

ASX ANNOUNCEMENT
17 AUGUST 2023

Dartbrook funding update: AQC receives Letter of Intent for up to US\$50m in debt funding

- AQC has received a non-binding Letter of Intent from a top 3 global commodities trading firm for up to US\$50 million (approximately A\$75 million) in debt funding to enable the restart of Dartbrook underground coal mine
- Reflects the substantial commercial and operational efforts to de-risk the project and validates the Mine Plan and yield potential
- Funds will enable the acquisition of critical plant and equipment and commencement of mining operations in Q4 of 2023¹

Australian Pacific Coal Limited (ASX: AQC) (“AQC” or the “Company”) provides an update on negotiations to secure debt funding for Dartbrook underground mine, located in the Hunter Valley, NSW.

As previously advised by the Company, the Dartbrook project requires up to A\$120 million for capex and working capital to enable mining operations to recommence. To date, AQC has provided approximately A\$20 million of the A\$120 million via loans to the Dartbrook Joint Venture. A further A\$75 million is required to fund equipment purchases and refurbishment activities to achieve first coal, and initial working capital requirements are estimated at A\$20-A\$25 million.

AQC has been in negotiations with several parties for the provision of debt funding for restart capex and working capital. The key parties that are now in the final stages of the process have completed due diligence and inspected the Dartbrook mine. Subsequently, AQC has received a non-binding Letter of Intent from a top 3 global commodities trading firm for up to US\$50 million (approximately A\$75 million) in debt funding. Provided the full US\$50 million is made available, this will fund the current estimated capex requirements of the project through to first coal in Q4 of 2023¹.

Key terms of the funding agreement are expected to include:

- Three-year term with an interest rate in line with current market conditions
- Senior security over the JV assets
- AQC will retain its current gross 80% direct working interest in the JV
- Global coal marketing rights for all Dartbrook products
- Repayment of the loan through coal offtake with ability for early repayment.

AQC is targeting completion of loan documentation and initial draw down of funds within 4-6 weeks, subject to final negotiations². The process to raise additional funding to cover working capital requirements and reimbursement of AQC loans to the project is also well advanced.

¹ Subject to concluding all necessary agreements, sufficient confidence of restart funding, ASX and customary approvals.

² Further negotiations and documentation are required before the quantum of the debt funding and associated terms and conditions are agreed between the parties and may extend beyond the targeted timeframe.

Australian Pacific Coal’s Interim CEO, Ms Ayten Saridas, said:

“The receipt of a non-binding Letter of Intent for up to US\$50 million of debt funding from a highly credible global party in this tough capital market environment is a clear signal that the Dartbrook project presents an attractive and compelling investment for lenders and traders alike. Whilst we have had to rely on our own balance sheet to fund the restart activities to date, it has enabled us to significantly de-risk the project and reflects positively on our progress. In particular, the de-watering of the Hunter Tunnel has been successfully delivered safely and on time. We have completed the Operating Joint Venture Agreement and have developed a revised Mine Plan which will result in improved yield potential and better product mix.

“Thermal coal prices have recently rallied and this is an opportune time to be a new source of supply of NEWC spec coal into the export market.

“We are on track to commence mining operations in Q4 2023¹ and anticipate first coal sales/shipments in Q1 2024. Whilst we still have much work to deliver on our plans, AQC and our JV partner, Tetra, remain focused on the re-start of the Dartbrook Mine.”

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

Important Information

The Letter of Intent referred to in this announcement is non-binding and does not guarantee funding for all or part of the US\$50 million specified in the Letter. Further negotiations and documentation are required before the quantum of the debt funding and associated terms and conditions are agreed between the parties. Once finalised, AQC will announce details of any binding debt funding agreement to the market.

About Australian Pacific Coal Limited (ASX: AQC) and the Dartbrook Project

Australian Pacific Coal Limited (ASX: AQC) is focused on developing, acquiring and value adding coal projects. AQC’s principal asset is the Dartbrook Coal Mine located in the Hunter Valley, NSW, approximately 4 km west of Aberdeen and 10 km north-west of Muswellbrook. The Dartbrook site has access to world-class infrastructure, a skilled workforce, and support industries utilised by major mining companies in the region. Dartbrook mine produces a high-quality thermal coal (NEWC spec) that is typical of the Hunter Valley with the potential to produce some semi-soft metallurgical coal. The quality characteristics and the percentage of the overall volume of product coal that may have coking coal properties suitable for end-users are yet to be fully determined.

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