

Isaac South Project Designated Area Agreement

Highlights

- Binding and definitive agreement completed with Anglo American and Exxaro (the participants of the Moranbah South JV) for the rights to explore, study and then apply for a future mining lease to mine the open cut Rangal measures over a Designated Area on the MBS JV tenements (MDL277 and EPC548), which is immediately adjacent to Stanmore's Isaac South project on EPC 755
- The addition of the low strip ratio Designated Area to Stanmore's Isaac South project area is expected to improve economics and extend the life of operations beyond the currently mined Isaac Downs pits
- The combined Isaac South resources provide a high-quality metallurgical coal and capital efficient project at an attractive strip ratio, which aims at utilising the Company's existing Coal Handling Preparation Plants (CHPP), dragline and associated infrastructure for years to come (subject to mining approvals)
- Upfront consideration payment for the transaction is US\$15 million to be paid today; together with deferred consideration of US\$20 million upon first coal being mined or ~10 years from grant of a mining lease and a capped US\$40 million contingent royalty linked to certain coal price thresholds being met
- The Company is now prioritising the necessary studies and approvals to progress and compress the timeframe to bring this project to an investment decision

Stanmore Resources Limited ("Stanmore" or the "Company") (ASX:SMR) is pleased to announce the execution and completion of a Designated Area Agreement ("Agreement") with the Moranbah South Joint Venture ("MBS JV"), held 50% by Anglo Coal (Grosvenor) Pty Ltd ("Anglo American") and 50% by Exxaro Australia Pty Ltd ("Exxaro"). The Agreement provides Stanmore with the rights to explore, study and then apply for a future mining lease over a Designated Area on the MBS JV tenements (MDL277 and EPC548), which is immediately adjacent to Stanmore's Isaac South project on EPC 755 and, subject to the progressing of environmental impact and associated studies and receipt of mining approvals, it will allow a large scale mining operation across Stanmore's Isaac South Project (EPC755) and the open cut Rangal coal measures in the "Designated Area" (refer Map 1).

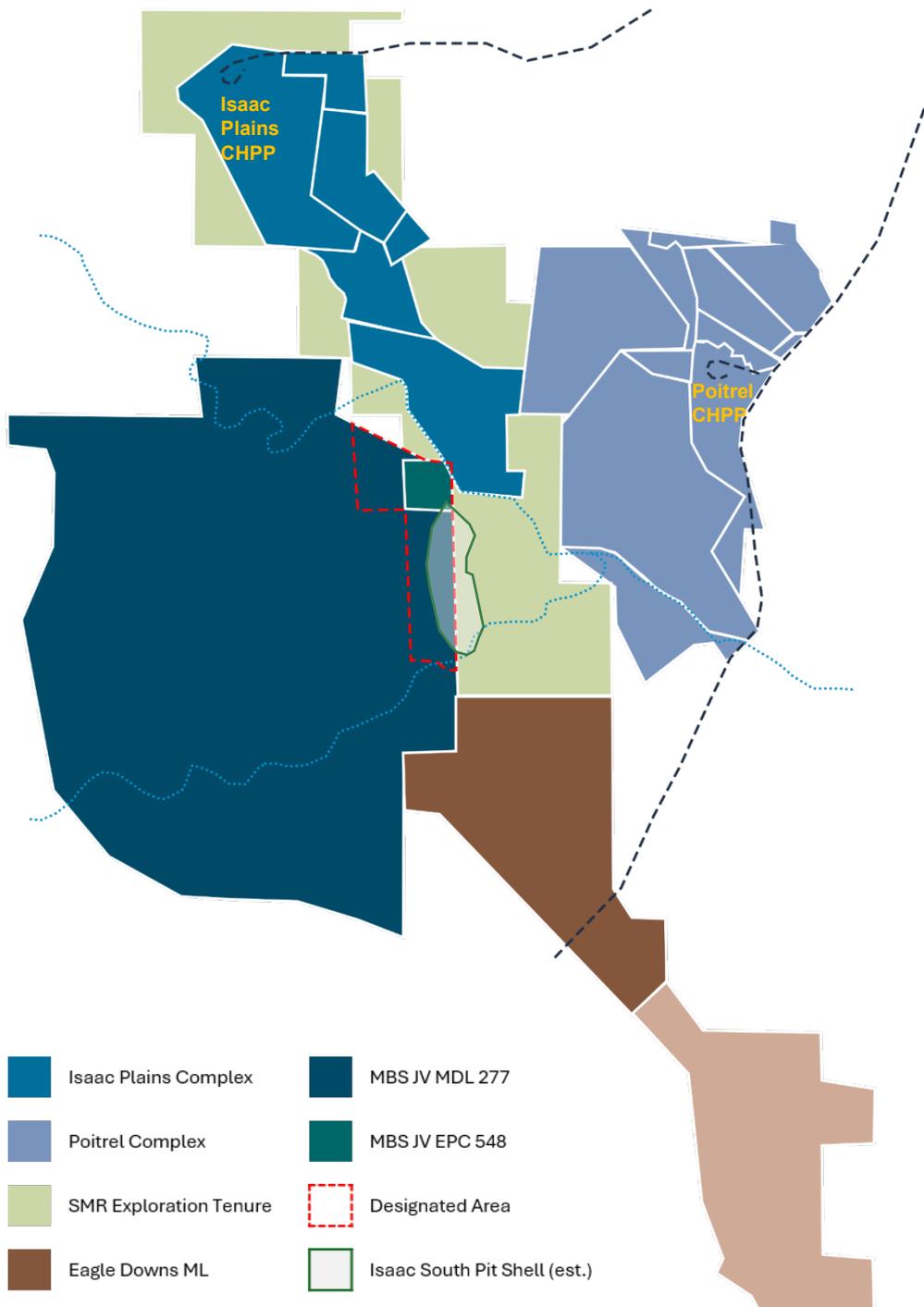
The coal deposit sub-crops on the Designated Area providing additional low strip ratio coal to Stanmore's existing Isaac South Project in EPC755, which in turn lowers operating costs and may provide over double the volumes and mine life than our existing tenement alone. The strip ratio in the Designated Area is expected to start off at only ~4-5:1 ROM, meaning the capital cost for pit development will be relatively low, with the time to uncover first coal relatively quick.

Initial concept designs indicate the project will require low capital investments given it will be a brownfield expansion of the current mining operations at Isaac Downs, requiring only haul road connections and typical mine infrastructure, such as water management and pit development. The project is strategically located immediately adjacent to Isaac Downs and is nearby the existing infrastructure of both the Isaac Plains Complex and Poitrel CHPP and train loadouts.

Commenting on the Agreement, CEO Marcelo Matos said:

"This transaction paves the way for the development of our Isaac South project in a more competitive and lower average strip ratio basis, as a natural capital efficient brownfield extension of our current Isaac Downs mine, prolonging the overall mine life at our Isaac Plains Complex."

Map 1 – Designated Area



Consideration payable to the MBS JV comprises:

- US\$15 million, to be paid in cash today, as signing and completion were contemporaneous;
- US\$20 million payable upon first coal being mined or from ~10 years from the date a mining lease is granted over the Designated Area; and
- A capped royalty of up to approximately US\$40 million payable in the future linked to certain coal price thresholds.

The Designated Area is expected to contribute an estimated 50% of the total mineable resource of the enlarged Isaac South project. The project is expected to produce a high-quality metallurgical coal product, similar to that currently mined at Isaac Downs.

The Agreement provides Stanmore the rights to exploration on the Designated Area which will enable our team to rapidly finalise project studies and scope, work packages and the costing and perform the necessary field work to support mining approvals. Stanmore is expecting to lodge all submissions for regulatory approvals to mine the Isaac South deposits (including the ones under the Designated Area) and build a haul road and associated infrastructure to connect the project and haul ROM coal to our existing ROM coal stockpiles at Isaac Downs in 2025, with the Company focussing on progressing these approvals as quickly as possible given the high potential and the capital efficiency of this project.

Commenting on the Isaac South Project, CEO Marcelo Matos said:

"We will now work closely and swiftly with State and Federal Government Departments and regulators to progress the Environmental Impact Studies and all associated work and secure all required regulatory approvals to submit an investment case for internal approval to start construction of the new pit and associated infrastructure. It will be important to ramp up operations on time to ensure we have continuity of operations at our Isaac Plains Complex, which may potentially add another 15 years at the same rate of ~4 million tonnes per annum of ROM coal mining, and likewise ensure continuity of employment for our workforce at the Isaac Plains Complex."

This announcement is authorised for release by the Disclosure Committee.

Further Information

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About Stanmore Resources Limited (ASX: SMR)

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

More information about Stanmore can be found at stanmore.au