



17 October 2017

Australian Pacific Coal Limited (ASX: AQC)

Proposed amendment to financing terms with Existing Financiers

Subject to shareholder approval in accordance with ASX Listing Rule requirements, Australian Pacific Coal Limited (**Company** or **AQC**) has agreed 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 are summarised as follows:

- a) Extension of maturity dates for the existing convertible notes (**Existing Convertibles**) – the maturity dates for the \$35 million in Existing Convertibles held by the Existing Financiers are to be amended to 29 May 2020, to match the maturity date of the Anglo Loan¹. If the Anglo Loan is discharged prior to its scheduled maturity date, the terms of the Existing Convertibles revert to their current terms;
- b) Amendment of the existing Trepang secured loan to a convertible note - the terms of the currently undrawn \$5m secured loan to be advanced by Trepang to the Company will be amended to a convertible note, with a conversion price of 1.0c per AQC share at an unchanged interest rate of 10% pa (once drawn) and unchanged security arrangements. The maturity date of this convertible note will match the maturity date of the Anglo Loan until the Anglo Loan is discharged in accordance with a) above; and
- c) Royalty Offer – 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.

Yours faithfully,

Andrew Roach
Company Secretary
Australian Pacific Coal Limited

¹ Anglo American Metallurgical Coal Assets Pty Ltd provided a A\$7.7 million, 3-year, loan accruing interest at a rate of 10% pa on 29 May 2017. Terms of this loan were disclosed to shareholders and approved at the Company's general meeting held on 11 August 2017.