

ASX RELEASE
19 September 2022

CONDITIONAL NON-BINDING INDICATIVE PROPOSAL UPDATE

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) refers to the conditional non-binding indicative proposal received from Tetra Resources Pty Ltd and Javelin Private Capital Group LLC (**Bidding Parties**) as announced on 14 September 2022 (**Tetra/Javelin Proposal**).

As advised previously, the Tetra/Javelin Proposal requires the support of the Company's major shareholder, Trepang Services Pty Ltd (**Trepang**), and its associates (**Trepang Parties**) to proceed. The Company announces that it has been advised by the Trepang Parties that they support the Tetra/Javelin Proposal and, in addition, that they are prepared to place a moratorium on the Trepang Parties' debts that are outstanding, and continue to fund AQC through to the closing of any transaction that may eventuate with the Bidding Parties. Additionally, the Trepang Parties have advised that they are prepared to negotiate in good faith with the Company to agree on extending the moratorium on the debt owed by the Trepang Parties and reasonable corporate funding prior to the proposed future cash generation at the Dartbrook mine.

Critically, the Company notes that the support from the Trepang Parties to a moratorium on debt and funding, is conditional and reliant on the Company progressing the Tetra/Javelin Proposal. If the Company does not progress the Tetra/Javelin Proposal, then the Company's understanding is that the offer of the moratorium and the further debt funding from the Trepang Parties will be withdrawn. The offer received from the Trepang Parties is therefore restrictive since it does not, amongst other things, provide the Company with the opportunity to consider all of the other proposals before it (including the Pacific Premium Coal proposal) which may be, if they were able to be progressed, in the best interests of shareholders. The Company notes that Trepang has an existing relationship with Tetra Resources, such that representatives of Tetra Resources are the nominee directors to the Board under the section 249D notice previously lodged with the Company by Trepang.

The Company is currently considering its position with respect to the advice provided by the Trepang Parties. The Company also still awaits a formal response from the Trepang Parties regarding the Pacific Premium Coal proposal.

Importantly, the Company notes that the Tetra/Javelin Proposal remains non-binding and indicative and is subject to a number of conditions precedent in addition to the support provided from Trepang as follows:

1. A successful debt placement by Javelin Private Capital – no evidence of certainty of funds has been provided;
2. The Bidding Parties finalising the legal and financial structure subject to tax advice;
3. Execution of binding transaction documents, including:
 - a. Joint Venture documentation;
 - b. Coal marketing agreement between the AQC Dartbrook JV Participants and Javelin Global Commodities;
 - c. USD\$65m Pre-Pay Loan Agreement between Javelin and the AQC Dartbrook JV Participants, and associated security documents;
 - d. Management Agreements with Tetra; and
 - e. A further debt moratorium agreement to be agreed between the Trepang Parties and AQC on terms acceptable to them.

The Board does have a general concern that the Tetra/Javelin Proposal would see the Company or its Dartbrook project being burdened with additional debt, without its existing debt being paid off first. The Company has engaged a third-party financial adviser who is assisting the Board in their independent assessment of proposals that have been received. AQC has taken initial advice on the Tetra/Javelin Proposal before it and the matters that would need to be addressed before such a proposal could become binding and certain to proceed, including the probability that such matters will be addressed. At the moment the Tetra/Javelin Proposal remains uncertain.

The Company will keep the market fully informed on all matters in accordance with its continuous disclosure obligations.

This announcement has been authorised for release to ASX by the Board of Directors of Australian Pacific Coal Limited.

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