TRANSCRIPTION

Company:	**Stanmore Resources Limited**
Date:	**27 January 2026**
Duration:	**35 minutes**
Reservation Number:	**10052121**

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Operator: Thank you for standing by, and welcome to the Stanmore Resources Limited December 2025 Quarterly Activities Report Investor Briefing. All participants are in a listen-only mode. There will be a presentation, followed by a question-and-answer session. If you wish to ask a question, you'll need to press the star key followed by the number one on your telephone keypad.

I would now like to hand the conference over to Mr. Marcelo Matos, Executive Director and CEO. Please go ahead.

Marcelo Matos: Thank you. Good morning, everyone, and Happy New Year. Thank you for joining us as we present our December '25 Quarterly Activities Report. With me here is Shane Young, our Chief Financial Officer.

I'm pleased to say we had a very strong finish to the year with a high level of stripping and pit preparation in the third quarter, providing the foundation to deliver strong coal flow and record operational results in the fourth quarter.

This performance saw us achieve full year saleable production of 14 million tonnes at the midpoint of the revised guidance and total sales of 14.1 million tonnes, a fantastic result, given the adverse weather and subsequent operational challenges in the first half of the year.

Additionally, although we usually don't provide run-of-mine core guidance, I thought it would be interesting to point out that despite all the wet weather impacts early in 2025, we delivered 20.5 million tonnes of ROM coal mined for the full year, which is actually ahead of our original plans and enabled us to finish the year with over 1.5 million tonnes of ROM coal inventories across the business. And this will help mitigate potential wet weather impacts in the current season, which, as we all know, have already been taking place.

During the quarter, we unfortunately recorded two serious accidents. While these incidents were classified as series due to the need for hospital admission and we never take any harm to our people lightly, it's reassuring that both instances were far from being incidents that could lead to a potential fatality. Our overall safety culture and performance remains strong with our 12-month serious accident frequency rate holding at 0.33, well below the industry benchmark.

The market began to see some green shoots late in the quarter with the premium headline coking coal price findings report back above $200 per tonne in December for the first time since late 2024.

More recently, supply concerns have intensified following the passing of ex-tropical cyclone Koji in early January, causing supply disruptions and driving prices further up to around $250 per tonne for premium hard coking coal and $173 per tonne for PCI as of today.

Record production and sales, coupled with these improved market conditions, supported strong cash generation during the fourth quarter with the business reducing its net debt position by almost $60 million over the quarter.

I'll now move into the body of the report with a brief summary of the performance of each asset. Starting with South Walker Creek, we saw continued sequential growth in run-of-mine production with the ongoing ramp-up towards our expanded capacity.

This translated to full year records across all metrics as a second half weighted production profile was supported by the upgraded CHPP delivering consistently above expectations and above nameplate capacity throughout the second half.

Full year saleable production concluded at 6.6 million tonnes at the midpoint of the guidance range, which remained unchanged despite the wet weather challenges early on. This caps off a strong year, following the successful completion of the capital investment phase early in the year.

Poitrel delivered an exceptional quarter to close out an exceptional year. We saw all-time records for both saleable production and sales, which each concluded at 5 million tonnes for the full year. This standout performance demonstrates the benefits of the investment into the Ramp 10 North in earlier years and is also a reflection of the operational acumen and excellence of our site teams.

For the fourth quarter, specifically, the strip ratio reduced significantly as anticipated after elevated stripping in the September quarter. This provided a baseline for the second highest quarterly ROM output on record, with operational performance also supported by record dozer push volumes and mine plan optimisation to deliver high-yielding costs. Poitrel ended the year with almost 1 million tonnes in ROM inventories alone, containing a mix of thermal and met coals.

Turning to the Isaac Plains Complex, which I want to remind you, was the most severely impacted asset by the wet weather earlier in '25. It's been impressive to see the recovery our teams have managed to achieve in the second half to ultimately deliver against the revised guidance range. ROM production totaled 2.2 million tonnes for the second half, comprising almost 60% of the full year total.

Furthermore, December was a record-breaking month for the CHPP with the highest ever monthly feed of 425,000 tonnes. This was achieved despite additional constraints on prime dig unit availability, geotechnical challenges within the Isaac Down South and the Isaac Downs North overthrust pit areas and the completion of mining activities in Pit 5 North.

Looking ahead, the Isaac Downs expansion project is progressing as planned with the focus remaining on the approvals work streams and the submission of the EIS in the first half of 2026. While we are tracking on schedule for all baseline studies within our control, groundwater modeling and impact assessments incurred weather delays early in '25 and remain on the critical path.

We will continue to update the market on our progress on this front, and we remain very motivated to advance this critical life extension project for the Isaac Complex. Time now to hear from Shane on the fourth quarter financials.

Shane Young: Thank you, Marcelo. Looking at the corporate section of today's update, Stanmore finished 2025 with a strong cash and balance sheet position. This was underpinned by the successful execution of our fourth quarter weighted operational plan. Total cash as of 31 December improved to $212 million, which is after the scheduled half yearly debt repayment of $35 million. As a result, net debt decreased to just $33 million as at year-end from a total of $90 million in the prior quarter.

If we look over the full year, net debt increased just $7 million year-on-year, which is after $60 million in dividends, $85 million of capital expenditures and $24 million paid in Eagle Downs stamp duty, which remains subject to an objection process. This is a remarkable outcome and demonstrates the resilience of our platform, which generated positive operating cash flows despite cyclically low market conditions.

Off the back of this operational strength, we also took the opportunity to upsize our bank revolving credit facilities during the quarter, which now total $200 million in undrawn credit. When combined with our closing cash balances and gear working capital facility, Stanmore finished 2025 with total liquidity of $482 million, a strong position for the platform to enter 2026.

Moving on to a comparison of full year production and capital expenditure against market guidance. As Marcelo previously highlighted, the strong finish to 2025 delivered full year saleable production of 14 million tonnes, landing at the midpoint of our revised guidance range. Capital expenditure for the year totaled $85 million, also at the midpoint of our latest guidance.

Notably, this range had been reduced by $25 million earlier in 2025 to support cash preservation. FOB cash cost performance relative to guidance will be reported as part of our full-year results next month, but it will finish within our expected guidance range as well. At that time, we will also release guidance for 2026, which will incorporate known impacts from the weather events experienced earlier this year.

Aside from those potential weather impacts, we expect South Walker Creek to continue to produce towards its expanded capacity, while Poitrel is anticipated to deliver another solid performance.

In contrast, Isaac Plains output is expected to decline sequentially year-on-year as parts of that mine approach their established economic limits and mining activities are optimised to maximise cash generation. This step-change was anticipated in our mine plans with the economic limit being geologically defined as mining activities approach a split in the Lockhart Seam around 2028.

As we work through the approvals required to commence the next phase at Isaac Plains, the Isaac Downs extension, our focus will remain on value preservation and cost optimisation at that mine. We look forward to providing further detail on 2026 guidance along with our full year 2025 financial results in February.

With that, Marcelo will now look to provide a quick update on markets and conclude today's prepared remarks.

Marcelo Matos: Thanks, Shane. During the quarter, we saw prices for premium hard coking coal improved from US$190 per tonne to $218 per tonne. As noted in the report, this improvement was underpinned by stronger demand from China following a recovery in domestic netback pricing along with a normalisation of Mongolian imports that increased import appetite for seaborne coals.

Indian demand also improved over the quarter, with buyers beginning restocking activities after operating with relatively low inventory days throughout the year and in preparation for Queensland's upcoming wet season. This expectation has been validated with supply scarcity becoming paramount after the recent passing of ex-tropical cyclone Koji in early January.

The impacts from this weather event are understood to be widespread around the northern and the Central Bowen Basin, highlighted by the Moranbah weather station recording nearly 160 millimeters of rain in a single day compared to 116 millimeters for the entire month of January last year. Nonetheless, we remain well positioned, supported by strong operational readiness, the implementation of lessons learned from last year's extended wet season.

Overall, the improved market conditions are a welcome shift from last year, and we are encouraged by positive structural developments in the demand landscape, including policy clarity from India regarding antidumping duties on coke imports and reaffirmed safeguard duties imposed on steel imports.

That concludes the prepared remarks for today's call. I'll now hand over to the moderator so we can take your questions.

Operator: Thank you. If you wish to ask a question, please press star 1 on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star 2. If you're on a speakerphone, please pick up the handset to ask your question.

Your first question comes from Brett McKay with Petra Capital. Please go ahead.

Brett McKay: Thank you, and good morning, gents. Happy New Year. Just a couple of quick ones from me. Just on the strip ratio, obviously, falling back quarter-on-quarter, I'd expected that they are seemingly lower on average over the last number of quarters. Just any kind of outlook around that strip ratio profile of sort of stepping back up across the asset base to a more normalised level? Or could we see this sort of lower set of numbers going forward for a quarter or two to come?

Marcelo Matos: Hi Brett, I think the simple answer is no. We don't expect these very low levels going forward. I think Q4 was anticipated. As we said back in Q3, that was anticipated to be a very low strip ratio quarter, given that we've done a lot of that stripping in Q3 and it was also a quarter that was expected to have a strong coal flow, right?

I think we always said there was a year with a strong back-ended profile, given all the recovery work. So going forward, I think the expectation is to go back to a more normal level as far as Poitrel and South Walker are concerned.

And what we've indicated in the past was that that's going to be around the 8.5, for example, for prime stripping ratio for the two assets, whereas Isaac, as we've also indicated in the past, strip ratios are just going up.

Unfortunately, it's the profile of peer-to-peer mining. And as we said before, we're going to be reaching challenging economic conditions around 2028. So we are setting ourselves up to make sure that we have the right cost structure going forward, given the increased strip ratios.

Brett McKay: Yes, guess on that point there on Isaac and the next question, I guess Marcelo, so if you've got an update on the timeline for the extension to come online. I know we previously spoke about aligning the existing operations with the incoming coal from the extension. Do you still feel like that's the realistic target or is there a shift into spreading the remaining life of Isaac Down South to match that updated timeline?

Marcelo Matos: Brett, I think at this stage, nothing has changed. I think it is possible for us to, let's say, obtain the approvals needed, start development of the project and start ramping up in a way that minimise discontinuity? So when I say it's possible, obviously, it will depend a lot on the approvals work stream and us not having any undesired surprises.

Having said that, keeping Isaac Downs running at similar rates until that transition takes place, it's going to be uneconomic? We're just going deeper. We're going to be seeing splitting, which will have also cost implications.

So I think what we're doing is we're setting ourselves up, focusing on the drag line, making sure we set ourselves to a number of trucks and excavator fleets to mine, call it, high strip ratio, which will be uneconomic to keep those volumes unchanged.

So we are providing guidance shortly, right, in February when we do the full year results. And you guys are going to see that, that's already starting to be reflected this year and towards the end of life at Isaac Downs, which is probably around 28, which is where the economic limits are.

I don't want to just bring forward the discussion in February. I think we are also going through a process of understanding the implications of this weather event so that when we provide guidance for Isaac, for example, for '26, we are taking into consideration not only the selling of sales up right from a cost standpoint, but also the wet weather implications as well.

Brett McKay: Good segue the obvious question, if you can provide an update on exactly where things are at currently. I mean you've got pretty healthy end-of-year ROM inventory position? Are you watching coal and selling coal at the moment? And has mining restarted at any of the sites yet?

Marcelo Matos: Yes, mining has restarted. Yes, we are mining and selling coal. It's a recovery process, right, not very different than what we've been through last year. Last year was just a difficult year because as we explained before, we were hit three times. As we recovered from the previous event, we were hit again. So it just makes things very hard. Hopefully, this year will be different. So we were hit once and it was pretty harsh one.

As I said, we were fortunate to have finished '25 with healthy inventories. Obviously, the inventories are now being consumed, while we were in recovery mode. Not all mines are recording the same pace usually, which is nodifferent than in the past.

Isaac, usually, it struggles a bit more simply because we have less flexibility and less active pits. South Walker and Poitrel, they are already a bit ahead compared to Isaac from a recovery standpoint.

The port, if look at DBCT, the port has closed for almost a week. So that will affect significantly the January shipments, hence our decision to declare a FM. We knew that we were prevented from performing obligations around some individual shipments as per, contemplated under the contract.

So I think we thought it was the right thing, not only for us, but for our customers to be able to more objectively try to remedy and mitigate some of those impacts. And now the event is concluded, we're actually lifting FM and now we try to adjust the shipping program to cater for that.

So yes, we are mining. Yes, we're shipping. January will be a significantly lower amount than what we expected. That's going to probably have a flow-on impact on Q1 as a whole. So not very different than last year.

Probably there will be a re-profiling of production and shipments during the quarters to be able to adjust to this recent event. That's what we know for now. So nothing that we cannot recover from, in our view, with the re-profiling needed to adjust to the potential impacts.

Brett McKay: How far from fully understanding the impacts and having that recovery plan in place? Are you -- would you expect to release that update for the market in the nearer term? Or would you prefer to sort of wrap it all up into the 2026 guidance later in February?

Marcelo Matos: Look, for now, they are well understood, provided, of course, that we are able to dewater the pits in line with our plans and back into the coal flow and all the sequence between washing and shipping in line with the plans. I think they are well understood as long as we are not hit again, right, Brett. So the wet season is not over yet. So fingers crossed, we don't get another Q1 like we had back in last year.

But as I said, we will have a smaller Q1 for sure. I don't think there's anything that we are unable to recover. If we look at Poitrel and South Walker, as long as we get back to coal mining as we're planning, we shouldn't have any constraints to wash and ship the coals we need because we have enough washing capacity.

South Walker is always a concern because we need to use all the washing hours we have. So we need to make sure that we don't run out of coal feed, okay, and that the plant always has enough coal run in front of it, which so far is the case. So hopefully, that doesn't change for the rest of the wet season.

Brett McKay: All right. So can I just clarify, did you plan -- will you plan on putting a specific update out once everything is sort of being fully captured and presentable or do you think that, that's just going to roll into that FY26 guidance update?

Shane Young: Brett, it's Shane here. Yes, we'll plan to release guidance along with our financials at the end of February. I think, obviously, it will need to be processed in terms of any impact on costs as well. And so it's better just to wrap it up with all to one.

Brett McKay: Okay. Thanks, Shane. Thanks, Marcelo.

Operator: Thank you. Your next question comes from Tim Elder with Ord Minnett. Please go ahead.

Tim Elder: Yeah, good morning, Marcelo and team. Thanks for taking my question. Just a quick one about Eagle Downs out like just wondering if you can provide an update on how those studies are progressing and whether the recent increase in met coal prices is kind of enough for you to look at accelerating that project? Or if the priority is really just the Isaac Downs Extension?

Marcelo Matos: I don't think anything has changed on Eagle Downs, Tim. We've been working on a pace of FID readiness by the end of this year. That hasn't changed. I don't think this recent spike in coal prices justifies us rushing that work stream.

I think it's a big project; we need to have a long-term view and a good level of confidence on the attractiveness of the project. So I think work is ongoing. Nothing has changed. On your point around priorities compared to Isaac expansion, Isaac expansion was always a top priority for us.

It's a low capital project. It will be an attractive project, whichever way we look at it. And we said that before, I think we just need to make sure that it has the right level of resourcing efforts and happening in time to minimise the discontinuity, as we said. So yes, I think it's always a priority for us with Eagle Downs happening and unchanged in terms of work streams.

Tim Elder: Thanks.

Operator: Thank you. Your next question comes from Glyn Lawcock with Barrenjoey. Please go ahead.

Glyn Lawcock: Happy New Year, gentlemen. Just a quick high-level question, Marcelo and Shane. I mean, obviously, lower volumes, higher costs, but you've also had a 25% jump in the price. I mean, at a very high level, I mean are we looking at a net positive or a net negative impact on the business, given -- you have given all those inputs? Just your thoughts?

Marcelo Matos: If prices stay as they are today, I would say that despite any expected cost inflation, let's put it like that, including a potential cost implication as a result of volume adjustment in Isaac, for example, I think we'll still have a net positive if prices stay where they are for sure.

I mean, they are significantly higher today than they were right for the average of last year. So yes, I think simple answer is probably it's a net positive if they stay as they are. Where that shifts -- in terms of at which coal price that shifts, I think it's something we need to look at. But yes, I think we -- hopefully, Glyn, let us wait until February when we will provide guidance and then we can have that chat in more detail as well.

Glyn Lawcock: No, I appreciate that. And then just on Poitrel, I know you've talked a little bit about it in some of the earlier questions, but you've just called out another solid performance. So you've made a comment that strip ratio is going up. Is there anything else at Poitrel that we need to think about as to why you can't repeat another 5 million tonne year?

Marcelo Matos: Poitrel finished last year with strong ROM. It's not different this year, but we are now starting to, let's say, we haven't, we are not depleting yet, but we're starting to transition mining Poitrel towards the North part of the mine. It was always contemplated in the life of mine.

So we just had a few years where the overlapping of Ramp 10 North which we just developed recently and the Southern pit still happening at the same time and that explains a bit of the two very, very high years. We're going to now start to transition more towards the Northern part with some of the Southern pits depleting.

So that explains a bit of us getting probably back to a more normal level. So maybe I'm just jumping here to the end of February, but no, I don't think we're going to be providing guidance that we're going to be doing a similar year to this year for Poitrel at the five level. Still going to be a pretty robust year, but not at the 5 million level.

Glyn Lawcock: Yes. No, I understood. I don't want to jump too much in advance. And just, Marcelo, you called out on the call, you said the water studies are the critical path for Isaac Downs Extension. What date do you need that by?

I mean, obviously, again, you commented that you'd like to nose to tail would be perfect. But what's your current date for the water studies, so we can sort of track your critical path? Thanks.

Marcelo Matos: Look, the delay that we faced last year was actually drilling the boreholes and getting onto site during the wet season. That was the key issue we faced. We are now already acquiring data, and we just need to get all the data acquisition and then all the groundwater modeling done. So that's a sequence of work that's happening as we speak.

There's another area, which is actually quite critical as well for Isaac, which is how we design the pit to minimise backfilling in the end of life. So in Queensland now, there's no restrictions about leaving non-use mining areas,, which depending on how you look at post-mining use of pit lakes and so on, if it's not used, you have a regulatory requirement to backfill.

So we spent actually a lot of time in the past 6 months working internally and with the departments here in Queensland to try to work a plan that minimises backfilling, which obviously improves the economics of the project. I think that was worth it, time spent on that.

I think we will pay in the long-term, but it needed a bit more time. So that brought some small delays around concluding the plans and the work streams for the submission of the EIS, but things are on track now. I think we are looking at submitting everything by the end of this first half.

Glyn Lawcock: Okay. That's great. And then if I could just squeeze one final one in. Just you've obviously not hit the fact that you're looking to go and add more mines to the portfolio. Just what's the latest you can help us understand with the Anglo sales process from your perspective, where that might be at?

Marcelo Matos: I'm a bit constrained about how much I can speak publicly. I think as far as I know, there's aprocess, and parties seem to be involved, and they seem to want to get to an outcome sooner than later. And what we hear from rumours, that probably even hopefully, before they complete the Teck transaction. So these are the rumors, but there's only so much we can talk about.

Glyn Lawcock: No, no. That's perfect. All the best in your endeavours on that front. Thanks very much.

Operator: Thank you. Once again, if you wish to ask a question, please press star one. Your next question comes from Craig Chapman with Nampac. Please go ahead.

Craig Chapman: Hi, gentlemen. Just given the results and the healthy inventory and everything else, is there going to be a likely return to dividends?

Shane Young: Hi, Craig, it's Shane here. Yes. Look, I mean we've paid our dividends consistently over the last couple of years. I know that we took the decision at the interim to hold off. But on final basis, dividends have been paid to shareholders each year. And I think the Board will strongly consider that again when they meet in February ahead of our results release at the end of February.

So we do have a dividend policy that allows for 50% or target 50% of cash flows after debt service to be returned each year. But there's flexibility within that policy as well to consider the market outlook to consider the cash position and liquidity position of the business and other factors at play as well. And that's been proven as it was last year when the dividend was declared in the same time last year.

Craig Chapman: Okay, thanks.

Operator: There are no further questions at this time. I'll now hand back to Mr. Matos for closing remarks.

Marcelo Matos: Thanks, everyone, for your questions and for joining today's call. Thank you to all our employees, contractors for their hard work and the commitment to safety discipline during the quarter. We look forward to continuing to engage with our shareholders when we release our financial results for 2025 next month. Have a good day. Talk soon.

Operator: Thank you. That does conclude our conference for today. Thank you for participating. You may now disconnect.

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