

ASX RELEASE (ASX:AQC)

Quarterly Activities Report for the period ended 30 September 2017

Highlights

- *At the Extraordinary General Meeting of the Company held on 11 August 2017, AQC's shareholders unanimously approved the provision of financial assistance to facilitate the acquisition of the Dartbrook Project entities as described in the Notice of Meeting*
- *Significant progress made toward the completion of a pre-feasibility study to assess the potential development of Dartbrook as an open cut mine. The Company anticipates the study will be completed in the March 2018 quarter*

Dartbrook Project

During the quarter, the Australian Pacific Coal Limited (**AQC** or the **Company**) progressed studies on the Dartbrook Coal Mine (**Dartbrook**). A study on the potential for recommencement of underground mining is continuing. The study is primarily focused on low-capex options for short term operations up to the commencement of a potential open-cut operation.

The Company made significant progress on a pre-feasibility study on the potential open-cut development of Dartbrook, including mine planning, engineering and design elements utilising low impact open cut mining technologies not previously adopted in the Hunter Valley. Further work is required to finalise the study, which the Company anticipates will be completed in the March 2018 quarter. The Company has also commenced environmental background work which will underpin an Environmental Impact Statement (**EIS**) on the potential open-cut development. The EIS will be undertaken during calendar 2018 with lodgement anticipated in late 2018.

Other Projects

Divestment of Cooroorah and Mt Hillalong tenements completed

Post quarter end, on 4 October 2017, the Company announced it had completed the divestment of the Cooroorah (MDL 453) and Mt Hillalong (EPC 1824) tenements to Coking Coal One Pty Ltd (formerly Bowen Coking Coal Pty Ltd), a wholly owned subsidiary of Bowen Coking Coal Limited (**ASX:BCB**).

AQC has been issued AU\$1.250 million of ordinary shares (54,347,826 shares, approximately 11.6% of total ordinary shares post issuance) by Bowen Coking Coal Limited as consideration for these tenements. The securities received by AQC are subject to an escrow period of twelve months in accordance with ASX Listing Rules.

Funding

Proposed amendment to financing terms with Existing Financiers

Post quarter end, on 17 October 2017, subject to shareholder approval in accordance with ASX Listing Rule requirements, the Company announced revised terms with Mr Nicholas Paspaley, Mr John Robinson (Snr) and Trepang Services Pty Ltd (Trepang) (collectively, the Existing Financiers) in relation to their existing financing arrangements with AQC.

The key terms of the revised financing arrangements include extension of maturity dates for the existing convertible notes to match the maturity date of the Anglo Loan; amendment of the existing undrawn \$5m Trepang secured loan to a convertible note; and a royalty offer whereby the Company may at any time offer to the Existing Financiers, and the Existing Financiers may accept in their absolute discretion, a production royalty of A\$2.50 per sold tonne of Dartbrook coal in exchange for releasing the security held by the Existing Financiers over the Company's current and future assets.

Detail of the revised financing arrangements will be provided to shareholders in a notice of meeting to be issued in conjunction with the resolutions to be put to shareholders for their approval in a general meeting of the Company.

Extraordinary General Meeting – Approval of provision of Financial Assistance

The Company held an Extraordinary General Meeting of shareholders on 11 August 2017. Shareholders unanimously approved the following resolution at the meeting:

“That, for the purpose of and in accordance with section 260B(2) of the Corporations Act, approval be given to any financial assistance provided by AQC Dartbrook Pty Ltd ACN 000 012 813 and AQC Dartbrook Management Pty Ltd ACN 007 377 577 in connection with the acquisition by AQC Investments 2 Pty Ltd ACN 609 954 734 of shares in AQC Dartbrook Pty Ltd ACN 000 012 813 from Anglo American Metallurgical Coal Assets Pty Ltd ACN 081 022 246 and in AQC Dartbrook Management Pty Ltd ACN 007 377 577 from Anglo American Metallurgical Coal Holdings Limited ACN 079 017 940 on the terms set out in the Explanatory Memorandum..”

Yours faithfully

Andrew Roach
Company Secretary

FOR FURTHER INFORMATION:

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