



ASX RELEASE (ASX:AQC)

## Quarterly Activities Report for the period ended 31 March 2019

### *Highlights*

- *Progress on material conditions precedent for Dartbrook Joint Venture transaction, including extension of time agreement to 1 July 2019*
- *Modification 7 reviewed by NSW Department of Planning and Environment and positive recommendation submitted to Independent Planning Commission*

### **Dartbrook Project**

#### **Strategic Partner Agreement**

Australian Pacific Coal Limited (**AQC** or the **Company**) announced<sup>1</sup> on 6 August 2018 that it had executed binding transaction documents with a subsidiary of Stella Natural Resources (**SNR**) to form the Dartbrook Joint Venture (**DJV**). SNR has engaged and mobilised key members of the SNR management team to Dartbrook in anticipation of the pending transaction close. Various operational readiness and planning measures have been advanced to ensure a timely transition to operations.

A requirement to procure NSW Ministerial Consent to the transaction had not been received at the time of reporting. The parties agreed an extension<sup>2</sup> of the SSA to 1 July 2019 to enable the outstanding conditions to be achieved. SNR is significantly advanced with a shortlist of potential financiers and offtake partners to underpin the recommencement of underground mining at Dartbrook. It is the parties' expectation that these funding arrangements will be secured and committed prior to the revised date of 1 July 2019. There are no other material changes to the terms of the sale agreement.

In accordance with the transaction documents, on and from 1 December 2018 until transaction close, SNR is responsible for all holding costs associated with the Dartbrook Mine. The Company confirms that SNR has to date met its obligations by providing funding to cover these holding costs, including \$1.4 million received in aggregate to the date of this report.

#### **Modification 7 Update**

As previously disclosed, the Modification 7 (**MOD 7**) environmental assessment, along with other supporting documentation, was submitted and accepted for adequacy in June 2018. Public exhibition of the application closed in the last week of July 2018.

The NSW Department of Planning and Environment has finalised its report and provided its recommendation to the Independent Planning Commission (**IPC**) that the modification is approvable. A copy of the submission is located on the department website at <http://majorprojects.planning.nsw.gov.au/>.

The IPC convened a public meeting on 9 April 2019 as a requirement of the approval process. The deadline for written submissions to the IPC passed one week after the public meeting. The IPC is progressing to determine the

<sup>1</sup> Refer ASX announcement titled *Dartbrook Strategic Development Partner*, 6 August 2018

<sup>2</sup> Refer ASX announcement titled *Dartbrook Transaction Update – Extension of Time*, 18 April 2019

application in the coming months. Information on current status of the assessment, including presentations and meetings with the IPC, is located on the IPC website under the Projects section<sup>3</sup>.

### **Corporate and Funding**

At quarter end the Company held \$0.6 million in cash reserves, representing a decrease of \$0.4 million over the prior quarter. Funds during the quarter were primarily used to complete the modification submission (\$0.1 million), care & maintenance holding costs (\$1.5 million) and corporate administration (\$0.5 million).

During the quarter, further funding was provided by Trepang Services Pty Ltd (**Trepang**) in the form of an unsecured loan accruing capitalised interest at 10% per annum. At quarter end a total of \$2.75 million had been provided by Trepang as an unsecured loan for general working capital.

The Board continues to evaluate the short term cash flow requirements of the Company with respect to general corporate costs and anticipated completion of the transaction with SNR.

### ***Small Holding Sale Facility Update***

The Company announced on 9 November 2018 that it was conducting a small holding share sale facility (**Facility**) pursuant to its constitution and the ASX Listing Rules, which provides eligible shareholders with the opportunity to sell their shareholding without incurring brokerage or handling costs.

The Facility was offered to persons registered as the holders of ordinary shares in AQC (**Shares**) at 7:00pm (AEDT) on 5 November 2018 (**Record Date**) who, on the Record Date, held Shares valued at less than \$500 (**Small Holding**) and continue to have a Small Holding as at 21 December 2018.

Based on a share price of \$0.75 per Share, being the closing price of AQC ordinary shares on the Australian Securities Exchange on the Closing Date, the Facility was available to those Shareholders holding less than 667 Shares. A total of 156,646 Shares held by 971 shareholders were consolidated as a result of the Facility. The Company announced on 1 March 2019<sup>4</sup> that distributions were being made to eligible holders based on an average realised price per Share of \$0.62. As at quarter end, approximately 45% of holders have received their distribution with the remainder of eligible holders yet to provide or confirm payment information. All monies received as a result of the Facility are held on trust until distribution to all holders is completed.

Yours faithfully,



Andrew Roach  
Company Secretary  
Australian Pacific Coal Limited

<sup>3</sup> <https://www.ipcn.nsw.gov.au/projects/2019/02/dartbrook-coal-mine-modification-7>

<sup>4</sup> Refer ASX announcement titled *Small Holding Sale Facility – Payment Update*, 1 March 2019

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Australian Pacific Coal Limited

### ABN

49 089 206 986

### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,551	60,302
1.2 Payments for		
(a) exploration & evaluation	(4,577)	(1,525,979)
(b) development	(70,604)	(1,033,841)
(c) production	-	-
(d) staff costs	(143,040)	(668,623)
(e) administration and corporate costs	(315,989)	(963,508)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4,358
1.5 Interest and other costs of finance paid	(469)	(17,449)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (mine care and maintenance)	(1,623,691)	(5,282,236)
1.8 Other (business development)	(6,000)	(151,931)
1.8 Other (GST refunds received)	77,422	664,635
1.8 Other (transaction and financing costs)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,075,386)</b>	<b>(8,934,272)</b>

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(100,027)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Dartbrook completion adjustment)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(100,027)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	989,976
3.2 Proceeds from loan drawdown	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	9,988
3.5 Proceeds from borrowings	750,000	4,750,000
3.6 Repayment of borrowings	-	(7,685)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Holding Cost Payments)*	913,547	1,202,547
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,663,547</b>	<b>6,944,826</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	984,399	2,662,033
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,075,386)	(8,934,272)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A</b>	<b>Year to date (9 months) \$A</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(100,027)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,663,547	6,944,826
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>572,560</b>	<b>572,560</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A</b>	<b>Prior quarter \$A</b>
5.1	Bank balances	287,118	693,772
5.2	Call deposits	-	5,185
5.3	Bank overdrafts	-	-
5.4	Other (short term deposits)	285,442	285,442
5.4	Other (funds held in escrow)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>572,560</b>	<b>984,399</b>

\* Other (Holding Cost Payments) relate to the funding obligation of Stella Natural Resources (SNR) to fund care and maintenance holding costs of the Dartbrook Mine on and from 1 December 2018 in accordance with the terms of the transaction announced to the ASX 6 August 2018.

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

<b>Current quarter \$A</b>
76,692
-

Director fees paid in the quarter.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	25,000	17,050
8.3 Other (please specify)	52,450,000	52,450,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1

8.2 NAB Business Visa. Interest 15.50%. Unsecured

8.3 Mr N Paspaley Convertible Loan Deed. Interest 10.0%. Secured. \$10,000,000 fully drawn

8.3 Mr J Robinson Convertible Loan Deed. Interest 10.0%. Secured. \$10,000,000 fully drawn

8.3 Trepang Services Pty Ltd Secured Loan Deed. Interest 10.0%. Secured. \$7,000,000 fully drawn

8.3 Trepang Services Pty Ltd Convertible Loan Deed. Interest 10.0%. Secured. \$15,000,000 fully drawn

8.3 Trepang Services Pty Ltd Unsecured Loan. Interest 10.0%. \$2,750,000

8.3 Anglo American Metallurgical Coal Assets Pty Ltd Secured Loan. Interest 10.0%. \$7,700,000 fully drawn

9. <b>Estimated cash outflows for next quarter</b>	\$A
9.1 Exploration and evaluation	25,000
9.2 Development	100,000
9.3 Production	-
9.4 Staff costs	150,000
9.5 Administration and corporate costs	300,000
9.6 Other (Mine care and maintenance)**	1,500,000
<b>9.7 Total estimated cash outflows</b>	<b>2,075,000</b>

\*\* Mine care and maintenance outflows represent costs which will be funded by SNR in accordance with the terms of the transaction announced to the ASX 6 August 2018. Therefore, the net Mine care and maintenance cash outflows for Australian Pacific Coal Limited for the quarter ending 30 June 2019 are anticipated to be nominal.


## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/a			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


  
 .....  
 Company secretary

Date: 30 April 2019

Print name: Andrew Roach

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.