



23 May 2024

## **CHIEF EXECUTIVE OFFICERS AGM ADDRESS**

I would like to begin by acknowledging the Barada Barna people, who are the Traditional Owners of the land on which we operate, and the Widi people who share some of the Country surrounding our South Walker Creek mine. I would like to pay my respects to their Elders past and present and emerging. I would also like to pay my respects to the Yuggera and Turrbal people, who are the Traditional Owners of the land on which our corporate office is based and where today's meeting is being held.

It is my pleasure to provide an update for shareholders on another outstanding year for Stanmore Resources.

### **Health and Safety**

Genuine care for our people and their safety is part of Stanmore's Mission. We are committed to safety as our number one priority and to always achieving the best possible outcomes.

Leading safety indicators were included in our Safety and Health targets for 2023 and are included in Stanmore's short-term incentive program, with the intention to drive focus on initiatives and actions to prevent safety incidents from occurring. This is part of a shift from a compliance-led safety culture, to one where everybody at Stanmore feels mutual ownership and accountability for health and safety outcomes.

As stated by the Chair, our Total Recordable Injury Frequency Rate increased in 2023. While this contrasts with a Serious Accident Frequency Rate which is still below the industry average, immediate and appropriate actions are required to reduce the number of incidents on our sites.

In 2024, we will focus on specific areas to improve health and safety outcomes. Our business-wide Safety Learning program will also continue to give our leaders time in the field with their teams, promoting a positive safety culture.

### **Operational & Financial Performance**

The operating and financial results delivered by our team in 2023 have been exceptional and demonstrate the exciting potential of our business.

2023 was the first full year of full ownership of the integrated asset platform made up of our three operating mines - South Walker Creek, Poitrel and the Isaac Plains Complex - located within close proximity. We delivered outstanding operational results across our sites including various production records. We also demonstrated the resilience of our operations and the ability of our people to adapt and react to the various wet weather impacts and other challenges experienced by our operations during the year.

The financial outcome of this performance enabled Stanmore to deliver market-leading returns to shareholders and strengthen our balance sheet further.

Strong performances across the portfolio delivered record Run of Mine coal production of 18.4 million tonnes, which was an increase of 36% over the previous year, with a full year of ownership of the South Walker Creek and Poitrel assets.

Saleable coal production rose by 44% for the year to 13.2Mt, which beat our 2023 Guidance range of 12.3Mt to 13.0Mt, and total coal sales were 13.1Mt.

South Walker Creek achieved a number of production records in the year after recovering from significant rainfalls in January and March. Saleable coal production was an all-time record of 6.3Mt.

Poitrel also recovered very well closing the year with saleable production of 4.0 Mt exceeding annual production guidance.

The Isaac Plains Complex also achieved a number of production records including an all-time record for saleable production of 2.9Mt, 21% up on the previous year.

Inflationary pressures and natural increases in strip ratios led to a marginal increase in operating costs, which was partially offset by robust production volumes and coal sales. Through disciplined cost management, we contained Free on Board cash costs, excluding royalties, to an average of US\$86 per tonne, which was below the guidance range of US\$87 to US\$93 per tonne.

The increase in full year saleable coal production drove profitability for the year, despite the fall in our average realised sales price to US\$214 per tonne compared to US\$290 per tonne in 2022.

Our financial results for 2023 allowed us to progress a number of capital efficient projects to keep improving the performance of our existing assets and set us up for a resilient future.

The expansion of South Walker Creek was approved during the year and will see run of mine production increase from 8.0 million ROM tonnes per annum to an annualised rate of 9.4Mtpa ROM by the third quarter of this year and reach annualised saleable coal production rates of 7.0Mtpa from early 2025.

We made good progress with the MRA2C project in 2023 and the project is ahead of schedule and below budget. It will allow us to access lower strip ratio, high yield and high value coal at South Walker Creek in early 2025, at very attractive rates of return and payback on our investment.

The extension of the southern levee at Poitrel progressed well during 2023 and has since been completed within budget. It will enable, together with the Ramp 10 North pit, mining to progress in the Southern and Northern parts of the mine from 2024 and sustain volumes for the next 10 years.

Development of Pit 5 North at Isaac Plains East commenced in the second quarter of 2023 and will produce 1.4Mt of run of mine coal during 2024 and 2025.

Conventional open-cut truck and shovel production ended at the Millennium Complex in the fourth quarter of 2023. The operation is now focused on underground coal mining in the Mavis Pit.

Pre-feasibility works to assess development options at our Lancewood project will be completed during 2024.

During 2023 and early in 2024, we also executed a number of M&A transactions.

In October 2023, we agreed to sell the Southern area of our Wards Well tenements for US\$136 million and additional contingent royalty streams. We will focus on development of the Northern parts of Wards Well and Lancewood tenements, and the sale agreements allow us to utilise potential latent coal processing capacity or expand existing infrastructure at Peabody's Centurion complex, which if proven attractive and advantageous could minimise the start-up capital required to develop Lancewood. This transaction was completed on 16 April 2024.

In December 2023, we also acquired the remaining 50% of the MetRes joint venture which owns the Millennium and Mavis Downs mines.

Subsequent to the end of 2023, in February this year, we signed agreements to acquire South32's 50% interest in the Eagle Downs joint venture and 100% of Eagle Downs Coal Management. In April 2024, we agreed to acquire the remaining 50% of the Eagle Downs joint venture and 100% of the Eagle Downs South tenements from Aquila Resources, controlled by the giant Chinese Steelmaker, BaoWu.

This is a high quality, fully permitted project with a substantial premium hard coking coal resource base located close to our existing operations. In acquiring 100% of the Eagle Downs project, Stanmore will gain full control over its development and is able to streamline management and leverage our strong technical capabilities, unique infrastructure and logistics portfolio to unlock the value of the asset to its full extent. Stanmore will seek to optimise development and take a capital efficient approach to any future investment decision.

The transactions for Eagle Downs are expected to be completed prior to the end of the third quarter of 2024.

These exciting development projects have the longer term potential to transform our production platform.

## Sustainability

We believe that strong sustainability values and performance can support strong operational and financial results.

We acknowledge that our operations have a direct impact on the environment and the nearby communities, and we are committed to minimising this impact and leaving a positive legacy.

I am pleased that we advanced our sustainability practices within the business during 2023, and made some important steps to set Stanmore up for future progress in this area.

The continued development of a Decarbonisation Framework and Plan has been one of the most important steps forward in our sustainability journey. The Plan, which is scheduled for completion in 2024, sets out practical actions and initiatives to reduce the carbon footprint of our operations. Executing the plan will be critical to meeting our emissions reduction targets under the Safeguard Mechanism reforms and minimising our offset obligations.

We have also prepared a comprehensive Social Performance Strategy which focuses on assessing and minimising our social impacts and engaging with our stakeholders. Our Community Investment Framework is an important element of the strategy, and guides our sustainable, long-term community investments that will make a positive difference.

The Stanmore Reconciliation Action Plan was formally endorsed by Reconciliation Australia on 17 August 2023. We are proud to have reached this milestone with the involvement of our Traditional Owners, the Barada Barna, Widi and Janga Peoples. Our plan is currently at the Reflect stage, which means that we are preparing for reconciliation by building relationships, respect and trust with Aboriginal and Torres Strait Islander stakeholders and communities.

## Closing

In closing, the performance of the business in 2023 has put Stanmore in a stronger position to focus on safety and operational excellence and deliver on our strategic priorities.

The contributions made by all our people are the foundation for the impressive performance of the business and the outcomes for shareholders. I would like to extend my personal thanks to our leadership team and all of our people for their hard work and dedication.

I would also like to thank the Board for their guidance and support during a standout year for Stanmore. Lastly, I would also like to thank shareholders for your continued support for the business.

## 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 South Walker Creek, Poitrel, Isaac Plains Complex and Millennium Complex 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 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.*