

Dartbrook Newsletter

Dartbrook Coal Mine Update

Proposed Modification

Australian Pacific Coal is seeking a modification to its development consent to facilitate the recommencement of limited first-workings underground mining within the approved footprint of the Kayuga coal seam. Mining is proposed to be undertaken using the "bord and pillar" mining method. Some minor changes to the existing surface infrastructure are also proposed.

We seek your input and comment in relation to our proposal. Contact details are located on the back of this Newsletter.

Modification Summary

The main elements of the Modification are:

- The introduction of the bord and pillar mining method at Dartbrook Mine. This method has a long history in NSW, is well understood and results in no noticeable subsidence at the surface.
- Extraction of up to 10 Mt of ROM coal, at a maximum production rate of 1.5 Mtpa over a 10 year period, from the Kayuga coal seam. AQC 's proposed first-workings bord and pillar mine plan will exclude the zones where operating challenges were encountered during previous longwall mining activities.
- Raw coal will be transported by covered, road-registered trucks from the existing Kayuga Mine Entry along existing internal roads and the Western Access Road to the new shaft, which will connect to the Hunter Tunnel. The existing western portion of the Hunter Tunnel will not be used. A small section of the existing Hunter Tunnel will be used to convey raw coal under the New England Highway to the existing CHPP.
- A new shaft will be constructed approximately 250 m west of the New England Highway and adjacent to the Western Access Road. The shaft will be enclosed within a colourbond shed which will be coloured to integrate with the surrounding environment. Mining activities will be conducted 24 hours per day, 5 days a week with maintenance generally occurring on weekends.
- Only screening and crushing will be undertaken for coal extracted through bord and pillar mining (i.e. no washing will be conducted and as such, no rejects materials will be generated).
- Transport of coal to the Port of Newcastle will occur consistent with but at a lesser rate than currently approved operations.

BACKGROUND

Dartbrook Coal Mine (Dartbrook Mine) has approval under Development Consent DA 231-7-2000 to mine up to 6 Million tonnes per annum (Mtpa) of run of mine (ROM) coal until 2022. The Development Consent allows for mining operations in the Kayuga, Mt Arthur, Wynn and Piercefield coal seams using the longwall mining method.

The Development Consent allows for the transportation of coal to the Coal Handling Processing Plant (CHPP) on the east of the New England Highway via an underground conveyor (located within the "Hunter Tunnel"). Processed coal is approved to be loaded onto trains and transported to the port at Newcastle.

Dartbrook Mine has been in care and maintenance since 2007. Australian Pacific Coal purchased Dartbrook Mine in May 2017 and has been investigating the potential for further underground mining in addition to conducting studies on how part of the coal resource could be mined by via modern, low-impact, open cut mining technologies.



Figure 1 Conceptual Modification Layout

Monitoring Program

Subject to approvals, Australian Pacific Coal proposes to install 13 bores for groundwater monitoring and 10 exploration bores to sample coal quality in the first quarter of 2018. All sites will require the use of exploration drills and associated machinery and are located entirely on land owned by Australian Pacific Coal. Drilling is likely to take up to 3 months with work to occur during the day time only.

No private residences are within 200 m of the proposed bore installation areas, however near neighbours within 1 km will be personally notified prior to the drilling occurring. Clearing will be limited at each site and the pads will be completely rehabilitated.



Contact

Ron Connolly Land Manager

Dartbrook Mine
Stair Street, Kayuga NSW 2333

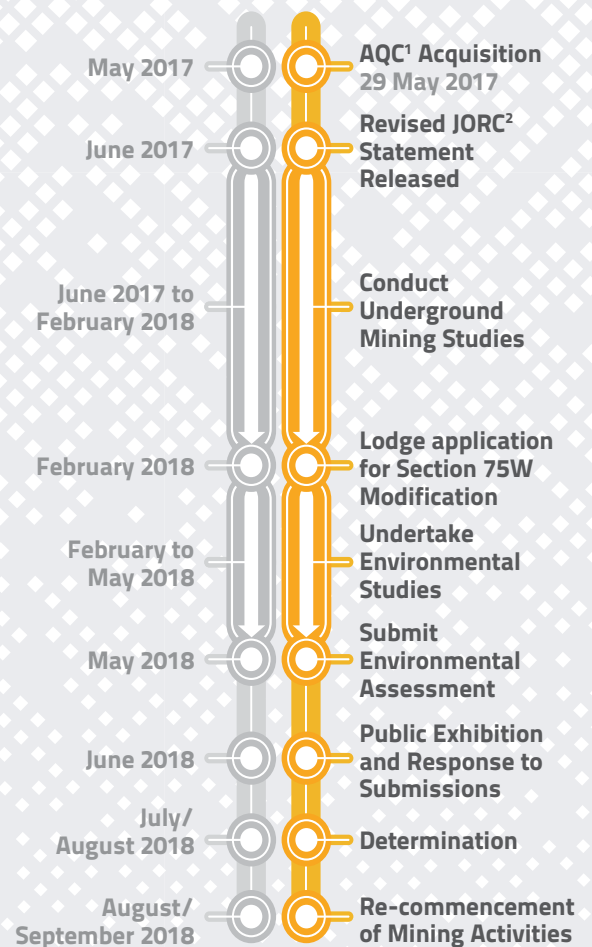
P: 02 6540 8864

Open Cut Planning Progress

Australian Pacific Coal is currently completing a Pre-Feasibility Study to determine how part of the Dartbrook Mine coal resource can be mined by modern, low impact open cut mining technologies.

We look forward to sharing our plans with the community and seeking preliminary feedback following completion of the study in the March 2018 quarter.

Schedule for Re-commencement of Underground Mining at Dartbrook Mine



¹ Australian Pacific Coal

² The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

Note - The scheduled dates are for planning purposes and as such may be subject to change

Andrew Wu Approvals

Hansen Bailey
6/127-129 John Street, Singleton NSW 2330

P: 02 6575 2017