www.stanmore.net.au

12 August 2022

The Manager
Markets Announcement Office
ASX Limited
Level 4 Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Stanmore 2022 Half Year Results to 30 June 2022

Stanmore Resources Limited announces to the market the financial results for the half year period ended 30 June 2022.

The following documents are attached:

1. 2022 Half Year Results announcement
2. Appendix 4D – Half Year Report
3. Half Year Interim Financial Report to 30 June 2022

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

Yours sincerely

Rees Fleming
Company Secretary

12 August 2022

2022 Half Year Results

Highlights

- Fully consolidated underlying EBITDA of US$726 million after adjusting for one-off accounting adjustments and transaction costs of US$291 million related to the BMC acquisition
- Operating cashflow generated of US$563 million
- Acquisition of 80% interest in BHP Mitsui Coal Pty Ltd (BMC) completed on May 3, 2022, with separation activities nearing completion and integration progressing well; post completion, BMC was renamed as Stanmore SMC Pty Ltd (SMC) on May 11, 2022
- Consolidated half year Run Of Mine (ROM) production of 3.9Mt and saleable production of 2.8Mt
- Strong finish to the half following unseasonal 2Q wet weather
- Net debt of US$258 million with cash position of US$546 million as at June 30, 2022
- There was one recordable injury reported in the half, reducing the total recordable injury frequency rate (TRIFR) for the 12 months ended 30 June 2022 to 2.5 (30 June 2021: 5.4)
- Updated production, cash cost and capital expenditure guidance provided in accompanying presentation

CEO Statement

Marcelo Matos, Chief Executive Officer and Director

"This has truly been an exciting period for Stanmore. We completed the acquisition of the South Walker Creek and Poitrel mines and welcomed their employees and contractors into the Stanmore family, completed the transition of the dragline to Isaac Downs which coincided with commencement of a new mining services operator and commenced operating our CHPP at Isaac Plains. I have been pleased to see the enthusiasm and efforts of all across the business in safely and productively managing these challenges.

We have experienced an unprecedent market and peak prices in the 1H 2022, although have seen a major correction since then mostly resulting from the impact of global inflationary pressures, global supply chain disruptions and tightening monetary policy on consumption, steel demand and consequently met coal prices. Despite the short term adjustments taking place, we remain confident on the met coal market fundamentals, and expect tight supply to continue going forward with long term demand supported by the continued growth in steel production and the industrialization of South East Asia and India.

The next six months will see Stanmore fully integrating the Poitrel and South Walker Creek mines and benefitting full consolidation and expected operational improvement initiatives. We will continue our focus on safety and delivering high quality products and outcomes for our customers, staff and stakeholders."

Operational Highlights[1]

		1H 2022	1H 2021
Run of Mine coal produced	Mt	3.9	1.1
Run of Mine strip ratio	Prime Waste : ROM	9.3	11.0
Saleable coal produced	Mt	2.8	0.8
Total coal sales	Mt	2.9	0.8
Product coal stockpiles	Mt	0.5	0.2
Run of Mine coal stockpile	Mt	0.5	0.1

Financial Highlights[2]

		1H 2022	1H 2021
Revenue	US$M	1,096.2	71.8
EBITDA	US$M	434.7	(6.6)
Underlying EBITDA	US$M	726.1	(10.4)
Profit / (loss) after tax	US$M	232.7	(12.0)
Cash flow from operations	US$M	562.7	9.6
Average sales price achieved	US$/t	377	88
FOB cash cost (ex. royalties)	US$/t sold	87.3	100

Results for the period benefited from the acquisition of the South Walker Creek and Poitrel mines with sales volumes increasing compared to the corresponding period by 2.09 million tonnes considering 100% consolidation of SMC from May 3, 2022. The volume increase, which has coincided with an increase in average realised sales price to US$377/tonne, has driven a record Underlying EBITDA of US$726 million after adjusting for US$291 million of accounting adjustments and one-off transition costs related to SMC acquisition to better reflect actual business notional performance. The US$291 million adjustment is made up of:

- Inventory revaluation adjustment based on net realisation value as at May 3, 2022 (at elevated coal prices) required for accounting purposes as part of the BMC acquisition – this increased the value of coal acquired (and subsequently sold in May and June) by US$227 million
- One-off transaction costs associated with the acquisition totalling US$64 million, such as government stamp duty, due diligence, advisory, transition and integration costs

FOB cash costs per tonne have decreased year on year from 1H 2021 to 1H 2022 due to the transition to the lower strip ratio Isaac Downs mine combined with the contribution from the low cost South Walker Creek mine and Poitrel mine.

Weather events (both seasonal and unseasonal such as in May) resulted in operational impacts especially in relation to truck and excavator pre strip and coal mining, truck haulage and haul road haulage at Isaac Downs, thus we still achieved our production targets as per guidance previously provided.

[1] Note that all figures are 100%, fully consolidated figures excluding the Millennium joint venture
[2] Fully consolidated, with Millennium joint venture (MetRes Pty Ltd) consolidated on an equity accounting basis only

Isaac Downs

Construction of the new underpass and diversion of the Peak Downs Highway to allow coal haulage from Isaac Downs have been completed. The dragline transitioned to Isaac Downs where, following a major maintenance shutdown, commenced overburden uncovery at low strip ratios marking the official transition to full production at Isaac Downs. Following the shut, improved production availability and utilisation experienced by the dragline has allowed maximisation of lower cost overburden movement. Mining within the lower strip ratio Isaac Downs mining lease also coincided with the successful transition to a new Mining Services operator (EPSA) in early April. In addition, Stanmore commenced operating our CHPP.

Weather events impacted particularly the still young Isaac Downs pit as well as haulage activities from Isaac Downs to our Isaac Plains CHPP, despite ROM coal inventories being available South of the Peak Downs Highway at Isaac Downs.

We have approved and are currently finalising arrangements for the paving and sealing of the haul road, to make it weather resistant and improve resilience of haulage in challenging wet conditions. The project is estimated to cost in the range US$3 million – US$5 million.

As previously announced, the Isaac Plains CHPP is scheduled to be upgraded from 500 tonnes per hour (tph) to 600 tph in October 2022. A haul road linking Isaac Downs to the Poitrel CHPP is planned with construction to commence 2H 2022 (subject to Government approval) with completion anticipated 1Q 2023, with total capex estimated in the range US$6 million – US$11 million.

To maximise value of the low strip ratio at Isaac Downs and synergies from the acquisition of Poitrel, the Company is planning to haul Isaac Downs coal to the Poitrel CHPP via hauling coal down the Peak Downs Highway from later this month, until the haul road is developed between Isaac Downs and RMI.

These projects will take advantage of spare capacity at the Poitrel CHPP and facilitate future expansion of open-cut operations and/or auger mining opportunities on available highwalls and potential development of Isaac Plains underground and Isaac South resources un future years.

Poitrel

Operational performance was strong in May & June despite some impacts in May from unseasonable wet weather. The employment of previously unutilised haul trucks in late May contributed to increased excavator performance and mining output to offset the impacts of weather events, but to also increase ongoing production while the truck fleet undergoes a major overhaul program on engines rebuilds.

The industry, just like the global economy, has seen significant pressure on costs in recent months driven by rising commodity prices on diesel, explosives, parts and labour (to name just a few). Poitrel, being a truck and shovel operation, is impacted by these drivers greater than our other, dragline, operations. These cost pressures are expected to continue in 2H 2022.

To offset cost increases Stanmore has initiated a number of improvement and synergistic projects. One such project has been to mine coal seams previously disregarded. Preliminary results indicate reasonable yields and coal quality reducing unit costs and generating improved and attractive margins, and potential increased reserves. Further optimisation of mine design and equipment configuration, resource definition and selective mining of previously unutilised seams will see further production gains materialise over 2H 2022.

Over the next 24 months the mining path will encounter a major fault that runs perpendicular to the highwall. The Company is planning to de-risk this transition by bringing in an additional excavator fleet to maintain production rates while crossing and transitioning the mine across the fault, to access the lower strip ratio coals on the other side. Marginal cost increases will result although offset by increased production benefits.

South Walker Creek

Strong operational performance recorded at South Walker Creek, notwithstanding the unseasonable wet weather experienced in May. Like Poitrel, South Walker Creek also deployed additional haul trucks to increase excavator performance and mining output.

A major shut for Dragline 27 (DL27) has been deferred from 2022 to 2024. This decision coinciding with board approval to convert DL27 to AC rotating equipment which will deliver improved safety, increased productivity and reliability as well as reduced operating costs through parts synergies and holdings of critical spares as DL28 also operated at South Walker Creek has been previously converted from DC to AC.

To maintain production volumes and de-risk pre-stripping inventory prior to the dragline AC conversion the Company is adding an additional excavator fleet. This is anticipated to slightly increase costs while in operations, however flexibility will be maintained to be able turn off if coal prices decline. The increased costs are expected to be offset by higher production and higher pre strip and coal inventories (in pit and in stocks) ahead of the DL27 shut down in 2024.

Planning is well progressed on a decision to divert Mulgrave Creek with a decision expected 4Q 2022 with construction forecast to commence 1Q 2023 and first coal 2Q 2025. Accessing this area provides low strip ratio, high quality PCI coal lowering mining and haulage costs and increasing overall output.

Corporate Update

Financing

During the period, Stanmore drew down in full the US$625 million Debt Facility, the US$120 million Ascend Facility, and the US$50 million Bridge Facility which, together with the proceeds of the US$506 million equity raise, were used to complete the acquisition of the BMC assets. Post-acquisition, Stanmore has voluntarily repaid the US$50 million Bridge Facility in full and reduced the GEAR facility by US$25 million to US$44 million. Note that the US$625 million Debt Facility is subject to scheduled amortisation from 3Q 2022 onwards and a cash sweep mechanism commencing in the first quarter of 2023.

Health, Safety, Environment and Community Performance

Stanmore continues to be committed to the current and future performance of the business for the health, safety and wellbeing of our people, the environment and the communities in which we operate.

There was one recordable injury over the period (1H 2022) resulting in a Total Recordable Injury Frequency Rate (TRIFR) for the business of 0.95 in 1H 2021. This was in line with a descending trend since 2Q/4Q 2021.

The rolling 12-month moving average TRIFR is 2.5 per million hours and results in a 50% improvement compared 30 June 2021 (5.4 per million hours) and represents a further 16% improvement compared to CY2021 (7.9 per million hours).

We are encouraged by the safety performance results for the half year, which remain lower than the industry averages. Integration of the BHP acquired assets has been smooth with an ongoing and relentless focus on health and safety. There is a strong positive culture already in place and learnings being absorbed and expanded throughout the business.

Stanmore supported the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the year. Forty local community organisations received funding during the half-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.

COVID-19

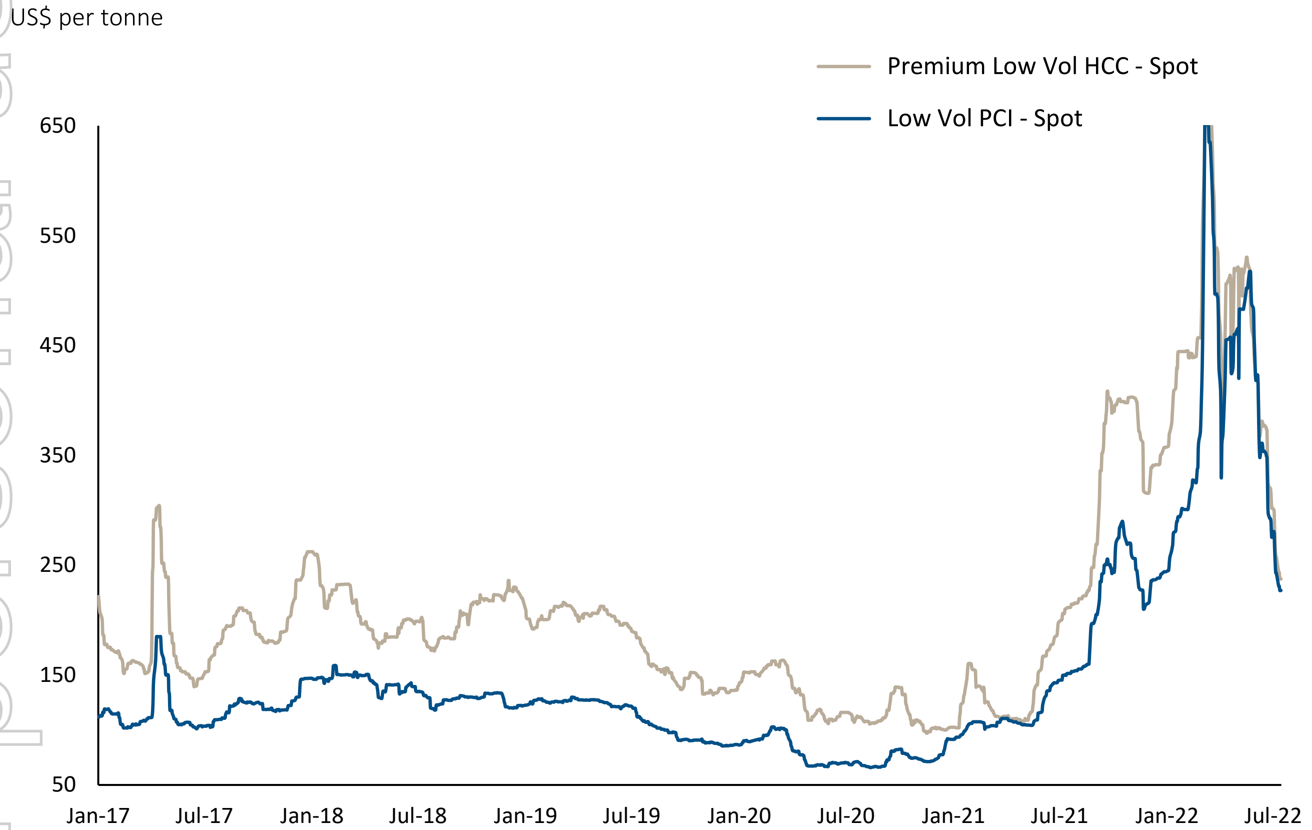
We continue to follow recommendations from the Queensland Health and the Australian Government to provide COVID-19 safe workplace.

Consistent with the mining industry there has been an increase in absenteeism during 2022 due to COVID-19 cases. The company will continue to work with its employees and contractors on protocols to minimise the spread and impacts to operations.

The company does not anticipate any negative impacts to the financial statements nor triggers for any significant uncertainties with respect to events or condition which may adversely impact the company as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Key Australian Export Metallurgical Coal Prices

Australian metallurgical coal markets fluctuated with new highs being recorded for Premium HCC FOB Australian coal prices during the period before correcting in recent weeks. Market fundamentals are well supportive of current market pricing.



Strong Metallurgical coal prices

- Metallurgical coal markets experienced very favourable pricing over the period, reaching over US$670 per tonne FOB during March for prime hard coking coal
- Pricing was driven by combination of elevated steel pricing and demand, as well as ongoing supply weakness in key exporting countries, including Australia
- PCI pricing was very strong in the period, at average relativity greater than 94% of prime hard coking coal, due to above strong demand and as supply from Russia, the second largest seaborne producer of PCI,

became uncertain through policy restriction expectations, and/or physical and financial hurdles to securing material from that origin

- Steel demand and pricing began to weaken through June, driving declining metallurgical coal pricing

Market fundamentals remain supportive

- Steel demand being impacted by either supply chain disruptions or a reduction in end user demand as a result of global inflationary pressure and monetary tightening, among others
- Recovery in production from certain large Australian mines
- Coal prices normalised thus remain at healthy levels and are well supported by global energy markets
- Long term fundamentals still sound as supply expected to remain tight and demand driven by India and SE Asia industrialisation still robust

Approval

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

Further Information

Investors

investors@stanmore.net.au

Media

media@stanmore.net.au

About Stanmore Resources Limited (ASX: SMR)

Stanmore Resources Limited controls, operates and has ownership interests in the Isaac Plains Complex, South Walker Creek and Poitrel metallurgical coal mines, as well as in the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources is also a joint 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.

Appendix: Site Information

		Year to Date Jun-22	Year to Date Jun-21
ROM Coal Production			
South Walker Creek	Mt	1.346	-
Poitrel	Mt	0.851	-
Isaac Plains Complex	Mt	1.693	1.109
Total	Mt	**3.890**	1.109
Strip Ratio			
South Walker Creek	Prime	**8.0**	-
Poitrel	Prime	**10.7**	-
Isaac Plains Complex	Prime	**5.4**	11.2
Total	Prime	**7.5**	11.2
Saleable Coal production			
South Walker Creek	Mt	1.005	-
Poitrel	Mt	0.670	-
Isaac Plains Complex	Mt	1.134	0.807
Total	Mt	**2.809**	0.807
Saleable Production – Coking Coals	%	***54%***	*100%*
Saleable Production - PCI	%	***46%***	*0%*
Total Coal Sales			
South Walker Creek	Mt	1.081	-
Poitrel	Mt	0.726	-
Isaac Plains Complex	Mt	1.104	0.816
Total	Mt	**2.911**	0.816
FOB Cash Cost per tonne sold excluding royalties			
South Walker Creek	US$/t	77	-
Poitrel	US$/t	109	-
Isaac Plains Complex	US$/t	84	100
Total	US$/t	87	100
Average Selling Price			
South Walker Creek	US$/t	435	-
Poitrel	US$/t	390	-
Isaac Plains Complex	US$/t	311	89
Total	US$/t	377	89

Results for Announcement to Market

Appendix 4D – Period ended 30 June 2022

This document relates to Stanmore Resource's results for the 6 months ended 30 June 2022.

Reporting period	6 months ended 30 June 2022
Previous reporting period	6 months ended 30 June 2021

	6 months to 30 June 2022 US$m	6 months to 30 June 2021 US$m	Change %
Revenue from ordinary activities	1,096.2	71.8	1,526
Profit/(loss) after tax from ordinary activities attributable to members	232.7	(12.0)	1,939
Net Profit/(loss) attributable to members	232.7	(12.0)	1,939

Dividends paid and proposed

Paid during the period

No dividend was declared or paid during the period

Declared after the period

No further dividend has been declared for FY22.

Explanation of key information and commentary on the results for the period

Commentary on the consolidated results and outlook are set out in the Operating and Financial Review section of the Director Report.

Rounding of amounts to the nearest thousand dollars

The company satisfies the requirements of the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the ASIC relating to "rounding off" of amounts in the financial statements to the nearest hundred thousand dollars. Amounts have been rounded off in the financial statements in accordance with that ASIC Instrument.

Net tangible assets per security

	30 June 2022	30 June 2021	Change
	$	$	%
Net tangible assets/(liabilities) per security	1.344	0.375	358%

Details of entities over which control has been gained or lost during the year

On 3 May 2022 the Company through its 100% owned entity Stanmore SMC Holdings Pty Ltd acquired 100% of the shares in Dampier Coal (Australia) Proprietary Ltd who hold an 80% share of BHP Mitsui Coal Pty Ltd (BMC) with two operating mine sites (South Walker Creek and Poitrel). On 11 May 2022, the entity changed its name to Stanmore SMC Pty Ltd.

Details of farm in arrangements

Name of Entity	30 June 2022	30 June 2021	Change
	%	%	%
Clifford Joint Venture – EPC 1274 and EPC 1276	60%	60%	-
Lilyvale Joint Venture Agreement – EPC 1687 and EPC 2157	85%	85%	-
Mackenzie Joint Venture Agreement – EPC 2081	95%	95%	-

Compliance statement

The Consolidated Financial Statements upon which this Appendix 4D is based have been reviewed Ernst & Young, the company auditors.

Stanmore Resources Limited

ABN 27 131 920 968

Interim Report - 30 June 2022

Stanmore Resources Limited
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30 June 2022

General information

During the period the Company and its subsidiaries changed their functional and presentation currencies from Australian dollars to United States dollars. These financial statements are presented in United States dollars, and all amounts reported are in United States dollars unless otherwise stated.

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

Stanmore Resources Limited is a listed public 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 Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 AUGUST 2022. The directors have the power to amend and reissue the financial statements.

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.net.au

Stanmore Resources Limited
Corporate directory
30 June 2022

Directors	Mr Dwi Suseno Non-Executive Director and Chairman Mr Marcelo Matos Chief Executive Officer Mr Jimmy Lim Non-Executive Director Mr Mark Trevan Non-Executive Director Mr Richard Majlinder Non-Executive Director Mr Brett Garland (Appointed 25 May 2022) Non-Executive Director Mr Matthew Latimore (Appointed 25 May 2022) Non-Executive Director Ms Caroline Chan (Appointed 25 May 2022) Non-Executive Director
Secretary	Mr Rees Fleming
Principal registered office in Australia	Level 32 12 Creek Street Brisbane QLD 4000 Australia +61 7 3238 1000
Share and debenture register	Link Market Services Level 21 10 Eagle Street Brisbane QLD 4000 1300 554 474
Auditor	Ernst & Young Level 51 111 Eagle Street Brisbane QLD 4000 +61 7 3011 3333
Stock exchange listing	Australian Securities Exchange (ASX code: SMR)
Website	www.stanmore.net.au

Your Directors present their report on the consolidated entity consisting of Stanmore Resources Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2022.

Directors

The following persons held office as Directors of Stanmore Resources Limited during the financial period and up until the date of the Directors' report:

Mr Dwi Suseno, Non-Executive Director and Chairman
Mr Marcelo Matos, Chief Executive Officer
Mr Jimmy Lim, Non-Executive Director
Mr Mark Trevan, Non-Executive Director
Mr Richard Majlinder, Non-Executive Director
Mr Brett Garland, Non-Executive Director (appointed 25 May 2022)
Ms Caroline Chan, Non-Executive Director (appointed 25 May 2022)
Mr Matthew Lattimore, Non-Executive Director (appointed 25 May 2022)
Mr Rees Fleming, Company Secretary

Principal activities

During the period the principal continuing activities of the group consisted of the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

Operating and Financial Review

Highlights of the group's operations and results for the six-month period to 30 June 2022 are described below:

- Acquisition of 80% interest in BHP Mitsui Coal Pty Ltd (BMC) completed on 3 May 2022, for consideration of up to US$1,557.5m. Post completion, BMC was renamed as Stanmore SMC Pty Ltd (SMC) on 11 May 2022.
- Successful Share Entitlement Offer during the period, raising A$694.0m (US $506.0m) in funding for the BMC acquisition
- Successful execution of multiple financing arrangements during the period, including the US$625.0m acquisition financing to part fund the BMC acquisition
- There was one recordable injury reported in the period, reducing the rolling total recordable injury frequency rate (TRIFR) for the 12 months ended 30 June 2022 to 2.5 (30 June 2021: 5.4)
- Net profit/(loss) after tax of US$232.7m (30 June 2021: US$12.0m loss)
- Underlying EBITDA (a non-IFRS measure) of US$726.1m (30 June 2021: US$10.4m loss)
- Cash inflows from operations of US$562.7m (30 June 2021: US$9.6m)
- Net cash of US$546.1m as at 30 June 2022 (31 December 2021 US$45.6m)

Financial performance

	30 June 2022 $m	30 June 2021 $m
Revenue from contracts with customers	**1,096.2**	71.8
Other income and expenses	**(719.3)**	(87.5)
Profit/(loss) before income tax and net finance expenses	**376.9**	(15.7)
Finance income	**1.3**	0.5
Finance expenses	**(25.0)**	(2.1)
Net finance income/(expenses)	**(23.7)**	(1.6)
Profit/(loss) before income tax benefit/(expense)	**353.2**	(17.3)
Income tax (expense)/benefit	**(120.5)**	5.3
Profit/(loss) after income tax (expense)/benefit	**232.7**	(12.0)

Underlying EBITDA result (non-IFRS measure)

Underlying EBITDA (non-IFRS measure) reflects statutory EBITDA as adjusted to reflect the Director's assessment of the result for the ongoing business activities of the Consolidated Entity. The items adjusted are determined to be not in the ordinary course of business. The presentation of non-IFRS financial information provides stakeholders the ability to compare against prior periods in a consistent manner.

	Consolidated entity	
	30 June 2022 $m	30 June 2021 $m
Revenue	**1,096.2**	71.8
Expenses	**(719.3)**	(87.5)
Profit/(loss) before income tax and net finance expenses	**376.9**	(15.7)
Depreciation and amortization	**57.8**	9.1
Earnings before interest, depreciation and amortisation (EBITDA) (Non-IFRS measure)	**434.7**	(6.6)
Remeasurement of provisions	**0.1**	(3.8)
Fair value adjustment – Inventory on acquisition	**227.5**	-
Transaction costs	**63.8**	-
Underlying EBITDA (Non-IFRS measure)	**726.1**	(10.4)

The Underlying EBITDA (non-IFRS measure) of $726.1m for the 6-month period to 30 June 2022 was an increase of $736.5m from the $10.4m loss for the period to 30 June 2021. The increase in EBITDA was primarily driven by the acquisition of the South Walker Creek and Poitrel mines on 3 May 2022. Sales volumes increased from 814kt to 2,907kt to 30 June 2022, with a US$288.85/t increase in the average realized sales prices. See page 6 for additional pricing information.

Underlying EBITDA has been presented to exclude the fair value adjustments made to inventory acquired as part of the SMC acquisition which have been subsequently expensed when sold prior to 30 June 2022 and for transactions costs associated with the SMC acquisition transaction.

The primary drivers contributing to the Net Profit after Tax ("NPAT") result US$232.7m include:

• Gross revenue from coal sales increased to US$1,096.2m for the period to 30 June 2022 from US$71.8m in period to 30 June 2021. The increase was driven by a US$289/t increase in the US$ realised price to an average of US$377/t to 30 June 2022 and an increase in sales of produced coal to 2,907kt in the period to 30 June 2022 from 814kt in the period to 30 June 2021, due to the SMC acquisition on 3 May 2022, and improving coal sales market conditions during the period.

• Free on Board ("FOB") cash costs per tonne have decreased year on year from US$100.0/t to US$87.3/t, due to the transition to the lower strip ratio Isaac Downs mine combined with the contribution of the low cost South Walker mine are Poitrel mine.

• Depreciation and amortisation costs increased from US$9.1m to US$57.8m, in line with the increased Property, Plant and Equipment assets, mine property assets and production levels during the period.

Cash flow

In the period to 30 June 2022, total net cash inflows of US$501.9m were recorded. The net cash inflow from operating activities was $562.7m. Cash flows from investing activities were US$(1,254.6m). Of this US$(1,254.5m) related to the acquisition of the 80% shares in BMC, US$15.2m related to ongoing PPE investment, and a further US$21.9m relating to the continued investment in Isaac Downs.

Net cash from financing activities totaled US$1,193.8m, with US$503.1m of inflows from the issue of shares in the period, US$795.0m from the drawdown of financing arrangements, most notably the US$625m acquisition financing facility entered in the period. See note 25 for further information. At the end of period, US$1,193.8m was drawn down across the Group's financing facilities (31 December 2021: US$75.3m)

	Consolidated entity	
	30 June 2022 $m	30 June 2021 $m
Net cash at beginning of period	**45.6**	3.9
Cash flows from operating activities	**562.7**	9.6
Cash flows from investing activities	**(1,254.6)**	(23.0)
Cash flows from financing activities	**1,193.8**	21.6
Net increase in cash held	**501.9**	8.2
Effects of exchange rate changes on cash and cash equivalents	**(1.4)**	
Net cash at end of period	**546.1**	12.1

Operational Summary

Health, Safety, Environment and Community Performance

The Group continues to be committed to the current and future performance of the business for the health, safety and wellbeing of our people, the environment and the communities in which we operate.

There was one recordable injury over the period (H1 2022) resulting in a Total Recordable Injury Frequency Rate (TRIFR) for the business of 0.95. This was in line with a descending trend since Q3/Q4 2021. The rolling 12 month Total Reportable Injury Frequency Rate is 2.5 per million hours (30 June 2021: 5.4). The Group continues to implement safety initiatives where necessary to ensure the continued positive safety performance results.

The Group continues to support the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken as part of the Group's community grant program. 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.

Operations

The Isaac Plains Complex commenced mining in the lower strip ratio Isaac Downs mining lease during the period, as well as transitioning to a new Mining Services operator in early April. The dragline was successfully transferred to Isaac Downs, followed by a scheduled dragline shutdown in April, which in turn reduced overburden in the period.

Since 3 May 2022, activities at the South Walker and Poitrel mines have been focused on maintained production and safety performance, whilst separation and integration activities progress post-completion.

Operational Summary (continued)

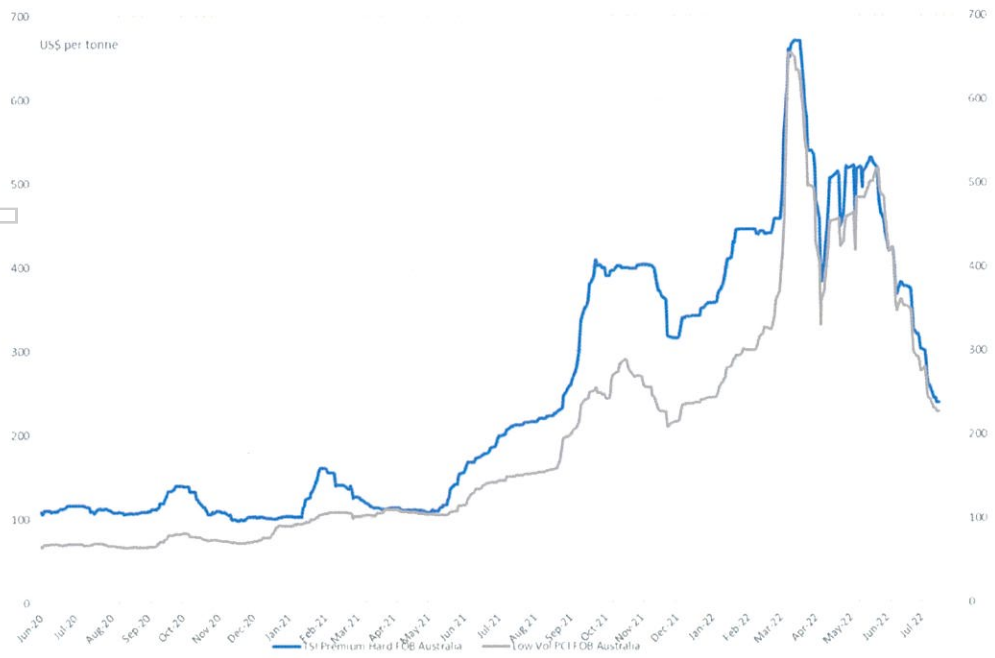
Operations (continued)

The period between April 2022 to June 2022 saw unseasonal wet weather within the Bowen Basin area, impacting on certain drill and blast, and overburden removal activities. Despite these impacts, operations have seen a strong finish to the period as a result of additional haul trucks, improving extractor utilisation and strong dragline performance.

	Consolidated entity	
	30 June 2022	30 June 2021
Physicals – on a 100% basis		
ROM coal produced (mt)	**3.9**	1.1
ROM strip ratio (prime)	**9**	11
ROM stockpile (mt)	**0.5**	0.1
Saleable coal produced (mt)	**2.8**	0.8
Coal product stockpiles (mt)	**0.5**	0.2
Total coal sales (mt)	**2.9**	0.8
Average sale price achieved (US$/t)	**$377**	$88
FOB cash cost (ex. royalties) (US$/t)	**$87.3**	$100.0

The Group saw a significant increase to the average sales price achieved in the period, in line with very favourable market pricing conditions, driven by strong demand and elevated steel pricing, combining with ongoing supply weakness in many key exporting countries.

Towards the end of the period, this trend of higher prices started to soften, with steel demand impacted by supply chain disruptions and a reduction in end user demand as part of the general reduction in economic outlook, combined with a recovery in production from certain large Australian mines. Despite this, coal prices remain elevated and are well supported by global energy markets.



Other activities

On 3 March 2022, the Group announced that it had entered into a definitive facility agreement in respect of a US$120.0m senior secured loan facility. The loan was secured against certain assets of the Group and will be used for the general corporate purposes of the Company, including to fund working capital needs.

On 3 March 2022, the Group announced its Share Entitlement Offer to raise A$694.0m (US$506.0m) to part fund the acquisition of BHP Minerals Pty Ltd's 80% interest in BMC Mitsui Coal Pty Ltd. The institutional component of the Entitlement Offer closed on 3 March 2022 and raised gross proceeds of A$656.0m (US$478.0m). The retail component of the Entitlement Offer closed on 24 March 2022, raising A$38.0m (US$27.7m) in gross proceeds.

On 4 April 2022, the Group announced the execution of a A$110.0m facility, comprising a A$60.0m bank guarantee facility and A$50.0m working capital facility, to be made available upon completion of the acquisition of BMC.

On 14 April 2022, the Group executed an US$50.0m Senior Secured Facility Agreement, to act as a short-term bridging loan during the completion period of the BMC acquisition.

On 3 May 2022, the Group completed the acquisition of an 80% interest in BHP Mitsui Coal Pty Ltd, consisting of the South Walker Creek and Poitrel mining operations, for initial consideration of US$1.1bn. See note 25 for additional information regarding the fair value of the assets acquired and the consideration paid.

On 19 May 2022, the Group executed a A$90.0m Surety Bond facility to support the contractual performance guarantee requirements of the BMC. The facility is secured against the BMC specific assets.

Likely developments and expected results of operations

Operations

South Walker and Poitrel integration and separation activities are progressing well and nearing completion, with recruitment of all key position completed in the period. Going forward, focus will remain on ensuring remaining transition activities are completed effectively, as well as advancing opportunities to unlock synergistic benefits across the Group's operations.

The Queensland Government recently announced significant changes to the coal royalty regime as part of its 2022-23 budget, making royalties paid by coal producers in Queensland the highest in the world. These additional cost pressures discourage investment with potential negative flow on impacts to workers and suppliers in regional Queensland communities that underpin the resources sector. Three new progress 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 A$175 per tonne
- 20% for prices above A$175 per tonne
- 30% for prices above A$225 per tonne
- 40% for prices above A$300 per tonne

Inflationary cost pressures are being increasingly experienced particularly with energy related costs and general consumable prices. General tightness in the labour market in conjunction with labour supply impacts from COVID-19 are also impacting costs.

As noted previously we have started to see a softening in sales prices, off the back of very favourable pricing conditions during the financial period. However, market prices remain elevated over historical levels and are well supported by global energy markets.

Events after the reporting period

On 12 August 2022, the Group announced that its wholly owned subsidiary, Dampier Coal, signed a definitive share sale agreement with Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "Mitsui") to acquire the remaining 20% interest in Stanmore SMC Pty Ltd ("SMC") held by Mitsui.

Following completion of the Transaction Stanmore will own 100% of SMC.

The purchase price for the Transaction payable upon completion is US$380.0 million, and will be reduced by any dividends paid to Mitsui by SMC prior to completion.

Stanmore intends to fund the Transaction through internal sources. Based on current market conditions, Stanmore anticipates it will continue to have sufficient internal sources to meet all ongoing cash requirements and fund the Transaction without the need to issue any new debt or raise capital.

The Transaction is conditional on FIRB approval. Completion of the Transaction is expected in Q4 CY2022.

Stanmore has agreed to guarantee all obligations of Dampier Coal under the Share Sale Agreement.

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 9.

Rounding of amounts

The company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the rounding- off of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument.

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

Marcelo Matos
Director and CEO

Brisbane
12 August 2022

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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 review of Stanmore Resources Limited for the half-year ended 30 June 2022, 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 review; and

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

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

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

Ernst & Young

Ernst & Young

Tom du Preez
Partner
Brisbane
12 August 2022

Stanmore Resources Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022

	Note	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 *Restated $m
Revenue from contracts with customers	2	1,096.2	71.8
Other income		1.1	0.8
Net inventory movements		(245.0)	4.5
Foreign exchange gains		28.5	1.2
Depreciation and amortisation expenses	3	(57.8)	(9.1)
Employee benefits expense	4	(23.3)	(2.6)
Materials and supplies		(53.4)	(2.8)
Operating expenses		(136.6)	(69.8)
Royalties expense		(146.6)	(6.1)
Transaction costs	25	(63.8)	-
Other expenses		(42.5)	(3.6)
Operating profit/(loss)		356.8	(15.7)
Finance income	5	1.3	0.5
Finance costs	6	(25.0)	(2.1)
Share of profit from joint ventures	16	20.1	-
		(3.6)	(1.6)
Profit/(loss) before income tax (expense)/benefit		353.2	(17.3)
Income tax (expense)/benefit	7	(120.5)	5.3
Profit/(loss) after income tax (expense)/benefit for the half-year		232.7	(12.0)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(20.7)	(1.8)
Other comprehensive loss for the half-year, net of tax		(20.7)	(1.8)
Total comprehensive income/(loss) for the half-year		212.0	(13.8)
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		14.5	-
Owners of Stanmore Resources Limited		218.2	(12.0)
		232.7	(12.0)
Total comprehensive income/(loss) for the half-year is attributable to:			
Non-controlling interest		14.5	-
Owners of Stanmore Resources Limited		197.5	(13.8)
		212.0	(13.8)

*Prior year comparatives have been restated into US dollars following a change in presentation currency refer to note 1 for further detail.

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Stanmore Resources Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2022

	Cents	Cents
Basic earnings per share	32.37	(4.44)
Diluted earnings per share	32.37	(4.44)

*Prior year comparatives have been restated into US dollars following a change in presentation currency refer to note 1 for further detail.

Stanmore Resources Limited
Condensed consolidated statement of financial position
As at 30 June 2022

	Note	30 June 2022 $m	Consolidated 31 December 2021 *Restated $m	1 January 2021 *Restated $m
Assets				
Current assets				
Cash and cash equivalents	8	546.1	45.6	3.9
Trade and other receivables	9	378.7	38.0	16.8
Inventories	10	84.8	8.5	18.7
Current tax receivables		-	-	4.2
Other assets	11	27.0	44.1	4.3
Total current assets		1,036.6	136.2	47.9
Non-current assets				
Trade and other receivables	9	5.5	10.9	-
Financial assets at fair value through other comprehensive income	12	25.0	-	-
Property, plant and equipment	13	1,404.1	47.0	49.5
Capitalised development and exploration	14	1,077.5	111.7	111.3
Intangibles		1.3	1.5	1.9
Investments accounted for using the equity method	15	17.5	-	-
Other assets	11	15.6	15.6	15.4
Total non-current assets		2,546.5	186.7	178.1
Total assets		3,583.1	322.9	226.0
Liabilities				
Current liabilities				
Trade and other payables	16	516.1	60.6	31.2
Borrowings	17	56.3	70.4	15.0
Lease liabilities	18	68.5	0.1	0.1
Derivative financial instruments	19	3.0	4.4	-
Current tax payables		66.7	4.6	-
Employee benefits		14.3	1.8	0.6
Provisions	20	4.6	4.2	7.3
Total current liabilities		729.5	146.1	54.2
Non-current liabilities				
Borrowings	17	720.3	4.9	6.9
Lease liabilities	18	225.6	0.3	0.5
Deferred tax	7	332.2	22.1	21.3
Employee benefits		0.1	-	-
Provisions	20	352.8	31.3	26.2
Total non-current liabilities		1,631.0	58.6	54.9
Total liabilities		2,360.5	204.7	109.1
Net assets		1,222.6	118.2	116.9

*Prior year comparatives have been restated into US dollars following a change in presentation currency refer to note 1 for further detail.

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

Stanmore Resources Limited
Condensed consolidated statement of financial position
As at 30 June 2022

	Note	30 June 2022 $m	Consolidated 31 December 2021 *Restated $m	1 January 2021 *Restated $m
Equity				
Share capital	22	616.3	113.3	113.3
Reserves		(29.0)	(8.3)	(6.7)
Retained profits		231.4	13.2	10.3
Equity attributable to the owners of Stanmore Resources Limited		818.7	118.2	116.9
Non-controlling interest	23	403.9	-	-
Total equity		1,222.6	118.2	116.9

*Prior year comparatives have been restated into US dollars following a change in presentation currency refer to note 1 for further detail.

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

Stanmore Resources Limited
Condensed consolidated statement of changes in equity
For the half-year ended 30 June 2022

Consolidated (*Restated)	Issued capital $m	Share-based payments reserve $m	Foreign currency translation reserve $m	Retained earnings $m	Total equity $m
Balance at 1 January 2021	113.3	4.6	(11.3)	10.3	116.9
Loss after income tax benefit for the half-year	-	-	-	(12.0)	(12.0)
Other comprehensive loss for the half-year, net of tax	-	-	(1.8)	-	(1.8)
Total comprehensive loss for the half-year	-	-	(1.8)	(12.0)	(13.8)
Balance at 30 June 2021	113.3	4.6	(13.1)	(1.7)	103.1

Consolidated	Issued capital $m	Share-based payments reserve $m	Foreign currency translation reserve $m	Retained earnings $m	Non-controlling interest $m	Total equity $m
Balance at 1 January 2022	113.3	4.6	(12.9)	13.2	-	118.2
Profit after income tax expense for the half-year	-	-	-	218.2	14.5	232.7
Other comprehensive loss for the half-year, net of tax	-	-	(20.7)	-	-	(20.7)
Total comprehensive income/(loss) for the half-year	-	-	(20.7)	218.2	14.5	212.0
Acquisition of Dampier group	-	-	-	-	389.4	389.4
Issue of share capital	503.0	-	-	-	-	503.0
Balance at 30 June 2022	616.3	4.6	(33.6)	231.4	403.9	1,222.6

*Prior year comparatives have been restated into US dollars following a change in presentation currency refer to note 1 for further detail.

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

Stanmore Resources Limited
Condensed consolidated statement of cash flows
For the half-year ended 30 June 2022

	Note	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 *Restated $m
Operating activities			
Receipts from customers		1,117.6	81.3
Payments to suppliers and employees		(411.7)	(74.1)
Interest received		1.3	0.5
Interest and other finance costs paid		(19.6)	(1.4)
Income taxes (paid)/refund		(124.9)	3.3
Net cash from operating activities		562.7	9.6
Investing activities			
Payments for property, plant and equipment		(15.2)	-
Payments for mine property assets		(2.4)	-
Payments for exploration and evaluation		(21.9)	(12.0)
Refunds/(payments) for refundable security bonds		28.1	-
Proceeds from/(payments for) intangibles		-	(2.1)
Payments for vendor royalties		(1.6)	(3.7)
Receipt of repayments of loan to Joint Venture		30.7	-
Drawdown of loan principal by Joint Venture		(17.8)	(0.4)
Payments for joint venture		-	(1.3)
Loss from disposal of property, plant and equipment		-	(3.9)
Acquisitions of a subsidiary, net of cash acquired	25	(1,254.5)	-
Net cash used in investing activities		(1,254.6)	(23.4)
Financing activities			
Proceeds from issue of shares, net of transaction costs	22	503.1	-
Proceeds from borrowings		795.0	22.9
Repayments of borrowings		(93.9)	(0.9)
Repayment of lease liabilities		(9.0)	(0.1)
Proceeds from financial securities		(1.4)	0.1
Net cash from financing activities		1,193.8	22.0
Net increase in cash and cash equivalents		501.9	8.2
Cash and cash equivalents at the beginning of the financial half-year		45.6	3.9
Effects of exchange rate changes on cash and cash equivalents		(1.4)	-
Cash and cash equivalents at the end of the financial half-year		546.1	12.1

*Prior year comparatives have been restated into US dollars following a change in presentation currency refer to note 1 for further detail.

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

Note 1. Significant accounting policies

During the period the Group has changed the presentation of its statement of profit or loss and other comprehensive income to categorise costs by nature, rather than function, on the basis that it provides a clearer representation of the Group's operational expenditures incurred in it's mining activities.

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by Stanmore Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for functional/presentation currency and the adoption of new and amended standards as set out below.

Going concern
As disclosed in the Directors' report, during the period the Group completed the acquisition of 80% of the shares in BMC from BHP. This transaction was funded through a combination of debt and equity.

The equity raising included a retail entitlement offer, and institutional offer and a 7 for 3 pro rata renounceable accelerated entitled offer which were all successfully completed during March 2022 raising US$503.1m. The Group also obtained a number of facilities including a US$625million senior debt facility, a US$120m revolving credit facility and a US$50m facility.

The Group is now managing the transition of the BMC (now SMC) business into the operations of Stanmore. In respect of the operations of SMC and the existing operations of Isaac Downs, the Directors have considered projected cash flow information for the 12 months from the date of the 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 financing facilities as disclosed in note 17.

Based on the above, the Group is expected to continue to operate within the available cash levels and is confident in its ability to continue to fund the ongoing operations.

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.

New or amended Accounting Standards and Interpretations adopted
A number of new or amended standards became applicable for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Change in functional and presentation currency
The Company and it's subsidiaries changed their functional currencies from Australian dollars to US dollars in the current financial year. The functional currency is deemed the currency of the primary economic environment in which the Group operates.

As a result of the acquisition of the 80% share in BMC on 3 May 2022, a reassessment of the functional currency was undertaken.

The Group's revenues continue to be predominantly denominated is US dollars, however the quantum has increased as a result of the acquisition. Local labour and material costs are generally denominated in Australian dollars, however associated sales and marketing costs are often denominated in US dollars.

Significant US dollar financing arrangements were entered in the period, further increasing the Group's exposure to US dollar denominated transactions.

As such, the change in the functional currency of the Group to US dollars is considered most appropriate.

Note 1. Significant accounting policies (continued)

The Group changed its presentation currency from Australian dollars to US dollars in the current financial period. The change in presentation currency represents a voluntary change in accounting policy which is accounted for retrospectively. This interim financial report for the six months ended 30 June 2022 is the first financial report with results presented in US dollars. Comparative financial information from both the 1 January 2021 consolidated financial report and 31 December 2020 financial report, previously reported in Australian dollars, has been restated into US dollars using the procedures outlined below:

- The Statements of Profit or Loss and other comprehensive income and Statements of Cash Flows have been translated to US dollars using average exchange rates for the relevant period;
- Assets and Liabilities in the Statement of Financial Position have been translated to US dollars using the exchange rate as at the relevant balance dates;
- The Equity section of the Statement of Financial Position has been converted to US dollars using historical exchange rates; and
- Earnings per share and dividend disclosures have also been restated to US dollars based on restated US dollar results for the period;
- Translation differences are recognised in the Foreign Currency Translation Reserve, through Other Comprehensive Income.

Business combinations
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, and the amount of any non-controlling interests in the acquiree.

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.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

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 acquirer 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.

Note 2. Revenue from contracts with customers

	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 $m
Revenue from contracts with customers	1,096.2	71.8

Segment revenue

The Group recognises revenue from the transfer of goods at a point in time in the following geographical regions.

	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 $m
Revenue from external customers		
Asia	929.4	66.3
Europe	102.8	5.5
South America	64.0	-
Total segment revenue	1,096.2	71.8

The Group recognises revenue from the transfers of goods at a point in time, when control of the coal has been transferred from the Group to the customer. Typically, the transfer of control and the recognition of the sale occurs when the coal passes the ship rail when loading at the port.

	30 June 2022 %	30 June 2021 %
Revenue by major customers		
Customer A	19%	8%
Customer B	18%	14%
Customer C	13%	33%
Customer D	11%	16%

Note 3. Depreciation and amortisation expenses

	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 $m
Plant and equipment	24.7	5.2
Right-of-use asset	12.2	0.1
Land and buildings	2.9	0.1
Mine properties	17.8	3.5
Intangibles	0.2	0.2
	57.8	9.1

Stanmore Resources Limited
Notes to the condensed consolidated financial statements
30 June 2022

Note 4. Employee benefits expense

	Consolidated	
	30 June 2022 $m	30 June 2021 $m
Salaries and wages	20.2	2.5
Employee superannuation	1.8	0.1
Other employee benefits expense	1.3	-
	23.3	2.6

Note 5. Finance income

	Consolidated	
	30 June 2022 $m	30 June 2021 $m
Interest income	1.3	0.5

Note 6. Finance costs

	Consolidated	
	30 June 2022 $m	30 June 2021 $m
Interest paid	18.0	1.4
Unwinding of discount	5.4	0.7
Borrowing costs	1.6	-
	25.0	2.1

Note 7. Income tax

	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 $m
(i) Income tax expense		
Current tax on profits for the year	173.4	(10.2)
Deferred tax - origination and reversal of temporary differences*	(52.9)	4.9
Aggregate income tax expense/(benefit)	120.5	(5.3)
(ii) Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	353.2	(17.3)
Tax at the statutory tax rate of 30%	106.0	(5.2)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	14.5	(0.1)
Income tax expense/(benefit)	120.5	(5.3)

* The movement is primarily related to the unwind of deferred tax liabilities associated with fair value adjustments in inventory as a result of the purchase price allocation.

(iii) Recognised deferred tax assets and liabilities:

	Consolidated 30 June 2022 $m	Consolidated 30 June 2021 $m
The balance comprises temporary differences attributable to:		
Deductible temporary differences - Deferred tax assets	141.4	21.8
Assessable temporary differences - Deferred tax liabilities	(473.6)	(36.9)
Total deferred tax liabilities	(332.2)	(15.1)

Note 8. Cash and cash equivalents

	Consolidated 30 June 2022 $m	Consolidated 31 December 2021 $m
Current assets		
Cash at bank	546.1	45.6

Note 9. Trade and other receivables

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Current assets		
Trade receivables	332.1	25.7
GST receivables	12.2	4.5
Loans to related parties	-	7.4
Other receivables	34.4	0.4
	46.6	12.3
	378.7	38.0
Non-current assets		
Loans to related parties	5.5	10.9

The Company has provided MetRes Pty Ltd, a 50% owned Joint Venture (see note 15) with a total finance facility up to A$30 million, including a working capital debt facility of A$15 million to the joint venture to cover initial working capital requirements, and an additional A$15 million debt facility to support rehabilitation surety obligation if required. This finance facility has been reduced by A$15 million as at 30 June 2022.

Note 10. Inventories

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Current assets		
ROM coal inventories	17.6	2.5
Product coal stocks	36.1	6.0
Warehouse inventories	31.1	-
	84.8	8.5

Note 11. Other assets

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Current assets		
Prepayments	25.1	44.1
Security deposits	1.9	-
	27.0	44.1
Non-current assets		
Security bonds	11.3	11.5
Term deposits	3.0	2.7
Other non-current assets	1.3	1.4
	15.6	15.6

Note 12. Financial assets at fair value through other comprehensive income

	Consolidated 30 June 2022 $m	Consolidated 31 December 2021 $m
Non-current assets		
Financial assets at fair value through other comprehensive income	25.0	-

Note 13. Property, plant and equipment

	Consolidated 30 June 2022 $m	Consolidated 31 December 2021 $m
Non-current assets		
Land and buildings	259.3	2.4
Less: Accumulated depreciation	(3.5)	(0.6)
	255.8	1.8
Plant and equipment	821.8	69.6
Less: Accumulated depreciation	(55.8)	(31.9)
	766.0	37.7
Right of use asset	318.9	0.5
Less: Accumulated depreciation	(12.5)	(0.2)
	306.4	0.3
Capital work in progress	75.9	7.2
	1,404.1	47.0

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Consolidated	Land and buildings $m	Plant and equipment $m	Right of use asset $m	Capital work in progress $m	Total $m
Balance at 1 January 2021	1.4	46.5	0.5	1.2	49.6
Additions	-	-	0.1	11.5	11.6
Disposals	-	-	-	-	-
Exchange differences	-	(3.8)	(0.2)	(0.3)	(4.3)
Transfers in/(out)	0.6	4.6	-	(5.2)	-
Depreciation expense	(0.2)	(9.6)	(0.1)	-	(9.9)
Balance at 1 January 2022	1.8	37.7	0.3	7.2	47.0
Additions	-	-	61.5	14.5	76.0
Acquisition of business	256.9	752.2	256.8	55.8	1,321.7
Exchange differences	-	(0.3)	-	(0.5)	(0.8)
Transfers in/(out)	-	1.1	-	(1.1)	-
Depreciation expense	(2.9)	(24.7)	(12.2)	-	(39.8)
Balance at 30 June 2022	255.8	766.0	306.4	75.9	1,404.1

Note 14. Capitalised development and exploration

	Consolidated 30 June 2022 $m	Consolidated 31 December 2021 $m
Capitalised development	-	64.4
Exploration and evaluation assets	69.9	31.4
Mine properties	1,007.6	15.9
	1,077.5	111.7

	Capitalised development costs $m	Exploration and evaluation $m	Mine properties $m	Total $m
At 1 January 2021				
Cost or fair value	34.0	40.8	37.3	112.1
Accumulated depreciation	-	-	(24.0)	(24.0)
Provision for impairment	-	(9.3)	-	(9.3)
Net book amount	34.0	31.5	13.3	78.8
Year ended 31 December 2021				
Opening net book amount	34.0	31.5	13.3	78.8
Additions	33.3	1.6	11.6	46.5
Exchange differences	(2.9)	(1.7)	0.7	(3.9)
Depreciation charge	-	-	(9.7)	(9.7)
Closing net book amount	64.4	31.4	15.9	111.7
At 31 December 2021				
Cost or fair value	64.4	40.1	46.6	151.1
Accumulated depreciation	-	-	(30.7)	(30.7)
Provision for impairment	-	(8.7)	-	(8.7)
Net book amount	64.4	31.4	15.9	111.7
Period ended 30 June 2022				
Opening net book amount	64.4	31.4	15.9	111.7
Acquisition of business	-	38.8	921.1	959.9
Additions	22.3	0.2	2.3	24.8
Exchange differences	(0.8)	(0.5)	0.2	(1.1)
Depreciation charge	-	-	(17.8)	(17.8)
Reclassification	(85.9)	-	85.9	-
Closing net book amount	-	69.9	1,007.6	1,077.5
At 30 June 2022				
Cost or fair value	85.9	78.5	950.5	1,114.9
Accumulated depreciation	-	-	(28.8)	(28.8)
Provision for impairment	-	(8.6)	-	(8.6)
Reclassification	(85.9)	-	85.9	-
Net book amount	-	69.9	1,007.6	1,077.5

Note 15. Investments accounted for using the equity method

The Group has a 50% interest in MetRes Pty Limited (the JV), a joint venture between Stanmore Resources Limited and M Resources to acquire the Millennium and Mavis Downs Mine. The investment as at 30 June 2022 totalled $17.5 million.

MetRes Pty Ltd is deemed to be a joint venture under relevant accounting standards, and is consolidated via the equity method in the Group's accounts.

	Consolidated	
	30 June 2022 $m	**31 December 2021 $m**
Non-current assets		
Investment in joint venture	17.5	-

Note 16. Trade and other payables

	Consolidated	
	30 June 2022 $m	**31 December 2021 $m**
Current liabilities		
Trade and accrued payables	380.5	58.3
Other payables	135.6	2.3
	516.1	60.6

Note 17. Borrowings

	30 June 2022 Current $m	30 June 2022 Non-current $m	30 June 2022 Total $m	31 December 2021 Current $m	31 December 2021 Non-current $m	31 December 2021 Total $m
Secured						
Interest bearing liabilities	56.3	720.3	807.5	70.4	4.9	75.3
Total interest bearing liabilities	56.3	720.3	807.5	70.4	4.9	75.3
Total borrowings	56.3	720.3	807.5	70.4	4.9	75.3

Financing arrangements
The following table details the group's financing facilities, available and used along with the currency that the facility is denominated:

	30 June 2022 $m	31 December 2021 $m
Facility A - Bank financing - USD		
Total facility	625.0	-
Facility utilised	(625.0)	-
Available facility	-	-
Facility B - Revolving credit facility - USD		
Total facility	120.0	-
Facility utilised	(120.0)	-
Available facility	-	-
Facility C - Working capital facility - AUD		
Total facility	34.4	-
Facility utilised	(2.1)	-
Available facility	32.3	-
Facility D - Bank guarantee facility - AUD		
Total facility	41.3	3.9
Facility utilised	(21.1)	(2.6)
Available facility	20.2	1.3

Note 17. Borrowings (continued)

	30 June 2022 $m	31 December 2021 $m
Facility E - Revolving facility - USD		
Total facility	70.0	70.0
Facility utilised	(43.8)	(67.6)
Available facility	26.2	2.4
Facility F - Insurance premium funding - AUD		
Total facility	62.0	-
Facility utilised	(33.8)	-
Available facility	28.2	-
Facility G - Chattel mortgage - AUD		
Total loan amount	9.4	9.9
Loan balance outstanding	4.1	6.6
Total loan	4.1	6.6
Facility H - Insurance premium funding - AUD		
Total funding amount	7.3	2.1
Funding balance outstanding utilised	7.3	0.8
Total funding	7.3	0.8

Recognition and measurement

Interest bearing liabilities are initially recognised at fair value, net of any transaction costs incurred. They are subsequently measured at amortised cost using the effective interest method. For facilities with fixed interest rates, the fair value of these liabilities reasonably approximates their carrying amount.

The Group entered into a number of financing facilities during the 6 months ended 30 June 2022 in order to fund the acquisition of BMC from BHP, and for the general purposes of the Company.

Facility A is a fully drawn fixed rate US$625m loan facility. The facility has a fixed interest rate of 11.5%, commitment fees of 3% of the available amount, and matures 5 years from first utilisation. Repayments comprise of a fixed amortisation schedule, plus an annual sweep of residual excess cash flows, starting at 25% and rising in periods of higher cash flows.

Facility B is 3 year fully drawn US$120m revolving credit facility. The facility has a fixed interest rate of 8%, commitment fees of 2% of the undrawn amount, and has a maturity date of 3 years from the date of the facility agreement.

As a result of the expansion of the operations of the Group, new facilities have been entered into including:

Facility C which is a 5 year A$50m working capital facility. This facility is BBSY + margin, with commitment fees and an upfront fee.

Facility D is a A$60m bank guarantee facility replacing the previous facility. The facility has a 5 year term, with interest rate of 4.75% and commitment fees of 1.9% on undrawn funds.

Facility H is new insurance premium funding, expiring February 2023.

Note 18. Lease liabilities

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Current liabilities		
Lease liability	68.5	0.1
Non-current liabilities		
Lease liability	225.6	0.3

Recognition and measurement

The lease liability recognised relates to equipment leases recognised under AASB 16 Leases.

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Reconciliation of movements		
Opening balance	0.4	0.5
Acquisition of business	256.8	-
Addition	61.5	-
Payments	(12.1)	(0.1)
Interest unwind	3.1	-
Exchange differences	(15.6)	-
Closing balance	294.1	0.4

Note 19. Derivative financial instruments

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Current liabilities		
Forward foreign exchange contracts	3.0	4.4

Refer to note 29 for further information on fair value measurements of financial instruments.

In order to protect against exchange rate movements, in the prior year the Group entered into forward foreign exchange contracts.

Note 20. Provisions

	Consolidated	
	30 June 2022 $m	**31 December 2021 $m**
Current liabilities		
Onerous contracts provision	0.3	0.3
Rehabilitation provision	3.0	1.9
Vendor Royalties - Contingent consideration	1.3	2.0
	4.6	4.2
Non-current liabilities		
Onerous contracts provision	0.7	0.9
Rehabilitation provision	208.1	26.0
Vendor Royalties - Contingent consideration	4.0	4.4
Purchase Contingent Consideration	140.0	-
	352.8	31.3

Rehabilitation provision
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 the 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 period US$199.2m of rehabilitation provisions were recognised upon acquisition of the SMC group on 3 May 2022.

The discount rate used in the calculation of provisions at 30 June 2022 equalled 4% (31 December 2021: 1.81%).

Purchase - Contingent consideration
As part of the acquisition of 80% of the BMC assets during the period, AASB 3 required the recognition of the additional consideration yet to be paid to the vendor. With a potential follow-up payment of up to US$150m after two years, the value of which is dependant on the prevailing coal price exceeding certain targets.

Vendor royalties - Contingent consideration
During the business combination of Isaac Plains in 2015, AABS 3 Business Combinations required the recognition of Contingent Consideration. The Contingent Consideration relates to royalty stream payable to the vendors of Isaac Plains in the event that benchmark Hard Coking Coal prices are above an Australian Dollar equivalent of 160 (adjusted for CPI) and coal is produced and sold from either Issac Plains or Isaac Plains East.

Each royalty is capped at predetermined amounts for each vendor. Once the price threshold and production requirements are met, the royalty is payable at $2 per product tonne (2015 dollars) to each of the two vendors of Isaac Plains. Royalties were paid during the period to the vendors and as a result the remaining cap is $nil.

During FY19, Stanmore completed the acquisition of Isaac Downs (formally Wotonga South). This transaction included a royalty stream payable to the vendor at $1 per tonne of product coal when the premium hard coking coal benchmark is over A$170 per tonne (indexed for CPI) capped at $10m. The fair value of this royalty was recognised at the point of aquisition and is carried forward and recognised as a liability.

We have performed a sensitivity analysis in regards to hard coking coal prices and indexes +/- 10% and there is no change to the value of the contingent consideration payable.

Note 20. Provisions (continued)

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

	Onerous contracts provision $m	Rehabilitation provision $m	Vendor royalties - contingent consideration $m	Purchase - contingent consideration $m	Total $m
Carrying amount at start of year	1.4	24.3	7.7	-	33.4
Additional provision charged to mine properties	-	6.1	0.7	-	6.8
Adjustment - through re-measurement	-	(0.5)	2.1	-	1.6
Depletions through settlement	(0.3)	0.4	(3.6)	-	(3.5)
Unwinding of discount via profit and loss	0.1	0.2	(0.6)	-	(0.3)
Exchange differences	-	(2.6)	0.1	-	(2.5)
Carrying amount at 31 December 2021	1.2	27.9	6.4	-	35.5
Carrying amount at start of year	1.2	27.9	6.3	-	35.4
Acquisition of business	-	199.2	-	-	199.2
Addition	-	-	-	140.0	140.0
Adjustment - through re-measurement	(0.2)	-	0.5	-	0.3
Depletions through settlement	(0.1)	-	(1.5)	-	(1.6)
Unwinding of discount via profit and loss	0.1	0.8	0.3	-	1.2
Exchange differences	-	(16.8)	(0.3)	-	(17.1)
Carrying amount at 30 June 2022	1.0	211.1	5.3	140.0	357.4

Note 21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Franking credits

	Consolidated 30 June 2022 $m	Consolidated 31 December 2021 $m
Franking credits available at the reporting date based on a tax rate of 30%	11.7	2.0
	11.7	2.0

Note 22. Share capital

	Consolidated			
	30 June 2022 Shares	31 December 2021 Shares	30 June 2022 $m	31 December 2021 $m
Ordinary shares - fully paid	901,391,634	270,417,381	616.3	113.3

	30 June 2022 No.	31 December 2021 No.
Movement in ordinary shares		
Opening balance of issued shares	270,417,381	270,417,381
Share issued during the period	630,974,253	-
Closing balance of issued shares	901,391,634	270,417,381

On 3 March 2022, the Group announced its Share Entitlement Offer to raise A$694m to part fund the acquisition of BHP Minerals Pty Ltd's 80% interest in BMC Mitsui Coal Pty Ltd. The institutional component of the Entitlement Offer closed on 3 March 2022 and raised gross proceeds of A$656m. The retail component of the Entitlement Offer closed on 24 March 2022, raising A$38m in gross proceeds.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 23. Non-controlling interest

	Consolidated	
	30 June 2022 $m	31 December 2021 $m
Retained profits	403.9	-

Note 24. Earnings per share

	Consolidated	
	30 June 2022 $m	30 June 2021 $m
Profit/(loss) after income tax	232.7	(12.0)
Non-controlling interest	(14.5)	-
Profit/(loss) after income tax	218.2	(12.0)
Attributable to owners of Stanmore Resources Limited	218.2	(12.0)

Note 24. Earnings per share (continued)

	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	674,042,802	270,417,381
Weighted average number of ordinary shares used in calculating diluted earnings per share	674,042,802	270,417,381

	Cents	**Cents**
Basic earnings per share	32.37	(4.44)
Diluted earnings per share	32.37	(4.44)

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

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 potential ordinary shares.

Note 25. Business combinations

On 3 May 2022, the Group acquired 100% of the ordinary shares in Dampier Coal Pty Ltd for the total consideration transferred up to US$1,557.5 million. This enabled the entity to acquire BHP's 80% interest in BHP Mitsui Coal 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. The values identified in relation to the acquisition are provisional as at 30 June 2022.

Details of the acquisition are as follows:

	Provisional fair value $m
Assets	
Cash and cash equivalents	63.0
Trade and other receivables	362.7
Inventories	314.7
Property, plant and equipment	1,321.8
Capitalised development and exploration	959.9
Financial assets at fair value through other comprehensive income	25.0
	3,047.1
Liabilities	
Trade and other payables	(255.8)
Current tax liability	(16.1)
Deferred tax liability	(364.5)
Employee benefit provisions	(16.2)
Lease liabilities	(256.8)
Rehabilitation provisions	(190.8)
	(1,100.2)
Total identifiable net assets	1,946.9
Non-controlling interest	(389.4)
Purchase consideration transferred	1,557.5

Note 25. Business combinations (continued)

	Provisional fair value $m
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary (included in cash flows from investing activities)	63.0
Total consideration	(1,557.5)
Deferred consideration	100.0
Contingent consideration	140.0
Net cash flow on acquisition	(1,254.5)

Please see note 20 for further details on the contingent consideration.

Acquisition and integration costs have been expensed in the period totalling US$63.8m.

Since the acquisition the SMC group has contributed US$753.0m in revenue and US$77.7m in profits.

Had the business combination occurred at the beginning of the financial reporting period, Group revenues and profit would have been US$2,404.7m and US$809.1m respectively.

Note 26. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 30 June 2022 %	Ownership interest 31 December 2021 %
Comet Coal & Coke Pty Limited	Australia	100.00%	100.00%
Belview Coal Pty Ltd	Australia	100.00%	100.00%
Mackenzie Coal Pty Limited	Australia	100.00%	100.00%
Stanmore Coal Custodians Pty Ltd	Australia	100.00%	100.00%
Emerald Coal Pty Ltd	Australia	100.00%	100.00%
New Cambria Pty Ltd	Australia	100.00%	100.00%
Kerlong Coking Coal Pty Ltd	Australia	100.00%	100.00%
Stanmore Surat Coal Pty Ltd	Australia	100.00%	100.00%
Theresa Creek Coal Pty Ltd	Australia	100.00%	100.00%
Stanmore Wotonga Pty Ltd	Australia	100.00%	100.00%
Stanmore IP Coal Pty Ltd	Australia	100.00%	100.00%
Stanmore IP South Pty Ltd	Australia	100.00%	100.00%
Stanmore Bowen Coal Pty Ltd	Australia	100.00%	100.00%
Isaac Plains Coal Management Pty Ltd	Australia	100.00%	100.00%
Isaac Plains Sales & Marketing Pty Ltd	Australia	100.00%	100.00%
Stanmore SMC Holdings Pty Ltd	Australia	100.00%	100.00%
Stanmore Green Pty Ltd	Australia	100.00%	100.00%
Dampier Coal (Queensland) Pty Ltd	Australia	100.00%	-
Stanmore SMC Pty Ltd	Australia	80.00%	-
Red Mountain Infrastructure Pty Ltd	Australia	80.00%	-

Note 27. Segment and revenue information

Description of segments

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 makers - CODM) in assessing performance and determing the allocation of resources and the financial information available to be reported to the Board.

The Group produces and sells metallurgical (as primary product) and thermal coal (as secondary product) in Queensland, Australia.

Accordingly, management currently identifies the Consolidated Entity as having one reportable segment.

Note 28. Events after the reporting period

On 12 August 2022, the Group announced that its wholly owned subsidiary, Dampier Coal, signed a definitive share sale agreement with Mitsui & Co. (Australia) Ltd and Mitsui & Co., Ltd (together, "Mitsui") to acquire the remaining 20% interest in Stanmore SMC Pty Ltd ("SMC") held by Mitsui.

Following completion of the Transaction Stanmore will own 100% of SMC.

The purchase price for the Transaction payable upon completion is US$380.0 million, and will be reduced by any dividends paid to Mitsui by SMC prior to completion.

Stanmore intends to fund the Transaction through internal sources. Based on current market conditions, Stanmore anticipates it will continue to have sufficient internal sources to meet all ongoing cash requirements and fund the Transaction without the need to issue any new debt or raise capital.

The Transaction is conditional on FIRB approval. Completion of the Transaction is expected in Q4 CY2022.

Stanmore has agreed to guarantee all obligations of Dampier Coal under the Share Sale Agreement.

Note 29. Fair value measurements of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2022 and 31 December 2021 on a recurring basis:

Note 29. Fair value measurements of financial instruments (continued)

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Consolidated entity - at 30 June 2022				
Financial assets				
Financial assets at fair value through other comprehensive income	-	-	25.0	25.0
Total financial assets	-	-	25.0	25.0
Financial liabilities				
Vendor royalties contingent consideration held at fair value through profit or loss	-	-	5.3	5.3
Contingent purchase consideration	-	-	140.0	140.0
Derivative financial instruments	-	-	3.0	3.0
Total financial liabilities	-	-	148.3	148.3

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Consolidated entity - at 31 December 2021				
Financial assets				
Financial assets at fair value through profit or loss	-	-	-	-
Financial liabilities				
Vendor royalties contingent consideration held at fair value through profit or loss	-	-	6.4	6.4
Derivative financial instruments	-	-	4.4	4.4
Total financial liabilities	-	-	10.8	10.8

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

Stanmore Resources Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Marcelo Matos
Director and CEO

12 AUGUST 2022

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

Conclusion

We have reviewed the accompanying half-year financial report of Stanmore Resources Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 30 June 2022, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Building a better working world

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Tom du Preez
Partner
Brisbane
12 August 2022