

ASX RELEASE
30 September 2022

AQC AGREES FURTHER TERMS TO FACILITATE THE RE-COMMISSIONING OF DARTBROOK

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) is pleased to provide the following update with respect to its proposal to re-commission the Dartbrook coal mine (**Dartbrook**) and its ongoing fully underwritten Entitlement Offer.

Further terms agreed with Trepang to facilitate the re-commissioning of Dartbrook

Further to its announcement on 27 September 2022 regarding its agreement with each of Trepang Services Pty Ltd (**Trepang**), M Resources Pty Ltd (**M Resources**) and Tetra Resources Pty Ltd (**Tetra Resources**) for a strategic partnership between all of the parties to see Dartbrook re-commissioned as a coal producing mine (**Strategic Partnership**), AQC is pleased to announce that Trepang has agreed to use reasonable endeavours to negotiate an agreement to extend the existing AQC access and compensation agreement, various easement arrangements and term transfer of water rights on mutually agreeable commercial terms, which is intended to allow underground mining operations to continue at Dartbrook for the duration of the mine life extension approvals. Upon entry into binding agreements, Trepang will be granted a 10% free-carried direct joint venture interest, subject to obtaining any necessary approvals (including any shareholder approval).

As part of the agreement, AQC and Trepang, Nicholas Paspaley, John Robinson Snr have agreed that the total amount owing pursuant to the loan arrangements in place is \$70,500,000.

Assuming binding agreements are entered into with Trepang, the joint venture raises the funds required to re-start production, all necessary approvals are obtained and production re-starts within the agreed timeframe (see further terms disclosed in AQC's 27 September 2022 market announcement regarding the strategic partnership), the overall joint venture equity ownership interest will be:

- AQC: 50%;
- M Resources: 20%;
- Tetra Resources: 20%; and
- Trepang: 10% (free-carried, as described in the Annexure).

Additional material terms regarding the proposed agreement with Trepang for extended access and water rights are set out in the Annexure to this announcement.

Withdrawal of section 249D requisition notice

Trepang has agreed that within one business day of today's date it will provide written notice to AQC irrevocably and unconditionally withdrawing the notices issued to AQC under sections 203D and 249D of the Corporations Act dated 31 August 2022 and 1 September 2022, respectively.

This follows receipt by the Company of the withdrawal of the consents to act of the directors nominated by Trepang as foreshadowed in AQC's announcement on 27 September 2022.

The Company will update the market further once the withdrawal has been formally received. Upon the withdrawal being received, AQC proposes to cancel the Extraordinary General Meeting that was convened for 10.00am on 31 October 2022 to consider the requisitioned resolutions.

Updates on Entitlement Offer

AQC provides the following key updates with respect to its Entitlement Offer:

Closing Date

As previously announced the Entitlement Offer will close at 5.00pm on Monday, 3 October 2022. Shareholders wishing to participate in the Entitlement Offer must complete the on-line application prior to that time.

Trepang participation in Entitlement Offer

As part of the agreement with Trepang outlined above, Trepang and its associates (**Trepang Parties**) have been provided with the right to subscribe for their respective entitlements as part of the Entitlement Offer, by way of setting-off some or all of their respective subscription amount against part of AQC's debt owed to the Trepang Parties (**Trepang Debt**).

Trepang has until close of business today, 30 September 2022, to make that nomination. AQC has been advised that the Trepang Parties intend to subscribe for their full entitlements as part of the Entitlement Offer (being 41.72% of overall Entitlement Offer), by way of set-off against the Trepang Debt.

As previously advised, all of the cash proceeds of the Entitlement Offer will be used to repay the remaining balance of the Trepang Debt in full, and for AQC's future working capital purposes.

Status of conditions precedent to the Underwriting Agreement

As part of the terms agreed with Trepang, Trepang has agreed to release all encumbrances over the assets of AQC, and any of its subsidiaries, contemporaneously with repayment of the remaining balance of the Trepang Debt. This satisfies the final remaining key condition precedent to the underwriting.

Accordingly, the Company is pleased to announce that all conditions precedent to the underwriting have been satisfied, except those that cannot be satisfied until close of the Entitlement Offer (being regulatory approval of the quotation of the offer shares; AQC providing a shortfall notice to the underwriter and AQC providing a confirmation certificate to the underwriter).

Key remaining dates for the Entitlement Offer

The key dates for the Entitlement Offer are provided in the indicative timetable below:

Event	Date* (2022)
Entitlement Offer closes (Closing Date)	5.00pm on Monday, 3 October
Announcement of shortfall (if any) under the Entitlement Offer	Tuesday, 4 October
Issue and allotment of shares under the Entitlement Offer; issue Appendix 2A	Monday, 10 October
Dispatch of holding statements	Tuesday, 11 October
Commencement of trading of new shares	Tuesday, 11 October

Note: All dates and times above are indicative and the Company reserves the right to amend any or all of these events, dates and times, or withdraw the Entitlement Offer, subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Brisbane time. The commencement of quotation of new shares under the Entitlement Offer is subject to confirmation from ASX.

Cleansing Notice

This announcement also constitutes a notice for the purposes of section 708AA(12) of the *Corporations Act 2001* (Cth) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*).

This announcement has been authorised for release to ASX by the Board of Directors of Australian Pacific Coal Limited.

All enquiries:

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Annexure

Summary of material terms of agreement with Trepang

Below is a summary of the material terms of the further agreement with Trepang:

Access arrangements and joint venture interest	<p>Trepang has agreed to use reasonable endeavours to negotiate and execute long form agreements to give effect to the provisions below, within 20 business days of the date of this announcement (with the agreements conditional on AQC obtaining all necessary approvals, including shareholder approval).</p> <ul style="list-style-type: none">• Trepang will agree to amend the existing AQC access and compensation agreement, various easement arrangements and term transfer of water rights on mutually agreeable commercial terms to allow underground mining operations to continue at the Dartbrook coal project for the duration of mine life extension approvals of the existing underground Dartbrook mine.• In consideration for the amendment and extension of the land access agreements and water rights, and subject to AQC obtaining the required approvals, including shareholder approval, AQC will grant Trepang a life of mine 10% free carry (including no obligation to pay cash calls, or any other JV cost or liability (despite any other provision)) joint venture interest in Dartbrook from AQC's joint venture interest.• AQC (and not M Resources or Tetra Resources) will be solely liable to pay cash calls, or any other JV cost or liability in respect of Trepang's 10% JV interest.• The Trepang interest may not be capable of being diluted. Trepang will have the right to appoint one member of the operating committee or joint venture decision making body.• Trepang and AQC will identify and agree an area or areas within the Trepang properties (being the properties which are the subject of the extended land access and water rights agreements), to be used by AQC to allow underground mining operations to continue at the Dartbrook Mine (Relevant Area). Provided Trepang's 10% interest has been approved, Trepang and AQC will agree (or in the absence of agreement, and independent valuer will determine) a minimum payment of interest or royalty for the rent of the properties and lease of water rights within the Relevant Area (Minimum Return).• If the income derived from Trepang's Project Interest for a financial year is less than the Minimum Return, then a payment must be made to Trepang (Top Up Payment) to ensure that the Minimum Return is achieved for that financial year. Payments will commence on 1 April 2023.• The Minimum Return and the Top Up Payment are to be costs borne and paid by the JV.• AQC will complete the transfer of certain landholdings near the Coal Handling Preparation Plant that are beneficially owned by Trepang interests to those Trepang interests (following the completion of a subdivision process).• If shareholder approval is required for the granting of Trepang's 10% JV interest and not obtained, the parties agree that AQC's joint venture interest will be 60% (and Trepang will have no obligation to agree land and water arrangements).
Director appointment right	<p>Trepang will have the right to nominate up to two directors to the board of AQC for so long as it or its affiliates collectively hold a relevant interest in AQC of 20% or more in the shares of AQC (reducing to one director where Trepang holds a relevant interest in AQC of less than 20% but more than 5%). The director appointments are subject to compliance with legal requirements.</p>