



ASX RELEASE (ASX:AQC)

Australian Pacific Coal

Quarterly Activities Report for the period ended 30 June 2018

Highlights

- *Environmental Assessment for MOD 7 lodged in June, public exhibition period now closed*
- *Further planning activities for recommencement of underground mining, including replacement of mine operator*
- *Further funding support provided by cornerstone shareholder post quarter end*

Dartbrook Project

Recommencement of mining at Dartbrook Mine

In the prior quarter, Australian Pacific Coal Ltd (**Company** or **AQC**) announced it had lodged an application to modify the existing mining approval to recommence underground mining operations at the Dartbrook Coal Mine (Dartbrook) in New South Wales. The modification (**MOD 7**) proposes bord and pillar mining of the Kayuga coal seam (as an alternative to the approved longwall mining activities) and changes to the method of transferring coal to the train loadout facility. The modification also seeks to extend the period of approval by 5 years (until 5 December 2027).

The MOD 7 environmental assessment, along with other supporting documentation, was submitted and accepted for adequacy in June 2018. Public exhibition of the application closed in the last week of July 2018. Prior to and throughout the public exhibition period, the Company conducted meetings with various stakeholder groups on its development plans and net economic benefits for the wider community, including both respective councils and representatives on the Dartbrook Mine community consultative committee.

The Company and its advisors are presently reviewing the submissions lodged in respect of the application, with an undertaking to provide a response to those submissions via the relevant NSW State Government Department. It is anticipated that, following the Company's response, the relevant NSW State Government Department will be in a position to make a determination of the application by October 2018.

During the quarter the Company replaced the head contractor responsible as the mine operator with an alternative contractor to enhance preliminary site preparation and readiness activities. The Company continues its discussions with potential mining contractors, equipment suppliers and coal end users to support the Company's platform to recommence mining at Dartbrook.

Open Cut Update

Following completion of the Open Cut Prefeasibility Study (**OC PFS**), announced 28 March 2018, the Company has continued to progress long-lead items which will underpin an environmental impact assessment of the open cut project. The Company will assess stakeholder feedback on the MOD 7 approval prior to lodging further application materials for the open cut project, in order to reasonably consider and amend the open cut project plans as appropriate.

Corporate and Funding

At quarter end the Company held \$2.7 million in cash reserves, representing a decrease of \$3.5 million over the prior quarter. Funds during the quarter were primarily used to progress the modification environmental assessment (\$0.2 million), open cut environmental assessment (\$1.0 million), care & maintenance holding costs (\$1.2 million) and corporate administration (\$0.9 million).

On 31 July 2018, the Company secured a further \$1 million in funding from Trepang Services Pty Ltd by way of an unsecured loan. The loan accrues interest at 10% per annum with interest to be capitalised or paid in cash at the Company's election. The Company continues to assess various funding alternatives and welcomes the strong continued support of its cornerstone shareholder. The Company is in discussions with a number of parties in respect of partnering and funding options for the Dartbrook Mine.

Further funds will be required in calendar 2018 to service the holding costs for care & maintenance and implement operational readiness initiatives for the planned recommencement of mining at Dartbrook.

Yours faithfully,



Andrew Roach
Company Secretary
Australian Pacific Coal Limited

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Australian Pacific Coal Limited

ABN

49 089 206 986

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	45,319	667,203
1.2 Payments for		
(a) exploration & evaluation	(5,024)	(216,648)
(b) development	(1,459,680)	(4,966,628)
(c) production	(3,684)	(3,684)
(d) staff costs	(660,446)	(2,201,268)
(e) administration and corporate costs	(240,117)	(1,811,795)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7,370	34,966
1.5 Interest and other costs of finance paid	(13,119)	(18,224)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (mine care and maintenance)	(1,234,503)	(5,667,032)
1.8 Other (business development)	(24,434)	(122,421)
1.8 Other (GST refunds received)	279,071	1,268,664
1.8 Other (transaction and financing costs)	-	(292,787)
1.9 Net cash from / (used in) operating activities	(3,309,247)	(13,329,654)

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(65,971)	(1,199,662)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Dartbrook completion adjustment)	295,001	316,016
2.6 Net cash from / (used in) investing activities	229,030	(883,646)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from loan drawdown	-	5,000,000
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(1,925)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(418,939)	(691,908)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(418,939)	4,306,167

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	6,161,189	12,569,166
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(3,309,247)	(13,329,654)

Consolidated statement of cash flows		Current quarter \$A	Year to date (12 months) \$A
4.3	Net cash from / (used in) investing activities (item 2.6 above)	229,030	(883,646)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(418,939)	4,306,167
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,662,033	2,662,033

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Prior quarter \$A
5.1 Bank balances	191,035	1,047,800
5.2 Call deposits	2,185,556	4,827,947
5.3 Bank overdrafts	-	-
5.4 Other (short term deposits)	285,442	285,442
5.4 Other (funds held in escrow)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,662,033	6,161,189

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A
437,563
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director fees paid in the quarter.

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

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	25,000	9,120
8.3 Other (please specify)	47,700,000	47,700,000

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

8.1

8.2 NAB Business Visa. Interest 15.50%. Unsecured

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

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

8.3 Trepang Services Pty Ltd Secured Loan Deed. Interest 10.0%. Secured. \$5,000,000 fully drawn

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

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

9. Estimated cash outflows for next quarter	\$A
9.1 Exploration and evaluation	1,500,000
9.2 Development	550,000
9.3 Production	-
9.4 Staff costs	350,000
9.5 Administration and corporate costs	300,000
9.6 Other (Mine care and maintenance)	1,200,000
9.7 Total estimated cash outflows	3,900,000

Mining exploration entity and oil and gas exploration entity quarterly report

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

Compliance statement

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

Sign here:



 Company secretary

Date: 31 July 2018

Print name: Andrew Roach

Notes

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