Australian Pacific Coal

ASX RELEASE
29 SEPTEMBER 2021

EXTENSION OF REPORTING AND LODGMENT DATE - 2021 FINANCIAL REPORT

Australian Pacific Coal Limited (**ASX: AQC**) (**AQC** or the **Company**) advises that it will be relying on *ASX Class Waiver Decision – Extended Reporting and Lodgement Deadlines* ("**ASX Class Waiver"**) and A*SIC Corporations (Extended Reporting and Lodgement Deadlines – Listed Entities) Instrument 2020/451* ("**ASIC Relief**"), to extend the lodgement date for its 30 June 2021 Financial Report.

The Company advises the attached information provided for the year ended 30 June 2021 is unaudited.

Under the ASX Class Waiver, the Company is required to release its full year accounts for the 12 months to 30 June 2021 at the earlier of:

(i) when they are ready to be given to ASX; or
(ii) when they must be given to ASIC under the ASIC Relief.

The Company confirms that it will immediately make further announcement to ASX if it becomes aware that there will be a material difference between its unaudited and its audited Financial Report.

This Announcement was authorised for release by the Board of Australian Pacific Coal Limited.

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

Australian Pacific Coal Limited

ABN 49 089 206 986

Unaudited Financial Report - 30 June 2021

Australian Pacific Coal Limited
Unaudited Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue	4	337,926	330,932
Other income	5	13,309	2,745,157
Expenses			
Employee benefits expense		(496,621)	(672,317)
Depreciation and amortisation expense	6	(1,151,625)	(1,165,173)
Impairment of capitalised exploration and evaluation	14	(3,619,528)	-
Exploration and evaluation expense		(69,558)	(51,920)
Fair value movement of financial assets	10	(5,503,899)	-
Administration and consulting expenses		(4,905,891)	(6,785,757)
Finance costs	6	(8,301,609)	(7,298,750)
Loss before income tax expense from continuing operations		(23,697,496)	(12,897,828)
Income tax expense	7	-	-
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(23,697,496)	(12,897,828)
		Cents	**Cents**
Earnings per share for profit attributable to the owners of Australian Pacific Coal Limited			
Basic earnings per share	32	(46.7)	(25.5)
Diluted earnings per share	32	(46.7)	(25.5)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Unaudited Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	8	512,136	602,777
Trade and other receivables	9	66,388	68,440
Available for sale asset	10	33,694,192	-
Other	11	110,616	84,853
Total current assets		34,383,332	756,070
Non-current assets			
Property, plant and equipment	12	4,737,881	42,737,432
Intangibles	13	-	5,620,000
Exploration and evaluation	14	5,435,242	8,882,799
Other	16	8,998,733	9,103,036
Total non-current assets		19,171,856	66,343,267
Total assets		53,555,188	67,099,337
Liabilities			
Current liabilities			
Trade and other payables	17	7,788,815	5,912,730
Borrowings	18	82,920,861	74,635,875
Provisions	19	-	7,724
Total current liabilities		90,709,676	80,556,329
Non-current liabilities			
Provisions	19	19,550,000	19,550,000
Total non-current liabilities		19,550,000	19,550,000
Total liabilities		110,259,676	100,106,329
Net assets		(56,704,488)	(33,006,992)
Equity			
Issued capital	20	60,487,791	60,487,791
Retained profits		(117,192,279)	(93,494,783)
Total equity		(56,704,488)	(33,006,992)

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

Australian Pacific Coal Limited
Unaudited Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2019	60,487,791	(80,596,955)	(20,109,164)
Loss after income tax expense for the year	-	(12,897,828)	(12,897,828)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(12,897,828)	(12,897,828)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs	-	-	-
Balance at 30 June 2020	60,487,791	(93,494,783)	(33,006,992)

Consolidated	Issued capital $	Retained profits $	Total equity $
Balance at 1 July 2020	60,487,791	(93,494,783)	(33,006,992)
Loss after income tax expense for the year	-	(23,697,496)	(23,697,496)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(23,697,496)	(23,697,496)
Transactions with owners in their capacity as owners:			
Contributions of equity, net of transaction costs	-	-	-
Balance at 30 June 2021	60,487,791	(117,192,279)	(56,704,488)

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

Australian Pacific Coal Limited
Unaudited Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		353,229	384,165
Payments to suppliers and employees		(5,624,612)	(4,884,445)
		(5,271,383)	(4,500,280)
Net interest received / (paid)		(2,337)	3,876
Net cash from operating activities	31	(5,273,720)	(4,496,404)
Cash flows from investing activities			
Payments for property, plant and equipment		(93,252)	(20,959)
Proceeds from sale of property plant & equipment		77,734	-
Proceeds from sale of land		3,299,750	-
Payments for exploration and evaluation		(171,971)	(420,856)
Proceeds from sale of investments		-	2,377,977
Net cash used in investing activities		3,112,261	1,936,162
Cash flows from financing activities			
Proceeds from issue of shares			-
Proceeds from borrowings		5,278,946	3,332,642
Repayment of borrowings		(3,296,081)	(737,738)
Net cash used in financing activities		1,982,865	2,594,904
Net increase/(decrease) in cash and cash equivalents		(178,594)	34,662
Cash and cash equivalents at the beginning of the financial year		715,730	681,068
Cash and cash equivalents at the end of the financial year	8	537,136	715,730

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

Note 1. Significant 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 consolidated entity 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 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 oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The 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 financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity'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 consolidated entity has incurred a net loss of $23,697,496 for the year ended 30 June 2021 and has a deficiency in net assets of $56,704,488 as at 30 June 2021.

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

- Capital raisings, borrowings or joint ventures from related and non-related parties to support existing or new opportunities.
- Development, exploitation or advancement of existing or new opportunities.
- Continued support from financiers.
- Realisation of surplus assets.

Should the above not generate the expected cash flows, the company 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 financial statements. This report does 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 consolidated entity not continue as going concerns.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity 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 2021 and the results of all subsidiaries for the year then ended. Australian Pacific Coal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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 consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity 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 consolidated entity 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.

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.

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.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Note 1. Significant accounting policies (continued)

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.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity'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 consolidated entity'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.

Note 1. Significant accounting policies (continued)

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 consolidated entity 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.

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

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.

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	15%
Plant and equipment	17%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 1. Significant accounting policies (continued)

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. 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 assets
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 production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

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.

Water licences
The Company acquired various water licences associated with the Dartbrook Coal Mine through the acquisition of the mine in May 2017. The water licences were valued at fair market value via the final purchase price accounting for the business combination. The licences continue to be held in good standing and are renewable at the Company’s election, subject to ongoing compliance with regulatory requirements of each licence. Subsequent period reporting is on a cost basis.

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.

Note 1. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

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 consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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. The increase in the provision resulting from the passage of time is recognised as a finance cost.

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. Significant 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 consolidated entity 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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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. Significant 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 consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity 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. Significant 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 consolidated entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 consolidated entity for the annual reporting period ended 30 June 2021.

The consolidated entity 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 financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the 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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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

Share-based payment transactions
The consolidated entity 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.

Provision for impairment of receivables
A simple approach is followed 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, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, 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 consolidated entity 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 consolidated entity 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 consolidated entity 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 consolidated entity 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 plant and equipment, mining infrastructure and mining development 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 consolidated entity 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 consolidated entity 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 consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity'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 consolidated entity 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.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Rehabilitation provision
A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity 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 consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. 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 has been 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 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 likely to occur once development approvals are obtained and the directors resolve to progress toward construction and operation. The consolidated entity will review the measurement of the provision 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 consolidated entity is organised into two operating segments, being bentonite mining and exploration and evaluation. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews net profit or loss before tax and total assets of each operating segment. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services
The principal products and services of this operating segment are the bentonite mining operations and exploration and evaluation activities in Australia. The bentonite operations are currently under care and maintenance with no production or external sales recorded for the year ended 30 June 2021.

Major customers
During the year ended 30 June 2021 there were no external sales made from operations (2020: Nil).

Financial information

	Net loss from continuing operations before tax		Total Assets	
	2021	2020	2021	2020
	$	$	$	$
Exploration & Evaluation	14,248,284	6,977,630	52,977,949	66,338,140
Bentonite mining	113,086	38,538	18,233	98,162
Corporate	9,336,126	5,881,660	559,006	663,035
	23,697,496	12,897,828	53,555,188	67,099,337

Note 4. Revenue

	Consolidated	
	2021	2020
	$	$
Other revenue		
Interest	63	3,876
Rent	337,863	327,056
	337,926	330,932
Total Revenue	337,926	330,932

Note 5. Other income

	Consolidated	
	2021	2020
	$	$
Other revenue	13,309	57,109
Debt forgiveness – SNR Mineral Assets Pty Ltd	-	2,688,048
Other income	13,309	2,745,157

Note 6. Expenses

	Consolidated 2021 $	Consolidated 2020 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Land and buildings	146,870	158,288
Plant and equipment	1,004,755	1,006,885
Total depreciation	1,151,625	1,165,173
Finance costs		
Interest and finance charges paid/payable	8,301,609	7,298,750
Finance costs expensed	8,301,609	7,298,750
Rental expense relating to operating leases		
Minimum lease payments	133,741	36,666
Superannuation expense		
Defined contribution superannuation expense	4,629	28,835

Note 7. Income tax expense

	Consolidated 2021 $	Consolidated 2020 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense from continuing operations	(23,697,496)	(12,897,828)
Profit before income tax expense from discontinued operations		-
	(23,697,496)	(12,897,828)
Tax at the statutory tax rate of 27.5%	(6,516,810)	(3,546,903)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	316,696	319,608
Entertainment expense	-	-
Other non-allowable items	10,637,648	6,060,079
Other allowable items	(6,141,830)	(3,791,589)
	(1,704,296)	(958,806)
Tax losses and temporary differences not brought to account	1,704,296	958,806
Income tax expense	-	-

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2021	**2020**
	$	**$**
Current:		
Cash at bank and on hand	512,136	602,777
	512,136	602,777

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	512,136	602,777
Deposit as security for rental bonds and equipment leases (Note 18)	25,000	112,953
Balance as per statement of cash flows	537,136	715,730

Note 9. Current assets - trade and other receivables

	Consolidated	
	2021	**2020**
	$	**$**
Trade and other receivables	66,388	68,440
Less: Allowance for expected credit loss	-	-
	66,388	68,440

Note 10. Available for sale assets

	Consolidated	
	2021	**2020**
	$	**$**
Available for sale assets	33,694,192	-
	33,694,192	-

On 14 May 2021 the consolidated entity received an offer from its major shareholder and creditor Trepang Services Pty Ltd (Trepang) to purchase certain real properties and water rights owned by the consolidated entity that underly the Dartbrook coal mine. The offer was subject to approval by shareholders at a meeting which was held on 30 July 2021, where amongst other things shareholders approved the sale of land and water rights owned by the consolidated entity to Trepang.

The consolidated entity has recorded an amount of $33,694,192 (being an amount net of anticipated realisation costs) as an available for sale asset with such amount separately recognised.

Note 11. Current assets - other

	Consolidated	
	2021	**2020**
	$	**$**
Prepayments	110,616	84,853
	110,616	84,853

Note 12. Non-current assets - property, plant and equipment

	Consolidated	
	2021	**2020**
	$	**$**
Land and buildings - at cost	850,788	38,202,079
Less: Accumulated depreciation	(127,468)	(454,050)
	723,320	37,748,029
Leasehold improvements - at cost	180,217	180,217
Less: Accumulated depreciation	(171,362)	(171,130)
	8,855	9,087
Plant and equipment - at cost	8,252,778	8,237,260
Less: Accumulated depreciation	(4,247,072)	(3,256,944)
	4,005,706	4,980,316
	4,737,881	42,737,432

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 2019	37,909,279	-	5,902,367	43,811,646
Additions	-	9,288	81,671	90,959
Disposals	-	-	-	-
Depreciation expense	(161,250)	(201)	(1,003,722)	(1,165,173)
Balance at 30 June 2020	37,748,029	9,087	4,980,316	42,737,432
Additions	-	-	93,252	93,252
Disposals	(3,299,750)	-	(63,698)	(3,363,448)
Impairment	(5,503,899)	-	-	(5,503,899)
Available for Sale	(28,073,831)	-	-	(28,073,831)
Depreciation expense	(147,229)	(232)	(1,004,164)	(1,151,625)
Balance at 30 June 2021	723,320	8,855	4,005,706	4,737,881

Refer to Note 22 for further information on fair value measurement.

Note 13. Non-current assets - intangibles

	Consolidated	
	2021	**2020**
	$	**$**
Dartbrook water licenses	-	5,620,000

Water licences were initially measured at cost on acquisition. Subsequent to the end of the reporting period Shareholders approved the sale of land and water rights owned by the consolidated entity to Trepang Services Pty Ltd. The consolidated entity has recorded the water rights as an available for sale asset with such amount separately recognised. Refer Note 10 for further information.

Note 14. Non-current assets - exploration and evaluation

	Consolidated	
	2021	**2020**
	$	**$**
Exploration and evaluation - at cost	5,435,242	8,882,799

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 $	Total $
Balance at 1 July 2019	8,461,943	8,461,943
Additions	420,856	420,856
Tenements surrendered	-	-
Balance at 30 June 2020	8,882,799	8,882,799
Additions	171,971	171,973
Impairments	(3,619,528)	(3,619,528)
Balance at 30 June 2021	5,435,242	5,435,242

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.

Where the minimum expenditure on some tenements have not been met in the current period, rent continues to be paid and various tenement renewals are in progress. This process and potential delays with respect to the renewals are not considered to be significant or material to warrant impairment of the tenement assets.

During the reporting period, the consolidated entity assessed its capitalised exploration and evaluation expenditure in relation to its Queensland coal assets for impairment and recorded an impairment loss of $668,208. The impairment follows the consolidated entity’s intention with respect to future exploration expenditure at the projects.

In addition, during the reporting period the consolidated entity assessed its capitalised exploration and evaluation expenditure in relation to its Dartbrook Project for impairment and recorded an impairment loss of $2,951,320. The impairment follows the consolidated entity’s review of capitalised exploration expenditure applicable to future open cut coal mining operations at the Dartbrook project where these costs have been impaired in full.

Note 15. Non-current assets - deferred tax

	Consolidated	
	2021	**2020**
	$	**$**
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss	8,327,516	5,968,507
Tax losses – operating losses	19,113,018	17,408,722
Tax losses – capital losses	523,984	523,984
Dartbrook Mine Acquisition	2,400,317	172,769
Tax assets not brought to account	(30,364,835)	(24,073,782)
Deferred tax asset	-	-

Note 16. Non-current assets - other

	Consolidated	
	2021	**2020**
	$	**$**
Cash on deposit for rental bonds and bank facilities	25,000	112,953
Security deposits	8,973,733	8,990,083
	8,998,733	9,103,036

Note 17. Current liabilities - trade and other payables

	Consolidated	
	2021	**2020**
	$	**$**
Trade and other payables	2,264,242	2,383,659
Accrued interest – loans	5,524,423	3,529,071
	7,788,815	5,912,730

Refer to Note 21 for further information on financial instruments.

Note 18. Current liabilities - borrowings

		Consolidated	
		2021	2020
		$	$
Bank loans		-	22,494
Convertible securities	a)	66,443,979	60,145,935
Insurance premium funding		118,311	93,446
Unsecured Loan – Trepang Services Pty Ltd	b)	8,658,571	6,674,000
Interest bearing liabilities	c)	7,700,000	7,700,000
		82,920,861	74,635,875

a) The Convertible securities balance is comprised of following instruments:

i. On 1 February 2016 the consolidated entity issued two convertible securities, with a face value of $10,000,000 each, for total proceeds of $20,000,000. Subsequently on 13 April 2017, shareholders of the Company approved new terms for the convertible notes including the capitalization of interest into new convertible securities resulting is a new face value of $22,532,803. Interest is payable at a rate of 10.0% per annum based on the face value. The notes are convertible into ordinary shares of the parent entity, at any time at the option of the holder, or repayable on 1 February 2021. The number of ordinary shares to be issued is calculated as the conversion amount divided by the conversion price ($0.80), but subject to adjustments for reconstructions of equity. The revised terms of the notes were approved by shareholders on 29 November 2018.

ii. On 1 March 2017 the consolidated entered into the Trepang Convertible Loan Deed, to conditionally secure an additional $15,000,000 in funding to assist in completing the acquisition of 100% of the Dartbrook Joint Venture. Interest is payable at a rate of 10.0% per annum based on the face value. The notes are convertible into ordinary shares of the parent entity, at any time at the option of the holder, or repayable on 1 February 2021. The number of ordinary shares to be issued is calculated as the conversion amount divided by the conversion price ($0.80), but subject to adjustments for reconstructions of equity. The revised terms of the notes were approved by shareholders on 29 November 2018.

iii. On 29 November 2018, shareholders of the Company approved the issuance of a new convertible note to Trepang Services Pty Ltd with a face value of $7,000,000. Interest is payable at a rate of 10.0% per annum based on the face value. The notes are convertible into ordinary shares of the parent entity, at any time at the option of the holder, or repayable on 1 February 2021. The number of ordinary shares to be issued is calculated as the conversion amount divided by the conversion price ($0.80), but subject to adjustments for reconstructions of equity.

iv. Total accrued interest relating to the above loans as at balance date of $21,911,176.

b) During the financial year, Trepang Services Pty Ltd has contributed further capital of $1,984,571 to the Company by way of an unsecured loan bearing 10% interest, capitalised on a monthly basis. Total accrued interest relating to the loan as at balance date is $1,657,191 (refer Note 17).

c) On 29 May 2017, the consolidated entity announced it has agreed terms with Anglo American Metallurgical Coal Assets Pty Ltd for the provision of a loan for $7,700,000, secured against certain assets of the consolidated entity for a term of three years with at a 10% interest rate. On 28 April 2020 the consolidated entity announced that it had received notice from Anglo that it had assigned to Trepang Services Pty Ltd all of its rights, title and interest in the loan. The term of the loan has been varied to provide for a revised maturity date of 30 November 2021. Total accrued interest relating to the loan as at balance date is $3,867,052 (refer Note 17).

Refer to Note 21 for further information on financial instruments.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2021	**2020**
	$	**$**
Bank loans	-	22,494
Insurance premium funding	118,311	93,446
Convertible securities	66,443,979	60,145,935
Loan – Trepang Services Pty Ltd	7,700,000	7,700,000
	74,262,290	67,961,875

Assets pledged as security
The bank loans are secured by a restricted short-term deposit held by the bank.

The insurance premium funding is secured by the underlying insurance policy.

The convertible securities are issued to Mr Robinson Snr, Mr Paspaley and Trepang Services Pty Ltd. The interests of the convertible note holders is subordinated to the secured vendor loan of $7.7 million.

Shareholders of the consolidated entity approved, at the extraordinary general meeting on 11 August 2017, the granting of first ranking security to Anglo American Metallurgical Coal Assets Pty Ltd in respect of the $7.7 million vendor loan provided on completion of the Dartbrook acquisition. On 28 April 2020 the consolidated entity announced that it had received notice from Anglo that it had assigned to Trepang Services Pty Ltd all of its rights, title and interest in the loan.

Financing arrangements
Access was available at the reporting date to the following lines of credit:

	Consolidated	
	2021	**2020**
	$	**$**
Total facilities		
Bank loans	25,000	25,000
	25,000	25,000
Used at the reporting date		
Bank loans	13,038	22,494
	13,038	22,494

Note 19. Provisions

	Note	Consolidated 2021 $	2020 $
Current:			
Employee Entitlements		-	7,724
		-	7,724
Non-Current:			
Rehabilitation provision		8,950,000	8,950,000
Vendor Royalty provision	25	10,600,000	10,600,000
		19,550,000	19,550,000

Reconciliation of movements:

Employee Entitlements		
Opening balance	7,724	22,591
Additions – Leave accrued	-	3,873
Depletion – Leave taken	(7,724)	(18,740)
Closing	-	7,724

Vendor Royalty provision		
Opening balance	10,600,000	10,600,000
Remeasurement	-	-
Depletion – rehabilitation activities completed or reassessed	-	-
Closing	10,600,000	10,600,000

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. The amount of provision relating to rehabilitation of areas is recognised in profit or loss as incurred.

The Dartbrook mine was acquired under care and maintenance remained in that state through the financial year ended 30 June 2021. The consolidated entity has provided cash of $8,950,000 to the NSW government, as required under relevant laws and assessed by the relevant NSW government department. The consolidated entity will continue to assess the available and efficient rehabilitation options in parallel with potential development options for the mine.

Vendor Royalty
On 7 June 2016 the consolidated entity 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 contingent on the Company achieving future development milestones which may or may not occur. The Company had assessed the acquisition of Dartbrook Mine and, through the work undertaken by the expert, assessed a discounted net present value associated with the obligation to pay the vendor royalty of $11.1 million, which had been recognised as a Non-Current Liability. Given the strategic intent of the Company and the Modification 7 application to progress the mine via underground methods, the directors have reviewed the net present liability and remeasured the liability based on an assumed bord & pillar production profile. The liability has been assessed at $10.6 million with the net movement ($0.5 million gain) recorded in the Statement of profit or loss in the prior financial year.

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 adopted is lower than the full nominal amount to reflect, amongst other things, the risk and time value of the royalty payment stream. Accordingly, the vendor royalty in excess of the recognised net present value amount is a contingent liability.

Note 20. Equity - issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	50,484,810	50,484,810	60,487,791	60,487,791

	Shares	$
Balance 30 June 2020	50,484,810	60,487,791
Balance 30 June 2021	50,484,810	60,487,791

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.

Capital risk management
The consolidated entity'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 consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity 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 consolidated entity 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 consolidated entity 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 21. Financial instruments

Financial risk management objectives
The consolidated entity'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 consolidated entity'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 consolidated entity. The consolidated entity 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 consolidated entity and appropriate procedures, controls and risk limits. The CEO identifies, evaluates and hedges financial risks within the consolidated entity's operating units. The CEO reports to the Board on a regular basis.

Market risk

Foreign currency risk
The consolidated entity is not currently exposed to foreign currency risk.

Price risk
The consolidated entity is not currently exposed to price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from long-term borrowings or convertible securities. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk.

The consolidated entity's convertible securities (face value $44,532,803) attract a fixed interest rate of 10% per annum, with interest either capitalised or settled by way of issue of ordinary shares, at the consolidated entity’s election. The consolidated entity also holds a vendor loan for $7,700,000 at a fixed rate of 10% per annum. An official increase/decrease in interest rates of 100 (2020: 100) basis points for all interest-bearing items would have an adverse/favourable effect on profit before tax of $52,232 (2020: $499,050) per annum.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. 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 consolidated entity does not hold any collateral.

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

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity 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 consolidated entity 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.

Note 21: Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity'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 - 2021	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						
Non-interest bearing						
Trade and other payables	-	2,264,243	-	-	-	2,264,243
Interest-bearing - fixed rate						
Bank loans	5.04%	-	-	-	-	-
Other loans	5.68%	118,311	-	-	-	118,311
Secured loans *	10.00%	7,700,000	-	-	-	7,700,000
Unsecured loans *	10.00%	8,658,571	-	-	-	8,658,571
Convertible notes payable *	10.00%	44,532,803	-	-	-	44,532,803
Total non-derivatives		63,273,928	-	-	-	63,273,928

* In addition, interest continues to accrue on amounts owing as outlined in Note 18.

Consolidated - 2020	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						
Non-interest bearing						
Trade and other payables	-	2,383,659	-	-	-	2,383,659
Interest-bearing - fixed rate						
Bank loans	5.04%	22,494	-	-	-	22,494
Other loans	5.68%	93,446	-	-	-	93,446
Secured loans	10.00%	7,700,000	-	-	-	7,700,000
Unsecured loans	10.00%	6,674,000	-	-	-	6,674,000
Convertible notes payable	10.00%	44,532,802	-	-	-	44,532,802
Total non-derivatives		61,406,401	-	-	-	61,406,401

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. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed 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

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $	Total $
Assets		
Non-current assets – Exploration & Evaluation Impairment	(3,619,528)	-
Non-current assets – Land Impairment	(5,503,899)	
Ordinary shares	-	-
Total assets	(9,123,427)	-

Consolidated - 2020	Level 1 $	Total $
Assets		
Non-current assets – financial assets	-	-
Ordinary shares	-	-
Total assets	-	-

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021	**2020**
	$	**$**
Short-term employee benefits	475,744	538,957
Post-employment benefits	3,350	18,351
	479,094	557,308

Note 24. 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	
	2021	**2020**
	$	**$**
Audit services – Hall Chadwick Chartered Accountants		
Audit or review of the financial statements	89,750	116,136
Other services – Hall Chadwick Chartered Accountants		
Preparation of the tax return	10,606	3,080
	100,356	119,216

Note 25. Contingent liabilities

Vendor Royalty

On 7 June 2016 the consolidated entity 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 contingent on the Company achieving future development milestones which may or may not occur. The Company had assessed the acquisition of Dartbrook Mine and, through the work undertaken by the expert, assessed a discounted net present value associated with the obligation to pay the vendor royalty of $11.1 million, which had been recognised as a Non-Current Liability. Given the strategic intent of the Company and the Modification 7 application to progress the mine via underground methods, the directors have reviewed the net present liability and remeasured the liability based on an assumed bord & pillar production profile. The liability has been assessed at $10.6 million with the net movement ($0.5 million gain) recorded in the P&L. 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 adopted is lower than the full nominal amount to reflect, amongst other things, the risk and 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 likely to occur once development approvals are obtained and the directors resolve to progress toward construction and operation.

Royalty for Existing Financiers

On 27 September 2018, entity announced it had agreed revised terms with Mr Nicholas Paspaley, Mr John Robinson (Snr) and Trepang (collectively, the Existing Financiers) in relation to their existing financing arrangements with AQC. These amendments were approved by shareholders in November 2018 and included two potential royalties payable to the Existing Financiers:

- In the instance where the proposed joint venture transaction with SNR is completed, the Existing Financiers will receive a $2.00 per product tonne royalty for coal produced and sold by the joint venture, based on the Company's interest in the joint venture.
- In the instance where the proposed joint venture transaction with SNR does not complete, the Existing Financiers will receive a $2.50 per product tonne royalty for all coal produced and sold at Dartbrook.

At present the Dartbrook Mine is permitted to operate as an underground mine by longwall mining method. The potential royalties payable to the Existing Financiers become payable after the vendor royalty is full discharged. Post balance date the proposed joint venture transaction with SNR was terminated and therefore this proposed royalty mechanism is no longer applicable.

Note 26. Commitments

	Consolidated	
	2021	2020
	$	$
Exploration and evaluating expenditure commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	364,000	529,000
One to five years	-	70,000
More than five years	-	-
	364,000	599,000

The consolidated entity is required to meet minimum exploration and evaluation expenditure commitments in accordance with the terms of the tenement grant documents. Any shortfall in annual expenditure is planned to be made up in the following period with a view to avoiding any penalties that the government may impose. At this stage no penalties for under-expenditure have been or are expected to be incurred.

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 23.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	$	$
Current convertible securities (payable):		
Mr John Robinson (Snr)	11,226,401	11,226,401
Mr Nick Paspaley	11,226,401	11,226,401
Trepang Services Pty Ltd	22,000,000	22,000,000
Current secured loans (payable):		
Trepang Services Pty Ltd	7,700,000	7,700,000
Current unsecured loans (payable):		
Trepang Services Pty Ltd	8,658,571	6,674,000

In addition, interest continues to accrue on the above amounts owing to related parties as set out in Note 18.

The terms of convertible securities issued to Mr Robinson (Snr), Mr Paspaley and Trepang Services Pty Ltd and the secured loan from Trepang Services Pty Ltd are set out in Note 18

The Company has received funding support from Trepang Services Pty Ltd by way of an unsecured loan. The terms of the loan are set out at Note 18.

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

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	
	2021	**2020**
	$	**$**
Loss after income tax	(8,241,196)	(7,562,406)
Total comprehensive income	(8,241,196)	(7,562,406)

Statement of financial position

	Parent	
	2021	**2020**
	$	**$**
Total current assets	548,113	650,085
Total assets	54,758,888	53,883,987
Total current liabilities	55,325,131	68,120,211
Total liabilities	77,236,308	68,120,211
Equity		
Issued capital	60,487,791	60,487,791
Share based payment reserve		-
Retained profits	(80,965,211)	(74,724,015)
Total equity	(22,477,420)	(14,236,224)

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 consolidated entities' purchase of the Dartbrook coal mine.

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 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 29. Interests in 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 2021 %	Ownership interest 2020 %
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%

Note 30. Events after the reporting period

On 27 August 2021, the company announced that it had issued 2.500,000 performance rights under the company's employee incentive plan. 1,250,000 performance rights will convert into Shares on a one for one basis in the event the Company's share's trade at a VWAP of at least $0.25 for a minimum of 10 consecutive trading days. The balance of 1,250,000 performance rights will convert into Shares on a one for one basis in the event the Company's share's trade at a VWAP of at least $0.30 for a minimum of 10 consecutive trading days.

On 30 July 2021 at a General Meeting, Shareholders approved the Company to proceed with the sale of the Sale Property (being land on which the Company's Dartbrook coal mine is situated and associated water rights) to Trepang (or the Trepang Associates) as set out in the notice of meeting dated 29 June 2021. On 7 September 2021, the company advised that contracts had been exchanged accepting the offer approved by Shareholders at the General Meeting. Completion of the transaction has not yet occurred.

The company previously advised that it has entered into a revised agreement with the Minister for Planning and Public Spaces under s34(3) of the Land and Environment Court Act 1979 about the 5 year extension of mining operations under the development consent for the Dartbrook Coal Mine. The revised agreement does not change the conditions proposed under the previous s34 agreement but addresses a potential jurisdictional issue arising from the judgment of the Court of Appeal which removed the Hunter Thoroughbred Breeders Association (HTBA) as a party to the Land and Environment Court proceedings. The Land and Environment Court has been asked to dispose of the proceedings in accordance with the revised s34 agreement. Subjected to the end of the financial year, the Court has advised the parties that it considers there is a further jurisdictional issue arising from proposed condition 2.3(c) (which prevents mining in the Piercefield seam during the proposed 5 year extension period). The Company remains in discussions with the Minister's representatives about resolution of the jurisdictional issue.

During the reporting period the outbreak of what is known as the COVID-19 pandemic continued to spread, resulting in significant volatility with worldwide economies as well as there being Government imposed social distancing guidelines. Subsequent to the reporting period the COVID-19 pandemic has remained prevalent, and this may impact the results of operations of the consolidated entity in future reporting periods. Given the stage of the pandemic, the company is not in a position to reliably estimate this impact.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

	Consolidated 2021 $	Consolidated 2020 $
Loss after income tax expense for the year	(23,697,496)	(12,897,828)
Adjustments for:		
Depreciation and amortisation	1,151,622	1,165,173
Impairment of exploration & evaluation	3,619,528	-
Impairment of Other Assets	5,503,899	
Unrealised (gain) / loss on financial assets	-	339,414
Accrued finance costs	8,299,216	7,261,108
Debt forgiveness	-	(2,688,048)
Change in operating assets and liabilities:		
Increase / (decrease) in trade and other receivables	18,402	113,071
Increase / (decrease) in prepayments	(25,763)	675,708
(Increase) / decrease in trade and other payables	(143,128)	1,534,998
Net cash from operating activities	(5,273,720)	(4,496,404)

Note 32. Earnings per share

	Consolidated 2021 $	Consolidated 2020 $
Earnings per share for profit from continuing operations		
Profit after income tax	(23,697,496)	(12,897,828)
Non-controlling interest		-
Profit after income tax attributable to the owners of Australian Pacific Coal Limited	(23,697,496)	(12,897,828)
	Cents	**Cents**
Basic earnings per share	(46.7)	(25.8)
Diluted earnings per share	(46.7)	(25.8)
	Number	**Number**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	50,484,810	50,484,810
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Convertible notes	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	50,484,810	50,484,810

Convertible notes are considered anti-dilutive as the consolidated entity is loss making. Convertible notes potentially dilute earnings per share in the future.

Note 33. Share-based payments

During the financial year ended 30 June 2021 there were no share-based payments made to directors, executives or other personnel.