

Entitlement offer booklet



Australian Pacific Coal Limited
ACN 089 206 986

A 5.83 for 1 fully underwritten renounceable pro rata entitlement offer of shares in Australian Pacific Coal Limited at A\$0.34 per Offer Share to raise approximately A\$100m (subject to rounding).

This Offer Booklet is important and requires your immediate attention. You should read this Offer Booklet in full.

This Offer Booklet contains important information. You should read this Offer Booklet in full and seek advice from your stockbroker, accountant or other professional adviser if you have any questions about your investment in the Company or about the impact of the Entitlement Offer described in this Offer Booklet. If you have any questions in relation to how to participate in the Entitlement Offer after reading this Offer Booklet, please contact the Company's registry, Link Market Services Limited on 1300 650 320 (callers within Australia) or +61 1300 650 320 (callers outside Australia).

This Offer Booklet does not provide financial advice and has been prepared without taking into account your particular objectives, financial situation or needs.

This Offer Booklet may not be distributed outside of Australia or New Zealand except in such other countries, and to the extent contemplated, under this Offer Booklet.

Not for release or distribution in the United States.

Important information

This Offer Booklet

This Offer Booklet has been prepared by Australian Pacific Coal Limited ACN 089 206 986 (**Company**).

This Offer Booklet is not a prospectus under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with ASIC. This Offer Booklet is dated 14 September 2022 and a copy was lodged with ASX on that date.

This Offer Booklet relates to a 5.83 for 1 (5.83 new Offer Shares for every 1 existing Share held on the Record Date) renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price as announced by the Company to ASX on 2 September 2022 (as updated pursuant to a supplementary announcement dated 5 September 2022) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows pro rata entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

No cooling off rights

Cooling off rights do not apply to an investment in Offer Shares. You cannot, in most circumstances, withdraw your Application once it has been accepted.

Entitlements trading

The Entitlements are renounceable and can be traded on ASX. For further information regarding rights trading please refer to Section E of this Offer Booklet.

Not financial product advice

The information contained in this Offer Booklet is not financial product advice, does not purport to contain all the information that you may require in evaluating a possible acquisition of Offer Shares in the Company and has been prepared without taking into account the investment objectives, financial situation or needs of you or any particular investor.

You should conduct your own independent review, investigation and analysis of the Company and the Offer Shares which are the subject of the Entitlement Offer. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

Risks

Please refer to Section D of this Offer Booklet, which includes a non-exhaustive summary of the risk factors associated with an investment in the Company.

Foreign jurisdictions

This Offer Booklet is being made available to all Shareholders on the share register as at 7.00 pm (Brisbane time) on 9 September 2022 (**Record Date**) with a registered address in Australia, New Zealand, Hong Kong and the People's Republic of China (**Eligible Shareholders**). If you are a resident of Hong Kong or the People's Republic of China you will need to first contact the Company Secretary by email at cosec@aqcltd.com before making an Application.

The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register the Offer Shares or otherwise permit a public offering of the Offer Shares in any jurisdiction other than Australia and New Zealand. Participating in the Entitlement Offer shall be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed. The distribution of this document outside Australia may be restricted by law.

United States

This Offer Booklet must not be taken into, distributed or released in the United States or distributed to any person in the United States or to any person acting for the account or benefit of any person in the United States. Persons who come into possession of this Offer Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The information in this Offer Booklet does not constitute an offer to sell, or the solicitation of an offer to buy, any Offer Shares in the United States or to any person in the United States. Offer Shares may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The Offer Shares to be offered and sold in the Entitlement Offer have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Offer Shares in this Entitlement Offer may only be offered and sold outside the United States, to persons that are not in the United States or acting for the account or benefit of persons in the United States.

New Zealand

This Offer Booklet has not been registered, filed with, or approved by, any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (New Zealand) (**FMC Act**).

The Offer Shares are not being offered or sold to the public in New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand, to whom the offer of Offer Shares is being made in reliance on the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021* (New Zealand). The offer of Offer Shares is renounceable in favour of members of the public.

Other than in the Entitlement Offer, the Offer Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the FMC Act. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and Offer Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Entitlements and the Offer Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or Offer Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

People’s Republic of China

This Offer Booklet has not been approved by, nor registered with, any competent regulatory authority of the People’s Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the Offer Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for the Offer Shares be made from, within the People’s Republic of China. This document does not constitute an offer of Offer Shares within the People’s Republic of China.

The Offer Shares may not be offered to legal or natural persons in the People’s Republic of China other than to: (i) “qualified domestic institutional investors” as approved by a relevant People’s Republic of China regulatory

authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorisation to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary People's Republic of China governmental approvals, registrations and/or filings (whether statutorily or otherwise).

Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany. Accordingly, this document may not be made available, nor may the Entitlements or the Offer Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Entitlements and Offer Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Other jurisdictions

The Offer Shares may not be offered or sold in any jurisdiction except to persons to whom such offer or sale is permitted under applicable law.

Nominees and custodians

Nominees and custodians may not distribute this Offer Booklet or any other materials related to the Entitlement Offer, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia or New Zealand except, with the consent of the Company, to beneficial shareholders resident in certain other countries (including Hong Kong or the People's Republic of China) where the Company may determine it is lawful and practical to make the Entitlement Offer.

Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on receipt of your Application are governed by the law applicable in Queensland. Each Shareholder who applies for Offer Shares submits to the non-exclusive jurisdiction of the courts of Queensland.

Future performance

This Offer Booklet (together with its Annexures) may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "objective", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention has been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors (many of which are beyond the control of the Company) that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You should also have regard to the "Key Risks" in Section D of this Offer Booklet.

Past performance

Past performance information given in this Offer Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Financial data

All dollar values are in Australian dollars (A\$) except where otherwise indicated.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by the Company or its related bodies corporate in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of the Company, or any other person, warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Offer Booklet.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving Offer Shares. This Offer Booklet does not contain or constitute tax advice and does not take account of the individual circumstances of particular Eligible Shareholders. The Company recommends that you consult your professional tax adviser in connection with the Entitlement Offer, and any proposed participation in the Entitlement Offer.

Privacy

The Company collects information about each applicant provided in an Application for the purposes of assessing and processing the Application and, if the Application is successful, to administer the applicant's shareholding in the Company.

By submitting an Application, you will be providing personal information to the Company (directly or through the Registry). The Company collects your personal information to process and administer your shareholding in the Company and to provide related services to you. The Company may disclose your personal information for purposes related to your shareholding in the Company, including to the Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that the Company holds about you. To make a request for access to your personal information held by (or on behalf of) the Company, please contact the Company through the Registry.

Trading Offer Shares

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade Offer Shares they believe will be issued to them before they receive their holding statements following the close of the Entitlement Offer, whether on the basis of confirmation of the allocation provided by the Company or the Registry or otherwise, or who otherwise trade or purport to trade Offer Shares in error or which they do not hold or are not entitled to.

Defined terms

Capitalised terms used in this Offer Booklet have the meaning given to those terms in the glossary in Section F of this Offer Booklet.

Letter from the Chairman

14 September 2022



Dear Shareholder

On behalf of the Directors, I am pleased to offer you the opportunity to participate in a fully underwritten 5.83 for 1 (5.83 new Offer Shares for every 1 existing Share held on the Record Date) renounceable pro rata entitlement offer to subscribe for Offer Shares at A\$0.34 per Offer Share, as previously announced by the Company to ASX, to raise up to approximately A\$100 million (before costs and expenses) (**Entitlement Offer**).

Trepang Transaction and recent conditional non-binding indicative proposals

As you may be aware the Company has been the subject of significant corporate activity.

- On 19 April 2022, the Company signed a share sale agreement (**Share Sale Agreement**) with Trepang Services Pty Ltd (**Trepang**) in relation to the sale of the Dartbrook mine (**Trepang Transaction**), conditional on the approval of shareholders at an extraordinary general meeting convened for 22 August 2022. As a consequence of the Trepang Transaction the Company was to extinguish its debt of approximately A\$66 million (as at completion of the Trepang Transaction) (**Trepang Debt**) owed to Trepang and its associates (**Trepang Parties**) in exchange for the sale to Trepang of the Dartbrook mine.
- On 19 August 2022, the Company received a conditional non-binding indicative proposal from Nakevo Pty Ltd, a company controlled by Nathan Tinkler and various other entities, which subject to the satisfaction of certain pre-conditions, may have resulted in an offer being made for the Company at A\$0.30 per share (**Nakevo Proposal**).
- On 25 August 2022, the Company received a separate conditional non-binding indicative proposal from M Resources Pty Ltd (**M Resources**), a company controlled by Matt Latimore, which subject to the satisfaction of certain pre-conditions, may have resulted in an offer being made for the Company at A\$0.36 per share (**M Resources Proposal**).

As a consequence of the receipt of the Nakevo Proposal, the Company postponed the extraordinary general meeting (**EGM**) scheduled for 22 August 2022 to investigate the Nakevo Proposal and to ensure that shareholders were fully informed of all of the corporate activity involving the Company ahead of voting on the Trepang Transaction. Subsequent to the postponement of the EGM the M Resources Proposal was received by the Company. A key condition of each of the Nakevo Proposal and the M Resources Proposal was a requirement that the Trepang Debt be dealt with in a certain manner. However, following engagement with Trepang with respect to the Nakevo Proposal and the M Resources Proposal, Trepang and its associates (Mr John Robinson and Mr Nick Paspaley) advised the Company that they would not agree to the terms regarding how the Trepang Debt should be dealt with under each proposal. Accordingly, a critical pre-condition to progressing both the Nakevo Proposal and the M Resources Proposal could not be satisfied and each proposal was incapable of being progressed.

Termination of Trepang Transaction

Subsequently, on 1 September 2022 the Company received written notice from Trepang advising that due to the non-satisfaction of the condition requiring AQC to obtain shareholder approval for the Trepang Transaction by the condition precedent cut-off date, 23 August 2022, Trepang was terminating the Share Sale Agreement with effect from 5 September 2022. The termination notice was unexpected and was received while the Company was working towards re-convening the postponed

extraordinary general meeting (**EGM**) to approve the Trepang Transaction as soon as reasonably possible. As a result of the receipt of the notice of termination, the Company's work with respect to the re-convening of the postponed EGM ceased and the EGM has been cancelled.

Entitlement Offer

While working through the re-convening of the postponed EGM, the Board became concerned that there was no fallback position if shareholders did not approve the Trepang Transaction, the Share Sale Agreement was terminated, and the Trepang Parties decided to call in their debt with the Company having no means to repay that debt. Accordingly, as a contingency plan, the Board had been seeking fallback funding to repay the Trepang Debt if shareholders did not approve the Trepang Transaction. The Company was in the process of finalising that funding when it received notice of termination of the Share Sale Agreement from Trepang.

As a result of the termination of the Share Sale Agreement, the fallback position became an essential path to ensure the Company is suitably funded to service its ongoing obligations. Subsequently, on 2 September 2022 the Company announced the launch of a 5.83 for 1 (5.83 new shares for every 1 existing share held on the record date) fully underwritten renounceable pro rata entitlement offer of shares in the Company at A\$0.34 per share (**Offer Price**) pursuant to which the Company will raise up to approximately A\$100 million (before costs and expenses and subject to rounding) (**Entitlement Offer**). The Offer Price represents a 6.8% discount to the closing price of the Company's shares on 26 August, the last trading day prior to the Company entering into the trading halt and voluntary suspension preceding the announcement of the Entitlement Offer.

The Entitlement Offer is fully underwritten by Evolution Capital Pty Ltd ACN 652 397 263 (**Underwriter**) pursuant to an Underwriting Agreement, the key terms of which are summarised in Section E of this Offer Booklet. The underwriting agreement remains subject to the satisfaction of a number of conditions precedent, details of which are set out in Section E of this Offer Booklet. The Company has confirmed that if the Underwriting Agreement was terminated for any reason (including for failure of satisfaction of a condition precedent), the Company will need to assess the level of participation by shareholders in the Entitlement Offer at that time, and whether it is worth the Company continuing with the Entitlement Offer (based on the level of support and the ongoing funding needs of the Company). If the Company does not consider that it is worth continuing with the Entitlement Offer based on the subscriptions received then, in accordance with the Company's overall discretion regarding the Entitlement Offer, it is likely that the Entitlement Offer will be withdrawn.

If the Entitlement Offer were to be withdrawn, absent any separate agreement with the Trepang Parties regarding a standstill or forbearance of the Trepang Debt or alternative funding arrangement, it is highly likely that the Company would be insolvent, and the Company would be forced into appointing a voluntary administrator (or the Trepang Parties may themselves appoint a receiver).

In conjunction with the launch of the Entitlement Offer, the Company also announced that it had entered into a conditional non-binding agreement with M Resources, with respect to a proposed 50:50 joint venture for the operation of the Dartbrook mine and for potential future mine management services at the Dartbrook mine (including marketing services, logistics services and technical services). In addition, it was announced that M Resources had committed A\$10 million in sub-underwriting to the Entitlement Offer and that it will be entitled to appoint a director to the Board. Further details of the proposed transaction with M Resources, and the conditions to such a transaction, are set out in Section C of this Offer Booklet. The Company is continuing to work with M Resources with respect to agreeing a binding arrangement, but any such transaction remains conditional on the Company successfully raising \$100 million via the underwritten Entitlement Offer.

Events subsequent to the announcement of the Entitlement Offer

On 7 September 2022, the Company received a separate conditional non-binding indicative proposal from Pacific Premium Coal Pty Ltd (an entity associated with Nathan Tinkler), which subject to the satisfaction of certain pre-conditions, may have resulted in an offer being made for the Company at A\$1.00 per share (**PPC Proposal**).

In addition, on 14 September 2022, the Company received a conditional non-binding indicative proposal from Tetra Resources Pty Ltd and Javelin Private Capital Group LLC proposing a transaction on the following terms (in summary only) (**Tetra Proposal**):

- A Joint Venture and Management Agreement between Tetra (40%) and the Company (60%) (**AQC Dartbrook JV Participants**) with respect to Dartbrook;
- A debt moratorium and funding agreement between AQC and the Trepang Parties. The Company notes that the bidding parties have indicated the Trepang Parties support to the debt moratorium and funding agreement, however the Company has not been provided with any evidence of this and the Trepang Parties are not a party to the non-binding proposal and the Company notes the debt moratorium is a condition precedent to finalising the proposal;
- A marketing agreement between Javelin and the AQC Dartbrook JV Participants;
- A USD\$65m Pre-Pay Loan Agreement between Javelin and AQC Dartbrook Joint Venture Participants.

The Tetra Proposal is non-binding and indicative and subject to a number of conditions precedent. Given the conditions precedent the Company advises that the Tetra Proposal is at an extremely early stage, is non-binding, conditional and requires further consideration.

Given both the PPC Proposal and the Tetra Proposal would need the support of the Trepang Parties to proceed, AQC is seeking the advice from the Trepang Parties as to whether the Trepang Parties are willing to support either of the proposals. As at the date of this Offer Booklet, AQC has not had received any formal response from the Trepang Parties with respect to either of the proposals.

Separately, following the announcement of the Entitlement Offer, both the Board and Trepang have engaged in constructive discussions with respect to the future direction of the Company, particularly with respect to the Company being in the position to raise sufficient funds to repay the Trepang Debt and the Company's proposal to enter into a 50/50 joint venture with M Resources to assist with the re-commissioning of Dartbrook.

The Company and Trepang have been investigating, and continue to investigate, a transaction structure which would see Trepang being provided an economic interest in Dartbrook by M Resources, in consideration for Trepang extending the land access agreements and water rights to allow underground mining operations at Dartbrook to continue. As at the date of this Offer Booklet no agreement has been reached but the Company, Trepang and M Resources have each agreed to continue discussions to see if a transaction can be structured, subject to each party continuing to reserve its rights with respect to prior matters.

Any transaction would not impact on the terms or structure of the proposed Entitlement Offer.

Entitlement Offer details

Under the Entitlement Offer, Eligible Shareholders are being offered the opportunity to subscribe for 5.83 Offer Shares for every 1 existing Share held on the record date of 7.00 pm (Brisbane time), 9 September 2022 (**Record Date**) at the issue price of A\$0.34 per Offer Share.

The proceeds of the A\$100 million to be raised under the Entitlement Offer will be used by the Company to fully repay its debt owing to the Trepang Parties and for general working capital purposes (including paying the costs and expenses of the Entitlement Offer).

Participation in the Entitlement Offer is optional and open to Eligible Shareholders, being holders of fully paid ordinary shares in the Company at 7.00 pm (Sydney time) on the Record Date whose address on the Company's share register is in Australia, New Zealand, Hong Kong or the People's Republic of China. As the Entitlement Offer is renounceable, your Entitlement is able to be traded on ASX during the entitlement trading period which ends on 16 September 2022.

Since the Entitlement Offer is fully underwritten (subject to the satisfaction of all conditions precedent), Eligible Shareholders who do not take up their Entitlement will have their proportionate economic interest in the Company diluted. All Offer Shares will rank equally with existing Shares in the Company.

The terms and conditions of the Entitlement Offer are provided in this Offer Booklet. I urge you to give this Entitlement Offer your immediate attention. Please read these materials in their entirety and seek your own financial, taxation and other professional advice in relation to the Entitlement Offer, before you decide whether to participate. If you are an Eligible Shareholder and you wish to apply for all or some of the Offer Shares making up your Entitlement, you must apply on-line through the offer website at <https://events.miraql.com/AQC-OFFER> and make payment through BPAY® or in accordance with the terms set out in the offer website. Any shareholders wishing to participate are recommended to apply immediately, and without delay. On-line Applications can be made immediately.

The Entitlement Offer opens on 14 September 2022 and is expected to close at 5.00 pm (Brisbane time) on 23 September.

This Offer Booklet should be read carefully and in its entirety before deciding whether or not to participate in the Entitlement Offer. In particular, you should have regard to the "Key Risks" in Section D of this Offer Booklet.

If you have any questions in relation to how to participate in the Entitlement Offer, please contact the Registry on 1300 650 320 (callers within Australia) or +61 1300 650 320 (callers outside Australia) or consult your financial or other professional adviser.

On behalf of the Directors, I invite you to consider participating in the Entitlement Offer and I look forward to your ongoing support of the Company.

Yours sincerely,



Mr David Conry AM
Executive Chairman
Australian Pacific Coal Limited

A. Key dates for the Entitlement Offer*

Event	Date* (2022)
Announcement of Entitlement Offer	Friday, 2 September
Ex-date for Entitlement Offer and entitlements commenced trading on ASX on a deferred settlement basis	Thursday, 8 September
Record Date	7.00pm on Friday, 9 September
Entitlement Offer opens Release of Offer Booklet	Wednesday, 14 September
Entitlement trading on ASX ends	Friday, 16 September
Entitlement Offer closes (Closing Date)	5.00pm on Friday, 23 September
Announcement of shortfall (if any) under the Entitlement Offer	Monday, 26 September
Issue and allotment of shares under the Entitlement Offer	Friday, 30 September
Commencement of trading of new shares	Monday, 3 October
Dispatch of holding statements	Tuesday, 4 October

**The above timetable is indicative only and is subject to change. The quotation of Offer Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer or accepting late applications, either generally or in particular cases or bringing forward the Closing Date at its discretion. The Company may withdraw the Entitlement Offer and return subscription proceeds to participants at any time. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Offer Shares. All dates and times in the timetable above are in Brisbane, Australia time.*

B. How to apply

1 Please read the whole of this Offer Booklet

This Offer Booklet requires your immediate attention.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows pro rata entitlement offers to be offered without a disclosure document or prospectus, provided certain conditions are satisfied, including the lodgement of a “cleansing notice” with ASX, which the Company did on 2 September 2022.

As a result, in deciding whether or not to apply for Offer Shares it is important for Shareholders to rely on their own knowledge of the Company and to read and understand the publicly available information on the Company and the Entitlement Offer, prior to accepting their Entitlement. In particular, in considering whether or not to accept their Entitlements, Shareholders should refer to the ASX announcements regarding the Entitlement Offer and the subsequent corporate events relating to the Company set out in Annexure A of this Offer Booklet, the Investor Presentation set out in Annexure B of this Offer Booklet, plus the Company’s other periodic and continuous disclosure announcements available at www.asx.com.au.

2 Consider the Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent financial adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. In particular, please have regard to the “Key Risks” in Section D of this Offer Booklet which describe some of the key risks in relation to an investment in the Company.

3 Who is eligible to participate?

The Entitlement Offer is being made only to Eligible Shareholders who are Shareholders that meet all of the following criteria:

- (a) they were registered as a holder of Shares on the Record Date;
- (b) they have a registered address in Australia, New Zealand; Hong Kong and the People’s Republic of China;
- (c) they are not in the United States or a U.S. Person or acting for the account or benefit of such persons; and
- (d) they are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

The Entitlement Offer is not being extended to any Shareholder with a registered address outside Australia, New Zealand, Hong Kong or the People’s Republic of China. By making an On-line Application and making a payment in accordance with the instructions on the offer website, you will be taken to have represented and warranted that you satisfy each of the above criteria. If you are a resident of Hong Kong or the People’s Republic of China you will need to first contact the Company Secretary by email at cosec@aqcltd.com before making an Application.

Eligible Shareholders who hold Shares in the capacity of trustee, nominee or custodian (or in any other capacity) for a person that would not satisfy the criteria of an Eligible Shareholder cannot take up Entitlements on behalf of that person.

Shareholders should note that the Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Nominees

may not distribute this Offer Booklet Entitlement Form available at the offer website, or any other material relating to the Entitlement Offer to any person in the United States, anyone acting for the account or benefit of a person in the United States, or in any other jurisdiction in which it would be unlawful. Any failure to adhere to these restrictions may result in violation of applicable securities laws.

The Company reserves the right to reject any Application that it believes comes from a person who is not an Eligible Shareholder.

4 Use of funds

The Entitlement Offer is seeking to raise approximately A\$100 million (before costs and expenses).

The gross proceeds of approximately A\$100 million (before costs and expenses) from the Entitlement Offer will be used by the Company to repay the Trepang Debt and for general working capital purposes.

5 Your options

Eligible Shareholders may take the following actions:

- (a) take up all or a proportion of their Entitlement;
- (b) sell or transfer all or a proportion of their Entitlement; or
- (c) allow all or a proportion of their Entitlement to lapse.

As your Entitlement is renounceable, you may sell your Entitlement on ASX. Trading of Entitlements commenced on ASX on 8 September 2022 and will cease at the close of trading on ASX on 16 September 2022.

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company reduced.

Fractions arising in the calculation of Entitlements have been rounded down to the next whole number of Offer Shares.

6 Making an Application

If you decide to participate in the Entitlement Offer, you may do so by applying on-line through the offer website at <https://events.miraql.com/AQC-OFFER> and making your payment in accordance with the instructions on the offer website (which includes making payment by BPAY®).

If you take no action you will not be allocated any Offer Shares.

7 Acceptance of the Entitlement Offer and payment

When you make an On-line Application you must then make payment in Australian currency (including, where applicable, by BPAY®).

If your payment is being made by BPAY®:

- (a) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of Offer Shares which is covered in full by your Application monies; and
- (b) it is your responsibility to ensure that your payment is received by the Registry by no later than the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to payments being made by BPAY®, and you should therefore take this into consideration when making payment.

Any payment received for more than your final allocation of Offer Shares will be refunded after the Offer Shares are issued. No interest will be paid to Applicants on any payment received or refunded.

8 Ineligible Shareholders

All Shareholders who do not satisfy the criteria to be Eligible Shareholders, are Ineligible Shareholders.

Ineligible Shareholders are not entitled to participate in the Entitlement Offer, unless the Company otherwise determines. The restrictions upon eligibility to participate in the Entitlement Offer arise because the Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders. This decision has been made after taking into account the relatively small number of Shareholders in the jurisdictions in which the Ineligible Shareholders are located, the relatively small number and value of Offer Shares to which those Shareholders would otherwise be entitled and the potential costs of complying with legal and regulatory requirements in the jurisdictions in which the Ineligible Shareholders are located in relation to the Entitlement Offer.

9 Nominee for Ineligible Shareholders

The Company has appointed the Underwriter to act as nominee (**Nominee**) for the Ineligible Shareholders to arrange for the sale of the Entitlements which would have been offered to them had they been eligible to participate in the Entitlement Offer.

If there is a viable market for Entitlements and a premium over the expenses of their sale can be made, the Nominee will arrange the sale of the Entitlements which would have been attributable to Ineligible Shareholders. The net proceeds of the sale of these Entitlements (after deducting brokerage commission and other expenses) will then be remitted as soon as practicable to the Ineligible Shareholders, in the same proportions as their respective holdings of the Shares as at the Record Date bears to the total of the Shares held by them as at that time.

The Nominee will have absolute and sole discretion to determine the price for which the relevant Entitlements may be sold so that a premium over the expenses of their sale can be made, as well as the timing and manner of such sale. Neither the Company nor the Nominee will be subject to any liability to Ineligible Shareholders for failure to sell the Entitlements of the Ineligible Shareholder or to sell them at a particular price.

If, as a result of the Nominee offering to sell or being invited to sell the relevant Entitlements, the Nominee forms the reasonable opinion that there is not a viable market for the Entitlements or a surplus of sale proceeds over expenses from the sale cannot be obtained for the Entitlements that would otherwise have been offered to the Ineligible Shareholders, then the Entitlements will be allowed to lapse. In such circumstances, no money will be payable to Ineligible Shareholders.

10 Effect of making an Application

Once an On-line Application is completed and the payment of Application monies for Offer Shares has been made, this constitutes a binding offer to acquire Offer Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. If your On-line Application is not completed correctly it may still be treated as a valid Application for Offer Shares. The Company's decision whether to treat an acceptance as valid and how to construe, amend or complete the On-line Application is final and binding.

By making a payment (including any payment by BPAY®), completing an On-line Application, you will also be deemed to have given the following acknowledgements, representations and warranties on behalf of each person on whose account you are acting:

- (a) you acknowledge that you have read and understood this Offer Booklet and the terms of the Entitlement Form and any On-line Application in their entirety;
- (b) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet, the Entitlement Form and the Company's constitution;
- (c) you authorise the Company to register you as the holder(s) of Offer Shares allotted to you;
- (d) you declare that all details and statements in your On-line Application are complete and accurate;
- (e) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the On-line Application;
- (f) you acknowledge that once the Company receives your On-line Application or any payment of Application monies, you may not withdraw your Application or the funds provided except as allowed by law;
- (g) you agree to apply for and be issued up to the number of Offer Shares specified in your On-line Application, or for which you have submitted payment of any Application monies, at the Issue Price per Offer Share;
- (h) you authorise the Company, the Registry and their respective officers or agents to do anything on your behalf necessary for Offer Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in your On-line Application;
- (i) you acknowledge that the Company will not issue any Offer Shares to any shareholder where to do so would be prohibited by, or would be a breach of, any applicable law, including the Corporations Act;
- (j) you declare that you were the registered holder(s) at the Record Date of the Shares indicated in your personalised Entitlement Form as being held by you on the Record Date;
- (k) you acknowledge that the information contained in this Offer Booklet, the Entitlement Form and in your On-line Application is not investment advice nor a recommendation that Offer Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (l) you acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (m) you acknowledge the statement of risks in the "Key Risks" in Section D of this Offer Booklet and that investments in the Company are subject to risk;
- (n) you acknowledge that none of the Company, its related bodies corporate, affiliates and directors, or their respective officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (p) you authorise the Company to correct any errors in your On-line Application or any other form provided by you;
- (q) you represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet, nor does it prohibit you from making an Application for

Offer Shares, including through the offer website, and that you are otherwise eligible to participate in the Entitlement Offer;

- (r) you are an Eligible Shareholder and you and each person on whose account you are acting are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue Offer Shares under the Entitlement Offer;
- (s) you acknowledge that the Entitlements and the Offer Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, or in any other jurisdiction outside Australia or New Zealand, and may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable US state securities laws;
- (t) you and each person on whose account you are acting have not and will not send any materials, or copies thereof, relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States, or any other country outside Australia and New Zealand;
- (u) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are making an Application is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Offer Booklet or any other information relating to the Entitlement Offer to any such person;
- (v) you agree that if in the future you decide to sell or otherwise transfer the Offer Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States;
- (w) if you are a resident of Hong Kong, you are a person to whom the Entitlement Offer may lawfully be made without registration or other regulatory filing with any relevant regulatory authority in Hong Kong;
- (x) if you are in the People's Republic of China, you are a (i) "qualified domestic institutional investor" as approved by the relevant People's Republic of China regulatory authorities to invest in overseas capital markets; (ii) sovereign wealth fund or quasi-government investment fund that has the authorisation to make overseas investment; or (iii) other type of qualified investor that has obtained all necessary People's Republic of China governmental approvals, registrations and/or filings (whether statutorily or otherwise); and
- (y) if you (or any person for whom you are acquiring the Offer Shares) are in the People's Republic of China and you are not an investor of the type set out in paragraph (x) above, you (and any such person) approached the Company on your own initiative and you are not subscribing for the Offer Shares as a result of any marketing by the Company or any person acting on its behalf in the People's Republic of China.

11 Options

The Company does not have any options on issue.

12 Performance Rights

The Company currently has 2,500,000 performance rights on issue. Performance rights holders are not entitled to participate in the Entitlement Offer in respect of their performance rights.

13 Minimum subscription

There is no minimum subscription under the Entitlement Offer. However, as noted elsewhere in this Offer Booklet, the Entitlement Offer is underwritten by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

14 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for Offer Shares under the Entitlement Offer.

15 When will I receive my Offer Shares?

It is currently expected that the Offer Shares will be issued, and that confirmation of the issue of the Offer Shares will be dispatched, on or around 30 September 2022.

The Company has applied to ASX for official quotation of the Offer Shares in accordance with ASX Listing Rule requirements. If ASX does not grant quotation of the Offer Shares, the Company will repay all Application monies (without interest).

It is the responsibility of each Eligible Shareholder applying for Offer Shares to confirm their holding before trading in those Offer Shares on a deferred settlement basis. Any person who sells Offer Shares before receiving confirmation of their holding in the form of their confirmation statement will do so at their own risk. The Company and the Registry disclaim all liability, whether in negligence or otherwise, to any person who trades in Offer Shares before receiving their confirmation statement, whether on the basis of a confirmation of allocation provided by the Company, the Registry, a broker or otherwise.

16 Enquiries

If you have any questions about whether to accept the Entitlement Offer, please consult your financial adviser, accountant or other professional adviser.

If you have any questions in relation to how to participate in the Entitlement Offer, please contact the Registry on 1300 650 320 (callers within Australia) or +61 1300 650 320 (callers outside Australia) or consult your stockbroker, accountant or other professional adviser.

C. Material terms of the proposed transaction with M Resources

The material terms of the non-binding term sheet for the proposed joint venture with M Resources with respect to the Dartbrook mine are set out below:

<p>Conditions precedent</p>	<p>The arrangements are subject to:</p> <ul style="list-style-type: none"> • The \$100m equity raising proceeding and successfully completing; • AQC obtaining all required authorisations including but not limited to shareholder approval or ASX approval; • M Resources complying with its sub-underwriting arrangements with the Underwriter; and • No temporary restraining order, court order or other legal restraint being in effect at the time of completion of the Entitlement Offer which prevents or restrains or could reasonably be expected to prevent or restrain the lawful consummation of any aspect of the Entitlement Offer or strategic partnership. <p>If shareholder approval is required for any aspect of the strategic partnership and is not obtained, and the Entitlement Offer is completed, AQC must pay a break fee to M Resources equal to A\$1 million.</p>
<p>Exclusivity period</p>	<p>AQC grants M Resources the exclusive right to undertake due diligence in respect of Dartbrook and to negotiate the long form documents contemplated by the binding M Resources Term Sheet for a period of 28 days.</p>
<p>Sub-underwriting commitment</p>	<p>M Resources, or its affiliate, has provided a sub-underwriting commitment for up to A\$10 million of any shortfall from the Entitlement Offer.</p>
<p>Director appointment right</p>	<p>M Resources will be entitled to appoint a director to the Board of AQC, subject to legal requirements and re-election in accordance with AQC's constitution and the ASX Listing Rules, provided M Resources continues to hold the shares that it acquires under its sub-underwriting commitment and M Resources continues to be the strategic partner for Dartbrook through the provision of the core mine management services agreements.</p>
<p>50% JV interest</p>	<p>M Resources will procure funding of the Restart Capex (being the lower of (a) AUD\$100 million or (b) such lesser amount ultimately necessary to achieve commercial operations (Farmin Amount)) reasonably required to bring Dartbrook into commercial production to earn a maximum 50% joint venture interest. M Resource's 50% interest will be reduced pro rata where M Resources procures less than the Farmin</p>

	Amount.
Management of Dartbrook	M Resources will be appointed as the sole manager of the Dartbrook coal mine (subject to the supervision and direction of the joint venture management committee).
Logistics Services Agreement	<p>M Resources or its affiliate will be appointed as the exclusive logistics agent for all coal types produced by AQC at Dartbrook.</p> <p>Minimum retainer Fee: US\$25,000/ calendar month during production. Major Infrastructure Management Fee (including renegotiations of infrastructure agreements) US\$500/hr the amount of which is deducted from the retainer Fee.</p>
Technical Services Agreement	<p>M Resources or its affiliate will be appointed as technical adviser and will provide coal quality services at Dartbrook.</p> <p>Minimum Fee US\$25,000/ calendar month during production. Pre-production Fee at US\$500/hr for services provided.</p>
Mine Management Services Agreement	<p>M Resources or its affiliate will be appointed as exclusive mine operator for all coal types produced at Dartbrook.</p> <p>5.0% of earnings before interest and tax (EBIT) of year coal operation managed (for the avoidance of doubt, EBIT reflects net earnings after deduction of costs from revenue). M Resources will incur all costs as mine operator and be reimbursed in respect of those costs by the JV participants.</p>
Marketing Services Agreement	<p>M Resources will be the exclusive marketing representative for 100% of the Dartbrook mine coal products. M Resources will be required to account for all profits realised from the sale of Dartbrook coal mine products to the joint venture (less only the agreed sales and marketing agency fee / commissions).</p> <p>Minimum monthly retainer Fee US\$20,000/ calendar month whilst in pre-production. Base Fee post-production: 2.0% of the FOB / CFR contract price for all shipments performed during the term of the appointment.</p>

D. Key Risks

The following is a non-exhaustive summary of the key risks associated with AQC and/or an investment in AQC:

Specific Risks

(a) *Operations risk:*

- (i) The Company may be unable to access the appropriate management, equipment, and capital to fund its business operations. The Dartbrook Coal Project was placed into care and maintenance since 2007 and has not been in operation for over 15 years. This has caused a number of its assets to deteriorate. The cost involved in re-starting, re-establishing and refurbishing the Dartbrook mine is reasonably expected to have increased from the cost assessed initially in re-start studies carried out between 2016 and 2018.
- (ii) The orders of the Land and Environment Court of New South Wales' in AQC Dartbrook Management Pty Ltd. v Minister for Planning and Public Spaces (referred to as **Modification 7 or MOD 7**) imposes the following risks on the future operations of Dartbrook:
 - (A) there will be an increase of costs associated with re-starting, re-establishing and refurbishing the Dartbrook mine;
 - (B) pursuant to MOD 7, the Dartbrook mine is permitted to produce a maximum of 6 Mtpa of ROM Coal which will consist of:
 - (I) a maximum production cap of 1.5 Mtpa ROM from board and pillar mining which is expected to substantially lower production and subsequently the value of the Dartbrook Coal Project. The maximum production cap will result in additional annual fixed costs and labour which may have adverse impact on the value of a project;
 - (II) production of up to 4.5 Mtpa of ROM Coal from longwall mining in the case of board and pillar mining, or up to 6 Mtpa of longwall mining in the event there is no board and pillar mining. Longwall mining will be subject to the regulatory approval of an updated longwall mining extraction plan;
 - (C) The Hunter Tunnel (which needs to be de-watered) will need to be used for all ROM coal clearance and handling. Legislation also requires the mine to upgrade its Coal Handling and Processing Plant (**CHPP**) for noise mitigation measures. Both of these requirements impose a significant capex to return the existing infrastructure to adequate operational status.
 - (D) the ability to fully exploit recoverable ROM Coal will likely be constrained if the mining consents cannot be extended beyond 5 December 2027 (**MOD 7 Closure Date**) which has no certainty or guarantee of success;
- (iii) The Dartbrook Coal Project tends towards a medium to high spontaneous combustion risk particularly in the old longwall areas where the risk is much higher. The exposure of the old workings increases the risk of re-activation of dormant heating or the commencement of new heating.

- (iv) The coal at the Dartbrook Coal Project can be classed as high volatile bituminous coal and will require beneficiation for export markets.
 - (v) The New South Wales Resources Regulator (**NSWRR**) has renewed its focus on the Dartbrook Coal Project and for this reason, will likely treat any resumption of mining at the Dartbrook mine as a new operation and will require full compliance with all legislation prior to recommencement of the Dartbrook Coal Project including additional communication equipment, real-time environmental monitoring and full compliance with requirements to have current Principal Hazard Management Plans (**PHMPs**) updated every 3 years and all supporting subordinate documentation. Compliance with this requirement will incur a significant amount of time and suitable resourcing.
- (b) **Plant and Equipment risks:** Prior to the Dartbrook Coal Project recommencing production, there are a number of issues relating to the current infrastructure and plant and equipment that will need to be rectified or remedied to allow production to commence. These include de-watering the critical Hunter Tunnel and replacing equipment that may have corroded since the mine was placed into care & maintenance in 2006.
 - (c) **Environmental risks:** The Dartbrook Coal Project is subject to laws and regulations regarding environmental matters. As with all mining and exploration projects, the future operations of the Dartbrook Coal Project is expected to have an impact on the environment. The Company is unable to project the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the costs of doing business or its operations in the area, There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Dartbrook Coal Project to incur significant expenses and undertake significant investments which could have a material adverse effect on the performance of the Dartbrook Coal Project.
 - (d) **Management risk:** The Dartbrook mine's prospects depend, in part, on the Company's ability to attract and retain its executive officers, senior management and key consultants or partners and for these personnel to operate effectively.
 - (e) **Litigation risk:** The Company may be subject to claims and litigation being brought against it, including with respect to its recent corporate and capital raising activities.
 - (f) **Force majeure events:** events that are beyond the direct control of the Company may occur that could impact on the economy, the Company's operations, investor sentiment and the price of shares. These events include, without limitation, acts of terrorism, international hostilities, pandemics, fires, floods, earthquakes, labour strikes, natural disasters, bush fires, or other natural or man-made events.
 - (g) **Dilution of existing Shareholdings in the Company:** Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company reduced. Given the structure of the Entitlement Offer (5.83 new Offer Shares for every 1 existing Share held at the Record Date) as a fully underwritten deal will mean that the dilution to existing Shareholders who do not take up their Entitlements in full may be significant.

General Risks

- (h) **Nature of investment:** Any potential investor should be aware that subscribing for Offer Shares involves risks. The Offer Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those Offer Shares.
- (i) **Economic factors:** The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of business confidence and investment, employment, inflation, interest rates, exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance.
- (j) **Management actions:** The Directors will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of reducing, avoiding and mitigating the impact of risks on the performance of the Company and its securities.
- (k) **Insurance arrangements:** The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.
- (l) **Operational risks and costs:** The Company is exposed to operational risks and costs present in the current business. Operational risk has the potential to have a material adverse effect on the Company's financial performance and position as well as reputation. The Company will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however certain residual risk will remain with the Company.
- (m) **Future capital needs:** Further funding is likely to be required to advance the business objectives of the Company or for working capital purposes. There is a risk that despite efforts from the Company and its management, re-commissioning efforts will fail, or will cost more than currently anticipated, which will adversely affect the Company's growth and profitability. Moreover, there can be no assurance that additional funding will be available on satisfactory terms or at all. Any inability to obtain funding may adversely affect the financial condition of the Company and consequently, the value of its Shares.
- (n) **Coal price:** The Company is aiming to become a producer of coal once again. The price of coal as a commodity can be volatile. Any long term negative movement in the price of coal is likely to lead to reduced profitability of the Company and may lead to negative investment sentiment towards coal-producing companies, impacting the Company's share price and making raising further funding more difficult.
- (o) **Regulatory risk and government policy:** Changes in relevant taxation, interest rates and other legal, legislative and administrative regimes and government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.
- (p) **Environmental movement risk:** Changes in legal or legislative policies, or public views and sentiment, towards fossil fuels, or environmental policies towards fossil fuels or coal-producing companies, could have an adverse impact on the Company and its potential future operations and profitability.

- (q) ***Share market conditions:*** The price of the Company's shares will be influenced by international and domestic factors which may cause the market price of the securities to fall and may be subject to varied and unpredictable influences on the market for equities. Shareholders should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

E. Additional information

1 Offer Booklet is not a disclosure document

This Offer Booklet is not a prospectus under the *Corporations Act 2001 (Cth)* (**Corporations Act**) and has not been lodged with ASIC. This Offer Booklet is dated 14 September 2022 and a copy was lodged with ASX on that date.

This Offer Booklet relates to a 5.83 for 1 (5.83 new Offer Shares for every 1 existing Share held on the Record Date) renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price as announced by the Company to ASX on 2 September 2022 (as updated pursuant to supplementary announcement dated 5 September 2022) (**Entitlement Offer**).

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*) which allows pro rata entitlement offers to be offered without a prospectus, provided certain conditions are satisfied.

The information in this Offer Booklet is not financial product advice, investment advice or a recommendation to acquire Offer Shares and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Before deciding whether to apply for Offer Shares you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances, and having regard to the risks and merits involved. You should also consider whether you need to seek appropriate advice, including financial, legal and taxation advice appropriate to your jurisdiction.

If, after reading this Offer Booklet, you have any questions about whether you should participate in the Entitlement Offer, you should seek professional advice from a professional adviser before making any investment decision.

2 Disclosing entity

AQC is a 'disclosing entity' under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

AQC is required to periodically and on a continuous basis notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by ASX. In particular the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its shares. That information is available to the public from the ASX (at www.asx.com.au).

Investors should have regard to this information in making any decision whether or not to subscribe for Offer Shares.

3 Quotation and trading

Entitlements will trade on ASX on a deferred settlement basis from 8 September 2022 until 16 September 2022 (being the Entitlement Trading Period). The Company has applied to ASX for the official quotation of the Offer Shares in accordance with the ASX Listing Rules. Subject to approval being granted by ASX, it is expected that normal trading of Offer Shares issued under the Entitlement Offer will commence on or about 3 October.

The Company and the Underwriter will have no responsibility, and disclaim all liability (to the maximum extent permitted by law) to persons:

- who trade Entitlements before they can access their On-line Application, whether on the basis of confirmation of the allocation provided by the Company or the Registry

or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to; and

- who trade Offer Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by the Company or the Registry or otherwise, or who otherwise trade or purport to trade Offer Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should seek professional advice from an adviser who is licensed by ASIC to give that advice.

4 Ranking of Offer Shares

Offer Shares issued under the Entitlement Offer will rank equally with existing Shares on issue.

5 Withdrawal

The Company reserves the right to withdraw all or part of the Entitlement Offer at any time, subject to applicable laws. If the Company exercises this right it will refund Application monies in relation to Offer Shares not already issued in accordance with the Corporations Act without the payment of interest.

The Company has confirmed that if the Underwriting Agreement is terminated for any reason (including for failure of satisfaction of a condition precedent), the Company will need to assess the level of participation by shareholders in the Entitlement Offer at that time, and whether it is worth the Company continuing with the Entitlement Offer (based on the level of support and the ongoing funding needs of the Company). If the Company does not consider that it is worth continuing with the Entitlement Offer based on the subscriptions received then, in accordance with the Company's overall discretion regarding the Entitlement Offer, it is likely that the Entitlement Offer will be withdrawn.

If the Entitlement Offer were to be withdrawn, absent any separate agreement with the Trebang Parties regarding a standstill or forbearance of the Trebang debt or alternative funding arrangement, it is highly likely that the Company would be insolvent, and the Company would be forced into appointing a voluntary administrator (or the Trebang Parties may themselves appoint a receiver).

6 Effect on capital structure

Assuming that the Entitlement Offer is fully subscribed and all Offer Shares are issued and allotted, the Company's issued share capital will increase from 50,484,810 Shares to approximately 344,811,252 Shares (subject to rounding).

7 Potential effect on control of AQC

The potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand. However, given the structure of the Entitlement Offer, the Entitlement Offer may have a material effect on the dilution and/or control of the Company. The risks associated with dilution and/or control are also set out in Section D of this Offer Booklet.

The potential effect on control from the Entitlement Offer is summarised below:

- (a) if all Eligible Shareholders take up their Entitlements under the Entitlement Offer, or all such Entitlements are traded (including those Entitlements of shareholders not entitled to participate in the Entitlement Offer) and taken up, then the Entitlement Offer will have no significant effect on the control of the Company and all shareholders in the Company will hold the same percentage interest following the Entitlement Offer;

- (b) in the more likely event that some Eligible Shareholders do not take up all of their Entitlements under the Entitlement Offer, or all such Entitlements are not traded (including those Entitlements of shareholders not entitled to participate in the Entitlement Offer) and not taken up, then the interests of those Eligible Shareholders in the Company will be diluted by the issue of Shares under the Entitlement Offer relative to those Eligible Shareholders who subscribe for their full Entitlement;
- (c) where there is a shortfall under the Entitlement Offer, subject to satisfaction of all conditions to the underwriting (see paragraph 9 below) the Underwriter will either place the shortfall to sub-underwriters or itself take up the shortfall. The Company is advised by the Underwriter that any potential shortfall under the Entitlement Offer is fully covered by sub-underwriting arrangements. Accordingly, the Company does not expect the Underwriter to take any meaningful quantity of Shares that will have an effect on the control of the Company. Given the identity and dispersion of the sub-underwriters, AQC does not consider the Entitlement Offer will result in any sub-underwriter or its associates acquiring a controlling interest in AQC (being a relevant interest of greater than 20%) and that, so far as AQC understands based on the representations of the Underwriter, the sub-underwriters are not ‘associates’ for the purposes of the Corporations Act. AQC does not intend to rely on the exception in section 611, item 10 of the Corporations Act in connection with any issue of shares under the Entitlement Offer to the Underwriter or the sub-underwriters; and
- (d) there are currently three substantial shareholders on the Company’s share register. Following completion of the Entitlement Offer, their projected voting power (assuming they each take up their full Entitlement and based on the maximum number of Shares under the Entitlement Offer being issued), is as follows:

Substantial Shareholder	Shareholding as of Record Date*	Voting power as of Record Date	Entitlement	Resultant shareholding based on 100% Entitlement and 100% take up under Entitlement Offer	Resultant voting power based on 100% Entitlement and 100% take up under Entitlement Offer
Trepang and its associates	21,061,667 Shares	41.72%	122,789,519 Shares	143,851,186 Shares	41.72%
Mr Buguo Wang	5,180,000 Shares	10.26%	30,199,400 Shares	35,379,400 Shares	10.26%
Jet Arm Limited	5,000 000 Shares	9.90%	29,150,000 Shares	34,150,000 Shares	9.90%

Notes:

Based on last announced Form 604 or share registry reports available to the Company.

Voting power excludes any exercise of convertible notes currently held by Trepang and its associates.

The Company has confirmed that if the Underwriting Agreement is terminated for any reason (including for failure of satisfaction of a condition precedent), the Company will need to assess the level of participation by shareholders in the Entitlement Offer at that time, and whether it is worth the Company continuing with the Entitlement Offer (based on the level of support and the ongoing funding needs of the Company). If the Company proceeds with the Entitlement Offer, the table below sets out the projected voting power of the Company's three substantial shareholders (assuming they each take up their full Entitlement and based on the percentage take up of Shares under the Entitlement Offer set out in the table):

Substantial Shareholder	Voting power as of Record Date	Voting power if 50% overall take up of Entitlements	Voting power if 75% overall take up of Entitlements	Voting power if 100% overall take up of Entitlements
Trepang and its associates	41.72%	44.72%*	44.72%*	41.72%
Mr Buguo Wang	10.26%	17.90%	13.04%	10.26%
Jet Arm Limited	9.90%	17.28%	12.59%	9.90%

Notes:

Based on last announced Form 604 or share registry reports available to the Company.

Assumes each substantial shareholder subscribes for 100% of their entitlement.

Voting power excludes any exercise of convertible notes currently held by Trepang and its associates.

*If the Underwriting Agreement is terminated for any reason (including failure to satisfy a condition precedent) but the Company decides to proceed with the Entitlement Offer, due to restrictions under the Corporations Act and the terms of the Entitlement Offer, the participation of substantial shareholders will be limited to a maximum number of shares (and consequent voting power) that is not prohibited under, or in breach of, Chapter 6 of the Corporations Act.

8 Directors and their related parties

Related Parties	Shareholding as of Record Date*	Voting power as of Record Date	Entitlement	Resultant shareholding based on 100% Entitlement	Resultant voting power based on 100% Entitlement
Mr. David Conry (Executive Chairman)	Nil	Nil	Nil	Nil	Nil
Mr. Tony Lalor (Non-Executive)	Nil	Nil	Nil	Nil	Nil

Director)					
Mr. Craig McPherson (Non-Executive Director)	Nil	Nil	Nil	Nil	Nil

Based on last announced Appendix 3Y

9 Summary of Underwriting Agreement

The following is a summary of the material terms of the Underwriting Agreement with the Underwriter:

Overview	<p>The Entitlement Offer is fully underwritten pursuant to an underwriting agreement (Underwriting Agreement) entered into between the Company and Evolution Capital Pty Ltd.</p> <p>The Underwriting Agreement is subject to certain terms and conditions which are customary for an underwriting agreement of this type, including conditions precedent, representations and warranties and termination rights. If the Underwriting Agreement is terminated, then the Entitlement Offer will be withdrawn.</p> <p>The Company has indemnified the Underwriter and its associated persons against any losses suffered or incurred by them in connection with the Entitlement Offer.</p> <p>All defined terms in this summary have the same meaning given to them in the Underwriting Agreement unless any term is defined separately in this summary.</p>
Conditions	<p>The Underwriting Agreement is subject to the Company completing its due diligence obligations and providing certain documents to the Underwriter in a form acceptable to it, as well as the Company lodging all necessary documents with ASX in connection with the Entitlement Offer.</p> <p>The Underwriter's underwriting obligations are conditional upon, among other things:</p> <ul style="list-style-type: none"> • a board resolution confirming the amount of the Trepang Debt; • upon repayment of the Trepang Debt all debts owing to Trepang and associated parties will be extinguished; • either the shareholders vote on the sale of the shares under the Trepang Share Sale Agreement and the required majority is not met or the Trepang Share Sale Agreement is terminated (Trepang Condition); • the Company enters into a joint venture and management services agreement with M Resources; • ASX has not indicated that it will not grant official quotation to the shares to be issued under the Entitlement Offer; and • certain certificates being provided to the Underwriter in accordance with the Underwriting Agreement.

	The conditions are for the sole benefit of the Underwriter and may be waived by the Underwriter, other than the Trepang Condition.
Fees	<p>The Underwriter will receive the following compensation in connection with the Entitlement Offer and its underwriting:</p> <ul style="list-style-type: none"> • a selling fee of 5.75% of the gross Entitlement Offer proceeds; and • 20,000,000 unlisted options with an exercise price of A\$0.34 per option expiring 3 years from the issue date. The options are subject to shareholder approval under ASX Listing Rule 7.1 before 30 November 2022, or if such approval is not forthcoming utilising the Company's ASX Listing Rule 7.1 capacity.
Termination rights	<p>The Underwriter may, upon certain notice conditions, immediately terminate the Underwriting Agreement and all of its further obligations under the Underwriting Agreement on the occurrence of certain events, including:</p> <ol style="list-style-type: none"> (a) Trepang makes a declaration under a Trepang transaction document in relation to a default or receivers, administrators or liquidators are appointed for the Company or if an insolvency event occurs under a Trepang transaction document; (b) a certificate under the Underwriting Agreement is not provided by the Company on time; (c) the Company is prevented from allotting or issuing Offer Shares within the time required under Listing Rules and applicable laws; (d) the Company fails to make an ASX announcement as required or fails to lodge the Entitlement Offer Cleansing Note with the ASX as required under the Underwriting Agreement; (e) the Offer Documents are not in compliance with the Corporations Act or the ASX Listing Rules due to a statement in the Offer Document which is or becomes misleading or deceptive or is seen as being a forecast, expression of opinion, intention or expectation, based on reasonable assumptions; (f) the Company withdraws the Entitlement Offer; (g) the Company is required to give a correcting notice under section 708AA(10) other than as a result of a new circumstance arising; (h) the S&P/ASX 200 Index closes at a level that is 10% below the level of the index on the business day before the date of the Underwriting Agreement for two consecutive days; (i) the ICE Newcastle Coal Nov '22 (LQX22) closes at a level that is 10% below the level of the index on the business day before the date of the Underwriting Agreement for two consecutive days; (j) an application is made by ASIC for an order in relation to the Entitlement Offer or the offer documents which becomes public and is not withdrawn within 1 business day after it is made; (k) ASIC commences an investigation in relation to the Entitlement Offer and such investigation or hearing becomes public and is not withdrawn

	<p>within 1 business day after it is made;</p> <ul style="list-style-type: none"> (l) there is an application to a government agency for an order in relation to the Entitlement Offer; (m) approval for listing or quotation of the Entitlement Offer shares is refused or not granted or is granted subject to conditions other than customary conditions; (n) any of the Company's directors commits an indictable offence or is disqualified from managing a corporation; (o) the Company or any of its Group Companies become insolvent; (p) if any event specified in the timetable is delayed by more than 2 business days without the prior written consent of the Underwriter; (q) a new circumstance arises that should have been disclosed in the Offer Documents had it arisen before the Offer Documents were lodged with ASX; (r) any judgement is obtained against AQC in an amount exceeding \$100,000; (s) if ASIC issues an order under section 739 or hearing under section 739(2); or (t) if an order, investigation or hearing is commenced under Part 9.5 or Part 3 of the ASIC Act 2001. <p>The Underwriter may also terminate the Underwriting Agreement and all of its further obligations under the Underwriting Agreement on the occurrence of certain events, including the following events, provided that the Underwriter has reasonable grounds to believe and does believe that the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the shares or the willingness of investors to subscribe for the shares or is likely to give rise to a contravention of applicable law by the Underwriter or a liability of the Underwriter under any applicable law:</p> <ul style="list-style-type: none"> (a) public disclosures become misleading or deceptive; (b) any information supplied by or on behalf of the Company to the Underwriter is or becomes misleading or deceptive; (c) hostilities not presently existing commence involving any one or more of the Unites States, Australia, New Zealand, UK, France, Germany, Russia, North Korea, South Korea, China, japan or a member state of the EU; (d) there is a change of law which is likely to prohibit or regulate the Entitlement Offer, capital issues or stock markets; (e) the Company fails to perform any of its obligations under the Underwriting Agreement; (f) a representation or warranty provided by the Company becomes untrue or incorrect; (g) there is a general moratorium on commercial banking activities or a suspension or material limitation in trading in securities on major global
--	---

	<p>markets;</p> <p>(h) a change in senior management at the Company;</p> <p>(i) an adverse change to the financial position, results, operations or prospects of the Company; or</p> <p>(j) the Company alters its issued capital or disposes of a substantial part of its business without the prior approval of the Underwriter, or creates any new encumbrance over the whole or a substantial part of the business.</p>
--	---

As at the date of this Offer Booklet, the following conditions precedent to the underwriting of the Entitlement Offer remain to be satisfied (or waived by the Underwriter):

- ***Provision of an undertaking by existing financiers for release of encumbrances*** – the Company is in discussions with existing financiers (including the Trepang Parties) with respect to the provision of this undertaking and as at the date of this Offer Booklet, the Company has no reason to believe that such an undertaking will not be forthcoming.
- ***AQC entering into a joint venture and management services agreement with M Resources Pty Ltd*** – AQC and M Resources are working towards a binding arrangement.
- ***ASX notifying the Company that it does not intend to quote the Entitlement Offer shares*** – this condition will not be able to be satisfied until the settlement date for the Entitlement Offer.
- ***AQC providing an Entitlement Offer shortfall notice*** – this condition cannot be satisfied until the close of the Entitlement Offer.
- ***AQC providing an Entitlement Offer certificate*** – this condition cannot be satisfied until the close of the Entitlement Offer.

As at the date of this Offer Booklet, the Company has no reason to believe that the remaining conditions precedent are not capable of being satisfied provided that the ongoing discussions between the Company, the Trepang Parties and M Resources continue to progress.

All other conditions to the underwriting have been satisfied.

10 Taxation

The Directors do not consider it appropriate to give Eligible Shareholders advice regarding the taxation consequences of applying for Offer Shares under this Offer Booklet.

Taxation implications will vary depending upon the individual circumstances of individual Eligible Shareholders. Eligible Shareholders are strongly recommended to obtain their own professional advice (including taxation advice) before deciding whether to accept the Entitlement Offer.

Neither the Company, nor any of its officers or employees or advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences, of the Entitlement Offer or the acquisition or disposal of securities in connection with the Entitlement Offer.

F. Glossary

In this Offer Booklet, the following capitalised terms have the following meanings (unless the context requires otherwise). Certain other terms used in the Offer Booklet are defined in the text.

Announcement	the ASX announcement relating to the Entitlement Offer, lodged by the Company with ASX on 2 September 2022, and included in Annexure A of this Offer Booklet.
Applicant	an Eligible Shareholder who submits an Application.
Application	an application for Offer Shares lodged in accordance with the instructions in this Offer Booklet and the On-line Application.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited ACN 008 624 691, or the market operated by it as the context requires.
Offer Booklet	this entitlement offer booklet.
Closing Date	5.00 pm (Brisbane time) on 23 September 2022, or such other date as the Company determines in compliance with all applicable laws or the ASX Listing Rules.
Company or AQC	Australian Pacific Coal Limited ACN 089 206 986.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Eligible Shareholder	a Shareholder who meets the requirements set out in paragraph 3 of Section B.
Entitlement	the number of Offer Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer.
Entitlement Offer	a 5.83 for 1 (5.83 new Offer Shares for 1 existing Share held on the Record Date) underwritten renounceable pro rata entitlement offer to subscribe for Offer Shares at the Issue Price set out in this Offer Booklet, as announced by the Company to ASX on 2 September 2022 (as updated pursuant to a supplementary announcement dated 5 September 2022).
Ineligible Shareholder	a Shareholder who is not an Eligible Shareholder.
Issue Date	30 September 2022, or such other date as the Company determines in compliance with all applicable laws or the ASX Listing Rules.
Issue Price	A\$0.34, being the price per Offer Share.
Offer Period	the period commencing on the Opening Date and ending on the Closing Date.

Offer Shares	the new Shares offered under the Entitlement Offer.
On-line Application	an application for Offer Shares made through the offer website at https://events.miraqle.com/AQC-OFFER .
Opening Date	14 September 2022.
Record Date	7.00 pm (Brisbane time) on 9 September 2022.
Register	the register of Shareholders.
Registry	Link Market Services Limited.
Section	a section in this Offer Booklet.
Securities Act	the <i>U.S. Securities Act of 1933</i> , as amended.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of a Share.
Underwriter	Evolution Capital Pty Ltd ACN 652 397 263.
Underwriting Agreement	The underwriting agreement between the Company and the Underwriter dated 2 September 2022 and summarised in this Offer Booklet.

Annexure A – ASX Announcements

ASX RELEASE
5 September 2022

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) refers to its previous announcement on 2 September 2022 in relation to the \$A100 million underwritten renounceable rights issue.

The Company has re-attached the announcement including an annexure summarising the key terms of the underwriting agreement, which was inadvertently omitted when lodging the original announcement.

The Company also advises that the Directors propose to exercise their discretion and extend the Entitlement Offer to shareholders with a registered address in each of Hong Kong or China, in addition to those with a registered address in Australia or New Zealand, in all cases at the Record Date.

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

All enquiries:
Company Secretary
E: cosec@aqcltd.com
P: +61 7 3221 0679

ASX RELEASE
2 September 2022

TERMINATION OF TREPANG TRANSACTION

LAUNCH OF \$100 MILLION UNDERWRITTEN RENOUNCEABLE ENTITLEMENT OFFER

Update on Trepang Transaction and non-binding indicative proposals

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) refers to its previous announcements regarding the proposed sale of its Dartbrook coal mine in the Hunter Valley, NSW to Trepang Services Pty Ltd or its nominee (**Trepang**) (**Trepang Transaction**), and the subsequent receipt of two separate highly conditional non-binding alternative proposals that, subject to the satisfaction of a number of conditions, could result in the parties to those proposals potentially offering to acquire the Company (separately the **Nakevo Proposal** and the **M Resources Proposal**).

Pre-conditions to the Nakevo Proposal and M Resources Proposal unable to be satisfied

AQC confirms that it has received correspondence from, and has responded to, Trepang, in relation to the Nakevo Proposal and the M Resources Proposal.

Trepang has acknowledged that both the Nakevo Proposal and the M Resources Proposal are subject to a number of conditions, including Trepang, Mr Robinson and Mr Paspaley (**Trepang Parties**) agreeing to certain terms set out in each of the proposals, including how the debt owed by the Company to the Trepang Parties should be dealt with. Trepang has confirmed to the Company in writing that the Trepang Parties will not consider or enter into, any such terms or agreements, meaning that critical pre-conditions to both the Nakevo Proposal and the M Resources Proposal progressing any further cannot be satisfied.

Termination of Trepang Transaction

Late on 1 September 2022 the Company received written notice from Trepang advising that due to the non-satisfaction of the condition requiring AQC to obtain shareholder approval for the Trepang Transaction under ASX Listing Rules 10.1 and 11.2 and Part 2E of the *Corporations Act 2001* (Cth) by 23 August 2022, Trepang was terminating the share sale agreement with effect from two business days after the notice. The termination notice was unexpected and was received while the Company was working towards re-convening the postponed extraordinary general meeting (**EGM**) to approve the Trepang Transaction as soon as reasonably possible, including providing shareholders with further detailed information regarding the Nakevo Proposal and the M Resources Proposal that it received, as well as providing an update to the independent expert's report that accompanied the Notice of Meeting for the EGM.

As a result of the receipt of the notice of termination, the Company's work with respect to the re-convening of the postponed EGM will cease and since the purpose of the EGM is now redundant, the EGM will be cancelled.

Launch of \$A100 million underwritten renounceable rights issue

Overview

While working through the re-convening of the postponed EGM, the Board was concerned that there was no fallback position in the event that shareholders did not approve the Trepang Transaction at the postponed EGM. If shareholders did not approve the Trepang Transaction at the postponed EGM, the Company would be left in a perilous financial position with Trepang, Robinson and Paspaley immediately capable of calling in their debt, with the Company having no means to repay that debt. Therefore as a contingency plan, the Board had been seeking fallback funding to repay the Trepang debt if shareholders did not approve the Trepang Transaction. The Company was in the process of finalising that funding when it received termination of the Trepang Transaction.

As a result of the termination, the fallback position has become an essential path to ensure the Company is suitably funded to service its ongoing obligations. The Company hereby announces the immediate launch of a 5.83 for 1 (5.83 new shares for every 1 existing share held on the record date of 7.00pm (Brisbane time) on 8 September 2022) fully underwritten renounceable pro rata entitlement offer of shares in the Company at A\$0.34 per share (**Offer Price**) pursuant to which the Company will raise up to approximately A\$100 million (before costs and expenses and subject to rounding) (**Entitlement Offer**). The Offer Price represents a 6.8% discount to the closing price of the Company's shares on 26 August, the last trading day prior to the Company entering into the trading halt and voluntary suspension preceding this announcement.

The Entitlement Offer is fully underwritten by Evolution Capital Pty Ltd ACN 652 397 263 (**Underwriter**) pursuant to an underwriting agreement, the key terms of which are summarised in the **Annexure** to this announcement. The Company is advised by the Underwriter that any potential shortfall under the Entitlement Offer is fully covered by sub-underwriting arrangements. Accordingly, the Company does not expect the Underwriter to take any meaningful quantity of new shares that will have an effect on the control of the Company.

The proceeds of the A\$100 million to be raised under the Entitlement Offer will be used by the Company to fully repay its debt owing to the Trepang Parties and for general working capital purposes (including paying the costs and expenses of the Entitlement Offer).

Potential strategic partnership with M Resources

In conjunction with the launch of the Entitlement Offer, the Company has entered into a non-binding agreement with M Resources Pty Ltd, an entity associated with Matthew Latimore, with respect to a proposed 50:50 joint venture for the operation of the Dartbrook mine and for potential future mine management services at the Dartbrook mine (including marketing services, logistics services and technical services). In addition, M Resources has committed A\$10 million in sub-underwriting to the Entitlement Offer and will be entitled to appoint a director to the Board, subject to compliance with laws and the ASX Listing Rules. If the Company enters into binding agreements with M Resources and shareholder approval is required to be obtained by the Company with respect to that entry, and such shareholder approval is not ultimately obtained, the Company has agreed to pay M Resources a break fee of A\$1 million.

These arrangements with M Resources were to have been conditional on the Trepang Transaction not being approved by shareholders and the Entitlement Offer concluding but, due to Trepang's termination of the Trepang Transaction, the Company proposes to pursue these arrangements with M Resources immediately. The Company has agreed to grant M Resources exclusivity to undertake due diligence investigations in respect of the Dartbrook mine and to negotiate transaction documents for 28 days from today's date (subject to fiduciary carve-outs).

Given the proposed arrangements with M Resources are currently non-binding (other than the exclusivity arrangement) and subject to ongoing due diligence, there is no guarantee that the partnership with M Resources will eventuate and shareholders are cautioned against placing significant emphasis on any transaction with M Resources when subscribing for shares under the Entitlement Offer.

Details of Entitlement Offer

The Entitlement Offer is available to all registered shareholders who hold shares on the record date with a registered address in Australia or New Zealand, or certain other foreign jurisdictions determined by the directors at their discretion, and subject to being able to comply with local laws.

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). An Offer Booklet will be despatched to eligible shareholders on or around 9 September 2022.

The Entitlement Offer is expected to open on 9 September and is currently expected to close on 20 September 2022.

Trading of entitlements

Entitlements are renounceable and will be tradeable on ASX or transferable off-market. This provides eligible shareholders the opportunity to sell some or all of their entitlements in order to realise value for those entitlements.

Trading of entitlements on ASX is expected to commence on 7 September 2022 (on a deferred settlement basis) and conclude on close of trading on 13 September 2022 (**Entitlement Trading Period**).

Eligible shareholders can also transfer in whole or in part their entitlement directly to another eligible person off-market.

It is the responsibility of the purchasers of entitlements to inform themselves of the 'eligibility criteria' (details of which will be set out in the Offer Booklet) for exercise. If holders of entitlements after the end of the Entitlement Trading Period do not meet eligibility criteria, they will not be able to exercise the entitlements purchased. If holders are not able to take up their entitlements, those entitlements will lapse and holders may receive no value for them.

Nominee for ineligible foreign shareholders

The Entitlement Offer is only being made to all registered shareholders who hold shares on the record date with a registered address in Australia or New Zealand, or certain other foreign jurisdictions determined by the directors at their discretion, and subject to being able to comply with local laws. The Company has appointed the Underwriter as nominee for ineligible foreign shareholders who will arrange the sale of entitlements that would have been offered to ineligible shareholders, with the net proceeds, if any, distributed to those shareholders.

Key dates for the Entitlement Offer

Key dates of the Entitlement Offer are provided in the indicative timetable below:

Event	Date* (2022)
Announcement of Entitlement Offer, Appendix 3B and 708AA notice	Friday, 2 September
Ex-date for Entitlement Offer and rights trading starts on ASX on a deferred settlement basis	Wednesday, 7 September
Record Date	7.00pm on Thursday, 8 September
Entitlement Offer opens Dispatch of Offer Booklet and Entitlement and Acceptance Form	Friday, 9 September
Entitlement trading on ASX ends	Tuesday, 13 September
New Shares under Entitlement Offer commence trading on ASX on deferred settlement basis	Wednesday, 14 September
Entitlement Offer closes (Closing Date)	5.00pm on Tuesday, 20 September
Announcement of shortfall (if any) under the Entitlement Offer	Wednesday, 21 September
Issue and allotment of shares under the Entitlement Offer; issue Appendix 2A	Monday, 26 September
Dispatch of holding statements	Tuesday, 27 September
Commencement of trading of new shares	Tuesday, 27 September

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 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.

Additional Information

In conjunction with this announcement, the Company has today released to ASX a Cleansing Notice (in accordance with section 708AA(2)(f) of the *Corporations Act 2001* (Cth) and an Appendix 3B (New Issue Announcement) in connection with the Entitlement Offer. Further details about the Entitlement Offer are set out in these documents. Further details regarding the Entitlement Offer are expected to be released to the ASX on or around 9 September 2022.

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

All enquiries:

Company Secretary

E: cosec@aqcltd.com

P: +61 7 3221 0679

Annexure

Summary of Underwriting Agreement

Below is a summary of the key terms of the Underwriting Agreement:

Overview	<p>The Entitlement Offer is fully underwritten pursuant to an underwriting agreement (Underwriting Agreement) entered into between the Company and Evolution Capital Pty Ltd.</p> <p>The Underwriting Agreement is subject to certain terms and conditions which are customary for an underwriting agreement of this type, including conditions precedent, representations and warranties and termination rights. If the Underwriting Agreement is terminated, then the Entitlement Offer will be withdrawn.</p> <p>The Company has indemnified the Underwriter and its associated persons against any losses suffered or incurred by them in connection with the Entitlement Offer.</p> <p>All defined terms in this summary have the same meaning given to them in the Underwriting Agreement unless any term is defined separately in this summary.</p>
Conditions	<p>The Underwriting Agreement is subject to the Company completing its due diligence obligations and providing certain documents to the Underwriter in a form acceptable to it, as well as the Company lodging all necessary documents with ASX in connection with the Entitlement Offer.</p> <p>The Underwriter's underwriting obligations are conditional upon, among other things:</p> <ul style="list-style-type: none">• a board resolution confirming the amount of the Trepang debt;• upon repayment of the Trepang debt all debts owing to Trepang and associated parties will be extinguished;• either the shareholders vote on the sale of the shares under the Trepang share sale agreement and the required majority is not met or the Trepang share sale agreement is terminated (Trepang Condition);• the Company enters into a joint venture and management services agreement with M Resources;• ASX has not indicated that it will not grant official quotation to the shares to be issued under the Entitlement Offer; and• certain certificates being provided to the Underwriter in accordance with the Underwriting Agreement. <p>The conditions are for the sole benefit of the Underwriter and may be waived by the Underwriter, other than the Trepang Condition.</p>
Fees	<p>The Underwriter will receive the following compensation in connection with the Entitlement Offer and its underwriting:</p> <ul style="list-style-type: none">• a selling fee of 5.75% of the gross Entitlement Offer proceeds; and• 20,000,000 unlisted options with an exercise price of A\$0.34 per option expiring 3 years from the issue date. The options are subject to shareholder approval under ASX Listing Rule 7.1 before 30 November 2022, or if such approval is not forthcoming utilising the Company's ASX Listing Rule 7.1 capacity.
Termination rights	<p>The Underwriter may, upon certain notice conditions, immediately terminate the Underwriting Agreement and all of its further obligations under the Underwriting Agreement on the occurrence of certain events, including:</p> <ul style="list-style-type: none">(a) Trepang makes a declaration under a Trepang transaction document in relation to a default or receivers, administrators or liquidators are appointed for the Company or if an insolvency event occurs under a Trepang transaction document;(b) a certificate under the Underwriting Agreement is not provided by the

Company on time;

- (c) the Company is prevented from allotting or issuing Offer Shares within the time required under Listing Rules and applicable laws;
- (d) the Company fails to make an ASX announcement as required or fails to lodge the Entitlement Offer Cleansing Note with the ASX as required under the Underwriting Agreement.
- (e) the Offer Documents are not in compliance with the Corporations Act or the ASX Listing Rules due to a statement in the Offer Document which is or becomes misleading or deceptive or is seen as being a forecast, expression of opinion, intention or expectation, based on reasonable assumptions.
- (f) the Company withdraws the Entitlement Offer;
- (g) the Company is required to give a correcting notice under section 708AA(10) other than as a result of a new circumstance arising;
- (h) the S&P/ASX 200 Index closes at a level that is 10% below the level of the index on the business day before the date of the Underwriting Agreement for two consecutive days;
- (i) the ICE Newcastle Coal Nov '22 (LQX22) closes at a level that is 10% below the level of the index on the business day before the date of the Underwriting Agreement for two consecutive days;
- (j) an application is made by ASIC for an order in relation to the Entitlement Offer or the offer documents which becomes public and is not withdrawn within 1 business day after it is made;
- (k) ASIC commences an investigation in relation to the Entitlement Offer and such investigation or hearing becomes public and is not withdrawn within 1 business day after it is made;
- (l) there is an application to a Government Agency for an order in relation to the Entitlement Offer;
- (m) approval for listing or quotation of the Entitlement Offer shares is refused or not granted or is granted subject to conditions other than customary conditions;
- (n) any of the Company's directors commits an indictable offence or is disqualified from managing a corporation;
- (o) the Company or any of its Group Companies become insolvent;
- (p) if any event specified in the timetable is delayed by more than 2 business days without the prior written consent of the Underwriter;
- (q) a new circumstance arises that should have been disclosed in the Offer Documents had it arisen before the Offer Documents were lodged with ASX;
- (r) any judgement is obtained against AQC in an amount exceeding \$100,000;
- (s) if ASIC issues an order under section 739 or hearing under section 739(2);
or
- (t) if an order, investigation or hearing is commenced under Part 9.5 or Part 3 of the ASIC Act 2001.

The Underwriter may also terminate the Underwriting Agreement and all of its further obligations under the Underwriting Agreement on the occurrence of certain events, including the following events, provided that the Underwriter has reasonable grounds to believe and does believe that the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the shares or the willingness of investors to subscribe for the shares or is likely to give rise to a contravention of applicable law by the Underwriter or a liability of the Underwriter under any applicable law:

- | | |
|--|---|
| | <ul style="list-style-type: none">(a) public disclosures become misleading or deceptive;(b) any information supplied by or on behalf of the Company to the Underwriter is or becomes misleading or deceptive;(c) hostilities not presently existing commence involving any one or more of the United States, Australia, New Zealand, UK, France, Germany, Russia, North Korea, South Korea, China, Japan or a member state of the EU;(d) there is a change of law which is likely to prohibit or regulate the Entitlement Offer, capital issues or stock markets;(e) the Company fails to perform any of its obligations under the Underwriting Agreement;(f) a representation or warranty provided by the Company becomes untrue or incorrect;(g) there is a general moratorium on commercial banking activities or a suspension or material limitation in trading in securities on major global markets;(h) a change in senior management at the Company;(i) an adverse change to the financial position, results, operations or prospects of the Company; or(j) the Company alters its issued capital or disposes of a substantial part of its business without the prior approval of the Underwriter, or creates any new encumbrance over the whole or a substantial part of the business. |
|--|---|

ASX RELEASE
8 September 2022



UPDATE ON ENTITLEMENT OFFER AND RECEIPT OF NEW NON-BINDING INDICATIVE PROPOSAL

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) refers to its previous announcements regarding its fully underwritten 5.83 for 1 renounceable entitlement offer (**Entitlement Offer**) and provides the following update with respect to the Entitlement Offer.

Trepang

Since the announcement of the Entitlement Offer both the Board and its largest shareholder, Trepang Services Pty Limited (**Trepang**), have engaged in constructive discussions with respect to the future direction of the Company, particularly with respect to the Company now being in the position to raise sufficient funds to repay the debt it owes to Trepang (and its associates) (**Trepang Debt**) and the Company's proposal to enter into a 50/50 joint venture with M Resources Pty Ltd (**M Resources**) to assist with the re-commissioning of the Dartbrook Coal Project in the Hunter Valley, NSW (**Dartbrook**).

The Company and Trepang have been investigating a transaction structure which would see Trepang being provided an economic interest in Dartbrook by M Resources in consideration for Trepang extending the land access agreements and water rights to allow underground mining operations at Dartbrook to continue. At this stage no agreement has been reached but the Company, Trepang and M Resources have agreed to continue discussions to see if a transaction can be structured, with the parties reserving all rights.

Any transaction would not impact on the terms or structure of the proposed Entitlement Offer.

Receipt of new non-binding indicative proposal

AQC further advises that on 7 September it received a new non-binding indicative proposal from Pacific Premium Coal Pty Ltd (**PPC**) (an entity associated with Nathan Tinkler) (**NBIO**) to acquire AQC at an offer price of \$1.00 per share. The proposal contained a number of pre-conditions, including that AQC enter into an agreement with the Trepang Parties to convert the Trepang Debt into a direct 40% interest in Dartbrook on terms acceptable to PPC, or should such an agreement not be forthcoming from Trepang, then PPC would repay all outstanding debts to the Trepang Parties (no detail has been provided as to how this would occur).

Given the non-binding proposal needs the support of Trepang to proceed, either by Trepang agreeing to convert the Trepang Debt or by Trepang agreeing to the debt being repaid by PPC (with the consequence that Trepang would need to agree to a forbearance until their debt is repaid by PPC), AQC requested urgent advice from Trepang as to whether Trepang is willing to support the NBIO and satisfy the pre-condition. Trepang has advised the Company that they are seeking advice on the proposal. A further response is awaited from Trepang.

The Company advises that the proposal is at an extremely early stage, is non-binding, conditional and requires further consideration. Shareholders are advised to take no action at this time.

The Company will keep the market fully informed on all matters in accordance with its continuous disclosure obligations.

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

All enquiries:
Company Secretary
E: cosec@aqcltd.com
P: +61 7 3221 0679

ASX RELEASE
14 September 2022

ENTITLEMENT OFFER UPDATE

OPENING OF ENTITLEMENT OFFER AND RELEASE OF ENTITLEMENT OFFER BOOKLET

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) refers to its previous announcements regarding its fully underwritten 5.83 for 1 renounceable entitlement offer (**Entitlement Offer**) and provides the following update with respect to the Entitlement Offer.

Opening of Entitlement Offer and Entitlement Offer Booklet

The Company's Entitlement Offer opens today.

In accordance with the updated timetable for its Entitlement Offer, the Company has today released to ASX, and despatched to eligible shareholders (by email to those eligible shareholders who have provided the Company's share registry with email details) and by post to other eligible shareholders, details of how eligible shareholders can access a copy of the Entitlement Offer Booklet for the Entitlement Offer, and how they can apply for shares under the Entitlement Offer.

Entitlement Offer Timetable

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

Event	Date* (2022)
Announcement of Entitlement Offer, Appendix 3B and 708AA notice	Friday, 2 September
Ex-date for Entitlement Offer and entitlements trading starts on ASX on a deferred settlement basis	Thursday, 8 September
Record Date	7.00pm on Friday, 9 September
Entitlement Offer opens Release of Offer Booklet	Wednesday, 14 September
Entitlement trading on ASX ends	Friday, 16 September
New Shares under Entitlement Offer commence trading on ASX on deferred settlement basis	Monday, 19 September
Entitlement Offer closes (Closing Date)	5.00pm on Friday, 23 September
Announcement of shortfall (if any) under the Entitlement Offer	Monday, 26 September
Issue and allotment of shares under the Entitlement Offer; issue Appendix 2A	Friday, 30 September
Commencement of trading of new shares	Monday, 3 October
Dispatch of holding statements	Tuesday, 4 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.

Status of conditions precedent to the Underwriting Agreement

As at the date of this announcement the following conditions precedent to the underwriting of the Entitlement Offer remain to be satisfied (or waived by the Underwriter):

- **Provision of an undertaking by financiers for release of encumbrances** – the Company is in discussions with existing financiers (including Trepang) with respect to the provision of this undertaking and as at this date, the Company has no reason to believe that such an undertaking will not be forthcoming.
- **AQC entering into a joint venture and management services agreement with M Resources Pty Ltd** – AQC and M Resources are working towards a binding arrangement.
- **ASX notifying the Company that it does not intend to quote the Entitlement Offer shares** – this condition will not be able to be satisfied until the settlement date for the Entitlement Offer.
- **AQC providing an Entitlement Offer shortfall notice** – this condition cannot be satisfied until the close of the Entitlement Offer.
- **AQC providing an Entitlement Offer certificate** – this condition cannot be satisfied until the close of the Entitlement Offer.

All other conditions to the underwriting have been satisfied.

The Company will provide ongoing updates to the market with respect to the progress of the conditions precedent that remain to be satisfied.

Trepang

Since the announcement of the Entitlement Offer both the Board and its largest shareholder, Trepang Services Pty Limited (**Trepang**), have engaged in constructive discussions with respect to the future direction of the Company, particularly with respect to the Company now being in the position to raise sufficient funds to repay the debt (**Trepang Debt**) it owes to Trepang (and its associates) (**Trepang Parties**) and the Company's proposal to enter into a 50/50 joint venture with M Resources Pty Ltd (**M Resources**) to assist with the re-commissioning of the Dartbrook Coal Project in the Hunter Valley, NSW (**Dartbrook**).

The Company and Trepang have been investigating a transaction structure which would see Trepang being provided an economic interest in Dartbrook by M Resources in consideration for Trepang extending the land access agreements and water rights to allow underground mining operations at Dartbrook to continue. At this stage no agreement has been reached but the Company, Trepang and M Resources have agreed to continue discussions to see if a transaction can be structured, subject to each party continuing to reserve its rights with respect to prior matters.

Any transaction would not impact on the terms or structure of the proposed Entitlement Offer.

Non-binding indicative proposal from Pacific Premium Coal

As previously announced, on 7 September 2022, AQC received a new non-binding indicative proposal from Pacific Premium Coal Pty Ltd (**PPC**) (an entity associated with Nathan Tinkler) (**NBIO**) to acquire AQC at an offer price of \$1.00 per share. The proposal contained a number of pre-conditions, including that AQC enter into an agreement with the Trepang Parties to convert the Trepang Debt into a direct 40% interest in Dartbrook on terms acceptable to PPC, or should such an agreement not be forthcoming from Trepang, then PPC would repay all outstanding debts to the Trepang Parties (no detail has been provided as to how this would occur).

Due to a pre-condition attaching to the PPC Proposal, it needs the support of the Trepang Parties to proceed, either by the Trepang Parties agreeing to convert the Trepang Debt or by the Trepang Parties agreeing to the debt being repaid by PPC (with the consequence that Trepang would need to agree to a forbearance until their debt is repaid by PPC. Consequently, AQC requested advice from the Trepang Parties as to whether the Trepang Parties are willing to support the PPC Proposal. As at today's date a formal response on this is awaited from the Trepang Parties.

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

All enquiries:

Company Secretary

E: cosec@aqcltd.com


P: +61 7 3221 0679

Annexure B – Investor Presentation

Australian Pacific Coal

Proposal to re-commission the scalable Dartbrook Thermal Coal Mine, via a recapitalisation

Corporate Presentation
September 2022




Australian Pacific Coal
ABN : 49 089 206 986 ASX CODE: AQC

Not for release or distribution in the United States

1

Disclaimer



This presentation ("the presentation") has been prepared by Australian Pacific Coal Limited ("APC" or "the Company") in connection with its entitlements offer and is not intended to, and doesn't, constitute legal, tax or accounting advice or opinion of any particular party or person. Unless otherwise indicated, all references are to Australian dollars.

Where any opinion is expressed in this presentation, it is based on the assumptions and limitations mentioned herein and is an expression of present opinion only. No warranties or representations can be made as to the origin, validity, accuracy, completeness, thoroughness, currency or reliability of the content of the information presented. The Company disclaims and excludes all liability to the extent permitted by law for losses, claims, damages, demands, costs and expenses of whatever nature and whatsoever arising in any way out of or in connection with the information, its accuracy, completeness or by reason of reliance by any person on any of it. The Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events, or results or otherwise.

The presentation does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Company. Nor does it contain all the information which would be required in a disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (Ch), or other applicable securities legislation, and should not be used in isolation as a basis to invest in the Company. In providing this presentation, the Company has not considered the objectives, financial position or needs of the recipient and the recipient should consult with its own legal, tax or accounting advisers as to the accuracy and application of the information contained herein and should conduct its own due diligence and other enquiries in relation to such information and any investment in the Company and take into account the recipient's own objectives, financial position or needs.

The presentation contains certain "forward-looking information". Forward-looking information may include, but is not limited to, information with respect to the future financial and operating performance of the Company, its affiliates and subsidiaries, potential investments, the estimation of mineral reserves and mineral resources, realisation of mineral reserves and resource estimates, costs and timing of development of the Company's projects, costs and timing of future exploration, costs, timing and receipt of approvals, consents and permits under applicable legislation, results of future exploration and drilling and adequacy of financial resources. Forward-looking information is often characterised by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements or qualifications that certain events or conditions "may", "will", "should" or "could" occur.

Forward-looking information is not a guarantee of future performance and is subject to known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from those expressed or implied by such forward looking information, including without limitation risks associated with investments in private and publicly listed companies such as the Company; risks associated with general economic conditions; the risk that further funding may be required but is unavailable for the Company's day-to-day operations; ongoing development of the Company's projects or future acquisitions; changes in government regulations, policies or legislation; unforeseen expenses; fluctuations in commodity prices; fluctuation in exchange rates; litigation risk; the inherent risks and dangers of mining exploration and operations in general; risk of continued negative operating cashflow; the possibility that required permits may not be obtained; environmental risks; uncertainty in the estimation of mineral resources and mineral reserves; general risks associated with the feasibility and development of each of the Company's projects; foreign investment risks in Australia; changes in laws or regulations; future actions by government; breach of any of the contracts through which the Company holds property or other rights, defects in or challenges to the Company's property interests; uninsured hazards; disruptions to the Company's supplies or service providers; reliance on key personnel and retention of key employees.

Forward-looking information is based on the stated assumptions, estimates, analysis and opinions of management of the Company and is made on the basis of information they have access to and in light of their experience and their perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. However, the basis for forward looking information may prove to be incorrect in whole or in part. No representation or warranty is made by or on behalf of the Company that any projection, forecast, calculation, forward-looking information, assumption or estimate contained in this presentation should or will be achieved or that actual outcomes will not differ materially from any forward-looking statements or other information presented.

Assumptions have been made regarding, among other things: the Company's ability to carry on future exploration, development and production activities, the timely receipt of required approvals, the price of coal, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may affect the Company's financial and operational viability.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place reliance on forward-looking information and should undertake their own due diligence before making any decisions, investment or otherwise.

This document is not and should not be considered to form any offer or an invitation to acquire Australian Pacific Coal shares or any other financial products, and neither this document nor any of its contents will form the basis of any contract or commitment. In particular, this document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any "US person" as defined in Regulation S under the US Securities Act of 1933 ("Securities Act"). Australian Pacific Coal shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person without being so registered or pursuant to an exemption from registration. Further restrictions on the offer of Australian Pacific Coal shares and the distribution of this document in jurisdictions outside Australia are set out later in this presentation.

This announcement/presentation has been authorised for release by the Board

2

Not for release or distribution in the United States

2

Important Information



Marketable Reserves Note

The Dartbrook Marketable Coal Reserve of 370Mt is derived from a run of mine Coal Reserve of 470 Mt estimated in accordance with JORC 2012 with a predicted overall yield of 78%. The 370Mt Marketable Coal Reserve is included in the 2,534 Mt Coal Resource (588Mt Measured, 850 Mt Indicated, 1,097Mt Inferred).

Listing Rule 5.23 and 5.19.2 Statements

The information in this presentation relating to Coal Resources for the Dartbrook Project was announced by AQC on 27 June 2017, titled "Dartbrook Kayuga Seam Underground JORC Reserves Statement". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this presentation relating to Coal Reserves for the Dartbrook Project was announced by AQC on 28 March 2018, titled "Coal Reserve Estimate for the Dartbrook Project". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Not for release or distribution in the United States

3

3

Key Transaction Summary



Trepang in relation to the Entitlement Offer:

- Trepang Services Pty Ltd (Trepang) has terminated the purchase agreement¹ for Dartbrook
- AQC and Trepang have been investigating, and continue to investigate, a transaction structure which would see Trepang being provided an economic interest in Dartbrook by M Resources in consideration for Trepang extending the land access agreements and water rights to allow underground mining operations at Dartbrook to continue. At this stage no agreement has been reached but the Company, Trepang and M Resources have each agreed to continue discussions to see if a transaction can be structured, with the parties reserving all rights.
- Any amount subscribed by the Trepang Parties under the Entitlement Offer (which remains subject to confirmation by Trepang) will be set-off against an equivalent amount of the Trepang Debt, with any balance of the Trepang Debt repaid.
- Funds raised in the entitlement offer will go towards repaying the debt AQC owes to Trepang (Trepang Debt) and working capital, which will include the Company's proposal to enter into a 50/50 joint venture with M Resources Pty Ltd (M Resources) to assist with the re-commissioning of the Dartbrook Coal Project in the Hunter Valley, NSW (Dartbrook)

AQC & M Resources Joint Venture (50:50)²

- In conjunction with the Entitlement Offer the Company has agreed non-binding terms for a proposed joint venture arrangement between M Resources Group and AQC in relation to Dartbrook

Previous M Resources, Nakevo and PPC Non-Binding Alternative Proposals:

- Trepang has acknowledged that both the Nakevo Proposal and the previous M Resources Proposal are subject to a number of conditions, including the Trepang Parties agreeing to the terms set out in each of the proposals relating to their interests in the Company. Trepang has confirmed to the Company in writing that the Trepang Parties will not consider or enter into, any such agreements, meaning that critical pre-conditions to both the Nakevo Proposal and the M Resources Proposal cannot be satisfied. Accordingly, neither proposed will be progressed by the Board
- Due to a pre-condition attaching to the PPC Proposal, this proposal requires the support of the Trepang Parties to proceed. AQC has requested advice from Trepang on this matter. A response on this is awaited from Trepang

1. 23rd February, ASX Announcement – "Offer for Purchase of Dartbrook Coal Project"

2. More details regarding Joint Venture on slide 13

Not for release or distribution in the United States

4



4

Board and Management



Company Board and Management

Mr David Conry Executive Chairman

- David is a highly qualified and experienced business leader. David is Managing Director of Damarcon, the Chair of the Queensland Museum and non-executive director of the Australian Institute of Health and Welfare
- As founder of Youngcare, David was awarded the honour of Queensland's Australian of Year for his services to the community and the Entrepreneur of Year by EY in the social category

Mr Tony Lalor Non-Executive Director

- Mr Lalor is a partner at a leading Australian law firm with over 20 years legal experience
- Tony additionally practices in corporate advisory with particular experience in mergers and acquisitions and equity capital market transactions.

Mr Craig McPherson Non Executive Director & Company Secretary

- Mr McPherson graduated with a Bachelor of Commerce degree from the University of Queensland and is a member of the Institute of Chartered Accountants in Australia
- Craig has twenty years of commercial and financial management experience and has held various roles with ASX and TSX listed companies over the past ten years in Australia and overseas

- Following completion of the Entitlement Offer, M Resources will have the right to appoint 1 director to the Board of AQC, subject to compliance with all legal requirements with respect to that appointment and the continued appointment of that director

Not for release or distribution in the United States

5



5

Dartbrook Overview



The Dartbrook coal mine is positioned in the NSW Hunter Valley region where previous Longwall underground mining operations commenced in 1994, under the previous ownership of Anglo, with production reaching over 5.5Mtpa in 2005. The mine was placed into care and maintenance in 2006 following volatile commodity prices.

Elements highlighting Dartbrook's domestic significance:

Resource

Dartbrook possesses a JORC compliant resource of 2.5Bt¹

Production

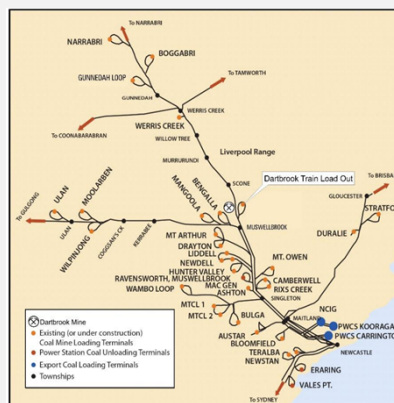
Dartbrook is forecasted to recommence production in 2H 2023 (INDICATIVE)

Conservative Ramp Up

The Company plans Dartbrook to produce 1.5Mtpa of an approved 6Mtpa in FY24

Proven Infrastructure

The asset's CHPP, rail loop, conveyers and wash plant comprise part of a A\$300M replacement value (2016 Estimate)



1. Refer to slide 3

Not for release or distribution in the United States

6



6

Investment Highlights



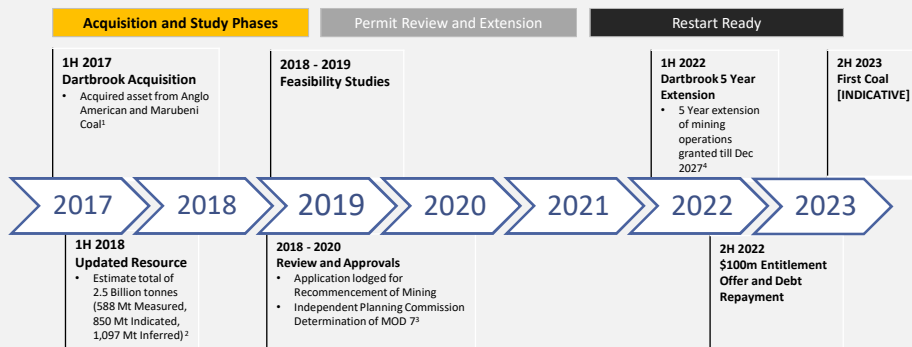
Value	Infrastructure	Product Quality
<ul style="list-style-type: none"> Currently permitted for a 6Mtpa underground operation Options exist for both Longwall and Board and Pillar mining The replacement value of infrastructure exceeds A\$300M (2016 Estimate) 	<ul style="list-style-type: none"> Existing infrastructure will support a significant mining operation Existing Coal Handling and Processing Plant (CHPP) currently placed on care and maintenance, remains in a good condition Sufficient capacity within existing rail and port facilitates for export via Port of Newcastle 	<ul style="list-style-type: none"> High quality coal with calorific value and quality parameters suitable for high energy low emission (HELE) power generation Coal quality is typical of Hunter Valley specification from existing producers Low sulphur content enhances the marketability of the product
Jurisdiction	Scale	Current Climate
<ul style="list-style-type: none"> Dartbrook is positioned in the NSW Hunter Valley region, approximately 130km from the Newcastle port Neighbouring assets include BHP's Mt Arthur and New Hope's Bengalla The existing royalty on underground coal operations is economically superior to Queensland's at 7.2% Approvals are in place from local authorities 	<ul style="list-style-type: none"> Coal Resource 2,534Mt and Coal Reserve 370Mt¹ Well understood geology and mining conditions, similar to neighboring mines Prior ~12-year operating history with high quality thermal coal exports to Asia Production was 5.5Mtpa ROM (2005), prior to care and maintenance in 2006 	<ul style="list-style-type: none"> Record coal prices have been driven by tight supply and demand tensions internationally Global industry production has improved alongside necessity for energy sources amidst the European crisis Reduced port inventories, tightening of approvals and scarcity of profitable assets are boosting coal fundamentals

1. Refer to slide 3

Not for release or distribution in the United States



Company and Asset Timeline



1. 29th May 2017, ASX Announcement – "Dartbrook Acquisition"

2. 27th June 2017, ASX Announcement – "Dartbrook Coal Resource Estimate 2.5 Billion Tonnes"

3. 1st March 2018, ASX Announcement – "Application Lodged for Recommencement of Mining"

4. 15th March 2022, ASX Announcement – "Dartbrook – Modification 7 Update"

Not for release or distribution in the United States

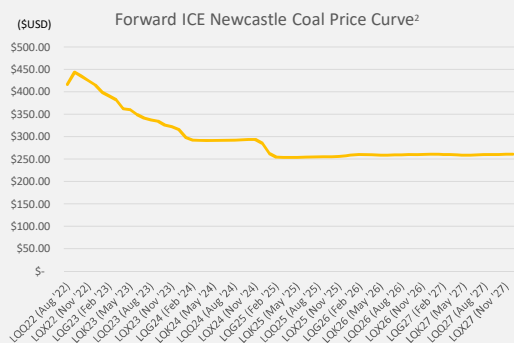


Robust Market Outlook



Previous underground mining at Dartbrook produced a coal product that was well-accepted in the international marketplace. Over a 10-year period, approximately 25Mt of high energy Dartbrook thermal coal product was sold into the Asian market¹.

- Significant seaborne thermal coal demand in SE Asia and India is currently expected to continue into 2030. This underpins a resilient, forward looking thermal coal price in Australia, further supported by Russian supply substitution and increases in demand for steel infrastructure
- SE Asia's thermal coal demand is expected to grow to 161Mt in 2024 and 201Mt in 2035¹



1. Refer to AQC's announcement on 28th March 2018, titled "Dartbrook Open Cut Study Completed"
 2. https://www.barchart.com/futures/quotes/LQ*0/futures-prices As at 21/08/2022

Not for release or distribution in the United States

9



9

Entitlement Offer & Deal Structure



A\$100 million fully underwritten pro-rata renounceable entitlement offer ('Offer')

Entitlement Offer

- Eligible shareholders have the opportunity to subscribe for 5.83 shares for every 1 share (5.83:1) held on the Record Date being 7:00pm on Friday, 9th September 2022
- The Underwriter (Evolution Capital) has confirmed to AQC that it has received sub-underwriting commitments from institutional investors in respect of the total amount of its underwriting commitment

Offer Price

A\$0.34 a share represents:

- A 6.8% discount to the last close before the announcement of the offer, being \$0.365¹
- A 1.2% discount to TERP of \$0.344¹
- A 0.9% discount to 5D VWAP of \$0.343¹

Offer Timeline

- Ex-date for Entitlement Offer and rights trading starts on ASX on a deferred settlement basis on Thursday, 8th September
- Entitlement Offer opens and release of Offer Booklet on Wednesday, 14th September
- Entitlement Offer closes (Closing Date) at 5:00pm on Friday, 23rd September

Ranking

New shares will rank equally with existing ordinary shares from their time of issue.

Lead Manager

Evolution Capital is acting as Sole Lead Arranger, Lead Manager and Underwriter to the Entitlement Offer. M Resources Pty Ltd has committed \$10m in sub-underwriting.

1. As at 25th August 2022 before the announcement of the underwriting offer

Not for release or distribution in the United States

10



10

Indicative Entitlement Offer Timeline



Event	Date* (2022)
Announcement of Entitlement Offer, Appendix 3B and 708AA notice	Friday, 2 nd September
Ex-date for Entitlement Offer and entitlement trading starts on ASX on a deferred settlement basis	Thursday, 8 th September
Record Date	7:00pm on Friday, 9 th September
Entitlement Offer opens	Wednesday, 14 th September
Release of Offer Booklet	
Entitlement trading on ASX ends	Friday, 16 th September
New Shares under Entitlement Offer commence trading on ASX on deferred settlement basis	Monday, 19 th September
Entitlement Offer closes (Closing Date)	5.00pm on Friday, 23 rd September
Announcement of shortfall (if any) under the Entitlement Offer	Monday, 26 th September
Issue and allotment of shares under the Entitlement Offer; issue Appendix 2A	Friday, 30 th September
Commencement of trading of new shares	Monday, 3 rd October
Dispatch of holding statements	Tuesday, 4 th 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 to 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.

Not for release or distribution in the United States

11

11

Transaction Overview



The capital structure components, both pre and post the transaction, are outlined below:

50.5M	294.3M	A\$117.2M	A\$88.2M
Existing Shares on Issue (SOI)	Additional SOI	Pro forma MC	Pro forma EV
344.8M	\$0.34	A\$71M	A\$100M
Pro forma SOI	Issue Price	Current Debt	Pro forma cash ¹

The outstanding debts owed are set out below and will be repaid with the proceeds from the entitlement offer

	Parties	Amount
Robinson Convertible Note	Convertible loan deed between John Robinson and AQC	A\$10.5M
Paspaley Convertible Note	Convertible loan deed between Nicholas Paspaley and AQC	A\$10.5M
Tre pang	Unsecured loan and vendor secured loan	A\$9.5M
Accrued Interest	Interest, as at October 2022, on the outstanding loans and convertibles mentioned above	A\$37.0M
Invoice Reimbursement	This has been utilised for recent funding and working capital	A\$3.7M

1. Excluding fees and costs associated with the transaction and prior to repayment of any debt

Not for release or distribution in the United States

12

Proposed Dartbrook Joint Venture



Joint Venture Farm-in Overview	In conjunction with the Entitlement Offer the Company is working towards a binding agreement (current status non-binding) for a proposed joint venture arrangement between M Resources Group and AQC. The strategic partnership recognises the value that M Resources can bring to Dartbrook, AQC and AQC's shareholders through its expertise, brand and relationships.
JV Partner	M Resources Pty Ltd, is a member of a private group of companies controlled by Matthew Latimore. Affiliates of Mr Latimore comprise: <ul style="list-style-type: none"> • The largest shareholder in Bowen Coking Coal Ltd; • Second largest independent shareholder in Stanmore Resources Ltd; and • 50% shareholder of MetRes Pty Ltd, the owner of the Millennium Mining Complex and 100% owner of M Mining, the operator of the Millennium Mining Complex
Break Fee	<ul style="list-style-type: none"> • If shareholder approval is required for any aspect of the strategic partnership and is not obtained and the Entitlement offer is completed, AQC must pay break fee to M resources \$1 Million
Key Terms	<ul style="list-style-type: none"> • M Resources, or its affiliate, will provide a sub-underwriting commitment for up to A\$10M of any shortfall from the offer • M Resources, or its affiliate, will acquire a 50% direct project interest in Dartbrook in exchange for procuring an agreed amount of restart capex • Management services agreements would also be entered into between AQC and M Resources' affiliates including M Resources Trading Pty Ltd (MRT) contemporaneously with the Joint Venture Agreement. These will cover marketing, logistics, mine management and technical services of Dartbrook¹
Term	The agreements will commence from satisfaction of the conditions precedent noted above and the term is for the term of the current mining licence for Dartbrook with an option to renew on the same conditions if the terms of the mining licence and access agreement for Dartbrook are extended.

1. See the Company's ASX announcement dated 8th September for further details
Not for release or distribution in the United States

Asset Overview



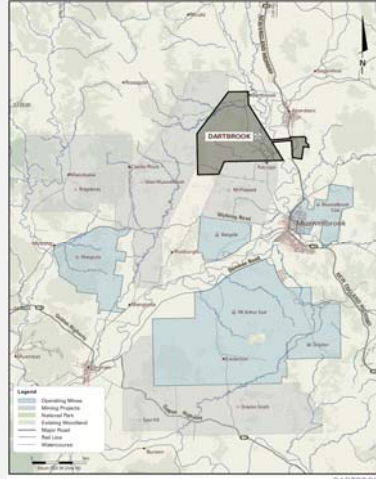
Dartbrook: Hunter Valley Location



Dartbrook is located in the upper Hunter Valley in NSW, Australia. Muswellbrook is the closest major town, approximately 10 km to the southeast.

The Dartbrook coal is ideally placed with world-class infrastructure supporting mining operations in the immediate area surrounding the project, including the Bengalla Mine (New Hope Group), Mt Arthur Mine (BHP) and the Mt Pleasant Mine.

- Dartbrook is connected to port facilities in Newcastle (130 km southeast) via the Main Northern Railway and the New England Highway
- The Hunter Valley coal region is renowned for its large scale, low cost, high quality operating mines. Dartbrook is one of the most significant, restart ready coal assets in the region by virtue of its low strip ratio and project scale



Not for release or distribution in the United States

Existing Infrastructure & Land/Water Access



The Dartbrook mine has existing infrastructure with estimated replacement value of A\$300M to support mining operations and is evident in historic production, which include:

- A load out facility and rail loop that is connected to the Hunter Valley Coal Rail Network and provides direct transport of coal to the Port of Newcastle, the largest coal export operation in the world. This network services approximately 35 operating mines delivering over 160 million tonnes to the Port of Newcastle for export to a range of customers
- The CHPP has throughput capacity of 1,000 tonnes per hour (“tph”) of ROM coal prior to the mine being placed into care and maintenance.
- The CHPP comprises, a single-stage wash plant with bypass facility, medium cyclone spirals and flotation circuits however will need significant works to become operational
- The Hunter Tunnel, a 4km conveyor transporting ROM coal from the underground mine to the CHPP
- Surface infrastructure includes power, water and office facilities necessary to support underground mining operations



Not for release or distribution in the United States

License To Operate

The orders of the Land and Environment Court of NSW in AQC Dartbrook Management v Minister for Planning and Public Spaces (Modification 7 or MOD7) will have a number of implications that will impact cost, capital expenditure and commencement of production of the Dartbrook Coal Project¹:

- a) Pursuant to MOD 7, the Dartbrook Mine is permitted to produce a maximum of 6Mtpa of ROM Coal which will consist of:
 - I. A production limit of 1.5Mtpa ROM from board and pillar mining
 - II. Potential for production of up to 4.5Mtpa of ROM Coal from longwall mining and board and pillar mining, or up to 6Mtpa of longwall mining in the event there is no board and pillar mining
- b) The ability to fully exploit recoverable ROM Coal will likely be constrained if the mining consents cannot be extended beyond 5 December 2027 (MOD 7 Closure Date)
- c) The Coal Handling and Processing Plant (CHPP) will need to be updated for noise mitigation measures



Conceptual Modification Layout

1. 22nd July 2022, ASX Announcement – “Notice of General Meeting”
 Not for release or distribution in the United States

JORC Resource and Coal Quality

AQC has had the following technical reports conducted for Dartbrook:

- Coal Reserve Estimate for Dartbrook Project (2018)
- Mining Consultancy Services (2017), Underground Mine Feasibility Study
- Mining Consultancy Services (2017), Dartbrook Kayuga Seam Underground, JORC Reserves Statement, Coal Reserves as at Feb 2017
- JB Mining Services Pty Ltd (2016)

JORC Resource Classification ¹	Mt
Ore Reserves	
Proven	-
Probable	370
Total	370
Mineral Resources	
Measured	588
Indicated	850
Inferred	1097
Total	2,534

The Dartbrook Mine can produce two high energy coal products:

- i. “Premium” thermal coal (~12% ash)
- ii. “Standard” thermal Coal (~19% ash)
- iii. All coal has a low sulphur content (~0.4%) and properties consistent with neighbouring mines

Both “Premium” and “Standard” thermal coal are suitable for High Efficiency, Low Emissions power stations.

Product Coal Quality	Newcastle Benchmark	Dartbrook Premium Product ¹	Dartbrook Standard Product ¹
Specific Energy (gross, kcal/kg)	6,000	6,100	5,545
Ash (%)	14.0% max	12.0	19.0
Volatile Matter (%)	27.0%	29.5	26.9
Moisture (%)	15.0 max	11.0	11.0
Sulphur (%)	0.75% max	0.37	0.36

1. Refer to slide 3
 Not for release or distribution in the United States

Key Risks



Specific Risks

Operations risks

- (i) The Company may be unable to access the appropriate management, equipment, and capital to fund its business operations. The Dartbrook Coal Project was placed into care and maintenance since 2006 and has not been in operation for over 15 years. This has caused a number of its assets to deteriorate. The cost involved in re-starting, re-establishing and refurbishing the Dartbrook Mine is reasonably expected to have increased from the cost assessed initially in re-start studies carried out between 2016 and 2018
- (ii) The orders of the Land and Environment Court of New South Wales' in AQC Dartbrook Management Pty Ltd. v Minister for Planning and Public Spaces (referred to as Modification 7 or MOD 7) imposes the following risks on the future operations of Dartbrook:
 - (i) there will be an increase of costs associated with re-starting, re-establishing and refurbishing the Dartbrook;
 - (ii) pursuant to MOD 7, the Dartbrook is permitted to produce a maximum of 6 Mtpa of ROM Coal which will consist of:
 - (i) a maximum production cap of 1.5 Mtpa ROM from board and pillar mining which is expected to substantially lower production and subsequently the value of the Dartbrook Coal Project. The maximum production cap will result in additional annual fixed costs and labour which may have adverse impact on the value of a project;
 - (ii) production of up to 4.5 Mtpa of ROM Coal from longwall mining in the case of board and pillar mining, or up to 6 Mtpa of longwall mining in the event there is no board and pillar mining. Longwall mining will be subject to the regulatory approval of an updated longwall mining extraction plan;
 - (iii) The Hunter Tunnel (which needs to be de-watered) will need to be used for all ROM coal clearance and handling. Legislation also requires the mine to upgrade its Coal Handling and Processing Plant (CHPP) for noise mitigation measures. Both of these requirements impose a significant capex to return the existing infrastructure to adequate operational status
 - (iv) the ability to fully exploit recoverable ROM Coal will likely be constrained if the mining consents cannot be extended beyond 5 December 2027 (MOD 7 Closure Date) which has no certainty or guarantee of success;
- (iii) The Dartbrook Coal Project tends towards a medium to high spontaneous combustion risk particularly in the old longwall areas where the risk is much higher. The exposure of the old workings increases the risk of re-activation of dormant heating or the commencement of new heating
- (iv) The coal at the Dartbrook Coal Project can be classed as high volatile bituminous coal and will require beneficiation for export markets
- (v) The New South Wales Resources Regulator (NSWRR) has renewed its focus on the Dartbrook Coal Project and for this reason, will likely treat any resumption of mining at the Dartbrook Mine as a new operation and will require full compliance with all legislation prior to recommencement of the Dartbrook Coal Project including additional communication equipment, real-time environmental monitoring and full compliance with requirements to have current Principal Hazard Management Plans (PHMPs) updated every 3 years and all supporting subordinate documentation. Compliance with this requirement will incur a significant amount of time and suitable resourcing

19



Not for release or distribution in the United States

19

Key Risks



Plant and Equipment risks

Prior to the Dartbrook Coal Project recommencing production, there are a number of issues relating to the current infrastructure and plant and equipment that will need to be rectified or remedied to allow production to commence. These include de-watering the critical Hunter Tunnel and replacing equipment that may have corroded since the mine was placed into care & maintenance in 2006.

Environmental risks

The Dartbrook Coal Project is subject to laws and regulations regarding environmental matters. As with all mining and exploration projects, the future operations of the Dartbrook Coal Project is expected to have an impact on the environment. The Company is unable to project the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the costs of doing business or its operations in the area. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Dartbrook Coal Project to incur significant expenses and undertake significant investments which could have a material adverse effect on the performance of the Dartbrook Coal Project.

Management risk

The Dartbrook Mine's prospects depend, in part, on the Company's ability to attract and retain its executive officers, senior management and key consultants or partners and for these personnel to operate effectively.

Litigation risk

The Company may be subject to claims and litigation being brought against it, including with respect to its recent corporate and capital raising activities.

Force majeure events

Events that are beyond the direct control of the Company may occur that could impact on the economy, the Company's operations, investor sentiment and the price of shares. These events include, without limitation, acts of terrorism, international hostilities, pandemics, fires, floods, earthquakes, labour strikes, natural disasters, bush fires, or other natural or man-made events.

Dilution of existing shareholdings in the Company

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company reduced. Given the structure of the Entitlement Offer (5.83 new Offer Shares for every 1 existing Share held at the Record Date) as a fully underwritten deal will mean that the dilution to existing Shareholders who do not take up their Entitlements in full may be significant.

20



Not for release or distribution in the United States

20

Key Risks



General Risks

Nature of investment

Any potential investor should be aware that subscribing for Offer Shares involves risks. The Offer Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those Offer Shares. *Economic factors*
The operating and financial performance of the Company is influenced by a variety of general economic and business conditions including the levels of business confidence and investment, employment, inflation, interest rates, exchange rates, access to debt and capital markets, fiscal policy, monetary policy and regulatory policies. A prolonged deterioration in any number of the above factors may have a material adverse impact on the Company's business and financial performance.

Management actions

The Directors will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, but without assuming any personal liability for the same, with the aim of reducing, avoiding and mitigating the impact of risks on the performance of the Company and its securities.

Insurance arrangements

The Company maintains insurance within ranges of coverage the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. No assurance, however, can be given that the Company will be able to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Operational risks and costs

The Company is exposed to operational risks and costs present in the current business. Operational risk has the potential to have a material adverse effect on the Company's financial performance and position as well as reputation. The Company will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however certain residual risk will remain with the Company.

Future capital needs

Further funding is likely to be required to advance the business objectives of the Company or for working capital purposes. There is a risk that despite efforts from the Company and its management, re-commissioning efforts will fail, which will adversely affect the Company's growth and profitability. Moreover, there can be no assurance that additional funding will be available on satisfactory terms or at all. Any inability to obtain funding may adversely affect the financial condition of the Company and consequently, the value of its shares.

Regulatory risk and government policy

Changes in relevant taxation, interest rates and other legal, legislative and administrative regimes and government policies in Australia, may have an adverse effect on the assets, operations and ultimately the financial performance of the Company and the market price of its securities.

Share market conditions

The price of the Company's shares will be influenced by international and domestic factors which may cause the market price of the securities to fall and may be subject to varied and unpredictable influences on the market for equities. Shareholders should be aware that there are risks associated with any securities investment. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Not for release or distribution in the United States

21



21

Foreign Selling Restrictions



The Entitlement Offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been taken to register the Offer Shares or otherwise permit a public offering of the Offer Shares in any jurisdiction other than Australia and New Zealand. Participating in the Entitlement Offer shall be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed. The distribution of this document outside Australia may be restricted by law.

United States

This document must not be taken into, distributed or released in the United States or distributed to any person in the United States or to any person acting for the account or benefit of any person in the United States. Persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The information in this document does not constitute an offer to sell, or the solicitation of an offer to buy, any Offer Shares in the United States or to any person in the United States. Offer Shares may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The Offer Shares to be offered and sold in the Entitlement Offer have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Offer Shares in this Entitlement Offer may only be offered and sold outside the United States, to persons that are not in the United States or acting for the account or benefit of persons in the United States.

New Zealand

This Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) ("FMC Act").

The Offer Shares are not being offered or sold to the public in New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand, to whom the offer of Offer Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand). The offer of Offer Shares is renounceable in favour of members of the public.

Other than in the Entitlement Offer, the Offer Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the FMC Act. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Not for release or distribution in the United States

22



22

Foreign Selling Restrictions



Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and Offer Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the Offer Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Entitlements and the Offer Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or Offer Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

People's Republic of China

This document has not been approved by, nor registered with, any competent regulatory authority of the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). Accordingly, the Offer Shares may not be offered or sold, nor may any invitation, advertisement or solicitation for the Offer Shares be made from, within the People's Republic of China. This document does not constitute an offer of Offer Shares within the People's Republic of China.

The Offer Shares may not be offered to legal or natural persons in the People's Republic of China other than to: (i) "qualified domestic institutional investors" as approved by a relevant People's Republic of China regulatory authority to invest in overseas capital markets; (ii) sovereign wealth funds or quasi-government investment funds that have the authorisation to make overseas investments; or (iii) other types of qualified investors that have obtained all necessary People's Republic of China governmental approvals, registrations and/or filings (whether statutorily or otherwise).

Germany

This document has not been, and will not be, registered with or approved by any securities regulator in Germany. Accordingly, this document may not be made available, nor may the Entitlements or the Offer Shares be offered for sale, in Germany except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Entitlements and Offer Shares in Germany is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

23



Not for release or distribution in the United States

23

Company Contact Information



General Enquiries:

Craig McPherson
Non-Executive Director &
Company Secretary
Email: cosec@aqcltd.com

Head Office:

Level 1, 371 Queen Street
Brisbane QLD 4000
Phone: +61 7 3221 0679
Website: www.aqcltd.com

ASX code: AQC



24



Not for release or distribution in the United States

24