

ASX RELEASE (ASX: AQC)

Quarterly Activities Report for the period ended 30 June 2024

Highlights

- No recordable injuries or environmental incidents during the period.
- Underground restoration works on the Hunter Tunnel are on schedule; completion expected August 2024
- Above ground restoration works making good progress
- Bulk sample coal cut and transported for testing; met coal analysis results expected in Q3 CY2024
- Refurbishment of additional mining equipment and construction of second panel ongoing; conveyor assembly underway
- Work continues on accelerated mine plan and MOD8 extension; targeting MOD8 submission before the end of 2024
- Enterprise Agreement executed and awaiting approval by the Fair Work Commission
- Negotiations for offtake and port and rail agreements well advanced
- First coal production targeting August-September 2024.
- At 30 June 2024, the Dartbrook Joint Venture had drawn down approximately US\$36.9 million (excluding capitalised interest) of the US\$60 million restart capex debt facility.
- The Company held \$1.5 million of available cash at the end of June 2024 at the AQC group level. Cash reserves at the Dartbrook Joint Venture totalled \$20.4 million (\$16.3 million net to AQC).

Comments from Managing Director and CEO, Ms Ayten Saridas

“With almost 130 people on site at Dartbrook, activity levels have increased as planned and we are making excellent progress towards first coal. A continuous miner was sent underground and on 18 July a bulk sample was cut and sent for testing to determine the met coal potential of the Kayuga seam at Dartbrook, with results expected in the September quarter.

“Underground and above ground works are proceeding to schedule and we have begun the final phase of restoration works on the Hunter Tunnel.

“We are also progressing a number of activities that have the potential to increase shareholder value. These include the MOD8 permit extension to 2033, which is underway; the establishment of a working capital facility; and the finalisation of offtake and port and rail agreements.

“We are targeting first coal in August-September of this year with sales of unwashed coal to follow.

“Sales of washed coal for export are expected to commence in the first quarter of calendar year 2025 once above ground restoration works at the CHPP are completed.”

Dartbrook Refurbishment and Restoration Works

Underground works made excellent progress over May and June 2024. As at 14 July 2024, restoration of the Hunter Tunnel is on track with the roof and rib support program 100% complete; first pass shotcrete 100% complete; installation of the services pipelines (water and air) 100% complete; and tunnel fit out underway. Restoration and refurbishment work is expected to be completed in August.

All sections of the conveyor system and belt ordered from overseas have been delivered in preparation for installation, which has commenced with the critical path items being the drivehead components. Construction works for the second panel, including refurbishment of additional mining equipment, are making good progress with completion anticipated in August, subject to JV budget approval.

Refurbishment of the above ground Coal Handling and Preparation Plant (“CHPP”) and train load out facilities continues. The old hydraulic system for the train load out has been removed and the new hydraulic system has been delivered and is ready to install. Preparations for the refurbishment of the CHPP are advancing, long lead items have been ordered, and delivery is pending. Completion of the CHPP refurbishment is anticipated in Q1 CY2025.

Subject to the delivery of key equipment, completion of the installation of the conveyor system, and JV budget approval, AQC is targeting first coal from Dartbrook in August-September 2024. During the restart phase, coal will bypass the CHPP and be sold on an unwashed basis. Sales of washed coal is expected to commence in Q1 CY2025.

Mine Plan and Met Coal Potential

AQC and its partners are working with various consultants to analyse options to optimise the Dartbrook Mine Plan and accelerate the restart work program and ramp-up period within forecast expenditure limits. This may result in another Continuous Miner in the third panel being brought online earlier than originally planned, with the aim of increasing sales volumes. Details will be announced following evaluation and approval by the Dartbrook JV Committee.

AQC is also examining the potential of Dartbrook mine to produce commercial quantities of metallurgical coking coal. As previously announced, the first continuous miner has been transported underground and commenced cutting the bulk sample in the Kayuga seam on 18 July 2024 for 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. Subject to lab availability, AQC anticipates completion of the testing and analysis in Q3 CY2024.

MOD8 Extension

Work on the MOD8 submission to extend operations at Dartbrook a further six years to 2033 is advancing. 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.

Coal Marketing and Working Capital

Vitol Asia Pte Ltd, as sole marketing agent for Dartbrook coal, is in advanced discussions with various groups for offtake of washed and unwashed coal. In addition, the Dartbrook JV is in the process of finalising arrangements with various parties for port and rail access. Further details will be announced in due course.

AQC, on behalf of the Dartbrook JV and with the support of Vitol, has commenced a process to establish a working capital debt facility. Discussions with a number of domestic and international parties are underway, with a minimum commitment of approximately \$30 million required by first coal.

Corporate and Financial

The Company announced (ASX announcement 5 April 2024) it has agreed a Deed of Settlement and Release with Evolution in connection with an Underwriting Agreement dated 2 September 2022. The Deed required the Company to issue a total of 13,786,361 options to Evolution with a \$0.34 exercise price and three-year exercise period.

On 24 April 2024 the Company announced that Mr Jeff Beatty had resigned from his position as a Director on the AQC Board. On 5 June, Mr Jeff Gerard was appointed an Independent Non-Executive Director and Mr John Robinson was appointed a Non-Executive Director of the Company. On 18 June, Mr Mike Ryan stepped down from his role as Interim Chairman and resigned as a Director of the Company. Non-Executive Director, Mr John Robinson was subsequently elected as Chairman. Additionally, Ms Ayten Saridas was confirmed as Managing Director and Chief Executive Officer.

The Company held a General Meeting on 23 May 2024 and all resolutions were carried.

At the end of the June quarter the Company held \$1.5 million in cash reserves at the AQC group level. Cash reserves at the Dartbrook Joint Venture totalled \$20.4 million (\$16.3 million net to AQC) at the end of the quarter.

The Company's share of the Vitol loan balance drawn at the Dartbrook JV was US\$31.35 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 \$0.15 million which constitutes executive and non-executive directors' fees during the quarter.

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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.

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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 produced 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 JUNE 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(249)	(1,061)
	(e) administration and corporate costs	(1,650)	(2,831)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	58	86
1.5	Interest and other costs of finance paid	-	(270)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (mine care and maintenance)	-	(2,060)
1.8	Other (Cost reimbursements)	-	-
1.8	Other (GST received/paid)	95	95
1.8	Other (Transaction costs)	(381)	(2,799)
1.9	Net cash from / (used in) operating activities	(2,127)	(8,840)

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 (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (Dartbrook development costs)	(15,167)	(24,993)
	(e) investments	-	-
	(f) other non-current assets	-	-
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 (Expenses on behalf of the Dartbrook Joint Venture)	200	(16,367)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(14,967)	(41,360)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	11,958
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	-	(827)
3.5	Proceeds from borrowings	14,323	50,795
3.6	Repayment of borrowings	-	(1,000)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Proceeds from share issue received ahead of share allotment)	-	3,277
3.10	Net cash from / (used in) financing activities	14,323	64,203

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	20,481	3,707
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,127)	(8,840)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(14,967)	(41,360)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14,323	64,203
4.5	Effect of movement in exchange rates on cash held	99	99
4.6	Cash and cash equivalents at end of period	17,809	17,809

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	17,784	20,456
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in escrow)	25	25
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	17,809	20,481

* Cash balances include relevant interest in Dartbrook Joint Venture cash balances of 80% at quarter end (\$18.053m).

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	148
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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	74,975	47,265
7.2 Credit standby arrangements	25	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	75,000	47,265

7.5 **Unused financing facilities available at quarter end** Nil

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.

7.1 a) \$3m loan facility provided by Trepang 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.

7.1 b) During the year the company announced that it had finalised 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. At 30 June 2024 the company's 80% share of the facility was down to USD\$29.52m (~AUD\$44.265m) from total facility of USD\$48.0m (~AUD\$71.975)

7.2 NAB Business Visa. Interest 15.50%. Unsecured

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,127)
8.2 Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	(15,167)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(17,294)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	17,809
8.5 Unused finance facilities available at quarter end (Item 7.5)	27,710
8.6 Total available funding (Item 8.4 + Item 8.5)	45,519
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.63
<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>	

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

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: Not applicable

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: Not applicable

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: Not applicable

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 July 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.
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.