

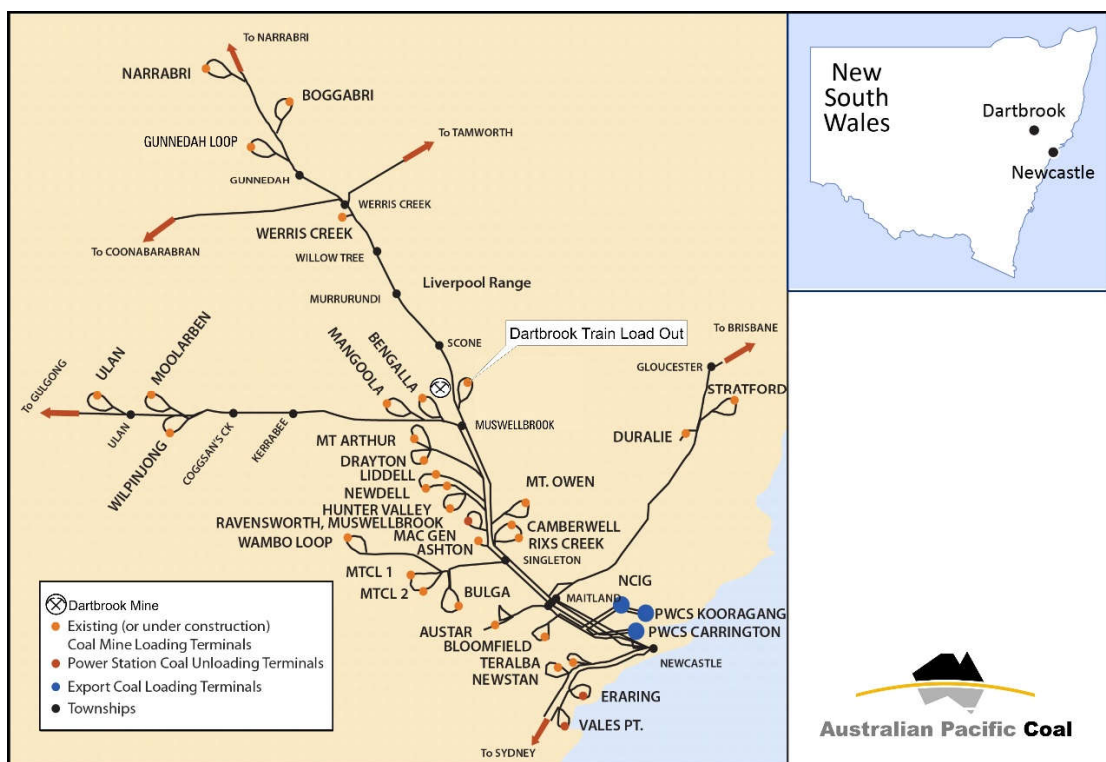
ASX RELEASE

29 APRIL 2016

Quarterly Report for the period ended 31 March 2016

Highlights

- The Company is on track to complete the acquisition of an 83.33% interest in the Dartbrook Joint Venture ('Dartbrook' or 'the Project') from Anglo American Plc.
- Raised \$20 million for the purpose of funding the Dartbrook acquisition. The \$20 million raised, together with a further \$4.5 million of cash reserves from AQC, has been placed into escrow pending completion of the acquisition.
- The Company has also secured the funding necessary to purchase Marubeni Coal Pty Ltd's 16.67% interest in the Dartbrook Joint Venture, if required.
- John Robinson Jnr appointed Executive Director and Chief Executive Officer.
- Finalisation of the outstanding funding necessary for completion of the Dartbrook acquisition is well advanced with a non-binding indication that cornerstone investor Trepang Services Pty Ltd intends to arrange for the provision of the Company's outstanding funding requirements.
- Company has commenced transition arrangements for the Project and is currently in the final stages of a business case analysis to potentially re-commence underground operations.



Funding

On 2 February 2016 the Company announced that it had raised \$20 million for the purpose of funding the acquisition of an 83.33% interest in the Dartbrook Joint Venture. The \$20 million raised, together with a further \$4.5 million of cash reserves from AQC, has been placed into escrow pending completion of the Dartbrook acquisition.

The Company entered into Convertible Loan Deeds with Messrs John Robinson and Nick Paspaley, the owners and controllers of existing cornerstone investor, Trepang Services Pty Ltd, with a principal amount of \$10 million each and a coupon of 15% per annum. Subject to shareholder approval, the principal and interest is to be converted into ordinary shares in AQC at \$0.015 per share.

Post quarter end, on 18 April 2016 the Company announced that it had progressed in securing further funding necessary for completion of the Company's acquisition of the Dartbrook Joint Venture from the Anglo American Plc group. This includes the necessary funding to buy Marubeni Coal Pty Ltd's 16.67% interest should this be required.

Cornerstone investor Trepang Services Pty Ltd has provided a non-binding indication that it intends to arrange for the provision of AQC's outstanding funding requirements. The funding is subject to AQC and Trepang (or other parties) agreeing the commercial terms and conditions of the funding, formal transactions documents being entered into and any required shareholder approvals being obtained. The Company will be actively working with Trepang to seek to formally secure the required funding as quickly as possible. However, due to the nature of this non-binding indication, there is no assurance that such funding will be secured from Trepang (or other parties).

On 27 April 2016 the Company announced that it has secured the funding necessary to purchase Marubeni Coal Pty Ltd's 16.67% interest in the Dartbrook Joint Venture should this be required. Cornerstone investor Trepang Services Pty Ltd has undertaken to provide the necessary purchase consideration of \$5 million by way of a secured, interest bearing, loan to the Company for this purpose ('the Loan'). The Loan has a three-year term and an interest rate of 10% per annum. The provision of the Loan is subject to the execution of a general security deed over all property of the Company and the receipt of all required waivers to the grant of the security as required by the ASX Listing Rules.

Dartbrook Project

The Company will be able to move to completion of the Dartbrook acquisition as soon as the remaining conditions precedent are finalised. The Company is now actively managing the transition process to enable the smooth handover of the mine from Anglo American Plc group. Planning for potential recommencement of underground operations is well advanced. AQC is focused on ensuring that the right personnel will be in place. Core site safety, environmental and operational management personnel are now being appointed.

In the coming months the Company's personnel will conduct a series of community briefings setting out its proposals for the Dartbrook mine. The Board and management of the company are committed to ensuring that all personnel participate in developing a culture of safety and that the mine operates in accordance with best practice environmental standards.

Dartbrook is a tier 1 asset, strategically located and well equipped with existing infrastructure and facilities. As concerns about greenhouse gas emissions increase, high quality thermal coal will remain one of the core sources for energy production. AQC is planning to deliver quality coal to the market as soon as possible after its completion of the acquisition.

Management Changes

The following changes to the board of the Company took place during the quarter:

- Mr Nathan Tinkler resigned as Managing Director and Chief Executive Officer of the Company on 9 February 2016.
- Mr John Robinson Jnr, previously a Non-Executive Director of the Company, was appointed to the role of Executive Director on 9 March 2016. He was then subsequently appointed to the role of Chief Executive Officer of the Company on 13 April 2016.

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