



Australian Pacific Coal

ASX RELEASE

7 June 2016

EXECUTION OF FORMAL DOCUMENTATION TO ACQUIRE REMAINING 16.67% INTEREST IN DARTBROOK JOINT VENTURE

Australian Pacific Coal Limited (“AQC” or “Company”) is pleased to announce it has executed formal documentation in relation to Marubeni Coal Pty Ltd’s (“Marubeni”) tag-along sale of its 16.67% interest in the Dartbrook Joint Venture (“Dartbrook JV” or “Project”) to the Company.

As announced on 29 December 2015, the Company has entered into a binding agreement to acquire an 83.33% interest in the Dartbrook JV from Anglo American Plc (“Anglo”). Under the Joint Venture Agreement (“JV Agreement”) between Anglo and Marubeni, Marubeni had the right to ‘tag’ and sell its interest to AQC on no less favourable terms. Marubeni has exercised its tag-along right and AQC will now proceed with the purchase of Marubeni’s interest, subject to, amongst other things, its agreement with Anglo becoming unconditional. It is envisaged that the sale of both Anglo and Marubeni’s interest in the Dartbrook JV, totalling 100%, will complete simultaneously.

As announced on 18 May 2016, the Company’s acquisition from Marubeni consists of a 16.67% interest in the Dartbrook JV and a 16.67% interest in Dartbrook Coal (Sales) Pty Ltd, the marketing agent of the Dartbrook JV (together, “the Marubeni Acquisition”).

The consideration for the Marubeni Acquisition will include:

- a A\$5 million cash payment (of which a deposit of A\$100,000 has been paid); and
- a royalty of A\$0.50 per tonne of total coal sold or otherwise disposed of from the Project and A\$0.05 per tonne of any third party coal processed through Project infrastructure, but capped at A\$5 million (subject to escalation in accordance with CPI). AQC and Anglo have also agreed to revise the royalty rate on the royalty payable to Anglo, as part of the acquisition of its 83.33% interest, from A\$3.00 per tonne to A\$2.50 per tonne, to reflect the fact that the royalty is paid on an equity tonnes basis and AQC will now own 100% of the Project.

The Company announced on 27 April 2016 that cornerstone investor Trepang Services Pty Ltd has undertaken to provide the necessary purchase consideration of \$5 million by way of a secured, interest bearing, loan to the Company for the Marubeni Acquisition (“the Loan”). The Loan has a three-year term and an interest rate of 10% per annum. The provision of the Loan is subject to the Company’s undertaking to execute a general security deed over all property of the Company, pursuant to shareholder approval.

Completion of the acquisition of Anglo and Marubeni’s interests in the Dartbrook JV remains subject to certain conditions precedent, including:

- Marubeni releasing Anglo from any further liability in respect of the Dartbrook JV, which it has agreed to do on completion of the sale of its interest;
- receipt of NSW government approval to the tenement change of control and to the tenement transfers from Marubeni;
- AQC providing reasonable evidence to Anglo and Marubeni of AQC’s ability to replace the financial assurances of approximately A\$9.2 million; and
- in respect of the Marubeni Acquisition, Foreign Investment Review Board approval, if applicable.

AQC and Anglo have also agreed to waive the condition precedent relating to Marubeni not exercising its pre-emptive or tag-along rights under the JV Agreement.

For further information, please contact:

Australian Pacific Coal Limited
Tel: +61 7 3221 0679

Brunswick Group
Kate Holgate / Darragh Ooi
Tel: +65 6426 8188
Email: AustralianPacificCoal@brunswickgroup.com