

14 September 2022

Dear Shareholder

### **Notification of ineligibility to participate in Entitlement Offer**

On 2 September 2022, Australian Pacific Coal Limited ACN 089 206 986 (ASX: AQC) (**AQC or Company**) announced a 5.83 for 1 (5.83 new shares for every one (1) existing share held at 7.00pm (Brisbane time) on 9 September 2022 (**Record Date**)) fully underwritten renounceable pro rata entitlement offer of shares in the Company at A\$0.34 per share pursuant to which the Company will raise up to approximately A\$100 million (before costs and expenses and subject to rounding) (**Entitlement Offer**).

The Entitlement Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (as modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84*).

Under the terms of the Entitlement Offer, only shareholders of the Company with a registered address in Australia, New Zealand, Hong Kong or the People's Republic of China at the Record Date (**Record Date**) will be able to participate in the Entitlement Offer (**Eligible Shareholders**).

The Company has today lodged an offer booklet for the Entitlement Offer (**Offer Booklet**) with ASX and made the Offer Booklet available to shareholders. The Offer Booklet may be viewed on the ASX's website at [www.asx.com.au](http://www.asx.com.au) (by searching for the Company's ASX ticker code, AQC). The Offer Booklet contains details of the Entitlement Offer and the proposed transaction with M Resources Pty Ltd (**M Resources**) outlined below, and the control effects of the Entitlement Offer on the Company.

### **Ineligible Shareholders**

Shareholders of the Company who have a registered address outside of Australia, New Zealand, Hong Kong or the People's Republic of China on the Record Date (**Ineligible Shareholders**) will not be eligible to participate in the Entitlement Offer.

The Company has determined that you are an Ineligible Shareholder and that you will not be able to participate in the Entitlement Offer.

The Company has determined that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to the small number of shareholders with addresses in such other countries, and the costs to the Company of complying with applicable legal and regulatory requirements in those countries with respect to the Entitlement Offer.

The shareholdings of Ineligible Shareholders will be diluted as a result of the Entitlement Offer.

### **Further details of, and reasons for, the Entitlement Offer**

The Entitlement Offer will be underwritten by Evolution Capital Pty Ltd ACN 652 397 263 (**Underwriter**) on the terms set out in the Offer Booklet.

The Company has entered into a binding Underwriting Agreement with the Underwriter under which the Underwriter has agreed that it will underwrite and manage the Entitlement Offer. The A\$100 million to be raised under the Entitlement Offer will be used by the Company to pay down its debt owing to Trepang and its associates (**Trepang Parties**) and for general working capital purposes.

In conjunction with the Entitlement Offer, the Company has announced that it proposes to enter into a transaction with M Resources (an affiliate of Matt Latimore) to re-commission the Dartbrook coal project in the Hunter Valley, NSW (**Dartbrook**), with the aim of re-commencing coal production at Dartbrook. Further details on the proposed transaction can be found in the Offer Booklet on the ASX's website at [www.asx.com.au](http://www.asx.com.au) (search the Company's ASX ticker code, AQC).

Completion of the Entitlement Offer is expected around 30 September 2022. The underwriting of the Entitlement Offer remains subject to the satisfaction of certain conditions precedent, including that AQC and M Resources enter into a joint venture and management services agreement with respect to Dartbrook. The Company has confirmed that if the underwriting agreement was terminated for any reason (including for failure of satisfaction of a condition precedent), the Company will need to assess the level of participation by shareholders in the Entitlement Offer at that time, and whether it is worth the Company continuing with the Entitlement Offer (based on the level of support and the ongoing funding needs of the Company). If the Company does not consider that it is worth continuing with the Entitlement Offer based on the subscriptions received then, in accordance with the Company's overall discretion regarding the Entitlement Offer, it is likely that the Entitlement Offer will be withdrawn.

If the Entitlement Offer were to be withdrawn, absent any separate agreement with the Trebang Parties regarding a standstill or forbearance of the Trebang debt or alternative funding arrangement, it is highly likely that the Company would be insolvent, and the Company would be forced into appointing a voluntary administrator (or the Trebang Parties may themselves appoint a receiver).

As a result of the Entitlement Offer, the number of Shares in the Company is projected to increase from 50,484,810 Shares to approximately 344,811,252 Shares (subject to rounding, and assuming the underwriting proceeds). The Shares issued under the Entitlement Offer will be fully paid and will rank equally with the Company's other fully paid ordinary shares on issue. The Company has made an application to the ASX for official quotation of the total number of Shares that could be issued under the Entitlement Offer (i.e. up to 344,81,252 Shares).

#### **Key Dates of the Entitlement Offer**

<b>Event</b>	<b>Date* (2022)</b>
Announcement of Entitlement Offer, Appendix 3B and 708AA notice	Friday, 2 September
Ex-date for Entitlement Offer and rights trading starts on ASX on a deferred settlement basis	Thursday, 8 September
Record Date	7.00pm on Friday, 9 September
Entitlement Offer opens Release of Offer Booklet	Wednesday, 14 September
Entitlement trading on ASX ends	Friday, 16 September
New Shares under Entitlement Offer commence trading on ASX on deferred settlement basis	Monday, 19 September
Entitlement Offer closes ( <b>Closing Date</b> )	5.00pm on Friday, 23 September
Announcement of shortfall (if any) under the Entitlement Offer	Monday, 26 September

Event	Date* (2022)
Issue and allotment of shares under the Entitlement Offer; issue Appendix 2A	Friday, 30 September
Dispatch of holding statements	Tuesday, 4 October
Commencement of trading of new shares	Monday, 3 October

*\*The above timetable is indicative only and is subject to change. The quotation of Offer Shares is subject to ASX approval. Subject to the ASX Listing Rules and the Corporations Act and other applicable laws, the Company reserves the right to vary these dates, including the Closing Date, without notice, including extending the period of the Entitlement Offer, accepting late applications, either generally or in particular cases, bringing forward the Closing Date at its discretion or withdrawing the Entitlement Offer in its entirety. Any extension of the Entitlement Offer will have a consequential effect on the issue date of the Shares. All dates and times in the timetable above are in Brisbane, Australia time.*

For more information, please contact the Company's share registry, Link Market Services Limited on 1300 650 320 (callers within Australia) or +61 1300 650 320 (callers outside Australia).

Yours faithfully



Craig McPherson  
Company Secretary