

29 November
2018

ANNUAL GENERAL MEETING
AUSTRALIAN PACIFIC COAL
LIMITED (ASX:AQC)
MANAGING DIRECTOR
PRESENTATION

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Assumptions have been made regarding, among other things: the Company's ability to carry on its future exploration, development and production activities, the timely receipt of required approvals, the price of coal, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may affect the Company's financial and operational viability.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place reliance on forward-looking information and should undertake their own due diligence before making any decisions, investment or otherwise.

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Competent Persons Statement



Marketable Reserves Note

The Dartbrook Marketable Coal Reserve of 370Mt is derived from a run of mine Coal Reserve of 470 Mt estimated in accordance with JORC 2012 with a predicted overall yield of 78%. The 370Mt Marketable Coal Reserve is included in the 2,534 Mt Coal Resource (588Mt Measured, 850 Mt Indicated, 1,097Mt Inferred).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Competent Persons Statement - Resources

The information in this report relating to Coal Resources for the Dartbrook Project was announced on 27 June 2017, titled "Dartbrook Coal Resource Estimate 2.5 Billion Tonnes" and is based on information compiled by Lynne Banwell, a Principal Consultant of Collective Experience Pty Limited and Associate Consultant of GPPH & Associates. Structure modelling was carried out by Rebecca Jackson and Monica Davis of Palaris; coal quality modelling, structure model audit and resource estimations were carried out by Lynne Banwell. Lynne Banwell is a qualified geologist (BSc (Hons) University of Sydney, 1980) with 30 years' experience in coal geology and over 20 years' experience in resource evaluation. Lynne is a Member of the Australasian Institute of Mining and Metallurgy and has experience in this style of mineralisation and qualifies as a Competent Person under the JORC code. This Resource Statement has been prepared under the guidelines of the December 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code). Neither Lynne Banwell nor GPPH & Associates has any material interest or entitlement, direct or indirect, in the securities of Australian Pacific Coal or any companies associated with Australian Pacific Coal Limited.

Lynne Barnwell consents to the release of this report.

Competent Persons Statement - Reserves

The information in this report relating to Coal Reserves for the Dartbrook Project was announced on 28 March 2018, titled "Dartbrook Coal Reserve Estimate" and is based on information compiled by Ernst Brian Baumhammer, a Principal Consultant of GPPH & Associates. The Reserve estimations were carried out under the supervision and review of Brian Baumhammer. Brian Baumhammer is a qualified mining engineer (BE (Hons) University of Sydney, 1984) with 33 years' experience in mining, 24 years' experience in coal mining and over 15 years' experience in reserve estimation. Brian Baumhammer is a Member of the Australasian Institute of Mining and Metallurgy and has experience in this style of mineralisation and qualifies as a Competent Person under the JORC code. This Reserve Statement has been prepared under the guidelines of the December 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code). Neither Brian Baumhammer nor GPPH & Associates has any material interest or entitlement, direct or indirect, in the securities of Australian Pacific Coal Ltd or any companies associated with Australian Pacific Coal Limited.

Brian Baumhammer consents to the release of this report.

The information is extracted from the report entitled "Dartbrook Coal Reserve Estimate" created on 28 March 2018 and is available to view on www.aqc.ltd.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Coal Resources or Coal Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Company Overview

- Australian Pacific Coal (ASX:AQC) owns coal assets in Queensland and New South Wales, with the key asset being the Dartbrook Coal Mine (Dartbrook) located in the well renowned Hunter Valley of New South Wales. The acquisition of Dartbrook was completed in May 2017.
- Substantially progressed through approval process to modify existing mining consent at Dartbrook.
- Agreement with strategic development partner for equal share joint venture – Stella Natural Resources
- Continued funding support from cornerstone shareholder Trepang Services Pty Ltd, with \$1.5 m unsecured loan funding provided since October 2018 (in addition to prior \$2.0m unsecured funding disclosed previously)

ASX code	AQC
Share price ²	AUD \$0.70
Shares on Issue ²	50,484,810
Market Capitalisation	AUD 35 M
Cash at Bank ²	AUD 1 M

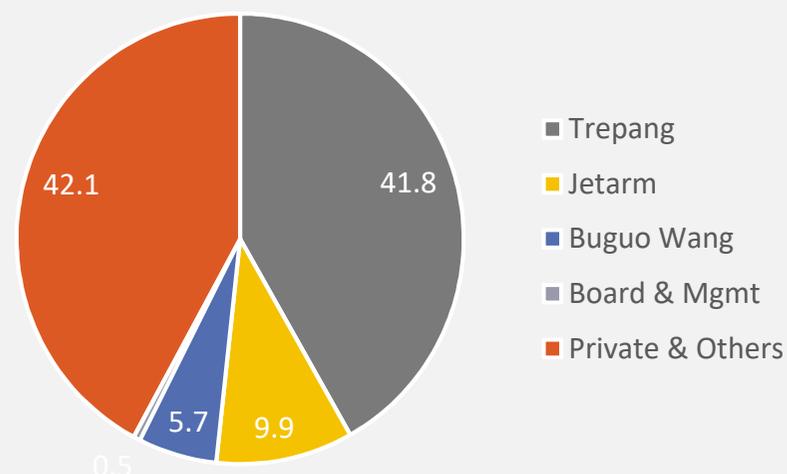
Dartbrook Coal Resource¹ (Mt)

Measured	Indicated	Inferred	Total
588	850	1,097	2,534

Dartbrook Coal Reserve^{1,3} (Mt)

Proven	Probable	Total
-	370	370

Shareholding Summary² %



1. Refer Competent Persons disclosure, page 3

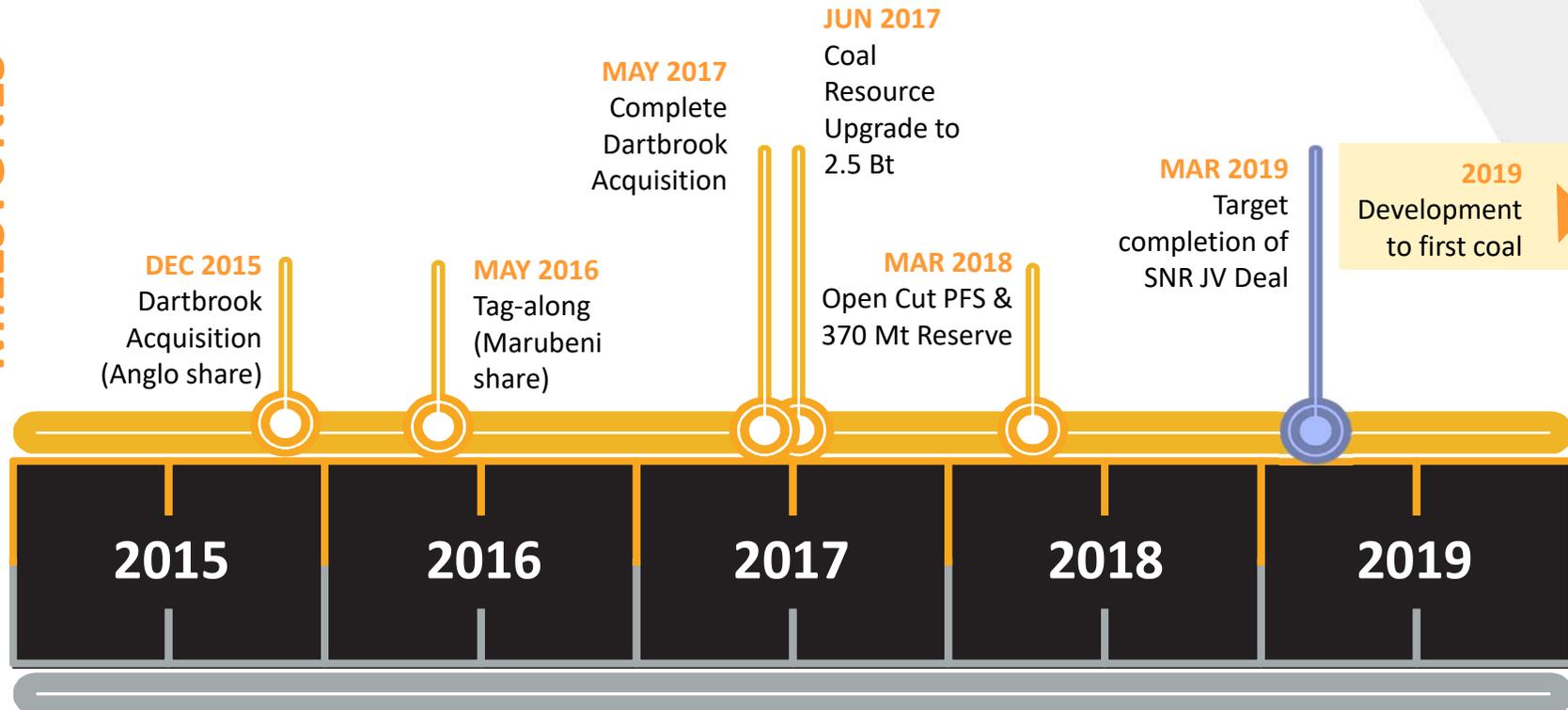
2. As at 28 November 2018

3. Coal Reserve tonnage based on Reserve Mine Plan disclosed in ASX announcement dated 28 March 2018 titled "Dartbrook Coal Reserves"

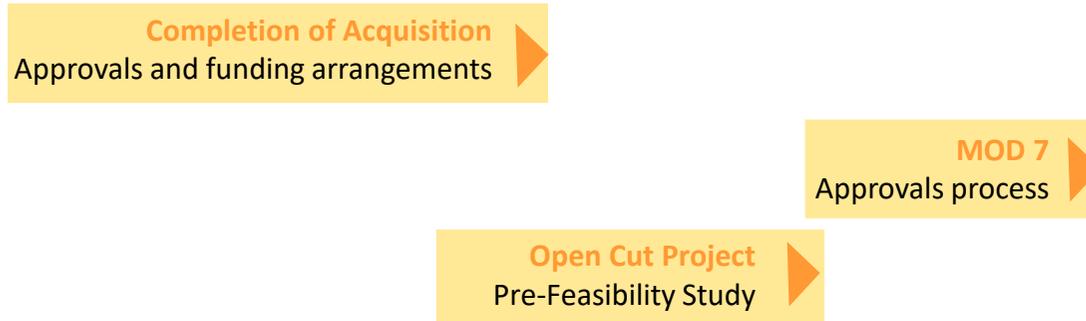
- **FEB 2018** - submitted and progressed environmental documentation to support an application to modify the Dartbrook consent, which:
 - adds a further 5 years for all mining approvals (to Dec 2027)
 - in addition to the existing mining approvals, provides an additional method of mining in the Kayuga seam and truck haulage for this coal on private sealed roads
- **MAR 2018** - completed the pre feasibility study for the Dartbrook open cut project, confirming the technical and financial capability of the project
- **AUG 2018** - signed a strategic development agreement with Stella Natural Resources (SNR) to enable the recommencement of mining at Dartbrook
 - parties progressing necessary conditions precedent, target transaction close by March 2019
- Completed steps to improve administration and management of register costs
 - Share consolidation 1 for 100 completed December 2017
 - Small shareholding sale facility (in progress) to offer holders of unmarketable parcels to dispose holding without incurring transactional costs. Further benefits company by avoiding administrative and distribution costs

Corporate timeline – Dartbrook Mine

MILESTONES



WORKSTREAMS



Acquisition timing & positive price outlook

Thermal coal – 2001 to present

- Price recovery over past 2 years, in part due to limited capacity for material supply side response
- Market for high quality export thermal coal appears stable over the medium term



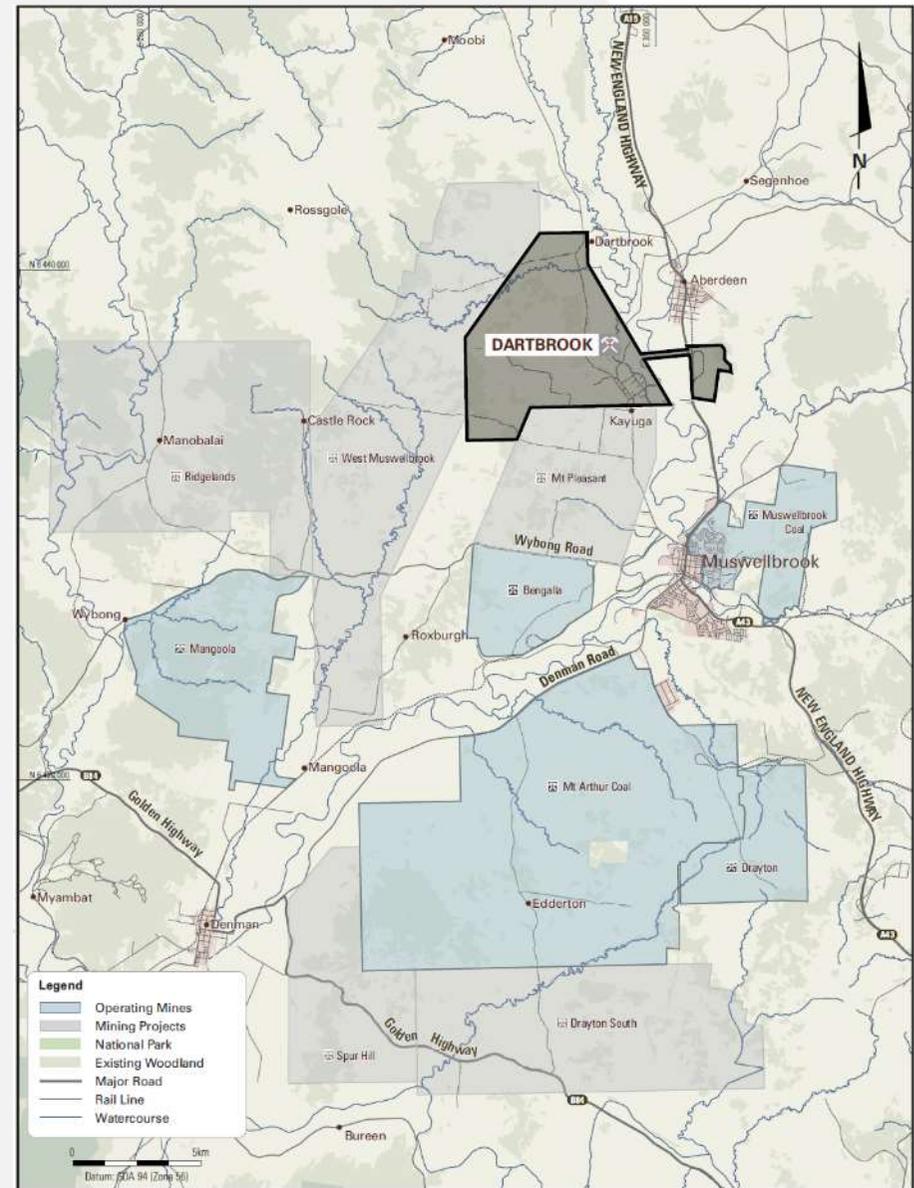
Dartbrook: Hunter Valley Location



Australian Pacific Coal

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- Dartbrook is located in the upper Hunter Valley in New South Wales, Australia. Muswellbrook is the closest major town, approximately 10 km to the southeast. The town of Aberdeen lies approximately 4.5 km northeast of Dartbrook.
- Dartbrook is connected to port facilities in Newcastle (130 km southeast) via the Main Northern Railway and the New England Highway.
- The Hunter Valley coal region is renowned for its large scale, low cost, high quality operating mines. Dartbrook is one of the most significant, under-developed coal assets in the region.



DARTBROOK

Development & Operational History

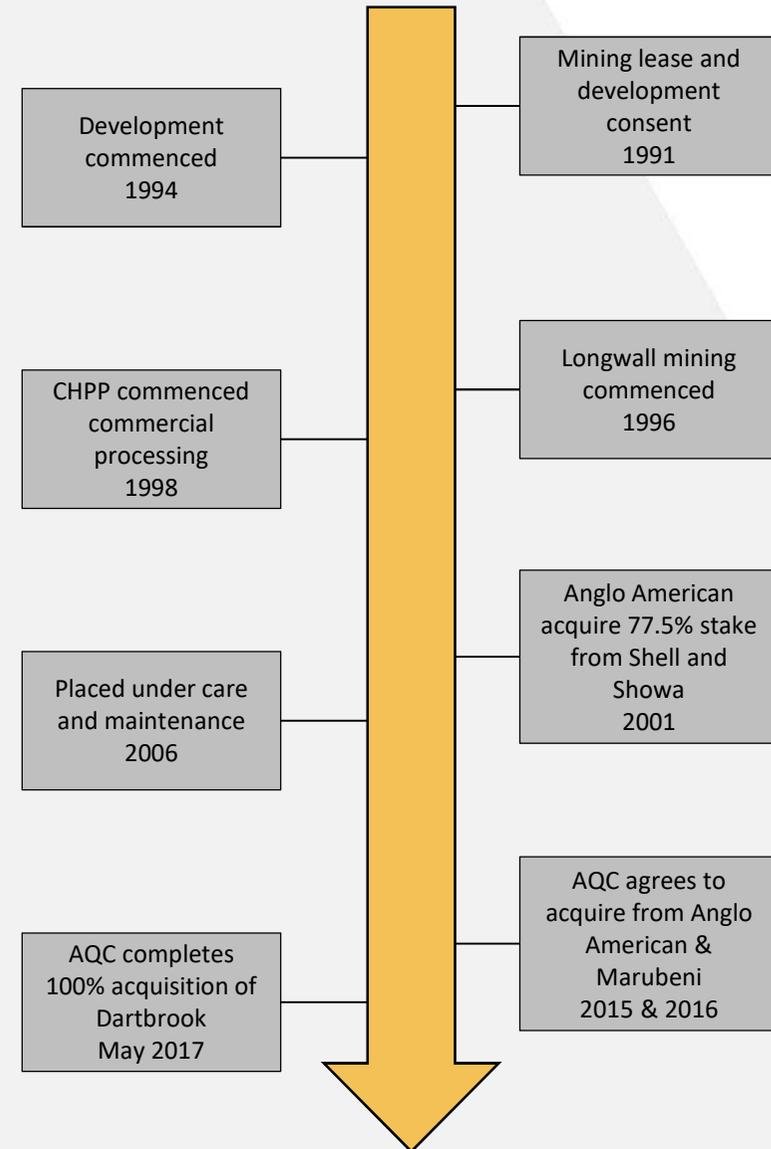
Longwall development and mining



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- Under former ownership, the mine produced 30 Mt ROM coal from 1996 – 2006, initially from the Wynn seam and then the Kayuga seam
- On completion of Wynn mining, several modifications were made to existing longwall equipment and relocated to the Kayuga seam
- After reporting geotechnical and mining efficiency issues in the Kayuga seam, Dartbrook was placed under care and maintenance at the end of 2006
- The Wynn equipment was deemed not optimal for the Kayuga seam and needed upgrading – reportedly the internal competition for capital prevented a subsequent restart of the Kayuga seam despite a higher coal price environment
- Initial studies by former owners indicated that the operating challenges experienced could be overcome through the use of modern mining equipment, technology and mining practices



Investment Highlights

1

Size and quality of the Dartbrook Mine

- Coal Resource 2,534 Mt and Open Cut Coal Reserve¹ 370 Mt
- Well understood geology and mining conditions, similar to neighbouring mines
- Prior ~12 year operating history with high quality thermal coal exports to Asia

2

Significant Development Optionality

- Currently permitted as 6 Mtpa longwall underground mine
- Transaction with strategic development partner (SNR) to recommence underground mining. AQC & SNR are optimising a production and development strategy to recommence mining at Dartbrook
- Open Cut Pre Feasibility Study shows robust technical and financial investment case, delivering a first quartile cost, long life operation
- Approval process advanced for 5 year mine life extension (to 2027)

3

High quality coal

- High quality coal with calorific value and quality parameters suitable for high energy low emission (HELE) power generation
- Coal quality is typical of Hunter Valley specification from existing producers
- Low sulfur content enhances the marketability of the product

4

Existing infrastructure

- Dartbrook has infrastructure to support a significant mining operation
- Existing Coal Handling and Processing Plant (CHPP) currently placed on care and maintenance, remains in a good condition
- Sufficient logistics capacity within existing rail and port facilitates for export via Port of Newcastle

Coal Resource & Reserves

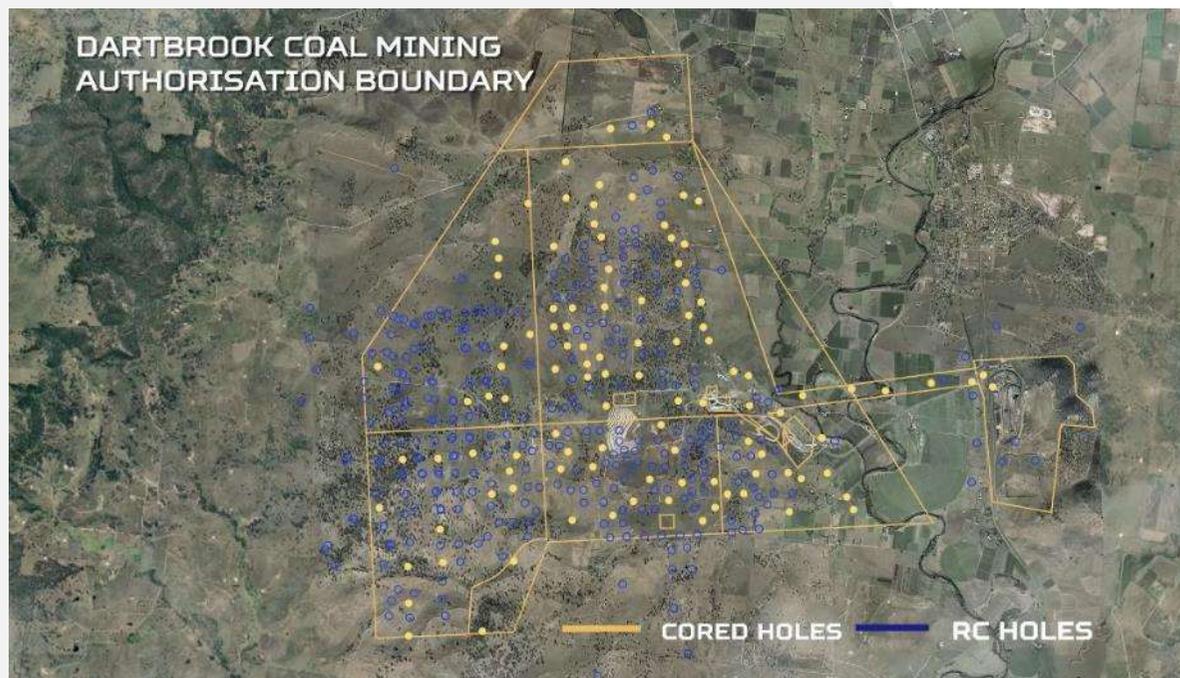
Substantial under-developed asset



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- Coal Resource¹ of 2,534 Mt based on an extensive database of +1,100 boreholes drilled since 1970s
- Coal Reserve¹ of 370 Mt based on an open cut mine plan with an average strip ratio of 4.2 to 1 (bcm waste to ROM tonnes) and 78% processing yield



Dartbrook Coal Resource¹ (Mt)

Depth	Measured	Indicated	Inferred	Total
<450 m	586	847	1,046	2,478
>450 m	2	3	51	56
Total³	588	850	1,097	2,534

Dartbrook Coal Reserve^{1,2,4} (Mt)

Proven	Probable	Total
-	370	370
Mineable ROM	ROM Probable	Marketable Product
570	470	370

1. Refer Competent Persons disclosure, page 3
2. The Competent Person has classified the entire Reserve as a Probable Reserve given Dartbrook does not presently hold an open cut mining licence
3. Rounding applied by Competent Person
4. Coal Reserve tonnage based on Reserve Mine Plan disclosed in ASX announcement dated 28 March 2018 titled "Dartbrook Coal Reserves"

Existing Infrastructure & Land Ownership

Substantial historical capital invested



Australian Pacific Coal

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- CHPP has been well maintained and is in good condition since Dartbrook was placed on care and maintenance in 2006.
- Surface infrastructure includes power, water and office facilities.
- Existing on-site Train Load Out facility and rail loop connect to the Hunter Valley Coal Rail Network for coal transportation to the Port of Newcastle, the largest coal export operation in the world.
- 3,200 hectares of freehold land owned around mining lease areas
- Ideally placed with world-class infrastructure supporting mining operations in the immediate area surrounding the project, including the Bengalla Mine (New Hope), Mt Arthur Mine (BHP Billiton) and the adjacent Mt Pleasant Mine (MACH Energy).



Pre-Feasibility Study Completed

Dartbrook Open Cut Project



Australian Pacific Coal

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- The Open Cut Prefeasibility Study (**OC PFS**), completed by AQC in March 2018¹, confirms the technical and financial capability as a nominally 10 Mtpa run of mine operation for 25 years.
- The Owner-Operator and Contractor cases both deliver an NPV of approximately AUD 1.3 billion with strong internal rates of return, 23.2% and 24.6% respectively.
- Consistently low run of mine coal strip ratio delivers very competitive, 1st quartile low operating cost throughout the mine life.
- Modelling of key environmental parameters indicates the project meets or exceeds stringent environmental requirements.

Study Snapshot ¹	Unit	Owner Operator Case	Contractor Case
Project Net Present Value ₁₀	AUD million, as at 1 July 2017	1,341	1,292
Project Internal rate of return (after tax)	%, as at 1 July 2017	23.2	24.6
AUD Free on Board (FOB) operating cost	LoM, all-in, excluding state royalties, 2017 AUD	42.1	47.8
US\$ FOB	LoM, all-in, excluding state royalties, 2017 USD	31.6	35.8
Payback period	Year of production	5	5
Development Capex	2017 AUD to first coal	937	699
Average EBITDA Margin	Steady State Earnings before interest, tax, depreciation and amortization, as a % of revenue	52%	46%
Total RoM tonnes	LoM	226	226
Total Product tonnes	LoM	172	172

Stable, Low Cost of Production

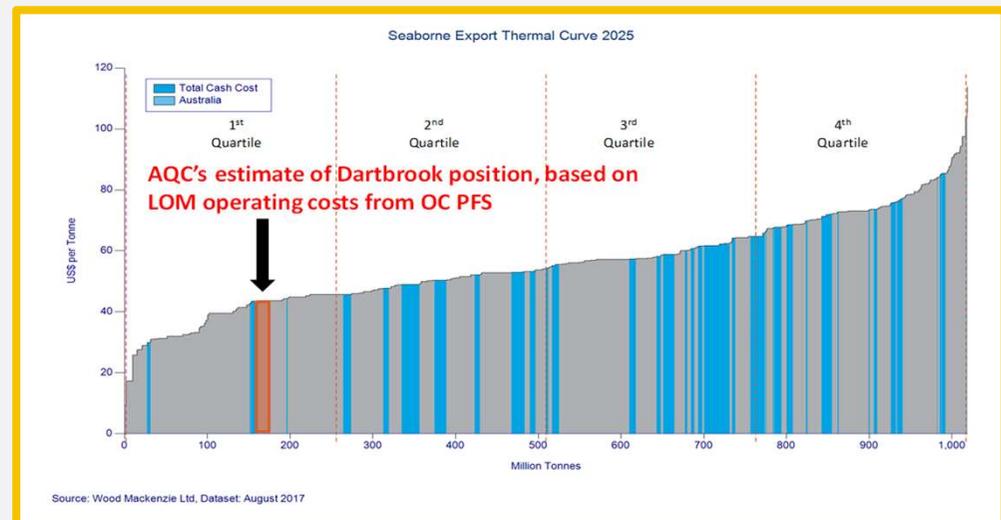
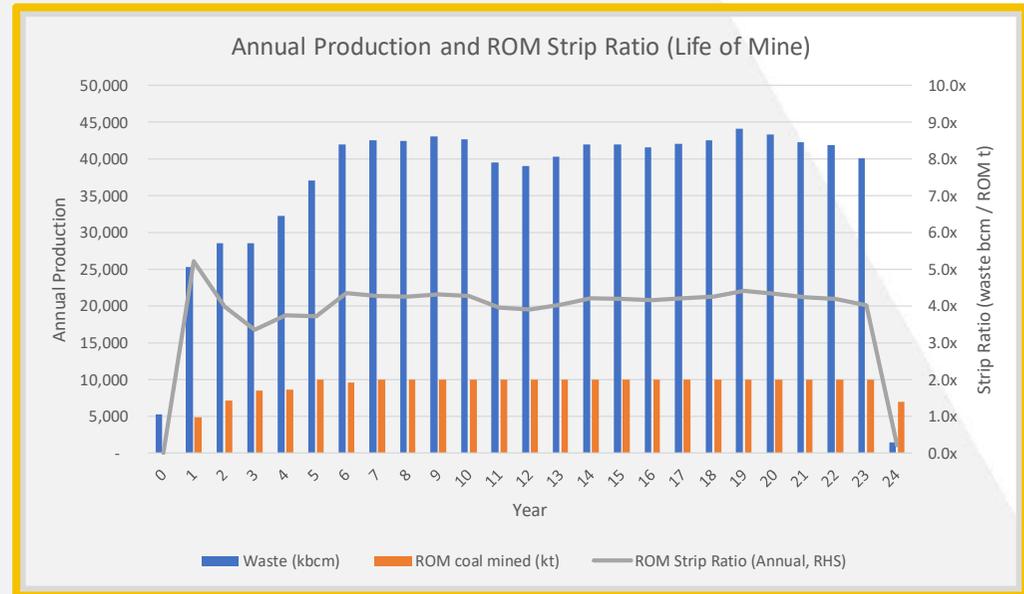
Dartbrook Open Cut Project



Australian Pacific Coal

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- Production profile shows ramp-up achieved by year 4 of coal mining
- ROM coal production sustained around 10 Mtpa over life of mine
- Strip ratio¹ is low and stable over the life of the mine at 4.0 – attractive relative to other producing mines and potential development assets
- Low strip ratio and throughput of operation deliver low operating cost, within the 1st quartile for global seaborne thermal coal producers.



High Quality Thermal Coal

Dartbrook Open Cut Project



Australian Pacific Coal

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- The Dartbrook Mine can produce two high energy coal products:
 - “Premium” thermal coal (~12% ash)
 - “Standard” thermal Coal (~19% ash)
- Both “Premium” and “Standard” thermal coal are suitable for HELE power stations
- All coal has a low sulphur content (~0.4%) and properties consistent with neighbouring mines.
- Dartbrook previously exported 25 Mt of coal primarily to Japanese and Korean markets
- The demand for coal with similar qualities to Dartbrook's high energy coal continues to play a major role in the global energy markets
- Close proximity to the Port of Newcastle (130km) provides a competitive, low cost path to market

As Received Basis (unless stated otherwise)	Dartbrook Premium Product	Dartbrook Standard Product
Specific Energy (gross, kcal/kg)	6,100	5,545
Ash (%)	12.0	19.0
Volatile Matter (%)	29.5	26.9
Moisture (%)	11.0	11.0
Fixed Carbon (%)	47.5	43.1
Sulfur (%)	0.37	0.36
Chlorine (%)	0.02	0.02
Hardgrove Grindability Index (air dried basis)	52	53

Transaction Update

Joint Venture with Stella Natural Resources

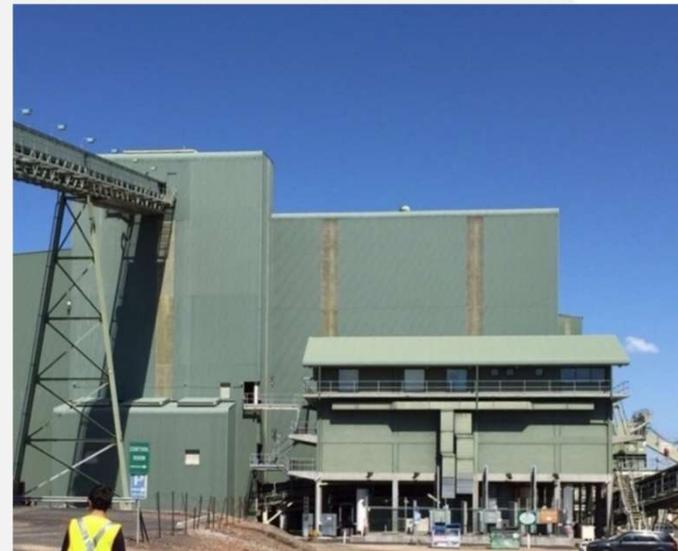


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- On 6 August 2018, AQC announced it had signed a binding agreement to partner with Stella Natural Resources (SNR) as equal-share participants in the Dartbrook Joint Venture to recommence sustainable underground operations.
 - SNR possesses the development and operational execution capability through its highly experienced management team with significant coal mining expertise.
 - SNR, as Manager of the Dartbrook Joint Venture, will be responsible for all aspects of development and operations, including the procurement of all required funding for the life of the operation. AQC will not be required to directly contribute to any holding, development or operational costs at Dartbrook.
 - The intent of the Dartbrook Joint Venture is to optimise the return to shareholders through the successful recommencement of operations at Dartbrook.

Coal Handling Plant



Transaction Update (continued)

Joint Venture with Stella Natural Resources

Completion process update

- Documentation required for FIRB and NSW State Government approval submitted, confirmation pending
- The parties continue to refine the development plan for Dartbrook, which includes detailed planning aspects for recommissioning, mine engineering, logistics, marketing and industrial relations workstreams. The development plan considers mining options to optimise returns within the full 6Mtpa current approval envelope and potential future approvals for life of mine planning
- Ongoing discussions with financing parties and equipment suppliers to provide certainty to achieve steady state operations
- Parties targeting completion by March 2019, due in part to third party approvals

Impact on AQC cash commitments

- As part of the binding agreement, on an from 1 December 2018 SNR is responsible for all holding costs associated with Dartbrook (approximately \$500k per month)
- Upon financial close of the transaction, AQC will be reimbursed for all holding costs incurred from 1 June 2018 through 30 Nov 2018 by way of a lump sum cash payment. The value of this payment is expected to be c. AUD 3 million and will be used to sustain general corporate working capital.
- With SNR responsible for holding costs from 1 December 2018, AQC cash burn reduces to general corporate overheads of approximately \$200k per month

Exploration & Environment

Engaging with local stakeholders



Australian Pacific Coal

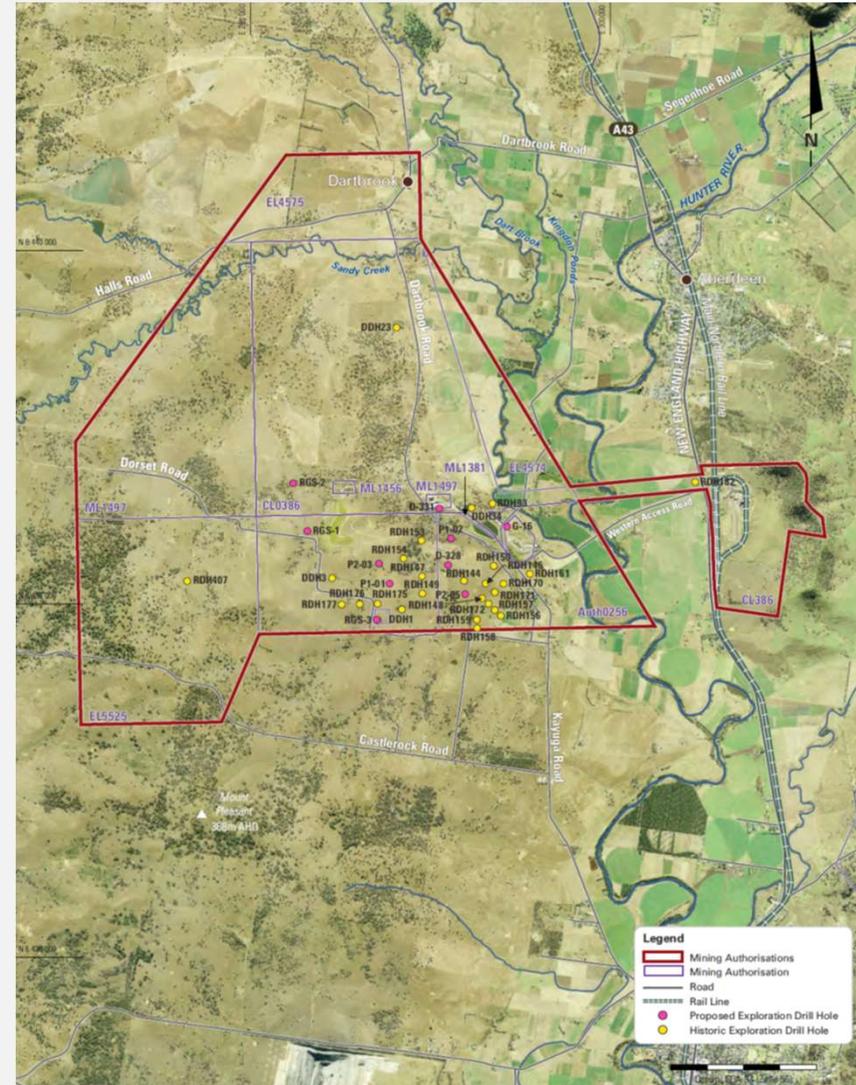
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Exploration Activities

- The drilling program was completed in October 2018 including the installation of 13 groundwater monitoring bores and the sealing and rehabilitation of a number of historic exploration boreholes.

Water Quality Monitoring

- The Company expanded the surface water monitoring network by implementing an additional eight monitoring sites. These monitoring sites will provide data on the water quality upstream and downstream, in direct consultation with the local government departments



Modification 7 Update

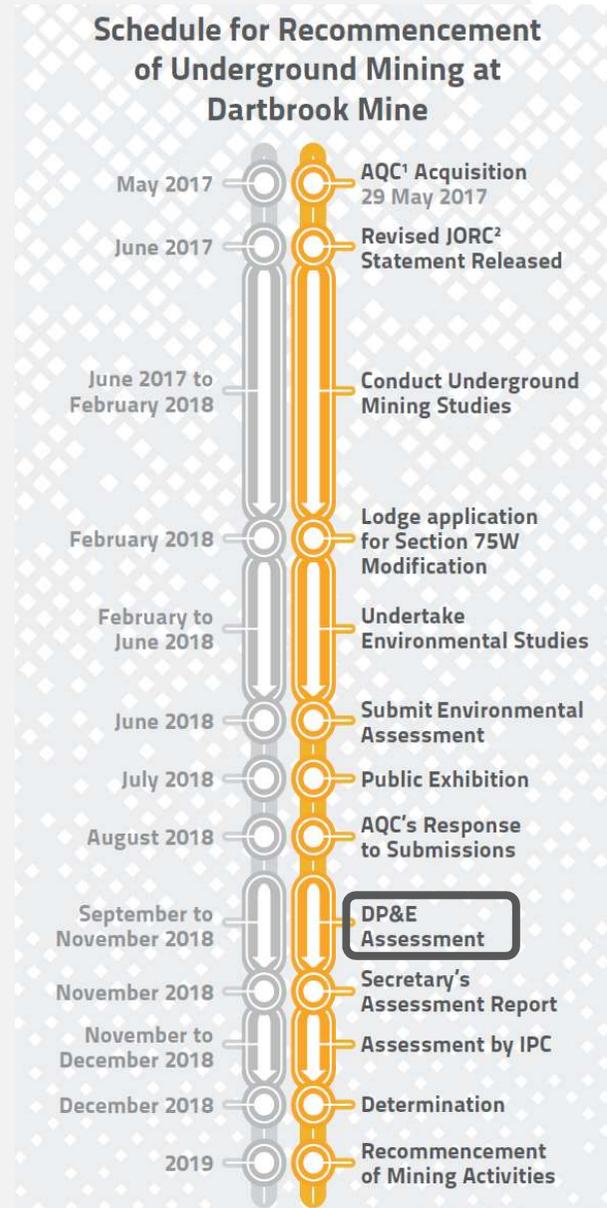
Dartbrook approvals



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- Current mining approval until Dec 2022 for longwall mining, including utilisation of the Hunter Tunnel, CHPP and associated infrastructure
- Modification 7 (**MOD 7**) provides AQC with an additional mining option for recommencement of operations, including:
 - Bord & pillar mining within the Kayuga Seam
 - Coal clearance via truck haulage and a new shaft to transport coal to CHPP site via the eastern extent of the Hunter Tunnel
- MOD 7 also provides a 5 years extension for all approvals until Dec 2027
- Currently positioned at the DP&E assessment phase (refer right), anticipate determination Dec 18 although there is no prescribed timeline for the IPC to make a determination



NEXT 12 MONTHS

Transition from development to operations



Australian Pacific Coal

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- Close out transaction with SNR, including receipt of necessary approvals and fully committed funding for development of Dartbrook
- Execute the implementation strategy to deliver first coal from Dartbrook in a safe, efficient manner
- Complete strategic review of the existing portfolio of Qld coal assets

Company Contact Information



ASX code: AQC

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Shane Stone	Non-Executive Director
Bruce Munro	Non-Executive Director

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