

ASX RELEASE

22 August 2022

Non-binding alternative proposal received and Postponement of EGM

Australian Pacific Coal Limited (**AQC** or the **Company**) (ASX: AQC) hereby wishes to announce that the Company has received a non-binding alternative proposal to the sale of the Dartbrook Project to Trepang Services Pty Limited (**Proposal**) from Nakevo Pty Ltd (**Nakevo**). Nakevo proposes to (in summary only):

1. Provide immediate funding to AQC by way of an equity subscription for 19.97% of the shares in AQC at \$0.30 per share for a total of \$3.78 million (less fees and expenses) (**Placement**);
2. Arrange to refinance the debt (including outstanding interest) of AQC owed to Mr John Robinson Snr, Mr Nicholas Paspaley and Trepang Services Pty Ltd (**Refinancing**); and
3. Make a takeover bid for AQC for up to \$0.30 per share, to allow existing shareholders to take the opportunity to liquidate their investment, should they wish to do so, once the Refinancing has been completed (**Takeover Offer**).

AQC has been advised by Nakevo, that the shareholders of Nakevo are: Oceltip Coal 2 Pty Ltd (an entity controlled by Nathan Tinkler), Evolution Capital Pty Ltd, a credible fund manager with in excess of \$4bn in capital under management and a number of other financial investors.

For the Proposal to proceed Nakevo requires that:

1. The Company announce to the ASX before the market opens on Monday 22 August 2022 that the general meeting of AQC shareholders scheduled for 22 August 2022 will be deferred to a later date, to be announced;
2. The Company and Trepang, Mr Robinson and Mr Paspaley all agree in writing (on terms acceptable to Nakevo, acting reasonably) to:
 1. Grant a forbearance and extension in relation to the Share Sale Agreement so that the Company will not be in default of the Share Purchase Agreement;
 2. Defer the shareholder meeting scheduled for 22 August 2022; and
 3. A moratorium on repayment of the Debt,

for 45 days, in order for completion of the Refinancing to occur (**Deferment**), and:

4. ultimately, upon the Refinancing occurring within the Deferment period, the termination of the transaction with Trepang Services Pty Ltd (at no cost to AQC), the subject of the proposed extraordinary general meeting.

The Placement is not subject to any financing condition. Upon completion of the Placement, Nakevo requires that one AQC director resign and that three nominee directors of Nakevo be appointed to the AQC Board with Mr

Nathan Tinkler being appointed as Executive Chairman. Nakevo also require that the Subscription Agreement for the Placement include various takeover bid implementation agreement concepts including:

- (a) a requirement for unanimous support of the Board in recommending the Proposal;
- (b) Customary exclusivity provisions ie. 'no shop', 'no talk' 'no due diligence' (subject to fiduciary exceptions) notification obligations and matching rights; and
- (c) A cost reimbursement obligation of up to 1% of the equity value of AQC (attributed by the Takeover Offer) payable in the event that:
 - a. A person other than Nakevo (and its associates) acquires control of AQC within 12 months of the date of the Subscription Agreement;
 - b. AQC materially breaches any of the transaction documents;
 - c. The independent directors of AQC fail to unanimously recommend the Proposal or change or withdraw the recommendation.

The Refinancing and the Takeover Offer are subject to other conditions (including due diligence).

Naveko have provided a letter of support for the Refinancing from a credible fund manager with in excess of \$4bn in capital under management, with such support subject to customary conditions.

Given the Proposal was received by AQC on Friday evening, the Company requires time to consider the Proposal. The Company advises that the Proposal is at an early stage, is conditional and requires further consideration. Shareholders are advised to take no action at this time.

In light of the above, the Board of the Company has resolved to postpone the extraordinary general meeting to be held on Monday, 22 August 2022 at 10:00AM Brisbane time at Mills Oakley Lawyers Office, Level 23, 66 Eagle Street, Brisbane City, Queensland, 4000 until the Company has had a reasonable opportunity to consider and obtain appropriate advice on the Proposal. A new date for the extraordinary general meeting (if relevant) will be announced in due course.

Trepang Services Pty Limited (**Trepang**) has advised AQC that it will not agree to an extension of the Cut Off Date in respect of the Trepang transaction by which the shareholder approval condition precedent needs to be satisfied past 23 August 2022. The Company hopes that Trepang will reconsider that position to allow AQC a reasonable opportunity to consider the Proposal and ensure shareholders are fully informed.

A further announcement will be made when the Company has had the chance to further consider the Proposal and obtain appropriate advice.

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

For further information, please contact:

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