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13 July 2021

FINANCING UPDATE – CONDITIONS PRECEDENT SATISFIED AND ASX WAIVER GRANTED

The Board of Stanmore Resources Limited ("Stanmore" or "the Company") (ASX: SMR) refers to its announcement dated 2 July 2021 regarding an increase from US$40 million to US$70 million of the secured loan facility (**GEAR Facility**) from Golden Energy and Resources Limited (**GEAR**).

Conditions Precedent satisfied

The Company is pleased to announce that all Conditions Precedent have been satisfied for the Company to access the increased GEAR Facility.

ASX Listing Rule 10.1 Waiver

As noted in the 2 July 2021 announcement, the Company sought an amendment to the ASX waiver granted in connection with the GEAR Facility announced on 2 November 2020. The terms of the GEAR Facility remain unchanged from the 2 November 2020 announcement and defined terms used in this announcement have the same meaning given to them in the 2 November 2020 announcement.

The Borrower's obligations under the GEAR Facility will be secured against the assets of the Borrower and certain other subsidiaries of the Company, as well as the shares held by the Company in Stanmore Bowen Coal Pty Ltd. As GEAR controls a substantial shareholder of the Company, Golden Investments Pte. Ltd., ASX Listing Rule 10.1 applies to the security granted under the security documents in connection with the GEAR Facility. ASX has granted the Company an amended waiver of ASX Listing Rule 10.1 to allow the Company to grant the security under the increased GEAR Facility without having to obtain shareholder approval, subject to certain conditions. The terms of the waiver are set out in the Annexure to this announcement.

As required by the ASX waiver, Stanmore advises that:

- the Borrower plans to repay the funds advanced (and any applicable interest) under the GEAR Facility by the maturity date of the facility, which is anticipated to be on or around 30 June 2022, and discharge the associated security immediately once the GEAR Facility has been repaid; and
- it sought to obtain financial accommodation from GEAR (rather than a lender that is not a related party falling within the scope of ASX Listing Rule 10.1) after having considered the potential sources of funds available to the Company, and the costs of those funds.
    - In particular, as announced on 18 June 2020, given Taurus[1] had provided notice to cancel its bonding facility and undrawn working capital facility with effect from 16 September 2020, the GEAR Facility presented the best available financing option available to the Company in order to ensure an orderly transition to new financing arrangements before cancellation of the Taurus facilities.
    - The GEAR Facility is on terms substantially similar to the Taurus facilities (see summary of the terms of the GEAR Facility above), and the directors consider the terms of the GEAR Facility to be on arm's length terms and fair and reasonable to Stanmore's security holders.

[1] Taurus Mining Finance Fund L.P. and Taurus Mining Finance Annex Fund L.P.

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Approval

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

For further information, please contact:

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About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited owns and operates the Isaac Plains Complex in Queensland's prime Bowen Basin region which includes the Isaac Plains Mine and processing facilities, the adjoining Isaac Plains East (operational), Isaac Downs Project (under development) and the Isaac Plains Underground Project. The Company is focused on the creation of shareholder value via the efficient operation of the Isaac Plains Complex and the identification of further development opportunities within the region. Stanmore Resources also holds a number of additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins.

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ANNEXURE – Terms of ASX Waiver

Waiver Decision

1 Based solely on the information provided, ASX Limited ('ASX') grants Stanmore Coal Limited (the 'Company') a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over its assets in favour of Golden Energy and Resources Limited (the "Lender") (the "Security") to secure the Company's obligations under a loan agreement for the amount of US $70 million, with the loan term ending on 30 June 2022 (the "Loan Facility"), provided by the Lender without obtaining shareholder approval, on the following conditions:

1.1 the material terms of the transaction and of the waiver are announced to the market;

1.2 the announcement includes a description of the reasons why the entity has chosen to obtain the financial accommodation from the Listing Rule 10.1 party rather than a lender that is not a Listing Rule 10.1 party and the steps the board of the Company has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the holders of the entity's ordinary securities;

1.3 the security documents expressly provide that:

1.3.1 the Security is limited to the funds due under the financial accommodation;

1.3.2 the Security will be discharged when the funds due under the financial accommodation have been repaid in full;

1.3.3 in the event the Security is enforced, the assets can only be disposed of to the Lender or an associate of the Lender if the disposal is first approved by the Company's security holders under Listing Rule 10.1; and

1.3.4 otherwise, if the holder of the Security exercises, or appoints a receiver, receiver and manager or analogous person to exercise, any power of sale under the Security, the assets must be sold to an unrelated third party on arm's length commercial terms and the net proceeds of sale distributed to the Lender in accordance with their legal entitlements;

1.4 Any variation to the terms of the financial accommodation or the Security which:

1.4.1 advantages the Lender in a material respect;

1.4.2 disadvantages the Company in a material respect; or

1.4.3 is inconsistent with the terms of the waiver,

must be subject to security holder approval under Listing Rule 10.1; and

1.5 for each year while they remain on foot, a summary of the material terms of the financial accommodation and the Security is included in the related party disclosures in the entity's audited annual accounts.