PACKHORSE™

AN ENVIRONMENTAL FRAMEWORK

February 2022

PACKHORSE: PUTTING THE ENVIRONMENT FIRST

The primary objective of agricultural impact investment business Packhorse Pastoral Company Australia Ltd ('Packhorse', 'the Company') is to put the environment first. We firmly believe that environmental outcomes and financial benefits can be achieved in parallel.

Packhorse has embraced regenerative agriculture to lead innovation in large-scale, ethical and nature-positive food production that restores land and delivers a clean, green product to consumers.

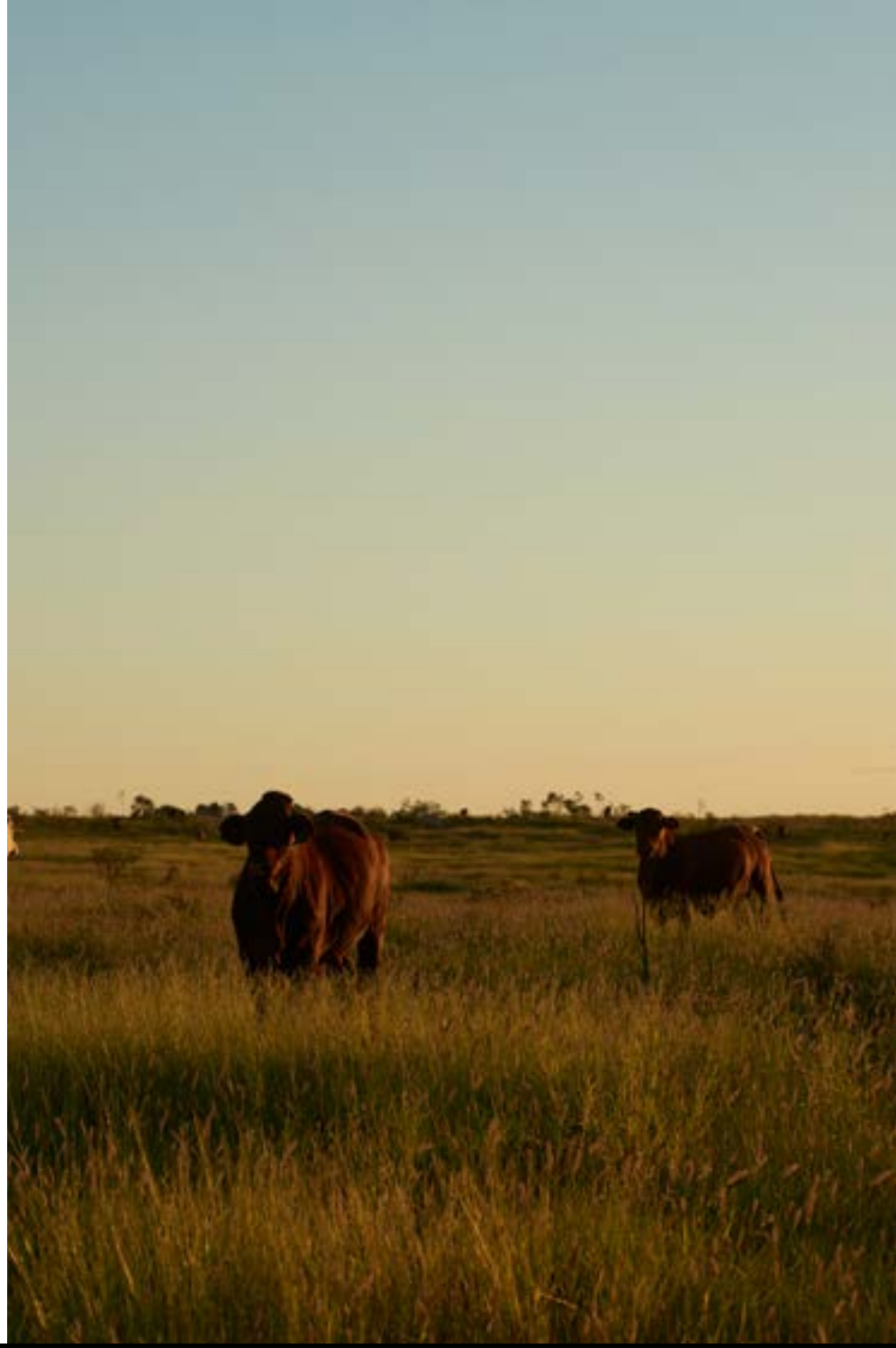
PUTTING THE ENVIRONMENT FIRST

Around two-thirds of Australia's agricultural land is considered degraded, primarily due to the removal of vegetation and the exposure of soil to erosion.

The good news is that land can be regenerated through the implementation of practices that:

- Maximise living plant production, plant leaf density and the availability of ground cover;
- Enhance soil biology and biodiversity;
- Utilise livestock as a natural way of recycling nutrients.

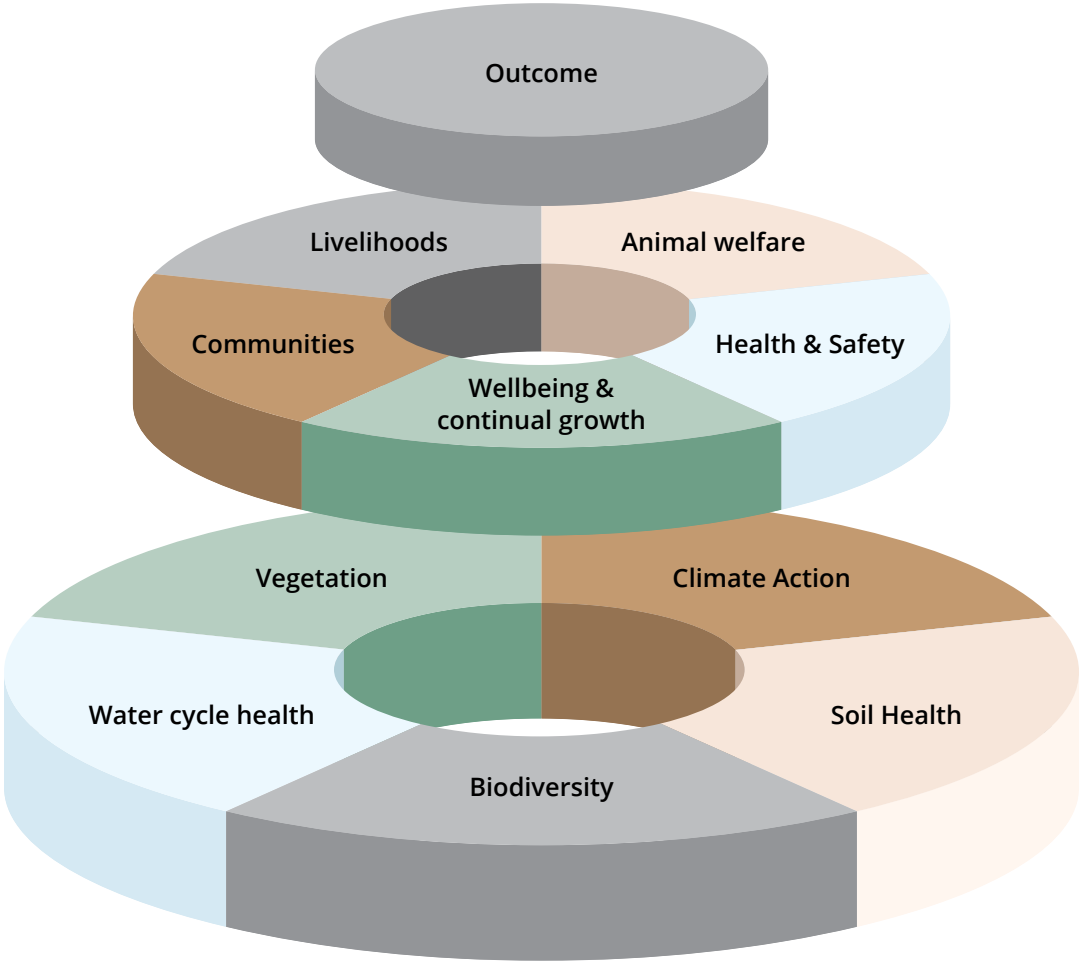
Packhorse's fully managed agistment service allows the Company to place the environment front and centre, to maintain control over the health of our land and soil. Packhorse understands that the sustainability of the business is dependent on this; if excellent environmental outcomes are delivered, our cattle will thrive, and so will our business and customers.



PACKHORSE SUSTAINABILITY FRAMEWORK

Our outcomes are dependent on the health of the environment.

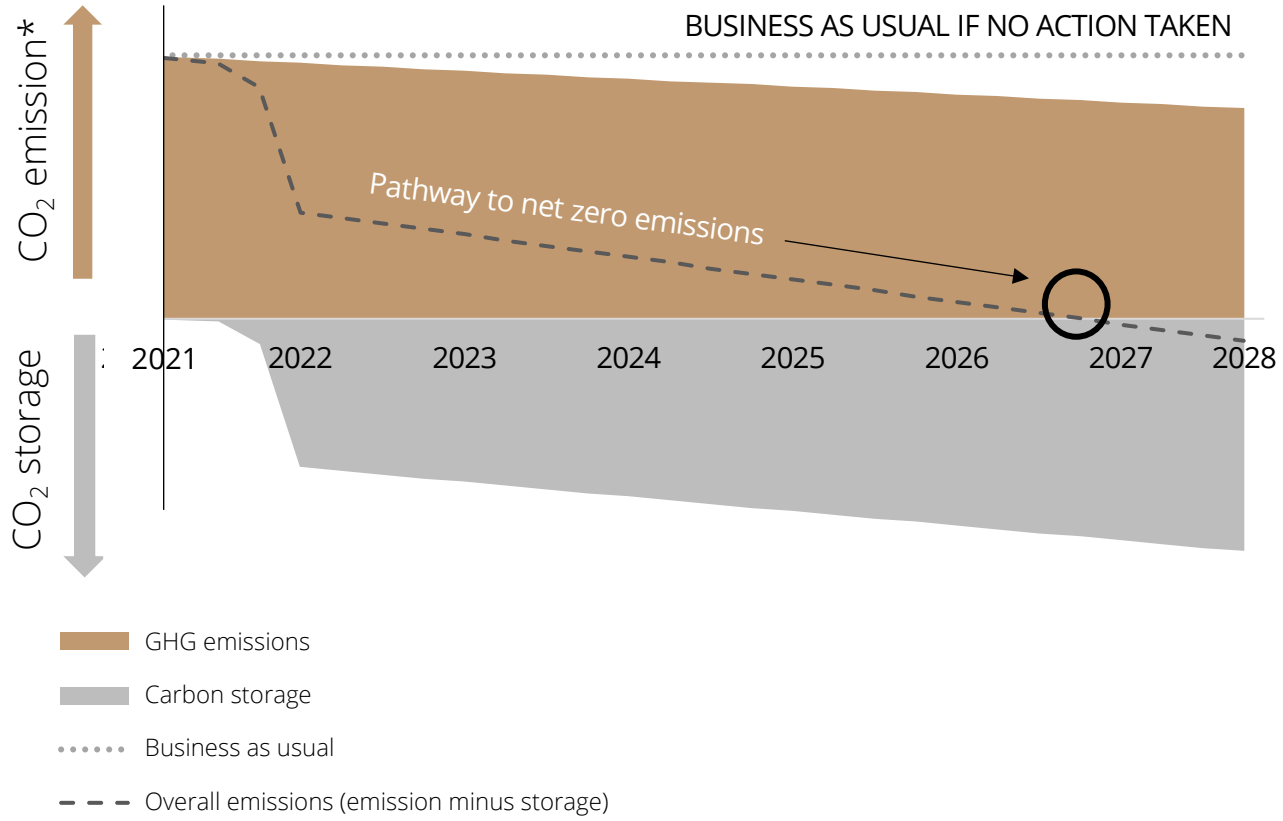
Large-scale ethical and nature positive food production that restores land and delivers a clean, green product to consumers



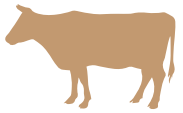
NATURAL CAPITAL

Valuing Nature					
Focus Area	GHG emissions	Soil	Biodiversity	Water	Vegetation
Aim	• Reduce enteric methane emissions • Reduce emissions from use of fossil fuels • Increase carbon sequestration in soil and trees	• Ensure healthy functioning soils that provide food, biomass and ecosystem services	• Manage land to promote above and below ground biodiversity	• Improve water use efficiency	• Maximise living plant production, plant leaf density and ground cover • Increase the cover and connectivity of trees
Targets	• Reduce methane emissions by 10% through introduction of legumes. • Bore pumps to solar within 2 years • Homesteads off grid with solar within 4 years	• Increase Land Condition Score by 1 within 2 years • Positive trend in soil organic carbon	• Positive trend in acoustic complexity • Positive trend in habitat size and condition, connectivity and permeability	• Increase water retention by 50% within 2 years • Improve water use efficiency	• Increase ground cover to 85% within 3 years (stage 1 properties in 600 mm rainfall zone) • Increase tree cover to 20% • 50ha of native vegetation restoration and re-growth
Indicators/ Verification	• Introduction of 15% legumes into diet • Number of solar pumps installed per property	• On the ground survey of Land Condition (A to D) and photo standard pasture monitoring sites • Soil core sampling to 1 metre depth (every 5 years), flux tower measurements (continual)	• Acoustic sensors and species diversity index • Sentinal satellite imagery to detect trends in vegetation size, condition, connectivity etc.	• Water infiltration (ml/s) • Water use efficiency (ml/s)	• Remote sensing (Sentinal satellite imagery) • Proximal sensing (drones)

PATHWAY TO NET ZERO EMISSIONS



* Modelled on a per property basis



REDUCE EMISSIONS

- Incorporate legumes in in diet
- Increasing weight gain and reducing time to market
- Vaccine and feed additives when they become available
- Reduce use of fossil fuels e.g. for bore pumps.

INCREASE CARBON STORAGE

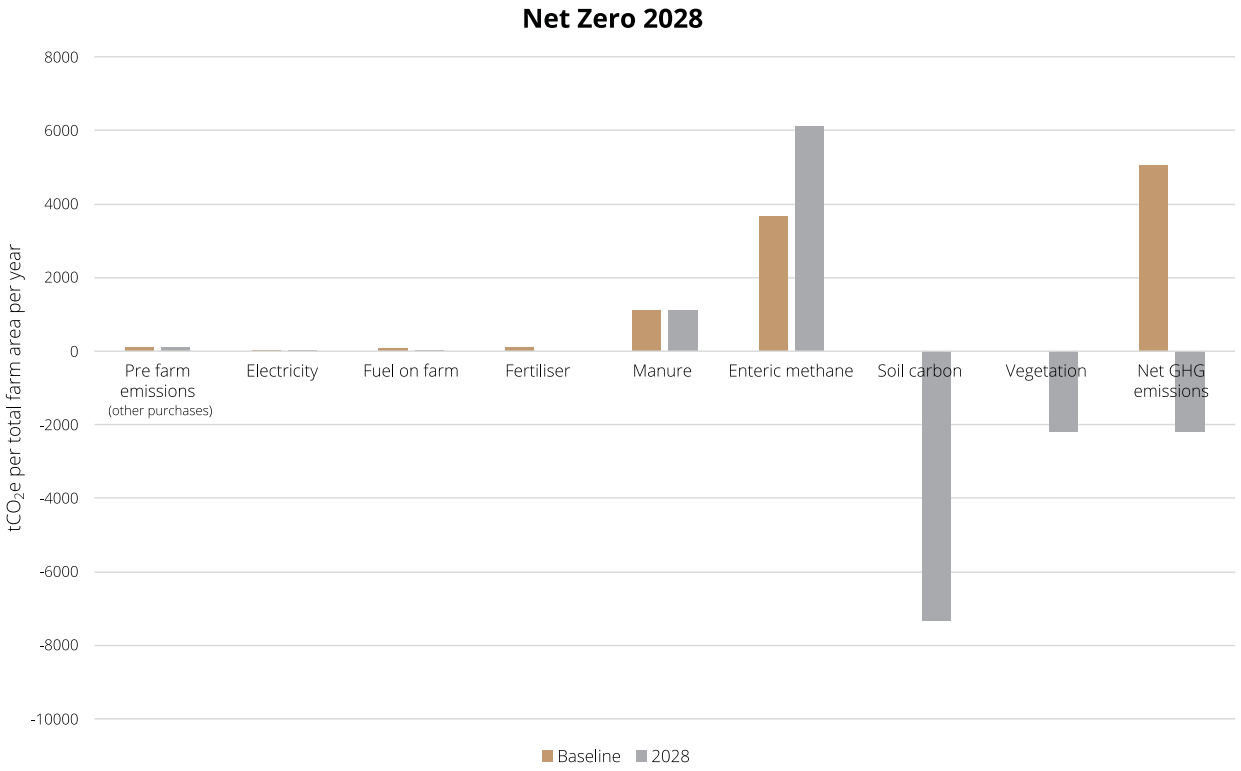
Increase soil carbon stores by implementing regenerative agricultural practices to:

- Maximise living plant production, plant leaf density, and the availability of ground cover
- Enhance soil biology and biodiversity
- Utilise livestock as a natural way of recycling nutrients

Protect and restore remnant vegetation and increase tree cover.

NET ZERO EMISSIONS 2028: A FARM-SCALE CASE STUDY

Case Study: Stuart's Creek Pathway to Net Zero



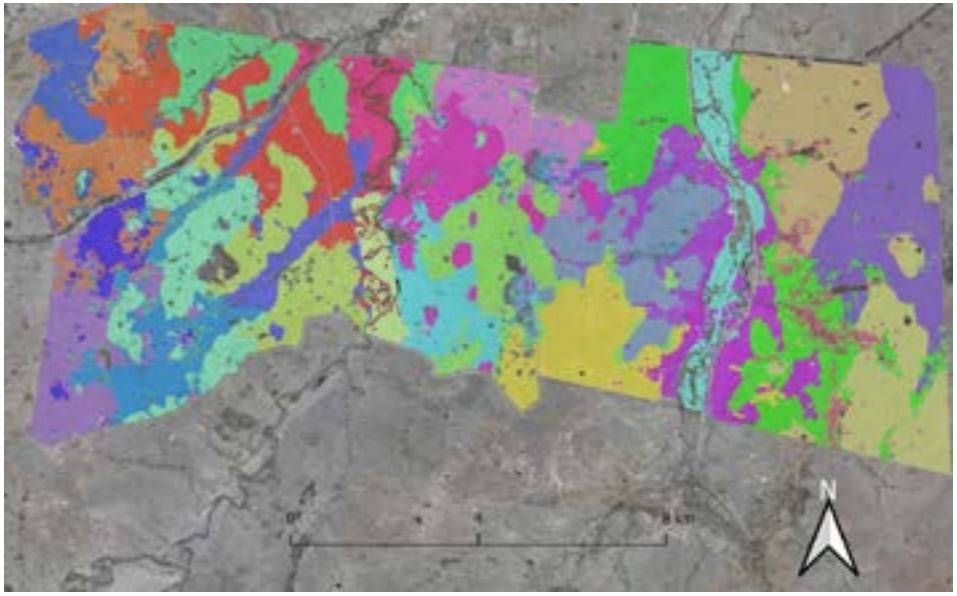
	Baseline t CO_2e/yr	2028 t CO_2e/yr
Pre farm emissions	113	113
Electricity	2	2
Fuel on farm	85	33
Fertiliser	113	0
Manure	1,091	1,091
Enteric methane	3,663	6,106
Soil carbon	0	-7,340
Vegetation	0	-2,202
Net GHG emissions	5,067	-2,197

Model assumptions

Carrying capacity Y1 (baseline) = 3000 head, carrying capacity 2028 = 5000 head.
10% reduction in enteric methane due to the introduction of legumes. This is conservative given that other technologies to reduce methane (e.g. 3-NOP) will likely become available in this timeframe.
0.5t C/ha/yr rate of soil C sequestration on 4000 ha of land.
600 ha of native vegetation restoration and re-growth along riparian zones.
Fertiliser use signficantly higher in baseline year (Y1) in comparison to 2028 due to soil nutrient correction during pasture establishment phase.
Diesel use signficantly higher in baseline year in comparison to 2028 due to high diesel consumption during pasture establishment.
30,000 L Diesel/yr in baseline year, 10,000 L Diesel/yr in 2028.
4000 ha available for soil carbon sequestration (total property area = 8360 ha).

SOIL CARBON PROJECTS

- Soil carbon was singled out as playing a major role for Australia to achieve net zero 2050 through carbon sequestration
- Packhorse has a net zero target of 2028. Through best practice regenerative farming methods, Packhorse is intensely focused on maximising carbon storage
- Packhorse is the owner of Australia's largest soil carbon project on 13,800 hectares of land
- Over a period of 5-10 years Packhorse will acquire 2 million hectares of land of which 50% will likely be suitable for carbon sequestration
- Packhorse expects to sequester soil C at a rate of 0.5 t C per hectare (based on review of current scientific literature)
- The first step of a soil carbon project is the baselining of existing carbon stocks. This involves stratification of the project area (based on soil type, vegetation, slope etc.) followed by physical extraction of soil cores to 1m at numerous sampling points in each strata. The site is then remeasured in 5 years time.

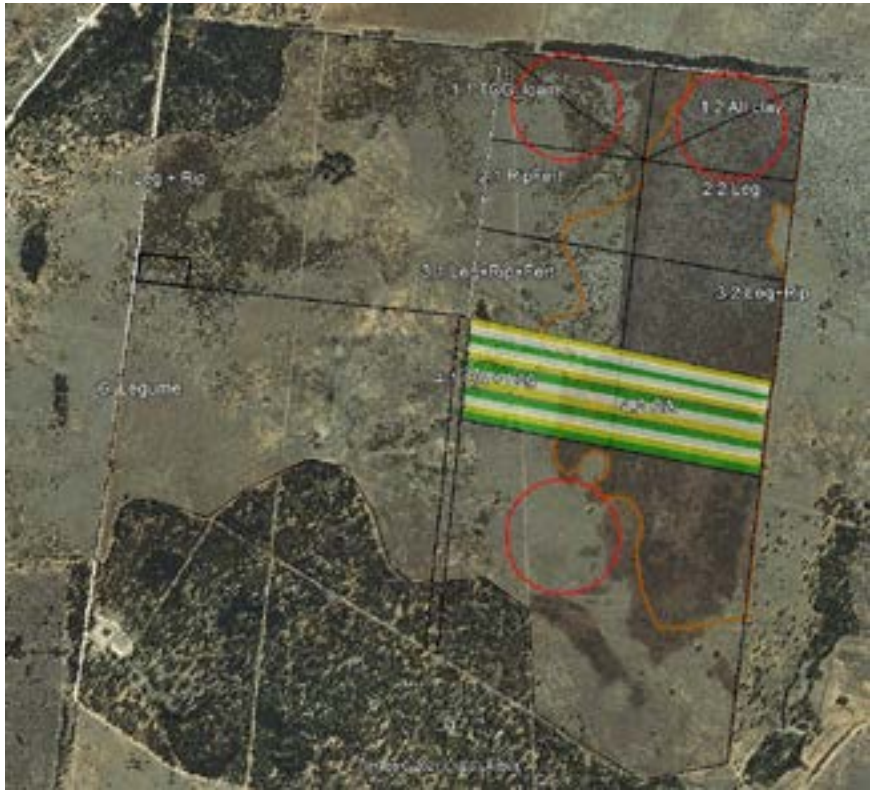


Stratification of Lighthouse property by soil type, vegetation, slope etc. for appropriate soil sampling approach

Baseline soil sampling using a hydraulic rig

THOUGHT LEADERSHIP: RESEARCH TRIALS

- Packhorse has entered a research collaboration with Queensland University of Technology and Agrimix Pastures to examine the impacts of regenerative management on soil carbon sequestration, plant productivity and animal performance
- This will become a producer demonstration site
- The paddock scale research and development project will be conducted on 800 hectares of Packhorse property over 5 years
- The project has two main aims:
  - (1) to understand what management practices maximise carbon sequestration (time-controlled grazing + legumes + nutrient correction + multi-species + organic amendments)
  - (2) to develop a low-cost real-time tool for demonstrating the effect of management on soil carbon, pasture productivity, and water use efficiency.
- The field design of the trial is shown. The brown line delineates a different soil type and the stripes represent the application of organic amendments. Red circles represent the footprint of the eddy covariance flux towers
- Flux towers are used to measure the net ecosystem exchange of carbon (NEE). High resolution, real time data sets will be generated to determine what is happening to soil carbon under Australia's unique soil and climatic conditions
- Data from flux towers will be combined with other technologies such as remote sensing (satellites) and proximal sensing (drones) to gain a full picture of how carbon is being cycled on the ecosystem.

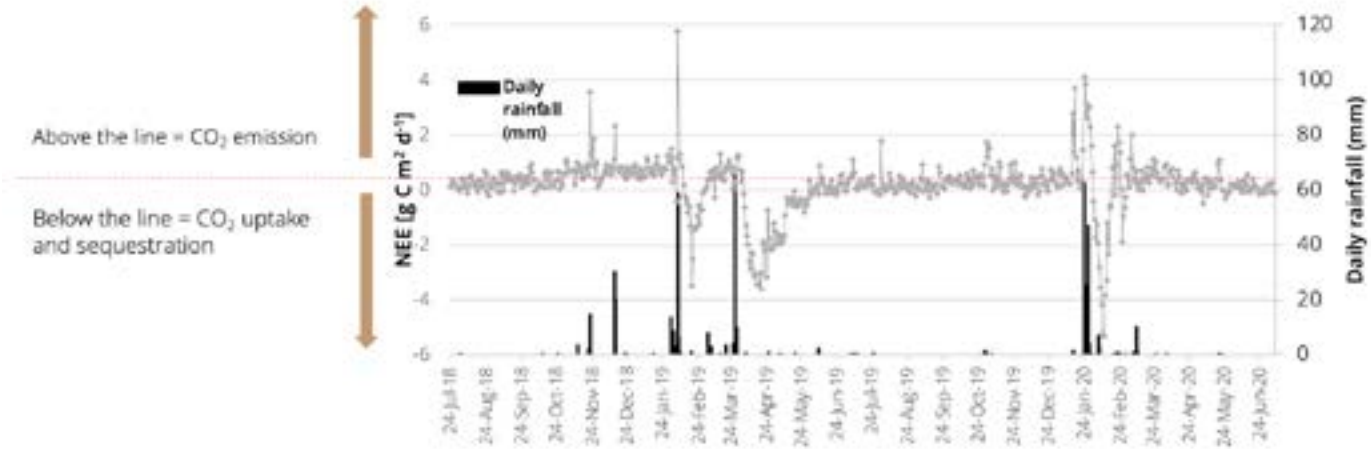


Queensland University of Technology

Agrimix Pastures
Driving pasture production with science & integrity

RESEARCH: INVESTING IN TECHNOLOGY

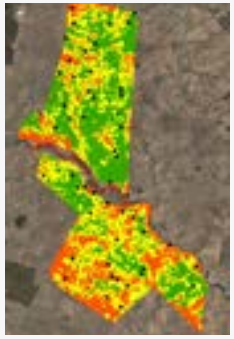
Packhorse is investing in flux tower technology to provide real-time, high-resolution measurements of changes in soil carbon. Packhorse believes that these technologies will lower the cost of baseline measurement and re-sampling, making soil carbon sequestration accessible to more farmers over larger areas of land.



Flux tower technology

MONITORING PROGRESS TOWARDS TARGETS

Measure the environment



Remote sensing
(satellite imagery)

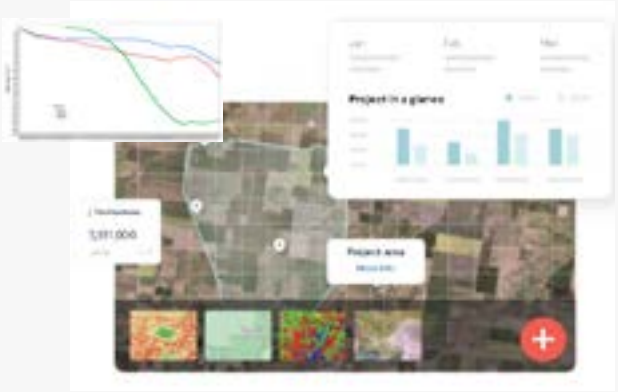
Landscape level measurement
(flux towers)

On the ground measurement
(soil coring, surveys etc.)

Demonstrate impact

- Data management on platform that is transparent for investors and stakeholders.
- Report on outcomes that can be verified by third party

Reporting & Verify



Source: Cecil Earth Platform

Not all land will be suitable for soil carbon projects. Packhorse is therefore leading the way in the development of a nationally recognised and third party validated regenerative and natural capital scorecard that may be leveraged across the whole supply change to support farmers in monetising their land restoration efforts.

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