

**MINUTES OF THE DARTBROOK COMMUNITY CONSULTATIVE COMMITTEE
MEETING HELD AT DARTBROOK – 14th August 2019**

PRESENT:

Cnr Kiwa Fisher	KF	CCC Chair and Upper Hunter Shire Council Representative
Paul Smith	PS	Upper Hunter Shire Council Representative
Sharon Pope	SP	Muswellbrook Shire Council Representative
Annette Rahn	AR	Local Community Representative
Tony Lonergan	TL	Local Community Representative
Harry Mitchell	HM	Local Community Representative (for Arthur Mitchell)
James Bailey	JB	AQC Environmental Consultant
Dorian Walsh	DW	AQC Acting Dartbrook Environmental Officer

APOLOGY:

John Robinson	JR	AQC Representative
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VISITORS:

Nil		
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1. INTRODUCTION & APOLOGIES:

- 1.1 The meeting was opened by KF at 13:00.
- 1.2 Apologies as per above list.

2. DECLARATION OF PECUNIARY INTERESTS

- 2.1 Nil

3. CORRESPONDENCE

- 3.1 KF & SP noted correspondence from Christopher Jones (SLR auditor appointed by Department of Planning, Industry and Environment (DPIE)) regarding issues to consider in the upcoming Dartbrook Independent Environmental Audit (IEA).

4. PREVIOUS MINUTES

- 4.1 A motion was put forward by KF that the minutes from the previous meeting held on the 15 May 2019 were true and correct. The motion was seconded by SP.

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5. BUSINESS ARISING FROM PREVIOUS MINUTES

- 5.1 The two actions from the previous minutes were discuss as follows:
- *Action: AQC clarifying its position on responses to the questions raised by the Friends of the Upper Hunter community group during a public meeting in Aberdeen.* It was noted that AQC had elected not to respond to these questions. KF stated that it was very disappointing that AQC had not taken the opportunity to engage with the group and respond to their questions, particularly given the commitment by JR to do so; and
 - *Action: AQC follow-up with leaseholders over high stocking rates on the ex-Macintyre property.* DW confirmed that AQC had discussed stocking rates on the property with the leaseholder since the previous CCC meeting and that numbers had been reduced. There were now 30 cows and calves and 150 heifers on the property. TL referred to the ongoing dry conditions away from the river and the maximum of 300 head that had been run on the property by the previous landholder. SP noted that this matter had been raised during MSC consultation with Christopher Jones for follow-up during the upcoming IEA.

6. COMPLAINTS SUMMARY

- 6.1 DW confirmed that no environmental complaints or incidents had been recorded since the previous CCC meeting.

7. BUSINESS ARISING

- 7.1 DW provided an update on the AQC Strategic Partnership with SNR that had been discussed at the previous CCC meeting. It was noted that certain conditions of the proposed arrangement had not been met and that AQC had terminated the agreement with SNR in early July. AQC remain open to discussions with SNR and other development partners regarding options for recommencement of operations on site. When asked by KF, DW confirmed that SNR representatives were no longer based at Dartbrook.
- 7.2 The status of the Dartbrook MOD7 application was discussed. This included the following items:
- Summary of the MOD7 Independent Planning Commission (IPCN) determination of 9 August 2019 (DW). TL questioned the ramifications of the refusal of the five-year extension to the life of the Dartbrook development consent. KW noted that AQC had previously argued that the development would not be viable without an extension to the mine life;
 - JB noted that AQC were reviewing the IPCN determination and the reasons for the decision and were evaluating its options in relation to developing its asset;
 - KF noted AQC's avenues to appeal and asked if AQC would be appealing the decision, in what court and in what timeframe this would need to occur. JB confirmed in general terms that a proponent does have appeal rights against an IPCN decision in particular circumstances and that such appeals are typically dealt with by the NSW Land & Environment Court. JB stated he was not certain of the period available for an appeal to be lodged, however this may be limited to 30 or 90 days in certain circumstances as prescribed in the EP&A Act;
 - KF proceeded to table a series of questions in relation to the financial viability of AQC and its obligations to Anglo American under the terms of the sale of the Dartbrook Asset to AQC.

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JB asked that these questions be provided in writing so that they could be considered by the appropriate person(s) in AQC. KF agreed to provide his questions in writing. JB gave an undertaking to distribute the questions received with the minutes of the meeting (see attached).

- 7.3 DW provided a general update on environmental monitoring results (for meteorology, air quality, surface water, riparian monitoring) and land management undertaken since the last CCC meeting. This update included a summary of elevated air quality monitoring results during the period, including ongoing results from depositional dust gauge 897. DW confirmed that the elevated readings were in not related to the minor care and maintenance activities regularly carried out on site.
- 7.4 DW referred to the upcoming IEA discussed earlier (see 3.1 above). The audit process would involve a review of site compliance against the conditions of Dartbrook's development consent (DA 231-07-2000), Environment Protection Licence and Mining Authorities in the previous three years. The auditors would also review general environmental performance on site over the period. DW noted that the final IEA report would be provided to DPIE in September and published once it had been accepted by the department.

8. MEETING CLOSED

- 8.1 The meeting closed at 13:30 pm.
- 8.2 DW to send out copy of the meeting presentation slides to all CCC representatives.

Attachments: 1. Questions from KF to AQC
2. Presentation to Dartbrook CCC on 14 August 2019

Dorian Walsh

From: Cr Kiwa Fisher
Sent: Thursday, 15 August 2019 8:00 PM
To: Dorian Walsh
Cc: James Bailey
Subject: AQC Questions from CCC

Dear Dorian,

I am writing further to yesterday's Dartbrook CCC meeting and James Bailey's request that I put the questions that I asked of Australian Pacific Coal in writing. Those questions are -

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1). Can you please outline AQC's current financial position, particularly in reference to cash flow and cash reserves? From reading the latest Quarterly Activities and Cashflow report it appears the company has around one quarter's cash burn in it's accounts.

2). With regard to the sale of Bowen Coking Coal stake announced to the ASX 18 July 2019, was approval or permission from Anglo American required for this divestment? If approval was required, was it sought and given?

The summary terms and conditions of the Vendor Loan Agreement [VLA] with Anglo American Metallurgical Coal Assets Pty Ltd released to the ASX 29 May 2017 details under "mandatory repayment",

"If the Company [AQC] raises any new equity, obtains any new debt (other than certain permitted debt) or disposes of certain key assets, then it must first apply the proceeds to the repayment of the Loan, except where, in the case of new equity or debt, the funds have been raised for working capital purposes (provided no more than \$10 million has been raised for working capital purposes since the date of the Loan (or \$2 million until the full suite of securities set out below are granted))".

As Security AQC was to grant to Anglo American MCA P/L

"...mortgages over all mining tenements or rights held by each of the subsidiaries of the Company"

3). As such, were the mandatory repayment provisions of the Anglo American VLA triggered?

4). The mandatory repayment clause reproduced above also places a limit of \$10 million of new debt and new equity for working capital. Can you please advise what amount of new debt and new equity AQC has raised for working capital since the date of the loan?

5). The Anglo American Vendor Loan Agreement matures 29 May 2019. How does AQC propose to repay this loan?

6). Unlike other recent price sensitive releases, the ASX release 13 August 2019 regarding the Dartbrook MOD7 Determination did not mention the ongoing commitment and support of the Cornerstone Investors. Will the Cornerstone Investors continue to provide financial support to AQC?

7). The ASX release 13 August 2019 mentioned that AQC was evaluating all available options. Can you please outline what those options are?

8). When is the Annual Report expected to be released?

We forgot to set a date for the next CCC meeting, my fault apologies.

Kind regards,

Kiwa

Cr. Kiwa Fisher

[X]

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