



Australian Pacific Coal

AUSTRALIAN PACIFIC COAL LIMITED

ABN 49 089 206 986

ANNUAL REPORT – 30 JUNE 2024



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CEO & CHAIRMAN'S REPORT

Dear Shareholders,

The substantial achievements delivered in FY23 continued into FY24 as Australian Pacific Coal Limited (ASX: AQC) surged towards restarting underground mining at the Dartbrook coal mine in NSW's Hunter Valley.

The number of major milestones reached during FY24 reflects the high levels of operational, corporate and financial activity across all aspects of our business.

The Board and Management had four key objectives for FY24:

- Dewater, restore and refurbish the Hunter Tunnel
- Secure sufficient restart capex funding and procure necessary equipment
- Commence refurbishment of the train load out facility and Coal Handling and Preparation Plant (CHPP)
- Achieve first coal to surface

We have successfully achieved each of these goals, with a US\$60 million (A\$90 million) capex restart funding debt package secured in January 2024, completion of the Hunter Tunnel restoration in August 2024, first coal to surface in September 2024, and refurbishment of the train load out facility and CHPP underway.

With limited new coal mines being sanctioned in NSW, Dartbrook, via AQC, represents one of the few opportunities where investors can access world-class resources and infrastructure with excellent proximity to port and rail facilities on a pre-production basis.

Safety, Environment and People

Safety remains our highest priority and we are pleased to report that there were no recordable injuries or reportable environmental incidents in the 12 months to 30 June 2024. As activity levels increase at Dartbrook, we are committed to working with our Joint Venture partner to drive positive safety and environmental outcomes for our people and the community.

In July 2024, following a period of negotiation, Dartbrook executed a four-year Greenfields Enterprise Agreement with the Mining and Energy Union (MEU). The Agreement provides the necessary framework for the planned employment for future mining and processing activities at Dartbrook. The Agreement, approved by the Fair Work Commission ("FWC") in September 2024, will facilitate the transition from restoration to production as the workforce shifts from specialist contractors to operational personnel.

Restart Capex Funding Secured

Following the substantial de-risking of the mine and the streamlining of the operating joint venture in FY23, AQC launched a comprehensive domestic and international program to source a debt funding package to provide restart capex for the Dartbrook project.

In January 2024, AQC announced details of a US\$60 million (A\$92 million) debt facility provided by Vitol Asia Pte Ltd, a leading global energy and commodities company. The facility covers forecast restart expenditure at Dartbrook through to commercial production, including equipment acquisitions and completion of remediation works, and the acquisition of additional mining systems during ramp-up to achieve full capacity.

The Dartbrook JV also entered into a Coal Sales and Marketing Agreement with Vitol for all Dartbrook coal production, including assigning coal Marketing Rights to Vitol for the life of the mine (including any extensions).

CEO & CHAIRMAN'S REPORT

Dartbrook Restart Gains Momentum

The major focus of the Dartbrook restart project in FY24 was the Hunter Tunnel. This key piece of infrastructure, which passes under the New England Highway, is critical to our ability to operate the mine as it connects the proposed underground mining panels with the above ground CHPP and rail loadout.

As reported last year, the tunnel was successfully dewatered and more than 70 megalitres of water was removed safely without incident. Thereafter, restoration and refurbishment work made rapid progress. Major workstreams included roof and rib support, ventilation systems, roof and wall shotcreting, installation of services pipelines, and tunnel fit-out. Work on the Hunter Tunnel was completed in August 2024.

Procurement made rapid progress once funding was secured. Orders for essential equipment for mining operations were immediately confirmed.

The first phase of the restart plan requires two Continuous Mining Units (CMU) and both units have been received. The first CMU is operating underground and the second CMU to follow once refurbishment, assembly and testing are complete. A third CMU has now been secured.

The 4 km conveyor system, which transports Run of Mine (ROM) coal from the underground storage facility to the surface via the Hunter Tunnel, was successfully commissioned with first coal to the surface achieved in September 2024.

On the surface, installation of the new hydraulic system for the train load out facility is nearing completion. Prior to commencing refurbishment works on the CHPP, a detailed study is being undertaken to assess all requirements and establish a work program which is planned to commence in the first quarter of CY2025.

First Coal Produced to Surface

With the key elements of the mining and transportation chain in place and operational, Dartbrook achieved a major milestone in early September 2024 when it successfully produced ROM coal to surface – the first time the mine had produced coal since it was placed in care and maintenance in 2006.

This landmark event signalled the start of the ramp-up period to bring the mine into commercial production. During this period, the focus will be on optimising systems, equipment, operations and maintenance procedures, as well as the recruitment and training of permanent employees for the production phase.

The Dartbrook JV is targeting commercial production before the end of CY2024 with the intention of producing unwashed (bypass) coal initially while refurbishment of the CHPP wet plant is completed.

Importantly, in September 2024 we received confirmation that coal from Dartbrook conforms to NEWC 6000 specifications which will ensure we can market Dartbrook thermal product to customers in key Asian export markets once refurbishment of the CHPP is complete. Testing for metallurgical applications is ongoing and results will be provided to the market in due course. The ability to produce metallurgical coal would provide Dartbrook with product optionality and marketing flexibility.

Looking Ahead

While we have made great progress over the past 18 months, there is still much to do in FY25.

We are close to finalising a number of key operating agreements, chiefly Port and Rail access, and we are in the process of finalising a US\$30 million Working Capital facility to facilitate growth as we ramp up production.

We will continue to optimise the mine plan to maximise Dartbrook's production potential, accelerating where possible, while remaining focused on safety and reliability.

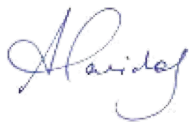
Completion of the CHPP refurbishment in the first half of CY2025 will be an important milestone, opening key export markets for Dartbrook product.

Looking further ahead, we have commenced work on the MOD8 submission to extend mining operations at Dartbrook by an additional six years to December 2033. Based on work done to date, we anticipate being in a

CEO & CHAIRMAN'S REPORT

position to make a formal submission to the NSW Department of Planning, Housing and Infrastructure (DPHI) before the end of CY2024.

Finally, we would like to thank our employees, shareholders, partners and advisers for their hard work and commitment towards restarting production at Dartbrook. We are excited about bringing this world class coal mine back to life after lying dormant for 18 years and we are optimistic about the future potential of Australian Pacific Coal.



Ayten Saridas
Managing Director & CEO



John Robinson
Chairman

DARTBROOK COAL MINE

Dartbrook Mine is located approximately 10 kilometres (km) north-west of Muswellbrook and 4.5 km south-west of the village of Aberdeen in New South Wales (NSW) (see Figure 1). Dartbrook operated as an underground longwall coal mine from 1993 until December 2006, when it was placed in care and maintenance by the previous owner, Anglo Coal (Dartbrook Management) Pty Ltd (ACDM). The mine was acquired by Australian Pacific Coal (AQC) (ASX-AQC) in 2016 and the mine has remained in care and maintenance.

Dartbrook Mine is an unincorporated Joint Venture (Dartbrook Joint Venture) between Australian Pacific Coal Limited (via subsidiaries) and Tetra Resources Pty Ltd (Tetra, via subsidiaries). Dartbrook Operations Pty Ltd is the appointed operating management company, and the Mine Operator under Section 5 of the Work Health and Safety (Mines and Petroleum Sites) Regulation 2022 (NSW).

Dartbrook is managed in accordance with Development Consent DA 231-7-2000 (Development Consent) granted on 28 August 2001 under the Environmental Planning and Assessment Act 1979 (EP&A Act). DA 231-7-2000 originally allowed for underground longwall mining and associated surface activities to be carried out until 5 December 2022.

In February 2018, AQC lodged an application to modify DA 231-07-2000 (MOD7) to provide further operational options for Dartbrook (in addition to those already approved) including the recommencement of mining via bord and pillar methodology within the Kayuga Seam and to extend the approval period under DA 231-07-2000 by 5 years (i.e. to 5 December 2027). DA 231-07-2000 (MOD7) was determined by the NSW Independent Planning Commission (IPCN) on 9 August 2019.

The IPCN approved the proposed recommencement of mining activities but not the proposed five-year extension to the consent approval period. Without the extension to operate under DA 231-07-2000 for a further five years it was impractical to recommence mining at Dartbrook. In November 2019, an appeal was lodged against the IPCN determination of MOD7 in the NSW Land and Environment Court.

The MOD7 application was the subject of a conciliation conference conducted pursuant to Section 34 of the Land and Environment Court Act 1979 (LEC Act). AQC entered into a Section 34 agreement with the Minister for Planning and Public Spaces on 21 December 2021 with the approval granted on 11 March 2022. This agreement gave effect to MOD7 and extended the approved duration of mining operations until 5 December 2027.

Refurbishment and recommissioning works commenced at Dartbrook in 2022. Coal to surface was achieved on 4 September 2024 and a commissioning period is currently underway. Commercial production at Dartbrook is anticipated before the end of the 4th quarter of calendar year 2024. Production will ramp up over the first two years towards an initial target of approximately 2.4 million tonnes per annum (Mtpa) of Run of Mine (ROM) coal.

During this reporting period, key milestone achieved include:

- Zero reportable environmental incidents and zero Lost Time and Disabling injuries.
- AQC raised \$12 million during September-October 2023 via a \$4 million Institutional Placement and a 1 for 4.75 Accelerated Non-Renounceable Entitlement Offer (ANREO) that raised \$8 million.
- In December 2023, AQC successfully completed a placement that raised \$3.625 million in new funds and converted \$3.375 million of short-term shareholder loans and accrued lease payments to equity.
- A US\$60 million (A\$92 million) senior debt facility for Dartbrook restart capex was executed in January 2024, covering forecast restart expenditure through to commercial production, including ramp-up.
- A Coal Sales and Marketing Agreement was signed with Vitol Asia Pte Ltd for all Dartbrook coal production, including coal Marketing Rights for the life of the mine (including any extensions).

REVIEW OF OPERATIONS

- Following the successful dewatering of the Hunter Tunnel in FY23, works undertaken in FY24 included re-supporting of roof and ribs, bolting and mesh construction, shot-creting, and construction of drainage, pumping, water management, electrical and ventilation restoration.
- New 4 km conveyor system was delivered, assembly commenced.
- Installation of the new hydraulic system for the train load-out facility is nearing completion.
- A detailed study of the Coal Handling & Processing Plant (CHPP) was conducted in preparation for the refurbishment program.
- Continued to optimise the Mine Plan schedules and designs to improve yields, coal quality and products.
- Dartbrook Community Consultative Committee met quarterly and continued to provide active and positive communications to neighbours and stakeholders.

Subsequent to the end of the reporting period, key milestones achieved include:

- Dartbrook executed a four-year Greenfields Enterprise Agreement with the Mining and Energy Union (MEU) in July 2024 which was subsequently approved by the Fair Work Commission in September 2024.
- The first Continuous Miner Unit (CMU) was sent underground and a bulk sample was cut and sent for lab analysis in July 2024.
- Refurbishment and restoration of the Hunter Tunnel was completed in August 2024.
- New 4 km conveyor system to convey ROM coal to the surface stockpile was commissioned
- First coal was produced from in-seam to the surface stockpile in early September 2024.
- Ramp up of manning and production continues during September and will continue through 2025
- Confirmation in September 2024 that washed Dartbrook coal will conform to NEWC 6000 specifications.

REVIEW OF OPERATIONS

On the 28 October 2022, (2022 No649), the NSW Government under the Environment Planning and Assessment Act 1979, implemented a State Environmental Planning Policy (SEPP) Resources and Energy Amendment (Dartbrook Mine) 2022 to prohibit open cut mining on the land, being defined as the Authority 256 boundary. Refer to Figure 1 Highlighted Dartbrook area.

In addition, all the Dartbrook mining tenure was renewed from pending status to all current and approved with the mining leases extended to 2043 (ML 1456 & 1497) and 2033 (ML 1381), refer to (Table 1 - Tenure Summary Table). This is a considerable milestone as the project has now achieved tenure security and with this success will be highly valued and considered when the application for a further extension of the current Development Consent conditions (MOD 8) for an additional 6 years is prepared and processed. This will be a priority once production is underway and the approval will be assessed by the Department of Planning & Environment.

The Dartbrook mine is in a safe and operational readiness state with a professional workforce ready to transit into production.

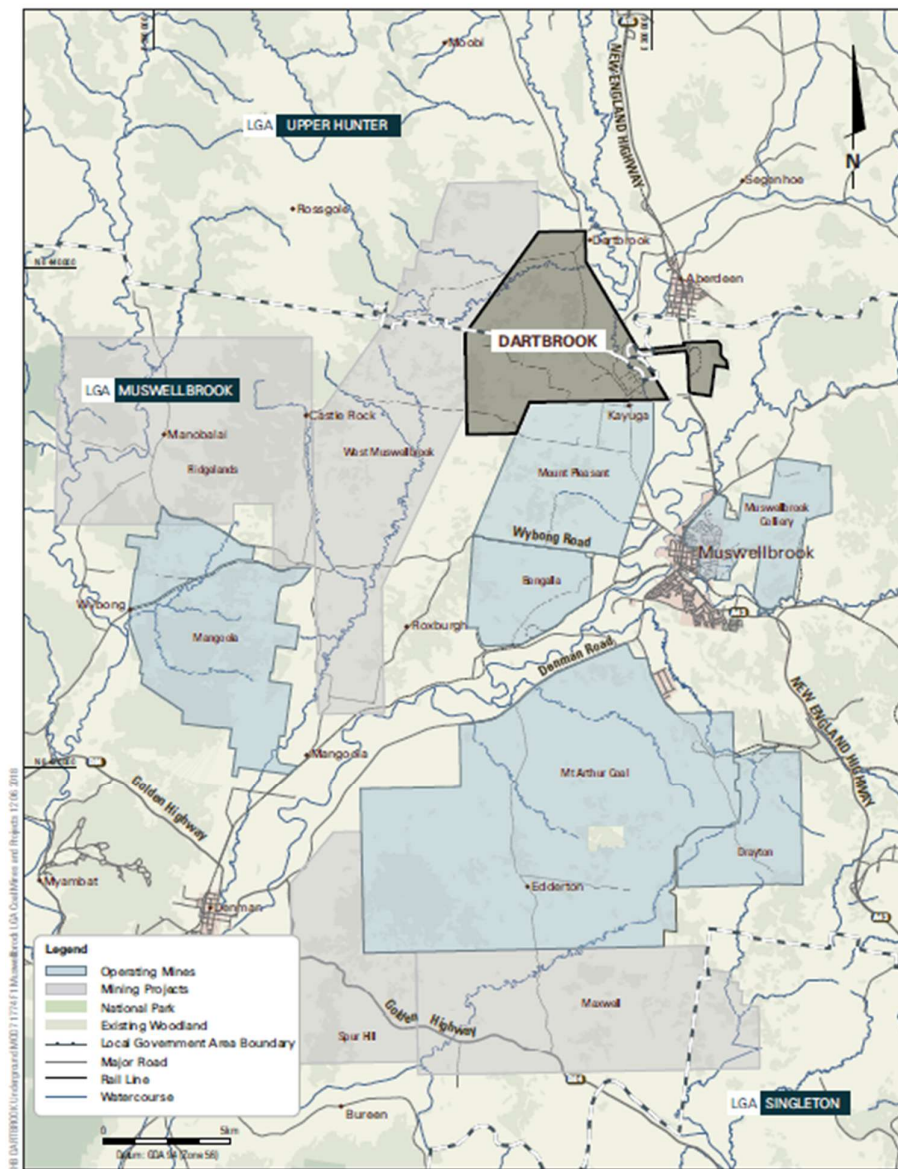


Figure 1 Regional Locality

REVIEW OF OPERATIONS

OTHER PROJECTS

In Queensland, the Company holds interests in the Matuan Downs Bentonite Project and a Joint Venture interest on tenements with Blackwood Resources. The Company will continue to assess potential development or divestment opportunities in relation to these assets.

MINING TENEMENT SUMMARY

Name	Number	Status	Expiry Date	Interest Held
Dartbrook Project, Hunter Valley NSW				
AUTH 256	AUTH 256	Granted	16/12/2025	100%
EL 4574	EL 4574	Granted	13/08/2024	100%
EL 4575	EL 4575	Granted	13/08/2027	100%
EL 5525	EL 5525	Granted	22/09/2027	100%
CL 386	CL 386	Granted	19/12/2033	100%
ML 1381	ML 1381	Granted	19/12/2033	100%
ML 1456	ML 1456	Granted	27/09/2043	100%
ML 1497	ML 1497	Granted	5/12/2043	100%
Matuan Downs Bentonite Project, Alpha				
Mantuan	ML 70360	Granted	31 /03/2033	100%

Table 1 Tenure Summary Table

Name	Number	Status	Interest Held
Blackwood Joint Venture, Miles QLD			
Bungaban Creek	EPC 1955	Granted	10% #
Quondong	EPC 1987	Granted	10% #

The Company's 100% owned subsidiary Mining Investments One Pty Ltd holds a 10% interest in each of the following Blackwood Resources Pty Ltd JV tenements.

Australian Pacific Coal Limited

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Annual Financial Report - 30 June 2024

Australian Pacific Coal Limited
Directors' report
30 June 2024

The Directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group') consisting of Australian Pacific Coal Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were the Directors of Australian Pacific Coal Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Current Directors

John Robinson (Appointed 5 June 2024)
Ayten Saridas
Nicholas Johansen
Jeff Gerard (Appointed 5 June 2024)

Former Directors

Jeff Beatty (Resigned 23 April 2024)
Mike Ryan (Resigned 17 June 2024)

Principal activities

During the financial year the principal continuing activities of the Group consisted of exploration and development activities at the Group's mining tenements situated in New South Wales, Australia.

Dividends

No dividends were declared or paid for the financial year ended 30 June 2024.

Review of operations

The review of operations of the Group during the year is detailed in the review of operations commencing in the Chairman's report and forms part of the Directors' report.

The Group holds an 80% working interest in the Dartbrook Joint Arrangement (70% economic interest), an arrangement structured as a strategic partnership with the Group and other parties. The primary purpose of the joint arrangement is to facilitate exploration, mining and sale of coal from the Dartbrook project. Under the joint arrangement agreement, all of the assets, rights, duties, obligations and liabilities incurred by the arrangement are shared by the partners in proportion to their share. As such the arrangement is classed as a joint operation, and accordingly, the Group's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements. Comparative information for the financial year ended 30 June 2023 has therefore been reclassified into new categories as appropriate for comparison, with no changes to the underlying accounting.

The loss for the Group after providing for income tax amounted to \$12,630,899 (30 June 2023: loss of \$12,517,633).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results of operations

The Group intends to continue its development activities on its existing projects and to explore other suitable opportunities as they arise.

Environmental regulation

The Group is subject to, and is compliant with, all aspects of environmental regulation in its exploration and mining activities. The Directors believe that the Company is in compliance with all environmental laws.

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usages, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result of these assessments. Due to this Act, the Group has registered with the Department of Resources, Energy and Tourism as a participant entity and reports the results from its assessments.

Australian Pacific Coal Limited
Directors' report
30 June 2024

The National Greenhouse and Energy Reporting Act 2007 require the Group to report its annual greenhouse gas emissions and energy use. The Group has previously implemented systems and processes for the collection and calculation of data.

Further information on the reporting and results of the application of the above Acts to the Group's activities can be found on the Group's website.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Information on Directors

Name: John Robinson
Title: Non-Executive Director and Chairman from 18 June 2024
Qualifications: Bachelor of Accounting
Experience and expertise: Mr Robinson is an accomplished executive and director with background in the property, mining and retail sectors. John is also the former Managing Director of Australian Pacific Coal Limited from 30 October 2018 to 18 November 2019.

Director of Australian Pacific Coal Limited since 5 June 2024.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None
Interests in performance rights: None

Name: Ayten Saridas
Title: Manager Director and Chief Executive Officer from 18 June 2024 (Executive Director and Acting Chief Executive Officer from 16 January 2023 to 17 June 2024)
Qualifications: Masters of Applied Finance, Bachelor of Commerce, Fellow CPA
Experience and expertise: Ms Saridas is a finance executive with over 30 years of international experience across a broad range of industries including oil and gas, mining, retail, infrastructure, property, and financial services. Ms Saridas has an established reputation in the financial markets and has held CFO and executive roles with Coronado Global Resources, Santos Limited, AWE Limited and Woolworths amongst other ASX listed companies.

Director of Australian Pacific Coal Limited since 25 November 2022.

Other current directorships: Parkway Corporation Limited
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None
Interests in performance rights: None

Australian Pacific Coal Limited
Directors' report
30 June 2024

Name: Nick Johansen
Title: Non-Executive Director
Qualifications: Bachelor of Economics; Bachelor of Law
Experience and expertise: Mr Johansen is a solicitor with extensive mining experience, ranging from junior exploration to production, across a range of commodities. Nick has expertise in transactions, resources regulation, native title and environmental law. Nick completed his Graduate Diploma of Legal Practice at Australian National University. In addition, he holds a BA in economics from the University of Adelaide.

Other current directorships: Director of Australian Pacific Coal Limited since 9 January 2023.
Orcoda Limited (non-executive)
Former directorships (last 3 years): Paterson Resources Limited (non-executive)
Interests in shares: None
Interests in options: None
Interests in performance rights: None

Name: Jeff Gerard
Title: Non-Executive Director from 5 June 2024
Qualifications: Associate Diploma in Applied Chemistry
Experience and expertise: Mr Gerard is a seasoned Company Director of exploration, development and operating companies globally. He has over 40 years' management experience in the resource industry gained through various technical, operational, commercial and executive management roles with global mining companies in Australia and internationally.

Other current directorships: KGL Resources Limited
Former directorships (last 3 years): None
Interests in shares: None
Interests in options: None
Interests in performance rights: None

Name: Jeff Beatty
Mr Beatty was appointed as a Director of Australian Pacific Coal Limited on 9 January 2023. Mr Beatty resigned from the Company effective 23 April 2024.

Name: Mike Ryan
Mr Ryan was appointed as a Director of Australian Pacific Coal Limited on 25 November 2022 and Acting Chairman from 16 January 2023. Mr Ryan resigned from the Company effective 17 June 2024.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Chief Financial Officer

Theo Renard was appointed as the Chief Financial Officer on 29 April 2024.

Mr Renard is a Chartered Accountant and has over 21 years' experience in credit and relationship banking in commercial and investment banking across South Africa, Asia, and Australia. He is an experienced Chief Financial Officer and Company Secretary within retail group environments and manufacturing operations in Asia and the Subcontinent, as well as within resources in Australia and overseas. He is an experienced director, having served on the boards of both overseas listed companies and ASX listed companies.

Australian Pacific Coal Limited
Directors' report
30 June 2024

Company secretary

Craig McPherson was appointed as the Company Secretary on 23 August 2019.

Mr McPherson graduated with a Bachelor of Commerce degree from the University of Queensland and is a member of Chartered Accountants Australia and New Zealand. He has in excess of twenty-five years of commercial and financial management experience and has held various executive roles with ASX, TSX and NZX listed companies over the past seventeen years in Australia and overseas.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full board	
	Attended	Held
John Robinson	1	1
Ayten Saridas	20	20
Nick Johansen	20	20
Jeff Gerard	1	1
Jeff Beatty	18	18
Mike Ryan	20	20

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- Transparency

The Board is responsible for determining and reviewing remuneration arrangements for its Directors and Executives. The performance of the Group depends on the quality of its Directors and Executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

Australian Pacific Coal Limited
Directors' report
30 June 2024

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key financial and non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework seeks to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive Director remuneration is separate.

Non-executive director's remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate Non-Executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 30 October 2015 where the shareholders approved a maximum annual aggregate remuneration of \$500,000.

Non-Executive Directors are also entitled to consulting fees to the extent that they provide services in excess of those typically provided as a Non-Executive Director of the Company.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these components comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed regularly by the Board and subject to individual contracts is based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The Board periodically reviews the Company's short-term and long-term incentive arrangements for Executive Directors, Non-Executive Directors and employees and consultants to ensure the appropriate alignment of interests of all stakeholders and to reward the achievement of pre-specified Key Performance Indicators.

Group performance and link to remuneration

Remuneration for certain individuals may be directly linked to the performance of, and outcomes achieved for, the Group together with bonus and incentive payments at the discretion of the Board.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

At the 2023 AGM, shareholders voted to support the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Australian Pacific Coal Limited
Directors' report
30 June 2024

Details of remuneration

Amounts of remuneration

Details of the remuneration of Key Management Personnel of the Group are set out in the following tables.

The Key Management Personnel of the Group consisted of the following Directors of Australian Pacific Coal Limited during the year:

- John Robinson - Non-Executive Director (appointed on 5 June 2024) and Acting Chairman from 18 June 2024
- Ayten Saridas – Managing Director and Chief Executive Officer from 18 June 2024
- Nicholas Johansen – Non-executive Director
- Jeff Gerard – Non-executive Director (appointed on 5 June 2024)
- Theo Renard – Chief Financial Officer (appointed on 29 April 2024)
- Jeff Beatty – Non-executive Director (resigned on 23 April 2024)
- Mike Ryan – Non-executive Director and Acting Chairman (resigned on 17 June 2024)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Termination	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2024	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
John Robinson	6,506	-	-	716	-	-	-	7,222
Nicholas Johansen	52,000	-	-	-	-	-	-	52,000
Jeff Gerard	6,250	-	-	-	-	-	-	6,250
Jeff Beatty	42,996	-	-	4,730	-	-	-	47,726
Mike Ryan	46,900	100,000	-	5,159	-	-	-	152,059
<i>Executive Director:</i>								
Ayten Saridas	452,000	-	-	-	-	-	-	452,000
Theo Renard	57,375	-	-	-	-	-	-	57,375
	664,027	100,000	-	10,605	-	-	-	774,632

Australian Pacific Coal Limited
Directors' report
30 June 2024

2023	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total \$
	Cash salary and fees \$	Cash bonus \$	Termination \$	Super-annuation \$	Long service leave \$	Equity-settled shares \$	Equity-settled options \$	
<i>Non-Executive Directors:</i>								
Mike Ryan	28,235	-	-	2,965	-	-	-	31,200
Nicholas Johansen	24,043	-	-	-	-	-	-	24,043
Jeff Beatty	21,758	-	-	2,285	-	-	-	24,043
Tony Lalor	35,083	150,000	-	-	-	-	-	185,083
Craig McPherson	21,667	-	-	-	-	-	-	21,667
<i>Executive Directors:</i>								
Ayten Saridas	212,056	-	-	-	-	-	-	212,056
David Conry	300,639	150,000	-	-	-	-	-	450,639
	643,481	300,000	-	5,250	-	-	-	948,731

1. Craig McPherson resigned 25 November 2022
2. Mike Ryan appointed 25 November 2022
3. Ayten Saridas appointed 25 November 2022
4. Nicholas Johansen appointed 9 January 2023
5. Jeff Beatty appointed 9 January 2023
6. David Conry AM resigned 16 January 2023
7. Tony Lalor resigned 3 March 2023

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
<i>Non-Executive Directors:</i>						
John Robinson	100%	100%	-	-	-	-
Nicholas Johansen	100%	100%	-	-	-	-
Jeff Gerard	100%	100%	-	-	-	-
Jeff Beatty	100%	100%	-	-	-	-
Mike Ryan	100%	100%	-	-	-	-
<i>Executive Director:</i>						
Ayten Saridas	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements. Details of these agreements are as follows:

Current agreements:

Name	Ayten Saridas
Title	Managing Director and Chief Executive Officer
Term of agreement	Ongoing appointment, subject to termination rights noted below.
Details	Base salary of \$400,000 per annum plus director fee of \$75,000 per year. Ms Saridas or her nominee is eligible to receive any forms of equity type compensation as reasonably determined by the Board from time to time. 1 months' notice of intention to resign and the Company may terminate the agreement by giving 1 months' notice.

Australian Pacific Coal Limited
Directors' report
30 June 2024

Name	Theo Renard
Title	Chief Financial Officer
Term of agreement	2-year appointment, subject to extension or termination rights noted below.
Details	Base fee of \$388,500 per annum. Mr Renard or his nominee is eligible to receive any forms of equity type compensation as reasonably determined by the Board from time to time. Upon completion of the term, appointment to be extended for rolling two-year periods thereafter upon mutual agreement. 3 months' notice of intention to resign and the Company may terminate the agreement by giving 6 months' notice.

Key Management Personnel have no entitlement to termination payments in the event of removal for misconduct.

Options

There were no options over ordinary shares issued as remuneration to Directors or other Key Management Personnel in the year ended 30 June 2024.

Performance Rights

There are no performance rights over ordinary shares granted, exercised and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2024 and 2023.

No performance rights have been granted to Key Management Personnel since the end of the financial year.

Additional disclosures relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
John Robinson	-	-	-	-	-
Ayten Saridas	-	-	-	-	-
Nicholas Johansen	-	-	-	-	-
Jeff Gerard	-	-	-	-	-
Theo Renard	-	-	-	-	-
Jeff Beatty ¹	-	-	-	-	-
Mike Ryan ¹	-	-	-	-	-

1. Represents shareholding at date of resignation as Director

Option holding

There were no options over ordinary shares in the Company held during the financial year by any Director and other members of Key Management Personnel of the Group, including their personally related parties.

Performance Rights Held by Key Management Personnel

There were no performance rights held directly, indirectly or beneficially by Key Management Personnel during the financial year.

Other transactions with key management personnel and their related parties

From 1 July 2023 until resignation as a Director, the Group paid Whiterock Resources Pty Ltd, an entity associated with Mr Beatty, \$317,375 for services connected with the Dartbrook Joint Venture, which was paid in full at reporting date.

There were no other transactions with key management personnel and their related parties during the financial year other than those transactions disclosed within this annual financial report.

This concludes the remuneration report, which has been audited.

Australian Pacific Coal Limited
Directors' report
30 June 2024

Shares under option, performance rights or convertible note

On 5 April and 27 May 2024, 12,085,526 and 1,700,835 options were issued to Evolution Capital Pty Ltd respectively as a settlement of a dispute in connection with an underwriting agreement. These options were issued with a \$0.34 exercise price and a 3-year exercise period expiring on 5 April 2027.

There are no other unissued ordinary shares of Australian Pacific Coal Limited under option or convertible note at the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the company against a liability to the extent permitted by the Corporations Act 2001. Details of the premium are subject to a confidentiality clause under the contract of insurance.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 23 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended 30 June 2024:

	\$
Taxation services	11,500
	<u>11,500</u>

Officers of the Company who are former partners of Hall Chadwick Chartered Accountants

There are no officers of the Company who are former partners of Hall Chadwick Chartered Accountants.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

Hall Chadwick Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

Australian Pacific Coal Limited
Directors' report
30 June 2024

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'JR', written over a horizontal line.

John Robinson
Chairman

30 September 2024
Brisbane

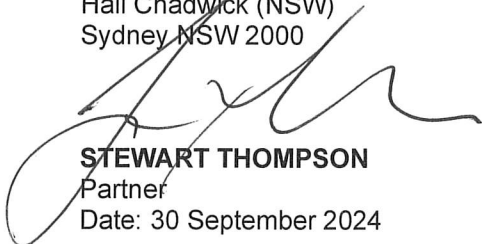
**AUSTRALIAN PACIFIC COAL LIMITED
 AND CONTROLLED ENTITIES
 ABN 49 089 206 986**

**AUDITOR'S INDEPENDENCE DECLARATION
 UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
 TO THE DIRECTORS OF AUSTRALIAN PACIFIC COAL LIMITED AND CONTROLLED
 ENTITIES**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Australian Pacific Coal Limited and controlled entities. As the lead audit partner for the audit of the financial report of Australian Pacific Coal Limited and controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick (NSW)
 Hall Chadwick (NSW)
 Sydney NSW 2000


STEWART THOMPSON
 Partner
 Date: 30 September 2024

Australian Pacific Coal Limited
Directors' report
30 June 2024

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General information

The consolidated financial statements cover Australian Pacific Coal Limited as a Group consisting of Australian Pacific Coal Limited and the entities it controlled at the end of, or during, the year. The consolidated financial statements are presented in Australian dollars, which is Australian Pacific Coal Limited's functional and presentation currency.

Australian Pacific Coal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 1, 371 Queen Street
Brisbane QLD 4000

Principal place of business

Stair Street
Kayuga NSW 2333

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2024. The Directors have the power to amend and reissue the financial statements.

Australian Pacific Coal Limited
Statement of Profit or Loss and Other Comprehensive Income
As at 30 June 2024

	Note	2024 \$	Consolidated 2023* \$
Revenue – other income	4	2,536,951	319,715
Expenses			
Site and corporate overheads	5	(10,026,294)	(6,265,006)
Depreciation and amortisation expense	5	(1,186,086)	(1,029,053)
Finance costs	5	(3,955,470)	(5,543,289)
Loss before income tax expense from continuing operations		(12,630,899)	(12,517,633)
Income tax expense	6	-	-
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(12,630,899)	(12,517,633)
Earnings per share for profit attributable to the owners of Australian Pacific Coal Limited		Cents	Cents
Basic earnings per share	32	(2.74)	(5.23)
Diluted earnings per share	32	(2.72)	(5.23)

**The comparative information for 2023 is reclassified into new categories where appropriate to align with 2024 disclosures to reflect the Group's nature of business under joint operation.*

The above statement of financial position should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Statement of financial position
As at 30 June 2024

		Consolidated	
	Note	2024	2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	17,784,637	3,681,525
Trade and other receivables	8	1,612,126	340,301
Loans receivable	9	1,200,000	16,022,782
Other	10	2,198,507	397,333
Total current assets		22,795,270	20,441,941
Non-current assets			
Property, plant and equipment	11	5,034,022	2,751,401
Exploration and evaluation	12	-	5,894,592
Mining properties	13	55,570,567	-
Right-of-use assets	14	2,880,682	-
Loan receivable	9	8,185,150	-
Other	16	7,996,993	8,998,233
Total non-current assets		79,667,414	17,644,226
Total assets		102,462,684	38,086,167
Liabilities			
Current liabilities			
Trade and other payables	17	13,792,181	4,497,454
Lease liabilities	24	514,231	-
Total current liabilities		14,306,412	4,497,454
Non-current liabilities			
Provisions	18	16,922,800	20,041,000
Lease liabilities	24	2,395,278	-
Borrowings	20	50,020,181	-
Total non-current liabilities		69,338,259	20,041,000
Total liabilities		83,644,671	24,538,454
Net assets		18,818,013	13,547,713
Equity			
Issued capital	19	172,655,173	154,753,974
Accumulated deficits		(153,837,160)	(141,206,261)
Total equity		18,818,013	13,547,713

The above statement of financial position should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Statement of changes in equity
For the year ended 30 June 2024

	Issued capital	Reserves	Retained profits	Total equity
Consolidated	\$		\$	\$
Balance at 1 July 2022	60,487,791	413,750	(128,688,628)	(67,787,087)
Loss after income tax expense for the half-year	-	-	(12,517,633)	(12,517,633)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(12,517,633)	(12,517,633)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	-	-	-
Contributions of equity, net of transaction costs	93,852,433	-	-	93,852,433
Contributions of equity, transfers from reserves	413,750	(413,750)	-	-
Balance at 30 June 2023	154,753,974	-	(141,206,261)	13,547,713
Consolidated	\$	\$	\$	\$
Balance at 1 July 2023	154,753,974	-	(141,206,261)	13,547,713
Loss after income tax expense for the year	-	-	(12,630,899)	(12,630,899)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(12,630,899)	(12,630,899)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	17,901,199	-	-	17,901,199
Contributions of equity, transfers from reserves	-	-	-	-
Balance at 30 June 2024	172,655,173	-	(153,837,160)	18,818,013

The above statement of changes in equity should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated	
		2024 \$	2023* \$
Cash flows from operating activities			
Payments to suppliers and employees		(24,582,113)	(5,920,500)
Net interest (paid)/ received		(3,428,240)	40,009
		<hr/>	<hr/>
Net cash from operating activities	31a	(28,010,353)	(5,880,491)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,678,491)	(109,150)
Payments for mining properties		(32,018,591)	-
(Payments for) / Refund of security bond/ deposits		(1,784,316)	500
Payments for exploration and evaluation		-	(174,422)
Loan advances		(2,982,901)	(13,845,903)
		<hr/>	<hr/>
Net cash used in investing activities		(38,464,299)	(14,128,975)
Cash flows from financing activities			
Contributions of equity, net of transaction costs		16,026,202	23,352,433
Proceeds from borrowings		64,648,238	-
Lease payments		(96,676)	-
		<hr/>	<hr/>
Net cash used in financing activities	31b	80,577,764	23,352,433
Net increase/(decrease) in cash and cash equivalents		14,103,112	3,342,967
Cash and cash equivalents at the beginning of the financial year		3,681,525	338,558
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	7	17,784,637	3,681,525
		<hr/> <hr/>	<hr/> <hr/>

**The comparative information for 2023 is reclassified into new categories where appropriate to align with 2024 disclosures to reflect the Group's nature of business under joint operation.*

The above statement of cash flows should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Notes to the financial statements
30 June 2024

Note 1. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit entities. These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going Concern

The Group has incurred a net loss of \$12,630,899 for the year ended 30 June 2024.

These consolidated financial statements have been prepared on a going concern basis as the Directors consider that the Company and the Group will be able to realise its assets and settle its liabilities in the normal course of business and at amounts stated in the consolidated financial statements. The continuation of the Company and the Group as a going concern is dependent on their ability to achieve the following objectives:

- Capital raisings or borrowings to support existing or new opportunities.
- Successfully development, exploitation or advancement of the Dartbrook operation..
- Realisation of surplus assets.

Should the above not generate the expected cash flows, the Company and the Group may not be able to pay its debts as and when they become due and payable and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the consolidated financial statements. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns.

Parent entity information

In accordance with the Corporations Act 2001, these consolidated financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Pacific Coal Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Australian Pacific Coal Limited and its subsidiaries together are referred to in these consolidated financial statements as the 'Group'.

Subsidiaries

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Note 1. Material accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been updated where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Joint arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangements, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Interest in joint ventures (joint operation)

The Group's interests in jointly controlled assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures, except where as operator the Group takes on the role as independent contractor. In these instances, receivables and payables relating to jointly controlled operations brought to account on a gross basis. Joint venture expenses and the Group's entitlement to production are recognised on a pro rata basis according to the Group's interest.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Australian Pacific Coal Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Note 1. Material accounting policies (continued)

Revenue recognition

The Group has applied AASB 15: *Revenue from Contracts with Customers*. The major components of revenue are recognised as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Australian Pacific Coal Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 1. Material accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The Group applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- (a) Ore and other metals on hand is valued on an average total production cost method
- (b) Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
- (c) A proportion of related depreciation and amortisation charge is included in the cost of inventory

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Land and buildings are shown at historical cost. On any revaluation, accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Australian Pacific Coal Limited
Notes to the financial statements
30 June 2024

Note 1. Material accounting policies (continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	2 – 10 years
Leasehold improvements	40 years
Plant and equipment	1- 10 years

Land is not depreciated. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Mining properties

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once development of commercial production is approved.

Mining development is amortised on a units of production basis over the estimated proved and probable reserves, resulting in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Changes in the annual amortisation rate resulting from changes in the remaining estimated reserves, are applied on a prospective basis

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 1. Material accounting policies (continued)

Leases

The Group has lease contracts for various items of property, plant and equipment used within its operations and office premises. The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are presented in property, plant and equipment and are subject to impairment assessment.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. Lease components are separately identified to non-lease components of contracts where applicable.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the low-value asset recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. During the year, the Group incurred short-term lease expenses of \$131,200 (2023: \$32,800). The value of leases of low-value assets was not material. Furthermore, the Group's commitment for short-term leases not provided for in the financial statements at the reporting date was not material.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. They are recognised initially at fair value, and their carrying amount generally approximates to fair value due to their short-term nature. The amounts are unsecured and are usually settled within 30 days of recognition. Where settlement is not due in short term and where the effect is material, they are measured at amortised cost using the effective interest method.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Note 1. Material accounting policies (continued)

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

Rehabilitation costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with the requirements of the mining permits and expectations from communities. Such costs are determined using estimates of future costs, current legal requirements and technology.

Rehabilitation costs are recognised in full at present value as a non-current liability. An equivalent amount is capitalised as part of the cost of the asset when an obligation arises to decommission or restore a site to a certain condition after abandonment as a result of bringing the assets to its present location. The capitalised cost is amortised on a units of production basis and the provision is accreted periodically as the discounting of the liability unwinds. The unwinding of the discount is recorded as a finance cost.

Any changes in the estimates for the costs or other assumptions against the cost of relevant assets are accounted for on a prospective basis. In determining the costs of site restoration there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1. Material accounting policies (continued)

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 1. Material accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Pacific Coal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 1. Material accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The application of the new and revised Standards and amendments did not have a material impact on the Group's consolidated financial statements.

New and Amended Standards and Interpretations for Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024.

The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in these consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables

A simplified approach is adopted in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Costs incurred in or benefits of the productive process are accumulated as stockpiles, copper and other metals in process, ore on leach pads and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number contained metal ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantity of recoverable metal is reconciled by comparing the grades of the ore to the quantities of metals actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Business combinations

The acquisition method is used to account for business combinations. The fair value of assets acquired, liabilities and contingent liabilities are measured by the Group taking into consideration all acquisition costs at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Vendor royalty provision

A provision was made for the present value of the anticipated production royalty payable to the vendors of the Dartbrook Mine. The net present value adopted is lower than the full nominal amount of the vendor royalty to reflect, amongst other things, the risk and probability associated with the progress of recommencing mining operations and the consequential time value of the royalty payment stream. Accordingly, the vendor royalty in excess of the recognised net present value amount is a contingent liability, with remeasurement at each annual reporting period to reflect the then-current probability weighted estimate of incurring royalty payments to the vendors.

Note 3. Operating segments

Identification of reportable operating segments

The determination of the Group's operating segments is based on the reporting units for which information is reported to the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")). The Group's reportable segments are based on the nature of the operation. There is no aggregation of operating segments.

The CODM reviews segment receipts and expenditure for each operating segment at each board meeting. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Dartbrook	The segment seeks to manage the development of the Dartbrook mine where the Group holds an 80% working interest through an unincorporated joint venture (joint operation).
Corporate	The corporate segment supports primarily the Dartbrook Joint Venture and other potential exploration and evaluation activities.

Financial information

	Net gain (loss) from continuing operations before tax		Total Assets	
	2024	2023*	2024	2023*
	\$	\$	\$	\$
Dartbrook/ Exploration & Evaluation	(22,575,784)	(4,069,736)	83,556,562	34,746,329
Other (Head office)	9,944,885	(8,447,897)	18,906,122	3,339,838
	<u>(12,630,899)</u>	<u>(12,517,633)</u>	<u>102,462,684</u>	<u>38,086,167</u>

*Joint operation assessment not concluded for the nature of the Dartbrook Joint Venture for the financial year ended 30 June 2023.

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Note 4. Revenue – other income

	Consolidated	
	2024	2023
	\$	\$
<i>Other revenue</i>		
Interest	1,093,632	319,715
Other income	301,305	-
Net foreign exchange gain	1,142,014	-
	<u>2,536,951</u>	<u>319,715</u>

Note 5. Expenses

	Consolidated	
	2024	2023
	\$	\$
Loss before income tax includes the following expenses:		
Exploration and evaluation expense	764,217	2,114,251
Depreciation	1,186,086	1,029,053
Interest expense on lease liabilities	96,200	-
Interest and finance charges paid/payable	3,859,270	5,543,289

Comparative information for the financial year ended 30 June 2023 has been reclassified into new categories where appropriate to align with 2024 disclosures to reflect the Group's nature of business under joint operation, with no changes to the underlying accounting. Employee benefit expenses, exploration and evaluation expenses and administration and consulting expenses disclosed in prior year were re-classified as site and corporate overheads on the face of the profit and loss.

Note 6. Income tax expense

	Consolidated	
	2024	2023
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	(12,630,899)	(12,517,630)
Profit before income tax expense from discontinued operations		
	<u>(12,630,899)</u>	<u>(12,517,630)</u>
Tax at the statutory tax rate of 30%	(3,789,270)	(3,755,289)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	318,175	308,716
Entertainment expense	-	695
Other non-allowable items	(2,630,726)	2,066,222
Other allowable items	<u>(1,735,666)</u>	<u>(12,641,176)</u>
	(7,837,487)	(14,020,832)
Tax losses and temporary differences not brought to account	<u>7,837,487</u>	<u>14,020,832</u>
Income tax expense	<u>-</u>	<u>-</u>

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Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2024	2023
	\$	\$
Cash at bank and on hand	17,784,637	3,681,525
	<u>17,784,637</u>	<u>3,681,525</u>

Cash and cash equivalents as at 30 June 2024 includes the Group's share of cash in the joint operation amounting to \$16,318,451(note 25).

Note 8. Current assets - trade and other receivables

	Consolidated	
	2024	2023
	\$	\$
Trade and other receivables	1,612,126	340,301
Less: Allowance for expected credit loss	-	-
	<u>1,612,126</u>	<u>340,301</u>

As at 30 June 2024, \$nil of the trade and other receivables were past due (2023: \$nil). All trade and other receivables are deemed as low risk and collectible on the basis of established credit management processes such as regular analyses of their credit worthiness and external credit checks where appropriate.

Note 9. Loans receivable

	Consolidated	
	2024	2023
	\$	\$
Receivables from joint operation partners	9,385,150	-
Advances for Dartbrook Coal Project	-	16,022,782
	<u>9,385,150</u>	<u>16,022,782</u>
Current	1,200,000	16,022,782
Non-current	8,185,150	-
	<u>9,385,150</u>	<u>16,022,782</u>

By the end of prior year the Group executed a restructured Joint Venture agreement underpinning the restart of the Dartbrook underground coal mine. The agreement falls into the category of joint operations where the participants in the agreement are entitled to a share of all the assets, obligations and liabilities of the operations, rather than a share of the net assets.

Since then the advances for Dartbrook Coal Project has been reclassified and allocated across different classes of assets and liabilities based on the Group's interest. The remaining balance represents loan receivables from the Group's joint operation partners. The Group anticipates these funds will be repaid over time from excess cash generated from operation. Interest is charged at a margin above benchmark rates.

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Note 10. Current assets – other

	Consolidated	
	2024	2023
	\$	\$
Security bond	27,542	16,400
Accrued Interest	-	279,706
Prepayments	2,170,965	101,227
	<u>2,198,507</u>	<u>397,333</u>

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	2024	2023
	\$	\$
Land and buildings - at cost	922,723	850,786
Less: Accumulated depreciation	(173,641)	(139,134)
	<u>749,082</u>	<u>711,652</u>
Leasehold improvements - at cost	180,217	180,217
Less: Accumulated depreciation	(172,058)	(171,826)
	<u>8,159</u>	<u>8,391</u>
Plant and equipment - at cost	11,573,555	8,302,290
Less: Accumulated depreciation	(7,296,774)	(6,270,932)
	<u>4,276,781</u>	<u>2,031,358</u>
	<u>5,034,022</u>	<u>2,751,401</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	717,451	8,623	3,015,230	3,741,304
Additions	-	-	109,150	109,150
Disposals	-	-	-	-
Impairment	-	-	(70,000)	(70,000)
Available for Sale	-	-	-	-
Depreciation expense	<u>(5,799)</u>	<u>(232)</u>	<u>(1,023,022)</u>	<u>(1,029,053)</u>
Balance at 30 June 2023	711,652	8,391	2,031,358	2,751,401
Additions	71,937	-	3,271,266	3,343,203
Disposals	-	-	-	-
Impairment	-	-	-	-
Available for Sale	-	-	-	-
Depreciation expense	<u>(34,507)</u>	<u>(232)</u>	<u>(1,025,843)</u>	<u>(1,060,582)</u>
Balance at 30 June 2024	<u>749,082</u>	<u>8,159</u>	<u>4,276,781</u>	<u>5,034,022</u>

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Note 12. Non-current assets - exploration and evaluation

	Consolidated	
	2024	2023
	\$	\$
Exploration and evaluation - at cost	-	5,894,592

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation \$
Balance at 1 July 2022	5,720,170
Additions	<u>174,422</u>
Balance at 30 June 2023	5,894,592
Transfer to Mining properties (note 13)	<u>99,757</u> <u>(5,994,349)</u>
Balance at 30 June 2024	<u>-</u>

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable resources and active or significant operations in relation to the area are continuing.

During the year, the Dartbrook Joint Venture has advanced to development stage and work has been performed on site to prepare for mining operations and production. The exploration and evaluation expenditure previously recognised is therefore transferred to mining properties (Note 13).

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Note 13. Non-current assets – Mining properties

	Consolidated	
	2024	2023
	\$	\$
Mining properties - at cost	<u>55,570,567</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Mining properties \$
Balance at 1 July 2022	-
Additions	<u>-</u>
Balance at 30 June 2023	-
Additions	49,576,218
Transfer from Exploration and evaluation expenditure (note 12)	<u>5,994,349</u>
Balance at 30 June 2024	<u><u>55,570,567</u></u>

Mining properties in the year included tunnel dewatering, civil works for installation of the new conveyor system, and additional equipment in preparation of restarting operations at the Dartbrook mine, where the Group holds an 80% working interest through its joint operation.

Assets linked to the Dartbrook Joint Venture are pledged as security for the borrowings the Group obtained in the year (see Note 20).

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Note 14. Non-current assets – right-of-use assets

	Consolidated	
	2024	2023
	\$	\$
Land and buildings - at cost	1,826,214	-
Less: Accumulated depreciation	(27,174)	-
	1,799,040	-
Plant and equipment - at cost	1,179,972	-
Less: Accumulated depreciation	(98,330)	-
	1,081,642	-
	2,880,682	-

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and Buildings Right-of-use \$	Plant and Equipment Right-of-use \$	Total \$
Balance at 1 July 2022	-	-	-
Balance at 30 June 2023	-	-	-
Additions	1,826,214	1,179,972	3,006,186
Depreciation expense	(27,174)	(98,330)	(125,504)
Balance at 30 June 2024	1,799,040	1,081,642	2,880,682

The Group leases a number of assets through its interests in the joint operation. This primarily includes electrical equipment and residential units.

Amount recognised in profit and loss

	Consolidated	
	2024	2023
	\$	\$
Expenses relating to short-term leases for which recognition exemption is applied	131,200	32,800
Expenses relating to leases of low value assets for which recognition exemption is applied	-	-
Income from subleasing right-of-use assets	-	-

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Note 15. Non-current assets - deferred tax

	Consolidated	
	2024	2023
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss	344,763	403,246
Tax losses – operating losses	40,366,701	32,529,214
Tax losses – capital losses	571,618	571,618
Dartbrook Mine Acquisition	8,109,138	7,765,641
	<u> </u>	<u> </u>
Tax assets not brought to account	(49,392,220)	(41,269,719)
	<u> </u>	<u> </u>
Deferred tax asset	<u> -</u>	<u> -</u>

Note 16. Non-current assets – other

	Consolidated	
	2024	2023
	\$	\$
Cash on deposit for bank facilities	25,000	25,000
Security deposits	7,971,993	8,973,233
	<u> </u>	<u> </u>
	<u>7,996,993</u>	<u>8,998,233</u>

Security deposits included a cash payment of \$8,950,000 (gross) made in prior years to the NSW government as rehabilitation security deposits in relation to the Dartbrook Joint Venture, as required under relevant laws and assessed by the relevant NSW government department. A re-assessment of the security deposit required was completed during the year and an additional \$491,000 (gross) security was provided to the NSW government. Balance as at year ended 30 June 2024 reflects the Group's share of the deposits through its interest in the Dartbrook Joint Venture.

Note 17. Current liabilities - trade and other payables

	Consolidated	
	2024	2023
	\$	\$
Trade and other payables	13,550,623	4,369,516
Payroll and on-costs payables	241,558	127,938
	<u> </u>	<u> </u>
	<u>13,792,181</u>	<u>4,497,454</u>

Refer to note 21 for further information on financial instruments.

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Note 18. Provisions

	Consolidated	
	2024	2023
	\$	\$
<i>Non-Current:</i>		
Rehabilitation provision	7,562,800	9,441,000
Vendor Royalty provision (Note 25)	9,360,000	10,600,000
	<u>16,922,800</u>	<u>20,041,000</u>

Reconciliation of movements:

Consolidated	Rehabilitation provision \$	Vendor Royalty provision \$	Total \$
Balance at 1 July 2022	8,950,000	10,600,000	19,550,000
Adjustment for change in estimates	491,000	-	491,000
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	9,441,000	10,600,000	20,041,000
Adjustment for change in estimates	(1,878,200)	(1,240,000)	(3,118,200)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2024	<u>7,562,800</u>	<u>9,360,000</u>	<u>16,922,800</u>

Rehabilitation

The provision for rehabilitation closure costs relate to a present assessment to reinstate disturbed areas in accordance with the Dartbrook mining consent. Provision has been made to rehabilitate all areas of disturbance including surface infrastructure, buildings, underground mine workings and underground entries, using internal and external expert assessment of each aspect to calculate an anticipated cash outflow discounted to a net present value. At each reporting date the rehabilitation provision is re-measured in line with the then-current level of disturbance, cost estimates and other key inputs. Adjustments were made in the year to reflect Group's share of liabilities in the Dartbrook Joint Venture under joint operation arrangement. Refer to Note 29 for details.

An equivalent amount of cash for the gross provision was deposited in full to the NSW government as rehabilitation security deposits, refer to note 16 for details.

The Group will continue to assess the available and efficient rehabilitation options in parallel with the development of the mine.

Vendor Royalty

On 7 June 2016 the Group announced it had reached agreement with the minority joint venture partner at Dartbrook to acquire the minority partner's stake, thereby taking the Company's ownership of Dartbrook to 100% at the time. A combined contingent royalty arrangement was agreed with the vendors on the following terms:

- An aggregate royalty to the vendors at a rate of A\$3.00 per tonne of coal sold or otherwise disposed of and A\$0.25 per tonne of any third-party coal processed through the Dartbrook infrastructure, capped at A\$30 million with indexation to apply to the rate and the cap.

The vendor royalty is reliant on the Dartbrook Joint Venture achieving future development milestones which may or may not occur. The maximum amount payable under the product-based royalty remains capped at \$30 million with indexation to apply to the cap. The net present value amounting to \$9,360,000 (2023: \$10,600,000) recognised at year end is lower than the full nominal amount to reflect, amongst other things, the risk and time value of the royalty payment stream.

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Note 19. Equity - issued capital

		Consolidated			
		2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid		<u>533,800,924</u>	<u>347,310,953</u>	<u>172,655,173</u>	<u>154,753,974</u>
Details	Date	Shares		\$	
Balance	1 July 2023	347,310,953		154,753,974	
Share issue – rights issue (institutional)	7 September 2023	54,166,737		5,958,341	
Placement	7 September 2023	36,363,636		4,000,000	
Share issue – rights issue (retail)	9 October 2023	18,181,818		2,000,000	
Placement	2 January 2024	56,944,447		5,125,000	
Placement	18 June 2024	20,833,333		1,875,000	
Share issue costs				<u>(1,057,142)</u>	
Balance	30 June 2024	<u>533,800,924</u>		<u>172,655,173</u>	

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 19. Equity - issued capital (continued)

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged.

Note 20. Non-current liabilities - borrowings

	Consolidated	
	2024	2023
	\$	\$
Interest bearing borrowings	47,020,181	-
Interest bearing borrowings due to related parties	3,000,000	-
	<u>50,020,181</u>	<u>-</u>

The Group had a \$3 million loan facility provided by Trepang Service Pty outstanding as at 30 June 2024. The Group has agreed to provide security which has been subordinated to the senior finance facilities. The loan attracts interest at a rate of 10% per annum and to be repaid post settlement of senior finance facilities.

The Group, together with its partner on the Dartbrook Joint Venture, had entered into a 3- year loan facility of US\$60 million with Vitol Asia Pte Limited in the year. The loan is expected to cover forecast restart expenditure at Dartbrook through to first coal. The loan is secured on customary terms and bears interest at a margin above benchmark rates. Repayment will be made over the period with final repayment date on 31 December 2026.

Note 21. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Chief Executive Officer ('CEO') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The CEO identifies, evaluates and hedges financial risks within the Group's operating units. The CEO reports to the Board on a regular basis.

Note 21: Financial instruments (continued)

Market risk

Foreign currency risk

The Group is not currently exposed to foreign currency risk.

Price risk

The Group is not currently exposed to price risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's share in the Dartbrook Joint Venture long-term debt obligations with floating interest rates.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables		13,792,181	-	-	-	13,792,181
Lease liabilities		955,464	955,464	1,621,068	-	3,531,996
<i>Interest-bearing</i>						
Secured loans	20.40%	11,178,310	69,522,912	-	-	80,701,222
Unsecured loans	10.00%	-	-	4,536,904	-	4,536,904
Total non-derivatives		<u>25,943,936</u>	<u>70,478,376</u>	<u>6,157,972</u>	<u>-</u>	<u>102,580,284</u>

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Note 21: Financial instruments (continued)

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	4,497,454	-	-	-	4,497,454

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2024	2023
	\$	\$
Short-term employee benefits	764,027	975,146
Share-based payments	-	-
Post-employment benefits	10,605	5,250
	<u>774,632</u>	<u>980,396</u>

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick Chartered Accountants, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2024	2023
	\$	\$
<i>Audit services – Hall Chadwick Chartered Accountants</i>		
Audit or review of the financial statements	92,920	102,500
Audit or review of the financial statements of Dartbrook Joint Venture	52,000	-
	<u>11,500</u>	<u>15,437</u>
<i>Other services – Hall Chadwick Chartered Accountants</i>		
Preparation of the tax return	11,500	15,437
	<u>156,420</u>	<u>117,937</u>

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Note 24. Lease liabilities

	Consolidated	
	2024	2023
	\$	\$
<i>Current liabilities</i>		
Plant and equipment	334,554	-
Land and buildings	179,677	-
	<u>514,231</u>	<u>-</u>
<i>Non-current liabilities</i>		
Plant and equipment	771,645	-
Land and buildings	1,623,633	-
	<u>2,395,278</u>	<u>-</u>
	<u><u>2,909,509</u></u>	<u><u>-</u></u>

The Group leases a number of assets through its interest in the joint operation. This primarily includes electrical equipment and residential units. Refer to note 21 for future lease payments in relation to the lease liabilities.

The total cash outflow for leases in 2024 was 96,676 (2023: \$nil).

Note 25. Contingent liabilities

Vendor Royalty

On 7 June 2016 the Group announced it had reached agreement with the minority joint venture partner at Dartbrook to acquire the minority partner's stake, thereby taking the Company's ownership of Dartbrook to 100%. A combined contingent royalty arrangement was agreed with the vendors on the following terms:

- An aggregate royalty to the vendors at a rate of A\$3.00 per tonne of coal sold or otherwise disposed of and A\$0.25 per tonne of any third-party coal processed through the Dartbrook infrastructure, capped at A\$30 million with indexation to apply to the rate and the cap.

The vendor royalty is reliant on the Joint Venture achieving future development milestones which may or may not occur. The maximum amount payable under the product-based royalty remains capped at \$30 million (on 100% basis) with indexation to apply to the cap. The net present value adopted is lower than the full nominal amount to reflect, amongst other things, the risk and time value of the royalty payment stream. The liability has been assessed at \$9.4 million net to the Group's share (refer to note 18).

The net present value adopted is based on the Group's 80% working interest in the Dartbrook Joint Venture on the basis that the project is bought into production under the current arrangements. Should this not occur, the liability recognised may be lower than it would be on a 100% basis. The additional amount represents a contingent liability, with remeasurement likely to occur under appropriate circumstances.

Royalty for Existing Financiers

On 22 January 2024 the Group announced that the Dartbrook Joint Venture had finalised a 3-year USD60 million (~AUD90 million) debt facility with Vitol Asia Pte Ltd ("Vitol"), a leading global energy and commodities company.

In parallel with the debt facilities, the Dartbrook Joint Venture entered into royalty deed with Vitol and included the following potential royalties payable to the Financiers:

- Financiers will receive a 2% of the gross revenue from the sale of all coal produced by the Dartbrook Mine.

The royalty is reliant on the Dartbrook Joint Venture achieving future development milestones which may or may not occur.

Note 25. Contingent liabilities (continued)

Disagreement with advisory firm

An advisory firm previously engaged to assist the Company obtain debt funding has claimed it is entitled to unlisted options of the Company. The Company disputed the advisory firm's entitlement to receive these options (as well as the coal royalty and quantum of the cash amount). There is a risk that advisory firm will ultimately seek to require the Company to either issue some or all of the options or provide money to compensate for the fact that they have not been issued, and may also seek to recover its costs for pursuing its claims in this regard. The contingent liability has not been recognised because it is contingent on future developments on the disagreement which remains uncertain.

Note 26. Contingent asset

On 27 September 2022, the Group announced that it had agreed and signed a terms sheet for a deal to re-commission the Dartbrook Coal Project alongside Trepang Services Pty Ltd, M Resources Pty Ltd and Tetra Resources Pty Ltd (Dartbrook Joint Venture). On 1 May 2023, the Group announced that the term sheet signed in September 2022 had been renegotiated and a new arrangement would see AQC increase its direct working interest in the project from 50% to 80% and its net economic interest increase from 50% to 70%.

Amongst other matters contemplated, the agreements provide for the Group to be reimbursed certain costs from the Dartbrook Joint Venture out of future development funding obtained. The reimbursement is contingent on net cash generated once other financial obligations are met. At reporting date the Group has determined that the quantum of costs to be potentially reimbursed up to 30 June 2024 of approximately \$4.7m (gross).

Note 27. Related party transactions

Parent entity

Australian Pacific Coal Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the Directors' report.

Receivable from and payable to related parties

There are no outstanding balances at the reporting date in relation to transactions with related parties.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024	2023
	\$	\$
Profit/ (Loss) after income tax	2,713,110	(7,837,692)
Total comprehensive income/ (loss)	2,713,110	(7,837,692)

Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	7,440,570	3,246,213
Total assets	81,302,321	10,705,040
Total current liabilities	(1,069,396)	403,540
Total liabilities	(4,069,396)	403,540
Equity		
Issued capital	172,655,173	154,753,971
Share based payment reserve		
Accumulated deficits	(95,422,248)	(141,206,258)
Total equity	<u>77,232,925</u>	<u>13,547,713</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has entered into a guarantee in connection with the Group's purchase of the Dartbrook coal mine.

The parent entity has entered into a guarantee in connection with the Group's interest in the Dartbrook Joint Venture.

The parent entity has not entered into any other guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2024 other than disclosed at note 25.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

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Note 29. Interests in subsidiaries and joint arrangements

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024 %	2023 %
AQC Investments 1 Pty Ltd	Australia	100.00%	100.00%
AQC Investments 2 Pty Ltd	Australia	100.00%	100.00%
Area Coal Pty Ltd	Australia	100.00%	100.00%
AQC Services Pty Ltd	Australia	100.00%	100.00%
AQC Dartbrook Pty Ltd	Australia	100.00%	100.00%
AQC Dartbrook Management Pty Ltd	Australia	100.00%	100.00%
Dartbrook Coal (Sales) Pty Ltd	Australia	100.00%	100.00%
Ipoh Pacific Resources Pty Ltd	Australia	100.00%	100.00%
Felix St Pty Ltd	Australia	100.00%	100.00%
IPR Operations Pty Ltd	Australia	100.00%	100.00%
Mining Investments One Pty Ltd	Australia	100.00%	100.00%

Joint Operation

The Group holds an 80% working interest in the Dartbrook Joint Venture, an arrangement structured as a strategic partnership with the Group and other parties. The primary purpose of the joint arrangement is to facilitate exploration, mining and sale of coal from the Dartbrook project. Under the joint arrangement agreement, all of the assets, rights, duties, obligations and liabilities incurred by the arrangement are shared by the partners in proportion to their share. As such the arrangement is classed as a joint operation, and accordingly, the Group's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The Group's share of the assets employed in the Dartbrook Joint Arrangement that are included in the consolidated financial statements are as follows (pre- consolidation adjustments):

	2024 \$	2023* \$
Current assets		
Trade and other receivables	3,568,022	-
Cash at bank	16,318,451	-
Total current assets	19,886,473	-
Non-current assets		
Property, plant and equipment	3,314,429	-
Mining properties	49,576,218	-
Right-of-use assets	2,880,682	-
Security deposits	7,898,760	-
Total non-current assets	63,670,089	-
Total assets	83,556,562	-
Current liabilities		
Trade and other payables	15,949,254	-
Lease liabilities	514,231	-
Total current liabilities	16,463,485	-
Non-current liabilities		
Provisions	16,872,800	-
Lease liabilities	2,395,278	-
Borrowings	79,620,585	-
Total non-current liabilities	98,888,663	-
Total liabilities	115,352,148	-
Net Interest in Dartbrook Joint Arrangement	(31,795,586)	-

*Joint operation assessment not concluded for the financial year ended 30 June 2023.

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Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 31. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2024	2023
	\$	\$
(a) Reconciliation of cash flows from operating activities		
Loss after income tax expense for the year	(12,630,899)	(12,517,633)
Adjustments for:		
Depreciation and amortisation	1,186,086	1,029,053
Adjustments for changes in estimate	(9,963,306)	491,000
Accrued finance costs	3,955,470	5,705,126
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(17,590,276)	77,629
(Increase) / decrease in prepayments and accruals	(1,801,174)	(274,271)
Increase / (decrease) in trade and other payables	8,833,746	(391,395)
Net cash from operating activities	<u>(28,010,353)</u>	<u>(5,880,491)</u>
(b) Reconciliation of net cash flows from financing activities		
Contributions of equity, net of transaction costs	17,901,202	93,852,433
Repayment of borrowings/ payables	(1,875,000)	(70,500,000)
Proceeds from borrowings	64,648,238	-
Lease payments	(96,676)	-
Net cash from financing activities	<u>80,577,764</u>	<u>23,352,433</u>

Note 32. Earnings per share

	Consolidated	
	2024	2023
	\$	\$
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax	(12,630,899)	(12,517,633)
Profit after income tax attributable to the owners of Australian Pacific Coal Limited	<u>(12,630,899)</u>	<u>(12,517,633)</u>
	Cents	Cents
Basic earnings per share	(2.74)	(5.23)
Diluted earnings per share	(2.72)	(5.23)

Australian Pacific Coal Limited
Notes to the financial statements
30 June 2024

Note 32. Earnings per share (continued)

	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	461,678,145	239,443,783
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	3,030,789	-
Convertible notes	-	-
	<u>464,708,934</u>	<u>239,443,783</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>464,708,934</u>	<u>239,443,783</u>

Note 33. Commitments

As at 30 June 2024, the Group had capital commitments contracted but not provided for of \$15,010,027 through its working interest in the Dartbrook Joint Venture. All capital commitments relate to development of the Dartbrook mine. As a party to the joint operation, the Group also has certain obligations to expend minimum amount on current tenement and to keep tenements in good standing. These obligations may vary from time to time and are expected to be fulfilled in the normal course of operations of the joint operation. If the minimum expenditure requirements are not met, the joint operation has the option to renegotiate new terms or relinquish the tenements.

Australian Pacific Coal Limited
Consolidated entity disclosure statement
30 June 2024

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with subsection 295(3A)(a) of the Corporations Act 2001 (Cth). The entities listed in the statements are Australian Pacific Coal Limited and all the entities it controls in accordance with AASB 10 Consolidated Financial Statements.

The percentage of share capital disclosed for bodies corporate included in the statement represents the economic interest consolidated in the consolidated financial statements.

The Group's consolidated entity disclosure statement as at 30 June 2024 is set out below.

Entity Name	Entity Type	Place formed / Country of incorporation	Ownership interest %	Tax residency*
AQC Investments 1 Pty Ltd	Body corporate	Australia	100.00%	Australia
AQC Investments 2 Pty Ltd	Body corporate	Australia	100.00%	Australia
Area Coal Pty Ltd	Body corporate	Australia	100.00%	Australia
AQC Services Pty Ltd	Body corporate	Australia	100.00%	Australia
AQC Dartbrook Pty Ltd	Body corporate	Australia	100.00%	Australia
AQC Dartbrook Management Pty Ltd	Body corporate	Australia	100.00%	Australia
Dartbrook Coal (Sales) Pty Ltd	Body corporate	Australia	100.00%	Australia
Ipoh Pacific Resources Pty Ltd	Body corporate	Australia	100.00%	Australia
Felix St Pty Ltd	Body corporate	Australia	100.00%	Australia
IPR Operations Pty Ltd	Body corporate	Australia	100.00%	Australia
Mining Investments One Pty Ltd	Body corporate	Australia	100.00%	Australia

Australian Pacific Coal Limited (the parent entity) and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

Australian Pacific Coal Limited
Directors' declaration
30 June 2024

In the opinion of the Directors of Australian Pacific Coal Limited (the Company)

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



John Robinson
Chairman

30 September 2024
Brisbane

**AUSTRALIAN PACIFIC COAL LIMITED
 AND CONTROLLED ENTITIES
 ABN 49 089 206 986**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
 AUSTRALIAN PACIFIC COAL LIMITED**

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Australian Pacific Coal Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Australian Pacific Coal Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of \$12,630,899 during the year ended 30 June 2024. As stated in Note 1 these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
Level 9 50 Pirie Street Adelaide SA 5000 +61 8 7093 8283	Level 4 240 Queen Street Brisbane QLD 4000 +61 7 2111 7000	Level 1 48-50 Smith Street Darwin NT 0800 +61 8 8943 0645	Level 14 440 Collins Street Melbourne VIC 3000 +61 3 9820 6400	Level 11 77 St Georges Tce Perth WA 6000 +61 8 6557 6200	Level 40 2 Park Street Sydney NSW 2000 +61 2 9263 2600

**AUSTRALIAN PACIFIC COAL LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN PACIFIC COAL LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2024. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Mining Properties <i>Refer to Note 13 'Mining Properties'</i></p> <p>At 30 June 2024, the Consolidated Entity had capitalised mining property assets of \$55,570,567. The Group's accounting policy in respect of exploration and evaluation assets and mining properties are outlined in Note 1</p> <p>This is a key audit matter because the carrying value of the assets are material to the financial statements and the significant judgements applied in determining whether an indicator of impairment exists in relation to capitalised assets in accordance with AASB 138 <i>Intangible Assets</i>.</p>	<p>Our Procedures included, amongst others:</p> <ul style="list-style-type: none">• We confirmed the existence and tenure of the capitalised assets in which the Group has a contracted interest by obtaining a confirmation of the titles.• In assessing whether an indicator of impairment exists in relation to the Group's capitalised assets in accordance with AASB 138 – <i>Intangible Assets</i> and AASB 136 <i>Impairment of Assets</i>, we:<ul style="list-style-type: none">○ examined the minutes of the Group's board meetings and updates from the Group's exploration partners;○ discussed with management the Group's ability and intention to undertake further exploration activities;○ reviewed a discounted cash flow that was prepared by management to support the carrying value of the mining properties; and○ reviewed any tenements that have been surrendered ensuring these have been expensed as required.• We tested a sample of additions of capitalised assets to supporting documentation.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<p>Recognition and measurement of vendor royalty provisions</p> <p><i>Refer to Note 18 'Provisions' and Note 2 'Critical accounting judgements, estimates and assumptions' vendor royalty</i></p> <p>The Group has vendor royalty provisions of \$9,360,000 at 30 June 2024. The calculation of these provisions requires judgment in estimating the future production, the timing as to when the future production will be incurred and the determination of an appropriate rate to discount the future costs to net present value.</p> <p>We focused on this area due to significance of the balance in the consolidated statement of financial position relative to net assets, and the significant judgments and assumptions involved in the recognition and measurement of this obligation.</p>	<p>Our Procedures included, amongst others:</p> <ul style="list-style-type: none"> • We evaluated the legal and/or constructive obligations with respect to the vendor royalty provisions for the Dartbrook operations and the associated estimates. • We assessed the accuracy of the calculations and the appropriateness of the discount rates. • We assessed the adequacy of the Group's disclosures in respect of provisions.

Information Other Than The Financial Report And Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

**AUSTRALIAN PACIFIC COAL LIMITED
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN PACIFIC COAL LIMITED

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 9 of the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Australian Pacific Coal Limited, for the year ended 30 June 2024, complies with 300A of the Corporations Act 2001.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN PACIFIC COAL
LIMITED**

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000


STEWART THOMPSON

Partner

Date: 30 September 2024

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Australian Pacific Coal Limited (“the Company”) is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (“CGC”) Principles and Recommendations and published guidelines. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders.

The Board seeks, where appropriate to adopt without modification, the CGC recommendations. Where there has been any variation from the CGC recommendations, it is because the Board believes the Company is not as yet of size, nor are its financial affairs of such complexity, to justify some of these recommendations. The Board is of the view that with the exception of the departures to the CGC Corporate Governance Principles and Recommendations as are set out below, it otherwise complied with all of the CGC Corporate Governance Principles and Recommendations. The Company’s ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement or Annual Report, is available on our website www.aqcltd.com.au. This statement has been approved by the Company’s Board of Director’s and is current as at 30 September 2024.

The following table summarises the Company’s compliance with the CGC recommendations and states whether the Company has complied with each recommendation.

Recommendation	Summary of the Company’s Compliance
<p>Principle 1 – Lay solid foundations for management and oversight</p> <p>Companies should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.</p>	
<p>1.1: A listed entity should have a board charter setting out:</p> <ul style="list-style-type: none"> a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management. 	<p>A formal board charter has not been established given the size of the Company’s Board and management.</p> <p>The Board is ultimately accountable for the performance of the Company and provides leadership and sets the strategic objectives of the Company. It appoints all senior executives and assesses their performance on an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the Company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.</p> <p>Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board’s attention. They must operate within the risk and authorisation parameters set by the Board.</p>

CORPORATE GOVERNANCE STATEMENT

<p>1.2: A listed entity should:</p> <ul style="list-style-type: none"> a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. 	<p>The Company undertakes relevant reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election of a director.</p>
<p>1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.</p>
<p>1.4: The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.</p>
<p>1.5: A listed entity should:</p> <ul style="list-style-type: none"> have and disclose a diversity policy; through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and disclose in relation to each reporting period: <ul style="list-style-type: none"> the measurable objectives set for that period to achieve gender diversity; the entity's progress towards achieving those objectives; and either: <ul style="list-style-type: none"> the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act 	<p>The Company has not adopted a formal Diversity Policy nor has it set measurable objectives for achieving gender diversity as it has a small number of directors and employees and has limited opportunity and scope to adopt formalised policy guidelines or measurable objectives.</p> <p>The Board is committed to developing diversity in its workplace to assist the Company to meet its goals and objectives by providing an environment whereby appointments, advancement and opportunities are considered on a fair and equitable basis. The Company is committed to promoting a corporate culture which embraces diversity when determining the composition of the Board, senior management and employees.</p> <p>The Company will ensure that recruitment and selection decisions are based on the principle of merit, skills and qualifications and regardless of age, gender, nationality, cultural background or any other factor not relevant to the position. Past skills and experience in the mining and exploration industries will be a key determinant in the selection process.</p> <p>At reporting date, the Company had four directors and one company secretary, one of which was female.</p> <p>No entity within the consolidated entity is a 'relevant employer' for the purposes of the <i>Workplace Gender Equality Act 2012</i> (Cth) and therefore no Gender Equality Indicators to be disclosed.</p>

CORPORATE GOVERNANCE STATEMENT

<p>1.6: A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>Due to its size the Company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. The Board conducts its own evaluation of the skills, performance and remuneration of existing Directors from time to time. Individual Directors may recommend changes to the composition of the Board.</p> <p>Until such time as the Company expands to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the Company.</p>
<p>1.7: A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	<p>The Board reviews the performance of senior executives periodically.</p> <p>No performance evaluation of the executives was undertaken during the reporting period given the status of the company, its business operations and the composition of its executive.</p>
<p>Principle 2 – Structure the board to be effective and add value</p> <p>A listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.</p>	
<p>2.1: The board of a listed entity should:</p> <ul style="list-style-type: none"> a) have a nomination committee which: <ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, b) and disclose: <ul style="list-style-type: none"> i. the charter of the committee; ii. the members of the committee; and iii. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or c) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that 	<p>The Company does not have a separate nomination committee. Given the size of the Board, the Board as a whole decides the selection of members of the Board and makes recommendations to shareholders for election of Directors. Each Board member is responsible for assessing the necessary competencies of the Board members to add value to the Company, reviewing Board succession plans and evaluating the Board's performance.</p>

CORPORATE GOVERNANCE STATEMENT

<p>the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>							
<p>2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The current Board members represent individuals that have extensive experience as well as professionals that bring to the Board their specific skills in order for the Company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has therefore been determined primarily on the basis of their ability to deliver outcomes in accordance with the Company's short and long term objectives and therefore deliver value to shareholders.</p> <p>All Board members are expected to demonstrate the following attributes:</p> <p>Board Member Attributes</p> <table border="0"> <tr> <td data-bbox="846 932 976 961">Leadership</td> <td data-bbox="1057 932 1360 1192">Represents the Company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts are considered; leads others to action; proactive solution seeker.</td> </tr> <tr> <td data-bbox="846 1220 967 1283">Ethics and integrity</td> <td data-bbox="1057 1220 1370 1612">Awareness of social, professional and legal responsibilities at individual, Company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.</td> </tr> <tr> <td data-bbox="846 1640 1024 1669">Communication</td> <td data-bbox="1057 1640 1349 1927">Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.</td> </tr> </table>	Leadership	Represents the Company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts are considered; leads others to action; proactive solution seeker.	Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, Company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.	Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Leadership	Represents the Company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts are considered; leads others to action; proactive solution seeker.						
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, Company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.						
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.						

CORPORATE GOVERNANCE STATEMENT

	Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks.
2.3: A listed entity should disclose: a) the names of the directors considered by the board to be independent directors; b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and c) the length of service of each director.		Details of the Board of directors, their appointment dated, length of service and independence status is set out from page 3 of the Annual Report.
2.4: A majority of the board of a listed entity should be independent directors.		The board consists of four directors, two of whom are considered independent. Given the size and status of the Company and its operational status, the Board considered this to be appropriate.
2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.		The current Chair, Mr John Robinson, is not considered an independent director. Mr Robinson does not perform the role of CEO. Mr John Robinson has been nominated to the Board by the majority shareholder of the Company.
2.6: A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.		New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the Company's operations and background. Directors are encouraged to undertake director development programs to ensure that directors can enhance their skills and remain abreast of important developments, however no formal program of review has been implemented given the status of the Company and its operational status.
<p>Principle 3 – Instil a culture of acting lawfully, ethically and responsibly</p> <p>A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.</p>		

CORPORATE GOVERNANCE STATEMENT

<p>3.1: A listed entity should articulate and disclose its values.</p>	<p>A formal value statement has not been established or disclosed given the size of the Company's Board and management.</p> <p>The Company is committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board and management are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.</p>
<p>3.2: A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a code of conduct for its directors, senior executives and employees; and b) ensure that the board or a committee of the board is informed of any material breaches of that code. 	<p>A formal code of conduct has not been established given the size of the Company's Board and management.</p>
<p>3.3: A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a whistleblower policy; and b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy. 	<p>The Company's Whistleblower Policy is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported in accordance with this policy.</p>
<p>3.4: A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose an anti-bribery and corruption policy; and b) ensure that the board or a committee of the board is informed of any material breaches of that code. 	<p>A formal anti-bribery and corruption policy has not been established given the size of the Company's Board and management.</p>
<p>Principle 4 – Safeguard the integrity of corporate reports</p>	
<p>A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.</p>	
<p>4.1 - The board of a listed entity should:</p> <ul style="list-style-type: none"> a) have an audit committee which: <ul style="list-style-type: none"> i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and 	<p>Given the current membership of the Board and the size, organisational complexity and scope of operations, the same efficiencies of an audit committee would not be derived from a formal committee structure.</p> <p>The Board has developed an informal audit committee, comprising Ayten Saridas and John Robinson, which oversees matters as delegated to it by the Board on an as needed basis.</p>

CORPORATE GOVERNANCE STATEMENT

<p>v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Responsibility for establishing and maintaining a framework of internal control and setting appropriate standards for the management of the Company rests with the Board. The Board is also responsible for the integrity of financial information in the financial statements; audit, accounting and financial reporting obligations; safeguarding the independence of the external auditor; and financial risk management.</p>
<p>4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>For the financial year ended 30 June 2024 the Company's CEO and CFO provided the Board with the required declarations.</p>
<p>4.3: A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</p>	<p>Given the current size of the Board and management, the Company ensures that the corporate reports it releases are reviewed by the Board to ensure the financial and technical content is accurate, balanced and understandable.</p>
<p>Principle 5 – Make timely and balanced disclosure</p> <p>A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.</p>	
<p>5.1: A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</p>	<p>The Company is committed to promoting investor confidence and ensuring that shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company, and takes its continuous disclosure obligations seriously.</p> <p>Primary responsibility rests with the Chief Executive Officer, while the Company Secretary is primarily responsible for communications with the Exchange.</p>

CORPORATE GOVERNANCE STATEMENT

	<p>Whilst the Company does not have a formal policy, the Company notifies the ASX promptly of information:</p> <ul style="list-style-type: none"> • concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and • that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities. <p>Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.</p> <p>Given the size of the Consolidated Entity, a formal continuous disclosure policy has not been adopted.</p>
<p>5.2: A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</p>	<p>Given the current size of the Board and management, the Company aims to ensure that all market announcements are received prior to release to the market, but if not they are promptly distributed at the time of market announcement.</p>
<p>5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</p>	<p>The Company's ensures that any presentations to investors or analysts are released to the ASX Markets Platform ahead of presentation.</p>
<p>Principle 6 – Respect the rights of security holders</p> <p>A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.</p>	
<p>6.1: A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>The Company maintains information in relation to governance documents, directors and senior executives, annual report, ASX announcements and contact details on the Company's website.</p> <p>The Company is committed to:</p> <ul style="list-style-type: none"> • Communicating effectively with its shareholders and ensuring that it is easy for shareholders to communicate with the Company; • Complying with its continuous disclosure obligations applicable to the ASX listing rules and other regulations; and • Ensuring that the shareholders and other stakeholders are provided with timely and full information about the Company's activities.

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<p>6.2: A listed entity should have an investor relations program that facilitate effective two-way communication with investors.</p>	<p>The Company does not have a formal investor relations program. The Board and Company Secretary engage with investors at the AGM, in relation to material announcements, and respond to shareholder enquiries on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.</p>
<p>6.3: A listed entity should disclose how it facilitates and encourages participation at meetings of security holders</p>	<p>To facilitate and to encourage participation at meetings of shareholders, the Company ensures that information is communicated to its shareholders through:</p> <ul style="list-style-type: none"> • Posting information on the Company's web site at www.aqcltd.com; • The distribution of Notice of Meetings and other information directly to shareholders through letters, email and other forms of communications; • Ensuring that auditors are invited to the Annual General Meeting to consider questions regarding the conduct of the audit and the preparation and content of the auditor report; and • Allowing shareholders the opportunity at meetings to discuss resolutions.
<p>6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</p>	<p>The Company will ensure that all substantive resolutions at shareholders meetings are decided by poll rather than a show of hands.</p>
<p>6.5: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Link Market Services Limited at:</p> <p>https://www.linkmarketservices.com.au/corporate/InvestorServices/Investor-Services.html.</p>
<p>Principle 7 – Recognise and manage risk</p> <p>A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.</p>	

CORPORATE GOVERNANCE STATEMENT

<p>7.1: The board of a listed entity should:</p> <ul style="list-style-type: none"> a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework 	<p>The Company has not established a separate Risk Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board as a whole therefore performs the function of such a committee which includes the setting of corporate governance policy and exercising due care and skill in assessing risk, developing strategies to mitigate such risk, monitoring the risk and the Company's effectiveness in managing it. The Company maintains internal controls which assist in managing enterprise risk, and these are reviewed as part of the scope of the external audit, with the auditor providing the Board with commentary on their effectiveness and the need for any additional controls. The CEO is responsible for monitoring operational risk, ensuring all relevant insurances are in place, and ensuring that all regulatory and compliance obligations of the Company are satisfied.</p>
<p>7.2: The board or a committee of the board should:</p> <ul style="list-style-type: none"> a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such a review has taken place 	<p>The Board is responsible for reviewing the Company's policy on risk management and risk oversight. The Board did not conduct a formal review of the Company's risk management framework during the reporting period due to the nature of the operations during the year.</p>
<p>7.3: A listed entity should disclose:</p> <ul style="list-style-type: none"> a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. 	<p>The Company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the CEO and CFO who continually monitor the Company's internal and external risk environment. Necessary action is taken to protect the integrity of the Company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of Company assets.</p>
<p>7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Refer to the Company's Annual Report for disclosures relating to the Company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the Company's risk management framework.</p>

CORPORATE GOVERNANCE STATEMENT

Principle 8 – Remunerate fairly and responsibly	
<p>A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interest with the creation of value for security holders.</p>	
<p>8.1: The board of a listed entity should:</p> <ul style="list-style-type: none"> a) have a remuneration committee which: <ul style="list-style-type: none"> i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. 	<p>The Company has not established a formal Remuneration Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee.</p> <p>The Board has developed an informal remuneration committee, comprising Nick Johansen and Jeffrey Gerard. These directors oversee matters as delegated to them by the Board on an as needed basis. These matters include guidance to the Board as a whole in performing the function of such a committee which includes setting the Company's remuneration structure, determining eligibilities in relation to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board and executives. The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.</p>
<p>8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Non-executive directors' remuneration is fee based with the level of remuneration reflective of the anticipated time commitments and responsibilities of the position.</p> <p>The Board considers the procedures, policies and key performance indicators used to measure the performance of key executives and directors. Any equity based executive remuneration may be made in accordance with thresholds approved by shareholders and developed over time.</p> <p>Full discussion of the Company's remuneration philosophy and framework and remuneration received by directors and executives in the current financial year is contained in the Remuneration Report section of the Directors' Report.</p>

CORPORATE GOVERNANCE STATEMENT

<p>8.3: A listed entity which has an equity-based remuneration scheme should:</p> <ul style="list-style-type: none">a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; andb) disclose that policy or a summary of it	<p>Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the Company, this will be disclosed. There was no equity based remuneration during the reporting period.</p>
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ASX ADDITIONAL INFORMATION

Australian Pacific Coal Limited Shareholder information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. This information is current as 25 September 2024.

1. Shareholding

a. Distribution of Shareholders – Ordinary Securities	Number	Number
	of holders	of shares held
Category (size of holding)		
1 – 1,000	251	106,088
1,001 – 5,000	446	1,307,695
5,001 – 10,000	272	2,084,039
10,001 – 50,000	446	10,643,851
50,001 – 100,000	125	9,675,978
100,001 – and over	238	509,983,273
Total	1,778	533,800,924

b. The number of shareholdings held in less than a marketable parcel of 500 shares (closing price on 25 September 2024) is 476 and they hold 524,315 shares.

c. The names of the substantial holders in the company as at 25 September 2024 are:

Substantial Holder	Number of shares
Trepang Services Pty Ltd	176,190,717
Regal Funds Management Pty Ltd and its associates	59,996,906
Sambor Trading Pty Ltd	54,509,518

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares:

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Unlisted options:

- Options do not entitle the holders to vote in respect of the option, nor participate in dividends, when declared, until such time as the options are exercised and subsequently registered as ordinary shares.

ASX ADDITIONAL INFORMATION

Australian Pacific Coal Limited Shareholder information

e. 20 Largest Shareholders — Ordinary Shares

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. TREPANG SERVICES PTY LTD	176,190,717	33.01
2. SAMBOR TRADING PTY LTD	54,509,518	10.21
3. CITICORP NOMINEES PTY LIMITED	26,926,638	5.04
4. MR BUGUO WANG	20,044,138	3.75
5. LATIMORE FAMILY PTY LTD	16,226,172	3.04
6. UBS NOMINEES PTY LTD	15,086,739	2.83
7. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,060,526	2.82
8. BART SUPERANNUATION PTY LIMITED	9,557,763	1.79
9. WARBONT NOMINEES PTY LTD	8,865,510	1.66
10. MR NICHOLAS THEODORE JAMES PASPALEY	8,822,085	1.65
11. BNP PARIBAS NOMINEES PTY LTD	8,326,493	1.56
12. BUTTONWOOD NOMINEES PTY LTD	7,195,469	1.35
13. NT HOUSE PTY LTD	6,944,444	1.30
14. NEWECONOMY COM AU NOMINEES PTY LIMITED	6,676,206	1.25
15. JET ARM LIMITED	5,000,000	0.94
16. NORFOLK ENCHANTS PTY LTD	4,462,197	0.84
17. SAMBOR TRADING PTY LTD	3,700,850	0.69
18. EST JOHN LAWRENCE MCINTYRE	3,500,000	0.66
19. MR MALCOLM JOHN MCCLURE	3,464,753	0.65
20. FAMA INVESTMENTS PTY LTD	3,454,545	0.65
	<u>404,014,763</u>	<u>75.69</u>

f. Unlisted options

Nil

2. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited (ASX Code: AQC).

Competent Persons Statement

All exploration results, mineral resources and reserves referred to in this Annual Report have previously been announced to the market by the Company in accordance with the requirements of Chapter 5 of the ASX Listing Rules and the JORC Code, including as to the requirements for a statement from a Competent Person; and the relevant announcements have been referred to in the body of the Annual Report. The Company confirms that it is not aware of any new information or data that materially affects that information.

CORPORATE DIRECTORY

DIRECTORS

Mr John Robinson, Chairman
Ms Ayten Saridas, Managing Director and Chief Executive Officer
Mr Nick Johansen, Non-Executive Director
Mr Jeff Gerard, Non-Executive Director

COMPANY SECRETARY

Mr Craig McPherson

AUDITORS

Hall Chadwick, Chartered Accountants
Level 14, 41 Collins Street
Melbourne VIC 3004

SHARE REGISTRY

Link Market Services Limited
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