

Offer received for proposed sale of property

Australian Pacific Coal Limited ('AQC' or 'Company') has received from its major shareholder and creditor Trepang Services Pty Ltd ('Trepang'), an offer for Trepang and entities associated with it to purchase certain real properties and water rights owned by the Company (through its wholly owned subsidiaries AQC Dartbrook Management Pty Ltd and AQC Dartbrook Pty Ltd) that underly its Dartbrook coal mine, and associated water rights (the **Offer**).

The Offer is irrevocable and will lapse on 30 June 2021 if not accepted before then.

The Offer has been made by Trepang on the basis that proceeds will be used to repay debt that the Company owes to Trepang and its associates (as directed by Trepang).

The Offer includes proposed sale agreements setting out the terms which would govern the proposed sale of land and water rights (**Sale Agreements**), the key terms of which are summarised below. The sale would be subject to the receipt of shareholder approval and consultation with ASX.

The Company notes that, were the Offer to be accepted, there would be no change to the mining authorities held by the Company. The Sale Agreement includes arrangements to allow the Company to continue to be able to access the sold properties, and a term transfer of relevant water rights, for the purposes of operating the Dartbrook Coal project and complying with its regulatory requirements subject to the sunset date as set out below.

If this potential transaction is approved by shareholders and completed, it will result in a reduction in the Company's existing debt with Trepang and associates (which will be approximately \$87.9 million as of 30 June 2021) by approximately ~\$32.3m (with Trepang and its associates remaining as secured creditors of the Company in respect of the remaining debt).

The key terms of the proposed sale, as set out in the Offer, are:

- Sale Price: \$33,794,192 (\$23,794,192 for the real property, and \$10,000,000 for the water rights), which if accepted would offset against debt owned by the Company to Trepang and Trepang's associates as directed by Trepang and its associates;
- Property: all property held by the Company underlying the Dartbrook project and associated water rights, with the exclusion of two lots containing the coal handing plant, as set out in Annexure 1;
- Expected completion date: 14 days from receipt of shareholder approval;
- Real property would be sold subject to existing tenancies;
- the Sale Agreement for the real property would include:
 - an Access and Compensation Agreement to permit the Company access to the Dartbrook project, with a sunset date of 31 December 2027;
 - a voluntary land acquisition and mitigation policy agreement to assist the Company in meeting its environmental mitigation conditions;
 - a right of first refusal (for the Company to repurchase the land and water licences if Trepang were to dispose of these); and
 - various access easements; and
- the Sale Agreement for the water rights would include a term transfer of specific water licence back to the Company, with a sunset date of 31 December 2027; and
- Conditions precedent: agreement subject to receipt of shareholder approval and any other required regulatory approvals.

The Board is reviewing the Offer and will put to shareholders the terms of the Offer for shareholder approval. The Board will update the market in due course and will make a recommendation to shareholders upon convening a shareholder meeting. It is expected that a Notice of Meeting, Explanatory Memorandum and Independent Expert's Report will be sent to shareholders later in May 2021 for this purpose.

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

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

All enquiries:

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Annexure 1

Real Property Included in Sale

Parcel Identification	Total Land Area (Ha)
Kayuga West -grazing	1376.51
Kayuga Dairy - East	276.39
Garoka Dairy	472.75
Hardes/Wheatleys	106.76
Browns Mt - East	227.31
Administrationprecinct	78.19
Village block 1	2.5739
Village Block 2	4.0196
Village Block 3	0.5975
Village Block 4	0.7955
Village Block 5	4.3892

Real Property Not Included in Sale

Parcel Identification	Total Land Area (Ha)
Brown Mt West – CHPP (Lot 111 DP 714211 and Lot 63 DP 833348)	267.73