independently.

6.1.2 Global Coal Reserves[1]

As at the end of 2020, it is estimated that there are over 1,074 billion metric tonnes of proven coal reserves worldwide.[2] The five countries with the largest proven coal reserve – United States, Russia, Australia, China, and India - account for approximately 75.9% of the worlds proven recoverable coal reserves.

Table 6.1 below shows the geographical spread of the five largest proven coal reserves and their global share.

Table 6.1: Top Five Largest Proven Coal Reserves as at the end of 2020

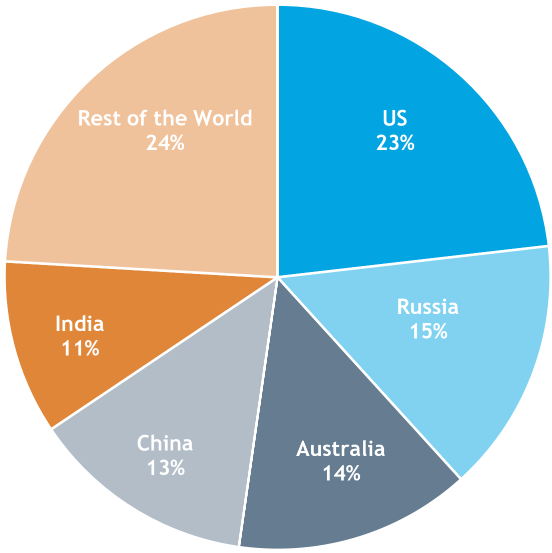
Country	Proven Coal Reserves	Share of Global Recoverable Coal Reserves (%)
United States	248.9 billion metric tonnes	23.2%
Russian Federation	162.2 billion metric tonnes	15.1%
Australia	150.2 billion metric tonnes	14.0%
China	143.2 billion metric tonnes	13.3%
India	111.1 billion metric tonnes	10.3%

Source: BP Statistical Review of World Energy 2022

[1] Proved reserves include reserves that are not only considered to be recoverable but that can also be recovered economically. This means that proved reserves take into account what current mining technology can achieve and the economics of recovery. Proved reserves will therefore change according to the price of coal. If the price of coal is low, proved reserves will decrease.
[2] BP Statistical Review of World Energy June 2022

Figure 6.3 below shows the geographical spread of proven coal reserves by country as at the end of 2020.

Figure 6.3: Global Proven Coal Reserves by Country at the end of 2020



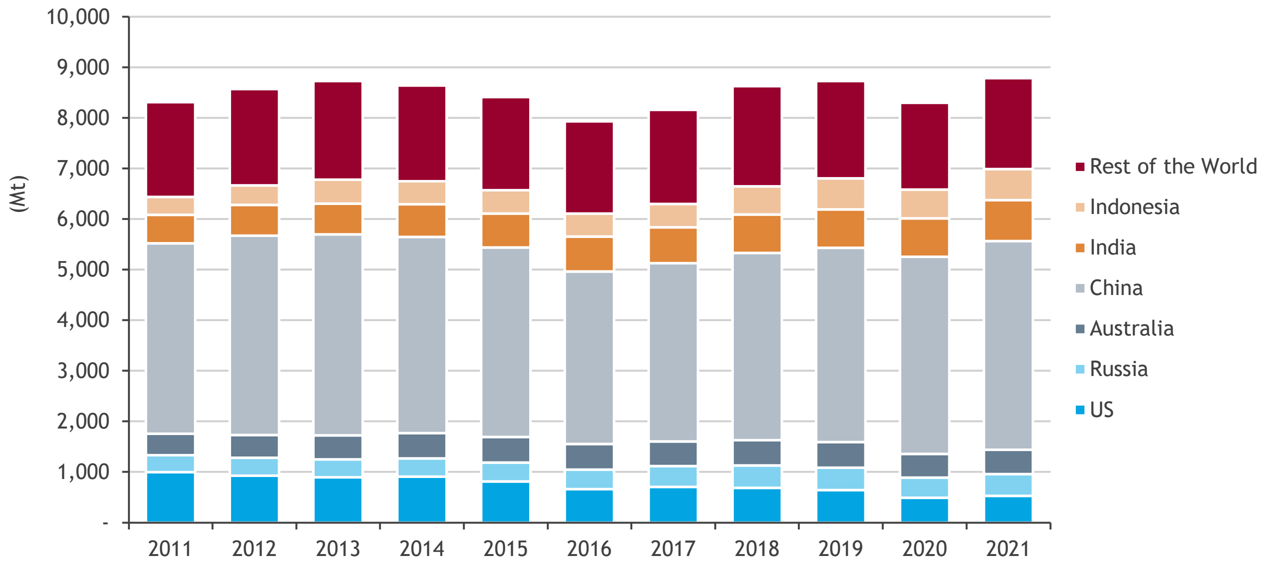
Source: BP Statistical Review of World Energy 2022

6.1.3 Global Coal Production[3]

Since 2011 there has been a small increase in global production, with 2021 aggregate production of approximately 8,173 million tonnes representing an increase of approximately 3% from 2011 levels. Production levels from the top six largest producers have remained relatively consistent through this period, with some cyclical variance in Chinese production levels and gradual decline is US production levels.

Figure 6.4 below sets out global coal production by the largest global producers over the ten-year period between 2011 and 2021.

Figure 6.4: Global Coal Production by the Largest Producers between 2011 and 2021

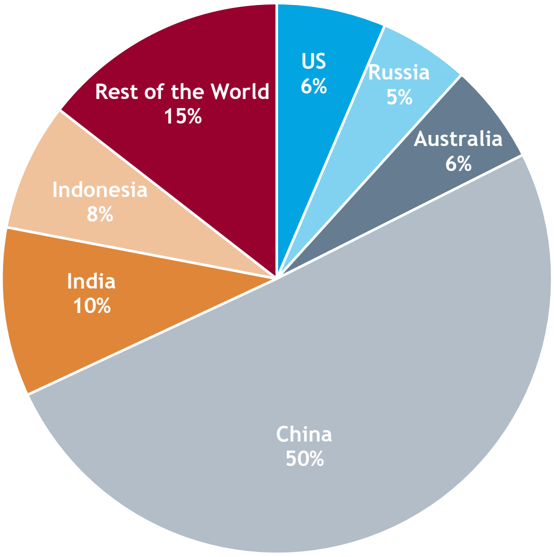


Source: BP Statistical Review of World Energy 2022

Figure 6.5 below shows the geographic spread of global coal production by country as at the end of 2021.

[3] BP Statistical Review of World Energy June 2022

Figure 6.5: Global Coal Production by Country for Calendar Year 2021



Source: BP Statistical Review of World Energy 2022

6.1.4 Global Coal Consumption[4]

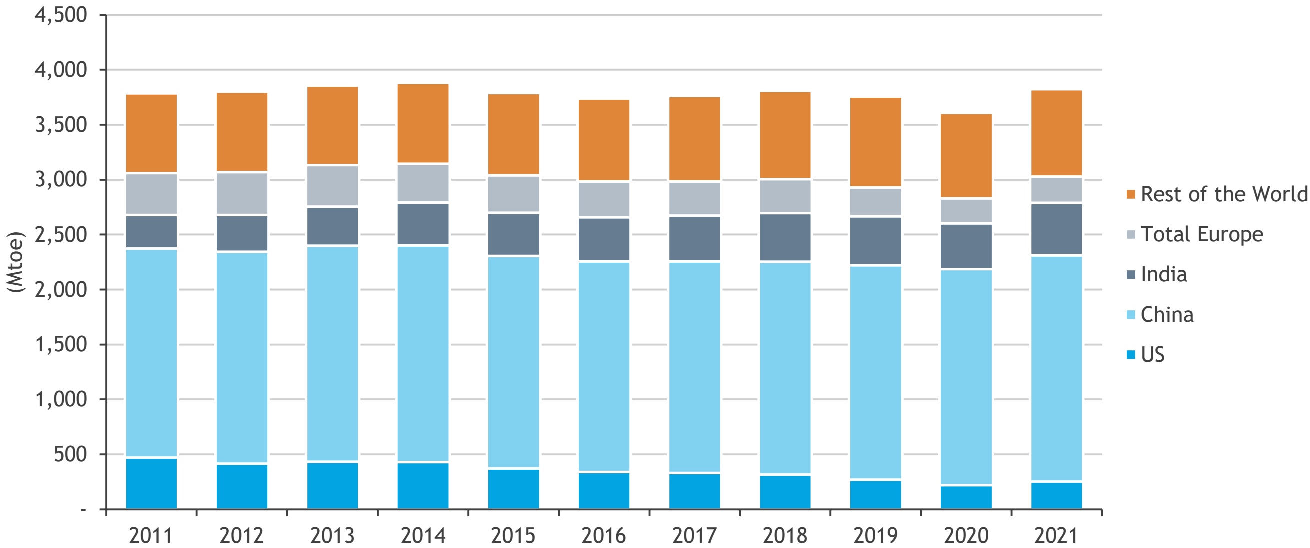
Coal's share in global primary energy consumption has fallen 3.5% over the last ten years, representing 26.9% of the global energy consumption market in 2021. Coal consumption nevertheless appears to be gradually increasing in absolute terms, growing 6% in 2021 (slightly above 2019 levels) to its highest level since 2014. Growth in global coal consumption is predominately being driven by non-OECD countries over the ten year period (OECD, ~44.2% decrease; Non-OECD, ~15.1% increase; European Union, ~47.3% decrease).

Aggregate consumption in 2021 was approximately 3,824 million tonnes oil equivalent, representing an increase of approximately 1% from 2011 levels.

The four largest consumers of coal – China, India, United States, and Europe – account for approximately 79.2% of total global coal consumption in 2021.

Figure 6.6 below sets out global coal consumption by the largest global consumers over the ten year period between 2011 and 2021.

Figure 6.6: Global Coal Consumption by the Largest Consumers between 2011 and 2021

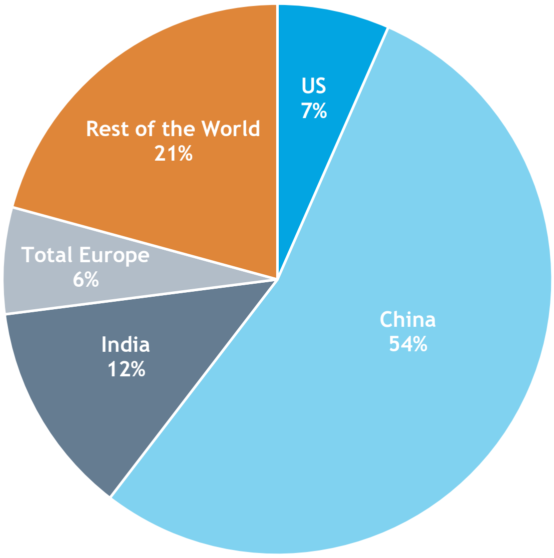


Source: BP Statistical Review of World Energy 2022

Figure 6.7 below shows the geographic spread of global coal consumption by country as at the end of 2021.

[4] BP Statistical Review of World Energy June 2022

Figure 6.7: Global Coal Consumption by Country for Calendar Year 2021



Source: BP Statistical Review of World Energy 2022

6.1.5 Coal Prices[5]

Most coal traded in international markets is bought and sold pursuant to term contract arrangements between the world's major producers (such as Anglo American, Glencore, Rio Tinto and Yancoal) and the world's major buyers (such as Indian, Chinese, Korean and Japanese steel mills). The term contract arrangements set out a number of key terms including:

- The benchmark prices at which coal will be traded;
- The volume of coal to be traded;
- The energy content of the coal to be traded or metallurgical qualities;
- The method and cost of transportation; and
- Any other specifications as required.

Existing term contracts generally serve as the reference point when negotiating updated term contract arrangements.

The benchmark prices negotiated and agreed between the major producers and buyers generally determine the price at which subsequent coal contracts will settle at following adjustments for the specific energy or metallurgical quality specifications of the coal.

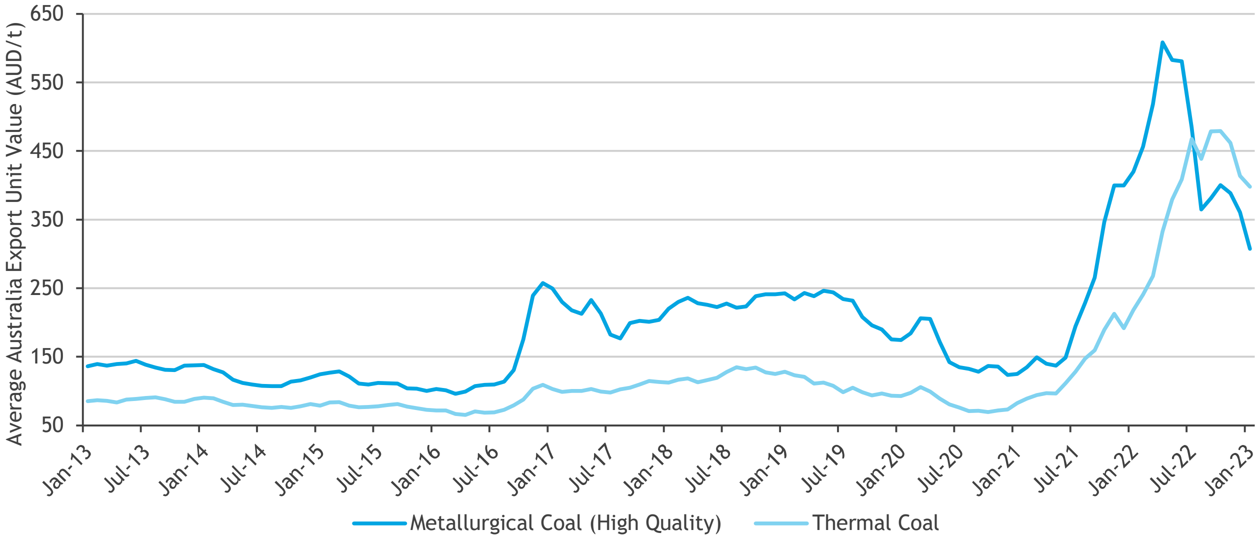
Spot or short term sales make up a minor part of the internationally traded coal markets. This volume can vary year to year and can make up between 5-15% of the market. These sales are typically to end-users who either have additional requirements above their term volumes, or to smaller end-users who are unable to enter into term contracts with suppliers for various reasons.

Fixed price spot sales are also used by Price Reporting Agencies to develop daily price indexes, which are often used for the setting of the prices for term contracts.

Figure 6.8 below shows the average export price for metallurgical coal (high quality) and thermal coal between January 2013 and January 2023 in AUD per tonne. The price is estimated as average realised export unit value shipping from Australia in the respective quarter.

[5] Resources and Energy Quarterly March 2023, Australian Department of Industry, Innovation and Science

Figure 6.8: Average Export Price of Coal between January 2013 to January 2023



Source: Resources and Energy Quarterly March 2023, Australian Department of Industry, Innovation and Science

As set out above, we note the price per tonne of metallurgical coal and thermal coal is highly volatile. Like many global commodities, coal pricing benchmarks (and subsequent sales contracts) are typically set in USD and vary depending on market conditions and global events (i.e., COVID-19, Ukraine-Russia war). Volatility in pricing from an Australian exporter's perspective is further exacerbated by fluctuations in the USD/AUD exchange rates, which in themselves may be volatile.

An increasing factor affecting global coal prices, is a growing societal pressure for companies, and nations as a whole, to transition towards low carbon energy systems. While there is space for emerging technologies to improve carbon emissions and efficiency of traditional energy sources, broadly speaking there is a societal push to decarbonise the power supply network and utilise renewable energy sources. Nevertheless, global energy demand has increased 14.3% over the ten year period between 2011 and 2021 and carbon emissions from energy use has increased 6.2% during this time.

stanmore

Stanmore Resources Limited
ABN 27 131 920 968

LODGE YOUR VOTE

ONLINE
https://investorcentre.linkgroup.com

BY MAIL
Stanmore Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

X99999999999

PROXY FORM

I/We being a member(s) of Stanmore Resources Limited and entitled to participate in and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐ **the Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

Or failing the person or body corporate named, or if no person or body corporate is named, the Chair of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (AEST) on Wednesday, 31 May 2023** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a hybrid event. You can participate by attending in person at the Offices of Norton Rose Fulbright, **Level 21, 111 Eagle Street, Brisbane, QLD, 4000** or logging in online at **https://meetings.linkgroup.com/SMR23** (refer to details in the Virtual Annual General Meeting Online Guide). The **Notice of Annual General Meeting** can be viewed and downloaded at the Company's website at **www.stanmore.net.au**.

Important for Resolutions 1 & 6: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolutions 1 & 6, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.
Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions	For	Against	Abstain*
1 Remuneration Report	☐	☐	☐
2 Re-election of Director – Mr Dwi Suseno	☐	☐	☐
3 Re-election of Director – Mr Marcelo Matos	☐	☐	☐
4 Re-election of Director – Mr Mark Trevan	☐	☐	☐
5 Re-election of Director – Mr Richard Majlinder	☐	☐	☐
6 Approval of an increase in Non-Executive Directors' fee pool	☐	☐	☐
7 Approval to sell product to M Resources Trading Pty Ltd	☐	☐	☐

ⓘ * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to participate in the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at registrars@linkmarketservices.com.au prior to admission in accordance with the Notice of Annual General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Monday, 29 May 2023,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

ONLINE

https://investorcentre.linkgroup.com

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **https://investorcentre.linkgroup.com** into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

Stanmore Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

*During business hours Monday to Friday (9:00am - 5:00pm)