



ASX RELEASE (ASX: AQC)

Australian Pacific Coal

Quarterly Activities Report for the period ended 30 September 2019

Highlights

- *Determination of MOD7 by Independent Planning Commission*
- *Completed partial divestment of investment holding to provide working capital for continued development assessment*

Dartbrook Mine

Strategic Partner Agreement

Australian Pacific Coal Limited (**AQC** or the **Company**) announced on 6 August 2018 that it had executed binding transaction documents with a subsidiary of Stella Natural Resources (**SNR**) to form the Dartbrook Joint Venture (**DJV**) subject to satisfaction of conditions precedent.

On 2 July 2019, the Company advised that certain conditions under the Share Sale Agreement (**SSA**) with SNR were not satisfied by SNR (by the cut-off date for satisfaction of those conditions) and the SSA was terminated by AQC effective 4 July 2019.

Modification 7 Update

As previously disclosed, the Modification 7 (**MOD 7**) environmental assessment, along with other supporting documentation, was submitted and accepted for adequacy in June 2018. Public exhibition of the application closed in July 2018.

The NSW Department of Planning and Environment finalised its report in January 2019 and provided its recommendation to the Independent Planning Commission (**IPC**) that the modification is approvable.

On 13 August 2019, the Company announced that it had received approval from the Independent Planning Commission (IPC) in relation to some elements of its application to modify the consent for the Dartbrook Coal Mine (DA 231-7- 2000, MOD 7).

The approval represents a milestone for Dartbrook, although a key element of MOD 7 was not approved, being the application for an additional five years of mine life.

The Company has previously stated, and the IPC had acknowledged the proposed five-year extension of the approval period was required to justify the capital expenditure involved in recommissioning the mine.

A decision about the next steps for development of the Dartbrook coal mine remains under consideration by the Board.

Corporate and Funding

At quarter end the Company held \$0.9 million in cash reserves, representing an increase of \$0.2 million over the prior quarter. Funds during the quarter were primarily used to progress the modification submission (\$0.1 million), care & maintenance holding costs (\$1.4 million) and corporate administration (\$0.4 million).

During the quarter, further funding was provided by Trepang Services Pty Ltd (**Trepang**) in the form of an unsecured loan accruing capitalised interest at 10% per annum. At quarter end a total of \$4.1 million had been provided by Trepang as an unsecured loan for general working capital.

During the quarter end, the Company announced on 18 July 2019 that it had divested part of its holding in Bowen Coking Coal (ASX: BXB). A total of 35.3 million shares were sold at a price of \$0.045 per share, providing the Company with a cash inflow of \$1.589 million. The Company continues to hold 19 million BCB shares.

The Board continues to evaluate the short term cash flow requirements of the Company.

All enquiries:

Company Secretary

E: cosec@aqcltd.com

P: +61 7 3221 0679

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	Interest Held
Dartbrook Project, Hunter Valley NSW			
AUTH 256	AUTH 256	Renewal Pending *	100%
EL 4574	EL 4574	Renewal Pending *	100%
EL 4575	EL 4575	Renewal Pending *	100%
EL 5525	EL 5525	Renewal Pending *	100%
CL 386	CL 386	Granted	100%
ML 1381	ML 1381	Renewal Pending *	100%
ML 1456	ML 1456	Renewal Pending *	100%
ML 1497	ML 1497	Granted	100%
Coorarah Project, Blackwater QLD			
Dingo	EPC 1859	Granted	100%
Mount Hillalong Project, Glenden QLD			
Mount Hess	EPC 1645	Granted	100%
Kemmis Creek	EPC 1773	Granted	100%
Mount Hess West	EPC 1867	Granted	100%
Matuan Downs Bentonite Project, Alpha			
Mantuan	ML 70360	Granted	100%

* The Company has lodged renewal applications for certain Dartbrook Project Authorities, EL's and ML's as noted above.

Mining tenements acquired during the quarter and their location

Not applicable.

Mining tenements disposed of during the quarter and their location

Partial tenement relinquishments were made as follows during the quarter:

- EPC 1859 partial relinquishment of 2 Sub-blocks (3 Sub-blocks now held)
- EPC 1645 partial relinquishment of 4 Sub-blocks (6 Sub-blocks now held)

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
Blackwood Joint Venture, Miles QLD			
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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Australian Pacific Coal Limited

ABN

49 089 206 986

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	93	93
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(126)	(126)
(c) production	-	-
(d) staff costs	(115)	(115)
(e) administration and corporate costs	(370)	(370)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (mine care and maintenance)	(1,402)	(1,402)
1.8 Other (business development)	-	-
1.8 Other (GST refunds received)	20	20
1.8 Other (transaction and financing costs)	-	-
1.9 Net cash from / (used in) operating activities	(1,900)	(1,900)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	1,588	1,588
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Dartbrook completion adjustment)	-	-
2.6 Net cash from / (used in) investing activities	1,588	1,588

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from loan drawdown	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	600	600
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Holding Cost Payments)*	-	-
3.10 Net cash from / (used in) financing activities	600	600

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	672	672
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,900)	(1,900)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	1,588	1,588
4.4 Net cash from / (used in) financing activities (item 3.10 above)	600	600

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	960	960

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	Prior quarter \$A'000
5.1	Bank balances	675	387
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (short term deposits)	285	285
5.4	Other (funds held in escrow)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	960	672

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A**

57,200

-

Director fees paid in the quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	25,000	4,438
8.3 Other (please specify)	53,800,000	53,800,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1
8.2 NAB Business Visa. Interest 15.50%. Unsecured
8.3 Mr N Paspaley Convertible Loan Deed. Interest 10.0%. Secured. \$10,000,000 fully drawn
8.3 Mr J Robinson Convertible Loan Deed. Interest 10.0%. Secured. \$10,000,000 fully drawn
8.3 Trepang Services Pty Ltd Secured Loan Deed. Interest 10.0%. Secured. \$7,000,000 fully drawn
8.3 Trepang Services Pty Ltd Convertible Loan Deed. Interest 10.0%. Secured. \$15,000,000 fully drawn
8.3 Trepang Services Pty Ltd Unsecured Loan. Interest 10.0%. \$4,100,000
8.3 Anglo American Metallurgical Coal Assets Pty Ltd Secured Loan. Interest 10.0%. \$7,700,000 fully drawn

9. Estimated cash outflows for next quarter	\$A
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	150,000
9.5 Administration and corporate costs	250,000
9.6 Other (Mine care and maintenance)	1,400,000
9.7 Total estimated cash outflows	1,800,000

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPC 1859	Partial relinquishment of tenement	5 sub-blocks	3 sub-blocks
	EPC 1987	Partial relinquishment of tenement	10 sub-blocks	6 sub-blocks
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/a			

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.

By Order of the Board


Craig McPherson
Company Secretary
31 October 2019

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.