Stanmore Coal Limited

and its controlled entities

ABN 27 131 920 968

Annual Financial Report

For the period ended 31 December 2020

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Corporate Information

DIRECTORS

Dwi Suseno

Jimmy Lim

Marcelo Matos

Mark Trevan

Mary Carroll

Richard Majlinder

COMPANY SECRETARY

Tristan Garthe

REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE

Level 15, 133 Mary Street

Brisbane QLD 4000

Phone: + 61 7 3238 1000

COUNTRY OF INCORPORATION

Australia

SHARE REGISTRY

Link Market Services

Level 21, 10 Eagle St

Brisbane QLD 4000

Phone: 1300 554 474

Fax: +61 2 9287 0303

AUDITOR

Ernst & Young

Level 51, 111 Eagle Street

Brisbane QLD 4000

Phone: 07 3011 3333

www.ey.com/au

STOCK EXCHANGE LISTING

Australian Securities Exchange

ASX Code : SMR

INTERNET ADDRESS

www.stanmorecoal.com.au

AUSTRALIAN BUSINESS NUMBER

ABN 27 131 920 968

Directors' Report

The Directors present their report on the Consolidated Entity consisting of Stanmore Coal Limited and the entities it controlled at the end of, or during, the period ended 31 December 2020 (referred to in this report as Stanmore Coal, the Company, the Group, or the Consolidated Entity).

The Group has changed its financial year end to 31 December to align with its parent entity. As a result, this financial report is for a period of six months, ended 31 December 2020 (referred to in this report as the 'period ended 31 December 2020'). The comparative reporting period for the year ended 30 June 2020 is referred to as 'FY20'.

DIRECTORS

The Directors of the Company during the period and up to the date of this report are:

Dwi Suseno

B.Commerce, Grad. Dip Tax, Grad. Dip in Business, MBA, CA (Singapore), FCPA

Non-Executive Director and Chairman (Appointed 15 May 2020)

Mr Dwi Suseno is an Executive Director and Group Chief Executive Officer of Golden Energy and Resources Limited (GEAR). GEAR is the parent company of Golden Investments (Australia) Pte. Ltd. (Golden Investments) who is the major shareholder of Stanmore Coal Limited. Mr Suseno is responsible for managing operations for GEAR, including mining, logistics and coal marketing, as well as leading the strategic initiatives and partnerships.

Mr Suseno has over 25 years' experience in management, commercial, finance and commodities in both Australia and internationally. Mr Suseno was previously an Executive Director and CFO 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 Masters in Business Administration from the Kellogg School of Management & Hong Kong University of Science and Technology.

Mr Suseno is a member of the Audit and Risk Management Committee.

Marcelo Matos

B. Business Administration, Executive MBA

Executive Director and Chief Executive Officer

(Appointed Non-Executive Director 27 November 2019, Executive Director and Interim Chief Executive Officer 31 August 2020. Appointed Chief Executive Officer 27 November 2020)

Mr Marcelo Matos has over 20 years of experience in management, marketing and business development roles in the mining sector in Australia, Asia, Mozambique and Brazil. Mr Matos worked for Vale for many years in various senior roles, including as its Chief Marketing and Strategy Officer for Coal as well as its Managing Director in Australia. Prior to his appointment as Interim Chief Executive Officer, Mr Matos was the Chief Commercial Officer for M Resources.

Mr Matos holds a Bachelor of Business Administration degree from the Pontifical Catholic University, Rio de Janeiro, Brazil, and an Executive MBA from IBMEC Business School.

Mr Matos is a member of the Health, Safety, Environment and Community Committee, a member of the Audit and Risk Management Committee and a member of the Remuneration and Nominations Committee.

Jimmy Lim

B. Science, B. Engineering, Fellow FINSIA, MBA

Non-Executive Director (Appointed 23 October 2019)

Mr Jimmy Lim has 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 moved on to work for JPMorgan in Melbourne where he worked on assignments advising and financing some of the largest mining 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 FINSIA and holds an MBA and degrees in Engineering and Science from the University of Western Australia.

Mr Lim is a member of the Health, Safety, Environment and Community Committee and the Chairman of the Remuneration and Nominations Committee.

Mr Lim also serves as Non-Executive Director of American Pacific Borates Limited (Appointed 4 February 2021).

Mark Trevan

Dip. Business (Accounting), Grad. Dip. Applied Finance and Investment

Non-Executive Director (Appointed 18 May 2020)

Mr Mark Trevan has extensive experience in the coal mining industry in Queensland and internationally. Most recently, he was a Director and Deputy Chairman of the Wiggins Island Coal Export Terminal, a Director and consultant at Caledon Coal Pty Ltd and a Non-Executive Director of Ncondezi Energy Limited (a London listed, Mozambique focused coal mine development company). Prior to those appointments, he was the Managing Director of Caledon Resources Plc, based in Brisbane, where under his management the Cook underground coking coal mine was recommissioned, and the Minyango underground coking coal project was advanced. Mr Trevan also oversaw the takeover of Caledon by Guandong Rising Asset Management, and the delisting of the company. Prior to joining Caledon in 2006, Mr Trevan spent 25 years with Rio Tinto in senior executive roles in the areas of marketing, general commercial, corporate strategy and project feasibility.

Mr Trevan holds a Diploma in Business from the Preston Institute of Technology (now Latrobe University) and a Graduate Diploma in Applied Finance and Investment from the Securities Institute.

Mr Trevan is the Chairman of the Health, Safety, Environment and Community Committee.

Mary Carroll

MAICD

Non-Executive Director (Appointed 15 May 2020)

Ms Mary Carroll is the Chief Executive Officer, Capricorn Tourism and Economic Development Ltd (Capricorn Enterprise). Capricorn Enterprise is a not-for-profit, membership-based organisation that aims to assist the central Queensland region in tourism and economic development, working with businesses and government to promote the region. Ms Carroll was also previously a Member of the Central Queensland University Council (appointed by the Governor In Council), Director of the Queensland Tourism Industry Council and Chair of the Regional Tourism Network in Queensland.

Richard Majlinder

B. Science (Hons) (Economic History), Fellow ICA England and Wales, ICAA, MAICD

Non-Executive Director (Appointed 15 May 2020)

Mr Richard Majlinder is the Chief Commercial Officer for Madison Group Enterprises which is a manufacturer and B2B distributor of technology infrastructure and hardware. Prior to this, Mr Majlinder held a number of roles at PriceWaterhouseCoopers including as a Partner in Private Clients Advisory, leading client projects across mergers and acquisitions, consulting and financial management.

Mr Majlinder holds 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, a Member of the Institute of Chartered Accountants in Australia & New Zealand, and a Member of the Australian Institute of Company Directors.

Mr Majlinder is a member of the Remuneration and Nominations Committee and the Chairman of the Audit and Risk Management Committee.

CHIEF FINANCIAL OFFICER

Frederick Kotzee

LLB, CA (SA)

(Appointed Interim 2 June 2020. Appointed permanently 21 September 2020)

Mr Kotzee is an experienced Chief Financial Officer of listed companies across a range of industries and commodities. Mr Kotzee has served as Chief Financial Officer of Kidman Resources Limited before the successful takeover by Wesfarmers Limited. Prior to this Mr Kotzee was Chief Financial Officer of Kumba Iron Ore Limited, a global iron ore miner listed on the Johannesburg Stock Exchange, and a member of the Anglo American Plc Group. Mr Kotzee has extensive experience in investment banking, joint ventures, corporate finance and business development.

Mr Kotzee holds a Bachelor of Laws from the University of South Africa and is a qualified Chartered Accountant (South Africa).

COMPANY SECRETARY

Tristan Garthe

B. Comm (Accounting and Finance), MBA, CPA, GIA (Affiliate)

(Appointed 16 June 2020)

Mr Garthe has worked in a wide range of financial and commercial roles within the coal mining sector, and the mining industry in general. Mr Garthe's experience crosses both open cut and underground mining operations in Australia and Africa. Mr Garthe has held senior positions in finance and company secretarial roles for listed and international resources companies.

Mr Garthe holds a Masters in Business Administration and a Bachelor of Commerce (Accounting and Finance). He is a Certified Practising Accountant and a Member of the Governance Institute of Australia.

Directors' Interests

As at the date of this report, the Director's held no shares, options and other equity instruments in the Consolidated Entity.

Directors' meetings

The number of meetings of Directors (including meetings of committees of Directors) held during the period and the number of meetings attended by each Director was as follows:

	Board		Audit and Risk Management Committee		Remuneration and Nominations Committee		Health, Safety, Environment and Community Committee	
	Held while in office	Meetings attended	Held while in office	Meetings attended	Held while in office	Meetings attended	Held while in office	Meetings attended
Dwi Suseno	3	3	2	2	-	-	-	-
Jimmy Lim	3	3	-	-	1	1	1	-
Marcelo Matos	3	3	2	2	1	1	1	1
Mark Trevan	3	3	-	-	-	-	1	1
Mary Carroll	3	2	-	-	-	-	-	-
Richard Majlinder	3	3	2	2	1	1	-	-

Principal activities

The principal activities of Stanmore Coal Limited and its subsidiaries ('the Company', 'the Group' or 'the Consolidated Entity') is the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

OPERATING AND FINANCIAL REVIEW

Overview

Summary for the period ending 31 December 2020 include:

- Net loss after tax of $16.120m (FY20: $34.893 profit)
- Cost reduction initiatives implemented, including redesigned mine plans to reduce fleet capacity and strip ratios, and significant restructuring of the mining contract, leading to:
    - Reduction in overburden removal costs to $4.0/bcm (FY20: $4.1/bcm)
    - Reduction in Coal Handling Preparation Plant (CHPP) cash costs to $10.8/ROM Feed T (FY20: $12.3/ROM Feed T)
- Underlying EBITDA (earnings before interest, taxation, depreciation and amortisation – a non-IFRS measure) of $(13.383)m (FY20: $87.470m profit)
- Isaac Plains Complex operating segment profit of $1.684m (FY20: $95.291m)
- Net cash of $5.041m as at 31 December 2020 (FY20 $32.244m),
- Prime overburden removal of 17.351m bcm (FY20: 41.319m bcm)
- US$40m revolving facility entered into with parent entity, GEAR, with US$10m debt drawn and outstanding as at 31 December 2020
- Isaac Downs Bankable Feasibility Study completed
- Isaac Plains Complex accepted into Queensland Treasury Financial Provisioning Scheme
- Continued commitment to ongoing rehabilitation works with $3.851m spent (FY20: $4.896m)

Financial Performance and Financial Position

	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
Coal Sales and Other Revenue	136,309	364,485
Cost of sales	(142,928)	(267,514)
Gross Profit/(Loss)	**(6,619)**	**96,971**
Other income and expenses	(9,924)	(37,375)
Profit/(loss) before income tax and net finance expenses	**(16,543)**	**59,596**
Finance income	27	579
Financial expenses	(5,438)	(8,597)
Profit/(loss) before income tax benefit/(expense)	**(21,954)**	**51,578**
Income tax benefit/(expense)	5,834	(16,685)
Profit/(loss) after income tax expense	**(16,120)**	**34,893**

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 for 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.

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
Profit/(loss) before income tax and net finance expenses		**(16,543)**	**59,596**
Depreciation and amortisation	2	14,682	26,916
Earnings before interest, depreciation and amortisation (EBITDA)		**(1,861)**	**86,512**
Adjustments for Underlying EBITDA (non-IFRS measure)			
Takeover costs	2	-	4,419
Remeasurement of onerous contracts	16	(1,893)	(150)
Remeasurement of rehabilitation provision	17	36	1,076
Fair value movement contingent consideration	18	(9,665)	(4,387)
Underlying EBITDA (non-IFRS measure)		**(13,383)**	**87,470**

The Underlying EBITDA (non-IFRS measure) of $(13.383)m for the 6-month period to 31 December 2020 was a $100.853m decrease compared to Underlying EBITDA (non-IFRS measure) of $87.470m for the 12 months to June 2020. The reduction in EBITDA was due to a decline in underlying margin of A$(8.3)/t in the period to 31 December 2020 compared to $39.8/t in FY20. The significant reduction in margin was a result of a $44.4/t reduction in average sales price per tonne, combined with an increase in reportable strip ratio to 13.4x as the Company utilised overburden in advance (OBIA) inventories and reduced pre stripping in advance as part of cost optimisations and cash preservation measures, resulting in non-cash inventory adjustments.

The average Hard Coking Coal index price was US$110.28/t for the period compared to US$143.87/t in FY20. See page 15 for additional pricing information. (Source - Platts Coal Trader International)

The primary drivers contributing to the Net Profit after Tax ("NPAT") result $(16.120)m include: -

- Gross revenue from coal sales decreased to $136.309m for the 6 months period to 31 December 2020 from $364.485m in the full FY20. The decrease was driven by a $44.4/t decrease in the A$ realised price to an average of A$115.1/t from $159.5/t in FY20 and a decrease in sales of produced coal to 1,184kt in the period to 31 December 2020 from 2,286kt in the full FY20.
- Underlying non-cash FOB costs of $123.4/t were $3.7/t higher than FY20 primarily as a result of the above-mentioned strip ratio increase. Underlying FOB costs included $8.4/t of state royalties.
- Depreciation and amortisation costs increased on a like for like basis, totalling $14.682m following a change in estimates of the useful life of certain depreciable assets.

The variance between Underlying EBITDA (non-IFRS measure) and cashflow from operations is primarily due to the completion of rehabilitation works and working capital movements, as outlined in the table below.

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
Underlying EBITDA (non-IFRS measure)		**(13,383)**	**87,470**
Net Financing costs		(3,003)	(319)
Settlement of onerous contracts	16	(476)	(866)
Completion of rehabilitation works	17	(3,851)	(4,896)
Settlement of vendor royalties - contingent consideration	18	(284)	(8,980)
Net movement in working capital		5,297	(65,967)
Cash flow from operations		**(15,700)**	**6,442**

In the period to 31 December 2020 working capital marginally improved, with a net inflow of $5.297m (FY20 $(65.967)m), driven by a reduction in inventories ($11.680m) and an increase in trade payables due to longer credit period from contractors ($8.778m), offset by timing of sales receipts leading to an increase in trade receivables of $16.549m at 31 December 2020. Financing outflows of $3.003m primarily relate to the changes in the borrowing facilities (see Note 14).

In the period to 31 December 2020 $3.851m (FY20 $4.896m) was invested in rehabilitation at the Isaac Plains Complex. Stanmore Coal integrates this core activity with operations to ensure timely and efficient close out of rehabilitation.

Overall operational cashflows have decreased due to reduced receipts from coal sales, driven by the reduction in average sales price per tonne.

Cashflow

In the period to 31 December 2020, a total net cash outflow of $27.203m was recorded. The net cash outflow from operating activities was $15.700m. Cash outflows from investing activities were $13.699m. Of this $9.996m related to sustaining capex for plant and equipment (including major shut down of the dragline), and $3.513m relating to the continued investment in Isaac Downs. At the end of period, US$10m was drawn from the revolving facility with parent company, GEAR. The net inflow from financing activities includes $19.609m drawn down on the Group's various facilities, primarily offset by the cash outflows of $13.861m for the replacement of the cancelled guarantee facility. A further $3.553m was paid in relation to the equipment loan to finance the CAT 6060 excavator and the funding for the annual insurance premiums.

	6 months to 31 December 2020 $M	12 months to 30 June 2020 $M
Net cash at beginning of period	**32.244**	**90.465**
Net cash from operating activities	(15.700)	6.442
Net cash from investing activities	(13.699)	(45.433)
Net cash from financing activities	2.196	(19.230)
Net increase/(decrease) in cash held	**(27.203)**	**(58.221)**
Net cash at end of period	**5.041**	**32.244**

Operational Summary

Health, Safety, Environment and Community Performance

The Consolidated Entity 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.

The Consolidated Entity undertook or managed 400,819 hours (FY20 890,628 hours) of coal mining, drilling, exploration, and mine development activities (directly and through its contractors) during the period and reported no lost time injuries (FY20 - 0). The rolling 12 month Total Reportable Injury Frequency Rate is 5.9 per million hours (FY20 – 3.4), with a rolling 12 month Lost Time Injury Frequency Rate of 0 per million hours (FY20 – 0). The Consolidated Entity is encouraged by the repeated safety performance results for the period which have been supported by the implementation of several safety initiatives.

Rehabilitation continues to be a strong focus of the Consolidated Entity with $3.851m spent on 52 hectares of recontouring with 62 hectares seeded. The Consolidated Entity will continue to focus on rehabilitation and has currently rehabilitated 36% of disturbed land.

The Consolidated Entity supported the communities in which our operations are located with a number of grants, sponsorships, important community initiatives and events undertaken during the period. 17 local community organisations received over $50,000 in funding during the period. 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 mined 17,351kbcm of prime overburden, with reduced excavator capacity utilised to lower operating cash costs. Mining was undertaken with lower cost fleet, driving reduced overburden removal costs per bcm. During the period, the mining contract with our key service provider was successfully restructured, along with a redesign of mine plans for Isaac Plains East to reduce fleet capacity, costs, and strip ratios. These initiatives, and a focus on operating cash generation and preservation, drove a coal mining focus for the period. Coal mining operations delivered 1,491kt of ROM coal to the CHPP at a prime strip ratio of 11.6x.

Product coal production was 1,092kt, with the CHPP delivering a total yield of 74.0%. The production split of coking to thermal coal was 93% coking and 7% thermal. Yields and product split were negatively impacted by the processing of lower quality mining block from Isaac Plains North pit coal, and additionally by faulting and coal dilution experienced from Isaac Plains East coal.

As previously expected, mining moved into lower coal elevations at Isaac Plains East, resulting in strip ratio increases which negatively impacted unit costs. Underlying FOB costs for the period increased to $115.0/tonne excluding state royalties, or $123.4/tonne with royalties included, an increase from $105.9/tonne excluding state royalties in FY20.

A limited amount of coal mining was undertaken at the Isaac Plains pit with 109kt of coal produced to take advantage of a lower strip ratio area. Coal auger mining commenced at Isaac Plains East in late December 2020 and will continue throughout 2021 to supplement coal volumes.

Under the requirements of Australian Government's Environment Protection and Biodiversity Conservation Act 1999 (EPBC), the Isaac Plains East Extension (IPEE) project was approved in December 2020. Preliminary work has commenced at IPEE.

The Consolidated Entity completed capital works for the Dragline during the period. There was a major Dragline shutdown undertaken in August 2020. Other minor infrastructure and CHPP capital spend was undertaken with a total of $10.0M in capital expenditure cashflow spend during the period.

The average sale price achieved for all coal (both metallurgical and thermal) during the period was A$115.1/t, compared to FY20 of A$159.5/t. The reduction in price has been indirectly driven by continued Chinese trade restrictions on Australian coal. The Consolidated Entity notes that Stanmore has limited direct volume exposure to Chinese markets, with no coal sold into China during the period, although our term contract revenues are inevitably affected by the price impacts of the Chinese import restrictions to spot indices, and consequently to term contract price formulas.

The average Hard Coking Coal index price was US$110.28/t for the period compared to US$143.87/t in FY20. See page 15 for additional pricing information.

The Consolidated Entity continues to place emphasis on linking pricing dynamics to premium hard coking coal indices and is focusing sales to customers on a long-term contract basis. Potential pricing volatility may result from the cyclical nature of the coal industry and the lingering impacts of COVID-19. With a large proportion of tonnage contracted into term customers, the Consolidated Entity expects its achieved prices to remain in line with industry forecasts.

Source: Platts – February 2021 Coal Trader International.

COVID-19 Impacts

The Consolidated Entity 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 Consolidated Entity 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 Consolidated Entity as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

	6 months to 31 December 2020	12 months to 30 June 2020
Prime Overburden (kbcm)	17,351	41,319
ROM coal produced - Open cut (kt)	1,491	3,020
ROM strip ratio (prime)	11.6	13.7
CHPP feed (kt)	1,475	3,061
ROM stockpile (kt)	86	69
Saleable coal produced (kt)	1,092	2,390
Saleable coal purchased (kt)	-	-
Coal sales		
- *Metallurgical (kt)*	1,129	2,266
- *Thermal (kt)*	55	20
Total gross coal sales (kt)	**1,184**	**2,286**
Product Yield	74.0%	78.1%
Coal product stockpiles (kt)	196	276
Average sale price achieved (A$/t)	**115.1**	**159.5**
Unit costs of sales (A$/t sold)		
FOR cost (A$/t sold)	95.7	88.7
FOR to FOB cost (ex. State royalty) (A$/t sold)	19.3	17.2
State royalty (A$/t sold)	8.4	13.8
FOB cost (A$/t sold)	**123.4**	**119.7**
Margin (A$/t sold)	**(8.3)**	**39.8**

The variance between coal margins and Underlying EBITDA (non-IFRS measure) is due to net corporate overheads as shown in the table below.

	6 months to 31 December 2020	12 months to 30 June 2019
Coal sales (kt)	1,184	2,286
Margin (A$/t)	(8.3)	39.8
Coal sales margin ($ '000)	**(9,946)**	**90,983**
Unallocated corporate overhead ($ '000)	(3,438)	(3,513)
Underlying EBITDA (non-IFRS measure) ($ '000)	**(13,384)**	**87,470**

Isaac Downs Project

Isaac Downs is located 10 kilometres south of the existing Isaac Plains operations. Isaac Downs will be operated as a satellite open cut mining operation which will utilise the existing Isaac Plains infrastructure with coal washing and train loading activities to be undertaken at the existing CHPP, ensuring a capital light approach is maintained.

Due to the nature of resource development activities, the Isaac Downs project is subject to continued geological assessment, mine optimisation works, and to ongoing Government approval processes. The information contained in this report reflects the Company's current expectations regarding the project.

The Company has completed a Bankable Feasibility Study for the Isaac Downs Project. The project is expected to extend the life of operations, producing 3.5 million tonnes of run-of-mine coal each year, which matches the nameplate capacity of the coal handling plant. Because it is a satellite project for the Isaac Plains Complex and feeds the existing coal handling plant, Isaac Downs will be developed at low capital cost. The feasibility study identified 17.9 million tonnes of marketable reserves at Isaac Downs, and the operation is forecasted to produce 2.5 million tonnes per annum of saleable product coal, resulting in a favourable $215m Net Present Value and a 18-month payback period, under expected market conditions at the time of the Bankable Feasibility Study.

The Consolidated Entity, after a competitive tender process, commissioned a civil construction contract for the initial civil works required to establish the mine. The main components of the initial civil works are the construction of; the haul road to link Isaac Downs to Isaac Plains, including a Peak Downs highway crossing, water dams, civil laydown and mine infrastructure areas, and site establishment and environmental protection facilities.

The Consolidated Entity has retained the services of finance advisors to provide project debt financing for the project, noting global credit markets remain constrained and no guarantee of funding availability can be made.

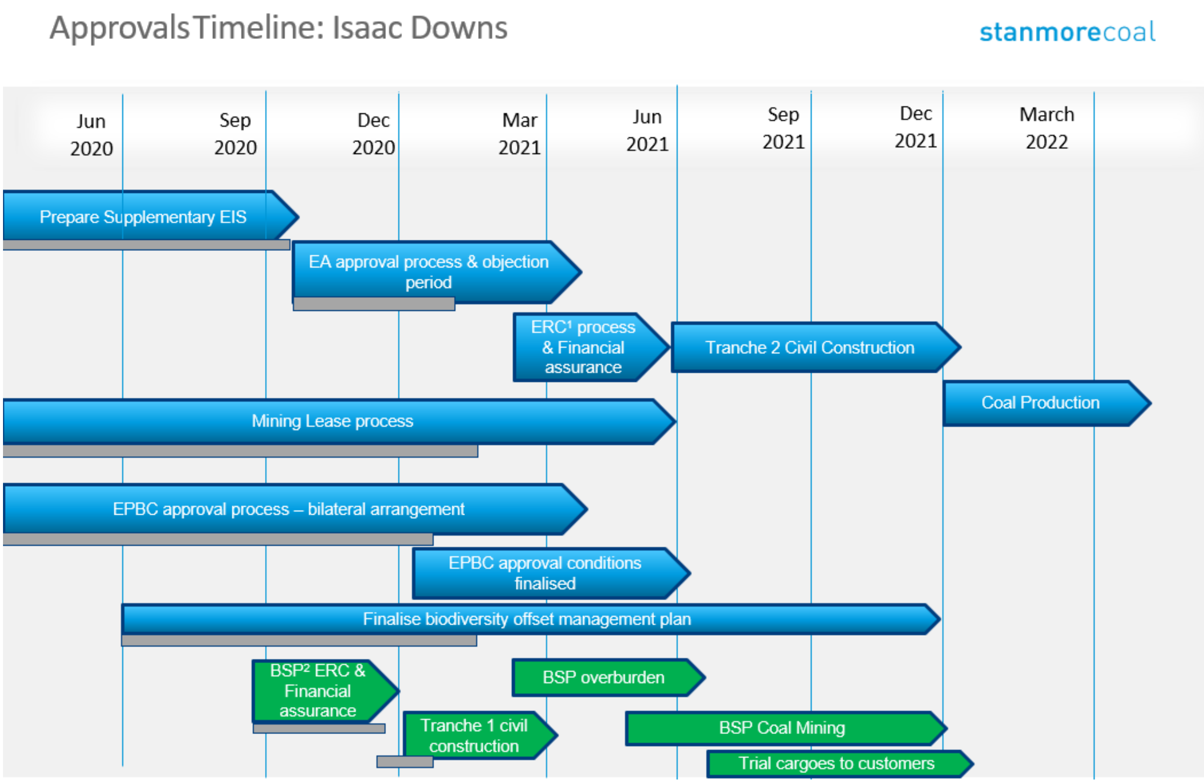
During the period, the Company made the decision to invest in further exploration (under the requirements of the Mineral Resources Act and conditions of MDL137) at Isaac Downs to undertake a bulk sample (BSP) for testing of proposed product coal cargos with our key international customers. Once mining approvals are finalised (currently planned for mid-2021) the project can commence operations rapidly.

The Queensland Government notified the Company in January 2021 that the EIS Assessment Report stage for the Isaac Downs project had commenced and should be completed by early March, enabling the project to move through the final stages of the approval process. Assuming approvals are obtained in a timely manner, the project remains on track for development in H2 2021, with compensation agreements with landholders and native title holders also executed.

The Consolidated Entity notes that the timing risks in relation to the EIS approval process and third-party agreements are being actively managed.

The Mineral Resources for the Isaac Downs Project were updated as at August 2020 to 36.2[1] million tonnes (Mt) from 22.9Mt at the time of acquisition from Peabody. Importantly the JORC classification of Mineral Resources has improved significantly such that 24.7 Mt is classified as a Measured Resource and 11.5 Mt is classified as Indicated Resources (no Inferred tonnes estimated). As noted previously, work continues to take place on the geological and mine optimisation aspects of the project which may result in changes to both the measured and indicated resources.

The current expected timeline for the project is shown below, subject to successful approvals:



1 Represented by Indicated 11.5Mt, Measured 24.7Mt and Inferred 0Mt. Mr James Knowles, "Mineral Resources and Coal Reserve Update for Isaac Downs", ASX 21 August 2020

Debt Refinance

On 18 June 2020, the Consolidated Entity was given formal notice by its current financier that the working capital and bank guarantee facility would be cancelled from 16 September 2020. This was following the change of control of the Consolidated Entity, after completion of the on-market takeover by Golden Investments. Effective from 18 June 2020, no further drawdowns were available, and the balance drawn under the bank guarantee facility was repaid by the cancellation date.

On 26 June 2020, the Consolidated Entity entered into a short-term Financing Agreement with its parent entity, GEAR. The key terms of this short-term facility are:

- Facility is an A$10m facility which expired on 2 November 2020 when the US$40m facility was finalised
- Interest rate was 8.0% per annum on drawn funds

As announced to the market on 2 November 2020, the Consolidated Entity has entered a finance facility (Facility B) GEAR in respect to a US$40m secured loan facility. The key terms of the US$40m facility are:

- US$40m facility until 30 June 2022
- Upfront commitment fee of 2.0%
- Interest rate on drawn funds of 8.0% per annum
- Interest rate on undrawn funds 2.0% per annum

As at 31 December 2020, US$10m has been drawn down under this facility.

Outlook and likely developments

Operations

2021 will be a transformational year for the Company as it transitions mining operations from Isaac Plains to Isaac Downs. Construction and mining are currently planned for the second half of the 2021 calendar year, including relocation of the Dragline from Isaac Plains East to Isaac Downs. With the move to Isaac Downs, lower strip ratios and higher-ranking coking coals will provide considerable improvement in margins.

As previously mentioned, there is an inherent risk regarding the timelines for the approval of the Isaac Downs project which is being actively managed by the Company. This includes contingency planning for unplanned delays, such as developing the fully consented Isaac Plains Underground and more marginal areas of Isaac Plains East.

Updated Isaac Plains and Isaac Plains East Coal Reserves reflect mine designs and schedules currently used for the open cut mining operations. There has been a significant reduction in Coal Reserves to be mined using open-cut methods due to updates in the coal price forecast over the last six months.

A strategic revisit of Isaac Plains East mine plans has been conducted with a focus on value over volume to ensure cost competitiveness and cash preservation. Pit shells have been optimised to lower strip ratios and inefficient mining activities are being minimised.

The Company has also reduced excavator fleets as well as minimising the amount of overburden working capital and maximising low-cost dragline volume. These potential activities will optimise the cost base but has also led to materially lower production from the existing Isaac Plains operations with a shorter remaining life in a low pricing environment. The Company anticipates mining activities to cease at Isaac Plains and Isaac Plains East in late 2021. As a result of these updates, Stanmore has introduced auger mining as a cost-effective mining method based on the forecast final highwall positions.

The Consolidated Entity continues to pursue high value coal sales opportunities, to expand its customer base as well as continuing to meet the requirements of its existing customers, resulting in the decision to outsource its sales and marketing activities to specialised agents during the period. The Consolidated Entity is continuing to work on identifying new customers and markets in 2021 where it makes financial sense to do so.

Exploration and development

On 26 February 2021, the Consolidated Entity announced an increase to the coal resources and reserves under the relevant Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC code). The total Recoverable Coal Reserves across all tenements formally declared and published are now 165.8Mt[1], and total Marketable Coal Reserves are 130.5Mt[2].

The Consolidated Entity will continue to monitor and assess the opportunities to develop or monetise its existing portfolio of assets in the Bowen Basin and explore acquisition opportunities where it makes financial and commercial sense to do so.

Managing Risk

The Consolidated Entity is a producing coal group operating in a volatile pricing market. Factors specific to the Consolidated Entity, or those which impact the market more broadly, may individually or in combination impact the financial and operating performance of the Consolidated Entity. These events may be beyond the control of the Board or management of Stanmore Coal.

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

Safety

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

Operating risks

The Consolidated Entity is a single-mine producer and therefore reliant on continued performance of operations at the Isaac Plains Complex. There are numerous operating risks which may result in a reduction in performance that decreases the Consolidated Entity's ability to produce high quality coal to meet customer shipping needs. The risks include, but are not limited to, factors such as weather conditions, machinery failure, critical infrastructure failure or natural disasters.

The Consolidated Entity has identified a limited remaining life at Isaac Plains and Isaac Plains East.

1 Represented by Proved 37.2Mt and Probable 128.6Mt. "December 2020 Coal Resources and Reserve Summary", ASX 26 February 2021
2 Represented by Proved 27.6Mt and Probable 102.9Mt. "December 2020 Coal Resources and Reserve Summary", ASX 26 February 2021

Therefore timely mining assent for Isaac Downs is critical to ensuring the Consolidated Entity has availability of mining areas to ensure continuity of coal flows to meet contracted obligations. The Consolidated Entity is undertaking work to mitigate risks by identifying potential additional mining opportunities at Isaac Plains, Isaac Plains East and Isaac Plains Underground in the event of Isaac Downs approval delays.

Market risks

The key drivers for the business's financial performance are commodity price and foreign currency markets. The Consolidated Entity is not of a size to have influence on coal prices or the exchange rate for Australian Dollars and is therefore a price-taker in general terms.

The Consolidated Entity sells export coal in United States Dollars and is therefore exposed to movements in currency rates. The Consolidated Entity may from time to time use mechanisms to hedge a portion of its currency risk where agreed appropriate between management and the Board. The market price for Stanmore Coal's products is impacted by many factors which could be favourable or unfavourable for the Consolidated Entity.

In order to diversify its customer base, and to minimise the reliance on key customers, the Consolidated Entity is continuing to work on identifying new customers and markets in 2021 where it makes financial sense to do so.

Geological risk

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

Coal reserves are estimated using various assumptions regarding loss and dilution, drilling depth and other geotechnical constraints. Reserves are sensitive to cost and revenue assumptions used due to the geological structure of the deposits, which means that all other factors being the same, if the cost assumption is higher or the price assumption is lower, lower reserves are estimated, and if the cost assumption is lower or the price assumption is higher, more reserves are estimated. Some of the deposits are more sensitive to the 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 is expected to change as more detailed planning is undertaken.

Regulatory and land access risk

The Consolidated Entity'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 Consolidated Entity 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 Mineral and Energy Resources (Financial Provisioning) Act 2018 has changed the method by which such financial assurance is calculated but the cost of this change to the Consolidated Entity has not been material. The rehabilitation provision recorded in these accounts closely mirrors these obligations.

In order to undertake exploration and production activities, it is first necessary to apply for and obtain necessary government permits, leases and approvals that authorise such activities. To secure such exploration and mining approvals, or to undertake activities within the area of a granted mining tenement, native title, land access and overlapping tenure are matters that need to be addressed.

The Consolidated Entity 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 Consolidated Entity seeks to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. In addition, the Consolidated Entity engages experienced lawyers, consultants and other technical advisors to provide expert advice where necessary to ensure it manages its compliance obligations appropriately.

Climate Change risk

The operations of the Consolidated Entity are focussed on the production of coal for use in the steel making industry. The physical and non-physical impacts of climate change may impact the Entity's assets, production and the markets where our product is sold. These impacts may include policy and regulatory change, weather patterns (both immediate i.e. cyclones / fires and longer term i.e. sustained movement in temperature) and coal demand responses.

There is an increasing interest by stakeholders regarding the potential risks and opportunities to our business and the broader sector as a result of shifts towards a lower-carbon economy. Climate change is a complex risk that requires action at all levels of society. It can heighten existing physical and non-physical risks and introduce new ones that can affect business performance in the near and long-term. We will continue to work with industry on this important topic and develop our response to the Taskforce on Climate Related Financial Disclosures (TCFD) framework, including disclosure and tracking of climate-related risks and opportunities in key areas. These key areas are highlighted below:

Policy Risk: Domestic and International policy actions focussing on climate change are continuing to evolve.

Legal Risk: The potential for increased litigation either seeking compensation caused because of climate change impacts or to force greater action on climate change is increasing.

Technology risk: Technological improvements or innovations that support the transition to a lower-carbon economy have the potential to affect the competitiveness of certain organisations.

Market Risk: Markets could be affected by the transition to a lower carbon global economy through shifts in supply and demand for certain commodities, products, and services as climate-related risks and opportunities are increasingly taken into account.

Reputational Risk: Customers, suppliers and other stakeholders are commencing to include climate related considerations into their decision-making process around which businesses they will engage with.

Physical Risk: Climate change modelling suggests that climate change has the potential to increase the frequency and intensity of extreme weather events as well as longer term shifts in climate patterns.

The Consolidated Entity also has a role to play in mitigating emissions generated by its operations. Business and operational risks associated with changes caused by climate change are included as part of its business planning cycle.

Indigenous Engagement

As part of the Isaac Downs approval process, it was recognised that increased collaboration was required with the traditional owners of the land on which the Consolidated Entity operates, the Barada Barna people.

Through a process of facilitation and recognition of the need for reconciliation, the Consolidated Entity is dedicated to developing a working and collaborative relationship with the Barada Barna people. The Consolidated Entity has committed to developing a Reconciliation Action Plan working committee. This process will not only strengthen ties with the Barada Barna people but pave the way for true reconciliation within the broader meaning.

The Consolidated Entity and the Barada Barna people have developed a Native Title Consent Agreement and reviewed a Cultural Heritage Management Plan. Further, the Consolidated Entity aims to facilitate and implement a Reconciliation Action Plan process that develops long-term strategies including increasing Indigenous employment and business opportunities which will enable the Barada Barna people to become more involved in the Consolidated Entity and encourage a strong working relationship between both parties.

Sovereign risk

The Consolidated Entity 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 global competitiveness and reduced the attractiveness of Australian coal projects to foreign investors. The Consolidated Entity's view is coking coal is critical for future steel production and thermal coal will continue to play a key role in the global energy mix as part of sustaining global growth, particularly in developing regions, through efficient electricity generation.

Access to capital

At 31 December 2020, the Consolidated Entity remains well funded with cash reserves and a revolving finance facility expected to be sufficient to meet the business's operating costs. The Consolidated Entity's ability to effectively continue as a coal producing business may be dependent upon several factors including the success of the mine operations, or the successful exploration and subsequent development of the Consolidated Entity's tenements. Should these avenues be delayed or fail to materialise, the Consolidated Entity may need to raise additional funding through debt, equity or farm out/sell down to allow the Consolidated Entity to continue as a going concern and meet its debts as and when they fall due.

There is no guarantee that additional funding through debt will be available, or if it is, there is no guarantee that such new funding will be on terms acceptable to the Consolidated Entity. Global credit markets have been severely constrained in the past, and the ability to obtain new funding or refinance may in the future be significantly reduced. Increasingly, financial institutions have made public statements in relation to their unwillingness to finance certain types of coal mines and coal-fired power stations.

If the Consolidated Entity is unable to obtain sufficient funding, either due to banking and capital market conditions generally, or due to factors specific to the coal sector, the Consolidated Entity may not have sufficient cash to meet its ongoing capital requirements or the ability to expand its business.

Following the on-market takeover by Golden Investments, the Consolidated Entity has been able to access funding through our parent entity, GEAR. See details of the debt refinance on page 19 of this report. As at the date of this report, GEAR has a credit rating of B1 by rating agency Moody's and B+ by rating agency Fitch. This has reduced the risk that the Consolidated Entity may not have access to capital. Any present risk is still being actively monitored by the Consolidated Entity.

The Consolidated Entity has retained the services of finance advisors to provide project debt financing for the Isaac Downs project, and at a corporate level, noting global credit markets remain constrained and no guarantee of funding availability can be made.

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 being provided to such companies. This could result in a material increase in the cost to Stanmore Coal of obtaining appropriate levels of insurance or Stanmore being unable to secure adequate insurance cover.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of Stanmore Coal Limited and its controlled entities, and for the Company's Key Management Personnel ("KMP"). KMP are defined as those persons who have the authority and responsibility for planning, directing and controlling the activities of the Consolidated Entity. The Consolidated Entity's Directors and KMP during the period were:

DIRECTORS

Dwi Suseno	Non-Executive Director and Chairman (Appointed 15 May 2020)
Marcelo Matos	Executive Director and Chief Executive Officer (Appointed Non-Executive Director 27 November 2019, appointed Executive Director and Interim Chief Executive Officer 31 August 2020)
Jimmy Lim	Non-Executive Director (Appointed 23 October 2019)
Mark Trevan	Non-Executive Director (Appointed 18 May 2020)
Mary Carroll	Non-Executive Director (Appointed 15 May 2020)
Richard Majlinder	Non-Executive Director (Appointed 15 May 2020)

SENIOR MANAGEMENT

Leandro Pires	General Manager Operations (Appointed 26 October 2020)
Jon Romcke	General Manager Development (Appointed 21 August 2017)
Frederick Kotzee	Chief Financial Officer (Appointed 2 June 2020)
Bernie O'Neill	General Manager Operations (Resigned 6 December 2020)
Brendan Schilling	Group Manager - Marketing and Logistics (Appointed 15 July 2019) (Redundant 15 September 2020)

Craig McCabe Chief Executive Officer

(Appointed 01 April 2020)

(Resigned 31 August 2020)

REMUNERATION POLICY OVERVIEW

The Consolidated Entity's business strategy of managing an operating 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 Consolidated Entity's employees is a key factor in ensuring employees are engaged and motivated to improve the Consolidated Entity's performance over the long term. The Board's intention is to maximise stakeholder benefit by the retention of a high-quality Board and executive team without creating an undue cost burden for the Consolidated Entity.

The Board regularly reviews the appropriateness of employees' fixed compensation considering the Consolidated Entity's cost structure and the practices of its peers.

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

Due to the change in the financial period from 30 June to 31 December, no STI/LTI performance targets were set for the shorter 6-month period to 31 December 2020. Future remuneration strategy is in the process of being reviewed which will be aligned to the Group's financial year end of 31 December.

The following describes the Consolidated Entity's remuneration arrangements for KMP.

FIXED REMUNERATION

CHIEF EXECUTIVE OFFICER AND SENIOR MANAGEMENT REMUNERATION

The Consolidated Entity aims to reward the Chief Executive Officer and senior management with a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually by the Remuneration and Nominations Committee and the Board. The Chief Executive Officer reviews all senior management performance and remuneration and then makes recommendations to the Remuneration and Nominations Committee. The Remuneration and Nominations Committee reviews the performance and remuneration of the management team.

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.

NON-EXECUTIVE DIRECTOR FIXED REMUNERATION

The Board seeks to set aggregate remuneration at a level which provides the Consolidated Entity 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 Coal 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 Coal Limited shareholders is $750,000 (FY20: $750,000) per annum.

The Non-Executive Director's fee is $50,000 per annum (FY20 $50,000). Committee fees are also paid to the Chairman of the committee of $10,000 per annum and membership of the committee of $5,000 per annum. The maximum aggregate of the fees paid is within the shareholder annual agreed limit.

Total Non-Executive Director remuneration for the period was $126,731 (FY20 $512,242).

A Non-Executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Directors' or general meetings of Stanmore Coal Limited or otherwise relating to the business of the Consolidated Entity.

The fixed remuneration of Non-Executive Directors for the period ending 31 December 2020 is detailed in this Remuneration Report.

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 Senior Management, on the basis that they:

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

However, due to the change in the financial period from 30 June to 31 December, no formal STI and LTI performance targets were set for the shorter 6-month period, and future targets are currently being considered by the board to better align with the Group's strategy and new financial year end of 31 December. For the 6-month period to 31 December 2020, after considering the performance of management, a discretionary STI was approved by the board and paid in March 2021.

For the 12 month period ended 30 June 2020, target driven STI and LTI's were provided for KMP. The STI rewarded KMP based on key performance outcomes associated with mining at the Isaac Plains Complex except for the General Manager Development whose KPIs aligned to key business development activities which were more aligned to the role. The STI thresholds were set between 0% representing the minimum STI performance and 52% of base salary, representing the Stretch performance that could be achieved. The award structure was based on a mix of financial and non-financial performance conditions aligned to the Consolidated Entity's strategy.

The LTI plan contained links to the Stanmore Coal Absolute Shareholder returns with Performance Rights issued with a three-year measurement period for KMP that qualify under the LTI plan rules. The LTI Rights eligible for vesting were set between 0% (threshold) and 100% (Stretch).

The change of control provisions within both the STI and LTI plans were triggered when Golden Investments reached a holding of 51% on 2 April 2020 following the announcement of the on-market takeover. As a result, on 17 April 2020 the STI was partially paid out to eligible employees on a pro-rata basis up to the date at which the change of control occurred. The balance of the STI was paid to eligible employees in August 2020.

For the LTI plan, the Board exercised its discretion in relation to the Rights currently on issue at the time the change of control occurred and made the following decisions;

(a) to vest 100% of the Rights granted in FY18 under the Plan Rules;

(b) in the case of the Rights granted in FY19 under the Plan Rules;

  (i) to vest 50% of the Rights granted

  (ii) to allow the balance (50%) of the Rights granted not to lapse and instead to survive the change of control and vest if the relevant vesting criteria for those Rights are satisfied in accordance with the terms of the initial grant.

(c) in the case of the Rights granted in FY20 under the Plan Rules

  (i) to vest 50% of the Rights granted

  (ii) to allow 25% of the Rights granted to lapse immediately

  (iii) to allow the balance (25%) of the Rights granted not to lapse and instead to survive the change of control and vest if the relevant vesting criteria for those Rights are satisfied in accordance with the terms of the initial grant.

Following the change of control, and the change in financial year end, the Board will review the current STI and LTI plans currently on foot to ensure they align to the Consolidated Entity's strategy.

INCENTIVE OUTCOMES

As noted previously, the STI for the period ended 31 December 2020 is based on the board's discretion, after considering management's performance, and no LTI scheme was in place for the period.

The incentive outcomes for the STI and LTI schemes for the 12-month period to 30 June 2020 are shown for comparative purposes.

SHORT TERM INCENTIVE

Incentive	Award structure	Outcome/discussion
FY20 STI	Preconditions • Zero fatalities • Company can fund STI Based on multiple key performance indicators • TRIFR • Prime overburden • Product Tonnes • Sales Tonnes • Underlying FOB costs • Balanced Business Plan.	Preconditions (achieved) • Zero fatalities • Company can fund STI The key performance indicators were met to varying levels resulting in a total accrued payout percentage of 77%. All KMP met eligibility requirements. FY20 STI amounts are highlighted below. The FY20 STI was paid out to eligible employees on a pro-rata basis as a result of the Change of Control triggered by the Golden Investments on-market takeover.

In FY20 all KMP were entitled to a payment under the STI scheme. During FY20, the FY20 STI was paid out to eligible KMP on a pro-rata basis. This payout was triggered as a result of the change of control of the Consolidated Entity following the on-market takeover by Golden Investments. The balance of the FY20 STI was paid in August 2020.

The STI for the 6 month period to 31 December 2020 is subject to board discretion, based on management performance, whilst STI and LTI targets are realigned with the new financial year end, and is shown below:

	Maximum STI		Dec20		Maximum STI		FY20	
	% of Base salary	Max. amount	Awarded	% of Base salary	% of Base salary	Max. amount	Awarded	% of Base salary
		$	$			$	$	
Craig McCabe[1]	-	-	-	-	52%	60,120	48,280	42%
Bernie O'Neill[2]	-	-	-	-	39%	134,550	108,842	32%
Jon Romcke	39%	67,275	51,750	30%	39%	134,550	108,842	32%
Brendan Schilling[3]	-	-	-	-	30%	72,131	58,581	24%
Ian Poole[4]	-	-	-	-	39%	136,937	81,977	23%
Marcelo Matos[5]	52%	91,887	70,667	40%	-	-	-	-
Leandro Pires[6]	39%	23,803	17,852	30%	-	-	-	-
Frederick Kotzee[7]	39%	40,492	31,148	30%	-	-	-	-

1. Started 1 April 2020, pro-rata STI paid based on start date. Resigned 31 August 2020.
2. Resigned 6 December 2020.
3. Started 15 July 2019, pro rata STI paid based on start date. Redundant 15 September 2020.
4. Resigned 26 June 2020, pro-rata STI payment made in May 2020 as a result of the change of control of the Company. No further STI paid
5. Started 31 August 2020, pro-rata STI based on start date.
6. Stated 26 October 2020, pro-rata STI based on start date. Started 21 September 2020, pro-rata STI based on start date.
7. Started 2 June 2020.

LONG TERM INCENTIVE

Incentive	Award structure	Outcome/discussion
FY20 LTI	LTI was based on the Absolute Shareholder Total Return (ASTR) with price targets resulting in the LTI benefits potentially vesting two financial years after the relevant remuneration year. Rights were issued annually with measurement periods of three years, total Rights issued were based on the performance target tested at the end of three years i.e. FY22. In the event that no rights become eligible to vest at the end of three years, the Rights may be retested for vesting after four years (FY23) subject to the escalated performance target. Further details regarding the LTI plan are shown below.	During FY20, Rights were granted to KMP as outlined below to: - Ian Poole, Bernie O'Neill, Jon Romcke and Brendan Schilling. Following the change of control triggered by the on-market takeover by Golden Investments on 2 April 2020, the Board exercised its discretion and vested 50% of the Rights issued. 25% of the Rights that did not vest, are subject to the existing vesting conditions and the remaining 25% of Rights lapsed. The Rights that vested were paid in Shares.
FY19 LTI	LTI was based on the Absolute Shareholder Total Return (ASTR) with price targets resulting in the LTI benefits potentially vesting two financial years after the relevant remuneration year. Rights were issued annually with measurement periods of three years, total Rights issued were based on the performance target tested at the end of three years i.e. FY21. In the event that no rights become eligible to vest at the end of three years, the Rights may be retested for vesting after four years (FY22) subject to the escalated performance target. Further details regarding the LTI plan are shown below.	During FY19, Rights were granted to KMP as outlined below to: - Dan Clifford, Ian Poole, Bernie O'Neill and Jon Romcke. Following the change of control triggered by the on-market takeover by Golden Investments on 2 April 2020, the Board exercised its discretion and vested 50% of the Rights issued. The balance of the Rights that did not vest, are subject to the existing vesting conditions. The Rights that vested were paid in Shares.

As a result of the Board exercising its discretion in relation to the Rights outstanding on 1 April 2020, the day immediately before the change of control, a modification under AASB 2 *Share Based Payments* was triggered. This modification required the Rights that vested as a result of the change in control to be revalued immediately before the change of control and any value increase between the revalued amount and the share price on the day of modification be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The performance conditions attached to the Rights were unchanged. The performance conditions for the Rights are referenced on page 31 - 32 of this report.

This modification had the following impact to the Statement of Profit or Loss and other Comprehensive Income for the period ended 30 June 2020.

Tranche	Exercise Price	Vesting	No. of rights	Modification	Fair Value[1]	Share price[2]	Impact on profit and loss
FY18	$0.00	2-Apr-20	1,506,488	100% of the rights vested	0.28	0.96	1,024,412
FY19	$0.00	2-Apr-20	332,884	50% of the rights vested	0.15	0.96	269,636
FY19	$0.00	31-Jul-21	332,883	50% of the Rights did not vest	N/A	N/A	-
FY20	$0.00	2-Apr-20	254,596	50% of the rights vested	0.13	0.96	211,315
FY20	$0.00	-	127,298	25% of the rights lapsed	N/A	N/A	-
FY20	$0.00	31-Jul-22	127,298	25% of the Rights that did not vest	N/A	N/A	-
			2,681,447				**1,505,363**

[1] The fair value is the accounting valuation of the Rights on the day immediately before change of control occurred

[2] The closing share price following change of control on 2 April 2020

During the 12 months ended 30 June 20, 509,192 rights were granted to KMP. These FY20 rights were granted at the maximum amount issuable if stretch targets are reached, all rights will be payable as cash or shares as decided by the Board upon vesting. 144,898 (FY19 and FY20) rights remain on issue at 31 December 2020.

Key Management Personnel[1]	FY	# of rights	Vesting date[2]	Target %	Salary package value at Stretch[3]	Price[4]	Value of Rights[5]	Total Value
Jon Romcke	FY20	36,342	30/06/2022	30%	$207,000	$1.42	$0.37	$13,447
	FY19	108,556	30/06/2021	30%	$191,711	$0.88	$0.45	$48,850
Total		**144,898**						**$62,297**

1 KMP employed as at 31 December 2020 and have Rights outstanding
2 Retest available after 12 months if no Rights have vested on vesting date
3 Stretch target based on 2 x Target %
4 Based on the 10-day VWAP of shares in the 24 hours following the release of the annual results
5 Accounting value of shares issued

Below is a summary of the performance conditions for vesting for Tranche 4 (FY20) Rights granted:

Performance Level	**ATSR [a] of SMR [b] CAGR ©**	**% of Stretch / Maximum Vesting**	**Jun 22 Share Price for vesting**
Stretch	20.00%	100.00%	$2.46
Between Target and stretch	>15.00%<20.00%	Pro-rata	Pro-Rata
Target	15.00%	50.00%	$2.17
Between Threshold and Target	>10.00%<15.00%	Pro-Rata	Pro-Rata
Threshold	10.00%	0%	$1.90
Below Threshold[d]	<10.00%	0%	$0.00

[a]Absolute Total Shareholder Return

[b] Stanmore Coal Limited

[c] Compound Annual Growth Rate (CAGR)

[d] Subject to Retest in FY23 at CAGR

Below is a summary of the performance conditions for vesting for Tranche 3 (FY19) Rights granted:

Performance Level	**ATSR [a] of SMR [b] CA©[c]**	**% of Stretch / Maximum Vesting**	**Jun 21 Share Price for vesting**
Stretch	36.24%	100.00%	$2.20
Between Target and stretch	>26.23%<36.24%	Pro-rata	Pro-Rata
Target	26.23%	50.00%	$1.75
Between Threshold and Target	>14.33%<26.23%	Pro-Rata	Pro-Rata
Threshold	14.33%	0%	$1.30
Below Threshold[d]	<14.33%	0%	$0.00

[a]Absolute Total Shareholder Return

[b] Stanmore Coal Limited

[c] Compound Annual Growth Rate (CAGR)

[d] Subject to Retest in FY22 at CAGR

In relation to the Rights, one retest is available 12 months after the end of the measurement period only if no vesting occurred in relation to the first test following the completion of the measurement period.

The Consolidated Entity does not intend to issue more than an aggregate of 5% of its share capital, from time to time, under the LTI plans.

GENERAL INCENTIVE AND REMUNERATION CONSULTANTS

From time to time, the Remuneration and Nominations Committee seeks and considers advice from external advisors who are engaged by and report directly to the Remuneration and Nominations Committee. Such advice will typically cover Non-Executive Director fees, Executive KMP remuneration and advice in relation to equity plans.

The Corporations Act requires companies to disclose specific details regarding the use of remuneration consultants. The mandatory disclosure requirements only apply to those advisers that provide a 'remuneration recommendation' as defined in the Corporations Act.

During FY20 the Remuneration and Nominations Committee received recommendations from Godfreys. These recommendations were received free from undue influence from any affected KMP, and the Directors ensured this by engaging the consultant independent of any affected KMP. In addition, the recommendation and outcomes were not discussed or influenced by any KMP's with the remuneration consultant. The cost of services associated with the recommendation made by the remuneration consultant totalled $16,000 for the 12 month period ended 30 June 2020. No costs have been incurred for the 6 month period ended 31 December 2020.

RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE

Performance Measure	Dec 2020[a]	June 2020	2019	2018	2017
Revenue ($M)	136.309	364.485	403.059	208.081	137.846
Profit/(loss) attributable to the Group ($M)	(16.120)	34.893	91.598	5.966	12.35
Share Price at period end ($/share)	$0.81	$0.78	$1.425	$0.87	$0.34
Basic EPS (c/Share)	(6.0)	13.2	35.1	2.4	5.1
Diluted EPS (c/Share)	(6.0)	13.2	35.6	2.3	5.1
Shareholder dividends paid (c/share)	-	11.0	5.0	-	-

[a]6 month period to 31 December 2020

It is the Board's policy that employment contracts or consultancy agreements are entered into with all Non-Executive Directors and senior management.

Contracts do not provide for pre-determining compensation values or method of payment. Rather portions of compensation are discretionary STI and LTI plan awards that are determined by the Remuneration and Nominations Committee and the Board in accordance with the Company's remuneration policies.

All other employment contracts or consultancy agreements have either six or three-month (or lower) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have received letters outlining the key terms of their appointment. The contracts have no specified duration.

KMP are entitled to their statutory entitlements of accrued annual leave and long service leave together with statutory superannuation on termination.

CHIEF EXECUTIVE OFFICER

Stanmore Coal Limited has an Executive Service Agreement (ESA) with Mr Marcelo Matos for the position of Interim Chief Executive Officer which commenced on 31 August 2020. From commencement date Mr Matos' base remuneration is $530,000 per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy. Mr Matos was confirmed as permanent Chief Executive Officer on 27 November 2020 with no change to remuneration.

Mr Matos is eligible to participate in the STI and LTI schemes. Under the ESA, the maximum annual STI is 52% (Stretch) of base remuneration. The maximum annual LTI is 60% of base remuneration at Target performance and a further 60% of base remuneration at Stretch performance. Detail of instruments issued under the LTI scheme are provided on page 25 of this report.

CHIEF EXECUTIVE OFFICER (Resigned 31 August 2020)

Stanmore Coal Limited had an Executive Service Agreement (ESA) with Mr Craig McCabe for the position of Chief Executive Officer which commenced on 1 April 2020. For FY20 Mr McCabe's base remuneration was $465,000 per annum plus statutory superannuation. On 31 August 2020, Mr McCabe resigned from his position and finished with the Company on 30 September 2020.

Prior to his resignation, Mr McCabe was eligible to participate in the STI scheme. For FY20, the maximum annual STI is 52% (Stretch) of base remuneration.

SENIOR MANAGEMENT

GENERAL MANAGER OPERATIONS

Stanmore Coal Limited has an Executive Services Agreement (ESA) with Mr Leandro Pires for the position of General Manager - Operations which commenced on 26 October 2020. For the period to 31 December 2020, Mr Pires received a base remuneration of $330,000 (FY20 $nil) per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy.

Mr Pires is eligible to participate in the STI and LTI schemes. The maximum annual STI is 40% (Stretch) of base remuneration and the maximum annual LTI is 40% of base remuneration at Stretch performance.

GENERAL MANAGER OPERATIONS (Resigned 6 December 2020)

Stanmore Coal Limited had an Executive Services Agreement (ESA) with Mr Bernie O'Neill for the position of General Manager - Operations which commenced on 1 April 2017. For the period to 31 December 2020 prior to his resignation, Mr O'Neill received a base remuneration of $345,000 (FY20 $345,000) per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy. Mr O'Neill resigned from his position and finished with the company on 6 December 2020.

Prior to his resignation, Mr O'Neill was eligible to participate in the STI and LTI schemes. The maximum annual STI is 39% (Stretch) of base remuneration and the maximum annual LTI is 30% of base remuneration at Target performance and a further 30% of base remuneration at Stretch performance. Detail of instruments issued under the LTI scheme are provided on page 25 of this report.

GENERAL MANAGER DEVELOPMENT

Stanmore Coal Limited has an Executive Services Agreement (ESA) with Mr Jon Romcke for the position of General Manager Development which commenced on 21 August 2017. For period to 31 December 2020, Mr Romcke received a base remuneration of $345,000 (FY20 $345,000) per annum plus statutory superannuation. The ESA provides for termination by either party by providing three month's written notice, or immediately in the case of serious misconduct or bankruptcy.

Mr Romcke is eligible to participate in the STI and LTI schemes. The maximum annual STI is 39% (Stretch) of base remuneration and the maximum annual LTI is 30% of base remuneration at Target performance and a further 30% of base remuneration at Stretch performance. Detail of instruments issued under the LTI scheme are provided on page 25 of this report.

GROUP MANAGER MARKETING AND LOGISTICS

Stanmore Coal Limited had an Employment Contract with Mr Brendan Schilling for the position of Group Manager Marketing and Logistics which commenced on 15 July 2019. For the period to 31 December 2020 prior to leaving the company, Mr Schilling received a base remuneration of $250,000 (FY20 $250,000 per annum plus statutory superannuation contributions. On 15 September 2020, as a result of the decision to outsource the Group's sales and marketing function to M Resources Pty Ltd, Mr Schilling was made redundant from this position and is no longer working for Stanmore Coal Limited.

CHIEF FINANCIAL OFFICER

Stanmore Coal Limited has an Executive Service Agreement (ESA) with Mr Frederick Kotzee for the permanent position of Chief Financial Officer which commenced on 21 September 2020 and was previous appointed in an acting capacity on 2 June 2020 under a fixed term Employment Contract. Under this ESA, Mr Kotzee receives a remuneration package of $380,000 per annum plus statutory superannuation.

Mr Kotzee is eligible to participant in the STI and LTI schemes. The maximum annual STI is 39% (Stretch) of his remuneration package and the maximum annual LTI is 30% of his remuneration package at Target performance and a further 30% of his remuneration package at Stretch performance. Details of the instruments issued under the LTI scheme are on page 25 of this report.

Prior to his permanent appointment as Chief Financial Officer, Stanmore Coal Limited had a fixed term Employment Contract with Mr Kotzee for the position of Interim Chief Financial Officer which commenced on 2 June 2020. Under this contract, Mr Kotzee received a base remuneration of $355,000 per annum plus statutory superannuation and accommodation support. He was also eligible for a one-off payment, subject to Board discretion of up to $80,000 following the completion of his contract. This was paid to Mr Kotzee upon his permanent appointment as Chief Financial Officer.

REMUNERATION DETAILS

The following tables detail the components of remuneration for KMP of the Company, for both the 6 months period ended 31 December 2020 and the 12 month period ended 30 June 2020.

	Short-term benefits				Post-Employment					
	Salary & Fees $	Cash bonus $	Other Short term benefits $	Other cash benefits $	Superannuation $	Termination Benefits $	Equity Settled (Shares) $	Cash Settled (Rights)	Total $	Performance-related %
31 December 2020										
DIRECTORS										
Dwi Suseno[1]	-	-	-	-	-	-	-	-	-	
Jimmy Lim	32,500	-	-	-	-	-	-	-	32,500	
Marcelo Matos[2]	193,067	70,667	4,768	-	10,626	-	-	-	279,128	
Mark Trevan	29,505	-	-	-	2,803	-	-	-	32,308	
Mary Carroll	24,587	-	-	-	2,336	-	-	-	26,923	
Richard Majlinder	31,963	-	-	-	3,037	-	-	-	35,000	
Total Directors	**311,622**	**70,667**	**4,768**	**-**	**18,802**	**-**	**-**	**-**	**405,859**	
SENIOR MANAGEMENT										
Jon Romcke	185,769	80,924	6,226	-	11,681	-	-	-	284,600	28%
Frederick Kotzee[3]	167,762	31,148	40,126	80,000	11,681	-	-	-	330,717	9%
Leandro Pires[4]	62,192	17,852	452	-	4,172	-	-	-	84,668	
Craig McCabe[5]	150,329	48,280	2,075	-	6,103	-	-	-	206,788	23%
Brendan Schilling[6]	60,577	17,238	-	-	5,424	99,761	-	-	183,000	9%
Bernie O'Neill[7]	160,558	63,674	-	-	10,847	182,667	-	50,000	467,746	14%
Ian Poole[8]	8,192	-	-	-	778	3,976	-	-	12,946	
Total Senior Management	**795,379**	**259,116**	**48,879**	**80,000**	**50,686**	**286,404**	**-**	**50,000**	**1,570,464**	
Total Directors and Senior Management	**1,107,001**	**329,783**	**53,647**	**80,000**	**69,488**	**286,404**	**-**	**50,000**	**1,976,323**	

1. appointed 15 May 2020. 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 Consolidated Entity.
2. appointed 27 November 2019
3. appointed 2 June 2020
4. appointed 26 October 2020
5. appointed 1 April 2020, resigned 31 August 2020
6. appointed 15 July 2019, redundant 15 Septemeber 2020
7. resigned 6 December 2020
8. resigned 26 June 2020

	Short-term benefits				Post-Employment					
	Salary & Fees $	Cash bonus $	Other Short term benefits $	Other non cash benefits $	Superannuation $	Termination Benefits $	Equity Settled (Shares) $	Cash Settled (Rights)	Total $	Performance-related %
30 June 2020										
DIRECTORS										
Dwi Suseno[1]	-	-	-	-	-	-	-	-	**-**	
Jimmy Lim[2]	47,526	-	-	-	-	-	-	-	**47,526**	
Marcelo Matos[3]	39,764	18,265	-	-	5,294	-	-	-	**63,323**	
Mark Trevan[4]	6,744	-	-	-	481	-	-	-	**7,225**	
Mary Carroll[5]	5,796	-	-	-	417	-	-	-	**6,213**	
Richard Majlinder[5]	7,533	-	-	-	542	-	-	-	**8,075**	
Steward Butel[6]	88,304	32,842	-	-	11,509	-	-	-	**132,655**	
Dan Clifford[7]	199,273	-	-	2,612	10,501	11,981	(323,034)	-	**(98,667)**	
Stephen Bizzell[6]	69,893	30,000	-	-	-	-	-	-	**99,893**	
Neal O'Connor[6]	66,316	24,566	-	-	8,634	-	-	-	**99,516**	
Darren Yeates[8]	47,816	-	-	-	-	-	-	-	**47,816**	
TOTAL	**578,965**	**105,673**	**-**	**2,612**	**37,378**	**11,981**	**(323,034)**	**-**	**413,575**	
SENIOR MANAGEMENT										
Craig McCabe[9]	116,250	48,280	-	1,650	6,610	-	-	-	**172,790**	28%
Bernie O'Neill	345,000	108,842	51,750	-	21,003	-	647,714	-	**1,174,309**	64%
Jon Romcke	345,000	108,842	51,750	6,600	21,003	-	586,507	-	**1,119,702**	62%
Brendan Schilling[10]	247,115	58,581	-	-	21,003	-	49,326	-	**376,025**	29%
Frederick Kotzee[11]	29,505	-	-	-	2,803	-	-	-	**32,308**	
Ian Poole[12]	352,269	81,977	53,250	6,600	21,003	3,976	701,441	-	**1,220,516**	64%
TOTAL	**1,435,139**	**406,522**	**156,750**	**14,850**	**93,425**	**3,976**	**1,984,988**	**-**	**4,095,650**	
Total Director and senior management remuneration	**2,014,104**	**512,195**	**156,750**	**17,462**	**130,803**	**15,957**	**1,661,954**	**-**	**4,509,225**	

1. appointed 15 May 2020. 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 Consolidated Entity.
2. appointed 23 October 2019
3. appointed 27 November 2019
4. appointed 18 May 2020
5. appointed 15 May 2020
6. resigned 15 May 2020
7. resigned 22 November 2019
8. resigned 6 February 2020
9. appointed 1 April 2020, resigned 31 August 2020
10. appointed 15 July 2019, redundant 15 Septemeber 2020
11. appointed 2 June 2020
12. resigned 26 June 2020

CASH BONUSES, PERFORMANCE-RELATED BONUSES AND SHARE-BASED PAYMENTS

For the financial period ending 31 December 2020 the balance of the STI not already paid will be paid on the expected payment date.

	Maximum STI Cap $	STI Awarded $	% of STI	% of STI forfeited	Expected payment date
Marcelo Matos	91,867	70,667	77%	23%	4 March 2021
Leandro Pires	23,803	17,852	75%	25%	4 March 2021
Jon Romcke	67,275	51,750	77%	23%	4 March 2021
Frederick Kotzee	40,492	31,148	77%	23%	4 March 2021

Current Rights on issue to KMP (FY19 and FY20) are outlined below.

	FY20 Rights Issued	FY20 Rights vested	FY20 Rights forfeited	Net FY20 Rights
Jon Romcke	145,366	72,683	36,341	36,342

	FY19 Rights Issued	FY19 Rights vested	FY19 Rights forfeited	Net FY19 Rights
Jon Romcke	217,113	108,557	-	108,557

EQUITY INSTRUMENTS

SHAREHOLDINGS

Details of ordinary shares held directly, indirectly or beneficially by KMP and their related parties are as follows:

There were no shares held nominally at 31 December 2020.

	Balance at 1 July 2019	Granted as remuneration	Bonus issue	Exercise of Rights	Net Change Other[1]	Balance FY20
SENIOR MANAGEMENT						
Bernie O'Neill[2]	1,104	-	-	-	-	1,104
Jon Romcke[3]	1,104	-	-	-	-	1,104
TOTAL	**2,208**	**-**	**-**	**-**	**-**	**2,208**

1 The net change in shareholding for all KMP relates the sale of shares on market.
2 Shares held indirectly.
3 Shares held directly and beneficially.

OPTIONS HOLDINGS

The Consolidated Entity had no options on issue at 31 December 2020.

RIGHTS

Details of rights held directly, indirectly or beneficially by KMP and their related parties are as follows:

	Opening balance	Rights issued	Rights vested	Rights Forfeited	Closing balance	Vesting FY22[2]	Vesting FY23[3]
Bernie O'Neill	146,852	-	-	146,852	-		
Jon Romcke	144,898	-	-	-	144,898	108,556	36,342
Brendan Schilling	17,221	-	-	17,221	-	-	
	308,971	**-**	**-**	**164,073**	**144,898**	**108,556**	**36,342**

1 Following the on-market takeover by Golden Investments, the Rights granted in FY19 have vested at 50% with the balance subject to relevant vesting criteria set prior to the change of control.

2 Following the on-market takeover by Golden Investments, the Rights granted in FY20 have vested at 50% with the 25% lapsed and the remaining 25% to vest subject to the relevant vesting criteria set prior to the change of control.

Transactions with Directors and Director-related entities

During his period as Non-Executive Director, M Resources Pty Ltd, a company associated with Marcelo Matos was appointed the sales and marketing agent for the Consolidated Entity. The terms were negotiated on market terms, and further information is available in Note 33 – Related Party Transactions.

There were no other transactions with Directors or Director-related entities during the July – December 2020 period.

Loans to Key Management Personnel

There were no loans to KMP during the July to December 2020 period.

End of Remuneration Report (Audited).

Indemnification and insurance of Directors, officers and auditor

Each of the Directors and the Company Secretary of Stanmore Coal Limited have entered into a Deed whereby Stanmore Coal Limited has provided certain contractual rights of access to books and records of Stanmore Coal Limited to those Directors and the Company Secretary. Stanmore Coal Limited has insured all the Directors and Executive Officers of the Consolidated Entity. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances. To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of its terms of its audit engagement agreement against claims by third parties arising from the audit. Stanmore has made no payment to indemnify Ernst & Young Australia during or since the end of the financial year.

Options and Rights

At the date of this report there were nil unissued ordinary shares under options, and 144,898 potential unissued ordinary shares under Rights as follows:

- 108,556 unlisted Rights vesting subject to various performance hurdles in 2021 or in the event that no vesting at all occurs, the Rights may be retested vesting in 2022 subject to escalated performance hurdles and other agreed conditions.
- 36,342 unlisted Rights vesting subject to various performance hurdles in 2022 or in the event that no vesting at all occurs, the Rights may be retested vesting in 2023 subject to escalated performance hurdles and other agreed conditions.

No Right holder has any right to participate in any other share issue of Stanmore Coal Limited.

During the period ended 31 December 2020 there were 270,417,381 fully paid ordinary shares in Stanmore Coal Limited on issue.

During the period ended 31 December 2020, no new Rights were granted to KMP as part of the Stanmore Coal Limited Rights Plan, and 164,073 Rights were forfeited. During FY20 there were 1,969,257 Rights forfeited and 2,720,451 vested.

Changes to capital structure

At the date of this report, the Consolidated Entity had 270,417,381 ordinary shares (inclusive of 11,040 employee shares), nil unlisted options and 144,898 Rights on issue.

Events after reporting date

No events have occurred since 31 December 2020.

Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and dated 24 March 2016 and, in accordance with the instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

Dividends paid or recommended

No dividend has been declared for the period July – December 2020.

Environmental issues

The Consolidated Entity is subject to environmental regulation in relation to 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 Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceedings to which the Consolidated Entity is a party for the purposes of taking responsibility on behalf of the Consolidated Entity for all or any part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the period.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Ernst & Young for non-audit services provided during the period ended 31 December 2020:

Taxation services	$24,910
Corporate Finance Services	$13,940

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 43.

Significant changes and likely developments

Comments on significant changes and likely developments are included in the operating and financial review on pages 19 to 24.

Competent Person Statement

The information in this report relating to coal reserves for Isaac Downs was announced on 21 August 2020, titled "Mineral Resources and Coal Reserve update for Isaac Downs" is based on information compiled by Mr James Knowles who is Principal Geologist and Director of Measured Group and Mr Michael Barker who is an employee of Palaris Australia.

Mr Knowles is a resource geologist with over 20 years' of mining industry experience. Mr Knowles specialises in technical management and resource evaluation. Mr Knowles' technical expertise includes exploration project development and mine operations support, resource estimation and reporting. Mr Knowles is a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)".

Mr Michael Barker is the General Manager Feasibility Studies at Palaris Australia. Mr Barker has over 20 years' experience in the mining sector, including 10 years in resource consulting. Mr Barker has experience in technical services, including asset performance and mine design and optimisation. Mr Barker is a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)".

Corporate governance

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

This report is signed in accordance with a resolution of the Directors.

Marcelo Matos

Chief Executive Officer

Director

Brisbane

Date: 26 February 2021

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

As lead auditor for the audit of Stanmore Coal Limited for the financial period ended 31 December 2020, 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; and

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

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

Ernst & Young

Ernst & Young

Tom du Preez
Partner
26 February 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2020

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
Revenue	1	136,309	364,485
Cost of sales	2	(142,928)	(267,514)
Gross Profit/(Loss)		**(6,619)**	**96,971**
Other income	1	11,783	5,604
Other expenses	2	(21,707)	(42,979)
Profit/(loss) before income tax and net finance expenses		**(16,543)**	**59,596**
Finance income	1	27	579
Finance expenses	2	(5,438)	(8,597)
Profit/(loss) before income tax expense		**(21,954)**	**51,578**
Income tax benefit/(expense)	3	5,834	(16,685)
Net profit/(loss) for the period		**(16,120)**	**34,893**
Other comprehensive income		-	-
Total comprehensive profit/(loss) for the period		**(16,120)**	**34,893**
Profit/(loss) for the period is attributable to:			
Owners of Stanmore Coal Limited		**(16,120)**	**34,893**
Total comprehensive income profit/(loss) for the period is attributable to:			
Owners of Stanmore Coal Limited		**(16,120)**	**34,893**

Earnings/(loss) per share attributable to the owners of Stanmore Coal Limited:		Cents	Cents
Basic earnings/(loss) per share (cents per share)	21	(6.0)	13.2
Diluted earnings/(loss) per share (cents per share)	21	(6.0)	13.2

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2020

	Note	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT ASSETS			
Cash and cash equivalents	4(a)	5,041	32,244
Trade and other receivables	6	21,264	4,715
Inventories	7	67,184	78,864
Income tax receivable		5,520	-
Other current assets	12	5,599	2,867
Total current assets		**104,608**	**118,690**
NON-CURRENT ASSETS			
Property, plant and equipment	8	64,819	62,891
Capitalised development costs	9a	44,336	314
Mine properties	9b	17,298	24,946
Exploration and evaluation assets	10	41,141	80,970
Intangible assets	11	2,519	2,771
Other non-current assets	12	20,048	6,187
Total non-current assets		**190,161**	**178,079**
Total assets		**294,769**	**296,769**
CURRENT LIABILITIES			
Trade and other payables	13	40,692	32,615
Interest-bearing loans and borrowings	14	19,421	2,218
Lease liability	15	117	57
Onerous contracts provision	16	615	842
Rehabilitation provision	17	1,868	3,072
Vendor royalties - contingent consideration	18	7,014	7,617
Provision for employee benefit	19	811	531
Income tax payable		-	160
Total current liabilities		**70,538**	**47,112**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	14	9,104	10,251
Lease liability	15	612	766
Onerous contracts provision	16	2,676	4,520
Rehabilitation provision	17	24,711	26,890
Vendor royalties - contingent consideration	18	6,844	15,033
Provision for employee benefit	19	60	366
Deferred tax liabilities	3	27,786	23,248
Total non-current liabilities		**71,793**	**81,074**
Total liabilities		**142,331**	**128,186**
Net assets		**152,438**	**168,583**
EQUITY			
Issued capital	22	121,725	121,725
Share based payment reserve		2,323	2,348
Retained earnings		28,390	44,510
Total equity attributable to the owners of Stanmore Coal Limited		**152,438**	**168,583**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the period ended 31 December 2020

	Issued capital $ '000	Retained Earnings $ '000	Share based payment reserve $ '000	Total $ '000
At 1 July 2019	**117,613**	**37,788**	**1,703**	**157,104**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
Profit/(loss) for the period	-	34,893	-	34,893
Other comprehensive income	-	-	-	-
	-	**34,893**	**-**	**34,893**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Issue of Shares – Note 22	4,112	-	-	4,112
Dividends paid	-	(28,171)	-	(28,171)
Share based payments	-	-	645	645
At 30 June 2020	**121,725**	**44,510**	**2,348**	**168,583**
At 1 July 2020	**121,725**	**44,510**	**2,348**	**168,583**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
Profit/(loss) for the period	-	(16,120)	-	(16,120)
Other comprehensive income	-	-	-	-
	-	**(16,120)**	**-**	**(16,120)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Share based payments	-	-	(25)	(25)
At 31 December 2020	**121,725**	**28,390**	**2,323**	**152,438**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the period ended 31 December 2020

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		116,751	383,636
GST refunds		14,827	33,633
Payments to suppliers and employees		(148,967)	(386,330)
Interest received		27	515
Interest and other finance costs paid		(3,030)	(834)
Income tax received/(paid)		4,692	(24,178)
Net cash (outflow)/inflow from operating activities	5	**(15,700)**	**6,442**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(9,996)	(26,454)
Payments for exploration, evaluation assets		(3,513)	(9,829)
Payments for mine property assets		(190)	(9,150)
Net cash (outflow)/inflow from investing activities		**(13,699)**	**(45,433)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		19,609	9,402
Repayment of borrowings	4(b)	(3,553)	-
Payments for dividends		-	(24,073)
Payments for vested LTIP Rights		-	(852)
Benefit of principal lease liability		1	-
Payment for financial securities		(13,861)	(3,707)
Net cash (outflow)/inflow from financing activities		**2,196**	**(19,230)**
Net (decrease)/increase in cash held		**(27,203)**	**(58,221)**
Net cash at beginning of period		32,244	90,465
Net cash at end of period	4a	**5,041**	**32,244**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

About this report

The financial statements of Stanmore Coal Limited for the period ended 31 December 2020 covers the Consolidated Entity consisting of Stanmore Coal Limited and its subsidiaries ("the Consolidated Entity") as required by the Corporations Act 2001.

The Group has changed its financial year end to 31 December to align with its parent entity. As a result, this financial report is for a period of six months, ended 31 December 2020 (referred to in this period as the 'period ended 31 December 2020'). Due to this change, these results are not entirely comparable with the comparative period stated, being the 12-month period 1 July 2019 to 30 June 2020.

The financial statements are presented in the Australian currency.

Stanmore Coal 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 Consolidated Entity are the exploration, development, production and sale of metallurgical coal in Queensland, Australia.

The consolidated general-purpose financial report of the Consolidated Entity for the period ended 31 December 2020 was authorised for issue in accordance with a resolution of the Directors on 26 February 2021. The Directors have the power to amend and reissue the financial report. The financial report is a general-purpose financial report which:

- has been prepared in accordance with the requirements of the Corporations Act 2001, 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;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial / Director's 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 Consolidated Entity and effective for reporting periods beginning on or after 1 July 2020. Refer to Note 34 for further details; and
- does not early adopt any Australian Accounting Standards, and Interpretations that have been issued or amended but are not yet effective, except for those described in Note 34: Other Accounting Policies.

The financial statements have been prepared on a historical cost basis, except for Vendor Royalties – Contingent Consideration which has been measured at fair value. The entity is a for-profit entity for the purposes of Australian Accounting Standards.

Key judgements and estimates

In the process of applying the Consolidated Entity's 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 1:	Revenue and other income	Page 52
Note 9(a):	Capitalised development costs	Page 64
Note 9(b):	Mine Properties	Page 65
Note 10:	Exploration and Evaluation	Page 66
Note 16:	Onerous contracts provision	Page 71
Note 17:	Rehabilitation provision	Page 72
Note 18:	Vendor royalties – contingent consideration	Page 73
Note 32:	Share based-payments	Page 94

Notes to the financial statements (Cont.)

Going concern

As disclosed in the directors report, the Group is in the process of transitioning its core mining operations from Isaac Plains and Isaac Plains East over the next 12 months to Isaac Downs. The successful transition to Isaac Downs is subject to the timing of approvals of the Isaac Downs Project.

That being said, 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 working capital facilities as disclosed in Note 14.

Based on these scenarios the Group is expected to continue to operate within the available cash levels. The Company is also in the process of assessing raising further debt to assist with future capital development and has capacity under the ASX Listing Rules to raise further funds through the issue or placement of securities.

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.

Debt Facility

On 26 June 2020, the Consolidated Entity entered into a short-term financing agreement with its parent entity, GEAR to cover the period up until the US$40m finance facility was finalised. The key terms of this short-term facility were:

- Facility is a A$10m facility to expire on the earlier of 31 October 2020, or when the US$40m facility is finalised
- Interest rate is 8.0% per annum on drawn funds

This facility expired on 31 October 2020 and was replaced by the US$40m finance facility.

As announced to the market on 2 November 2020, the Consolidated Entity entered into a finance facility with GEAR in respect to a US$40m secured loan facility. The key terms of the US$40m facility are;

- US$40m facility until 30 June 2022
- Upfront commitment fee of 2.0%
- Interest rate on drawn funds of 8.0% per annum
- Interest rate on undrawn funds 2.0% per annum

As at 31 December 2020, US$10m (A$12.983m) has been drawn down under this facility.

COVID-19

These impacts are not significant to the Consolidated Entity and will not negatively impact the financial statements or trigger any significant uncertainties with respect to events or conditions which may adversely impact the Consolidated Entity as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

There is no impact on the going concern of the Consolidated Entity as a result of the above.

Basis of consolidation

Subsidiaries are all those entities (including special purpose 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. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Non-controlling interests in the results and consolidated equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively. Total comprehensive income is attributable to owners of Stanmore Coal Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Notes to the financial statements (Cont.)

Other accounting policies

Significant 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.

Foreign currency translation

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.

The 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 Consolidated Entity. 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 Consolidated Entity;
- it helps to explain the impact of significant changes in the Consolidated Entity's business for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the Consolidated Entity's operations that is important to its future performance.

New and amended standards and interpretations adopted by the Consolidated Entity

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to AASB 3: Definition of a Business

The amendment to AASB 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to AASB 7, AASB 9 and AASB 139 Interest Rate Benchmark Reform

The amendments to AASB 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to AASB 101 and AASB 108 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

Notes to the financial statements (Cont.)

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to AASB 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to AASB 16 Leases. The amendments provide relief to lessees from applying AASB 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

NOTE 1 REVENUE AND OTHER INCOME

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
REVENUE			
Revenue from contracts with customers		136,309	364,485
Total revenue		**136,309**	**364,485**
OTHER INCOME			
Fair value movement - vendor royalty - contingent consideration	18	9,665	4,387
Onerous contract re-measurement	16	1,893	150
Other income		225	1,067
Total other income		**11,783**	**5,604**
FINANCE INCOME			
Interest income		27	579
Total finance income		**27**	**579**

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The group recognises revenue from the transfers of goods at a point in time in the following major product lines and geographical regions.

31 December 2020	Timing of revenue recognition	Asia A$ '000	Europe A$ '000	Australia A$ '000	Total A$ '000
Sales - thermal coal	At point in time FOB contract	3,654	-	-	3,654
Sales - coking coal	At point in time FOB contract	121,930	10,725	-	132,655
Coal sales - Subtotal		**125,584**	**10,725**	**-**	**136,309**
TOTAL		**125,584**	**10,725**	**-**	**136,309**
30 June 2020					
Sales - thermal coal	At point in time FOB contract	1,832	-	-	1,832
Sales - coking coal	At point in time FOB contract	331,612	25,222	5,819	362,653
Coal sales - Subtotal		**333,444**	**25,222**	**5,819**	**364,485**
TOTAL		**333,444**	**25,222**	**5,819**	**364,485**

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 Consolidated Entity is entitled to receive in exchange for transferred goods to the customer.

NOTE 1 REVENUE AND OTHER INCOME (CONT.)

Contracts with customers – coal sales

General recognition

Revenue from the sale of coal is recognised in the profit or loss when control of the coal has been transferred from the Consolidated Entity to the customer. Typically, the transfer of control and the recognition of a sale occurs when the coal passes the ship rail when loading at the port, unless the sale is made on stockpile at which point the transfer of control will occur when the sales agreement is exercised. All coal is shipped through the Dalrymple Bay Coal Terminal and all coal sold during the financial period ending 31 December 2020 was on a 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 Consolidated Entity committing to the supply of coal to the customer.

Payment terms for coal customers range from letter of credit basis to up to 45 days, with the majority being settled in 20 days or less from issuance of the commercial invoice. There were no breaches of payment terms noted during the financial period and contracts recognised as fulfilled and therefore receivable at 31 December 2020 have subsequently been receipted without issue.

Coking Coal Quarterly Index Linked Price Contracts recognition

Coking Coal Sales contracts with Stanmore Coal customers generally contain quarterly pricing provisions as is customary in the coking coal markets. Sales contracts with regular customers are linked to the relevant coking coal index with index adjustments based on the term agreements/relationship, Isaac Plains specific variations to the index benchmark, or other contractual reasons.

When the quarterly benchmark prices have not been settled sales invoices are issued and paid based on the provisional prices from the prior quarters agreed index price. These provisional prices are then adjusted when the final quarterly benchmark prices are settled.

Where sales volumes have not been fulfilled within the scope of the contract for the previous quarters, the coal sales are at the prior quarters price. At the end of the annual contract period full year carry over tonnes are discussed between the parties and the supply of tonnes can be cancelled or carried over to the next annual contract.

Key judgements

Due to the volatility in the coking coal price indices, management reviews the index price at the end of the quarter. Coal sales are then adjusted, based on the final index price, which has been agreed with customers. If the price has not yet been signed off on all contracts, management will make judgements on the risks associated with the customer and adjust the provisional price based on the contract. This risk weighted price would then be used rather than the quarterly index price which has not yet been agreed with the customer.

Thermal Coal Contract 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.

NOTE 2 COST OF SALES AND OTHER EXPENSES

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
COST OF SALES			
Mining costs		83,374	137,729
Processing costs		16,551	37,519
Transport and logistics		21,700	34,260
State royalties		9,944	31,602
Private royalties		1,213	4,955
Production overheads		7,311	15,002
Other production costs		2,835	6,447
Total cost of sales		**142,928**	**267,514**
OTHER EXPENSES			
Other expenses[1]		21,671	41,903
Revaluation in rehabilitation provision	17	36	1,076
Total other expenses		**21,707**	**42,979**

[1] Refer to next page for details of Other expenses

FINANCE EXPENSES			
Interest paid – external parties		406	1,313
Interest amortisation unwinding	16,17,18	1,697	4,112
Interest charge – lease liability	15	29	11
Movement in foreign currency		2,408	824
Borrowing costs		898	2,337
Total finance expenses		**5,438**	**8,597**

RECOGNITION AND MEASUREMENT

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 accruals basis at the time the sale is recognised, in line with movements through inventory and survey information from site. Refer to Inventory in Note 7.

NOTE 2 COST OF SALES AND OTHER EXPENSES (CONT.)

Other expenses

Other expenses include the following specific items:

	Note	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
Depreciation and amortisation			
Depreciation - plant and equipment	8	6,529	10,832
Depreciation – right of use asset	8	63	24
Amortisation - mine properties	9b	7,838	15,556
Amortisation - intangibles	11	252	504
Sub-total depreciation and amortisation		**14,682**	**26,916**
EMPLOYEE EXPENSES			
Employee - salaries and wages		3,219	5,251
Employee superannuation		185	312
Share-based payments (rights)		(35)	1,662
Sub-total employee expenses		**3,369**	**7,225**
Other overhead expenses		3,446	3,134
Takeover costs		-	4,419
Short term lease payments		174	209
Sub-total other expenses		**3,620**	**7,762**
Total other expenses		**21,671**	**41,903**

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the end of the reporting period 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 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 closely as possible, the estimated future cash outflows.

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.

NOTE 3 INCOME TAX EXPENSE

	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
RECONCILIATION		
Current income tax (benefit)	(10,372)	(972)
Deferred income tax expense	4,538	17,657
Income tax expense/(benefit)	**(5,834)**	**16,685**
RECONCILIATION THROUGH EQUITY		
Opening balance	(1,129)	(1,129)
Income tax expense/(benefit) – equity	**(1,129)**	**(1,129)**

The prima facie income tax on the profit/(loss) is reconciled to the income tax expense as follows:

Prima facie tax expense (30%) on profit/(loss) before income tax	**(6,586)**	**15,473**
Add tax effect of:		
- Non-deductible expenses	3	431
- Prior period deferred taxes over/(under) recognised	749	781
Income tax expense/(benefit)	**(5,834)**	**16,685**
RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES		
DEFERRED TAX ASSETS		
Deductible temporary differences	17,981	22,209
Sub-total deferred tax assets	**17,981**	**22,209**
DEFERRED TAX LIABILITIES		
Assessable temporary differences	(45,767)	(45,457)
Sub-total deferred tax liabilities	**(45,767)**	**(45,457)**
Net deferred tax liabilities	**(27,786)**	**(23,248)**

Deferred tax assets will only be recognised when;

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

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.

NOTE 3 INCOME TAX EXPENSE (CONT.)

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.

	Opening balance	Recognised in profit or loss	Closing balance	Deferred tax asset	Deferred tax liability
31 December 2020					
Provision for rehabilitation	8,989	(1,015)	7,974	7,974	-
Provision for onerous contracts	1,609	(621)	988	988	-
Property plant and equipment	(5,470)	164	(5,306)	-	(5,306)
Vendor private royalty	6,795	(2,638)	4,157	4,157	-
Exploration and development costs	(18,529)	(1,728)	(20,257)	-	(20,257)
Unrealised FX	426	76	502	502	-
Other	(2,626)	(1,188)	(3,814)	729	(4,543)
Vendor receivable	(1,284)	1,155	(129)	-	(129)
Provision for impairment - exploration and development	3,631	-	3,631	3,631	-
Rail loop benefit	(832)	76	(756)	-	(756)
Overburden in advance	(15,957)	1,181	(14,776)	-	(14,776)
Prior period tax losses	-	-	-	-	-
TOTAL	**(23,248)**	**(4,538)**	**(27,786)**	**17,981**	**(45,767)**
30 June 2020					
Provision for rehabilitation	8,687	302	8,989	8,989	-
Provision for onerous contracts	1,820	(211)	1,609	1,609	-
Property, plant and Equipment	(4,407)	(1,063)	(5,470)	-	(5,470)
Vendor private royalty	9,766	(2,971)	6,795	6,795	-
Exploration and development costs	(17,514)	(1,015)	(18,529)	-	(18,529)
Unrealised FX	97	329	426	426	-
Other	1,006	(3,632)	(2,626)	759	(3,385)
Vendor receivable	(2,753)	1,469	(1,284)	-	(1,284)
Provision for impairment exploration and development	3,631	-	3,631	3,631	-
Rail loop benefit	(983)	151	(832)	-	(832)
Overburden in advance	(4,941)	(11,016)	(15,957)	-	(15,957)
Prior period tax losses	-	-	-	-	-
TOTAL	**(5,591)**	**(17,657)**	**(23,248)**	**22,209**	**(45,457)**

Tax Consolidation

Stanmore Coal Limited and its wholly owned subsidiaries have formed a tax consolidated group and are taxed as a single entity. Stanmore Coal 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 Coal 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 is in place.

NOTE 4 (a) CASH AND CASH EQUIVALENTS

	31 December 2020 $ '000	30 June 2020 $ '000
Cash at bank and in hand	**5,041**	**32,244**
Cash at bank bear floating and fixed interest rates between 0.0% and 0.45% (2020: 0.0% and 1.25%)		
RECONCILIATION OF CASH		
The above figures are reconciled to the consolidated statement of cash flows as follows:		
Balances as above	5,041	32,244
Balances per consolidated statement of cash flows	5,041	32,244

RECOGNITION AND MEASUREMENT

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, 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.

NOTE 4 (b) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening 1 July 2020 $ '000	Cash Inflows	Cash Outflows	Non cash changes	Closing 31 December 2020 $ '000
Chattel Mortgage	12,469	-	(1,302)	206	11,373
Lease Liability	823	1		(95)	729
Short Term Loan	-	2,693	-	-	2,693
Working Capital Facility	-	13,189	-	(206)	12,983
Insurance premium funding facility	-	3,727	(2,251)	-	1,476
Total	**13,292**	**19,610**	**(3,553)**	**(95)**	**29,254**

	Opening 1 July 2019 $ '000	Cash Inflows	Cash Outflows	Non cash changes	Closing 30 June 2020 $ '000
Chattel Mortgage	-	10,994	(1,592)	3,067	12,469
Lease Liability	-	-	-	823	823
Total	**-**	**10,994**	**(1,592)**	**3,890**	**13,292**

NOTE 5 CASH FLOW INFORMATION

	6 months to 31 December 2020 $ '000	12 months to 30 June 2020 $ '000
Reconciliation of profit/(loss) after income tax to net cash flow from operating activities		
Profit/(Loss) for the period	**(16,120)**	**34,893**
Adjust for non-cash items:		
Depreciation, amortisation and disposal of fixed assets	14,682	26,916
Unrealised gains on foreign exchange	-	1,592
Non-cash movement in rehabilitation provisions	468	5,902
Non-cash movement in onerous contracts	(1,595)	163
Non-cash movement in contingent consideration	(8,508)	(923)
Share-based payments expense	(25)	1,662
Change in operating assets and liabilities:		
- (Increase)/Decrease in trade and other receivables	(16,549)	16,117
- Decrease/(Increase) in inventory	11,680	(49,233)
- (Increase) in prepayments	(2,732)	(2,656)
- Increase/(Decrease) in trade and other operational payables	8,778	(5,869)
- (Decrease) in current tax payable	(5,680)	(25,149)
- Increase in deferred taxes	4,538	17,657
- (Decrease)/Increase in provisions for employee benefits	(26)	112
- (Decrease) in provisions for onerous contracts	(476)	(866)
- (Decrease) in rehabilitation provisions	(3,851)	(4,896)
- (Decrease) in contingent consideration	(284)	(8,980)
Net cash flow from operating activities	**(15,700)**	**6,442**

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.

Non-cash investing and financing activities disclosed in other notes are:

- Recognition of rehabilitation asset of $0.190m (FY20 $4.491m) – Note 9(b)
- Dividends satisfied by the issue of shares under the DRP – Note 20
- Interest bearing loans and borrowings – Note 14

NOTE 6 TRADE AND OTHER RECEIVABLES

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
GST receivable	1,957	2,558
Trade receivables	19,030	1,867
Other receivables	277	290
Total current trade and other receivables	**21,264**	**4,715**

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 and Comprehensive Income.

Impairment

The Consolidated Entity 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 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. Management has determined that assessment of expected credit loss associated with trade receivables is immaterial.

NOTE 7 INVENTORIES

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
ROM coal stocks	3,546	3,236
Product coal stocks	14,385	22,438
Sub-total coal stock	**17,931**	**25,674**
Overburden in advance	49,253	53,190
Total inventories	**67,184**	**78,864**

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:

- Overburden in advance material extracted through the pre-strip mining process and includes blasting activities.
- Run of mine material (ROM) extracted through the mining process and awaiting processing 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.

INTERPRETATION 20 – STRIPPING COSTS IN THE PRODUCTION PHASE OF A SURFACE MINE

In open pit mining operations, overburden and other waste materials must be removed to allow extraction of the coal minerals underneath. As such the costs of overburden removal are capitalised separately as Inventory under AASB 102, to the extent that a future benefit from the stripping activity is expected to be realised from future coal extraction.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	31 December 2020 $ '000	30 June 2020 $ '000
Plant and equipment		
At cost	89,788	77,556
Accumulated depreciation	(29,020)	(22,580)
Sub-total plant and equipment	**60,768**	**54,976**
Buildings and improvements		
At cost	2,366	2,077
Accumulated depreciation	(587)	(494)
Sub-total buildings and improvements	**1,779**	**1,583**
Furniture and office equipment		
At cost	137	137
Accumulated depreciation	(123)	(122)
Sub-total furniture and office equipment	**14**	**15**
Right-of-use asset		
At cost	718	812
Accumulated depreciation	(87)	(24)
Sub-total right-of-use asset	**631**	**788**
Capital work in progress		
At cost	1,627	5,529
Sub-total capital work in progress	**1,627**	**5,529**
Total property plant and equipment	**64,819**	**62,891**

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 Consolidated Entity 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 Consolidated Entity and the cost of the item can be measured reliably.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONT.)

Movements in carrying amounts

31 December 2020	Plant and equipment $ '000	Buildings & improvements $ '000	Furniture & office equip $ '000	Right of use asset $ '000	Capital work in progress $ '000	TOTAL $ '000
Balance at the beginning of the period	54,976	1,583	15	788	5,529	**62,891**
Additions – through ordinary course	-	-	-	-	8,614	**8,614**
Capital WIP transfers	12,227	289	-	-	(12,516)	**-**
Net disposals	-	-	-	(94)[2]	-	**(94)**
Depreciation expense	(6,435)	(93)	(1)	(63)	-	**(6,592)**
Carrying amount at the end of the period	**60,768**	**1,779**	**14**	**631**	**1,627**	**64,819**

30 June 2020	Plant and equipment $ '000	Buildings & improvements $ '000	Furniture & office equip $ '000	Right of use asset $ '000	Capital work in progress $ '000	TOTAL $ '000
Balance at the beginning of the period	34,520	1,257	18	-	9,797	**45,592**
Additions – through ordinary course	-	-	-	812	28,050	**28,862**
Capital WIP transfers	31,869	449	-	-	(32,318)	**-**
Net disposals	-	(29)	-	-	-	**(29)**
Transfers – through ordinary course[1]	(665)	(13)	-	-	-	**(678)**
Depreciation expense	(10,748)	(81)	(3)	(24)	-	**(10,856)**
Carrying amount at the end of the period	**54,976**	**1,583**	**15**	**788**	**5,529**	**62,891**

1 The transfer from plant and equipment related to a transfer of an asset to Mine Properties

2 The disposal relates to a revaluation against the Lease Liability – Note 15

NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONT.)

Depreciation

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. Mining property fixed assets 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 Isaac Plains Complex, which includes an estimate of recoverable underground coal reserves.

The depreciation rates used for each class of assets are:

Class of fixed asset	Depreciation rate
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	18% straight line

Property, plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

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, operating costs and forecast capital expenditure.

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 in which they arise.

Right-of-use asset

At the inception of a contract, the Consolidated Entity 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 Consolidated Entity 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 subsequent at cost 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 and Comprehensive Income in Depreciation and Amortisation.

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

NOTE 9 (a) CAPITALISED DEVELOPMENT COSTS

	31 December 2020 $ '000	30 June 2020 $ '000
NON-CURRENT		
Capitalised development costs	44,336	314
Recoverability of the carrying amount of development assets is dependent on the successful completion of development activities, or alternatively, sale of the respective areas of interest.		
MOVEMENTS IN CARRYING AMOUNTS		
Balance at the beginning of the period	314	-
Transfers from Exploration & Evaluation assets	43,550	-
Other additions	472	314
Sub-total capitalised cost	**44,336**	**314**
Carrying amount at the end of the period	**44,336**	**314**
MOVEMENTS IN PROVISION FOR IMPAIRMENT AMOUNTS		
Balance at the beginning of the period	-	-
Provision transferred to exploration and evaluation	-	-
Provision for impairment at the end of the period	**-**	**-**

RECOGNITION AND MEASUREMENT

Capitalised Development expenditure includes costs transferred from Exploration and Evaluation when the Consolidated Entity 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.
- the ability to measure reliability 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 begin, the costs are transferred from Capitalised Development Costs to Mine Properties where they are amortised over the life of the development project.

Key judgements – capitalisation and impairment assessment of development costs

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. During the period, the Group has transferred $43.55m from Exploration & Evaluation assets in relation to the Isaac Downs project as it is deemed to meet the recognition criteria above for Capitalised Development costs. As at 31 December 2020, the carrying amount of capitalised developments costs was $44.336m (June 2020: $0.314m).

NOTE 9 (b) MINE PROPERTIES

	31 December 2020 $ '000	30 June 2020 $ '000
NON-CURRENT		
Mine Properties	17,298	24,946
MOVEMENTS IN CARRYING AMOUNTS		
Balance at the beginning of the period	48,437	42,743
Transfer from Property, Plant and Equipment	-	679
Other additions	190	5,015
Sub-total Mine Properties	**48,627**	**48,437**
ACCUMULATED DEPRECIATION		
Balance at the beginning of the period	(23,491)	(7,935)
Amortisation charge for the period	(7,838)	(15,556)
Sub-total accumulated amortisation	**(31,329)**	**(23,491)**
Carrying amount at the end of the period	**17,298**	**24,946**

RECOGNITION AND MEASUREMENT

Mining property assets include costs transferred from Capitalised Development following the start of production, and the rehabilitation asset capitalised to offset rehabilitation provisions when disturbance occurs. Following transfer from Capitalised Development all development 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.

Key judgements – capitalisation and impairment assessment of mine properties

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. As a result of this assessment, no costs have been transferred during the period.

The Consolidated Entity assesses at the end of each period whether there are any impairment indicators in relation to Mine Property assets.

As a result of this impairment assessment, no impairment indicators were noted.

NOTE 10 EXPLORATION AND EVALUATION ASSETS

	31 December 2020 $ '000	30 June 2020 $ '000
NON-CURRENT		
Exploration and evaluation expenditure capitalised		
- exploration and evaluation phases	41,141	80,970
Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of coal, or alternatively, sale of the respective areas of interest.		
MOVEMENTS IN CARRYING AMOUNTS		
Balance at the beginning of the period	93,075	87,601
Additions and transfers from work in progress	3,721	5,474
Transferred to capitalised development	(43,550)	-
Sub-total capitalised cost	**53,246**	**93,075**
Provision for impairment	(12,105)	(12,105)
Carrying amount at the end of the period	**41,141**	**80,970**
MOVEMENTS IN PROVISION FOR IMPAIRMENT AMOUNTS		
Balance at the beginning of the period	(12,105)	(12,105)
Provision for impairment at the end of the period	**(12,105)**	**(12,105)**

RECOGNITION AND MEASUREMENT

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.

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.

Key judgements – exploration and evaluation assets

The Consolidated Entity performs impairment testing on specific exploration assets as required in AASB 6 para 20. The total impairment on these exploration and evaluation assets remains unchanged at $12.1m. Upon transfer of Isaac Downs to development costs management performed an assessment of the recoverable amount utilising a value in use model and concluded that no impairment adjustment was required. No specific event has occurred relating to other exploration and evaluation assets recognised on the Consolidated Statement of Financial Position.

NOTE 11 INTANGIBLE ASSETS

	31 December 2020 $ '000	30 June 2020 $ '000
INFRASTRUCTURE INTANGIBLE ASSET		
At cost	4,800	4,800
Accumulated amortisation	(2,281)	(2,029)
Carrying amount at the end of the period	**2,519**	**2,771**
MOVEMENTS IN CARRYING AMOUNTS		
Balance at the beginning of the period	2,771	3,275
Amortisation expense	(252)	(504)
Carrying amount at the end of the period	**2,519**	**2,771**

Impairment of intangible assets

At the end of each reporting period the Consolidated Entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined, and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate recoverable amount for an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets

The intangible asset relates to future rebates on the cost of coal railings based on an agreement with the below rail infrastructure owner. Receipts of coal railing rebates are recognised in profit or loss as a credit against the cost incurred. The estimated useful life of the asset is aligned with the term of the contractual agreement and is amortised on a straight-line basis over the life in accordance with the anticipated profile of benefits received.

NOTE 12 OTHER ASSETS

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
Prepayments	5,599	2,867
NON-CURRENT		
Term Deposits	3,711	407
Security Bonds	14,391	3,834
Other	1,946	1,946
Total Non-current Other Assets	**20,048**	**6,187**
Total Other Assets	**25,647**	**9,054**

NOTE 12 OTHER ASSETS (CONT.)

RECOGNITION AND MEASUREMENT

Other current assets relate to operational costs paid in advance of the period to which the Consolidated Entity will receive the benefit from those good or services.

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

The increase in the period is due to the Consolidated Entity 's previous bank guarantee facility being withdrawn upon the transfer of control of the Group in the prior period. See Note 14.

NOTE 13 TRADE AND OTHER PAYABLES

	31 December 2020 $ '000	30 June 2020 $ '000
Current		
Trade and Other payables	40,588	32,524
Statutory payables	104	91
Total Current Trade and other payables	**40,692**	**32,615**

RECOGNITION AND MEASUREMENT

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity 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 Consolidated Entity have been pledged as security for the trade and other payables.

NOTE 14 INTEREST BEARING LOANS AND BORROWINGS

	31 December 2020 $ '000	30 June 2020 $ '000
Current		
Chattel mortgage	2,269	2,218
Revolving facility	12,983	-
Short-term loan	2,693	-
Insurance premium funding	1,476	-
Total Current Interest-bearing loans and borrowings	**19,421**	**2,218**
Non Current		
Chattel mortgage	9,104	10,251
Total Interest-bearing loans and borrowings	**28,525**	**12,469**

NOTE 14 INTEREST BEARING LOANS AND BORROWINGS (CONT.)

The following table details the Group's financing facilities, available and used:

	31 December 2020 $ '000	30 June 2020 $ '000	31 December 2020 US$ '000	30 June 2020 US$ '000
TOTAL FACILITIES				
Facility A - Bank guarantee facility				
Total available facility	5,284	15,568	-	10,685
Facility utilised	(3,588)	(15,568)	-	(10,685)
Available facility	**1,696**	**-**	**-**	**-**
Facility B - Revolving facility				
Total available facility	51,935	-	40,000	-
Facility utilised	(12,983)	-	(10,000)	-
Available facility	**38,952**	**-**	**30,000**	**-**
Facility C – Chattel mortgage				
Total loan amount	13,684	13,684		
Loan balance outstanding	11,373	12,469		
Total Loan	**11,373**	**12,469**		
Facility D – Short-term loan				
Total loan amount	2,693	-		
Loan balance outstanding	2,693	-		
Total Loan	**2,693**			
Facility E – Insurance premium funding				
Total funding amount	3,727	-		
Funding balance outstanding utilised	1,476	-		
Total Funding	**1,476**	**-**		

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.

On 2 July 2019, the Consolidated Entity entered into a binding agreement with Hasting Deering (Australia) Limited to acquire a 600-tonne excavator (CAT 6060) for the Isaac Plains East mine. The CAT 6060 operates at Isaac Plains East and is supported by a trucking fleet supplied by the existing contractor, Golding (ASX: NWH). The purchase of the CAT 6060 is financed through an equipment loan facility (Facility C) with Caterpillar Financial Australia Limited, who are a lender associated with Hasting Deering. The term of the loan facility is 5 years.

NOTE 14 INTEREST BEARING LOANS AND BORROWINGS (CONT.)

The Consolidated Entity pays 4.55% pa fixed interest rate on the Chattel Mortgage facility to Caterpillar Financial Australia Limited, who subsequently hold security over the excavator. The Chattel Mortgage facility is denominated in A$.

On 18 June 2020, the Consolidated Entity was given formal notice by its current financier that the working capital and bank guarantee facility would be cancelled from 16 September 2020. This was following the change of control of the Consolidated Entity, after completion of the on-market takeover by Golden Investments. Effective from 18 June 2020, no further drawdowns were available, and the balance drawn under the bank guarantee facility was to be repaid by the cancellation date.

On 26 June 2020, the Consolidated Entity entered into a short-term Financing Agreement with its parent entity, GEAR. The key terms of this short-term facility are:

- Facility is an A$10m facility which expired on 2 November 2020 when the US$40m facility was finalised
- Interest rate was 8.0% per annum on drawn funds

As announced to the market on 2 November 2020, the Consolidated Entity has entered a finance facility (Facility B) with GEAR in respect to a US$40m secured loan facility. The key terms of the US$40m facility are;

- US$40m facility until 30 June 2022
- Upfront commitment fee of 2.0%
- Interest rate on drawn funds of 8.0% per annum
- Interest rate on undrawn funds 2.0% per annum

As at 31 December 2020, US$10m (A$12.283m) has been drawn down under this facility.

In addition, the Consolidated Entity entered into an arrangement for a $5m bank guarantee facility with its existing financial services provider (Facility A).

On 30 November 2020, the Consolidated Entity entered into a short-term loan agreement for $2.693m (Facility D) with a related party. The loan was undertaken under market conditions and was repaid in full on 4 January 2021.

During the period, the Consolidated Entity entered into a short-term agreement to access financing for its annual insurance premiums for the period (Facility E), which is due to be repaid within the next reporting period.

NOTE 15 LEASE LIABILITY

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
Current lease liability	117	57
NON-CURRENT		
Non-current lease liability	612	766
Total Lease liability	**729**	**823**
RECONCILIATION OF MOVEMENTS		
Opening balance	823	812
Depletions through settlement	(29)	-
Remeasurement against right of use asset	(94)	-
Unwinding of discount	29	11
Closing balance	**729**	**823**

RECOGNITION AND MEASUREMENT

The lease liability recognised is the result of adopting AASB 16 Leases. Refer to Note 8 for the recognition and measurement policy for lease liabilities.

NOTE 16 ONEROUS CONTRACTS PROVISION

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
Current onerous contract provision	615	842
NON-CURRENT		
Non-current onerous contract provision	2,676	4,520
Total onerous contracts provision	**3,291**	**5,362**
RECONCILIATION OF MOVEMENTS		
Opening balance	5,362	6,065
Depletions through settlement	(476)	(866)
Adjustment - through re-measurement	(1,893)	(150)
Unwinding of discount – via profit and loss	298	313
Closing balance	**3,291**	**5,362**

NOTE 16 ONEROUS CONTRACTS PROVISION (CONT.)

RECOGNITION AND MEASUREMENT

The provision for onerous contracts relates to the transaction to acquire the Isaac Plains Coal Mine which completed in November 2015. The Consolidated Entity acquired various long-term contracts necessary for mining activities at Isaac Plains including rail haulage, port allocations, water supply, electricity supply and accommodation. Based on the initial Isaac Plains mine plan, a portion of these contracts were estimated to be underutilised and the fixed charges incurred above the deemed requirement was recognised as an onerous contract liability. The fair value of onerous contracts at acquisition was estimated by calculating the present value of expected future cash outflows for the onerous portion of each contract, discounted at a rate reflecting the risk profile of each contract. Excluding the assessed onerous portion of the contracts already recognised in the consolidated statement of financial position, the minimum payments required under the identified contracts is approximately $8.1m (undiscounted) (2020: $9.2m (undiscounted)). These payments are expected to be met as part of normal operational expenditure at Isaac Plains complex in the coming years.

Key estimates – Onerous Contracts

The Consolidated Entity assesses onerous contracts at each reporting date by evaluating conditions specific to each contract and the then 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 6 months to 31 December 2020, a total of $0.476m of onerous contracts were settled through payment, with the unwinding of the discount being $0.298m and $1.893m taken through consolidated Statement of Profit or Loss and Other Comprehensive Income for re-measurement.

NOTE 17 REHABILITIATION PROVISION

	31 December 2020 $ ‘000	30 June 2020 $ ‘000
CURRENT		
Current rehabilitation provision	1,868	3,072
NON-CURRENT		
Non-current rehabilitation provision	24,711	26,890
Total rehabilitation liability	**26,579**	**29,962**
RECONCILIATION OF MOVEMENTS		
Opening balance	29,962	28,956
Additions – current period disturbance	190	4,491
Depletion - rehabilitation works completed	(3,851)	(4,896)
Adjustment - re-measurement	36	1,076
Unwinding of discount – via profit and loss	242	335
Closing balance	**26,579**	**29,962**

NOTE 17 REHABILITIATION PROVISION (CONT.)

RECOGNITION AND MEASUREMENT

The provision for rehabilitation closure costs relates to areas disturbed during 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 an 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 disturbances, 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. Any unwinding of discounting is recognised in the profit and loss.

Key estimates – rehabilitation provision

The Consolidated Entity 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.

In the 6-month period to 31 December 2020, a decrease in the rehabilitation provision of $3.9m was recognised due to the rehabilitation works completed at the Isaac Plains Complex. Clearing has continued in line with mining operations of $0.2m. A corresponding asset is recognised in Mine Properties.

The continued extension of the mine life due to mine plan expansions at Isaac Plains East also contribute to a reduction in the rehabilitation provision due to the value of future discounted cash outflows.

The discount rate used in the calculation of the provisions at 31 December 2020 equalled 0.98% (June 2020: 1.15%)

NOTE 18 VENDOR ROYALTIES – CONTINGENT CONSIDERATION

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
Current vendor royalties - contingent consideration	7,014	7,617
NON-CURRENT		
Non-current vendor royalties - contingent consideration	6,844	15,033
Total vendor private royalty	**13,858**	**22,650**
RECONCILIATION OF MOVEMENTS		
Opening balance - vendor royalties - contingent consideration at fair value	22,650	32,553
Fair value adjustments taken to profit and loss in other income	(9,665)	(4,387)
Depletions through settlement	(284)	(8,980)
Unwinding of discount – via profit and loss	1,157	3,464
Total vendor royalties - contingent consideration at fair value	**13,858**	**22,650**

NOTE 18 VENDOR ROYALTIES – CONTINGENT CONSIDERATION (CONT.)

Key judgement and estimates – vendor royalties

During the business combination of Isaac Plains in 2015, AASB 3 Business Combinations required the recognition of Contingent Consideration. The Contingent Consideration relates to a 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 Isaac 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 FY20 to the vendors and as a result the remaining cap is $21.2m.

During FY19, Stanmore completed the acquisition of Isaac Downs (formerly 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 $10.0m. The fair value of this royalty was recognised during FY19 and carried forward and recognised as a non-current liability.

This valuation has been performed using a discounted cash flow methodology which was consistent with that used in FY20. 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 forward price curve based on a compilation of short term (12 months) prices from Isaac Plains coal marketing agent M Resources Pty Ltd and long-term estimates completed by Wood McKenzie
- A$/US$ Foreign exchange forward curve estimates are based on market consensus curves
- Coal sales based on the current mining plans of the Isaac Plains Complex, including the Isaac Plains mine, the Isaac Plains East Mine (commenced July 2018), and the Isaac Downs Mine (unapproved).

As considered in AASB 13 para 93(h)(i) the following unobservable inputs contain sensitivities that would result in significant changes to the market valuation. Interactions between the sensitivities in the coking coal price and the US$/A$ foreign exchange rate. As the coal commodity is currently traded in US$ the interaction between the index price and the FX rate could both magnify and mitigate each other depending on the timing and direction of movements of both indexes.

A matrix is shown below of changes in the Hard Coking Coal index and the A$/US$ exchange rate. The numbers are shown in millions and the highlighted number in blue is the current valuation.

		Hard Coking Coal Index curve				
		+10%	+5%	Current	(5%)	(10%)
FX Index curve	+10%	13.858	13.700	3.327	0.000	0.000
	+5%	13.858	13.858	13.700	3.327	0.000
	Current	13.858	13.858	13.858	13.700	3.327
	-5%	13.858	13.858	13.858	13.858	13.658
	-10%	13.858	13.858	13.858	13.858	13.858

NOTE 18 VENDOR ROYALTIES – CONTINGENT CONSIDERATION (CONT.)

Below shows the previous matrix as a percentage change in value.

FX Index curve	Hard Coking Coal Index curve: +10%	+5%	Current	(5%)	(10%)
+10%	-	(1.1%)	(76.0%)	(100.0%)	(100.0%)
+5%	-	-	(1.1%)	(76.0%)	(100.0%)
Current	-	-	-	(1.1%)	(76.0%)
-5%	-	-	-	-	(1.4%)
-10%	-	-	-	-	-

The table below shows changes in valuation due to changes to Isaac Plains coal sales volume relating to a non-operating future mine not being approved for any reason:

Change	Valuation $'000	Valuation change $'000	% Change
Isaac Downs (not approved)	7,014	(6,844)	(49.4%)
Remaining Isaac Plains complex reduced by 20% product	12,192	(1,666)	(12.0%)
Remaining Isaac Plains complex increased by 20% product	15,410	1,552	11.2%

NOTE 19 PROVISION FOR EMPLOYEE BENEFITS

	31 December 2020 $ '000	30 June 2020 $ '000
CURRENT		
Provision for annual leave	217	367
Provision for STI bonus	300	164
Provision for long service leave	294	-
Total current provision for employee benefits	**811**	**531**
NON-CURRENT		
Provision for long service leave	60	366
Total provision for employee benefits	**871**	**897**

RECOGNITION AND MEASUREMENT

Liabilities for employee benefits expected to be wholly settled within 12 months of the end of the reporting period 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.

Where the Group has liabilities that are not expected to be settled wholly within 12 months after the end of the reporting period 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 closely as possible, the estimated future cash outflows.

NOTE 20 DIVIDENDS AND FRANKING CREDITS

ORDINARY SHARES	31 December 2020 $ '000	30 June 2020 $ '000
Final franked dividend for the period ended 31 December 2020 of 0 cps (30 June 2019 of 8 cps franked)	-	20,488
Interim fully franked dividend (31 December 2019 of 3 cps franked)	-	7,683
Total dividends provided for or paid	**-**	**28,171**
Dividends paid in cash or satisfied by the issue of shares under the dividend reinvestment plan were as follows:		
Paid in cash	-	24,073
Satisfied by issue of shares	-	4,098
Total dividends provided for or paid	**-**	**28,171**
DIVIDENDS NOT RECOGNISED AT THE END OF THE REPORTING PERIOD		
No dividend proposed for 31 December 2020 (30 June 2020 0 cps)	-	-
Proposed dividends on ordinary shares	**-**	**-**
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2020 - 30%)	7,539	7,539
	7,539	**7,539**

NOTE 21 EARNINGS PER SHARE

	31 December 2020 $ '000	30 June 2020 $ '000
Profit/(Loss) attributable to owners of Stanmore Coal Limited used to calculate basic and diluted earnings per share	**(16,120)**	**34,893**
	31 December 2020 Number '000	**30 June 2020 Number '000**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	270,417	265,053
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**270,562**	**265,322**

NOTE 21 EARNINGS PER SHARE (CONT.)

	31 December 2020 $ '000	30 June 2020 $ '000
RECONCILIATION OF MOVEMENTS		
Opening balance	270,417	256,094
Bonus share issue	-	7,789
Weighted average of issued shares (DRP)	-	720
Weighted average of issued shares (LTIP)	-	444
Weighted average of employee shares issued	-	6
Weighted average shares purchased on-market	-	-
Weighted average number of ordinary shares used in calculating basic earnings per share	**270,417**	**265,053**
Weighted average number of Long-term Incentive Rights issued	145	269
Weighted average number of ordinary shares and potential ordinary shares issued used to calculate diluted earnings per share	**270,562**	**265,322**
Basic earnings per share (cents per share)	(6.0)	13.2
Diluted earnings per share (cents per share)	(6.0)	13.2

BASIC EARNINGS PER SHARE

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

DILUTED EARNINGS PER SHARE

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 22 ISSUED CAPITAL

	31 December 2020 $ '000	30 June 2020 $ '000
270,417,381 fully paid ordinary shares (2020: 270,417,381)	125,072	125,072
Share issue costs	(4,476)	(4,476)
Deferred tax recognised through equity	1,129	1,129
Total issued capital	**121,725**	**121,725**

A. ORDINARY SHARES

	31 December 2020 Number	30 June 2020 Number	31 December 2020 $ '000	30 June 2020 $ '000
ORDINARY SHARES				
At the beginning of the period	270,417,381	256,094,238	121,725	117,613
Issue of Shares under DRP	-	4,325,518	-	4,098
LTIP Rights vested	-	2,193,969	-	-
Bonus share issue	-	7,788,662	-	-
Employee shares issued	-	14,994	-	14
On market share buy-back	-	-	-	-
At reporting date	**270,417,381**	**270,417,381**	**121,725**	**121,725**

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 Coal Limited does not have a limited amount of authorised capital.

The shares issued as part of the Employee shares issued are subject to a trading lock of 3 years, or until such time as the employee resigns from the Consolidated Entity, these are referred to as deferred shares. As at 31 December 2020, 11,040 deferred shares were still subject to trading lock. Excluding the 11,040 deferred shares, there are 270,404,133 tradable shares. The difference between the original issued shares under the Employee shares relates to employees that have left the Consolidated Entity and had the holding lock removed from their shares.

NOTE 22 ISSUED CAPITAL (CONT.)

B. OPTIONS AND RIGHTS

As at 31 December 2020 no options were held by or issued to employees of the Consolidated Entity (FY20 nil).

All Rights on issue at 31 December 2020 are show below:

Number of Rights	Exercise Price	End of measurement period	Conditions
108,556	Nil	30 June 2021	Share price targets based on Absolute Shareholder Total Return Compound Annual Growth Rates in FY20, if no vesting occurs at FY 21 then retested in FY22 see Note 32 for further details
36,342	Nil	30 June 2022	Share price targets based on Absolute Shareholder Total Return Compound Annual Growth Rates in FY21, if no vesting occurs at FY 22 then retested in FY23 see Note 32 for further details

C. 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.

D. 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.

NOTE 23 FINANCIAL RISK MANAGEMENT

GENERAL OBJECTIVES, POLICIES AND PROCESSES

In common with all other businesses, the Consolidated Entity is exposed to risks that arise from its use of financial instruments. This note describes the Consolidated Entity'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

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks.

The Consolidated Entity's financial instruments consist mainly of deposits with banks, trade and other receivables, security deposits, trade and other payables, borrowings and Vendor Royalty – Contingent Consideration.

The Board has overall responsibility for the determination of the Consolidated Entity'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 Consolidated Entity's finance function. The Consolidated Entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Consolidated Entity where such impacts may be material.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Consolidated Entity'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 Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. The Consolidated Entity's objective is to minimise the risk of loss from credit risk exposure.

The Consolidated Entity'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:

	Note	31 December 2020 $ '000	30 June 2020 $ '000
Cash and cash equivalents	4a	5,041	32,244
Restricted cash		3,711	407
Receivables	6	21,264	4,715
Security deposits		14,391	3,833
Credit risk exposure		**44,407**	**41,199**

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

The Consolidated Entity's credit risk exposure is influenced mainly by the individual characteristics of each customer. Given the Consolidated Entity 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 year and prior year to be immaterial and no low allowance has been recorded. Bank deposits are held with National Australia Bank Limited. National Australia Bank have a long-term credit rating with rating agency S&P of AA-.

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT.)

B. LIQUIDITY RISK

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure that the Consolidated Entity will always have sufficient liquidity to meets 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 Consolidated Entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Consolidated Entity's working capital, being current assets less current liabilities has decreased from $71.578m at 30 June 2020 to $34.070m at 31 December 2020.

MATURITY ANALYSIS – CONSOLIDATED – FINANCIAL LIABILITIES

31 December 2020	Carrying amount $ '000	Contractual cash flows $ '000	<6 months $ '000	6 – 12 months $ '000	1 – 3 years $ '000	>3 years $ '000
Financial Liabilities						
Trade payables	40,588	40,588	40,588	-	-	-
Chattel mortgage	11,373	12,569	1,365	1,365	5,461	4,378
Vendor Royalties Payable	13,858	14,946	3,716	3,667	4,046	3,517
Lease Liability	729	909	85	87	369	368
Other payables	104	104	104	-	-	-
Revolving Facility	12,983	12,983	-	12,983	-	-
Short term loan	2,693	2,707	2,707	-	-	-
Insurance premium funding	1,476	1,491	1,491	-	-	-
	83,804	**86,297**	**50,056**	**18,102**	**9,876**	**8,263**
30 June 2020						
Financial Liabilities						
Trade payables	32,524	32,524	32,524	-	-	-
Chattel mortgage	12,469	13,934	1,365	1,365	8,419	2,785
Vendor Royalties Payable	22,650	24,593	2,750	5,366	4,852	11,625
Lease Liability	823	937	28	85	554	270
Other payables	622	622	622	-	-	-
	69,088	**72,610**	**37,289**	**6,816**	**13,825**	**14,680**

Further information regarding commitments is included in Note 25.

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT.)

C. CURRENCY RISK

The Australian dollar (A$) is the functional currency of the Consolidated Entity and as a result, currency exposure arises from transactions and balances in currencies other than the A$.

The Consolidated Entity's potential currency exposures comprise:

COAL SALES DENOMINATED IN US$

Coal sales for export coal are denominated in US$. The Consolidated Entity is therefore exposed to volatility in the US$: A$ exchange rates.

The Consolidated Entity generally aligns all Coking Coal prices to relevant coking coal indexes, while Thermal coal sales are generally sold on the spot market via negotiation with relevant counter parties. The Consolidated Entity does not use any derivative products to mitigate fluctuations in the relevant coal price indexes.

REVOLVING FINANCE FACILITY

As announced to the market on 2 November 2020, the Consolidated Entity has entered a finance facility with GEAR in respect to a US$40m secured loan facility, with US$10m (A$12.983m) drawn down as at 31 December 2020.

As noted above, the entities coal sales are denominated in US$, which provides a natural hedge in relation to adverse foreign currency movements that affect the drawn down facility position, and the current policy is not to hedge Foreign exchange risk.

EXPENSES DENOMINATED IN CURRENCIES OTHER THAN A$

Currently the exposure to such expenses is minimal, but it is noted that equipment purchases, equipment parts and other mine related expenditure can be in various foreign currencies. When entering major transactions in foreign currencies it is the policy of the Consolidated Entity to assess the currency risk of the transaction and review derivative products or other methods to offset this risk. Where appropriate these products would be used, but no such transactions occurred in the 31 December 2020 or 30 June 2020 financial periods.

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT.)

At 31 December 2020, the effect on profit or loss as a result of changes in the FX rate would be:

		Decrease in FX rate by 5%	Increase in FX rate by 5%
31 December 2020	**Carrying amount $ '000**	**Profit or loss $ '000**	**Profit or loss $ '000**
Cash and cash equivalents - US$	4,670	246	(222)
Trade receivables - US$	19,543	1,029	(931)
Revolving facility – US$	(12,984)	(683)	618
Tax charge of 30%		(177)	160
After tax increase/ (decrease)		**415**	**(375)**

30 June 2020	**Carrying amount $ '000**	**Profit or loss $ '000**	**Profit or loss $ '000**
Cash and cash equivalents - US$	7,915	396	(396)
Trade receivables - US$	2,403	120	(120)
Tax charge of 30%	-	(155)	155
After tax increase/ (decrease)	**-**	**361**	**(361)**

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 (another price risk). The Consolidated Entity does not have any material exposure to market risk.

E. INTEREST RATE RISK

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

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT.)

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 below:

31 December 2020	Floating interest rate $ '000	Fixed interest rate $'000	Non-interest bearing $'000	Total carrying amount as per the consolidated statement of financial position $'000	Weighted average effective interest rate %
FINANCIAL ASSETS					
Cash and cash equivalents	5,041	-	-	5,041	0.30%
Restricted cash	-	3,711	-	3,711	0.48%
Receivables	-	-	21,264	21,264	
Security deposits	-	-	14,391	14,391	
Total financial assets	**5,041**	**3,711**	**35,655**	**44,407**	
FINANCIAL LIABILITIES					
Trade payables	-	-	40,588	40,588	
Equipment finance lease	-	11,373	-	11,373	4.55%
Vendor royalties payable	-	-	13,858	13,858	
Lease liability	-	-	729	729	
Other payables	-	-	104	104	
Revolving facility	-	12,983	-	12,983	8.00%
Short term loan	-	2,693	-	2,693	5.50%
Insurance premium funding	-	1,476	-	1,476	2.3%
Total financial liabilities	**-**	**28,525**	**55,279**	**83,804**	**-**

30 June 2020					
FINANCIAL ASSETS					
Cash and cash equivalents	32,244	-	-	32,244	0.25%
Restricted cash	-	407	-	407	0.82%
Receivables	-	-	4,714	4,714	
Security deposits	-	-	115	115	
Total financial assets	**32,244**	**407**	**4,829**	**37,480**	
FINANCIAL LIABILITIES					
Trade payables	-	-	32,524	32,524	
Equipment finance lease	-	12,469	-	12,469	4.55%
Vendor royalties payable	-	-	22,650	22,650	
Lease liability	-	823	-	823	8.0%
Other payables	-	-	622	622	
Total financial liabilities	**-**	**13,292**	**55,796**	**69,088**	

NOTE 23 FINANCIAL RISK MANAGEMENT (CONT.)

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

At 31 December 2020, 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 2020	**Carrying Amount**	**Profit or loss**	**Equity**	**Profit or loss**	**Equity**
	$ '000	$ '000	$ '000	$ '000	$
Cash and cash equivalents	5,041	50	50	(50)	(50)
Tax charge of 30%	-	(15)	(15)	15	15
After tax increase/ (decrease)	**-**	**35**	**35**	**(35)**	**(35)**
30 June 2020					
Cash and cash equivalents	32,244	322	322	(322)	(322)
Tax charge of 30%	-	(97)	(97)	97	97
After tax increase/ (decrease)	**-**	**225**	**225**	**(225)**	**(225)**

FAIR VALUES

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 9 Financial Instruments: Disclosures which 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).

The Consolidated Entity completed a level 3 valuation on contingent consideration (Note 18). The carrying value of a significant portion of all financial assets and financial liabilities approximate their fair values due to their short-term nature. There were no transfers between the levels during the period.

Financial Liabilities

	Level 1	Level 2	Level 3
31 December 2020	$ '000	$ '000	$ '000
Vendor royalties contingent consideration held at fair value through profit or loss	-	-	13,858
Total Financial Liabilities	**-**	**-**	**13,858**
30 June 2020			
Vendor royalties contingent consideration held at fair value through profit or loss	-	-	22,650
Total Financial Liabilities	**-**	**-**	**22,650**

There were no other financial assets or liabilities carried at fair value as at 31 December 2020.

NOTE 24 INTERESTS IN OTHER ENTITIES

Subsidiaries

The Consolidated Entity's principal subsidiaries at 31 December 2020 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	Principle activities	Country of incorporation	Class of shares	Percentage owned 31 December 2020	Percentage owned 30 June 2020
Mackenzie Coal Pty Limited	Coal exploration	Australia	Ordinary	100%	100%
Comet Coal & Coke Pty Limited	Coal exploration	Australia	Ordinary	100%	100%
Belview Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Belview Expansion Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Stanmore Coal Custodians Pty Ltd[1]	Trustee of Stanmore Employee Share Trust	Australia	Ordinary	100%	100%
Emerald Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
New Cambria Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Kerlong Coking Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Stanmore Surat Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Theresa Creek Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Stanmore Wotonga Pty Ltd	Coal exploration and mining	Australia	Ordinary	100%	100%
Stanmore IP Coal Pty Ltd	Coal mining	Australia	Ordinary	100%	100%
Stanmore IP South Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Stanmore Bowen Coal Pty Ltd	Coal exploration and mining	Australia	Ordinary	100%	100%
Isaac Plains Coal Management Pty Ltd	Coal exploration and mining	Australia	Ordinary	100%	100%
Isaac Plains Sales & Marketing Pty Ltd	Coal exploration and mining	Australia	Ordinary	100%	100%

1 previously Brown River Coal Pty Ltd

Details of farm in arrangements

Set out below are the significant farm in arrangements of the group as at 31 December 2020. The proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Principle activities	Place of business/Country of incorporation	Nature of relationship	Percentage interest 31 December 2020	Percentage interest 30 June 2020
Clifford Joint Venture	Coal exploration	Australia	Farm in arrangement	60%	60%
Lilyvale Joint Venture	Coal exploration	Australia	Farm in arrangement	85%	85%
Mackenzie Joint Venture	Coal exploration	Australia	Farm in arrangement	95%	95%

NOTE 25 COMMITMENTS

EXPLORATION AND MINING

The commitments to be undertaken are as follows:

	31 December 2020 $ '000	30 June 2020 $ '000
Payable		
- not later than 12 months	818	652
- between 12 months and 5 years	1,994	1,675
- greater than 5 years	395	474
	3,207	**2,801**

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

LOW VALUE OPERATING LEASES

The commitments to be undertaken are as follows:

	31 December 2020 $ '000	30 June 2020 $ '000
Payable		
- not later than 12 months	10	3
- between 12 months and 5 years	6	17
	16	**20**

The Consolidated Entity has a low value lease commitment in relation to the leased office equipment. The commercial office lease commitment is recognised in Note 15 following the adoption of AASB 16 Leases.

CAPITAL COMMITMENTS

The commitments to be undertaken are as follows:

	31 December 2020 $ '000	30 June 2020 $ '000
Payable		
- not later than 12 months	7,257	780
- between 12 months and 5 years	-	3,700
	7,257	**4,480**

The Consolidated Entity has non-cancellable, open purchase orders for committed Capital works.

NOTE 25 COMMITMENTS (CONT.)

Land acquisitions

On 7 April 2011, the Consolidated Entity announced that it had completed an agreement for the right to purchase The Range thermal Coal Project in the Surat Basin. Variations to this agreement have been negotiated such that final payment and transfer of title is due 30 days after the Mining Lease is granted by the Department of Natural Resources, Mines and Energy, or an earlier date by agreement. The final payment is indexed to land valuation movements with reference to comparable properties, with a reference price of $3.7m based at 2014. The agreement gives the Group access to undertake evaluation and development work as the Project moves through the approval process and ultimate development and production. The terms of the acquisition are within normal market expectations.

Isaac Plains Complex Royalty

On 26 November 2015 the Consolidated Entity 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.
- any processing or handing fees arising from the treatment of 3rd party coal processed through the Isaac Plains infrastructure.

The royalty payable increased to 1% during 2017, and this finance facility has since been cancelled (see Note 14), but the Royalty stream stays on foot, and associated costs are included within cost of sales as private royalties (Note 2).

Isaac Plains East landholder agreement

On 20 July 2017 the Consolidated Entity 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.

NOTE 26 CONTINGENT ASSETS AND LIABILITIES

CONTINGENT LIABILITIES

Under its contractual performance obligations, the Consolidated Entity is required to provide bank guarantees to third parties through its available facilities. During the prior period, the Consolidated Entities' bank guarantee facilities were withdrawn upon the transfer of control of the Group - see Note 14 for further details.

As a result, a number of these obligations have been replaced with cash deposit payments (see Note 12), leading to an overall reduction in the number of guarantees provided, as detailed in the table below:

	31 December 2020 $ '000	30 June 2020 $ '000
Rail capacity providers	-	6,222
Port capacity providers	-	4,335
Utility providers	3,377	3,377
Other	211	284
	3,588	**14,218**

On June 2019 the Consolidated Entity signed a Surety Bond Facility which provided performance bonds. The surety bonds are off-consolidated statement of financial position except in circumstances where the Consolidated Entity is in default under the facility letter. The performance bonds issues were in relation the Consolidated Entities financial assurance requirement in relation to its rehabilitation obligations.

	31 December 2020 $ '000	30 June 2020 $ '000
Government departments as a condition of mining licences	-	17,480
	-	**17,480**

During the current financial period Isaac Plains has been accepted into the Queensland Treasury's Financial Provisioning Scheme, which result in the Surety Bond no longer being required, and subsequently cancelled.

The requirement for the Surety Bond is replaced with ongoing contributions to the provisioning scheme, which will be recognised in the financial statements for as incurred.

NOTE 27 EVENTS AFTER REPORTING DATE

No events or circumstances have arisen since the end of the financial period.

NOTE 28 KEY MANAGEMENT PERSONNEL

Total key management personnel compensation

	6 months to 31 December 2020 $	12 months to 30 June 2020 $
Short-term employee benefits	1,609,933	2,700,511
Post-employment benefits	79,988	130,803
Termination benefits	286,404	15,957
Share-based payments	-	1,661,954
	1,976,325	**4,509,225**

NOTE 29 AUDITOR'S REMUNERATION

	6 months to 31 December 2020 $	12 months to 30 June 2020 $
AUDIT SERVICES		
Amounts paid/payable to Ernst & Young for audit or review of the financial statements for the entity or any entity in the Consolidated Entity	105,000	-
Amounts paid/payable to BDO Audit Pty Ltd for audit or review of the financial statements for the entity or any entity in the Consolidated Entity	93,069	181,863
TAXATION SERVICES		
Amounts paid/payable to related entities of Ernst & Young for non-audit taxation services performed for the entity or any entity in the Consolidated Entity	24,910	-
Amounts paid/payable to related entities of BDO Audit Pty Ltd for non-audit taxation services performed for the entity or any entity in the Consolidated Entity	57,276	60,225
CORPORATE FINANCE SERVICES		
Amounts paid/payable to related entities of Ernst & Young for the non-audit takeover defence services performed for the entity or any entity in the Consolidated Entity	13,940	-
Amounts paid/payable to related entities of BDO Audit Pty Ltd for the non-audit takeover defence services performed for the entity or any entity in the Consolidated Entity	14,300	101,989
	308,495	**344,077**

NOTE 30 PARENT ENTITY 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 limited disclosure in regard to the parent entity (Stanmore Coal Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Consolidated Entity's accounting policy. The financial information for the parent entity, Stanmore Coal Limited, 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.

Parent Entity	31 December 2020 $ '000	30 June 2020 $ '000
Current assets	7,082	15,290
Non-current assets	84,388	73,931
Total assets	**91,470**	**89,221**
Current liabilities	986	2,185
Non-current liabilities	21,977	23,815
Total liabilities	**22,963**	**26,000**
Net assets	**68,507**	**63,221**
Issued capital	121,725	121,725
Share Based Payment Reserve	2,323	2,348
Accumulated losses	(55,541)	(60,852)
Total shareholder's equity	**68,507**	**63,221**
Profit for the period	**6,849**	**21,983**
Total comprehensive income for the period	**6,849**	**21,983**

GUARANTEES

Under the terms of the Secured Financing Facility entered in November 2015, Stanmore Coal Limited has provided certain guarantees in relation to the arrangements between the Financier and the borrowing entity (Stanmore IP Coal Pty Ltd). These guarantees relate primarily to payment performance and maintaining the tenure of the Isaac Plains Coal Mine in good standing.

CONTINGENT LIABILITIES and CONTINGENT ASSETS

The parent entity has no contingent liabilities or contingent assets.

CAPITAL COMMITMENTS

The parent entity has no capital commitments.

NOTE 31 OPERATING SEGMENTS

The Consolidated Entity has identified its 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 determining the allocation of resources. The Consolidated Entity is managed primarily on a producing asset versus non-producing asset basis. Operating segments are determined on the basis of financial information reported to the Board which is at the Consolidated Entity level. All segments are located within Australia.

Accordingly, management currently identifies the Consolidated Entity as having two reportable segments, the first being the operation of the Isaac Plains Complex (including the Isaac Plains East project) and the second being all other exploration and development coal assets and corporate.

Accounting policies adopted

Unless otherwise stated, all amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Consolidated Entity.

Segment assets

Where an asset is used across multiple segments the asset is allocated to the segment that receives most of the economic value from the assets. In most instances, segment assets are clearly identifiable based on their nature and physical location.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the whole Consolidated Entity and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

Unallocated items

Coal trading, corporate, marketing and infrastructure functions which are managed on a group basis are not allocated to an operating segment.

The Consolidated Entity's financing (including finance costs and finance income), depreciation and income taxes are managed on a group basis and are not allocated to reportable segments.

Major customers

The Consolidated Entity has several customers to whom it sells export grade coal. The Consolidated Entity supplies one such external customer who accounts for 29% of revenue. The next most significant customer accounts for 21% of revenue.

NOTE 31 OPERATING SEGMENTS (CONT.)

Segment performance

31 December 2020	Isaac Plains Complex $ '000s	Exploration & Development $ '000s	Unallocated Operations $ '000s	Adjustments & Eliminations $ '000s	TOTAL $ '000s
SEGMENT REVENUE					
External sales	136,309	-	-	-	136,309
Total segment revenue	136,309	-	-	-	136,309
Total revenue per consolidated Statement of Profit or Loss and other Comprehensive Income					
RESULT					
Segment result	1,684	-	(3,545)	-	(1,861)
Depreciation and amortisation	-	-	-	-	(14,682)
Income tax expense	-	-	-	-	5,834
Net finance expense	-	-	-	-	(5,411)
Net profit after tax per consolidation Statement of Profit or Loss and other Comprehensive Income					**(16,120)**
Total Assets	**237,298**	**41,141**	**15,630**	**700**	**294,769**
Total Liabilities	**121,409**	**-**	**9,710**	**11,212**	**142,331**
30 June 2020					
SEGMENT REVENUE					
External sales	364,485	-	-	-	364,485
Total segment revenue	364,485	-	-	-	364,485
Total revenue per consolidated Statement of Profit or Loss and other Comprehensive Income					**364,485**
RESULT					
Segment result	95,291	-	(8,779)	-	86,512
Depreciation and amortisation	-	-	-	-	(26,916)
Income tax expense	-	-	-	-	(16,685)
Net finance expense	-	-	-	-	(8,018)
Net profit after tax per consolidated Statement of Profit or Loss and other Comprehensive Income					**34,893**
Total Assets	**137,408**	**80,970**	**66,521**	**11,870**	**296,769**
Total Liabilities	**18,971**	**23,058**	**63,775**	**22,382**	**128,186**

NOTE 32 SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 31 December 2020.

Share-based payments to Directors, executives and employees.

SHARES

During the period ended 31 December 2020, there were no shares granted to eligible employees (FY20: $14,000).

OPTIONS

During the period ended 31 December 2020, no options were granted to eligible employees as share-based payments.

RIGHTS

The amount recognised as share-based payment expense in the consolidated Statement of Profit or Loss and other Comprehensive Income is as follows:

	31 December 2020 $ '000	30 June 2020 $ '000
Employee benefits expense	(35)	1,662
	(35)	**1,662**

These amounts have been recognised in equity in the Consolidated Statement of Financial Position as follows:

	31 December 2020 $ '000	30 June 2020 $ '000
Share Based Payment Reserve	25	(645)
	25	**(645)**

RECOGNITION AND MEASUREMENT

The fair value of shares, options or rights granted to employees and consultants are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees or consultants become unconditionally entitled to the instruments. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Stanmore Coal Limited (market conditions). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of instruments that will ultimately vest because of internal conditions of the instruments, such as the employees having to remain with the Consolidated Entity until vesting date, or such that employees are required to meet internal sales targets.

During the period ended 31 December 2020, no rights were granted to employees as long-term incentive.

NOTE 32 SHARE-BASED PAYMENTS (CONT.)

The terms and conditions of previous grants are as follows:

Tranche	Grant date	Measurement date	Exercise price	Balance at start of period	Granted in period	Exercised in period	Lapsed during period	Balance at end of period
2	5 Nov 2018	30 Jun 2021	$0.00	219,066	-	-	(110,510)	108,556
3	24 Oct 2019	30 Jun 2022	$0.00	89,905	-	-	(53,563)	36,342
TOTAL				308,971	-	-	(164,073)	144,898

Performance rights pricing model

The fair value of performance Rights granted under the LTI program is based on the Absolute Shareholder Total Return (ASTR) is measured using a Monte Carlo Simulation model incorporating the probability of the performance hurdles being met. The following table lists the inputs to the models used for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018, prior to the modification following the change of control:

	Tranche 1 (issued in FY2018)	Tranche 2 (issued in FY2019)	Tranche 3 (issued in FY2020)
Performance hurdle	ASTR	ASTR	ASTR
Grant date	29 Nov 2017	5 Nov 2018	24 Oct 2019
Vesting date	31 Jul 2020	31 Jul 2021	31 Jul 2022
Fair value at grant date	$0.32- $0.38 (SDR[1])	$0.45	$0.37
Share price	$0.60	$0.94	$1.13
Exercise price	$0.00	$0.00	$0.00
Dividend yield	0%	0%	4.47%
Expected measurement period	30 Jun 2020 30 Jun 2021	30 Jun 2021 30 Jun 2022	30 Jun 2022 30 Jun 2023
Risk free interest rate	2.40%	2.09%	0.73%
Expected volatility	75%	60%	50%

1 *Specified Disposal Restriction*

Modification of Rights

As a result of the Board exercising its discretion in relation to the Rights outstanding on 1 April 2020, the day immediately before the change of control, a modification under AASB 2 *Share Based Payments* was triggered. This modification required the Rights that vested as a result of the change in control to be revalued immediately before the change of control and any value increase between the revalued amount and the share price on the day of modification be recognised in the Statement of Profit or Loss and other Comprehensive Income.

NOTE 32 SHARE-BASED PAYMENTS (CONT.)

The below is the impact on the Statement of Profit or Loss and other Comprehensive Income for 12 months ended 30 June 2020.

Tranche	Exercise Price	Vesting	No. of rights	Modification	Fair Value[1]	Share price[2]	Impact on profit and loss
FY18	$0.00	2-Apr-20	1,506,488[3]	100% of the rights vested	0.28	0.96	1,024,412
FY19	$0.00	2-Apr-20	332,884[3]	50% of the rights vested	0.15	0.96	269,636
FY19	$0.00	31-Jul-21	332,883	50% of the Rights did not vest and continue on original terms	N/A	N/A	-
FY20	$0.00	2-Apr-20	254,596[3]	50% of the rights vested	0.13	0.96	211,315
FY20	$0.00	-	127,298	25% of the rights lapsed	N/A	N/A	-
FY20	$0.00	31-Jul-22	127,298	25% of the Rights that did not vest and continue on original terms	N/A	N/A	-
			2,681,447				**1,505,363**

1 The fair value is the accounting valuation of the Rights on the day immediately before change of control occurred
2 The closing share price following change of control
3 The additional expense recognised as a result of vesting earlier than original conditions in line with the modification was $0.262m.

The Fair Value of the performance Rights granted under the LTI program which vested on 2 April 2020 was based on the existing performance conditions, see page 93 for details. These conditions are measured using a Monte Carlo Simulation model incorporating the probability of the performance hurdles being met. The following table lists the inputs to the models used for the periods ended 30 June 2020, 30 June 2019 and 30 June 2018 following the modification:

	Tranche 1 (issued in FY2018)	Tranche 2 (issued in FY2019)	Tranche 3 (issued in FY2020)
Performance hurdle	ASTR	ASTR	ASTR
Grant date	1 April 2020	1 April 2020	1 April 2020
Vesting date	31 Jul 2020	31 Jul 2021	31 Jul 2022
Fair value at grant date	$0.23- $0.28 (SDR[1])	$0.15	$0.13
Share price	$0.80	$0.80	$0.80
Exercise price	$0.00	$0.00	$0.00
Dividend yield	5.0%	7.5%	10.7%
Expected measurement period	30 Jun 2020 30 Jun 2021	30 Jun 2021 30 Jun 2022	30 Jun 2022 30 Jun 2023
Risk free interest rate	0.21%	0.21%	0.29%
Expected volatility	50%	50%	50%

1 Specified Disposal Restriction

NOTE 32 SHARE-BASED PAYMENTS (CONT.)

Below is a summary of the performance conditions for vesting for Tranche 1 (FY18 rights) granted:

Performance Level	ATSR [a] of SMR [b] CAGR [c]	% of Stretch/Maximum Vesting	Jun 20 Share Price for vesting
Stretch	52.86%	100.00%	$1.25
Between Target and stretch	>39.49%<52.86%	Pro-rata	Pro-Rata
Target	39.49%	50.00%	$0.95
Between Threshold and Target	>22.92% <39.49%	Pro-Rata	Pro-Rata
Threshold	22.92%	0%	$0.65
Below Threshold[d]	<22.92%	0%	$0.00

(a) Absolute Shareholder Return
(b) Stanmore Coal Limited
(c) Compound Annual Growth Rate (CAGR)
(d) Subject to Retest in FY21 at CAGR

Below is a summary of the performance conditions of vesting for Tranche 2 (FY19 rights) granted:

Performance Level	ATSR [a] of SMR [b] CAGR [c]	% of Stretch/Maximum Vesting	Jun 21 Share Price for vesting
Stretch	36.24%	100.00%	$2.20
Between Target and stretch	>26.23%<36.24%	Pro-rata	Pro-Rata
Target	26.23%	50.00%	$1.75
Between Threshold and Target	>14.33% <26.23%	Pro-Rata	Pro-Rata
Threshold	14.33%	0%	$1.30
Below Threshold[d]	<14.33%	0%	$0.00

(a) Absolute Shareholder Return
(b) Stanmore Coal Limited
(c) Compound Annual Growth Rate (CAGR)
(d) Subject to Retest in FY22 at CAGR

Below is a summary of the performance conditions for vesting for Tranche 3 (FY20) Rights granted:

Performance Level	ATSR [a] of SMR [b] CAGR [c]	% of Stretch/Maximum Vesting	Jun 22 Share Price for vesting
Stretch	20.00%	100.00%	$2.46
Between Target and stretch	>15.00%<20.00%	Pro-rata	Pro-Rata
Target	15.00%	50.00%	$2.17
Between Threshold and Target	>10.00%<15.00%	Pro-Rata	Pro-Rata
Threshold	10.00%	0%	$1.90
Below Threshold[d]	<10.00%	0%	$0.00

(a) Absolute Shareholder Return
(b) Stanmore Coal Limited
(c) Compound Annual Growth Rate (CAGR)
(d) Subject to Retest in FY23 at CAGR

NOTE 32 SHARE-BASED PAYMENTS (CONT.)

In relation to the Rights, one retest is available 12 months after the end of the measurement period only if no vesting occurred in relation to the first test following the completion of the measurement period.

The Consolidated Entity does not intend to issue more than an aggregate of 5% of its share capital, from time to time, under the LTI plans.

It is a condition of the rights that the KMP must remain employed by Stanmore Coal for the Rights to vest.

Key estimates – share-based payments

The Consolidated Entity uses estimates to determine the fair value of equity instruments issued to Directors, executives and employees. The estimates include volatility, risk free rates and consideration of satisfaction of performance criteria for recipients of equity instruments. During the period, no shares or options were issued. When Rights were previously issued the cost of these rights represents the valuation completed by an independent valuer. As a result of the change of control that occurred on 2 April 2020, there was a modification to the valuation immediately prior to the change of control. See details on page 96 for information on the modification and the impact to the Profit and Loss for FY20

NOTE 33 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.

PARENT ENTITY

The parent entity is Stanmore Coal Limited, a company incorporated in Australia. The ultimate parent company of the Consolidated Entity is PT Sinarindo Gerbangmas.

SUBSIDIARIES

Interests in subsidiaries are disclosed in Note 24.

KEY MANAGEMENT PERSONNEL

Disclosures relating to KMP are set out in Note 28.

OTHER RELATED PARTY TRANSACTIONS

During the period, the Consolidated Entity has negotiated Financing Agreements with its parent entity, GEAR. These negotiations were deemed to be on market terms, and further details are shown within Note 14.

As announced on 27 July 2020, the Group entered into a marketing services agreement with M Resources Pty Ltd to exclusively manage Stanmore's global sales contracts and relationships. M Resources Pty Ltd is also a minority shareholder of the Group, and fees totalling $1.227m were incurred for the 6-month period to 31 December for services provided.

M Resources Pty Ltd purchased 55kt of coal in the period for a total of US$4.785m, before on-selling the coal to a third-party customer.

The Consolidated Entity negotiated a short-term Loan agreement with M Resources Pty Ltd on 30 November 2020, which was repaid in full on 4 January 2021. Further details are shown within Note 14.

NOTE 34 OTHER ACCOUNTING POLICIES

A. PROVISIONS

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

B. NEW AND AMENDED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 31 December 2020.

There are no such standards or interpretations that are expected to have a material impact on the Consolidated Entity.

Declaration by Directors

The Directors of the Consolidated Entity declare that:

1. The consolidated Financial Statements, comprising the consolidated Statement of Profit or Loss and Other Comprehensive Income, consolidated Statement of Financial Position, consolidated Statement of Cash Flows, consolidated Statement of changes in Equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and
   (b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the period ended on that date.
2. The Consolidated Entity has included in the notes to the Financial Statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The remuneration disclosures included in pages 25 to 39 of the Directors' report (as part of audited Remuneration Report) for the period ended 31 December 2020, comply with section 300A of the Corporations Act 2001.
5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Marcelo Matos
Chief Executive Officer
Executive Director

Brisbane

Date: 26 February 2021

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent auditor's report to the members of Stanmore Coal Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Stanmore Coal Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2020, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes to the financial statements, including a summary of significant accounting policies, 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 2020 and of its consolidated financial performance for the period 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 period. 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 each 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial report.

Building a better working world

Vendor Royalty – Contingent Consideration

Why significant	How our audit addressed the key audit matter
Refer to Note 18 in the financial report. The Company has recognised contingent consideration on vendor royalty payable of $13.9 million as at 31 December 2020. The contingent consideration relates to royalties payable to the vendors of Isaac Plains and Isaac Downs in the event that benchmark Hard Coking Coal prices are above a certain price level in the future. The royalty payable is based on forecasts and assumptions within the model developed by management and is capped at predetermined amounts for each vendor as per the executed contract. The contingent consideration is a key audit matter due to the size of this liability and the judgement involved in estimating expected selling prices and volumes in future periods.	Audit procedures we performed included the following: - Assessing the accounting for consideration payable in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent assets. - We evaluated and tested key assumptions in the model by: • Checking the mathematical accuracy of the model used to value the liability; • Examining the cash flow and coal production forecasts provided by management and challenging the assumptions therein by ensuring consistency with the stated business and operational objectives as well as the terms within the executed contract; • Agreeing the other inputs used within the model to external market data, where available. - We assessed the related disclosures against the requirements of Australian Accounting Standards.

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 31 December 2020 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do 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, 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.

- 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 period 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.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 25 to 39 of the directors' report for the period ended 31 December 2020.

In our opinion, the Remuneration Report of Stanmore Coal Limited for the period ended 31 December 2020, 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

Ernst & Young

Tom du Preez
Partner
Brisbane
26 February 2021

Appendix 1 – Shareholder Information

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not shown elsewhere in this report is as follows. The information is current as at 4 February 2021.

DISTRIBUTION OF EQUITY SECURITIES

The number of Ordinary Shares by size of holding is:

Range	Securities	%	No. of holders	%
100,001 and Over	264,283,467	97.74%	23	2.63%
10,001 to 100,000	4,416,011	1.63%	186	21.28%
5,001 to 10,000	968,265	0.36%	131	14.99%
1,001 to 5,000	662,172	0.24%	264	30.21%
1 to 1,000	76,426	0.03%	270	30.89%
Total	**270,406,341**		**874**	

The number of shareholders holding less than a marketable parcel is 224 (35,226 ordinary shares).

The number of Unlisted Rights by size of holding is:

Range	Securities	%	No. of holders	%
100,001 and Over	144,898	100.00	1	100.00
50,001 to 100,000	-	-	-	-
10,001 to 50,000	-	-	-	-
5,001 to 10,000	-	-	-	-
1,001 to 5,000	-	-	-	-
1 to 1,000	-	-	-	-
Total	**144,898**	**100.00**	**1**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders are shown in shareholder notices received by Stanmore Coal Limited as at 4 February 2021 are:

Name of shareholder	Number of shares
Golden Investments (Australia) Pte Ltd	203,697,945
M Resources Pty Ltd and Matt Latimore	38,866,531
Old Forrester Pty Ltd	12,714,779

RESTRICTED SECURITIES

There are 11,040 restricted shares on issue.

Appendix 1 – Shareholder Information (cont.)

20 LARGEST HOLDERS

The names of the 20 largest holders, in each class of quoted security are:

ORDINARY SHARES:

Name of shareholder	Number of shares	% of total shares
Golden Investments (Australia) Pte Ltd	203,697,945	75.3%
M Resources Pty Ltd and Matt Latimore	38,866,531	14.4%
Old Forrester Pty Ltd	12,714,779	4.7%
Westoz Funds Mgt	2,450,000	0.9%
Chengdu Di'ao Mining Industry Energy Resources	672,788	0.2%
Mr Ronald A Brierley	500,000	0.2%
Mr Christopher I Wallin & Ms Fiona K Mcloughlin & Mrs Sylvia F Bhatia	500,000	0.2%
Prineas Family	400,000	0.1%
OPTINOVA Asset Mgt	305,831	0.1%
Mr Yann Folloroux	297,313	0.1%
DBS Bank	295,509	0.1%
Mr Philip L Spring	269,427	0.1%
Mr Andrew Paulinski	210,607	0.1%
Mr & Mrs James A Tankey	206,061	0.1%
Private Clients of Interactive Brokers	195,284	0.1%
Moss Family Trust	181,600	0.1%
Deutsche Securities	177,981	0.1%
Equities First Holdings	156,831	0.1%
Mr & Mrs Donald G MacKenzie	151,000	0.1%
Ms Maree C McRae	140,000	0.1%
TOTAL OF 20 LARGEST HOLDERS	**262,389,487**	**97.0%**
TOTAL ORDINARY SHARES	**270,406,341**	**100.00**

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.

Appendix 2 – Reserves and Resources

Stanmore Coal Reserves as at end December 2020

Project Name	Tenement	Coal Reserves Proved	Coal Reserves Probable	Coal Reserves Total	Marketable Coal Reserve Proved	Marketable Coal Reserve Probable	Marketable Coal Reserve Total	Competent Person	Report Date
Isaac Plains Opencut	ML 70342	0.1	0	0.1	2.3	0.5	2.8	H	Feb-21
Isaac Plains East Opencut	ML 700016, ML700017, ML700018, ML700019	3.0	0.7	3.7				H	Feb-21
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	MDL 137, EPC 755, EPC728	22.3	3.6	25.9	15.8	2.1	17.9	I	Jul-20
Isaac Plains Complex		**37.2**	**12.0**	**49.2**	**27.6**	**8.7**	**36.3**		
The Range	EPC 1112, EPC 2030		116.6	116.6		94.2	94.2	G	Jul-11
Total Coal Reserves		37.2	128.6	165.8	27.6	102.9	130.5		

Coal Type Ratio - Coking:Thermal (% of Marketable Coal Reserve)

Isaac Plains OC	79%:21%
Isaac Plains East OC	95%:5%
Isaac Plains Underground	79%:21%
Isaac Downs	97%:3%
The Range	100% Thermal

Competent Person

F - Mr Benjamin Smith - Xenith
H - Mr Tony O'Connel - Optimal
G - Mr Richard Hoskings - Minserve
I - Mr Michael Barker - Palaris Australia

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 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 Coal's economic interest in the tenure above is 100%.

Appendix 2 – Reserves and Resources (cont.)

Stanmore Mineral Resources as at end December 2020

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	25.1	16.0	5	46	A	Jan-21
Isaac Plains East	ML 700016, ML700017, ML700018, ML700019	C, T	8.4	8.0	4	20	E	Jan-21
Isaac Downs	MDL 137, EPC 728	C, T	24.7	11.5	0	36.2	B	Jun-20
Isaac South	EPC 755	C, T	11.9	14.5	25	52	C	Jun-18
Isaac Plains Complex	**Sub Total**		**70.1**	**50.0**	**34**	**154**		
Clifford	EPC 1274, EPC 1276	T	0	200.0	430	630	D	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**	**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	Dec-12
Lilyvale	EPC 1687, EPC 2157	C	0	0	33	33	A	Feb-14
Total Coal Resources			**88.2**	**512.7**	**1115**	**1716**		

***Coal Types Potential Legend**

C - Coking Coal, semi-soft or greater potential

PCI - Pulverised Coal Injection

T - Export Thermal grade

Competent Person

A - Mr Troy Turner - Xenith Consulting

B - Mr Toby Prior - Measured Group

C - Mr Mal Blaik - JB Mining

D - Mr Oystein Naess - Xenith Consulting

E - Dr Bronwyn Leonard - Stanmore Coal

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 in the Inferred Category. 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; Stanmore Coal's economic interest in Clifford is 60%, Mackenzie is 95%, and Lilyvale is 85%, all other tenure is 100% owned by Stanmore Coal.

Appendix 3 – Other Information

RESOURCES AND RESERVES NOTE

A summary of the results of the mining entity's annual review of its ore reserves and mineral resources, including a comparison of the resources and reserves holdings against that from the previous year was announced on 26 February 2021, titled "December 2020 Coal Resources & Reserve Summary".

The company has chosen to report Measured and Indicated Resources inclusive of Mineral Resources modified to produce Coal Reserves. The summary tables of mineral resources and ore reserves have been provided at Appendix 2 of this report.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcements made on 26 February 2021 and that all material assumptions and technical parameters underpinning the estimates in the announcement made on 26 February 2021 continue to apply and have not materially changed.

COMPETENT PERSONS STATEMENT

Isaac Plains and Isaac Plains East

The information in this report relating to Mineral Resources for the Isaac Plains Mine was announced on 26 February 2021, titled "Mineral Resource and Coal Reserve update for Isaac Plains Complex". The report is based on information prepared by consultants under the guidance of Mr Troy Turner who is Managing Director of Xenith Consulting Pty Ltd.

Mr Turner is a qualified Geologist (BAppSc (Geology), University of Southern Queensland), a member of the Australian Institute of Mining and Metallurgy and with over 25 years' experience, Mr Turner has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

The information in this report relating to Mineral Resources for the Isaac Plains East Mine was announced on 26 February 2021, titled "Mineral Resource and Coal Reserve update for Isaac Plains Complex". The report is based on information prepared Dr Bronwyn Leonard who is a full-time employee of Stanmore Coal and holds the position of Superintendent Mine Geology.

Dr Leonard is a qualified Geologist with a degree from Universality of Canterbury, 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 and has sufficient relevant experience to the style of mineralisation and type of deposit under consideration and to the activity which is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information in this report relating to combined Ore Resources for the Isaac Plains and Isaac Plains East Mine was announced on 26 February 2021, titled "Mineral Resource and Coal Reserve update for Isaac Plains Complex". The opencut Ore Reserve estimate is based on information compiled by Mr Tony O'Connel, who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr O'Connel is an employee of Optimal Mining Solutions Pty Ltd and holds a Bachelor Degree in Mining Engineering from the 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'Connel has over 20 years' experience in the estimation, assessment, evaluation and economic extraction of Coal Reserves.

Appendix 3 – Other Information (cont.)

Isaac Downs

The information in this report relating to Coal Reserves for the Isaac Downs Project was announced on 21 August 2020, titled "Mineral Resources and Coal Reserve update for Isaac Downs" and is based on information compiled by Mr Michael Barker, an employee of Palaris Australia as General Manager Feasibility Studies. Mr Barker is a Member of Australian Institute of Mining and Metallurgy and has the relevant experience (23+ years) in relation to the relevant style of mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)".

Isaac Plains Underground

The information in this report relating to Coal Reserves for the Isaac Plains Underground Project was announced on 26 February 2021, titled "Mineral Resource and Coal Reserve update for Isaac Plains Complex". The Underground Ore Reserve estimate 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 associate of Xenith 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 (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 24 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.

The Range

The information in this report relating to Coal Reserves for the The Range Project was announced on 26 February 2021, titled "December 2020 Coal Resources & Reserve Summary", and is based on information compiled by Mr Richard Hoskings who is a Director of Minserve. Mr Hoskings is a qualified mining engineer and has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)".

Isaac South

The information in this report relating to Mineral Resources for the Isaac South Project was announced on 26 February 2021, titled "December 2020 Coal Resources & Reserve Summary", and is based on information compiled by Mr Mal Blaik. Mr Blaik is Principal Geologist at JB Mining Services Pty Ltd. Mr Blaik has over 30 years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)."

Appendix 3 – Other Information (cont.)

Clifford

The information in this report relating to Mineral Resources for the Isaac South Project was announced on 26 February 2021, titled "December 2020 Coal Resources & Reserve Summary". The information in this report is based on information compiled by Mr Oystein Naess who is a member of the Australian Institute of Mining and Metallurgy and was a full-time employee of Xenith Consulting Pty Ltd.

Mr Naess is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)."

Other Projects

The information in this report relating to Mineral Resources for all other Projects (including Mineral Resources for The Range Project) was announced on 26 February 2021, titled "December 2020 Coal Resources & Reserve Summary", and is based on information compiled by Mr Troy Turner who is a full-time employee and Managing Director of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience in relation to the style of mineralisation and type of deposits being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)".

The Company confirms that it is not aware of any new information or data that materially affects the information included above and that all material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.