BATCHFIRE RESOURCES PTY LTD

ACN 607 340 189

SUSTAINABILITY REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

1. Batchfire Resources Pty Ltd's Sustainability Report

1.1 2025 Climate-Related Financial Disclosures

This report represents a complete set of climate-related financial disclosures of the consolidated group, being Batchfire Resources Pty Ltd (the **parent** entity or the **Company**) and its controlled entities (collectively, the **Group**) for the year ended 31 December 2025.

The Group's climate-related disclosures have been prepared in accordance with Australian Sustainability Reporting Standard (ASRS) S2 *Climate-related Disclosures* as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

As this is the first time that the Group is reporting under AASB S2, the Group has exercised the relief available with respect to the provision of comparative information and the disclosure of Scope 3 GHG emissions. The Group 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 for the same consolidated reporting entity and reporting period as the Group's Consolidated Financial Statements (please refer to "note 2.2 Basis of consolidation" in the financial statements) and has incorporated climate-related information of the parent company and all of its subsidiaries.

Given the inherent uncertainty about climate-related risks and opportunities that may eventuate in the future, the Group has made material judgements in preparing its climate-related financial disclosure as follows:

- to identify and assess the climate-related risks and opportunities that could reasonably be expected to affect the Group's prospects, and to determine material information for disclosure, judgement was applied in evaluating impacts and dependencies across the Group's business model and value chain;
- the selection of climate scenarios and the time horizons used; and
- any estimates of financial impacts were not useful given measurement uncertainty.

This report was authorised for issue in accordance with a resolution of the directors on 28 May 2026.

1.2 Director's Declaration

In the opinion of the directors of Batchfire Resources Pty Ltd (the Company), I state that the Company has taken reasonable steps to ensure that the substantive provisions of the Sustainability Report of the Company and its subsidiaries (collectively the Group) for the year ended 31 December 2025, as presented on pages 41 to 58 are in accordance with the *Corporations Act 2001*, including:

a. Complying with Australian Sustainability Reporting Standard AASB S2 *Climate-related Disclosures* and any further requirements determined under section 296C(2) of the *Corporations Act 2001*; and

b. Containing the climate statement disclosures required by section 296D of the *Corporations Act 2001*.

Made in accordance with a resolution of the directors of Batchfire Resources Pty Ltd pursuant to section 296A(6) of the *Corporations Act 2001*, as modified by section 1707C(2) of the *Corporations Act 2001.*

On behalf of the board

Allan Fidock

Director

28 May 2026

1.3 Corporate Information

Batchfire Resources Pty Ltd (the **Company**) is a modern, privately owned energy business producing thermal coal for electricity generation. The Company and its controlled entities (the **Group**) own the Callide Mine located in the Callide Basin in Queensland, Australia. The Callide Mine has been in operation since 1944 and produces approximately 10 million tonnes of coal annually for domestic power generation and export to Asia. The Callide Mine consists of nineteen mining leases and four mining areas, with operations delivered by open cut strip mining using draglines and combined excavator and truck fleets.

The Group produces two distinct low fugitive emission products for the domestic and export markets. The coal is blended from the stockpiles at Boundary Hill and the Southern Operations to match the specifications required by our export customers. This blended coal is transported by rail to the RG Tanna coal terminal at the Port of Gladstone for shipping to clients in the Asia Pacific region.

The domestic coal from the Southern Operations is conveyed directly to the nearby Callide B and Callide C power stations.

1.4 Value chain estimation

The Group considered both the upstream and downstream value chains to form a comprehensive understanding in the assessment of climate-related risks and opportunities.

The Group collated data from across its value chain in order to disclose quantitative metrics and financial impacts. In instances when quantitative metrics and amounts cannot be measured directly, the Group estimates value chain metrics using internal and external information (including industry benchmarks and other proxies) that are available.

The accuracy of GHG emissions calculations is contingent upon the quality of data and the similarity of the benchmarks used. Similarly, the estimation of anticipated financial effects is influenced by the assumptions and scenarios underpinning risk models.

The Group is committed to continuously improving the accuracy of these metrics. It is investing in improving data collection and reporting systems and participating in industry initiatives to refine the methodologies for calculating value chain emissions. Additionally, the Group is enhancing its financial risk models to better capture the potential impacts of climate change on its portfolio, with the aim of providing more accurate estimations of anticipated financial effects in future sustainability reports.

2. Strategy

The Group are committed to responsibly developing the Callide Basin's mineral resources while respecting and safeguarding the land. The Group are aware of their ongoing obligations regarding climate change and have set targets for reducing GHG emissions through the Safeguard Mechanism. While there are no voluntary targets in place, the Group are working towards improved target setting and reporting.

The Group's ESG & Development Team work directly with the Board, identifying opportunities to further reduce emissions and continually improve all aspects of the Group's approach to ESG issues.

2.1 Climate related risks and opportunities

The Group engaged a third party to conduct a high-level applicability screening of a broad set of climate related risks and opportunities (**CRROs**). The CRROs were identified through benchmarking of five peers that also operate thermal coal mines in Queensland.

The CRROs were then narrowed down to a list of twelve physical risks, fifteen transitional risks and seven opportunities. Consultation with internal stakeholders through group sessions and survey was conducted. The results of the survey were then assessed through the application of the Group's risk matrix. Based on the inherent likelihood and consequence, the final list of the CRROs were determined as those that could reasonably be expected to affect the Group's prospects. The full lists of risks and opportunities and the Group's mitigation strategies remain relevant however they are not captured as part of this report.

Risk time horizons

Short Term
This time horizon concludes just before the end of the final term of two customer contracts. This is a key milestone for operational planning and signals a change in revenue base for the Group post 2031.

Medium Term
This time horizon aligns the closest with internal ten-year financial models that are used for operational planning purposes, supporting strategic decision making in the longer term.

Long Term
This time horizon coincides with the end of technical life for Callide C power station. This will form a major milestone for the Group and necessitate changes to the operations and revenue mix.

Risks	Opportunities
Policy - exposure to carbon pricing mechanisms (transition risk)	Increased demand for products from change in customer preferences
Policy - changes to regulations (transition risk)	
Policy - increased difficulty in obtaining operational permits (transition risk)	
Market - changing customer behaviour (transition risk)	
Flood risk vulnerability of assets and logistics (physical risk)	

Table 1 – List of climate-related risks and opportunities identified

Effects of identified risks on the business and mitigation of those risks

The Group's view of risk and status	Nature of the risk	Mitigation efforts	2025 financial effects	Significant risk in next reporting period	Anticipated financial effects over the short, medium and long-term
Exposure to carbon pricing mechanisms (transition risk) • Time horizon: all horizons • Status: Increasing Changes to regulations (transition risk) • Time horizon: all horizons • Status: Increasing	The Group are currently captured by national regulation of Safeguard Mechanism (SGM) that results in a direct charge on GHG emissions (i.e. a carbon price). Changes to international regulations for carbon pricing is also possible. Given that 100% of the Group's assets are in the coal mining sector, the Group would be captured by changes/ introductions of these types of regulations. Examples of policies that would result in a direct carbon price include emissions trading schemes, carbon taxes or baseline and credit schemes. Examples of policies that would result in an (indirect) carbon price are carbon border taxes, mandated emissions reduction schemes, energy efficiency schemes and mandated renewable energy schemes. There is also a risk that a carbon price gets applied to the Group's operations as a result of stakeholder pressure requiring further reduction of GHG emissions or purchasing of offsets to meet more aggressive targets.	The Group has committed to reduce Scope 1 emissions by 5% year on year in the short term to 2029. The Group monitors its GHG emissions and measures against the targets set in the multi-year monitoring period (MYMP). If there is residual liability under the SGM at the end of the MYMP, the Group will budget for those costs. Short- and Medium-term capital budgets include replacement of existing fleet with more fuel efficient and/ or electric equivalents. The Group is continually investigating renewable energy projects with a variety of external stakeholders. The MYMP will delay any carbon credit purchase requirement under the NGERS legislation to the end of the MYMP (2029).	There were no material financial effects of carbon pricing or changes in regulations during the reporting period.	As the next reporting period will still be inside the 5-year MYMP, there is no anticipated material adjustments expected in 2026.	Carbon pricing under the Safeguard Mechanisms is not expected to have a material effect on the Group's financial performance in the next five years given the MYMP. The Group considers that the level of measurement uncertainty in estimating the financial effects of other possible future carbon pricing mechanisms in the medium and long-term, is so high that any resulting quantitative information would not be useful. Any increase in carbon pricing mechanisms will increase operating costs and decrease cashflows. The Group would also anticipate sustained increases in carbon credit liabilities, which would divert capital away from investment in any future carbon reduction programs. The Group will monitor for changes in regulations and budget for any anticipated financial impacts as part of the usual financial budgeting and forecasting processes.

The Group's view of risk and status	Nature of the risk	Mitigation efforts	2025 financial effects	Significant risk in next reporting period	Anticipated financial effects over the short, medium and long-term
Increased difficulty obtaining permits (transition risk) • Time horizon: all horizons • Status: Increasing	The Group relies on timely approvals to enable expansion into future mining areas. Political stakeholder pressure may also put future permit approvals at risk. The changing political landscape in Australia has seen operational permits become more difficult to obtain and approval timeframes have become increasingly protracted.	The Group engages with third party advisors and industry experts to inform and assess the changing regulatory environment. Approval planning begins many years before expected mining allowing for delays in the receipt of permits.	The Group is managing its permits on a timely basis and there have been no delays in 2025.	There are no anticipated material adjustments expected in 2026.	The Group is unable to quantify the anticipated financial effects from this risk over the short, medium and long-term. There is significant uncertainty regarding the timing and outcome of future permitting processes, including the duration of approval timeframes and the likelihood of delays associated with political, regulatory and community considerations. As a result, the basis for any potential financial quantification is highly uncertain. A delay in obtaining permits would result in constraints to production and therefore a decrease in revenues and operating cashflow. However, the impact of any delay on production is uncertain. The Group will monitor for increasing timeframes for approvals through engagement with external legal advisors.

The Group's view of risk and status	Nature of the risk	Mitigation efforts	2025 financial effects	Significant risk in next reporting period	Anticipated financial effects over the short, medium and long-term
Changing customer behaviour (transition risk) • Time horizon: medium and long-term • Status: Stable	The global shift towards energy from alternative sources (e.g. solar, wind, hydro and other) is forecast to lead to a future decline in demand for fossil fuels. The Group's production of thermal coal is particularly vulnerable in the medium to long term as customers transition away from fossil fuels.	The Group will also continue to invest in research and development associated with renewable energy projects as part of its commodity mix beyond 2050. The Group is working directly with customers and marketing agents to determine their future energy needs.	No material impact in 2025.	There are no anticipated material adjustments expected in 2026.	The Group is unable to quantify the anticipated financial effects from this risk over the medium and long-term. There is significant uncertainty regarding the timing, pace and extent of the global energy transition, future customer demand for thermal coal, and associated policy, regulatory and technological developments. As a result, the basis for any potential financial quantification is highly uncertain. Changes in customer behaviour is expected to have a neutral impact on revenues as it would be likely that alternative customers would be found at similar pricing. .

The Group's view of risk and status	Nature of the risk	Mitigation efforts	2025 financial effects	Significant risk in next reporting period	Anticipated financial effects over the short, medium and long-term
Flood risk vulnerability (physical risk) • Time horizon: all horizons • Status: Increasing	Adverse extreme weather events may on occasion impact supply chains and distribution routes. The Group may also experience localised flooding in the operations from severe rainfall events.	Although short-term exposure remains significant, it is noted that mitigation efforts such as mine design and investment in pumping infrastructure are expected to reduce the risk of exposure. The highest risk remains the vulnerability of third-party infrastructure such as the rail line and port facilities, which are out of the Group's control. Modelling is in progress to inform understanding of the Group's exposure to existing and emerging flood risk to implement appropriate measures to optimize business resilience.	No material impact in 2025.	There has been minor flooding experienced at the Callide mine in Q1 2026 however it is not anticipated to have a material impact on results.	The Group considers that the level of measurement uncertainty in estimating the financial effects of possible flooding are not separately identifiable in the medium and long-term, therefore any resulting quantitative information would not be useful. The Group factors wet weather delays into mine plans and there is no financial information based on historical events available that would be useful in providing estimated financial effects. Flooding would result in constraints to production and therefore a decrease in revenues and operating cashflow. Remediation and mitigation works would be expected to increase operating costs. Impacts to third party infrastructure may result in delayed sales revenue but third parties generally invoke force majeure clauses which pause contractual obligations.

Table 2 – Climate related risks and mitigation efforts

Effects of identified opportunities on the business

Opportunity	2025 financial effects	Significant risk in next reporting period	Anticipated financial effects over short, medium and long-term
Increased demand for products from change in customer preferences, economic conditions or market trends related to sustainability. Shifts in buying behaviours of consumers towards lower fugitive emission products as perceived as more environmentally sustainable alternative. • Time horizon: medium to long-term • Status: emerging	No material impact in 2025	There are no anticipated material adjustments expected in 2026.	In the short-term, changing customer preferences as a result of regulations is not anticipated to have a material effect on the Group's financial performance. In the medium and long term, changing customer preferences may result in increased revenue as the customer base changes. The Group is unable to quantify the anticipated financial effects from this opportunity over the medium and long-term, due to significant uncertainty regarding customer behaviour, market acceptance and competitive dynamics related to lower-emissions products. The Group anticipates that this opportunity if realised will positively impact its downstream value chain through increased revenue generation and diversification of customer base.

Table 3 – Climate related opportunities and financial effects

3. Governance

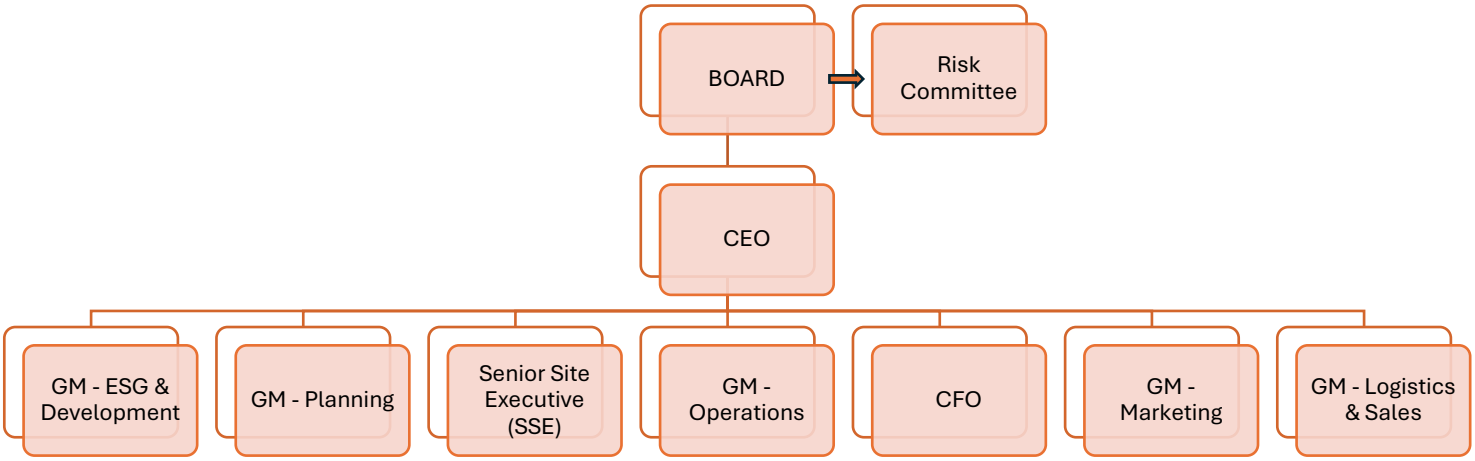
The Board of Directors (the Board) has ultimate responsibility for setting and overseeing the Group's strategy and approving annual budgets. Climate-related risks and opportunities are considered by the Board in relation to performing each of these responsibilities.

The Board delegates the identification, assessment and mitigation of climate-related risks and opportunities to the Group's Risk Committee. The Risk Committees prepares a quarterly report that is provided to the Board on the key risks, including climate-related risks and opportunities. The Board discusses the report as a recurring Board meeting agenda item each quarter.

Responsibilities for the oversight of climate-related risks and opportunities (CRROs) are not currently explicitly articulated in the Board's formal terms of reference, committee charters, role descriptions or standalone governance policies. Instead, responsibility for CRROs is addressed indirectly through the Board's existing risk oversight mandate, under which climate-related risks are considered alongside other operational, regulatory and strategic risks as part of the quarterly risk management process, managed by the Group's internal Risk Management Committee. Management responsibilities for identifying and managing CRROs are likewise embedded within existing executive role descriptions and Risk Management Committee procedures rather than being assigned to a dedicated climate-specific position or committee.

The Group acknowledges that climate-related responsibilities are therefore reflected through practice rather than formal documentation at this stage and notes that governance documentation may be progressively updated in the future to more explicitly reference CRRO oversight as climate governance requirements and organisational capability continue to evolve.

The diagram below illustrates the governance framework of the Group.



The Board is responsible for climate-related strategy, approving targets and managing business risk. The Risk Committee is responsible for identifying, reviewing and managing climate risk as part of its ongoing quarterly functions. The Risk Committee is sponsored by a Director on the Board and reports all risks including climate related risks to the rest of the Board on a quarterly basis.

3.1 Skills and Competency

The Board consists of experienced mining professionals who are equipped to guide the Group's climate related strategy. The Board acknowledges that there is a gap in their dedicated climate governance skills and expertise which will be a focus in the future. At present, the Board relies on general risk management experience, management advice, and external regulatory guidance rather than specialist climate expertise. The Board will be devising a process to assess skills and competencies and a plan to address knowledge

gaps by the next reporting period. The Board is aware of the increasing expectations associated with climate-related disclosures and governance and recognises the need to assess and develop appropriate skills over time. The Group intends to consider targeted training, external advisers, or future Board renewal processes to strengthen climate-related competencies as disclosure requirements and strategic impacts continue to evolve.

The Board is informed about climate-related risks and opportunities on a quarterly basis, primarily through management reporting to the quarterly risk meetings. These reports focus on regulatory developments, physical climate risks relevant to operations (including weather-related disruptions), transition risks associated with emissions reduction expectations, emerging market or policy signals affecting the thermal coal sector and opportunities in relation to emerging markets and customer preferences. Outside of this quarterly process, climate-related matters are addressed by the Board on an ad hoc basis where relevant to significant operational or strategic decisions.

When overseeing the Group's strategy and major decisions, the Board considers climate-related risks primarily through a risk lens rather than through dedicated climate scenario analysis. Climate issues are considered in decisions relating to operational continuity, regulatory compliance, and longer-term market demand for thermal coal. To date, the Board's oversight has focused on managing downside risks rather than identifying or pursuing climate-related opportunities. The Board has not formally documented trade-offs between climate-related risks and commercial objectives, reflecting the Group's current scale, operating environment and early stage of climate governance maturity.

3.2 Targets and Performance Monitoring

The Board oversees the Group's stated emissions reduction of 5% year on year during the MYMP, which is the only formal target adopted by the Group. The Board meets generally every month through the monthly Board meetings. The progress of the MYMP is reviewed annually and discussed in the Board meeting following the end of the reporting period (generally July or August). Targets are then adjusted based on Board direction.

The Group is still investigating how to achieve net zero emissions by 2050, which is currently an ambition only and not a formal target. No other interim emissions reduction targets or detailed transition plans have been set at this stage. The progress of the MYMP is reviewed annually and discussed in the Board meeting following the end of the reporting period (generally July or August). Targets are then adjusted based on Board direction. Climate-related metrics are not incorporated into executive remuneration arrangements. The Board acknowledges that this area represents a gap relative to emerging best practice and will be reviewed as the Group's approach to climate governance matures and as regulatory expectations become clearer for small mining entities.

3.3 The Risk Committee

The Risk Committee assists the Board in identifying and reviewing emerging and strategic risks, including climate-related risks and management of climate-related data. The Risk Committee meets quarterly, and the Board receives the resulting Operational and Business Risk Committee registers for review. The registers include details on climate related risks and mitigation efforts.

The Committee uses the Group's internal risk matrix to determine risk exposure considering both likelihood and consequence of climate-related risks. The Committee is responsible for the identification, management and reporting of climate risks and opportunities.

3.4 Management Responsibilities

The Board delegates day-to-day responsibility of executing strategy, including climate-related matters, to their executive leadership team. The CEO is supported by a team of management executives, who play key roles in executive management of climate-related matters that are delegated to support Board oversight.

As small private companies, the Group does not have the capacity for audit, nominations or remuneration committees. All of these types of functions are managed by the Executive Leadership Team in collaboration with the Board. The Executive Leadership team present to the Board every month at the monthly Board meetings. The risk registers are reviewed by the Board every quarter, and each Executive has responsibility for presenting the risks within their responsibility and explaining current mitigation strategy to the Board.

The Group does not currently employ standalone climate-specific controls or procedures. Existing risk management controls, compliance processes and operational reporting systems are used to monitor and manage climate-related risks. These controls are integrated with broader internal functions, including operations, health and safety, environmental compliance and regulatory reporting. Management acknowledges that these processes are foundational rather than sophisticated and may be expanded over time to better address climate-related reporting and governance requirements.

3.5 Risk Management

The Group's climate related risks and opportunities are managed through a standalone Risk Committee that is responsible for identifying, assessing, prioritising and monitoring material business risks, inlcuding climate-related risks, that are integrated within its existing enterprise risk management framework. The risk management procesess are applied consistently across the Group and draw on internal operational data, safety statistics, guidance from the regulators, and external market information relevant to the coal mining industry. Climate-related risks are considered within the scope of the Group's established risk assessment framework and are incorporated into enterprise-wide risk governance arrangements.

Climate risks have been identified with the assistance of an external climate specialist during the reporting period. Risks are assessed using the Group's established safety risk matrix, which enables both qualitative and quantitative evaluation of risk. The matrix assesses risks based on the likelihood of the expected timeframe to occurrence (ranging from likely within one year to rare and unlikely within 20 years) and consequence based on potential financial impact on EBIT (from insignificant impacts of less than $100,000 to catastrophic impacts exceeding $20 million). This approach enables both qualitative and quantitative assessment of the nature, likelihood and potential magnitude of climate-related risks relative to other strategic, operational and compliance risks.

Climate-related risks are prioritised alongside other business risks through the same risk evaluation and governance processes, ensuring consistent treatment and comparability. Identified climate-related risks are captured in the Group's business risk register, while operational risks are maintained in a separate operational risk register. The Risk Committee meets quarterly to review, update and monitor both risk registers, including the effectiveness of existing controls and the emergence of new or changing climate-related risks.

Climate-related scenario considerations are incorporated into risk assessments where relevant to inform the identification and assessment of longer-term transition and physical risks. The scenario analysis is intended to enhance the Group's understanding of longer-term transition and physical climate risks and associated opportunities, and to inform future risk prioritisation. The processes used to identify, assess and monitor climate-related opportunities are aligned with those used for climate-related risks and are similarly integrated into the Group's overall risk management processes.

Climate-related risks and opportunities are integrated into the Group's overall risk management process rather than managed through a separate sustainability-specific framework, avoiding duplication of

disclosures. Other than the enhanced use of external expertise and scenario analysis, the core risk management processes applied to climate-related matters have not materially changed from the previous reporting period.

4. Climate Resilience and Scenario Analysis

4.1 Climate-related scenario analysis

4.1.1 Inputs to the analysis

The Group considered six scenarios covering a diverse range of physical and transition risk outcomes from the IPCC and NGFS (Network for Greening the Financial System) frameworks. These scenarios represent three distinct futures:

- **Very Low-emissions scenario** – capturing the potential impacts of stringent climate policies under accelerated decarbonization.
- **Low emissions scenario** – illustrating market disruptions and uncertainty arising from a potentially delayed transition.
- **High-emissions scenario** – highlighting risks linked to severe climate hazards and intensified physical phenomena.

Scenario type	Scenario parameters	
	Physical Risks	Transition and Opportunities
High emissions scenario Severe Physical Risks	• **IPCC RCP 8.5** scenario • Aligned with 4-5°C trajectory	• **NGFS "Current Policies"** scenario • Aligned with 3°C
Low emissions scenario Significant Transition Risks	• **IPCC RCP 2.6** scenario • Aligned with 1.8°C	• **NGFS "Delayed Transition"** scenario • Aligned with 2°C
Very Low emissions scenario Significant Transition Risks	• **1.5C World** scenario • Aligned with 1.5°C	• **NGFS "Net Zero 2050"** scenario • Aligned with 1.5°C

Table 4 – climate-related scenario parameters

For transition risks and opportunities, the selected NGFS scenarios are**:** Net Zero 2050, Delayed Transition, and Current Policies. To assess resilience of physical risks, the Group used scenarios outlined in the table above (1.5°C World, RCP2.6 and RCP8.5 scenario). The Group worked with external consultants who developed a "virtual" 1.5 °C World which was derived from RCP2.6 data at the 2030 horizon and applied qualitative overlays to this data. The Group believes this scenario provides a sound basis to stress-test the Group's resilience under low warming scenario.

The Corporations Act 2001 requires the use of a lower-emissions scenario that pursues efforts to limit the temperature increase to 1.5°C. The Group has determined that SSP1-2.6 remains the appropriate lower-emissions scenario to assess physical risk as it represents realistic efforts to limit warming consistent with "well below 2°C" outcomes. Although the scenario's central estimate projects a global average temperature increase slightly above 1.5°C by 2100, its full probabilistic range includes outcomes approaching or falling below 1.5°C. Accordingly, the use of SSP1-2.6 supports assessing resilience under a low emissions scenario, while providing robust data availability, flexibility and comparability across climate modelling datasets..

These scenarios incorporate both physical risks and transition risks, including at least one scenario aligned with the latest international climate agreement objective of limiting warming to 1.5°C. The scenarios were

selected as they are widely used, relevant to export-oriented thermal coal producers, and provide internally consistent assumptions across climate, economic and policy dimensions.

The analysis considered short-, medium- and long-term horizons aligned with the climate related risks and opportunities previously disclosed, operational planning cycles, reserve lives and closure considerations, and covered the Group's core mining operations and associated logistics in Queensland.

Under the two lower-emissions scenarios, the Group faces heightened risks in the medium term such as declining global thermal coal demand, increased carbon pricing, rising operational compliance costs, and potential constraints on financing availability, all of which could materially affect cash flows and mine viability.

Under the higher-temperature scenario, physical climate risks—including extreme heat events, water stress, severe rainfall and infrastructure impacts—are expected to intensify over the mine's operational horizon in the long term, potentially increasing operational downtime. The Group considers these forward-looking assessments essential to informing risk management practices and providing stakeholders with transparent, decision-useful climate information.

4.1.2 Key assumptions

The Group undertook both qualitative and quantitative assessments when conducting the scenario analysis. The qualitative assessment concentrated on climate trends and their potential to affect the Group's value chain.

The quantitative assessment applied scenario data together with compliance and production costs and revenue by region to estimate potential financial impacts. The scenarios were then reviewed in each of the time horizons used for the climate related risks and opportunities, being short, medium and long term.

The scenario analysis was then applied to the Group's operation split into the two operational mining areas – Boundary Hill and Southern.

	Low Warming Scenario	High Warming Scenario
Climate related policies	Stringent climate policies introduced to limit temperature increase to 1.5^0C Strengthening of Australia's Safeguard Mechanism	Rapid economic growth driven by fossil fuels, climate intervention delayed or deprioritised leading to 4.0^0C or more warming No further developments to Safeguard Mechanism
Macroeconomic trends	Consistent capital investment in decarbonisation	Unpredictable economic growth with frequent extreme weather events Fluctuating commodity prices
Regional variables	Rainfall intensity and water managed through technology and investment in environmentally sound land use practices	Severe rainfall events increasing, coupled with periods of drought Strain on water availability
Energy use and mix	Renewable energy growth in availability and reliability Transition to electric equipment	Continual reliance on fossil fuels Strain on water availability
Technology Developments	Rapid technological innovation increasing carbon capture Acceleration of electric equipment	Slower technological advancements Deprioritised investment in electric equipment

Table 5 – Scenario assumptions

4.1.3 Timing of analysis

The climate-related scenario analysis described above was conducted after the conclusion of the current reporting period and represents the Group's initial assessment of climate resilience. The Group continues to work with its external sustainability consultants and expects to enhance the depth, quantitative rigour and integration of scenario analysis into strategic and financial planning over time as data, methodologies and internal capability mature.

4.2 Climate Resilience

4.2.1 Implications for strategy and business model

The assessment under low emissions scenarios indicates that while the Group's existing business model is expected to remain resilient in the short to medium term, the Group would need to address increasing policy pressure through strategy revision. Under lower- and very-low-emissions scenarios, the assessment indicates that the Group's long-term resilience is increasingly sensitive to transition risks, including changes in global thermal coal demand, climate-related policy developments, financing conditions and customer requirements. In these scenarios, maintaining resilience may require adjustments to capital allocation, mine sequencing, closure planning, and the timing of discretionary investments.

The Group's view of the business model's resilience is supported by current operating margins, established infrastructure, proximity to export markets, support from the major shareholder and security of long-term domestic customer contracts.

Under higher-emissions scenarios, the principal implications relate to increased exposure to acute and chronic physical climate hazards, requiring continued investment in water management, site access, infrastructure resilience and workforce safety measures.

At this stage, the assessment has not resulted in changes to the Group's core strategy but has informed management's focus on operational flexibility, disciplined capital investment and the progressive integration of climate considerations into longer-term planning.

4.2.2 Significant areas of uncertainty

Significant uncertainties considered in the resilience assessment include the pace and coordination of global and regional climate policy action, future coal demand in key export markets, the severity and frequency of extreme weather events in Queensland, technology developments affecting energy systems, and the interaction of these factors over different time horizons. The absence of quantified financial modelling for climate scenarios increases uncertainty regarding the magnitude and timing of potential impacts beyond the medium term.

4.2.3 Capacity to adjust or adapt

Financial resources: The Group currently maintains access to operating cash flows and financing facilities that provide flexibility to respond to near-term physical risk impacts and incremental adaptation measures. The long-term availability and cost of capital under lower-emissions scenarios remains uncertain and is monitored by the Group.

Assets: The Group's asset base comprises long-life, site-based mining and related infrastructure that cannot readily be repurposed for alternative uses. However, the Group retains flexibility in mine planning, production profiles, sustaining capital expenditure, and the timing of rehabilitation and closure activities.

Investments: Current and planned investments primarily relate to operational efficiency, emissions management, water and land stewardship, and progressive rehabilitation. While these investments support climate resilience, they do not eliminate exposure to longer-term transition risks under rapid decarbonisation scenarios.

5. Transition Planning

The Group will begin drafting a transition plan in 2026 to manage climate-related risks across its multi-decade remaining mine life. The plan will include ongoing assessment of carbon-intensive processes, evaluation of emerging emissions-reduction technologies, and alignment with evolving regulatory, financial and stakeholder requirements. Key elements to be included are the progressive identification of operational efficiencies to reduce Scope 1 and Scope 2 emissions, and monitoring of shifts in national and international energy markets that may influence long-term demand for thermal coal.
The Group also recognises the potential need for future capital allocation adjustments as climate policies strengthen, consistent with disclosure obligations that require companies to communicate how climate-related risks and opportunities are expected to affect future cash flows and access to finance under the ASRS framework.

6. Climate Related Metrics & Targets

The Group measures its direct greenhouse gas emissions from sources within its operational control. This measurement approach is consistent with existing requirements for emissions reporting to the Australian Government and was selected for this reason.

6.1 Greenhouse Gas Emissions

The Group provides the following greenhouse gas (GHG) emissions disclosures for the 2025 reporting year.

CY25 GHG Emissions Summary	
Total Scope 1 Emissions	222,405 tCO_2-e
Scope 2 Emissions (Location-based)	35,450 tCO_2-e
Total Emissions	257,855 tCO_2-e

Table 6 – CY25 GHG Emissions

In FY25, the Group's total absolute gross Greenhouse Gas (GHG) emissions were 257,855 tonnes of carbon dioxide equivalent (tCO_2-e). This included 222,405 tCO_2-e Scope 1 and 35,450 tCO_2-e Scope 2 (location-based). Emissions estimates were prepared using the methodology described by the *National Greenhouse and Energy Reporting Act 2007* (NGER Act), *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (NGER Determination), and the *National Greenhouse and Energy Reporting Regulations 2008* (NGER Regulations).

The input data used to estimate emissions is verifiable by invoice as acquisition involved a commercial transaction. The measurement approach for estimation for emissions associated with fuel combustion is the default method prescribed in the NGER Determination and Regulations and used the prescribed default emissions factors. This measurement approach is consistent with existing requirements for emissions reporting under the NGER Determination and NGER Regulations.

Fugitive emissions estimates used the site-specific measurement approach verified by a third party. A table is included below that further details how the emissions values were calculated, in alignment with NGER legislated reporting requirements.

Scope	Emission category	Activity	Data Source	Emission factor source and measurement approach
Scope 1	Stationary combustion	Fuel combusted for stationary energy purposes	Fuel purchasing invoices	NGER Determination Compilation 18* and 20** Method 1 (default): quantity of fuel type multiplied by prescribed emission factors. High data quality and low uncertainty.
	Transport combustion	Fuel combusted for transport energy purposes	Fuel purchasing invoices	NGER Determination Compilation 18* and 20** Method 1 (default): quantity of fuel type multiplied by prescribed emission factors. High data quality and low uncertainty.
	Industrial processes	Emissions of sulphur hexafluoride gases from electrical insulation	Purchasing invoices and stock inventory	NGER Determination Compilation 18* and 20** Method 1 (default): quantity of fuel type multiplied by prescribed emission factors Global warming potential updated for 2025. High data quality and low uncertainty.
	Fugitive emissions	Fugitive emissions from extraction of coal from an open cut mine	Production data	NGER Determination Compilation 18* and 20** Method 2 (site specific, industry sampling). Total of ROM Coal Mined multiplied by default emission factor for low gas strata, verified per NGER Determination. High data quality and low uncertainty.
Scope 2	Indirect emissions from grid electricity purchase	Purchase and loss of electricity from main electricity grid in the State	Invoices	NGER Determination Compilation 18* and 20** Method A1 (location based). High data quality and low uncertainty.

Table 7 – Emissions calculation details *** for period January – June** **** for period July - December**

Scope 1 Emissions

For the 2025 reporting year, the Group generated 221,462 tonnes of CO_2-e in Scope 1 emissions, representing direct greenhouse gas emissions from sources operationally owned or controlled by the Group.

Uncertainty was assessed for relevant sources using the rules prescribed in the NGER Determination and in line with the Greenhouse Gas Protocol. There is low uncertainty given the use of NGER emissions factors.

Scope 2 Emissions

For the same period, the Group produced 35,450 tonnes of CO_2-e in Scope 2 emissions, representing indirect emissions associated with purchased electricity generated off-site.

Scope 2 emissions were estimated using the location-based method. The emission factors for this method are updated annually to reflect Australian electricity generation sources.

Total Reported Emissions

The Group's total combined Scope 1 and Scope 2 emissions for 2025 were 257,855 tonnes of CO_2-e. This total reflects the Group's climate impact from both direct and energy-related indirect emissions.

6.2 Climate-related Targets

Metric	Reduce Net Scope 1 emissions in accordance with the requirements of the Safeguard Mechanism by 5% year on year during the MYMP.
Objective	Mitigation of gross Scope 1 GHG emissions
Scope	All operational sites
Period	2025 - 2029
Base Period	2023
Milestones and Interim Targets	N/A
Target Type (absolute or intensity)	Net Emission Intensity Target
Alignment with jurisdictional commitment	Aligned with Australian Government legislated requirements and informed by the latest international climate agreements (Paris)
Validation	Methodology approved by the Clean Energy Regulator as part of the Safeguard Mechanism
Review Process	Annually as part of GHG reporting
Metrics for monitoring progress	Operational emission intensity (tCO2-e/ROM t)
Revision	No revisions in current period
Progress achieved and status at year end	The Group is monitoring reductions as part of the current MYMP.

Table 8 – Climate-related targets

There are no targets derived using a sectoral decarbonisation approach. The Group is anticipating the use of ACCUs to meet this target in the short-term. The Group has not yet determined the extent to which carbon credits will be required in the long-term to offset future greenhouse gas emissions.

The Group reviews these targets annually as part of mandatory GHG reporting. Progress is monitored by reference to GHG emissions intensity. The Group is still refining its targets and plans for emission reductions with the aim of improving progress and measurement for the next reporting period.

6.3 Other Metrics

As the Group operates a single mine, any climate-related transition risks, physical risks and opportunities identified in Section 2, if realised, have the potential to affect all aspects of the operation's business activities in the longer term.

During the reporting period, no material capital expenditure was allocated to climate-related risks and opportunities. The Group continues working with an external consultant to draft its transition plan which will inform the level of capital expenditure required to manage the identified climate-related risks and opportunities in future. The Group does not factor climate related considerations into executive remuneration.

Carbon pricing per tonne has been incorporated into the periodic reviews of the approved Multi-Year Monitoring Period. The carbon price applied in these reviews is based on the prevailing Australian Carbon Credit Unit (ACCU) price as reported by the Clean Energy Regulator, and the worst-case exposure assessed using the cost containment measure (ceiling price) under the Safeguard Mechanism, which for example, is $82.68 for the 2025–26 period.

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Independent auditor's review report to the members of Batchfire Resources Pty Ltd

Conclusion

We have conducted a review of the following information in the Sustainability Report of Batchfire Resources Pty Ltd (the Company) and its subsidiaries (collectively the Group) for the year ended31 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 3 *Governance*, including section 3.1 to section 3.4
Strategy (risk and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Climate-related risks and opportunities within *Table 1 – List of climate-related risks and opportunities identified* and the descriptions of the climate-related risks and opportunities in the *Effects of identified risks on the business and mitigation of those risks* on Section 2.1 *Climate-related risks and opportunities*
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Section 6.*1 Greenhouse Gas Emissions*

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.

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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.

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

We are independent of the Group 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 our review of the selective sustainability information 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 Group's financial report for the year ended 31 December 2025 was issued on 28 May 2026, being the same date as this Sustainability Report. The audit report on the Group'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 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 within Section 2 *Strategy* 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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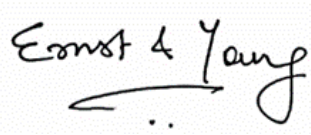
Summary of the work performed

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 Batchfire Resources Pty Ltd 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



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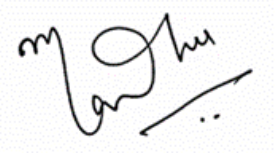

Madhu Nair
Brisbane
28 May 2026

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