

ASX RELEASE  
25 August 2022

## **Alternative Non-binding Indicative Proposal received – M Resources Pty Ltd**

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX:AQC) hereby wishes to announce that the Company has received another non-binding indicative proposal from M Resources Pty Ltd (**M Resources**) or its affiliated entity to acquire 100% of the shares in the Company by way of an off-market takeover bid (**M Resources Proposal**).

M Resources propose the following (in summary only):

1. Immediate funding to AQC by way of an equity subscription for 14.99% of shares in AQC at \$0.36 per share for a total of \$2.7 million (less fees and expenses) (**Placement**);
2. AQC and its lenders agreeing to refinance or restructure the debt owing from AQC to Mr Robinson, Mr Paspaley and Trepong Services Pty Ltd (each a **Lender**) (**Debt**) (**Refinancing of Debt**);
3. All cash consideration proposed price is \$0.36 per share or approximately \$18.2 million, resulting in 167% premium to AQC's closing share price of \$0.135 as at 19 August 2022 and a 90% premium to AQC's volume-weighted average price (**VWAP**) over the 20 trading days up to and including 22 August 2022.

AQC is advised that M Resources is a wholly owned private group of companies controlled by Matthew Latimore. M Resources is:

- the largest shareholder in Bowen Coking Coal Ltd;
- second largest independent shareholder in Stanmore Resources Ltd; and
- 50% owner of Met Res Pty Ltd (the operator of the Millennium Mining Complex).

For the M Resources Proposal to proceed, M Resources requires that:

1. The Company and the Lenders, agree in writing to the terms acceptable to M Resources by:
  - a) granting a forbearance and extension in relation to the Share Sale Agreement to ensure the Company is not in default of its debts arrangements under the Share Sale Agreement with Trepong; and
  - b) a moratorium on repayment of the Debt, for 45 days from the date of such agreement, in order for completion of the Refinancing to occur (**Deferment Period**). Please note, Placement is subject to and conditional upon this condition being satisfied.
2. AQC and its Lenders agreeing to the Refinancing of the Debt (including outstanding interest) on terms acceptable to M Resources during the Deferment Period. Please note, Placement is subject to and conditional upon this condition being satisfied.
3. Subject to the Refinancing occurring within the Deferment Period, the Company's transaction with Trepong be terminated (at no cost to AQC). Placement is subject to and conditional upon this condition being satisfied.
4. There be no material adverse change [to the Company].
5. There be no prescribed occurrences.
6. AQC and M Resources finalising the details structure of the M Resources Proposal following financial, accounting, legal and tax advice.
7. Transaction Implementation Agreement be executed with customary exclusivity provisions including a break fee, 'no shop,' 'no talk', matching rights and notification provisions.
8. M Resources be able to carry out satisfactory due diligence investigations.

9. M Resources obtains all necessary approvals or regulatory waivers (if required) from applicable regulatory bodies.
10. Appropriate arrangements be entered into in relation to the cancellation or acquisition of all performance rights and convertible notes.
11. M Resources obtaining a 90% minimum acceptance condition for the M Resources Proposal.

The Company is advised by M Resources that M Resources have sufficient internal cash reserves to fund the Placement and the boarder M Resources Proposal on an accelerated timetable.

Given the Proposal was received by AQC this morning, the Company requires time to consider the M Resources Proposal. The Company advises that the M Resources Proposal is at an early stage, is conditional and requires further consideration. Shareholders are advised to take no action at this time.

The Company also notes that both non-binding alternative proposals received (from Nakevo Pty Ltd and M Resources Pty Ltd) are subject to a number of conditions including that the Lenders agree to a moratorium on the debt owing by AQC for a period of 45 days to allow refinancing of that debt. Based on initial discussions with representatives of Trepang Services Pty Ltd it currently appears unlikely that certain conditions will be able to be met. The Board is further considering the Company's options and will make a further announcement in due course.

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

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