

COMPLIANCE CERTIFICATE

3 September 2024

Pembroke Olive Downs Pty Ltd 10% senior secured USD 95,000,000 bonds 2021/2028 (ISIN NO0011173536)

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12.2 (*Requirements as to Financial Reports*) of the Bond Terms, a Compliance Certificate shall be issued in connection with each delivery of Financial Reports to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period ended 30 June 2024.

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*) we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate. Copies of our latest Half-Year Financial Report as at 30 June 2024 are enclosed.


We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

PEMBROKE OLIVE DOWNS PTY LTD



Barry Tudor
Chief Executive Officer



Yoko Kosugi
Chief Financial Officer

Enclosure: Half-Year Financial Report as at 30 June 2024

Pembroke Olive Downs Pty Ltd

ABN 53 611 674 376

Half-Year Financial Report
For the half-year ended 30 June 2024

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Directors' report

The directors present their report together with the unaudited financial report of Pembroke Olive Downs Pty Limited ('the Company' or 'Pembroke') for the half-year ended 30 June 2024.

1. Principal activity

The Company's principal activity is to conduct the operation of the Olive Downs steel making coal mine, including holding and maintaining the mining leases relevant to the mine and land on which the mine is located.

Construction of the mine was completed during the half-year ended 30 June 2024. Otherwise, there was no other significant change in the nature of activities during the period.

2. Directors

The names of the Company's directors in office during the financial period and until the date of this report are set as follows. Directors were in office for this entire period.

Mark Andrew Sheldon
Barry Ralph Tudor

3. Dividends

No dividends were paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend (2023: \$nil).

4. Operating results for the year

The Company transition from mine construction and development to commercial production with completion of construction of the coal handling and preparation plant (CHPP) during the period. First coal sales also occurred during the period.

The net loss after tax of the Company for half-year ended 30 June 2024 was \$35,050,422 (30 June 2023: \$25,994,941).

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the period.

6. Significant events after the reporting period

There were no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

7. Auditor

Ernst & Young continues as auditor of the Company. This financial report for the half-year ended 30 June 2024 has not been audited or reviewed by the Company's auditors as it is not required.

Directors' report

Signed in accordance with a resolution of the directors.



Barry Ralph Tudor
Director
Sydney
30 August 2024

Condensed statement of profit or loss and other comprehensive income

For the half-year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Revenue from contracts with customers		176,695,708	-
Other income	3.1	2,117,274	4,899,836
Total income		178,812,982	4,899,836
Cost of production		(155,333,095)	-
Net movement in inventory		59,034,813	-
Purchased coal		(2,782,142)	-
Royalties		(21,409,435)	-
Administrative expenses		(35,603,635)	(17,889,524)
Project expenses		(24,642,457)	(4,964,812)
Depreciation		(29,071,584)	-
Finance costs	3.2	(14,720,784)	(2,978,696)
Foreign exchange (loss)/gain		(4,356,695)	92,604
Fair value loss on derivatives		-	(5,154,349)
Loss before income tax		(50,072,032)	(25,994,941)
Income tax benefit	4	15,021,610	-
Loss for the period		(35,050,422)	(25,994,941)
Other comprehensive income		-	-
Total comprehensive loss for the period		(35,050,422)	(25,994,941)

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

Condensed statement of financial position

As at 30 June 2024

	Note	30 June 2024 \$	31 December 2023 \$
Assets			
Current assets			
Cash and cash equivalents		62,853,191	41,487,632
Trade and other receivables	5	20,355,367	19,934,747
Inventories	6	68,120,630	9,085,817
Other assets		10,763,565	5,621,740
Total Current Assets		162,092,753	76,129,936
Non-Current Assets			
Property, plant and equipment	7	306,808,521	272,718,141
Development assets and mine properties	8	1,048,188,622	977,044,142
Deferred tax assets	4.3	61,299,257	46,277,647
Other assets		17,488,841	13,325,320
Total Non-Current Assets		1,433,785,241	1,309,365,250
Total Assets		1,595,877,994	1,385,495,186
Liabilities			
Current Liabilities			
Trade and other payables	9	211,853,929	63,101,729
Interest-bearing loans and borrowings	10	53,712,233	6,060,925
Lease liabilities	11	53,492,586	39,656,844
Total Current Liabilities		319,058,748	108,819,498
Non-current Liabilities			
Interest-bearing loans and borrowings	10	301,048,224	330,316,865
Lease liabilities	11	186,157,711	165,429,873
Rehabilitation provision		40,542,769	39,747,916
Total Non-Current Liabilities		527,748,704	535,494,654
Total Liabilities		846,807,452	644,314,152
Net Assets		749,070,542	741,181,034
Equity			
Issued capital	12	909,772,819	866,832,889
Accumulated losses		(160,702,277)	(125,651,855)
Total Equity		749,070,542	741,181,034

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

Condensed statement of changes in equity

For the half-year ended 30 June 2024

	Issued capital (note 12) \$	Accumulated losses \$	Total equity \$
Balance as at 1 January 2023	703,625,247	(105,655,127)	597,970,120
Loss for the period	-	(25,994,941)	(25,994,941)
Total comprehensive loss for the period	-	(25,994,941)	(25,994,941)
Issue of shares	163,207,642	-	163,207,642
Balance as at 30 June 2023	866,832,889	(131,650,068)	735,182,821
Balance as at 1 January 2024	866,832,889	(125,651,855)	741,181,034
Loss for the period	-	(35,050,422)	(35,050,422)
Total comprehensive loss for the period	-	(35,050,422)	(35,050,422)
Issue of shares	42,939,930	-	42,939,930
Balance as at 30 June 2024	909,772,819	(160,702,277)	749,070,542

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

Condensed statement of cash flows

For the half-year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
Operating activities			
Receipts from customers		201,850,688	109,593
Payments to suppliers		(158,401,155)	(49,391,210)
Interest received		1,637,147	1,147,467
Interest paid		(8,735,091)	(8,672,895)
Net cash flows from/(used in) operating activities		36,351,589	(56,807,045)
Investing activities			
Payments for development assets		(53,802,041)	(191,691,396)
Payments for property, plant & equipment		(5,907,854)	(81,202)
Proceeds from release of restricted cash		15,625,000	21,785,000
Net cash flows used in investing activities		(44,084,895)	(169,987,598)
Financing activities			
Funding from related parties		42,939,930	113,207,641
Draw down on borrowings		9,375,000	101,417,511
Lease repayments		(23,032,967)	-
Repayment of chattel loans		(183,098)	(85,858)
Net cash flows from financing activities		29,098,865	214,539,294
Net increase/(decrease) in cash and cash equivalents		21,365,559	(12,255,349)
Cash and cash equivalents at 1 January		41,487,632	43,883,233
Cash and cash equivalents at 30 June		62,853,191	31,627,884

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

Notes to the condensed financial statements

For the half-year ended 30 June 2024

1. Corporate Information

The unaudited financial statements of Pembroke Olive Downs Pty Ltd (the “Company”) for the half-year ended 30 June 2024 were approved by the directors on the date the directors’ declaration was signed.

Pembroke Olive Downs Pty Ltd is a for profit company limited by shares incorporated and domiciled in Australia. The ultimate parent of the Company is Denham Commodity Partners Fund VI LP and the immediate parent entity is Pembroke Resources Australia Unit Trust.

The registered office and principal place of business of the Company is Level 19, 1 Macquarie Place, Sydney, NSW 2000.

The nature of the operation and principal activity of the Company are described in the Directors’ report.

2. Material accounting policies

2.1. Basis of preparation

This condensed interim financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023.

2.2. Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Company incurred an operating loss during the half-year ended 30 June 2024 of \$35,050,422 (30 June 2023: \$25,994,941).

The Company has fully drawn the project term facilities and bond escrow account in 2023 to fund the development of the Olive Downs steel making coal project. In addition, the cost overrun and contingent equity facilities were partially drawn to fund development costs during the year ended 31 December 2023 with the remainder drawn during the half-year ended 30 June 2024.

The Company has commenced selling coal with the first shipment occurring on 29th February 2024.

The Company has prepared cash flow forecasts which shows that the Company will be able to pay its debts as and when they fall due for the next 12 months. Further, the Company has received a letter of

Notes to the condensed financial statements

For the half-year ended 30 June 2024

support from its parent company, Pembroke Resources Holdings I LLC for 12 months from the date of this report.

As such, the directors' opinion is that the going concern basis of preparation remains appropriate.

2.3. New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended 31 December 2023.

Several amendments and interpretations apply for the first time in the current period but do not have an impact on the interim financial statements of the Company.

	Note	30 June 2024 \$	30 June 2023 \$
3. Other income and expenses			
3.1. Other income			
Interest revenue		683,240	4,790,243
Other		1,434,034	109,593
		<u>2,117,274</u>	<u>4,899,836</u>

	Note	30 June 2024 \$	30 June 2023 \$
3.2. Finance costs			
Finance expenses		4,514,422	2,833,431
Interest expenses		9,411,511	25,798
Unwinding of discount on rehabilitation provision		794,851	119,467
		<u>14,720,784</u>	<u>2,978,696</u>

Notes to the condensed financial statements

For the half-year ended 30 June 2024

	Note	30 June 2024 \$	30 June 2023 \$
4.	Income tax benefit		
4.1.	Income tax benefit		
	Current tax	13,931,985	-
	Deferred tax	1,089,625	-
		15,021,610	-
4.2.	Numerical reconciliation of income tax benefit to prima facie tax payable		
	Loss before income tax benefit	50,072,032	25,994,941
	Prima facie tax expense (30%) on loss before income tax	15,021,610	7,798,482
	Tax losses and deductible temporary differences not recognised	-	(7,798,482)
	Income tax benefit	15,021,610	-

	Note	30 June 2024 \$	31 December 2023 \$
4.3.	Deferred tax balances		
	The balance comprises temporary differences attributable to:		
	Deductible temporary differences	71,882,447	71,882,447
	Assessable temporary differences	(180,574,357)	(181,663,983)
	Carried forward tax losses	169,991,167	156,059,183
		61,299,257	46,277,647

	Note	30 June 2024 \$	31 December 2023 \$
5.	Trade and other receivables		
	Trade receivables	15,047,296	-
	Sundry receivables	73,354	181,226
	GST receivable	5,225,613	3,192,596
	Restricted cash	183	15,757,597
	Funds held in Escrow – Nordic Trustee	8,921	803,328
		20,355,367	19,934,747

Notes to the condensed financial statements

For the half-year ended 30 June 2024

	Note	30 June 2024 \$	31 December 2023 \$
6. Inventories			
Coal inventories at the lower of coal and net realisable value			
At cost		57,697,845	-
At net realisable value		10,422,785	9,085,817
		68,120,630	9,085,817

A write down of coal inventories from cost to net realisable value of \$8,399,298 (31 December 2023: \$615,774) has been recognised.

	Note	30 June 2024 \$	31 December 2023 \$
7. Property, plant and equipment			
<i>Land</i>			
At cost		47,811,920	47,811,920
Accumulated depreciation		-	-
Net book value		47,811,920	47,811,920
<i>Plant & equipment</i>			
At cost		2,213,374	1,815,170
Accumulated depreciation		(485,506)	(329,108)
Net book value		1,727,868	1,486,062
<i>Right of use assets</i>			
At cost		309,461,469	246,355,270
Accumulated depreciation		(52,192,736)	(22,935,111)
Net book value		257,268,733	223,420,159
Total		306,808,521	272,718,141

Notes to the condensed financial statements

For the half-year ended 30 June 2024

	Land \$	Plant & equipment \$	Right of use assets \$	Total \$
Half-year ended 30 June 2024				
Opening net book amount	47,811,920	1,486,062	223,420,159	272,718,141
Additions	-	402,042	63,106,199	63,508,241
Depreciation	-	(157,151)	(29,257,625)	(29,414,776)
Disposals	-	(3,085)	-	(3,085)
Closing net book amount	47,811,920	1,727,868	257,268,733	306,808,521
Half-year ended 30 June 2023				
Opening net book amount	47,811,920	393,638	-	48,205,558
Additions	-	896,325	-	896,325
Depreciation	-	(60,676)	-	(60,676)
Disposals	-	-	-	-
Closing net book amount	47,811,920	1,229,287	-	49,041,207

8. Development assets and mine properties

	Development assets \$	Mine properties \$	Total \$
Half-year ended 30 June 2024			
Opening net book amount	977,044,142	-	977,044,142
Additions	74,682,928	4,054,924	78,737,852
Depreciation	-	(7,593,372)	(7,593,372)
Reclassifications	(1,051,727,070)	1,051,727,070	-
Closing net book amount	-	1,048,188,622	1,048,188,622
Half-year ended 30 June 2023			
Opening net book amount	492,982,069	-	492,982,069
Additions	212,953,295	-	212,953,295
Closing net book amount	705,935,364	-	705,935,364

The Company commenced commercial production on 1 May 2024 with development being transferred to mine properties and commencement of depreciation.

Notes to the condensed financial statements

For the half-year ended 30 June 2024

	Note	30 June 2024 \$	31 December 2023 \$
9. Trade and other payables			
Trade payables		72,290,908	22,170,031
Accrued expenses		99,476,847	38,513,846
Related party payables		910,904	1,771,655
Unearned income		38,660,371	-
Other payables		514,899	646,197
		<u>211,853,929</u>	<u>63,101,729</u>

	Note	30 June 2024 \$	31 December 2023 \$
10. Interest-Bearing Loans and Borrowings			
Current			
Bond		13,042,063	5,023,108
Term debt		13,227,761	4,793,790
Cost overrun facility		27,060,834	(4,143,977)
Chattel mortgages		381,575	388,004
		<u>53,712,233</u>	<u>6,060,925</u>
Non-current			
Bond		124,622,560	127,456,575
Term debt		176,145,077	182,435,429
Cost overrun facility		-	19,967,604
Chattel mortgages		280,587	457,257
		<u>301,048,224</u>	<u>330,316,865</u>

Notes to the condensed financial statements

For the half-year ended 30 June 2024

Financing commitments at 30 June 2024

	Tranche 1 (banks)	Tranche 2 (banks)	Tranche 3 (banks)	Tranche 4 (banks)	Tranche 5 (NAIF)	Tranche 6 (bond)	
	A\$m	A\$m	A\$m	A\$m	A\$m	US\$m	A\$m (equivalent)
Facility type	Term loan	Term loan (cost overrun facility)	Revolving (working capital facility)	Bank guarantee	Term loan	Bond	
Facility amount	39.1	30.0	44.5	80.0	167.5	95.0	138.9
Facility used	39.1	30.0	-	33.1	167.5	95.0	138.9
Interest rate	BBSY + fixed margin	BBSY + fixed margin	BBSY + fixed margin	Performance: 5.3%, Financial: 7.3%	9.38% (fixed)	10% (fixed)	
Bullet or amortising	Amortising	Bullet	Bullet	N/A	Amortising	Amortising	
Signing date	22-Dec-2021	22-Dec-2021	22-Dec-2021	22-Dec-2021	22-Dec-2021	17-Dec-2021	
Maturity/tenor	21-Dec-2028	21-Dec-2026	21-Dec-2026	21-Dec-2028	21-Dec-2031	21-Dec-2028	
Commitment fee	60% of applicable margin					N/A	

Bond Facility – US\$95 million (tranche 6)

On 21 December 2021 the Company completed settlement of a US\$95.0 million senior secured bond facility. The bonds were issued by Pembroke Olive Downs Pty Limited with ISIN NO0011173536 and are administered by the bond trustee, Nordic Trustee AS. As at 30 June 2024, the bond facility amounts to US\$95.0 million, with an original issue discount of US\$3.325 million, resulting in cash proceeds from bond issuance of US\$91,675,000. The Company incurred borrowing costs of US\$3,142,030 (A \$4,418,712) on the transaction, and these have been netted against the bond in the financial statements. As at 30 June 2024, the face value of the bond was US\$95.0million (A\$143,417,890) and net of amortised original issue discount is A\$140,195,823.

Key terms:

- Issuer: Pembroke Olive Downs Pty Limited
- 7-year tenor with a maturity date of 21 December 2028
- Original issue discount 3.5% (issue price 96.5% of nominal amount)
- Coupon rate of 10% per annum with interest payable quarterly
- Principal repayments commencing 33 months after issue date, with remaining bullet payable at maturity
- Non-callable by the Company for 3 years, after which the bond is repayable at price equal to 105% of nominal amount of each redeemed bond, declining rateably to par in year 6
- Transaction security: Security over all material assets of the Issuer and Obligors, including mortgages over the land and mining tenements of the Issuer and a pledge of all the shares of the Issuer and obligors.

Pembroke Olive Downs Pty Limited and the Account Manager have granted a pledge on a first priority basis pursuant to the Bond Escrow Account Pledge and the Bond Refinancing Reserve Account Pledge

Notes to the condensed financial statements

For the half-year ended 30 June 2024

respectively, of all Pembroke Olive Downs and the Account Manager's present and future rights, title and interest in the respective Accounts in favour of the Bond Trustee (on behalf of the Bondholders under the Bond Terms).

Project Finance Bank/NAIF Senior Syndicated Facility

On 23 December 2021 the Company reached financial close with National Australia Bank (NAB), Sumitomo Mitsui Banking Corporation (SMBC) and the Northern Australia Infrastructure Facility (NAIF) for senior debt facilities totaling \$361.2 million as summarised in Tranche 1-5 above.

Key terms:

- 7-year tenor for banks (Tranche 1) with a maturity date of 21 December 2028;
- 10-year tenor for NAIF (Tranche 5) with maturity date 21 December 2031.
- Principle repayments commencing 33 months after issue date, with remaining bullet payable at maturity.
- Transaction security: Security over all material assets of the Issuer and Obligors, including mortgages over the land and mining tenements of the Issuer and a pledge of all the shares of the Issuer and obligors.

	Note	30 June 2024 \$	31 December 2023 \$
11. Lease liability			
Current		53,492,586	39,656,844
Non-current		186,157,711	165,429,873
		<u>239,650,297</u>	<u>205,086,717</u>

	Note	30 June 2024 \$	30 June 2023 \$
Opening balance		205,086,717	-
Additions		57,596,547	-
Accretion of interest		8,057,652	-
Payments		(31,090,619)	-
Closing balance		<u>239,650,297</u>	-

Notes to the condensed financial statements

For the half-year ended 30 June 2024

	Note	30 June 2024 \$	31 December 2023 \$
12. Issued capital			
Ordinary shares issued and fully paid		909,772,819	866,832,889

	No of shares	\$
Ordinary shares issued and fully paid		
As at 1 January 2023	703,625,247	703,625,247
Issuance of shares to related parties	163,207,642	163,207,642
As at 31 December 2023	866,832,889	866,832,889
Issuance of shares to related parties	42,939,930	42,939,930
As at 30 June 2024	909,772,819	909,772,819

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company.

13. Fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying values of financial assets and financial liabilities recorded in the financial statements materially approximates their respective net fair values.

14. Commitments and Contingencies

Commitments

The Company has commitments for capital expenditures under the contracts for construction totalling \$24,726,460 (31 December 2023: \$16,890,230).

The Company's contracts for water supply, rail access and haulage, and port capacity have a term of 10 years and the Company expects to utilise all capacity under the agreements from commencement of production.

Contingent liabilities

The directors are not aware of any contingent liabilities that have arisen in respect of the Company (2023: none).

Notes to the condensed financial statements

For the half-year ended 30 June 2024

15. Events After the Reporting Period

There were no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of Pembroke Olive Downs Pty Ltd, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Pembroke Olive Downs Pty Ltd are in accordance with the Corporations Act 2001 (Cth), including:
 - (i) Giving a true view of the Company's financial position as at 30 June 2024 and of its performance for the six month period ended on that date, and
 - (ii) Complying with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Barry Ralph Tudor
Director
Sydney
30 August 2024