

# Completion of sale of southern portion of Wards Well and related infrastructure arrangements

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## Highlights

- Stanmore has completed the previously announced sale of the southern portion of its Wards Well tenements to Peabody, receiving approximately US\$136 million in consideration and a capped royalty stream of up to circa US\$200 million payable under certain conditions on the first 120Mt, which will increase if mining surpasses 120Mt.
- Stanmore retains a large portion of the Wards Well deposit including the Lancewood tenement (the boundary of which has been realigned to include what was the northern part of the Wards Well tenement), so will continue to have an interest in the JORC Resources which includes high quality hard coking coal, in addition to agreeing an infrastructure sharing and expansion agreement which may help to facilitate the development of this project in the future.
- The parties have also agreed a gas rights agreement in relation to the gas from the southern portion of Wards Well.

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Stanmore Resources Limited (“Stanmore” or the “Company”) (ASX:SMR) refers to its announcement dated 26 October 2023 regarding execution of an agreement with Peabody for the divestment by Stanmore of the southern area of the Wards Well tenements.

Stanmore is pleased to announce that all conditions precedent to the divestment have been satisfied and that it has today successfully completed the sale.

In accordance with the terms of the sale agreement, Stanmore has received US\$136 million in cash comprising of US\$125 million upfront cash and a US\$10.5 million port and rail rebate and potential future royalties.

## Royalty Arrangement

The parties have executed a royalty deed and associated royalty security documentation, under which Stanmore will also be entitled to receive circa US\$200 million based on a capped royalty, profit sharing mechanism for the first 120 million tonnes of coal produced if Peabody were to commence mining operations on the site in the future (payable once Peabody has repaid their investment to develop the mine). If more than 120 million tonnes of coal are produced and sold from the tenement area, Stanmore is entitled to a further royalty.

## Infrastructure and expansion agreement

The parties have agreed to a contingent infrastructure sharing and expansion arrangement concerning their respective operations at the Lancewood and Centurion (formerly North Goonyella) mines. The terms of this agreement includes Stanmore’s ability to access spare capacity in Peabody infrastructure (if and when available), with a contingent right to expand/upgrade such infrastructure.

While this brings optionality and flexibility, the final infrastructure solution to support the development of the Lancewood project will need to consider ongoing trade off studies between building dedicated on-site infrastructure at Lancewood and/or fully or partially utilising (and expanding) Peabody's Centurion infrastructure.

### **Gas rights agreement**

The parties have also agreed a gas rights arrangement pursuant to which Stanmore has the right to match any proposal for the commercialisation of the gas produced by Peabody's gas drainage operations on the Wards Well area.

If Stanmore does not match the proposal, it may elect to participate in the project in which case it is entitled to receive 60% of excess revenue, after Peabody recovers 80% of its Life of Mine gas costs.

This announcement is authorised for release by the Disclosure Committee.

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### **Further Information**

#### **Investors**

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#### **Media**

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#### **About Stanmore Resources Limited (ASX: SMR)**

*Stanmore Resources Limited controls and operates the South Walker Creek, Poitrel, Isaac Plains Complex and Millennium Complex metallurgical coal mines as well as the undeveloped Wards Well, Isaac Plains underground and Isaac Plains South projects, in Queensland's prime Bowen Basin region. Stanmore Resources holds several additional high-quality prospective coal tenements located in Queensland's Bowen and Surat basins. The*

*Company is focused on the creation of shareholder value via the efficient operation of its mining assets and the identification of further development opportunities within the region.*

More information about Stanmore can be found at [stanmore.au](http://stanmore.au)