



Australian Pacific Coal

ASX RELEASE (ASX: AQC)

Quarterly Activities Report for the period ended 30 September 2024

Highlights

- First coal to surface achieved in September 2024; targeting commercial production by end of CY2024
- The 4 km conveyor system successfully commissioned
- Two recordable injuries and nil environmental incidents during the period.
- Four-year Greenfields Enterprise Agreement signed with the Mining and Energy Union (MEU) and approved by the Fair Work Commission (FWC)
- Testing confirms NEWC spec thermal coal; met coal results pending
- MOD8 extension preparations on track, targeting formal submission before the end of CY2024

Financial

- The Dartbrook Joint Venture drew down US\$18.3 million from the US\$60 million Senior Debt Facility during the quarter. Funds drawn to date total US\$55.2 million (excluding capitalised interest).
- The Company held \$1.1 million of available cash at the end of September 2024 at the AQC group level. Cash reserves at the Dartbrook Joint Venture totalled \$1.4 million (\$1.1 million net to AQC).
- Subsequent to quarter end, in October 2024:
 - Dartbrook working capital secured with Senior Debt Facility upsized to US\$90 million contingent upon establishing a A\$20 million backstop Junior Debt Facility, funded on a 50:50 basis by AQC and Vitol, which can only be drawn if Senior Debt Facility exhausted.
 - AQC successfully completed a A\$20 million equity raise in October 2024 with proceeds used to fund the Company's A\$10 million share of the Junior Debt Facility and for corporate working capital.

Comments from Managing Director and CEO, Ms Ayten Saridas

"I'm proud to report that over the past three months, Australian Pacific Coal has achieved two of its most important goals to date: the Dartbrook mine produced coal to surface for the first time in 18 years and the project is now fully funded.

"Although we're a small company, we have a big future. To achieve these goals in the current environment requires a lot of hard work and our people have gone above and beyond over the past two years. Activity levels remain high at Dartbrook as we complete the transition from refurbishment and restoration to ramp-up and commercial production.

"Near term we are close to finalising port and rail agreements and are preparing to load our first train with Dartbrook coal.

"Looking further ahead, Australian Pacific Coal and the mine Operator, Tetra, will continue to focus on delivering the next series of key milestones, including commercial production, refurbishment of the washplant, and the MOD8 permit extension to 2033."

Safety, Environment and People

The Operator has advised that during the September quarter, there were 2 recordable injuries of which 1 was a lost time injury. The TRIFR at 30 September 2024 was 10.33, which is below the industry average (underground). There were nil environmental incidents during the period.

In July 2024, following a period of negotiation, Dartbrook executed a four-year Greenfields Enterprise Agreement with the Mining and Energy Union (MEU). The Agreement provides the necessary framework for the planned employment for future mining and processing activities at Dartbrook. The Agreement, approved by the Fair Work Commission ("FWC") in September 2024, will facilitate the transition from restoration to production as the workforce shifts from specialist contractors to operational personnel.

Dartbrook Restarted – First Coal Produced to Surface

The first stage of the mine plan requires two Continuous Mining Units (CMU) and both units have been received. The first CMU is operating underground and the second CMU is being commissioned. A third CMU has now been secured.

The 4 km conveyor system, which transports Run of Mine (ROM) coal from the underground storage facility to the surface via the Hunter Tunnel, was successfully commissioned in September 2024.

With the key elements of the mining and transportation chain in place and operational, Dartbrook achieved a major milestone in early September 2024 when it successfully produced ROM coal to surface – the first time the mine had produced coal since it was placed in care and maintenance in 2006.

This landmark event signalled the start of the ramp-up period to bring the mine into commercial production. During this period, the focus will be on optimising systems, equipment, operations and maintenance procedures, as well as the recruitment and training of permanent employees for the production phase.

The Dartbrook JV is targeting commercial production before the end of CY2024 with the intention of producing unwashed (bypass) coal initially while refurbishment of the CHPP wet plant is completed. Prior to commencing refurbishment works on the CHPP, a detailed study is being undertaken to assess all requirements and establish a work program which is planned to commence in the first quarter of CY2025.

NEWC spec confirmed – Met Coal results pending

The Operator extracted a bulk coal sample from the Kayuga seam in July which was sent for thermal and met coal testing and analysis. The Kayuga seam produces met coal products at other Hunter Valley (open cut) mines and this analysis will determine whether met coal production is possible at Dartbrook in addition to planned thermal coal production.

In September 2024, AQC received confirmation that coal from Dartbrook conforms to NEWC 6000 specifications which will ensure Dartbrook thermal product can be marketed to key customers in Asia once refurbishment of the CHPP is complete. Testing for metallurgical applications is ongoing. Early results were inconclusive and further testing will be conducted as we enter deeper sections of the Kayuga seam. The ability to produce metallurgical coal would provide Dartbrook with product optionality and marketing flexibility.

MOD8 Extension

Work continues on the MOD8 submission to extend operations at Dartbrook a further six years to 2033. Dartbrook anticipates being in a position to make a formal submission to the NSW Department of Planning, Housing and Infrastructure ("DPHI") before the end of CY2024. Beyond 2033, there are ample reserves and

resources at Dartbrook to enable subsequent extensions which would require a new Environmental Impact Statement and Mining Lease. The MOD8 development approval is an important, value accretive milestone for the JV and its stakeholders.

Corporate and Financial

At the end of the September quarter the Company held \$1.1 million in cash reserves at the AQC group level. Cash reserves at the Dartbrook Joint Venture totalled \$1.4 million (\$1.1 million net to AQC) at the end of the quarter.

The Dartbrook Joint Venture drew down US\$18.3 million from the US\$60 million Senior Debt Facility during the quarter. Funds drawn to date total US\$55.2 million (excluding capitalised interest). The Company's share of the Vitol loan balance drawn at the Dartbrook JV was US\$47.3 million (including capitalised interest) as at the end of the quarter.

The Company's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 of \$0.28 million which constitutes executive and non-executive directors' fees during the quarter.

Subsequent to the end of the quarter, AQC and its JV partner Tetra Dartbrook Pty Ltd ("Tetra") agreed with Vitol Asia Pte Ltd ("Vitol") to upsize the existing Senior Debt Facility from US\$60 million to US\$90 million on similar terms. The upsized Senior Debt Facility will:

- provide US\$30 million of additional funds for working capital for approved operating expenses during rampup; and
- continue to fund ongoing approved budgeted capital expenditure to enable the restart of mining operations and commercial production.

Upsizing the Senior Debt Facility was contingent upon securing an A\$20 million Junior Debt Facility ("Subordinated Facility"), to be funded on a 50:50 basis by AQC and Vitol (being A\$10 million respectively). Funds from the Junior Debt Facility may only be drawn once the Senior Facility is fully drawn down (for key terms of the facility, refer to AQC's ASX announcement of 2 October 2024).

In order to provide its share of the Junior Debt Facility, and thereby access the upsized Senior Debt Facility, in October 2024 AQC completed an A\$20.0 million Equity Raising comprising:

- an institutional placement to raise up to approximately A\$9.6 million; and
- a fully underwritten 1 for 6.16 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$10.4 million.

The Company's largest shareholder Trepang Services Pty Ltd, together with its related parties (who collectively hold 35.96% of AQC's ordinary shares), committed to subscribe for up to A\$6 million in the Equity Raising.

With the Senior and Junior Facilities in place, the Dartbrook mine is now fully funded. It is expected that Dartbrook now has sufficient funding to meet its estimated capex, working capital and contingency requirements through the ramp-up phase, into commercial production and beyond.

The Company's AGM will be held on 29 November 2024. Shareholders will be advised of further details in a separate Nortice of Meeting.

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This Quarterly Activities Report was authorised for release by the AQC Board. All \$ values in this report are Australian dollars unless otherwise stated.

All enquiries:

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About Australian Pacific Coal Limited (ASX: AQC) and the Dartbrook Project

Australian Pacific Coal Limited (ASX: AQC) is focused on restarting underground mining operations at the Dartbrook Coal Mine. Located in the Hunter Valley, NSW, approximately 4 km west of Aberdeen and 10 km north-west of Muswellbrook, Dartbrook has access to world-class infrastructure, a skilled workforce, and support industries utilised by major mining companies in the region. Dartbrook mine produces a high-quality thermal coal (NEWC spec) that is typical of the Hunter Valley.

The Dartbrook Joint Venture comprises Australian Pacific Coal Limited (80%, via subsidiaries) and Tetra Resources Pty Ltd (20%, via subsidiaries). Vitol Asia Pte Ltd is the Sole Marketing Agent for Dartbrook coal.

The Company provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location.

Name	Number	Status	Expiry Date	Interest Held
Dartbrook Project, Hunter Valley NSW				
AUTH 256	AUTH 256	Granted	16/12/2025	100%
EL 4574	EL 4574	Granted	13/08/2024	100%
EL 4575	EL 4575	Granted	13/08/2027	100%
EL 5525	EL 5525	Granted	22/09/2027	100%
CL 386	CL 386	Granted	19/12/2033	100%
ML 1381	ML 1381	Granted	19/12/2033	100%
ML 1456	ML 1456	Granted	27/09/2043	100%
ML 1497	ML 1497	Granted	5/12/2043	100%
Matuan Downs Bentonite Project, Alpha				
Mantuan	ML 70360	Granted		100%

Mining tenements acquired during the quarter and their location.

Not applicable.

Mining tenements disposed of during the quarter and their location.

Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter.

The Company's 100% owned subsidiary Mining Investments One Pty Ltd holds a 10% interest in each of the following Blackwood Resources Pty Ltd JV tenements.

Name	Number	Status	Interest Held
Blackwood Joint Venture, Miles QLD			
Bungaban Creek	EPC 1955	Granted	10%
Quondong	EPC 1987	Granted	10%

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AUSTRALIAN PACIFIC COAL LIMITED

ABN

49 089 206 986

Quarter ended ("current quarter")

30 SEPTEMBER 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(19)	(19)
(b) development	(431)	(431)
(c) production	-	-
(d) staff costs	(1,023)	(1,023)
(e) administration and corporate costs	(5,987)	(5,987)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	28	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST)	2,453	2,453
1.9 Net cash from / (used in) operating activities	(4,979)	(4,979)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(95)	(95)
(c) property, plant and equipment	(6)	(6)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets (Dartbrook Development costs)	(32,922)	(32,922)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities (Repayment received)	400	400
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(32,623)	(32,623)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(58)	(58)
3.5 Proceeds from borrowings	22,553	22,553
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	(472)	(472)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	22,023	22,023

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	17,784	17,784
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(4,979)	(4,979)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(32,623)	(32,623)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	22,023	22,023

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,205	2,205

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,205	2,205
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,205	2,205

*Cash balances include AQC's relevant interest (80%) in Dartbrook Joint Venture cash balances.

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1 (Salaries & Directors' fees)	278
6.2	Aggregate amount of payments to related parties and their associates included in item 2 (Consulting fees)	83

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	72,280	66,697
7.2 Credit standby arrangements	25	-
7.3 Other (please specify)		
7.4 Total financing facilities	72,305	66,697
7.5 Unused financing facilities available at quarter end		5,583
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>7.1 a) \$3m loan facility provided by Trepong Service Pty Ltd. AQC has agreed to provide security subject to receipt of shareholder approval. The loan attracts interest at a rate of 10% per annum.</p> <p>7.1 b) The Company is one of the party to a binding USD\$60m loan note issuance facility for the Dartbrook Project with Vitol Asia Pte Ltd (Vitol). Vitol has been granted a senior security over the assets of the Dartbrook Joint Venture. The facility attracts interest SOFR + 15% prior to first coal, reducing to SOFR + 10% thereafter and has a final repayment date of 31 December 2026. Further details can be obtained in the announcement of 22 January 2024.</p> <p>7.2 NAB Business Visa. Interest 15.50%. Unsecured</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,979)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) – item 2.1 (e) Dartbrook Development costs	(32,922)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(37,901)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,205
8.5 Unused finance facilities available at quarter end (item 7.5)	5,583
8.6 Total available funding (item 8.4 + item 8.5)	7,788
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.21
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

No.

The Dartbrook project is in development phase to prepare for restart of mining operations and commercial production. Cash inflows are expected when commercial production commences with cashflows ahead of commercial production anticipated to be managed within available cash resources.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, subsequent to the quarter end, AQC and its JV partner Tetra Dartbrook Pty Ltd ("Tetra") announced that they had agreed to upsize the existing Senior Debt Facility from US\$60 million to US\$90 million on similar terms with its financier Vitol Asia Pte Ltd ("Vitol").

In addition, AQC announced the launch of a underwritten A\$20.0 million Equity Raising.

Please refer to ASX announcement made on 2 October 2024 for further details.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, based on the funding and equity raising as discussed in 8.8.2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2024.....

Authorised by: ...By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.