



Section 3

Sustainability report

A	Basis of preparation	61
	1. Pembroke Olive Downs Pty Limited Sustainability Report	61
	1.1. Year ended 31 December 2025 Climate-Related Disclosures	61
	1.2. Director's Declaration on Climate-Related Disclosures	61
	2. Corporate Information	62
	2.1. Corporate Information	62
	2.2. Business Model & Value Chain Information	63
B	Strategy	64
	1. Business strategy	64
	2. Climate risks and opportunities impacting the business	64
	3. Effects of identified risks on its business model and concentration of those risks	66
	4. Current and anticipated financial impacts of identified risks	73
	5. Climate resilience	76
C	Governance	80
	1. Pembroke's Climate Governance and Oversight	80
	1.1. Management's Role & Responsibilities	80
	2. Climate-related skills and competency	80
	2.1. Risks and Opportunities Management	81
	2.2. Pembroke Risk Management	81
	2.3. Climate Risk Assessment Process	81
D	Metrics and Targets	83
	1. GHG Emissions Overview	83
	1.1. Scope 1 Calculation Methodology	83
	1.2. Scope 2 Calculation Methodology	84
	1.2.1. Industry Based Metrics	85
	1.2.2. Safeguard Mechanism Targets	86
	1.2.3. Australian Carbon Credits Units	87

A Basis of preparation

1. Pembroke Olive Downs Pty Limited Sustainability Report

1.1. Year ended 31 December 2025 Climate-Related Disclosures

The report presents Pembroke Olive Downs Pty Limited's ('the Company' or 'Pembroke') climate-related financial disclosures for the reporting period 1 January 2025, to 31 December 2025. These disclosures have been prepared in accordance with the AASB S2 Climate-Related Disclosures, as mandated by Australian Sustainability Reporting Standard (ASRS) that has been issued by the Australian Accounting Standards Board (AASB) and Corporations Act 2001. As this is the first year in which the Company has prepared climate-related disclosures, it does not include comparative data or scope 3 emissions in section 7, Metrics and Targets.

This is the first year in which the Company has applied AASB S2, the Company has elected to apply the transition relief to not disclose Scope 3 Greenhouse Gas (GHG) emissions and comparative information in this report. The Company has early adopted the Amendments to AASB S2 Climate-related Disclosures, issued by the Australian Accounting Standards Board in December 2025, for the reporting period ended 31 December 2025. The amendments are effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted.

This report has been prepared on the same basis as the accompanying general purpose financial report (refer to Note 1: Corporate information, Note 3.1: Basis of preparation and Note 3.2: Currency in the annual report) and includes climate-related financial disclosures for the Company.

1.2. Director's Declaration on Climate-Related Disclosures

By the requirements of the Corporations Act 2001 and the Australian Accounting Standard AASB S2 Climate-Related Disclosures, the Directors of Pembroke declare that:

- (a) Pembroke has taken all the reasonable steps to ensure that the climate-related disclosures of Pembroke for the financial year ended 31 December 2025:
 - (i) present a true and fair view of the climate-related risks, opportunities and performance for the year ended on that date; and
 - (ii) have been prepared in compliance with AASB S2 Climate-related disclosures and the applicable provisions of the Corporations Act 2001.

The Directors confirm that the disclosures reflect the reasonable steps taken to ensure compliance with the Australian Sustainability Reporting Standards (ASRS), as required under the amended climate disclosure regime effective from 1 January 2025.

On behalf of the board

Michael Rosengren
Director
Brisbane
29 April 2026

2. Corporate Information

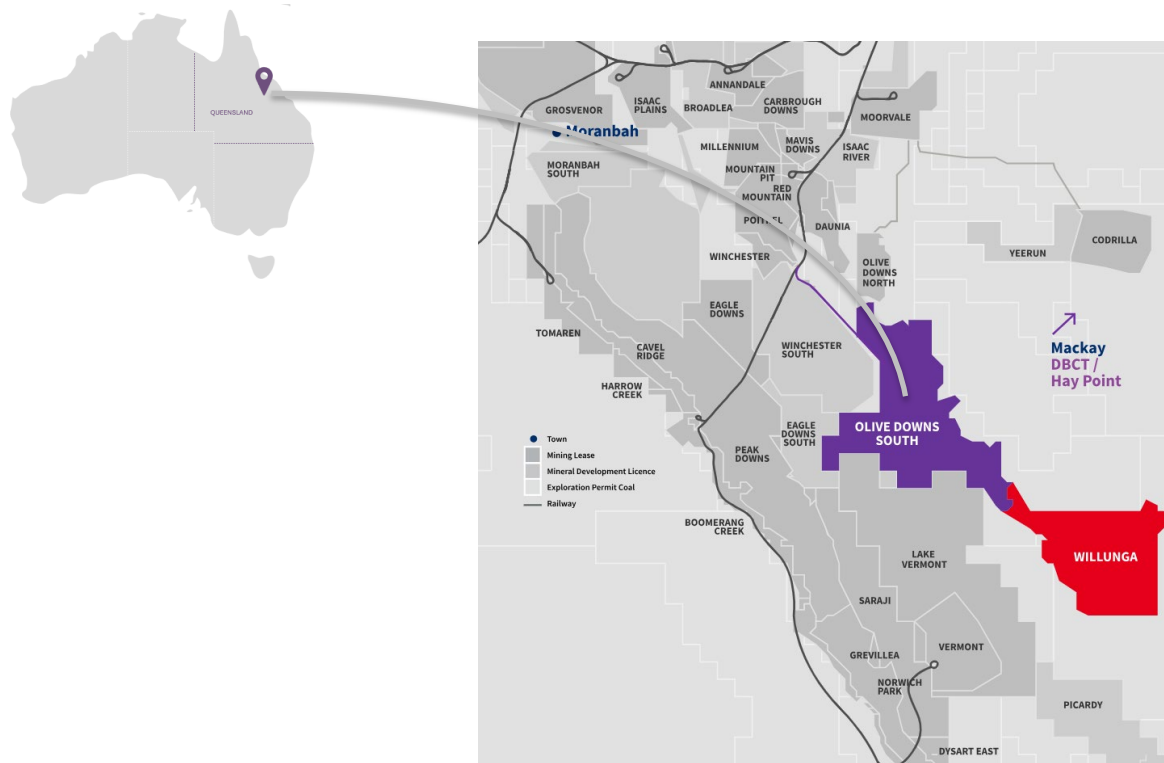
2.1. Corporate Information

Pembroke Resources Australia Unit Trust (PRAUT) is the immediate parent company and owns 100% of the shares of Pembroke Olive Downs Pty Ltd. Pembroke only owns the Olive Downs Mine (ODM), an open-cut coal mine located in Queensland’s Bowen Basin, Australia. Construction of the mine commenced in April 2022, and production began in June 2023.

ODM produces coking coal and industrial coal products, exporting to overseas markets including Japan, South Korea, India, Vietnam, Indonesia and China.

Pembroke also owns the Iffley, Deverill, and Twenty Mile properties, covering over 41,000 hectares, which forms part of the overall landholdings where the Company undertakes mining activities, grazing operations, and has established biodiversity offsets.

Figure 1: Pembroke operations



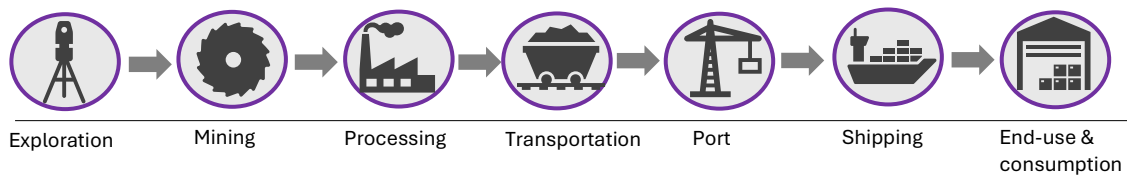
2.2. Business Model & Value Chain Information

(i) Business Model

ODM’s core activities include extracting coal using open-cut mining methods, processing the coal through a coal handling and preparation plant, managing the mining leases and land associated with the mine and offsite support for these activities. The processed coal is transported by rail to the Dalrymple Bay Coal Terminal (DBCT) for export.

(ii) Value Chain

Figure 2: Pembroke value chain activity



Exploration: Exploration activities are conducted using a contractor, focusing on delineation drilling, testing, and analysis. These activities are supported by geological assessments to identify optimal coal resources.

Mining: The mining services contractor undertakes drilling, blasting and hauling activities with up to six mining fleets. Relevant materials are tracked and reconciled as part of emissions reporting under the National Greenhouse and Energy Reporting (NGER) Act.

Processing: The CHPP washes raw coal to remove impurities. It blends mine affected water (including water from the tailings drying cells) with raw water sourced from an external water provider within the region.

Transportation: Product coal is transported by rail from the mine site to the Dalrymple Bay Coal Terminal.

Port: DBCT handles stockpiling, loading, and vessel management.

Shipping: Coal is exported via bulk carriers to international customers, primarily steel producers in Japan, South Korea, India, Vietnam, Indonesia and China.

End use & consumption: The steelmaking coal, Pembroke's primary product, is used in steel production. It is heated in ovens to produce coke, which is then used in blast furnaces to produce pig iron. This pig iron is converted into steel in basic oxygen furnaces. The Industrial Coal produced is either used for cement making, other industrial processes or in some instances electricity generation.

B Strategy

1. Business strategy

Pembroke's business strategy focuses on metallurgical coal mining and processing, and balancing resource development with environmental stewardship and social performance. Pembroke's corporate commitments are organised around four key areas:

- Safety: Creating a safe, healthy workplace to ensure all workers go home safely.
- Environment: Committed to responsible practices that consider the environment in which we operate.
- Community: Maintaining strong relationships with communities and governments.
- People: Employing a capable and diverse workforce.

To fulfil these commitments, Pembroke completed an Environmental Impact Statement (EIS) for the ODM, established biodiversity offset areas totalling over 14,000 hectares which will remain in perpetuity, implemented real-time water monitoring and recycling programmes, introduced biodiversity management initiatives, and developed a Social Impact Management Plan.

Since the mine's inception, the Safeguard Mechanism has been a central regulatory framework and compliance with this scheme informs Pembroke's strategy and financial planning (progress towards the NGERs Act Safeguard Mechanism is detailed in Section 7.3). In 2025, Pembroke initiated the following actions as part of its strategy development and alignment with regulatory requirements:

- Scoping of a fugitive emissions model.
- Conducting scenario modelling to assess physical and transitional climate risks across multiple time horizons (see Section 6.1).
- Evaluating abatement and offset options aligned with Safeguard requirements.
- Identifying opportunities for mine planning efficiencies and energy efficiency
- Implementing governance frameworks to support decarbonisation planning and disclosures.

(i) *Climate target and carbon offsetting*

In accordance with the Safeguard Mechanism Rule 15 ODM is classified as a new facility, which results in a mandated annual emissions baseline of 100,000 tonnes of carbon dioxide equivalent (tCO₂-e). Annual NGER Act reported exceedances of this baseline requires surrendering Australian Carbon Credit Units (ACCUs) to offset the excess emissions. Further detail is provided below in Section 7.

2. Climate risks and opportunities impacting the business

The physical impacts of climate change and the transition towards a lower carbon emissions economy are likely to impact areas of our business and parts of the value chain to varying degrees. Climate change presents both discrete risks and opportunities as well as impacts to other strategic and operational business risks, such as regulatory risk, access to capital, operating costs, and health and safety. The Company seeks to minimise its environmental footprint to manage climate-related risks and capture the opportunities that the transition to a lower-carbon economy represents.

Pembroke assesses climate-related risks and opportunities across the following time horizons:

- Short term: 1-5 years
- Medium term: 6-15 years; and
- Long term: beyond 15 years.

The time horizons were set to align Pembroke’s Safeguard Mechanism (SGM) current statutory baseline requirements and Pembroke’s planning cycle. Medium and long-term horizons are aligned with metallurgical coal outlooks and the ODM life-of-mine profile.

The Company has conducted an assessment to identify and determine the current and anticipated impacts of climate-related risks and opportunities on its business model and value chain. In this assessment, the Company identified specific areas within its business model and value chain where the identified climate-related risks and opportunities are concentrated.

The Company’s assessment identified the following climate-related risks and opportunities that could reasonably be expected to affect the Group’s prospects, specifically its cash flows, access to finance or cost of capital over the short, medium or long-term:

Climate-related risk	Type	Horizon
Extreme Weather Events and Prolonged Adverse Weather Impacting Operations & Assets – Rain impacts, flooding, extreme heat and drought conditions	Acute/Chronic	Short, medium and long-term
Regulatory Changes Impacting Pembroke’s Operations	Policy	Medium to long-term
Reduced Demand for Metallurgical Coal	Market	Medium to long-term
Limited Access to Financing and Insurance	Financial	Short, medium and long-term
Talent Attraction and Retention Challenges	Reputational	Short to medium-term

3. Effects of identified risks on its business model and concentration of those risks

Risk	Nature of Risk	Mitigation and adaption efforts
<p>Extreme Weather Events and Prolonged Adverse Weather Impacting Operations & Assets</p> <p>Risk concentration</p> <p>Exploration, mining, processing and logistics</p>	<p>Risk Description</p> <p>The region where the mine is located is influenced by tropical cyclones which could result in intense rain and flooding. Increasing frequency and severity of extreme weather events (e.g., storms, flooding, heatwaves, and bushfires) may disrupt mining operations, damage assets, and cause supply chain and logistic delays. Chronic changes in climate patterns (e.g., water scarcity due to drought and changing rainfall patterns) can disrupt Pembroke’s CHPP operations, impacting production.</p> <p>Potential financial effects of the risk</p> <ul style="list-style-type: none"> • Reduced or delayed revenue due to operational disruptions, prolonged interruptions and supply chain delays. • Increased operational and maintenance costs including potential capital investment to repair and/or upgrade assets and infrastructure. 	<p>Infrastructure Resilience</p> <ul style="list-style-type: none"> • Upgrades to access roads: The public access road, Barada Barna Road, used for mine access was upgraded to withstand flooding events. Pembroke’s main access road utilises the Isaac River Crossing bridge, which was design and constructed to withstand a flood event expected once in 100 years. • All mining areas are safeguarded against flooding, with mine landforms designed and built using flood modelling to withstand a one-in-1,000-year event. • The mine layout incorporates structural design and drainage systems to manage prolonged wet periods during the wet season (November–March).

Risk	Nature of Risk	Mitigation and adaption efforts
	<ul style="list-style-type: none"> • Increased insurance premiums due to exposure to climate-related events. • Higher operating costs during periods of drought or energy supply disruptions. 	<p>Emergency Planning</p> <p>Pembroke’s emergency planning and response frameworks are currently under review to ensure they remain current and fit for purpose having regard to current size and mode of operations.</p> <ul style="list-style-type: none"> • Mine plans have 28 days annually of budgeted operational downtime due to weather-related interruptions. • Pre-wet season preparedness plans that are audited by Department of Environment, Tourism, Science and Innovation (DETSI) • Pre-wet season major contractor planning <p>Separately, the rail infrastructure provider considers and manages climatic events through mandated trainline speed restrictions during periods of heatwaves or bushfires to maintain the integrity of this infrastructure.</p> <p>Water Management</p> <p>Pembroke conducts regular water balance modelling and flood studies to guide mine</p>

Risk	Nature of Risk	Mitigation and adaption efforts
		<p>development and review flood mitigation requirements. These studies consider sensitivity analysis, and the full project flood assessment applied the IPCC AR5 RCP4.5 projections to evaluate the overall project development and waster management system. The findings for this extreme climate scenario were that adequate water for operational requirements would be available greater than 90% of the time. In addition to impact assessment and design consideration activities, Pembroke has implemented water recycling initiatives at its CHPP, and constructed on-site water storages with a total capacity of approximately 1,966 ML, including sedimentation, mine-affected, and raw water holdings.</p>
Regulatory Changes Impacting Operations	<p>Risk Description</p> <p>Amendments to the Safeguard Mechanism policy, increases in Australian Carbon Credit Unit (ACCU) prices and changes in coal industry government policies may result in stricter emissions targets, additional compliance obligations and would lead to Pembroke facing higher costs of compliance.</p>	<p>Pembroke undertakes the following measures to support management of this risk:</p> <ul style="list-style-type: none"> Engagement with government stakeholders and industry bodies to communicate potential industry impacts of policy changes.

Risk	Nature of Risk	Mitigation and adaption efforts
	<p>Potential financial effects of the risk</p> <ul style="list-style-type: none"> • Increased operating costs due to compliance requirements. • Increased operating cost due to higher ACCUs prices • Asset impairment and write-offs resulting from increased operating costs. 	<ul style="list-style-type: none"> • Active monitoring of ACCU prices as part of financial planning. • Review of safeguard obligations, ACCU price volatility, and policy changes, alongside evaluation of potential strategies to mitigate, reduce, eliminate, or offset emissions (see Section D paragraph 1.2.2 for further information).
<p>Reduced Demand for Metallurgical and Industrial Coal</p>	<p>Risk Description</p> <p>Substitution of metallurgical coal in steel production and increased steel recycling, together with evolving government policy changes in customer jurisdictions may reduce the demand for Pembroke’s product in the longer-term.</p> <p>Potential financial effects of the risk</p> <ul style="list-style-type: none"> • Reduced revenue due to lower coal prices. 	<p>Pembroke recognises that new technologies are being considered and introduced to reduce the emissions intensity of steel products. Pembroke actively monitors metallurgical coal demand, price trends, and cost projections as part of its market analysis and financial planning. It also mitigates risks associated with changing jurisdictional requirements and regulations by maintaining a diverse customer base across multiple geographies. Our base case financial model, derived from Wood MacKenzie, transition reports, forecast a real PLV price of \$225/t by 2050 indicating that the mine will continue generate positive operating cashflows.</p>

Risk	Nature of Risk	Mitigation and adaption efforts
	<ul style="list-style-type: none"> Asset impairment and write-offs due to potential lower future coal prices. Premature mine closure. 	
Limited Access to Financing and Insurance	<p>Risk Description</p> <p>Increasing climate-related pressures among investors and financial institutions may result in stricter lending terms, restrictive financing policies for the mining industry, and reduced availability of financing for metallurgical coal companies.</p> <p>Potential financial effects of the risk</p> <ul style="list-style-type: none"> Restricted funding if investment or lending cannot be secured. Lack of competitive insurance options may increase operating cost. 	Pembroke continuously monitor developments in the financial services market and manages capital accordingly.

Risk	Nature of Risk	Mitigation and adaption efforts
Talent Attraction and Retention Challenges	<p>Risk Description</p> <p>Shifting perceptions of metallurgical coal mining could affect Pembroke’s ability to attract and retain skilled personnel, leading to skills gaps, increased recruitment and training costs, and reduced productivity.</p> <p>Potential financial effects of the risk</p> <ul style="list-style-type: none"> • Increased operational costs for training and wages to improve talent attraction, retention, and workforce capability. • Lost productivity if workforce capability gaps persist. 	<p>To support talent attraction and retention, Pembroke regularly reviews workforce preferences and incorporates feedback into planning.</p> <p>Pembroke monitors market remuneration trends and incorporates these trends into its talent attraction strategy.</p> <p>Pembroke currently utilises contractors, providing flexibility to address challenges in workforce capability and talent attraction.</p>
Fugitive emissions modelling and management	<p>Opportunity Description</p> <p>Investing in fugitive emissions planning and management can strengthen resilience by enabling the development of modelling and strategies for potential reuse within operations, such as diesel displacement and power generation. These initiatives enhance Pembroke’s ability to reduce hard-to-abate</p>	<p>To reduce emissions and strengthen Pembroke’s risk management in line with evolving regulatory requirements under increased SGM obligations, Pembroke has reviewed the following strategic options as</p>

Risk	Nature of Risk	Mitigation and adaption efforts
	<p>emissions, meet evolving SGM targets and investor expectations and maintain energy security.</p> <p>Potential financial effects of the opportunity</p> <ul style="list-style-type: none"> Decreased operational costs associated with carbon credit purchasing. 	<p>part of its climate and emissions strategy development:</p> <ul style="list-style-type: none"> Develop a fugitive emissions model to identify emission sources, inform planning, and evaluate opportunities for reuse.

4. Current and anticipated financial impacts of identified risks

Risk	2025 Impacts	Significant anticipated impacts in 2026	Anticipated financial impacts over the short, medium and long term
<p>Extreme Weather Events and Prolonged Adverse Weather Impacting Operations & Assets</p>	<p>Above average rainfall recorded in 2025 resulted in 15 additional production days impacted by weather, in addition to the 20 days allowed in the 2025 operating plan. Olive Downs produced on average 12.5kt of product tonnes per day in 2025. The revenue impact (net of royalties), of one day's lost production (assuming no CHPP processing), at the average received price in 2025 was c.\$1.5m. However, weather may only impact certain areas of the mine, such as mining, whilst the CHPP continues to process coal from ROM stockpiles. Revenue may therefore not be impacted in all cases with some savings in cost should mining cease.</p>	<p>The 2026 operating plan have allowed for 28 days of weather delays. The average daily product tonnes for 2026 are budgeted at 12.5kt. The revenue impact (net of royalties), of one day's lost production (assuming no CHPP processing), at the average received price of \$148/t is c.\$1.7m. However, weather may only impact certain areas of the mine, such as mining, whilst the CHPP continues to process coal from ROM stockpiles. Revenue may therefore not be impacted in all cases with some savings in cost should mining cease.</p>	<p>Analysis by the Queensland Future Climate Regional Explorer tool does not indicate significant changes to weather patterns in the Moranbah area to 2050, compared to 2025. The current weather impacts are therefore not expected to significantly change over time.</p>

Sustainability report

Risk	2025 Impacts	Significant anticipated impacts in 2026	Anticipated financial impacts over the short, medium and long term
Regulatory Changes Impacting Operations	Pembroke recorded an operating cost of \$8.3m, representing the amount of ACCUs required to be purchased to offset carbon emissions (above its baseline) for 2025. The average price of an ACCUs used for the estimate is \$26/t CO2-e.	ACCUs are calculated and paid in A\$. We forecast ACCUs cost to increase marginally to \$8.6m, mainly due to a weakening in the US\$.	<p>A formal review of the Australian Safeguard Mechanism will be undertaken by Government in 2026-27. A 5% change to the baseline would result in c.\$0.1m change to the amount of ACCUs to be surrendered.</p> <p>A 5% change in the price of an ACCU is likely to result in a c.\$0.4m financial impact to operating cost.</p>
Reduced Demand for Metallurgical Coal due to substitution of metallurgical coal in steel production	No material impact in 2025.	No Material impacted expected in 2026.	Under our base case, Premium Low Vol (PLV) coal prices are sustained above \$200/t and produces positive cash flow from operations.

Risk	2025 Impacts	Significant anticipated impacts in 2026	Anticipated financial impacts over the short, medium and long term
Limited Access to Financing and Insurance	No material impact from climate-related policies.	No material impact from climate-related policies.	Higher financing cost, and limited funding for growth or working capital requirements if investment or lending cannot be secured. Lack of competitive insurance options may increase insurance cost.
Talent Attraction and Retention Challenges	No material impact in 2025.	No material impact expected in 2026.	Possible impact only expected in the longer-term as talent should be available in the short to medium term as mines within the ODM region reach the closure stage over the medium-term.

5. Climate resilience

The Company has conducted a climate-related scenario analysis in 2025 to stress test its business strategy under different climate outcomes over the short, medium and longer-term.

The Company considered guidance from various sources including:

- The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6)
- International Energy Agency (IEA) Energy Transition
- Wood Mackenzie transition reports
- Queensland Future Climate Dashboard

The climate pathways modelled by the group include:

- A low emissions future pathway under the Intergovernmental Panel on Climate Change (IPCC) SSP1-1.9. The assumption is that future temperature rises are limited to 1.5°C compared to pre-industrial levels (net zero case scenario).
- Higher emissions future pathway under IPCC SSP2-4.5, assuming temperatures rise by 2.5°C to 2.7°C by 2100.

(i) Summary

Risk	Description	Net Zero (IPCC SSP1-1.9)			2.5°C to 2.7°C (IPCC2-4.5)		
		Short-term	Medium-Term	Long-term	Short-term	Medium-Term	Long-term
Physical risks	Extreme weather – Flooding and intense rainfall impacting operations	High	High	High	High	High	High
Transition risks	Regulatory Changes Impacting Pembroke’s Operations	Medium	High	High	Medium	High	High
	Reduced Demand for Metallurgical Coal	Low	Extreme	Extreme	Low	Low	Low
	Limited access to financing and insurances	High	Extreme	Extreme	High	High	High
	Talent Attraction and Retention Challenges	Low	Medium	High	Low	Low	Medium

(ii) *Low-warming scenario resilience – Net Zero*

Climatic conditions in the region where ODM is located is not expected to change significantly under a low warming scenario over the short, medium or longer-term. The region where the mine is located currently experiences variable weather patterns which see high rainfall and extended dry periods which vary year on year. The physical risks of climate change are therefore not forecast to change significantly from current conditions.

Physical impacts include:

- Change in number of average hot days
- Number of very high fire risk days
- Change in rainfall intensity; and
- Time in extreme drought.

The open-cut nature of the ODM together with flood design protection of the mine would indicate that the mine would be able to withstand the physical impacts of climate change in the region over the short, medium and long-term.

Transition risks under a low-warming scenario relates mainly to declining coal prices and increasing price of ACCUs.

Metallurgical coal demand is expected to fall by 65% under a net zero case by 2050, with the PLV HCC benchmark price under a net zero case is forecast to fall to US\$162/t (real 2025\$) by 2050. ODM will generate positive free cash flows through to 2033 under a net zero scenario.

The Company surrenders ACCUs to comply with its Safeguard Mechanism Obligations. The average ACCU price for the year ended 30 June 2025 was \$26/t CO₂-e with a total obligation of \$8.3m. A 5% change in the price of an ACCU is likely to result in a c.\$0.4m financial impact to operating cost assuming similar emission levels and baseline compared to year ended 30 June 2025.

(iii) Higher-warming scenario resilience – 2.5°C to 2.7°C

Climatic conditions in the region where the ODM is located is not expected to change significantly under a higher warming scenario, similar to the lower warming scenario above. The physical risks of climate change are therefore not forecast to change significantly. We believe the ODM is designed to withstand future climate conditions.

Metallurgical coal demand is expected to fall by 19% under a higher-warming case by 2050, with the PLV HCC benchmark price under this scenario forecast to increase to US\$225/t (real 2025\$) by 2050. ODM will generate positive free cash flows over the life of the mine under a higher-warming scenario.

The Company surrenders ACCUs to comply with its Safeguard Mechanism Obligations. The average ACCU price for the year ended 30 June 2025 was US\$26/t CO₂-e with a total obligation of US\$7.7m. A 5% change in the price of an ACCU is likely to result in a c.\$0.4m financial impact to operating cost assuming similar emission levels and baseline compared to 30 June 2025.

C Governance

1. Pembroke's Climate Governance and Oversight

Pembroke's Board of Directors, comprising two executive directors, is ultimately responsible and accountable to the shareholders for Pembroke's governance, strategic direction and oversight of operations.

The Board oversees Pembroke's approach to climate including monitoring and overseeing progress against climate-related targets and goals. The Board is responsible for setting, approving, and monitoring the progress of Pembroke's climate strategy and holds ultimate accountability for climate-related risks and opportunities. The Board is supported by the Senior Leadership Team (SLT) to fulfill their climate obligations to shareholders. Executive Directors are members of the SLT.

The SLT receives regular updates on climate-related risks, NGERs Act reporting, the Safeguard Mechanism, and compliance requirements through reports prepared by the management team members responsible for climate risk, regulatory and environmental compliance.

The SLT is responsible for assessing and monitoring climate-related risks and opportunities and assists the Board in its oversight, as outlined in Section B paragraph 2. Climate-related Key Performance Indicators (KPIs) are not currently included in the Management Team's remuneration framework.

1.1. Management's Role & Responsibilities

Together with the CEO, the SLT implements the climate policies and strategies approved by the Board.

2. Climate-related skills and competency

The Board and SLT comprises of people with expertise and experience in areas relevant to its responsibilities and the Company's climate-related objectives. Management backgrounds and experience cover strategy, mining, corporate governance, risk management, health and safety, human resources, community relations, sustainability, environmental management, and climate.

To strengthen climate-related competencies, the team conducted two workshops: *Climate Reporting in Australia – Overview & Implications for the Olive Downs (OD) Complex* and *OD Safeguard Strategy and Options Development*. The first workshop, held in November 2024, provided an overview of reporting frameworks relevant to Pembroke, explained the Safeguard Mechanism and its impact on Pembroke's mining activities, and outlined climate-related disclosure requirements, including time horizons, key transition and physical risk drivers, next steps, and Board responsibilities. The second workshop, held in May 2025, focused on understanding the Safeguard Mechanism and its implications for operations. It covered key concepts such as Net Zero, Scope 1 and 2 emissions, NGER Act reporting, and Carbon Neutrality; explored and tested mitigation options and their business impacts; and defined next steps for Pembroke's climate strategy.

Pembroke also coordinates external consultants as needed to support GHG emissions accounting, provide guidance on legislation and share best practices in the mining industry.

2.1. Risks and Opportunities Management

2.2. Pembroke Risk Management

Pembroke's risk management approach is guided by its Enterprise Risk Management Policy, which defines Pembroke's strategy, objectives, framework, and processes for managing business risks. The Risk Management Framework, as outlined in the policy, establishes the relationship between Pembroke's framework, risk appetite, risk categories, and supporting policies.

Pembroke's key risk categories are:

- **Strategic:** Risks arising from poor strategic decisions or execution, including decision risks related to the environment and climate.
- **Financial:** Risks associated with liquidity, market, credit, and insurance, including insurance risks linked to climate-related events.
- **Operational:** Risks stemming from day-to-day operations, including risks related to not achieving climate targets.

The Board oversees risk management processes through its Enterprise Risk Management Framework, including monitoring overall business risk exposure and setting Pembroke's risk appetite. The SLT is responsible for implementing risk management within their respective areas, including the identification, monitoring, and management of climate-related risks.

2.3. Climate Risk Assessment Process

Pembroke's Enterprise Risk Management Policy outlines the risk management process, which includes establishing the risk context, conducting risk assessments, implementing and reviewing controls (e.g. risk treatments), and ongoing monitoring, communication, and reporting. Pembroke has aligned its climate-related risk and opportunity assessments with this enterprise risk analysis and evaluation process.

Before commencing operations at ODM, Pembroke conducted a physical risk assessment as part of the EIS which has influenced design, built infrastructure and mine development to ensure that extreme climate considerations have and continue to be incorporated into operational practices. Building on this foundation, Pembroke completed its first climate-related risk assessment in 2025, supported by an external consultant.

Table 1 presents an overview of the climate risk assessment process.

Table 1: Pembroke’s Climate Risk Assessment Process

Process	Description
Risk identification	Risk identification involved evaluating two climate scenarios, one representing higher warming and the other lower warming, and mapping potential climate-related transition and physical risks associated with the relevant scenario drivers. This process was further supported by a peer and market scan to identify additional climate-related risks.
Risk assessment	Pembroke assessed and prioritised the climate-related risks in a workshop with key internal stakeholders. The process involved evaluating likelihood and consequence, documenting existing and proposed controls, and reassessing residual risk ratings for key physical and transition risks. All enterprise risks, including climate-related risks, are assessed using Pembroke’s defined thresholds for consequence and likelihood, with definitions provided in Appendix C. Opportunities were not evaluated during the initial climate risk workshop.
Prioritising climate risks	Section B paragraph 3 outlines Pembroke’s identified climate-related risks and opportunities, which are managed through the mitigation and adaptation efforts detailed in that section.
Risk monitoring and review	Pembroke’s Risk Management Framework requires biennial reviews to determine whether changes in risk circumstances affect prioritisation. Risk treatment plans and controls must also be evaluated biennially to ensure their effectiveness and confirm that residual risk ratings remain appropriate.

D Metrics and Targets

1. GHG Emissions Overview

Consistent with the NGER framework, the Company has applied operational control in determining organisational boundary for Scope 1 and Scope 2 GHG emissions. Scope 1 and 2 emissions for the Company have been reported under the applicable jurisdictional requirements. The Company reports within the scope of the National Greenhouse and Energy Reporting Scheme (NGER), report pursuant to this specific GHG regulatory reporting regime. The Company has been reporting Scope 1 and 2 greenhouse gas emissions under the NGER framework for a number of years.

The areas and activities included within the facility for reporting emission were:

- All activities conducted within Mining Leases 700032, 700035 and 700036.
- All exploration activities conducted within Exploration Permit for Coal 1949 and Mineral Development Licences 3014, 3012, 3013, 3025.
- All construction and maintenance activities conducted on the local government road Barada Barna (due to Infrastructure Agreement requirements between the parties for this main site access road).
- Supporting activities - Brisbane Pembroke Olive Downs corporate office (electricity use).

The table below shows the amount of Scope 1 and Scope 2 GHG emissions for Pembroke for 2025.

Table 5: 2025 GHG Emissions Overview

GHG Emissions by scope	Scope 1	Scope 2	Total FY2025 (t-CO ₂ e)
Estimated Emissions (t-CO ₂ e) ¹	417,606	32,523	450,130

¹ Includes NGERS reported emissions for the period from 1 January 2025 to 30 June 2025 and calculated emissions for the period 1 July 2025 to 31 December 2025.

1.1. Scope 1 Calculation Methodology

Fugitive Emissions

- Methane (CH₄) emissions for the reporting period were calculated using Method 1 under NGER Measurement Determination (NMD) section 3.20. Emissions are based on the quantity of ROM (Run-of-mine) coal mined and converted to CO₂-e using the prescribed state-based factor.

Energy Production

- Energy production is calculated from saleable coal produced via the CHPP, using production data from the Finance team's 'Inventory valuation model'. The methodology follows NMD section 1.13 principles.

Diesel Consumed

- Fuel consumption data for mining operations is provided by third-party contractor. Pembroke reconciles monthly through stock checks, subcontractor reports, and claimed hours. Light vehicles are reported as transport diesel; stationary diesel covers non-road equipment like engines, generators, and forklifts.
- Third-party contractors track asset-level data, which is consolidated and reconciled to ensure all fuel purchased and burned is accounted for, following NGER principles using financials and fleet assumptions.
- Fuel was split between transport and non-transport based on bowser records. Fuel from pods was assumed to power field generators (<500 kW), and diesel supplied to service trucks was assumed to be used mainly by dozers. The split was determined by vehicle classes expected to be road registered.
- Method 1 was applied to all activities except fuel combustion by transport vehicles. For transport vehicles (assumed to be post-2004 models), Method 2 was used to calculate methane (CH₄) and nitrous oxide (N₂O) emissions
- Generator emissions are reported under fuel combustion - liquid fuels, in line with NMD section 2.20.

1.2. Scope 2 Calculation Methodology

Electricity Purchased

Electricity purchased from the Queensland grid is the only source of scope 2 emissions for both the mine and the corporate office. Calculations are based on kWh usage, with data provided by the power supplier for the mine and by building management for the Brisbane office.

All calculation key assumptions, estimations and uncertainty

- Fuel oil used in batched explosives was reported as energy consumed and not combusted.
- Due to aggregated diesel usage among minor contractors, there may be minor discrepancies between reported run-time hours per contractor and NGER allocations.

1.2.1. Industry Based Metrics

Table 9: Pembroke calculated 2025 energy values by category

Category	Emissions Source		Emissions (t CO2-e)		Energy values	
	Unit	Value	Scope 1	Scope 2	Unit	Value
Energy consumption – Liquid fuels – consumed without combustion			-	-	GJ	27,993
Diesel used in coal washing	kL	262	-	-	GJ	10,113
Fuel oil combusted	kL	441	-	-	GJ	17,526
Non-lubricant fluid oils	kL	9	-	-	GJ	354
Fuel combustion – Gaseous fuels – non-transport			0.0284	-	GJ	0.55
Acetylene combusted	m ³	14	0.0284	-	GJ	0.55
Fuel combustion – Liquid fuels – non-transport			204,354	-	GJ	2,911,042
Diesel combusted	kL	75,415	204,353	-	GJ	2,911,019
LPG combusted	kL	0.906	1.41	-	GJ	23.3
Fuel combustion – Liquid fuels – oils and greases			416	-	GJ	34,322
Greases used as lubricant	kL	153	20.7	-	GJ	5,920
Lubricating oil used	kL	732	395	-	GJ	28,402
Fuel combustion – Liquid fuels – transport			1,045	-	GJ	14,816
Diesel combusted	kL	385	1,045	-	GJ	14,816
Fugitive Emissions – Open Cut Coal Mines – Extraction of coal			211,792	-	-	-
Coal mined	Tonne	6,831,988	211,792	-	-	-
Scope 2 – Location based – purchased electricity			-	32,524	GJ	164,909
Electricity purchased	MWh	45,808	-	32,524	GJ	164,909
Total			417,606	32,524	GJ	3,153,083

Table 10: Additional industry-based metrics

Topic	Metric	Category	Unit of Measure	Year ended 30 June 2025 Value
Water	Total water withdrawn/consumed	Quantitative	kl	2,000
Waste	Total of landfill including general and scrap steel	Quantitative	Tonne	314

1.2.2. Safeguard Mechanism Targets

Under the Australia’s climate policy framework, facilities emitting Scope 1 GHG emissions of 100,000 tonnes of CO₂-e or more are required to comply with Safeguard Mechanism obligations, including maintaining net emissions at or below a baseline level set by the Clean Energy Regulator (CER). Scope 1 emissions under this mechanism cover direct emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulphur hexafluoride (SF₆), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs).

Pembroke operates as a Safeguard Mechanism facility under the framework and is required to achieve net emission reductions in line with regulatory obligations. These reductions support Australia’s national emissions targets, which are:

- By 2030: Reduce greenhouse gas emissions by 43% below 2005 levels
- By 2035: Achieve a 62–70% reduction below 2005 levels
- By 2050: Reach net zero emissions

Safeguard Mechanism Net Reduction Target for Scope 1: Emissions target is 100,000 tCO ₂ -e per year and mandated CER reduction by 4.9% year on year when stable production is reached.	
Metric	Total Scope 1 emissions (tCO ₂ -e) and reduction percent (%) against the baseline Pembroke’s reduction target is on a net basis in accordance with mandatory Safeguard Mechanism new facility requirements. Given the restricted baseline and energy intensity determination the Company does not currently have gross emissions reductions targets over and above these requirements.
Period	Year ended 30 June 2025 (Reporting Year)
Target setting methodology	Baseline determined using CER Safeguard Mechanism regulatory minimum baseline of 100,000 tCO ₂ -e applicable to new facilities. This methodology has been validated by the Pembroke’s independent reviewer as part of its annual NGER Act submission process.

Review Cycle	Year-to-year emissions comparison as part of the annual NGER Act submission process, as required under the Safeguard Mechanism, and biannual progress reviews for NGER Act reporting (October) and Sustainability Reporting (December).
Milestones	<ul style="list-style-type: none"> • Pembroke’s net reduction target aligns with Australia’s national emissions reduction requirements. • Additionally, Pembroke has developed Marginal Abatement Cost Curve (MACC) to evaluate the cost-effectiveness and carbon savings of various abatement options through to 2050.
Progress towards target	<ul style="list-style-type: none"> • Pembroke tracks progress towards its net emissions target under the Safeguard Mechanism by monitoring year-on-year changes in gross emissions. • Facility exceeded baseline of 100,000 tCO₂-e by 292,766 tCO₂-e; compliance achieved through offsetting (ACCUs).

1.2.3. Australian Carbon Credits Units

To meet with the Safeguard Mechanism obligations for the 2024-2025 reporting year, Pembroke purchased 292,766 ACCUs to offset emissions exceeding baseline. Pembroke’s reportable scope 1 emissions under the NGER were 392,766 tCO₂-e. To meet the obligations under the Safeguard Mechanism, Pembroke purchased ACCUs equivalent to the excess emissions above the regulatory baseline of 100,000 tCO₂-e at a price of A\$38.85 per tCO₂-e.

Appendix A – Defined terms

Abbreviation	Definition
AASB	Australian Accounting Standards Board
ASRS	Australian Sustainability Reporting Standard
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHPP	Coal Handling and Preparation Plant
CRROs	Climate-Related Risks and Opportunities
CTAP	Climate Transition Action Plan
DBCT	Dalrymple Bay Coal Terminal
DCCEEW	Department of Climate Change, Energy, the Environment and Water
EIS	Environmental Impact Statement
GHG	Greenhouse Gas
JORC	Joint Ore Reserves Committee
KPIs	Key Performance Indicators
Mtpa	Million tonnes per annum
NGER	National Greenhouse and Energy Reporting
OD	Olive Downs
ODC	Olive Downs Complex
OD Safeguard	Olive Downs Safeguard Mechanism
PCI	Pulverised Coal Injection
ROM	Run-of-mine (coal)

Appendix B – Risk and opportunity rating criteria

Likelihood of occurrence

Rating	Description	Frequency
Almost certain	Expected to occur in most circumstances	One or more times a month
Likely	Highly probable	One or more times in 2 years
Possible	Might occur at some time	One or more times in 5 years
Unlikely	Hasn't happened. Hard to see it happen	One or more times in 50 years
Rare	Could only happen in extreme circumstances	Greater than 50 years

Magnitude of consequence

Rating	Health & Safety	Environment	Reputation	Time	Cost
Major	Fatal incident	Permanent widespread ecological damage	International negative media coverage. Loss of business from key sector.	Delay/Business interruption >1 month	>\$50M budget overrun
High	Permanent injury, damage which permanently alters a person's future (e.g. quadriplegia, paraplegia, amputation of a limb)	Heavy ecological damage, costly restoration	Sustained national negative media coverage. Loss of long-term key client.	Delay/Business interruption between 2-4 weeks	Budget overrun <\$50M and > \$25M

Sustainability report

Rating	Health & Safety	Environment	Reputation	Time	Cost
Moderate	LTI or Restricted Work Case. Damage which temporarily alters a person's future	Major but recoverable ecological damage	Regional/short negative media coverage.	Delay/Business interruption between 1-2 weeks	Budget overrun <\$25M and >\$10M
Minor	Medical Treatment. Damage which temporarily inconveniences a person	Limited but medium-term damage	Local negative media coverage.	Delay/Business interruption between 3-5 days	Budget overrun <\$10M and >\$2M
Insignificant	First Aid Treatment. Actual injury which requires no treatment/simple first aid	Short term damage	Brief local negative media coverage.	Delay/Business interruption between 0-3 days	Budget overrun <\$2M

Enterprise Risk Matrix

	Magnitude of consequence					
		Insignificant	Minor	Moderate	High	Major
Likelihood	Almost certain	Medium	High	High	Extreme	Extreme
	Likely	Medium	Medium	High	Extreme	Extreme
	Possible	Low	Medium	High	High	Extreme
	Unlikely	Low	Low	Medium	High	High
	Rare	Low	Low	Low	Medium	High



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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's review report to the members of Pembroke Olive Downs Pty Ltd

Conclusion

We have conducted a review of the following information in the Sustainability Report of Pembroke Olive Downs Pty Ltd (the Company) for the year ended 31 December 2025 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Section C - Paragraphs 1 to 2.3 on pages 80 to 82
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Section B - Paragraphs 1 to 5 on pages 64 to 79
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section D - Paragraphs 1 to 1.2.3 on pages 83 to 87

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.



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Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Emphasis of matter

The Company's financial report for the year ended 31 December 2025 was issued on 29 April 2026, being the same date as this Sustainability Report. The audit report of the Company's financial report for the year ended 31 December 2025 included a material uncertainty related to going concern paragraph. Our conclusion on this Sustainability Report is not modified in respect of this matter.

Other matter

Comparative information was not subject to an assurance engagement in the prior period. In connection with our review on the selective sustainability information, our responsibility is to determine whether the comparative information is appropriately presented, by evaluating its consistency with the disclosures presented in the prior period and the consistency of the criteria with the criteria applied in the current period. Our conclusion is not modified in respect of this matter.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report, including the Financial Report and the Sustainability Report, but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, 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.



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Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

Inherent limitations

As discussed on page 64 of the Report, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Report contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.
- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of management's assessment of climate-related risks and opportunities
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period
- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures
- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information
- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Scott Jarrett'.

Scott Jarrett
Partner
Sydney
29 April 2026