

Special Dividend Announcement



Highlights

- The Board of Directors have today resolved to pay a special, fully franked dividend to shareholders of US 5.82 cents per share
- With a further strengthening of the Company's balance sheet this year, and resolution of uncertainties surrounding potential M&A, the Board has resolved to declare a special dividend equal to the amount which would have been declared if applied to Stanmore's 2022 results
- In the context of this announcement, Stanmore also provides an update of our Year to Date (YTD) performance to October 2023, reaffirms guidance for 2023 and provides initial guidance for 2024 following the recent Board approval of our annual budget
- As at 31 October 2023, YTD Saleable Production has reached 11.0Mt, YTD FOB Cash Costs are US\$91 per tonne, YTD Underlying EBITDA is US\$949m and Net Cash is US\$181m – with all previously announced guidance metrics remaining on track for the full year 2023
- 2024 guidance sees consolidated Saleable Production consistent with the 2023 range, between 12.3Mt to 13.0Mt, with higher Saleable Production at Poitrel offsetting slight changes at South Walker Creek and Isaac Plains
- Consolidated FOB Cash Cost guidance for 2024 is between US\$97 and US\$102 per tonne, owing to inflation, foreign exchange movements, strip ratio and other operational related changes, while Capital Expenditure guidance of between US\$150m to US\$170m reflects our current project pipeline
- Please also refer to the attached Special Dividend Announcement presentation (Appendix 1) for further information

CEO Statement

Marcelo Matos, Chief Executive Officer and Executive Director

"We are very pleased to announce the declaration of Stanmore's inaugural dividend since our equity raise and subsequent acquisition of South Walker Creek and Poitrel in 2022. Given the ongoing strength of Stanmore's balance sheet, driven by the continued success of our operational and financial performances, together with the resolution of uncertainties with regards to M&A activity, we are happy to deliver a dividend equal in size to what would have been declared if applied to Stanmore's 2022 financial results. This dividend, along with Stanmore's remarkable share price growth since 2022's acquisition, further demonstrates our ongoing commitment to maximising shareholder returns."

Special Dividend

The Board of Directors of Stanmore has today resolved to declare a fully franked dividend of US 5.82 cents per share. The timing of the payment of this dividend is as follows:

- a) Declaration date: 29 November 2023
- b) Record date: 5 December 2023
- c) Payment date: 14 December 2023
- d) Payment currency: Australian Dollars
- e) Foreign exchange: Reserve Bank of Australia published AUD/USD exchange rate at 4:00pm AEDT on Record Date

Full details are contained in the Appendix 3A.1 filed with the ASX on today's date.

2023 Guidance and Outlook

Stanmore remains on track to deliver saleable production, FOB cash cost and capital expenditure within the guidance ranges previously provided. No change to 2023 guidance is required.

2024 Guidance and Outlook

The Company is forecasting 2024 saleable production to be consistent with 2023 on a consolidated basis, with higher production at Poitrel offsetting changes at Isaac Plains and South Walker Creek. FOB Cash Cost per tonne is anticipated to increase year on year due to inflation, foreign exchange movements, strip ratio changes and other operational related changes (refer also to Appendix 1 for further details and analysis). Capital expenditure reflects our current pipeline consistent with previously announced major projects.

		2023 YTD October	2023 Guidance	2024 Guidance
Saleable Production	Mt	11.0	12.3 - 13.0	12.3 - 13.0
South Walker Creek	Mt	5.3	5.9 - 6.1	5.8 - 6.0
Poitrel	Mt	3.2	3.6 - 3.8	3.9 - 4.1
Isaac Plains Complex	Mt	2.5	2.7 - 3.0	2.6 - 2.9
FOB Cash Cost	US\$/t sold	91	87 - 93	97 - 102
Capital Expenditure	US\$	123	175 - 195	150 - 170

Approval

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

Further Information

Investors

investors@stanmore.net.au

Media

media@stanmore.net.au

About Stanmore Resources Limited (ASX: SMR)

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

Appendix 1: Special Dividend Announcement

Please see attached Special Dividend Announcement presentation.



Stanmore Resources

Special Dividend
Announcement

29 NOVEMBER 2023

Forward-looking statements

This document contains certain “forward-looking statements”. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. You are cautioned not to place undue reliance on forward looking statements. Although due care and attention has been used in the preparation of forward-looking statements, such statements, opinions and estimates are based on assumptions and contingencies that are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Other than where required by law, Stanmore does not undertake to publicly update or review any forward-looking statements whether as a result of new information or future events.

No offer of securities

This document is not and should not be considered to form any offer or an invitation to acquire Stanmore shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment.

Reliance on third party information

Any information contained in this presentation that has been derived from publicly available sources (or views based on such information) has not been independently verified. Stanmore does not make any representation or warranty about the accuracy or completeness or reliability of the information.



Special Dividend Announcement



Special dividend declared together with Oct-23 year-to-date actuals, reaffirmed 2023 guidance and provision of 2024 guidance

Special Dividend

5.82 USD
cps

Fully franked, based on application of the dividend policy⁷

Saleable Production¹
YTD Oct-23

11.0 Mt

On-track to achieve close to higher end of 2023 guidance

FOB Cash Cost^{1,2}
YTD Oct-23

91.0 US\$
/t sold

Within guidance for 2023, supported by higher sales volumes in 2H2023

Underlying EBITDA
YTD Oct-23

949 US\$
m

Supported by improved sales volume run-rate and prices from 1H2023

Net Cash³
As of Oct-23

181 US\$
m

Comprised of total cash of US\$517m and aggregate debt of US\$336m³

Updated Guidance

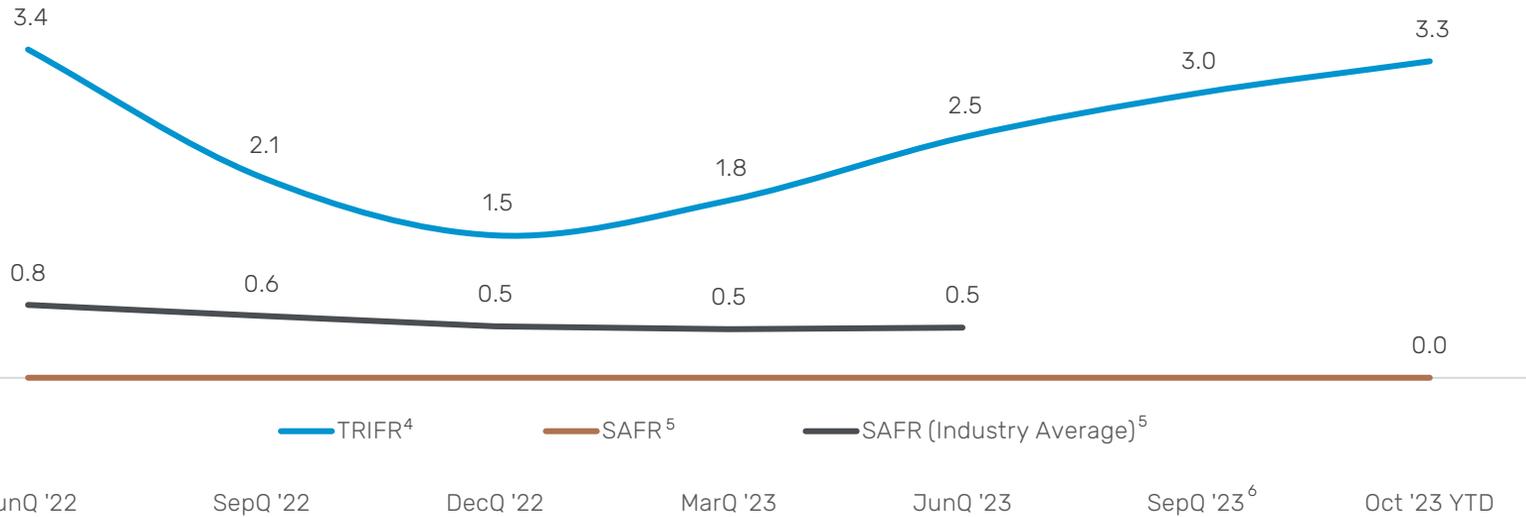
**2023 &
2024**

Production and cost guidance outlook

Health & Safety

Stanmore remains committed to safety as its number one priority

Rolling 12-Month TRIFR⁴ and SAFR⁵



- Three recordable injuries occurred during the month of October bringing the YTD total to 15 injuries. Despite the increase in TRIFR⁴ since Dec-22, there have been no Serious Accidents⁵ recorded in the last 12-months (YTD SAFR⁵ is 0.0, which is well below YTD industry average of 0.52 as of Jun-23), and pleasingly, no recordable injuries or serious accidents in Nov-23 to date.
- We are committed to understanding the fundamental cause of any recordable injury in order to implement improvements to our procedures, systems and lead indicators
- This is with the aim of promoting a strong safety culture across all operations and preventing future incidents



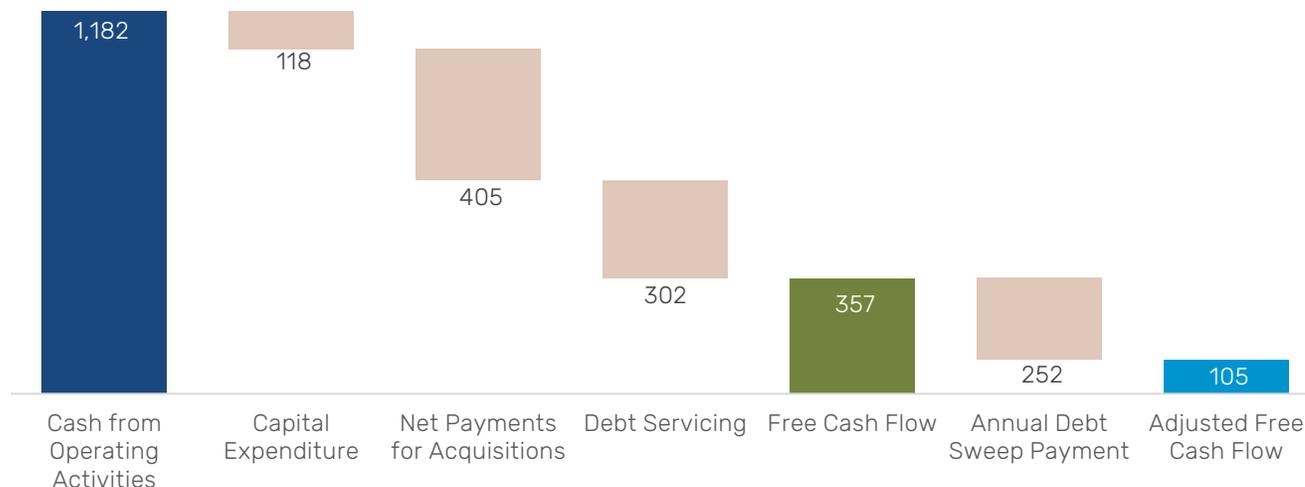
Special Dividend Declaration

Stanmore is pleased to declare its inaugural dividend since the March 2022 Equity Raise



Adjusted Free Cash Flow - 2022

US\$m



Dividend based on Stated Policy⁷

USD 5.82 cps

Fully Franked Special Dividend

US\$ 52.5m

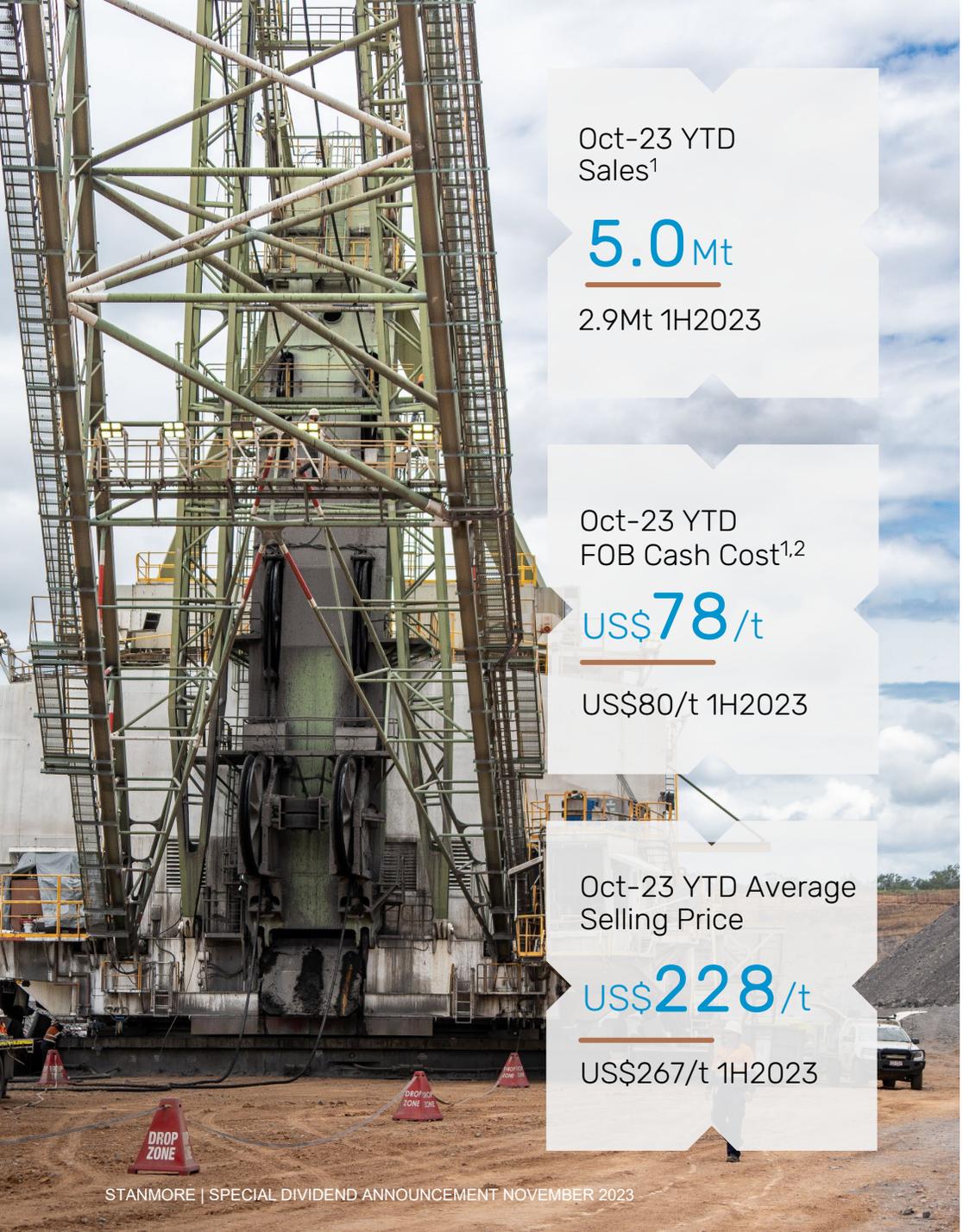
- The Board resolved that no dividend was to be declared together with the release of the 2022 results, following careful consideration of the dividend policy⁷ and a view to strengthen the balance sheet for potential M&A
- Uncertainties as a result of Stanmore's involvement in potential M&A processes have since been resolved, supporting higher confidence in outlook and the provision of 2024 guidance (refer slide 12)
- In consideration of this, together with ongoing strengthening of the balance sheet to an Oct-23 YTD net cash³ position of US\$181m, the Board has determined that it is appropriate to declare a fully franked special dividend, equal to the amount which might have been declared with the release of 2022 results if Stanmore was not preserving capacity for deleveraging and potential M&A opportunities
- The Board believes this is a positive outcome for shareholders and demonstrates a commitment to Stanmore's stated dividend policy⁷, which will again be carefully considered upon release of the 2023 results

Key Dates

Record Date	December 5, 2023
Ex-Dividend Date	December 4, 2023
Dividend Payment Date	December 14, 2023

Operating Performance Update





Oct-23 YTD
Sales¹

5.0Mt

2.9Mt 1H2023

Oct-23 YTD
FOB Cash Cost^{1,2}

US\$78/t

US\$80/t 1H2023

Oct-23 YTD Average
Selling Price

US\$228/t

US\$267/t 1H2023

South Walker Creek

Operation positioned to deliver record annual saleable production



		YTD ended Oct-23	YTD ended Sep-23
Managed Production¹			
ROM Coal Produced	Mt	7.0	6.2
ROM Strip Ratio	Prime	8.1	8.3
Saleable Coal Produced	Mt	5.3	4.7
Total Coal Sales	Mt	5.0	4.4
Product Coal Stockpile	Mt	0.459	0.380
ROM Coal Stockpile	Mt	0.459	0.357

Actuals

- Strong ROM coal mining performance during October, supporting achievement of upper end of full-year production guidance and stockpile build moving into November and December
- Oct-23 YTD run-rate sales improved compared to Sep-23, demonstrating ongoing benefits of actions to address logistics constraints during 2H2023

Outlook

- Operation well positioned to benefit from previously disclosed capital projects, including the dragline AC conversion in 2024, MRA2C creek diversion and the expansion project (expected to increase mine capacity by 1Mtpa product tonnes by 2025)
- Strip ratios are expected to temporarily increase through 2024/2025, primarily driven by box-cutting development at Y South to support the expansion project together with an incremental unit cost increase from the introduction of 3 additional expansion excavator fleets at higher unit cost rates compared to current dragline supported fleets

Poitrel

Catch-up of sales volumes reflected in Oct-23 YTD performance, with saleable production tracking in-line with upper-end of guidance

		YTD ended	YTD ended
		Oct-23	Sep-23
Managed Production¹			
ROM Coal Produced	Mt	5.4	4.7
ROM Strip Ratio	Prime	7.0	7.3
Saleable Coal Produced	Mt	3.2	2.8
Total Coal Sales	Mt	3.1	2.6
Product Coal Stockpile	Mt	0.348	0.445
ROM Coal Stockpile	Mt	0.657	0.539

Actuals

- Production and sales run-rate to Oct-23 demonstrate weighting to 2H2023 and flow through to lower unit costs compared to 1H2023, with full year costs expected to reduce further given good progress of Ramp-10 capitalised volumes

Outlook

- Opportunities to adjust product mix towards coking coal given lower PCI price relativities, albeit with an impact to total yield
- Inclusion of high margin lower seams included in plans, following successful mining of V2/3 and VL seams in 2022 and 2023
- Completion of the Ramp-10 box-cut and Southern levee provide additional strike length to optimise mine sequencing and equipment utilisation over remaining life of mine. This is expected to support strip ratio and cost stability of the operation.
- Cost escalations are anticipated, primarily in relation to equipment, labour and consumables

Oct-23 YTD
Sales¹

3.1Mt

1.6Mt 1H2023

Oct-23 YTD
FOB Cash Cost^{1,2}

US\$109/t

US\$136/t 1H2023

Oct-23 YTD Average
Selling Price

US\$210/t

US\$237/t 1H2023

Isaac Plains Complex

Record production set to be achieved in 2023



Oct-23 YTD
Sales¹

2.5Mt

1.6Mt 1H2023

Oct-23 YTD
FOB Cash Cost^{1,2}

US\$93/t

US\$92/t 1H2023

Oct-23 YTD Average
Selling Price

US\$216/t

US\$231/t 1H2023

		YTD ended	YTD ended
		Oct-23	Sep-23
Managed Production¹			
ROM Coal Produced	Mt	3.3	2.7
ROM Strip Ratio	Prime	7.2	7.7
Saleable Coal Produced	Mt	2.5	2.3
Total Coal Sales	Mt	2.5	2.3
Product Coal Stockpile	Mt	0.195	0.194
ROM Coal Stockpile	Mt	0.283	0.103

Actuals

- Strong ROM coal mining in October together with continued positive results from upgraded CHPP positioning the operation to achieve record production for 2023 and the upper-end of saleable production guidance
- Oct-23 YTD costs stable on 1H2023, with advancement of Pit-5N, non-capitalised volumes driving higher strip ratios and unit costs offset by drawdown of closing 2022 inventories

Outlook

- Natural increase in strip ratio as progression of Isaac Downs mining sequence moves down dip and relatively higher strip ratio mining of Pit-5N during 2024 and 2025
- Costs expected to steadily increase accordingly, also impacted by lower coal availability and yield in later years of the mine plan

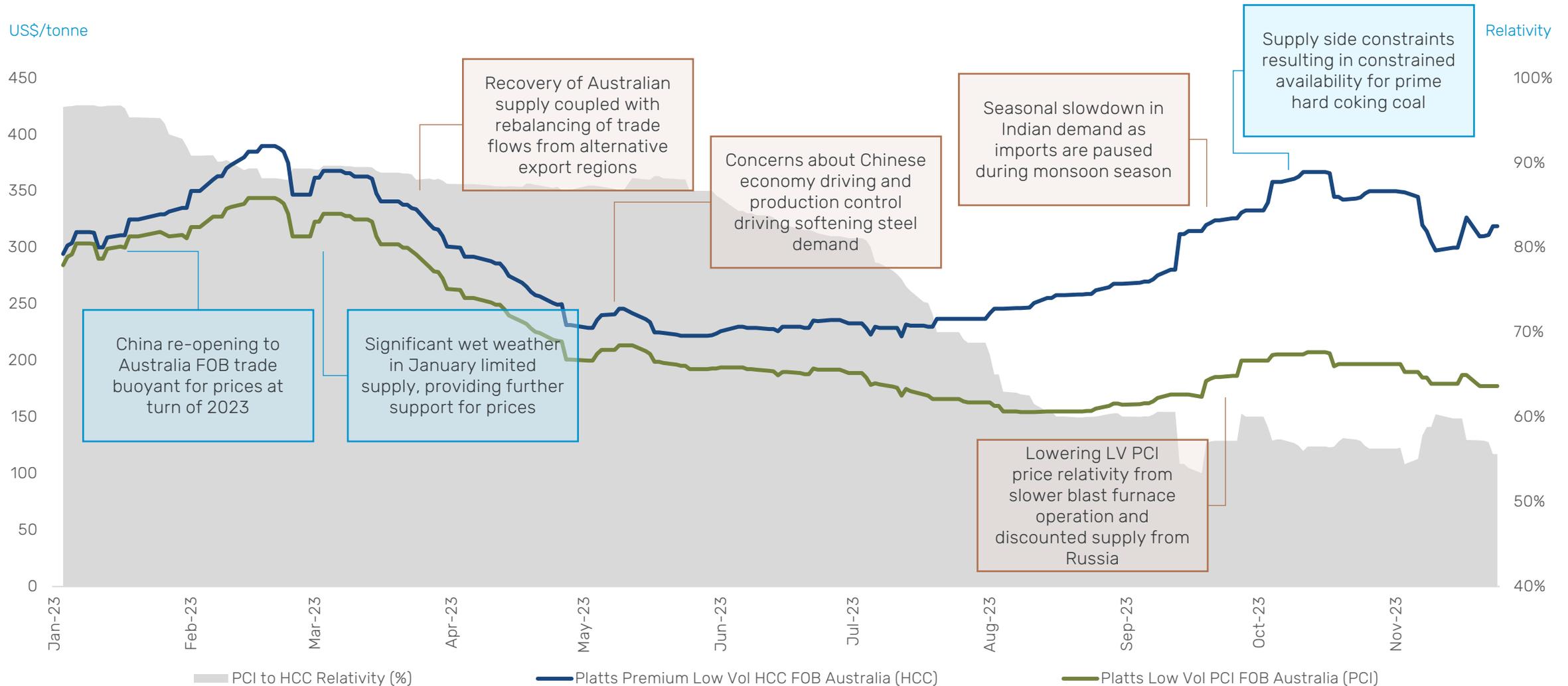
Guidance & Outlook Update



Year to Date Metallurgical Coal Prices



Strengthening price movements for prime hard coking coals with relativities to PCI remaining challenged in the near-term



Production and Cost Guidance and Outlook

2023 guidance reaffirmed with upper-end of saleable production range on target to be achieved



		Actual ¹		
		YTD Oct-23	Guidance ⁸	
			2023	2024
Saleable Production	Mt	11.0	12.3 - 13.0	12.3 - 13.0
South Walker Creek	Mt	5.3	5.9 - 6.1	5.8 - 6.0
Poitrel	Mt	3.2	3.6 - 3.8	3.9 - 4.1
Isaac Plains Complex	Mt	2.5	2.7 - 3.0	2.6 - 2.9
FOB Cash Cost ²	US\$/t	91	87 - 93	97 - 102
Capital Expenditure	US\$m	123	175 - 195	150 - 170

Saleable Production

- South Walker Creek 2024 coal production slightly lower than 2023, primarily due to 14 Day tie-in of new dense media cyclone module as part of the CHPP expansion
- Poitrel 2024 production higher with increased mining of lower seams as R10 Box Cut stripping capacity transitions across to operating volumes (50% less capex volumes compared with 2023)
- Lower coal production at Isaac Plains in 2024, largely due to lower yields associated with Isaac Downs North fault zone, partially offset by mining from Pit 5

FOB Cash Cost

- FOB Cash Costs expected to increase due to expected cost escalation and impacts of higher strip ratios across the operations, together with additional fleet costs at South Walker Creek to support expansion activities

Capital

- 2024 capital planned to be slightly lower than 2023 with major projects continuing (ie MRA2C, South Walker Creek Expansion, R30 Levee, R10 Box-cut and Y-South Box-cut) into 2024/2025

Cash Flow

- Significant cash flows include, but are not limited to, a one-off tax payment¹⁰ expected to be paid in December 2023, payment of the fully accrued BMC earn-out¹¹ in mid-2024, payment of a one-off catch up tax payment¹² of approximately US\$155m – US\$170m due to timing/amount of instalments paid in 2023, and receipt of proceeds from the Wards Well Transaction¹³

Guidance Period Cost Analysis

Cost increases expected across the portfolio, largely to support expansionary/replacement tonnes



South Walker Creek

- Slight reduction in volumes expected from 14-day additional CHPP shutdown days for tie-in of upgrades related to the expansion project
- Incrementally higher unit costs from introduction of expansion fleets and associated material movement in CY24 without incremental sales volumes (which only materialise from 1Q 2025), partially offset by capitalised box-cut volumes to Y-South

Poitrel

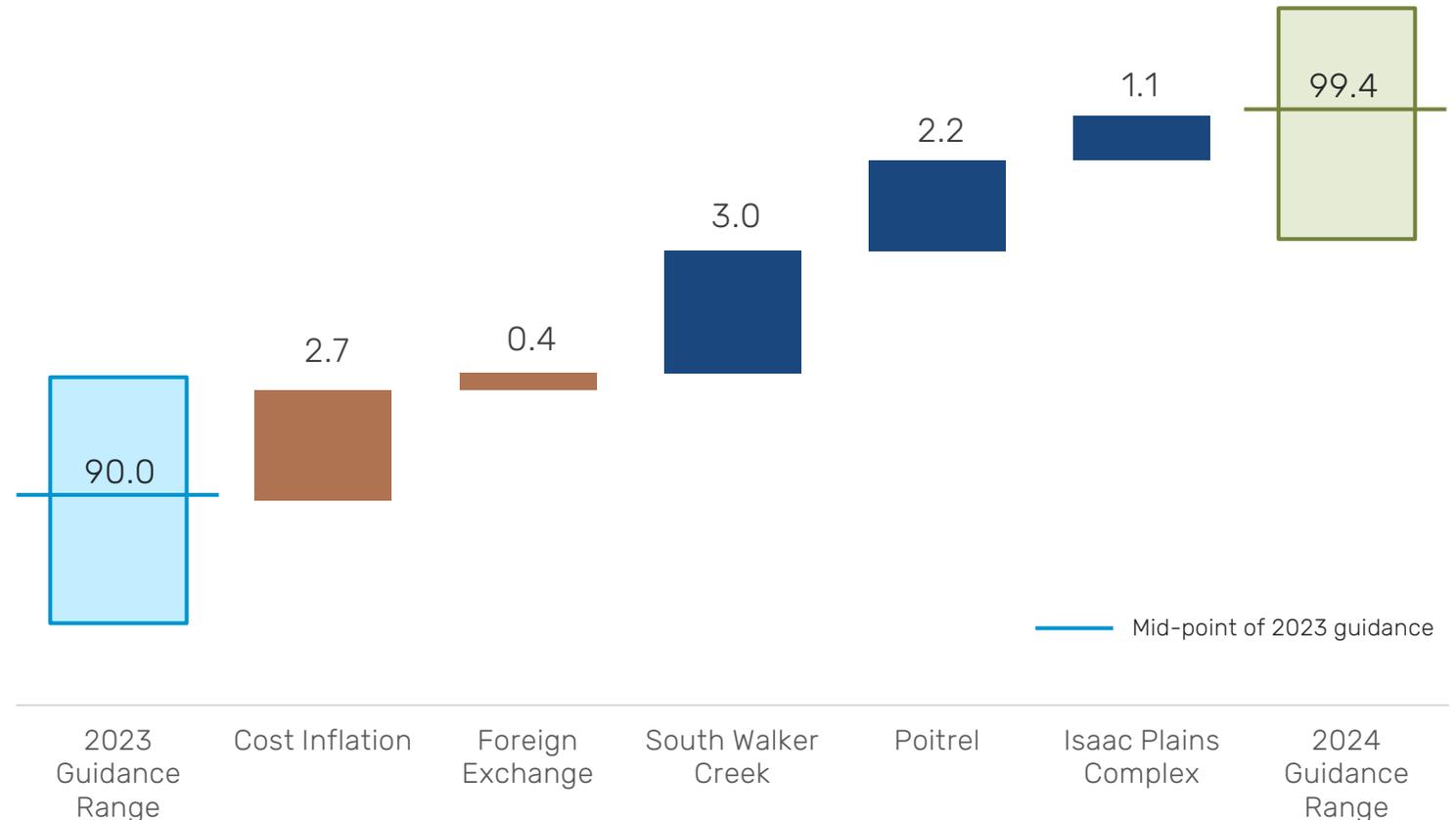
- Lower capitalised box-cut volumes compared to 2023, partially offset by increased volumes
- Yield impact from flexing product mix towards coking coal and mining of lower V2/3 seams

Isaac Plains Complex

- Lower volumes due to impact of higher strip ratio mining commencing in Pit-5N and reversal of inventory draw-down benefit in 2023

FOB Cash Cost Walk Forward^{2,9}

US\$/t



1. 100% consolidated, with physical statistics (sales includes third-party coal) excluding the MetRes JV. All Oct-23 YTD financial figures are unaudited, presented on a management basis only.
2. FOB cash cost per tonne sold (excluding third party coal purchases) including IFRS-16 lease accounting and excluding inventory movement, royalties, purchased coal and non-operating foreign exchange balance sheet remeasurements
3. Aggregate Debt includes the outstanding principal of any balance sheet loans and finance leases, excluding lease liabilities accounted for under IFRS-16, premia funding and any marked-to-market hedging positions. Net Cash (Debt) is calculated as Aggregate Debt less unrestricted cash.
4. Total Recordable Injury Frequency Rate (TRIFR), measured per million hours (industry average used is 12 month rolling average)
5. Serious Accident Frequency Rate (SAFR), measured per million hours (industry average used is 12 month rolling average)
6. September Quarter TRIFR adjusted to include one additional reportable injury following release of the September 2023 Quarterly Activities Report
7. Stanmore will target distributing 50% of available free cash of the parent entity defined as net cash flow from operating activities less capital expenditure and debt servicing (including interest and principal repayments) of the consolidated group and after allowing for sufficient liquidity required by the business. The Board will also consider additional shareholder returns in circumstances where surplus free cash is available. All dividend payments remain at the discretion of the board
8. Assumes average AUD/USD for 2H2023 guidance of 0.6950 and 0.6650 for 2024, in-line with consensus. All figures presented on a nominal basis and may differ due to rounding. Investors are cautioned not to place undue reliance on the forecasts provided, particularly in light of the general volatility in coal prices as well as the significant uncertainty surrounding global inflation and global economic outlook
9. Mid-point of 2023 guidance assumed to illustrate cost walk forward to 2024 guided range analysis. Figures may differ due to rounding, whilst unit statistics per sales tonnes are subject to significant variation from volumes and site-by-site analysis does not include impacts of cost inflation and foreign exchange, which are shown on a portfolio basis only
10. Refer to previous details disclosed in the Corporate section of the September 2023 Quarterly Activities Report dated October 17, 2023
11. Refer to ASX announcement “Stanmore Resources to acquire BHP’s 80% interest in BMC” dated November 8, 2021
12. Cash tax payment of US\$155m – US\$170m based on the anticipated tax liability as of December 31, 2023 in consideration of the group’s instalment rate and actual tax payments compared to tax accruals. This figure is subject to variation depending on coal price movements to the end of year and any adjustments in the final tax return for the relevant period
13. Refer to ASX announcement “Agreement for sale of the southern area of Wards Well” dated October 26, 2023

Contacts

Investors

✉ Investors@stanmore.net.au

☎ +61 (7) 3521 8317

Media

✉ Media@stanmore.net.au

☎ +61 (7) 3238 1000

Registered Address

📍 Level 32, 12 Creek Street
Brisbane, QLD, Australia, 4000

📍 GPO Box 2602
Brisbane, QLD, Australia, 4000

