

Stanmore Resources Limited

Non-Energy Minerals – Metallurgical Coal

SMR A\$1.785

Stanmore Resources Limited (SMR) is an Australian resources company with world-class operations and exploration projects in the Bowen and Surat basins. SMR is one of the country's largest suppliers of metallurgical coals to global markets with four major coal-producing assets, including the Isaac Plains Complex, and Poitrel and South Walker Creek coal mines, and a 50% interest in Millennium and Mavis Downs Mine. SMR has a strong track record of performance in developing, operating and rehabilitating coal resources to produce predominantly export metallurgical coal for steel making.

Company Data

Number of shares	901.4M
Market Capitalisation (\$m)	1,609.0
Free float (%)	75.8
12-month high/low	\$2.76/\$0.60
Average Daily Turnover (\$m)	4.08
% S&P/ASX200	0.084%
DDM Ranking	587
% All Ordinaries	0.073%
GICS Industry Group	Mining

Source: FactSet, BPC

Mineral Resource

Total Coal Resource
1,725Mt

Total Coal Reserve
125.4Mt

Share Price Performance



Source: FactSet, Barclay Pearce Capital

NEW QUEENSLAND COAL ROYALTY REGIME

On 22nd of June 2022, Stanmore Resources Limited (SMR) announced an update to the Queensland Royalty Regime, with the following highlights:

Highlights:

- The Queensland Government yesterday announced changes to the coal royalty regime as part of its 2022- 23 budget, making the royalties paid by coal producers in Queensland the highest in the world;
- Three new progressive royalty tiers have been introduced in addition to the current structure, so the regime is as follows:
 - As per the existing regime for prices below \$175 per tonne;
 - 20% for prices above \$175 per tonne;
 - 30% for prices above \$225 per tonne;
 - 40% for prices above \$300 per tonne;
- This is a significant change to the royalty regime and is in addition to a new payroll tax levy for large businesses; and
- SMR is analysing the impact of these additional taxes on the business and will provide an update in due course.

CEO comment:

SMR CEO, Marcelo Matos, said: "Stanmore is very disappointed with these extraordinary tax increases given its commitments to the Isaac Downs Project and re-opening of the Millennium and Mavis mines, as well as the very recent and significant US\$1.2 billion investment in the Queensland coal sector with the acquisition of our 80% in BMC. Royalty rates in Queensland were already among the highest in the world prior to these increases and come at a time when the Queensland coal industry was just recovering from the losses experienced during the market downturn in 2020 and 2021. The increases to the royalty rates without formal notice or consultation with the industry are unprecedented. The impact of these increases will be felt the most by workers and suppliers in regional Queensland communities that underpin the resources sector and make it Queensland's largest export industry."

BPC comments:

- The Queensland Government have introduced three new progressive royalty tiers to the current coal royalty regime. SMR is analysing the impact of these additional taxes on the business and will provide an update in due course.

Appendix A.

SMR Coal Resource

Project Name	Tenement	Coal Type*	Measured Resources	Indicated Resources	Inferred Resources	Total Resources	Competent Person**	Report Date
Isaac Plains	ML 70342, ML 700018, ML 700019	C, T	24.3	16.0	5	45	A	Dec-21
Isaac Plains East	ML 700016, ML 700017, ML 700019, EPC 755	C, T	6.4	9.8	18	34	D	Jan-22
Isaac Downs	ML 700046, ML 700047, ML 700048	C, T	29.2	2.9	0	32	B	Feb-22
Isaac South	EPC755	C, T	11.9	14.5	25	52	C	Jun-18
Isaac Plains Complex	Sub Total		71.8	43.2	48	163		
Clifford	EPC 1274, EPC 1276	T	0	200.0	430	630	A	Aug-16
The Range	EPC 1112, EPC 2030	T	18.1	187.0	81	286	A	Oct-12
Surat Basin Complex	Sub Total		18.1	387.0	511	916		
Mackenzie	EPC 2081	C, T	0	25.7	117	143	A	Nov-11
Belview	EPC 1114, EPC 1186, EPC 1798	C, PCI	0	50.0	280	330	A	Mar-15
Tennyson	EPC 1168, EPC 1580	T	0	0.0	140	140	A	Nov-12
Lilyvale	EPC 1687, EPC 2157	C	0	0	33	33	A	Feb-19
Total Coal Resources			89.9	505.9	1129	1725		

Appendix B.

Coal Reserves

Project Name	Tenement	Coal Reserves			Marketable Coal Reserves			Competent Person	Report Date
		Proved	Probable	Total	Proved	Probable	Total		
Isaac Plains East Opencut	ML 700016, ML 700017, ML 700018, ML 700019	0.9	0.6	1.5	0.7	0.5	1.2	H	Feb-22
Isaac Plains Underground	ML 70342, ML 700018, ML 700019	11.8	7.7	19.5	9.5	6.1	15.6	F	Feb-21
Isaac Downs opencut	ML 700046, ML 700047, ML 700048	21.1	0.4	21.5	14.2	0.3	14.4	H	Feb-22
Isaac Plains Complex		33.8	8.8	42.5	24.3	6.9	31.2		
The Range opencut	EPC 1112, EP 2030		117.5	117.5	94.2		94.2	G	Jul-11
Total Coal Reserves		33.8	126.3	160.0	24.3	101.1	125.4		

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Buy – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of 15% or more within a 12-month period.

Hold – Describes stocks that are neither a buy nor underperform.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

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