



# Australian Pacific Coal

ASX RELEASE (ASX: AQC)

## Quarterly Activities Report for the period ended 31 March 2024

### Highlights

- No recordable injuries or environmental incidents during the period.
- Financial Close reached in January on US\$60 million (~\$90 million) Loan Note Subscription Agreement (Prepayment Facility used to fund the Dartbrook restart capital program) with Vitol Asia Pte Ltd (“Vitol”) with all Conditions Precedent satisfied during the quarter.
- AQC and Joint Venture partner Tetra Dartbrook commenced monthly draw downs on the facility in January 2024 with ~US\$25.20 million drawn by the end of the March quarter.
- Orders placed for critical equipment and long lead items.
- Remediation work on the Hunter Tunnel progressed on track, with 97% of the roof and rib support completed and total critical remediation works on schedule.
- All 4,000 m of conveyor structure is on site except for four truckloads awaiting delivery.
- Production equipment for the first panel is being prepared for operations and equipment for the second panel is now on site.
- AQC and partners are developing an accelerated restart works program to enable increased production and sales volumes from the Dartbrook mine.
- Working under way to examine the potential to produce semi-soft coking coal
- First coal production targeting mid-2024.
- The Company held \$2.43 million of available cash at the end of the March 2024 quarter at the AQC group level. Cash reserves at the Dartbrook Joint Venture totalled \$22.57 million (\$18.05 million net to AQC).

### Comments from Executive Director and CEO (Interim), Ms Ayten Saridas

“Dartbrook is rapidly taking shape as we head towards our mid-year target for the production of first coal.

“The funding arrangement we completed in January demonstrates the market’s confidence in the project and allows us to accelerate the procurement and installation of key infrastructure.

“We are planning to bring forward some ramp-up activities to start mining in a second panel sooner than originally forecast, which we expect will increase volumes from the start-up of production.

“We are also recruiting local people to work at Dartbrook, as we build the capability in our organisation, so we are ready to perform when operations begin in mid-2024.

“The technical work the team has done to prepare for the remediation of the Hunter Tunnel has been first class, and this has seen the work progress efficiently, and most importantly, safely.

“This is an exciting time for everyone involved in Dartbrook, which is a high-quality asset with a product that remains in strong demand from international buyers.”

## Restart Capex Funding

The Dartbrook Joint Venture, comprising AQC and Tetra Dartbrook Pty Ltd (“JV”), reached Financial Close on a 3-year US\$60 million (~\$90 million) debt facility with Vitol Asia Pte Ltd (“Vitol”), a leading global energy and commodities company, in January 2024.

All Conditions Precedent of the facility were satisfied during the quarter, with a remaining Condition Subsequent related to the shareholder approval of the Trepang Lease (Notice of Meeting dispatched 24 April 2024 for a schedule Extraordinary General Meeting scheduled in person on 23 May 2024). The facility will cover forecast restart expenditure at Dartbrook through to first coal, including equipment acquisitions and completion of remediation works, and the acquisition of additional mining systems during ramp-up to achieve full capacity.

Vitol will also provide assistance to the Dartbrook JV in its ongoing efforts to procure a suitable working capital facility prior to achieving full production.

As at 31 March 2024, the Company has provided the Dartbrook JV with loans totalling approximately \$32 million on a fully reimbursable basis. Repayment of these loans will commence upon availability of distributions from the project.

## Dartbrook Mine Operations

As activity increases on site, we continue to maintain high levels of vigilance over safety. It was pleasing to report no recordable injuries, and no environmental incidents during the period.

There was one first aid case reported relating to general soreness while operating machinery and one reportable incident occurred when a section of compressed air pipe failed. The pipe incident was investigated the action resulted in the replacement of the pipe with steel.

Underground works on the refurbishment of the Hunter Tunnel continued during the quarter. The roof and rib support program is 97% complete, and total critical remediation works remain on schedule.

Firm orders have been placed with suppliers for critical equipment and long lead items, including the remaining sections of the underground conveyor system and materials for the refurbishment of the above ground CHPP and train load out.

All 4,000 m of conveyor structure is on site except for four truckloads awaiting delivery, and 25 (of 45 total) rolls of conveyor belt are ready for shipment to Australia, with the remainder in manufacture.

Crews have been recruited and will initially complete the construction works and subsequently resource the first two production panels. Production equipment has been secured for the first panel and equipment for the second panel is now on site.

AQC expects first coal to be produced around mid-year 2024. AQC and its partners are currently evaluating a range of options to accelerate the restart work program and ramp-up period within forecast expenditure limits.

The acceleration strategy that AQC will pursue with its partners is based on optimising the Mine Plan to allow for an additional Continuous Miner to operate in a second panel earlier than originally planned.

The modifications are expected to result in increased production in Year 1 and subsequent year sales volumes. Further details on the impact of that work will be announced when complete.

Encouraged by earlier studies, AQC will also further examine the potential of Dartbrook mine to produce commercial quantities of semi-soft coking coal under the current Mine Plan. With metallurgical coal currently trading at a substantial premium to thermal coal, the ability to produce significant volumes of semi-soft coking coal would generate positive financial outcomes for AQC shareholders.

## Corporate and Financial

At the end of the March quarter the Company held \$2.43 million in cash reserves at the AQC group level. Cash reserves at the Dartbrook Joint Venture totalled \$22.57 million (\$18.05 million net to AQC) at the end of the quarter to cover Accounts Payables, Open Commitments, and available Working Capital.

The Company's share of the Vitol loan balance drawn at the Dartbrook JV was US\$20.52 million (including capitalised interest) as at the end of the quarter.

The Company's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 of \$0.15 million which constitutes executive and non-executive directors' fees during the quarter.

The Company has issued a Notice of Meeting for an Extraordinary General Meeting of shareholders to be held on 23 May 2024. The resolutions of the EGM include but are not limited to: approval of a related party transaction to enter the Dartbrook Lease; ratification of placement shares; and issuance of broker options to Evolution Capital Pty Ltd (Evolution) in relation to settlement of a dispute arising out of an Underwriting Agreement.

## Matters subsequent to the end of the quarter

As foreshadowed above, the Company announced (ASX announcement 5 April 2024) it has agreed a Deed of Settlement and Release with Evolution in connection with an Underwriting Agreement dated 2 September 2022.

Further, on 24 April 2024 the Company announced that Jeff Beatty had resigned from his position as a Director on the AQC Board effective immediately.

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*This Quarterly Activities Report was authorised for release by the AQC Board.*

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All \$ values in this report are Australian dollars unless otherwise stated.

**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 northwest 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.

The Dartbrook Joint Venture comprises Australian Pacific Coal Limited (80%, via subsidiaries) and Tetra Dartbrook Pty Ltd (20%).

The Company provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location.

Name	Number	Status	Expiry Date	Interest Held
<b>Dartbrook Project, Hunter Valley NSW</b>				
AUTH 256	AUTH 256	Granted	16/12/2025	100%
EL 4574	EL 4574	Granted	13/08/2024	100%
EL 4575	EL 4575	Granted	13/08/2027	100%
EL 5525	EL 5525	Granted	22/09/2027	100%
CL 386	CL 386	Granted	19/12/2033	100%
ML 1381	ML 1381	Granted	19/12/2033	100%
ML 1456	ML 1456	Granted	27/09/2043	100%
ML 1497	ML 1497	Granted	5/12/2043	100%
<b>Matuan Downs Bentonite Project, Alpha</b>				
Mantuan	ML 70360	Granted		100%

Mining tenements acquired during the quarter and their location.

Not applicable.

Mining tenements disposed of during the quarter and their location.

Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter.

The Company's 100% owned subsidiary Mining Investments One Pty Ltd holds a 10% interest in each of the following Blackwood Resources Pty Ltd JV tenements.

Name	Number	Status	Interest Held
<b>Blackwood Joint Venture, Miles QLD</b>			
Bungaban Creek	EPC 1955	Granted	10%
Quondong	EPC 1987	Granted	10%

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AUSTRALIAN PACIFIC COAL LIMITED

ABN

49 089 206 986

Quarter ended ("current quarter")

31 MARCH 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(287)	(812)
(e) administration and corporate costs	(387)	(1,180)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	28	28
1.5 Interest and other costs of finance paid	(270)	(270)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (mine care and maintenance)	-	(2,060)
1.8 Other (Cost reimbursements)	-	-
1.8 Other (Transaction costs)	(1,704)	(2,419)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,620)</b>	<b>(6,713)</b>

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (Dartbrook development costs)	(9,826)	(9,826)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities (Expenses on behalf of the Dartbrook Joint Venture)	(362)	(16,567)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(10,188)</b>	<b>(26,393)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	11,958
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(827)
3.5	Proceeds from borrowings	30,972	36,472
3.6	Repayment of borrowings	(1,000)	(1,000)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Proceeds from share issue received ahead of share allotment)	-	3,277
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>29,972</b>	<b>49,880</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
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<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	3,317	3,707
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,620)	(6,713)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10,188)	(26,393)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	29,972	49,880
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>20,481</b>	<b>20,481</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	20,456	3,292
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (funds held in escrow)	25	25
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20,481</b>	<b>3,317</b>

\* Cash balances include relevant interest in Dartbrook Joint Venture cash balances of 80% at quarter end (\$18.053m).

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	152
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments



## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	77,643	34,989
7.2 Credit standby arrangements	25	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>77,668</b>	<b>34,989</b>

7.5 **Unused financing facilities available at quarter end** Nil

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 a) \$3m loan facility provided by Trepang Service Pty Ltd. AQC has agreed to provide security subject to receipt of shareholder approval. The loan attracts interest at a rate of 10% per annum and has a maturity date of 13 July 2024.

7.1 b) \$0.5m unsecured facility provided by NT House Pty Ltd. The loan is subject to a return fee equal to 25% of the total amount advanced by the lender under the facility. NT House Pty Ltd has agreed to be issued shares for the balance of the loan outstanding, including the return fee, subject to receipt of shareholder approval.

7.1 c) During the quarter the company announced that it had finalised a binding USD60m loan note issuance facility for the Dartbrook Project with Vitol Asia Pte Ltd (Vitol). Vitol has been granted a senior security over the assets of the Dartbrook Joint Venture. The facility attracts interest SOFR + 15% prior to first coal, reducing to SOFR + 10% thereafter and has a final repayment date of 31 December 2026. Further details can be obtained in the announcement of 22 January 2024. At 31 March 2024 the company's 80% share of the facility was down to USD\$20.518m (~AUD\$31.489m) from total facility of USD\$48.311m (~AUD\$74.143.)

7.2 NAB Business Visa. Interest 15.50%. Unsecured

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(2,620)
8.2 Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	(9,826)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(12,446)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	20,481
8.5 Unused finance facilities available at quarter end (Item 7.5)	42,653
8.6 Total available funding (Item 8.4 + Item 8.5)	<b>63,135</b>
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>5.07</b>

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2024

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.