

## Offer for Purchase of Dartbrook Coal Project

Australian Pacific Coal Limited ('AQC' or 'Company') has received from its major shareholder and creditor Trepang Services Pty Ltd ('Trepang'), a binding offer for Trepang or its nominee to purchase the Dartbrook Coal Project through acquisition of 100% of the Company's wholly owned subsidiaries (AQC Investments 2 Pty Ltd; ACQ Dartbrook Pty Ltd; AQC Dartbrook Management Pty Ltd and Dartbrook Coal (Sales) Pty Ltd 'Subsidiaries') (the **Offer**).

The Offer has been made by Trepang on the basis that all debt and accrued interest (approx. \$62m at 31 January 2022) owed by the Company to Trepang and its associates will be novated to the Subsidiaries such that at completion of the transaction the Company will be released from all liabilities with respect to debt owed to Trepang and its associates.

In addition, the Company will receive a royalty of A\$2.50 per tonne of certain coal extracted from the Dartbrook Coal Project and an additional A\$2.50 per tonne (total of A\$5.00 per tonne) where coal is extracted and sold at above US\$200 per tonne.

The Buyer will assume responsibility for management and holding costs of the Dartbrook Project until completion or earlier termination of the offer.

The following table sets out the principal and estimated interest (as at 31 January 2021) of the following facilities owed by the Company to Trepang and its associates:

		<b>Principal 31 January 2022</b>	<b>Accrued Interest 31 January 2022</b>	<b>Total</b>
Trepang	Vendor Loan	\$7,700,000	\$4,563,884	\$12,263,884
Trepang	Unsecured Loan	\$1,391,237	\$2,055,524	\$3,446,761
J Robinson (Snr)	Robinson Convertible Note	\$10,448,591	\$6,893,660	\$17,342,251
N Paspaley	Paspaley Convertible Note	\$10,448,591	\$6,893,660	\$17,342,251
Trepang	Trepang Convertible Note	\$Nil	\$11,586,163	\$11,586,163
<b>Total</b>		<b>\$29,988,419</b>	<b>\$31,992,891</b>	<b>\$61,981,310</b>

Trepang has also agreed to provide further funding to AQC to enable the company to meet its corporate costs in the short term.

AQC has signed a term sheet to effect the proposed sale which is subject to the conditions precedent below. Any sale would be subject to the receipt of shareholder approval in accordance with the ASX listing rules including listing rules 10.1 and 11.2. AQC also considers it is likely that ASX will suspend the company's securities from trading 6 months from today unless the company is able to re-comply with the requirements of the listing rules before that time.

If this transaction is approved by shareholders and completed, it will result in a reduction in the Company's existing debt with Trepang and associates from approximately \$62m to \$nil. The Company will also be released and discharged from any security or guarantees granted through the above facilities.

The transaction is subject to and conditional upon the following conditions precedent being satisfied by the date which is 96 days after the date of the offer:

- a) The parties entering into formal documentation in a form reasonably acceptable to the parties to give effect to the transaction.
- b) The Company obtaining the approval of its shareholders under the ASX Listing Rules and any other applicable laws or regulations.
- c) The Company receiving written notice from the applicable Minister providing its consent (if required), in a form reasonably acceptable to the parties to the change in effective control of the Dartbrook Project Tenements.
- d) The Buyer being satisfied acting reasonably that there are no material financial or other liabilities of the Subsidiaries that have not previously been disclosed to the Buyer; and
- e) The parties complying with any other legal or regulatory approvals applicable to the transaction.

The Board will be required to put to shareholders the formal terms of the Offer for shareholder approval and will update the market at the appropriate time. It is expected that a Notice of Meeting, Explanatory Memorandum and Independent Expert's Report will be sent to shareholders in due course for this purpose.

Given the uncertainty in connection with the MOD7 the company has been assessing other opportunities in parallel with the MOD7 approval process. These opportunities have been assessed over the past 12 months during the company's strategic review however agreed terms were unable to be reached between all relevant stakeholders for each of these opportunities.

The Company further advises that it is continuing with its strategic review with the aim of considering and assessing available options for AQC and its shareholders.

This announcement has been authorised for release by the Board of AQC.

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