



ASX RELEASE

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Australian Pacific Coal Secures Funding to Acquire 83.33% interest in Dartbrook Joint Venture

Brisbane, 2 February 2016 – Australian Pacific Coal Ltd (“AQC”, or “the Company”) (ASX ticker: AQC) is pleased to announce that it has raised A\$20 million for the purpose of funding the acquisition of an 83.33% interest in the Dartbrook Joint Venture (“Dartbrook”). The A\$20 million raised, together with a further A\$4.5 million of cash reserves from AQC, has been placed into escrow pending completion of the Dartbrook acquisition. This satisfies the condition precedent requiring funds in escrow by 31 January 2016.

The Company has entered into a Convertible Loan Deed with Messrs John Robinson and Nick Paspaley (together, the “Convertible Deeds”), the owners and controllers of existing cornerstone investor, Trepang Services Pty Ltd (“Trepang”), with a principal amount of \$A10 million each and a coupon of 15% pa. Subject to shareholder approval, the principal and interest is to be converted into ordinary shares in AQC at A\$0.015 per share.

On the fundraising, AQC Chief Executive Officer and Managing Director Nathan Tinkler said:

“We are encouraged to have successfully raised this finance for the Dartbrook acquisition. Dartbrook is a high quality asset and we look forward to progressing our plans further in consultation with the local community.”

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Dartbrook Acquisition

As announced on 29 December 2015, the Dartbrook acquisition consists of:

- 83.33% interest in the Dartbrook JV;
- 100% interest in Anglo Coal (Dartbrook Management) Pty Ltd, manager of the Dartbrook JV; and
- 83.33% interest in Dartbrook Coal (Sales) Pty Ltd, marketing agent of the Dartbrook JV (together, “the Acquisition”)

The consideration for the Acquisition includes:

- a A\$25 million cash payment (of which a deposit of A\$500,000 has been paid and the balance of A\$24.5 million is held in escrow pending completion of the Acquisition); and
- a royalty over AQC’s share of coal from the Dartbrook joint venture 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, but capped at A\$25 million (subject to escalation in accordance with CPI).

In addition, at completion the Company will be required to replace approximately \$7.7 million in financial assurances in respect of the Dartbrook mining tenements. Completion is expected to occur in mid-2016 (subject to satisfaction or waiver of the remaining conditions precedent). The Company intends to consider funding alternatives for the replacement of the financial assurances in the lead up to completion.

Completion of the Acquisition remains subject to certain conditions precedent, including:

- the remaining participant in the Dartbrook coal mine joint venture, Marubeni Coal Pty Ltd (“Marubeni”), not exercising its pre-emptive or tag-along rights under the Dartbrook coal mine joint venture agreement;
- Marubeni releasing Anglo American from any further liability in respect of the Dartbrook coal mine joint venture;
- receipt of standard regulatory consents relating to tenement change of control conditions;
- AQC providing reasonable evidence to Anglo American of AQC’s ability to replace the financial assurances of approximately A\$7.7 million referred to above. AQC has agreed to pay a break fee of \$0.5 million if it is unable to satisfy this condition (subject to all other conditions having been satisfied); and
- AQC obtaining Foreign Investment Review Board approval for the acquisition, if applicable.

Summary Terms and Conditions of the Convertible Deeds

Approved Purpose	Enabling the Company to pay a sufficient amount of money into the escrow account for the purposes of satisfying clause 2.1(7) of the sale and purchase agreement in respect of the Acquisition (“SPA”) and to apply those funds to satisfy the obligations of the Company and AQC Investments 2 Pty Ltd under the SPA.
Conversion Price	\$0.015
Interest Rate	15% per annum
Maturity Date	The earlier of: (a) 31 October 2016; or (b) 5 Business Days after the Approval Meeting is held, if at the Approval Meeting the Shareholder Approval is not granted.

Total Principal Amount	\$20,000,000.00
Shareholder Approval	If the Company does not obtain shareholder approval for conversion of the loan by 24 October 2016, the Company will repay to the holders the principal plus interest in full on or before the Maturity Date. If shareholder approval is obtained, the loan and accrued interest will automatically convert into ordinary shares in AQC at the Conversion Price.
Repayment on termination of SPA	In the event that the SPA is terminated for any reason all moneys owing pursuant to the Convertible Deeds will be repayable in full on demand by the holder.

Full details of the terms and conditions of the Convertible Deeds will be included in a Notice of General Meeting that the Company will despatch to shareholders for the purposes of convening a General Meeting to satisfy the shareholder approval condition detailed in the Convertible Deeds. The General Meeting is expected to be convened in early May 2016. The Notice of General Meeting will also include an independent expert's report in respect to the conversion of the Convertible Deeds and issue of the securities to Messrs Robinson and Paspaley (or nominees) for consideration by shareholders for the purposes of item 7, section 611 of the Corporations Act.