

ASX Release
8 November 2022

Further Dartbrook Update: Timeline & Capex

As previously announced to the market, Australian Pacific Coal Limited ('AQC' or the 'Company') (ASX: AQC) continues to advance the restart of the Dartbrook Coal Mine, which is set to position itself as the next prominent producing mine in the Hunter Region. The team continues to collaborate with financiers, potential offtake partners and operational personnel to fast track the immediate 1.5mtpa operation and progress towards the nameplate capacity of 6.0mtpa. As a further update, the Company advises the following:

Operational update:

- Tetra have advised that the pre-production phase is likely to take 7–9 months to complete.
- Critical paths to restart include:
 - Hunter tunnel dewatering and restoration
 - Procurement of conveyance structure for the Hunter Tunnel
 - Procurement of mining equipment / resources
 - CHPP Restoration and Noise Attenuation
- Further detail on these items will be announced in due course.

Funding update:

- M Resources continues to advance the financing requirements for the restart program, advising they have a number of potential financiers under NDA who are actively reviewing the Dartbrook restart capital requirement. Funding is being procured on an accelerated timetable to meet the restart timeline.
- Debt funding is expected to be procured before Christmas.
- In the interim, AQC is providing ad-hoc funding to expedite the mining restart timeframe.

Significant reduction in estimated restart capex:

- Representatives of the proposed joint venture have estimated that the restart capex for the Dartbrook project will be in the range of A\$100m to A\$120m. The capital will focus on critical path items to ensure Dartbrook is returned to operations at a steady state of ~1.5mt in the Kayuga seam.
- The key difference in spending is related to a strategy of leasing equipment rather than purchasing new underground mining equipment. This will reduce the overall cost by ~A\$80m while accelerating the timetable, given new equipment lead times are greater than 18 months.
- The rented equipment for the project has now been identified.
- Another area of saving is related to the CHPP and associated infrastructure where it is intended to focus on repairs and replacements to circuits that will restart the plant to support the initial production levels without overhauling the CHPP to nameplate capacity of 6.0mt.
- Ventilation has been identified as another area of saving. The current ventilation system is sufficient to support production in the Kayuga seam with minimum upgrades. In a scenario of multi seam operations further restoration to the ventilation will be required.
- Also, capital efficiencies are realised through the underground infrastructure, where coal is transported to the CHPP. Substantial savings are achieved through the acquisition of second-hand drive units, which have already been procured and set aside by the supplier. All new

conveyor structures will be purchased through preferred and known third party suppliers which have been agreed after detailed tendering processes.

- As a result, expected savings of A\$160m to A\$180m have been identified.
- Operating costs for Dartbrook are expected to be in line with a conventional Bord & Pillar operation, where steady state production is expected to have a cost of A\$85/t – A\$90/t FOR. This supports margin expansion as Dartbrook will produce a NEWC spec coal, which currently trades at a US\$180/t premium to API #5.

Joint Venture Documentation

- A joint venture agreement has been drafted, negotiations continue to progress and are expected to be completed in the coming weeks.

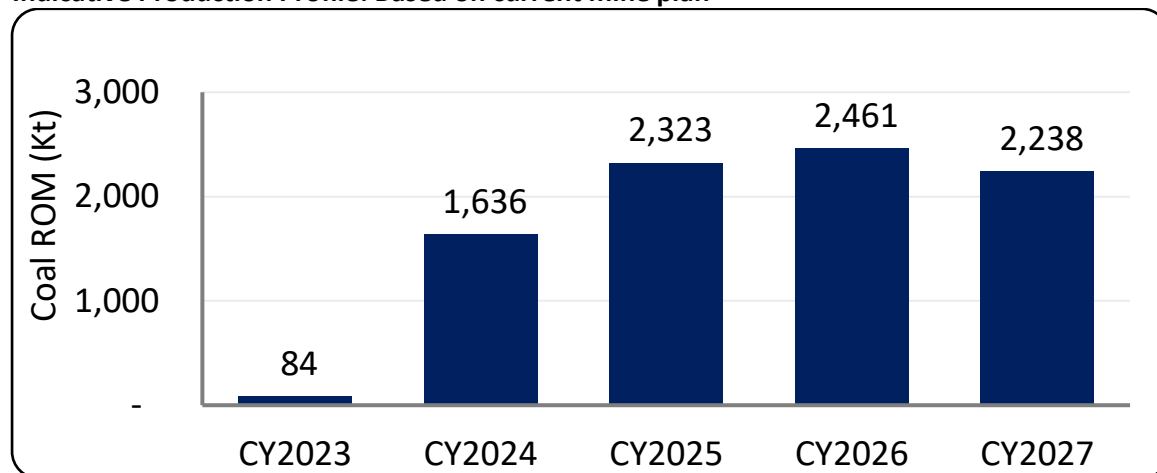
People update:

- Key appointments to the mining operations team have been identified by Tetra.
- AQC is currently undertaking the appointment of an independent senior mining executive in a leadership role who will along with current management assume various responsibilities including as member of the joint venture management committee providing advice and oversight to the AQC board.
- The Company is also progressing additional board appointments including nominees of Trepang Services and M Resources.

Hunter Tunnel Update:

- Currently, AQC continues to maintain the current pumping program with approximately 1 - 1.2 mega litres being pumped from the Hunter Tunnel per day. Despite unfavourable weather conditions, the Company expects the Hunter Tunnel to be dewatered by over the coming months in readiness for the early operational mining phase

Indicative Production Profile: Based on current mine plan



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

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About AQC and the Dartbrook Project:

Australian Pacific Coal (ASX: AQC) is focused on developing, acquiring and value adding thermal and metallurgical coal projects. AQC's principal asset is the Dartbrook Coal Mine in the Hunter Valley, NSW. The Dartbrook Coal Mine is located approximately 4km west of Aberdeen and 10km north-west of Muswellbrook. The Dartbrook site has access to world-class infrastructure, a skilled workforce and the support industries utilised by major mining companies in the region to serve key customers in Asi