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stanmore

Annual Report 2023



STANMORE RESOURCES LIMITED

STANMORE RESOURCES LIMITED
ACN 131 920 968

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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 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.

We acknowledge the Traditional Owners of the land on which we work and operate: Turrbul and Jagera Country in Brisbane and Barada Barna, Widi and Jangga Country in Central Queensland. We pay respect to their Elders, past, present, and emerging. We respect their role as custodians of the land and water, and their right to maintain their culture, identity, traditions and customs. We are proud of the relationships we have developed with First Nations peoples and remain committed to supporting and strengthening our partnerships in a spirit of cooperation and reconciliation.

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These consolidated financial statements are the consolidated financial statements of the consolidated entity consisting of Stanmore Resources Limited and its subsidiaries.

This Annual Report, including the Directors' Report and financial statements, are presented in United States dollars and all amounts are reported in United States dollars unless otherwise stated.

Stanmore Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Stanmore Resources Limited
Level 32
12 Creek Street
Brisbane QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report on page 8, which is not part of these consolidated financial statements.

The consolidated financial statements were authorised for issue by the Directors on 26 February 2024.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.stanmore.au





Chair's Letter

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Dear Shareholders,

2023 has been a standout financial year for the business and the shareholders of Stanmore Resources. The Company delivered total shareholder returns of more than 40%, approximately three times the ASX300 average of 13.7%, based on record operational performances across the portfolio and outstanding financial results. This included both a fully franked Final Dividend of US8.4 cents per share and the US5.82 cents per share special dividend declared in November 2023, which represent an aggregate yield of 6.2%.

Reflecting the market's support for the momentum we have created, Stanmore entered the S&P/ASX 300 Index on 18 September 2023, and after the reporting period, entered the S&P/ASX 200 Index on 18 March 2024. This is a resounding endorsement by shareholders, not only for our transformation of the business and strong operating performances over a remarkable two years since the acquisition of SMC from BHP Minerals Pty Ltd, but also for our vision to be a leading resources company in Australia, creating value to our stakeholders through sustainable development.

2023 PERFORMANCE

Our aspiration is to create an organisation that focuses on safety and operational excellence which creates long term value for shareholders by optimising our existing mines and infrastructure. From time to time, this will be complemented by targeted acquisitions that align with our growth strategy to achieve economies of scale from our existing operating assets. Underpinning all of this, Stanmore is focused on developing and enabling our people, with the support of a capable Board and first-class management team.

The first and most important priority for everybody at Stanmore is the safety of our people and everyone on our sites. Regrettably, the 12-month moving average Total Recordable Injury Frequency Rate (TRIFR) for the Company increased to 3.2 per million hours (31 December 2022: 1.5 per million hours). Total working hours for 2023 were 5.3 million (2022: 3.4 million).

We are transitioning our injury reporting statistics from TRIFR to Serious Accident Frequency Rate (SAFR), which is the Queensland coal mining regulator's preferred measure across the industry. Stanmore's SAFR for 2023 was 0.19, well below the industry average of 0.57 for the twelve months to September 2023 as reported by Resources Safety and Health Queensland. This new measure will support the direction of our efforts towards mitigating the risks of serious accidents occurring and provide improved industry-wide comparison on safety performance.

Stanmore has also completed a review of the standard of safety investigations across our assets, to identify areas where improvements can be made to lift our capability to prevent future incidents, particularly those that have been repeated.

Revenue increased by 4 percent to US$2.8 billion, compared to US$2.7 billion in 2022. While we achieved new records for both saleable production and coal sales volumes, average sales prices moderated from their 2022 highs, resulting in underlying Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) of US$1.10 billion (2022: US$1.46 billion).

The business generated operating cash flow of US$737 million, with A$835 million in royalties paid to support local and state governments. The Company's Acquisition Debt Facility was reduced by 48% to US$318 million during the year, after repayments of US$297 million. Stanmore ended the year with US$446 million of cash in hand and aggregate total debt of US$320 million, resulting in a 31 December 2023 net cash position of US$126 million, after commencing the year in a net debt position of US$183 million.

SUSTAINABILITY

Over the course of 2023, we have continued to advance our sustainability planning and practices. Our longer term focus is to further embed sustainability into our operations and move beyond compliance.

Chair's Letter (CONTINUED)

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With this aim in mind, the Company has also developed a number of foundational documents that will guide us to meet our sustainability goals. Our Sustainability Policy has been approved by the Board. During the year, we also developed a comprehensive Social Performance Strategy and our five-year Sustainability Roadmap, and we are continuing to develop a Decarbonisation Plan. More details about these documents are provided in the Company's 2023 Sustainability Report.

Climate-related financial disclosures became mandatory from the start of 2024, and we have designed our climate risk management processes to align with the recommendations of the Task Force on Climate-Related Financial Disclosures. This ensures our sustainability reporting is fit-for-purpose, alongside our preparations for future reporting on Task Force on Nature-related Financial Disclosures.

Our Isaac Plains Complex, Poitrel and South Walker Creek mines are included in the Commonwealth Government's Safeguard Mechanism, which was reformed to introduce new obligations and reporting requirements from 1 July 2023. The reform requires a progressive reduction in carbon emission intensity. The financial impact of this obligation will be a function of the emissions intensity profiles of our operating sites as well as available abatement technologies, the cost of carbon offsets, and any future changes to the mechanism.

The Stanmore Reconciliation Action Plan (RAP) 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 RAP 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.

COMPANY OUTLOOK

Looking ahead, Stanmore is in a strong position to achieve our ambition in relation to safety, operational excellence and creating long term value for shareholders.

We continue to invest in exploration activities to enable assessment of organic opportunities to expand production at our existing operations, and create economies of scale by accessing mining areas which are lower strip ratio and therefore more profitable, and focusing first on those areas that are closest to our operating infrastructure.

Our development projects such as the ramp up at the Mavis Downs Underground at the Millennium Complex, and concept studies for the Lancewood premium low volatile hard coking coal project, have progressed during the year.

We also continue to pursue M&A projects that open new pathways to profitable growth, such as the agreements signed with Peabody to divest and monetise the southern portion of the Wards Well deposit while maintaining the northern part of the deposit, and opening up optionality for Lancewood to share infrastructure at Peabody's Centurion (former North Goonyella) mining complex to potentially minimise start-up capital. After the reporting period, Stanmore entered into an agreement to acquire South32's 50% interest in the Eagle Downs metallurgical coal project, and we are also in advanced discussions with the joint venture partner, Aquila Coal, to acquire a further controlling interest.

On behalf of the Board, I would like to thank all of those people who have contributed to Stanmore's outstanding operating and financial performance this year: our suppliers, contract partners and advisors, and most of all, our people and leadership team. I would also like to thank our Traditional Owners and local community for the important role they play in our success now and in the future. Finally, I would also like to extend thanks from the Board and leadership team to Stanmore's shareholders for your continued support for our vision to be a leading resources company in Australia, creating value through sustainable development.



Dwi Suseno
Chair



Chief Executive Officer's Report

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Dear Shareholders,

The operating and financial results delivered by our team in 2023 have been exceptional and demonstrate the potential of Stanmore Resources. This was our first full year of Stanmore's ownership of our integrated asset platform of three operating mines – South Walker Creek, Poitrel and Isaac Plains Complex – located within a 50-kilometre radius of each other. We delivered an outstanding and resilient operational performance that set new production records across our sites.

The financial outcome of this performance enabled Stanmore to deliver market-leading returns to shareholders, strengthen our balance sheet and progress a number of capital efficient projects to keep improving performance and set us up for the future.

Stanmore achieved record Run of Mine (ROM) coal production of 18.4 million tonnes (Mt) in the reporting period, which represented an increase of 36% compared to the previous year (2022: 13.5Mt), driven by strong performances across the portfolio. We increased saleable coal production by 43% for the year, to 13.2Mt compared to 9.2Mt in the previous year. This result exceeded our guidance of 12.3Mt to 13.0Mt provided in August 2023 with the half-year accounts.

Total coal sales were 13.1Mt, up 39% from 9.4Mt in 2022. The total was made up of 12.8Mt of Stanmore produced coal (2022: 9.3Mt) and 0.3Mt of third party purchased coal (2022: 0.1Mt).

Through disciplined cost management, we contained Free on Board (FOB) cash costs, excluding royalties, to an average of US$86 per tonne (2022: US$83 per tonne), and kept them below the guidance range of US$87 to US$93 per tonne. The marginal increase in costs resulted from inflationary pressures and natural increases in strip ratios which were partially offset by robust sales and underlying production volumes.

The increase in coal production drove profitability for the year, despite the average realised sales price for the year falling from US$290 per tonne to US$214 per tonne as export prices moderated from last year's highs.

South Walker Creek achieved a number of production records in the year after recovering from significant rainfalls in January and March, including for ROM tonnes mined, coal handling and preparation plant (CHPP) operating hours and yield, overburden movement, as well as an all-time record for saleable coal production. ROM coal production was 8.0Mt (2022: 5.4Mt) and saleable coal production was 6.3Mt (2022: 4.0Mt).

Poitrel also recovered very well from the considerable challenges posed by the wet weather in the first quarter of 2023, with a sustained overburden stripping performance across the second half of the year, enabling the mine to achieve a quarterly coal mining record of 2.2Mt in the fourth quarter and exceed annual production guidance. ROM coal production was 6.9Mt (2022: 4.2Mt) and saleable

Chief Executive Officer's Report (CONTINUED)

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coal production was 4.0Mt (2022: 2.8Mt).

Isaac Plains Complex also achieved a number of production records including for saleable production of 2.9Mt (2022: 2.4Mt). This was a strong result considering wet weather impacts at the mine in the first quarter and later in the year, which led to lower annual ROM production of 3.6Mt compared to 3.9Mt in the previous year.

A number of capital efficient performance improvement and growth initiatives were undertaken during the year, to maximise value creation from our existing assets.

The expansion of South Walker Creek was approved during the year and will see ROM mining and CHPP washing capacity increase from 8.0Mt per annum (Mtpa) to an annualised mining rate of 9.4Mtpa by the third quarter of 2024, and achieve steady state saleable coal production of 7.0Mtpa from early 2025. Three additional production fleets will be mobilised in the first half of the current year and contracts are in place for the CHPP expansion works.

The Mulgrave Resource Area 2C (MRA2C) project progressed well in 2023, and is ahead of delivery schedule and below budget. It will allow us to access lower strip ratio, higher value ROM coal in early 2025, in line with our previously announced plans.

The project to extend the southern levee at Poitrel progressed well during 2023 and remains within budget. It will enable the production pit to progress in 2024 and sustain production volumes for the next 10 years.

Development of Pit 5 North project at Isaac Plains East commenced in the second quarter of 2023 and will add 1.4Mt of ROM production during 2024 and 2025, utilising an additional truck and excavator fleet. First ROM coal from the project was mined in December 2023.



Chief Executive Officer's Report (CONTINUED)

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Conventional open-cut truck and shovel production activities concluded at the Millennium Complex in the fourth quarter of 2023, with the operation now focused on underground coal mining activities in the Mavis Pit. Underground operations continue to ramp up following the establishment of a second production unit. Further exploration, engineering and approvals works are also progressing on the Millennium underground project, which is located adjacent to the Mavis underground mining area and offers potential underground operations life extension. The required EA amendment is scheduled for lodgement in the third quarter of 2024.

Development options are being investigated at our Lancewood project, with pre-feasibility works to be completed in the first half of 2024. These exciting development projects concentrate on low volatile hard coking coal, which commands a price premium, and have the longer term potential to transform our production platform.

Stanmore also executed a number of M&A transactions during 2023 that capitalise on our existing asset platform to increase production volumes in a capital efficient manner.

In October 2023, we reached agreement to sell the southern area of our Wards Well tenements, realising additional value from the assets we acquired in 2022. The sale, for US$136 million and additional contingent royalty streams, allows us to focus on the northern parts of Wards Well and Lancewood tenements. The sale agreement also allows us to utilise latent capacity or expand North Goonyella infrastructure, which would minimise the start-up capital required to develop Lancewood. This transaction is expected to be completed within the first half of 2024.

In December 2023, Stanmore acquired the remaining 50% of the MetRes joint venture which owns the Millennium and Mavis Downs mines, giving us full ownership. The acquisition allows us to add coal production volumes and streamline operations between the Millennium Complex and our adjacent Poitrel and Red Mountain CHPP operations.

Since the end of the financial year, we have also reached agreement to acquire South32's 50% interest in the Eagle Downs joint venture project. This is a high quality project underpinned by a substantial resource base which is located close to our existing operations. Our technical expertise and infrastructure and logistics portfolio will allow us to unlock the full potential of Eagle Downs, and we are in advanced discussions to acquire a controlling interest so that we can optimise commercial arrangements to create a capital efficient development pathway. We are progressing project optimisation studies and hope to advance them to support development and investment decisions as soon as possible.

Stanmore owns and manages more than 80,000 hectares of land, and we are committed to progressively rehabilitating areas of mining activity and returning them to a sustainable use. We completed 191 hectares of rehabilitation across our portfolio during 2023, and we are focused on exceeding our statutory requirements in those areas where future mining is not viable.

The continued development of a Decarbonisation Framework and Plan, with various practical action initiatives to reduce our carbon footprint, has been one of the most important steps forward in our sustainability journey during 2023. The Plan scheduled for completion in 2024 will be pivotal in driving us towards meeting our emissions reduction targets under the Safeguard Mechanism reforms, and minimising our offset obligations. The details of our sustainability performance for the year are explained in the Stanmore 2023 Sustainability Report released with this annual report.

Chief Executive Officer's Report (CONTINUED)

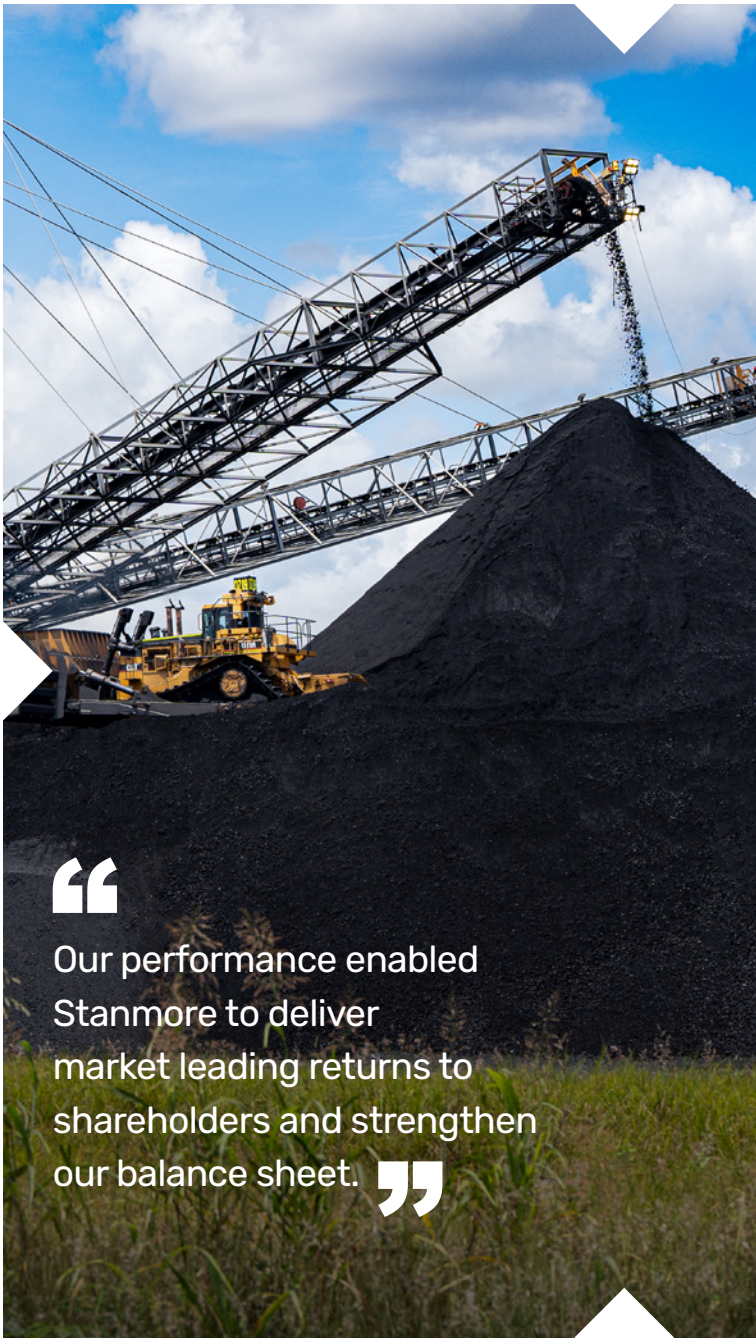
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During 2023, our people have demonstrated the strength of our culture of safety and operational excellence. Our culture is based on a shared focus and commitment on achieving the best outcomes through an agile, entrepreneurial and caring workplace. I thank all of our employees and contractors for their hard work and focus which have delivered such an outstanding operating and financial outcome for the Company and our shareholders.

Thank you to our site neighbours, Traditional Owners, local communities, customers and suppliers who all have a stake in the continued success of the business. Finally, I would also like to thank Stanmore Resources shareholders for your continuing support.



Marcelo Matos
Chief Executive Officer



Directors' Report

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PRINCIPAL ACTIVITIES

The principal activity of the Group during the period was the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year that have not been noted in the review of operations.

Directors and Company Secretary

Mr Dwi Suseno

Mr Marcelo Matos

Mr Jimmy Lim

Mr Richard Majlinder

Mr Brett Garland

Mr Matthew Latimore

Ms Caroline Chan

Mr Murray Smith (alternate to Mr Matthew Latimore, appointed 1 June 2023)

Mr Mark Trevan (resigned 30 June 2023)

The following person was the Company Secretary of the Company during the financial year and up to the date of this report:

Mr Rees Fleming

Directors' Report (CONTINUED)

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INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

Dwi Suseno	Chair and Non-Executive Director (Appointed: 15 May 2020)
Experience and expertise	Mr Dwi Suseno is the Executive Director and Group CEO of Golden Energy and Resources Pte. Ltd (GEAR, formerly Golden Energy and Resources Limited), an international mining and resources company. Mr Suseno is responsible for managing operations for GEAR, including mining, logistics and coal marketing, as well as leading the strategic initiatives and expansions. Mr Suseno began his career in Australia, where he was raised and educated, and he has over 26 years of experience in management, commercial and finance in mining resources as well as oil and gas related industries in both Australia and internationally. Mr Suseno was previously an Executive Director and Chief Financial Officer of Straits Corporation Group, which was then part of the SGX-listed coal mining company Straits Asia Resources Limited. Mr Suseno has previously worked with Baker Hughes Inc. (Fortune 500 NYSE listed oilfield services company), Arthur Andersen Australia and Ernst & Young LLP. Mr Suseno is a Certified Public Accountant in both Australia and Singapore, graduated with a Bachelor of Commerce Degree from the University of Western Australia, Graduate Diploma in Tax from the University of Melbourne's Law Masters program, as well as a Postgraduate Diploma in Business from Curtin University. He also holds an executive MBA from the Kellogg School of Management, and Hong Kong University of Science and Technology.
Other listed current directorships	Nil
Former listed directorships in last 3 years	Executive Director of Golden Energy and Resources Limited (SGX: AUE). Directorship ceased due to delisting from the SGX on 28 September 2023.
Special responsibilities	• Chair of the Disclosure Committee • Member of the Remuneration and Nominations Committee • Member of the Sustainability Committee

Marcelo Matos	Chief Executive Officer and Executive Director (Appointed: 27 November 2020)
Experience and expertise	Mr Marcelo Matos has over 25 years of experience in the mining sector in a number of operations, projects, business development, marketing and sales, strategy and planning roles in Australia, China, Singapore, Brazil and spent many years involved with large developments in Mozambique. Having started with Stanmore Resources initially as a Non-Executive Director in late 2019, he took the helm as CEO in August 2020 and led the latest acquisition of the SMC assets and the transformation of Stanmore into a large metallurgical coal producer. Prior to that and amongst other roles, Mr Matos worked for Vale for close to 20 years in various senior roles, starting in iron ore and moving into coal as its Chief Marketing and Strategy Officer as well as their Managing Director in Australia. He is also a Board Director of the Queensland Resources Council. Mr Matos holds a Bachelor of Business Administration degree from the Pontifical Catholic University of Rio de Janeiro (Brazil) and an Executive MBA from IBMEC Business School.
Other listed current directorships	Nil
Former listed directorships in last 3 years	Nil
Special responsibilities	• Member of the Health and Safety Committee • Member of the Disclosure Committee

Directors' Report (CONTINUED)

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Jimmy Lim	Non-Executive Director (Appointed: 23 October 2019)
Experience and expertise	Mr Jimmy Lim has over 20 years of experience in finance and investment management in the metals and mining sector, with extensive industry relationships in Australia and globally. Mr Lim started his career in Perth with Ernst & Young in Tax, serving natural resources and infrastructure companies of all sizes before moving into Corporate Finance with Ernst & Young and then KPMG where he continued advising clients in the natural resources sector. From there, Mr Lim then went on to work for JP Morgan in Melbourne where he worked on assignments advising and financing some of the largest companies in the world before moving to Hong Kong with Morgan Stanley and Goldman Sachs, where he was responsible for coverage of Metals and Mining in Asia excluding China. Mr Lim is a Fellow of Financial Services Institute of Australasia (FINSIA) and holds an MBA and degrees in Engineering and Science from the University of Western Australia.
Other listed current directorships	Non-Executive Director at 5E Advanced Materials Inc (NASDAQ: FEAM): appointed 12 January 2022 Non-Executive Director at Sendero Resources Limited (TSX-V:SEND): appointed 27 September 2023
Former listed directorships in last 3 years	Non-Executive Director at American Pacific Borates Limited (ASX:ABR): resigned 4 February 2021
Special responsibilities	• Chair of the Remuneration and Nominations Committee • Member of the Audit and Risk Management Committee

Richard Majlinder	Non-Executive Director (Appointed: 15 May 2020)
Experience and expertise	Mr Richard Majlinder is the Chief Investment Officer at Maranello Capital, an Australian-owned private wealth fund. He was previously Chief Commercial Officer for Madison Group Enterprises, a manufacturer and B2B distributor of communications technology. Prior to this, he held a number of roles with PricewaterhouseCoopers (PwC), including as a Partner in Private Clients Advisory, leading client projects across mergers and acquisitions, consulting and financial management. Mr Majlinder has a Bachelor of Science (Honours) in Economic History from the London School of Economics, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a Member of the Institute of Chartered Accountants in Australia & New Zealand, and a Member of the Australian Institute of Company Directors (AICD).
Other listed current directorships	Nil
Former listed directorships in last 3 years	Nil
Special responsibilities	• Chair of the Audit and Risk Management Committee • Member of the Remuneration and Nominations Committee

Directors' Report (CONTINUED)

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Matthew Latimore	Non-Executive Director (Appointed: 25 May 2022)
Experience and expertise	Mr Matthew Latimore is Chairman and President of M Resources, a rapidly growing and agile company involved in investment, marketing, and trading of metallurgical coal. M Resources also operates metallurgical coal mines in Queensland, Australia and is the major shareholder in Metarock (ASX: MYE), an underground mining services company operating in hardrock and coal in Australia. M Resources is also 50% shareholder and joint venture operator in OneRail Australia, which rails circa 63Mtpa of coal in NSW and QLD. Prior to establishing M Resources, Mr Latimore held the position of General Manager for Sales and Marketing at Wesfarmers' Curragh coal mine. In this role, Mr Latimore was responsible for global sales to steel mills and domestic and international power utilities. Mr Latimore was also a Director of Curragh Coal Sales Pty Ltd. Mr Latimore has held various positions with Mitsui & Co (Australia) Pty Ltd in Brisbane, Sydney and Tokyo, working on joint ventures including Atlantic Richfield and BHP Mitsui Coal. Mr Latimore has an Executive MBA from the Australian Graduate School of Management, and a Bachelor of International Business from Griffith University. He is a Graduate of the Australian Company Directors Course and graduated from the Columbia Senior Executive Program in New York in 2011.
Other listed current directorships	Non-Executive Director of Magnum Mining and Exploration Limited (ASX: MGU): Appointed 4 May 2021
Former listed directorships in last 3 years	Non-Executive Director of Bowen Coking Coal Limited (ASX: BCB): resigned 25 July 2023
Special responsibilities	Nil

Brett Garland	Non-Executive Director (Appointed: 25 May 2022)
Experience and expertise	Mr Brett Garland has worked in the Australian mining industry for more than 44 years and held numerous management and executive management positions, including Executive Vice-President Production — Macarthur Coal, Project Executive, New Saraji — New Hope Group, Managing Director of Caledon Coal and Chief Executive Officer of Baralaba Coal. Mr Garland served from 2005 until 2015 as a member of the Queensland Ministerial Advisory Committee for the Queensland Coal Mining Safety & Health Act. He was previously Director of the Mining Industry Safety & Health Centre, part of the Sustainable Mining Institute at the University of Queensland. He is also Chairman of the Queensland Mines Rescue Board. Mr Garland holds a Bachelor of Engineering (Honours) from the University of Wollongong and an Executive MBA from the Queensland University of Technology. He also holds qualifications as a Certified Coal Mine Manager in NSW & Queensland, and is a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional with the AusIMM.
Other listed current directorships	Nil
Former listed directorships in last 3 years	Nil
Special responsibilities	• Chair of the Health and Safety Committee

Directors' Report (CONTINUED)

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Caroline Chan	Non-Executive Director (Appointed: 25 May 2022)
Experience and expertise	Ms Chan held various senior executive roles at Westpac Banking Corporation including Head of Institutional Banking for Western Australia & South Australia and Chief Operating Officer of Corporate & Institutional Banking. Before Westpac, Ms Chan gained transaction and commercial experience through roles in M&A at Deutsche Bank, acquisition finance at NM Rothschild, and at Singtel Optus and Perth Airport. Ms Chan is currently on the Board of the Australia-ASEAN Council. She was previously a Board member of Loreto Nedlands, and Chair of its Finance Committee from 2016–2021. Ms Chan is a WA Business News '40 under 40' award winner, and is a passionate advocate for inclusion and diversity initiatives. She holds Bachelor of Laws and Bachelor of Commerce (Accounting & Finance) degrees from the University of Western Australia, a postgraduate Diploma in Applied Finance & Investment from the Securities Institute of Australia, and is a Graduate of the Australian Institute of Company Directors (AICD).
Other listed current directorships	Nil
Former listed directorships in last 3 years	Nil
Special responsibilities	• Chair of the Sustainability Committee • Member of the Audit and Risk Management Committee

Murray Smith	Alternate to Mr Matthew Latimore (Appointed: 1 June 2023)
Experience and expertise	Mr Smith is a highly experienced business executive with over 30 years of experience in senior executive and board roles across the resources, financial services, government administration and childcare services industries. Mr Smith is currently Chief Operating Officer of the M Resources Group with responsibility for coordinating and leading the Group's corporate functions including strategy and finance.
Other listed current directorships	Metarock Group Pty Ltd (ASX:MYE): Appointed 22 May 2023
Former listed directorships in last 3 years	Nil
Special responsibilities	Nil

Directors' Report (CONTINUED)

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CHIEF FINANCIAL OFFICER

Shane Young	(Appointed: 12 August 2021)
Experience and expertise	Mr Shane Young has over 24 years of experience in Accounting, Financial Planning and Analysis, Commercial, Corporate Finance, Treasury, Corporate Development, and Governance roles in Australia, the United Kingdom, the Netherlands, the Cayman Islands and the United States. Mr Young has worked for major global organisations including KPMG, Shell and Peabody, and held various senior roles in the mining industry over several years, most recently as General Manager Finance and Deputy CFO at PanAust Limited. In his role as Chief Financial Officer, Mr Young has responsibility for all aspects of Financial Reporting, Accounting, Financial Planning, Treasury and Investory Relations, as well as Human Resources, Technology, Supply and Procurement. Mr Young is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Finance) degree from Monash University. He is a Member of the Chartered Accountants Australia & New Zealand, a Member of Australia Corporate Treasury Association (Certified Finance and Treasury Professional), and a graduate of Australian Institute of Company Directors (AICD).
Special responsibilities	• Member of the Disclosure Committee

COMPANY SECRETARY

Rees Fleming	(Appointed: 22 July 2021)
Experience and expertise	Mr Rees Fleming has more than 23 years' experience as a lawyer in both private practice and in-house roles focusing on M&A, corporate, commercial, litigation, shipping, and in corporate governance, compliance and risk. He has held General Counsel and Company Secretarial roles for listed and large multinational companies, including Vale, Wilmar Sugar Australia and in private practice with major law firms Ashurst and Clayton Utz. Mr Fleming holds a Master of Law (International Shipping) and a Bachelor of Law. He is a practising legal practitioner, a graduate and member of the Australian Institute of Company Directors (AICD), and a member of Queensland Law Society, Governance Institute of Australia, Association of Corporate Counsel and Energy Resources Law Association.
Special responsibilities	• Member of the Disclosure Committee

No person who was an officer of the Company at any time during the financial year was a partner or director of a firm or entity involved in the audit of the Company.

DIRECTORS' INTERESTS

Mr Latimore and the entities he controls hold 43,593,804 (4.8%) shares in Stanmore Resources Limited.

As at the date of this report, no other Directors held any shares, options and other equity instruments in the Group.

Directors' Report (CONTINUED)

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MEETINGS OF DIRECTORS

The numbers of meetings of the Company's board of Directors and of each board committee held during the year ended 31 December 2023, and the numbers of meetings attended by each Director were:

			Meetings of committees							
	Board		Audit & Risk Management		Remuneration & Nomination		Health & Safety		Sustainability	
	A	B	A	B	A	B	A	B	A	B
Mr Dwi Suseno	8	6	–	–	3	2	–	–	4	3
Mr Marcelo Matos	8	8	–	–	–	–	4	3	4	3
Mr Jimmy Lim	8	8	4	4	3	3	–	–	–	–
Mr Mark Trevan	3	2	–	–	–	–	2	2	–	–
Mr Richard Majlinder	8	8	4	4	3	3	–	–	–	–
Mr Matthew Latimore	8	7	–	–	–	–	–	–	–	–
Mr Brett Garland	8	8	–	–	–	–	4	4	–	–
Ms Caroline Chan	8	8	4	4	–	–	–	–	4	4

A= Number of meetings held during the time the Director held office or was a member of the committee during the year
B= Number of meetings attended

Mr Matos is a member of the Health and Safety and Sustainability Committees. However, in his role as Chief Executive Officer and Executive Director, he additionally attends all other Committee meetings. The above notes where he is a listed member of the Committee.

Mr Smith in his capacity as alternate director did not attend any Company meetings. The Disclosure Committee did not meet formally during the course of the year.

DIVIDENDS

Paid

Dividends of US$52.5m were paid to shareholders during the year ended 31 December 2023 (2022: Nil).

Declared after year end

On 26 February 2024, the Directors declared a fully franked final dividend of US8.4 cents per share totalling US$75.9m to be paid on 18 March 2024.

SHARE AND UNISSUED INTERESTS UNDER OPTION

At the date of this report, there were nil unissued ordinary shares or unissued interests under option in the Company or its controlled entities.

No shares or interest of the Company or its controlled entities were issued during or since the year end as a result of the exercise of an option over unissued shares or interest.

CHANGES TO CAPITAL STRUCTURE

At the date of this report, Stanmore had 901,391,634 (2022: 901,391,634) ordinary shares, nil unlisted options and nil rights on issue.

Directors' Report (CONTINUED)

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INSURANCE OF OFFICERS AND INDEMNITIES

(a) Insurance of officers

The Constitution of Stanmore requires that it indemnifies each of its (and its subsidiaries) directors, officers and company secretaries, to the extent permitted by law, in respect of any liability arising out of any activity of the Company or a relevant subsidiary, or the proper performance of that officer's duties. The current directors, officers and company secretary of Stanmore (as well as individuals who formerly held these positions) have the benefit of this indemnity. As permitted by rule 18.2 of the Constitution, the Company has entered into deeds of indemnity, insurance and access with each of its directors, company secretary and officers, under which it agrees to indemnify those persons on a full indemnity basis, to the extent permitted by law.

Stanmore maintains directors and officers liability insurance, which insures against certain liabilities (subject to exclusions) in respect of current and former directors and officers of the Group. Due to confidentiality obligations and undertakings of the insurance policy, the Company is not permitted to disclose any further details about the premium or insurance.

During the reporting period, and as at the date of this report, no indemnity has been paid in favour of a current or former director or officer of a member of the Group.

(b) Indemnity of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of its terms of its audit engagement agreement against claims by third parties arising from the audit. The Company has made no payment to indemnify Ernst & Young during or since the financial year.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 12 February 2024, Stanmore announced that it has entered into definitive agreements to acquire South32's 50% interest in the Eagle Downs JV Project, as well as 100% of Eagle Downs Coal Management Pty Ltd.

Consideration payable comprises:

- US$15m payable in cash upon completion
- US$20m payable upon first 100Kt of coal being mined from longwall mining methods
- A capped royalty of up to approximately US$100m payable in the future linked to average coal index price thresholds.

Completion of the transaction is expected by the end of Q2 2024, following satisfaction of certain limited conditions precedent.

No other matters or circumstance have arisen since 31 December 2023 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest hundred thousand dollars unless otherwise stated.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of its operating and exploration activities. There are no material matters that have arisen in relation to environmental issues up to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

Directors' Report (CONTINUED)

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AUDIT AND NON-AUDIT SERVICES

The board of Directors has considered the level and type of non-audit services provided by the auditor and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by Ernst & Young, the auditor of the Group:

	Group	
	2023 $'000	**2022 $'000**
Taxation services		
Ernst & Young Australian firm:		
Fees for tax compliance and advisory services	**235.9**	90.4
Total remuneration for taxation services	**235.9**	90.4
Other services		
Ernst & Young Australian firm:		
Fees for transaction due diligence services	**–**	114.3
Fees for other advisory services	**26.8**	11.5
Total remuneration for other services	**26.8**	125.8
Total remuneration for non-audit services	**262.7**	216.2

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 35.

OPERATING AND FINANCIAL REVIEW

Highlights of the Group's operations and results for the year ended 31 December 2023 are described below:

- The rolling Total Recordable Injury Frequency Rate (TRIFR) for the 12 months ended 31 December 2023 is 3.2 per million hours (31 December 2022: 1.5), with a Serious Accident Frequency Rate (SAFR) of 0.19 per million hours, below the industry average of 0.57 (reported as of 30 September 2023 by Resources Safety and Health Queensland);
- Underlying EBITDA (a non-IFRS measure defined below) of US$1,100.1m (31 December 2022: US$1,456.0m);
- Net profit after tax of US$472.4m (31 December 2022: US$727.4m);
- Cash inflows from operations of US$736.9 (31 December 2022: US$1,181.7m);
- Cash and cash equivalents of US$446.3m as at 31 December 2023 (31 December 2022: US$432.4m); and
- Acquisition of the remaining 50% Metres Pty Ltd, owner of the Millenium complex on 21 December 2023.

Directors' Report (CONTINUED)

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(a) Financial performance

	Group	
	31 December 2023 US$M	31 December 2022 US$M
Total income	**2,806.9**	2,699.1
Operating Costs	**(2,031.8)**	(1,824.3)
Operating profit	**775.1**	874.8
Profit/(loss) before income tax and net finance expenses	**775.1**	874.8
Finance income	**26.4**	6.9
Finance expenses	**(111.4)**	(91.7)
Share of profit/(loss) from associates	**(18.1)**	19.8
Profit/(loss) before income tax benefit/(expense)	**672.0**	809.8
Income tax benefit/(expense)	**(199.6)**	(82.4)
Profit/(loss) after income tax expense	**472.4**	727.4

(b) Underlying EBITDA result (unaudited, non-IFRS measure)

Underlying EBITDA (an unaudited, non-IFRS measure) reflects statutory EBITDA as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Group. The items adjusted are determined to be non-cash transactions that are unrelated to mining operations. The presentation of non-IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

	Group	
	31 December 2023 US$M	31 December 2022 US$M
Net Profit after tax	**472.4**	727.4
Add back:		
Depreciation and amortisation expense	**310.0**	225.7
Income tax expense	**199.6**	82.4
Finance costs-net	**85.0**	84.8
Earnings before interest, depreciation and amortisation (EBITDA)	**1,067.0**	1,120.3
Transaction and transition costs	**3.0**	108.3
Impairment charges	**30.1**	–
Inventory Purchase Price allocation adjustment	**–**	227.4
Underlying EBITDA (non-IFRS measure)	**1,100.1**	1,456.0

Directors' Report (CONTINUED)

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The underlying EBITDA of US$1,100.1m for the year ended 31 December 2023 was US$355.9m lower than underlying EBITDA of US$1,456.0m for the period to 31 December 2022.

The decrease in EBITDA was primarily driven by the lower US$/t sales prices realised during the period, and other cost drivers, in line with market conditions.

FOB cash costs increased marginally year-on-year, with inflationary pressures and natural strip ratio increases partially offset by robust sales and underlying production volumes.

The primary drivers contributing to the Net Profit after Tax ('NPAT') result include:

- Gross revenue from coal sales increased to US$2,803.6m for the year ended 31 December 2023 from US$2,695.8m in the period to 31 December 2022. The increase was driven by an increase in sales of produced coal to 12.8Mt in the period to 31 December 2023 from 9.3Mt in the period to 31 December 2022; partially offset by a US$76.04/t decrease in the US$ realised price to an average of US$214.28/t from US$290.04/t in the prior period.
- Due to inflationary pressures, our Free on Board ('FOB') cash costs per tonne (excluding royalties and inventory movements) have increased year on year, from US$82.6/t to US$86.0/t, more than offsetting the increases in saleable coal produced.
- Other costs have increased broadly in line with the prior period, allowing for the fact that the period to 31 December 2022 only incorporated 8 months of the South Walker Creek and Poitrel mining operations.
- Depreciation and amortisation costs increased from US$225.7m to US$310.0m in line with the increased Property, Plant and Equipment assets, mine property assets and production levels during the period, driven by the acquisition of South Walker Creek and Poitrel.

(c) Cash flow

In the period to 31 December 2023, total net cash inflows of US$13.9m, including the effect of exchange rate changes, were recorded (31 December 2022: US$386.8m).

The net cash inflow from operating activities was US$736.9m (31 December 2022: US$1,181.7m). Overall operational cash flows have decreased due to significantly lower average sales prices achieved from coal sales, in conjunction with rising production costs per tonne, reducing average margins achieved.

Cash outflows from investing activities were US$258.6m (31 December 2022: US$1,426.8m), related to ongoing PPE investment. The period to 31 December 2022 included significant outflows related to the acquisition of the South Walker Creek and Poitrel operations.

Net cash from financing activities totalled outflows of US$462.9m (31 December 2022: inflows of US$640.4m). US$300.8m of borrowings were repaid and US$52.5m paid in external dividends. The movement from inflow in the prior year to outflow in the current year is driven by the prior year issue of shares and drawdown of the financing facility used to fund the acquisition of SMC.

	Group	
	31 December 2023 US$M	31 December 2022 US$M
Net cash at beginning of period	**432.4**	45.6
Cash flows from operating activities	**736.9**	1,181.7
Cash flows from investing activities	**(258.6)**	(1,426.8)
Cash flows from financing activities	**(462.9)**	640.4
Effects of exchange rate changes on cash and cash equivalents	**(1.5)**	(8.5)
Net increase/(decrease) in cash held	**13.9**	386.8
Net cash at end of period	**446.3**	432.4

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(d) Health, safety, environment and community performance

The 12-month moving average Total Recordable Injury Frequency Rate (TRIFR) for the Company increased to 3.2 per million hours, as compared to 31 December 2022 (1.5 per million hours). The Serious Accident Frequency Rate (SAFR) for the 12-month period is 0.19, well below the industry average of 0.57 (reported as of September 2023 by Resources Safety and Health Queensland). We are transitioning our focus in injury reporting statistics from TRIFR to the Queensland Coal Mining Regulator's Serious Accident Frequency Rate (SAFR), which will support the direction of our efforts and actions towards mitigating the risks of these serious accidents occurring, and provide improved industry-wide comparison on safety performance.

Stanmore has completed a review of investigation quality across our assets, with the intent to identify areas where improvement is required and an aim of lifting our capability to prevent future incidents, particularly those that have been repeated.

No significant reportable environmental events were reported during 2023.

Stanmore continues to support the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year. In addition, significant 'in-kind' time was also dedicated to regional industry bodies and professional groups to enhance local industry and services in the region in accordance with our Community Investment Framework.

(e) Operations

	Group	
	31 December 2023	**31 December 2022**
Physicals		
ROM Coal Mined (mt)	**18.4**	13.5
Clean coal produced (mt)	**13.2**	9.2
Coals Sales (mt)	**12.8**	9.3
Unit costs of sales (US$/t sold)		
Revenue/Sales t	**214.0**	290.0
US$ FOB Cash Costs/Sales t (ex Royalties & Inventories)	**86.0**	82.6

Results for the period benefited from a full 12 months of production since the acquisition of the South Walker Creek and Poitrel mines in May 2022. The volume increases have been offset by increases in FOB cash costs/t, and a reduction in the average realised sales price to US$214.28/t. Despite this, the business recorded underlying EBITDA of US$1,100.1m after adjusting for US$33.1m of accounting adjustments and one-off transaction costs to better reflect actual business notional performance.

Cash generated from operations has decreased to US$736.9m (31 December 2022: US$1,181.7m).

The Group, along with the wider industry, has continued to see significant pressure on costs driven by rising input prices of diesel, explosives, parts as well as labour and general services. These cost pressures are expected to continue and be realised over the full year in 2024.

Free on Board ('FOB') cash costs per tonne (excluding royalties and inventory movements) increased marginally year on year, from US$82.6/t to US$86.0/t with inflationary pressures and natural strip ration increases partially offset by robust sales and underlying production volumes.

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LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

(a) Operations

The focus for Stanmore in 2024 will be to complete significant capital programs across the platform, particularly at our South Walker Creek Mine including the MRA2C project which provides access to lower strip ratio and higher yielding/quality ROM volumes, expansion activities at the CHPP to increase capacity to 9.4Mtpa, the addition of three excavator truck/shovel fleets providing matching mining capacity to 9.4Mtpa ROM and the conversion of Dragline 27 from DC to AC.

Completing previously announced transactions will also be a focus for Stanmore in 2024 including the sale of the Southern tenements at Wards Well to Peabody, completion of the Eagle Downs transaction with South32 and concluding negotiations with Aquilia and embedding Stanmore systems and processes at the Millennium Complex.

We expect continuing pressure on our input costs in 2024, however there is sufficient optionality to continue to explore competitive value improvement.

Balance sheet resilience continues to improve with the Company moving to a net cash position in 2023, providing a strong platform for the future.

(b) Exploration and development

On 12 February 2024, Stanmore announced that it has entered into definitive agreements to acquire South32's 50% interest in the Eagle Downs JV Project, as well as 100% of Eagle Downs Coal Management Pty Ltd.

Consideration payable comprises:

- US$15m payable in cash upon completion
- US$20m payable upon first 100kT of coal being mined from longwall mining methods
- A capped royalty of up to US$100m payable in the future linked to average coal index price thresholds.

Completion of the transaction is expected by the end of Q2 2024, following satisfaction of certain limited conditions precedent.

On 26 February 2024, Stanmore announced the annual update to coal resources and reserves across the Group under the relevant Australasian Code for Reporting Exploration Results and Ore Reserves (JORC Code).

The total Proved and Probable Coal Reserves across all tenements formally declared and published are now 372Mt, and the total Marketable Coal Reserves are 281Mt.

During the year, the Group assessed the opportunities to develop its existing portfolio across the Bowen and Surat basins, which included a number of potential thermal coal operations. These historical assets are not aligned to Stanmore's strategic objectives, and as such have been appropriately impaired in these financial statements.

The Group will continue to assess and prioritise its existing portfolio of assets where they align to Stanmore's objectives, and explore acquisition opportunities where it makes financial and commercial sense to do so.

(c) Managing risks

Stanmore is a metallurgical coal company operating in a volatile pricing market. Factors specific to Stanmore, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of the Group. These events may be beyond the control of the Board or management of Stanmore.

The material risks associated with an investment in Stanmore are summarised below. Stanmore identifies and actively manages the material risks as part of its risk management governance framework and internal control systems.

(i) Health and Safety risks

The Health and Safety of our employees remains of critical importance in the planning, organisation and execution of the Group's exploration and operational activities. The Group is committed to providing and maintaining a working environment in which all people associated with our business are not exposed to hazards that will jeopardise their physical and mental health and safety.

(ii) Operating risks

Operating risks that may result in the reduction in performance that decreases the Group's ability to produce high quality metallurgical coal to meet customer's shipping needs include but are not limited to weather conditions, machinery failure, critical infrastructure failure or natural disasters and supplier concentration.

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(iii) Market risks

The Group's activities expose it to market risks including commodity price risk and foreign currency risk. The Group's exposure to commodity price risk is predominantly changes in metallurgical coal prices, which are driven by various factors, including but not limited to, changes in seaborne supply, geopolitical economic activity, commodity substitution, international demand and contract sales negotiations. Currently, the Group does not hedge against coal price volatility.

As the US dollar is the Group's predominant sales currency and functional currency, any transactions denominated in a currency other than the US dollar expose the Group to foreign currency risk. The Group enters into Derivative Financial Instruments to hedge a portion of this risk.

In order to diversify its customer base and to minimise reliance on key customers, the Group is continuing to work on identifying new customers and markets in 2024 where it makes financial sense to do so.

(iv) Geological risks

Resource and Reserve estimates are prepared in accordance with the JORC Code 2012 and JORC Code 2004 (as applicable) for reporting.

Coal reserves are estimated using results from exploration activities and various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Reserves are sensitive to cost and revenue assumptions. Some of the deposits are more sensitive to cost and revenue assumptions used than others due to the characteristics and geological structure of those deposits. Due care is taken with each estimation, but as more detailed exploration is undertaken the estimates are expected to change.

(v) Regulatory and land access risks

The Group's operations and projects are subject to State and Federal laws and regulations regarding mining, environmental protection, land access and native title. These laws and regulations regulate the conduct of mining operations, set requirements in relation to landholder compensation, environmental protection and certain aspects of health, and provide for penalties and other consequences for the breach of such laws.

There is also an obligation to rehabilitate areas impacted by mining activities, which includes the Group providing financial assurances in respect of the likely costs and expenses that may be incurred when taking action to rehabilitate areas impacted by mining activities.

The Group seeks to develop strong, long-term effective relationships with landholders and other stakeholders, with a focus on developing mutually acceptable compensation and access arrangements. The Group seeks to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. In addition, the Group engages experienced advisors to provide expert advice where necessary to ensure it manages its compliance obligations appropriately.

(vi) Climate change risks

The operations of the Group are focused on the production of metallurgical coal for use in the steel making industry. In our ongoing commitment to sustainable practices, the Group has made notable advancements in integrating climate-related risk into our core business strategy. Recognising the inherent physical and transitional climate change risks in our sector, the Group has taken steps to assess and mitigate the potential impacts on our assets, production, and market dynamics.

Transitional risks, which arise from the global shift towards a lower-carbon economy, include the potential for stranded assets, changes in policy and regulation, shifts in market demand and technological developments. Legal and reputational risks associated with climate change include the potential for litigation, regulatory fines and damage to brand reputation. We have developed robust strategies to navigate this transition effectively. Our approach includes adapting to evolving policies, embracing innovative technologies, and responding to market shifts. Physical risks, stemming from both acute events like cyclones, fires, and floods, and chronic shifts in climate patterns such as temperature changes, are being rigorously evaluated for their direct financial implications to the Group. Our risk management strategies are increasingly focused on both resilience and adaptability.

We have observed a growing interest from stakeholders in how climate-related risks and opportunities shape our business and the broader sector. This includes addressing the impact of increasing stakeholder interest in climate action on the business. As climate change presents multifaceted challenges, our response involved comprehensive action at all organisational levels, recognising that it can amplify existing risks and introduce new ones that affect both short-term and long-term business performance.

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As part of our recognition of the risks that climate change poses to our business and the broader economy, we have developed an internal climate-related risk management procedure, which is integrated into our broader Risk Management framework. In 2023, we began this process by thoroughly analysing our businesses exposure to risks associated with climate change, and in 2024 will continue to work on assessing these risks through our Climate-Related Risk Management Procedure.

Detailed insights into our progress and our material climate-related risks are contained within the Stanmore 2023 Sustainability Report. This report is referenced to the Global Reporting Initiative (GRI) Standards, including the GRI Standard 12 — Coal Sector 2022, offering a comprehensive framework for reporting our significant impacts on the economy, environment, and society.

Furthermore, Stanmore is dedicated to enhancing the transparency and accountability of our climate-related risks. Our climate risk management processes are aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), now assumed by the International Sustainability Standards Board's (ISSB) through the inaugural sustainability standards. Stanmore welcomes the introduction of the Australian Sustainability Reporting Standards, which will bring consistency to the disclosure of climate-related financial information.

(vii) Indigenous engagement

Through a process of facilitation and recognition of the need for reconciliation, Stanmore is dedicated to developing a working and collaborative relationship with the traditional custodians of the land in which we operate. This includes the Barada Barna, Widi and Janga People.

The Stanmore Reflect Reconciliation Action Plan (RAP) was formally endorsed by Reconciliation Australia on August 17, 2023. The RAP includes actions and initiatives that the Company has taken and plans to take on, to advance reconciliation with Aboriginal and Torres Strait Islander peoples. The RAP is based on the Reconciliation Action Plan framework developed by Reconciliation Australia, which consists of four types: Reflect, Innovate, Stretch and Elevate. Stanmore's RAP 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.

Stanmore has developed Native Title Consent Agreements (ILUA) and Cultural Heritage Management Plans across our operations, with the Barada Barna and Widi People.

(viii) Sovereign risks

Stanmore has limited influence over the direction and development of government policy. Successive changes to the Australian resources policy, including taxation policy, have impacted Australia's competitiveness and reduced the attractiveness of Australian coal projects to foreign investors. Of note is the significant change made to the coal royalty regime implemented by the Queensland Government in June 2022, making it the highest royalty regime in the world. Stanmore's view is metallurgical coal is critical for future steel production.

(ix) Access to capital

There is a risk that the Group has insufficient liquidity or is unable to access funding on acceptable terms.

The Group manages this risk by retaining a prudent level of cash reserves and maintaining an adequate level of credit facilities.

At 31 December 2023 the Group remains well funded with cash reserves of US$446.3m and access to finance facilities of US$224.2m that are expected to be sufficient to meet the business' requirements.

There is a risk of non-compliance with our annual covenant ratios and compliance requirements. This risk is considered low based on current forecast assumptions and current headroom.

The Group currently participates in the Queensland Rehabilitation Provisioning Scheme. The Scheme provided for the contribution of an annual fee rather than to put in place bank guarantee or bonding arrangements with the Queensland Government. Should the Group cease to qualify for contribution to the Scheme Fund, a bonding arrangement of approximately A$408.7m will be required to be put in place placing further stress on the capacity of the Group to access capital for other activities.

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(x) Access to insurance cover

There is a risk that the policies of financial institutions with respect to the funding of coal projects may, in the future, extend to an unwillingness to provide insurance products to coal producers and associated companies on terms that are currently provided to such companies. This could result in a material increase in the cost of obtaining appropriate levels of insurance or an inability to secure adequate insurance cover. The company is actively taking measures to reduce this risk by establishing a Captive insurance company.

(xi) Cyber risk

Stanmore has a robust and risk based Cyber Security Strategy that is proactively overseen by the board to ensure that the Group can operate safely and securely by identifying and responding to emerging and evolving cyber threats. Stanmore's Cyber Security Strategic priorities include the resilience of operations, promoting a cyber safety culture, strengthening data governance and providing stakeholder assurance.

(xii) Logistics risk

The Group is dependent on third party rail and port providers to export our product. Disruptions in the coal logistics chain can have a material impact on our business as would the inability to secure and/or maintain logistical contractual arrangements. The Group looks to manage this risk by operating on two different port/rail corridors, contracting with multiple providers of above rail capacity and securing secondary capacity.

(xiii) Attract and retain people

The Group's ability to achieve its strategy is reliant on attracting, developing and retaining skilled and experienced employees and contractors. An inability to attract or retain such personnel could adversely affect the success of the Group's business. To manage this risk, the Group seeks to design employment arrangements and succession plans to secure and retain key personnel. In addition, the Group seeks to build a future supply of industry labour by focusing on our local communities and new to mining entrants.

(d) Safeguard mechanism

Our Isaac Plains Complex, Poitrel and South Walker Creek mines are included in the Safeguard Mechanism.

The Safeguard reforms will require a progressive reduction in carbon emission intensity, aligned with the intent of the Safeguard Mechanism. The financial impact of the scheme on Stanmore will be a function of available abatement technologies, the cost of carbon offsets any scheme design changes and the emissions intensity profiles of our operating sites. Where the company is not able to achieve our carbon reduction obligations, the purchase and surrender of Australian Carbon Credit Units (ACCU) will be required in line with legislation.

(e) Sustainability reporting

In June 2023 the International Sustainability Standards Board (ISSB) issued its first two International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information and IFRS S2 Climate-related Disclosures. IFRS S1 is effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted as long as IFRS S2 Climate-related disclosures is also applied. The Company is continuously monitoring the requirements of the IFRS Sustainability Disclosure Standards and its Australian equivalent when it becomes available and effective for adoption.

Directors' Report (CONTINUED)

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REMUNERATION REPORT (Audited)

This report details the nature and amount of remuneration for Key Management Personnel ('KMP') of the Group. KMP are defined as those persons who have the authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the parent entity, Stanmore Resources Limited.

The Group's KMP during 2023 and up to the date of this report were:

BOARD

Name	Position Held	
Mr Dwi Suseno	Non-Executive Director Chair of the Board of Directors Chair of the Disclosure Committee Chair of the Sustainability Committee	Resigned 1 January 2023
Mr Marcelo Matos	Executive Director and Chief Executive Officer	
Mr Jimmy Lim	Non-Executive Director Chair of the Remuneration and Nominations Committee	
Mr Matthew Latimore	Non-Executive Director	
Mr Richard Majlinder	Independent Non-Executive Director Chair of the Audit and Risk Management Committee	
Mr Brett Garland	Independent Non-Executive Director Chair of the Health & Safety Committee	
Ms Caroline Chan	Independent Non-Executive Director Chair of the Sustainability Committee	Appointed 1 January 2023
Mr Mark Trevan	Independent Non-Executive Director	Resigned 30 June 2023

OTHER EXECUTIVE KMP

Name	Position Held	
Mr Shane Young	Chief Financial Officer	
Mr Leandro Pires	Chief Operating Officer (previously General Manager Technical)	Appointed 1 December 2023
Mr Damian Zagel	Chief Development Officer (previously General Manager Growth and Sustainability)	Appointed 1 December 2023

Directors' Report (CONTINUED)

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REMUNERATION GOVERNANCE

The Group's business strategy of managing an operating metallurgical coal business can only be achieved by identifying and retaining high calibre employees with appropriate experience and capability. Developing an appropriate compensation strategy for the Group's employees is a key factor in ensuring employees are engaged and motivated to improve the Group's performance over the long term. The Board's intention is to maximise stakeholder benefit by the retention of high-quality Board and Executive teams without creating an undue cost burden.

The Board maintains overall responsibility for the remuneration of the Executive KMP and ensures structures are competitive and align with the long-term interest of the Group and shareholders. Oversight in relation to KMP remuneration is delegated to the Remuneration and Nominations Committee (RNC) who regularly review, report and make recommendations to the Board.

The Board formally reviews Board and senior executive performance on an annual basis.

REVIEW OF REMUNERATION ARRANGEMENTS

From time to time, the RNC seeks and considers advice from external advisors who are engaged by and report directly to the committee. Such advice will typically cover Non-Executive Director fees and other executive remuneration.

As the Company continues to focus on delivery of its strategic direction which includes growth as one of the key pillars for value delivery, its organisational design and structure was revisited in the second half of 2023 which included a re-design of the Executive Leadership team (ELT) and roles reporting to the Chief Executive Officer.

The flat organisational structure designed and implemented before the completion of the SMC acquisition with various direct reports to the CEO served its intended purpose of accelerating learning in relation to the enlarged business, and promoted quicker and smoother integration. A revision of the organisational structure was assessed as required and appropriate and was implemented during 2023 to enable more focused strategic leadership and risk management in the long term, and promote improved span of controls. The reshaped structure resulted in more focus on the right level of work in support of the magnitude of activities and initiatives associated with our existing operations and our growth plans, and also allowing for optimised operational delivery and demands from our planned growth and set ourselves up for scalability when the opportunities arise.

The structure changes included a position size and remuneration review to check alignment to the refined structures, as well as to understand and support external market competitiveness and internal equity. To that end, Mr L Pires and Mr D Zagel have been promoted (effective 1 December 2023) to the newly created roles of Chief Operating Officer and Chief Development Officer, both reporting to the CEO, and have taken on extended portfolios.

Mr L Pires' Chief Operating Officer role is now responsible for all Operations, with our Operations General Managers for South Walker Creek and Poitrel and the Senior Operations Manager for the Isaac Plains Complex reporting to him. This role is also responsible for Asset Maintenance Governance and Strategy, Health and Safety Governance and Strategy, as well as Performance Management and Business Improvement Functions.

Mr D Zagel's Chief Development Officer role retains responsibilities for Sustainability and De-Carbonisation, Major and Organic Growth Project, Environmental Approvals and Governance, and Business Development and Strategy, while also assuming responsibility for the Technical Services group including all resource development, long-term planning and technical services functions.

Mr S Young's role as Chief Financial Officer has also been expanded to now encompass procurement, logistics and supply.

The RNC has processes in place to ensure that all engagements with independent external remuneration consultants, and recommendations (if any) are free from undue influence. At times, remuneration consultants may be required to interact with management to obtain relevant information required to form any remuneration recommendations. In these instances, the Chair of the RNC has oversight of these interactions. The Board confirms that no interactions with external remuneration consultants occurred or recommendations were received during the course of the reporting period.

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EMPLOYMENT CONTRACTS

It is the Board's policy that contracts are entered into with all Non-Executive Directors and Executive KMP. For the purpose of this Remuneration Report, Mr Marcelo Matos is considered as an Executive KMP.

Contracts detail conditions of employment and individual terms which include cash salary, superannuation, STI and LTI arrangements and non-cash benefits. The details of key employment terms are noted below.

Name	Term of Agreement and Notice Period	Base Remuneration*
Marcelo Matos	No fixed term — 6 month notice period	A$1,500k
Shane Young	No fixed term — 3 month notice period	A$750k
Leandro Pires	No fixed term — 3 month notice period	A$650k
Damian Zagel	No fixed term — 3 month notice period	A$650k

*As at and for the year ended 31 December 2023

ELEMENTS OF REMUNERATION

(i) Fixed annual remuneration (FR)

Executive KMP fixed remuneration

The Group aims to reward the Executive KMP with a base level of remuneration which is both appropriate to the position and competitive in the market. The CEO reviews performance of the senior management team and then makes recommendations for review and approval by the RNC and Board. The RNC reviews performance of the CEO and then makes recommendations for review and approval by the Board.

The process consists of a review of company and individual performance, relevant comparative remuneration both in the market and internally, and, where appropriate, external advice on policies and remuneration practices.

The Executive Leadership Team roles are the most critical positions within Stanmore to lead and deliver on the Stanmore strategy. The incumbents are also part of an executive talent pool within the Australian and global market, which is increasingly tight. Their skill sets are even more competitive within the coal industry — which will only increase due to environmental and societal pressures on our industry, and thus commands the need to ensure we are remunerating these roles and aligned to our competitive peers, to reduce our retention risk for these incumbents.

Non-Executive Director fixed remuneration

The Board seeks to aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Stanmore Resources Limited and the ASX Listing Rules specify that the Non-Executive Directors are entitled to remuneration as determined by the Company in a general meeting to be apportioned among them in such manner as the Directors agree, and, in default of agreement, equally. The maximum aggregate remuneration currently determined by Stanmore Resources Limited's shareholders is A$1,000,000 per annum (31 December 2022: A$750,000 p.a.).

Non-Executive Director fees are A$113,000 per annum (31 December 2022: A$113,000 p.a.). Committee fees are A$22,600 (31 December 2022: A$22,600) per annum for the Chair and A$11,300 (31 December 2023: A$11,300) per annum for members.

Total Non-Executive Director remuneration for the year was A$627,150 (31 December 2022: A$664,189).

Mr Mark Trevan resigned as a director for personal reasons on 30 June 2023. In recognition of his contribution to the Company over his tenure, a special exertions payment of A$100,000 was made pursuant to clause 11.11 of the Stanmore Constitution. The payment is noted as a short-term bonus in the Statutory Remuneration Table included in this report and is excluded from Total Non-Executive Remuneration calculations per ASX listing rules.

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Non-Executive Directors are entitled to be paid travel and other expenses properly incurred by them in attending Directors' or general meetings of Stanmore Resources Limited or otherwise relating to the business of the Group.

The fixed remuneration of Non-Executive Directors for the year ending 31 December 2023 is detailed in the Statutory Remuneration Table included in this Report.

(ii) Short-term and long-term incentive plan structures

The Board considers that the use of Short-Term Incentives (STI) and Long-Term Incentives (LTI) are a reasonable means of remunerating Executive KMP, on the basis that they:

- drive realisation of shareholder value;
- provide flexibility to the Company to actively manage the way in which it remunerates and incentivises Executive KMP;
- preserve the Company's cash resources; and
- contribute to the attraction and retention of skilled talent in a competitive market.

Short-term incentives

For the year ended 31 December 2023, performance targets for STI were formalised and agreed by the Board. There are no individual targets in the STI Plan. All targets are based on performance of the Group with all employees working towards common goals. The outcomes for the STI scheme for the year ended 31 December 2023 are shown below.

Incentive	Target (% of STI)	Stretch (% of STI)	Outcome (% of STI)
Lead Safety Indicators	20%	40%	37%
Clean Coal Production	20%	40%	38%
FOB Cash Costs	20%	40%	27%
People and Culture	20%	40%	20%
Projects	20%	40%	21%
Total	**100%**	**200%**	**143%**

In 2023, all Executive KMP are entitled to a payment under the STI scheme. The 2023 STI is due to be paid in March 2024.

The STI for the year ended 31 December 2023 is ultimately subject to Board discretion, based on performance of the Group, and calculated in line with the STI targets for the financial year, and is shown below:

	2023				2022			
	Target		Actual		Target		Actual	
	Base of Salary %	Amount $	Awarded $	Base of Salary %	Base of Salary %	Amount $	Awarded $	Base of Salary %
Marcelo Matos	60%	415,250	592,147	86%	60%	269,527	412,376	92%
Shane Young	50%	203,473	290,152	71%	50%	153,161	234,337	77%
Leandro Pires	50%	139,801	199,356	59%	40%	108,961	166,710	61%
Damian Zagel	50%	137,365	195,882	59%	40%	111,265	170,235	61%

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DISCRETIONARY BONUS

Following successful completion of the acquisition of SMC and in recognition of the efforts made, the Board of Stanmore determined an acquisition incentive arrangement for Executive KMP, with payment to be made in five tranches. The first tranche consisting of 50% of the bonus amount was paid in June 2022. The remaining 50% will be paid over four years in four equal instalments equivalent to 12.5% of the total bonus on the anniversary date of the of the first payment from 2023–2026. Payment of each tranche is subject to the individual remaining in employment within the Stanmore Group at the time of payment. These amounts are noted as a long term bonus in the Statutory Remuneration Table included in this report.

	2022 Paid $	2023 Paid $	2024 Awarded $	2025 Awarded $	2026 Awarded $	Total Awarded $
Marcelo Matos	825,000	206,250	206,250	206,250	206,250	1,650,000
Shane Young	300,000	75,000	75,000	75,000	75,000	600,000
Leandro Pires	250,000	62,500	62,500	62,500	62,500	500,000

(iii) Long-term incentives

2021 LTI

In recognition of the imminent and significant change to Stanmore through the transformational deal to acquire the BMC assets, the Board resolved to vest all LTIP participants their full long-term incentive at par (100%) value as at 31 March 2022, and pay the LTI in cash in three equal annual instalments.

The first of these instalments was paid on the same date as the payment of the 2021 STI plan on 24 February 2022. The second instalment was paid on the same date as the payment of the 2022 STI plan on 14 March 2023.

The third payment will be made at the same time as payment for the 2023 STI plan, or if no STI payment is made, by no later than 31 March 2024, conditional upon the Executive KMP remaining employed by Stanmore at that time.

The LTI payment was calculated on a prorate basis from the date of entry into the LTI plan at Stanmore, or 30 June 2020 (whichever is later) until 31 March 2022. The Australian dollar payments made during each year have been converted to US$ at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.

	2022 Paid $	2023 Paid $	2024 Awarded $
Marcelo Matos	102,620	102,620	102,620
Shane Young	23,013	23,013	23,013
Leandro Pires	46,155	46,155	46,155
Jon Romcke	59,027	–	–

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Current LTI

The current LTI plan (**Plan**) which commenced 1 April 2022 operates as follows:

- The Plan may be offered annually to eligible employees as determined by the Board (**Participants**).
- The Board may award a LTI right to a Participant in accordance with the Plan rules (**Award**).
- Each Award will entitle the Participant to a right to receive a cash amount at the relevant payment date, currently at the end of year 3 of each annual Plan subject to the successful achievement of pre-determined conditions (**Measurement Targets**) and/or other conditions as determined by the Board (**LTI Payment**).
- If any applicable Vesting Conditions and/or other conditions are not met, Awards, and subsequent LTI Payment, will lapse, in full or in part, unless otherwise determined hereunder or by the Board.
- The Awards are not equal to shares in the Company and do not carry any voting rights or rights to receive dividends or capital distributions.
- Participants are not required to pay a fee to be granted the Awards.
- Payment remains subject to Board discretion.
- Participant remains employed by Stanmore at the time of payment.

The Plan Award is calculated by reference to the following LTI percentages for each KMP, adjusted to reflect company share price movement from year zero to year three for each LTI period, using a volume weighted average price basis over a period of 10 days on which the ASX is open for trade (Business Day) being four Business Days prior to 1 April, 1 April and five Business Days after 1 April:

Name	Plan Award % of Base Salary
Marcelo Matos	70%
Shane Young	60%
Leandro Pires	60%
Damian Zagal	60%

The Plan Award is then subject to two **Measurement Targets** that are separately tested. Each Measurement Target contributes 50% towards the application of **Payment Multipliers** to the LTI Payment, the Measurement Targets are:

- Weighted Average TSR (Total Shareholder Returns) against ASX listed coal producer basket (50% of LTI to be assessed against this condition). The share price of the Company for year zero and year three values for each LTI period will be determined on a volume weighted average price basis over a period of 10 days on which the ASX is open for trade (**Business Day**) being four Business Days prior to 1 April, 1 April and five Business Days after 1 April. TSR will take into account all dividends paid to shareholders over the previous 12 months and any declared but unpaid dividends as at 1 April in the relevant year. A recommended TSR will be calculated, taking into account, without limitation, publicly available information; and
- 12% Weighted Average Cost of Capital (50% of LTI to be assessed against this condition).

Measurement Targets are as follows:

	Threshold	Target	Stretch
TSR (weighted average)	80%	80% = 100%	120%
WACC	80%	12% = 100%	120%

Based on the two Measurement Targets, final payments are then subject to the following **Payment multipliers** as follows:

	Threshold	Target	Cap
Relative TSR	50%	100%	200%
WACC	50%	100%	200%

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If a result falls in between the ranges, the LTI Payment will be awarded a % multiplier on a linear basis. Under the Company's Superannuation Cash Out policy, the payment of the LTI amount will include an additional payment that will be made to the Executive KMP equivalent to the general superannuation guarantee rate at the time of payment of the award. This additional amount has been included in the amounts disclosed in the remuneration tables. To be eligible for payment the relevant employee is required to be employed at the time of payment.

No payments in relation to this scheme were made in 2023 as the Plan is in a non-vesting period.

Plan Summary

2023: Vesting period 1 April 2022 to 31 March 2025; payment scheduled for April 2025
2024: Vesting period 1 April 2023 to 31 March 2026; payment scheduled for April 2026

Link between remuneration and performance

Statutory performance indicators

Group	2023	2022	December 2020[1,2]	June 2020[2]	2019[2]
Profit/(loss) attributable to owners ($M as reported)	472.4	727.4	6.8	(11.8)	23.4
Revenue ($M as reported)	2,806.9	2,699.1	284.3	99.5	244.8
Basic earnings per share (c/share as reported)	52.4	83.94	2.6	(0.04)	0.09
Diluted earnings per share (c/share as reported)	52.4	83.94	2.6	(0.04)	0.09
Share prices at period end (A$)	4.01	2.95	1.035	0.81	0.78
Shareholder dividends paid (US$/share)	0.058	–	–	–	0.07

1 6-month period to 31 December 2020.
2 Australian dollar results previously reported translated to US$ at the average exchange rate for the period.

Directors' Report (CONTINUED)

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KMP statutory tables

The following table sets out the statutory remuneration disclosures required under the *Corporations Act 2001* (Cth) and have been prepared in accordance with appropriate accounting standards. They detail the components of remuneration for KMP, for both the year ended 31 December 2023 and the corresponding period to 31 December 2022.

2023	Short-term employee benefits			Post-employment benefits	Long-term employee benefits	
	Cash salary and fees $	Cash bonus $	Other non-monetary benefits $	Superannuation $	LTIP $	Total $
Directors						
Mr Dwi Suseno[1]	–	–	–	–	–	–
Mr Jimmy Lim	90,092	–	–	–	–	90,092
Mr Marcelo Matos	790,838	657,282	19,868	18,271	2,685,732	4,171,991
Mr Mark Trevan[2]	37,745	66,440	–	3,548	–	107,733
Mr Richard Majlinder	88,127	–	–	9,473	–	97,600
Mr Brett Garland	81,348	–	–	8,744	–	90,092
Ms Caroline Chan	88,127	–	113	9,473	–	97,713
Mr Matthew Latimore[3]	–	–	–	–	–	–
Sub-total Directors	**1,176,277**	**723,722**	**19,981**	**49,509**	**2,685,732**	**4,655,221**
Other Key Management Personnel						
Mr Shane Young	448,576	322,068	22,733	23,393	1,108,315	1,925,085
Mr Leandro Pires	374,706	278,821	22,733	22,879	994,087	1,693,226
Mr Damian Zagel	364,099	226,070	22,733	23,663	884,388	1,520,953
Sub-total Other Key Management Personnel	**1,187,381**	**826,959**	**68,199**	**69,935**	**2,986,790**	**5,139,264**
Total Director and Key Management Personnel remuneration[4]	**2,363,658**	**1,550,681**	**88,180**	**119,444**	**5,672,522**	**9,794,485**

1 Mr Suseno is a nominee from Golden Investments. Any remuneration in relation to his role as Director of multiple GEAR entities. is paid for by GEAR with no apportionment to the Group. Total fees for Mr Susenso would have totalled $90,093.

2 Mr Trevan resigned, effective 30 June 2023.

3 Mr Latimore has waived his Directors fees. Had Mr Latimore not waived his fees compensation would have totalled $75,077.

4 The Australian dollar compensation paid during the year ended 31 December 2023 have been converted to US$ at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.

Directors' Report (CONTINUED)

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2022	Short-term employee benefits			Post-employment benefits		Long-term employee benefits	
	Cash salary and fees $	Cash bonus $	Other non-monetary benefits $	Superannuation $	Termination benefits $	LTIP $	Total $
Directors							
Mr Dwi Suseno[1]	–	–	–	–	–	–	–
Mr Jimmy Lim	101,854	48,439	–	–	–	–	150,293
Mr Marcelo Matos	494,686	1,210,410	20,136	29,864	–	482,415	2,237,511
Mr Mark Trevan	112,245	48,439	–	8,521	–	–	169,205
Mr Richard Majlinder	119,551	48,439	–	8,651	–	–	176,641
Mr Brett Garland[2]	49,641	–	–	5,212	–	–	54,853
Ms Caroline Chan[2]	49,641	–	–	5,212	–	–	54,853
Mr Matthew Latimore[2,5]	–	–	–	–	–	–	–
Sub-total Directors	**927,618**	**1,355,727**	**20,136**	**57,460**	**–**	**482,415**	**2,843,356**
Other Key Management Personnel							
Mr Shane Young	325,625	524,283	21,651	25,102	–	231,048	1,127,709
Mr Leandro Pires	297,303	480,054	21,651	24,527	–	163,942	987,477
Mr Damian Zagel[4]	153,606	191,068	11,727	16,747	–	100,662	473,810
Mr Jon Romcke[3]	102,540	–	7,217	6,621	17,098	(87,884)	45,592
Sub-total Other Key Management Personnel	**879,074**	**1,195,405**	**62,246**	**72,997**	**17,098**	**407,768**	**2,634,588**
Total Directors and Key Management Personnel[6]	**1,806,692**	**2,551,132**	**82,382**	**130,457**	**17,098**	**890,183**	**5,477,944**

1 Mr Suseno is a nominee from Golden Investments. Any remuneration in relation to his role as Director of multiple GEAR entities is paid for by GEAR with no apportionment to the Group.
2 Mr Garland, Mr Latimore and Ms Chan were appointed 25 May 2022.
3 Mr J Romcke resigned, effective 29 April 2022.
4 Mr D Zagel commenced, effective 19 May 2022.
5 Mr Latimore has waived his Director fees.
6 The Australian dollar compensation paid during the year ended 31 December 2022 have been converted to US$ at an average exchange rate for the year. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.

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ADDITIONAL STATUTORY INFORMATION

(i) Movement in options and rights held by KMP

There are no options or rights held by KMP.

(ii) Movement in ordinary shares held by KMP

There are no shares held in the Company by executive KMP or Non-Executive Directors. See below table of shares held by related parties during the course of the year.

	Opening Balances	Shares Issued	Shared purchased	Shares sold	Closing Balances
GEAR	577,015,682	–	–	45,069,581	531,946,101
M Latimore/ M Resources	43,593,804	–	–	–	43,593,804

(iii) Related party transactions and additional disclosures

Mr M Latimore is the sole Director and owner of M Resources Trading Pty Ltd which is exclusively contracted to provide marketing and logistics services to the Group. Mr Latimore was also Director and holder of 50% of shares in MetRes Pty Ltd until the acquisition by Stanmore on 21 December 2023 of his 50% holding. Mr M Latimore is also the sole director of M Infrastructure Group which holds 50% of the shares in One Rail Group, which is contracted to provide above rail services to the Group.

On 21 December 2023, the Group acquired 50% of the ordinary shares in MetRes Pty Ltd from Marmilu Pty Ltd, taking its total shareholding to 100%. Marmilu Pty Ltd is an entity controlled by Mr Matthew Latimore, a Director of Stanmore at the time of the transaction, and as such is considered a related party transaction. Initial consideration totalled AU$1 was paid, along with an uncapped royalty deed pursuant to which royalties on life of mine coal sales will be payable to Marmilu.

The terms of royalty deed allow for an increasing royalty rate payable quarterly should the coal price exceed US$175/t. The royalty is calculated as a percentage of revenue with the maximum being a royalty of up to 4% of revenue where the coal price exceeds US$500/t.

The royalty is only payable (except in case of peak coal prices) once Stanmore's net investments in the project have been returned, including Stanmore's existing loan previously provided to MetRes Pty Ltd, which totalled A$97m at the time of acquisition.

The Board formed the view that this transaction was on arm's length terms for the purpose of the Corporations Act.

Mr D Suseno is an Executive Director and Group Chief Executive Officer of GEAR who are the majority shareholder holding 59.01% of shares in Stanmore.

(iv) Loans with executive KMP and Non-Executive Directors

The Group has provided a secured total finance facility to MetRes Pty Ltd of up to A$90m which was negotiated on market terms. As at 21 December 2023, the date at which MetRes Pty Ltd ceased being a related party of Mr M Latimore, the balance of the facility was A$97m including accrued interest, with a provision for expected credit losses of A$27m booked immediately prior to the acquisition of the shares in MetRes Pty Ltd from Marmilu Pty Ltd (31 December 2022: US$0). Financing related income charged to MetRes Pty Ltd totalled $3.916m (31 December 2022: US$1.437m).

The key terms of the facility are:

- Secured finance facility up to A$90m
- Loan is fully secured against the underlying property, plant and equipment, and mine properties of the Joint Venture
- Interest rate on drawn funds of 14% per annum
- Interest rate on undrawn funds of 3% per annum.

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The Group currently has a secured loan facility for US$70m with its parent entity, GEAR, which was negotiated on market terms. On 30 June 2023, this facility was extended for 12 months. As at 31 December 2023, the balance of the facility is $0 (31 December 2022: US$0). Financing related costs paid to GEAR totalled $1.427m (31 December 2022: $5.191m).

The key terms of the facility are:

- US$70m facility until 30 June 2024, with final draw down available until March 2024
- Upfront commitment fee of 1.5%
- Interest rate on drawn funds of 12% per annum
- Interest rate on undrawn funds of 3% per annum.

There were no other loans outstanding to or owed by executive KMP or any Non-Executive Director or their related party entities at any time in the current or prior reporting periods.

(v) Other KMP transactions

Transactions with Mr M Latimore's related entities include:

- Fees for services provided on market terms for marketing and logistics services totalling US$53.117m for the year ended 31 December 2023 (31 December 2022: US$42.020m)
- Stanmore sold coal on market terms to M Resources Trading Pty Ltd on a back-to-back basis to a third-party customer totalling US$125.021m (31 December 2022: nil) and purchased coal on market terms before on-selling the coal on a back-to-back basis to a third party customer totalling US$16.616m (31 December 2022: US$13.424m)
- Fees for services provided on market terms for freight and rail logistics services by One Rail Pty Ltd totalled US$9.159m (31 December 2022: nil). US$8.883m was owing to One Rail Pty Ltd in relation to these services as at 31 December 2023 (31 December 2022: nil)
- Stanmore sold coal on market terms to MetRes Pty Ltd on a back-to-back to a third-party customer totalling US$106.126m (31 December 2022: US$115.825m) and purchased coal on market terms before on-selling the coal on a back to back basis to a third party customer totalling US$36.839m (31 December 2022: US$10.024m)
- Fees for services provided on market terms for freight and logistics services by ML Resources Pte Ltd totalled US$1.413m (31 December 2022: nil)
- M Mining operates as the MetRes Mine Operator providing contract mining and management services. The balance payable as at 31 December 2023 was US$6.344m
- Fees for services provided on market terms for freight and logistics services by MetRes Pty Ltd totalled US$3.607m (31 December 2022: nil)
- No royalty is currently owed by MetRes Pty Ltd to Marmilu Pty Ltd in relation to the ongoing royalty deed.

Transactions with GEAR include:

- Financing related costs provided on market terms totalled US$1.427m (31 December 2022: US$5.191m)
- Fees for services to support acquisition activities were $0 as at 31 December 2023 (31 December 2022: $33.275m)
- No other amounts were owing to GEAR in relation to services provided as at 31 December 2023 (31 December 2022: US$30.99m).

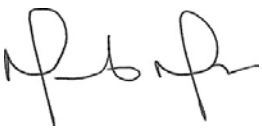
Apart from the details disclosed above, no other executive KMP or Non-Executive Director or their related parties has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving those peoples interest existing at year end.

End of Remuneration Report

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stanmore Resources Limited support and have adhered to the principles of corporate governance. Stanmore Resources Limited's Corporate Governance Statement can be found on the Company's website and ASX platform (www.stanmore.au/corporate-governance).

This report is made in accordance with a resolution of Directors.



Mr Marcelo Matos
Director

Brisbane
26 February 2024

Auditor's Independence Declaration

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Building a better working world

Auditor's Independence Declaration to the Directors of Stanmore Resources Limited

As lead auditor for the audit of the financial report of Stanmore Resources Limited for the financial year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Stanmore Resources Limited and the entities it controlled during the financial year.

Ernst & Young

Tom du Preez
Partner
26 February 2024

Consolidated financial statements

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Consolidated statement **of profit or loss**

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	Notes	Group 31 December 2023 $M	Group 31 December 2022 $M
Revenue from contracts with customers	3	**2,803.6**	2,695.8
Other income		**3.3**	3.3
Total income		**2,806.9**	2,699.1
Net coal inventory movements		**(38.7)**	(248.5)
Employee benefits expense		**(134.3)**	(83.2)
Royalties expense		**(493.4)**	(464.1)
Operating expenses		**(561.2)**	(399.9)
Materials and supplies		**(327.9)**	(224.4)
Foreign exchange gains/(losses)		**(3.1)**	39.5
Other expenses	4(b)	**(160.2)**	(109.7)
Transaction and transition costs	2	**(3.0)**	(108.3)
Depreciation and amortisation expense		**(310.0)**	(225.7)
Operating profit		**775.1**	874.8
Finance income	4(c)	**26.4**	6.9
Finance costs	4(c)	**(111.4)**	(91.7)
Share of (loss)/profit from joint ventures	24	**(18.1)**	19.8
Profit before income tax		**672.0**	809.8
Income tax (expense)/benefit	5	**(199.6)**	(82.4)
Profit for the period		**472.4**	727.4
Profit is attributable to:			
Owners of Stanmore Resources Limited		**472.4**	666.8
Non-controlling interests		**–**	60.6
		472.4	727.4
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share (cents per share)	20	**52.4**	83.9
Diluted earnings per share (cents per share)	20	**52.4**	83.9

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement **of comprehensive income**

For personal use only

	Group	
	31 December 2023 $M	31 December 2022 $M
Profit/(loss) for the period	**472.4**	727.4
Items that will not be reclassified to profit or loss		
Foreign currency translation	**–**	(14.1)
Other comprehensive income for the year/period	**–**	(14.1)
Total comprehensive income/(loss) for the year/period	**472.4**	713.3
Total comprehensive income/(loss) for the period is attributable to:		
Owners of Stanmore Resources Limited	**472.4**	652.7
Non-controlling interests	**–**	60.6
	472.4	713.3

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement **of financial position**

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	Notes	Group 31 December 2023 $M	Group 31 December 2022 $M
ASSETS			
Current assets			
Cash and cash equivalents	6	**446.3**	432.4
Trade and other receivables	8	**283.0**	333.2
Inventories	9	**182.7**	107.5
Derivative financial instruments	16	**6.1**	6.5
Other current assets	12	**31.5**	20.0
Assets classified as held for sale	11(b)	**48.0**	–
Total current assets		**997.6**	899.6
Non-current assets			
Investments accounted for using the equity method	24	**–**	19.3
Financial assets at FV through OCI		**25.0**	25.0
Property, plant and equipment	10	**1,497.2**	1,103.3
Exploration, development and mine properties	11	**1,043.1**	1,246.5
Other assets	12	**42.5**	22.1
Total non-current assets		**2,607.8**	2,416.2
Total assets		**3,605.4**	3,315.8
LIABILITIES			
Current liabilities			
Trade and other payables	13	**338.5**	424.5
Borrowings	14	**137.0**	290.7
Lease liabilities	15	**134.8**	61.9
Current tax liabilities		**170.3**	127.7
Employee benefit obligations	18	**50.9**	30.3
Provisions	17	**156.8**	4.3
Total current liabilities		**988.3**	939.4

Consolidated statement **of financial position** (CONTINUED)

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	Notes	Group 31 December 2023 $M	Group 31 December 2022 $M
Non-current liabilities			
Borrowings	14	**178.9**	313.4
Lease liabilities	15	**325.0**	198.2
Deferred tax liabilities	5	**147.3**	183.1
Provisions	17	**212.4**	348.1
Total non-current liabilities		**863.6**	1,042.8
Total liabilities		**1,851.9**	1,982.2
Net assets		**1,753.5**	1,333.6
EQUITY			
Share capital	21	**616.4**	616.4
Other reserves	21(b)	**(23.7)**	(23.7)
Retained earnings	21(c)	**1,160.8**	740.9
Equity attributable to owners of Stanmore Resources Limited		**1,753.5**	1,333.6
Total equity		**1,753.5**	1,333.6

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement **of changes in equity**

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Group	Notes	Share capital $M	Retained earnings $M	Other reserves $M	Total $M	Non-controlling interests $M
Balance at 1 January 2022		**113.3**	**14.3**	**(9.6)**	**118.0**	**–**
Profit for the period		**–**	**666.8**	**–**	**666.8**	**60.6**
Other comprehensive income		–	**–**	**(14.1)**	**(14.1)**	**–**
Total comprehensive loss for the period		**–**	**666.8**	**(14.1)**	**652.7**	**60.6**
Transactions with owners in their capacity as owners:						
Contributions of equity net of transaction costs	21(a)	**503.1**	**–**	**–**	**503.1**	**–**
Non-controlling interests on acquisition of subsidiary	2	**–**	**–**	**–**	**–**	**381.6**
Transactions with non-controlling interests		**–**	**59.8**	**–**	**59.8**	**(332.2)**
Dividends provided for or paid	19(a)	**–**	**–**	**–**	**–**	**(110.0)**
		503.1	**59.8**	**–**	**562.9**	**(60.6)**
Balance at 31 December 2022		**616.4**	**740.9**	**(23.7)**	**1,333.6**	**–**

Group	Notes	Share capital $M	Retained earnings $M	Other reserves $M	Total $M
Balance at 1 January 2023		**616.4**	**740.9**	**(23.7)**	**1,333.6**
Profit for the year		**–**	**472.4**	**–**	**472.4**
Total comprehensive income for the year		**–**	**472.4**	**–**	**472.4**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	19(a)	**–**	**(52.5)**	**–**	**(52.5)**
Balance at 31 December 2023		**616.4**	**1,160.8**	**(23.7)**	**1,753.5**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement **of cash flows**

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	Notes	Group 31 December 2023 $M	Group 31 December 2022 $M
Operating activities			
Receipts from customers		**2,844.1**	2,746.4
Payments to suppliers and employees		**(1,855.6)**	(1,303.1)
Interest received		**26.4**	6.9
Interest and other finance costs paid		**(86.9)**	(93.4)
Income tax paid		**(177.7)**	(176.3)
Settlement of financial instruments		**(15.7)**	–
Dividends received		**2.3**	1.2
Net cash inflow from operating activities	**7**	**736.9**	1,181.7
Investing activities			
Payment for acquisition of subsidiary, net of cash acquired	2	**8.6**	(1,223.3)
Payments for property, plant and equipment		**(193.3)**	(83.5)
Payments for mine property assets		**–**	(34.4)
Payments of vendor royalties	17	**(2.4)**	(2.7)
Payment of deferred consideration		**–**	(100.0)
Repayment of/issuance of loans to related parties		**(71.5)**	17.1
Net cash (outflow) from investing activities		**(258.6)**	(1,426.8)
Financing activities			
Proceeds from issues of shares net of transaction costs	21(a)	**–**	503.1
Proceeds from borrowings		**–**	795.0
Repayment of borrowings		**(300.8)**	(249.2)
Payment of principal lease liability		**(115.9)**	(52.9)
Payment for acquisition of Non-Controlling interests		**–**	(270.2)
Dividends paid to non-controlling interests in subsidiaries		**–**	(110.0)
Dividend paid/received		**(52.5)**	–
Payments for refundable security bonds		**6.3**	24.6
Net cash (outflow) inflow from financing activities	**6(b)**	**(462.9)**	640.4
Net increase in cash and cash equivalents		**15.4**	395.3
Cash and cash equivalents at the beginning of the financial year		**432.4**	45.6
Effects of exchange rate changes on cash and cash equivalents		**(1.5)**	(8.5)
Cash and cash equivalents at end of year		**446.3**	432.4

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

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1 BASIS OF PREPARATION OF FULL YEAR REPORT

The financial statements of Stanmore Resources Limited for the reporting period ended 31 December 2023 covers the Group consisting of Stanmore Resources Limited and its subsidiaries as required by the *Corporations Act 2001*.

The financial statements are presented in US dollars.

Stanmore Resources Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of the Group are the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

The consolidated general-purpose financial report of the Group for the period ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 26 February 2024. The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, the Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- is presented in United States dollars with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191;
- adopts all new and amended Accounting Standards and interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 January 2023. Refer to Note 1(i) or further details; and
- does not early adopt any Australian Accounting Standards and interpretations that have been issued or amended but are not yet effective.

The financial statements have been prepared on a historical cost basis, except for Contingent Consideration, Financial assets held at fair value and Derivative Financial Instruments which have been measured at fair value. The Group is a for-profit entity for the purposes of Australian Accounting Standards.

(a) Key judgements and estimates

In the process of applying the Groups accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 2: Fair value of assets/liabilities/ consideration payable upon acquisition	Page 46
Note 3: Revenue recognised on provisional pricing arrangement	Page 50
Note 5: Reset of tax bases	Page 54
Note 11: Capitalised development costs	Page 66
Note 11: Identification of impairment indicators	Page 67
Note 17: Rehabilitation provision	Page 72

(b) Going concern

At 31 December 2023, the current assets exceed the current liabilities by US$9.3m. The Directors have considered projected cash flow information for the 12 months from the date of approval of these financial statements under multiple scenarios (which includes the ability to slow or defer spending), including conservative pricing forecasts and the Group's access to undrawn working capital facilities as disclosed in Note 14. Based on this analysis, the Group is expected to continue to satisfy its obligations as and when they fall due.

Accordingly, the financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

(c) COVID-19

The Group continues to follow recommendations from Queensland Health and the Australian Government to provide a COVID-19 safe workplace.

COVID-19 impacts have not been significant to the Group in the period. The Company does not expect any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or conditions which may adversely impact the Group as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Notes to the consolidated financial statements (CONTINUED)

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1 BASIS OF PREPARATION OF FULL YEAR REPORT (CONT.)

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023.

Subsidiaries are all those entities over which the Company has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

(e) Other accounting policies

Material and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

(f) Foreign currency translation

The Group's functional currency is the United States Dollar, excluding MetRes Pty Ltd, which uses the Australian dollar functional currency. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(g) Notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business, for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the Group's operations that is important to its future performance.

(h) New and amended standards and interpretations adopted by the Group

The Group has applied all the standards and amendments for the first time for their annual reporting period commencing 1 January 2023. These amendments had no material impact on the financial statements of the Group.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements have not been assessed to have a material impact on the financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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2 BUSINESS COMBINATION

Accounting policies

Business combinations are accounted for using the acquisition method.

The cost of acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

For each business combination, Non-Controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs expenses as incurred to profit or loss.

Acquisition of MetRes Pty Ltd

Summary of acquisition

On 21 December 2023, the Group acquired 50% of the ordinary shares in MetRes Pty Ltd from Marmilu Pty Ltd, taking its total shareholding to 100%.

Marmilu Pty Ltd is an entity controlled by Mr Matthew Latimore, a Director of Stanmore at the time of the transaction, and as such the acquisition is considered a related party transaction.

Initial consideration totalling A$1 was paid, along with an uncapped royalty deed. Pursuant to this deed, royalties on life of mine coal sales will be payable to Marmilu. These will be payable (except in case of peak coal prices) once Stanmore's net investments in the project have been returned, including Stanmore's existing loan previously provided to MetRes Pty Ltd.

Stanmore now controls the acquired entity with the transaction accounted for as a business combination by way of a step acquisition. This results in no uplift to the original 50% ownership in MetRes Pty Ltd.

Notes to the consolidated financial statements (CONTINUED)

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2 BUSINESS COMBINATION (CONT.)

Details of the purchase consideration, the revalued original investment in the acquired entity, and the net assets acquired and goodwill are detailed below, and are considered provisional as at 31 December 2023.

	31 December 2023 $M
Purchase consideration	
Cash paid	–
Contingent Consideration	–
Original Investment in MetRes Pty Ltd	–
Settlement of pre-existing loan	**47.9**
	47.9

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value $M
Cash	**8.6**
Trade and other receivables	**7.8**
Inventories	**11.1**
Property, plant and equipment	**37.0**
Capitalised development and exploration	**48.9**
Current tax receivable	**5.3**
Trade and other payables	**(20.3)**
Lease liabilities	**(22.7)**
Rehabilitation provisions	**(22.6)**
Royalty liabilities/contingent consideration acquired	**(5.2)**
Net assets acquired	**47.9**

(i) Acquisition-related costs

Transaction costs associated with the acquisition have been expensed as transaction and transition costs in the period to 31 December 2023 totalling $3.0m.

(ii) Significant estimate: contingent consideration

As part of the acquisition AASB 3 required the recognition of the additional consideration yet to the paid to the vendor, the value of which is dependent on the prevailing coal price exceeding certain targets. Further, repayment of the loan timing significantly impacts fair value.

As at 31 December 2023, a current fair value of AU$0 has been recognised in relation to this contingent payment, based on expected future operating and market conditions over the assets anticipated life of mine.

Revenue and profit contribution

Refer to note 24 for revenues and profit after tax that would have been contributed to the group had the business combination occurred at the beginning of the financial reporting period.

Notes to the consolidated financial statements (CONTINUED)

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2 BUSINESS COMBINATION (CONT.)

Acquisition of Dampier Coal (Queensland) Pty Ltd

Summary of acquisition

On 3 May 2022, the Group acquired 100% of the ordinary shares in Dampier Coal (Queensland) Pty Ltd for total consideration of up to US$1,526.3m. This enabled the entity to acquire BHP's 80% interest in BHP Mitsui Coal Pty Ltd (now Stanmore SMC Pty Ltd). This entity produces and sells metallurgical and thermal coal operating in the same geographic area as the current operating business.

A further US$100.0m was paid on 3 November 2022 in relation to deferred consideration agreed as part of the acquisition.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$M
Purchase consideration	
Cash paid	**1,286.3**
Deferred consideration	**100.0**
Contingent consideration	**140.0**
Total purchase consideration	**1,526.3**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $M
Cash	**63.0**
Trade and other receivables	**362.8**
Inventories	**314.7**
Property, plant and equipment	**1,067.3**
Capitalised development and exploration	**1,175.3**
Financial assets at fair value through other comprehensive income	**25.0**
Trade and other payables	**(255.8)**
Current tax liability	**(16.1)**
Deferred tax liability	**(364.5)**
Provision for employee benefits	**(16.2)**
Lease liabilities	**(256.8)**
Rehabilitation provisions	**(190.8)**
Net identifiable assets acquired	**1,907.9**
Less: non-controlling interests	**(381.6)**
Net assets acquired	**1,526.3**

Notes to the consolidated financial statements (CONTINUED)

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2 BUSINESS COMBINATION (CONT.)

The US$100m of deferred consideration was subsequently paid on 3 November 2022, in accordance with the sales and purchase agreement, and has been presented separately in the consolidated statement of cash flows.

(i) Acquisition-related costs

Transaction costs associated with the acquisition have been expensed as transaction and transition costs in the period to 31 December 2022 totalling US$70.4m.

(ii) Significant estimate: contingent consideration

As part of the acquisition AASB 3 required the recognition of the additional consideration yet to the paid to the vendor. With a potential follow-up payment of up to US$150m after two years, the value of which is dependent on the prevailing coal price exceeding certain targets.

As at 31 December 2023, it is management's expectation that those conditions will be met, and as such have recognised the expected discounted cash flows of the contingent consideration in full.

Revenue and profit contribution

In the prior year, the SMC Group contributed US$2,103.9m in revenue and US$447.3m in profit after tax.

Had the business combination occurred at the beginning of the financial reporting period, it is estimated that Group revenues and profit after tax would have been US$4,004.3m and US$1,310.4m in the prior period respectively.

Acquisition of non controlling interests in Stanmore SMC Pty Ltd

Summary of acquisition

On 7 October 2022, Dampier Coal (Queensland) Pty Ltd, a 100% owned subsidiary of the Consolidated Entity completed the acquisition of the remaining 20% interest in Stanmore SMC Pty Ltd from Mitsui Coal. The acquired entity was already a consolidated subsidiary of the Group and as such the acquisition did not result in any further fair value adjusted in relation to the operational assets of Stanmore SMC Pty Ltd.

The final price paid for the acquisition was US$270m, paid in full at the time of acquisition.

As the acquisition was acquiring the remaining 20% minority interests in Stanmore SMC Pty Ltd, the purchase does not result in any changes to the fair value of Stanmore SMC's assets.

Any difference between the purchase price and the cumulative Non-Controlling Interests prior to the acquisition has been recognised within Retained Earnings in the Statement of Changes in Equity, as it is considered a transaction with owners in their capacity as owners.

Accounting classification change

During the current year, an accounting reclassification of $61.2m was performed between categories within capitalised development and exploration as a result of the finalisation of the purchase price allocation related to the SMC business combination. This reclassification is outlined in Note 11.

Notes to the consolidated financial statements (CONTINUED)

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3 REVENUE

	Group	
	31 December 2023 $M	31 December 2022 $M
Revenue from contracts with customers	**2,803.6**	2,695.8
Total revenue	**2,803.6**	2,695.8

(a) Disaggregation of revenue from contracts with customers

The Group recognises revenue from the transfer of goods at a point in time with the following major product lines and geographical regions:

	Group	
	31 December 2023 $M	31 December 2022 $M
Revenue from external customers		
Metallurgical coal/Asia	**1,982.7**	2,128.2
Metallurgical coal/Europe	**606.9**	331.6
Metallurgical coal/South America	**138.9**	103.3
Thermal coal/Asia	**68.7**	116.7
Thermal coal/Europe	**6.4**	16.0
Total segment revenue	**2,803.6**	2,695.8

Notes to the consolidated financial statements (CONTINUED)

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3 REVENUE (CONT.)

(b) Recognition and measurement

Revenue is recognised when the control of the goods is passed to the customer. The amount of revenue recognised is the consideration the Group is entitled to receive in exchange for transferred goods to the customer.

(i) Contracts with customers — coal sales

General recognition

Revenue from the sale of coal is recognised in the profit or loss when performance obligations have been met, which is deemed to be when control of the coal has been transferred from the Group to the customer. Typically, for free on board sales, the transfer of control and the recognition of a sale occurs when the coal passes the ship rail when loading at the port. For free on stockpile sales, the transfer of control will occur when the sales agreement is exercised. All coal is shipped either through the Dalrymple Bay Coal Terminal or the North Queensland Export Terminal, with the significant majority of the coal sold during the year ended 31 December 2023 contracted 'free on board' basis.

As is customary with 'free on board' contracts, parameters such as coal quality and mass are tested using independent experts and weightometers as the vessel is being loaded. The bill of lading is only issued upon verification and confirmation from several parties involved with the logistic and handling process. Once confirmed, the measured parameters form the basis for calculation of final price on the commercial invoice. All customer contracts specify a known price and tolerance range for quality parameters prior to the Group committing to the supply of coal to the customer.

Coking Coal Quarterly Index Linked Price Contracts recognition

Coal Sales contracts with Stanmore Resources customers generally contain monthly or quarterly pricing provisions linked to the relevant coking coal index or benchmarks. Index relativities take into account quality specifications and other contractual considerations.

When the final pricing has not been determined at the time of invoicing, sales invoices are issued based on provisional prices. These provisional prices are then adjusted when the final index levels are known or benchmark prices have been settled.

Due to the potential volatility in coal price indices, Management reviews the revenue recognised for any provisionally priced shipments at the end of each period. Coal sales revenue recognised for these shipments is then adjusted based on current index levels, price forecasts and managements judgements on the risks associated with the customer.

Thermal coal contracts sales

Thermal coal sales are not customarily index linked and are settled based on contract prices as agreed and adjusted by the contract terms. Generally, price and adjustments are finalised and final invoiced within a short period of time after the coal is 'free on board'.

Key judgements

Where prices are not finalised at the end of a period due to the timing of contractual adjustments, management will make assessments on the adjustments and provide for the expected impact of the contract adjustments.

Price adjustments are minimal in comparison to the total invoice and are generally not material in nature.

Notes to the consolidated financial statements (CONTINUED)

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4 OTHER INCOME AND EXPENSE ITEMS

(a) Other income

	Group	
	31 December 2023 $M	31 December 2022 $M
Services	**1.0**	2.1
Dividends	**2.3**	1.2
	3.3	3.3

(b) Breakdown of other expenses

	Group	
	31 December 2023 $M	31 December 2022 $M
Operational accommodation and travel	**42.7**	27.1
Sales and marketing	**59.0**	41.0
Administration and other operational expenses	**58.5**	41.6
Total other expenses	**160.2**	109.7

	Group	
	31 December 2023 $M	31 December 2022 $M
Transaction costs	**3.0**	70.4
Transition costs	**–**	37.9
Total transaction and transition costs	**3.0**	108.3

Transaction costs primarily consist of fees and expenses incurred in the completion of the sale and purchase of the remaining 50% interest in MetRes Pty Ltd, such as stamp duty, legal fees, and due diligence activities. In the prior year, these costs were related to the purchase of the SMC assets.

Transition costs primarily consist of those fees and expenses incurred to enable the Consolidated Entity to take ownership and operate the operations once legal completion occurred, such as IT systems, consultancy, and other business readiness activities.

Notes to the consolidated financial statements (CONTINUED)

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4 OTHER INCOME AND EXPENSE ITEMS (CONT.)

(c) Finance income and costs

Other income and expense items

	Group	
	31 December 2023 $M	31 December 2022 $M
Finance income		
Interest	**26.4**	6.9
Finance income	**26.4**	6.9
Finance costs		
Interest paid	**66.8**	73.6
Interest amortisation unwinding	**13.3**	7.8
Interest charge — lease liability	**31.3**	10.3
Finance costs expensed	**111.4**	91.7
Net finance costs	**85.0**	84.8

(d) Recognition and measurement

(i) Cost of sales

Cost of sales are costs incurred directly or indirectly relating to the mining and preparation of coal for sale to third party customers. Costs have been recognised on an accrual basis at the time the sale is recognised, in line with movements through inventory and survey information from site.

(ii) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services rendered up to the end of the reporting period. They are measured at amounts expected to be paid when the liabilities are settled.

Expenses for sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Where the Group has liabilities that are not expected to be settled wholly within 12 months after the end of the reporting period, such as long service leave, these obligations are measured at the present value of the expected future payments to be made in respect of the services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as close as possible, the estimated future cash flows.

(iii) Leases

The leases recognised in Other Expenses relate to short-term lease obligations where the entity has adopted the recognition exemption. Lease payments for short-term leases are charged to profit or loss on a straight-line basis over the term of the lease, net of any incentives.

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5 INCOME TAX EXPENSE

(a) Income tax expense

	Group	
	31 December 2023 $M	31 December 2022 $M
Current income tax expense	**240.9**	284.6
Prior year adjustments	**(5.5)**	(3.7)
Deferred income tax (benefit)/expense	**(35.8)**	(198.5)
Income tax expense	**199.6**	82.4

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Group	
	31 December 2023 $M	31 December 2022 $M
Prima facie tax expense (30%) on profit/(loss) before income tax		
Add tax effect of:	**201.6**	242.9
Tax offset for franked dividends	**(0.7)**	0.3
Share of profit/(loss) — MetRes Pty Ltd	**4.5**	(5.8)
Other	**7.6**	–
Foreign Exchange Adjustment	**(7.9)**	–
Prior period taxes over/(under) recognised	**(5.5)**	(3.7)
Deferred tax upon tax base reset	**–**	(151.3)
Income tax expense/(benefit)	**199.6**	82.4

In the prior year, the acquisition for the remaining 20% interest in Stanmore SMC, the Group obtained 100% ownership, resulting in Stanmore SMC and Red Mountain Infrastructure Pty Ltd joining the Stanmore Resources tax group from 7 October 2022.

This resulted in a resetting of the tax base of those assets and liabilities, with an overall reduction in the deferred tax liabilities recognised. In assessing the reset of the tax bases of these subsidiaries, judgement has been applied in developing the estimated values used to determine the tax bases and the accounting for the reset. On the basis that the reset of the tax bases is not a direct consequence of the acquisition of the NCI but indirect, the tax effects of the adjustment of the tax base has been recognised in the profit or loss through income tax expense.

Notes to the consolidated financial statements (CONTINUED)

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5 INCOME TAX EXPENSE (CONT.)

(c) Deferred tax balances

	Group	
	31 December 2023 $M	31 December 2022 $M
The balance comprises temporary differences attributable to:		
Deductible temporary differences	**181.0**	164.2
Taxable temporary differences	**(328.3)**	(347.3)
Net deferred tax liabilities	**(147.3)**	(183.1)

Deferred tax assets will only be recognised when:

- the Group derives future assessable income of a nature of an amount sufficient to enable the losses to be realised;
- the Group continues to comply with the conditions of deductibility imposed by the law; and
- no changes in tax legislation aversely affect the Group in realising the losses.

(d) Recognition and measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

Notes to the consolidated financial statements (CONTINUED)

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5 INCOME TAX EXPENSE (CONT.)

31 December 2023	Opening balance $M	Recognised in profit or loss $M	Closing balance $M	Deferred tax asset $M	Deferred tax liability $M
Provision for rehabilitation	54.6	17.0	**71.6**	71.6	–
Provision for onerous contracts	0.3	(0.3)	**–**	–	–
Property, plant and equipment	(217.5)	(34.0)	**(251.5)**	–	(251.5)
Contingent consideration	1.9	4.2	**6.1**	6.1	–
Exploration and development costs	(34.6)	46.0	**11.4**	11.4	–
Unrealised FX	(6.1)	(12.1)	**(18.2)**	–	(18.2)
Other	15.9	(32.0)	**(16.1)**	–	(16.1)
Vendor receivable	3.1	(3.1)	**–**	–	–
Provision for impairment – exploration and development	2.6	(2.6)	**–**	–	–
Rail loop benefit	(0.4)	0.2	**(0.2)**	–	(0.2)
Mineral Rights	(88.7)	46.4	**(42.3)**	–	(42.3)
Lease liabilities	85.8	6.1	**91.9**	91.9	–
TOTAL	**(183.1)**	**35.8**	**(147.3)**	**181.0**	**(328.3)**

Notes to the consolidated financial statements (CONTINUED)

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5 INCOME TAX EXPENSE (CONT.)

31 December 2022	Opening balance $M	Recognised in profit or loss $M	Recognised on acquisition $M	Closing balance $M	Deferred tax asset $M	Deferred tax liability $M
Provision for rehabilitation	5.5	(8.1)	57.2	**54.6**	54.6	–
Provision for onerous contracts	0.4	(0.1)	–	**0.3**	0.3	–
Property, plant and equipment	(11.2)	48.3	(254.6)	**(217.5)**	–	(217.5)
Contingent consideration	1.9	–	–	**1.9**	1.9	–
Exploration and development costs	(24.0)	1.0	(11.6)	**(34.6)**	–	(34.6)
Unrealised FX	2.0	(8.1)	–	**(6.1)**	–	(6.1)
Other	1.1	74.1	(59.3)	**15.9**	15.9	–
Vendor receivable	–	3.1	–	**3.1**	3.1	–
Provision for impairment – exploration	2.6	–	–	**2.6**	2.6	–
Rail loop benefit	(0.4)	–	–	**(0.4)**	–	(0.4)
Mineral rights	–	84.9	(173.6)	**(88.7)**	–	(88.7)
Lease liabilities	–	7.1	78.7	**85.8**	85.8	–
TOTAL	**(22.1)**	**202.2**	**(363.2)**	**(183.1)**	**164.2**	**(347.3)**

(i) Tax consolidation

Stanmore Resources Limited and its wholly owned subsidiaries have formed a tax consolidated group and are taxed as a single entity. Stanmore Resources Limited is the head entity of the tax consolidated group. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly owned subsidiaries that form part of the tax consolidated group. Stanmore Resources Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables as a tax funding arrangement.

Notes to the consolidated financial statements (CONTINUED)

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6 CASH AND CASH EQUIVALENTS

	Group	
	31 December 2023 $M	31 December 2022 $M
Current assets		
Cash at bank and in hand	**446.3**	432.4

(a) Recognition and measurement

For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes (1) cash on hand and at bank; (2) deposits held at call with financial institutions; (3) other short-term, highly liquid investments with original maturities of three months or less; that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(b) Reconciliation of liabilities arising from financing activities

	Chattel mortgage $M	Acquisition financing $M	Lease liabilities $M	Insurance premium funding facility $M	Total $M
Liabilities as at 1 January 2023	**5.1**	**615.0**	**260.2**	**3.5**	**883.8**
Cash inflows	–	–	–	13.3	13.3
Cash outflows	(2.2)	(297.3)	(146.3)	(12.8)	(458.6)
Foreign exchange movements	–	–	7.9	–	7.9
Non-cash changes	–	–	315.1	–	315.1
Recognised on acquisition	–	–	23.0	–	23.0
Liabilities as at 31 December 2023	**2.9**	**317.7**	**459.9**	**4.0**	**784.5**

Notes to the consolidated financial statements (CONTINUED)

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6 CASH AND CASH EQUIVALENTS (CONT.)

	Chattel mortgage $M	Acquisition financing $M	Lease liabilities $M	Insurance premium funding facility $M	Working capital facility $M	Revolver facility $M	Bridging facility $M	Total $M
Liabilities as at 1 January 2022								
Opening balance	**6.6**	**–**	**0.5**	**0.8**	**67.6**	**–**	**–**	**75.5**
Cash inflows	–	625.0	–	11.4	–	120.0	50.0	806.4
Cash outflows	(1.5)	(10.0)	(52.9)	(8.7)	(67.6)	(120.0)	(50.0)	(310.7)
Foreign exchange movements	–	–	(14.1)	–	–	–	–	(14.1)
Recognised on acquisition	–	–	256.8	–	–	–	–	256.8
Non-cash changes	–	–	69.9	–	–	–	–	69.9
Liabilities as at 31 December 2022	**5.1**	**615.0**	**260.2**	**3.5**	**–**	**–**	**–**	**883.8**

Notes to the consolidated financial statements (CONTINUED)

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7 CASH FLOW INFORMATION

(a) Cash generated from operations

	Group	
	31 December 2023 $M	31 December 2022 $M
Reconciliation of profit/(loss) after income tax to net cash flow from operating activities	**472.4**	734.3
Profit for the period		
Adjust for non-cash items:		
Depreciation and amortisation and disposal of fixed assets	**310.0**	215.7
Impairment of non-current assets	**11.8**	–
(Profit)/Loss joint ventures	**18.1**	(19.8)
Dividend and interest income	**2.3**	–
Non-cash movement in provisions	**4.8**	18.1
Foreign exchange (gain)/loss	**(0.7)**	(58.1)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	**73.3**	77.3
(Increase)/decrease in inventories	**(65.5)**	215.7
(Increase)/decrease in prepayments	**(35.4)**	(4.9)
(Increase)/decrease in income taxes payable	**23.0**	88.8
(Decrease)/increase in deferred tax liabilities	**(3.9)**	(178.1)
Increase/(decrease) in trade and other payables	**(85.7)**	87.1
Increase/(decrease) in provisions for onerous contracts	**(1.0)**	(0.2)
Increase/(decrease) in rehabilitation provisions	**(15.8)**	(15.5)
Increase/(decrease) in other provisions	**(2.9)**	2.9
Increase/(decrease) in provisions for employee benefits	**20.6**	13.2
(Decrease)/increase in other operating liabilities	**11.5**	–
Increase/(decrease) in Insurance premium funding	**–**	5.2
Net cash inflow from operating activities	**736.9**	1,181.7

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST components of cash flows arising from investing and financing activities are classified as operating cash flows.

Notes to the consolidated financial statements (CONTINUED)

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8 TRADE AND OTHER RECEIVABLES

	Group	
	31 December 2023 $M	31 December 2022 $M
Trade receivables	**239.4**	281.6
Other receivables	**1.2**	14.0
GST receivable	**42.4**	37.6
Total current receivables	**283.0**	333.2

(a) Recognition and measurement

Trade and other receivables are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at Amortised Cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Statement of Profit or Loss.

(i) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and other receivables, the Group applies the simplified approach permitted by AASB 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables. Loans to related parties are assessed using the general approach required by AASB 9 for the assessment of expected credit losses.

Management has determined that assessment of expected credit loss associated with trade receivables is at less than 0.5%.

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9 INVENTORIES

	Group	
	31 December 2023 $M	31 December 2022 $M
Current assets		
ROM coal inventories	**52.7**	52.8
Product coal stocks	**70.7**	31.3
Warehouse inventories	**59.3**	23.4
	182.7	107.5

(a) Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimate selling price in the ordinary course of business, less the estimate costs of completion and selling expenses.

The cost of coal inventories is determined using a direct costing basis. Costs include blasting, overburden removal, coal mining, processing, labour, transport and other costs which are directly related to mining activities at site.

Inventories are classified as follows:

- run of mine material (ROM) extracted through the mining process and awaiting process at the coal handling and preparation plant;
- product coal which has been processed into final saleable form. Product coal may be held at the site or at port shared stockpile facilities awaiting delivery to customers; and
- warehouse inventories which includes all spares, parts and consumables used in the mining process.

Notes to the consolidated financial statements (CONTINUED)

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10 PROPERTY, PLANT AND EQUIPMENT

	Group	
	31 December 2023 $M	31 December 2022 $M
Plant and equipment		
At cost	**659.6**	570.6
Accumulated depreciation	**(195.5)**	(113.0)
	464.1	457.6
Land and buildings		
At cost	**362.3**	259.3
Accumulated depreciation	**(29.8)**	(11.8)
	332.5	247.5
Right of use asset		
At cost	**633.4**	315.3
Accumulated depreciation	**(174.4)**	(46.0)
	459.0	269.3
Capital work in progress		
At cost	**241.6**	128.9
	241.6	128.9
	1,497.2	1,103.3

Notes to the consolidated financial statements (CONTINUED)

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10 PROPERTY, PLANT AND EQUIPMENT (CONT.)

(a) Recognition and measurement

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

(i) Movements in carrying amounts

Group	Plant & equipment $M	Buildings & improvements $M	Right of use asset $M	Capital work in progress $M	Total $M
Year ended 31 December 2023					
Opening net book amount	457.6	247.5	269.3	128.9	**1,103.3**
Acquisition of business	10.7	–	24.9	1.4	**37.0**
Additions	–	–	291.8	191.5	**483.3**
Depreciation charge	(81.7)	(18.0)	(127.0)	–	**(226.7)**
Transfers	77.5	103.0	–	(80.2)	**100.3**
Closing net book amount	**464.1**	**332.5**	**459.0**	**241.6**	**1,497.2**

Group	Plant & equipment $M	Buildings & improvements $M	Right of use asset $M	Capital work in progress $M	Total $M
Year ended 31 December 2022					
Opening net book amount	35.1	4.3	0.3	7.2	**46.9**
Exchange differences	14.3	(5.3)	–	(0.5)	**8.5**
Acquisition of business	497.8	256.9	256.8	55.8	**1,067.3**
Additions	–	–	58.0	74.8	**132.8**
Depreciation charge	(98.0)	(8.4)	(45.8)	–	**(152.2)**
Transfers	8.4	–	–	(8.4)	**–**
Closing net book amount	**457.6**	**247.5**	**269.3**	**128.9**	**1,103.3**

Notes to the consolidated financial statements (CONTINUED)

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10 PROPERTY, PLANT AND EQUIPMENT (CONT.)

(ii) Revaluation, depreciation methods and useful lives

The carrying amount of all non-mining property fixed assets, except land, is depreciated over their useful life from the time the asset is held ready for use. Property, plant and equipment are depreciated on a units of production basis over the life of the economically recoverable resources. The base for the units of production is drawn from the assets principal use. Items that are specific to open cut operations are depreciated over the run of mine open cut coal reserves. Surface infrastructure that is not specific to a mining method such as the wash plant and loadout facilities utilise the Economically Recoverable Resources of the associated mining complex, which includes an estimate of recoverable underground coal reserves.

The depreciation rates used for each class of assets are:

- Plant and equipment — 5–25% straight line/ units of production
- Furniture and office equipment — 5–25% straight line
- Buildings and improvements — 5–10% straight line
- Right-of-use asset — lesser of the useful life of the asset or lease term

The Group assesses at each reporting date whether there is an indication that an asset (or Cash Generating Unit — CGU) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's Fair Value Less Cost of Disposal and its Value in Use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part of a larger CGU to which it belongs. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGUs to which the individual assets are allocated, based on the life-of-mine plans. The estimated cash flows are based on expected future production, metal selling prices and operating costs. As part of the Group's impairment assessment, the Group considers the expected future demand for its product, impact of known climate policies and potential policy responses to climate change. The Group's assets are metallurgical coal assets and based on the Group's research, demand for its product will continue over the life of the CGU.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period which they arise.

(iii) Right-of-use asset

At the inception of a contract, the Group assesses whether a contract contains a lease based on whether the contract conveys the right to use or control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the lease, the Group recognises a lease liability and a corresponding right-of-use asset. The lease liability is initially recognised at present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and are discounted using the interest rate determined using the lessee's incremental borrowing rate. The right-of-use asset is initially measured at cost which includes any direct costs, and subsequently measured at costs less any depreciation and impairment.

The right-of-use asset is depreciated to the earlier of the useful life of the asset or the lease term using the straight-line method and is recognised in the Statement of Profit or Loss in depreciation and amortisation.

The unwind of the financial charge on the lease liability is recognised in the Statement of Profit or Loss in financial expenses based on the lessee's incremental borrowing rate.

Notes to the consolidated financial statements (CONTINUED)

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11 CAPITALISED DEVELOPMENT, EXPLORATION AND MINE PROPERTIES

	Group	
	31 December 2023 $M	31 December 2022 $M
Exploration and evaluation	**70.9**	68.9
Mine properties	**972.2**	1,177.6
	1,043.1	1,246.5

Group	Capitalised development costs $M	Exploration and evaluation assets $M	Mine properties $M	Total $M
Year ended 31 December 2023				
Opening net book amount	–	**68.9**	**1,177.6**	**1,246.5**
Acquisition of subsidiary	–	**0.6**	**39.1**	**39.7**
Additions	–	–	**4.3**	**4.3**
Transfers to PPE	–	–	**(100.3)**	**(100.3)**
Reclassifications	–	**61.2**	**(61.2)**	–
Transfer to assets held for sale	–	**(48.0)**	–	**(48.0)**
Depreciation charge	–	–	**(87.3)**	**(87.3)**
Impairment Loss	–	**(11.8)**	–	**(11.8)**
Closing net book amount	–	**70.9**	**972.2**	**1,043.1**

Group	Capitalised development costs $M	Exploration and evaluation $M	Mine properties $M	Total $M
Year ended 31 December 2022				
Opening net book amount	**64.4**	**32.2**	**15.0**	**111.6**
Exchange differences	**(0.9)**	**(2.3)**	**7.8**	**4.6**
Acquisition of subsidiary	–	**38.8**	**1,136.5**	**1,175.3**
Additions	**22.4**	**0.2**	**2.3**	**24.9**
Depreciation charge	–	–	**(69.9)**	**(69.9)**
Reclassifications	**(85.9)**	–	**85.9**	–
Closing net book amount	–	**68.9**	**1,177.6**	**1,246.5**

Notes to the consolidated financial statements (CONTINUED)

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11 CAPITALISED DEVELOPMENT, EXPLORATION AND MINE PROPERTIES (CONT.)

(a) Recognition and measurement – capitalised development

Capitalised Development expenditure includes costs transferred from Exploration and Evaluation when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following recognition, the asset is carried at cost less any accumulated impairment losses. Once the development phase is complete and production begins, the costs are transferred from Capitalised Development Costs to Mine Properties where they are amortised over the life of the development project.

(i) Key judgements

Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generating potential of the project, discount rates to be applied and the expected period of which cash flows are expected to be received.

In respect of the development costs incurred at Isaac Downs, full scale production commenced in the first quarter of 2022, at which point the capitalised development costs were reclassified to Mine Properties and amortisation commenced accordingly. During 2023, these development costs were reclassified out of Mine Properties into their respective Plant & Equipment and Buildings & Improvements categories.

(b) Recognition and measurement – exploration and evaluation

Exploration and evaluation expenditure incurred is capitalised on an area of interest basis. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure. These costs are carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable resources and active or significant operations in relation to the area are continuing. During 2023, a net amount of $61.2m was reclassified from Mine Properties to Exploration and Evaluation.

Included in this amount is $48.0m related to the Wards Well asset which was reclassed from Exploration and Evaluation to Assets-Held-For-Sale.

A regular review is undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off against profit in the period in which the decision to abandon the area is made. Where an uncertainty exists for further exploration of the area, a provision is raised for the costs of exploration.

When the technical feasibility and commercial viability is demonstrated, the accumulated costs for the relevant area of interest are transferred to capitalised development costs.

(i) Key judgements

The Group performs impairment testing on specific exploration assets as required in AASB 6 para. 20. The accumulated impairment on these exploration and evaluation assets was $11.8m (2022: Nil), and was categorised as an other expense.

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11 CAPITALISED DEVELOPMENT, EXPLORATION AND MINE PROPERTIES (CONT.)

(ii) Sale of Wards Well

On 26 October 2023, Stanmore executed a series of conditional agreements with Peabody as part of a comprehensive transaction which includes the sale of the southern area of Stanmore's Wards Well tenements. Consideration for the sale is approximately US$136m together with a contingent capped royalty scheme of up to circa US$200m payable on the first 120Mt of coal mined, and a potential additional royalty stream if coal is mined above 120Mt. Completion of the transaction is expected H1 2024, following the satisfaction of certain limited conditions precedent.

(c) Recognition and measurement – mine properties

Mining property assets include costs transferred from Capitalised Development following start of production, and the rehabilitation asset capitalised to offset rehabilitation provisions when disturbance occurs. Following transfer from Capitalised Development, all subsequent development costs are capitalised to the extent that commercial viability conditions continue to be satisfied.

The costs associated with mine properties are amortised based on a units of production method.

(i) Key judgements

Due to the expectation that saleable coal will be produced as a result of the initial mine development, management judgement is required in relation to when a mine is considered to have started production, and therefore transferred to Mine Properties and depreciated.

The Group assesses at the end of each period whether there are any impairment indicators in relation to Mine Property assets. As a result of this assessment, no impairment indicators were noted for this financial year.

Notes to the consolidated financial statements (CONTINUED)

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12 OTHER ASSETS

	Group	
	31 December 2023 $M	31 December 2022 $M
Other current assets		
Prepayments	**31.5**	20.0
	31.5	20.0
Other non-current assets		
Prepayments	**25.7**	–
Security bonds	**4.8**	19.7
Other	**12.0**	2.4
	42.5	22.1

(a) Recognition and measurement

Other current assets related to operational and financing costs paid in advance of the period to which the Group will receive the benefit from those goods and services.

Non-current assets relate to cash security bond payments made to key operational suppliers, and term deposits with the Group's banking provider which are secured against the Group's bank guarantee facilities.

The increase in the period is due to the increase in non-current prepayments related to rail and take-or-pay capacity agreements.

13 TRADE AND OTHER PAYABLES

	31 December 2023 $M	31 December 2022 $M
Current liabilities		
Trade and other payables	**93.1**	103.8
Amounts due to related parties	**6.3**	–
Accrued expenses	**170.6**	157.7
Statutory payables	**62.0**	131.3
Other payables	**6.5**	31.7
	338.5	424.5

(a) Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the period end and which are unpaid. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Group have been pledged as security for the trade and other payables.

Notes to the consolidated financial statements (CONTINUED)

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14 INTEREST BEARING LOANS AND BORROWINGS

	Group					
	31 December 2023			31 December 2022		
	Current $M	Non-current $M	Total $M	Current $M	Non-current $M	Total $M
Acquisition financing	**131.2**	**177.6**	**308.8**	285.6	309.4	595.0
Chattel Mortgage	**1.6**	**1.3**	**2.9**	1.1	4.0	5.1
Working capital facility	**1.2**	**–**	**1.2**	–	–	–
Insurance premium funding	**3.0**	**–**	**3.0**	4.0	–	4.0
Total interest-bearing loans and borrowings	**137.0**	**178.9**	**315.9**	290.7	313.4	604.1

(a) Financing facilities

	2023 $M			2022 $M		
	Facility Size	Facility Utilised	Facility Available	Facility Size	Facility Utilised	Facility Available
Acquisition financing	**625.0**	**317.7**	**–**	625.0	615.0	–
Secured Loans	**154.2**	**–**	**154.2**	153.9	–	153.9
Unsecured Loans from Related Parties	**70.0**	**–**	**70.0**	70.0	–	70.0
Other	**29.7**	**7.1**	**2.3**	11.4	4.0	7.4
	878.9	**324.8**	**226.5**	**860.3**	**619.0**	**231.3**

The 'Acquisition Financing' facility matures 3 May 2027 and has a fixed interest rate of 11.5%. The facility may not be redrawn with repayments comprised of an annual sweep of residual excess cash flow and a fixed amortisation schedule. The current liability portion of the facility includes a cash flow sweep of US$77.5m relating to the 2023 calendar year.

The Secured Loans are comprised of a US$120m revolving credit facility maturing 2 March 2025 and a A$50m working capital facility maturing 3 May 2027. Both facilities remained undrawn as of 31 December 2023.

The Unsecured Loans from Related Parties is comprised of a US$70m revolving credit facility with the Group's major shareholder, GEAR. The key terms include a maturity date of 30 June 2024 (final draw down available to 31 March 2024), an upfront fee of 1.5%, fixed interest rate on drawn funds of 12% per annum and a commitment fee on undrawn funds of 3% per annum.

Other financing facilities include A$4.1m outstanding on a short-term group insurance premium funding, A$4.3m outstanding on a chattel mortgage, and A$1.7m drawn under a A$5.0m MetRes Pty Ltd trade finance facility.

Notes to the consolidated financial statements (CONTINUED)

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14 INTEREST BEARING LOANS AND BORROWINGS (CONT.)

(b) Guarantee and Bonding Facilities

	31 December 2023 $M	31 December 2022 $M
Facility Utilisation		
Bank Guarantee Facilities	**14.4**	36.4
Surety Bonding Facilities	**109.0**	40.0
	123.4	**76.4**

15 LEASE LIABILITY

	31 December 2023 $M	31 December 2022 $M
Lease liabilities current	134.8	61.9
Lease liabilities non-current	325.0	198.2
Total lease liability	**459.8**	260.1

(a) Recognition and measurement

The lease liability recognised relates to property leases recognised under AASB 16 Leases. Refer to Note 10 on page 63 for the recognition and measurement policy for lease liabilities.

Reconciliation of movements	2023 $M	2022 $M
Opening balance	**260.1**	0.4
Additions	**291.8**	58.0
Additions through acquisitions	**22.6**	256.8
Depletions through settlement	**(146.3)**	(64.7)
Foreign exchange remeasurements	**0.3**	(0.7)
Interest expense	**31.3**	10.3
Closing balance	**459.8**	260.1

The Group has lease contracts for equipment that contains variable payments in the form of rise and fall mechanisms. These rise and fall mechanisms have been factored into the relevant lease liabilities as at 31 December 2023, the balance of which totals $327.7m

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16 DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023 $M	31 December 2022 $M
Derivative financial assets/(liabilities)	**6.1**	6.5
Total derivative financial instruments	**6.1**	6.5

(a) Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

17 PROVISIONS

	31 December 2023			31 December 2022		
	Current $M	Non-current $M	Total $M	Current $M	Non-current $M	Total $M
Onerous contracts provision	**–**	**–**	**–**	0.3	0.7	1.0
Rehabilitation provision	**8.4**	**205.9**	**214.3**	3.0	200.2	203.2
Contingent consideration	**148.4**	**6.5**	**154.9**	1.0	147.2	148.2
	156.8	**212.4**	**369.2**	4.3	348.1	352.4

(a) Reconciliation of movements

Movements in each class of current provision during the financial year, other than employee benefits, are set out below:

Group 2023	Onerous contracts provision $M	Rehabilitation provision $M	Contingent consideration $M	Total $M
Opening balance	**1.0**	**203.2**	**148.2**	**352.4**
Additions through acquisition	**–**	**22.6**	**2.6**	**25.2**
Additions	**–**	**(6.9)**	**–**	**(6.9)**
Depletions through settlement	**(1.0)**	**(5.2)**	**(2.1)**	**(8.3)**
Unwinding of discount via profit and loss	**–**	**8.5**	**4.8**	**13.3**
Adjustments through remeasurement	**–**	**–**	**1.4**	**1.4**
Exchange differences	**–**	**(7.9)**	**–**	**(7.9)**
Closing balance	**–**	**214.3**	**154.9**	**369.2**

Notes to the consolidated financial statements (CONTINUED)

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17 PROVISIONS (CONT.)

Group 2022	Onerous contracts provision $M	Rehabilitation provision $M	Contingent consideration $M	Total $M
Opening balance	1.2	27.9	6.4	35.5
Depletions through settlement	(0.1)	(4.5)	(2.6)	(7.2)
Unwinding of discount via profit and loss	–	4.6	3.1	7.7
Additions through acquisition	–	190.8	140.0	330.8
Adjustments through remeasurement	(0.2)	–	0.5	0.3
Exchange differences	0.1	(15.6)	0.8	(14.7)
Closing balance	**1.0**	**203.2**	**148.2**	**352.4**

(b) Onerous contracts provision

(i) Recognition and measurement

The Group assesses onerous contracts at each reporting date by evaluating conditions specific to each contract and the current business plan. Where a contract provides capacity above that required to meet the business plan or for a longer period than the current extent of the business plan, the contract is deemed onerous and the onerous portion of the contract is recognised as a liability using an estimate of future onerous cash flows discounted to a net present value. Any re-measurement of the assessed level of onerous contracts is taken through profit or loss in the period in which the assessment is made.

During the year ended 31 December 2023 a total of $1.0m of onerous contracts were settled through payment.

(c) Rehabilitation provision

(i) Recognition and measurement

The provision for rehabilitation closure costs relates to areas disturbed during the operation of the mine up to reporting date and not yet rehabilitated. Provision has been made to rehabilitate all areas of disturbance including surface infrastructure, contouring, topsoiling and revegetation, using internal and external expert assessment of each aspect to calculate anticipated cash outflow discounted to a net present value. At each reporting date, the rehabilitation liability is re-measured in line with the then-current level of disturbance, cost estimates and other key inputs. The amount of provision relating to rehabilitation of areas caused by mining disturbance is capitalised against Mine Properties as incurred, to the extent there is a future economic benefit, otherwise the re-measurement is recognised in the profit or loss. Any unwinding discounting is recognised in the profit or loss.

The Group assesses rehabilitation liabilities at each reporting date as there are numerous factors that may affect the ultimate liability payable. This includes the extent and nature of rehabilitation activity to be undertaken, changes in technology and techniques, changes in discount rates and regulatory impacts. There may be differences between the future actual expenditure and the assessment made at balance date. The provisions at balance date represent management's best estimate of the present value of rehabilitation cost to completely rehabilitate the site.

During the year ended 31 December 2023, a decrease in the provision of $5.2m was recognised due to the rehabilitation works completed in the period (31 December 2022: US$4.5m).

The discount rate used in the calculation of the provision at 31 December 2023 equalled 4.33% (31 December 2022: 3.99%).

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17 PROVISIONS (CONT.)

(d) Contingent consideration

(i) Recognition and measurement

As part of the acquisition of the 80% interest in Stanmore SMC Pty Ltd, AASB 3 required the recognition of the additional consideration yet to the paid to the vendor. With a potential follow-up payment of up to US$150m after two years, the value of which is dependent on the prevailing coal price exceeding certain targets.

As at 31 December 2023, it is managements expectation that those conditions will be met, and as such have recognised the expected discounted cash flows of the contingent consideration in full.

There has been no change to the range of outcomes expected by management during the reporting period.

(ii) Key judgements and estimates

The valuation above was performed using a discounted cash flow methodology which was consistent with that used for previous deferred royalty streams. The method used is classed as a level 3 valuation under AASB 13.

The following key unobservable inputs are used in its calculation:

- Hard Coking Coal price curve based on a compilation of short-term (12 months) price from the Group's coal marketing agent M Resources Pty Ltd, and long-term estimate industry benchmarks;
- Coal sales since acquisition, plus expected future sales of Stanmore SMC Pty Ltd's operating assets, including South Walker Creek and Poitrel mines.

(e) Other provisions

Provisions for legal claims, service warranties and make good obligation are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated.

18 PROVISION FOR EMPLOYEE BENEFITS

	Group	
	31 December 2023 Total $M	31 December 2022 Total $M
Provision for annual leave	**24.4**	16.9
Provision for bonus	**24.6**	12.9
Provision for long service leave	**1.9**	0.5
Total employee benefit obligations	**50.9**	30.3

(a) Recognition and measurement

Refer to Note 4(d)(ii) for accounting policies.

Notes to the consolidated financial statements (CONTINUED)

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19 DIVIDENDS AND FRANKING CREDITS

(a) Dividends

(i) Ordinary shares

	Group	
	31 December 2023 $M	31 December 2022 $M
Dividends provided for or paid during the year	–	–
Special fully franked dividend of 5.8 cents (2022 — 0 cents) per fully paid share	52.5	–

(ii) Dividends not recognised at the end of the reporting period

	Group	
	31 December 2023 $M	31 December 2022 $M
Dividends proposed of 8.4cps, not recognised for the reporting period	75.9	–

(b) Franking credits

Franked credits

	Consolidated entity	
	31 December 2023 $M	31 December 2022 $M
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2022 — 30.0%)	137.9	75.0

Notes to the consolidated financial statements (CONTINUED)

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20 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	31 December 2023 Cents	31 December 2022 Cents
Basic earnings per share (cents)	**52.4**	83.9

Basic earnings per share is calculated by dividing the profit attributable to the owners of Stanmore Resources Limited by the weighted average number of ordinary shares outstanding during the financial period.

(b) Diluted earnings per share

	Group	
	31 December 2023 Cents	31 December 2022 Cents
Diluted earnings per share (cents)	**52.4**	83.9

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive ordinary shares.

(c) Weighted average number of shares used as the denominator

	Group	
	2023 Number	2022 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**901,381,698**	794,228,828

Notes to the consolidated financial statements (CONTINUED)

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21 EQUITY SECURITIES ISSUED

(a) Share capital

	31 December 2023 Shares	31 December 2022 Shares	31 December 2023 $M	31 December 2022 $M
Ordinary shares	**901,381,698**	901,381,698	**616.4**	616.4
Fully paid	**901,381,698**	901,381,698	**616.4**	616.4

(i) Movements in ordinary shares:

Details	Number of shares (thousands)	Total $M
Opening balance 1 January 2023	901.4	616.4
Balance 31 December 2023	**901.4**	**616.4**
Opening balance 1 January 2022	270.4	113.3
Share entitlement offer	631.0	503.1
Balance 31 December 2022	**901.4**	**616.4**

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and Stanmore Resources Limited does not have a limited amount of authorised capital.

(ii) Options

As at 31 December 2023, no options were held by or issued to employees of the Consolidated Entity (31 December 2022: nil).

Notes to the consolidated financial statements (CONTINUED)

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21 EQUITY SECURITIES ISSUED (CONT.)

(b) Other reserves

The following table shows a breakdown of the consolidated statement of financial position line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Group	
	31 December 2023 $M	**31 December 2022 $M**
Share-based payments	**0.6**	0.6
Foreign currency translation	**(24.3)**	(24.3)
	(23.7)	(23.7)

Movements:	**31 December 2023 $M**	**31 December 2022 $M**
Share-based payments		
Opening balance	**0.6**	0.6
Foreign currency translation		
Opening balance	**(24.3)**	(10.2)
Currency translation differences arising during the year	**–**	(14.1)
Balance 31 December	**(24.3)**	(24.3)

(i) Nature and purpose of other reserves Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options and rights issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the grant date fair value of deferred shares granted to employees but not yet vested
- the issue of shares held by the Employee Share Trust to employees.

Foreign currency translation

Exchange differences arising on translation of the Group's historical financial records as a result of the changes in functional and presentational currencies during the year, are recognised in other comprehensive income as described in note and accumulated in a separate reserve within equity.

Notes to the consolidated financial statements (CONTINUED)

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21 EQUITY SECURITIES ISSUED (CONT.)

(c) Retained earnings

Movements in retained earnings were as follows:

	Notes	Group 31 December 2023 $M	Group 31 December 2022 $M
Balance 1 January		**740.9**	14.3
Net profit for the period		**472.4**	666.8
Dividends	19(a)	**(52.5)**	–
Acquisition of Non-Controlling Interests		**–**	59.8
Balance 31 December		**1,160.8**	740.9

(d) Capital management

The capital of the Consolidated Entity is managed to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's capital comprises equity as shown in the consolidated statement of financial position. There are no externally imposed capital requirements.

Management oversees the Consolidated Entity's capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues and debt.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior period.

(e) Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

Notes to the consolidated financial statements (CONTINUED)

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22 FINANCIAL RISK MANAGEMENT

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, security deposits, trade and other payables, borrowings, leases, financial assets held at fair value through other comprehensive income, derivative financial instruments and contingent consideration.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts to these risks on the results of the Group where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk where possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

(a) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation, resulting in the Group incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Group. The Group's objective is to minimise the risk of loss from credit risk exposure.

The Group's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

	Group	
	31 December 2023 $M	31 December 2022 $M
Cash and cash equivalents	**446.3**	432.4
Trade and other receivables	**283.0**	333.2
Security bonds	**4.8**	19.7
Derivative financial assets	**6.1**	6.5
Credit risk exposure	**740.2**	791.8

Credit risk is reviewed regularly by the Board and the Audit and Risk Management Committee.

The Group's credit risk exposure is influenced by mainly by the individual characteristics of each customer. Given the Group trades predominately with recognised, credit worthy third parties, the credit risk is determined to be low. The Group assessed the expected credit losses in relation to trade and other receivables in the current and prior years to be immaterial and no low allowance has been recorded. Bank deposits are held with a combination of Australian and Global major banks with long-term credit rating agency S&P ranging between AA- and A+.

Notes to the consolidated financial statements (CONTINUED)

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22 FINANCIAL RISK MANAGEMENT (CONT.)

(b) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet financial obligations as they fall due. The objective of managing liquidity risk is to ensure that the Group will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is reviewed regularly by the Board and the Audit and Risk Management Committee.

The Group manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Group's working capital, being current assets less current liabilities, has increased from $(39.8)m at 31 December 2022 to $9.3m at 31 December 2023. The increase is driven by operational cash inflows of $736.9m, less payments of $300.8m towards the Group's borrowings.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

31 December 2023	Carrying amount $M	Contractual cash flows $M	Less than 6 months $M	Between 6 and 12 months $M	Between 1 and 3 years $M	Over 3 years $M
Financial liabilities						
Trade payables	325.4	325.4	325.4	–	–	–
Other payables	72.4	72.4	72.4	–	–	–
Lease liabilities	459.8	587.7	106.0	102.4	333.5	45.7
Contingent consideration	154.8	154.8	–	150.0	4.8	–
Chattel mortgage	2.9	2.9	0.9	0.9	1.0	–
Acquisition financing	317.7	360.4	120.8	40.3	199.3	–
Insurance premium funding	3.0	3.0	3.0	–	–	–
Total financial liabilities	**1,336.0**	**1,506.6**	**628.5**	**293.6**	**538.6**	**45.7**

31 December 2022	Carrying amount $M	Contractual cash flows $M	Less than 6 months $M	Between 6 and 12 months $M	Between 1 and 3 years $M	Over 3 years $M
Financial liabilities						
Trade payables	392.9	392.9	392.9	–	–	–
Other payables	31.7	31.7	31.7	–	–	–
Contingent consideration	148.2	150.0	–	–	150.0	–
Chattel mortgage	5.1	5.1	0.9	0.9	3.2	–
Acquisition financing	615.0	682.4	291.1	49.5	341.8	–
Insurance premium funding	4.0	4.0	4.0	–	–	–
Lease liabilities	260.1	295.9	38.3	38.3	188.6	30.6
Total financial liabilities	**1,457.0**	**1,562.0**	**758.9**	**88.7**	**683.6**	**30.6**

Notes to the consolidated financial statements (CONTINUED)

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22 FINANCIAL RISK MANAGEMENT (CONT.)

As disclosed in note 14, the Acquisition Financing facility is subject to a cash sweep mechanism, increasing in times of higher cash flows. An assessment of the expected cash sweep impacts has been made as at 31 December 2023 to ensure appropriate classifications and liquidity impacts have been reflected in these financial statements.

Further information regarding commitments is included in Note 25 on page 91.

(c) Currency risk

The United States dollar (US$) is the functional currency of all entities in the Group, excluding MetRes Pty Ltd which is Australian Dollar functional currency. As a result, currency exposure arises from transactions and balances in currencies other than the US$.

The Group's potential currency exposures comprise:

(i) Operational costs denominated in A$

The operations of the Group are location in Queensland, Australia, and as such a large proportion of its operational costs are incurred and paid in A$. These costs include a combination of employee and contractor expenses, and also include material lease agreements recognised under AASB16.

As a result, the Group's payable and lease liability provisions give rise to a foreign exchange risk for the Group.

(ii) Tax liabilities

The Group has changed its functional currency with the Australian Tax Officer to US$, effective 1 January 2023.

(iii) Rehabilitation provisions

The Group expects to fulfil its rehabilitation obligations through the use of existing operational resources, as when required, which will be incurred in A$. In addition, the Group is party to the Queensland Treasury Financial Provisioning Scheme, which is a scheme denominated in A$. As a result, the Group's rehabilitation provisions are recorded in A$, giving rise to foreign exchange risk for these significant provisions.

As at 31 December 2023, the effect on profit or loss as a result of changes in the foreign exchange rates would be:

		Decrease in FX rate by 5%	Increase in FX rate by 5%
31 December 2023	**Carrying amount $M**	**Profit or loss $M**	**Profit or loss $M**
Cash and cash equivalents – A$	9.7	0.5	(0.5)
Derivative instruments – A$	6.1	0.3	(0.3)
Trade payables – A$	(325.4)	(16.3)	16.3
Chattel Mortgage – A$	(2.9)	(0.2)	0.2
Insurance premium funding – A$	(3.0)	(0.2)	0.2
Lease liability – A$	(459.8)	(22.9)	22.9
Rehabilitation provision – A$	(214.3)	(10.7)	10.7
Tax charge of 30%	–	15.0	(15.0)
After tax increase/(decrease)	**–**	**(34.5)**	**34.5**

Notes to the consolidated financial statements (CONTINUED)

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22 FINANCIAL RISK MANAGEMENT (CONT.)

		Decrease in FX rate by 5%	Increase in FX rate by 5%
31 December 2022	**Carrying amount $M**	**Profit or loss $M**	**Profit or loss $M**
Cash and cash equivalents – A$	41.8	2.1	(2.1)
Derivative financial assets – A$	6.5	0.3	(0.3)
Trade payables – A$	(392.9)	(20.0)	20.0
Tax liabilities – A$	(314.1)	(15.7)	15.7
Chattel Mortgage – A$	(5.1)	(0.3)	0.3
Insurance premium funding – A$	(3.9)	(0.2)	0.2
Lease liability – A$	(260.1)	(13.0)	13.0
Rehabilitation provision – A$	(203.2)	(10.2)	10.2
Tax charge of 30%	–	17.1	(17.1)
After tax increase/(decrease)	**–**	**(39.9)**	**39.9**

(d) Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (price risk). The Group utilises a strategy to reduce its foreign currency risks noted above, notably the exposure to A$. The Group recognise any exposure on these arrangement on its balance sheet as part of its estimated fair value of its derivatives. As at 31 December 2023 the Group has recognised a derivative financial asset position of US$6.1m.

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22 FINANCIAL RISK MANAGEMENT (CONT.)

(e) Interest risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest exposures within acceptable parameters while optimising the return.

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk, refer to the tables following:

31 December 2023	Floating interest rate $M	Fixed interest rate $M	Non-interest bearing $M	Total carrying amount $M	Weighted average effective interest rate %
Financial assets					
Cash and cash equivalents	446.3	–	–	446.3	4.55%*
Receivables	–	–	244.8	244.8	–
Derivative financial instruments	–	–	6.1	6.1	–
Security deposits	–	–	4.4	4.4	–
Total financial assets	**446.3**	**–**	**255.3**	**701.6**	**–**
Financial liabilities					
Trade payables	–	–	397.8	397.8	–
Contingent consideration	–	–	154.8	154.8	–
Lease liabilities	–	459.8	–	459.8	–
Chattel Mortgage	–	2.9	–	2.9	4.55%
Acquisition Financing		317.7		317.7	14.10%
Insurance premium funding	–	3.0	–	3.0	2.30%
Total financial liabilities	**–**	**783.4**	**552.6**	**1,336.0**	**–**

* 4.55% based on cash rate of 4.35% plus 0.20% margin per NAB

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22 FINANCIAL RISK MANAGEMENT (CONT.)

31 December 2022	Floating interest rate $M	Fixed interest rate $M	Non-interest bearing $M	Total carrying amount $M	Weighted average effective interest rate %
Financial assets					
Cash and cash equivalents	432.4	–	–	432.4	1.56%*
Receivables	–		282.4	282.4	
Derivative financial instruments	–	–	6.5	6.5	–
Security deposits	–	–	17.1	17.1	–
Total financial assets	**432.4**	**–**	**306.0**	**738.4**	**–**
Financial liabilities					
Trade and other payables	–	–	424.6	424.6	–
Contingent consideration	–	–	148.2	148.2	–
Lease liabilities	–	260.1	–	260.1	–
Chattel Mortgage	–	5.1	–	5.1	4.55%
Acquisition financing	–	615.0	–	615.0	14.10%
Insurance premium fundings		3.9		3.9	2.30%
Total financial liabilities	**–**	**884.1**	**572.8**	**1,456.9**	**–**

* 1.56% based on averages rates across financial institutions

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current period's results and equity which could result from a change in these risks.

As at 31 December 2023, the effect on profit and equity as a result of changes in the interest rate would be as follows:

		Increase in interest rate by 1%		Decrease in interest rate by 1%	
31 December 2023	Carrying amount $M	Profit or loss $M	Equity $M	Profit or loss $M	Equity $M
Cash and cash equivalents	446.3	4.5	4.5	(4.5)	(4.5)
Tax charge of 30%	–	(1.4)	(1.4)	1.4	1.4
After tax increase/(decrease)	**–**	**3.1**	**3.1**	**(3.1)**	**(3.1)**

		Increase in interest rate by 1%		Decrease in interest rate by 1%	
31 December 2022	Carrying amount $M	Profit or loss $M	Equity $M	Profit or loss $M	Equity $M
Cash and cash equivalents	432.4	4.3	4.3	(4.3)	(4.3)
Tax charge of 30%	–	(1.3)	(1.3)	1.3	1.3
After tax increase/(decrease)	**–**	**3.0**	**3.0**	**(3.0)**	**(3.0)**

Notes to the consolidated financial statements (CONTINUED)

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22 FINANCIAL RISK MANAGEMENT (CONT.)

(f) Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

31 December 2023	Level 1 $M	Level 2 $M	Level 3 $M
Investments at Fair Value through other comprehensive income	–	–	25.0
Derivative financial instruments held at fair value through profit or loss	–	6.1	–
Total financial assets	**–**	**6.1**	**25.0**
Contingent consideration held at fair value through profit or loss	–	–	154.8
Total financial liabilities	**–**	**–**	**154.8**

31 December 2022	Level 1 $M	Level 2 $M	Level 3 $M
Derivative financial instruments held at fair value through profit or loss	–	6.5	–
Investments at Fair Value through other comprehensive income	–	–	25.0
Total financial assets	**–**	**6.5**	**25.0**
Contingent consideration held at fair value through profit or loss	–	–	148.2
Total financial liabilities	**–**	**–**	**148.2**

Sensitivity analysis regarding the contingent consideration liabilities has been considered by management, and it is deemed highly probably that the contingent consideration will be paid in full on its due date.

There were no other financial assets or liabilities carried at fair value as at 31 December 2023.
There were no transfers between the levels during the period.

All other financial instruments measured at cost materially approximate their fair value.

Notes to the consolidated financial statements (CONTINUED)

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23 INTERESTS IN OTHER ENTITIES

(a) Material subsidiaries

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business/ country of incorporation	Ownership interest held by the group	
			2023 %	2022 %
Comet Coal & Coke Pty Limited	Coal exploration	Australia	**100**	100
Belview Coal Pty Ltd	Coal exploration	Australia	**100**	100
Mackenzie Coal Pty Limited	Coal exploration	Australia	**100**	100
Stanmore Coal Custodians Pty Ltd*	Trustee of Stanmore Employee Share Trust	Australia	**100**	100
Emerald Coal Pty Ltd	Coal exploration	Australia	**100**	100
New Cambria Pty Ltd	Coal exploration	Australia	**100**	100
Kerlong Coking Coal Pty Ltd	Coal exploration	Australia	**100**	100
Stanmore Surat Coal Pty Ltd	Coal exploration	Australia	**100**	100
Theresa Creek Coal Pty Ltd	Coal exploration	Australia	**100**	100
Stanmore Wotonga Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore IP Coal Pty Ltd	Coal mining	Australia	**100**	100
Stanmore IP South Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore Bowen Coal pty Ltd	Coal exploration and mining	Australia	**100**	100
Isaac Plains Coal Management Pty Ltd	Coal exploration and mining	Australia	**100**	100
Isaac Plains Sales & Marketing Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore SMC Holdings Pty Ltd	Coal exploration and mining	Australia	**100**	100
Stanmore Green Pty Ltd	Renewable energy	Australia	**100**	100
Dampier Coal (Queensland) Pty Limited	Coal mining	Australia	**100**	100
Stanmore SMC Pty Limited	Coal mining	Australia	**100**	100
Red Mountain Infrastructure Pty Ltd	Coal mining	Australia	**100**	100
MetRes Pty Ltd**	Coal mining and exploration	Australia	**100**	50
Stanmore Corporate Holdings Pty Ltd	Coal mining and exploration	Australia	**100**	–
MetRes Invest Pty Ltd	Coal mining and exploration	Australia	**100**	50

* Previously Bowen River Project Pty Ltd

**Previously held under a Joint Venture arrangement

Notes to the consolidated financial statements (CONTINUED)

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23 INTERESTS IN OTHER ENTITIES (CONT.)

(b) Interests in joint arrangements

Set out below are the significant farm in arrangements of the Group as at 31 December 2023. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2023	Nature of relationship
Clifford Joint Venture	Australia	60	Farm in arrangement
Lilyvale Joint Venture	Australia	85	Farm in arrangement
Mackenzie Joint Venture	Australia	95	Farm in arrangement

Notes to the consolidated financial statements (CONTINUED)

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24 INTERESTS IN JOINT ARRANGEMENTS

The Group had a 50% interest in MetRes Pty Limited, a joint venture between Stanmore Resources Limited and Marmilu Pty Ltd, to own and operate the Millennium and Mavis Downs Mine. This joint venture arrangement concluded with the purchase of the remaining 50% interest by Stanmore Resources on 21 December 2023. The Group's interest in MetRes Pty Limited was accounted for using the equity method in the consolidated financial statements up until the purchase. As such, the Group's interest in MetRes Pty Ltd recognised using the equity accounting method is nil as at 31 December 2023. See note 2 for further acquisition accounting disclosures regarding the additional shares purchased on 21 December 2023. Summarised financial information of the joint venture, based on its AASB financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

Summarised balance sheet	31 December 2023 $M	31 December 2022 $M
Current assets	–	24.6
Non-current assets	–	29.7
Current liabilities	–	(16.7)
Non-current liabilities	–	(18.3)
Equity	–	19.3

The position above is inclusive of the following:

- Cash and cash equivalents — US$nil (2022: US$14.5m)
- Current financial liabilities excluding accounts payable — US$nil (2022: US$nil)
- Non-Current financial liabilities excluding accounts payable and provision — US$nil (2022: US$12.6m)

	31 December 2023 $M	31 December 2022 $M
Group's share in equity — 50%	–	19.3
Goodwill	–	–
Carrying amount	–	19.3

Summarised statement of comprehensive income	31 December 2023 $M	31 December 2022 $M
Revenue from contracts with customers	**205.4**	180.2
Cost of sales	**(239.0)**	(120.9)
Depreciation and amortisation	**(3.6)**	(3.7)
Interest expense	**(10.7)**	(1.7)
Profit/(Loss) before tax	**(47.9)**	53.9
Income tax expense		
Income tax expense	**(11.7)**	7.7
(Loss)/profit for the year	**(36.2)**	46.2
Total comprehensive income for the year	**(36.2)**	46.2
Group's share of profit/(loss) for the year	**(18.1)**	23.1

The joint venture had no other contingent liabilities or commitments as at 31 December 2022 for which the Group is jointly liable.

Notes to the consolidated financial statements (CONTINUED)

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24 INTERESTS IN JOINT ARRANGEMENTS (CONT.)

(a) Recognition and measurement

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. If the Group's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Group discontinues recognising its share of further losses.

After the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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25 COMMITMENTS

(a) Exploration and mining

The commitments to be undertaken are as follows:

	Group	
	31 December 2023 $M	31 December 2022 $M
Payable		
Within one year	**1.2**	1.1
Later than one year but not later than five years	**1.7**	2.0
	2.9	3.1

The Group has certain obligations to spend minimum amounts on exploration and mining tenement areas. These obligations are expected to be fulfilled in the normal course of operations.

(b) Operating commitments

The commitments to be undertaken are as follows:

	Group	
	31 December 2023 $M	31 December 2022 $M
Payable		
Within one year	**370.1**	121.7
Later than one year but not later than five years	**363.3**	359.5
Later than five years	**11.2**	12.5
	744.6	493.7

The Group has ongoing operational commitments, primarily in relation to its long-term port and rail capacity requirements.

(c) Capital commitments

The commitments to be undertaken as as follows:

	Group	
	31 December 2023 $M	31 December 2022 $M
Payable		
Within one year	**–**	10.9

The Group has non-cancellable, open purchase orders for committed capital works.

Notes to the consolidated financial statements (CONTINUED)

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25 COMMITMENTS (CONT.)

(d) Other commitments

(i) Isaac Plains Complex royalty

On 26 November 2015, the Group established a finance facility with Taurus to fund the acquisition of and re-start of mining at the Isaac Plains Complex and agreed to a 0.8% royalty payable on:

- the saleable value of all product coal owned by the Group at that time and processed through the Isaac Plains infrastructure; and
- any processing or handling fees arising from the treatment of third-party coal processed through the Isaac Plains infrastructure.

The royalty payable increased to 1% during 2017 and this finance facility has since been cancelled, but the royalty streams stay on foot and associated costs are included within cost of sales as private royalties (Note 4 on page 53).

(ii) Isaac Plains east landholder agreement

On 20 July 2017, the Group completed a land holder compensation agreement for access to MLA 70016, MLA 70017, MLA 70018, and MLA 70019. The compensation agreement includes the following contingent consideration item:

- a royalty of $0.60/product tonne sold (increasing by 2.5% p.a.) from July 2018 when the published Hard Coking Coal Price for any quarter is greater than US$200/t (increasing by 2.5% p.a.) from July 2017.

26 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

Under its contractual performance obligations, the Group is required to provide bank guarantees to third parties through its available facilities. During the period, a number of additional guarantee facilities were entered, and subsequently utilised to issue required guarantees, as well as replace some previously issued cash deposits held by third parties. Further details of the facilities entered are shown in Note 14.

The guarantees provided as at the end of the reporting period are detailed in the table below:

	Group	
	31 December 2023 $M	31 December 2022 $M
Rail capacity providers	**20.4**	19.8
Port capacity providers	**71.3**	56.8
Utility providers	**0.7**	0.8
Other	**31.3**	2.8
	123.7	80.2

(b) Contingent assets

The Group had no contingent assets at 31 December 2023 (2022: nil).

Notes to the consolidated financial statements (CONTINUED)

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27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Intended acquisition of Eagle Downs

On 12 February 2024, Stanmore announced that it has entered into definitive agreements to acquire South32's 50% interest in the Eagle Downs JV Project, as well as 100% of Eagle Downs Coal Management Pty Ltd.

Consideration payable comprises:

- $15m payable in cash upon completion
- $20m payable upon first 100Kt of coal being mined from longwall mining methods
- A capped royalty of up to approximately $100m payable in the future linked to average coal index price thresholds.

Completion of the transaction is expected by the end of
Q2 2024, following satisfaction of certain limited conditions precedent.

No other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

28 KEY MANAGEMENT PERSONNEL

Total key management personnel compensation:

	Group	
	31 December 2023 $'000	31 December 2022 $'000
Total key management personnel compensation		
Short term employee benefits	**4,002.5**	4,440.2
Post employment benefits	**119.9**	130.5
Termination benefits	**–**	17.1
Long term benefits	**5,672.5**	890.2
	9,794.9	5,478.0

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29 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of Stanmore Resources Limited, its related practices and non-related audit firms:

	Group	
	31 December 2023 $'000	31 December 2022 $'000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**466.5**	506.3
Fees for assurance services that are required by legislation to be provided by the auditor	**10.4**	10.4
Fees for tax compliance and advisory services	**235.9**	90.4
Fees for transaction due diligence services	**–**	114.3
Fees for other advisory services	**26.8**	11.5
	739.6	732.9

Notes to the consolidated financial statements (CONTINUED)

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30 PARENT ENTITY FINANCIAL INFORMATION

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following disclosure in regard to the parent entity, Stanmore Resources Limited. The consolidated consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group's accounting policy.

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as follows:

- investments in subsidiaries, associates and joint ventures are accounted for at cost less any impairment.

(a) Summary financial information

The individual consolidated financial statements for the parent entity, Stanmore Resources Limited, show the following aggregate amounts:

	31 December 2023 $M	31 December 2022 $M
Current assets	**254.8**	83.3
Non-current assets	**988.8**	974.1
Total assets	**1,243.5**	1,057.4
Current liabilities	**509.3**	324.3
Non-current liabilities	**149.6**	155.3
Total liabilities	**658.9**	479.6
Issued capital	**616.4**	616.4
Foreign currency translation reserve	**(20.3)**	(20.3)
Share-based reserve	**2.6**	2.6
Retained earnings	**(14.1)**	(21.0)
Total shareholders' equity	**584.6**	577.7
Profit/(loss) for the year/period	**13.1**	32.0
Total comprehensive income/(loss)	**13.1**	32.0

(b) Guarantees

Stanmore Resources Limited has guaranteed obligations and performance in respect of the following agreements entered into by subsidiaries:

- Share Sale and Purchase Agreement entered into between BHP Minerals Pty Ltd and Stanmore SMC Holdings Pty Ltd (SMC) on 8 November 2021 — unconditional and irrevocable guarantee of the performance of SMC's obligations under the agreement
- Share Sale Agreement entered into between Mitsui & Co., Ltd, Mitsui & Co. (Australia) Ltd and Dampier Coal (Queensland) Proprietary Limited (Dampier) and, Stanmore Resources Limited, as the Guarantor, on 12 August 2022 — unconditional and irrevocable guarantee of the due and punctual performance of all present and future obligations and the payment of all present and future liabilities of Dampier under the agreement
- Water Purchase Agreement entered into between Stanmore Green Pty Ltd and SOURCE Global Australia Pty Ltd on 29 March 2022 — guarantee of the payment and performance obligations of Stanmore Green Pty Ltd
- Master Loan Agreement entered into between Caterpillar Financial Australia Limited and Stanmore IP Coal Pty Ltd on 2 July 2019 — guarantee the punctual performance of all obligations under the agreement and any loan agreement under that agreement and to pay any amount owing and not paid under the agreement
- Facility Agreement entered into between Stanmore IP Coal Pty Ltd and Golden Energy and Resources (GEAR) on 2 November 2020 — guarantee the performance of all obligations of the obligors under the agreement and to pay to GEAR any amount not paid when due and payable by Stanmore IP Coal Pty Ltd to GEAR

Notes to the consolidated financial statements (CONTINUED)

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30 PARENT ENTITY FINANCIAL INFORMATION (CONT.)

- Deed of cross guarantee entered into on 6 December 2021 — guarantee the debts of all entities within the closed group, as detailed in Note 33
- Surety Bonding Facility entered into between MetRes Pty Ltd and Liberty Mutual Insurance Company on 27 February 2023 — guarantee the punctual performance of all obligations under the agreement and to pay any amount owing and not paid under the agreement
- Trade Financing Agreement entered into between MetRes Pty Ltd and Ebury Partners Finance Limited on 17 October 2023 — guarantee the punctual performance of all obligations under the agreement and to pay any amount owing and not paid under the agreement.

(c) Contingent liabilities and contingent assets

The parent entity did not have any contingent liabilities or contingent assets as at 31 December 2023 or 31 December 2022.

(d) Capital commitments

The parent entity did not have any capital commitments as at 31 December 2023 or 31 December 2022.

31 SEGMENT INFORMATION

The Group has identified the operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker — CODM) in assessing performance and determining the allocation of resources and the financial information available to be reported to the Board.

The Group primarily produces and sells metallurgical coal in Queensland, Australia. Accordingly, management currently identifies the Group as having one reportable segment.

(a) Description of segments

(i) Major customers

The Group has several customers to whom it sells export grade metallurgical coal. The Group supplies three major customers who accounts for 38.2% of revenue, as follows:

Major Customer A: 15.3% (2022: 16.7%)

Major Customer B: 14.6% (2022: 16.3%)

Major Customer C: 8.3% (2022: 12.5%)

32 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The immediate parent entity of Stanmore Resources Limited is Golden Investments (Australia) Pte Ltd, a company incorporated in Singapore. The ultimate parent company of the Consolidated Entity is Star Success Pte. Ltd, a company incorporated in the British Virgin Islands (31 December 2022: PT Sinarindo Gerbangmas).

(b) Subsidiaries

Interests in subsidiaries are set out in Note 23.

(c) Key management personnel compensation

Disclosures relating to KMP are set out in Note 28.

(d) Transactions with other related parties

The Group previously entered into a financing agreement with its parent entity, GEAR, which was negotiated on market terms, and further details are shown within Note 14.

In addition to the financing agreement, fees for services provided on market terms were paid during the year, totalling $1.427m.

M Resources Pty Ltd continues to exclusively manage Stanmore Resources Limited's global sales contract and relationships, as well providing logistics services to the Group.

M Resources Pty Ltd is also a minority shareholder of the Group, and their sole Director, Mr M Latimore was a Director of Stanmore Resources Limited during the period.

Transactions with M Resources Pty Ltd and its associates included:

- Fees for services provided on market terms for marketing and logistics services totalling $53.117m for the year ended 31 December 2023 (31 December 2022: $42.020m). A benchmarking exercise was undertaken during the year to ensure the rates charged were consistent with market terms. Subsequent to the exercise, the terms of the agreement were updated to ensure rates remained consistent with market terms.

Notes to the consolidated financial statements (CONTINUED)

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32 RELATED PARTY TRANSACTIONS (CONT.)

- Stanmore sold coal on market terms to M Resources Trading Pty Ltd on a back-to-back basis to a third-party customer totalling $125.021m (31 December 2022: nil) and purchased coal on market terms before on-selling the coal on a back-to-back basis to a third party customers totally US$16.616m (31 December 2022: US$13.424m).
- Fees for services provided on market terms for freight and logistics services by ML Resources Pte Ltd totalled $1.413m (31 December 2022: nil).
- Fees for services provided on market terms for freight and rail logistics services by One Rail Pty Ltd totalled $9.159m (31 December 2022: nil).
- M Mining operates as the MetRes Mine Operator providing contract mining and management services. The balance payable as at 31 December 2023 was $6.344m.

The Group has provided a secured total finance facility to MetRes Pty Ltd of up to A$90m which was negotiated on market terms. As at 21 December 2023, the balance of the facility was A$97m including accrued interest, with a provision for expected credit losses of A$27m booked immediately prior to the acquisition of the shares in MetRes Pty Ltd from Marmilu Pty Ltd (31 December 2022: $0).

Further, Stanmore Resources Limited and Marmilu Pty Ltd, a company controlled by Mr M Latimore, engaged in a transaction for the purchase of the remaining 50% of the ordinary shares in MetRes Pty Ltd, which was completed on 21 December 2023. This transaction is outlined in Note 2.

Initial consideration totalled AU$1 was paid, along with an uncapped royalty deed pursuant to which royalties on life of mine coal sales will be payable to Marmilu.

The terms of royalty deed allow for an increasing royalty rate payable quarterly should the coal price exceed US$175/t. The royalty is calculated as a percentage of revenue with the maximum being a royalty of up to 4% of revenue where the coal price exceeds US$500/t.

The royalty is only payable (except in case of peak coal prices) once Stanmore's net investments in the project have been returned, including Stanmore's existing loan previously provided to MetRes Pty Ltd, which totalled A$97m at the time of acquisition. The Board formed the view that this transaction was on arm's length terms for the purpose of the Corporations Act.

Prior to acquiring the remaining 50% of MetRes Pty Ltd on 21 December 2023, Stanmore sold coal on market terms to MetRes Pty Ltd on a back-to-back basis to a third-party customer totalling $106.126m (31 December 2022: $115.825m) and purchased coal on market terms before on-selling the coal on a back to back basis to a third party customer totalling US$36.839m (31 December 2022: US$10.024m). Further, during this period pre-acquisition, fees for services were provided on market terms for freight and operational services totalling US$3.607m (31 December 2022: Nil), interest on the financing facility of $3.808m and fees on the finance facility of $0.108m were incurred during the year.

Notes to the consolidated financial statements (CONTINUED)

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33 DEED OF CROSS GUARANTEE

Stanmore Resources deed of cross guarantee group

Stanmore Resources Limited and its wholly owned subsidiaries (as shown in note 23) with the exception of Stanmore SMC Holdings Pty Ltd, Dampier Coal (Queensland) Pty Ltd, Stanmore SMC Pty Limited, and Red Mountain Infrastructure Pty Ltd, are parties to a deed of cross guarantee under which each Company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under ASIC Corporations *(Wholly-owned Companies) Instrument 2016/785*.

Consolidated statements

The above companies represent a 'closed group' for the purposes of the instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Stanmore Resources Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 31 December 2023 of the closed group.

Consolidated statement of comprehensive income	31 December 2023 $M	31 December 2022 $M
Revenue from continuing operations	**681.4**	570.7
Other income	**117.8**	0.2
Operating costs	**(597.4)**	(243.8)
Finance costs	**(17.8)**	(19.6)
Share of net profits of associates and joint ventures accounted for using the equity method	**(18.1)**	19.8
Profit before income tax	**165.9**	327.3
Income tax expense	**(161.9)**	(84.2)
Profit for the period	**4.0**	243.1
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation	**–**	(14.1)
Other comprehensive income for the period, net of tax	**–**	(14.1)
Total comprehensive income for the period	**4.0**	229.0
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**257.4**	14.3
Profit for the period	**3.9**	243.1
Retained earnings at the end of the financial year	**261.3**	257.4

Notes to the consolidated financial statements (CONTINUED)

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33 DEED OF CROSS GUARANTEE (CONT.)

Consolidated statement of financial position

Set out below is a consolidated statement of financial position as at 31 December 2023 of the closed group.

	31 December 2023 $M	31 December 2022 $M
Current assets		
Cash and cash equivalents	**205.3**	73.9
Trade and other receivables	**100.6**	28.1
Inventories	**23.9**	28.9
Other financial assets at amortised cost	**52.7**	26.2
Derivative financial instruments	**6.1**	–
Total current assets	**388.6**	157.1
Non-current assets		
Investments	**955.5**	955.5
Exploration, development and mine properties	**24.8**	140.1
Other financial assets	**11.1**	4.1
Property, plant and equipment	**383.2**	114.0
Intangible assets	**0.8**	1.1
Total-non-current assets	**1,375.4**	1,214.8
Total assets	**1,764.0**	1,371.9
Current liabilities		
Trade and other payables	**192.1**	639.4
Financial liabilities	**5.8**	12.5
Lease liabilities	**33.4**	7.2
Current tax liabilities	**146.3**	57.8
Provisions	**18.5**	8.5
Total current liabilities	**396.1**	725.4
Non-current liabilities		
Trade and other payables	**–**	0.8
Borrowings	**1.3**	141.6
Lease liabilities	**179.7**	43.8
Deferred tax liabilities	**4.0**	33.1
Provisions	**199.3**	20.9
Total non-current liabilities	**384.3**	240.2
Total liabilities	**780.4**	965.6
Net assets	**983.6**	406.3
Equity		
Contributed equity	**619.7**	616.4
Reserves	**(23.7)**	155.9
Retained earnings	**387.6**	(366.0)
Total equity	**983.6**	406.3

Directors' Declaration

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The Directors of Stanmore Resources Limited declare that:

(a) The consolidated financial statements, comprising the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows, and accompanying notes are in accordance with the *Corporations Act 2001*, and:

(i) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date, and

(b) The Consolidated Entity has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with International Financial Reporting Standards;

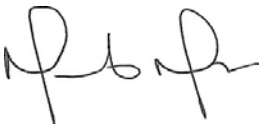
(c) In the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable;

(d) In the Directors' opinion, as at the date of this report, there are reasonable grounds to believe that the members of the closed group (as defined in note 33) will be able to meet any liabilities to which they are, or may become, subject because of the deed of the cross guarantee;

(e) The remuneration disclosures included on pages 24 to 34 of the Directors' report (as part of audited Remuneration Report) for the year ended 31 December 2023 comply with section 300A of the *Corporations Act 2001*; and

(f) The Directors have been given the declarations by the CEO and CFO required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Mr Marcelo Matos
Director

Brisbane
26 February 2024

Independent Auditor's Report

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Independent Auditor's Report to the Members of Stanmore Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Stanmore Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

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Independent Auditor's Report (CONTINUED)

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Acquisition of MetRes Pty Ltd and its controlled entities

Why significant	How our audit addressed the key audit matter
On 21 December 2023, Stanmore Resources Limited ("Stanmore") acquired the remaining 50% of shares on issue in its joint venture, MetRes Pty Ltd ("MetRes") and its controlled entity, from an entity owned by a Director of the Company. The transaction constitutes a business combination under AASB 3 *Business Combinations* and Stanmore's wholly owned subsidiary, Kerlong Coking Coal Pty Ltd, was determined to be the acquirer for accounting purposes. The details of the business combination accounting are disclosed in Note 2 of the financial statements. In undertaking the provisional business combination accounting, Stanmore is required to measure the fair value of the purchase consideration and measure the fair value of identifiable assets, liabilities and contingent liabilities acquired at the acquisition date and assess the existence of any goodwill. As this transaction is with a related party, the fair value measurement of these components of the transaction requires significant judgement and complex estimation, including: • The fair valuation of the Company's previously held equity interest in MetRes to assess whether the transaction is on an arm's length transaction basis; • The accounting for the settlement of Group's financing arrangements with MetRes, as part of the transaction, and the impact on the measurement of purchase consideration. • The identification and measurement of all assets, liabilities and contingent liabilities. • The fair valuation of non-current assets, including property, plant and equipment, mineral rights (including coal reserves and resources) and exploration and evaluation assets which are dependent upon, amongst other factors, the existence and extent of underlying coal reserves and resources and key forecast assumptions such as discount rates, commodity prices and operating and capital costs. • The fair valuation of contingent consideration payable to a related party in relation to the acquisition. • The measurement of deferred tax assets and liabilities recognised on initial acquisition of MetRes. As a result, we considered the Group's business combination accounting and the related disclosures in the financial report to be a key audit matter.	Our audit procedures included the following: • Assessed the Group's determination of the acquisition date of the business combination and the conclusion Kerlong Coking Coal Pty Ltd was the acquirer in the transaction. • Evaluated the Group's determination of the purchase consideration with reference to Australian Accounting Standards including contingent consideration payable and the settlement of the Group's financing arrangement with MetRes. • Evaluated the competence and objectivity of the Group's experts used to determine MetRes' coal reserves and resources quantities and the fair value provisionally allocated to the acquired property, plant and equipment and mining rights. • In conjunction with EY's valuation specialists, we: ○ Considered whether the valuation methodology, used by the Group's external expert to measure the fair value of the Company's previously held equity interest and non-current assets acquired, was in accordance with the requirements of Australian Accounting Standards. ○ Evaluated the reasonableness of the key input assumptions including discount rates and forecast commodity prices with reference to a variety of third-party forecasts, peer information and market data. ○ Performed valuation cross checks on the acquired property, plant and equipment, mining rights and exploration and evaluation assets with reference to reserve and resource transaction and trading multiples. ○ Assessed rehabilitation provision recognised with reference to internal and third-party restoration cost estimates. We considered the composition of the cost estimates and methodologies used as well as the appropriateness of contingency rates and the other market inputs applied, such as inflation and discount rates. • Tested the working capital balances, including cash, inventory, trade receivable and payables at the acquisition date. • Assessed the adequacy of the disclosures in Note 32 to the financial statements, including the requirements of AASB 124 *Related party disclosures*.

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Independent Auditor's Report (CONTINUED)

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report and shareholders information that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Independent Auditor's Report (CONTINUED)

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditor's Report (CONTINUED)

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Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of Stanmore Resources Limited for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Tom du Preez
Partner
Brisbane
26 February 2024

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Reserves and Resources

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COAL RESOURCES

Coal Resources as at December 31, 2023 (MT)

Project Name	Tenement	Coal Type*	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Competent Person	Report Date
Poitrel	ML1791							
	ML4749							
	ML70312							
	EPC1646							
	EPC1951	C, PCI, T	51	66	56	173	C	Feb-24
South Walker Creek	ML4750							
	ML70131							
	EPC1647							
	EPC2071							
	EPC2109	PCI	265	298	115	678	C	Feb-24
Bee Creek	ML4751	PCI	0	9.0	13	23	C	Jun-21
Nebo West	MDL235	PCI, A	0	0	71	71	C	Jun-21
Lancewood	ML4752							
	ML70443	C	62	184	3	249	C	Oct-23
Wards Well North	ML1790							
	ML70443	C	108	361	17	486	C	Oct-23
Wards Well South	ML1790							
	ML70443							
	ML70395	C	377	223	81	681	C	Oct-23
Isaac Plains	ML70342							
	ML700018							
	ML700019	C, T	24	16	5	45	C	Dec-21
Isaac Plains East	ML700016							
	ML700017							
	ML700018							
	ML700019							
	EPC755	C, T	4.7	9.6	18	32	B	Jan-24
Isaac Downs	ML700046							
	ML700047							
	ML700048	C, T	23	2.9		25	C	Jan-24
Isaac South	EPC755	C, T	12	15	25	51	C	Jun-18
Millennium	ML70313							
	ML70344							
	ML70401	C, PCI	7.4	8.3	9.9	26	A	Jan-24

Reserves and Resources (CONTINUED)

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Project Name	Tenement	Coal Type*	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Competent Person	Report Date
Mavis Downs	ML70485							
	ML70457							
	ML70483	C, PCI	11.3	5.4	6.0	23	A	Jan-24
Clifford	EPC1274							
	EPC1276	T	0	200	430	630	C	Aug-16
The Range	EPC1112							
	EPC2030	T	18	187	81	286	C	Oct-12
Mackenzie	EPC2081	C, T	0	26	117	143	C	Nov-11
Belview	EPC1114							
	EPC1186							
	EPC1798	C, PCI	0	50	280	330	C	Mar-15
Tennyson	EPC1168							
	EPC1580	T	0	0	140	140	C	Nov-12
Lilyvale	EPC1687							
	EPC2157	C	0	0	33	33	C	Feb-19
TOTAL COAL RESOURCES			**963**	**1,660**	**1,501**	**4,125**		

***Coal Types Potential**

C — Coking Coal, semi-soft or greater potential

PCI — Pulverised Coal Injection

T — Export Thermal grade

A — Anthracite

Competent Person

A Mr Kane Maxwell — Matrix Geoscience

B Dr Bronwyn Leonard — Stanmore Resources

C Mr Rod Macpherson — Stanmore Resources

Note 1: All Coal Resources are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') applicable at the time each report was published. Reports dated 2012, and earlier, used the JORC 2004 version, reports dated after 2012 are reported against the requirements of the 2012 JORC Code.

Note 2: Rounding to the nearest significant figure is applied to Total Resource Tonnes and Inferred Category resources. This is deemed conservative and reflective of the Inferred Resource category confidence level and accounts for the minor differences in the overall total reported resources.

Note 3: All Coal Resources are reported on a 100% basis; Clifford is 60%, Mackenzie is 95%, and Lilyvale is 85%, all other tenure is 100% owned by Stanmore.

Reserves and Resources (CONTINUED)

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COAL RESERVES AND MARKETABLE COAL RESERVES

Coal Resources as at December 31, 2023 (MT)

		ROM Coal Reserves			Marketable Coal Reserve				
Project Name	Tenement	Proved	Probable	Total	Proved	Probable	Total	Competent Person	Report Date
Poitrel	ML1791								
	ML4749								
	ML70312								
	EPC1646								
	EPC1951	28	19	48	22	13	35	H	Feb-24
South Walker Creek	ML4750								
	ML70131								
	EPC1647								
	EPC2071								
	EPC2109	151	14	165	112	9.0	121	G	Feb-24
Isaac Plains East Opencut	ML700016								
	ML700017								
	ML700018								
	ML700019	0.8	0.4	1.2	0.5	0.3	0.8	E	Jan-24
Isaac Plains Underground	ML70342								
	ML700018								
	ML700019	11.8	7.7	19.5	9.5	6.1	16	D	Feb-21
Isaac Downs	ML700046								
	ML700047								
	ML700048	14	0.5	14	9	0.3	9	E	Jan-24
Millennium Opencut	ML70313								
	ML70344								
	ML70401	0	0	0	0	0	0	I	Jan-24
Millennium Underground	ML70485								
	ML70457								
	ML70483	2.2	4.6	6.8	1.9	3.8	5.7	D	Jan-24
The Range	EPC1112								
	EPC2030	0	118	118	0	94	94	F	Jul-11
TOTAL COAL RESERVES		**208**	**164**	**372**	**154**	**127**	**281**		

Reserves and Resources (CONTINUED)

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Coal Type Ratio (% of Marketable Coal Reserve)

Poitrel	64% Coking: 33% PCI: 3% Thermal
South Walker Creek	100% PCI
Isaac Plains East	99% Coking: 1% Thermal
Isaac Plains Underground	77% Coking: 23% Thermal
Isaac Downs	96% Coking: 4% Thermal
Millennium	70% Coking: 30% Thermal
The Range	100% Thermal

Note 1: All Coal Reserves are reported under The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') applicable at the time each report was published. Reports dated 2012, and earlier, used the JORC 2004 version, reports dated after 2012 reported against the requirements of the 2012 JORC Code.

Note 2: Totals may not be exact due to significant figure rounding.

Note 3: The Reserves quoted for The Range project were established in 2011 under the relevant JORC Code at the time and used a coal price forecast of A$120/tonne for benchmark NEWC thermal coal equivalent. These Reserves were supported by a Feasibility Study that assumed the completion of the Surat Basin rail to connect the mine to the Port of Gladstone.

Note 4: All Coal Reserves are reported on a 100% basis, and Stanmore's economic interest in the tenures above is 100%.

Competent Person

D Mr Benjamin Smith — Imagineering

E Mr Tony O'Connell — Optimal

F Mr Richard Hoskings — Minserve

G Ben Knights — Stanmore Resources

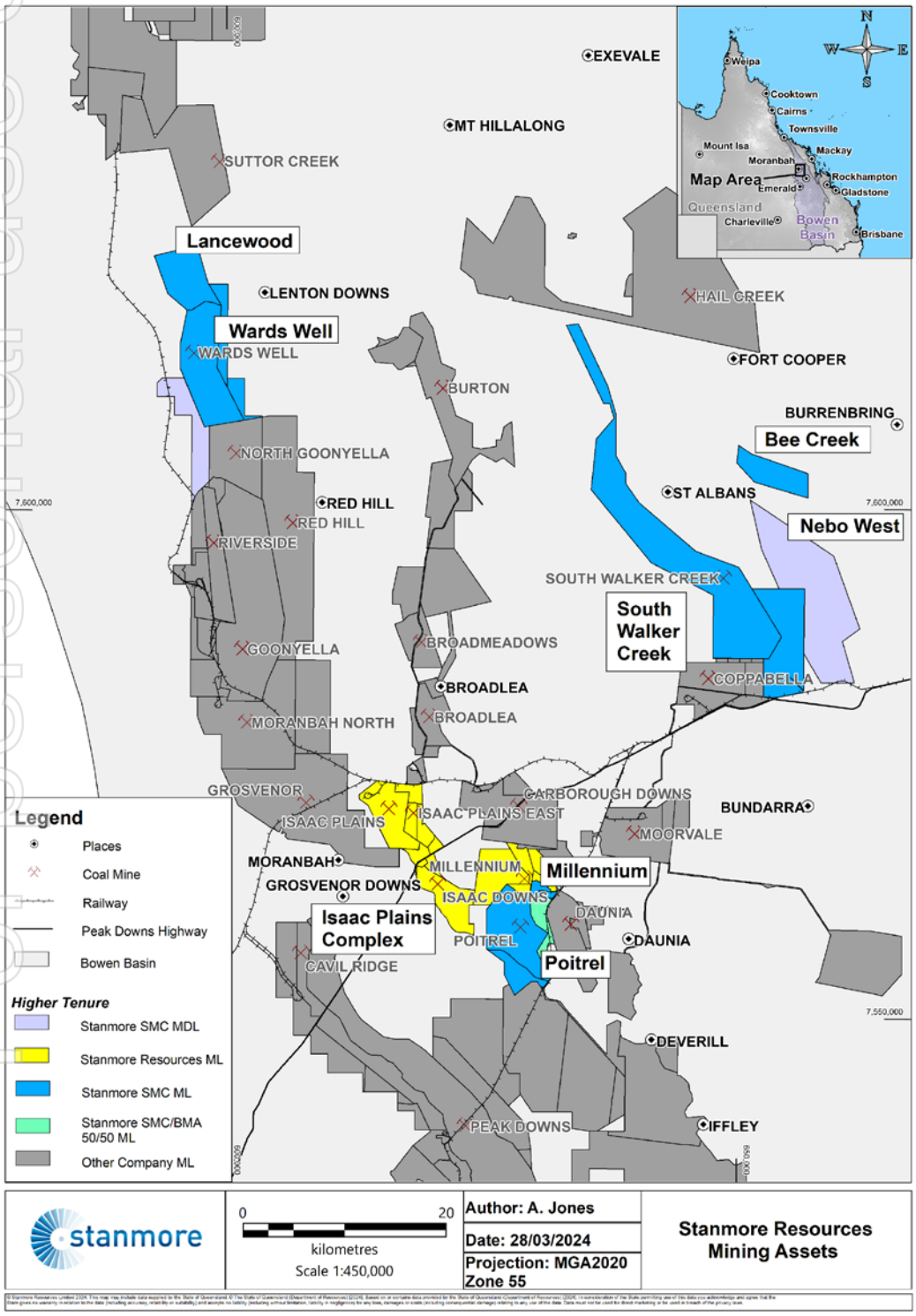
H Simon Wedgwood — Stanmore Resources

I Ashton Ingerson — M Resources

Reserves and Resources (CONTINUED)

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STANMORE RESOURCES CURRENT QUEENSLAND TENEMENTS



Reserves and Resources (CONTINUED)

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COMPETENT PERSON STATEMENT

The information in this report relating to Coal Resources for the Poitrel, South Walker Creek, Bee Creek, Nebo West, Lancewood, Wards Well, Isaac Plains Mine, Isaac Downs Mine, Isaac South, Clifford, The Range, Mackenzie, Belview, Tennyson and Lilyvale is based on information compiled by Mr Roderick Macpherson who is a full-time employee of Stanmore Resources Limited and has held the position of Superintendent Strategic Resources since May 2022. Mr Macpherson is a qualified Geologist with an Honours degree from the NSW Institute of Technology majoring in Applied Geology and is a Member of the Australian Institute of Geoscientists (AIG). Mr Macpherson has over 30 years' experience in mining, exploration, and resource modelling relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Macpherson consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to Coal Resources for Isaac Plains East Mine is based on information prepared by Dr Bronwyn Leonard who is a full-time employee of Stanmore Resources Limited and has held the position of Superintendent Mine Geology at Isaac Plains since October 2017. Dr Leonard is a qualified Geologist with a degree from University of Canterbury, and a PhD from James Cook University majoring in Geology/Earth Sciences and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr Leonard has over 15 years' experience in exploration and resource modelling relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Leonard consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to the Millennium/ Mavis Downs Coal Resources is based on information prepared by Mr Kane Maxwell who is a member of the Australian Institute of Mining and Metallurgy. Mr Maxwell is a full-time employee of Matrix Geoscience Pty Ltd has over 18 years' relevant experience, to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking and qualifies as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maxwell consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to the Reserve estimates for South Walker Creek is based on information compiled by Mr Benjamin Knights, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Knights is a full-time employee of Stanmore Resources Limited and has held the position of Principle Mining Engineer since May 2022. He has sufficient experience relevant for the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Knights has over 6 years' experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. Mr Knights consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to the Reserve estimates for Poitrel is based on information compiled by Mr Simon Wedgwood, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Wedgwood is a full-time employee of Stanmore Resources Limited and has held the position of Principal Mining Engineer since May 2022. He has sufficient experience relevant for the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Wedgwood has over 14 years experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. Mr Wedgwood consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

Reserves and Resources (CONTINUED)

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The information in this report relating to the opencut Coal Reserves estimates for Isaac Plains Complex (IPE-IPM) and for Isaac Downs are based on information compiled by Mr Tony O'Connell, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr O'Connell is the Principal Mining Consultant of Optimal Mining Solutions Pty Ltd and holds a bachelor's degree in Mining Engineering from University of Queensland and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr O'Connell has over 20 years' experience in the estimation, assessment, evaluation, and economic extraction of Coal Reserves. He consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to Isaac Plains Underground and Millennium/Mavis Underground Coal Reserve estimates, is based on information compiled by Mr Benjamin Smith, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Mine Manager's Association of Australia (MMAA). Mr Smith is an independent mining professional and an associate of MetRes Pty Ltd and is a qualified Mining Engineer, holding a Master of Engineering (Mining Management) and Graduate Diploma (Mine Ventilation) from the University of New South Wales, and a Bachelor of Engineering (Mining, Honours) and Bachelor of Commerce (Management) from the University of Wollongong. Mr Smith also holds a First-Class Certificate of Competency for opencut and underground (Mine Manager) in New South Wales, a Second-Class Certificate of Competency (Undermanager) in New South Wales, a Third-Class Certificate of Competency (Deputy) in New South Wales, and a Mine Ventilation Officer's Certificate of Competency in New South Wales. He has over 27 years' experience domestically and internationally in underground coal mining, risk and mine planning and design, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Smith consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

The information in this report relating to the Millennium Complex Open Cut and Auger Coal Reserve estimate is based on information compiled by Mr Ashton Ingerson. Ashton Ingerson is an employee of M Resources Trading and is employed in a full-time capacity as a Technical Services Manager. He has over nine years of experience in mining in the open cut coal mining industry that is relevant to the style of mineralisation and type of deposit described in the report, and the type of activity involved in the estimation of the Coal Reserve. Ashton Ingerson is a Chartered Professional of the Australasian Institute of Mining and Metallurgy in the discipline of Mining, has been admitted to the Board of Professional Engineers of Queensland and qualifies as a Competent Person under the JORC Code. Ashton Ingerson consents to the release of the report, in the form and context in which it appears.

The information in this report relating to the Range Coal Reserve estimate is based on information compiled by Mr Richard Hoskings, who is a Mining Engineer and Member of the Minserve Group Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hoskings has over 40 years' experience in the opencut coal mining industry and as such has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. He consents to the inclusion of this Reserve Estimate in reports disclosed by the Company in the form in which it appears.

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Shareholder information

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A. SUBSTANTIAL HOLDERS

Shareholder	Percentage of capital held	Number of ordinary shares held	Date of substantial shareholder notice
Golden Energy and Resources Limited (GEAR), Golden Investments (Australia) Pte. Ltd, (Golden Investments) Frontier Resources Pte. Ltd (formerly Duchess Avenue Pte. Ltd) (Frontier), Star Success Pte Ltd and Ms Lanny Tranku (Frontier Controllers)	59.01%	531,946,101	1 December2023
Regal Funds Management Pty Limited and its associates	7.57%	68,250,280	16 January2024

B. DISTRIBUTION OF EQUITY SECURITIES

The number of Ordinary Shares by size of holding is:

	Ordinary Shares		Shares	
Range	Securities	%	No. of holders	%
100,001 and over	878,606,166	97.47	94	3.13%
10,001 – 100,000	16,457,270	1.83	553	18.44%
5,001 – 10,000	3,333,436	0.37	431	14.37%
1,001 – 5,000	2,596,696	0.29	950	31.68%
1 – 1000	398,066	0.04	971	32.38%
TOTAL	**901,391,634**	**100.00**	**2,999**	**100%**

The number of security investors holding less than a marketable parcel of 143 securities ($3.36 on 12/03/2024) is 232 and they hold 8,440 securities.

Shareholder information (CONTINUED)

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C. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

Ordinary shares		Number of shares	% of total shares
1	Golden Energy and Resources	531,946,101	59.0%
2	Regal Funds Mgt	54,728,815	6.1%
3	Mr Matthew J Latimore	43,593,804	4.8%
4	JPMorgan Securities Australia	18,037,698	2.0%
5	Argo Investments	15,996,487	1.8%
6	Vinva Investment Mgt	14,419,146	1.6%
7	Construction and Building Industry Super – Cbus	13,800,000	1.5%
8	Perpetual Investments	13,303,724	1.5%
9	VGI Partners	9,196,591	1.0%
10	Vanguard Group	8,603,643	1.0%
11	PM Capital	8,253,940	0.9%
12	Paradice Investment Mgt	6,740,936	0.7%
13	Dimensional Fund Advisors	6,492,726	0.7%
14	IFM Investors	5,981,208	0.7%
15	Private Clients of Interactive Brokers	5,691,681	0.6%
16	Norges Bank Investment Mgt	5,676,486	0.6%
17	State Street Global Advisors	5,644,266	0.6%
18	Realindex Investments	5,623,818	0.6%
19	Vanguard Investments Australia	5,387,357	0.6%
20	BlackRock Investment Mgt – Index	5,021,205	0.6%
TOTAL OF 20 LARGEST HOLDERS		**784,139,632**	**87.0%**

D. RESTRICTED SECURITIES

There are no restricted shares on issue.

E. VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

Corporate directory

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DIRECTORS

Mr Dwi Suseno
Non-Executive Director and Chairman

Mr Marcelo Matos
Chief Executive Officer and Executive Director

Mr Jimmy Lim
Non-Executive Director

Mr Richard Majlinder
Non-Executive Director

Mr Brett Garland
Non-Executive Director

Mr Matthew Latimore
Non-Executive Director

Ms Caroline Chan
Non-Executive Director

Mr Murray Smith
Alternate Director for Matthew Latimore
(appointed 1 June 2023)

SECRETARY

Mr Rees Fleming

FURTHER INFORMATION

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STOCK EXCHANGE LISTINGS

Australian Securities Exchange
ASX Code: SMR

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