Olive Downs Coking Coal Complex

Sydney Mining Club
1 August 2019

Barry Tudor, Chairman and CEO

PEMBROKE

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Pembroke Resources

Established in 2014 to acquire and develop a portfolio of high quality, steelmaking coal assets

Shareholders

Executive team

Denham Capital (USA)

Pembroke Assets – Fully Funded to Production

Olive Downs Complex (Australia)

SAB (Indonesia)

SAB

INDONESIA

Olive Downs Complex

AUSTRALIA

PACIFIC OCEAN

NEW ZEALAND

Executive Team

Barry Tudor
Chairman / CEO

Mark Sheldon
COO

Amit Tyagi
CCO

Alex Mitchell
CFO

Attila Kovago
Exploration Director

Kate Lindner
General Counsel

Pembroke Resources

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A successful Executive team with a track record in creating significant value from steelmaking coal assets:

Identifying unrecognised potential in met coal assets

Advancing metallurgical coal assets up the value chain

Managing production and cost of operations to suit market conditions

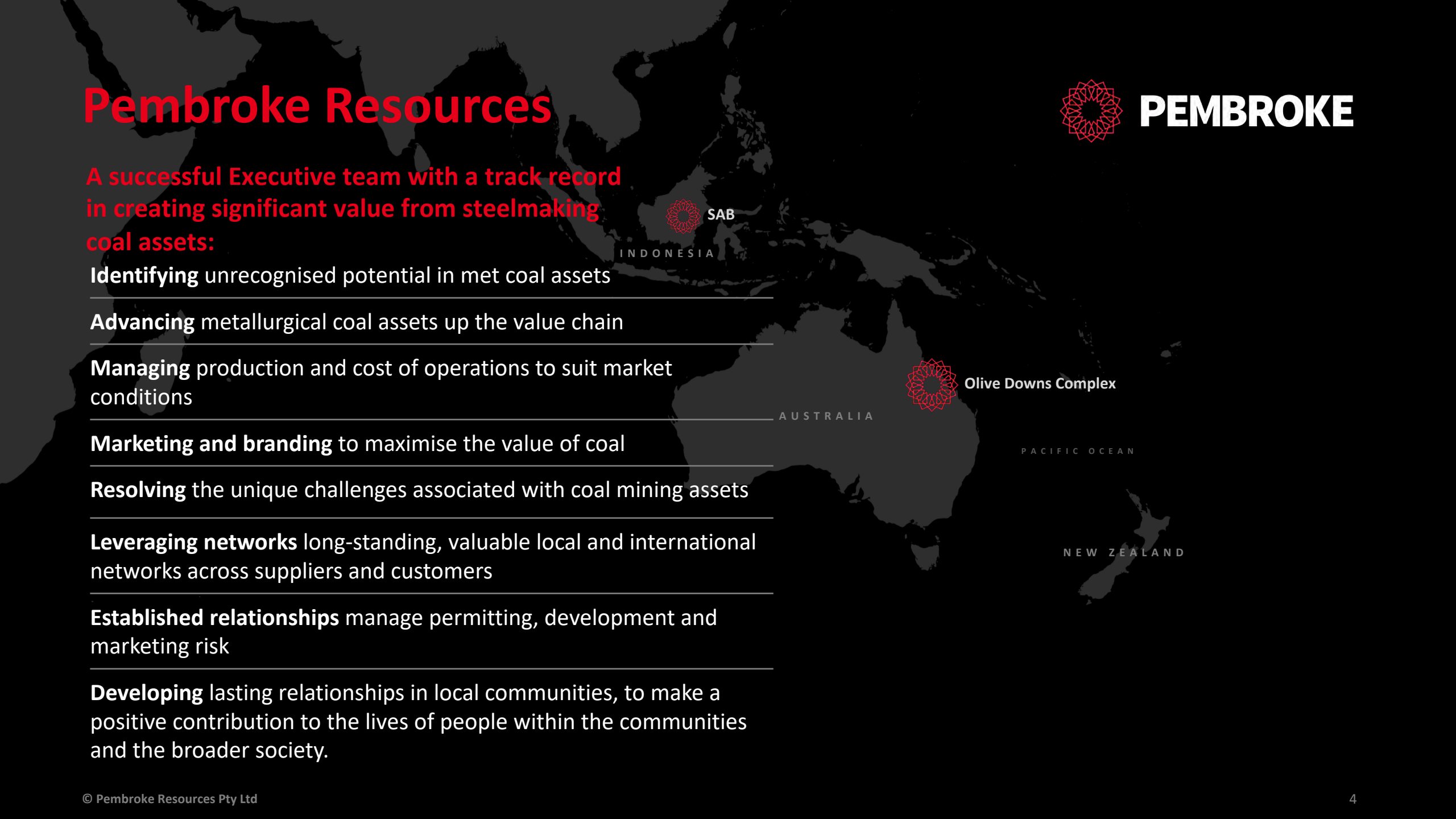
Marketing and branding to maximise the value of coal

Resolving the unique challenges associated with coal mining assets

Leveraging networks long-standing, valuable local and international networks across suppliers and customers

Established relationships manage permitting, development and marketing risk

Developing lasting relationships in local communities, to make a positive contribution to the lives of people within the communities and the broader society.



Why Steelmaking Coal?

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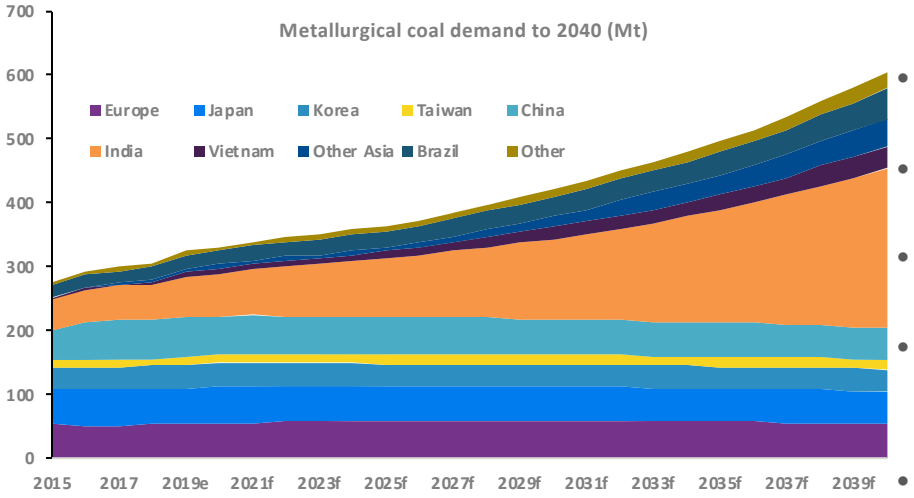
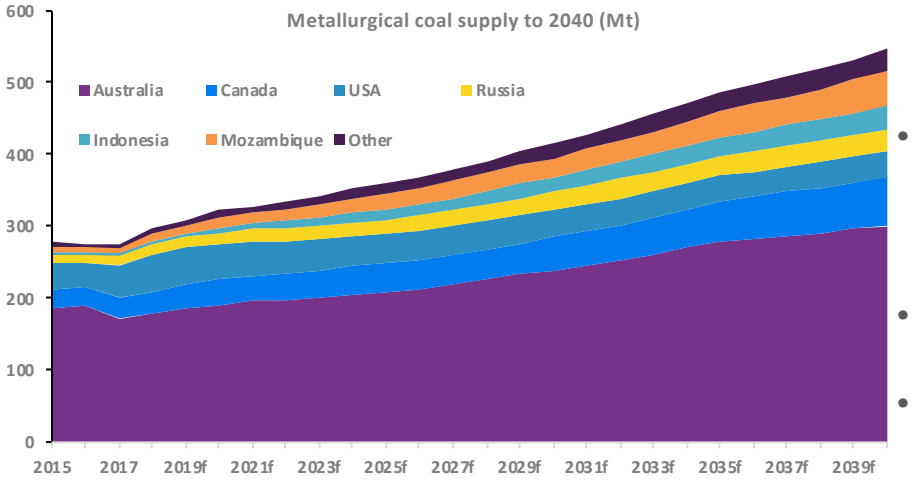
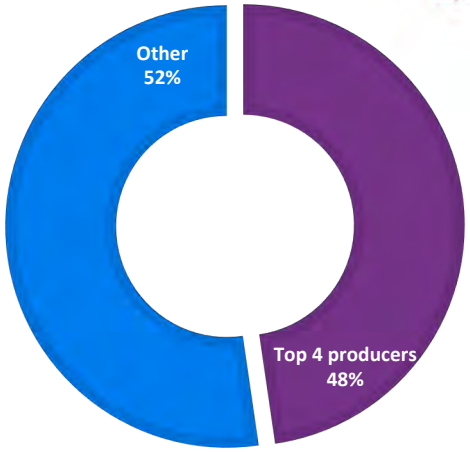
Different from thermal coal	Fundamentally different from thermal coal in its application, demand, supply dynamics and market structure
Scarce	It is a scarce commodity and occurrence is limited globally to just a few basins
Essential to steel making	Essential ingredient in the steel making process with no ready substitutes
Infrastructure constraints	Significant infrastructure constraints on supply side
Asset class structure	Structurally an excellent asset class • Highly concentrated on supply side (heavily influenced by one major) • Fragmented customers (who encourage development of "independent" suppliers)
Marketed as a brand	Marketed with a specific brand = customer loyalty; unlike thermal, branding is important as value-in-use varies with customers
Inelastic demand	Highly levered to global (or regional) growth on the upside or supply shocks
Market opportunities	Offers good value accretive opportunities for niche/specialised projects
Pure met coal	Preference in the investment community for met coal

Steelmaking Coal Supply and Demand



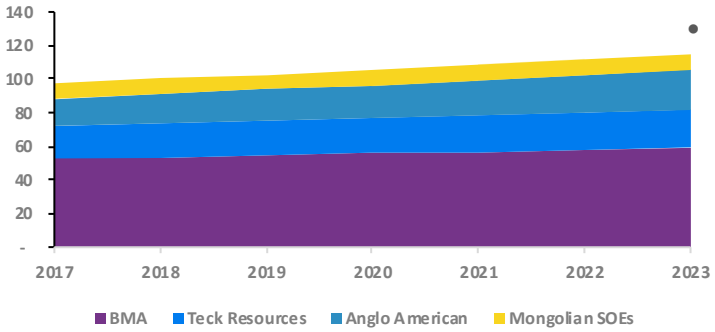


- **Total Demand** to grow at **3.2% CAGR** to 2040
- Biggest growth to come from **India** (**7.1% CAGR**)
- Significant growth also from Vietnam
- Australian supply is forecast to meet most of this growth in demand
- Assuming no bottlenecks to expansion, **Australian Supply** is expected to expand by **2.45% CAGR** to 2040
- However, there are significant bottlenecks to expansion of production from Australia
- The existing mines will get deeper / have higher SR
- Rail & Port infrastructure is close to capacity and requires extensive investment



Producers	Proportion of HCC production
BMA	25.9%
Teck Resources	9.5%
Anglo American	7.9%
Mongolia SOEs	4.4%
Total Top Four	**47.7%**

- Supply of steelmaking coal is **highly consolidated**
- **Top four** producers account for **48%** of total global supply of HCC
- **BMA** is the biggest with just under **26%** of global production of HCC under its control



- Annual average growth from the largest producers is expected to be around 2.8% over the next 5 years

Target Asset Attributes

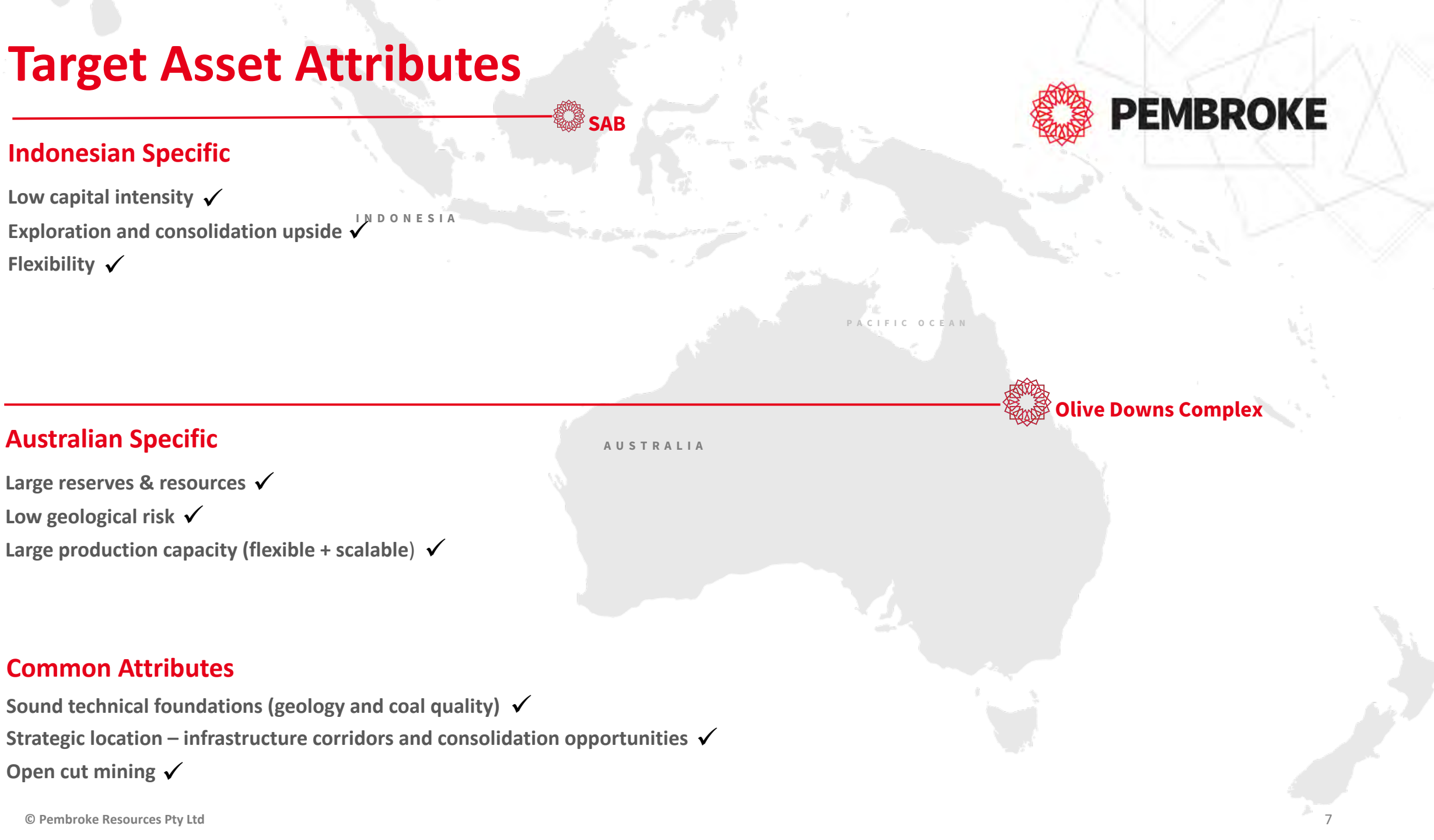
SAB

Indonesian Specific

Low capital intensity ✓

Exploration and consolidation upside ✓

Flexibility ✓



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Olive Downs Complex

Australian Specific

Large reserves & resources ✓

Low geological risk ✓

Large production capacity (flexible + scalable) ✓

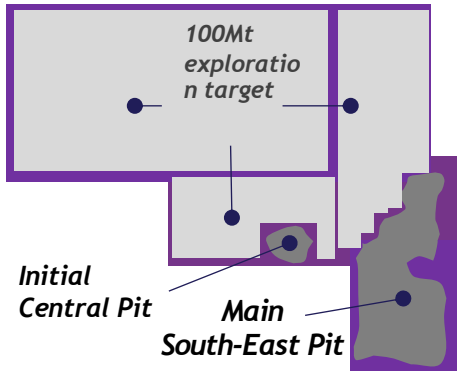
Common Attributes

Sound technical foundations (geology and coal quality) ✓

Strategic location – infrastructure corridors and consolidation opportunities ✓

Open cut mining ✓

Semesta Alam Barito



Semesta Alam Barito

- Total Area: 5,000ha
- Semi Hard Coking Coal product
- JORC Resource of 36Mt (only 1,000ha of concession explored)
- Reserves of up to 30Mt
- Exploration target ~100Mt (3 known prospective locations)
- Up to 1Mtpa initial production, rapidly expanding to 3Mtpa

Logistics

- 60km road to Jetty
- Jetty owned by SAB
- Barging by Barito River (with intermediate stockpile): approx. 400km to anchorage
- Ready for production – starts 2019

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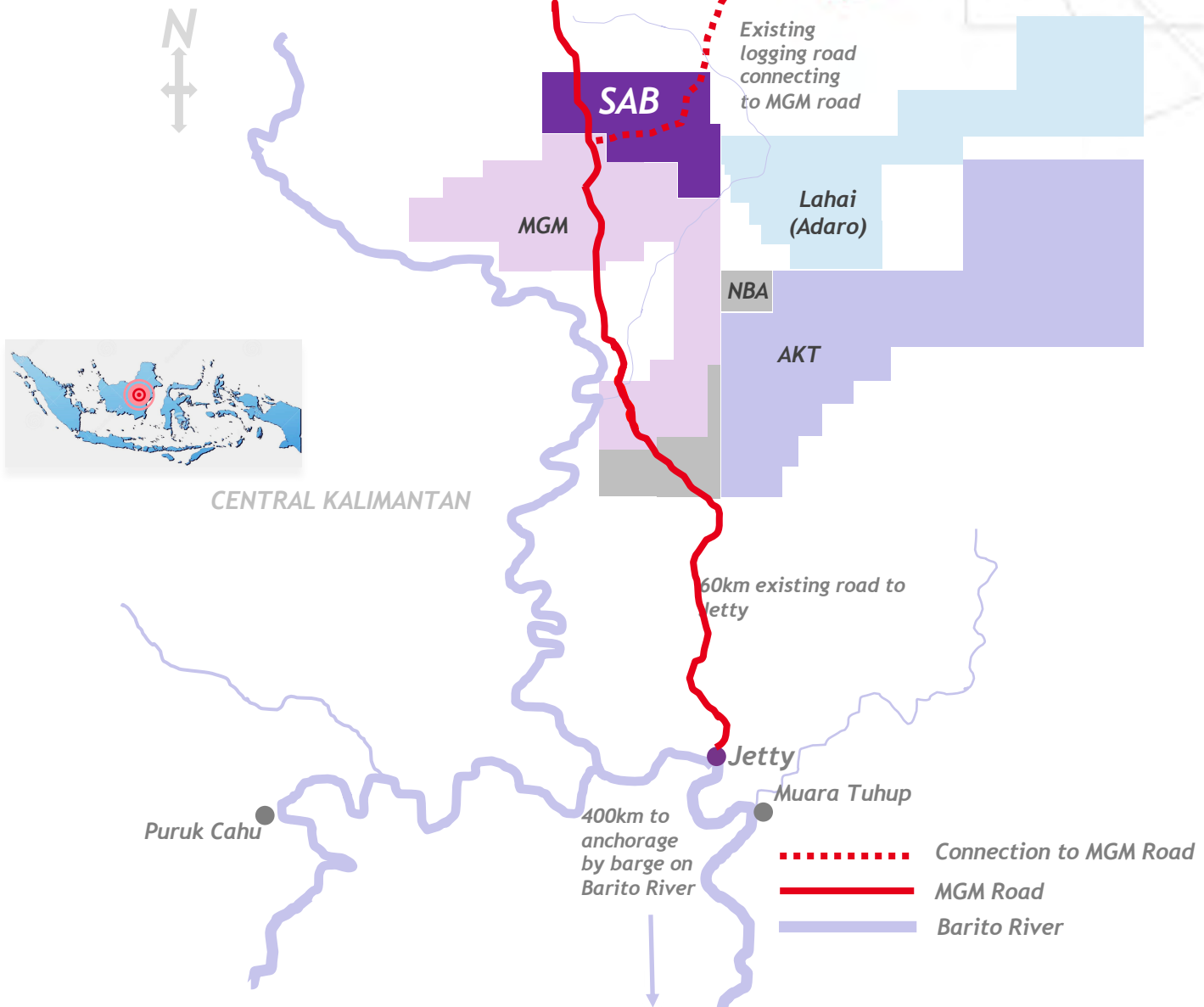

Olive Downs

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Olive Downs Complex

A World Class and Rare Asset

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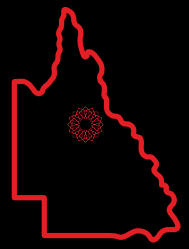
Large Size & Scale

514Mt OC JORC Reserve

838Mt OC JORC Resource

Plus > 2 Billion tonne Underground target



Strategically Located

Bowen Basin, Queensland

Mining friendly jurisdiction

Surrounded by stablished infrastructure

100%

Interest Held by Pembroke

> 90%

Steelmaking Coal

HCC / SHCC / PCI

High Volume & Long Life

15Mtpa Projected Production

> 75 years mine life

Est Commencement Q3/4 2020

Develops to 15Mtpa

High Yield

1,000 + Workforce

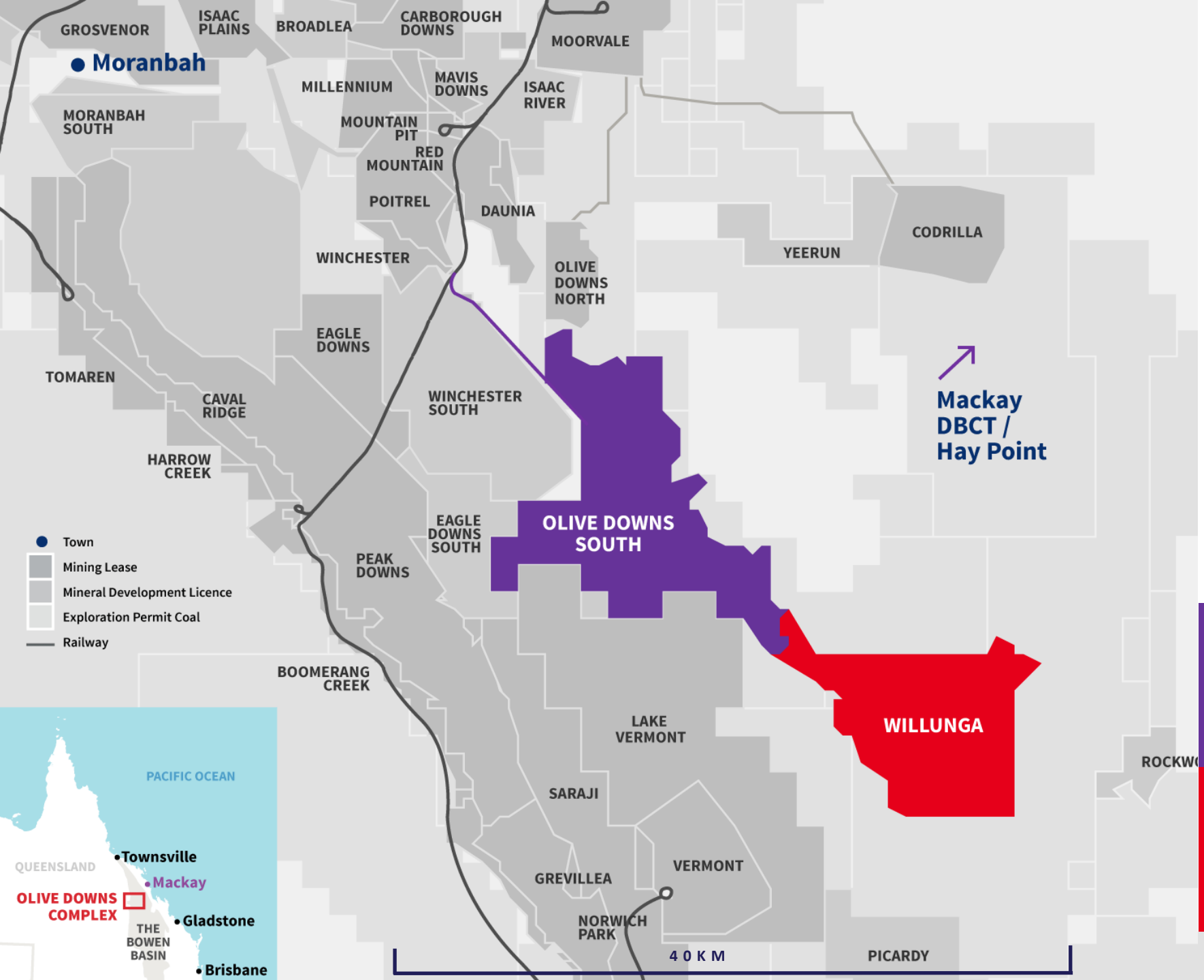
~500 – 700 during construction phase

>1,000 at full production

Approved

The Coordinator General has approved Olive Downs project EIS with conditions

Approval covers Life of Mine of >75 years



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Olive Downs Coking Coal Complex

Pembroke owns 100% interest in the Olive Downs Complex

Has the potential to be one of the largest producers of steelmaking coal in the world

Approved for a life of mine of almost 80 years with maximum annual production of up to 20Mtpa ROM

Project has secured port and rail capacity for the first stage of production

Olive Downs South

- JORC Reserves of 290Mt, mainly coking coal
- Stage-1 production of 6Mtpa ROM
- Stage-2 production of 12Mtpa ROM

Willunga

- JORC Reserves of 224Mt, mainly PCI coal
- Production of up to 8Mtpa ROM

Olive Downs
A World Class Asset

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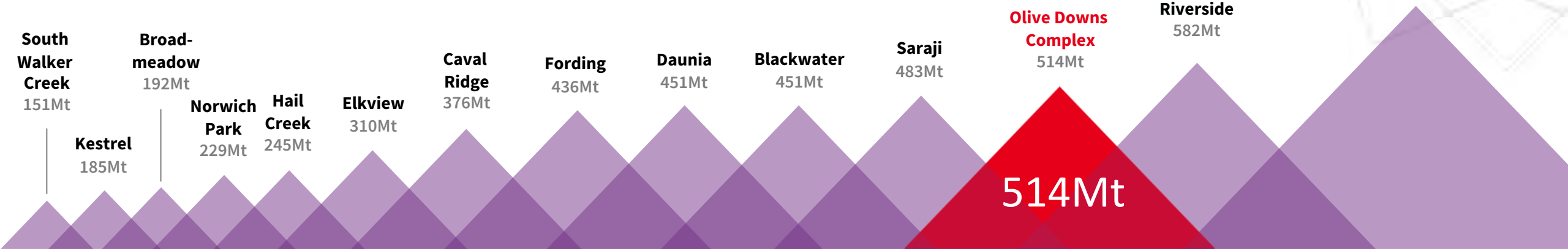
World Class / Tier One Characteristics	Olive Downs Complex
Strategic location – Port and Rail Infrastructure Existing Coal Basin	- Located in Bowen Basin, Queensland mining friendly jurisdiction - Surrounded by established infrastructure
High Quality Reserve and low geological risk – 500Mt+ mineable reserves	- > 500Mt JORC ROM Reserves - > 1,000 drill holes
Product characteristics similar to well accepted brands	- Product has characteristics similar to well established brands from other mines in the area
High volume and long life	- 15Mtpa product when fully expanded - 50+ years of mine life

Starting in 2020, with over 75 years of mine life

One of The Largest Steelmaking Coal Mines in the World

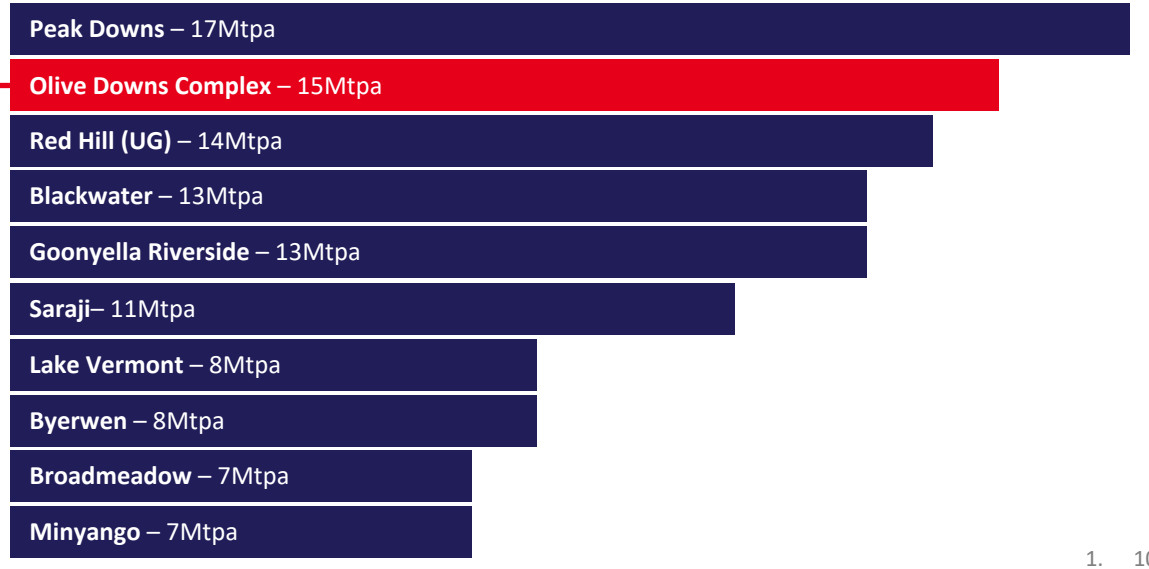


Source: JORC Reserves, Company Reports

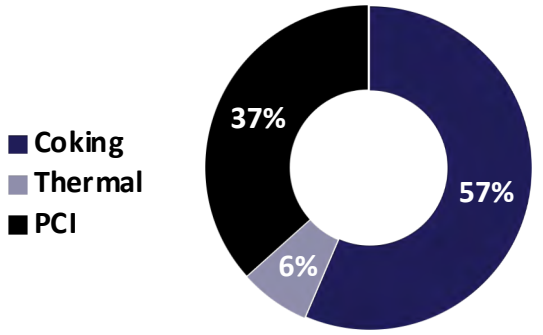
15Mtpa

Annual Production Capacity

(Mt per annum)



Product Profile



>90%

of ODC's marketable production is steelmaking coal

1. 10 Largest Met Coal Marketable Reserves in Australia (LT Production)

Source: WoodMackenzie February 2016 dataset

Asset Attributes That Deliver High Profit Margin

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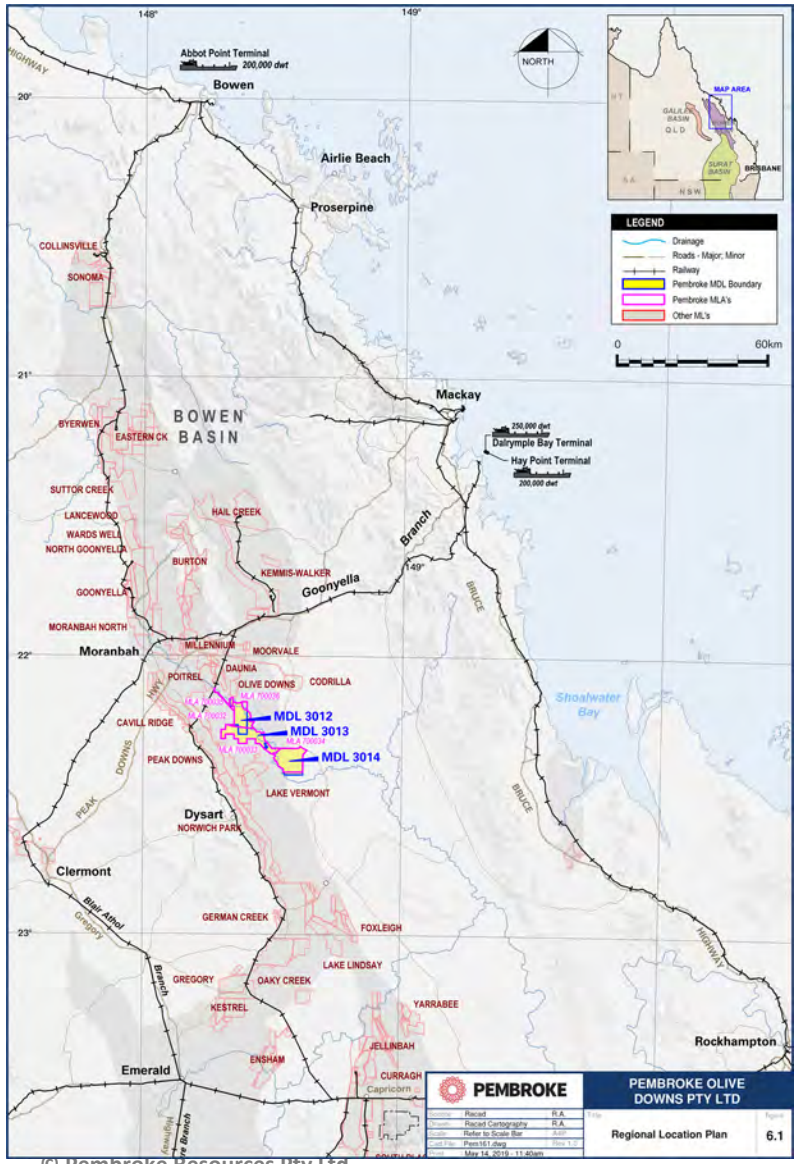
Close to existing infrastructure



- A large project that supports standalone infrastructure
- 19km of Private Rail Infrastructure between Olive Downs South and Norwich Park Branch Railway
- Access to three Ports
  - Dalrymple Bay (DBCT)
  - Wiggins Island and
  - Abbot Point
- DBCT most optimal, with port and rail capacity secured for stage-1 (4.3Mtpa) of operations

Infrastructure solutions

Below Rail

The Project will commission construction of connecting infrastructure and then utilise Aurizon's existing below rail track to transport coal between the Olive Down Complex and Norwich Park Branch Railway

Port

DBCT is the lowest cost port option (shortest distance and lowest tariffs)

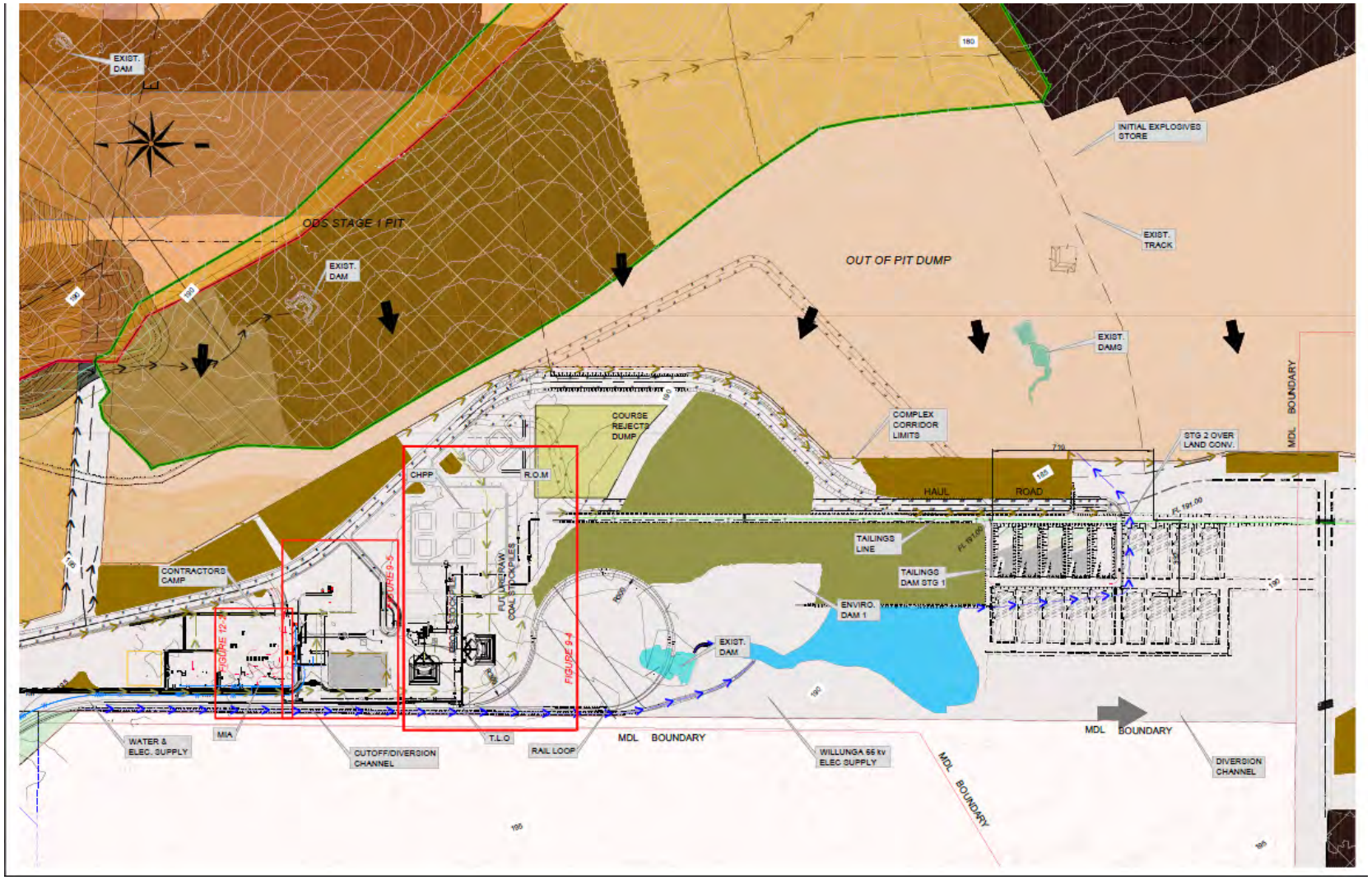
Water

Leverage existing infrastructure and the same approach as rail.

Electricity

Pembroke has engaged the local network service provider and is progressing on design and construction.

Scalable Facilities



- The facilities have been designed to be easily scalable for expansion to 15mtpa product (20Mtpa ROM).
- The initial construction of CHPP and other supporting facilities will support stage-1 production of up to 4.3Mtpa product.

Production Stages and Mine Optimisation

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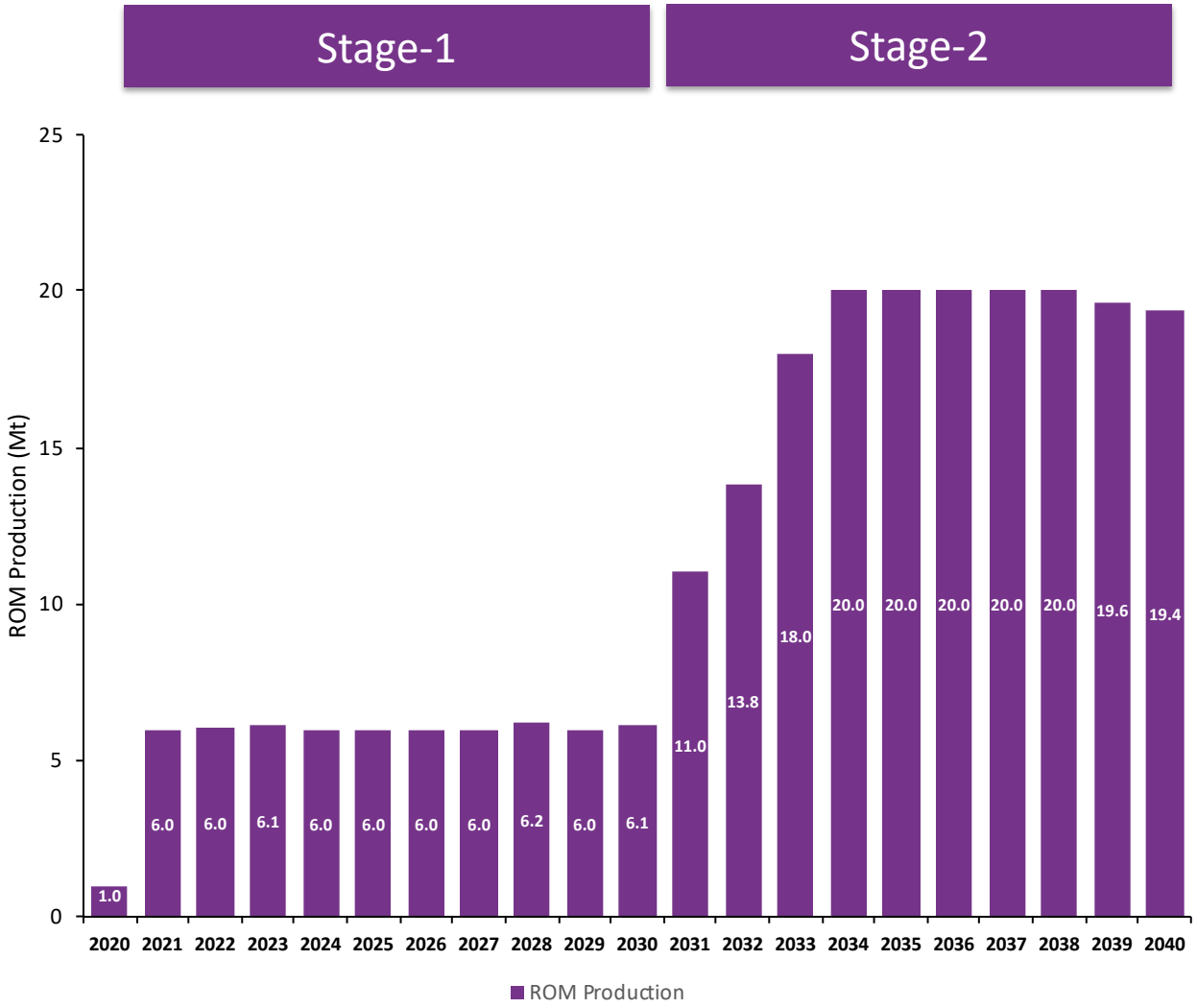
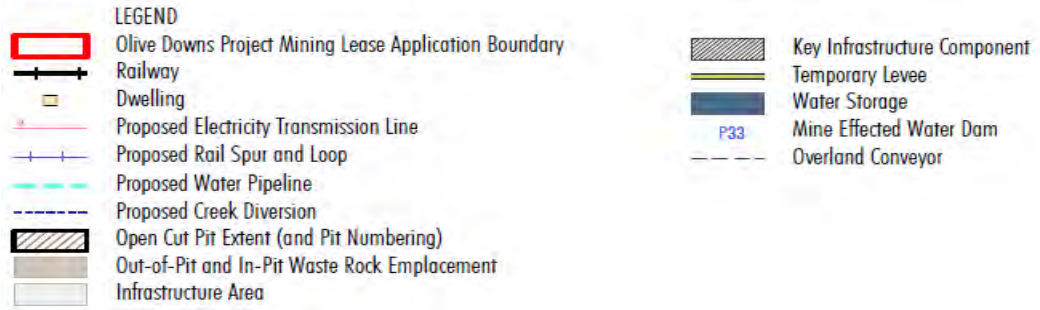
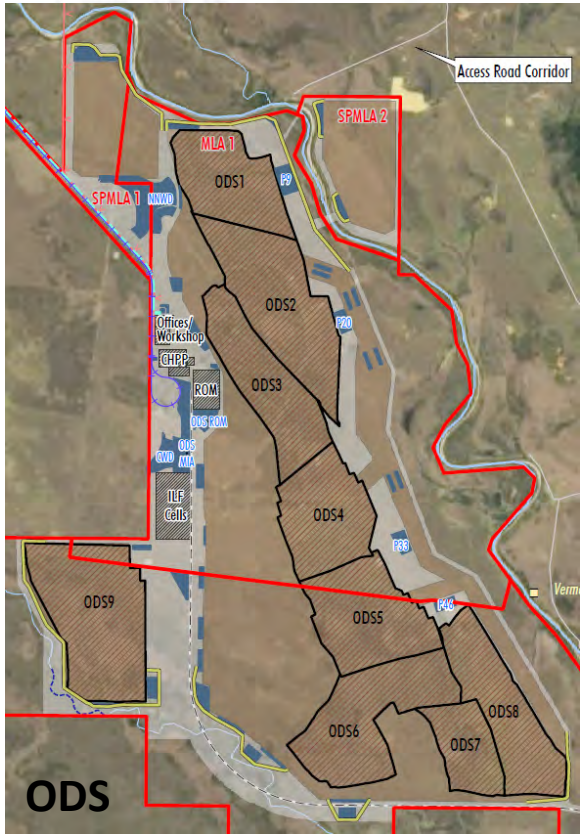




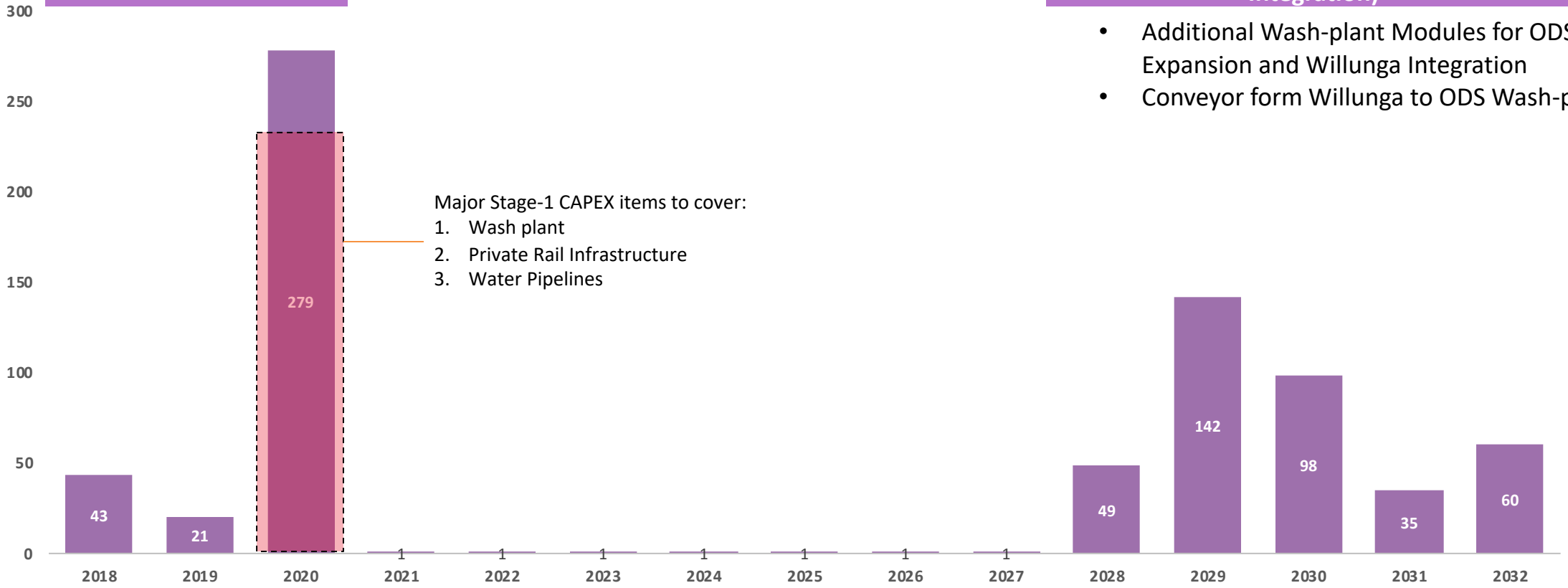


Mine plan has been designed to optimise for waste haulage distances and strip Ratio

Construction CAPEX requirements

Stage-1 Construction CAPEX is ~US$343m (including the A$50m land acquisitions in 2018)

Stage-1



Major Stage-1 CAPEX items to cover:

1. Wash plant
2. Private Rail Infrastructure
3. Water Pipelines

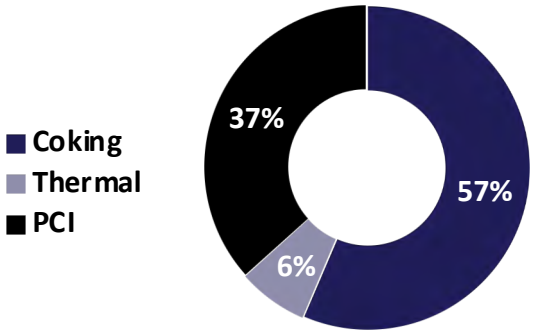
Stage-2 (ODS Expansion + Willunga Integration)

- Additional Wash-plant Modules for ODS Expansion and Willunga Integration
- Conveyor form Willunga to ODS Wash-plant

Coal Quality

- ODS will predominantly produce Semi Hard Coking Coal (SHCC)
- CSR of ODS SHCC improves over time, and approaches 60 as mining progresses further south
- ODS has the option to produce a mid-vol PCI product
- Willunga will predominantly produce a low-vol PCI product
- Small amount of secondary thermal product from ODS and Willunga

Product Profile



>90%

of ODC's marketable production is steelmaking coal

Progress to Date

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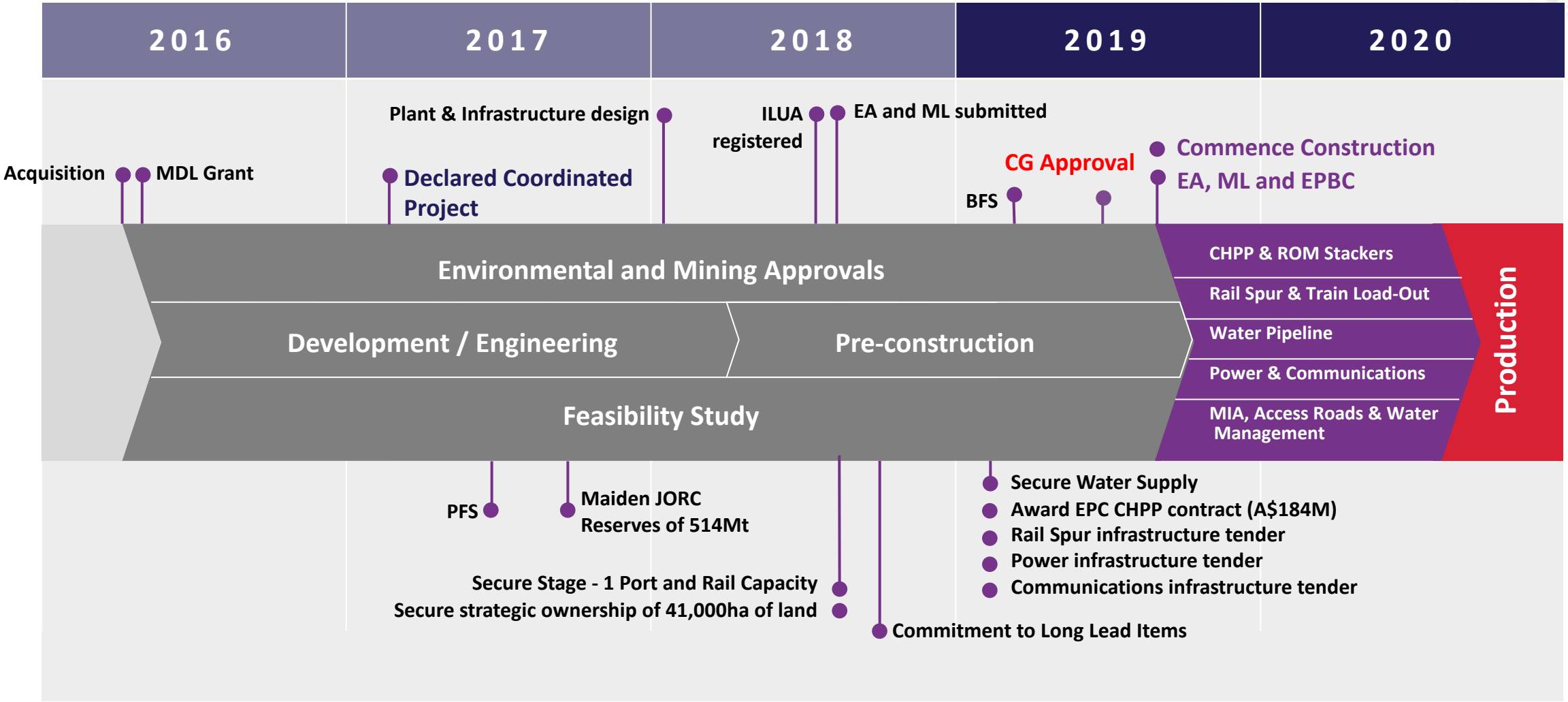
Accelerated Development

Multiple workstreams in parallel



Progress over last 12 months

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Q3 2020 — **Production**
- Commencement of Construction

Q3 2019
- EA, ML and EPBC grant

July 2019 — **Tender processes underway for**
- Mining Services
- Private Rail Infrastructure
- Rail Haulage Contract

MAY 2019 — **Queensland Government approved (with conditions) the EIS for Olive Downs Project**
- The Coordinator-General (CG) accepted the draft EIS as the Final EIS
- The CG's report on Final EIS has been released

JAN 2019 — **Secured water supply for the construction phase of the project**
- Water pipeline offtake design and construction has commenced
- Secured water supply from SunWater for first-stage of production

DEC 2018 — **Awarded A$184 million contract for CHPP to CIMIC group (Sedgman and CPB contractors)**
- The contract covers design, procurement, construction and commissioning of the CHPP
- Work on design and procurement has already commenced with construction and commissioning to commence in 2020

OCT 2018 — **Connecting Private Rail Infrastructure Detail Design works commenced**

JUL 2018 — **Finalised access to Port (DBCT) and Rail (Aurizon) to cover all of Olive Downs first stage of production**

JUN 2018 — **Commenced design and corridor approval process for services including high voltage power and water supply**

Approvals Process

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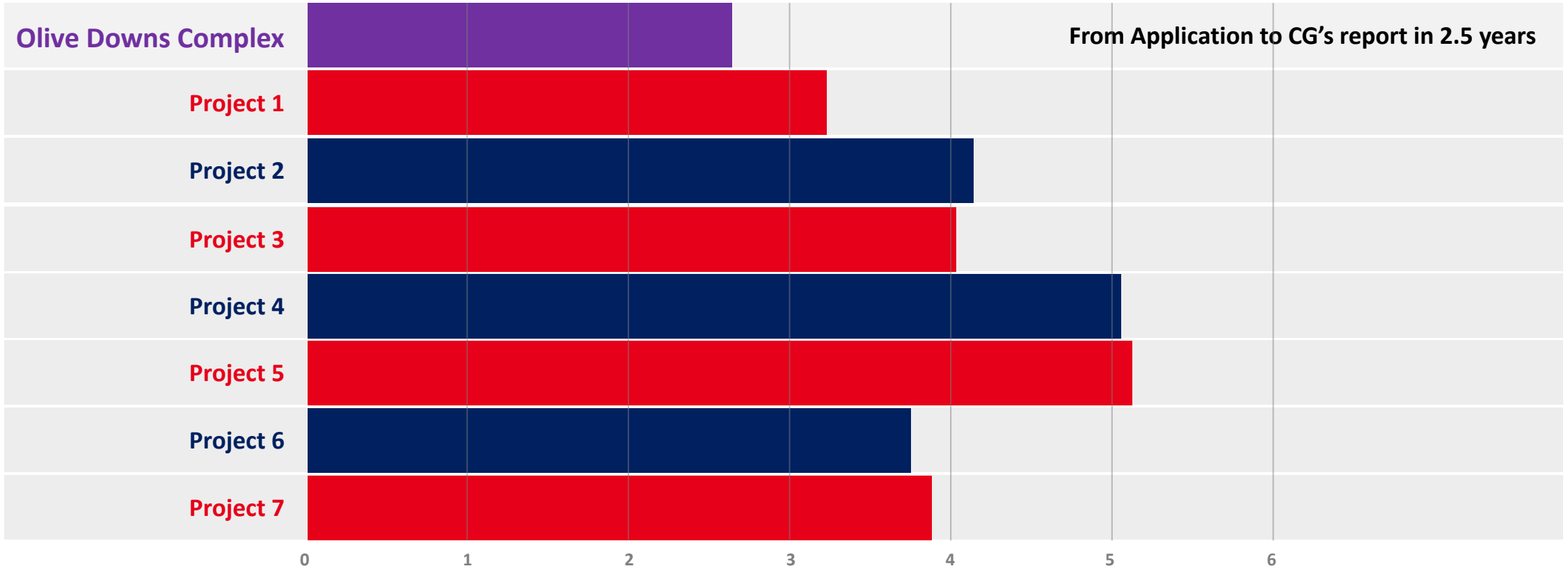
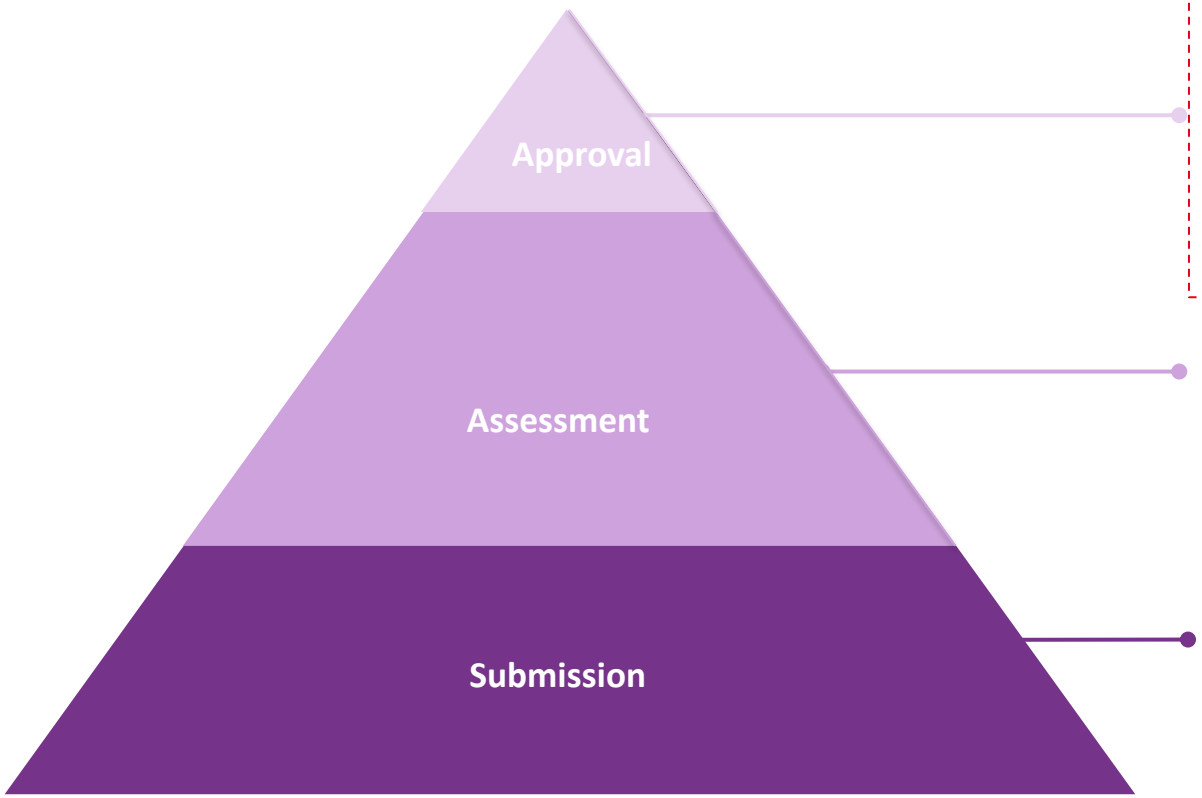
Timely Approval

Project selection and characteristics aided approval



EA and ML Process Overview

Pembroke is highly confident that ODC will receive all necessary environmental and mining approvals



Current stage of process

- State EIS approval received May 2019 for 79-year, 20 Mtpa ROM mine. This is the most important hurdle in obtaining EA and ML approvals
- Pembroke expects to receive the ML by Q4 2019
- Commonwealth EPBC approval expected by Q4 2019

- All Assessments Complete

- EA Application and MLA were submitted on 18 May 2018
- The Coordinator General declared ODC a "Coordinated Project" under the State Development and Public Works Organisation Act

New Legislation

Mineral & Energy (Financial Provisioning) Act 2018

Ensures Progressive Rehabilitation and Closure Plan (PRC Plan) for mining operations

- Under the legislation, all rehabilitated land must be safe, stable and non polluting and returned to a post-mine land use or managed as a non-use management area (NUMA)
- A final void must meet these criteria if it is to be classified as a NUMA otherwise it must be rehabilitated to a safe, stable and non-polluting rehabilitated land use
- A final void can have a post-mining land use for example stock water if quality is suitable, habitat, general use water storage and transfer

Strong and Sustainable Resource Communities Act 2017

ODC is the first project to be approved under the new Strong and Sustainable Resource Communities Act 2017

- Completed a social impact assessment under the Act as part of the Environmental Impact Statement and applies to the construction phase
- Ensures that residents of communities near large resource projects benefit from the construction and operation of those projects
- Our intent is to provide opportunity for people to live locally and work at the mine, therefore Olive Downs will not be a FIFO mine
- We accept that the workforce will be a combination of FIFO, DIDO and local people and have no intent to exclude FIFO or DIDO workers.

Water Legislation Amendment Act 2015, Environmental Protection (Underground Water Management) and Other Legislation Amendment Act 2016 (EPOLA Act) – December 2016

The EPOLA Act amends the EP Act and Water Act and aims to strengthen the environmental assessment process as well as approval commitments to groundwater management

- Greater requirement for proponents of mine applications in regards to the collection of baseline data and environmental assessment
- ‘Make good’ obligations are strengthened in favour of landholders - where scientific uncertainty exists, there is an onus on the proponent to pay reasonable costs
- Groundwater impact predictions will need to be verified and updated within an Underground Water Impact Report (UWIR) three years following approval
- Increased public consultation and allowance for third party appeals during application of a groundwater licence in relation to predicted mine dewatering volumes

Environment

Best practice environmental programs have been formed

- The Olive Downs Complex is committed to managing its environmental performance to ensure that it is at the forefront of environmental management in the mining industry
  - Pembroke has considered guidelines, legislation and best practice to minimise the environmental impact of operations and provide a high standard of safe, stable, non-polluting and sustainable landform
  - The Project maximises backfill of final voids, isolates final voids from floodplains with large stable landforms, and has increased the offset of the mine from the Isaac River and riparian corridor
  - The Project has reduced waste emplacement slopes to improve rehabilitation outcomes and land use impacts through the employment of co-located infrastructure in existing easements and road reserves where possible
- The Environmental Impact Statement components include
  - An operational focus on managing natural resources, such as water and significant vegetation
  - Maintaining strong relationships with stakeholders including near neighbours, traditional owners and government departments
- Olive Downs Complex has an Environment Management System that satisfies legislative requirements
  - Covers water management, ecology, water resources and flooding, rehabilitation, cultural heritage, greenhouse gas and energy management, and waste management
  - Details the environmental controls to be employed at site, assists with communication and implementation, and facilitates auditing and review of environmental performance

Benefits to Local & Regional Economy

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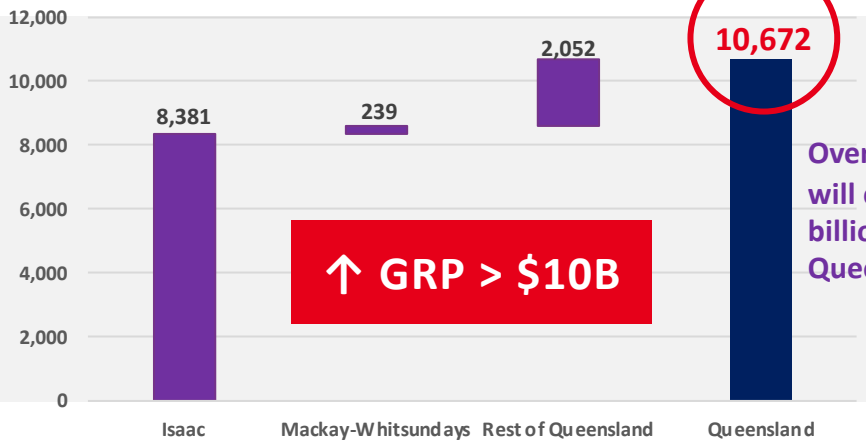
Benefits to Local & Regional Economy

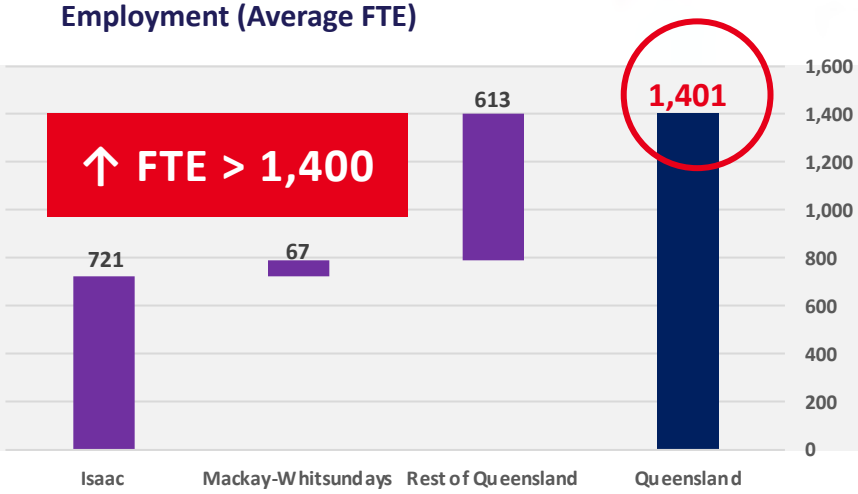
Growth in Regional Income, Jobs and Wages

Gross Regional Product A$ Million (NPV)



Over the LOM, the project will contribute over $11 billion dollars to Queensland's income

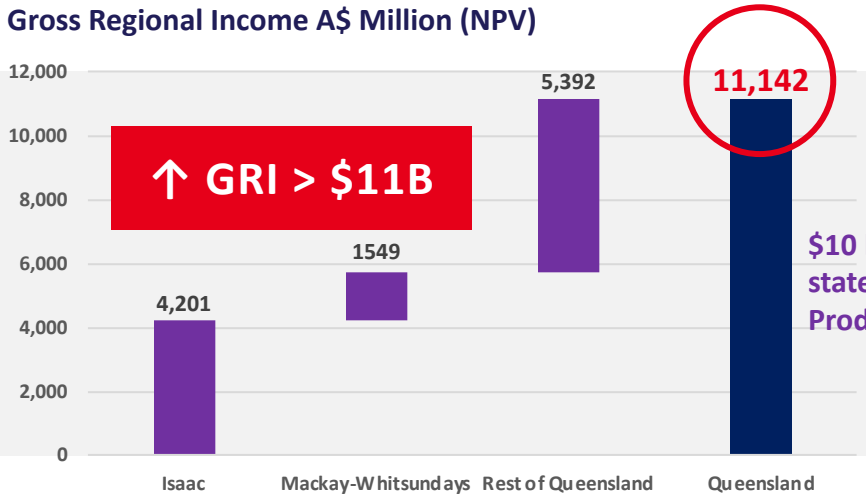
Employment (Average FTE)



Initially the Project will add around 720 direct jobs and just under 700 indirect jobs across the state.

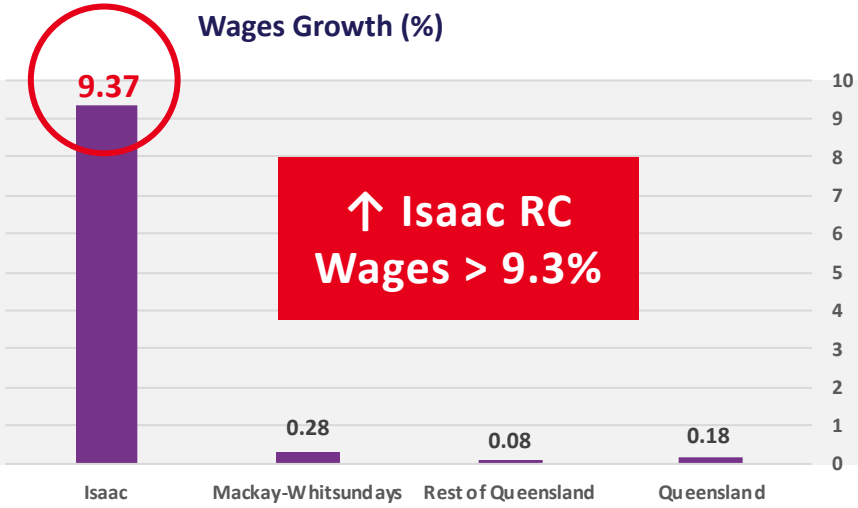
Fully expanded the project is expected to add 1,300 direct jobs and around 1,300 indirect jobs

Gross Regional Income A$ Million (NPV)



$10 billion dollars to the state's Gross Regional Product

Wages Growth (%)



Wages in Isaac Reginal council are expected to increase by over 9%

Indigenous People Engagement

Development of ODC will provide significant direct employment opportunities and long-term flow on social and economic benefit to the regional communities. Indigenous Land Use Agreement (ILUA) and Cultural Heritage Management Plan (CHMP) has been executed with the Barada Barna as Traditional Owners.

Learnings and Success Factors

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Key Lessons Learnt

Engage stakeholders early and keep them updated on progress	Stakeholders appreciate being taken into confidence early (not only when you need them)
	Stakeholders respond by being more constructive
Apply highest level of rigour to environmental studies and approvals	Short-cuts, re-works and re-submissions will cost more and take more time
	Builds trust and confidence with regulators
Proactively address key environmental requirements	Minimise impact on environment and ecosystem through 21st century mining practices
	Acquire land to permanently secure environmental offset areas so flora & fauna is protected forever
Always deliver on commitments to stakeholders	Carefully consider any commitments and be sure to deliver – builds confidence in any future negotiations
	Signals sincerity and builds trust with stakeholders like community, land owners and traditional custodians
Decisive and fast decision making	Flat organisational structure ensures that stakeholders understand that they are talking to decision makers
	Committed funding ensures that management can deliver fast on commitments made to stakeholders

Key Success Factors

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Choosing the right project

- Located in an existing well developed coking coal basin
- Existing infrastructure (power, water and rail)
- Environmental and approvals risks assessed
- Significant scale, size, optionality and mine life

Shareholder structure and capital funding from a committed partner

- Allows fast and proactive decision making, for example:
- Begin securing port/rail and design/construction contracts soon after acquisition
- Accelerated progress in parallel
- Expenditure on long lead construction before fully permitted
- A$50M land acquisition to secure pathway to production as well as access to future offset obligations
- Executives also shareholders so decision making is hands on, strategic and fast

Proactive stakeholder management

- Management approach is to anticipate stakeholder requirements rather than to be reactive
- Applied highest standards and rigour in environmental studies – target best-practice in all aspects of environmental management
- Established relationship with Barada Barna traditional owners straight after acquisition, agreeing the CHMA, CHMP and ILUA
- Constant and active land holder management and acquisition strategy to clear pathway to production
- Close working relationship with Isaac Regional Council (IRC) at all levels
- Philosophy of mining and grazing coexisting wherever possible on Olive Downs owned land

Thinking Ahead

Key work streams

Project Financing

- Bankable Feasibility Study (completed June 2019)
- Engage potential financiers and obtain indicative proposals based on Feasibility Study
- Negotiation of terms including rates, term, and key covenants

Product Marketing

- Typical Specification Sheet to customers and update on timing of first production
- Prioritisation of customers depending on expected price
- Short term contracts in the initial years and long term contracts after 18-24 months

Minority Partnerships

- Engagement with potential investors early and update regularly on progress
- Formal process to invite expression of interest from prequalified interested parties
- Negotiate investment and JV terms

Olive Downs Coking Coal Complex

PEMBROKE