

ASX ANNOUNCEMENT

24 APRIL 2024

Notice of Extraordinary General Meeting

Australian Pacific Coal Limited (ASX: AQC) (“AQC” or the “Company”) is pleased to attach a copy of the following documents in relation to an Extraordinary General Meeting of Shareholders to be held on 23 May 2024 at 9.00am (Sydney Time) (General Meeting).

1. Letter to Shareholders regarding arrangements for the General Meeting as despatched to Shareholders;
2. Notice of General Meeting; and
3. Proxy Form.

#####

This announcement has been authorised for release to the ASX by the Board of Australian Pacific Coal Limited.

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 north-west 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 Resources Pty Ltd (20%, via subsidiaries). Vitol Asia Pte Ltd is the Sole Marketing Agent for Dartbrook coal.

All enquiries:

Corporate

Murray Aitken
Australian Pacific Coal Limited
M. +61 (0)408 932 158
E. maitken@aqcltd.com

Investors

Matt Sullivan
Meridian Investor Relations
M. +61 (0)412 157 276

Media

Paul Ryan
Citadel-MAGNUS
M. +61 (0) 409 296 511
E. pryan@citadelmagnus.com



Australian Pacific Coal

24 April 2024

Dear Shareholders,

I am pleased to invite you to the Extraordinary General Meeting of the Company's Shareholders (**Extraordinary General Meeting**) to be held at 9am (Sydney time), Thursday 23rd of May 2024 at Level 25, 100 Mount Street, Sydney, NSW, 2060.

A Notice of Meeting and accompanying Explanatory Memorandum was released to the ASX (together **Notice of Meeting**) in respect of the Extraordinary General Meeting of the Company's Shareholders.

In accordance with Treasury Laws Amendments (2022 Measures No. 1) Act 2021, the Company will not be sending hard copies of the Notice of Meeting to shareholders. The Notice of Meeting can be viewed and downloaded from www.aqcltd.com.

Alternatively, a complete copy of the meeting documents has been posted to the Company's ASX market announcements page.

If you have elected to receive notices by email a communication will be sent to your nominated email address. If you have not elected to receive notices by email a copy of your proxy form will be posted to you, together with this Letter.

For further information, please contact the Company Secretary by telephone on +61 7 3221 0679 or by email at cosec@aqcltd.com.

If you have problems, please contact our share registry, Link Market Services on +61 1300 554 474, or email registrars@linkmarketservices.com.au

Yours sincerely
Australian Pacific Coal Limited

Craig J McPherson
Company Secretary

Notice of Extraordinary General Meeting and Explanatory Memorandum

Australian Pacific Coal Limited ACN 089 206 986

Date of Meeting: 23 May 2024

Time of Meeting: 9.00am (Sydney time)

Place of Meeting: Level 25, 100 Mount Street, North Sydney NSW 2000

This Notice of Extraordinary General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

The Independent Expert, RSM Corporate Australia Pty Ltd, has concluded that AQC Dartbrook entering into the Dartbrook Lease is not fair but reasonable to the Non-Associated Shareholders.

Each Non-Interested Director recommends that Shareholders vote **IN FAVOUR** of Resolution 1, Resolution 3 and Resolution 4.

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 2, Resolution 5 and Resolution 6.

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of the holders of the ordinary shares in Australian Pacific Coal Limited ACN 089 206 986 (**Company**) will be held at Level 25, 100 Mount Street, North Sydney NSW 2000 on 23 May 2024 at 9.00am (Sydney time).

Shareholders should monitor the Company's website and ASX announcements where updates will be provided if it becomes necessary or appropriate to make alternative arrangements for the holding or conduct of the Meeting.

This Notice of Meeting should be read in its entirety, together with the Explanatory Memorandum and the enclosed proxy form.

Terms used in this Notice of Meeting are defined in section 8 of the accompanying Explanatory Memorandum, which forms part of this Notice of Meeting.

1. **Resolution 1 — Approval of Proposed Transaction with the Trepang Landlords under Listing Rule 10.1**

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company:

“That, in accordance with Listing Rule 10.1 and for all other purposes, the Company and AQC Dartbrook be authorised, with effect from the passing of this Resolution 1, to enter into the Proposed Transaction with the Trepang Landlords, the details of which are set out in the Explanatory Memorandum.”

Notes

For the purpose of Listing Rule 10.5.10, an Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd is enclosed with this Notice of Meeting in Annexure A.

The Independent Expert, RSM Corporate Australia Pty Ltd, has concluded that AQC Dartbrook entering into the Dartbrook Lease is not fair but reasonable to the Non-Associated Shareholders.

AQC Dartbrook entering into the Dartbrook Lease is the main component of the Proposed Transaction.

Further details regarding the Proposed Transaction are set out in the accompanying Explanatory Memorandum and Independent Expert's Report which the Directors recommend Shareholders read in full before making any decision in relation to Resolution 1.

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) the Trepang Landlords;
- (b) Trepang;
- (c) Nicholas Paspaley;
- (d) John Robinson;
- (e) any Associate of the Trepang Landlords, Trepang, Nicholas Paspaley or John Robinson; or
- (f) any other person who will obtain a material benefit as a result of the Proposed Transaction (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of this Resolution by:

Notice of Extraordinary General Meeting

- (g) a person as proxy or attorney for a person who is entitled to vote this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (h) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair to vote on this Resolution as the Chair decides; or
- (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - ii. the holder votes on this Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 — Ratification and approval of the issue of 56,944,447 Placement Shares

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 56,944,447 Shares on 2 January 2024 at an issue price of \$0.09 per Share pursuant to the Company’s Placement, in accordance with the terms set out in the Explanatory Memorandum, be ratified and approved.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who received Shares pursuant to the Placement; or
- (b) any Associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair to vote on this Resolution as the Chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - ii. the holder votes on this Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Notice of Extraordinary General Meeting

3. Resolution 3 — Approval of issue of Trepang Landlord Placement Shares to Trepang

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 13,888,889 Shares being the Trepang Landlord Placement Shares, to Trepang at an issue price of \$0.09 per Share pursuant to the Company’s Placement and at the direction of the Trepang Landlords, in accordance with the terms set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) the Trepang Landlords;
- (b) Trepang;
- (c) Nicholas Paspaley;
- (d) John Robinson;
- (e) any Associate of the Trepang Landlords, Trepang, Nicholas Paspaley or John Robinson; or
- (f) any other person who will obtain a material benefit as a result of the issue of the Trepang Landlord Placement Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of this Resolution by:

- (g) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (h) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair to vote on this Resolution as the Chair decides; or
- (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - ii. the holder votes on this Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 — Approval of issue of NT House Placement Shares to NT House

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company:

Notice of Extraordinary General Meeting

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,944,444 Shares to NT House, being the NT House Placement Shares, at an issue price of \$0.09 per Share pursuant to the Company’s Placement, in accordance with the terms set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) NT House;
- (b) Trepang;
- (c) Nicholas Paspaley;
- (d) John Robinson;
- (j) any Associate of NT House, Trepang, Nicholas Paspaley or John Robinson; or
- (e) any other person who will obtain a material benefit as a result of the issue of the NT House Placement Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of this Resolution by:

- (f) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (g) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair to vote on this Resolution as the Chair decides; or
- (h) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - ii. the holder votes on this Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 — Issue of Broker Options to Evolution in relation to settlement of dispute arising out of Underwriting Agreement

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue Broker Options to Evolution (or its nominee) consisting of 1,700,835 unlisted Broker Options in the Company, with an expiry date 3 years from the date of issue and an exercise price of \$0.34 per Broker Option, that may be exercised at any time up until their expiry.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Evolution;

Notice of Extraordinary General Meeting

- (b) any Associate of Evolution; or
 - (c) a person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company).
- However, this does not apply to a vote cast in favour of this Resolution by:
- (d) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
 - (e) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair to vote on this Resolution as the Chair decides; or
 - (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - ii. the holder votes on this Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

6. Resolution 6 — Ratification and approval of the issue of 4,512,805 Broker Options

To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of 4,512,805 unlisted Broker Options to Evolution on 5 April 2024 with an expiry date 3 years from the date of issue and an exercise price of \$0.34 per Broker Option, that may be exercised at any time up until their expiry, in accordance with the terms set out in the Explanatory Memorandum, be ratified and approved.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Evolution; or
- (b) any Associate of Evolution.

However, this does not apply to a vote cast in favour of this Resolution by:

- (c) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (d) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair to vote on this Resolution as the Chair decides; or
- (e) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

Notice of Extraordinary General Meeting

- i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
- ii. the holder votes on this Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

7. Important information about voting on the Resolutions

In accordance with section 250JA of the Corporations Act, each resolution set out in this Notice of Meeting will be conducted by a poll, rather than on a show of hands.

By order of the Board

Craig McPherson
Company Secretary
24 April 2024

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Shareholders of Australian Pacific Coal Limited ACN 089 206 986 (**Company**) to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at Level 25, 100 Mount Street, North Sydney NSW 2000 on 23 May 2024 commencing at 9.00am (Sydney time).

The Independent Expert, RSM Corporate Australia Pty Ltd, has concluded that AQC Dartbrook entering into the Dartbrook Lease is not fair but reasonable to the Non-Associated Shareholders.

Each Non-Interested Director recommends that Shareholders vote **IN FAVOUR** of Resolution 1, Resolution 3 and Resolution 4.

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 2, Resolution 5 and Resolution 6.

The Directors recommend Shareholders read the accompanying Notice of Meeting, this Explanatory Memorandum and the Independent Expert's Report in full before making any decision in relation to the Resolutions.

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in section 8.

2. Resolution 1 — Approval of Proposed Transaction with the Trepang Landlords under Listing Rule 10.1

2.1 Background

(a) Dartbrook Joint Venture Agreement

On 27 September 2022, the Company announced to ASX that it had entered into a binding term sheet with Tetra, M Resources and Trepang in relation to a strategic partnership to re-commission the Dartbrook Mine (**Strategic Partnership**).¹ As part of the Strategic Partnership, it was proposed that:

- Trepang would agree to amend AQC's existing land access agreements and water rights at the Dartbrook Mine to allow underground mining operations to continue for the duration of any life of mine extension approvals; and
- in consideration for the amendment and extension of the land access agreements and water rights at the Dartbrook Mine by Trepang, subject to AQC obtaining the required approvals (including shareholder approval), AQC would grant Trepang a life of mine 10% free-carried joint venture interest in the Dartbrook Mine. It was proposed that this would also involve a minimum payment being made to Trepang each year.²

On 1 May 2023, the Company announced to ASX that it had entered into the Dartbrook Joint Venture Agreement in relation to the operation of the Dartbrook Mine.³ Entry into the Dartbrook Joint Venture Agreement represented a restructure and simplification of the previously announced Strategic Partnership.

The key terms of the Dartbrook Joint Venture Agreement as announced to ASX (including changes from the previously announced Strategic Partnership) are as follows:

¹ Refer ASX announcement issued by the Company on 27 September 2022, "AQC agrees terms of deal to re-commission Dartbrook alongside Trepang, M Resources and Tetra Resources".

² Refer ASX announcement issued by the Company on 30 September 2022, "AQC agrees further terms to facilitate the re-commissioning of Dartbrook".

³ Refer ASX announcement issued by the Company on 1 May 2023, "AQC finalises Dartbrook Joint Venture Agreement".

Explanatory Memorandum

- the Company retained the majority direct working interest in the Dartbrook Joint Venture, which increased from 50% to 80%;
- Tetra remained a direct joint venture participant with a 20% direct working interest in the Dartbrook Joint Venture and remained the Dartbrook Mine manager and operator;
- subject to Shareholder approval, Trepang will no longer have a 10% free-carried direct working interest in the Dartbrook Joint Venture. Instead, Trepang will provide land and water access to the Dartbrook Mine through a long-term lease equivalent to a 10% economic interest in the Dartbrook Joint Venture, with a minimum payment of \$5,000,000 per annum, which will be an operating cost of the Dartbrook Joint Venture;
- M Resources will receive a 10% indirect economic interest in the Dartbrook Joint Venture through arrangements with the Company (therefore reducing the Company's effective economic interest from 80% to 70%); and
- M Resources will no longer be the coal marketing agent but will be retained to provide ongoing technical services advice on marketing and operations to the Company.

Further information in relation to the Dartbrook Joint Venture Agreement is set out in the Company's ASX announcements.⁴

On 19 April 2024, as contemplated under the Dartbrook Joint Venture arrangements outlined above, AQC Dartbrook, a wholly-owned subsidiary of the Company, and Tetra Dartbrook, an entity owned by certain shareholders of Tetra (together, the **Joint Venture Tenants**), and the Trepang Landlords, each of which is an associate of Trepang, Nicholas Paspaley or John Robinson, entered in the Dartbrook Lease pursuant to which, subject to the approval of Shareholders, the Trepang Landlords agreed to provide the Joint Venture Tenants with land and water access to the Dartbrook Mine in consideration for a 10% economic interest in the joint venture, with a minimum payment of \$5,000,000 per annum effective from 1 July 2023.

The current version of the Dartbrook Lease is summarised in section 2.2(a) and is attached to this Explanatory Statement as Annexure B.

The Dartbrook Lease is subject to and conditional upon AQC having or obtaining approval of its Shareholders for AQC Dartbrook to enter into the Dartbrook Lease. If AQC does not obtain Shareholder approval by the date that is 3 months after the date of the Dartbrook Lease, the Trepang Landlords may terminate the Dartbrook Lease.

(b) **Dartbrook restart funding**

On 22 January 2024, the Company announced to ASX that AQC Dartbrook and Tetra Dartbrook had entered into a Facility Agreement with Vitol in relation to a 3-year US\$60,000,000 (approximately \$90,000,000)⁵ debt facility. The Facility Agreement is intended to cover forecast restart expenditure at the Dartbrook Mine 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.

Further information in relation to the Facility Agreement is set out in the Company's ASX announcements.⁶

One condition subsequent (amongst others) under the Facility Agreement is that AQC Dartbrook and Tetra Dartbrook shall, by no later than 90 days after 'Financial Close' under the Facility Agreement, provide evidence satisfactory to Vitol that all shareholder approvals required to be obtained in order for the execution, entry into and effectiveness of the Dartbrook Lease and the

⁴ Refer ASX announcement issued by the Company on 1 May 2023, "AQC finalises Dartbrook Joint Venture Agreement".

⁵ Based on an A\$/US\$ exchange rate of 0.66 as at 8 April 2024.

⁶ Refer ASX announcement issued by the Company on 22 January 2024, "AQC Finalises Binding USD60m Dartbrook Restart Funding".

Explanatory Memorandum

Dartbrook Lease Side Deed (including any Shareholder approvals of the Company) have been obtained and are in full force and effect.

'Financial Close' under the Facility Agreement occurred on 23 January 2024. Therefore, AQC Dartbrook and Tetra Dartbrook were required to satisfy the above condition subsequent by 22 April 2024. However, Vitol has agreed to extend the date by which the condition subsequent must be satisfied to 31 May 2024 or such later time as is agreed in writing by Vitol's agent.

2.2 The Proposed Transaction

For the reasons outlined in section 2.1, the Company is seeking Shareholder approval for the Company and AQC Dartbrook to enter into:

- the Dartbrook Lease; and
- the Dartbrook Lease Side Deed,

(together, the **Proposed Transaction**).

(a) Dartbrook Lease

The key terms of the Dartbrook Lease are as follows:

Item	Dartbrook Lease
Landlord	Trepang Landlords
Tenant	Joint Venture Tenants
Land	The land at Kayuga, New South Wales, the particulars of which are set out in Attachment 4 of the Dartbrook Lease.
Term and extension	<p>The period that commences on 1 July 2023 and expires on 5 December 2027.</p> <p>If the expiry date of the development consent for the Dartbrook Mine is extended (or a replacement development consent is granted) during the term, then the term will be extended for a corresponding period (subject to the satisfaction of certain conditions set out in clause 5.1 of the Dartbrook Lease).</p>
Rent	<p>Per annum, the higher of:</p> <ul style="list-style-type: none">• \$5,000,000; and• 10% of EBITDA (calculated semi-annually), being the earnings of the Dartbrook Joint Venture Agreement before interest, taxes, depreciation and amortisation, as calculated in accordance with Australian Accounting Standards. <p>The minimum total rent payable under the Dartbrook Lease during its term (assuming the term is not extended) is \$22,000,000 (excluding GST) (Dartbrook Lease Consideration).⁷</p>
Permitted use	All activities related to and associated with the production of coal in accordance with the mining licence for the Dartbrook Mine, the existing

⁷ This figure represents the minimum total rent payable on an undiscounted basis. By contrast, the Independent Expert's valuation of lease payments under the Dartbrook Lease is calculated on a discounted net present value basis.

Explanatory Memorandum

	development consent for the Dartbrook Mine, and any extensions to the development consent.
Water rights	The Dartbrook Joint Venture will have access to all water available under certain water licences the registered holders of which are the Trepang Landlords for purposes associated with the extraction, washing and processing of coal from the Dartbrook Mine.

(b) **Dartbrook Lease Side Deed**

AQC Dartbrook and Tetra Dartbrook are required to grant an all-asset security in connection with the Facility Agreement. Once Resolution 1 is passed the Dartbrook Lease is effective, the Dartbrook Lease will be an asset of AQC Dartbrook and Tetra Dartbrook that falls within the existing security pool granted by AQC Dartbrook and Tetra Dartbrook in favour of Vitol's security trustee. The Dartbrook leasehold mortgage (being a mortgage of Dartbrook Lease) is required so that the security interest can be registered on title and have the customary form of perfection for that security interest.

The Dartbrook Lease Side Deed documents Trepang's and the Trepang Landlord's consent to the leasehold mortgage and regulates the security trustee's step-in rights in relation to the Dartbrook Lease. It is in substantially the same form (save consequential changes and unrelated provisions) to the existing side deed arrangements with the same parties regarding AQC Dartbrook's existing access arrangements that are proposed to be replaced by the Dartbrook Lease. To that end, the Dartbrook Lease Side Deed also amends and/or terminates the provisions of that prior side deed arrangement to the extent they relate to the access arrangements that are being replaced by the Dartbrook Lease.

2.3 The rationale for the Proposed Transaction

The rationale for the Proposed Transaction is as follows:

- The Dartbrook Joint Venture does not own the land on which the Dartbrook Mine is situated (other than the land on which the coal handling and preparation plant is situated), which is the land the subject of the Dartbrook Lease.
- AQC Dartbrook's existing access arrangements for the land the subject of the Dartbrook Lease and associated water rights will expire on 31 December 2027 and the counterparties under the existing access arrangements are not obliged to provide any extension to AQC Dartbrook.
- By contrast, if the expiry date of the development consent for the Dartbrook Mine is extended (or a replacement development consent is granted) during the term of the Dartbrook Lease, the Trepang Landlords have agreed to extend the term for a corresponding period (subject to the terms of the Dartbrook Lease, including certain conditions set out in clause 5.1).
- Accordingly, the Non-Interested Directors consider that the Dartbrook Lease provides the Dartbrook Joint Venture with better security of tenure at the Dartbrook Mine, including during the period of any extension to the development consent for the Dartbrook Mine, noting such extended period has the potential to be a more valuable period of the Dartbrook Mine's life than the current period.

2.4 Key advantages and disadvantages of the Proposed Transaction

The passing of Resolution 1 at the Meeting will allow the Company to undertake the Proposed Transaction.

Explanatory Memorandum

The advantages of the Proposed Transaction to Non-Associated Shareholders include:

- The Dartbrook Lease will give the Joint Venture Tenants security of tenure over the land on which the Dartbrook Mine is situated for the remaining life of the mine under the Dartbrook Mine development consent and mining/coal licences, including any extension of the development consent. This is essential for the Dartbrook Mine to continue to be owned and operated by the Joint Venture Tenants.
- Approval of the Proposed Transaction will satisfy a condition subsequent under the Facility Agreement and enable the Joint Venture Tenants to avoid an 'Event of Default', as detailed in section 2.6.
- Although the Independent Expert, RSM Corporate Australia Pty Ltd, has concluded that AQC Dartbrook entering into the Dartbrook Lease is not fair to the Non-Associated Shareholders, the Independent Expert has also concluded that it is reasonable. In reaching this conclusion, the Independent Expert has stated that, in its opinion:

... the position of the Non-Associated Shareholders of AQC if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for Non-Associated Shareholders of AQC.⁸

- Entering into the Dartbrook Lease will enable the Joint Venture Tenants to grant a mortgage of the Dartbrook Lease, which may be an attractive form of security to a financier (such as Vitol) since the security interest can be registered on title.

The disadvantages of the Proposed Transaction to Non-Associated Shareholders include:

- The rent payable to the Trepang Landlords under the Dartbrook Lease will be an operating cost of the Dartbrook Joint Venture. As the rent is linked to the financial performance of the Dartbrook Joint Venture (subject to the \$5,000,000 minimum rent per annum), the rent under the Dartbrook Lease is not determined by reference to the market rent for the land the subject of the lease.
- The Independent Expert has concluded that AQC Dartbrook entering into the Dartbrook Lease is not fair to the Non-Associated Shareholders as the assessed 'Fair Value' of the lease payments to be made to the Trepang Landlords is greater than the assessed 'Fair Value' of the 'Market Rent' for the Dartbrook Lease.
- Certain aspects of AQC Dartbrook's existing access arrangements for the land the subject of the Dartbrook Lease may be considered more favourable to AQC Dartbrook than the Dartbrook lease. For instance, the existing arrangements do not restrict the method for conduct of underground mining whereas the Dartbrook Lease expressly excludes open cut mining operations, although Shareholders should note that AQC Dartbrook's existing development consent does not allow for open cut mining operations anyway. The existing arrangements also provide AQC Dartbrook with a right of first refusal over the sale of certain land on which the Dartbrook Mine is situated whereas this right is expressly relinquished under the Dartbrook Lease.

Further information in relation to the Independent Expert's consideration of AQC Dartbrook entering into the Dartbrook Lease is set out in section 2.5.

⁸ See page 40 of the Independent Expert's Report. In the Independent Expert's Report, 'Proposed Transaction' means AQC Dartbrook's entry in the Dartbrook Lease only. The Independent Expert has not expressed any opinion on the Dartbrook Lease Side Deed.

Explanatory Memorandum

2.5 Independent Expert consideration

The Independent Expert, RSM Corporate Australia Pty Ltd, has prepared an Independent Expert's Report to assist Non-Associated Shareholders to decide whether or not to vote in favour of Resolution 1.

The Independent Expert has assessed that AQC Dartbrook entering into the Dartbrook Lease is not fair but reasonable to the Non-Associated Shareholders. Shareholders should have regard to all of the information set out in the Independent Expert's Report in Annexure A of this Explanatory Memorandum and refer to this section 2.5 for further details as to the contents of the Independent Expert's Report.

The Independent Expert's Report does not include an opinion on the Dartbrook Lease Side Deed.

(a) Fairness

The Independent Expert compared the assessed 'Fair Value' of the lease payments to be paid to the Trepang Landlords under the Dartbrook Lease with the assessed 'Fair Value' of the 'Market Rent', being the commercial arms-length rental costs for the land and water access provided under the Dartbrook Lease.

The Independent Expert made its assessment on an 80% basis given this represents AQC's direct economic interest in the Dartbrook Joint Venture.

The Independent Expert undertook the above valuations in two scenarios:

- assuming the Dartbrook Mine operates only to the end of its current approvals on 5 December 2027 (**MOD 7 Scenario**); and
- assuming approvals are granted that allow the Dartbrook Mine to continue operating for a further six years to 5 December 2033 (**MOD 8 Scenario**).

The Independent Expert's assessment under each scenario is set out in the following table, which sets out the net present value (**NPV**) of the lease payments under the Dartbrook Lease.

NPV summary	Low \$'000	High \$'000	Preferred \$'000
MOD 7 Scenario			
'Fair Value' of lease payments to be made under the Dartbrook Lease (80% basis)	17,344	17,993	17,662
'Fair Value' of 'Market Rent' (80% basis)	5,566	5,671	5,619
MOD 8 Scenario			
'Fair Value' of lease payments to be made under the Dartbrook Lease (80% basis)	34,750	37,645	36,149
'Fair Value' of 'Market Rent' (80% basis)	12,540	13,017	12,778

As the assessed 'Fair Value' of the lease payments to be made to the Trepang Landlords under the Dartbrook Lease is greater than the assessed 'Fair Value' of the 'Market Rent' under both the MOD 7 Scenario and the MOD 8 Scenario, the Independent Expert considers that AQC Dartbrook entering into the Dartbrook Lease is not fair to the Non-Associated Shareholders.

Explanatory Memorandum

The Company notes that the Independent Expert's Report and the attachments to it contain certain projections, forecasts or other forward looking statements about the Company, the Dartbrook Joint Venture or the Dartbrook Mine (**Forward Looking Information**). Shareholders and other investors should note that (while some (but not all) of the Forward Looking Information has been derived from the Company's internal financial model relating to the forecast operations of the Dartbrook Mine), the Company does not give any representation or warranty that there is a reasonable basis for the Forward Looking Information in the Independent Expert's Report or its attachments or that such information reflects what will or is likely to occur in the future. Shareholders and other investors should not rely on any Forward Looking Information and any reliance by Shareholders or other investors is solely at their own risk.

(b) Reasonableness

The Independent Expert also considered the commercial advantages and disadvantages of AQC Dartbrook entering into the Dartbrook Lease to determine whether that transaction is reasonable to the Non-Associated Shareholders, along with other considerations, as follows.

Advantages

- The Dartbrook Lease will give the Joint Venture Tenants security of tenure at the Dartbrook Mine for the remaining life of the mine in the MOD 7 Scenario and, assuming the relevant approvals are granted, the MOD 8 Scenario.
- Approval of AQC Dartbrook entering into the Dartbrook Lease will satisfy a condition under the Facility Agreement with Vitol, enabling (subject to the fulfilment of the other conditions and terms of the Facility Agreement) the draw down of funds required to cover restart capital expenditure at the Dartbrook Mine.
- Approval of AQC Dartbrook entering into the Dartbrook Lease will allow AQC to focus on the restart operations of the Dartbrook Mine.
- Approval of AQC Dartbrook entering into the Dartbrook Lease represents a further step towards the restart of mining operations at the Dartbrook Mine and the Non-Associated Shareholders may benefit from potential upside if restart is achieved in 2024.

Disadvantages

- AQC Dartbrook entering into the Dartbrook Lease is not fair to the Non-Associated Shareholders.
- AQC Dartbrook entering into the Dartbrook Lease commits AQC (through its 80% interest in the Dartbrook Joint Venture) to a minimum cost of \$4,000,000 per annum in rent under the Dartbrook Lease, regardless of the performance of the Dartbrook Mine.

Other considerations

- The future prospects of AQC if AQC Dartbrook does not enter into the Dartbrook Lease, consistent with the matters set out in section 2.6 below, and the fact that in the reviewed financial statements for AQC for the half year ended 31 December 2023, the independent auditor's report included an emphasis of matter that noted AQC's ability to continue as a going concern was dependent on AQC's ability to achieve objectives including capital raisings, borrowing and provision of working capital from the Facility Agreement, development, exploitation or advancement of existing or new opportunities, and realisation of surplus assets.
- For several reasons set out in the Independent Expert's Report, the Independent Expert was unable to directly observe the market's reaction immediately prior to and following the announcement of AQC Dartbrook entering into the Dartbrook Lease.

Explanatory Memorandum

- The Independent Expert is not aware of alternative proposals which may provide a greater benefit to Non-Associated Shareholders as at the date of the Independent Expert's Report.

In the Independent Expert's opinion, the position of the Non-Associated Shareholders of AQC if the Proposed Transaction is approved is more advantageous than if the AQC Dartbrook entering into the Dartbrook Lease is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, the Independent Expert considers that AQC Dartbrook entering into the Dartbrook Lease is reasonable for Non-Associated Shareholders of AQC.

2.6 Potential position of Shareholders if Resolution 1 is not approved

If Shareholders do not approve Resolution 1, the Company will not be able to undertake the Proposed Transaction and the Dartbrook Lease will be terminated. This will have a number of consequences.

AQC Dartbrook's existing access arrangements for the land the subject of the Dartbrook Lease and associated water rights will expire on 31 December 2027 and the counterparties under the existing access arrangements are not obliged to provide any extension to AQC Dartbrook. If AQC Dartbrook is unable to negotiate an extension or replacement of the existing access arrangements (either of which may also require the approval of Shareholders like the Dartbrook Lease), AQC Dartbrook will have no right to access to the land on which the Dartbrook Mine is located after the existing access arrangements expire and AQC Dartbrook will not be able to further develop or operate the Dartbrook Mine (whether as part of the Dartbrook Joint Venture or otherwise). This could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore the Company.

In addition, if Shareholders do not approve Resolution 1, an 'Event of Default' will occur under the Facility Agreement.

If an Event of Default occurs, Vitol, as the holder of the loan notes, will be entitled to demand as immediately due and payable all amounts (including interest) advanced to AQC Dartbrook and Tetra Dartbrook pursuant the Facility Agreement, rely on indemnities given by AQC Dartbrook and Tetra Dartbrook for costs and loss incurred as a result of the occurrence of the Event of Default, and have recourse to certain guarantees, any of which could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore the Company.

If Vitol exercises its right to terminate the Facility Agreement, AQC Dartbrook and Tetra Dartbrook will be precluded from issuing further loan notes to Vitol in order to secure further funding for operations, which could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore the Company.

2.7 Shareholder approval

The Proposed Transaction is subject to and conditional upon the Company having or obtaining the approval of its Shareholders for the Company and AQC Dartbrook to enter into the Proposed Transaction. Accordingly, Resolution 1 seeks Shareholder approval under Listing Rule 10.1 to the Proposed Transaction.

None of Tre pang Landlords are Related Parties of the Company and as such no approval of the Proposed Transaction for the purposes of Chapter 2E of the Corporations Act is being sought.

2.8 Listing Rules

Listing Rule 10.1 states that:

An entity (or, in the case of a trust, the responsible entity of the trust) must ensure that neither the entity, nor any of its child entities acquires or agrees to acquire a substantial asset from or disposes of or agrees to dispose of a substantial asset to, any of the following persons without the approval of the holders of the entity's ordinary securities.

Explanatory Memorandum

10.1.1 *A related party of the entity.*

10.1.2 *A child entity of the entity.*

10.1.3 *A person who is, or was at any time in the 6 months before the transaction or agreement, a substantial (10%+) holder in the entity.*

10.1.4 *An associate of a person referred to in rules 10.1.1 to 10.1.3.*

10.1.5 *A person whose relationship to the entity or a person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by security holders.*

Trepang is the registered holder of 162,301,828 Shares, representing 31.64% of the Shares on issue. Nicholas Paspaley is the registered holder of 8,822,085 Shares, representing 1.72% of the Shares on issue. The Company understands that each of Nicholas Paspaley and John Robinson has voting power of more than 20% in Trepang. Therefore, Trepang has a relevant interest in at least 162,301,828 Shares, representing 31.64% of the Shares on issue, Nicholas Paspaley has a relevant interest in at least 171,123,913 Shares, representing 33.36% of the Shares on issue, and John Robinson has a relevant interest in at least 162,301,828 Shares, representing 31.64% of the Shares on issue. As such, each of Trepang, Nicholas Paspaley and John Robinson is a substantial (greater than 10%) holder as that term is defined in the Listing Rules falling within the classification of Listing Rule 10.1.3, as provided above.

The Company understands that Hunter Valley Corp Pty Ltd ACN 652 547 423 as trustee for Hunter Valley Property Trust is controlled by Nicholas Paspaley and ReggieFox Pty Ltd ACN 652 678 665 as trustee for ReggieFox Property Trust is controlled by John Robinson. The Company also understands that Kelly HV Property Pty Ltd ACN 652 606 892 as trustee for Kelly HV Property Trust and Walkington HV Property Pty Ltd ACN 652 607 764 as trustee for Walkington HV Property Trust are entities that may be considered associates of Trepang, Nicholas Paspaley and/or John Robinson in relation to the Company's affairs. As such, each of the Trepang Landlords is an associate of a substantial (greater than 10%) holder as those terms are defined in the Listing Rules and falls within the classification of Listing Rule 10.1.4, as provided above.

Listing Rule 10.2 states that:

An asset is substantial if its value or the value of the consideration being paid or received by the entity for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity, as set out in the latest accounts given to ASX under the Listing Rules.

The Dartbrook Lease Consideration, being the minimum total rent payable under the Dartbrook Lease over its term (assuming the term is not extended), represents more than 5% of the equity interests in the Company as set out in the latest accounts given to ASX. Therefore, the Dartbrook Lease will be considered a 'substantial asset' within the meaning of Listing Rule 10.2.

The following information is provided for the purposes of Listing Rule 10.5:

Listing Rule	Information
10.5.1 – the name of the person from whom the entity is acquiring the substantial asset	The persons from whom the Company is acquiring the substantial asset are the Trepang Landlords.
10.5.2 – the category in Listing Rules 10.1.1 – 10.1.5 the person falls into and why	The Trepang Landlords fall into the category in Listing Rule 10.1.4. Please see this section 2.8 for further details.

Explanatory Memorandum

Listing Rule	Information
10.5.3 – details of the asset being acquired	The substantial asset being acquired is the Dartbrook Lease. Please see section 2.2(a) for further details.
10.5.4 – the consideration for the acquisition or disposal	The consideration for the acquisition is the Dartbrook Lease Consideration. Please see section 2.2(a) for further details.
10.5.5 – in the case of an acquisition, the intended source of funds (if any) to pay for the acquisition	The intended source of funds to pay for the acquisition is a combination of debt proceeds received under the Facility Agreement and the Dartbrook Joint Venture's working capital.
10.5.6 – in the case of a disposal, the intended use of funds (if any) received for the disposal	Not applicable
10.5.7 – the timetable for completing the acquisition or disposal.	The Dartbrook Lease has already been entered into and will become unconditional as soon as Resolution 1 is passed.
10.5.8 – if the acquisition or disposal is occurring under an agreement, a summary of any material terms of the agreement	The current version of the Dartbrook Lease is summarised in section 2.2(a) and is attached to this Explanatory Statement as Annexure B.
10.5.9 – a voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting.
10.5.10 – a report on the transaction from an independent expert	The Independent Expert's Report is set out in Annexure A.

Listing Rule 10.5.10 provides that shareholder approval sought for the purpose of Listing Rule 10.1 must include a report on the proposed transaction from an independent expert. Accompanying this Explanatory Memorandum is an Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd. This report provides a detailed examination of AQC Dartbrook entering into the Dartbrook Lease, and the Independent Expert has concluded that AQC Dartbrook entering into the Dartbrook Lease is not fair but reasonable to the Non-Associated Shareholders.

The Independent Expert's Report does not include an opinion on the Dartbrook Lease Side Deed because approval of the Dartbrook Lease Side Deed is being sought for the purposes of the Facility Agreement (as explained in section 2.1(b)) instead of Listing Rule 10.1).

The Independent Expert's Report is intended to assist Non-Associated Shareholders in their consideration and assessment of the merits of AQC Dartbrook entering into the Dartbrook Lease and the making of their decision as to whether to vote in favour of Resolution 1. Shareholders are urged to carefully read the Independent Expert's Report, to understand the scope of the report, the methodology of the valuation and the assumptions made, before voting on Resolution 1.

A copy of the Independent Expert's Report has been provided to each Shareholder entitled to receive this Notice of Meeting and Explanatory Memorandum. Irrespective of this, a copy of the Independent Expert's Report is available on the Company's website at www.aqcltd.com and hard copies, may be requested (free of charge) by contacting the Company's registered office.

Explanatory Memorandum

2.9 Non-Interested Directors' recommendation

Mr Mike Ryan and Ms Ayten Saridas (together, the **Non-Interested Directors**) note the opinion of the Independent Expert, as summarised in section 2.5(a), that AQC Dartbrook entering into the Dartbrook Lease is not fair to the Non-Associated Shareholders, although it is reasonable. In particular, the Non-Interested Directors note the significant discrepancy between the Independent Expert's assessed 'Fair Value' of the lease payments to be made to the Trepang Landlords and the assessed 'Fair Value' of the 'Market Rent' for the Dartbrook Lease.

However, the Non-Interested Directors consider that the Independent Expert's fairness analysis provides, at best, an incomplete assessment of the Dartbrook Lease, given the other factors involved. These include that:

- the rent of the Dartbrook Lease was determined by reference to the previously announced terms of the Strategic Partnership with Trepang and others in September 2022. At that time, AQC was conducting a fully underwritten renounceable pro rata entitlement offer of Shares seeking to raise up to approximately \$100,000,000, which was supported by Trepang and its associates who subscribed for approximately \$40,000,000 of Shares. At the time of that entitlement offer, Trepang also agreed to support the Dartbrook Joint Venture by agreeing to extend AQC Dartbrook's access to the land on which the Dartbrook Mine is situated and associated water rights from the termination date of 31 December 2027 to until the end of any subsequent mining approval;⁹
- as noted in section 6.1 of the Independent Expert's Report, the assessed 'Fair Value' of the 'Market Rent' for the Dartbrook Lease includes a real estate component only (land and improvements) and does not include any value associated with the resource or business component of extracting, marketing and selling any coal resources. However, the Non-Interested Directors consider the resource and business component are not irrelevant in undertaking an assessment of the Dartbrook Lease as the lease effectively enables the Joint Venture Tenants to access the underground infrastructure and undertake those activities;
- the Dartbrook Lease provides the Dartbrook Joint Venture with better security of tenure at the Dartbrook Mine than the existing access arrangements; and
- there will be significant consequences for the Company as set out in section 2.6 if the Proposed Transaction is not approved by Non-Associated Shareholders. The choice for Non-Associated Shareholders is essentially between approving AQC Dartbrook entering into the Dartbrook Lease or triggering of an 'Event of Default' under the Facility Agreement with Vitol.

In light of the above, the Non-Interested Directors' judgement is that the Proposed Transaction is in the best interests of the Non-Associated Shareholders, notwithstanding the Independent Expert's fairness assessment (although consistently with the Independent Expert's reasonableness assessment).

Accordingly, each of the Non-Interested Directors recommends that Shareholders vote **IN FAVOUR** of Resolution 1.

As Mr Nick Johansen and Mr Jeff Beatty are nominees of Trepang, each of them considers it appropriate to make no recommendation with respect to Resolution 1.

⁹ Refer to ASX announcement issued by the Company on 27 September 2022, "AQC agrees terms of deal to re-commission Dartbrook alongside Trepang, M Resources and Tetra Resources".

Explanatory Memorandum

3. Resolution 2 — Ratification and approval of the issue of 56,944,447 Placement Shares

3.1 Background

On 27 December 2023, the Company announced to ASX that it had successfully completed a placement of Shares at an offer price of \$0.09 per Share (**Placement**).¹⁰ The Company announced that the Placement would raise \$3,625,000 in new funds and convert \$3,375,000 of short-term shareholder loans and accrued lease payments to equity.

Of the \$3,375,000 of short-term shareholder loans and accrued lease payments to be converted to equity under the Placement, Shareholder approval is required under Listing Rule 10.11 in respect of \$1,875,000. Please see Resolution 3, Resolution 4, section 4 and section 5 for details in relation to those Shareholder approvals.

The remaining \$1,500,000 of short-term shareholder loans and accrued lease payments (the conversion of which does not require Shareholder approval under Listing Rule 10.11) arose under a loan agreement between Sambor, a Shareholder in the Company, and the Company dated 1 December 2023 (**Sambor Loan Agreement**), under which the Company was required to repay to Sambor an amount equal to \$2,500,000 (the **Sambor Repayment Amount**) by 22 December 2023. The Company invited Sambor to subscribe for Shares under the Placement to convert \$1,500,000 of the Sambor Repayment Amount to equity, with the balance of the Sambor Repayment Amount to be repaid in cash.

On 2 January 2024, the Company announced to ASX that it had completed the issue of 56,944,447 Shares pursuant to the Placement at an issue price of \$0.09 per Share (**Placement Shares**), being the Shares to be issued under the Placement that did not require Shareholder approval under Listing Rule 10.11.¹¹

3.2 Listing Rules

Listing Rule 7.1 provides that an entity must not, subject to certain exemptions, issue or agree to issue more Equity Securities during any 12-month period, than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period (**15% Limit**) without Shareholder approval. The Placement Shares were issued without Shareholder approval under the Company's existing placement capacities as provided for by Listing Rule 7.1.

Listing Rule 7.4 permits shareholders to ratify a previous issue of Equity Securities in a general meeting, and provided that the previous issue did not breach Listing Rule 7.1 when it was made, those securities will be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1. This will mean that the Placement Shares will not be deducted from the Company's placement capacity under Listing Rule 7.1.

Accordingly, the Company now seeks Shareholder approval to ratify the issue of the Placement Shares in accordance with Listing Rule 7.4.

If Resolution 2 is passed, the 56,944,447 Placement Shares will be excluded in calculating the Company's capacity limit pursuant to Listing Rule 7.1. Therefore, the Company will have greater capacity to issue Equity Securities within the 15% Limit. Please note that if Shareholders approve Resolution 2, equity raisings conducted by the Company without Shareholder approval would remain subject to the 15% Limit.

If Resolution 2 is not passed, the 56,944,447 Placement Shares will be included in calculating the Company's capacity limit pursuant to Listing Rules 7.1. This means that the Company's

¹⁰ Refer to ASX announcement issued by the Company on 27 December 2023, "AQC successfully completes Placement".

¹¹ Refer to ASX announcement issued by the Company on 2 January 2024, "Notice under Section 708A(5)(e) of the Corporations Act".

Explanatory Memorandum

capacity under Listing Rule 7.1 will be more limited, which may hamper the Company's ability to take advantage of any commercial opportunities as they may arise or otherwise issue securities as the needs arise.

For the purposes of Listing Rule 7.5, the following information is provided in respect of Resolution 2.

Listing Rule	Information
Names of allottees	<p>The Company issued Placement Shares to:</p> <ul style="list-style-type: none"> various professional and sophisticated investors selected by the Company in consultation with manager Wilsons Corporate Finance Limited ACN 057 547 323 (Wilsons) who acted as Sole Lead Manager to the Placement; and Sambor. <p>No Related Party, member of the Key Management Personnel, substantial (10%+) holder of the Company, advisor to the Company or any of their respective Associates participated in the Placement, except as set out in Resolution 3, Resolution 4, section 4 and section 5.</p>
Number and class of securities issued	<p>The Company issued 56,944,447 Placement Shares, comprising:</p> <ul style="list-style-type: none"> 40,277,780 Placement Shares issued to various professional and sophisticated investors selected by the Company in consultation with manager Wilsons who acted as Sole Lead Manager to the Placement; and 16,666,667 Placement Shares issued to Sambor. <p>The Placement Shares rank, from their date of issue, equally with all other Shares on issue.</p>
Date of issue	The Placement Shares were issued on 2 January 2024.
Issue Price	The issue price for the Placement Shares was \$0.09 per Share.
Purpose and use of Funds	The funds raised from the Placement have been and will be applied to additional working capital (including costs of the offer), fund ongoing works at the Dartbrook Mine, and the conversion of short-term shareholder loans and accrued lease payments to equity.
Material terms of agreement	<p>The relevant agreements provided that the issue price of Placement Shares is \$0.09 and includes various other conditions usual for a placement of this sort.</p> <p>In addition, Sambor agreed to waive payment of \$1,500,000 of the Sambor Repayment Amount and the Company agreed to accept that waiver as payment for the Placement Shares issued to Sambor.</p>

The Directors consider that the approval of the issue of the Shares under the Placement described above is in the Company's best interests. It provides the Company with greater capacity to issue Shares within the maximum number of Shares permitted under Listing Rule 7.1 in the next 12 months, should it be required.

Explanatory Memorandum

3.3 Directors' recommendation

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 2.

4. Resolution 3 — Approval of issue of Trepang Landlord Placement Shares to Trepang

4.1 Background

As set out in section 3.1, of the \$3,375,000 of short-term shareholder loans and accrued lease payments to be converted to equity under the Placement, Shareholder approval is required under Listing Rule 10.11 in respect of \$1,875,000.

Of this \$1,875,000 amount, \$1,250,000 will arise under the Dartbrook Lease in respect of the period from 1 July 2023 to 31 December 2023 (the **Dartbrook Lease Rental Amount**). The Company invited the Trepang Landlords to subscribe for Shares under the Placement to convert the Dartbrook Lease Rental Amount to equity, subject to the Dartbrook Lease being approved by Shareholders under Listing Rule 10.1.

At the direction of the Trepang Landlords, the Company has agreed to issue 13,888,889 Shares (the **Trepang Landlord Placement Shares**) to Trepang pursuant to the Placement at an issue price of \$0.09 per Share, subject to the receipt of Shareholder approval under Listing Rule 10.11 and subject to the Dartbrook Lease being approved by Shareholders under Listing Rule 10.1.

4.2 Listing Rules

Listing Rule 10.11 states that:

Unless one of the exceptions in rule 10.12 applies, an entity must not issue or agree to issue equity securities to any of the following persons without the approval to the holders of its ordinary securities.

10.11.1 *A related party.*

10.11.2 *A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity.*

10.11.3 *A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or expectation to do so.*

10.11.4 *An associate of a person referred to in rules 10.11.1 to 10.11.3.*

10.11.5 *A person whose relationship with the entity or a person referred to in rule 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by security holders.*

As set out in section 2.8, Trepang has a relevant interest in at least 162,301,828 Shares, representing 31.64% of the Shares on issue. As such, Trepang is a substantial (greater than 30%) holder as that term is defined in the Listing Rules falling within the classification of Listing Rule 10.11.2, as provided above.

As the issue of the Trepang Landlord Placement Shares involves the issue of Shares to a person who comes within the scope of Listing Rule 10.11 and no relevant exception applies, Shareholder approval pursuant to Listing Rule 10.11 is required.

Explanatory Memorandum

If Resolution 1 and Resolution 3 are both passed, the Company will be able to proceed with the issue of the Trepang Landlord Placement Shares to Trepang.

If Resolution 1 is passed and Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Trepang Landlord Placement Shares to Trepang and the Joint Venture Tenants will be required to pay the Dartbrook Lease Rental Amount to the Trepang Landlords.

If Resolution 1 is not passed, then regardless of whether Resolution 3 is passed, the obligation to pay the Dartbrook Lease Rental Amount will not arise and the Company will not issue any Trepang Landlord Placement Shares to Trepang.

Since approval is being sought pursuant to Listing Rule 10.11, the issue of the Trepang Landlord Placement Shares will not count towards the Company's 15% Limit under Listing Rule 7.1 (Listing Rule 7.2 (Exception 14)).

The following information is provided for the purposes of Listing Rule 10.13:

Listing Rule	Information
10.13.1 – the name of the person	The person to whom the Trepang Landlord Placement Shares are being issued is Trepang.
10.5.2 – the category in Listing Rules 10.11.1 – 10.11.5 the person falls into and why	Trepang falls into the category in Listing Rule 10.11.2. Please see this section 4.1 for further details.
10.13.3 – the number and class of securities to be issued to the person	The Company has agreed to issue 13,888,889 Shares to Trepang. Please see this section 4.1 for further details. The Trepang Landlord Placement Shares rank, from their date of issue, equally with all other Shares on issue.
10.13.4 – if the securities are not fully paid ordinary securities, a summary of the material terms of the securities	Not applicable
10.13.5 – the date on which the entity will issue the securities	A date that is not more than 1 month after the date of the Meeting.
10.13.6 – the price or other consideration the entity will receive for the issue	The issue price of the Trepang Landlord Placement Shares is \$0.09.
10.13.7 – the purpose of the issue, including the intended use of any funds raised by the issue	The funds raised from the Placement have been and will be applied to additional working capital (including costs of the offer), fund ongoing works at the Dartbrook Mine, and the conversion of short-term shareholder loans and accrued lease payments to equity.
10.13.8 – if the person is a director or a certain associate, and the issue is intended as remuneration, details of the director's remuneration package	Not applicable

Explanatory Memorandum

Listing Rule	Information
10.13.9 — if the securities are issued under an agreement, a summary of any other material terms of the agreement	<p>The relevant agreement provides that the issue price of the Trepang Landlord Placement Shares is \$0.09 and includes various other conditions usual for a placement of this sort.</p> <p>In addition, the Trepang Landlords agreed to waive payment of the Dartbrook Lease Rental Amount, the Joint Venture Tenants agreed to accept that waiver and the Company agreed to accept a corresponding increase in its loan to the Dartbrook Joint Venture (which comprises the Joint Venture Tenants) as payment for the Trepang Landlord Placement Shares to be issued to Trepang (at the direction of the Trepang Landlords).</p> <p>The issue of the Trepang Landlord Placement Shares is subject to Shareholder approval under Listing Rule 10.11 and subject to the Dartbrook Lease being approved by Shareholders under Listing Rule 10.1.</p>
10.11.10 – a voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting.

4.3 Non-Interested Directors' recommendation

Each Non-Interested Director recommends that Shareholders vote **IN FAVOUR** of Resolution 3.

As Mr Nick Johansen and Mr Jeff Beatty are nominees of Trepang, each of them considers it appropriate to make no recommendation with respect to Resolution 3.

5. Resolution 4 — Approval of issue of NT House Placement Shares to NT House

5.1 Background

As set out in section 3.1, of the \$3,375,000 of short-term shareholder loans and accrued lease payments to be converted to equity under the Placement, Shareholder approval is required under Listing Rule 10.11 in respect of \$1,875,000.

As set out in section 4.1, of this \$1,875,000 amount, \$1,250,000 amount will arise under the Dartbrook Lease. The remaining \$625,000 arose under a loan agreement between NT House, a Shareholder in the Company that is an associate of Nicholas Paspaley as that term is defined in the Listing Rules, and the Company dated 1 December 2023 (**NT House Loan Agreement**), under which the Company is required to repay to NT House an amount equal to \$625,000 (the **NT House Repayment Amount**) by 22 December 2023. The Company invited NT House to subscribe for Shares under the Placement to convert the NT House Repayment Amount to equity.

The Company has agreed to issue 6,944,444 Shares to NT House (the **NT House Placement Shares**) pursuant to the Placement at an issue price of \$0.09 per Share, subject to the receipt of Shareholder approval under Listing Rule 10.11.

5.2 Listing Rules

A summary of Listing Rule 10.11 is set out in section 4.2.

Explanatory Memorandum

As set out in section 2.8, Nicholas Paspaley is a substantial (greater than 30%) holder as that term is defined in the Listing Rules falling within the classification of Listing Rule 10.11.2.

The Company understands that NT House is an entity controlled by Nicholas Paspaley. As such, NT House is an associate of a substantial (greater than 30%) holder as that term is defined in the Listing Rules and falls within the classification of Listing Rule 10.11.4, as provided above.

As the issue of the NT House Placement Shares involves the issue of Shares to a person who comes within the scope of Listing Rule 10.11 and no relevant exception applies, Shareholder approval pursuant to Listing Rule 10.11 is required.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the NT House Placement Shares to NT House and the NT House Repayment Amount will cease to be payable to NT House.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the NT House Placement Shares to NT House and the Company will be required to pay the NT House Repayment Amount to NT House.

Since approval is being sought pursuant to Listing Rule 10.11, the issue of the NT House Placement Shares will not count towards the Company's 15% Limit under Listing Rule 7.1 (Listing Rule 7.2 (Exception 14)).

The following information is provided for the purposes of Listing Rule 10.13:

Listing Rule	Information
10.13.1 – the name of the person	The person to whom the NT House Placement Shares are being issued is NT House.
10.5.2 – the category in Listing Rules 10.11.1 – 10.11.5 the person falls into and why	NT House falls into the category in Listing Rule 10.11.4. Please see this section 4.1 for further details
10.13.3 – the number and class of securities to be issued to the person	The Company has agreed to issue 6,944,444 Shares to NT House. The NT House Placement Shares rank, from their date of issue, equally with all other Shares on issue.
10.13.4 – if the securities are not fully paid ordinary securities, a summary of the material terms of the securities	Not applicable
10.13.5 – the date on which the entity will issue the securities	A date that is not more than 1 month after the date of the Meeting.
10.13.6 – the price or other consideration the entity will receive for the issue	The issue price of the NT House Placement Shares is \$0.09.
10.13.7 – the purpose of the issue, including the intended use of any funds raised by the issue	The funds raised from the Placement have been and will be applied to additional working capital (including costs of the offer), fund ongoing works at the Dartbrook Mine, and the conversion of short-term shareholder loans and accrued lease payments to equity.

Explanatory Memorandum

Listing Rule	Information
10.13.8 – if the person is a director or a certain associate, and the issue is intended as remuneration, details of the director's remuneration package	Not applicable
10.13.9 — if the securities are issued under an agreement, a summary of any other material terms of the agreement	<p>The relevant agreements provided that the issue price of the NT House Placement Shares is \$0.09 and includes various other conditions usual for a placement of this sort.</p> <p>In addition, NT House agreed to waive payment of the NT House Repayment Amount and the Company agreed to accept that waiver as payment for the NT House Placement Shares to be issued to NT House.</p> <p>The issue of the NT House Placement Shares is subject to Shareholder approval under Listing Rule 10.11.</p>
10.11.10 – a voting exclusion statement	A voting exclusion statement is set out in the Notice of Meeting.

5.3 Non-Interested Directors' recommendation

Each Non-Interested Director recommends that Shareholders vote **IN FAVOUR** of Resolution 4.

As Mr Nick Johansen and Mr Jeff Beatty are nominees of Trepang, each of them considers it appropriate to make no recommendation with respect to Resolution 4.

6. Resolution 5 — Issue of Broker Options to Evolution in relation to settlement of dispute in response to demand arising out of Underwriting Agreement

6.1 Background

On 2 September 2022, the Company announced to ASX a 5.83 for 1 (5.83 new Shares for every 1 existing Share held on the record date) fully underwritten renounceable pro rata entitlement offer of shares in the Company at \$0.34 per Share pursuant to which the Company raised approximately \$100,000,000 (before costs and expenses and subject to rounding) (**Entitlement Offer**).¹²

The Entitlement Offer was fully underwritten, lead managed and brokered by the Underwriter pursuant to the Underwriting Agreement, the key terms of which were summarised in the Annexure to the Company's ASX announcement of 5 September 2022.¹³ For its services, the Underwriting Agreement provided the Underwriter was to receive a selling fee of 5.75% of the gross Entitlement Offer proceeds, and be issued 20,000,000 unlisted options with an exercise price of \$0.34 per option expiring 3 years from the issue date (that is, the Broker Options).

At the time of execution of the Underwriting Agreement, the Company only had sufficient placement capacity to issue 7,572,721 of the Broker Options. The balance of 12,427,279 of the

¹² Refer ASX announcement issued by the Company on 2 September 2022, "Termination of Trepang transaction; Launch of \$100 million underwritten renounceable entitlement offer".

¹³ Refer ASX announcement issued by the Company on 5 September 2022, "Underwritten Entitlement Offer — Update".

Explanatory Memorandum

Broker Options was to be issued subject to Shareholder approval pursuant to Listing Rule 7.1. Such a resolution was put to Shareholders at the Company's Annual General Meeting of 28 November 2022 (as resolution 3 in the Notice of Annual General Meeting dated 28 October 2022) but was ultimately not carried. Following this, the Underwriter was not issued any of the 20,000,000 Broker Options.

As the Company has already disclosed to Shareholders, including in its ASX announcement of 30 August 2023,¹⁴ the Underwriter demanded that the Company issue the 20,000,000 Broker Options (to which it claimed it was entitled pursuant to the terms of the Underwriting Agreement) to it as part of the fee arrangements associated with the Entitlement Offer. The Company disputed the Underwriter's entitlement to receive these options and continued to participate in discussions with the Underwriter in order to resolve this dispute.

Following correspondence between representatives of the Company and representatives of the Underwriter, the Underwriter has agreed to accept a compromise amount of 13,786,361 Broker Options instead of 20,000,000. On this basis, the parties have agreed to settle all issues in dispute between them on the following terms:

- that the Company issue the Underwriter with 12,085,526 Broker Options in the Company (that is, options with an expiry date 3 years from the date of issue and an exercise price of \$0.34 per option, that may be exercised at any time up until their expiry) utilising the Company's placement capacity;
- that the Company issue the Underwriter with a further 1,700,835 Broker Options in the Company, subject to the receipt of Shareholder approval under Listing Rule 7.1;
- that the Company pay the Underwriter the amount of \$50,000; and
- that the parties release each other from all claims made under or in connection with the Underwriting Agreement or Mandate Letter (including in reliance on any separate agreements or surrounding discussions), provided that if the issue of the further 1,700,835 Broker Options is not approved by Shareholders, the Underwriter will retain any rights under the Underwriting Agreement (which, for the avoidance of doubt, are not admitted by the Company) to receive further Broker Options in excess of the 12,085,526 issued utilising the Company's placement capacity.

The issue of 13,786,361 Broker Options in total and payment of \$50,000 represents a more favourable position for the Company compared to its initial demand for the whole of the 20,000,000 Broker Options or compared to a demand for monetary damages to be paid by the Company for the Broker Options as quantified following a litigation process (which would also involve further legal costs for the Company).

In light of the above, the Board considers that it is in the best interests of the Company to proceed with the settlement on the terms describe above and for Shareholders to approve Resolution 5. As part of this process, the Company paid \$50,000 and issued 12,085,526 Broker Options to the Underwriter on 5 April 2024. The approval of the Shareholders of Resolution 5 is therefore sought and unanimously recommended by the Board to enable the issue of the balance of 1,700,835 Broker Options in order to finally resolve this dispute with the Underwriter.

6.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exemptions, issue or agree to issue more Equity Securities during any 12-month period other than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of the 12-month period, without the approval of the holders of its ordinary securities.

At the time of agreement of the Underwriting Agreement with the Underwriter, the Company possessed sufficient placement capacity under Listing Rule 7.1 to issue 7,572,721 Broker

¹⁴ Refer ASX announcement issued by the Company on 30 August 2023, "Equity Raising Presentation".

Explanatory Memorandum

Options. Subsequent Shareholder approval to issue any further Broker Options has not been obtained since that time. However, on the date the parties agreed to settle the dispute, the Company's placement capacity had sufficiently refreshed to allow the issue of a further 4,512,805 Broker Options. Accordingly, as described above, 12,085,526 Broker Options have now been issued to the Underwriter.

Resolution 5 seeks Shareholder approval for the issue of the 1,700,835 further Broker Options.

Listing Rule 7.3 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.1:

- The number of securities proposed to be issued to the Underwriter is 1,700,835 Broker Options.
- The Broker Options will be issued on or before two business days after the date Resolution 5 is passed.
- The issue price of the Broker Options is nil and they are being issued for the purpose of meeting the agreed terms between the parties to settle the dispute which has arisen out of the Underwriting Agreement between the parties for the Entitlement Offer.
- The Broker Options will:
 - each convert to one Share in the Company;
 - will be issued with an exercise price of \$0.34 per Broker Option;
 - will be exercisable at any time up to three years from the date of issue; and
 - upon conversion into Shares, will rank equally with each Share in the Company.

The other material terms of the options to be issued to the Underwriter are set out in the Annexure C to the Notice of Meeting;

- If Resolution 5 is passed, the 1,700,835 Broker Options will be issued to the Underwriter.
- There are no proceeds from the issue of the Broker Options to be paid to the Underwriter.

An appropriate voting exclusion statement is included in the Notice of Meeting.

6.3 Consequences of not approving Resolution 5

Where Shareholder approval of Resolution 5 is not achieved, the Company will be unable to issue the 1,700,835 further Broker Options required to be issued to the Underwriter.

The Company will thus be exposed to the risk of the Underwriter deciding to undertake legal proceedings against the Company, resulting in a potential claim for contractual damages and/or reliance on the indemnity provisions contained in the Underwriting Agreement, in relation to any rights of the Underwriter (which, for the avoidance of doubt, are not admitted by the Company) to receive further Broker Options in excess of the 12,085,526 Broker Options issued utilising the Company's existing placement capacity. In addition to the possibility of judgment liability, the Company will continue to incur legal costs in defending such proceedings. Further, and in any event, the dispute between the parties will not be wholly resolved and will continue to occupy management time and attention.

6.4 Directors' recommendation

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 5.

Explanatory Memorandum

7. Resolution 6 — Ratification and approval of the issue of 4,512,805 Broker Options

7.1 Background

As set out in section 6.1, the Company and the Underwriter agreed to settle a dispute in relation to the Entitlement Offer on the basis, that, amongst other things, the Company issued 12,085,526 Broker Options to the Underwriter utilising the Company's placement capacity.

As set out in section 6.2, at the time of agreement of the Underwriting Agreement with the Underwriter, the Company possessed sufficient placement capacity under Listing Rule 7.1 to issue 7,572,721 Broker Options and on the date the parties agreed to settle the dispute, the Company's placement capacity had sufficiently refreshed to allow the issue of a further 4,512,805 Broker Options.

Accordingly, the 12,085,526 Broker Options were issued to the Underwriter on 5 April 2024.

7.2 Listing Rules

A summary of Listing Rules 7.1 and 7.4 is set out in section 3.2.

The 4,512,805 Broker Options described above were issued without Shareholder approval under the Company's existing placement capacities as provided for by Listing Rule 7.1.

The Company now seeks Shareholder approval to ratify the issue of the 4,512,085 Broker Options in accordance with Listing Rule 7.4.

If Resolution 6 is passed, the 4,512,085 Broker Options will be excluded in calculating the Company's capacity limit pursuant to Listing Rule 7.1. Therefore, the Company will have greater capacity to issue Equity Securities within the 15% Limit. Please note that if Shareholders approve Resolution 6, equity raisings conducted by the Company without Shareholder approval would remain subject to the 15% Limit.

If Resolution 6 is not passed, the 4,512,085 Broker Options will be included in calculating the Company's capacity limit pursuant to Listing Rule 7.1. This means that the Company's capacity under Listing Rule 7.1 will be more limited, which may hamper the Company's ability to take advantage of any commercial opportunities as they may arise or otherwise issue securities as the needs arise.

For the purposes of Listing Rule 7.5, the following information is provided in respect of Resolution 6.

Listing Rule	Information
Names of allottees	The Company issued the 4,512,085 Broker Options to the Underwriter. No Related Party, member of the Key Management Personnel, substantial (10%+) holder of the Company, advisor to the Company or any of their respective Associates was issued Broker Options.
Number and class of securities issued	The Company issued 4,512,085 Broker Options. The material terms of the Broker Options are set out in the Annexure C to the Notice of Meeting.
Date of issue	The 4,512,085 Broker Options were issued on 5 April 2024.
Issue Price	The issue price for the 4,512,085 Broker Options was nil.

Explanatory Memorandum

Listing Rule	Information
Purpose and use of Funds	The 4,512,085 Broker Options were issued in consideration for the settlement of a dispute with the Underwriter as set out in section 6.1 and section 6.2.
Material terms of agreement	The material terms of the deed of settlement to which the 4,512,085 Broker Options were issued are set out in section 6.1.

The Directors consider that the approval of the issue of the 4,512,085 Broker Options described above is in the Company's best interests. It provides the Company with greater capacity to issue Equity Securities within the maximum number of Equity Securities permitted under Listing Rule 7.1 in the next 12 months, should it be required.

7.3 Directors' recommendation

Each Director recommends that Shareholders vote **IN FAVOUR** of Resolution 6.

Explanatory Memorandum

8. Interpretation

15% Limit has the meaning given in section 3.1.

AQC Dartbrook means AQC Dartbrook Pty Ltd ACN 000 012 813.

Associates has the meaning given to that term in the Corporations Act and **Associated** has a corresponding meaning.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as applicable).

Board means the board of directors of the Company.

Broker Options means the options issued or to be issued to Evolution on the terms set out in Annexure C to the Notice of Meeting.

Chair means the person who chairs the Meeting.

Company means Australian Pacific Coal Limited ACN 089 206 986.

Corporations Act means the *Corporations Act 2001* (Cth) as amended, varied or replaced from time to time.

Dartbrook Joint Venture means the joint venture undertaken by AQC Dartbrook and Tetra Dartbrook established pursuant to the Dartbrook Joint Venture Agreement.

Dartbrook Joint Venture Agreement means the document titled the "Farmin & Joint Venture Agreement" dated 30 April 2023 between the AQC Dartbrook, Tetra Dartbrook and Dartbrook Management Pty Ltd (ACN 633 892 109) as trustee for the Tetra Resources Unit Trust ABN 87 301 930 513 in respect of the Dartbrook Mine.

Dartbrook Lease means the New South Wales lease between the Trepang Landlords and the Joint Venture Tenants for the lease of Part 30 Stair Street, Kayuga 2333 and Dartbrook Colliery New England Highway, Muswellbrook 2333, being part Folio Identifiers 1/835733, 111/873834 and Water Access Licence WAL1021 (including access through part Folio Identifiers 1/835733, 14/253397 and 110/873834), agreed on 19 April 2024 and commencing on 1 July 2023.

Dartbrook Lease Consideration has the meaning given in section 2.2(a)

Dartbrook Lease Rental Amount has the meaning given in section 4.1.

Dartbrook Mine means the coal mine and associated facilities known as the 'Dartbrook Project' or the 'Dartbrook Site' located in the Hunter Valley, New South Wales.

Dartbrook Lease Side Deed means the side deed to be entered into between AQC, AQC Dartbrook Management Pty Ltd ACN 007 377 577, AQC Dartbrook, Tetra Dartbrook, Trepang, the Trepang Landlords, Global Loan Agency Services Australia Pty Ltd ACN 608 829 303 and Global Loan Agency Services Australia Specialist Activities Pty Limited ACN 635 992 308 in its capacity as trustee of the Dartbrook Security Trust, in respect of the Dartbrook Lease.

Director means a director of the Company.

Entitlement Offer has the meaning given in section 6.1.

Equity Securities has the meaning given to that term in the Listing Rules.

Evolution or **Underwriter** means Evolution Capital Pty Ltd ACN 652 397 263.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Meeting.

Facility Agreement means the Loan Note Subscription Agreement (Prepayment Facility) between AQC Dartbrook, Tetra Dartbrook and Vitol, amongst others, dated 19 January 2024.

Independent Expert means RSM Corporate Australia Pty Ltd ACN 050 508 024.

Independent Expert's Report means the Independent Expert's report set out in Annexure A of the Notice of Meeting.

Explanatory Memorandum

Joint Venture Tenants has the meaning given in section 2.1.

Key Management Personnel or **KMP** has the definition given in *Accounting Standards AASB 124 Related Party Disclosure* as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rule means the official listing rules of the ASX as amended from time to time.

M Resources means M Resources Pty Ltd ACN 151 351 790.

Mandate Letter means the mandate letter entered into by the Company and Evolution on 30 August 2022.

Meeting, Extraordinary General Meeting or **EGM** means the extraordinary general meeting to be held at Level 25, 100 Mount Street, North Sydney NSW 2000 (Sydney time) on 23 May 2024 at 9.00am (Sydney time) as convened by the accompanying Notice of Meeting.

Non-Associated Shareholders means the Shareholders whose votes are not to be disregarded on Resolution 1.

Non-Interested Directors has the meaning given in section 2.9.

Notice of Meeting means the notice of meeting giving notice to Shareholders of the Meeting, accompanying this Explanatory Memorandum.

NT House means NT House Pty Ltd ACN 134 421 980 as Trustee for NT House Unit Trust.

NT House Loan Agreement has the meaning given in section 5.1.

NT House Placement Shares has the meaning given in 5.1.

NT House Repayment Amount has the meaning given in section 5.1.

Ordinary Resolution means a resolution passed by more than 50% of the votes cast at a general meeting of Shareholders.

Placement has the meaning given to that term in section 3.1.

Placement Shares has the meaning given to that term in section 3.1.

Proposed Transaction has the meaning given to that term in section 2.2.

Related Party has the meaning given in section 228 of the Corporations Act.

Resolution means a resolution as set out in the Notice of Meeting.

Sambor means Sambor Trading Pty Ltd ACN 624 826 651.

Sambor Loan Agreement has the meaning given in section 3.1.

Sambor Repayment Amount has the meaning given in section 3.1.

Share means an ordinary fully paid share in the issued capital of the Company.

Shareholder means a holder of Shares in the Company.

Strategic Partnership has the meaning given in section 2.1(a).

Tetra means Tetra Resources Pty Ltd ACN 633 892 109.

Tetra Dartbrook means Tetra Dartbrook Pty Ltd ACN 658 320 471.

Trepang means Trepang Services Pty Ltd ACN 149 489 065.

Trepang Landlord Placement Shares has the meaning given in section 4.1.

Trepang Landlords means Hunter Valley Corp Pty Ltd ACN 652 547 423 as trustee for Hunter Valley Property Trust, ReggieFox Pty Ltd ACN 652 678 665 as trustee for ReggieFox Property Trust, Kelly HV Property Pty Ltd ACN 652 606 892 as trustee for Kelly HV Property Trust and Walkington HV Property Pty Ltd ACN 652 607 764 as trustee for Walkington HV Property Trust.

Underwriting Agreement means the Underwriting Agreement entered into between the Company and the Underwriter on or around 2 September 2022.

Explanatory Memorandum

Vitol means Vitol Asia Pte. Ltd.

Wilsons has the meaning given in section 3.2

Any enquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Craig McPherson (**Company Secretary**):

Level 1
371 Queen Street
Brisbane Qld 4000
+61 7 3221 0679

Voting information

Proxy, representative and voting entitlement instructions

Voting Entitlement

The Board has determined that those persons who are registered as holding Shares as at 7:00pm (AEST) on 21 May 2024 will be entitled to attend and vote at the Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of a Share is present at the Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the Company's Share register will be counted.

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the Meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the Meeting under section 250D of the Corporations Act.

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below, or the Share Registry, C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia** 48 hours before the time for holding the Meeting, or the adjourned Meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Australian Pacific Coal Limited
Level 1, 371 Queen Street, Brisbane, Queensland, 4000
Telephone No: +61 7 3221 0679
Facsimile No: +61 7 3229 9323

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form accompanies this Notice of Meeting.

Proxy voting by the Chair of the Meeting

If you have lodged a directed proxy, and your appointed proxy either does not attend the Meeting or does not vote on a Resolution, then the Chair of the Meeting is taken to have been appointed as your proxy for that Resolution, and will vote on a poll in accordance with your voting instruction.

If the Chair of the Meeting is appointed as your proxy or becomes your proxy by default, by signing and returning the proxy form, you are expressly authorising the Chair of the Meeting to vote all available proxies on all the Resolutions as he or she sees fit.

The Chair of the Meeting intends to vote all available proxies **IN FAVOUR** of all the Resolutions.

Annexure A – Independent Expert’s Report

Australian Pacific Coal Limited

Financial Services Guide and Independent Expert's Report

4 April 2024

**For the purposes of Listing Rule 10.1, we have concluded that the
Proposed Transaction is not fair but reasonable to the Non-
Associated Shareholders of the Company**

Financial Services Guide

4 April 2024

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 (“**RSM**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence (“**AFSL**”), Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we produce is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; Australian Pacific Coal Limited (“**AQC**” or “**the Company**”) will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisors. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and/or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, PO Box R1253, Perth, WA, 6844.

If we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to external dispute resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority (“AFCA”). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 4 of this report

Independent Expert's Report

RSM Corporate Australia Pty Ltd

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61(0) 3 9286 8000
F +61(0) 3 9286 8199
www.rsm.com.au

4 April 2024

The Directors
Australian Pacific Coal Limited
Level 1, 371 Queen Street
Brisbane Qld 4000

Dear Directors,

Introduction

Australian Pacific Coal Limited's ("**AQC**" or "the **Company**") principal asset is the Dartbrook Mine located in the Hunter Valley, NSW, approximately 4 km west of Aberdeen and 10 km northwest of Muswellbrook. The Dartbrook Mine operated as an underground coal mine until December 2006, when it was placed in care and maintenance by the previous owner, Anglo Coal (Dartbrook Management) Pty Ltd. AQC acquired the Dartbrook Mine in 2016.

The Company's principal operations are focused on recommissioning the Dartbrook Mine. On 1 May 2023, AQC announced that the Company had executed a restructured Joint Venture Agreement ("**Dartbrook Joint Venture Agreement**") with Trepang Services Pty Ltd ("**Trepang**"), Tetra Resources Pty Ltd ("**Tetra**") and M Resources Pty Ltd ("**M Resources**") in relation to the operation of the Dartbrook Mine.

The Dartbrook Joint Venture Agreement represented a restructure and simplification of the strategic partnership between the Company, Trepang, Tetra and M Resources in relation to the Dartbrook Mine that the Company had previously announced on 27 September 2022.

The key terms of the Dartbrook Joint Venture Agreement are:

- AQC holds an 80% interest in the Dartbrook coal project ("**Dartbrook Project**" or "**Dartbrook Coal Project**");
- Tetra holds a 20% direct interest in the Dartbrook Joint Venture and is the Dartbrook Mine manager and operator;
- subject to shareholder approval under ASX Listing Rule 10.1, associates of Trepang, Nicholas Paspaley or John Robinson ("**Trepang Landlords**") will provide land and water access to the Dartbrook Mine through a long-term lease with the lease payments equivalent to a 10% economic interest in the Dartbrook Project, and with a minimum payment of \$5m per annum, which will be an operating cost of the Dartbrook Joint Venture ("**Dartbrook Lease**");
- M Resources will receive a 10% indirect economic interest in the Dartbrook Joint Venture through AQC (therefore reducing AQC's effective economic interest from 80% to 70%); and
- M Resources will no longer be the coal marketing agent but will be retained to provide ongoing Technical Services advice on marketing and operations to the Company.

As contemplated under the terms of the Dartbrook Joint Venture summarised above, the Trepang Landlords and Dartbrook Joint Venture entities, comprising AQC Dartbrook Pty Ltd ("**AQC Dartbrook**") and Tetra Dartbrook Pty Ltd ("**Tetra Dartbrook**") plan to enter into the Dartbrook Lease on or around 5 April 2024¹. AQC Dartbrook is a wholly owned subsidiary of AQC and Tetra Dartbrook is owned by certain shareholders of Tetra.

The Company is seeking approval for AQC Dartbrook to enter into the Dartbrook Lease with the Trepang Landlords under ASX Listing Rule 10.1 from shareholders other than, or that are associated with, Trepang, the Trepang Landlords, Nicholas Paspaley or John Robinson ("**Non-Associated Shareholders**" or "**Shareholders**").

¹ A prior version of the Dartbrook Lease was in agreed form by the Trepang Landlords and Dartbrook Joint Venture entities, however, the timing for satisfaction of the Condition Precedent for shareholder approval under ASX Listing Rule 10.1 under that lease lapsed and, consequently, a new copy of the Dartbrook Lease under the same terms, other than a change to the sunset date for the Condition Precedent for shareholder approval under ASX Listing Rule 10.1 is being entered into.

Purpose of the report

As set out in Resolution 1 of the Notice of Extraordinary General Meeting and Explanatory Memorandum (“**Notice**”) to be provided to AQC shareholders for an Extraordinary General Meeting (“**EGM**”) of the Company to be held on or around 15 May 2024, AQC is seeking approval from Non-Associated Shareholders for AQC Dartbrook to enter into the Dartbrook Lease agreement (“**Proposed Transaction**”) with the Trepang Landlords under ASX Listing 10.1.

The Directors of AQC have requested RSM Corporate Australia Pty Ltd (“**RSM**”), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Accordingly, we have prepared this Independent Expert’s Report (“**IER**” or “**Report**”) to accompany the Notice for the purposes of stating, in our opinion, whether or not the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Under Resolution 1, the Company is also seeking shareholder approval to enter into the Dartbrook Lease Side Deed. The Dartbrook Lease Side Deed comprises a tripartite document (between the Joint Venture Tenants, Trepang Landlords, and the security agent of the lender, Vitol Asia Pte Ltd, amongst others) which regulates the financiers rights with respect to the security of the Dartbrook Lease. The Dartbrook Lease Side Deed only comes into effect if Shareholder approval is granted on the Dartbrook Lease. Under the Facility Agreement, the Dartbrook Lease, once effective, will need to be registered with the relevant authorities.

For the avoidance of doubt, this Report does not include an opinion on the Dartbrook Lease Side Deed.

Summary of opinion

In our opinion, and for the reasons set out in Sections 7 and 8 of this Report, for the purposes of Listing Rule 10.1, the Proposed Transaction is **not fair but reasonable** to Non-Associated Shareholders.

Approach

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity’s ordinary securities.

An asset is considered substantial “if its value; or the value of the consideration being paid or received by the entity is, or in the ASX’s opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX under the Listing Rules”.

ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert’s report opining on whether the transaction is fair and reasonable. We have had regard to the contents of Regulatory Guide 111 *Content of expert reports* (“**RG 111**”), in how the term “fair and reasonable” should be interpreted.

RG 111.57 states that a proposed related party transaction is “fair” if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.

Accordingly, we have considered whether or not the Proposed Transaction is “fair” to Non-Associated Shareholders by assessing and comparing:

- the Fair Value of lease payments to be made by the Joint Venture Tenants to the Trepang Landlords in accordance with the terms of the Dartbrook Lease; and
- the Fair Value of the land and water access provided under the Dartbrook Lease, represented by the commercial arms-length rental costs for such access (“**the Market Rent**”).

Our assessment of Fair Value has been prepared on the following basis:

“the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm’s length”.

We have also considered whether the Proposed Transaction is “reasonable” to Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

Further information on the approach we have employed in assessing whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders is set out in Section 7 and 8 of this Report.

Fairness opinion

In assessing the fairness of the Proposed Transaction, we have assessed the Fair Value of lease payments to be paid by the Company to the Trepang Landlords under the Dartbrook Lease and compared this to our assessed Fair Value of the Market Rent.

Our assessment has been made on an 80% basis, given this represents AQC's direct economic interest in the Dartbrook Project.

In accordance with Development Consent DA 231-7-2000 ("MOD 7"), mining operations at the Dartbrook Mine are only currently approved to continue to 5 December 2027. AQC intends to begin preparations to seek and obtain MOD 8 approvals once production at the Dartbrook Mine has commenced. If MOD 8 approvals are granted, AQC would be able to continue mining operations for a further six years to 5 December 2033, to align with the expiry dates of the current Mining and Coal Leases.

Accordingly, we have undertaken our valuations under two scenarios with:

- the first assuming the Dartbrook Mine operates only to the end of the MOD7 approvals; and
- the second scenario assuming MOD8 approvals are granted, and mining operations continue until 5 December 2033.

Our assessments under each scenario as set out in the table below.

Under these two scenarios, the assessed Fair Value of the Market Rent has also been assumed to continue for the same periods reflected under the MOD 7 and MOD 8 approvals, consistent with our assessment of the Fair Value of lease payments to be made by the Joint Venture Tenants to the Trepang Landlords under the Dartbrook Lease.

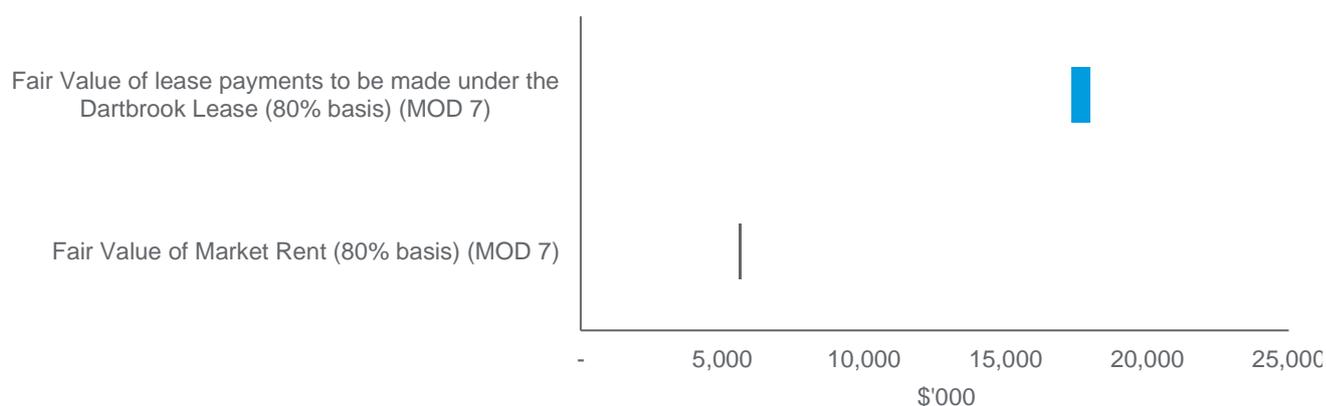
Table 1 Valuation summary

	Low \$'000	High \$'000	Preferred \$'000
MOD 7 scenario			
Fair Value of lease payments to be made under the Dartbrook Lease (80% basis)	17,344	17,993	17,662
Fair Value of Market Rent (80% basis)	5,566	5,671	5,619
MOD 8 scenario			
Fair Value of lease payments to be made under the Dartbrook Lease (80% basis)	34,750	37,645	36,149
Fair Value of Market Rent (80% basis)	12,540	13,017	12,778

Source: RSM analysis

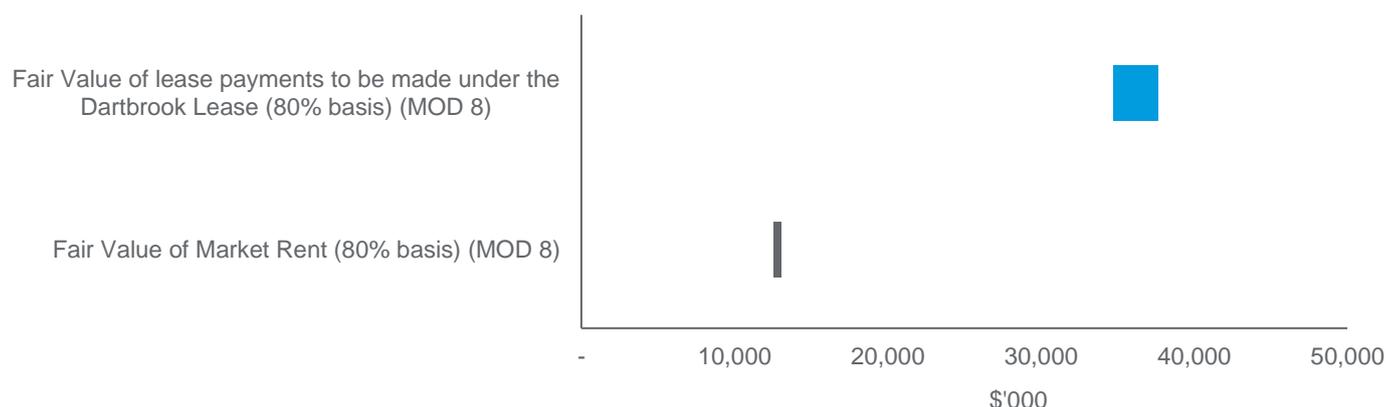
The above comparisons are depicted graphically in the figures below.

Figure 1 Valuation summary (MOD 7)



Source: RSM analysis

Figure 2 Valuation summary (MOD 8)



Source: RSM analysis

In our opinion, as the assessed Fair Value of the lease payments to be made to the Trepang Landlords under the Dartbrook Lease, representing the financial benefit to be provided to Trepang, is greater than the assessed Fair Value of the Market Rent (representing the consideration being received by AQC) under both MOD 7 and MOD 8 approval scenarios, in accordance with the guidance set out in RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction is **not fair** to Non-Associated Shareholders.

Reasonableness opinion

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes.

As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- the trading of AQC's Shares following the announcement of the Proposed Transaction;
- other commercial advantages and disadvantages to Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- alternative proposals to the Proposed Transaction.

Future prospects of AQC if the Proposed Transaction does not proceed

If Resolution 1 is not approved, the Company will not be able to undertake the Proposed Transaction and the Dartbrook Lease will be terminated.

The existing land access and water arrangements will need to be renegotiated with Trepang, noting that the Company's existing access and compensation agreement would remain effective until the sunset date of 31 December 2027 with no obligation of the Trepang Landlords to provide extensions to the land access and water arrangements.

If the Proposed Transaction is not approved, an 'Event of Default' will occur under the Company's Facility Agreement with Vitol Asia Pte Ltd ("**Vitol**"). If an Event of Default occurs, Vitol, as the holder of the loan notes, will be entitled to demand as immediately due and payable all amounts (including interest) advanced to AQC Dartbrook and Tetra Dartbrook pursuant to the Facility Agreement, rely on indemnities given by AQC Dartbrook and Tetra Dartbrook for costs and loss incurred as a result of the occurrence of the Event of Default, and have recourse to certain guarantees given by AQC's subsidiaries, any of which could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore, the Company.

If Vitol exercises its right to terminate the Facility Agreement, AQC Dartbrook and Tetra Dartbrook will be precluded from issuing further loan notes to Vitol in order to secure further funding for operations, which could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore the Company.

The reviewed financial statements of the Company for the half-year ended 31 December 2023 ("**HY24**") included an emphasis of matter in the independent auditor's report issued by Hall Chadwick on 15 March 2024 that stated that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. Whilst the auditor's opinion was not modified in respect of this matter, it was noted that AQC's ability to continue as a going concern was dependent on the Company's ability to achieve objectives including capital raisings, borrowing and provision of working capital from the Vitol Facility Agreement, development, exploitation or advancement of existing or new opportunities, and realisation of surplus assets.

The trading of AQC's Shares after the announcement of the Proposed Transaction

The terms of the Dartbrook Joint Venture were first announced on 1 May 2023 including, amongst other things, that a condition precedent of the Dartbrook Joint Venture is obtaining Shareholder approval in respect of any benefit to be provided to Trepang (including entering into the Dartbrook Lease with the Trepang Landlords under the Proposed Transaction).

Given the timing between the announcement of the terms of the Dartbrook Lease as well as the Company's capital raising activities (including the placement and ANREO completed in October 2023 to raise \$12m and the placement in December 2023 to raise \$3.625m), announcements relating to the Facility Agreement with Vitol, and that the terms of the Proposed Transaction form part of overarching terms of the Dartbrook Joint Venture, we have not been able to directly observe the market's reaction immediately prior to and following the announcement of the Proposed Transaction.

Advantages and disadvantages of approving the Proposed Transaction

The key advantages of the Proposed Transaction are outlined in the table below.

Table 2 Advantages of the Proposed Transaction

Advantage	Details
Security of tenure	The Dartbrook Lease will give the Dartbrook Joint Venture entities (" Joint Venture Tenants ") security of tenure over the land on which the Dartbrook Mine is situated for the remaining life of the mine under the MOD 7 and MOD 8 (if granted) approvals. This tenure is essential for the Dartbrook Mine to continue to be owned and operated by the Joint Venture Tenants.
Satisfaction of condition precedent to the Facility Agreement with Vitol	Approval of the Proposed Transaction is a condition precedent of the Facility Agreement with Vitol. If the Proposed Transaction is approved, subject to the fulfilment of all other conditions precedent and terms under the Facility Agreement, the Company will be entitled to draw down funds required to cover all restart capital expenditure including remediation and refurbishment works and acquire the critical equipment necessary to restart mining operations and ramp-up to full capacity.
Allows AQC to focus on recommissioning the Dartbrook Mine	Trepang and its associates have been significant financiers in the acquisition and development of the Dartbrook Mine with recent indicative offers in 2022 to acquire the Company conditional upon the refinancing of debt funding owed by the Company to Trepang and its associates. Further, the terms of the Dartbrook Joint Venture represent a renegotiation of the strategic partnership first announced in September 2022. Approval of the Proposed Transaction would allow AQC to focus on the restart operations of the Dartbrook Mine.
Shareholders may benefit from potential upside if restart of mining operations at Dartbrook Mine is achieved in 2024	Approval of the Proposed Transaction represents a further step towards the Dartbrook Joint Venture restarting mining operations at the Dartbrook Mine. The Dartbrook Project is AQC's flagship asset and any upside to the Dartbrook Project's operations may result in greater liquidity of the Company's shares and greater opportunity to realise potential upside in value of the Dartbrook Project in the short to medium term.

The key disadvantages of the Proposed Transaction are outlined in the table below.

Table 3 Disadvantages of the Proposed Transaction

Disadvantage	Details
The Proposed Transaction is not fair	As set out above, as the assessed Fair Value of the lease payments to be made to the Trepang Landlords is greater than the assessed Fair Value of market lease payments under both MOD 7 and MOD 8 approval scenarios, the Proposed Transaction is not fair.
The Proposed Transaction commits the Company to a minimum cost of \$4.0m per annum, regardless of the performance of the Dartbrook mine.	The Dartbrook Lease has a minimum rent amount of \$5.0m per annum, regardless of the performance of the Dartbrook Mine. AQC holds an 80% direct interest in the Dartbrook Joint Venture and, therefore, \$4.0m per annum of the minimum rent is relevant to AQC's direct interest. There is a risk that, should the Dartbrook Mine not operate as forecast and not be as profitable as forecast, the Company will still have a commitment to fund its proportionate 80% share of the minimum rent amount over the remaining term of the Dartbrook Lease.

Alternative proposals to the Proposed Transaction

We are not aware of alternative proposals which may provide a greater benefit to Non-Associated Shareholders at the date of this Report.

Conclusion on Reasonableness

In our opinion, the position of the Non-Associated Shareholders of AQC if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for Non-Associated Shareholders of AQC.

General

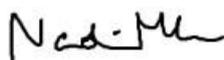
This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Non-Associated Shareholders. The ultimate decision whether to approve the Proposed Transaction should be based on Non-Associated Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. Shareholders should read and have regard to the contents of the Notice which has been prepared by the Directors and Management of AQC. Non-Associated Shareholders who are in doubt as to the action they should take with regard to the Proposed Transaction and/or the matters dealt with in this Report, should seek independent professional advice. This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully,

RSM Corporate Australia Pty Ltd



Andrew Clifford
Director



Nadine Marke
Director

Contents

Financial Services Guide.....	2
Independent Expert’s Report.....	4
1. Summary of the Proposed Transaction.....	11
2. Scope of the Report.....	13
3. Profile of Australian Pacific Coal Limited	15
4. Valuation approach	25
5. Valuation of the lease payments under the Dartbrook Lease.....	27
6. Market Rent valuation	35
7. Is the Proposed Transaction fair to Non-Associated Shareholders?.....	37
8. Is the Proposed Transaction reasonable to Non-Associated Shareholders?	39
Appendices	41
Appendix 1 – Declarations and disclaimers.....	42
Appendix 2 – Sources of information	43
Appendix 3 – Glossary of terms and abbreviations	44
Appendix 4 – Discount rate assessment	47
Appendix 5 – Comparable company descriptions	51
Appendix 6 – Industry overview	53
Appendix 7 – PRP Market Rental Valuation.....	56
Appendix 8 – Xenith’s independent technical assessment report on the Dartbrook Coal Project	94

1. Summary of the Proposed Transaction

1.1 Overview

On 1 May 2023, the Company announced that it had restructured the Dartbrook Joint Venture Agreement with Trepang, Tetra, and M Resources in relation to the operation of the Dartbrook Mine.

The Dartbrook Joint Venture Agreement represented a restructure and simplification of the strategic partnership between the Company, Trepang, Tetra and M Resources in relation to the Dartbrook Mine that the Company had previously announced on 27 September 2022.

The key terms of the Dartbrook Joint Venture Agreement are:

- AQC holds an 80% interest in the Dartbrook Project;
- Tetra holds a 20% direct interest in the Dartbrook Joint Venture and is the Dartbrook Mine manager and operator;
- subject to shareholder approval under ASX Listing Rule 10.1, the Trepang Landlords will provide land and water access to the Dartbrook Mine through a long-term lease with the lease payments equivalent to a 10% economic interest in the Dartbrook Project, and with a minimum payment of \$5m per annum, which will be an operating cost of the Dartbrook Joint Venture;
- M Resources will receive a 10% indirect economic interest in the Dartbrook Joint Venture through AQC (therefore reducing AQC's effective economic interest from 80% to 70%); and
- M Resources will no longer be the coal marketing agent but will be retained to provide ongoing Technical Services advice on marketing and operations to the Company.

As contemplated under the terms of the Dartbrook Joint Venture summarised above, the Trepang Landlords and Dartbrook Joint Venture entities plan to enter into the Dartbrook Lease on or around 5 April 2024². AQ Dartbrook is a wholly owned subsidiary of AQC and Tetra Dartbrook is owned by certain shareholders of Tetra.

The Company requires Shareholder approval for AQC Dartbrook to enter into the Dartbrook Lease under ASX Listing Rule 10.1 as set out in further detail in Section 2.

Under Resolution 1, the Company is also seeking shareholder approval to enter into the Dartbrook Lease Side Deed. The Dartbrook Lease Side Deed comprises a tripartite document (between the Joint Venture Tenants, Trepang Landlords, and the security agent of the lender, Vitol, amongst others) which regulates the financier's rights with respect to the security of the Dartbrook Lease. The Dartbrook Lease Side Deed only comes into effect if Shareholder approval is granted on the Dartbrook Lease. Under the Facility Agreement, the Dartbrook Lease, once effective, will need to be registered with the relevant authorities.

For the avoidance of doubt, this Report does not include an opinion on the Dartbrook Lease Side Deed.

² A prior version of the Dartbrook Lease in agreed form by the Trepang Landlords and Dartbrook Joint Venture entities, however, the timing for satisfaction of the Condition Precedent for shareholder approval under ASX Listing Rule 10.1 under that that lease lapsed and, consequently, a new copy of the Dartbrook Lease under the same terms, other than a change to the sunset date for the Condition Precedent for shareholder approval under ASX Listing Rule 10.1 is being entered into.

1.2 Key terms of the Dartbrook Lease

The key terms of the Dartbrook Lease are as follows.

Table 4 Key terms of the Dartbrook Lease

Item	Dartbrook Lease
Landlord	Trepang Landlords, being Hunter Valley Corp Pty Ltd ATF Hunter Valley Property Trust, ReggieFox Pty Ltd ATF ReggieFox Property Trust, Kelly HV Property Pty Ltd ATF Kelly HV Property Trust and Walkington HV Property Pty Ltd ATF Walkington HV Property Trust.
Tenant	Joint Venture Tenants (being AQC Dartbrook and Tetra Dartbrook).
Term and extension	<p>The period that commences on 1 July 2023 and expires on 5 December 2027 (being the expiry of the MOD 7 approvals).</p> <p>If the expiry date of the development of the Dartbrook Mine is extended (or a replacement development consent is granted) during the term, then the term will be extended for a corresponding period.</p>
Rent	<p>Per annum, the higher of:</p> <ul style="list-style-type: none"> ▪ \$5,000,000 (“Minimum Rent”); and ▪ 10% of EBITDA (calculated semi-annually), being the earnings of the Dartbrook Joint Venture Agreement before interest, taxes, depreciation and amortisation. <p>For the period of twenty-four (24) months from 1 July 2023 to 30 June 2025, the sum of \$2.5m per annum is payable by quarterly instalments of \$625k in arrears, with the first payment due upon the first drawdown of Senior funding.</p> <p>The balance between \$2.5m and the Minimum Rent of \$5m per annum will accrue from 1 July 2023 to 30 June 2025. On 1 July 2025, any accrued amounts will be payable.</p> <p>Thereafter, from 1 July 2025 until the end of the Lease term:</p> <ul style="list-style-type: none"> ▪ a sum of \$5,000,000 is payable by quarterly instalments of \$1,250,000 in arrears; and ▪ if 10% of EBITDA, as calculated for the six (6) months period to 30 June and 31 December is higher than the Minimum Rent (calculated semi-annually), the difference will be paid in arrears within 60 days of the end of the period.
Permitted use	All activities related to and associated with the production of coal in accordance with the mining licence for the Dartbrook Mine, the existing development consent for the Dartbrook Mine, and any extensions to the development consent.
Water rights	The Dartbrook Joint Venture will have access to all water available under certain water licences the registered holders of which are the Trepang Landlords for purposes associated with the extraction, washing and processing of coal from the Dartbrook Mine.

Source: Dartbrook Lease agreement proposed to be signed on or around 5 April 2024 between the Trepang Landlords, AQC Dartbrook and Tetra Dartbrook

2. Scope of the Report

2.1 ASX Listing Rules

ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.

An asset is considered substantial "if its value; or the value of the consideration to be received for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX".

In accordance with ASX Listing Rule 10.1.3, a substantial shareholder includes a person who holds a greater than 10% interest in an entity. Trepang currently holds a 31.64% interest in AQC and is the Company's largest shareholder.

The equity interest of AQC as provided to the ASX in the most recent financial statements for FY23, was \$13.5m. Accordingly, as the proposed consideration payable by the Company for the expected duration of the Dartbrook Lease is expected to exceed 5% of the Company's equity interest, entering into the Dartbrook Lease will be considered the disposal of a substantial asset to a substantial shareholder for the purposes of ASX Listing Rule 10.1.

ASX Listing Rule 10.5 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.

Accordingly, AQC is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction in accordance with Listing Rule 10.1, and the Company has engaged RSM, to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

2.2 Basis of evaluation

Neither the ASX Listing Rules or the Corporations Act 2001 ("**Corporations Act**" or "**the Act**") define the term "fair and reasonable" for the purpose of ASX Listing Rule 10.1. As such, in determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111 and RG 76 *Related party transactions* ("**RG 76**").

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about related party transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a related party transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

- the issues facing the security holders for whom the report is being prepared; and
- the substance of the transaction rather than the legal mechanism used to achieve it.

RG 111.56 states that in relation to a related party transaction, the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and "reasonable" as in a control transaction.

RG 111.57 states that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.

Accordingly, we will consider whether the Proposed Transaction is "fair" to Non-Associated Shareholders by assessing and comparing:

- the Fair Value of lease payments to be made by the Joint Venture Tenants to the Trepang Landlords in accordance with the terms of the Dartbrook Lease; and
- the Fair Value of the Market Rent.

Our assessment of Fair Value has been prepared on the following basis:

"the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length".

We have also considered whether the Proposed Transaction is "reasonable" to Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

In particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that the Proposed Transaction proceeds or does not proceed including:

- the future prospects of the Company if the Proposed Transaction does not proceed; and
- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

3. Profile of Australian Pacific Coal Limited

3.1 Background

Australian Pacific Coal Limited (ASX:AQC) is focused on acquiring and developing coal projects. AQC's principal asset is the Dartbrook Mine located in the Hunter Valley, NSW, approximately 4 km west of Aberdeen and 10 km northwest of Muswellbrook. Dartbrook operated as an underground coal mine until December 2006, when it was placed in care and maintenance by the previous owner, Anglo Coal (Dartbrook Management) Pty Ltd (a subsidiary of Anglo American Plc). AQC acquired the Dartbrook Mine in 2016.

In addition to the Dartbrook Mine, AQC holds interests in the Mantuan Downs Bentonite Project and a joint venture interest in tenements with Blackwood Resources.

3.2 Dartbrook Project

Since the acquisition of the Dartbrook Mine, the Company has undertaken a range of activities to assess development options with the aim of recommencing mining operations, the most recent activities are summarised in the table below.

Table 5 Development operations summary

Date	Summary
Sep-18	Environmentally focused drilling program was completed to provide environmental monitoring to AQC and community stakeholder groups.
Aug-19	AQC lodged an application to modify mining to the Independent Planning Commission ("IPC") for approval to recommence mining operations at the Dartbrook Mine (MOD 7). In August 2019, the IPC provided approval in relation to some elements of MOD 7 allowing the restart of operations using underground methods, however, the IPC denied the application to mine for an additional five years to 2027. Following the determination, AQC lodged an appeal with the Land and Environment Court, reaching an agreement in November 2020 in favour of the extension. However, prior to the agreement becoming effective, the Hunter Thoroughbred Breeders Association ("HTBA") joined the case as an opposing party. AQC lodged an appeal with the Court against the HTBA's involvement.
2020	AQC commenced a strategic review of the proposed coal mining operations at the Dartbrook Mine. As a result of this review, AQC sought to dispose of various non-core mining assets, including land. This resulted in the sale of the Redrock, Byfield, Kelly's Block, and Woodlands parcels of land and water rights for approximately \$3.4m which was finalised in early 2021.
Jun-21	The Company announced that HTBA had been removed as a party to the proceedings and AQC entered into a revised agreement for the recommencement and extension of mining operations with the Minister for Planning and Public Spaces under s34(3) of the <i>Land and Environment Court Act 1979</i> . HTBA made a further application to participate in the proceedings as an amicus curia (friend of the Court) to assist the Court in determining its proceedings. The Court allowed HTBA to participate in the proceedings on a limited basis on specified jurisdictional issues.
Nov-21	AQC completed further sales of land, which included the land the Dartbrook Mine is situated on (and associated water rights) to Trepang for approximately \$32.3m, the proceeds of which were offset against AQC's debt to the existing financiers (comprising Trepang, Mr Nicholas Paspaley and Mr John Robinson (Snr) (" Trepang Parties ").
21-Feb-22	The Company announced that it had received a binding offer from Trepang for the acquisition of a 100% interest of the Dartbrook Project through the acquisition of 100% of the Company's wholly owned subsidiaries, AQC Investments 2 Pty Ltd, AQC Dartbrook, AQC Dartbrook Management Pty Ltd and Dartbrook Coal (Sales) Pty Ltd. In April 2022, AQC announced that the Company had entered into conditional binding agreements with Trepang which included the sale of a 100% of the Dartbrook Project as well as the novation of the principal of all debts owing to the Trepang Parties. Subject to the completion of this proposed offer from Trepang, AQC's consolidated liabilities would be reduced by approximately \$65m (based on 30 June 2022 balances). A notice of meeting and accompanying explanatory memorandum was released to the ASX on 22 July 2022 in respect of this offer, with the EGM scheduled for 22 August 2022.

Date	Summary
Mar-22	<p>Following the Court's proceedings, AQC entered into an agreement with the Minister for Planning and Public Spaces under s34 of the Land and Environment Court Act 1979 allowing for the recommencement of mining and a 5-year extension to operations at the Dartbrook coal mine until 5 December 2027. The agreement allows the mine to produce a maximum of 6.0Mtpa ROM coal, 1.5Mtpa from bord and pillar mining and 4.5Mtpa from longwall mining. Alternatively, the mine is able to produce a total of 6.0Mtpa from longwall mining in the case of no bord and pillar mining. The project is also required to upgrade the Coal Handling and Preparation Plant ("CHPP") for noise mitigation measures and utilise the Hunter Tunnel for all ROM coal clearance and handling (current MOD 7 approvals).</p>
22-Aug-22	<p>The Company announced that it had received a non-binding alternative proposal for the sale of the Dartbrook Project to Trepang from Nakevo Pty Ltd ("Nakevo"). Nakevo's non-binding proposal comprised the provision of immediate funding to AQC by way of an equity subscription in the Company, refinancing of the debt owed by AQC to the Parties, and a proposed takeover bid for AQC for up to \$0.30 per share to allow existing shareholders to liquidate their investment. The Company also announced that in light of the alternative proposal made by Nakevo, AQC had resolved to postpone the EGM relating to the Trepang offer to allow the Directors to consider the Nakevo proposal.</p>
25-Aug-22	<p>AQC announced that the Company had received another non-binding indicative proposal from M Resources to acquire 100% of the shares in the Company by way of an off-market takeover bid. The M Resources proposal included immediate funding to AQC by way of an equity subscription in the Company, AQC and its lenders agreeing to refinance or restructure the debt owing from AQC to the Trepang Parties, and an all cash consideration of \$0.36 per share takeover offer.</p> <p>Both the Nakevo and M Resources proposals were subject to a number of conditions including that the Trepang Parties agree to a moratorium on the debt owed by AQC for a period of 45 days to allow refinancing of that debt. Based on the initial discussions with representatives of Trepang, AQC noted that it appeared unlikely that certain conditions would be met.</p>
2-Sep-22	<p>AQC announced that, as foreshadowed in the 25 August 2022 announcement, Trepang had confirmed in writing that it would not consider or enter into any terms or agreements relating to the refinancing of AQC's debts. Accordingly, pre-conditions relating to the Nakevo, and M Resources proposals would not be met, and these proposals would not be progressing. AQC also announced that Trepang had formally terminated the sale agreement for the acquisition of a 100% of the Dartbrook Project.</p> <p>The Company announced that as a result of the termination of the Trepang offer (as well as the Nakevo and M Resources proposals), funding would be sought through a fully underwritten renounceable entitlement offer ("Entitlement Offer") of 5.83 new ordinary shares for every 1 existing share held at \$0.34 per share pursuant to which the Company would raise up to approximately \$100m (before costs and subject to rounding). The Entitlement Offer would be fully underwritten by Evolution Capital Pty Ltd. The proceeds from the Entitlement Offer would be used by the Company to fully repay its debt owing to the Trepang Parties and for general working capital purposes.</p> <p>In conjunction with the launch of the Entitlement Offer, the Company also entered into a non-binding agreement with M Resources with respect to a proposed 50:50 joint venture for the operation of the Dartbrook Mine and for potential future mine management services at the Dartbrook Mine. In addition, M Resources had committed to \$10m in sub-underwriting to the Entitlement Offer and would be entitled to appoint a director to the Board of AQC, subject to compliance with laws and ASX Listing Rules.</p>
14-Sep-22	<p>The Company announced that it had received a conditional non-binding indicative proposal from Tetra Resources and Javelin Private Capital Group LLC ("Javelin") proposing a joint venture and management ("JV") agreement between Tetra and AQC with respect to the Dartbrook coal project, as well as a debt moratorium and funding agreement between AQC and the Trepang Parties, a marketing agreement between Javelin and the JV participants, and a US\$65m pre-pay loan agreement between Javelin and the JV participants. On the same day, the Company also announced that it had received a non-binding indicative proposal from Pacific Premium Coal Pty Ltd ("PPC") to acquire AQC at an offer price of \$1 per share. The PPC proposal included pre-conditions including the conversion of the debt due to the Trepang Parties into a direct 40% interest in the Dartbrook Project on terms acceptable to PPC, or alternatively, the repayment of all debts due to the Trepang Parties by PPC.</p>

Date	Summary
27-Sep-22	The Company announced that it had entered into a binding term sheet with Trepang, M Resources and Tetra Resources for a strategic partnership (“ Strategic Partnership ”) aimed at recommissioning the Dartbrook Mine as a coal producing mine as soon as practicable. Under the Strategic Partnership, each of M Resources and Tetra Resources would earn a 20% direct joint venture interest in the Dartbrook Mine. Trepang would earn a 10% direct joint venture interest if it agreed to extend the existing AQC access and compensation agreement, various easement arrangements and term transfer of water rights on mutually agreeable commercial terms to allow underground mining operations to continue at the Dartbrook Mine for the duration of mine life extension approvals, subject to obtaining required shareholder approval. AQC would retain a direct 50% joint venture interest in the Dartbrook Project. On the same day, the Company also announced that the PPC proposal would not proceed.
30-Sep-22	The Company announced the agreement of further terms to facilitate the recommissioning of the Dartbrook Mine including the agreement that the total amount owing by AQC to the Trepang Parties pursuant to the loan arrangements in place was \$70,500,000. AQC also announced that as part of the terms agreed with Trepang releasing all encumbrances over the assets of AQC and its subsidiaries, contemporaneously with repayment of the remaining balance of loan amounts due to the Trepang Parties, all conditions precedent to the underwriting of the Entitlement Offer had been satisfied (other than those that could only be satisfied at the close of the Entitlement Offer).
4-Oct-22	The Company announced the Entitlement Offer to raise \$100m had closed on 3 October 2022, with applications from eligible shareholders totalling 131,949,238 new shares (circa 45% of the total on offer under the Entitlement Offer). 122,789,518 new shares were subscribed by Trepang and its associates by way of a set-off against part of the agreed \$70.5m debt owed to the Trepang Parties, with the remainder of the debt owing to be paid out of the proceeds of the Entitlement Offer. The shortfall (circa 162,376,905 new shares) would be acquired by the underwriter, Evolution Capital Pty Ltd. The completion of the Entitlement Offer would leave the Company debt-free and with circa \$29m in cash resources (before the costs of the Entitlement Offer).
17-Mar-23	The Company announced that operations to recommission the Dartbrook Mine were continuing, with the dewatering of the main access Hunter Tunnel nearing the reestablishment of the ventilation circuit which would facilitate remediation of the roof and ribs. AQC also announced that the Company remained in negotiations to procure debt funding to finance the restart capital required to enable production to recommence, with the estimate for restart capital expenditure (“ capex ”) of \$100m to \$120m gross (including the work completed to date). AQC had contributed 100% of funding for restart operations which would be reimbursed from the JV account upon successful completion and draw down of funding.
1-May-23	The Company announced the terms of the Dartbrook Joint Venture Agreement which represented a restructure and simplification of the Strategic Partnership between the Company, Trepang, Tetra and M Resources in relation to the Dartbrook Mine that the Company had previously announced on 27 September 2022, which included the terms of the Dartbrook Lease.
17-Aug-23	The Company announced that it was advancing negotiations to secure debt funding for the Dartbrook Project which required an estimated \$120m for capex and working capital to enable mining operations to recommence. To date, AQC had provided circa \$20m of the \$120m via loans to the Dartbrook Joint Venture with a further \$75m required to fund equipment purchases and refurbishment activities to achieve first coal, and initial working capital requirements estimated at \$20m to \$25m.
30-Aug-23	The Company announced it was undertaking a non-underwritten placement of new ordinary Shares in AQC to new and existing institutional investors to raise approximately \$4m and a pro rata accelerated non-renounceable entitlement offer (“ ANREO ”) of 1 Share for every 4.75 existing Shares to raise approximately \$8m.
5-Oct-23	The Company announced the successful completion of the retail component of the ANREO at an offer price of \$0.11 per Share. Total funds raised under the placement and ANREO totalled \$12m with the proceeds used to provide additional working capital and fund ongoing works at the Dartbrook Mine, with the targeted restart of mining operations in the fourth quarter of 2023 (Q4 2023), while the Dartbrook Joint Venture continued to finalise negotiations for additional funding.

Date	Summary
30-Nov-23	<p>AQC announced that the Dartbrook Joint Venture had received a credit committee approved offer on agreed terms for a 3-year US\$60m (circa A\$90m) debt facility from Vitol (“the Facility Agreement”). The Facility Agreement would be structured as Loan Notes and included the following terms:</p> <ul style="list-style-type: none"> ▪ 3-year facility with repayments commencing after an initial grace period; ▪ Senior security over the Dartbrook Joint Venture assets and shares with AQC parent company guarantee; ▪ subordination of Shareholder loans; and ▪ subject to execution of legal documentation and satisfaction of conditions precedent, including completion of due diligence and no material adverse event. <p>Alongside the Facility Agreement, the Dartbrook Joint Venture has agreed to enter into a Coal Sales and Marketing Agreement with Vitol for all Dartbrook coal production, including assigning coal Marketing Rights to Vitol for the life of the mine (including any extensions).</p> <p>AQC announced that the Facility Agreement is expected to cover all restart capex including remediation and refurbishment works and acquire the critical equipment necessary to restart mining operations and ramp-up to full capacity, with a targeted first coal production in Q1 of 2024. During this period, the Company would also work towards finalising a working capital facility to underpin commercial operations going forward.</p>
27-Dec-23	<p>AQC announced the successful completion of a placement to institutional and sophisticated investors to raise \$3.625m at \$0.09 per Share, to fund ongoing working capital needs pending finalisation of the funding from the Facility Agreement with Vitol. The Company also announced that AQC would convert \$3.375m of short-term shareholder loans and accrued lease payments to equity, with \$1.875m of these accrued loans and lease payments subject to shareholder approval under Listing Rule 10.11.</p>
22-Jan-24	<p>The Company announced the execution of the binding debt Facility Agreement with Vitol following a period of due diligence. Key terms expanded upon included interest rate of one-month Secured Overnight Financing Rate (SOFR) plus a margin, and repayment set off against coal sales, with no penalties for early repayment.</p>
12-Mar-24	<p>The Company announced that AQC had commenced drawdowns from the Facility Agreement in line with forecast restart expenditure, reporting that the Dartbrook Joint Venture had \$29m of available cash as of 8 March 2024. AQC reported that firm orders had been placed with suppliers for critical equipment and Long Lead items , including remaining sections of the underground conveyor system and materials for the refurbishment of the above ground CHPP and train load out. The Company also revised expected first coal production for mid-year of 2024.</p> <p>The Company also reiterated that forecast capex at Dartbrook Mine remained unchanged and was fully funded under the Vitol Facility Agreement of US\$60m. Additional working capital will be required but is not currently needed until coal sales commence expected in mid-2024 with AQC working with advisors on opportunities to arrange a working capital debt facility structure of circa \$30m.</p>

Source: ASX announcements

3.3 Legal structure

AQC is incorporated and domiciled in Australia. The Company has the following subsidiaries.

Table 6 AQC subsidiaries

Name	Principal place of business/ Country of incorporation	Ownership interest
AQC Investments 1 Pty Ltd	Australia	100%
AQC Investments 2 Pty Ltd	Australia	100%
Area Coal Pty Ltd	Australia	100%
AQC Services Pty Ltd	Australia	100%
AQC Dartbrook Pty Ltd (Joint Venture Tenant)	Australia	100%
AQC Dartbrook Management Pty Ltd	Australia	100%
Dartbrook Coal (Sales) Pty Ltd	Australia	100%
Ipoh Pacific Resources Pty Ltd	Australia	100%
Felix St Pty Ltd	Australia	100%
IPR Operations Pty Ltd	Australia	100%
Mining Investments One Pty Ltd	Australia	100%

Source: FY23 audited financial statements

3.4 Mining tenements

The table below sets out a summary of the mining rights/tenements held by the Company at the date of this Report.

Table 7 Mining tenement summary

Name/Tenement	Expiry date	Status	Interest
Dartbrook Project, Hunter Valley NSW¹			
AUTH 56	16-Dec-25	Granted	100%
EL 4574	13-Aug-24	Granted	100%
EL 4575	13-Aug-27	Granted	100%
EL 5525	22-Sep-27	Granted	100%
CL 386	19-Dec-33	Granted	100%
ML 1381	23-Oct-33	Granted	100%
ML 1456	27-Sep-43	Granted	100%
ML 1497	5-Dec-43	Granted	100%
Mantuan Downs Bentonite Project, Alpha			
ML 70360	31-Mar-33	Granted	100%
Blackwood Joint Venture, Miles Qld			
EPC 1955		Granted	10% ¹
EPC 1987		Granted	10% ¹

¹ All the mining tenements related to the Dartbrook Project are held by AQC Dartbrook

² The Company's 100% subsidiary Mining Investments One Pty Ltd holds a 10% interest in each of the Blackwood Resources Pty Ltd joint venture tenements

Source: Xenith Report and FY23 annual report

3.5 Directors and management

The directors and key management of AQC comprise the following:

- Mr Mike Ryan (Non-Executive Director and Acting Chairman);
- Ms Ayten Saridas (Director and Acting Chief Executive Officer);
- Mr Nick Johansen (Non-Executive Director);
- Mr Jeff Beatty (Non-Executive Director); and
- Mr Craig McPherson (Company Secretary).

3.6 Financial information

The information in the following section provides a summary of the financial performance of AQC for the years ended 30 June 2021 ("FY21"), 30 June 2022 ("FY22"), 30 June 2023 ("FY23"), and the half-year ended 31 December 2023 ("HY24"), extracted from the audited and reviewed financial statements of the Company.

3.7 Financial performance

The table below sets out a summary of the financial performance of AQC for FY21, FY22, FY23 and HY24 (collectively, "Historical Period").

Table 8 Historical financial performance

Australia Pacific Coal Limited Statement of profit or loss and other comprehensive income (\$'000)	FY21 Audited	FY22 Audited	FY23 Audited	HY24 Reviewed
Operating revenue				
Rent	338	55	-	-
Interest	0	0	320	2,877
Total revenue	338	55	320	2,877
Other income	13	-	-	-
Operating expenses				
Employee expenses	(497)	(1,387)	(1,645)	(1,080)
Exploration and evaluation expense	(3,689)	(44)	(2,114)	-
Share-based payments expense	-	(414)	-	-
Care and maintenance expenses	-	-	-	(1,347)
Administration and consulting expenses	(4,906)	(1,528)	(2,506)	(1,502)
Fair value movement of financial assets	(5,504)	-	-	-
Total operating expenses	(14,595)	(3,372)	(6,265)	(3,928)
EBITDA	(14,244)	(3,317)	(5,945)	(1,052)
Depreciation and amortisation	(1,152)	(1,012)	(1,029)	(516)
EBIT	(15,396)	(4,329)	(6,974)	(1,568)
Finance costs	(8,302)	(7,167)	(5,543)	(773)
Loss before income tax from continuing operations	(23,697)	(11,496)	(12,518)	(2,341)
Income tax expense	-	-	-	-
Loss after income tax	(23,697)	(11,496)	(12,518)	(2,341)
Other comprehensive income for the year/period, net of tax	-	-	-	-
Total comprehensive loss for the year	(23,697)	(11,496)	(12,518)	(2,341)

Source: Audited and reviewed financial statements

We make the following comments in relation to the Company's consolidated financial performance:

- AQC has generated losses over the Historical Period, driven largely by maintenance costs associated with the Dartbrook Mine, corporate expenses, as well as interest expenses capitalised on borrowings.
- Revenue was principally generated from rent received from its properties in FY21 and FY22, the majority of which were divested in November 2021. During FY23 and HY24, revenue was generated from interest income.
- Exploration and evaluation expenses recognised in FY21 reflected an impairment in AQC's mining tenements. The fair value movement of financial assets of \$5.5m recognised in FY21 represented the reclassification of Dartbrook water licences to \$nil from cost, as part of the broader asset sale process to Trepan in November 2021.

3.8 Financial position

The table below sets out a summary of the financial position of AQC as at 30 June 2022, 30 June 2023 and 31 December 2023.

Table 9 Historical financial position

Australian Pacific Coal Limited Statement of financial position (\$'000)	30-Jun-22 Audited	30-Jun-23 Audited	31-Dec-23 Reviewed
Current assets			
Cash and cash equivalents	339	3,682	3,285
Trade and other receivables	418	340	319
Loans receivable	-	16,023	6,000
Other current assets	123	397	592
Total current assets	880	20,442	10,197
Non-current assets			
Property, plant and equipment	3,741	2,751	2,235
Exploration and evaluation	5,720	5,895	5,994
Loans receivable	-	-	25,388
Other non-current assets	8,999	8,999	12,154
Total non-current assets	18,460	17,645	45,772
Total assets	19,340	38,087	55,969
Current liabilities			
Trade and other payables	10,115	4,497	8,004
Borrowings	57,462	-	5,500
Total current liabilities	67,577	4,497	13,504
Non-current liabilities			
Provisions	19,550	20,041	20,041
Total non-current liabilities	19,550	20,041	20,041
Total liabilities	87,127	24,538	33,545
Net assets	(67,787)	13,548	22,424
Equity			
Issued capital	60,488	154,754	165,971
Reserves	414	-	-
Retained profits	(128,689)	(141,206)	(143,548)
Total equity	(67,787)	13,548	22,424

Source: Audited and reviewed financial statements

We make the following comments in relation to the Company's consolidated financial position:

- AQC disclosed net assets of \$13.5m at 30 June 2023 compared to net liabilities of \$67.8m at 30 June 2022. The return to a positive net assets position at 30 June 2023 was due primarily to the Entitlement Offer to raise \$100m (before costs) completed in October 2022 following discussions with Trepang and the consideration of different proposals in relation to the development of the Dartbrook Mine. The funds raised under the Entitlement Offer were used to repay the outstanding debt due to Trepang of \$70.5m, with the remaining funds retained for working capital purposes.
- AQC disclosed net assets of \$22.4m at 31 December 2023, with the increase in net assets compared to 30 June 2023 due primarily to circa \$12m raised under a placement and the ANREO completed in October 2023.
- In December 2023, the Company announced a placement to sophisticated and institutional investors to raise \$3.625m and to convert certain short term shareholder loans and accrued lease payments to equity. Subsequent to 31 December, the Company successfully completed the placement and converted \$1.5m in loans and interest to Sambor Trading Pty Ltd ("Sambor") to equity. The Company also cash settled \$1m of loans to non-related parties to Sambor (refer below). Shareholder approval will be required to convert accrued lease payments and shareholder loans provided to related parties totalling \$1.875m.
- Current and non-current loans receivable totalling \$31.4m at 31 December 2023 (30 June 2023: \$16.0m) comprised both amounts paid and payable by the Company to the Dartbrook Project to advance the development of the Project. Under the loan agreement, interest is payable at the greater of 8% or the interest rate payable on any external funding obtained to restart of the Dartbrook Project. Under the Facility Agreement, the loans receivable from the Dartbrook Joint Venture are subordinated to that of Vitol. Full repayment of the loan (including accrued interest) will therefore not be available until the Dartbrook Joint Venture's secured facilities have been repaid. Accordingly, a portion of this loan has been recognised as a non-current asset at 31 December 2023.
- Other non-current assets of \$12.2m at 31 December 2023 comprised accrued interest of \$3.2m relating to the loans advanced to the Dartbrook Joint Venture as summarised above, and security and cash deposits for bank facilities of \$9.0m.

- Trade and other payables of \$8.0m at 31 December 2023 comprised both trade payables of \$2.5m and accrued placement proceeds of \$3.3m received in advance of the share issue.
- Current borrowings of \$5.5m at 31 December 2023 comprised a secured loan due to Trepang of \$3m and an unsecured loan facility due to Sambor (\$2.0m) and NT House Pty Ltd (\$0.5m). The unsecured loans are subject to a return fee equal to 25% of the total amount of all loans advanced by the lenders under the facility. Of the \$2.5m owing to Sambor (including the return fee), \$1.5m was converted to shares at \$0.09 per share under the December placement and \$1m by way of a cash settlement (see above) and reflected in the financial statements post 31 December 2023. NT House Pty Ltd has agreed to convert the loan outstanding (including the return fee) to equity, subject to shareholder approval.
- The secured loan due to Trepang is subordinated to Vitol and incurs interest at 10% per annum and has a maturity date of 13 July 2024.
- Non-current provisions of \$20.0m at 30 June 2023 and 31 December 2023 comprised rehabilitation closure costs relating to the Dartbrook Project of \$9.4m and a vendor royalty provision of \$10.6m.
- The vendor royalty relates to the agreement between AQC and the minority joint venture partner of the Dartbrook Mine in 2016 to acquire the minority partner's interest in the joint venture, thereby taking the Company's ownership of the Dartbrook Mine to 100%. An aggregate royalty is payable at a rate of A\$3.00 per tonne of coal sold or otherwise disposed of and A\$0.25 per tonne of any third-party coal processed through the Dartbrook infrastructure, capped at A\$30m with indexation to apply to the rate and the cap. The vendor royalty is reliant on AQC achieving future development milestones which may or may not occur. The maximum amount payable under the product-based royalty remains capped at \$30m with indexation to apply to the cap. The net present value disclosed is lower than the nominal amount to reflect, amongst other things, the risk and time value of the royalty payment stream. The liability has been assessed at \$10.6m.

3.9 Capital structure

As at 18 March 2024, the Company had 512,967,591 Shares on issue. The top 20 shareholders of AQC are set out below.

Table 10: AQC top 20 shareholders summary

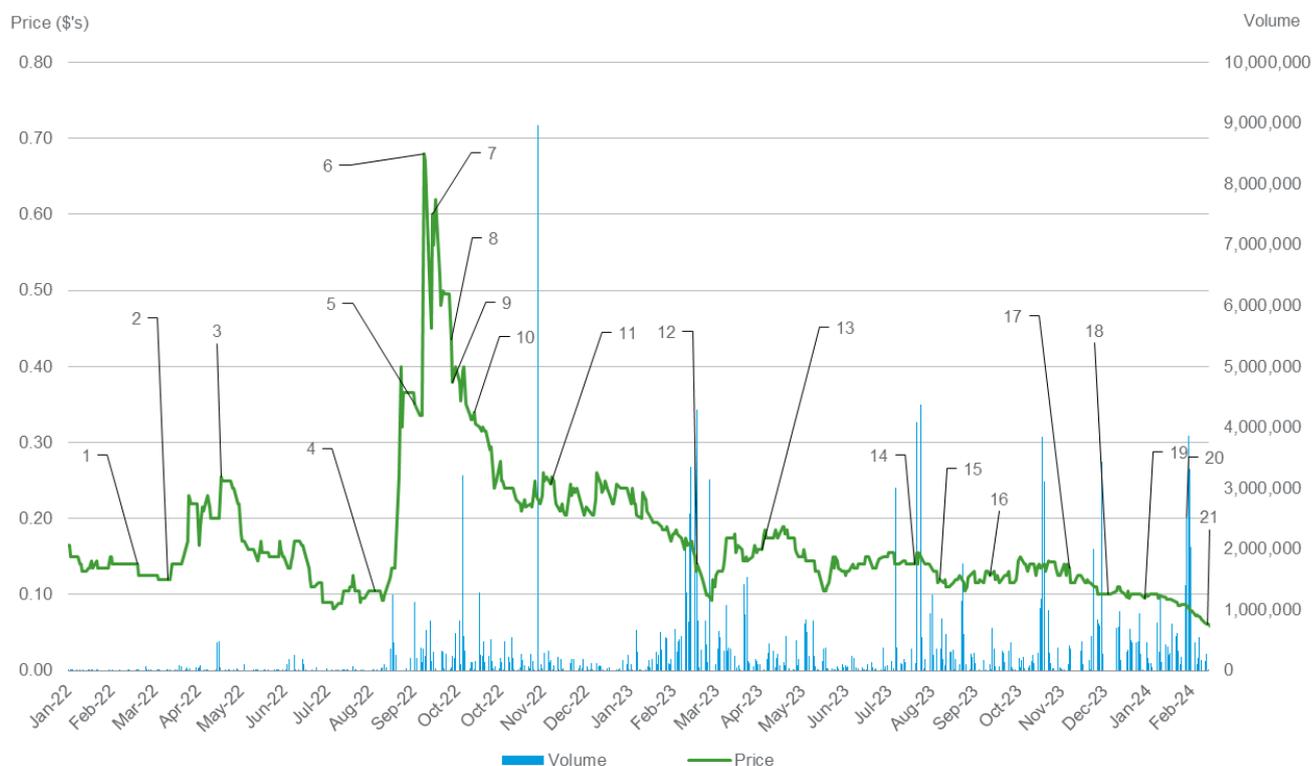
Shareholder	Shares	%
Trepang Services Pty Ltd	162,301,828	31.6%
Sambor Trading Pty Ltd	60,499,434	11.8%
J P Morgan Nominees Australia	29,956,049	5.8%
Citicorp Nominees Pty Limited	24,937,570	4.9%
Mr Buguo Wang	20,044,138	3.9%
Warbont Nominees Pty Ltd	17,465,628	3.4%
Latimore Family Pty Ltd	16,226,172	3.2%
Bart Superannuation Pty	9,557,763	1.9%
Washington H Soul Pattinson	9,000,000	1.8%
Mr Nicholas Theodore James	8,822,085	1.7%
UBS Nominees Pty Ltd	7,692,508	1.5%
Buttonwood Nominees Pty Ltd	7,220,436	1.4%
HSBC Custody Nominees	6,251,160	1.2%
Neweconomy Com Au Nominees	5,319,708	1.0%
Jet Arm Limited	5,000,000	1.0%
Morgan Stanley Australia	4,592,837	0.9%
Norfolk Enchants Pty Ltd	4,462,197	0.9%
Mr John Lawrence McIntyre	3,500,000	0.7%
Fama Investments Pty Ltd	3,454,545	0.7%
4F Investments Pty Ltd	3,333,334	0.6%
Total top 20 shareholders	409,637,392	79.9%
Other shareholders	103,330,199	20.1%
Total	512,967,591	100.0%

Source: Shareholders register as at 18 March 2024

3.10 Share price performance

The figure below sets out a summary of AQC's closing share prices and traded volumes for the period from 1 January 2022 to 27 March 2024.

Figure 3 AQC historical share trading



Source: ASX and Capital IQ

Over the period 1 January 2022 to 27 March 2024, Shares traded from a high of \$0.68 on 8 September 2022, to a low of \$0.06 over the period 4 to 11 March 2024.

Significant announcements made by the Company over this period are summarised on the next page.

Table 11: Summary of recent ASX announcements

Ref	Date	Announcement details
1	21-Feb-22	AQC received an offer from its major shareholder and creditor Trepang to purchase the Dartbrook Coal Project in exchange for the elimination of approximately \$62m of debt owed.
2	14-Mar-22	AQC entered into an agreement with the Minister for Planning and Public Spaces for a 5-year extension of mining operations for the Dartbrook Coal Mine.
3	20-Apr-22	AQC entered into a conditional share sale agreement with Trepang to sell the Dartbrook Coal Mine via the acquisition of the Company's wholly owned subsidiaries that collectively own the Dartbrook Mine.
4	25-Aug-22	AQC announces alternative non-binding takeover bids from Nakevo (22 August) and M Resources (25 August).
5	02-Sep-22	Termination of sale agreement with Trepang announced. Terms of the \$100m Entitlement Offer also announced.
6	08-Sep-22	AQC and Trepang engaged in discussions regarding a joint venture with M Resources to recommission the Dartbrook Coal Project. AQC also announces the receipt of an alternative non-binding offer from PPC to acquire AQC.
7	14-Sep-22	AQC received alternative non-binding indicative proposals from Tetra and Javelin to acquire 40% of the Dartbrook Mine.
8	27-Sep-22	Terms of Strategic Partnership to recommission the Dartbrook Mine with Trepang, M Resources and Tetra announced.
9	30-Sep-22	AQC agreed to further terms to recommission Dartbrook Coal Mine, noting a 50:20:20:10 split of equity ownership between AQC, M Resources, Tetra and Trepang.
10	08-Oct-22	AQC announced timeline and capex requirements of Dartbrook Coal Project.
11	05-Dec-22	Credit Suisse disposed of 6,688,430 shares, which was subsequently announced on 8-Dec-22.
12	17-Mar-23	AQC announced the Dartbrook Coal Mine was on track for a H2 2023 restart, and the Joint Venture makes substantial progress on major critical path activities.
13	01-May-23	Terms of Dartbrook Joint Venture Agreement announced, including increase to the Company's interest in the mine from 50% to 80% and net economic interest from 50% to 70%.
14	1-Aug-23	AQC received letter of intent for debt funding of Dartbrook Mine up to \$75 million.
15	31-Aug-23	AQC announces capital raising of \$12m via placement and ANREO from institutional and sophisticated investors.
16	05-Oct-23	Successful completion of retail component of ANREO announced.
17	30-Nov-23	Terms for a three-year US\$60m (c. A\$90m) funding package for the Dartbrook Mine from Vitol announced (Facility Agreement).
18	27-Dec-23	AQC successfully completed \$3.625m placement to institutional and sophisticated investors, in addition to announcing the conversion of shareholder loans and accrued lease payments into shares.
19	22-Jan-24	Execution of binding Facility Agreement with Vitol announced.
20	12-Mar-24	Commencement of drawdowns from Facility Agreement announced.
21	15-Mar-24	AQC released its half year accounts for the six months ended 31 December 2023.

Source: ASX

4. Valuation approach

4.1 Valuation methodologies

RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow (“**DCF**”) method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

Market based methods estimate the Fair Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

The recent quoted price for listed securities method provides evidence of the Fair Value of a company’s securities where they are publicly traded in an informed and liquid market.

Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the Fair Value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow;
- capitalisation of future maintainable earnings.

The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“**FME**”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable listed companies.

Asset based methods

Asset based methodologies estimate the Fair Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

4.2 Valuation of the lease payments under the Dartbrook Lease

As AQC has completed a financial model, most recently updated in January 2024, relating to the forecast operations of the Dartbrook Project ("**Dartbrook Project Model**" or "**Model**") and given the availability of historical life of mine ("**LOM**") plans completed in 2022 (and previous years), as well as the finite period contemplated under the MOD 7 and MOD 8 approvals, we consider that we have reasonable basis under Regulatory Guide 170 *Prospective financial information* ("**RG 170**") to apply the DCF methodology.

Accordingly, we have applied the DCF methodology in our valuation of the net present value of the lease payments to be made to the Trepang Landlords under the Dartbrook Lease, in our assessment of the financial benefit to be provided to the Trepang Landlords.

We have instructed Xenith Consulting Pty Ltd ("**Xenith**") to act as an independent technical specialist to prepare a Technical Assessment Report comprising a review of the technical assumptions contained in the Dartbrook Project Model ("**Xenith Report**"). As instructed, Xenith reviewed the technical inputs to the Dartbrook Project Model assuming mining operations continue to 5 December 2027 under the MOD 7, and assuming mining operations continue for a further six years to 5 December 2033 if MOD 8 approvals are granted.

A copy of the Xenith Report is set out in Appendix 8.

We have assessed the Fair Value of the lease payments under the Dartbrook Lease under two scenarios, with the first assuming the Dartbrook Mine operates only to the end of the MOD7 approvals, the second scenario assuming MOD8 approvals are granted, and mining operations continue until 5 December 2033.

4.3 Valuation of the Market Rent

Preston Rowe Paterson Newcastle and Central Coast Pty Ltd ("**PRP**") has prepared an independent valuation report assessing the Market Rental Value for the surface holdings, improvements and water access rights for the various freehold lots of land that are the subject of the Dartbrook Lease ("**PRP Report**").

PRP has defined Market Rent as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

For the purposes of this Report, we have relied upon the assessed Market Rental Valuation in our assessment of the Fair Value of the market rent, representing the consideration being provided to AQC by the Trepang Landlords.

We have utilised the DCF methodology in our valuation of the NPV of the market rent payments over the two scenarios, with the first assuming the Dartbrook Mine operates and makes lease payments only to the end of the MOD7 approvals, the second scenario assuming MOD8 approvals are granted, and mining operations continue and lease payments are made until 5 December 2033.

5. Valuation of the lease payments under the Dartbrook Lease

5.1 Fair Value of the lease payments under the Dartbrook Lease

We have assessed the Fair Value of the lease payments to be made to the Trepang Landlords under the terms of the Dartbrook Lease on a 100% basis to be in the range of \$21.7m to \$22.5m, with a preferred value of \$22.1m under MOD 7 approvals, and in the range of \$43.4m to \$47.1m, with a preferred value of \$45.2m if MOD 8 approvals are granted.

As AQC has an 80% direct economic interest in the Dartbrook Joint Venture, the Fair Value of the lease payments to be made to the Trepang Landlords under the terms of the Dartbrook Lease related to AQC's direct economic interests has been assessed at to be in the range of \$17.3m to \$18.0m, with a preferred value of \$17.7m under MOD 7 approvals, and in the range of \$34.7m to \$37.6m, with a preferred value of \$36.1m if MOD 8 approvals are granted.

We have been provided with the Dartbrook Project Model which sets out detailed cash flow projections and technical and operational assumptions for the extraction of resources from the Dartbrook Project based on current mine and operational plans. The cash flow for the Dartbrook Coal Mine Project comprises of A\$ denominated real after-tax cash flows for a four-year period of production.

Xenith has reviewed the technical assumptions included in the Dartbrook Project Model and has recommended changes to a number of these assumptions. We have incorporated these changes in our discounted cashflow valuation to arrive at an adjusted model ("**Adjusted Model**"). The assumptions reviewed by Xenith include resources and reserves, ore recovery and grade, processing assumptions including recoveries, operating costs, and capital expenditure.

A copy of the Xenith Report is included in Appendix 8.

As set out in Section 3 of this report, under the Proposed Transaction the Joint Venture Tenants propose to enter into the Dartbrook Lease with the Trepang Landlords until 5 December 2027, for the higher of \$5 million per annum or 10% of EBITDA generated by the Dartbrook Project. This arrangement may be extended to 5 December 2033 in accordance with MOD 8 approvals.

Future profit or loss and cash flows

We have performed an analysis of the profit or loss and cash flow projections of the Model prepared by management on the existing mine plan, including:

- analysing the Dartbrook Project Model, including limited procedures regarding the mathematical accuracy of the Model (but have performed neither a detailed review nor audit);
- reviewing the basis of the underlying assumptions such as revenue, operating expenditure, capital expenditure and royalties;
- conducting independent research on certain economic inputs such as exchange rates, inflation and the discount rate applicable to the future cashflows of the Dartbrook Project Model;
- updating the Dartbrook Project Model for changes arising from Xenith's review of technical assumptions and our own work; and
- extending the Dartbrook Project Model for continued production from 5 December 2027 to 5 December 2033, as the approval of MOD 8 would warrant.

The key assumptions adopted in the preparation of the profit or loss and cash flow projections, and the adjustments we have made, are discussed below.

As the forecast lease payments to be made to the Trepang Landlords are calculated based on forecast EBITDA, the summary of assumptions as set out below relate to any inputs that would impact forecast EBITDA.

We note that any prospective financial information is dependent upon the outcome of many assumptions, some of which are outside the control of directors and management and may be affected by unforeseen events. Assumptions relating to the prospective financial information can be reasonable at the time of their preparation but can change materially over a relatively short period of time. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Model.

Economic assumptions

Inflation

The Model includes projected LOM profit or loss and cash flows in real terms for the Dartbrook Project. Therefore, we have applied a forecast inflation rate to the costs in the Adjusted Model to convert the costs to nominal cash flows.

The Dartbrook Coal Mine is located in New South Wales, as such we have applied an inflation rate based on the current trends and consensus forecasts for Australia, together with the current rate of inflation implied by yields on Australian Government inflation index bonds. Accordingly, we have adopted an inflation rate of 4.5% for FY25 and 2.5% thereafter.

Foreign exchange rate

Coal is predominantly traded in US\$, current market prices together with consensus analysts price forecasts are, therefore, also denominated in US\$. We have converted all forecast coal prices to A\$ in the Adjusted Model, using the forecast exchange rate assumptions shown below.

Table 12 Exchange rate forecasts

Exchange Rates	FY24	FY25	FY26	FY27	FY28	FY29	FY30 and beyond
AUD/USD	1.50	1.42	1.38	1.36	1.37	1.39	1.39
USD/AUD	0.67	0.70	0.72	0.73	0.73	0.72	0.72

Source: Consensus Economics and RSM analysis

In deriving the exchange rates shown above, we have considered forecasts prepared by economic analysts as well as other publicly available industry estimates and commentary such as broker estimates and industry research. We have adopted 0.72 USD/AUD as the long-term exchange rate beyond 30 June 2030.

Commodity prices

The Dartbrook Project is expected to produce thermal coal over its expected life. In assessing the commodity price assumptions, we have had regard to the following:

- consensus analysis price forecasts sourced from consensus economics; and
- other publicly available industry estimates and commentary such as broker estimates and industry research.

AQC has adopted a base case short-term price of US\$85/MT and a long-term price of US\$125/MT for coal on a real basis. We have identified the following commodity price forecasts on a nominal basis from external sources.

Table 13 Commodity prices

Coal USD / MT Nominal	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33
S&P Capital IQ	128	118	118	122	111	111	NA	NA	NA
Consensus Economics	131	115	108	111	124	124	124	124	124
Refinitiv Eikon*	109	109	110	109	110	NA	NA	NA	NA
Dartbrook Project Model	85	125	125	125	125	125	125	125	125

Source: Capital IQ, Consensus Economics, Refinitiv Eikon and RSM analysis
*Coal futures

Based on our analysis, we have adopted AQC's estimated prices for coal, shown in the table above, as we consider them to be reasonably aligned to recent trends in coal prices.

Technical inputs

Xenith has undertaken a review of the Dartbrook Project's geology and resource estimates, citing two resource estimates comprising the "2016 Resource report" and the "2017 Resource report" and concluded that both reports were reported in accordance with the 2012 JORC Code. Xenith noted that AQC published its own pre-feasibility study for open cut mining in August 2018, which referenced the 2017 Resource report and coal tonnages and infers that of the 2017 Resource report of 2,534 MT:

- 1,803MT are designated as open cut Resource; and
- 731MT are designated underground Resource.

Xenith concluded that the described data validation, modelling and resource estimation processes, as well as estimated Resources and the inputs relating to the Model's coal quality appeared reasonable.

Xenith considered the underground coal Resource of 731MT is substantial relative to AQC's forecast mining rate of up to 2.9MT per annum. Whilst noting potential geotechnical constraints identified which may influence which coal seams are able to be extracted, Xenith considers that the size of the Resource does not present limitations in respect to any potential MOD 8 extension to 2033.

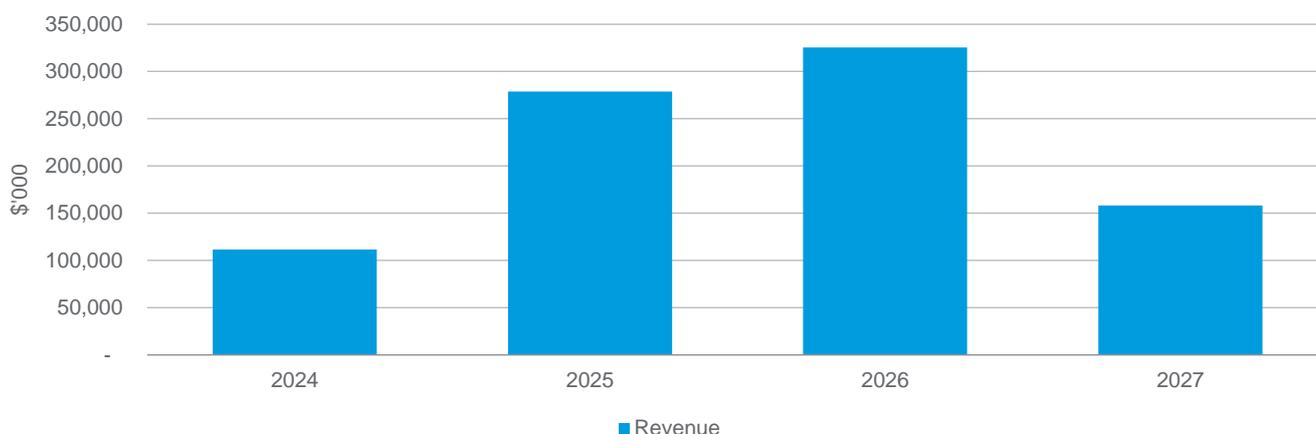
Xenith considers that the following adjustments are required to the mining assumptions, which we have incorporated into our Adjusted Model. Xenith's recommended adjustments are provided on a "Base Case" and "Conservative Case" basis. In our assessment of the Adjusted Model, we have adopted Xenith's adjustments under the Base Case scenario as we consider that the Base Case scenario reflects the upper range of forecast earnings and cash inflows arising from the Dartbrook Project Model and, therefore, the upper range of lease payments due to the Trepang Landlords under the terms of the Dartbrook Lease.

Revenue

Total revenue over the life of the mine plan is projected to be \$874.2m under MOD 7 (in nominal terms).

The figure below shows the revenue over the LOM of the Dartbrook Project under MOD 7. We have relied on the advice of Xenith in relation to the production assumptions in the Adjusted Model.

Figure 4 Revenue – MOD 7



Source: Adjusted Model and RSM analysis

We note the following in relation to the figure above:

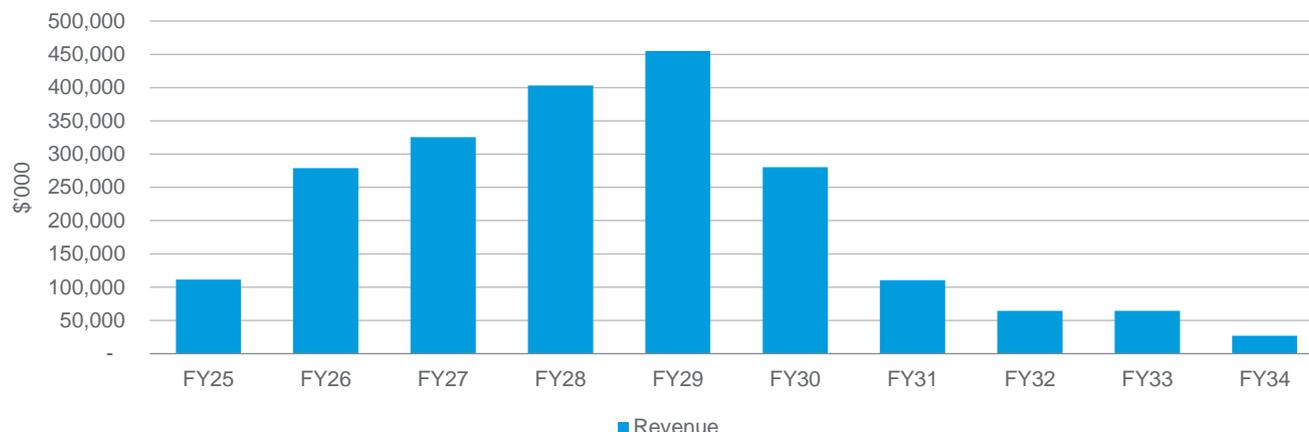
- the Dartbrook Project Model assumes that mining at the Dartbrook Coal Mine will continue until 5 December 2027.
- as set out in the Xenith Report (refer Appendix 8), Xenith have suggested a delay in the start-up of mining operations and the initial ramp-up period of two months (for the Base Case) or four months (for the Conservative Case). We have adopted the Base Case recommended by Xenith;
- we have assumed the same mine plan as in the original model, albeit pushed back per the recommendation in the Xenith Report; and
- as set out in the economic assumptions section above, we consider the Dartbrook Project's assumption on coal prices in USD and real terms to be reasonable.

Similarly, we have adopted Xenith's adjustments for the MOD 8 Scenario.

Under MOD 8, the total revenue over the life of the mine plan is projected to be \$2.1b (in nominal terms).

The figure below shows the revenue over the LOM of the Dartbrook Project under MOD 8.

Figure 5 Revenue – MOD 8



Source: Adjusted Model & RSM analysis

We note the following in relation to the figure above:

- the Adjusted Model assumes that mining at the Dartbrook Coal Mine will continue until November 2033 (in line with the adopted timing of MOD 7);
- Xenith has recommended a delay in the start-up of mining operations and the initial ramp-up period of two months (for the Base Case) or four months (for the Conservative Case). We have adopted the Base Case recommended by Xenith; and
- forecast revenue post March 2031 is impacted by the other assumptions noted on the following page.

Adjustments – Operating costs and LOM assumptions

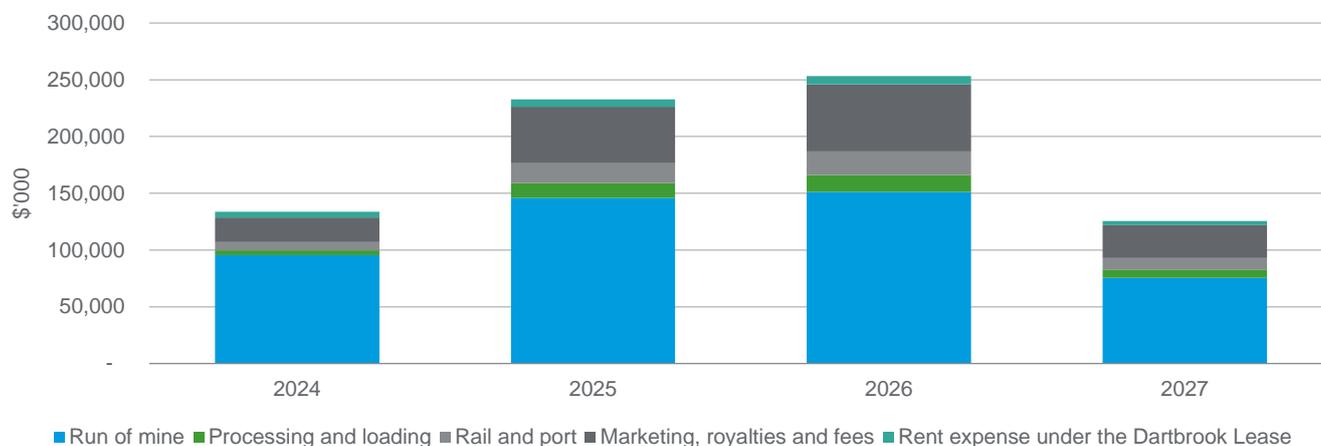
Xenith considers that a number of adjustments relating to projected operational expenditure and capital expenditure over the LOM are likely to affect the final forecast profit or loss and cashflows of the Dartbrook Project, which we have incorporated into our Adjusted Model:

- the initial ramp up period should be adjusted to factor additional risk due to unknown mining conditions. Xenith considers a delay of 2 months would be reasonable, with a delay of 4 months under the Conservative Case. We have adopted the Base Case scenario; and
- the first production of coal should be delayed to allow for known requirements around cash flow management, purchasing equipment, and the amount of re-establishment for minimum infrastructure. Xenith considers a start date of first coal production in September 2024 to be reasonable.

Operational expenditure

FOB (Free on board) expenditure consists of mining, processing, freight, fees and rent expense under the Dartbrook Lease. The following figure sets out the projected operating expenditure in the Adjusted Model for MOD 7 (nominal terms).

Figure 6 Operating expenditure – MOD 7



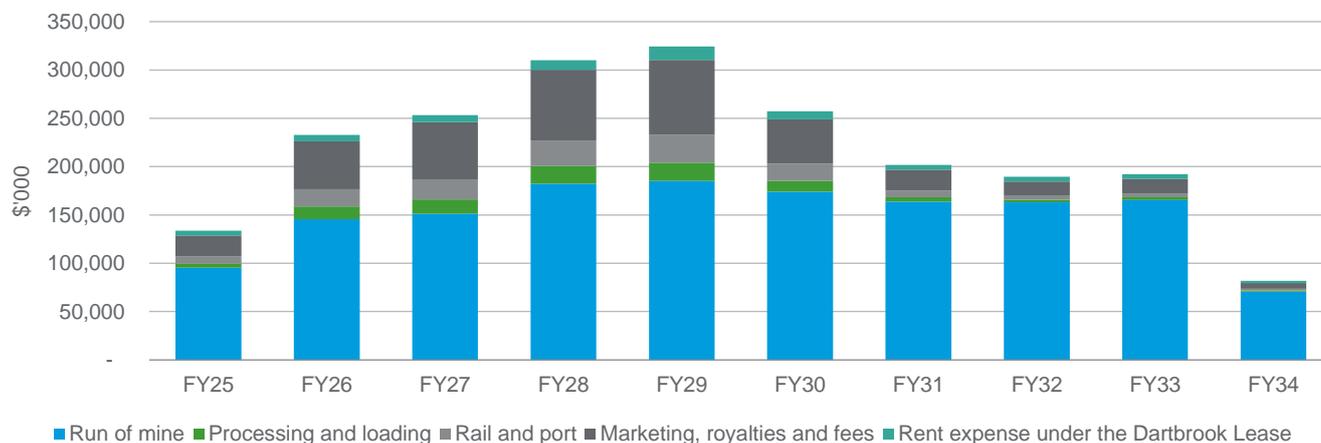
Source: Adjusted Model & RSM analysis

We note the following in relation to the figure above:

- total operating expenditure over the life of mine plan is projected to be \$752.3m (in nominal terms);
- run of mine costs represent 62.8% of total operating expenses; and
- costs associated with marketing, royalties and other fees represent 21.4% of total operating expenses.

Similarly, the projected operating expenses in the Adjusted Model for MOD 8 are set out below (in nominal terms).

Figure 7 Operating expenditure – MOD 8



Source: Adjusted Model & RSM analysis

We note the following in relation to the figure above:

- total operating expenditure over the life of mine plan is projected to be \$2.2b (in nominal terms);
- run of mine costs represent 68.8% of total operating expenses;
- costs associated with marketing, royalties and other fees represent 17.7% of total operating expenses.

Other assumptions

In addition to the assumptions discussed in the preceding sections, the following assumptions have also been applied in the Dartbrook Project Model:

- we have been advised that the Dartbrook Project Model was not specifically prepared to assume mining operations would continue to 5 December 2033 under the MOD 8 approvals and accordingly, inputs relating to production do not extend beyond January 2029, labour cost inputs do not extend beyond June 2028, and ROM coal tonnage inputs do not extend beyond May 2030. However, given the ramp up to capacity over MOD 7, and subsequently, a gradual decline in production during the 2029 calendar year, other than adjustments for inflation and foreign exchange movements, we have assumed inputs in the final period would remain consistent to November 2033; and
- the Dartbrook Project Model assumed mining operations would cease in November 2027 under the MOD 7 scenario, with forecast profit or loss and cash flows terminating in December 2027. Consistent with this approach, we have assumed mining operations will cease in November 2033, with forecast profit or loss and cash flows terminating in December 2033.

Discount rate

The discount rate that we have selected allows for both the time value of money and the risks attached to future cash flows. The applicable discount rate is the likely rate of return an acquirer of the Dartbrook Project would require for the risks inherent in investing in the asset.

We have utilised the weighted average cost of capital (“WACC”) as our discount rate. We have assessed the WACC to be in the range of 11.3% to 13.7%, with a preferred discount rate of 12.5%.

Details of our assessment of the preferred range for the WACC are included in Appendix 4.

Net Present Value results

The table below sets out the Net Present Value (“NPV”) of the lease payments under the Dartbrook Lease under the MOD 7 and MOD 8 scenarios on both a 100% basis, and on an 80% basis (representing AQC’s direct economic interest).

Table 14 NPV summary

	Low \$'000	High \$'000	Preferred \$'000
MOD 7 scenario			
Fair Value of lease payments to be made under the Dartbrook Lease (100% basis)	21,680	22,491	22,078
Fair Value of lease payments to be made under the Dartbrook Lease (80% basis)	17,344	17,993	17,662
MOD 8 scenario			
Fair Value of lease payments to be made under the Dartbrook Lease (100% basis)	43,437	47,056	45,186
Fair Value of lease payments to be made under the Dartbrook Lease (80% basis)	34,750	37,645	36,149

Source: Adjusted Model and RSM analysis

As set out in the table above, we have assessed the Fair Value of the lease payments to be made to the Trepanng Landlords under the terms of the Dartbrook Lease on an 80% basis (representing AQC’s direct economic interest) to be in the range of \$17.3m to \$18.0m, with a preferred value of \$17.7m under MOD 7 approvals, and in the range of \$34.7m to \$37.6m, with a preferred value of \$36.1m if MOD 8 approvals are granted.

In our calculation of the NPV of the lease payments, we have assumed the following:

- the Dartbrook Lease stipulates that for the 24-month period from 1 July 2023 to 30 June 2025, the sum of \$2.5m per annum is payable by quarterly instalments of \$625k in arrears, with the first payment due upon the first drawdown of Senior funding. As drawdowns have commenced on the Facility Agreement and we have been advised that no payments were made to the Trepanng Landlords during the period 1 July 2023 to the date of this Report, we have assumed \$2.5m is payable at the commencement of the Model, being 1 July 2024³;
- the balance between \$2.5m and the Minimum Rent of \$5m per annum will accrue from 1 July 2023 to 30 June 2025. On 1 July 2025, any accrued amounts will be payable. Accordingly, we have assumed quarterly instalments of \$625k will be paid in September 2024, December 2024, March 2025 and June 2025, and a total of \$5m will be payable on 1 July 2025;
- \$1.25m in quarterly instalments will be paid during FY26;
- forecast EBITDA is expected to materially exceed \$50m per annum during FY27. In line with the terms of the Dartbrook Lease, where 10% of EBITDA for the 6-month period to June and December, respectively, exceeds \$25m, the difference will be paid in arrears within 60 days of the end of the period. For the purpose of the NPV calculation, we have assumed that the top up payments will be made in August and February, respectively;
- under the MOD 7 scenario, as forecast profit or loss extends to December 2027, we have assumed that a top up payment will be made in February 2028; and
- under the MOD 8 scenario, as forecast profit or loss extends to December 2033, we have assumed that a top up payment will be made to the extent forecast EBITDA exceeds \$50m per annum.

³ We understand that \$1.25m of the accrued rent from 1 July 2023 to 31 December 2023 will be satisfied through the issue of AQC Shares as part of the share placement undertaken on 27 December 2023, subject to Shareholder approval at the Extraordinary General Meeting. We do not consider that this arrangement materially impacts the assumption adopted in relation to the timing and Fair Value of the initial payments, on the basis that the Fair Value of the shares issued will be consistent with the cash equivalent.

Sensitivity analysis

We have performed five key sensitivities on our NPV calculations of the Fair Value of the lease payments. We have selected our sensitivities based on the likelihood of changes in the key assumptions that underpin the Adjusted Model. We consider the key sensitivities to be:

- commodity price (thermal coal);
- exchange rates;
- operational expenditure;
- inflation; and
- WACC.

The table below summaries the high-level impact of the NPV (on a 100% basis) after applying the relevant sensitivity to the Adjusted Model.

Table 15 Sensitivity analysis – MOD 7

Lease Payments for Modification 7			
Sensitivity Analysis (\$'000)	-10%	Base	+10%
USD/AUD	26,396	22,078	18,554
Commodity price	18,415	22,078	25,958
Operational expenditure	25,559	22,078	18,591
Inflation rate	22,146	22,078	22,010
	Low	Preferred	High
WACC	21,680	22,078	22,491

Source: RSM analysis

Table 16 Sensitivity analysis - MOD 8

Lease Payments for Modification 8			
Sensitivity Analysis (\$'000)	-10%	Base	+10%
USD/AUD	54,281	45,186	38,175
Commodity price	37,603	45,186	53,366
Operational expenditure	52,208	45,186	38,606
Inflation rate	45,386	45,186	44,985
	Low	Preferred	High
WACC	43,437	45,186	47,056

Source: RSM analysis

We note that the value is most sensitive to changes in commodity prices and the USD/AUD exchange rate. The value is also relatively sensitive to changes in operational expenditure.

Shareholders should note that each of the variables noted above are unlikely to move in isolation and they may have offsetting or compounding effects. The sensitivities performed do not cover the full range of possible outcomes and, in particular, there is significant uncertainty involved with forecasting commodity prices.

6. Market Rent valuation

6.1 PRP assessment of Market Rent

As set out in Section 4, PRP has prepared an independent valuation report assessing the Market Rental Value for the surface holdings, improvements and water access rights for the various freehold lots of land that are the subject of the Dartbrook Lease.

PRP has defined Market Rent as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The PRP Report is set out in Appendix 7 of this Report.

The table below sets out a summary of the Market Rent assessed by PRP.

Table 17 Market Rent assessment

Market Rental valuation summary	\$'000
Land Value	7,529
Improvements Value	15,922
Water Rights Value	1,313
Total Value of Surface Holdings, Improvements and Water Access Rights	24,764
Calculated rent	9%
Market Rental Value of Surface Holdings, Improvements and Water Access Rights (per annum, excluding GST)	2,230

Source: PRP Report

As set out in the table above, PRP has assessed Market Rent of Surface Holdings, Improvements and Water Access Rights to be \$2.23m per annum (GST exclusive) based on an assessed total value of the surface holdings, improvements and water access rights of \$24.8m and an assessed rental yield of 9%.

The PRP Report noted that the valuation is for the real estate component only (land and improvements) and does not include any value associated with the resource or business component of extracting, marketing and selling any coal resources.

In assessing the total land value of \$7.5m, PRP utilised comparable sales of mining related surface land in NSW, adopting sales values in the range of \$10k to \$35k per Ha applied to land area types classified as mine infrastructure, access road, and buffer areas.

In assessing the value of the water rights, PRP noted that the site has a water access licence of 480 megalitres, being a Regulated River (General Security) Licence. PRP adopted the average price paid for a general security licence of \$2,735 per megalitre based on 103 transactions in the Hunter Statistical Area over the last year in valuing the water rights at \$1.3m.

In assessing the total improvements value of \$15.9m (comprising the surface facilities for operation of an underground coal mine, including offices, workshops, ancillary buildings, pit heads and evaporation ponds, as well as mine support buildings, and general main improvements (fencing, hardstand, roads, services and mine support)), PRP has utilised a depreciated cost / summation methodology.

In assessing a rental yield of 9%, PRP considered that the property and current improvements would require a return similar to that of other industrial premises, albeit with due allowance for:

- relatively remote location of the improvements;
- some specialised buildings and infrastructure;
- large dependency on the operational aspects of the mine and general commodity prices; and
- relatively short period of the lease (five years with an option for renewal).

PRP considered that in general terms, industrial rents for large, well leased properties within the Lower Hunter Valley show yields between 5% and 6%. The subject, being a regional location, with limited alternative uses would be expected to be above this, and accordingly, PRP has assessed a margin of 200 basis points for the location and specialised use.

PRP considered that the highest and best use for the property is the proposed / continued use as an operating coal mine. Accordingly, PRP considered that the rental yield should reflect the additional risk of the short-term nature of the current lease.

6.2 Fair Value of Market Rent – net present value results

We have relied upon the assessed Market Rent assessment provided by PRP in our assessment of the Fair Value of the Market Rent.

The table below sets out our assessment of the Market Rent under the MOD 7 and MOD 8 scenarios on both a 100% basis and an 80% (representing AQC's direct economic interest in the Dartbrook Joint Venture).

Table 18 Valuation summary - Fair Value of Market Rent

	Low \$'000	High \$'000	Preferred \$'000
MOD 7 scenario			
Fair Value of Market Rent (100% basis)	6,958	7,089	7,023
Fair Value of Market Rent (80% basis)	5,566	5,671	5,619
MOD 8 scenario			
Fair Value of Market Rent (100% basis)	15,675	16,271	15,973
Fair Value of Market Rent (80% basis)	12,540	13,017	12,778

Source: PRP Report and RSM analysis

As set out in the table above, on an 80% basis (representing AQC's direct economic interest in the Dartbrook Joint Venture) we have assessed the Fair Value of the Market Rent to be in the range of \$5.6m to \$5.7m, with a preferred value of \$5.6m under the MOD 7 approvals, and in the range of \$12.5m to \$13.0m, with a preferred value of \$12.8m if MOD 8 approvals are granted.

In our calculation of the NPV of the Market Rent, we have assumed the following:

- as set out in Section 6.1 above, PRP has assessed Market Rent to be \$2.23m per annum based on a suitable rental yield of 9%. We have utilised this \$2.23m in market rental in our assessment of market rent for FY25 under in our high valuation range;
- we have also been advised that in the event MOD 8 approvals were granted, PRP considered that only a minor reduction in the assessed rental yield of 50 basis points would be appropriate, resulting in an assessed annual rent of \$2.105m (8.5% rental yield). We have utilised an annual market rent of \$2.105m in our assessment of market rent for FY25 in our low valuation range;
- rental costs are payable in arrears in monthly instalments;
- we have applied an inflation rate of 4.5% for FY25 and thereafter, a long-term inflation rate of 2.5% per annum;
- we have applied a discount rate of 9.0% (high range) and 8.5% (low range), consistent with the rental yields assessed by PRP;
- under the MOD 7 scenario, we have aligned our assumptions with that utilised in our valuation of the lease payments to be made to the Trepang Landlords that as mine operations are expected to cease in November 2027, flow on operations at the mine will continue with a final rent payment made in February 2028; and
- under the MOD 8 scenario, we have aligned our assumptions with that utilised in our valuation of the lease payments to be made to the Trepang Landlords that as mine operations are expected to cease in November 2033, flow on operations at the mine will continue with a final rent payment made in February 2034.

7. Is the Proposed Transaction fair to Non-Associated Shareholders?

In assessing the fairness of the Proposed Transaction, we have assessed the Fair Value of lease payments to be paid by the Company to the Trepanng Landlords under the Dartbrook Lease and compared this to our assessed Fair Value of Market Rent.

Our assessment has been made on an 80% basis, given this represents AQC's direct economic interest in the Dartbrook Project.

In accordance with MOD 7 approvals, mining operations at the Dartbrook Mine are only currently approved to continue to 5 December 2027. AQC intends to begin preparations to seek and obtain MOD 8 approvals once production at the Dartbrook Mine has commenced. If MOD 8 approvals are granted, AQC would be able to continue mining operations for a further six years to 5 December 2033, to align with the expiry dates of the current Mining and Coal Leases.

Accordingly, we have undertaken the above valuations under two scenarios with:

- the first assuming the Dartbrook Mine operates only to the end of the MOD7 approvals; and
- the second scenario assuming MOD8 approvals are granted, and mining operations continue until 5 December 2033.

Our assessments under each scenario are set out in the table below.

Under these two scenarios, the assessed Fair Value of the Market Rent has also been assumed to continue for the same periods reflected under the MOD 7 and MOD 8 approvals, consistent with our assessment of the Fair Value of lease payments to be made by the Joint Venture Tenants to the Trepanng Landlords under the Dartbrook Lease.

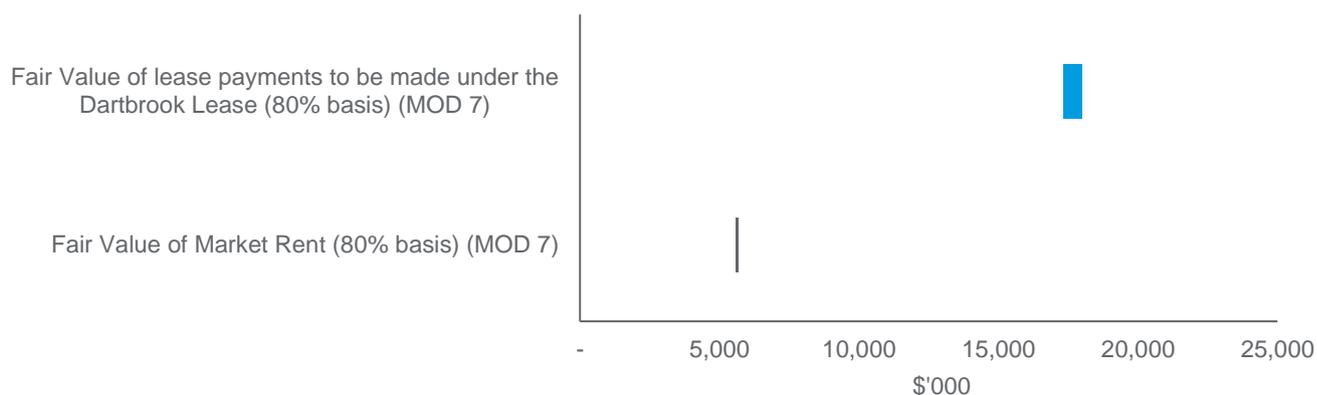
Table 19 Valuation summary

	Low \$'000	High \$'000	Preferred \$'000
MOD 7 scenario			
Fair Value of lease payments to be made under the Dartbrook Lease (80% basis)	17,344	17,993	17,662
Fair Value of Market Rent (80% basis)	5,566	5,671	5,619
MOD 8 scenario			
Fair Value of lease payments to be made under the Dartbrook Lease (80% basis)	34,750	37,645	36,149
Fair Value of Market Rent (80% basis)	12,540	13,017	12,778

Source: RSM analysis

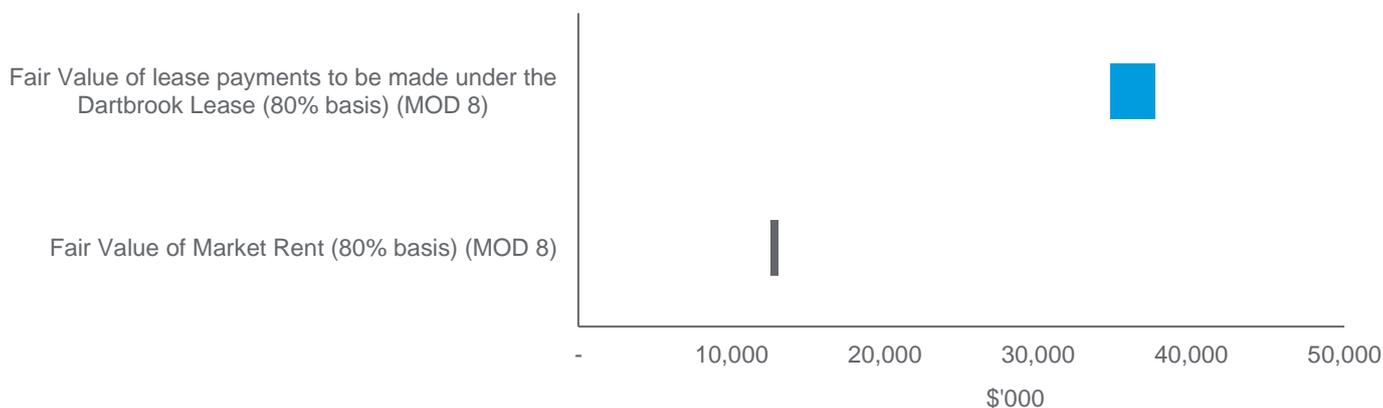
The above comparisons are depicted graphically in the figures below.

Figure 8 Valuation summary (MOD 7)



Source: RSM analysis

Figure 9 Valuation summary (MOD 8)



Source: RSM analysis

In our opinion, as the assessed Fair Value of the lease payments to be made to the Trepang Landlords under the Dartbrook Lease (representing the financial benefit to be provided to Trepang) is greater than the assessed Fair Value of market lease payments (representing the consideration being received by AQC) under both MOD 7 and MOD 8 approval scenarios, in accordance with the guidance set out in RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction is **not fair** to Non-Associated Shareholders.

8. Is the Proposed Transaction reasonable to Non-Associated Shareholders?

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes.

As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- the future prospects of the Company if the Proposed Transaction does not proceed;
- the trading of AQC's Shares following the announcement of the Proposed Transaction;
- other commercial advantages and disadvantages to Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- alternative proposals to the Proposed Transaction.

8.1 Future prospects of AQC if the Proposed Transaction does not proceed

If Resolution 1 is not approved, the Company will not be able to undertake the Proposed Transaction and the Dartbrook Lease will be terminated.

The existing land access and water arrangements will need to be renegotiated with Trepang, noting that the Company's existing access and compensation agreement would remain effective until the sunset date of 31 December 2027 with no obligation of the Trepang Landlords to provide extensions to the land access and water arrangements.

If the Proposed Transaction is not approved, an 'Event of Default' will occur under the Company's Facility Agreement with Vitol. If an Event of Default occurs, Vitol, as the holder of the loan notes, will be entitled to demand as immediately due and payable all amounts (including interest) advanced to AQC Dartbrook and Tetra Dartbrook pursuant to the Facility Agreement, rely on indemnities given by AQC Dartbrook and Tetra Dartbrook for costs and loss incurred as a result of the occurrence of the Event of Default, and have recourse to certain guarantees, any of which could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore, the Company.

If Vitol exercises its right to terminate the Facility Agreement, AQC Dartbrook and Tetra Dartbrook will be precluded from issuing further loan notes to Vitol in order to secure further funding for operations, which could have an adverse effect on the operations, liquidity and financial outlook of the Dartbrook Joint Venture, and therefore the Company.

The reviewed financial statements of the Company for HY24 included an emphasis of matter in the independent auditor's report issued by Hall Chadwick on 15 March 2024 that stated that a material uncertainty existed that may cast significant doubt on the Company's ability to continue as a going concern. Whilst the auditor's opinion was not modified in respect of this matter, it was noted that AQC's ability to continue as a going concern was dependent on the Company's ability to achieve objectives including capital raisings, borrowing and provision of working capital from the Vitol Facility Agreement, development, exploitation or advancement of existing or new opportunities, and realisation of surplus assets.

8.2 The trading of AQC's Shares after the announcement of the Proposed Transaction

The terms of the Dartbrook Joint Venture were first announced on 1 May 2023 including, amongst other things, that a condition precedent of the Dartbrook Joint Venture is obtaining Shareholder approval in respect of any benefit to be provided to Trepang (including entering into the Dartbrook Lease with the Trepang Landlords under the Proposed Transaction).

Given the timing between the announcement of the terms of the Dartbrook Lease as well as the Company's capital raising activities (including the placement and ANREO completed in October 2023 to raise \$12m and the placement in December 2023 to raise \$3.625m), announcements relating to the Facility Agreement with Vitol, and that the terms of the Proposed Transaction form part of overarching terms of the Dartbrook Joint Venture, we have not been able to directly observe the market's reaction immediately prior to and following the announcement of the Proposed Transaction.

8.3 Advantages and disadvantages of approving the Proposed Transaction

The key advantages of the Proposed Transaction are outlined in the table below.

Table 20 Advantages of the Proposed Transaction

Advantage	Details
Security of tenure	The Dartbrook Lease will give the Dartbrook Joint Tenants security of tenure over the land on which the Dartbrook Mine is situated for the remaining life of the mine under the MOD 7 and MOD 8 (if granted) approvals. This tenure is essential for the Dartbrook Mine to continue to be owned and operated by the Joint Venture Tenants.
Satisfaction of condition precedent to the Facility Agreement with Vitol	Approval of the Proposed Transaction is a condition precedent of the Facility Agreement with Vitol. If the Proposed Transaction is approved, subject to the fulfilment of all other conditions precedent and terms under the Facility Agreement, the Company will be entitled to draw down funds required to cover all restart capex including remediation and refurbishment works and acquire the critical equipment necessary to restart mining operations and ramp-up to full capacity.
Allows AQC to focus on recommissioning the Dartbrook Mine	Trepang and its associates have been significant financiers in the acquisition and development of the Dartbrook Mine with recent indicative offers in 2022 to acquire the Company conditional upon the refinancing of debt funding owed by the Company to the Trepang Parties. Further, the terms of the Dartbrook Joint Venture represent a renegotiation of the Strategic Partnership first announced in September 2022. Approval of the Proposed Transaction would allow AQC to focus on the restart operations of the Dartbrook Mine.
Shareholders may benefit from potential upside if restart of mining operations at Dartbrook Mine is achieved in 2024	Approval of the Proposed Transaction represents a further step towards the Dartbrook Joint Venture restarting mining operations at the Dartbrook Mine. The Dartbrook Project is AQC's flagship asset and any upside to the Dartbrook Project's operations may result in greater liquidity of the Company's shares and greater opportunity to realise potential upside in value of the Dartbrook Project the short to medium term.

The key disadvantages of the Proposed Transaction are set out in the table below.

Table 21 Disadvantages of the Proposed Transaction

Disadvantage	Details
The Proposed Transaction is not fair	As set out above, as the assessed Fair Value of the lease payments to be made to the Trepang Landlords is greater than the assessed Fair Value of market lease payments under both MOD 7 and MOD 8 approval scenarios, the Proposed Transaction is not fair.
The Proposed Transaction commits the Company to a minimum cost of \$4.0m per annum, regardless of the performance of the Dartbrook mine.	The Dartbrook Lease has a minimum rent amount of \$5.0m per annum, regardless of the performance of the Dartbrook Mine. AQC holds an 80% direct interest in the Dartbrook Joint Venture and, therefore, \$4.0m per annum of the minimum rent is relevant to AQC's direct interest. There is a risk that, should the Dartbrook Mine not operate as forecast and not be as profitable as forecast, the Company will still have a commitment to pay its proportionate 80% share of the minimum rent amount over the remaining term of the Dartbrook Lease.

8.4 Alternative proposals

We are not aware of alternative proposals which may provide a greater benefit to Non-Associated Shareholders at the date of this Report.

8.5 Conclusion on Reasonableness

In our opinion, the position of the Non-Associated Shareholders of AQC if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for Non-Associated Shareholders of AQC.

An individual Shareholder's decision in relation to the Proposed Transaction may be influenced by their individual circumstances. If in doubt, Shareholders should consult an independent advisor.

Appendices

Appendix 1 – Declarations and disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Andrew Clifford and Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Andrew Clifford and Nadine Marke have extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of AQC in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of AQC, and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Clifford, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee in the range of \$37,500 to \$42,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether AQC receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd has been involved in the preparation of the Notice. Accordingly, we take no responsibility for the content of the Notice.

Appendix 2 – Sources of information

In preparing this Report, we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting and Explanatory Memorandum;
- Audited financial statements for AQC for FY21, FY22 and FY23;
- Reviewed financial statements for AQC for HY24;
- Independent market rental valuation prepared by Preston Rowe Paterson Newcastle & Central Coast Pty Ltd (PRP);
- Independent technical assessment report prepared by Xenith Consulting Pty Limited (Xenith);
- AQC shareholder register as at 18 March 2024;
- ASX announcements;
- IBISWorld;
- S&P Capital IQ (Capital IQ); and
- Discussions with Directors and Management of AQC.

Appendix 3 – Glossary of terms and abbreviations

Term or Abbreviation	Definition
\$, A\$ or AUD	Australian dollar
Act or Corporations Act	Corporations Act 2001 (Cth)
Adjusted Model	The Dartbrook Project Model adjusted by RSM to incorporate relevant recommendations by Xenith in the Xenith Report
AFCA	Australian Financial Complaints Authority
AFSL	Australian Financial Services Licence
APES	Accounting Professional & Ethical Standards Board
ANREO	A pro-rata accelerated non-renounceable entitlement offer
AQC or the Company	Australian Pacific Coal Limited
AQC Dartbrook	AQC Dartbrook Pty Ltd, a wholly owned subsidiary of AQC
ASIC	Australian Securities and investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of the ASX as amended from time to time
ASX Listing Rule 10 or Listing Rule 10	ASX Listing Rule Chapter 10 Transactions with persons in a position of influence
b	Billions
Capex	Capital expenditure
CHPP	Coal Handling and Preparation Plant
Control Basis	As assessment of the Fair Value of an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Dartbrook Joint Venture	Joint venture undertaken by AQC Dartbrook and Tetra Dartbrook (Joint Venture Tenants) established pursuant to the Dartbrook Joint Venture Agreement
Dartbrook Joint Venture Agreement	the document titled the “Farmin & Joint Venture Agreement” dated 30 April 2023 between AQC, Trepang, Tetra and M Resources for the ownership interest, management and operations of the Dartbrook Mine.
Dartbrook Lease	New South Wales lease between the Trepang Landlords and the Joint Venture Tenants for the lease of Part 30 Stair Street, Kayuga 2333 and Dartbrook Colliery New England Highway, Muswellbrook 2333, being part Folio Identifiers 1/835733, 111/873834 and Water Access Licence WAL1021 (including access through part Folio Identifiers 1/835733, 14/253397 and 110/873834), dated 5 April 2024 and commencing on 1 July 2023.
Dartbrook Mine	The coal mine and associated facilities known as the Dartbrook Project, Dartbrook Coal Project or the Dartbrook Site located in the Hunter Valley, New South Wales.
Dartbrook Project Model or Model	A financial model, most recently updated in January 2024, relating to the forecast operations of the Dartbrook Project
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
Directors	Directors of the Company
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
EGM	Extraordinary General Meeting
Enterprise Value or EV	The market value of a business on a cash free and debt free basis
Entitlement Offer	a fully underwritten renounceable entitlement offer of 5.83 new ordinary shares for every 1 existing share held at \$0.34 per Share to raise \$100m (before costs) completed in October 2022
Equity Value	The owner’s interest in a company after the addition of all non-operating or surplus assets and the deduction of all non-operating or excess liabilities from the enterprise value
Facility Agreement, the	A 3-year US\$60m (circa A\$90m) debt facility from Vitol

Term or Abbreviation	Definition
Fair Value or Market Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FSG	Financial Services Guide
FY	Financial year ended 30 June 20XX
HTBA	Hunter Thoroughbred Breeders Association
HY24	Half-year ended 31 December 2023
IPC	Independent Planning Commission
Javelin	Javelin Private Capital Group LLC
Joint Venture Tenants	Collectively, AQC Dartbrook and Tetra Dartbrook
k	Thousands
LOM	Life of mine
m	Millions
Management	The management of AQC
Market Rent, the	The commercial arms-length rental costs for the land and water access provided under the Dartbrook Lease.
Minority or Non-controlling interest	A non-controlling ownership interest, generally less than 50.0% of a company's voting shares
Modification 7 or MOD 7	The Land and Environment Court New South Wales orders in respect to the case of AQC Dartbrook Management Pty Ltd v Minister for Planning and Public Spaces and associated annexures, Development Consent DA 231-7-2000, part of which requires cessation of mining operations by 5 December 2027
Modification 8 or MOD 8	If approved, the inclusion of the approval for mining operations to 5 December 2033
M Resources	M Resources Pty Ltd
MT	Million tonnes
Mtpa	Million tonnes per annum
Nakevo	Nakevo Pty Ltd
Non-Associated Shareholders or Shareholders	Shareholders of the Company other than, or that are associated with, Tre pang, the Tre pang Landlords, Nicholas Paspaley or John Robinson.
Notice	The notice of meeting and explanatory memorandum to which this Report is attached
Net Present Value (NPV)	The value of all future net cash flows over the life of an investment, discounted to present value at a discount rate
PPC	Pacific Premium Coal Pty Ltd
Proposed Transaction	AQC entering into the Dartbrook Lease via its wholly owned subsidiary, AQC Dartbrook with the Tre pang Landlords as contemplated under Resolution 1 of this Notice
PRP	Preston Rowe Paterson Newcastle & Central Coast Pty Ltd
PRP Report	Report prepared by PRP assessing the Market Rental Value for the surface holdings, improvements and water access rights for the various freehold lots of land that are the subject of the Dartbrook Lease
RBA	Reserve Bank of Australia
Report or IER	This Independent Expert's Report prepared by RSM Corporate Pty Ltd
RG 76	ASIC Regulatory Guide 76 Related Party Transactions
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
RG 170	ASIC Regulatory Guide 170 Prospective financial information
ROM	Run of Mine
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ or Capital IQ	An entity of Standard and Poor's which is a third-party provider of company and other financial information
Sambor	Sambor Trading Pty Ltd
Share or AQC Share	Ordinary fully paid share in the capital of Australian Pacific Coal Limited

Term or Abbreviation	Definition
Strategic Partnership	A binding term sheet between the Company, Trepang, M Resources and Tetra Resources for a strategic partnership aimed at recommissioning the Dartbrook Mine as a coal producing mine as announced by AQC on 27 September 2022.
Tetra Dartbrook	Tetra Dartbrook Pty Ltd, an entity owned by certain shareholders of Tetra
Tetra	Tetra Resources Pty Ltd
Trepang	Trepang Services Pty Ltd
Trepang Landlords	Hunter Valley Corp Pty Ltd ACN 652 547 423 as trustee for Hunter Valley Property Trust, ReggieFox Pty Ltd ACN 652 678 665 as trustee for ReggieFox Property Trust, Kelly HV Property Pty Ltd ACN 652 606 892 as trustee for Kelly HV Property Trust and Walkington HV Property Pty Ltd ACN 652 607 764 as trustee for Walkington HV Property Trust.
Trepang Parties	Trepang, Mr Nicholas Paspaley and Mr John Robinson (Snr)
US\$	United States Dollars
Vitol	Vitol Asia Pte Ltd
VWAP	Volume weighted average share price
WACC	Weighted average cost of capital
Xenith	Xenith Consulting Pty Ltd
Xenith Report	A Technical Assessment Report prepared by Xenith comprising a review of the technical assumptions contained in the Dartbrook Project Model

Appendix 4 – Discount rate assessment

The WACC represents the weighted rate of return required by providers of both debt and equity to compensate for the time value of money and the perceived risk of the associated cash flows. The discount rates required by providers of both debt and equity are weighted in proportion to the optimal proportions of debt and equity.

The WACC is calculated as follows:

$$\text{WACC} = [\text{Re} \times \text{E/V}] + [\text{Rd} \times (1 - \text{tc}) \times \text{D/V}]$$

Where:

WACC = post tax weighted average cost of capital

Re = required rate of return on equity capital

E = market value of equity capital

V = market value of debt and equity capital (D + E)

Rd = required rate of return on debt capital

D = market value of debt capital

tc = corporate tax rate

Required Rate of Return on Equity Capital (Re)

The Capital Asset Pricing Model (CAPM) can be used to estimate the cost of equity, being the required rate of return or cost of equity of a business.

The CAPM determines the cost of equity by the following formula:

$$\text{Re} = \text{Rf} + \beta(\text{Rm} - \text{Rf}) + \alpha$$

The components of the formula are as follows:

Re = Required return on equity;

Rf = Risk free rate of return;

Rm = the expected return from a market portfolio;

β = Beta, a measure of the systematic risk of a stock; and

α = specific company risk premium.

Risk Free Rate

The risk free rate of return compensates investors for the time value of money.

The Australian Government Bond rate is widely used and is an accepted benchmark for the risk free return. We have used the 10 year bond rate as this provides the best match against the timeframe of the cash flows being valued.

The 10-year Australian Government Bond rate as at 18 March 2024 was 4.022% (Source: RBA). Given the rapid rise in bond yields over recent time and the resulting impact on market discount rates, we have observed yield on the 10-year Australian Government at the spot rate as at 18 March 2024 and applied 4.02% as the risk-free rate, rather than using year an average of the Australian Government 10-year bond rate over a period of time.

Market rate (Rm)

This represents the additional risk in holding the market portfolio of investments. The term (Rm–Rf) represents the additional return required, above the risk free rate, to hold the market portfolio of investments. (Rm–Rf) is known as the Equity Market Risk Premium.

There are a number of studies around the Equity Market Risk Premium (“EMRP”) with, generally, most estimates falling within a range of 6% to 8%.

Using our professional judgement, RSM has assessed the Equity Market Risk Premium (Rm–Rf) for AQC to be 6.0%. This is consistent with the standard premium applied by most valuation practitioners when assessing the Market Rate in the current economic climate.

Beta (β)

The beta coefficient measures the systematic risk of a company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market. A beta greater than 1 represents higher than market risk and a beta below 1 represents lower than market risk.

In assessing beta, we have considered the betas for companies with relatively comparable operations to AQC (noting that the larger companies including Bathurst Resources Ltd, New Hope Corporation Ltd and Stanmore Resources Ltd are coal producing companies) (Column A). The equity betas are adjusted to remove the effect of company specific debt levels resulting in an ungeared beta (Column B). The ungeared betas are then "regeared" based upon an assessment the average industry gearing ratio and the assessed optimal capital structure which is discussed in more detail below (Column C).

The table below sets out the equity beta analysis in relation to the comparable companies.

Table 22 Beta analysis

Company	Country	Market Value of Equity \$'m	Net debt/ Equity	Notional tax rate	Levered Beta (A)	Unlevered Beta (B)	Relevered Beta (C)
Australian Pacific Coal Limited	Australia	36.0	15.3%	30.0%	1.32	1.19	1.28
Atrum Coal Limited	Australia	7.0	0.0%	30.0%	0.97	0.97	1.05
AustChina Holdings Limited	Australia	8.3	0.0%	30.0%	1.98	1.98	2.13
Bathurst Resources Limited	New Zealand	166.5	0.0%	30.0%	0.88	0.87	0.94
Bowen Coking Coal Limited	Australia	128.0	119.5%	30.0%	1.08	0.59	0.63
MC Mining Limited	Australia	67.3	27.3%	30.0%	1.02	0.84	0.90
New Hope Corporation Limited	Australia	3,770.2	0.0%	29.8%	0.37	0.36	0.39
NuCoal Resources Limited	Australia	3.8	0.0%	30.0%	1.03	1.03	1.11
Stanmore Resources Limited	Australia	2,839.4	11.1%	26.7%	0.73	0.61	0.66
TerraCom Limited	Australia	184.2	2.7%	28.2%	1.17	1.15	1.24
	Low	3.3	0.0%	26.7%	0.37	0.36	0.39
	High	3,770.2	228.4%	30.0%	1.98	1.98	2.13
	Mean	783.3	29.9%	29.4%	1.03	0.92	0.99
	Median	67.3	0.0%	30.0%	1.02	0.87	0.94

Source: Capital IQ

The comparable company descriptions are included in Appendix 5.

We have adopted 0.9 to 1.0 as the re-levered beta in our assessment of the appropriate WACC for the Dartbrook Project.

Specific company risk, size premium and country risk premium (α)

In considering appropriate the WACC for the Dartbrook Project, we have considered the specific risks in the Dartbrook Project which are not experienced by the listed comparable companies and are therefore not reflected in the reported betas or implied multiples derived from publicly available market data.

We have specifically considered the risk inherent with the size of the Dartbrook Project, as well as the execution risks of recommissioning the Dartbrook mine. The comparable companies have a mix of exploration, development and production assets.

Using our professional judgement, we have adopted a specific company risk factor of 5% to 6% for the Dartbrook Project which incorporates our assessment of project risks associated with taking the project from care and maintenance phase to construction and operation.

Required rate of return on debt (R_d)

The rate of return required by providers of debt includes a risk premium over and above the risk-free rate that reflects the debt risk that is specific to the business being valued. This risk effectively represents the risk of default on payments.

In assessing an appropriate debt premium, we have considered a number of factors including:

- the cost of debt for Australian companies similar to AQC (publicly listed companies in pre-production phase);
- the gearing levels adopted for the purposes of calculating the WACC; and

- the prevailing economic conditions as at the date of this report.

We have adopted a risk premium of 1.93%, being the difference between the 10-year BBB rated Australian corporate bond yield and the Australian risk-free rate as assessed above. Based on the 10-year BBB rated Australian corporate bond yield as at 29 February 2024 of 5.95%, this equates to a pre-tax cost of debt of 5.95%.

Capital structure or Gearing Level (D/V)

The capital structure or gearing level adopted for the purposes of undertaking the valuation should generally reflect the level of debt that can be reasonably sustained by any company operating in a particular industry as opposed to the actual capital structure adopted by the business.

The optimal capital structure of a business is driven by two main considerations:

- the tax benefits of debt finance i.e. the deductibility of interest payments for the purposes of assessing corporate tax liabilities; and
- the financial risk to equity holders i.e. the risk of financial distress as a result of over-gearing.

In assessing the optimal capital structure, we have considered the following:

- the gearing levels of comparable companies as set out in Table 20;
- the level of debt sustainable by the forecast earnings and cash flows of the Dartbrook Project; and
- the relative short life of the Dartbrook Project of 3 to 9 years.

For the purposes of this valuation, we have assessed the optimal net debt to equity ratio (D/V) as being in the range of 20% to 30% (resulting in E/V in the range of 70% to 80%).

Corporate tax rate (tc)

We have utilised the Australian corporate tax rate of 30.0%.

Assessment of WACC

Based on the assumptions set out above, we have assessed the WACC of the Dartbrook Project to be in the range of 11.3% to 13.7%, with a preferred midpoint of 12.5% as set out in the table below:

Table 23 WACC calculation

Calculation of WACC	Low	High	Mid-Point
Cost of Equity			
Risk free rate	4.02%	4.02%	4.02%
Beta	0.90	1.00	0.95
Risk premium	6.0%	6.0%	6.00%
Company specific risk factor	5.0%	6.0%	5.50%
Re	14.4%	16.0%	15.2%
Cost of Debt			
Risk free rate (spot rate)	4.02%	4.02%	4.02%
Debt premium	1.93%	1.93%	1.93%
Rd	6.0%	6.0%	6.0%
Corporate Tax Rate	30.0%	30.0%	30.0%
Capital Structure			
Debt / (Debt + Equity + Leases)	30.0%	20.0%	25.00%
Equity / (Debt + Equity + Leases)	70.0%	80.0%	75.00%
Cost of Equity			
(Equity / Debt) x Re	10.1%	12.8%	11.4%
Cost of Debt			
(Debt / Value) x Rd	1.2%	0.8%	1.0%
WACC (Post Tax, Nominal)	11.3%	13.7%	12.5%

Source: Capital IQ, RBA and RSM analysis

Appendix 5 – Comparable company descriptions

Ticker	Company	Business description
ASX:ATU	Atrum Coal Limited	Atrum Coal Limited explores for and develops metallurgical coal properties. It primarily offers coking coal for steel industry. The company's flagship asset is the 100%-owned Elan Hard coking coal project located in the Crowsnest Pass area of southern Alberta, Canada. It also explores for anthracite in British Columbia, Canada. Atrum Coal Limited was incorporated in 2011 and is based in Sydney, Australia.
ASX:AUH	AustChina Holdings Limited	AustChina Holdings Limited engages in the exploration of coal properties in Australia. The company holds 100% interests in two coal exploration permits, including the Barcoo River-Blackall Rail and Blackall South Corner Coal projects located in Central Queensland. The company was formerly known as Coalbank Limited and changed its name to AustChina Holdings Limited in August 2017. AustChina Holdings Limited was incorporated in 1996 and is based in Brisbane, Australia.
ASX:BRL	Bathurst Resources Limited	Bathurst Resources Limited explores for, develops, and produces coal in New Zealand. It also exports coal. The company was formerly known as Bathurst Resources (New Zealand) Limited and changed its name to Bathurst Resources Limited in December 2013. The company was incorporated in 2013 and is based in Wellington, New Zealand. Bathurst Resources Limited operates as a subsidiary of Bathurst Resources Limited.
ASX:BCB	Bowen Coking Coal Limited	Bowen Coking Coal Limited, together with its subsidiaries, engages in the exploration, development, and production of metallurgical coal in Australia. The company holds 100% interests in the Isaac River Project located in the Bowen Basin in Central Queensland; the Cooroorah Project located north of Blackwater; and the Comet Ridge Project located South of the township of Comet, as well as the Hillalong and Burton Lenton Coking Coal Project in the northern Bowen Basin. It also has interests in the Carborough project; Broadmeadow East coking coal project located in Central Bowen Basin, Queensland; and the Bluff Mine, an open cut mine located in the southern Bowen Basin. Bowen Coking Coal Limited was incorporated in 1994 and is headquartered in Brisbane, Australia.
ASX:MCM	MC Mining Limited	MC Mining Limited, together with its subsidiaries, engages in the acquisition, exploration, development, and operation of coking and thermal coal projects in South Africa. The company's principal projects include the Uitkomst Colliery, a metallurgical and thermal coal project located in the KwaZulu Natal province; the Makhado hard coking and thermal coal project situated in the Soutpansberg coalfield in the Limpopo province; the Vele Colliery, a semi-soft coking and thermal coal mine located to the west of Musina in the Limpopo province; and Greater Soutpansberg Projects, including Chapudi, Generaal, and Mopane projects located in Limpopo province. MC Mining Limited was incorporated in 1979 and is based in Mount Pleasant, Australia.
ASX:NHC	New Hope Corporation Limited	New Hope Corporation Limited explores for, develops, produces, and processes coal, and oil and gas properties. It operates through three segments: Coal Mining in Queensland, Coal Mining in New South Wales, and Other. The company holds interests in two open cut coal mines that produces thermal coal, which include the New Acland project located in Oakey, Queensland; and the Bengalla mine situated in the Hunter Valley region of New South Wales. It also holds 849 square kilometres of net oil-producing acreage in nine production projects located in the Cooper-Eromanga Basin. In addition, the company engages in the farming, grazing, and land management activities; and operation of bulk handling facility comprising receiving, storage, and shipping of coal, construction sand and aggregates, chips and pellets, and mineral sands, as well as raw and processed minerals, such as bauxite, manganese, diatomite, etc. Further, it is involved in port operation and handling; logistics; and marketing activities. The company has operations in Japan, China, Taiwan, Chile, Korea, Vietnam, India, Australia, and internationally. The company was founded in 1952 and is headquartered in Brisbane, Australia.

Ticker	Company	Business description
ASX:NCR	NuCoal Resources Limited	NuCoal Resources Limited engages in the exploration and development of coal mines in Australia. It holds a 100% interest in the Savoy Hill Coal project holds exploration licenses located in New South Wales. The company was incorporated in 1993 and is based in Newcastle, Australia.
ASX:SMR	Stanmore Resources Limited	Stanmore Resources Limited engages in the exploration, development, production, and sale of metallurgical coal in Australia. The company holds a portfolio of 2,000 square kilometres of prospective and granted exploration tenements throughout the Bowen and Surat Basins. The company was formerly known as Stanmore Coal Limited and changed its name to Stanmore Resources Limited in May 2021. The company was incorporated in 2008 and is headquartered in Brisbane, Australia. Stanmore Resources Limited operates as a subsidiary of Golden Investments (Australia) Pte Ltd.
ASX:TER	TerraCom Limited	TerraCom Limited develops and operates coal mines in Australia and South Africa. The company explores for hard and soft coking, thermal, and PCI coal. Its flagship property is the Blair Athol coal mine located in Clermont, Queensland. The company was formerly known as Guildford Coal Limited and changed its name to TerraCom Limited in November 2015. TerraCom Limited was founded in 2009 and is based in Clermont, Australia.

Source: S&P Capital IQ

Appendix 6 – Industry overview

Overview⁴

The Australian coal mining sector is made up of companies that mine coal using open-cut and underground mining methods in Australia. The primary operations of companies in this sector include the extraction of coal, in addition to any associated activities such as washing and crushing coal.

AQC acquires, explores for and develops thermal and metallurgical coal prospects. The Company operates in the coal mining sector in Australia.

Coal is a key input in steelmaking and energy generation. Although coal deposits are found all over the world, Australia is one of the world's lowest cost producers and a major coal exporter. Domestic reserves exceed domestic demand, are high grade and economical to access. As a result, exports account for a large share of coal mining revenue. Imports are negligible, as local production is higher than domestic demand for coal. Black coal mining accounts for most activity, with some brown coal used domestically for electricity generation in Victoria.

Coal mining revenue is expected to grow at an annualised 2.2% over the five years through 2023-24. Volatile trading conditions in global markets are affecting coal miners. Global energy demand fell over the two years through 2020-21, as the COVID-19 pandemic disrupted supply chains, international travel came to a standstill and businesses shut down around the globe. This weighed heavily on coal prices. Coal mining revenue has since rebounded on the back of soaring prices, with the Russia-Ukraine conflict sending ripples through global energy markets and causing coal, oil and gas prices to rise. Revenue is anticipated to decline by 30.1% in 2023-24, to an estimated \$103.9b, as prices start to recede.

Coal mining revenue is projected to fall over the next few years. Australian coal production volumes are forecast to rise slightly. However, global prices for metallurgical and thermal coal are projected to recede from recent record highs as supply and demand conditions stabilise. Profit margins are also set to fall, although cost-cutting efforts and efficiency gains will provide some support for coal mining margins.

The coal mining industry in Australia is highly competitive, as they face strong competition from other countries like Indonesia and Russia, which are major thermal coal exporters. The key performance drivers for industry businesses are as follows:

- domestic price of black coal;
- demand from fossil fuel electricity generation;
- US dollars per Australian dollar; and
- public concern over environmental issues.

Domestic price of black coal

Most black coal is exported overseas as a primary raw material used in steel and electricity production. When metallurgical and thermal coal prices increase, local miners generate more revenue per tonne of black coal mined. Coal mining revenue volatility is primarily underpinned by price fluctuations, as production volumes are typically steadier. The domestic price of black coal is expected to fall in 2023-24.

Demand from fossil fuel electricity generation

Thermal coal is used domestically to produce electricity. Greater activity in the Fossil Fuel Electricity Generation industry tends to drive demand for thermal coal, which subsequently boosts revenue for coal miners. Fossil fuel electricity generation activity in Australia is expected to fall in 2023-24, as the country's renewable electricity generation capacity continues to rise.

US dollar per Australian dollar

As coal is priced in US dollars in export markets, exchange rates affect the Australian dollar returns available to domestic coal miners. A weaker Australian dollar can contribute to export gains, as local miners generate more revenue per tonne of coal, providing an opportunity for coal mining revenue growth. The Australian dollar is expected to appreciate against the US dollar in 2023-24.

⁴ Source: IBISWorld Report B0600 – Coal Mining in Australia, October 2023

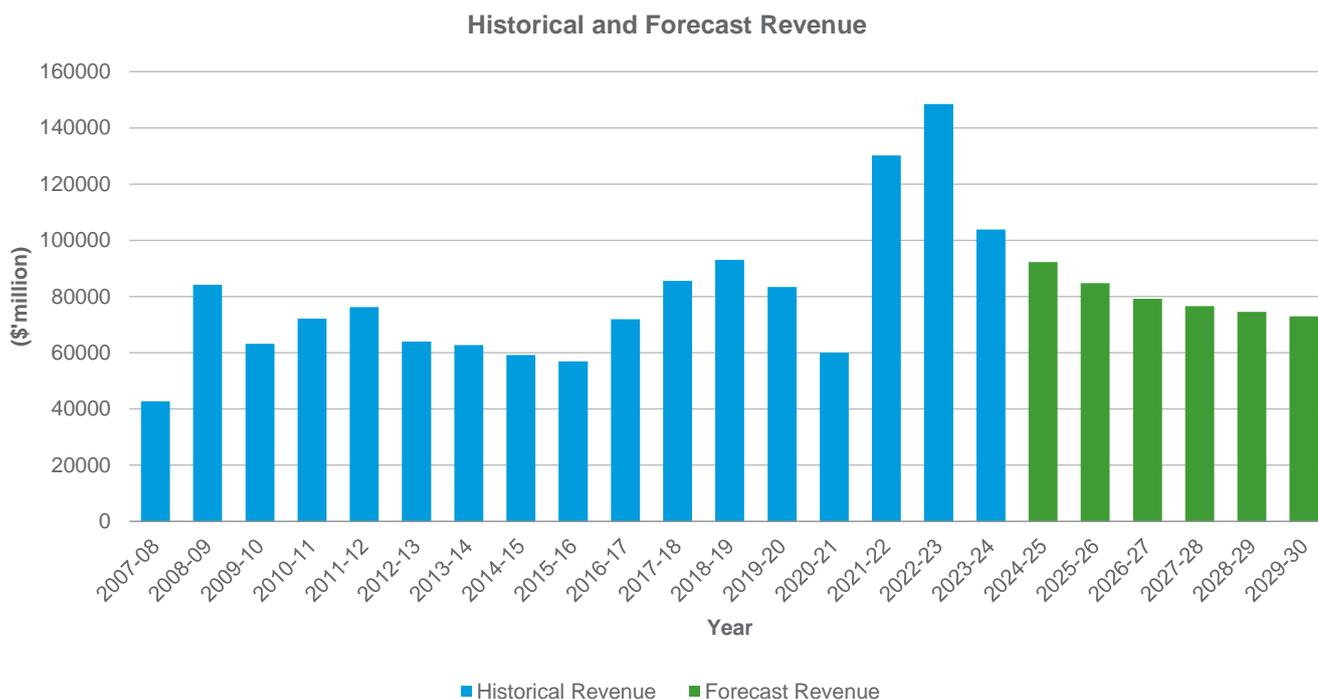
Public concern over environmental issues

Public concern over environmental issues can affect coal miners' ability to increase production or establish new mines. Thermal coal is primarily used by electricity generators, which is extremely emissions intensive. Greater public concern over environmental issues and heavy polluting sectors tends to restrict coal miners' performance. Public concern over environmental issues is anticipated to rise in 2023-24, posing a threat to coal mining.

Historical and forecast revenue

The chart below summarises the historical and forecast revenue of the industry from July 2007 to June 2030.

Figure 10 Historical and forecast revenue



Source: IBISWorld Report B0600 – Coal Mining in Australia, October 2023

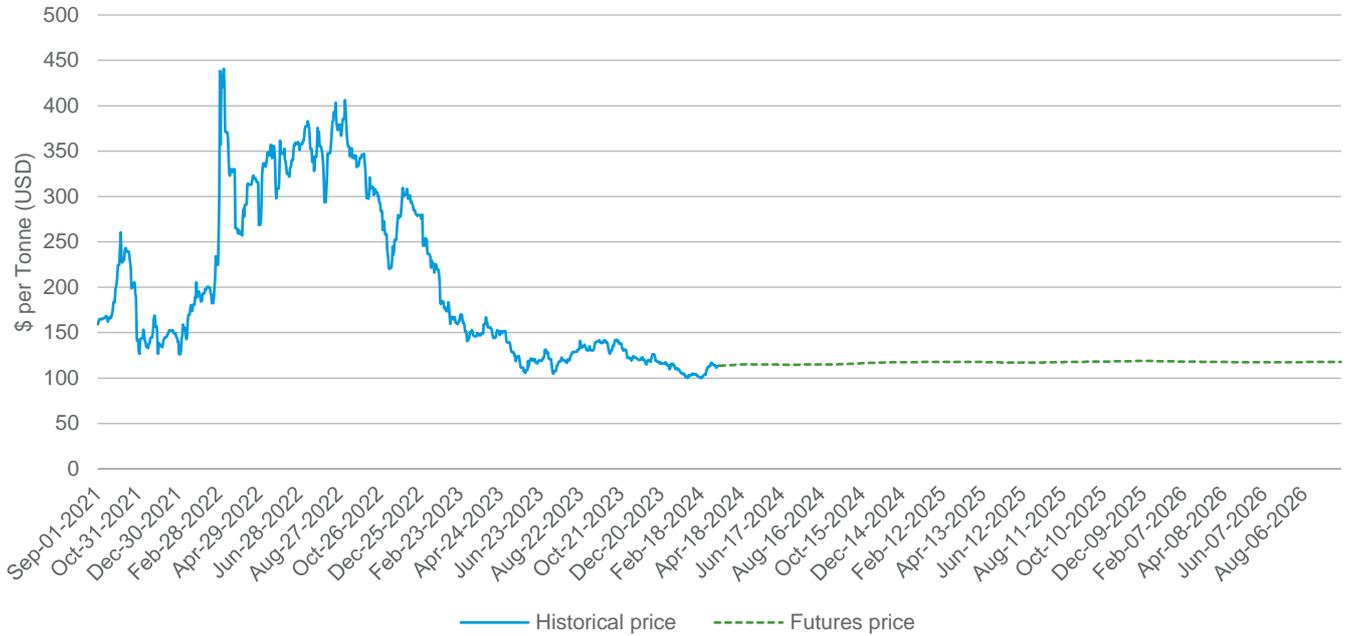
As set out above, industry receded during 2020-21 due to economic downturn caused by the COVID-19 pandemic, but bounced back in 2021-21 and 2022-23, likely due to global boycotts of Russian goods and services. Revenue of circa \$150b was recorded in 2022-23, an 11.7% annualised increase over the previous five years.

IBISWorld's report has forecast industry revenue to decline at an annualised rate of 6.4% per annum over the five years to 2029-30 to total \$74.5b.

Coal prices

The table below sets out historical and futures prices of coal.

Figure 11 Historical and futures coal prices



Source: Capital IQ and RSM analysis

Appendix 7 – PRP Market Rental Valuation



Preston Rowe Paterson

International Property Consultants and Valuers

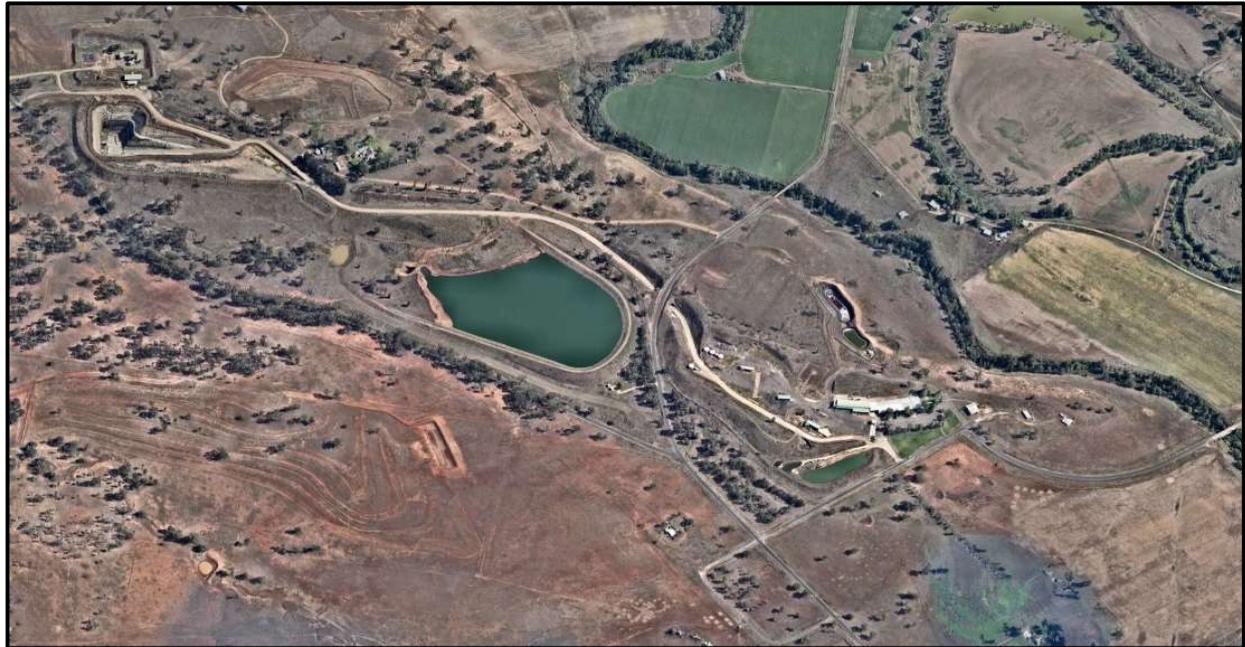


Valuation Report

Dartbrook Mine – Various lots, off New England Highway, Aberdeen NSW 2336



VALUATION REPORT



Property Address	Dartbrook Mine – Various lots, off New England Highway, Aberdeen NSW 2336
Instructing Client	Australian Pacific Coal
Report Prepared For	RSM Corporate Australia Pty Ltd
Purpose of Valuation	To assess the Market Rental Value for proposed lease purposes and should not be relied upon for any other purpose
Date of Valuation	22 February 2024
PRP Reference	1194333

Preston Rowe Paterson Newcastle & Central Coast Pty Ltd

ABN: 70 137 496 845

PO Box 48 WICKHAM NSW 2293
98 Hannell Street WICKHAM NSW 2293

Phone: 02 4922 0600
Fax: 02 4922 0688

PO Box 606 TERRIGAL NSW 2260
3/1 Campbell Crescent TERRIGAL NSW 2260

Phone: 02 4324 0355
Fax: 02 4324 0356

Email: newcastle@prp.com.au
Web: www.prp.com.au

Directors

David Rich AAPI CPV
API Member No 69265
Mobile: 0413 052 166
Email: david.rich@prp.com.au

Colin Pugsley FAPI CPV BEc BBus (Land Ec)
API Member No 68496
Mobile: 0435 376 630
Email: colin.pugsley@prp.com.au

Adrian Christie AAPI CPV
API Member No 62909
Mobile: 0431 810 770
Email: adrian.christie@prp.com.au

Associate Directors

Robert Dupont LF API MSIZ CPV
API Member No 67514
Mobile: 0418 681 874
Email: robert.dupont@prp.com.au

Vanessa Howard AAPI CPV
API Member No 107632
Mobile: 0412 450 883
Email: vanessa.howard@prp.com.au

Sarah Hanson AAPI CPV/MRICS
API Member No 106945
Mobile: 0421 040 558
Email: sarah.hanson@prp.com.au



TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
Photographic Imagery.....	7
1.0 Instructions	11
2.0 Valuation Definitions.....	11
3.0 Title Details	11
4.0 Location.....	12
5.0 Land Description.....	13
6.0 Planning and Land Use Details.....	16
7.0 Improvements.....	19
8.0 Environmental Details.....	21
9.0 Occupancy Details.....	22
10.0 Mining Operations.....	23
11.0 Market Evidence	24
12.0 Value of Land	28
13.0 Value of Water Access Licence.....	29
14.0 Valuation Approach and Conclusions	29
15.0 Goods and Services Tax.....	31
16.0 Market Rental Value.....	32
17.0 Valuation Compliance Statement.....	32
18.0 Valuer Signatory	32
APPENDIX A Instructions.....	33
APPENDIX B Terms and Conditions.....	34

EXECUTIVE SUMMARY

This Executive Summary must be read in context of and in conjunction with the full valuation report of which this Executive Summary forms part. All comments, terms and conditions contained in the full valuation report relate directly to this Executive Summary.

Instructions

Instructing Client	Australian Pacific Coal
Report Prepared For	RSM Corporate Australia Pty Ltd
Purpose of Valuation	To assess the Market Rental Value for proposed lease purposes and should not be relied upon for any other purpose. PRP consents to valuation report being included as an Appendix to an Independent Expert Report (IER) which will be public document.
Basis for Assessment	Market Rental Value
PRP Reference	1194333

Property and Site Details

Address of Property to be Valued	Dartbrook Mine – Various lots, off New England Highway, Aberdeen NSW 2336
Property Type	Coal mine

Title Details

Title #	Title Type	Lot Type	Lot #	Plan Type	Plan #	Area (ha)
1	Freehold	Lot	1	Deposited Plan	835733	53.61
2	Freehold	Lot	111	Deposited Plan	873834	58.(as advised)
3	Freehold	Lot	14	Deposited Plan	253397	40.5
4	Freehold	Part Lot	110	Deposited Plan	873834	350 (calculated)

Title Proprietorship

Title #	Proprietorship Type	Registered Proprietor
1-4	Freehold surface holdings	Hunter Valley Corp Pty Ltd in 500/1000 share Reggiefox Pty Ltd in 250/1000 share Kelly HV Property Pty Ltd in 125/1000 share Walkington HV Property Pty Ltd in 125/1000 share As Tenants in Common

Brief Description of Land	Our valuation is for the surface holdings and improvements of the actual mine infrastructure that has been constructed on the above properties. It does not include any allowance for minerals or underground infrastructure. It also excludes the coal handling and rail loading facilities on the eastern side of the New England Highway, which, although operated in conjunction with the subject, is in separate ownership.
---------------------------	---

Total Site Area	502.11 hectares
-----------------	-----------------

Location

The property is situated in a predominantly rural setting with large grazing and greenfield properties adjoining. However, the wider area is home to numerous, large open cut coal mines to the south and west. The immediate location has an attractive rural ambience and good access to the New England Highway and the Main Northern Railway.

Muswellbrook regional centre (population 16,357 at 2021 Census) is situated approximately 10 kilometres to the south and would cater for most commercial, educational and community needs.

Aberdeen township is situated approximately 4 kilometres north-east of the subject and would cater for some minor day-to-day needs.

Brief Description of Improvements

Erected upon the property is a fully integrated coal mine with numerous surface buildings.

Building Areas

Building #	Main Usage	Building Area (m2)
1	Main office, showers and changeroom	1,875
2	Warehouse, workshop and offices	995
3	Assorted sheds, carports, fuel bays, etc	655
4	Manager's residence (main)	335
5	Original workers' residence	180

In addition to the above, there are numerous mine site improvements, utility buildings and covered areas, which are more fully described at Section 7.0 of this report.

Method of Building Area Measurement

Gross Building Area

Zoning

RU1 Primary Production

Planning Scheme

Muswellbrook LEP 2009 and Upper Hunter LEP 2013

Existing Use

Surface holdings and mine support facilities for underground coal mine currently being reestablished as a working entity.

Planning Permits/Development Approvals/Consents

We have not been provided with a copy of any planning permits for the subject property. However, reference to the State Planning Authority indicates coal mining is a permitted use until December 2027.

Highest and Best Use

Highest and best use is proposed / continued use as operating coal mine.

Valued on the basis of the lease agreement that will allow resumption of underground coal mining activities to produce a maximum output of 6 million tonnes per annum as per current approvals.

We note that previous estimates indicated there was approximately 580 million tonnes of readily winnable resources (ROM) in situ and past proposals were mooted for extraction rates of up to 10 million tonnes per annum. (Source: <https://miningdataonline.com>.)

Occupancy Details

Occupancy Type

Surface holdings for approved underground coal mine.

Lease Terms and Conditions

Specific lease terms and conditions as per proposed lease.

Gross or Net Rental

Gross

Current Rental Per Annum – Passing

\$5,000,000 (includes coal reserves not part of this valuation).

Valuation Approach

Primary Approach
Direct Comparison Approach
Summation Approach

Valuation Summary

Interest Valued	Freehold, subject to proposed lease
Date of Inspection	22 February 2024
Date of Valuation	22 February 2024
Valuation (Exclusive of GST)	Market Rental Value of Surface Holdings, Improvements and Water Access Rights \$2,230,000 (Two Million Two Hundred and Thirty Thousand Dollars) per Annum Net

Valuation Compliance Statement

Preston Rowe Paterson Newcastle & Central Coast confirms that:

- The statements of fact presented in this report are correct to the best of the Valuer's knowledge.
- The analyses and conclusions are limited only by the reported assumptions, terms and conditions.
- The Valuer has no interest in the subject property.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the property being valued.
- The Valuer has made a personal inspection of the property.
- No one, except those specified in this report, has provided professional assistance in preparing the report.
- We confirm that neither Preston Rowe Paterson Newcastle & Central Coast nor any of its Directors or employees has any pecuniary interest that could conflict with the proper valuation of this property.

Report Prepared By

Valuer who has undertaken this valuation

Robert Dupont, Associate Director

LFAPI MSIZ CPV, API Member No 67514



Reliance on this report should only be taken upon sighting the original document that has been signed by the Inspecting Valuer who has undertaken this valuation. The opinion of value expressed herein has been solely arrived at by the Valuer who undertook the inspection and prepared this valuation report.

PHOTOGRAPHIC IMAGERY



Access road off New England Highway



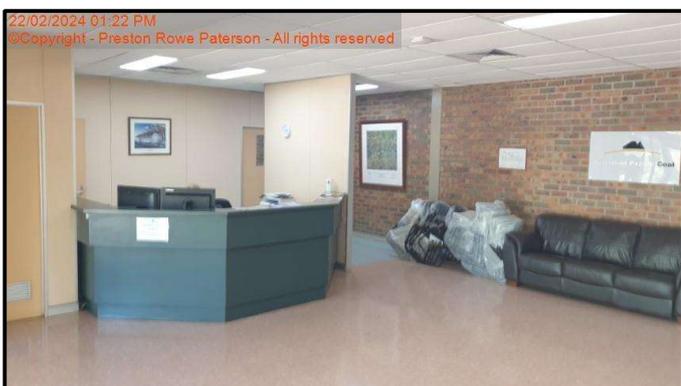
Access road (Part Lot 1) from east



Entrance to administration building



Rear of administration and mine support building



Entry foyer to administration building



Change rooms at rear



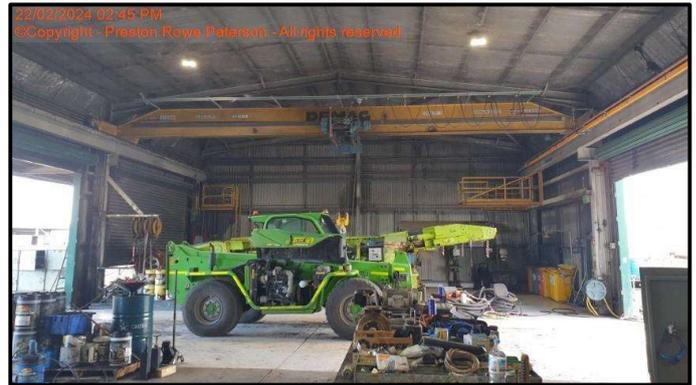
Workshop and warehouse



Rear view of workshop and warehouse



Internal view of warehouse



Internal view of workshop



Original homestead (unoccupied)



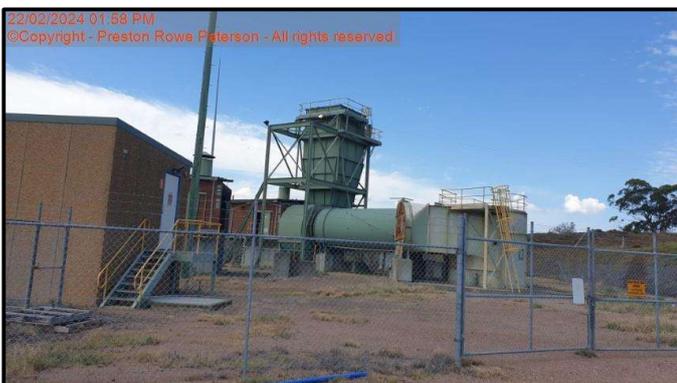
Internal view of homestead



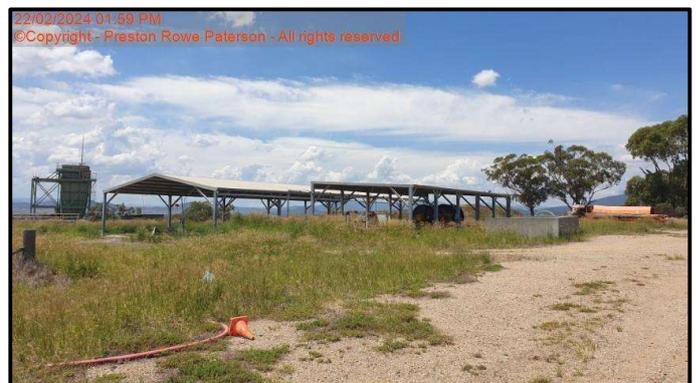
Stonedust and Shotcrete Shed



Western drift access



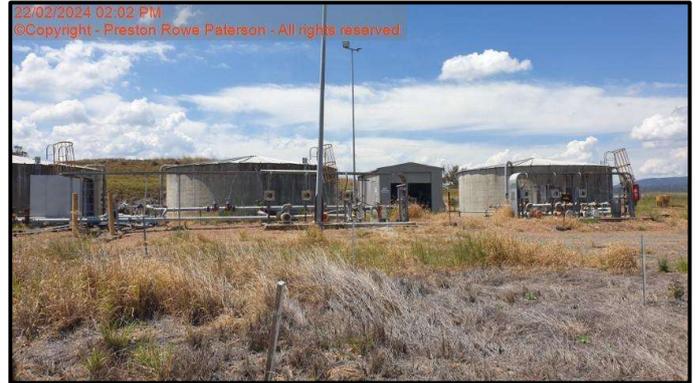
Ventilation equipment



Kayuga Box Cut surface facilities



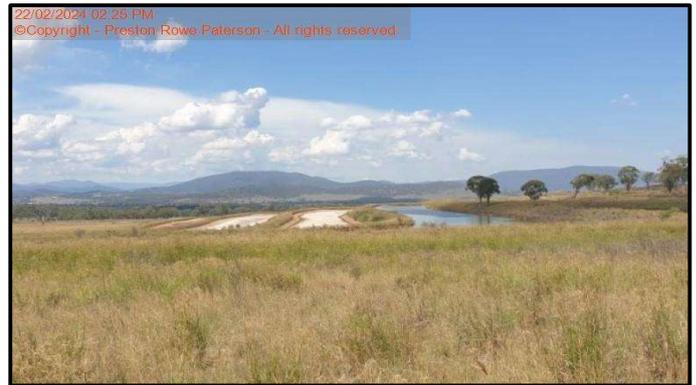
Kayuga Box Cut access



Water tanks



Evaporation ponds – east



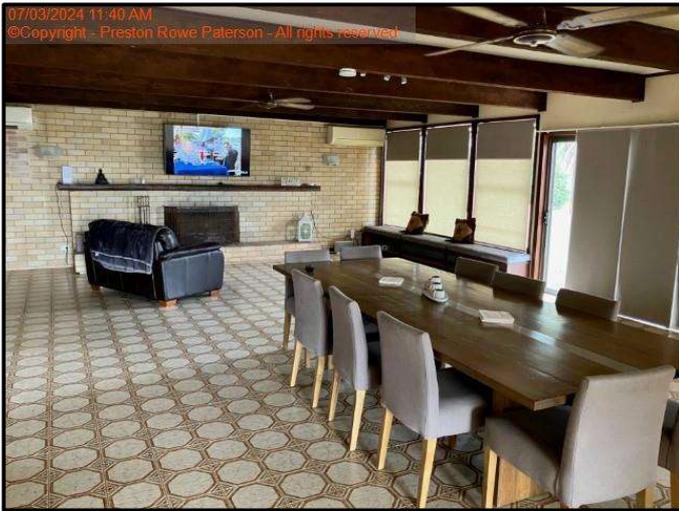
Evaporation ponds – west (Lot 111)



Main residence



Main residence



Dining and living area of main residence



Open shedding on main residence

1.0 INSTRUCTIONS

Date of Instruction	20 February 2024
Instructing Client	Australian Pacific Coal
Report Prepared For	RSM Corporate Australia Pty Ltd
Purpose of Valuation	To assess the Market Rental Value for proposed lease purposes and should not be relied upon for any other purpose. PRP consents to valuation report being included as an Appendix to an Independent Expert Report (IER) which will be public document.
Basis of Assessment	Market Rental Value
PRP Reference	1194333
Instructions	A copy of our instructions is annexed hereto. Refer to Appendices .

2.0 VALUATION DEFINITIONS

Definition	MARKET RENT is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. ¹
------------	---

3.0 TITLE DETAILS

3.01 Title Particulars

Title Details

Title #	Title Type	Lot Type	Lot #	Plan Type	Plan #	Area (ha)
1	Freehold	Lot	1	Deposited Plan	835733	53.61
2	Freehold	Part Lot	111	Deposited Plan	873834	68
3	Freehold	Lot	14	Deposited Plan	253397	40.5
4	Freehold	Part Lot	110	Deposited Plan	873834	350 (calculated)
Total Area						512.11

Title Proprietorship

Title #	Proprietorship Type	Registered Proprietor
1-4	Freehold surface holdings	Hunter Valley Corp Pty Ltd in 500/1000 share Reggiefox Pty Ltd in 250/1000 share Kelly HV Property Pty Ltd in 125/1000 share Walkington HV Property Pty Ltd in 125/1000 share As Tenants in Common

¹ As defined by the International Valuation Standards 2022

4.0 LOCATION

4.01 Physical Location

General Location Comment

The property is situated in a predominantly rural setting with large grazing and greenfield properties adjoining. However, the wider area is home to numerous, large open cut coal mines to the south and west. The immediate location has an attractive rural ambience and good access to the New England Highway and the Main Northern Railway.

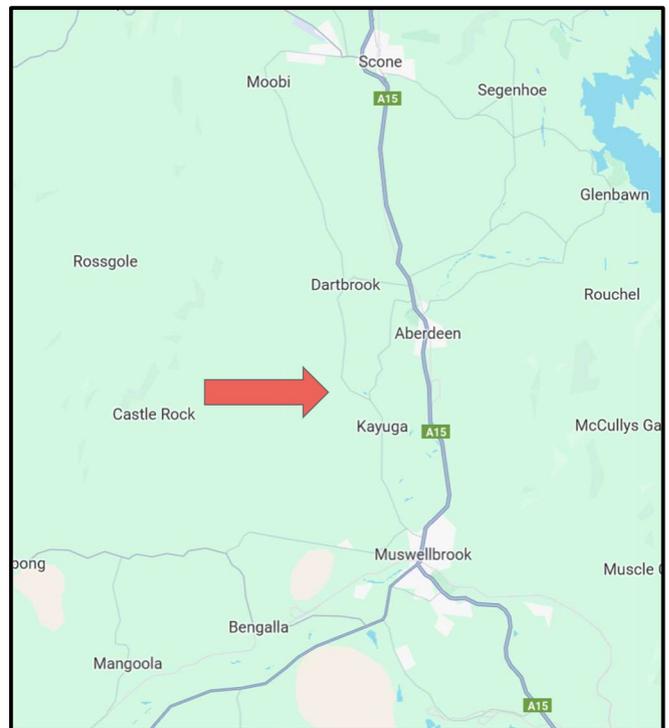
Muswellbrook regional centre (population 16,357 at 2021 Census) is situated approximately 10 kilometres to the south and would cater for most commercial, educational and community needs.

Aberdeen township is situated approximately 4 kilometres north-east of the subject and would cater for some minor day-to-day needs.

4.02 Location Plans



General Area Location Map
 (Source: www.google.com.au/maps)



Local Area Location Map

4.03 Surrounding Neighbourhood

Surrounding Land Uses

The immediate surrounding land uses predominantly comprise large grazing properties with intensive agriculture on the alluvial flats adjoining the Hunter River.

4.04 Proximity to Nearby Amenities, Facilities and Services

Type	Name	Distance	Direction
Retail	Aberdeen	4 km	North-east
	Muswellbrook	10 km	South
Public Transport	Muswellbrook railway station	10 km	South
Road Linkages	New England Highway	1 km	East
CBD	Newcastle CBD	120 km	South-east

5.0 LAND DESCRIPTION

5.01 Site Identification and Measurements

Site Verification	We are confident we have correctly identified the subject property and that the improvements described herein are within title boundaries from reference to our sighted source documentation.
Basis of Verification	Deposited Plans and onsite inspection. Copies of the Deposited Plans are annexed hereto. Refer to Appendices .

5.02 Site Description

Shape	The site comprises four non-contiguous lots of irregular shape, used as surface holdings for the Dartbrook underground coal mine and includes roads, dams, buildings and supporting infrastructure.
Topography	The site is predominantly undulating, gradually rising from the river flats in the east at 158 metres AHD adjoining the Hunter River, to a high point on the western boundary of lot 110 at 230 metres AHD.
Aspect	The site has a general east / west aspect.
Services Connected to Land	Electricity only. Water is provided from tanks and holding dams on site with 480 megalitre water access rights from the Hunter River.
Road Access	The main access is via a dedicated, private, dual lane tar sealed access road from the New England Highway, situated approximately 2.4 kilometres east, with further access available to different parts of the site via tar sealed internal rural roads and gravel mine roads.

The following aerial photographs from SIX Viewer are of the individual lots being valued:

Lot 1 DP 835733

Comprises Western Drift, western holding dam, main administration building and workshop, ancillary buildings, as well as the main access road from the New England Highway.



Part Lot 111 DP 873834

Comprises predominantly the mining infrastructure including the main pit head, underground access, main dam, Stage Discharge dam (SDD), Kayuga Box Cut, homestead and ancillary buildings.



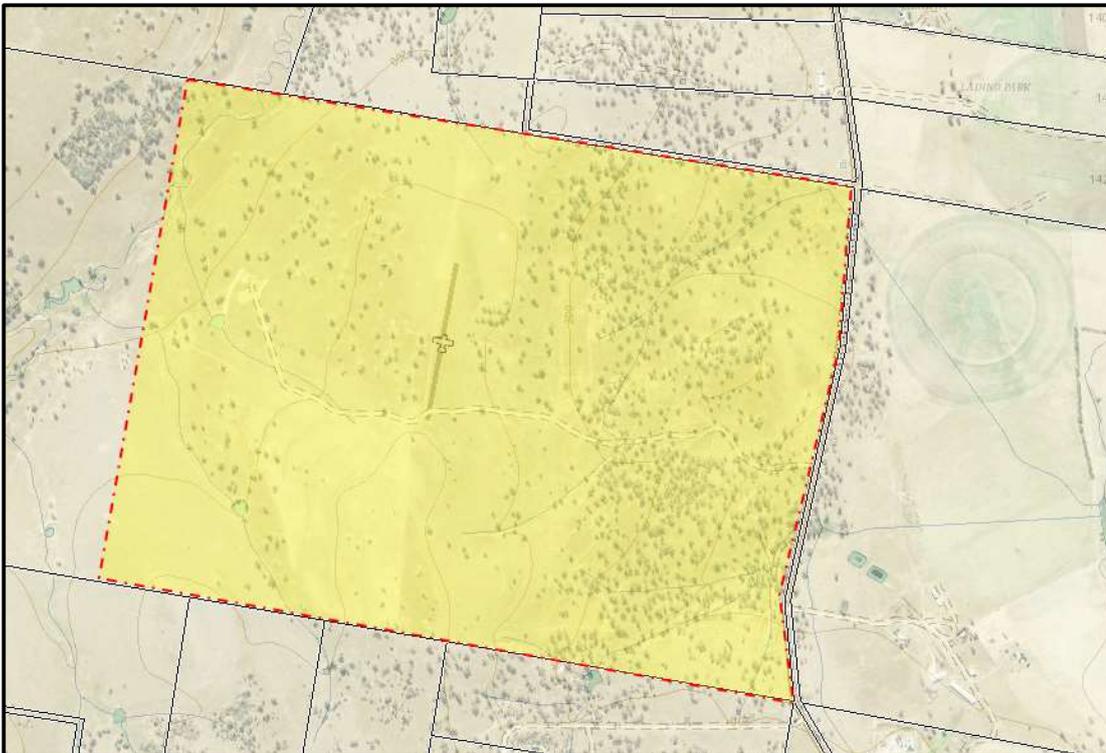
Lot 14 DP 253397

Slightly removed from other lots and comprises evaporation ponds for excess mine water.



Part Lot 110 DP 873834

Adjoins Lot 14 on the northern side hilly with scattered timber and includes pump station and dam plus gravel rural airstrip.



- To minimise conflict between land uses within this zone and land uses within adjoining zones.
- To protect the agricultural value of rural land.
- To maintain the rural landscape character of the land in the long term.
- To ensure that development does not unreasonably increase demand for public services or public facilities.
- To ensure that development for the purposes of extractive industries, underground mines (other than surface works associated with underground mines) or open cut mines (other than open cut mines from the surface of the flood plain) will not—
 - (a) destroy or impair the agricultural production potential of the land or, in the case of underground mining, unreasonably restrict or otherwise affect any other development on the surface, or
 - (b) detrimentally affect the quantity, flow and quality of water in either subterranean or surface water systems, or
 - (c) visually intrude into its surroundings, except by way of suitable screening.

 Permissible Land Uses

2 Without Consent

Muswellbrook LEP*Extensive agriculture; Home occupations; Intensive plant agriculture***Upper Hunter LEP***Environmental protection works; Extensive agriculture; Forestry; Home occupations; Intensive plant agriculture; Roads*

3 With Consent

Muswellbrook LEP

*Agritourism; Air transport facilities; Airstrips; Animal boarding or training establishments; Aquaculture; Camping grounds; Caravan parks; Cellar door premises; Cemeteries; Community facilities; Crematoria; Depots; Dwelling houses; Eco-tourist facilities; Educational establishments; Environmental facilities; Environmental protection works; **Extractive industries**; Farm buildings; Flood mitigation works; Forestry; Function centres; Group homes; Hazardous industries; Health consulting rooms; Heavy industrial storage establishments; Helipads; Highway service centres; Home-based child care; Home businesses; Home industries; Industrial retail outlets; Information and education facilities; Intensive livestock agriculture; Kiosks; Landscaping material supplies; Open cut mining; Places of public worship; Plant nurseries; Recreation areas; Recreation facilities (indoor); Recreation facilities (major); Recreation facilities (outdoor); Research stations; Restaurants or cafes; Roads; Roadside stalls; Rural industries; Rural supplies; Rural worker's dwellings; Secondary dwellings; Service stations; Sewerage systems; Signage; Storage premises; Take away food and drink premises; Tourist and visitor accommodation; Transport depots; Truck depots; Turf farming; Veterinary hospitals; Waste disposal facilities; Water supply systems*

Upper Hunter LEP

*Agritourism; Air transport facilities; Airstrips; Animal boarding or training establishments; Aquaculture; Boat launching ramps; Boat sheds; Camping grounds; Caravan parks; Cellar door premises; Cemeteries; Community facilities; Correctional centres; Crematoria; Depots; Dual occupancies (attached); Dwelling houses; Eco-tourist facilities; Emergency services facilities; Environmental facilities; **Extractive industries**; Farm buildings; Flood mitigation works; Function centres; Funeral homes; Health services facilities; Helipads; Home-based child care; Home businesses; Home industries; Information and education facilities; Intensive livestock agriculture; Jetties; Landscaping material supplies; Mortuaries; Open cut mining; Places of public worship; Plant nurseries; Recreation areas; Recreation facilities (outdoor); Respite day care centres; Roadside stalls; Rural industries; Rural supplies; Rural workers' dwellings; Secondary dwellings; Sewerage systems; Signage; Tourist and visitor accommodation; Transport depots; Truck depots; Turf farming; Veterinary hospitals; Water recreation structures; Water supply systems; Wharf or boating facilities*

4 Prohibited Land Uses

Muswellbrook LEP

Any development not specified in item 2 or 3

Upper Hunter LEP

Hospitals; Hotel or motel accommodation; Serviced apartments; Any other development not specified in item 2 or 3

Overlays

Currently used as surface holdings for Dartbrook Mine See planning permits.

Existing Use

Underground coal mine with supporting aboveground facilities and infrastructure.

Highest and Best Use

Highest and best use is proposed / continued use as operating coal mine.
Valued on the basis of the lease agreement that will allow resumption of underground coal mining activities to produce a maximum output of 6 million tonnes per annum.
We note that previous estimates indicated there was approximately 580 million tonnes of readily winnable resources (ROM) in situ and past proposals were mooted for extraction rates of up to 10 million tonnes per annum.

Planning Permits/Development Approvals/Consents

Dartbrook has been operating as an underground coal mine in accordance with DA 231-07-2000, which was granted on 28 August 2001.
The Development Consent has been modified on seven occasions, the latest being Modification 7 determined by the NSW Independent Planning Commission (IPCN) on 9 August 2019, which approved the proposed recommencement of mining activities but not for a proposed five-year extension to the existing consent approval period.
In November 2019, an appeal was lodged against the IPCN determination in the NSW Land and Environment Court pursuant to Section 34 of the *Land and Environment Court Act 1979* (LEC Act).
The owners subsequently entered into a Section 34 agreement with the Minister for Planning and Public Spaces on 21 December 2021, which extended the approved duration of mining operations until 5 December 2027.
This approval is still valid, and we have valued the property accordingly.

6.01 Planning and Land Use Statement

Town Planning

You acknowledge that information has been obtained verbally from representatives of the Muswellbrook Shire Council and Upper Hunter Shire Council LGAs or the Councils' websites and this valuation is issued on the understanding that such information is correct. The Town Planning information should be checked by You by the obtaining of the relevant certificate from the Planning Consent Authority. We will not assume any liability or negligence for our reliance on the Local Authority's verbal advice or information obtained from its website.

7.0 IMPROVEMENTS

7.01 Overview

Property Type	Extractive industry – coal mine
Space Use	Surface holdings
Brief Description of Improvements	<p>Surface facilities for operation of underground coal mine, including offices, workshops, ancillary buildings, pit heads and evaporation ponds.</p> <p>The mine was originally approved in 1991 and mining commenced in 1994. All of the main improvements were erected circa early 1990s with the exception of the existing farm improvements that date back to the early 1930s.</p>

7.02 Building Areas

Building Area Verification	As measured by inspecting Valuer
Building Area Supplied by	Valuer's onsite physical measurement
Adopted Building Area Measurement Standard	Property Council of Australia's Method of Measurement
Method of Building Area Measurement	Gross Lettable Area

Tenancy Areas

Building #	Description	Area (GLA) M2
1	Main building – office and general	1,365
	Main building – showers and change room	510
	Covered awning	245
	Sealed carpark (spaces)	75
2	Open annexe	180
3	Warehouse	390
	Office / amenities	60
	Workshop	545
4	Awnings	360
	Site buildings – assorted:	
	Stone dust shed – open	190
	Carport	265
	Compressor yard, switch rooms, etc	200
5	Fuel bay	
	Water tanks x 4 and treatment plant	
	Explosive magazines	
	Ancillary improvements:	
	Manager's residence and verandahs	460
	Sheds and outbuildings	310
Pool		
Original workers' residence	180	
Tractor shed (poor)	130	
Hayshed (poor)	390	
Total		5,855

Building Area Comment

Measurements denoted herein have been based on our physical measurement. We advise the Valuer is not a Licenced Surveyor. Having said this, if there are building area discrepancies with the Valuer's physical measurement of the improvements and with areas supplied to the Valuer from other sources then we recommend this matter be clarified by a Licenced Surveyor. If measurements obtained by a Licenced Surveyor reveal a substantial variation from the areas, we have physically measured and adopted then we reserve the right to review our valuation report and opinion of market rental value.

7.03 Building Descriptions

7.03.1 Main Office Building



Staff room

Modern brick office building under a metal roof comprising the administration block with some 19 partitioned offices, plus foyer and conference room at the front, and mine support at the rear along with another 10 offices plus male and female amenities, separate shower room and adjoining miners' change rooms.

The offices are fitted out with concealed fluorescent lights in grid panel ceilings, linoleum floor coverings and air conditioning throughout. The office areas present in good cosmetic condition with a functional layout.

7.03.2 Warehouse and Workshop



Typical office

Large, modern factory style building with metal clad walls under a metal roof, having approximately 10 metres clearance to the underside of the eaves. The building is divided into three separate sections, being stores in the eastern portion, central offices and ablutions, and workshop in the western section. The building is of basic construction, well maintained and readily adaptable to a variety of industrial/mining uses.

7.03.3 Residences

The site has two older style residences, the main being approximately 90 years old and currently used as dormitory accommodation for the mine workers. The main residence is constructed of brick under a tile roof and is in fair condition. It has extensive outbuildings, sheds and a swimming pool.

The original farmhouse is an unoccupied weatherboard and iron cottage in just fair condition and would need some routine maintenance and upgrading in order to be readily habitable. Would add limited value to the site as a whole.

7.03.4 Mine Support Buildings

There are numerous mine support buildings throughout the site, primarily constructed of metal cladding over steel frames with a mixture of earthen and concrete floors.

7.04 Mine Improvements

The site is developed with substantial mine improvements, such as substations, ventilation shafts and air compressors, internal roads, settlement ponds, and a major pit entry point in the western portion.

Our instructions are to value the real estate component of the enterprise, which includes all of the surface holdings. We have been informed that the substrata of the property, ie the resource and underground mine infrastructure, is in separate ownership and does not form part of this valuation.

Whilst no allowance has been made for the coal reserves, we have commented on the same in our commentary at Section 10.0, however this is for information purposes and should not be construed as valuation advice.

7.05 Other Main Improvements

Fencing	Standard paddock fencing throughout
Hardstand	Substantial hardstand around the main buildings
Landscaping	Minimal – around main buildings only
Other Improvements	Roads, services and mine support

7.06 Improvements Statement

Building Compliance

It has been assumed that all improvements to the property comply with the Building Code of Australia except as detailed herein. Certain aspects of the improvements may not comply. No Certificate of Compliance has been obtained.

Structural Survey

We emphasise that this report is for valuation purposes only and that it is not and should not be construed to be a structural survey.

Pest Survey

No enquiries or examination of any property or of any improvements erected thereon, has been made for any sign of timber infestation, building defect or asbestos. Unless stated within our report, our inspection did not indicate there was any obvious evidence of pest activity, building defect or asbestos. Preston Rowe Paterson are not experts in identifying pest infestations, unobvious building defects or asbestos and recommend that a certificate or report be obtained from an industry qualified inspector to confirm the current status of same. If the property is found to be impacted by pest infestation, building defect or asbestos, the cost of treatment and or rectification of damage or replacement of materials should be determined by the relevant industry professionals. We reserve the right to reconsider our valuation should the property be impacted by pest infestation, building defect or asbestos.

Plant & Equipment

We are not building services engineers and have not undertaken engineering inspections or taken advice on any of the plant and equipment and We therefore take no responsibility for the condition or suitability thereof.

8.0 ENVIRONMENTAL DETAILS

8.01 Environmental Hazards

Bushfire	Minimal. Predominantly cleared land.
Flooding / Inundation	Probable in the area immediately adjoining the Hunter River to the east.
Mine Subsidence	The property is a designated mine subsidence area.

8.02 Site Contamination

Site Contamination Comment	We have valued the property as a clean site, although some minor, highly localised contamination was evident from hydrocarbon spillage on our inspection.
----------------------------	---

8.03 Asbestos

Were Asbestos Materials Identified at Inspection?	Our physical inspection did not identify any asbestos containing materials on the site.
---	---

8.04 Environmental Comment

General Environmental Comment	<p>Based on our enquiries, investigations and physical inspection, we did not identify any site-specific environmental hazards, site contamination or asbestos issues that were considered to have a negative effect on the marketability or market rental value of this property.</p> <p>Should our instructing client and or any reliant party have a concern about the possibility or extent of environmental hazards, site contamination or asbestos issues, it may be prudent to commission an environmental audit report from an appropriately qualified person, referring this valuation report and opinion of market rental value back to the Valuer for review if environmental hazards, site contamination or asbestos issues are revealed. In the interim, our valuation report and opinion has been made on the basis of no environmental hazards, site contamination or asbestos issues.</p>
-------------------------------	---

8.05 Environmental Statement

Site Description – Environmental Risks

You acknowledge that We have endeavoured to comment on all areas of Environmental concern based on Our superficial inspection of the property. An actual environmental audit may reveal matters that affect Our valuation herein that were not readily discernible at the time of inspection. In such an event, We reserve the right to reconsider our Valuation figure herein.

You acknowledge and recognise that We are not expert in identifying environmental hazards and compliance requirements affecting properties. We have, however, endeavoured to superficially identify all matters of environmental concern and the effect they might have on the value of the property. However, We will not be held liable nor responsible for any failure to identify all such matters of environmental concern and the impact, which any environmental related issue has on the property and its value including loss arising from site contamination; or the non-compliance with any environmental laws; or costs associated with the clean up of a property in which an environmental hazard has been recognised, including action by the relevant Environmental Protection Authority to recover clean up costs pursuant to the relevant Environmental Protection Act.

9.0 OCCUPANCY DETAILS

9.01 Occupancy Overview

Occupancy Type	Proposed lease
Tenancy Verification	As advised and provided to the Valuer by Lessee.

9.02 Tenancy Summary

Lessor	Hunter Valley Corp Pty Ltd & ors
Lessee	AQC Dartbrook Pty Ltd & Tetra Dartbrook
Lease Term	4.5 years
Commencement Date	1 July 2023
Terminating Date	5 December 2027
Option to Renew	Subject to extension of mining licence



Proposed Rental	\$5,000,000 per annum or 10% of EBITDA, whichever the greater
Outgoings	100% payable by lessee / tenant
Rental Review	Nil, with the exception of turnover rent (10% of EBITDA)
Special Conditions	Excludes any fixed surface improvements associated with open cut mining operations
Comments	<p>The lease is unusual for a mining lease in that it prescribes a proposed rental of \$5,000,000 per annum (\$2,500,000 per annum for the first two years) and the accrued shortfall payable in full in year 3, or 10% of EBITDA whatever the greater.</p> <p>We have not been provided with any forecast cashflows / budgets for the proposed mine and our instructions are to assess the rental value of the surface holdings of the facilities.</p> <p>It is our experience that it is usual practice that the rentals for coal reserves are on a royalty basis from tonnages won from the resource. The application of a fixed percentage of EBITDA is unusual but broadly reflective of a royalty payment.</p> <p>We note the current approval for the mine operations expires on 5 December 2027 (approximately four years, five months from the commencement date of the lease).</p> <p>We have not been provided with a detailed Mine Operation Plan.</p>

10.0 MINING OPERATIONS

The current approval allows for 6 million tonnes per annum and will run until December 2027 or approximately three years from recommencement unless an extension can be obtained.

Reference to industry publications indicated current sale prices for steaming coal were approximately \$137 (USD) per tonne in January 2024 with costs of production generally reported in the range of \$84 to \$91 (USD) per tonne (AFR, 19 May 2023). This would indicate a gross margin / profit of approximately \$40 (USD) per tonne.

Assuming maximum production, the proposed rent of \$5,000,000 (AUD) per annum equates to approximately 1.4% of potential gross profit, which is well within standard real estate margins for this type of property and indicates the improvements have added value to the site.

The above calculations are a broad representation of a “going concern” operation based on readily available data and are included as a guide only.

Our instructions are specifically to calculate the market rental value of the real property assets (land and buildings) only with no allowance for any business component.

Any person relying on this report should verify these assumptions by reference to suitably qualified business / mining professionals.

11.0 MARKET EVIDENCE

11.01 Rental Evidence

Centennial Coal, Fassifern NSW 2283		
	Lettable Area Ha / Rate Ha pa:	684 / \$1,204
	Current Annual Rental:	\$823,220
	Lease Commencement:	1 July 2003
	Lease Term (Years):	20
	Lease Option (Years):	Nil
	Rent Reviews:	CPI
	Outgoings Basis:	Net
<p>Description:</p> <p>Older lease of surface holdings of large underground mine. Ground lease only. Included a mixture of infrastructure zones and buffer land. All improvements the property of the lessee including washery, stockpile loading facilities administration, etc, property of lessee. Mine operations area approximately 160 hectares with remainder (524 hectares) a mixture of buffer land and conservation zoning. Actual resources, primarily steaming coal for nearby power station slated for closure in 2025, were obtained offsite by conveyor to pit head.</p> <p>Current rental equates to approximately 6.49% of estimated underlying land value but result of long periods of CPI increases not necessarily reflective of surrounding land values. Currently under negotiation for renewal of lease / purchase by sitting tenant.</p> <p>Comparison to Subject Property:</p> <p>Established mine situated in close proximity to end market (Eraring Power Station, 3 kilometres) and export terminal (Newcastle, 30 kilometres).</p> <p>Older lease and treated with caution. Indicates premium paid by tenant for access to resource.</p>		

11.02 Sales Evidence – Mine Related Sites

Sale 1: 5555 New England Highway, Camberwell NSW 2330		
	Sale Price:	\$3,850,000
	Sale Date:	3 August 2023
	Area (Ha) / Rate per Ha:	98.6 / \$39,047
	Improvements:	Nil – vacant land
	Purchaser:	Rix's Creek Pty Ltd
	Vendor:	Bowman
<p>Description:</p> <p>Large, vacant parcel of lightly timbered undulating to hilly vacant land purchased for expansion of adjoining coal mine. Sale reflects surface holdings only. Sale negotiated between “knowledgeable” parties on basis of coal mining land.</p> <p>Situated 6 kilometres north of Singleton township.</p>		
<p>Comparison to Subject Property:</p> <p>Vacant land significantly smaller but reflective of value of surface holdings of “coal resource” land.</p>		

Sale 2: 4850 New England Highway, McDougalls Hill NSW 2330		
	Sale Price:	\$2,490,000
	Sale Date:	29 July 2022
	Area (Ha) / Rate per Ha:	50.66 / \$49,151
	Improvements:	Nil – vacant land
	Purchaser:	Transport for NSW
	Vendor:	Big Ben Holdings Pty Ltd
<p>Description:</p> <p>Large sections of active open cut coal mine acquired by Transport for NSW for road widening of the New England Highway. Includes small component of compensation, but predominantly buffer land for the adjoining Rix's Creek coal mine.</p>		
<p>Comparison to Subject Property:</p> <p>Disjointed land with element of compensation but “mine” values paid.</p> <p>Superior location and significantly smaller area.</p>		

Sale 3: “Lyndhurst”, 1166 Denman Road, Muswellbrook NSW 2333



Sale Price:	\$4,140,000
Sale Date:	3 March 2023
Area (Ha) / Rate per Ha:	116 / \$35,690 (including improvements)
Improvements:	Farm improvements
Purchaser:	Hunter Valley Energy Coal Pty Ltd
Vendor:	Rankin

Description:

Large rural farmland with two residences and numerous outbuildings, being a working farm with Hunter River frontage at rear. Situated approximately 10 kilometres south-west of Muswellbrook township. Primarily alluvial flats with direct access to Hunter River and irrigation potential. Parts flood prone. Near BHP’s Mt Arthur coal mine and purchased by mine subsidiary for buffer purposes.

Comparison to Subject Property:

Significantly superior agricultural land purchased by mining company but excludes access to reserves due to river frontage. Indicative of “mine” values. Would indicate a higher value on subject due to higher mine use but indicative of river flats buffer land values.

Sale 4: Various lots, Wybong Road, Castle Rock NSW 2333



Sale Price:	\$20,500,000
Sale Date:	4 August 2023
Area (Ha) / Rate per Ha:	1,651 / \$12,417
Improvements:	Farm improvements / stud various
Purchaser:	New Hope West Muswellbrook Pty Ltd
Vendor:	Muswellbrook Coal Company

Description:

Large parcel of disjointed land holdings acquired over many years as potential replacement land for recently closed Muswellbrook Coal mine. Predominantly vacant land.

Purchased by entity controlling Bengalla Mine that has recently acquired an assessment lease AL 19, which covers most of the acquired area and adjoins Bengalla’s current operations.

Per Bengalla website, the site in initial stages of investigation that could take many years for approval or verification of coal reserves but would be indicative of fringe mine holdings.

Comparison to Subject Property:

Coal mine purchase of surface holdings of potential mine lease. Indicative of fringe mine holding land. Many similarities to part Lot 114 but fruition many years into the future. Would expect a significantly higher value per hectare on the subject, being smaller and in operation.

Sale 5: Subject – Dartbrook Mine, Aberdeen NSW 2336



Sale Price:	\$23,794,192
Sale Date:	6 September 2021
Area (Ha) / Rate per Ha:	1,934 / \$12,300
Improvements:	Mine Improvements surface holdings
Purchaser:	Reggiefox & ors
Vendor:	Anglo Coal / AQC Dartbrook Pty Ltd

Description:

Subject mine including all improvements, loading facilities, mine equipment and buffer lands not included in this valuation.

Comparison to Subject Property:

Historic sale of the subject after long period of inactivity and included as background evidence only. Subject valuation for part only, which represents the high value components of the site excluding buffer areas.

11.03 Sales Evidence – Large Rural Sites

In addition to the above, we have also investigated sale of larger rural sites in the general area to establish a base level for non-mine use sites, and these are provided in summary form below.

Address	Suburb	Sale Date	Sale Price	Area (Ha)	Rate per Ha	Comments
148 Golden Hwy	Gungahlin	7/12/2023	\$810,000	163.9	\$4,942	Smaller, mountainous remote.
Worondi Creek Rd	Gungahlin	29/05/2023	\$500,000	48.57	\$10,294	Smaller, remote.
Bylong Valley Rd	Baerambi	2/05/2023	\$540,000	40	\$13,500	Smaller, remote. Views.
Yarraman Rd	Wyong	25/10/2022	\$637,000	61.82	\$10,304	Smaller, remote.
Ferndale Rd	Yarrawa	5/05/2023	\$410,000	32.37	\$12,666	Smaller, remote.
Martindale Rd	Martindale	14/04/2023	\$775,000	42.79	\$18,112	Arable flats. Superior.

The above sales were utilised in assessing the value of “buffer land” but, again, aware that such land is essential for the overall mine use.

11.04 Market Evidence Statement

Sales and Leasing Evidence

The sales or leasing evidence which We have utilised has been obtained from reliable sources including RP Data (licensed resellers of State Government sales data). We have also, where possible, had discussions with Estate Agents to undertake a process of verification of the data. Should it be revealed that any of the sales or leasing information stated herein, upon which We have relied, is incorrect or misleading, We reserve the right to reconsider our opinion of Market Value as determined herein.

Where sales data has been obtained from the RP Data (licensed resellers of State Government sales data), We have considered it to be the most current sales data available. However, sales which have occurred during the course of the last three months or sales which have been the subject of deferred settlement terms may not necessarily appear immediately on the State government records. Accordingly, with this type of transaction, We rely on separate enquiries to attempt to obtain all available sales data.

It is noted that We have relied on sales data information services as being a true and correct reflection of the terms of any sale considered at arm’s length. We have not sighted copies of transfer notices, nor have We sighted copies of contract documents between the vendor and purchaser which may reveal matters that affect the sale price and necessitate adjustment to apply to the subject property. In the event that contract documents reveal matters that necessitate adjustment of the sales evidence We reserve the right to reconsider our valuation herein.

In most instances it has not been possible for us to inspect sale and lease evidence properties internally, however they have been externally inspected for purposes of carrying out our valuation.

Where there is a paucity of directly comparable sales and leasing evidence in a locality, it is necessary for us to either consider other comparable localities and/or to consider sales and leasing evidence which is dated in the immediate area to gain an understanding of the historical sales and leasing value base for the area.

In analysing the sales and/or leasing evidence referred to herein, it is noted that We have attempted to ascertain whether or not the sale price/rental is inclusive or exclusive of the Goods and Services Tax (GST). Apropos sales evidence, it is emphasised that the State government sales records do not currently differentiate between or record whether or not the sale price is inclusive or exclusive of GST. Where We have not been able to verify whether or not GST is included in the sale price, We have assumed that the State Government sales record sale prices exclusive of GST. Should this not be the case for any particular sale used as evidence, We reserve the right to reconsider our valuation.

In relation to the sales evidence, Contracts of Sale, Special Conditions within Contracts and Side Agreements have not been sighted. We reserve the right to reconsider the Valuation should these documents indicate any matters that materially affect our valuation.

12.0 VALUE OF LAND

It is generally accepted that sales of mining related surface land will sell for a premium throughout the Hunter Valley with various gradings between actual extraction areas (open cut) and pit head areas (underground) fetching a premium reducing gradually for mine support areas and buffer zones.

Reference to the above sales of mine related sites indicates a range between \$49,151 per hectare (Sale 2) for mine extraction area, however there was an element of compensation for compulsory acquisition but was agreed upon in open market transactions, and \$12,417 per hectare (Sale 4) for predominantly steep, hilly farmland but with long term potential for coal mining and purchased by an adjoining coal mining company.

Sale 1 is the most representative, being an open market sale of two properties, well cognisant of market levels of coal producing land, however this was for expansion of an existing mine, although all of the acquired land was for buffer and mine support purposes. No extraction was to take place on or under the land under current consents, but due allowance should be made for the strategic location for the adjoining mine purchase.

On this basis, we have adopted the following calculations for assessing the land value.

Lot	Type	Area (Ha)	Rate per Ha	Land Value
Lot 1 DP 835733	Mine infrastructure, offices, workshop	16	\$35,000	\$560,000
	Access road	12	\$20,000	\$240,000
	Buffer areas	25.61	\$15,000	\$384,150
	Total / Average	53.61	\$22,088	\$1,184,150
Lot 111 DP 873834	Mine drift infrastructure sheds	44	\$35,000	\$1,540,000
	Buffer areas, house	24	\$20,000	\$480,000
	Total / Average	68	\$29,706	\$2,020,000
Lot 14 DP 253397	Mine infrastructure (settling ponds)	40.5	\$20,000	\$810,000
Lot 110 DP 873834	Mine infrastructure	1	\$25,000	\$25,000
	Buffer areas	349	\$10,000	\$3,490,000
	Total	350		\$3,515,000
Total Underlying Land Value				\$7,529,150

13.0 VALUE OF WATER ACCESS LICENCE

We have been advised that the site has a water access licence (WAL) of 480 megalitres, being a Regulated River (General Security) Licence. Reference to the NSW Department of Planning and Environment's website indicates that there were 103 transactions in the Hunter Statistical Area over the last year, with an average price paid for a general security licence being \$2,735 per megalitre.

Although prices for water can fluctuate significantly depending on rainfall and weather conditions and specific demands on a particular watercourse, we have adopted the mean price in arriving at our value.

Item		Amount
Water Access	480 megalitres @ \$2,735 per megalitre	\$1,312,800

14.0 VALUATION APPROACH AND CONCLUSIONS

14.01 Valuation Approach

Recognising the nature of the subject as a going concern underground coal mine that has approval to recommence operations almost immediately, we have primarily utilised a depreciated cost / summation methodology in assessing the value of the land and improvements.

In arriving at our rental value, we have utilised a return on investment that would normally be applied to industrial / specialised improvements and land to reflect a fair return for the owner and lessee.

Similarly, we recognise the specialist nature of the property which, in most property transactions, would achieve a higher return than normal to reflect the specific nature of the operation, which is, to a large extent, dependent on the expertise of the tenant and general commodity prices, which can be volatile over extended periods.

Nevertheless, the land and buildings are essentially "industrial" related entities and returns of the same general classification form the basis of our assessed returns.

14.02 Rental Yields

The property and current improvements, being primarily a large industrial complex comprising offices, workshops and residences, and aboveground mining infrastructure and support services, excluding plant and machinery, would require a return similar to that of other industrial premises. However, due allowance should be made for:

- a) relatively remote location of the improvements
- b) some specialised buildings and infrastructure
- c) large dependency on the operational aspects of the mine and general commodity prices
- d) relatively short period of the lease (five years with a potential option of five years).
- e) turnover clause within the lease based on EBITDA to reflect production and profit potential in lieu of royalty.

In general terms, industrial rents for large, well leased properties within the Lower Hunter show yields between 5% and 6% The subject, being a regional location, with limited alternative uses would be expected to be well above this and we have allowed a margin of 200 basis points for the location and specialised use.

Similarly, the current lease only has 3.7 years left to run and, although we are of the opinion this could be readily extended, it does present an extra risk that should be reflected in the yield.

On this basis, we have adopted a rental based on a 9% yield of the depreciated replacement cost and land value of the enterprise.

We make the comment that our valuation is for the real estate component only (land and improvements) and does not include any value associated with the resource or business component of extracting, marketing and selling the resource.

14.03 Valuation Calculations

Our calculations are as follows.

Buildings	Description	Area (GLA) m2	Rate m2	Value
1	Main Building – office and general	1,365	\$2,000	\$2,730,000
	Main Building – showers and changeroom	510	\$1,750	\$892,500
	Covered awning	245	\$750	\$183,750
	Sealed carpark (spaces)	75	\$2,500	\$187,500
2	Open annexe	180	\$750	\$135,000
3	Warehouse	390	\$1,000	\$390,000
	Office / amenities	60	\$2,000	\$120,000
	Workshop	545	\$900	\$490,500
	Awnings	360	\$750	\$270,000
4	Site buildings – assorted:			
	Stone dust shed open	190	\$500	\$95,000
	Carport	265	\$500	\$132,500
	Compressor yard, switch rooms, etc	200	\$750	\$150,000
	Fuel bay		\$40,000	\$40,000
	Water tanks x 4 and treatment plant		\$250,000	\$250,000
	Explosive magazines (2)		\$15,000	\$30,000
5	Ancillary improvements:			
	Manager's residence – main	335	\$1,250	\$418,750
	Additions, verandah, etc	125	\$750	\$93,750
	Sheds, carport and outbuildings	310	\$250	\$77,500
	Pool, tanks, fencing, etc			\$90,000
	Original workers' residence	180	\$750	\$135,000
	Tractor shed (poor)	130	\$200	\$26,000
	Hayshed (poor)	390	\$100	\$39,000
	Subtotal	5,860		\$6,976,750
	Plus mine site improvements			
Internal roads – paved (metres)	2,800	\$1,000	\$2,800,000	
Internal roads – gravel (metres)	2,300	\$500	\$1,150,000	
Bridges (2) (square metres)	1,500	\$2,200	\$3,300,000	
Water retention dam wall		\$100,000	\$100,000	
Evaporation ponds		\$80,000	\$80,000	
Substation			\$1,500,000	
Fencing			\$15,000	
Total mine site improvements			\$8,945,000	
Total Improvements Value			\$15,921,750	
Plus Land Value			\$7,529,150	
Plus Water Rights			\$1,312,800	
Total Value Land and Improvements			\$23,450,900	
Calculated Rent		9.00%	\$2,228,733	
Adopt Rent per Annum			\$2,230,000	



15.0 GOODS AND SERVICES TAX

Inclusive or Exclusive of GST	Exclusive
GST Statement	<p>We have adopted the following approach to valuation apropos Goods and Services Tax:-</p> <p>Irrespective of whether or not the Lessee is required to pay Goods and Services Tax over and above rental and outgoings payments under their lease we have assumed, for valuation purposes, that the Lessor would charge Goods and Services Tax over and above rental and outgoings for the Taxable Supply and that the Lessee would obligingly pay the GST and recover an appropriate Input Tax Credit.</p>

16.0 MARKET RENTAL VALUE

We are of the opinion that the **Market Rental Value of Surface Holdings, Improvements and Water Access Rights at Dartbrook Mine – Various lots off New England Highway, Aberdeen NSW 2336, subject to Proposed Lease**, as at 22 February 2024, is **\$2,230,000 (Two Million Two Hundred and Thirty Thousand Dollars) per Annum Net**.

17.0 VALUATION COMPLIANCE STATEMENT

Preston Rowe Paterson Newcastle & Central Coast confirms that:

- The statements of fact presented in this report are correct to the best of the Valuer's knowledge.
- The analyses and conclusions are limited only by the reported assumptions, terms and conditions.
- The Valuer has no interest in the subject property.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the property being valued.
- The Valuer has made a personal inspection of the property.
- No one, except those specified in this report, has provided professional assistance in preparing the report.
- We confirm that neither Preston Rowe Paterson Newcastle & Central Coast nor any of its Directors or employees has any pecuniary interest that could conflict with the proper valuation of this property.

18.0 VALUER SIGNATORY

Valuer who has undertaken this valuation

Robert Dupont, Associate Director

LFAPI MSIZ CPV, API Member No 67514



Reliance on this report should only be taken upon sighting the original document that has been signed by the Inspecting Valuer who has undertaken this valuation. The opinion of value expressed herein has been solely arrived at by the Valuer who undertook the inspection and prepared this valuation report.



APPENDIX A INSTRUCTIONS



Robert Dupont
Associate Director
Preston Rowe Paterson Newcastle and Central Coast Pty Ltd
PO Box 48
Wickham NSW 2293

By email: newcastle@prp.com.au

Dear Bob

RE: Acceptance of Quotation for Valuation of Dartbrook Mine – various parcels at Kayuga, Muswellbrook and Dartbrook NSW

We refer to your quotation under reference 1194333 and dated 19 February 2024 to undertake independent property advice for the above property.

We accept your quotation and agree to the Terms and Conditions outlined in the quotation, and provide the following information. Please proceed on this basis.

Instructing party's name:	Murray Aitken	Date:	19 Feb 2024
Company:	Australian Pacific Coal		
Phone:	0408 932 158		
Email:	maitken@agcltd.com		
Report in the name of:	RSM Corporate Australia Pty Ltd		
Report emailing address:	maitken@agcltd.com	maitken@aqcltd.com	
Invoicing entity:	Australian Pacific Coal		
Invoicing entity's address or ABN:	PO Box 16330, City East QLD 4002		
Purpose of valuation:	To assess the Market Rental Value for lease purposes and should not be relied upon for any other purpose. PRP consents to valuation report being included as an Appendix to an Independent Expert Report (IER) which will be public document.		
Relationship to property:	Related party to Lessor		
Access details:	Name:	Jeff Beatty	
	Phone:	0438737629	
Total fee:	\$16,500 (inclusive of GST)		

Yours sincerely

Murray Aitken
Senior Commercial Manager
Australian Pacific Coal
PO Box 16330
City East QLD 4002

APPENDIX B TERMS AND CONDITIONS

Explanation

1. The following terms and conditions are the standard terms and conditions that apply to all Valuations or the Valuation Services or consultancy services and Services provided by Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.
2. These terms and conditions form part of the appointment of Preston Rowe Paterson Newcastle and Central Coast Pty Ltd by the Client to provide the Services.
3. Preston Rowe Paterson Newcastle and Central Coast Pty Ltd and its valuers are members of a Limited Liability Scheme in the meaning of the Professional Standards Act 1994.
4. The Valuation and all Valuation Services are provided by Preston Rowe Paterson Newcastle and Central Coast Pty Ltd subject to these Terms and Conditions.

Definitions

5. The following definitions apply to these Terms and Conditions and the provision of our Valuations, Valuation Services and Services:-

"Client" shall mean Australian Pacific Coal for and on behalf of RSM Corporate Australia Pty Ltd.

'Confidential information' means information that:

- (a) Is by its nature confidential;
- (b) Is designated by Us as confidential;
- (c) You know or ought to know is confidential; and
- (d) Includes, without limitation:
 - (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
 - (ii) The Quotation which We have provided to You.

'Date of Valuation' means, in relation to any Valuation, Valuation Services, Services or consultancy services or advice, the date of preparation of our report or the specific date as at which our opinions are stated to apply (the Relevant Date).

'Director' means a Director noted on the Australian Securities and Investment Commission's (ASIC's) records for Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.

'Fee' means the amount agreed to be paid for the Services by You as set out in the Quotation.

'Limited Liability Scheme' means a scheme pursuant to the Professional Standards Legislation in the State of New South Wales.

'Parties' means You and/or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Relevant Date' means the specific date that our opinion is stated to apply where we are instructed to value at a specific date other than the date of inspection.

'Services' means the Valuation, Valuation Services, asset management, property management, facilities management or consultancy services or advice provided by Us pursuant to these Terms and Conditions and the Quotation.

'Valuation' shall include a Valuation, Valuation services, or feasibility study, made or given in relation to any real or personal property, freehold or leasehold property, asset, liability or item or items of plant and machinery, proposed development, infrastructure, carbon, water or native title property right, business, fixtures, fittings or other property.

'Valuation Services' shall include any oral or written advice, opinion, recommendation or statement communicated to the Client by Us consequent upon or incidental to the request for a Valuation.

'Valuer' means the individual valuer that has undertaken the Valuation or Valuation Services.

'We', 'Us', 'Our(s)' means Preston Rowe Paterson Newcastle and Central Coast Pty Ltd, our employees, contractors, servants and agents.

'You', 'Your' means the Client engaging Us to perform the Valuation, Services or Valuation Services.

Quotation

6. Prior to commencing work We will provide you with a Quotation that sets out who the report is for; the purpose for which the report is being prepared and the fee to be charged. You agree that:
 - (a) you will not use any advice we provide for any purpose other than as stated in the Quotation;

- (b) you will not pursue any claim against Us for any loss you suffer because you have used Our advice for any other purpose;
- (c) you will keep this report confidential, unless otherwise agreed by Us in writing; and
- (d) you will indemnify Us in relation to any loss suffered by a third party that relies on Our advice without first receiving our written consent to do so.

Limitation of Liability

- 7. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which We have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Valuation, Valuation Services or Services or the Use of the Valuation Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.
- 8. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of these Terms and Conditions. This indemnity shall include but not be limited to loss, liability, costs and expenses which We may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which We are a party.
- 9. You agree to this Limitation of Liability and these Terms and Conditions whether such liability arises under contract, at common law or under Statute.
- 10. You agree that this limitation of liability extends to all Our directors, employees and contractors. Every right, immunity, exemption and limitation in these Terms and Conditions available or applicable to Us shall also be available and shall extend to every employee, contractor, servant or agent of Ours.
- 11. No employee, contractor, servant or agent of Ours or any other person has any power to waive or vary any of these Terms and Conditions unless such waiver or variation is in writing and signed by one of Our Directors.

Your Obligations

- 12. You agree that:
 - (a) You will not use any advice We provide for any purpose other than as stated in the Quotation;
 - (b) You will not pursue any claim against Us for any loss You suffer because You have used Our advice for any other purpose;
 - (c) You will keep this report confidential, unless otherwise agreed by Us in writing; and
 - (d) You will indemnify Us in relation to any loss suffered by a third party that relies on our advice without first receiving Our written consent to do so.
- 13. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Valuation, Valuation Services or Services. You also accept all risk and any loss that might occur should you withhold any relevant information from Us.
- 14. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Valuation, Valuation Services or Services are provided with the authority of the authors of those reports.
- 15. You authorise and licence Us to incorporate Your intellectual property within Our report(s).
- 16. The Valuation and all Valuation Services are provided by Us solely for the use of the Client. You will not release any part of Our Valuation or consultancy report or its substance to any third party without the written consent of one of Our Directors. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions must be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided. You are obligated to provide any such recipient with a copy of these Terms and Conditions.
- 17. If You release any part of the Valuation or consultancy advice or its substance with Our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this Valuation, Valuation Services, Services or consultancy advice.
- 18. You agree that We do not and will not assume any responsibility to any person other than the Client for any reason whatsoever including, without limiting the generality of the foregoing, for breach of contract, negligence (including negligent mis-statement) or wilful act or default of itself or others by reason of or arising out of the provision of the Valuation, Valuation Services or Services and notwithstanding that any damages have been suffered or incurred by that person as a result of the provision of this Valuation or those Valuation Services to the Client or the use of either of them (or any part of either of them) by the Client for any purpose whatsoever.
- 19. You must pay our Fees within 14 days of the date of a correctly rendered invoice, unless otherwise dealt with in the Quotation. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof.
- 20. You agree that We reserve the right to reconsider or amend the Valuation, Valuation Services, Services or consultancy advice, or the Fee set out in Our Quotation to You, if we identify information or facts that were not provided to Us in the at the time of quoting that reveal that the task is much greater than we initially anticipated from the information you provided. In such circumstances, once We have identified additional issues that necessitate additional work, we will advise you of the additional fees for additional time required to complete the task.

21. You agree that neither the whole nor any part of Our Valuation or the substance of any of Our Valuation Services or Services may be communicated to any third party (whether by way of inclusion in a document, circular, statement, prospectus, Product Disclosure Statement (PDS), public offer document or otherwise) without first obtaining the written consent of one of Our Directors. Neither the whole nor any part of Our Valuation report or Valuation Services report or any reference to it may be included in any published document, circular or statement, prospectus, Product Disclosure Statement (PDS), public offer document, nor published in any way, without written approval by one of Our Directors as to the form and context in which our Valuation or Valuation Services may appear. Notwithstanding the foregoing, the Client agrees that in the event that it does communicate to a third party the whole or any part of this Valuation or the Valuation Services it shall also communicate to that third party these Terms and Conditions. Furthermore You agree to indemnify Us in the event of any failure so to do.
22. You agree that every right, immunity, exemption and limitation or liability in these terms and conditions shall continue to have its full force and effect in all circumstances notwithstanding any breach of contract or the Terms and Conditions hereof by Us or any person entitled to the benefit of these Terms and Conditions.
23. You agree that if any provision or any part of a provision hereof is unenforceable for any reason whatsoever, such unenforceability shall not affect any other part of such provision or any other provision of these Terms and Conditions.
24. You will only use the Valuation or Valuation Services for the specific purpose stated by us. You agree that you will not use the Valuation or Valuation Services for any other purpose, unless you have our expert's written consent to do so.

Intellectual Property

25. All Our intellectual property contained within any advice We provide, remains Our property. We only grant you licence to use Our intellectual property to carry out the purpose for which the advice was provided.

Length of Time Our Valuation or Valuation Services can be relied upon

26. Our Valuation and/or Valuation Services are current at the Date of Valuation only. The value assessed in Our Valuation or Valuation Services Report may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, We do not assume responsibility or accept any liability where the Valuation is relied upon after the expiration of ninety (90) days from the Date of the Valuation, or such earlier date if you become aware of any factors that have any effect on the Valuation. Notwithstanding the above You accept that our Valuation and or Valuation Services are current as at the Date of Valuation only and no representation or warranty is made as to the future value of the property.

Assignment of Valuation or Valuation Services

27. You acknowledge that We reserve the right, at Our absolute discretion, to determine whether or not to assign Our Valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
 - a) the proposed assignee is not a major recognised lending institution (such as a bank or other lender regulated by the Banking Act 1959);
 - b) the assignment is sought in excess of 3 months after the Date of Valuation;
 - c) we consider that there has been a change in conditions which may have a material impact on the value of the property;
 - d) the proposed assignee seeks to use the Valuation for an inappropriate purpose; or
 - e) Our Fee has not been paid in full.
28. Where We decline to provide an assignment We may be prepared to provide an updated Valuation on terms to be agreed at that time.
29. In the event that You request us to assign Our Valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms and Conditions, the original Quotation and any other document, including instructions provided by You, relevant to the scope of Our Valuation or Valuation Services.

Property or Valuation Circumstance Specific Qualifications, Assumptions and Conditions Precedent within our reports

30. We are providing You with our professional opinion as valuers. Our opinion is usually provided by way of a Valuation report. That report will set out a number of important qualifications, assumptions and conditions precedent which We may need to make, in addition to these Terms and Conditions, relative to the circumstances of the particular property or properties (real or personal property) under consideration.
31. You agree to read these qualifications, assumptions and conditions precedent carefully, and understand that if the assumptions that we have made or relied on are circumstances that do not prevail or eventuate, or are found later to be inaccurate, Our opinion as to value may be materially different. You agree to solely bear the risk in relation to any loss you might suffer, should this occur.
32. The qualifications, assumptions, and conditions precedent that We make will usually depend on the circumstances of the property being valued and are made in relation to matters that We do not have expertise to verify or We cannot verify information provided to Us within the time required to complete the Valuation. These will be set out in detail in the Valuation, Valuation Service report or Services report that We provide to You.
33. These qualifications, assumptions and conditions precedent typically will relate to:-



(a) Land contamination and environmental risk; (b) Town Planning Information; (c) Town Planning and Development Controls and Consents; (d) Title including Notifications on Title such as Easements, Caveats, Restrictions and other dealings; (e) Building Areas; (f) Building Structural Integrity; (g) Building Compliance with the Building Code of Australia; (h) Pest Infestation; (i) Leases, Licences and Tenancies; (j) Strata Title Certificates; (k) Plant and Equipment within Buildings; (l) The veracity of and sources of Sales and Letting Information and Transaction Data; (m) The nature of forecasting, future value assessment and discounted cash flow analysis; (n) The basis of Value where access to the property is restricted; and (o) Whether or not the property has been completed where a development.

34. You agree that we will include property specific qualifications, assumptions and conditions precedent within Our reports as circumstances require. Furthermore You agree that it is Your responsibility to carefully read and consider these qualifications, assumptions and conditions precedent and discuss them with Us if they cause You any concern.

Executive Summary

35. Our Executive Summary in Our Valuation or Valuation Services Report must be read in context of and in conjunction with the full Valuation report of which the Executive Summary forms part. All comments, terms and conditions contained in the full Valuation report and Quotation relate directly to this Executive Summary.

Expert Witness Services for Litigation

36. If you retain us to provide services as an expert for any litigation, whether that be for a court or tribunal, you will provide us with a copy of the relevant rules that apply to expert witness reports and testimony. Those rules will take precedence over these terms and conditions in the event of any inconsistency, noting that:
- (a) Court rules usually oblige an expert witness to acknowledge that their duty is solely to assist the court in resolution of the dispute
 - (b) Any expert witness that is considered to be acting as an advocate (rather than an independent expert) can be held liable for contempt of court; and
 - (c) An expert acting pursuant to the rules of the court or tribunal is immune from any claim for damages, given that our sole duty is to the court and not the client that engages us.

Appendix 8 – Xenith’s independent technical assessment report on the Dartbrook Coal Project



xenith

Technical Assessment Report

Dartbrook Coal Mine
RSM Corporate Australia Pty Ltd
March 2024

Contents

1.	Executive Summary	10
1.1	Summary of objectives	10
1.2	Outline of work program	10
1.3	Summary of opinion – Technical assessment	11
1.3.1	Tenure	11
1.3.2	Coal Resources	12
1.3.3	Mining	13
1.3.4	Processing	13
1.3.5	Findings summary	14
2.	Introduction	22
2.1	Background and purpose	22
2.2	Location of asset	22
2.3	Scope of work	22
2.4	Work Program	23
2.5	Reporting standard	24
2.6	Information sources	24
2.7	Effective Date	24
2.8	Capability and independence	24
2.9	Consulting fees	25
2.10	Project team and reliance on other experts	25
2.11	Limitations and exclusions	25
2.12	Consent	26
3.	Dartbrook review – Introduction	27
3.1	Location	27
3.2	Background	28
4.	Dartbrook review – MOD 7 and Tenure	30
4.1	Implications of MOD 7	30
4.2	Other factors in respect to the Model inputs	30
4.3	Tenure	31

5.	Dartbrook review – Geology and Resources	34
5.1	Overview	34
5.1.1	Documents reviewed	34
5.1.2	Drill hole data and geological models	35
5.1.3	Tenements	35
5.2	Geological setting	35
5.2.1	Quaternary (alluvium) and weathering	35
5.2.2	Structure and igneous features	35
5.2.3	Previous mining	35
5.3	Exploration history	36
5.3.1	Drill holes	36
5.3.2	Other exploration	37
5.4	Coal quality	38
5.5	Resource estimation	38
5.5.1	Resources	39
5.5.2	Proposed underground mining seams	42
5.5.3	Reasonable prospects	43
6.	Dartbrook review – Mining	45
6.1	Mining overview	45
6.2	Kayuga seam Underground Reserves	45
6.3	Mine Plan	45
6.3.1	Mining method	46
6.3.2	Underground mining layout	47
6.3.3	Production schedule	49
6.3.4	Development timeline	50
6.4	Risks and limitations to the Mine Plan	51
6.4.1	Major Risks	51
6.4.2	Approval capacity constraints	51
6.5	Capex and Opex allocation	52
6.5.1	Capex	52
6.5.2	Opex	52
6.6	Recommendations	52

7.	Dartbrook review – Mining Site Inspection	54
7.1	Site Inspection overview	54
7.1.1	Workforce	54
7.1.2	Mine Infrastructure area	55
7.1.3	Mine access	58
7.1.4	Underground workings	60
7.1.5	Surface infrastructure	63
8.	Dartbrook review – CHPP	67
8.1	CHPP and TLO overview	67
8.2	Documentation reviewed	67
8.3	CHPP remediation works – dry plant (by-pass system)	68
8.3.1	Introduction	68
8.3.2	Elements of the by-pass proposed scope	68
8.3.3	Review of the by-pass scope and Capex allowance	69
8.4	CHPP remediation works – wet plant	70
8.4.1	Introduction	70
8.4.2	Elements of the wet plant proposed scope	71
8.4.3	Review of the wet plant scope and Capex allowance	72
9.	Dartbrook review – CHPP Site Inspection	75
9.1	Site inspection overview	75
9.1.1	Site inspection	75
Appendix A.	Letter of Instruction	78
Appendix B.	Project team	79
Appendix C.	Geology supporting material	80
	Document End.	90

Figures

Figure 1 – Dartbrook Project boundary and regional locality	27
Figure 2 – Dartbrook Project EL and AUTH boundaries	32
Figure 3 – Dartbrook Project ML and CL boundaries	33
Figure 4 – Area of open cut mining prohibition (SEPP)	44

Figure 5 – Proposed Mine layout	48
Figure 6 – Plan showing seam split	49
Figure 7 – Production Schedule	50
Figure 8 – Main office entry	55
Figure 9 – Refurbished Bathing Facilities	56
Figure 10 – Refurbished Changing Facilities	56
Figure 11 – View of workshop from the rear	57
Figure 12 – Workshop and warehouse combined	57
Figure 13 – Laydown area	58
Figure 14 – Portal entry for Wynn Drift	59
Figure 15 – Portal for entry to Kayuga Seam	59
Figure 16 – Access to Hunter Tunnel near the CHPP	60
Figure 17 – Access and coal clearance schematic	60
Figure 18 – Cross measure drift conditions between Kayunga seam and Wynn seam	62
Figure 19 – Schematic of Hunter Tunnel	63
Figure 20 – No 1 Ventilation shaft	63
Figure 21 – Diesel generator housing	64
Figure 22 – Air compressor housing	64
Figure 23 – Plan of mine dewatering system	65
Figure 24 – Staged discharge pond	66
Figure 25 – CHPP Material Handling Layout	69
Figure 26 – Dartbrook CHPP Flowsheet	71
Figure C.1 – Seam Stratigraphy	81
Figure C.2 – Drill holes	82
Figure C.3 – Seam subcrops	83
Figure C.4 – Representative cross section	84
Figure C.5 – 2016 Resource Report resource area	85
Figure C.6 – 2016 Resources Mt. Arthur Seam	86
Figure C.7 – 2016 Resources Kayuga Seam	87
Figure C.8 – 2016 Resources Piercefield Seam	88
Figure C.9 – Feasibility Study - Base Case Mine Design	89

Tables

Table 1 – Defined Terms	7
Table 2 – Summary of Technical Assessment	14
Table 3 – Dartbrook Project Tenement Summary	31
Table 4 – Drill Hole Statistics	36
Table 5 – Structural Model Holes - Statistics of Downhole Geophysics	37
Table 6 – Coal Quality Holes Data Types	37
Table 7 – Summary of Dartbrook Borehole Data	37
Table 8 – Point of Observation Spacing for Resource Classification	39
Table 9 – 2016 Resource Report In Situ Resources (Mt)	40
Table 10 – 2017 Resource Report In Situ Resources (Mt)	40
Table 11 – 2016 Resources by Tenement	41
Table 12 – 2017 Resources by Tenement	41
Table 13 – Ply Weighted Average Qualities within the Measured and Indicated Resource Categories	42
Table 14 – Resources (2016) of Proposed Underground Mining Seams	43
Table 15 – Current mining workforce	54
Table 16 – Total Mine Restart Capex	69
Table 17 – CHPP Restoration Works (wet plant)	73
Table 18 – CHPP Operating Expenditure	74

Document issue approval			
Title	Technical Assessment Report		
Client	RSM Corporate Australia Pty Ltd		
Status	FINAL	Project/document no.	2993XXX
Date	March 2024	Revision no.	1

Approvals				
	Name	Position	Signature	Date
Prepared by	Andrew Knuckey	GM Advisory		15/03/2024
Reviewed by	Troy Turner	Managing Director		18/03/2024
Approved by	Troy Turner	Managing Director		28/03/2024

Distributions					
Organisation	Attention	Hard copies	Electric copies	Actioned	
RSM	Andrew Clifford	0	1	AK	
AQC	Murray Aitken	0	1	AK	

To be initialled and dated by the person who actions the issue of the documents.

DISCLAIMER

Xenith Consulting Pty Ltd makes no representation, undertakes no duty, and accepts no responsibility to any third party who may use or rely upon this document, or the drawings, information and data recorded in this document.

Any operating or capital cost estimation is current as at the date of estimation only.

The estimation assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements and factors specific to the particular mine, project or deposit).

We do not accept responsibility or liability for losses arising from such subsequent changes in cost.

Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the costing is relied upon after the expiration of 60 days from the date of the estimation or such earlier date if you become aware of any factors that affect the estimation.

Table 1 – Defined Terms

Abbreviation	Definition
AAMC	Anglo American Metallurgical Coal
AQC	Australian Pacific Coal Limited
AUTH	an EL for coal granted under the NSW Mining Act 1973. AUTHs are no longer granted; however, some AUTHs remain active. AUTHs are deemed to be exploration licences for the purposes of the NSW Mining Act 1992. An AUTH does not permit mining, nor does it guarantee that a mining lease will be granted over the area
ASX	Australian Securities Exchange Ltd
AUD, Dollars or \$	Australian dollar
AusIMM	Australasian Institute of Mining and Metallurgy
Base Case	Xenith’s base case opinion as set out in Section 1.3.5 of this Report
Capex	Capital Cost
C&M	Care and maintenance
CHPP	Coal Handling and Processing Plant
CL	a ML for coal granted under the NSW Mining Act 1973. CLs are no longer granted; however, some CLs remain active
Conservative Case	Xenith’s conservative case opinion as set out in Section 1.3.5 of this Report
Dartbrook (or the Project)	The Dartbrook coal mine
EA	Environmental Assessment
Effective Date	15 February 2024 being the date of the latest Site Inspection
EL	an exploration license under the NSW Mining Act 1992 providing the titleholder the exclusive rights to explore for a specific mineral or mineral group(s) within a designated area. An EL does not permit mining, nor does it guarantee that a mining lease will be granted over the area
Feasibility Study	The 2017 Bord and Pillar Feasibility Study for the Dartbrook Project published by AQC
Hunter Tunnel	The Dartbrook Projects coal clearance and handling system
IER	RSM’s independent expert’s report
Indicated Resource	The mid confidence classification of a Resource as defined by the JORC Code

Abbreviation	Definition
Inferred Resource	The lowest confidence classification of a Resource as defined by the JORC Code
Instructions	Instructions as per the Letters of Instruction
IPC	Independent Planning Commission
JV	The Dartbrook Joint Venture comprising AQC and Tetra
JORC or JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012
k	Thousand
kcal/kg	Thousand calories per kilogram, a unit of measure for the energy output of thermal coal
Letter of Instruction	Letter of instruction from RSM dated 8 February 2024
M	Million
Management	Management of the JV
ML	a mining lease under the NSW Mining Act 1992 providing the titleholder the exclusive right to mine for a particular viable mineral resource within a selected area
Model	The most current financial model for the Dartbrook Project bord and pillar project developed by AQC (AQC data room document "01.03 Financial Model – DB model").
MOD 7	The Land and Environment Court New South Wales orders in respect to the case of AQC Dartbrook Management Pty Ltd v Minister for Planning and Public Spaces and associated annexures
MOD 7 Closure Date	Part of the MOD 7 orders requiring cessation of mining by the 5 December, 2027
M	Million
Measured Resource	The highest confidence classification of a Resource as defined by the JORC Code
Mining Information	Technical and financial information and material provided by AQC and its advisors to Xenith, along with other publicly available data and information sourced by Xenith
Project (or Dartbrook)	The Dartbrook coal mine
Proposed Transaction	The long-term lease agreement between Trepang and AQC relating to the provision of land and water access to Dartbrook
Reserve	Coal Reserve as defined by the JORC Code

Abbreviation	Definition
Resource	Mineral Resource as defined by the JORC Code
Report	This report summarising the Technical Assessment of the Project
RFI	Request for information
ROM	Run of mine
RSM	RSM Corporate Australia Pty Ltd
Site Inspection	The physical inspection of the Project undertaken on the 13 February (CHPP) and 15 February (Mining Areas) respectively
t	Tonnes
TAR	Technical Assessment Report as defined by the Valmin Code and this Report
TLO	Train Load Out infrastructure to facilitate the loading of coal onto trains
Tenements	The various EL's, Auth's, CL's and ML's included in the Dartbrook Project as set out in section 4.3 of this Report
Tetra	Tetra Resources Pty Ltd
Trepang	Trepang Services Pty Ltd
USD	United States Dollar
VALMIN Code	The Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition
Vitol	Vitol Asia Pte Ltd
Xenith	Xenith Consulting Pty Ltd
Xenith 2022 Report	An Independent Technical Specialist Report in respect to Dartbrook published by Xenith in 2022

1. Executive Summary

The following summary of findings is provided for convenience only and should be read subject to the detailed analysis in this report.

All references in this report to dollars or \$ refer to Australian dollars unless otherwise stated.

1.1 Summary of objectives

On the 22 January 2024, Australian Pacific Coal Limited (**AQC**) announced¹ the Dartbrook Joint Venture (**JV**), comprising AQC and Tetra Resources Pty Ltd (**Tetra**), had finalised a 3year USD60 million (**M**) (approximately \$90M) debt facility with Vitol Asia Pte Ltd (**Vitol**), a global energy and commodities company.

As part of satisfying the Conditions to the debt facility, AQC are considering a long-term lease agreement between Trepang Services Pty Ltd (**Trepang**) and AQC relating to the provision of land and water access to the Dartbrook coal mine (**Dartbrook** or the **Project**)(**Proposed Transaction**).

RSM Corporate Australia Pty Ltd (**RSM**) has been engaged by the Directors of AQC to prepare an Independent Expert's Report (**IER**) in relation to the Proposed Transaction.

Given the nature of the Dartbrook assets, RSM require an independent Technical Assessment Report (**TAR** or this **Report**) focussing on the reasonableness of the technical inputs to the Project's financial model (**Model**)², including the underlying mining and coal production schedule, mine closure, and operating and capital costs.

Accordingly, AQC management has appointed Xenith Consulting Pty Ltd (**Xenith**) to undertake the TAR under Instruction from AQC, and RSM, as set out in Section 2.3 below.

1.2 Outline of work program

Relevant technical and financial information and material were provided by AQC and its advisors to Xenith. Review of this information was undertaken, along with other publicly available data and information sourced by Xenith, including historical reports on the Project completed by Xenith (collectively the **Mining Information**).

Two site inspections were undertaken to the Project on Tuesday 13th February 2024 focusing on the Coal Handling and Processing Plant and associated infrastructure (**CHPP**), and Thursday 15th February 2024 focusing on the mine and associated infrastructure. All major areas of the Project were inspected including the:

- › underground access points and operational areas accessible in the Kayuga and Wynn seams;
- › the coal clearance and handling system, starting from the inter-seam drift between the Kayuga and Wynn seams including the surge bin, continuing through the **Hunter Tunnel**, and culminating at the conveyor discharge area on the surface;
- › surface mine infrastructure including, general office, bathhouse, workshops, laydown areas, surface fans and water management facilities;
- › Coal Handling and Processing Plant (CHPP); and
- › rail access loop and Train Load-Out facility (TLO).

¹ Australian Pacific Coal, ASX Announcement, "AQC finalises binding USD60 million (~AUD90 million) Dartbrook Mine restart funding package", 22 January 2024

² Australian Pacific Coal, data room document "01.03 Financial Model – DB model"

The Mining Information was reviewed by Xenith consultants, in conjunction with the findings of the site inspection, and research completed to inform the TAR. Set out below are the key steps followed in Xenith's review of the Mining Information:

- › review of the Land and Environment Court New South Wales orders in respect to the case of AQC Dartbrook Management Pty Ltd v Minister for Planning and Public Spaces and associated annexures, Development Consent DA 231-7-2000 (**MOD 7**)³;
- › with consideration to MOD 7, review of the most relevant and advanced technical studies
- › the 2017 Bord and Pillar Reserves and Feasibility Study⁴ and its various contributing reports and annexures (**Feasibility Study**);
- › review of Dartbrook Project geology and AQC **Resource** estimates as released to the Australian Securities Exchange (**ASX**);
- › confirmation of the Dartbrook Project tenements status⁵;
- › review of the Model;
- › assessment of the assumptions and inputs to the Model against MOD 7, the technical studies and findings of the site inspections; and
- › determination of the reasonableness of the technical inputs to the Model, including the underlying mining and coal production schedule, mine closure, and operating and capital costs, as set out in the body of this Report.

1.3 Summary of opinion – Technical assessment

The technical assessment considered the areas set out in the scope of work summarised in section 2.3 below.

Based on the Mining Information and Management advice provided, and assuming areas of recognised risk are appropriately addressed, Xenith have not identified any fatal flaws to the Project that would cause extended or catastrophic impact to the Project as proposed.

However, various areas have been identified that are likely, or may impact the schedule over shorter term periods. Xenith's findings are summarised below and in Table 2 below.

1.3.1 Tenure

1.3.1.1 MOD 7 to end CY 2027

All the Tenements are "current" and accordingly, Xenith consider the Tenements to be in 'good standing'. Apart from EL 4574 due for renewal in August 2024, all the Tenements cover the period to the MOD 7 Closure Date. Individual tenements may also be restricted to certain depths and Xenith notes the south-eastern portion of EL5525 and ML1497 is overlapped by Mach Energy's ML1645, neither of which limit the coal Resource estimates.

1.3.1.2 MOD 8 to end CY 2033

In respect of any potential MOD 8 LOM extension, Xenith highlight that several of the Tenements will require renewal as defined by the expiry dates in Table 3 below but note AQC should have time to secure all of these in advance of any LOM extension. Management have provided advice that those Tenements due for renewal ahead of 2033 do not include the Mining Leases from which coal is expected to be mined which are in good standing until their renewals from October 2033 and beyond.

³ Land and Environment Court New South Wales, NSWLEC 1089, Court Orders, 11 March 2022

⁴ Australian Pacific Coal, MCS Report Dartbrook Kayuga Seam Underground JORC Reserves Statement 2017

⁵ Australian Pacific Coal, Australian Pacific Coal, Hetherington, Tenement Obligations Report, November 2023

1.3.2 Coal Resources

1.3.2.1 Resource Modifying Factors

Xenith has undertaken a review of the Dartbrook Project's geology and the AQC Resource estimates as set out in Section 5 of this Report. Xenith has not independently verified the Mineral Resource or Reserve estimates by means of recalculation.

Two resource estimates were available and reviewed, the '2016 Resource report'⁶ and the '2017 Resource Report'⁷. Both Resources are reported in accordance with the 2012 JORC code.

The 2016 Resource estimate focuses on open-cuttable resources within a nominal pit area and is limited to a maximum depth of 350 m. Xenith highlight that Mod 7 does not permit mining by opencut methods and the NSW government, through the application of a State Environmental Planning Policy has, since October 2022, effectively prohibited open cut mining within the Dartbrook tenements.

The 2017 resource estimate does not have areal or depth constraints.

AQC published its own pre-feasibility study for open cut mining in August 2018, which referenced the 2017 Resource report and coal tonnages and infers that of the 2017 Resource of 2,534Mt:

- › 1,803Mt are designated as open cut Resource; and
- › 731Mt are designated underground Resource.

Both Resource reports appear to have built the models used for the resource estimates from the same drill hole and coal quality database from a 2010 geological model. The described data validation, modelling and resource estimation processes, as well as the estimated Resources, appear reasonable.

1.3.2.2 Coal quality

The coal can be classed as high volatile bituminous coal. It is slightly lower in rank than the coals to the south in the Hunter Valley. The raw coal inherent moisture ranges from 2.0% to 8.0% averaging 4.3%. There is insufficient Moisture Holding Capacity data to model on a ply basis. For the purposes of estimation of in situ Relative Density, the in-situ moisture has been estimated from average (seam group) MHC values.

The coal will require beneficiation for export markets. It is expected to be able to produce a range of Thermal coal products between 10 to 18% Ash adb. There is potential to produce a 9% ash adb PCI product from the Kayuga and Piercefield seams.

Based on the resource qualities, the Model's coal quality inputs appear reasonable, noting that an unbeneficiated, and therefore lower quality and value product is intended to be produced initially during the period of the CHPP restoration works.

1.3.2.3 MOD 8 to end CY 2033

The underground coal Resource of 731Mt is substantial relative to AQC's forecast mining rate of up to 2.9Mt p.a. Noting potential geotechnical constraints identified in the following subsections which may influence which coal seams are able to be extracted, in Xenith's opinion the size of the Resource does not present limitations in respect to any potential Mod 8 extension to 2033.

⁶ JB Mining Services Pty Ltd (2016). Dartbrook Project, Resource Update as at January 2016. JB Mining Services Pty Ltd for Australian Pacific Coal

⁷ GPPH & Associates (2017). Dartbrook Coal Resource Estimate 2.5 Billion Tonnes. Lynne Banwell of GPPH & Associates for Australian Pacific Coal Limited

1.3.3 Mining

1.3.3.1 Mine plan, schedule and Reserves

In Xenith's opinion the adopted mining method is flexible to allow for changes. However, this may impact the current productivity rate, especially in the early years, while trialling the best options for mining.

The production targets appear reasonable when benchmarked against Australian mines. However, there is risk associated with these targets, particularly with the place-changing method due to potential ground support delays.

The production schedule in the Model shows that first coal will be in July 2024 (~16kt), with production ramping up to 65kt from October and then a step change to over ~111kt from January 2025. In Xenith's opinion this ramp up may prove optimistic given the current mine rehabilitation progress, and first coal development should be delayed between 2 to 4 months with first production delayed to the end of August 2024, and for a more conservative scenario to the end of October 2024.

Xenith highlight that MOD 7 limits Bord and pillar mining to 1.5Mtpa. AQC have demonstrated that scheduled Bord and Pillar production is capped at this amount, however Xenith note that up to an additional 1.4Mtpa of coal is forecast to be produced from mine development activities which support the Bord and Pillar operation. These development activities are necessary and are a required part of the mining process to support normal mine production (note: similar development activities would be required for a longwall operation). For the purposes of the TAR, Xenith have not sighted confirmatory evidence that the Authority considers the development tonnes are within MOD 7 approval limits and highlight that risk remains around our assumption that AQC's development activity is not considered as part of the MOD 7 permitted Bord and Pillar production tonnage.

1.3.3.2 Operating costs

Xenith has reviewed the Model's high level operating expenditure, and in Xenith's opinion the costs appear reasonable based on the current plan for personnel requirements and production levels.

1.3.3.3 Capital costs

Capital costs should be increased to allow for the delay in production start-up noted above, as manpower may need to be engaged for a longer period. In Xenith's opinion an adjustment of an additional \$20M is reasonable, and for a more conservative scenario \$30M would not be unreasonable.

1.3.3.4 MOD 8 to end CY 2033

Xenith highlight that mining beyond 2027, geotechnical constraints regarding mining in Domain 4 and 5 of the Kayuga seam will likely require coal mining to be redeployed to the Piercefield seam. Xenith estimate a capital reestablishment cost associated with this relocation of \$15M, incurred over 4 months in advance of mining.

1.3.4 Processing

1.3.4.1 Restart plan

The Model's CHPP restart plan is considered reasonable for timeframe, Capex and opex in respect to the by-pass plant (dry plant).

Confirmation of the final by-pass design scope is awaiting funding and capital approval and operating costs are to be confirmed once the design review has been completed, however Management have advised that initial indications confirm the capital costs are within the budget of \$3.6M inclusive of MOD 7 noise attenuation requirements.

In respect of the CHPP wet plant restart, the Models input is considered reasonable for Opex and Capex based on AQC’s advice that all noise attenuation requirements required by MOD 7 are allowed for in the \$11.67M budgeted sum. However, in respect to time frame Xenith note that under the debt funding arrangement capital provision for the CHPP wet plant is subject to satisfactory production of an initial 20kt from the by-pass circuit. Noting the delays in mine production ramp up above, the 2-month delay incurred in the mine will impact coal production and funding of the wet plant and accordingly the wet plant commissioning will be similarly delayed.

1.3.4.2 Operating costs

The Model input is considered reasonable, noting time frames should be adjusted in line with the delays in mine and processing production noted above.

1.3.4.3 Capital costs

Xenith note MOD 7 stipulates certain noise attenuation requirements be satisfied prior to recommencement of coal processing. Xenith considered a noise study report published by Ausenco for AQC in May 2018 which set out estimates at that time for each major component of the CHPP, including the various conveyors associated with the proposed by-pass system. These estimates indicated material potential Capex expense.

Management have advised that the 2018 Ausenco report considered by Xenith has been superseded and provided a subsequent noise mitigation report⁸. Xenith have not been provided a detailed breakdown of the \$3.62M dry plant by-pass system Capex, however in response to Xenith’s RFI’s, Management have advised that the budget includes all necessary noise attenuation requirements. Accordingly, in Xenith’s opinion the Model’s Capex assumption of \$3.62M for the by-pass restart appears reasonable.

The Model includes \$11.67M for CHPP wet plant restoration works. AQC has advised, based on the assessed recommendations from the “Bridges Acoustics – Dartbrook CHPP Noise Mitigation Reassessment Report of 11 January 20224, that sufficient capital has been allocated for noise mitigation purposes.

The revised noise mitigation measures proposed to align with the reduction in operating equipment at the CHPP are expected to realise a significant reduction in scope, cost and installation timing, however Xenith highlight that a specific cost schedule has not been provided to provide verification of the budgeted capex.

In Xenith’s opinion the \$11.67m Capex budget appears reasonable for the Xenith Base Case, however to allow for potential downside risk associated primarily with noise attenuation costs, in Xenith’s opinion an additional 50% of the Model’s budgeted amount, (i.e. a total of approximately \$18M) and extension of time frame to execute the wet plant restoration works, and hence extended reliance on the dry-plant, of a total period of 12 to 18 months be assumed in the Xenith Conservative Cases.

1.3.5 Findings summary

Xenith’s findings are summarised in Table 2 below. We present our **Base Case** opinion but note that many of the Model’s inputs are subject to variation due to various factors that are not necessarily within AQC’s control. Accordingly, where relevant Xenith has provided a **Conservative Case** opinion recognising potential downside risk against the Base Case.

Table 2 – Summary of Technical Assessment

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
Mining to Dec 2027 (MOD-7)			

⁸ Australian Pacific Coal, J0267-01-L2, Bridges Acoustics, Dartbrook CHPP Noise Mitigation Reassessment, 11 January 2024

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
Life of Mine (LOM) Project Schedule (MOD-7 to Dec 2027)	Model is in line with MOD 7 with mining to December 2027	Model input is Reasonable	Model input is Reasonable
Coal Resource	Relies on a 2016 Resource report	Given the overall size of the underpinning Resource and potential optionality which this brings, the Resources are considered not unreasonable	Given the overall size of the underpinning Resource and potential optionality which this brings, the Resources are considered not unreasonable
Coal Reserve	Relies on a 2017 Reserve report based on 2016 Resources	Given the overall size of the underpinning Resource, and general coal price escalation since 2017, the Kayuga Seam Underground Reserves are considered not unreasonable	Given the overall size of the underpinning Resource, and general coal price escalation since 2017, the Kayuga Seam Underground Reserves are considered not unreasonable
First coal production	July 2024	Optimistic based on current progress. Delay until end of August to allow for confirmation of mining conditions for place changing	Delay until October to allow for more complex mining conditions for place changing
Period of ramp up to Peak Production schedule	July 2024 to June 2027	Commence from September 2024 to allow for delays in procurement and delivery of mining equipment and re-establishment of mine infrastructure	Commence from end of October 2024 assuming extended delays in procurement and delivery of mining equipment and re-establishment of mine infrastructure
Coal ROMt Production	Total: 6.7Mt FY2025: 1.0Mt FY2026: 2.2Mt FY2027: 2.3Mt FY2028: 1.2Mt	Model input is Reasonable subject to FY25 production impacted by First Coal production and ramp up period noted above	Model input is Reasonable subject to FY25 production impacted by First Coal production and ramp up period noted above
Monthly Coal Production ramp up milestones	July 2024: 16kt/mth March 2025: 119kt/mth September 2025: 198kt/mth	As above, delay July 2024 production to end of August Other targets reasonable but subject to delivery of equipment	As above, delay July 2024 production to end of October Other targets reasonable but subject to delivery of equipment

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
	July 2025: 245kt/mth		
Saleable Coal Tonnes	Total: 5.5Mt FY2025: 0.9Mt FY2026: 1.7Mt FY2027: 1.9Mt FY2028: 1.0Mt	FY25, as above, delay July 2024 production to end of August and ramp up from September Other targets reasonable but subject to delivery of equipment and availability of personnel	FY25, as above, delay July 2024 production to end of October and ramp up from October Other targets reasonable but subject to delivery of equipment and availability of personnel
Yield %	Total: 81.7% FY2025: 86.8% FY2026: 79.3% FY2027: 81.6% FY2028: 81.7%	Consideration of metallurgical coal qualities are outside of the scope of work contemplated by the TAR	Consideration of metallurgical coal qualities are outside of the scope of work contemplated by the TAR
Mining Operating Cost (Opex)	Total: \$459.8million Unit cost: \$68.21/ROMt	Model assumptions considered Reasonable based on the assumptions of current plan for personnel and production levels	Model assumptions considered Reasonable based on the assumptions of current plan for personnel and production levels
Mine Capital Cost (Capex)	Total: \$124.1million Pre-production: \$87.0million Restart (Sustaining): Total: \$37.1million FY2025: \$26.1million FY2027: \$10.9million	Increase restart Capex \$20M in line with delayed start-up to reflect longer engagement of personnel and associated lease costs	Increase restart Capex \$30M in line with delayed start-up to reflect longer engagement of personnel and associated lease costs
Pre-production Capital	Restart Support: \$11.2million UG Remediation Works: \$9.8million CHPP Restoration (Dry plant): \$3.6million	Subject to the impact of first production and ramp up delays noted above, capital costs for the start are low due to the main mining equipment being leased or hired, and where prudent, acquiring second-hand equipment. Xenith is	Subject to the impact of first production and ramp up delays noted above, capital costs for the start are low due to the main mining equipment being leased or hired, and where prudent, acquiring second-hand equipment. Xenith is

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
	CHPP Restoration (Wet plant): \$11.7million Mining Equipment: \$11.7million Conveyor Equipment: \$9.7million Electrical Equipment: \$3.9million Surface/UG Infrastructure: \$5.3million Pumping Equipment: \$1.3million Ventilation Equipment: \$0.4million	of the opinion that the Capex appears, reasonable.	of the opinion that the Capex appears, reasonable.
CHPP			
By-pass (dry plant) commissioning	Restoration works: January to May 2024 Operation beginning June 2024 Total Capital Cost: \$3.6million Operating Unit Cost: \$1.48/feetd	The Model input is considered reasonable for timeframe, Capex and opex. Confirmation of the final by-pass design scope is awaiting funding and capital approval and operating costs are to be confirmed once the design review has been completed, however Management have advised that initial indications confirm the capital costs are within the budget of \$3.6M inclusive of MOD 7 noise attenuation requirements	The Model input is considered reasonable for timeframe and opex. Xenith note that AQC have confirmed the capital allowance provides for the MOD 7 noise attenuation capital requirements, notwithstanding the above and given the MOD 7 stipulation, Xenith’s Conservative Case assumes higher capital cost of \$5M (total) due to potential for higher noise attenuation capital
CHPP Processing System (wet plant) commissioning	Restoration works: June to December 2024	The Model input is considered reasonable for opex, and Capex based on AQC’s advice that all noise	The Model input is considered reasonable for opex.

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
	<p>Operation beginning January 2025</p> <p>Total Capital Cost: \$11.7million</p> <p>Operating Unit Cost: \$6.44/feedt & \$7.84/saleable coal tonne</p>	<p>attenuation requirements required by MOD 7 are allowed for in the \$11.7M budgeted sum.</p> <p>In respect to time frame Xenith note that under the debt funding arrangement capital provision for the CHPP wet plant is subject to satisfactory production of an initial 20kt from the by-pass circuit. Noting the delays in mine production ramp up above, the 2-month delay incurred in the mine will impact coal production and funding of the wet plant and accordingly the wet plant commissioning should be similarly delayed</p>	<p>With regard Capex and noting the MOD 7 stipulation in respect to noise attenuation the Conservative Case assumes higher capital cost of \$18M (total) due to potential for higher noise attenuation capital Xenith note that under an increased capital program that commissioning time frame would also be delayed to an assumed June 2025. Accordingly the Conservative Case should assume an extended period of production from the by-pass circuit producing lower priced “unwashed” coal during that period.</p>
CHPP Throughput	<p>Monthly ROMt is direct feed into CHPP.</p> <p>Dry Plant Maximum feed - 71kt/month (November and December 2024)</p> <p>Wet Plant Maximum feed - 253k ROMt/month (August, September and November 2027)</p>	<p>The Model input is considered reasonable. Xenith note the by-pass circuit will be designed for purpose and the wet plant is intended to operate below nameplate capacity, and assuming the derated wet plant runs at nominal 550tph a 5-day operation with an overtime component would meet 7-day train loading requirements.</p>	<p>The Model input is considered reasonable. Xenith note the by-pass circuit will be designed for purpose and the wet plant is intended to operate below nameplate capacity, and assuming the derated wet plant runs at nominal 550tph a 5-day operation with an overtime component would meet 7 day train loading requirements.</p>
CHPP Opex	<p>Total: \$62.8million</p> <p>Unit Cost: \$6.29/feedt & \$7.61/saleable coal tonne</p>	<p>The Model input is considered reasonable, noting time frames should be adjusted in line with the delays in mine and processing production noted above</p>	<p>The Model input is considered reasonable, noting time frames should be adjusted in line with the delays in mine and processing production noted above</p>

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
	<u>Dry Plant:</u> Unit Cost: \$1.48/feedt & \$7.84/saleable coal tonne <u>Wet Plant:</u> Unit Cost: \$6.44/feedt		
Mine Closure			
Mine Closure Cost	\$9.4M is set as the liability value with security held by the government	The Model input is considered reasonable based on January 2024 coal lease report and 2023 rehabilitation plan	The Model input is considered reasonable based on January 2024 coal lease report and 2023 rehabilitation plan
Mining to Dec 2033 (MOD-8 - assumed)			
Life of Mine (LOM) Project Schedule (MOD-8 to Dec 2033)	The Models associated production schedule includes tonnages up to 2030	Model does not reflect mining to 2033 and these will need to be assumed based on the adequacy of the Resource base	Model does not reflect mining to 2033 and these will need to be assumed based on the adequacy of the Resource base
Coal ROMt Production	LOM Coal Production: June 2024 to January 2029 Total: 10.2Mt FY2025: 1.0Mt FY2026: 2.2Mt FY2027: 2.3Mt FY2028: 3.0Mt FY2029: 1.7Mt	Assume production extends at 2030 rates – coal resource exists to support this subject to geotechnical constraints regarding Domain 4 and 5 will likely require a relocation to the Piercefield seam at some stage incurring additional Capex	Assume production extends at 2030 rates – coal resource exists to support this subject to geotechnical constraints regarding Domain 4 and 5 will likely require a relocation to the Piercefield seam at some stage incurring additional Capex
Mine Capital Cost		Extend sustaining Capex in line with LOM extension	Extend sustaining Capex in line with LOM extension and assume \$15M for establishment of mining in

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case
			the Piercefield seam on the basis that the geotechnical constraints in Domain block 4 and 5 of the Kayuga seam cannot be managed
CHPP Processing System Capex		Assume no additional CHPP Capex other than extending sustaining Capex	Assume no additional CHPP Capex other than extending sustaining Capex
Other			
Annual production		Xenith highlight that MOD 7 limits Bord and pillar mining to 1.5Mtpa. AQC have demonstrated that scheduled Bord and Pillar production is capped at this amount, however Xenith note that up to an additional 1.4Mtpa of coal is forecast to be produced from mine development activities which support the Bord and Pillar operation. These development activities are necessary and are a required part of the mining process to support normal mine production (note: similar development activities would be required for a longwall operation). For the purposes of the TAR, Xenith have not sighted confirmatory evidence that the Authority considers the development tonnes are within MOD 7 approval limits and highlight that risk remains around our assumption that AQC's development activity is not considered as part of the MOD 7 permitted Bord and Pillar production tonnage.	Xenith highlight that MOD 7 limits Bord and pillar mining to 1.5Mtpa. AQC have demonstrated that scheduled Bord and Pillar production is capped at this amount, however Xenith note that up to an additional 1.4Mtpa of coal is forecast to be produced from mine development activities which support the Bord and Pillar operation. These development activities are necessary and are a required part of the mining process to support normal mine production (note: similar development activities would be required for a longwall operation). For the purposes of the TAR, Xenith have not sighted confirmatory evidence that the Authority considers the development tonnes are within MOD 7 approval limits and highlight that risk remains around our assumption that AQC's development activity is not considered as part of the MOD 7 permitted Bord and Pillar production tonnage.

Model Input Item	Model Assumption	Xenith opinion – Base Case	Xenith opinion – Conservative Case

2. Introduction

Set out below is the background, scope of work and other relevant information in relation to the purpose and basis of this Technical Assessment Report.

2.1 Background and purpose

On the 22 January 2024, AQC announced⁹ the Dartbrook JV, comprising AQC and Tetra, had finalised a 3-year USD60M (approximately \$90M) debt facility with Vitol, a global energy and commodities company.

As part of satisfying the Conditions to the debt facility, AQC are considering a long-term lease agreement between Trepanang and AQC relating to the provision of land and water access to Dartbrook.

RSM has been engaged by the Directors of AQC to prepare an Independent Expert Report (**IER**) in relation to the Proposed Transaction.

Given the nature of the Dartbrook assets, RSM require a TAR focussing on the reasonableness of the technical inputs to the Project's financial Model¹⁰, including the underlying mining and coal production schedule, mine closure, and operating and capital costs.

Accordingly, AQC management has appointed Xenith to undertake the TAR under Instruction from AQC, and RSM, as set out in Section 2.3 below.

2.2 Location of asset

Dartbrook is an underground coal mine with supporting surface infrastructure located in the Upper Hunter Valley, NSW. The closest town to the mine is Aberdeen with a population of approximately 2,000. Further detail is provided in section 3.1 below.

The Dartbrook Project has been on Care and maintenance (**C&M**) since 2007 when the prior managing operator, Anglo American Metallurgical Coal (**AAMC**) ceased production.

2.3 Scope of work

As set out in RSM's letter of 8 February 2024 (**Letter of Instruction**), attached at Appendix A, the scope of work requires:

- › the TAR for Dartbrook to focus on the reasonableness of the technical inputs to the Model, including the underlying mining and coal production schedule, mine closure, and operating and capital costs; and assuming:
 - mining operations continue to 5 December 2027 in accordance with MOD7; and
 - mining operations continue for a further six years to 2033 assuming MOD8 approvals are granted.
- › In preparing the independent TAR, Xenith will proceed with the scope of work in accordance with Xenith's proposal to AQC dated 5 February 2024 including:
 - Tenure Status – confirmation of the Status of Tenure as it relates to the Projects mine schedule;
 - Coal Resources and Coal Reserves – quality and reasonableness of any Coal Resource or Coal Reserve estimate and the extent to which they have been reported in accordance with the JORC Code;

⁹ Australian Pacific Coal, ASX Announcement, "AQC finalises binding USD60 million (~AUD90 million) Dartbrook Mine restart funding package", 22 January 2024

¹⁰ Australian Pacific Coal, data room document "01.03 Financial Model – DB model"

- Mining and Processing – reasonableness of any production targets/forecast and consideration of proposed operating practices, performance estimates and other relevant material factors;
- Capital and Operating Costs – reasonableness of estimates and adequacy/appropriateness.
- › TAR is not required to determine or include a Valuation in respect to any Mineral Assets of the Project.
- › The TAR will be limited to provide a confirmatory assessment of the reasonableness of the technical inputs to the Model but is not intended to provide a verification of the underlying technical elements of each technical input.
- › Revenue and other macroeconomic factors including commodity price, port and rail charges, foreign exchange, inflation etc are not part of the scope of the TAR.

2.4 Work Program

AQC confirmed Xenith’s engagement on 6 February 2024 and work commenced on 8 February 2024 upon receipt of the Letter of Instruction.

Relevant technical and financial information and material were provided by AQC directly and via a data room to Xenith. Review of this information was undertaken, along with other publicly available data and information sourced by Xenith, including historical reports on the Dartbrook Project completed by Xenith (collectively the Mining Information).

Two site inspections were undertaken to the Project on Tuesday 13th February 2024 focusing on the Coal Handling and Processing Plant and associated infrastructure (CHPP), and Thursday 15th February 2024 focusing on the mine and associated infrastructure.

All major areas of the Project were inspected including the:

- › underground access points and operational areas accessible in the Kayuga and Wynn seams;
- › the mines coal clearance and handling system, starting from the inter-seam drift between the Kayuga and Wynn seams including the surge bin, continuing through the Hunter Tunnel, and culminating at the conveyor discharge area on the surface;
- › surface mine infrastructure including, general office, bathhouse, workshops, laydown areas, surface fans and water management facilities;
- › Coal Handling and Processing Plant (**CHPP**); and
- › rail access loop and Train Load-Out facility (**TLO**).

The Mining Information was reviewed by Xenith consultants, in conjunction with the findings of the site inspection, and research completed to inform the TAR. Set out below are the key steps followed in Xenith’s review of the Mining Information:

- › review of the MOD 7¹¹ orders;
- › with consideration to MOD 7, review of the most relevant technical studies and mine plans
- › the 2017 Bord and Pillar Reserves and Feasibility Study¹² and its various contributing reports and annexures;
- › review of Dartbrook Project geology and AQC Resource estimates as released to the ASX;
- › confirmation of the Dartbrook Project tenements status¹³;
- › review of the Model;
- › assessment of the assumptions and inputs to the Model against MOD 7, the technical studies and findings of the site inspections;

¹¹ Land and Environment Court New South Wales, NSWLEC 1089, Court Orders, 11 March 2022

¹² Australian Pacific Coal, MCS Report Dartbrook Kayuga Seam Underground JORC Reserves Statement 2017

¹³ Australian Pacific Coal, Hetherington, Tenement Obligations Report, November 2023

- › a series of requests for information (**RFI**) and associated questions to clarify or confirm areas of uncertainty; and
- › determination of the reasonableness of the technical inputs to the Model, including the underlying mining and coal production schedule, mine closure, and operating and capital costs, as set out in the body of this Report.

2.5 Reporting standard

This Report has been prepared in accordance with the:

- › Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition (**VALMIN Code**); and
- › Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (**JORC Code**).

This Report has been prepared by Xenith as a Technical Assessment Report under the VALMIN Code. As set out in the Letter of Instruction and as noted at section 2.3 above, this TAR does not require and does not contain a Valuation in respect to any Mineral Assets of the Project.

2.6 Information sources

In developing this Report, Xenith has relied upon materials provided by AQC and information available in the public domain. Key sources of information Xenith has relied upon are referred to in the body of this Report or identified by way of footnote.

Xenith has reviewed all relevant technical and corporate information made available by AQC, its advisors, and RSM. Xenith has no reason to believe that any material facts have been withheld. The information has been accepted in good faith as being true, accurate and complete, after having made due enquiry.

2.7 Effective Date

The **Effective Date** of this Report is 15 February 2024, representing the latest date of our site inspections.

We are not aware of any factors occurring between the Effective Date and the date of this Report which would be material to our opinions expressed in this Report.

2.8 Capability and independence

This report was prepared on behalf of Xenith by Mr Andrew Knuckey, General Manager Corporate Solutions, supported by the project team set out in section 2.10 below. Mr Knuckey is a Fellow of the Australasian Institute of Mining and Metallurgy (**AusIMM**) and is qualified to express a professional opinion on the technical assessment of the assets described.

Xenith is a consulting business providing professional services to the mining and resource sector. Xenith's Corporate Solutions team provides specialist advisory services to the resources and financial services industry including due diligence, technical assessment, valuation and expert witness services.

Xenith has most recently carried out a technical consulting assignment for AQC in October 2023 in respect to mine scheduling services of which the TAR project team were not involved. Mr Knuckey has previously published an Independent Technical Specialist Report¹⁴ (**Xenith 2022 Report**) in support of an IER in relation to a proposed commercial transaction involving the Project in July 2022.

¹⁴ Xenith Consulting Pty Ltd, Australian Pacific Coal Limited, Dartbrook Coal Project Independent Technical Specialist Report, July 2022

Xenith conducted a conflict check in relation to the parties involved in the Proposed Transaction. Those enquiries did not reveal any association with the parties that compromises Xenith's independence in preparing this report.

Drafts of this Report were provided to RSM and AQC for the purposes of factual accuracy checking only.

2.9 Consulting fees

The fees charged by Xenith in relation to this assignment are based on the time spent by Xenith's consultants and sub-consultant involved in the assignment on an hourly rate basis. Payment of Xenith's fee is not contingent on the outcome of this assignment.

Xenith will receive a professional fee based on time spent in the preparation of this Report estimated at approximately \$105,000 (exclusive of GST). We will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this Report.

2.10 Project team and reliance on other experts

This Report has been prepared by Mr Knuckey, general Manager Corporate Solutions, supported by a team of Xenith consultants, and a sub-consultant recognised as an expert in their field. Xenith's project team have extensive experience in the mining industry and are members in good standing of appropriate professional institutions.

Key functions of the project team in the development of this Report are set out below. Further qualifications and experience are included in Appendix B.

Mr Andrew Knuckey, FAusIMM, General Manager Corporate Solutions – preparation of this Report and Specialist as set out in the VALMIN Code.

Mr Bernhard Heizman, MAusIMM, Principal Geologist – review of geological information and JORC Resources, Competent Person as set out in the JORC Code.

Mr Kevin Irving, FAusIMM, CP Eng, Principal Mining Engineer – review of Mining Information, site inspection of the Project in respect to the Mine and associated infrastructure, research and analysis in support of the TAR, expert observations and opinion.

Mr Anthony Woodside, Lead Mining Engineer – review of Mining Information, site inspection of the Project in respect to the Mine and associated infrastructure, research and analysis in support of the TAR.

Mr Rod Fox (sub-consultant), Metallurgist – review of Mining Information, site inspection of the Project in respect to the CHPP and associated infrastructure, research and analysis in support of the TAR, expert observations and opinion.

Mr Grant Phillips, Senior Business Analyst – review of Mining Information and analysis in support of the TAR.

2.11 Limitations and exclusions

This Report is provided solely for the purpose that are the subject of the Letter of Instruction. It should not be distributed to any party other than those entitled to receive a copy with the IER.

Xenith's opinion contained in this Report relies on the information sources set out at section 2.6 above and as described in this Report, and various technical and economic conditions at the time of writing. Such information has been accepted in good faith. Xenith has not independently verified the Mineral Resource or Reserve estimates by means of recalculation.

Xenith's engagement has involved an analysis of financial and other business records, however it does not constitute an audit in accordance with Australian Accounting Standards. Accordingly, no assurance as to accuracy of the financial and business records analysed is provided in this Report.

Xenith reserves the right to revise this Report if:

- a. any of the information relied on is revealed not to be accurate, complete or reliable; and
- b. any relevant additional information existing at the date of this report, subsequently becomes known to Xenith.

2.12 Consent

Xenith understand the Report will be attached in full, in the form and context in which the Report is provided, as an appendix to the IER and that the IER, inclusive of the Report will accompany the notice of meeting to be sent to shareholders of AQC.

Accordingly, Xenith confirm that RSM is entitled to rely on the Report and is able to refer to the content of the report in the IER, on the basis that the findings set out in Section 1 above and in the individual sections of this Report are considered with, and not independently of, the detailed analysis and information in the complete Report.

Xenith does not consent to this Report being used for any other purposes.

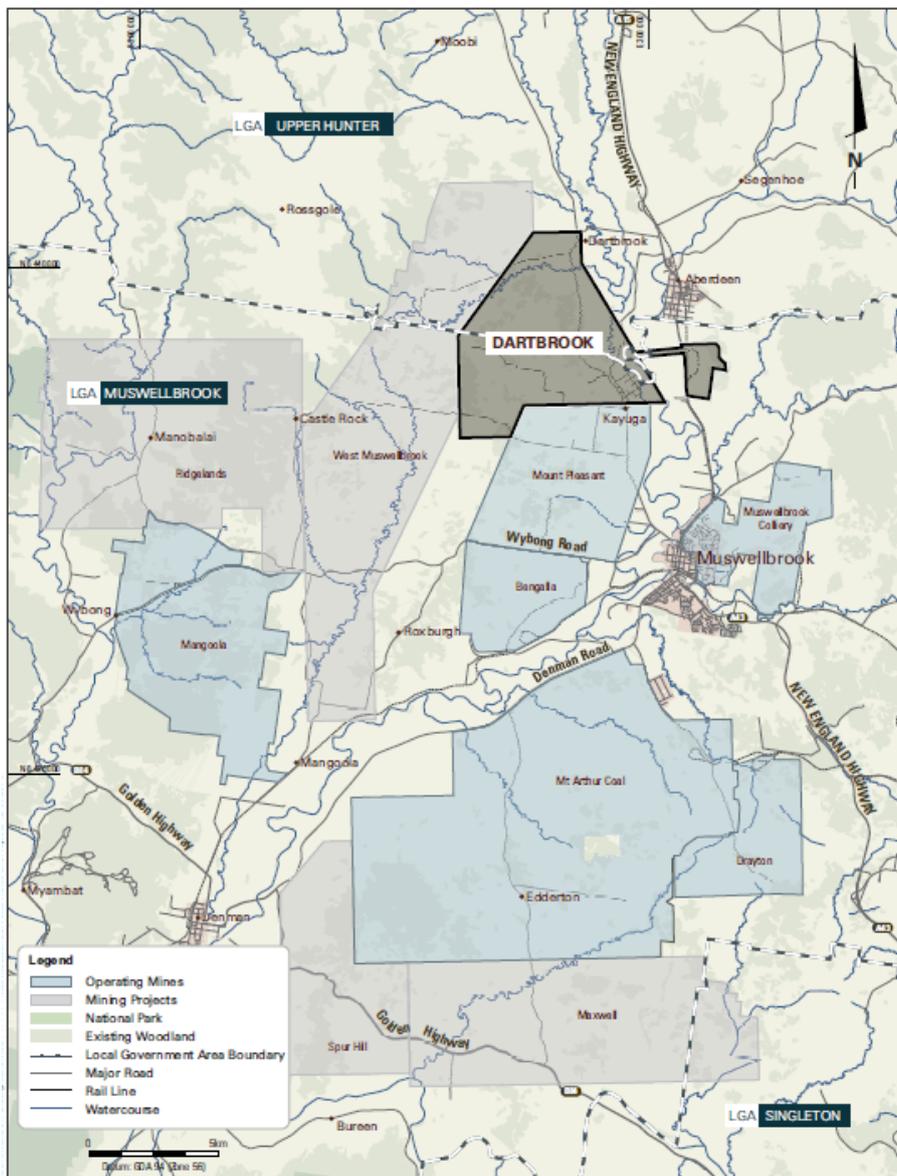
3. Dartbrook review – Introduction

3.1 Location

Dartbrook is located in the highly developed coal producing region of the Hunter Valley in NSW. The project is approximately 4km west of the township of Aberdeen and 10km North of the township of Muswellbrook. This location ideally places Dartbrook near world class rail and road infrastructure along with a skilled workforce and support industries.

Figure 1 below illustrates the location of Dartbrook and its regional locality.

Figure 1 – Dartbrook Project boundary and regional locality



Source: James Bailey & Associates, Dartbrook Mine Environmental and Rehabilitation Compliance Report: EL 4574 ,10 September 2021, Page 3

3.2 Background^{15,16}

Set out below is a chronological summary of the key milestones relevant to the Dartbrook Project:

- › **1990s** – Dartbrook was first developed and operated by a Shell Coal managed joint-venture with construction of the mine and infrastructure commencing in 1993. First development coal was produced from underground mining in October 1994 and first coal from the Wynn Seam in October 1996.
- › **2001 (June)** – AAMC announced it would acquire Shell Coal, including the Dartbrook Project, in 2001
- › **2001 (August)** – development consent 'DA 231-7-2000' was granted over the Dartbrook Project for extended mining operations, the Consent was modified thereafter six times and allowed for:
 - longwall mining operations in three coal seams, the Kayuga, Mt Arthur and Piercefield seams;
 - coal to be extracted at a rate of up to 6Mtpa per annum of run-of-mine (**ROM**) coal;
 - continued use of the facilities at the site including the CHPP, rail loop and loading facilities, a reject emplacement area and the Hunter Tunnel; and
 - operations until 5 December 2022.
- › **2001 to 2006** – Dartbrook continued operating as an underground longwall coal mine in the Kayuga seam up until October 2006.
- › **2007 (January)** – the mine was placed under C&M from January 2007 due to a combination of prevailing market conditions, geological conditions and the unsuitability of some of the underground equipment to mine the Kayuga seam¹⁷. The main headings in both the Wynn Seam and Kayuga Seam were sealed inbye of the inter seam drift.
- › **2007 to 2015** – after being placed under C&M, AAMC:
 - sold off or redeployed several key items of mine equipment including development equipment, diesel equipment, electrical equipment, conveyors and mine fans; and
 - retained mining approvals, licences and permits and maintained compliance with these, however mining activities such as producing coal were not permitted.
- › **2015 to 2017** – AQC agreed to acquire the Dartbrook Project from AAMC, and their joint venture partner Marubeni, the acquisition was completed in May 2017.
- › **2018 (February)** – AQC lodged a request with the Department of Planning to modify the 'DA 231-7-2000' consent under section 75W of the EPA Act (DA 231-7-2000 (MOD 7)) allowing for:
 - mining of the Kayuga Seam using the first workings bord and pillar method as an alternative to the approved longwall mining within the Kayuga seam;
 - ROM coal to be hauled using road registered trucks on existing private roads to a new shaft facility located between the existing private Western Access Road and New England Highway. A new, enclosed shaft would be used to deliver coal via the existing Hunter Tunnel under the New England Highway to an existing stockpile. Crushed, unbeneficiated raw coal would be delivered to the train loadout facility; and
 - extend the period of DA231-7-2000 for 5 years.
- › **2018 (June)** – AQC submitted an Environmental Assessment (**EA**) in line with the Mod 7 application with the EA placed on public exhibition from 28 June to 25 July 2018.
- › **2018 (August)** – Response by AQC to submissions (received during public exhibition).
- › **2019 (April)** – Independent Planning Commission (**IPC**) held a public meeting re MOD7 in April 2019.
- › **2019 (August)** – IPC partly approved MOD7 subject to conditions of consent which permit:
 - underground coal mining in the Kayuga Seam using bord and pillar methods;
 - use of a varied coal clearance and handling system, confined to the coal extracted from the bord and pillar operation; and

¹⁵ Australian Pacific Coal, Dartbrook Mine Kayuga Seam Bord and Pillar Feasibility Study, 27 February 2017, Section 4 Mining, Page 41

¹⁶ Land and Environment Court New South Wales, NSWLEC 1089, Court Orders, 11 March 2022

¹⁷ Xenith Consulting, Independent Technical Specialists Report, Australian Pacific Coal Assets, 28 February 2017

- the approval only operates until 5 December 2022 (that is, for the duration of the current approval DA 231-7-2000). The IPC did not approve the request in the MOD 7 for the extension of the approval by five years to 2027.
- › **2019 (November)** – in response to the IPC determination, AQC commenced Class 1 proceedings in the Land and Environment Court on 4 November 2019 seeking:
 - *"...the determination of the Independent Planning Commission, as delegate of the Minister for Planning and Public Spaces, of a request to modify the development consent for underground coalmining at the Dartbrook Underground Mine (DA231-07-2000) granted by the Minister for Urban Affairs and Planning on 28 August 2001. (DA 231-7-2000 MOD7) made on 27 February 2018 for the modification of development consent DA 231-7-2000 (Dartbrook consent), in the form applied for, subject to conditions, and extending the timeframe of the consent by 5 years to 5 December 2027"¹⁸.*
- › **2020 (January)** – the Minister filed a Statement of Facts and Contentions contending that the decision to refuse the five-year extension be maintained. The contentions related solely to a lack of assessment and information in respect of the five-year extension. In response, AQC provided further assessments and information.
- › **2020 (March)** – The proceedings were then referred to a Section 34 conciliation conference where AQC indicated that it no longer intended to proceed with a modification to the coal clearance system.
- › **2020 (August)** – the IPC placed the applicant's response to contentions on public exhibition and received several submissions from various stakeholders.
- › **2020 (October)** – the AQC provided further responses to the submissions received by the IPC.
- › **2022 (March)** – the proceedings were resolved through a Section 34 agreement dated 25 Feb 2022 and includes the conditions in Annexure A to the agreement which, amongst other things, include:
 - imposition of a new condition ('1.1(a)(xi)' of the Annexure A to the Section 34 agreement) requiring mining operations to be carried out in accordance with the 'Dartbrook Mine Modification 7 Environmental Assessment Kayuga Seam Bord and Pillar Mining Operations', dated June 2018, which caps bord and pillar ROM tonnage at a maximum of 1.5Mtpa.;
 - authorisation of mining operations until 5 December 2027;
 - restriction on the use of the CHPP until noise mitigation measures are addressed;
 - imposition of a condition which effectively refuses the alternative coal clearance system originally proposed in MOD 7; and
 - a requirement that AQC demonstrate additional matters in its extraction plan required to be submitted to and approved by the Secretary to carry out longwall mining operations.
- › **2022 (July)** – AQC gave notice of an Extraordinary General Meeting to be held in August 2022 in respect to a proposed commercial transaction and included an IER containing the Xenith 2022 Report.
- › **2022 (August to December)** – AQC made various ASX announcements in respect to potential commercial transactions to recommission Dartbrook, including Trepang and various other parties.
- › **2023 (March)** – AQC provided an ASX update confirming that the JV had made substantial progress on major critical path activities in respect to the recommissioning of Dartbrook.
- › **2024 (January)** – AQC announced¹⁹ the Proposed Transaction whereby the JV had finalised a 3year USD60M (approximately \$90M) debt facility with Vitol, a global energy and commodities company with the funds to:
 - cover forecast restart Capex at Dartbrook through to first coal; and
 - the acquisition of additional mining systems during ramp-up.

¹⁸ Land and Environment Court New South Wales, NSWLEC 1089, Court Orders, 11 March 2022, Paragraph 19.

¹⁹ Australian Pacific Coal, ASX Announcement, "AQC finalises binding USD60 million (~AUD90 million) Dartbrook Mine restart funding package", 22 January 2024

4. Dartbrook review – MOD 7 and Tenure

4.1 Implications of MOD 7

As set out in section 3.2, Dartbrook has faced an extended period of procedural challenge and process prior to the MOD 7 orders.

Several key elements of the MOD 7 orders impact the cost, capital expenditure (**CAPEX**) and potential production schedule of Dartbrook, and accordingly are material to the Model inputs as they permit the Dartbrook Project to:

- › produce a maximum of 6Mtpa of ROM coal made up of:
 - a maximum of 1.5Mtpa ROM Coal from bord and pillar mining; and
 - produce up to 4.5Mtpa of ROM Coal from other means, subject to the regulatory approval of updated extraction plans;
- › utilise the Hunter Tunnel for all ROM coal clearance and handling;
- › upgrade the CHPP for noise mitigation measures; and
- › cease mining operations by 5 December, 2027.

4.2 Other factors in respect to the Model inputs

In addition to the MOD 7 orders, we note the following additional material impacts to the cost, Capex and potential production schedule of the Dartbrook Project, over and above those contemplated by the Mining Information and the Model:

- › the timeframe between the Dartbrook Project first being placed under C&M from January 2007, until confirmation of the MOD 7 orders, has meant the project, including existing underground workings, mine and surface infrastructure sat idle for over 15 years;
- › restrictions exist with respect to the potential open cut mining Resource previously declared as part of the Dartbrook Project, the 'State Environmental Planning Policy (Resources and Energy) 2021' prohibits any open cut mining at Dartbrook²⁰;
- › the Coal Reserves for long wall mining operations were estimated in 2017, Xenith has not been provided or has not been able to identify an underpinning report to support these reserves;
- › any future mining potential beyond the **MOD 7 Closure Date** will necessitate further regulatory application and approval which is not certain or guaranteed of success;
- › as set out in section 4.3 below in respect to MOD 7 Closure Date, all of the Tenements are "current" and accordingly, Xenith consider the Tenements to be in 'good standing'. In respect of any potential MOD 8 LOM extension, Xenith highlight that several of the Tenements will require renewal. Management have provided advice that those Tenements due for renewal ahead of 2033 do not include the Mining Leases from which coal is expected to be mined which are in good standing until their renewals from October 2033 and beyond.

²⁰ State Environmental Planning Policy (Resources and Energy) 2021, Part 2.11 and Schedule 1, (<https://legislation.nsw.gov.au/view/html/inforce/current/epi-2021-0731#sec.2.11>)

4.3 Tenure

The Dartbrook Project consists of the following NSW mining exploration licenses (**EL**), authorisations (**AUTH**), coal lease (**CL**) and mining leases (**ML**), as set out in Table 3 below (collectively the **Tenements**).

Xenith highlight that all the Tenements are “current” and accordingly, Xenith consider the Tenements to be in ‘good standing’. Apart from EL 4574 due for renewal in August 2024, all the Tenements cover the period to the MOD 7 Closure Date.

In respect of any potential MOD 8 LOM extension, Xenith highlight that several of the Tenements will require renewal as defined by the expiry dates in Table 3 below but note AQC should have time to secure all of these in advance of any LOM extension. Management have provided advice that those Tenements due for renewal ahead of 2033 do not include the Mining Leases from which coal is expected to be mined which are in good standing until their renewals from October 2033 and beyond.

Accordingly, Xenith consider the Project tenure to be reasonable and of low risk to the Project.

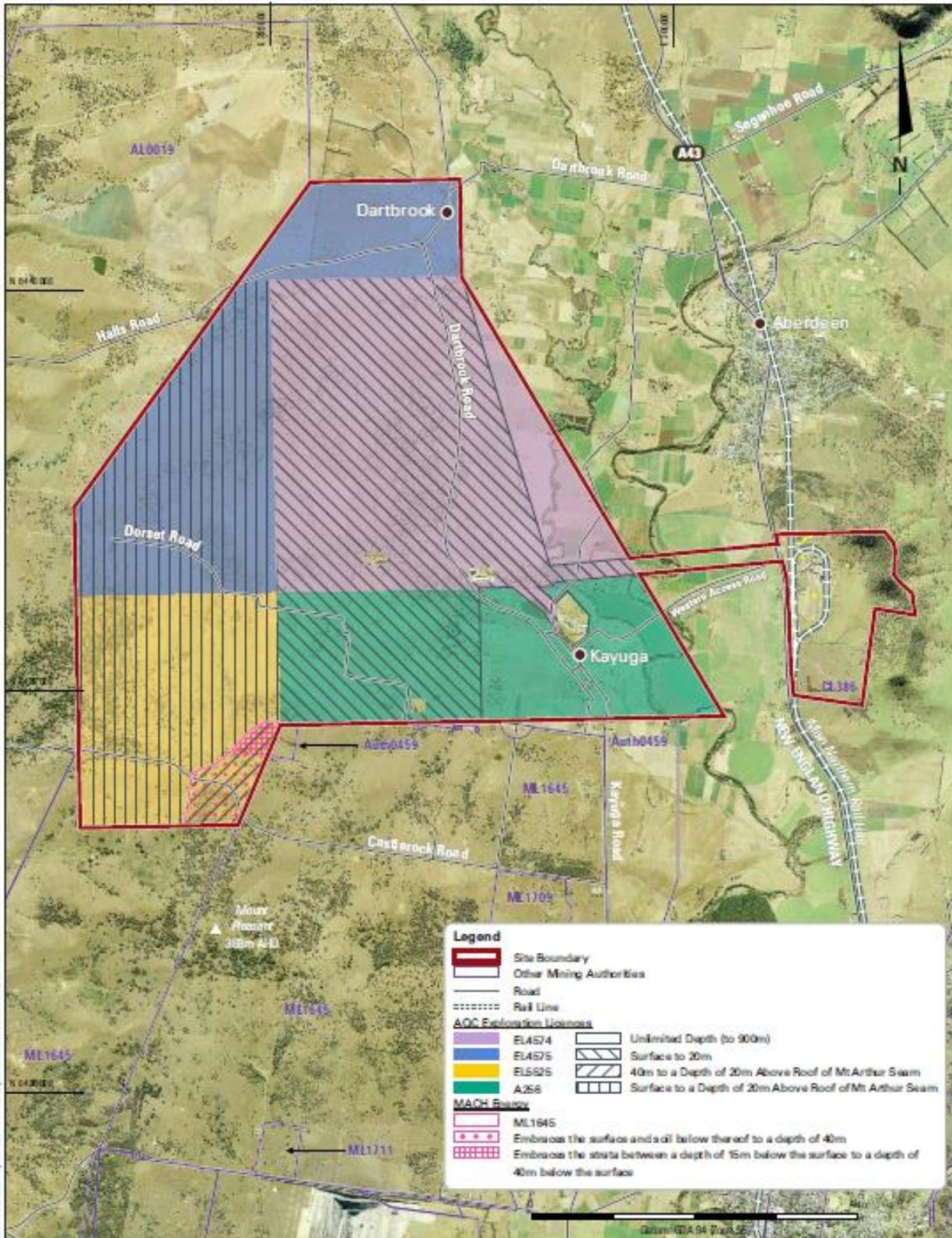
Table 3 – Dartbrook Project Tenement Summary

Tenement	Holder	Grant Date	Expiry Date	Status	Area (HA)	Annual Rental Fee	Annual Administration Levy	Security Required	Security Held
EL 4574	AQC Dartbrook Pty Ltd	13/08/93	13/08/24	Current	1336	\$267.20	\$100	\$10,000	\$10,000
EL 4575	AQC Dartbrook Pty Ltd	13/08/93	13/08/27	Current	960.6	\$192.12	\$100	\$10,000	\$10,000
EL 5525	AQC Dartbrook Pty Ltd	22/09/98	22/09/27	Current	692	\$138.40	\$100	\$10,000	\$10,000
AUTH 256	AQC Dartbrook Pty Ltd	16/12/80	16/12/25	Current	811	\$162.20	\$200	\$20,000	\$20,000
CL 386	AQC Dartbrook Pty Ltd	19/12/91	19/12/33	Current	1,467	\$9,535.50	\$23,478	\$9,391,000 (Group Security)	\$8,900,000 (Group Security)
ML 1381	AQC Dartbrook Pty Ltd	23/10/95	23/10/33	Current	2.635	\$100.00	\$23,478		
ML 1456	AQC Dartbrook Pty Ltd	27/09/99	27/09/43	Current	5.425	\$100.00	\$23,478		
ML 1497	AQC Dartbrook Pty Ltd	06/12/01	05/12/43	Current	1,793	\$11,654.50	\$23,478		

Source: Australian Pacific Coal, independent tenement management advisors – Hetherington, *Tenement Obligations Report*, November 2023

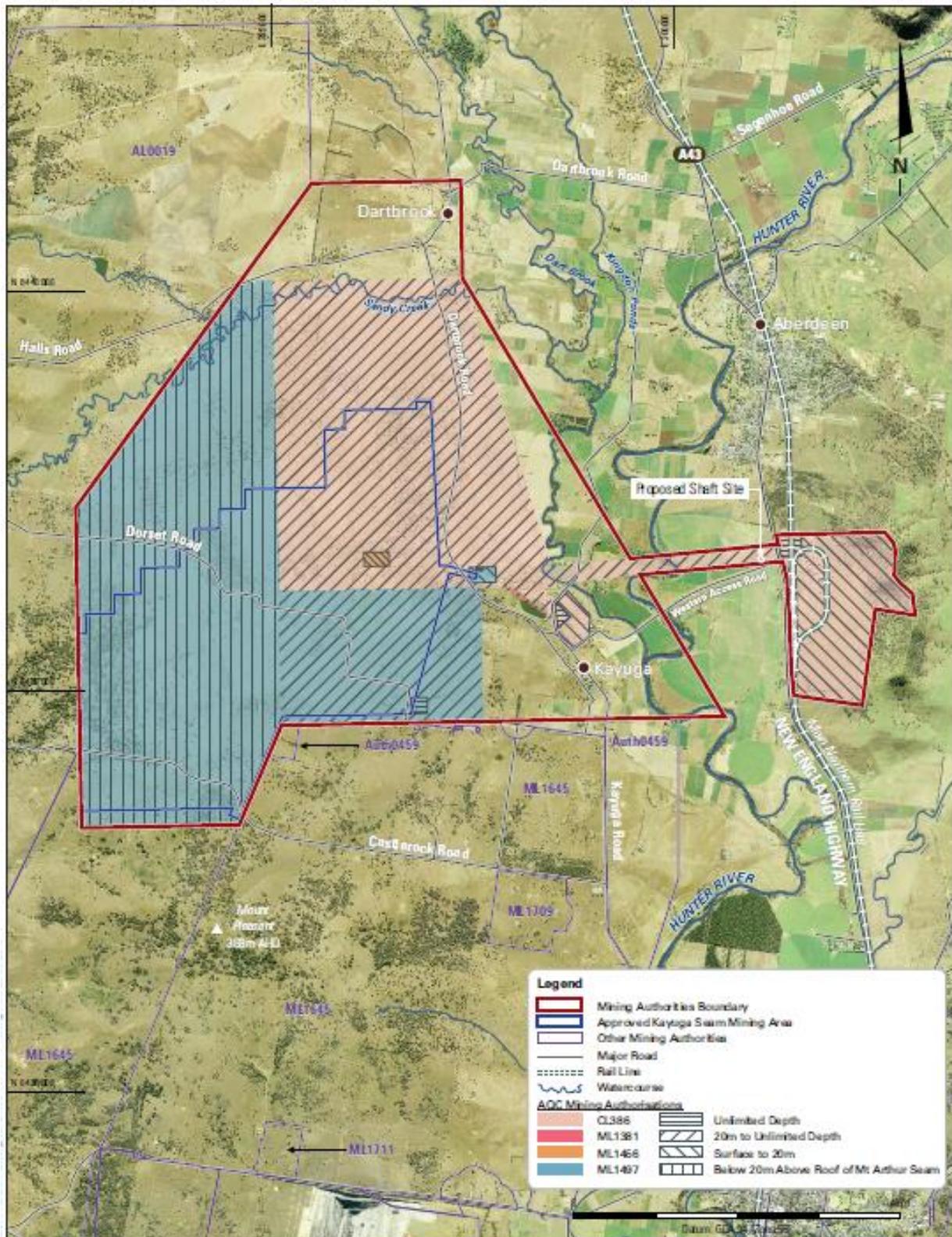
As illustrated in Figure 2 and Figure 3 below. The ML’S and CL pertain to same area as the EL’s and AUTH. Depth constraints of the tenements are shown in the figures.

Figure 2 – Dartbrook Project EL and AUTH boundaries



Source: Australian Pacific Coal, Environmental Advisor - Hansen Bailey, Doc # HB1768 F2 Exploration Licenses

Figure 3 – Dartbrook Project ML and CL boundaries



Source: Australian Pacific Coal, Environmental Advisor - Hansen Bailey, Doc # HB1774 F17 Mining Titles

5. Dartbrook review – Geology and Resources

5.1 Overview

As set out in the following sub-sections, Xenith has undertaken a review of the Dartbrook Project's geology and AQC Resource estimates as detailed in the Feasibility Study and ASX releases, in order to provide confirmatory guidance in respect to the Model's technical input assumptions.

Xenith has not independently verified the Mineral Resource or Reserve estimates by means of recalculation.

Two resource estimates were available and reviewed, the '2016 Resource report'²¹ and the '2017 Resource Report'²². Both reported resources are in accordance with the 2012 JORC code.

The coal seams of the project dip to the west and occur continuously from their subcrop to the lease boundaries (see Figure C.3 and Figure C.4 of **Appendix C**). The 2016 Resource estimate focuses on open-cut resources within a nominal pit area (Figure A.5) that avoids the Hunter River alluvium and the village of Kayuga and is limited to a maximum depth of 350 m. The 2016 resource report includes detailed resource tables as well as maps of the ply resource areas, thickness and raw ash.

The 2017 resource estimate does not have areal or depth constraints. The 2017 Resource report does not include any geological or resource area maps.

Both Resource reports appear to have built the models used for the resource estimates from the same drill hole and coal quality database from a 2010 geological model. The described data validation, modelling and resource estimation processes, as well as the estimated Resources, appear reasonable with consideration to the differing constraints applied to each estimate.

A direct comparison of the two resource estimates has not been possible due to the different constraints applied to the estimates.

5.1.1 Documents reviewed

The geology and/or resource estimation reports available for this review are the '2016 Resource report' and the '2017 Resource report'. A summary of the exploration history is given in the '2021 Compliance reports'²³.

The resources of the 2016 Resource report have been based on the seam intervals of the 2010 Minex Structure model and the 2012 Quality model. The actual model date has not been stated but it is understood the model has been generated in 2016. The resources of the 2017 Resource report have been estimated from a geological model generated in 2011-2012.

It appears that neither of the reports includes holes drilled after 2010 and that both resource estimates were generated from the same drill hole and coal quality database. The description of the project's geology and the resource estimation process are also similar. As the 2016 Resource report is more extensive this document summarises the 2016 Resource report, unless stated differently. The one notable difference between the two resource estimates is that the 2016 Resource report reports only opencut resources excluding areas under alluvial lands and with a depth of more than 350 m, while the 2017 report had no

²¹ JB Mining Services Pty Ltd (2016). Dartbrook Project, Resource Update as at January 2016. JB Mining Services Pty Ltd for Australian Pacific Coal

²² GPPH & Associates (2017). Dartbrook Coal Resource Estimate 2.5 Billion Tonnes. Lynne Banwell of GPPH & Associates for Australian Pacific Coal Limited

²³ James Bailey & Associates (2021). Annual Reports for Dartbrook Mine, Environmental and Rehabilitation Compliance Report: Exploration Licence 4574, 4574 and 5525. For AQC Dartbrook Pty Limited, 10 September 2021

such limits. The 2017 Resource report therefore estimates more resources (2.5 Bt) than the 2016 Resource report (1.2 Bt).

5.1.2 Drill hole data and geological models

No drill hole data or geological model(s) were available for this review.

5.1.3 Tenements

As set out at Section 4.3, all the Tenements are current (Table 3). Xenith consider the Tenements to be in 'good standing'.

Individual tenements may also be restricted to certain depths and Xenith notes the south-eastern portion of EL5525 and ML1497 is overlapped by Mach Energy's ML1645, neither of which limit the resource estimates.

5.2 Geological setting

The Dartbrook coal resources are located on the western side of the Muswellbrook Anticline. Strata of the Permian Wittingham Coal Measures outcrop in the area and dip 3 to 5 degrees to the west. The general stratigraphy of the project is shown in Figure C.1 of **Appendix C**. Structural geology is limited in complexity with relatively minor faulting.

Underground mining has been carried out in this area and this has provided direct evidence of the coal continuity in the mined seams and confirmation of the interpretations based on drilling data.

The deposit is stratigraphically complex with 15 main seam groups broken up into approximately 110 different plies. Seam splitting and coalescence is common particularly within the Mt Thorley and Burnamwood Formations. Despite the amount of seam splitting the coal plies show good lateral consistency in both thickness and raw ash providing confidence in resource classification.

5.2.1 Quaternary (alluvium) and weathering

Recent sediments from the Hunter River occur in the narrow Hunter River flood plain zone. The edge of alluvium has been defined by 500-700 metre spaced backhoe costeans in a 2007 study by Australasian Groundwater & Environmental Consultants.

The base of weathering depth ranges from 5 to 45 m with an average of 18 m in the resource area.

5.2.2 Structure and igneous features

Fault trends are NW and ENE. Faults have been delineated from intersections in underground workings, drill holes and seismic surveys.

Igneous features within the Dartbrook area include major dykes, plugs and other minor intrusions thought to be Tertiary in age. Two major dykes have been interpreted at Dartbrook from various magnetometer surveys, surface trenching, in-seam drilling and in-seam intersections. These dykes traverse the area in a north-east to south-west direction and are named the 'Roman Road' dyke and 'The Great Wall of China' dyke. Other (minor) dykes also trend in a north-east to south-west direction. One proven igneous plug has been modelled close to the Kayuga underground working. Other plugs have been interpreted from magnetic surveys.

5.2.3 Previous mining

Underground mining has previously been undertaken in the Kayuga and Wynn Seams in the central area of the project.

5.3 Exploration history

Set out below is a brief Exploration History after the 2016 Resource and the 2021 Compliance reports:

- › initial coal exploration in the early 1970s conducted by Peabody Coal;
- › the Department of Mineral Resources (DMR) undertook further drilling in the late 1970s;
- › exploration drilling programs in the 1980s exploring open cut mining opportunities, conducted by Bellambi Coal Company;
- › underground mining feasibility exploration in 1993, with further investigations from 1996 to 1998, conducted by AAMC;
- › coal quality analysis, geophysical logging, geotechnical, groundwater and seam gas investigations in 1990 and 2000, conducted by AAMC;
- › deep underground coal seam investigation for underground coal mining options between 2001 and 2005, conducted by AAMC;
- › coal seam exploration in 2006 prior to Dartbrook Mine being placed under care and maintenance in 2006, conducted by AAMC;
- › coal quality and geotechnical testing exploration programs from 2007 to 2017 to assess potential for future open cut mining options, conducted by AAMC; and
- › since acquiring the Dartbrook Mine in May 2017, AQC has drilled several cored and non-cored boreholes to investigate seam thickness and structure as well as ongoing groundwater observations.

5.3.1 Drill holes

The 2016 Resource report shows the drill hole statistics in Table 4 below. Drilling is generally on a 250 m grid pattern with only the north and north-west portion of EL4575 not covered by the 250 m grid. The majority of holes are geophysically logged for at least caliper, gamma and density. The geophysical statistics for the structural model holes are given in Table 5 below.

There are 352 cored holes with raw quality data in the database. The coal quality hole spacing is 350 to 500 m in the eastern half of the deposit and 500 to 1000 m in the western part of the deposit. Except for bulk samples (up to 200 mm core), samples are from HQ (61 mm diameter) or HQ-3 (63 mm diameter) core. Coal quality hole statistics are given in Table 6 below.

No information is available on the depth of the drilled holes, i.e. the seams intersected and analysed in each drill hole.

Table 4 – Drill Hole Statistics

Number	Details
1230	Total Number of Holes in Database excluding barren holes
774	Holes in used in Structural Model
373	Holes in used in Quality Model

Table 5 – Structural Model Holes - Statistics of Downhole Geophysics

Number of Holes	Details
264	Geophysically logged with verticality
316	Geophysically logged with no verticality
104	Geophysically logged hardcopy record only
90	Not Geophysically logged
774	Total No of Holes in used in Structural Model

Table 6 – Coal Quality Holes Data Types

Number of Holes	Details
352	with Raw Coal Quality Data
343	with Float Sink (Washability) Data
373	Total with Quality Data

Xenith notes the 2017 Resource estimate reports different drill hole statistics (Table 7 below). Xenith has not been able to confirm where the difference comes from but do not consider the variation significant to the resource estimates. A visual comparison of the 2016 and the 2017 Resource reports' resources maps shows very few differences.

Table 7 – Summary of Dartbrook Borehole Data

Number of Holes	Holes
1123	In Database
1026	In Model
547	With some Geophysics
355	With Raw CQ Analyses
343	With Washed CQ Analyses

5.3.2 Other exploration

An aeromagnetic survey was flown by Geoterrex Pty Ltd in 1989. The survey was flown over the northern half of Authorisation 256 (Dartbrook area) with the purpose of identifying intrusives or other structures that may have given a magnetic response and which could possibly have affected future underground coal

mining development. A ground magnetometer survey was carried out by Scintrex Pty Ltd in May 1990. Both surveys targeted intrusive features.

Velseis carried out a 2D Mini-Sosie seismic survey in 1995 and a 2D dynamite seismic survey in 2003. While the Mini-Sosie survey did not identify specific features, the dynamite survey identified the split zone between the Kayuga and Mt Arthur seams and indicated the Kayuga Fault Zone and its North-Western Branch.

A considerable amount of good quality rock property data has been generated for the Dartbrook project. The focus of geotechnical data has been for underground mine planning.

Extensive testing since the 1980's of the gas content and composition of the major coal seams present within the Dartbrook area, including the Mt Arthur, Kayuga, Piercefield, Vaux, Broonie, Bayswater and Wynn seams, were carried out by AAMC or its predecessors.

The seams at Dartbrook tend towards a medium to high spontaneous combustion risk. The exposure of the old workings also increases the risk of re-activation of dormant heatings or commencement of new heatings.

Testing of some potential underground seams at Dartbrook was carried out in the late 1980's and early 1990's by predecessors of AAMC. Adiabatic heating tests (R70) on borecores from DDD54, DDH57, DDH60, DDH66 and DDH68 indicated that the propensity for spontaneous combustion for the seams tested was as follows:

- › Kayuga – very high risk
- › Piercefield Middle – high risk
- › Piercefield Lower – high risk
- › Broonie – low to medium
- › Wynn Upper – medium to high risk

5.4 Coal quality

Coals at Dartbrook can be classed as high volatile bituminous coal. It is slightly lower in rank than the coals to the south in the Hunter Valley. The raw coal inherent moisture ranges from 2.0 to 8.0 averaging 4.3%. There is insufficient Moisture Holding Capacity data to model on a ply basis. For the purposes of estimation of in situ Relative Density, the in-situ moisture has been estimated from average (seam group) MHC values.

The coal will require beneficiation for export markets. It is expected to be able to produce a range of Thermal coal products between 10 to 18% Ash adb. There is potential to produce a 9% ash adb PCI product from the Kayuga and Piercefield seams.

5.5 Resource estimation

The Dartbrook regional and local geological setting is well understood and defined by extensive drilling. The project is located in a region with a long history of (opencut) mining. The deposit has been mined by underground methods providing direct evidence of seam continuity and a demonstration of it relatively simple structural setting.

Comprehensive coal quality analyses have been undertaken. Critical data is viewed as raw ash and yield which are well defined by core analyses. The plies show good consistency of coal quality and thickness, demonstrated by locally trending model contours and low coefficients of variation.

Quality domains are essentially defined by seam splits. Statistical analyses on seam thickness and coal quality have been carried out.

Omni-directional variograms have been constructed for ply thickness and raw ash for a "select" ply in each seam group to provide an indication of the drill hole spacing required to achieve the standard levels of

confidence for Measured, Indicated and Inferred resource estimation. Results from this work indicate that the drill hole spacing criteria used in the previous assessment were conservative.

Given that the geostatistical studies are not exhaustive the drill hole spacing criteria used in the previous assessment has been used in both assessments.

Both resource estimations were based on geological ply models. Both Resource reports estimated the resources in accordance with the 2012 JORC code. Both used the drill hole spacing between and the radius of influence around Points of Observations as per Table 8. below, where a Point of Observation is a cored drill hole with core recovery >90% and having raw ash data.

Table 8 – Point of Observation Spacing for Resource Classification

Classification	Radius of Influence (m)	Maximum Distance Apart (m)
Measured	250	500
Indicated	500	1000
Inferred	1000	2000

Almost all raw ash data points have associated Float sink (F/S) ash yield data. Because of a strong correlation between raw ash and float yield and ash, any absent F/S data can be back calculated from raw ash.

As the geological models for both Resource reports are ply models there are “in seam” plies that are thin but are part of a thicker working section. Excluding areas where the ply thickness is <0.3m is only valid when the ply is not part of a contiguous working section. The following logic was applied to the resource blocks. A minimum ply thickness constraint of 0.3m was applied where the overlying ply is more than 0.3m above the ply. Applying this rule only removes ~73 Mt from the resource estimates (2016 Resource report).

A maximum Raw ash constraint of 45% was applied. Coal in the Kayuga plug and two major dykes areas is excluded. Resource tonnages were estimated using the in-situ Relative Density calculated via the Preston & Sanders formula.

The 2016 Resource report reported only open cut resources to a maximum depth of 350 m. The areal constraints were:

- › the western up-dip limit is the nominal pit boundary or the ply Lox line (Limit of Oxidation – the boundary of weathered and unweathered coal)
- › the northern limit is set as the nominal pit boundary
- › the down-dip limit is set by lease boundaries
- › the southern limit is set by lease boundaries
- › the nominal pit boundary is west of the limit of Alluvium and west of the Kayuga village.

The 2017 Resource report had no depth limit. The only stated areal constraint was the ply Lox lines as eastern up-dip limits, and the tenement boundaries. Both Resource reports have a cut-off grade of 45% ash applied.

5.5.1 Resources

The 2016 Resource report’s resources to a maximum depth of 350 m are shown in Table 9 below. Although the report states that ‘Tonnages are divided by depth of cover to each ply at the following depths 100m, 200m, 250m, 300m, 350m, 400m, 500m, and 600m.’, no resources beyond 350 m depth were reported.

Table 9 – 2016 Resource Report In Situ Resources (Mt)

Depth	Measured	Indicated	Inferred	Total
Total	466	449	294	1,209

The 2017 Resource report's resources without depth limit are shown in Table 10 below.

Table 10 – 2017 Resource Report In Situ Resources (Mt)

Depth	Measured	Indicated	Inferred	Total
< 450m	507	638	658	1,803
< 450m Non-Open-Cut	80	208	388	675
>450m	2	3	51	56
Total	588	850	1,097	2,534

Apart from the depth limit applied to the 2016 Resources, they are also constrained in the east by the limit of the Hunter River flood plain Alluvium and nominal pit boundaries in the north. The 2017 Resource report does not include any maps showing the resources areas making a comparison of the two resource estimates difficult.

A comparison of the resources by tenements (Table 11 and Table 12 below) shows exploration licenses (ELs) contribute only 38Mt in 2016 but 558Mt in 2017. Coal seams in these two ELs are generally less than 350m deep. Only the Wynn seam is deeper than 350m in the eastern part of EL4575. the difference can be expected to be from the different areal limits. This could explain ~520Mt of the 600Mt the 2016 resource is lower than the <450m 2017 resource.

The upper seams are not affected by the 350m depth constraint; only seams below the Mt. Arthur seam show areas with depths greater than 350m. Due to the westerly dip of the seams, this ranges from only a very small percentage for the Kayuga seam to most of the seam occurring at depths of more than 350m for the basal Edderton seam. The depths of the individual seams/plies are shown in the resource classification maps (Figures 25 to 38 of the AQC 2016 Resource report).

Table 11 – 2016 Resources by Tenement

Tenements	Measured	Indicated	Inferred	Total
ML386	265	120	87	472
ML1497	179	314	205	699
EL5525 & EL4575	21	15	1	38
Total	466	449	294	1,209

Table 12 – 2017 Resources by Tenement

Tenements	Measured	Indicated	Inferred	Total
CL386	338	291	178	807
ML1497	195	345	487	1,026
ML1381	0	1	0	1
ML1456	0	0	0	
A256	34	74	34	142
EL4574	7	51	173	231
EL4575	11	49	154	214
EL5525	3	39	71	113
Total	588	850	1,097	2,534

Table 13 shows the ply weighted average qualities within the Measured and Indicated resource categories, including theoretical ash and yield for Float 1.5 and 1.6 fractions.

The qualities do not include the partings between plies that might be incorporated into a mining working section. As a result, working section qualities will have higher ash and lower yield.

Table 13 – Ply Weighted Average Qualities within the Measured and Indicated Resource Categories

Seam Group	Insitu RD	Inherent Moisture (%)	Raw Ash(%)	Raw CSN	Raw Total Sulphur (%)	Raw Volatile Matter (%)	F1.50 Yield (%)	F1.50 Ash (%)	F1.60 Yield (%)	F1.60 Ash (%)
Blakefield	1.39	6.4	16.2	-	0.34	29.0	-	-	-	-
Glen Munro	1.52	7.1	33.8	-	0.26	24.4	50.5	13.1	62.1	16.5
Woodlands Hill	1.47	7.0	25.5	-	0.31	27.9	67.4	10.4	74.7	12.4
Arrowfield	1.37	7.1	12.8	1.3	0.35	31.9	84.8	5.8	88.1	6.5
Bowfield	1.49	6.3	26.7	0.8	0.34	27.5	63.1	10.2	69.8	12.4
Warkworth	1.43	5.9	20.5	1.7	0.41	30.2	71.9	9.6	78.8	11.6
Mt Arthur	1.43	5.6	19.4	1.1	0.31	28.7	77.2	10.5	83.6	12.0
Kayuga	1.40	5.5	17.9	2.1	0.29	31.4	76.1	8.6	82.1	10.3
Piercefield	1.39	5.0	15.5	2.0	0.41	31.7	80.6	7.8	84.7	8.9
Vaux	1.46	4.8	23.6	1.8	0.36	28.2	67.5	10.0	74.8	11.9
Broonie	1.43	4.0	20.8	1.6	0.44	29.7	71.4	10.1	77.6	11.9
Bayswater A	1.41	3.9	17.5	1.0	0.38	29.2	77.8	10.7	85.2	12.0
Bayswater B	1.52	3.5	24.8	0.6	0.27	24.2	51.9	13.5	69.2	16.1
Wynn Upper	1.43	3.6	21.1	1.7	0.37	29.6	73.0	10.2	78.1	11.2
Wynn Lower	1.50	4.2	27.5	1.4	0.47	28.1	63.7	13.0	72.2	15.2
Edderton	1.52	3.8	29.8	1.9	0.41	28.5	57.1	13.1	67.4	15.8

Air Dry Basis unless noted otherwise.

5.5.2 Proposed underground mining seams

Underground mining has been proposed on the mining leases (CL & MLs) in the Mt. Arthur, the Kayuga and the Piercefield seams. The 2016 Resource reports resources for these seams is shown in Table 14.

The 2017 Resource report does not detail resources by seams.

Table 14 – Resources (2016) of Proposed Underground Mining Seams

Seam	Mt. Arthur				Kayuga				Piercefield				Grand Total
	Mea	Ind	Inf	Total	Mea	Ind	Inf	Total	Mea	Ind	Inf	Total	
0-100m	19	9	2	30	10	6	2	17	5	3	1	9	56
100-200m	25	21	6	52	20	9	4	33	51	13	4	67	152
200-250m	12	12	5	30	7	9	7	23	27	16	5	47	99
250-300m	5	9	6	19	3	11	5	18	24	20	7	52	89
300-350m	0	4	4	9	1	5	4	10	7	19	10	36	55
Total	61	56	23	140	40	40	22	102	114	71	26	210	452

* Mea = Measured, Ind = Indicated, Inf = Inferred

5.5.3 Reasonable prospects

The 2016 Resource report comments that “The resources at Dartbrook are considered to have reasonable prospects of eventual extraction by open cut method in a nominal pit area. A Pre-feasibility study in 2015 indicates that an open cut mine is viable within a 10-year period even to depths in the order of 350m.”

The 2016 Resource report also refers to Previous Resource Estimates with ‘The previous resource assessment **by AAMC in 2010 [emphasis added]** quoted a total JORC resource of 412 Mt as detailed below. A further 1,396 Mt of potential resource was identified in the report. This tonnage is not reported (as a JORC reportable resource) as it was considered “Low Potential” due to failing AAMC’s strict “Reasonable Prospects test criteria”. The 412 Mt resource area was constrained to a pit area that excluded the western ML1497 and also a maximum depth of 250m was applied. Refer to Figure 24 of the 2016 Resource report for the AAMC Resource area.’ The AAMC pit area is shown in Figure 3 of the 2016 Resource report.

No reasonable prospect comments were made in the 2017 Resource report.

AQC published its own pre-feasibility study for open cut mining in August 2018, which referenced the 2017 Resource report and coal tonnages shown in Table 10 above, and stated:

*“The Coal Resource have been estimated in accordance with the JORC Code, 2012 Edition. The Dartbrook tenements contain a total Coal Resource of approximately 2,534 Million tonnes (588 Mt Measured, 850 Mt Indicated, 1,097 Mt Inferred). Within this Coal Resource, **open cut mining is amenable in areas for a total of 1,803 Mt [emphasis added]** at a depth shallower than 450m”.*²⁴

Accordingly, the 2018 AQC open cut pre-feasibility infers that of the most recent, 2017 Resource of 2,534Mt:

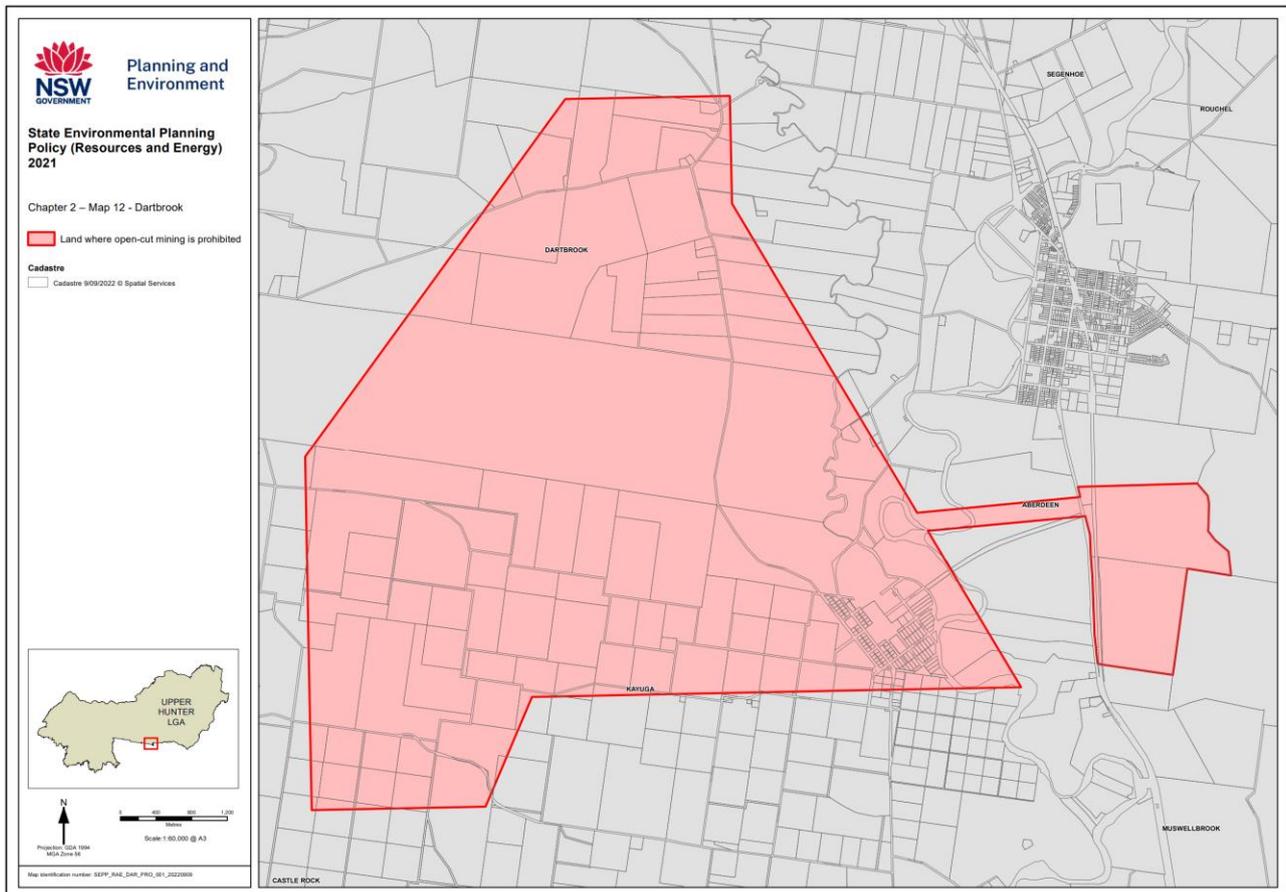
- › 1,803Mt are designated as open cut Resource; and
- › 731Mt are designated underground Resource.

In Xenith’s opinion, while the resources estimates indicated in the 2016 and 2017 resource reports provide a good representation of the insitu coal that is present within the leases (subject to the constraints applied), the perspective of what might be reasonable prospects for economic extraction would in 2024 be perceived differently subject to a full review of the Modifying Factors, for example the MOD 7 ruling, general escalation of coal prices and changes in industry cost inflation etc.

The NSW government, through the application of a State Environmental Planning Policy (SEPP) has, since October 2022, effectively prohibited open cut mining within the Dartbrook tenements (see Figure 4).

²⁴ Australian Pacific Coal, Completion of Open Cut Pre-Feasibility Study for Dartbrook Project, 28 March 2018, Page 8.

Figure 4 – Area of open cut mining prohibition (SEPP)



Source: <https://www.planningportal.nsw.gov.au/publications/environmental-planning-instruments/state-environmental-planning-policy-resources-and-energy-2021> (Chapter 2 - Map 12 - Dartbrook)

6. Dartbrook review – Mining

6.1 Mining overview

The following section provides a summary of Xenith's high-level review of the Dartbrook project and its proposed Kayuga Seam Bord and Pillar mine plan. This summary aims to provide guidance into the reasonableness of the Model's assumptions in relation to the mine plan, mine schedule and associated operating and capital costs.

Section 3.2 of this Report provides an overview and history of Dartbrook.

Xenith have met with the Management of the JV (**Management**) and been provided a presentation²⁵ in respect to the JV's strategy and approach to recommencing mining at Dartbrook within the next 12 months in accordance with the MOD7 approval for underground mining. Management intend to slightly vary the mining system and mining layout to optimise the production schedule with higher productivity and lower unit costs over time compared with the Feasibility Study.

As set out in Section 5 above, the deposit's geology is stratigraphically complex, with 15 main seam groups divided into approximately 110 different plies. Despite this complexity, the coal plies exhibit consistent lateral thickness and quality, providing a high degree of confidence in resource classification. Various entities, including Shell, AAMC, and industry consultants, have extensively studied the deposit over 25 years, leading to a thorough understanding of its geology and characteristics.

Xenith highlight that MOD 7 limits Bord and pillar mining to 1.5Mtpa. AQC have demonstrated that scheduled Bord and Pillar production is capped at this amount, however Xenith note that up to an additional 1.4Mtpa of coal is forecast to be produced from mine development activities which support the Bord and Pillar operation. These development activities are necessary and are a required part of the mining process to support normal mine production (note: similar development activities would be required for a longwall operation). For the purposes of the TAR, Xenith have not sighted confirmatory evidence that the Authority considers the development tonnes are within MOD 7 approval limits and highlight that risk remains around our assumption that AQC's development activity is not considered as part of the MOD 7 permitted Bord and Pillar production tonnage.

6.2 Kayuga seam Underground Reserves

AQC's recent studies focus on restarting underground Bord and Pillar mining in the Kayuga seam, relying on the 2017 Reserve²⁶ report, which is based on the JORC Code Resources report from 2016.

The JORC Code Reserve statement is based on the selective mining of the remaining Kayuga Seam within the confines of the current mining lease using underground Bord and Pillar first working methods. In 2017, the Coal Reserves for the Kayuga seam are 8.98 million tonnes ROM, yielding 6.68 million tonnes of product coal at 12% ash (adb)²⁷.

6.3 Mine Plan

As mentioned previously, Tetra's new plan (**Mine Plan**) differs slightly from the Feasibility Study. Some of the key differences discussed within this report are:

- › The mining method has changed from seven in-place bolter miners to one in-place bolter miner and three place change miners with individual bolting machines.

²⁵ 04.04 JV Presentation 230111

²⁶ 07.10.06 Australian-Pacific-Coal-MR-03272017

²⁷ Ibid

- › The mining layout has changed from a square Bord and Pillar layout to a herringbone layout.
- › The plan is to mine the full seam section where conditions allow.
- › The production profile is similar to the 2017 FS.

6.3.1 Mining method

The current selected Bord and Pillar methods are based on several factors, including the size of the resource, the nature of the deposit, and the time scale of the project.²⁸

In Bord and Pillar mining, two common methods are in-place bolting and place changing. The Mine Plan's final configuration is based on having one "in-place bolter" to mine, install primary support, and three "place change" miners with separate mobile roof bolters.

The differences between these approaches are set out below:

Method 1 – In-Place Bolting:

Definition: In this method, the roof bolting process occurs while the continuous miner (CM) is still in the same location where coal has been extracted.

Process:

The CM cuts coal from the seam. Cutting usually between 1m and 2m

Roof bolters follow closely behind the CM, installing roof bolts to secure the roof.

The CM continues mining, and the bolting process happens simultaneously.

Advantages: Continuous Support: The roof is supported immediately after coal extraction, reducing the risk of roof collapse.

Efficiency: Bolting occurs in real-time, minimizing downtime.

Challenges:

Space Constraints: Limited space near the CM for bolting equipment.

Safety: Bolters work near the CM, which can be hazardous.

Commonly Used in: Thin seams or areas with immediate roof instability 1.

Method 2 – Place Changing:

Definition: In this method, the CM moves to a new location after extracting coal from one area (a "place") to another. Usually cutting what is known as an extended cut commonly greater than 6m without supporting the roof but usually no greater than 12m. The longer the extended cut the higher the productivity.

Process:

The CM extracts coal from a specific place.

After completion, the CM moves to a new place.

Roof bolters follow the CM to the specific place and install roof bolts.

Advantages:

²⁸ 20240215 Dartbrook General Presentation Independent Experts

Safety: Bolters work away from the active mining area, reducing risks.

Space: More room for bolting equipment.

Efficiency: Bolting can occur without time pressure.

Challenges:

Roof Stability: The roof remains unsupported until bolting occurs.

Downtime: CM movement between places can cause downtime.

Commonly Used in: Thicker seams or areas with better roof stability

Xenith note that currently, there is no plan for secondary extraction to ensure higher productivity and production as soon as possible from startup and to avoid caving the roof to minimize the risk of spontaneous combustion in the resultant goaf.

The mine has been designed in a herringbone fashion to minimize 90° turns and maximize the use of a flexible conveyor system for one of the miners to enhance production.

In discussions with management, there are some inherent risks associated with the place changing methodology in the Kayuga seam, as it is currently an untried method in this seam. The Feasibility Study recommended, based on advice from geotechnical engineers, that in-place bolting is the preferred method for Bord and Pillar mining, taking into consideration the historic development drivage for the longwalls and the known weak roof conditions.

Recent geotechnical advice, which summarizes past technical reports and comments on any likely limitations regarding place changing, provides potential opportunities for further consideration. The advice²⁹ concludes that the immediate roof of the Kayuga Seam exhibits average CMRR values of 38-41 (but as low as 31). Therefore, for nominal development roadway widths of <5.4 m-wide, the implementation of routine extended cuts (or unsupported plunges >6 m-long) would be precluded in some areas and marginal, at best, in other areas.

The report emphasizes that there are opportunities to reconsider the current thesis by:

- a) Not taking the full seam and leaving a coal beam as the roof.
- b) Implementing narrow unsupported plunges (<3.7m).
- c) Considering alternate mine plans and mining methods utilizing a combination of in-place mining, unsupported plunges, and/or partial extraction.

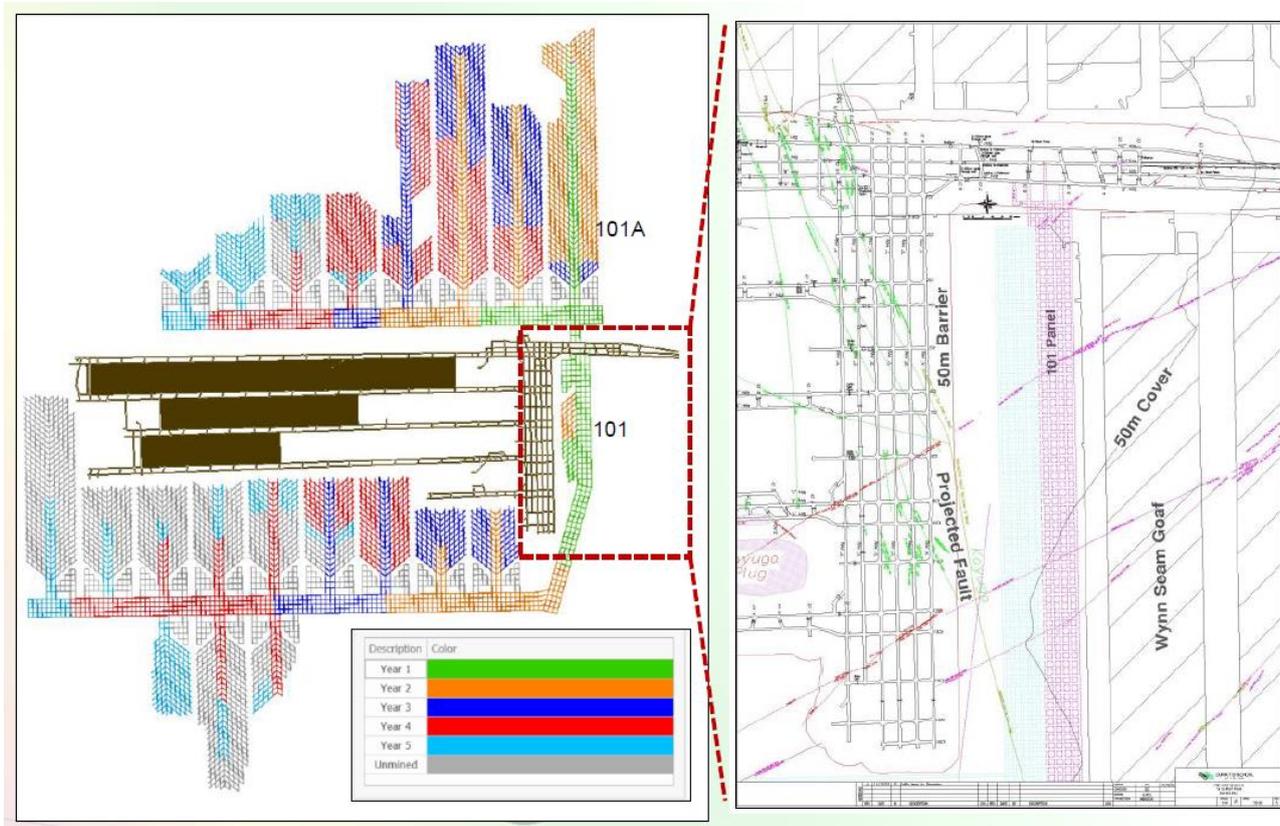
Xenith opines that the adopted mining method is flexible to allow for the changes suggested. However, it is Xenith's opinion that this may impact the current productivity rate, especially in the early years, while trialling the best options for mining.

6.3.2 Underground mining layout

The Kayuga Bord and pillar mine layout illustrated in Figure 5 below is constrained by geological structures, old workings and the approved mining area. Initial panels are accessed to the south via entry at cut through 6 from 'B' heading on West Mains and to the north via cut through 3 on 'E' heading on the West Mains.

²⁹ 240222 Mine Advice Geotech Dartbrook19_DRAFT letter 22 Feb 2024

Figure 5 – Proposed Mine layout



Xenith is of the opinion that the mine layout up until 2027 is reasonable. However, thereafter, there are some risks associated with the layout, particularly in the area where the Kayuga Seam coalesces with the Mount Arthur seam and the areas within the coalesced seams to the west. At the point where the seams coalesce, the coal thickness can be up to 9m thick, and the depth of working is greater than 250m. Geotechnical advice from the Feasibility Study explained that historically, where the seams begin to coalesce, weak roof conditions have slowed production in both the development and the longwall, which was one of the reasons the longwalls were cut short. The 2017 Reserve plan³⁰ (refer to Figure 6 below) did not plan to mine in the coalesced areas or mined in areas greater than 250m depth.

In the northern section of the mine, Bord and Pillar operations for the Kayuga seam are planned above the old Wynn seam longwall panels. The interburden between the two seams is approximately 170 meters, and there is expected to be minimal interaction between them. Geotechnical reports note^{31, 32} that there may be some changes to the roof conditions in certain areas, the effect may be minimal but will need to be assessed.

Xenith highlight a condition within Mod 7 which specifies that before extraction can commence in areas above the Wynn seam longwalls, a geotechnical report must be submitted to the authorities detailing the impact of the interaction between the seams. Management have advised that no geotechnical report for this purpose has been submitted to the authorities. Xenith understands that this will not delay the commencement of operations, as the initial focus is on developing first coal in the southern section but

³⁰ 07.10.06 Australian-Pacific-Coal-MR-03272017

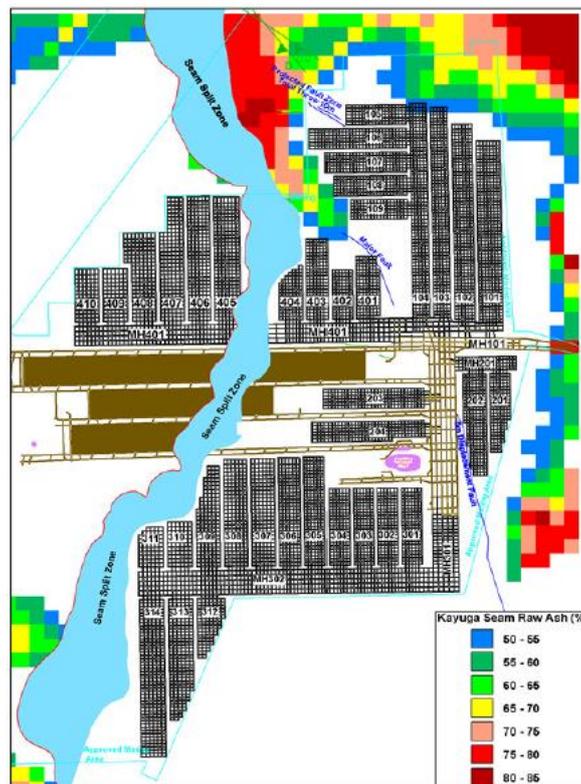
³¹ Review of Geotechnical Issues – Kayuga Seam by Nick Gordon 2017

³² Letter dated 21 February 2024 from Mine Advice to David Sykes General Manager

highlight that within 7 months of recommencing mining activities, operations will begin in the area above the Wynn seam workings necessitating the aforementioned geotechnical report.

Beyond 2027 and MOD 7 there may be opportunities to extend the mine into the Piercefield seam to extend production.

Figure 6 – Plan showing seam split

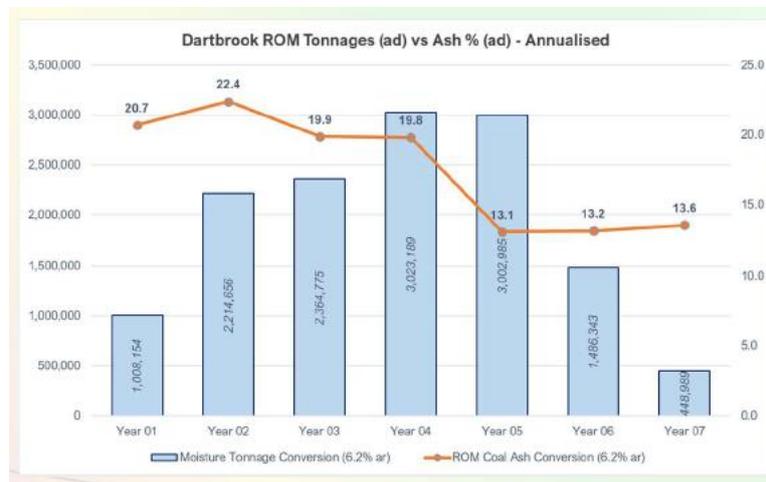


6.3.3 Production schedule

The current production schedule extends up to 2030, as shown in Figure 7 below, following the mining sequence in Figure 5 above. The production schedule is based on the in-place bolter miner achieving 380ktpa and the three place-changing machines achieving 650ktpa. These production targets appear reasonable when benchmarked against Australian mines. However, there is risk associated with these targets, particularly with the place-changing method, as previously discussed above.

The Production Schedule in the Financial model shows that first coal will be in July 2024 Xenith are of the opinion that this is over optimistic start up and first coal should be delayed.

Figure 7 – Production Schedule



Xenith highlight that MOD 7 limits Bord and pillar mining to 1.5Mtpa. AQC have demonstrated that scheduled Bord and Pillar production is capped at this amount, however Xenith note that up to an additional 1.4Mtpa of coal is forecast to be produced from mine development activities which support the Bord and Pillar operation. These development activities are necessary and are a required part of the mining process to support normal mine production (note: similar development activities would be required for a longwall operation). For the purposes of the TAR, Xenith have not sighted confirmatory evidence that the Authority considers the development tonnes are within MOD 7 approval limits and highlight that risk remains around our assumption that AQC’s development activity is not considered as part of the MOD 7 permitted Bord and Pillar production tonnage.

6.3.4 Development timeline

The Mine Plan commences mining in Kayunga seam in July 2024 following refurbishment of the Hunter Tunnel and the Kayunga/Wynn cross measure drift.

The following outlines the main work to do to establish mining.

- Repair the Hunter Tunnel and shotcrete
- Install the conveyor system and re-establish the surface conveyor infrastructure
- Re refurbish the vibrators at the bottom of the surge bunker
- Refurbish the main chute at the top of the surge bunker
- Install and commission the cross-measure drift belt
- Re-establish power to all accessible mining areas
- Establish auxiliary ventilation in preparation for mining
- Prepare sites for mining
- Procure equipment and manpower

In Xenith’s opinion, based on observations from the Site Inspection, the workload to re-establish the mine ready for mining in July 2024 appears to be optimistic.

One of the main hurdles for the project will be financing and purchasing equipment in a timely manner. Based on our discussions with Management, Xenith understand the current financing arrangement involves a USD 60 million Vitol debt facility staged on a monthly basis. Purchase orders for equipment, such as conveyor structure and belting (ex China), cannot be made until cash has been secured, which may delay

the ordering process and subsequent installation. Post the Effective Date of this Report Management have advised that progress has been made on acquisition of conveyor structure with the structures now landed in Australia and purchase orders in place for other long lead items.

Management has informed Xenith that the Hunter conveyor is ready to be shipped from China but is awaiting a purchase order (PO). However, the Purchase Order cannot be signed until cash has been guaranteed.

In Xenith's opinion, the startup of coal mining in July is likely to be delayed, however due to the uncertainty around initial project cash flow, it is difficult to gauge the extent of the delay but Xenith consider a delay of at least 3 months extending first production until after the September quarter is not unreasonable, and in a more conservative case potentially not until the end of the December quarter.

6.4 Risks and limitations to the Mine Plan

6.4.1 Major Risks

Xenith consider the following areas to represent the key milestone risks associated with the current plan:

- › Hunter Tunnel remediation takes longer than plan;
- › Place changing methodology is unable to sustain high production rates due to a weak roof or not being able to mine the full seam;
- › Commencement of mining – timing is delayed due to procurement of the equipment;
- › Manpower for the fourth machine is not forthcoming;
- › Impacts of structure around geological faults, coalescence zones, and dykes are greater than anticipated.

6.4.2 Approval capacity constraints

Restarting operations at Dartbrook has been the subject of a lengthy regulatory approval process. The MOD 7 orders were provided in March 2022.

As set out above the MOD 7 has modified the development consent in accordance with S34 agreement, subject to the conditions in Annexure A of Mod 7. Xenith notes:

- › item 1.2 of Annexure A extends the period of approval to the 5 December 2027;
- › Annexure A 1.1 (a)(xi) requires development to be carried out generally in accordance with several documents, including "the environmental assessment titled "Dartbrook Mine Modification 7 Environmental Assessment Kayuga Seam Bord and Pillar Mining Operations", dated June 2018 and prepared by Hanson Bailey Environmental Consultants "which limits bord and pillar mining to a maximum of 1.5 Mtpa;
- › Annexure a 2.2 (a) caps total ROM production at 6 Mtpa; and
- › approval remains in place for longwall mining.

Since MOD 7 caps bord and pillar production at 1.5 Mtpa rather than the 2.9 Mtpa contemplated by the Dartbrook project:

- › the impost of carrying additional annual fixed costs and labour will have an adverse impact on project value;
- › the ability to fully exploit the identified 9 million tonne bord and pillar recoverable ROM coal may be constrained if the consent cannot be extended beyond 2027.

6.5 Capex and Opex allocation

6.5.1 Capex

The Model includes initial Capex for the following items:

- › Manpower and contractor costs to re-establish the mine,
- › Cost of remediation works on the Hunter Tunnel and the Cross measure drift
- › Purchase of Safety equipment
- › Acquisition of conveyors
- › Purchase of electrical equipment
- › Purchase of pumping equipment
- › Establishment of improved mine gas monitoring above current minimal levels
- › Restoration to surface site infrastructure (comms room, equipment, IT systems etc)
- › CHPP Restoration
- › Management Fee
- › Power
- › Overheads including insurances, levies rates

Capital costs for the start are low due to the main mining equipment being leased or hired, and where prudent, acquiring second-hand equipment. Xenith is of the opinion that the Capex appears, at a high-level review, appropriate. However, Capex may increase if there are delays in ordering equipment, which will have an adverse effect on manpower costs.

6.5.2 Opex

Xenith has reviewed the Model's high level Opex, and in Xenith's opinion the costs appear reasonable based on the assumptions of current plan for manpower and production levels.

6.6 Recommendations

It is recommended that the following factors be considered when considering the reasonableness of the technical inputs to the Model:

- › Factor in risk by adjusting the initial ramp-up period due to the unknown mining conditions around place changing. In Xenith's opinion an adjustment of 2 months is reasonable, and for a more conservative scenario 4 months would not be unreasonable.
- › Delay the time to first coal to allow for the known requirements around cash flow management, purchasing equipment, and the amount of re-establishment of the mine infrastructure. Financial model shows the start date as July 2024. In Xenith's opinion an adjustment to August or early September 2024 is reasonable, and for a more conservative scenario late October 2024 would not be unreasonable.
- › Increase initial capital expenditure (Capex) to allow for the delay in start-up, as manpower may need to be engaged for a longer period. In Xenith's opinion an adjustment of \$20M is reasonable, and for a more conservative scenario \$30M would not be unreasonable.
- › Xenith highlight that MOD 7 limits Bord and pillar mining to 1.5Mtpa. AQC have demonstrated that scheduled Bord and Pillar production is capped at this amount, however Xenith note that up to an additional 1.4Mtpa of coal is forecast to be produced from mine development activities which support the Bord and Pillar operation. These development activities are necessary and are a required part of the mining process to support normal mine production (note: similar development activities would be

required for a longwall operation). For the purposes of the TAR, Xenith have not sighted confirmatory evidence that the Authority considers the development tonnes are within MOD 7 approval limits and highlight that risk remains around our assumption that AQC's development activity is not considered as part of the MOD 7 permitted Bord and Pillar production tonnage.

- › Xenith highlight that should mining extend beyond 2027, geotechnical constraints regarding mining in Domain 4 and 5 of the Kayuga seam may require coal mining to be redeployed to the Piercefield seam. Xenith estimate a capital reestablishment cost associated with this relocation of \$15M, incurred over 4 months in advance of mining.

7. Dartbrook review – Mining Site Inspection

7.1 Site Inspection overview

Xenith undertook a Site Inspection of the mining aspects of Dartbrook Project 15th of February 2024 in order to provide confirmatory guidance in respect to the reasonableness of the technical inputs to the Model.

The mine was placed on C&M in 2006, the asset has not been worked for approximately eighteen years and accordingly the inspection was focussed upon a high-level confirmation of the physical presence and apparent overall condition of the project assets and their influence upon the Model’s technical inputs. This section of the Report is based on observations and discussions during the site inspection and has not been reviewed by those interviewed.

The following sections set out:

- observations on the current conditions of the Dartbrook assets;
- observations in respect to the potential delivery of the proposed board and pillar mine plan;
- indication of major risk for limitations to the mine plan; and
- and recommendations for consideration in respect to the Model’s technical input assumptions.

Since the Xenith 2022 Report, the main conveyor access known as the Hunter Tunnel has been dewatered and there is now a good understanding of the re-establishment costs and refurbishment timeframes.

The process, observations and conclusions from the Site Inspection are summarised in the following sub-sections.

7.1.1 Workforce

Current workforce totals 60 and additional support is sourced on an ad hoc basis as required (e.g. survey support to submit current mine plans).

The workforce comprises of 12 Management professionals and 48 Mining staff.

The management professionals encompass General Manager, Managers for Planning, Commercial, Engineering, HSET and Communications, 2 in Training, 2 Engineering Coordinators and 2 Administration.

The mining team consists of those shown in Table 15 below; some work 5/2 rosters only, whilst others operate 7/7 rosters.

Table 15 – Current mining workforce

Role	UG Dayshift (on differing rosters)	UG Nightshift (on differing rosters)
Mine Manager	1	
Undermanager	1	
Deputy	1	1
Control Room	1	1

Role	UG Dayshift (on differing rosters)	UG Nightshift (on differing rosters)
Boilermaker	1	
Fitter	1	1
Electrician	3	
UG Operator	3	3
UG Shotcreter	5	
UG Trainee		
Supervisor	2	
Surface TA/Operator		

7.1.2 Mine Infrastructure area

7.1.2.1 Offices

The general mine offices appeared to be in good serviceable condition.

Figure 8 – Main office entry



7.1.2.2 Bathhouse

A small section of the bathhouse was seen to be in service and it appeared that some areas had been refurbished and updated further work is required as the workforce increases but in Xenith's opinion will be immaterial to the subject matter of this Report.

Figure 9 – Refurbished Bathing Facilities



Figure 10 – Refurbished Changing Facilities



7.1.2.3 Muster area

The muster area has new lamp racks with enough lamps for the current workforce including self-contained oxygen self-rescuers. Our understanding of the control room has limited communications underground via telephone. There is a tube bundle system that monitors locations underground and real time gas monitoring from the upcast shaft. Prior to resuming production for statutory compliance, a real time gas monitor system needs installing, and the number of tube bundle sample points need to be increased with gas chromatography preferably be installed to allow a fast turn-around of samples. Subject to meeting this statutory requirement in Xenith's opinion this is immaterial to the subject matter of this Report.

7.1.2.4 Workshop

Workshop facilities were only observed from a drive by inspection noting they appear a reasonable size for the Project and fit for purpose. On the day of the site inspection it housed a large continuous miner at one end of the workshop.

Figure 11 – View of workshop from the rear



7.1.2.5 Warehouse

Warehouse facilities were only observed in a drive past manner noting they were integrated with the workshop. Figure 8 below shows the warehouse to the right of the Workshop.

Figure 12 – Workshop and warehouse combined



7.1.2.6 Laydown area

The lay down areas were observed to be kept reasonably tidy with minimal equipment noting there was some new conveyor structure on site to be used in the Kayunga Wynn Drift.

Figure 13 – Laydown area



7.1.3 Mine access

The Wynn and Kayuga seams have separate surface accesses as shown in Figure 14, Figure 15 and Figure 16 below, and are connected by a cross measure drift underground. Accordingly, two means of egress are available from the workings, supplemented by the Hunter tunnel which has been recently dewatered.

7.1.3.1 Wynn Seam

Access to the Wynn seam is via the Western Drift which is located near to the surface workshops and main offices. The Wynn seam lies approximately 170 metres below the Kayuga seam and is connected by cross measure drift and a staple storage bunker. At the bottom of this bunker there are two vibrating feeders which will load coal on to the Hunter Tunnel belt to be conveyed the surface near the CHPP.

Figure 14 – Portal entry for Wynn Drift



7.1.3.2 Kayuga Seam

Access to the Kayuga seam is via three portals driven off a shallow box cut to the West of the bathhouse as shown in figure 11 below. The highwall appears stable and the portals are protected by concrete culverts.

Figure 15 – Portal for entry to Kayuga Seam



7.1.3.3 Hunter Tunnel

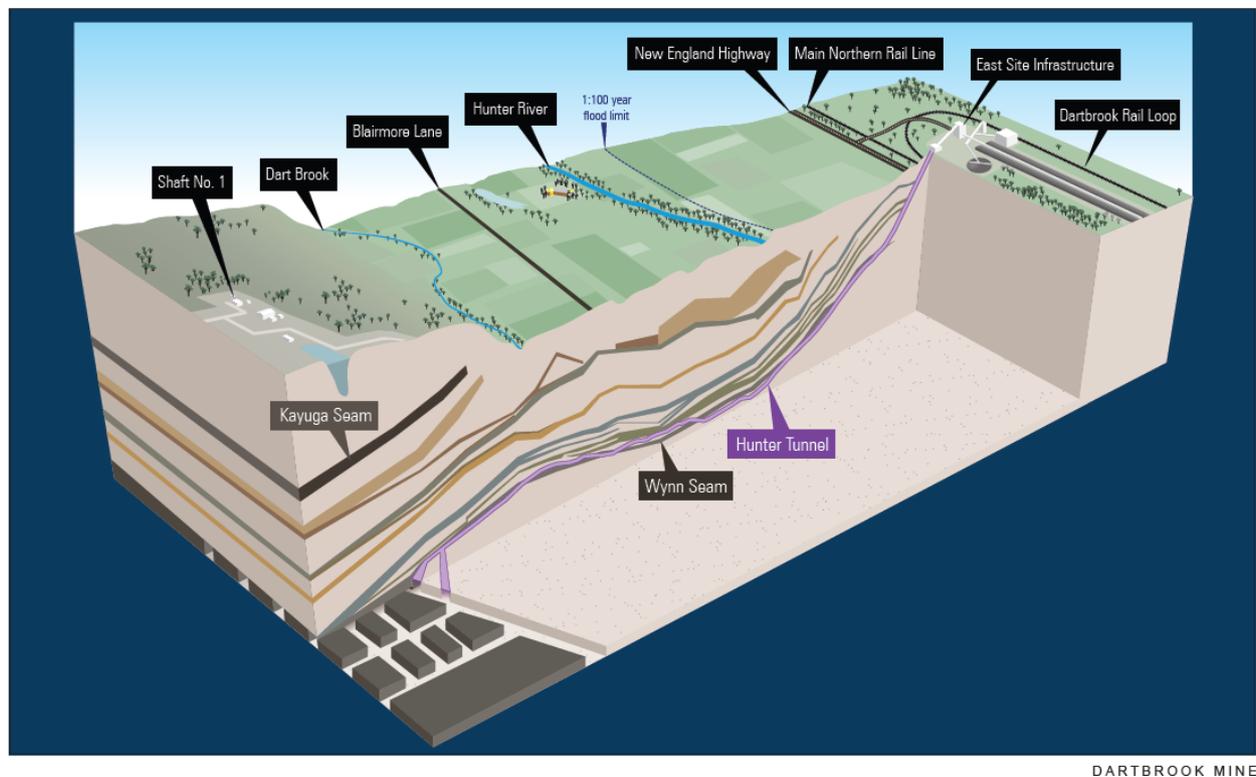
The Hunter tunnel connects the mine workings located west of the Hunter River and the New England highway to the CHPP located east of the highway. The Hunter tunnel is a critical piece of infrastructure for the Dartbrook Project and in accordance with the Mod 7 conditions, the only permitted means of transferring coal from the mine to the CHPP. The tunnel is equipped with dewatering pumps and has recently been dewatered and is passable by vehicles. There is however some water damage to the roof and sides which is currently being refurbished by installing extra roof bolting and mesh, as well as shot-creting to the entire

tunnel. Figure 17 below shows access and coal clearance schematic of the Dartbrook project coal seams and illustrates the course followed by the Hunter tunnel.

Figure 16 – Access to Hunter Tunnel near the CHPP



Figure 17 – Access and coal clearance schematic



7.1.4 Underground workings

Inspection of the underground workings was limited to two and half hours due to operational and time constraints. The workings appear in a fair condition however there were some areas where minor strata

failures require remediation, a lot of stowage has been cleaned up and the roadway conditions appeared fair and easily traversable by the underground utility vehicle.

The workings are currently flood ventilated by a main ventilation fan and there are currently no designated return airways so all areas are easily and readily accessible.

7.1.4.1 Kayuga Seam

The Kayuga seam workings generally comprise three headings sealed off by Micon Seals inbye of 7 cut through. The Kayuga Bord and Pillar operation will commence at cut through 6 where roof and rib conditions looked excellent. On the examination it appears that the tunnels headings in a north-south direction have good roof and rib conditions while east-west direction the roof conditions and ribs are not as well defined.

7.1.4.2 Inter-seam drift

The Kayuga seam and Wynn seam workings are linked by a cross-measure inter-seam drift with a gradient of 1:6. This drift intersects the Piercefield seam, where a stub has been driven to allow potential future access to the seam. The Piercefield seam, previously unmined at Dartbrook, shows promise for Bord and Pillar mining, with estimates from other studies indicating approximately 80Mt of longwall coal available for extraction.

To transport coal from the Kayuga seam workings to the Wynn seam workings, a 1500 tonne bin is positioned at the base of the drift to provide surge capacity. While all of the old conveyor structure has been removed and replaced with new components, some work remains incomplete. The installation of a belt drive, loop, and belt conveyor is pending. Additionally, repairs are required for the top of the bunker and chute to restore them to a satisfactory condition. These areas are currently fenced off for safety reasons. Overall the drift conditions appeared good.

Figure 18 – Cross measure drift conditions between Kayunga seam and Wynn seam



7.1.4.3 Wynn Seam

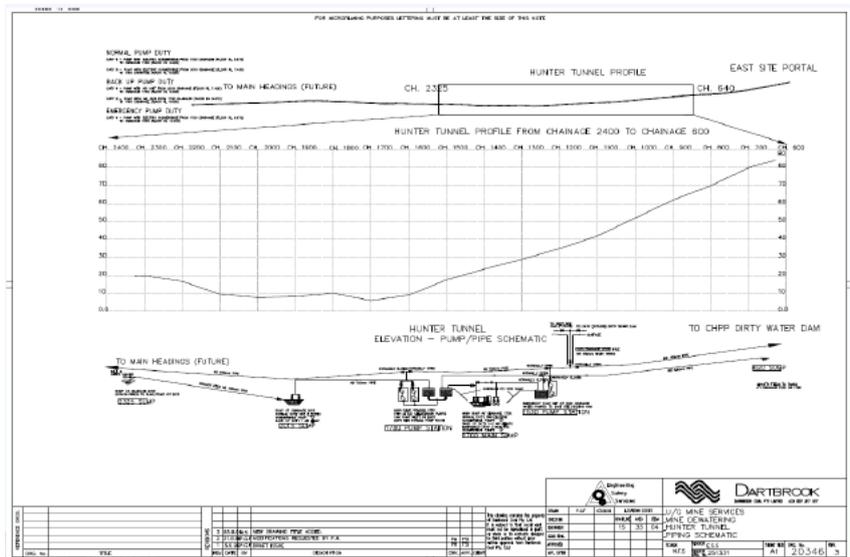
After the Western drift connects with the Hunter Tunnel, the Wynn seam workings expand to five headings, which are sealed off by Micon seals inbye of 3-4 and 5 cut throughs. The Kayuga Bord and Pillar mine plan does not include re-entering the sealed Wynn seam workings. At the base of the surge bunker, there is a set of vibrating feeders that require dismantling and refurbishing on the surface before coal extraction can begin.

7.1.4.4 Hunter Tunnel

As noted above the Hunter tunnel is a critical element of the coal clearance system and is currently being refurbished. Areas which were previously flooded show signs of roof and rib deterioration. For safety reasons the mine has begun a programme of installing roof and rib bolts and galvanised mesh where required and in line with a geotechnical survey. There is also a plan to shotcrete the entire tunnel, noting equipment was seen arriving for this purpose during the site inspection.

For water management in the Hunter Tunnel currently, there are three operating 4-inch air pumps in the tunnel operating from a large "fishtank" sump in the middle of the drift. Three spares are available, with four pumps being serviced at any given time. Additionally, there are eight 2-inch air pumps operating in the tunnel, feeding into the fishtanks. There are four spare 2-inch pumps, with four being serviced. This configuration has been found to work best for maintaining consistent water flow. All water from the tunnel is transferred (pumped) to the Wynn seam goaf. The system appears to be working well. The plan is to replace the air pumps with more reliable electrical pumps when funds are made available.

Figure 19 – Schematic of Hunter Tunnel



7.1.5 Surface infrastructure

7.1.5.1 Main Fans

One fan remains operational (upcast) on No 1 ventilation shaft. There is a standby diesel generator available, if for any reason the mine loses power and the fan turns off. Management informed Xenith that the diesel generator had been tried and tested and was in good condition.

Figure 20 – No 1 Ventilation shaft



Figure 21 – Diesel generator housing



7.1.5.2 Air Compressors

Currently, there is one compressor in working condition, while the other two require some attention and repairs to bring them up to working condition.

Figure 22 – Air compressor housing



7.1.5.3 Dewatering and Goaf Water Management System

The Plueger pump site is located approximately 5 kilometres from the staged discharge dam when accessed via the pipeline, and about 8 kilometres via the road. These submersible pumps, rated at 110kw, deliver 20 litres per second (l/sec). The water is drawn from the Wynn Seam goaf, located approximately 350 meters below the surface, and is pumped to two above-ground concrete tanks using two Southern Cross pumps. Each Southern Cross pump is rated at 75kw and delivers 25 l/sec.

An 8-inch pipeline is used to transfer water from the tanks to the evaporation ponds and the staged discharge dam (SDD). There is a valve near the evaporation ponds that allows water to be transferred to

either destination. Additionally, water from the goaf can be transferred from the SDD to the Western Holding dam.

Currently, only one Plueger pump is operational, pumping approximately 1.2 megalitres in a 24-hour period. This pump is only operated when required. The second Plueger pump is awaiting funding for servicing. Both Southern Cross pumps are installed, with one operating and the other serving as a spare.

Figure 23 – Plan of mine dewatering system

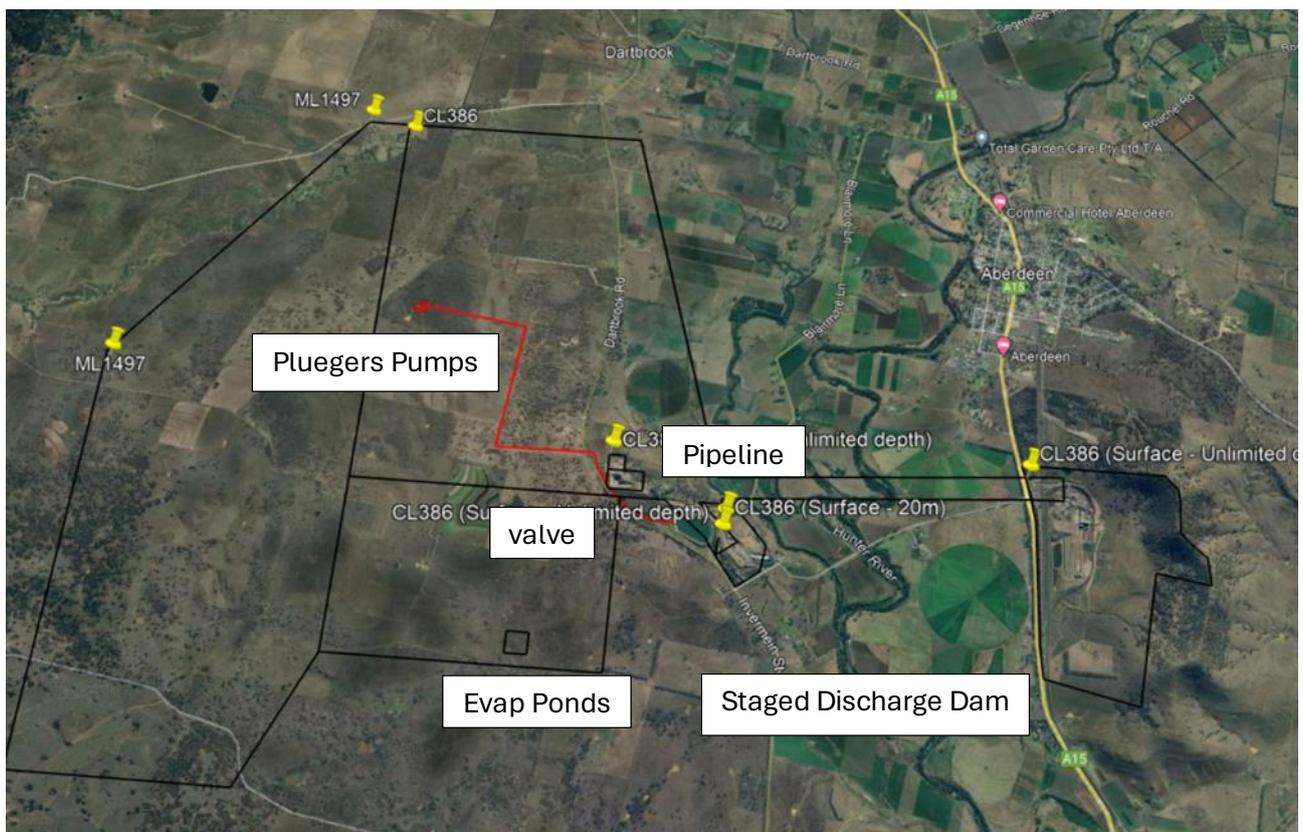


Figure 24 – Staged discharge pond



7.1.5.4 Fire Fighting Water

All fire pumps for the underground (UG) and Coal Handling and Preparation Plant (CHPP) are currently operational. A CHPP jacking pump has been taken offline for refurbishment and is expected to be back in operation before the re-start of the plant commences.

8. Dartbrook review – CHPP

8.1 CHPP and TLO overview

The following section provides a summary of Xenith's high-level review of the Dartbrook project and its proposed restart and operation of the CHPP and Train Load Out infrastructure (**TLO**). This summary aims to provide guidance into the reasonableness of the Model's assumptions in relation to the CHPP and TLO and associated operating and capital costs.

Section 3.2 of this Report provides an overview and history of Dartbrook.

Xenith have met with Management and been provided a presentation³³ in respect to the JV's strategy and approach to recommencing mining at Dartbrook in accordance with the MOD7 approval, including the CHPP and TLO.

8.2 Documentation reviewed

The coal processing aspects of Dartbrook have been reviewed utilising information provided by AQC as well as information gained during the Site Inspection. Further detail regarding the Site Inspection is presented in Chapter 9 of this Report.

Documentation considered in the review of CHPP and TLO includes, but is not limited to, the following:

- › Powerpoint presentation – Dartbrook Mine (04.04 JV Presentation 230111) – February 2024
- › 01 Summary - APQ - Dartbrook Mine Kayuga Seam – Bord and Pillar Feasibility Study Final – 27th February 2017
- › 03.01.01.06 - Ausenco – Dartbrook CHPP – Restart Risk Mitigation Report October 2016
- › 03.01.02 – Ausenco – APQ Dartbrook Coal Mine – Noise Study Report May 2018
- › 03.06 – Tetra Resources – CHPP Equipment Items & Valuations
- › 03.08 – Bureau Veritas – Structural Integrity Assessment of CHPP Structures 2022
- › 03.09 – Bureau Veritas – Structural Integrity Assessment of Mine Structures 2022
- › 07.05.02 – Xenith – Technical Specialists Report APQ Assets – September 2016
- › 14.01.05.02 – QCC Resources – Condition Review of Dartbrook CHPP - May 2015
- › 07.06.05.06 – Sedgman – Dartbrook CHPP Operations Review – June 2005
- › 07.06.05.01 – Dartbrook CPP Flowsheet
- › 01.03 – The Model (Data Room Document 01.03 Financial Model – data room DB model).
- › Ref: J0073-05-L1 – Bridges Acoustics – Dartbrook Modification 7 Acoustic Assessment 20/Jul/2020
- › Ref: J0267-01-L2 – Bridges Acoustics – Dartbrook CHPP Noise Mitigation Reassessment 11/Jan/24
- › RFI - emails Xenith/AQC requests & responses

³³ Australian Pacific Coal, 04.04 JV Presentation 230111

8.3 CHPP remediation works – dry plant (by-pass system)

8.3.1 Introduction

As noted in Section 3.2 above. The CHPP and TLO have been under C&M for an extended period of time. Accordingly, a large range of works are required to bring the CHPP back into operation and to meet the MOD 7 requirements specific to noise attenuation.

It is the intention of Management to commence the Bord & Pillar mining operation and market by-pass (unwashed) coal to satisfy a requirement by Vitol to produce a 20,000t consignment which Xenith understands will trigger the release of further funding to continue with the development of the mine and refurbishment of the CHPP.

By-pass product will continue to be produced until such time that the CHPP's wet circuit is remediated and recommissioned, anticipated to be Q4 CY24. Accordingly, it should reasonably be expected that coal produced during this period will incur a quality price penalty since deleterious elements will not be able to be removed out of the product coal in the same manner as the wet plant is designed to achieve.

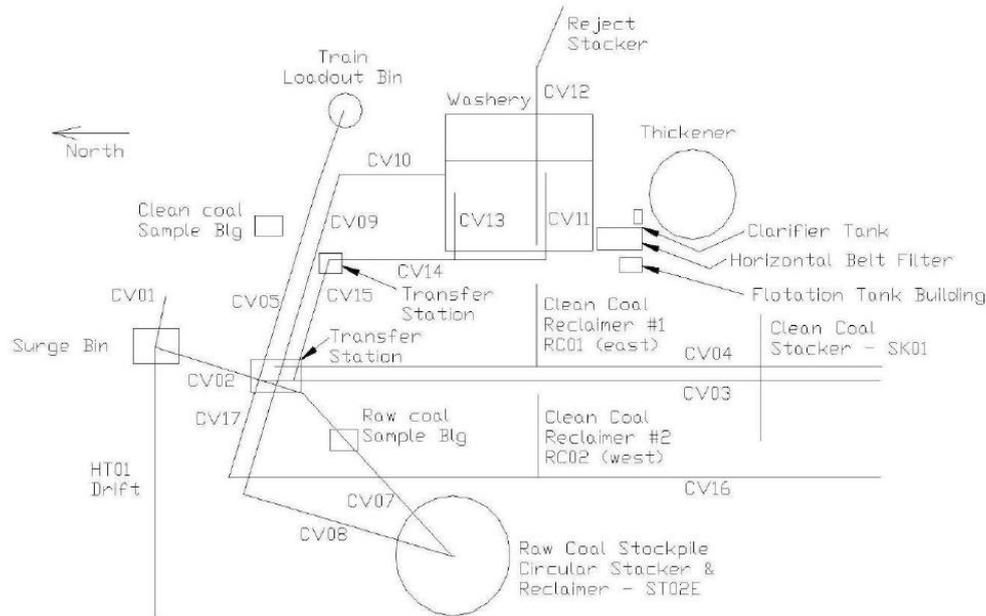
8.3.2 Elements of the by-pass proposed scope

Dartbrook is considering two options for sizing/crushing to -50mm which are currently being evaluated³⁴ by Management as per options 1 and 2 set out below and illustrated in Figure 25 below:

1. Emergency ROM stock pad (HT01 to CV01 Conveyor) – 3months to establish.
 - Mobile sizing/crushing to -50mm
 - Mobile radial stacker 20,000t stockpile
 - Reclaiming product with 1x990 FEL onto feeder conveyor
 - Product loaded into TLO bin via CV05 conveyor
 - Equipment is hired
 - Minimal risk (limited fixed plant conveyors)
 - Loading directly onto CV05 conveyor
2. ROM Stock Pad (HT01 to Stacker conveyor) – 6 months to establish.
 - ROM coal fed through the -50mm mobile crusher with 1x990 loader
 - Crushed product is fed onto longitudinal stockyard via conveyors CV02, CV03 and Stacker ST01
 - Product from the stockpile is fed onto reclaim conveyor CV04 via mobile hopper/conveyor with 1x990 FEL
 - Product into TLO bin via CV04 and CV05 conveyors
 - Need significant cash outlay for remediation works on Stacker and CV02 conveyor
 - Potential long delivery/delay for remediation works

³⁴ Australian Pacific Coal, RFI Email Response, 21 February 2024

Figure 25 – CHPP Material Handling Layout



8.3.3 Review of the by-pass scope and Capex allowance

The Model includes the Capex summary set out in Table 16 below, including \$3.62M for restoration works of the dry plant by-pass system over a 4-month period commencing January 2024 through to May 2024.

Table 16 – Total Mine Restart Capex

Description	Currency	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24 onwards	Total
Restart Support: Capital Expenditure to re-activate mining operation at the Dartbrook Mine.	AUD	0	2,840,330	1,890,330	1,890,330	1,890,330	2,640,330	0	11,151,648
UG Remediation Works: Construction works to remedy underground infrastructures at the Dartbrook Mine (including the "Hunter Tunnel").	AUD	0	1,384,455	2,322,326	2,322,326	1,875,742	1,875,742	0	9,780,591
CHPP Restoration Works (Dry Plant): Capital Expenditure in relation to coal handling plants (dry plants only).	AUD	0	157,500	1,105,000	720,000	1,020,000	620,000	0	3,622,500
CHPP Restoration Works (Wet Plant): Capital Expenditure in relation to coal handling plants (wet plants only), provided that the CHPP Test has been satisfied in accordance with clause 5.4 (CHPP Test).	AUD	0	0	0	0	0	0	11,669,000	11,669,000
Mining Equipment: Equipment and systems for mining works (including provisions for spare parts for repairs) consisting of three principal mining systems and a fourth system is allowed provided there is sufficient funds remaining in the 'Contingency' category.	AUD	0	400,000	1,100,000	250,000	1,500,000	1,265,000	7,234,000	11,749,000
Conveyor Equipment: Equipment in relation to conveyor system(s) for mining works.	AUD	0	150,000	4,386,000	1,565,667	1,815,667	1,815,667	0	9,733,000
Electrical Equipment: Electronic equipment and systems for mining works.	AUD	0	431,000	203,335	0	1,682,072	1,612,500	0	3,928,907
Surface/UG Infrastructure: Capital Expenditure for operational infrastructure at the Dartbrook Mine (surface and underground).	AUD	0	460,000	2,429,491	1,451,750	694,491	301,750	0	5,337,482
Pumping Equipment: Capital Expenditure for pumping equipment for use at the Dartbrook Mine.	AUD	0	0	0	0	969,001	350,000	0	1,319,001
Ventilation Equipment: Capital Expenditure for ventilation equipment for use at the Dartbrook Mine.	AUD	0	0	0	0	0	396,480	0	396,480
Corporate Costs: The payment of any any Distribution by AQC Dartbrook to fund loan repayment under the AQC Shareholder Loan Agreement up to an aggregate amount of A\$500,000 per month.	AUD	0	500,000	500,000	500,000	500,000	500,000	3,500,000	6,000,000
Trepang Lease: Rent payable under the Trepang Lease, limited to no more than A\$1,000,000 per annum is applied for this purpose and all other amounts under the Trepang Lease is subordinated until after the Final Redemption Date.	AUD	0	83,333	83,333	83,333	83,333	83,333	583,333	1,000,000
Management Fee: The Management Fee of the JV Manager under the Dartbrook Joint Venture Agreement.	AUD	0	208,333	208,333	208,333	208,333	208,333	1,458,333	2,500,000
Guarantees: To fund the shortfall in NSW land rehabilitation bond in respect of the Mining Leases.	AUD	0	491,000	0	0	0	0	0	491,000
Financing Fees: To pay for the costs and expenses described in clauses 4.1(b) and 4.1(c) (Purpose), with the following restrictions: - no more than 2.5% of the aggregate limit of this limb may be applied towards financial advisers; and - no more than A\$1.5m of the aggregate limit of this limb may be applied towards legal costs and expenses.	AUD	0	0	4,615,385	0	0	0	0	4,615,385
Contingency:	AUD	0				9,013,699			9,013,699
Total Restart Capex	AUD	0	7,105,951	18,843,533	8,991,739	12,238,969	11,669,135	33,458,365	92,307,692

Source: extract from Data Room Document 01.03 Financial Model – data room DB model (the Model).

Both by-pass options are designed to match Dartbrook's availability of funds/working capital and the necessity to rail the initial 20kt consignment of coal to release further funding.

The existing CHPP layout consists of a robust by-pass system allowing for ROM coal to be sized to -50mm and to by-pass the wet circuit. However, to utilise this system in the near-term Capex remediation/recommissioning works would be required for:

- › the ROM bin secondary sizers;
- › conveyors CV02, CV09, CV10;
- › the tertiary sizer; and
- › conveyors CV13, CV14, CV15, CV03, CV04

Given the time and budget constraints for the Project, Xenith understands the use of the existing CHPP by-pass system is presently precluded, and the proposed options of Section 8.3.2 above provide a practical and reasonable alternative.

Xenith note MOD 7 stipulates certain noise attenuation requirements be satisfied prior to recommencement of coal processing. Xenith considered a noise study report published by Ausenco for AQC in May 2018 which set out estimates at that time for each major component of the CHPP, including the various conveyors associated with the proposed by-pass system. These estimates indicated material potential Capex expense.

Management have advised that the 2018 Ausenco report considered by Xenith has been superseded and provided a subsequent noise mitigation report³⁵. Xenith have not been provided a detailed breakdown of the \$3.62M dry plant by-pass system Capex, however in response to Xenith's RFI's, Management have advised that the budget includes all necessary noise attenuation requirements.

Having regard for Table 16 above, for the two by-pass options set out in Section 8.3.2 above, Xenith notes:

- › confirmation of the preferred option and design is awaiting funding approval;
- › Capex and Opex will be confirmed once the design review has been funded and completed;
- › Management has advised that:
 - early estimates of either option falls within the Model's assumed capex of \$3.62M;
 - both options are inclusive of recommendations made in the Mod 7 consent requirements; and
- › accordingly, in Xenith's opinion the Model's Capex assumption of \$3.62M for the by-pass restart appears reasonable.

8.4 CHPP remediation works – wet plant

8.4.1 Introduction

As noted in Section 3.2 above. The CHPP and TLO have been under C&M for an extended period of time. Accordingly, a large range of works are required to bring the CHPP back into operation and to meet the MOD 7 requirements specific to noise attenuation.

The C&M period under AAMC continued to maintain the CHPP in good condition. From 2016 to current under AQC's ownership the facility has been kept clean and tidy, albeit ongoing maintenance expenditure has been curtailed.

In Xenith's experience and knowledge, historic CHPP production has been regarded as problematic with under performance experienced during its relatively brief operating life. Several upgrades have been implemented but have not necessarily resolved the plants constraints and limitations.

The constraints are understood to relate to the inability of the CHPP to sustain its nominal design capacity of 1000tph due to high dilution levels associated with the historic longwall working section in the Kayuga seam.

³⁵ Australian Pacific Coal, J0267-01-L2, Bridges Acoustics, Dartbrook CHPP Noise Mitigation Reassessment, 11 January 2024

Sticky swelling clays associated with the high dilution levels of ROM coal resulted in the continual reduction in the plant throughput due to the inability to effectively dewater the tailings stream. In addition the flotation circuit contributed to high product moistures.

Xenith note that AQC plans to operate the plant at reduced capacity up to a peak capacity of 2.9Mtpa from the Kayuga Seam, based on a combination of development tonnage and production from Bord and Pillar mining. It is anticipated the reduced capacity will allow for avoidance of many of the historic operating constraints.

8.4.2 Elements of the wet plant proposed scope

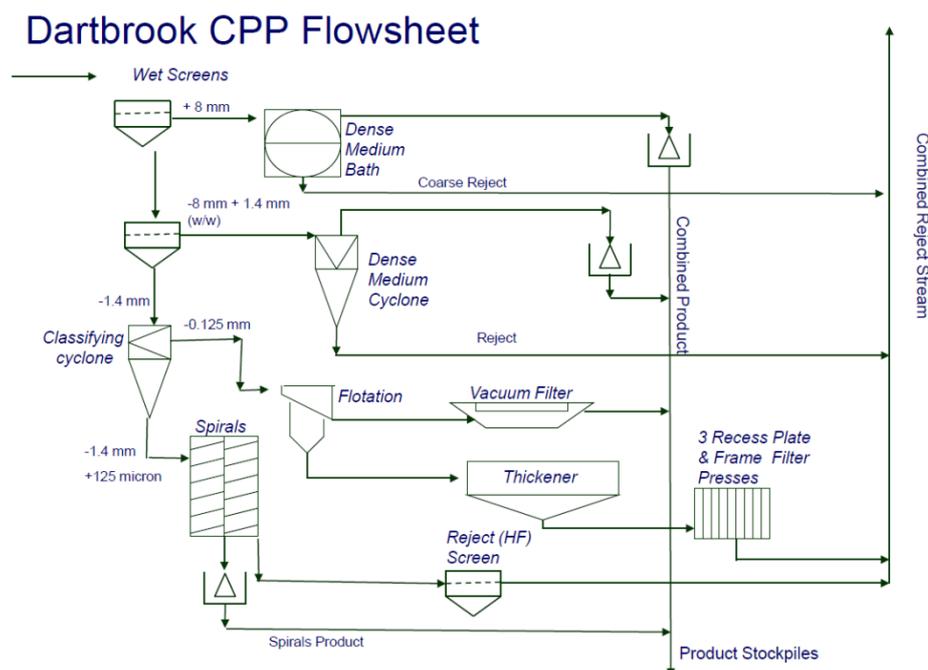
Reference is made to Data Room document – 03.01.01.06 Ausenco -Dartbrook CHPP – Restart Risk Mitigation Report October 2016.

With the Kayuga seam being specified as the only feed type to be initially processed by the CHPP, it is likely that the ROM coal will be mined with reduced levels of dilution than the previous longwall operation as the bord and pillar mining method should be able to better maintain mining horizon control and select a less diluted working section. This is expected to result in reduced ultrafine reject material (sticky swelling clays) which historically has been problematic.

The wet circuit is illustrated in combination between Figure 25 above and Figure 26 below. Ausenco’s restart recommendation in 2018 was to:

- › by-pass the flotation circuit (flotation, vacuum filter);
- › plant feed at a reduced rate to avoid any bottlenecks from the tailings thickener and dewatering filters;
- › replace the tailings dewatering filters with solid bowl centrifuges;
- › potentially bypass the Dense Medium Bath;
- › not utilize #2 Product Stockyard and #2 Reclaimer; and
- › by-pass the Circular Raw Coal Stockyard.

Figure 26 – Dartbrook CHPP Flowsheet



8.4.3 Review of the wet plant scope and Capex allowance

8.4.3.1 Capacity

AQC's proposal to produce up to 2.9Mtpa of ROM coal with an initial bypass component followed by wet processing (washing) once the wet plant is remediated and recommissioned, would require a washing capacity of:

- › 5days processing @2.9Mtpa/5000 hrs = 580tph
- › 6days processing @2.9Mtps/6000 hrs = 485tph
- › 7days processing @2.9Mtpa/7000 hrs = 415 tph

Accordingly, assuming that the derated wet plant could adequately run at nominal 550tph a 5-day operation should, with an overtime component covering 7-day train loading requirements, satisfy AQC's business requirements.

8.4.3.2 Wet plant modifications

Bypassing the flotation circuit and running the wet plant at a reduced rate to match the apparent capacity of the tailings thickener and dewatering plate and frame filters ought to permit the plant to perform as expected.

The option of bypassing the Dense Medium Bath circuit would require the conversion of the secondary sizers (-100mm) under the ROM surge bin to tertiary sizers (-50mm), hence would require a reduction in the nominal non-derated plant feed rate of 1000tph as the Dense Medium Cyclone circuit would be overloaded if it had to handle all this material.

With the proposed derating of the plant to a nominal 550tph this should not be an issue. The purpose of bypassing the DM Bath potentially could result in a slight reduction in overall product ash as the reduction from 100mm top-size through the bath to a 50mm top-size through the DM Cyclone circuit may liberate some reject material (depending on the seam selected working section washability characteristics). In addition to the potential ash reduction there would be a slight reduction in operating & maintenance costs.

With the reduction in the plant feed rate to a nominal 550tph to match the tailings thickener and dewatering circuit capacity (in conjunction with less dilution from continuous miner based mining methods), there should be no requirement to replace the plate & frame filters with solid bowl centrifuges.

8.4.3.3 Material handling modifications

Not utilizing the #2 Product Stockyard and #2 Reclaimer does have merit based on the proposed annual limit of 2.9Mtpa ROM (approx. 2.2Mtpa product at 75% yield) which is half of the designed capacity. In addition, there would be remediation, operation and maintenance cost savings.

The purpose of the raw coal circular stockyard is to delink the CHPP from the mining operation. Regardless of a longwall (high tonnage) or bord and pillar (lower tonnage) underground mine, there needs to be sufficient surge capacity (buffer) to ensure that any production related issues/delays with the mining operation or the CHPP are not affected. More so it is important for efficiency that the CHPP has continuity of feed over its scheduled production time. In the short time while the mine is commissioning the emergency ROM stockpile adjacent to the ROM surge bin would suffice as a buffer.

8.4.3.4 Capital allocation

The Model includes the Capex summary set out in Table 17 below, including \$11.67M for CHPP restoration works of the wet plant.

Table 17 – CHPP Restoration Works (wet plant)

	Jul-24	Aug-24	Sep-24	
CHPP Restoration Works				
Contractors - CHPP	\$105,000	\$105,000	\$105,000	\$315,000
OEM - Consulting Works	\$706,667	\$706,667	\$706,667	\$2,120,000
Equipment Hire				\$0
	\$811,667	\$811,667	\$811,667	\$2,435,000
CHPP Restoration				
Noise Attenuation Material	\$333,333	\$333,333	\$333,333	\$1,000,000
Filter Press repairs	\$666,667	\$666,667	\$666,667	\$2,000,000
Pumps, Motors, Crushers, Chutes, Screens, Lighting, cable repairs,	\$750,000	\$750,000	\$750,000	\$2,250,000
CHPP Bins & TLO	\$166,667	\$166,667	\$166,667	\$500,000
Guarding	\$266,667	\$266,667	\$266,667	\$800,000
Recommissioning of CHPP conveyors / material	\$233,333	\$233,333	\$233,333	\$700,000
Field Devices and Control Rooms	\$433,333	\$433,333	\$433,333	\$1,300,000
High Lift Loader	\$0	\$0	\$0	\$0
	\$2,850,000	\$2,850,000	\$2,850,000	\$8,550,000
Total	\$3,661,667	\$3,661,667	\$3,661,667	\$10,985,000
Contingency	\$228,000	\$228,000	\$228,000	\$684,000
	\$3,889,667	\$3,889,667	\$3,889,667	\$11,669,000

Source: extract from Data Room Document 01.03 Financial Model – data room DB model (the Model).

With reference to the capital allocation summarised in Table 17Table 16 above, Xenith notes:

- › The \$11.67m has been allocated evenly over the 3-month period with each line item split evenly over the same period.
- › Each line-item total is rounded indicating that these are likely estimates and may not be underpinned by specific scoped/quoted/tendered items and in Xenith’s experience appear conservative with potential for higher realised costs.
- › Irrespective that the CHPP has not been under a formal care and maintenance program since 2016, the buildings and equipment appear in relatively good condition, hence major structural repairs/replacements are not anticipated. The major expenditure is expected to be associated with rotating equipment overhauls including electric motors.
- › With a PLC controlled fully automated CHPP such as Dartbrook, all field instrumentation and control circuitry needs to be fully functional for a safe and reliable plant. Experience has shown that for a CHPP shutdown for this length of time, generally most control valves, transducers, positioners etc require replacement.
- › In Xenith’s experience the EC&I (Electrical, Control & Instrumentation) remediation, refurbishment or replacement scope alone for such a plant would be in the order of \$4M to \$5M (based on recent experience with a similar ‘mothballed’ plant).
- › Based on the recent Bureau Veritas – 2022 Structural Integrity Assessment of the CHPP, machine guarding particularly in and around conveyors requires considerable modification or replacement to conform to the relevant standard (AS4024).
- › AQC has advised, based on the assessed recommendations from the “Bridges Acoustics – Dartbrook CHPP Noise Mitigation Reassessment Report of 11 January 2024, that sufficient capital has been allocated for noise mitigation purposes.
 - AQC has updated the noise mitigation and management measures to achieve the Mod 7 consent noise criteria with the currently proposed reduction in the utilization of selected CHPP equipment, i.e. Raw Coal Circular Stockyard, Product Stockyard #2 Reclaimer and the associated conveyors.
 - AQC consider the proposed noise mitigation measures recommended in the “Ausenco – Noise Study Report May 2018” and the “Bridges Acoustics – Dartbrook Modification 7 Acoustic Assessment of 20 July 2020 have been superceded by the January 2024 Bridges report.

- The revised noise mitigation measures proposed to align with the reduction in operating equipment at the CHPP are expected to realise a significant reduction in scope, cost and installation timing, however Xenith highlight that a specific cost schedule has not been provided to provide verification of the budgeted capex.

In the absence of additional clarity regarding the Capex in Table 17 above:

- › the \$11.67m appears reasonable for the Xenith Base Case;
- › to allow for potential downside risk associated primarily with noise attenuation costs, in Xenith's opinion an additional 50% of the Model's budgeted amount, (i.e. a total of approximately \$18M) and extension of time frame to execute the wet plant restoration works, and hence extended reliance on the dry-plant, of a total period of 12 to 18 months be assumed in the Xenith Conservative Case.

8.4.3.5 OPEX allocation

The Model includes the CHPP Opex summary set out in Table 18 below.

Table 18 – CHPP Operating Expenditure

CHPP	
COST INFORMATION	Rate
Physical Information	
Feed Volumes	
Yield	
Reject Volumes	
Saleable Volumes	
Headcount	
Cost Information	
Handling Costs	4.38
Maintenance Costs	1.25
Equipment Hire Costs	0.31
Reject Handling Costs	2.85
Total CHPP Costs	

Source: extract from Data Room Document 01.03 Financial Model – data room DB model (the Model).

The above unit rates are reduced to 25% from July 2024 to December 2024 then full unit cost rates. Xenith assumed this discount reflects the operation of the dry plant.

Summary of Opex breakdown:

- › Dry Plant = \$2.20 per ROM tonne
- › Wet Plant = \$6.60 per ROM tonne

Consistent with Xenith's opinions in respect to the Capex set out above, a detailed breakdown of each Opex line item has not been provided, however based on Option 1 – dry plant scope an OPEX estimate of \$2.00 to \$3.00 per ROM tonne is considered reasonable based on similar mobile plant crushing circuits.

The assumed wet plant cost of \$6.60 per ROM feed tonne would appear to also be reasonable where Xenith would expect a range of \$6.00 to \$7.50 per ROM feed tonne based on a similar underground mine fed CHPP processing 2.5Mtpa manned on a 6-day basis averaging 500tph feed rate @ 80% yield, with mobile plant handling all product coal and reject material.

Accordingly, in Xenith's opinion, the Model's cumulative CHPP Opex cost of \$8.79 per ROM tonne, representing the sum of the dry-plant Opex and wet plant Opex is reasonable.

9. Dartbrook review – CHPP Site Inspection

9.1 Site inspection overview

Xenith undertook a site inspection focused on the CHPP aspects of the Dartbrook Project on 13th of February 2024 in order to provide confirmatory guidance in respect to the reasonableness of the technical inputs to the Model.

The mine and all facilities were placed on C&M in 2006. As the asset has not been worked for approximately eighteen years the inspection was focused upon a high-level confirmation of the physical presence and apparent overall condition of the project assets.

This section of the Report is based on observations and discussions during the site inspection and has not been reviewed by those interviewed.

9.1.1 Site inspection

The process, observations and conclusions from the Site Inspection are summarised in the following sub-sections.

9.1.1.1 Agenda

- › 08:00-11:00 Presentation
- › 11:00-12:30 General site tour including TLO
- › 12:30-13:00 Lunch
- › 13:00-15:30 CHPP walk around
- › 15:30 – 16:00 wrap up and depart site

9.1.1.2 Presentation

- › 38 slide presentation was provided³⁶
- › Presenter – Mr Jeff Beatty (Dartbrook Planning & Approvals Manager)
- › Points of note from presentation and discussion with Mr Beatty:
 - The mine commenced in 1994 by Shell Resources initially producing an unwashed product with a 'wet' processing plant commissioned in 1996, sold to AAMC in 2000 operating as a longwall extraction mine and subsequently placed in care and maintenance in 2006.
 - The mine was acquired by Australian Pacific Coal (AQC) in 2016
 - Dartbrook Mine will be an unincorporated Joint Venture operation, Tetra Resources (Tetra Dartbrook) 20%, Australian Pacific Coal (AQC) 80%
 - Tetra will form Dartbrook Operations Pty Ltd and will be appointed as the Mine Operator of Dartbrook Mine.
 - Vitol Asia Pty Ltd (Vitol) is to provide access to funding for completion of all remediation, refurbishment works and the acquisition of critical mining equipment for re-start and ramp-up to full capacity of 2.9Mtpa Bord & Pillar operation from the Kayuga seam.
 - Dartbrook coal marketing rights will be assigned to Vitol under a Coal Supply and Marketing Agreement.

³⁶ Australian Pacific Coal, 04.04 JV Presentation 230111

- Coal produced will predominantly meet Newcastle thermal coal quality specification with some semi-soft coking potential (from Piercefield seam)
- Approvals:
 - Mod 7 approved till December 2027, with future submission of a notional Mod 8 to extend approval to 2033.
 - 1.5Mtpa Bord & Pillar.
 - Additional 1.4Mtpa mining development roadways.
- CHPP By-pass system (dry plant) re-commissioning to commence mid-April 2024
- CHPP Processing system (wet plant) re-commissioning to commence October 2024
- On site Management Team in place apart from the CHPP Manager
- CHPP
 - Preparation plant (wet plant) was constructed and commissioned in 1997 with a nameplate capacity of 1000tph
 - Nominal capacity 6Mtpa (900tph x 7000hrs)
 - Ultra fine flotation circuit commissioned in 2004
 - Dry rejects emplacement; no wet tailings or dams
 - Approvals Mod 7 requires a noise attenuation program to be in place prior to commencement of operations. – train loadout (TLO) conveyor, coal reclaimers.
- Initial Production Milestone
 - There is a requirement for Dartbrook Mine to produce and rail an initial 20,000t of by-pass product coal to trigger the release of further Vitol funding to continue with the mine restart program.

9.1.1.3 General site tour

- › Approximately 1.5hr drive & walkaround tour with Mr Beatty, including:
 - Mine and CHPP access roads off the New England highway
 - Kayuga seam boxcut/portal
 - Western Evaporation Pond area
 - Ventilation Infrastructure
 - Mine Industrial Area (MIA)
 - Electrical Reticulation poles Infrastructure (switchyards, substations, aerial powerline poles)
- › Fixed mine infrastructure remains in place and is in good condition.
 - Reference to Data Room document "03.09 2022 Bureau Veritas Structural Integrity Assessment of Mine Structures Report" has identified some minor to moderate defects.
- › Reject Emplacement Area
 - This area was not accessed during the site tour:
 - For the purpose of this report, it has been assumed that the existing systems will continue during bord & pillar operations with further development (dump lifts) providing sufficient capacity in this area.

9.1.1.4 CHPP and TLO tour

- › Approximate 2.5hr walkaround the entire CHPP – most CHP conveyors and transfer buildings and all floor levels in the wet plant.
- › In general, the facility is in good condition considering it has remained idle since 2006, a reflection of the care and maintenance program in place during the AAMC ownership period.
 - During the AAMC care & maintenance period the facility remained powered and staffed (UGM contract staff) on a Monday to Friday dayshift basis. The equipment was started regularly,

including all conveyors and processing equipment. Equipment was not run where damage would occur under dry no load conditions.

- During the current AQC ownership (2016 to current) it is Xenith's understanding that the care and maintenance program was discontinued, however general housekeeping aspects such as grass & weed control, control building, amenities and workshop areas have been kept clean and tidy.
- › TLO (Train Loadout) bin inclusive of the rail loop infrastructure (rail, sleepers, ballast, drainage) appears to be in good condition.
- › CHPP & TLO Infrastructure remains in place and is in good condition.
 - Reference to Data Room document – "03.08 2022 Bureau Veritas Structural Integrity Assessment of CHPP Structures Report" has identified some minor to moderate defects, in particular conveyor guarding not conforming to AS4024 and elements of corrosion to building wall girts, floor plates and grating corrosion in around ROM bin and TLO bin not critical however requiring attention.

APPENDIX A. LETTER OF INSTRUCTION



RSM Corporate Australia Pty Ltd

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street Wests VIC 8007

T +61 (0) 3 9286 8000

F +61 (0) 3 9286 8199

www.rsm.com.au

8 February 2024

Andrew Knuckey
General Manager Advisory – Corporate Solutions & Metals
Xenith Consulting Pty Ltd
Level 31, 10 Eagle St
Brisbane Qld 4000

By email: Andrew.Knuckey@xenith.com.au

Dear Andrew

Independent Technical Assessment Report – Australian Pacific Coal Limited

RSM Corporate Australia Pty Ltd (“RSM”) has been engaged by the Directors of Australian Pacific Coal Limited (“AQC” or “the Company”) to prepare an Independent Expert’s Report (“IER”) in relation to a proposed long-term lease agreement between Trepang Services Pty Ltd and AQC relating to the provision of land and water access to the Dartbrook coal mine (“Proposed Transaction”).

RSM is to prepare an IER stating whether, in the expert’s opinion, the Proposed Transaction is fair and reasonable to holders of AQC’s ordinary security holders whose votes are not to be disregarded.

AQC’s principal asset is the Dartbrook coal mine located in the Hunter Valley, NSW. Dartbrook operated as an underground coal mine until December 2006, when it was placed in care and maintenance by the previous owner, Anglo Coal (Dartbrook) Management Pty Ltd. AQC acquired the Dartbrook mine in 2016. The Company is currently focused on recommissioning the Dartbrook mine via a joint venture agreement with Trepang, Tetra Resources Pty Ltd and M Resources Pty Ltd for the operation of the Dartbrook mine (“Dartbrook Coal Project”).

In order to complete the IER, we require an independent Technical Assessment Report (“TAR”) of the Dartbrook Coal Project, focussing on the reasonableness of the technical inputs to the Dartbrook Coal Project’s financial model, including the underlying mining and coal production schedule, mine closure, and operating and capital costs.

We also require a review of the Dartbrook Coal Project’s technical inputs to the financial model assuming:

- mining operations continue to 5 December 2027 in accordance with Development Consent DA 231-7-2000 (“MOD7”) as approved by the NSW Independent Planning Commission (“IPCN”); and
- mining operations continue for a further six years to 2033 assuming MOD8 approvals are granted. We understand that AQC intends to begin preparations to seek and obtain MOD8 approvals once production at the Dartbrook mine has commenced.

In preparing the independent TAR, we request that Xenith Consulting Pty Ltd (“Xenith”):

- adheres to the VALMIN Code (2015) and JORC Code (2012), including inclusion of appropriate Competent Person’s Statements as required; and

- takes due note of any guidance issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of expert reports, and ASIC Regulatory Guide 112 – Independence of experts.

Xenith has provided a proposal to AQC dated 3 February 2024, outlining details, outlining details of its proposed methodology, the deliverables and fee for undertaking the above scope of work.

We request Xenith proceeds with the scope of work in accordance with this proposal.

In accordance with the proposal dated 3 February 2024, whilst you will be preparing this report for RSM, AQC will be responsible for the payment of your fees.

Agreement of Terms

By signing this document, you agree to accept the scope of work and terms set out in this letter, consent to inclusion of the independent TAR as an appendix to our IER and you confirm that you are independent and perceived to be independent of AQC.

We look forward to working with you on this assignment.

Yours sincerely



Andrew Clifford
Director

Acknowledgement on behalf of Xenith Consulting Pty Ltd

Dated: ____/____/____

APPENDIX B. PROJECT TEAM



ANDREW KNUCKEY

General Manager Advisory



MBA (Financial Management) – Central Queensland University
Dip Mining and Mineral Technology – Curtin University
FAusIMM • AAICD

Andrew leads Xenith's Advisory service providing clients with valuation, expert witness, technical assessment, due diligence, and owners representative services.

Andrew has a portfolio of technical, operational and financial skills with over twenty years in the mining industry including Mine Management and corporate secondment to the London headquarters of global mining house Anglo American.

Andrew's extensive industry experience is complimented by twelve years company and asset valuation experience in financial advisory and equity markets as a top ranked resource sector analyst.

Mining industry experience

- comprehensive mining industry career with Australian and international operations including over 12 years in the coal sector and 8 years in the precious and base metals sector
- leadership of large and complex coal operations with global mining house Anglo American including:
 - Mine manager Moura/Dawson operations (Queensland), producing over 8 million tonnes of metallurgical coking and thermal coal, and over 60 million cubic metres of overburden material, per annum
 - Mine manager German Creek open cut mine (Queensland), producing over 2 million tonnes of PCI coal and over 20 million cubic metres of overburden material, per annum. Development of major life of mine extension
 - Mine superintendent Callide mine (Queensland), producing over 6 million tonnes of thermal coal and over 40 million cubic metres of overburden material per annum
 - Advisory role to multiple South African coal operations
- leadership of large multifunctional workforces of over 700 persons including management of operational, technical, coal quality and contractor operations
- negotiation of industrial agreements, internal development proposals and strategic business plans
- strategic relationship management, international and cross-cultural border exposure
- safety and sustainable development leader, specialist advisor to corporate and divisional executive including corporate audits of diverse operating divisions
- Senior manager coal strategic business development including downstream coal to liquid projects.

Financial advisory experience

- twelve years in Financial Advisory and Institutional Equity markets specialising in the metals and mining sector
- specialist skills in financial modelling, company and project valuation, strategy and the macro commodity environment
- Expert Witness and owners' representative services, financial evaluation and specialist advisor to corporate and divisional executive of exploration, mining and infrastructure companies, and Government departments
- extensive professional relationships with executive management of mining corporates and institutional investment market
- guidance to equity sales, trading, equity capital markets and debt financing
- top three ranked analyst in leading Australian Institutional Investor survey.

Recent Assignments

Some assignments to which Andrew has undertaken and contributed to in his recent career include:

- Expert Witness for Supreme Court (NSW) matter concerning valuation of various QLD mining tenements
- due diligence for debt and equity investment purposes of a Queensland coal operation
- due diligence for M&A purposes of a globally significant international coal operation
- due diligence for M&A purposes of a Queensland coal operation

- life of mine strategic assessment for New South Wales coal operation
- lenders independent engineer, due diligence and assurance of major Australian coal mine development
- valuation of Indonesian coal assets for potential loss claim
- expert witness report regarding an Indonesian coal dispute for arbitration purposes
- expert witness report and valuation regarding Queensland coal assets dispute
- specialist advisory for insolvency sale of Queensland metallurgical coal mine
- expert witness report for a Queensland metallurgical coal acquisition dispute
- valuation for stamp duty purposes of a Queensland metallurgical coal operation
- valuation of a manganese project for a Northern Territory Aboriginal Land Council
- due diligence and project valuation for Queensland gold mining project
- due diligence and investment analysis for various Western Australian gold mining projects
- expert witness report and loss quantification for Queensland base metal royalty dispute
- valuation of Queensland copper and base metal exploration tenements for Joint Venture buy out
- expert witness report and valuation for major New Zealand steel producer
- Victorian Government financial support package cash flow monitoring of major industrial installation
- expert witness report for a manganese tenement dispute before the West Australian Wardens court
- valuation of a New South Wales gold mine for transfer duty purposes
- specialist advisory regarding valuation of exploration assets for audit purposes
- financial and economic review of major Australian industrial manufacturer for Victorian Government
- valuation of a farm-in and joint venture agreement over an international gold deposit
- expert determination regarding reserved mineral rights over a shared mining tenure
- due diligence of a Tasmanian base metals operation on behalf of a potential non-bank lender.

Qualifications/Memberships

- MBA, Financial Management (Central Queensland University)
- Graduate Diploma in Management (Central Queensland University)
- Diploma in Mining and Mineral Technology (Western Australian School of Mines, Curtin University)
- Successful Acquisitions programme (Ashridge London School of Business)
- Australian (WA & QLD) Open Cut Mine Managers statutory certificates
- VALMIN Code Reporting short course (AusIMM)
- Professional Certificate in ESG and Social Responsibility (AusIMM)
- Affiliate Australian Institute of Company Directors
- Fellow of the Australasian Institute of Mining and Metallurgy

Professional Experience

Manager Advisory	2020 – Current	Xenith Consulting Pty Ltd
Director Corporate Value Advisory	2017 – 2020	PwC Australia
Director Metals & Mining Equities Research	2008 – 2016	Commonwealth Bank of Australia
Senior Business Development Manager	2007 – 2008	Anglo American Plc – London
Executive Safety Adviser (Secondment)	2005 – 2007	
Mine Manager Moura (Dawson) Mine	2003 – 2005	Anglo Coal Australia
Mine Manager German Creek Mine	2001 – 2003	
Production Superintendent	1996 – 2001	
Project Manager	1990 – 1996	Macmahon Contractors

Mining Engineer

1989 – 1990

Leighton Contractors





BERNHARD HEIZMANN

Principal Geologist

MSc (Geology) – Freie Universität Berlin, Germany
MAusIMM • Site Senior Executive (SSE)



Bernhard is a highly experienced geologist who has worked extensively in different roles in resource evaluation, geological modelling, operations and exploration.

This includes planning and managing exploration programs, database management, resource modelling and estimation, project and study reports, operational mine geology and coal quality assessment (thermal and coking coal). He is a Competent Person for JORC reporting as well as an exploration SSE. After early days in South Africa and Victoria, he has worked on coal projects in the Bowen and Galilee Basins for over 15 years.

Expertise

- **Operations:** Responsible for all geological issues on several coal mines, including exploration, mine planning, horizon/grade control, contamination, yield/product quality predictions, reconciliations of tonnages and qualities; as well as managing the geology departments
- **Exploration:** Target generation; planning and execution of exploration programs (drilling and seismic); managing exploration departments (as SSE) which included budget and cost control, contract and contractor management; staff development and supervision, tenement management etc
- **Resource Evaluation:** Competent Person for JORC reporting of coal; data collection/validation (incl. coal quality), database management, geological modelling, resource estimation, resource reporting; audit/review, due diligence and study reports.

Career Highlights

- **Xenith Consulting:** Due Diligence for sale of coal mines by major mining house; modelling and reconciliation support to operating coal mine; overburden model for WA gold mine
- **Vale:** Red Hill (East) exploration program, resource estimation and PFS report compilation
- **Hancock:** Completion of Kevin’s Corner Underground PFS study; Alpha mine exploration and resources
- **Anglo American:** Responsible for all of Anglo Coal’s exploration; 1000 LTI free exploration days.

Professional Experience

Principal Geologist	2017 – Current	Xenith Consulting Pty Ltd
Exploration Manager and Technical Lead	2014 – 2016	Vale Exploration
Principal Resource Geologist	2012 – 2014	GHD Consulting
Geology Manager	2011 – 2012	Hancock Coal (GVK)
Exploration Manager	2001 – 2010	Anglo Coal Australia

Consultant profile



Kevin Irving

Senior Mining Consultant

Qualifications

- › BSc Mining (Hons)
- › Master of Business Administration
- › Fellow and Chartered Professional, Australasian Institute of Mining and Metallurgy
- › Fellow and Chartered Professional, IMMM

Expertise

- › Strategic advice to mining companies.
- › Preparation of due diligence advice.
- › Operation, project and mine management.
- › All aspects of surface and underground stratified mining deposits.
- › Auditing of Reserves under international codes.
- › Mine Planning.
- › Commercial strategy and negotiation.
- › Feasibility study leadership, submissions and development of bankable feasibility studies.
- › Planning, budgeting and cost forecasting.
- › Project monitoring and reporting processes.
- › Management systems development and implementation.
- › Development and implementation of project improvement programs.
- › Develop teams to ensure company standards and objectives are met.
- › Project reviews.



Kevin has over 40 years of mining engineering experience in mine management, corporate roles and consulting. Kevin has recently left Xstract Mining Consultants where he was General Manager and Principal Consultant. Before joining Xstract Mining, Kevin was Group Manager for Snowden Mining Industry Consultants, based in Brisbane. Previous to this, he was Vice President of Operations for Europe's largest public coal mining company where he had a successful track record of managing a group of 15 underground coal mines. Kevin's experience includes an in-depth knowledge of leading people, financial management, planning, scheduling and forecasting and consulting. His skills lie in establishing teams of diverse people to conduct concept, pre-feasibility, feasibility studies, mine optimisation, due diligence and technical audits.

Professional experience

2023 – current

Xenith

Senior Mining Consultant

2021 – current

Independent Principal Consultant

Founding director of a mining consultancy. Developing a new consultancy giving independent strategic advice, leading a small group of associates.

2009 – 2021

Calibre Group (Xstract Mining Consultants)

General Manager & Principal Consultant

One of the founder directors of a mining consultancy to become recognised world-wide in a short period of time. Led the company to become a major partner in due diligences for private equity, financial institutions, private mining companies and major mining companies. Develop Joint Venture opportunities or Partnerships.

2005 – 2009

Snowden Mining Consultants

General Manager

Built up the coal division from inception to become the largest single commodity group within the company. Led feasibility studies in Mozambique, Botswana and Australia. Developed business opportunities in coal mine optimization. Led the coal team to become a major client in Resource and Reserve auditing.

2004

Independent Consultant

General and Technical Services Manager. Establishing a managerial and technical control structure for a mine in the Middle East. Principal Mining Engineer responsible for the mine evaluation, technical audit and due diligence of an Eastern European Coal Company.

When there is value to be realised,
we show the way.

When the options are complex,
we find the best.



2001 – 2003

UK Coal Mining PLC

Group Operation Director

Created a strategic model and implementation plan for transforming the company and increase share value. Improved operational efficiency and lowered unit costs in underground and surface mines. Re-engineered business processes to improve productivity, purchasing, human resources and marketing. Identified and advised the Company's Board on the way forward to create and add value. Prepared and presented reports to City Analysts and financial institutions as ambassador of the change management program. Introduced new Management Information Systems to assist in improving the efficiency.

1994 - 2001

RJB Mining PLC

Director of Mining and General Manager

Managed 15 business units (turnover circa AUD1,200M, 7,000 employees) and worked closely with site management teams to achieve consistent high standards across sites specifically in terms of health, safety and environment and profitability. Identified and created a new approach to drive a strategy to improve profitability by introducing a risk management approach. Implemented a major Health and Safety Culture Change Program. Introduced a continuous improvement program throughout the company. Negotiated with national trade unions and improved operational efficiency and lowered unit costs in underground.

1979 - 1994

British Coal

Progressed from graduate mine engineer to General Mine Manager. Responsible for mine planning, budget control, optimising operations, implementing improvement plans and introducing risk assessment. Developed training packages for mine supervisors. Managed difficult geotechnical and environmental conditions.



ANTHONY WOODSIDE

Lead Mining Engineer

BEng (Mining) – University of NSW



As an accomplished Mining Engineer, Anthony’s projects over the past twelve years with Xenith Consulting have focused on the provision of corporate technical consulting services to Australia’s major mine owners. Anthony contributes expertise in mining concept studies, strategic mine design and scheduling, competitor analysis and mine expansion proposals to industry leaders.

Expertise

- **Design:** Detailed mine design and scheduling including the development of scheduling reserve databases and life of mine design
- **Resource Optimisation:** Including coal quality and logistics with expertise in complex multi-seam operations
- **Modelling:** Risk assessments and financial modelling for mine improvement projects
- **Competitor Analysis:** Research, data analysis, trend identification and reporting
- **Conceptual Mine Development Planning:** The what, where, how and why of potential projects
- **Project Supervision and Study Management:** Specialising in technical evaluation projects
- **Due Diligence Studies:** Development of concept studies in the support of acquisition and divestment activities
- **Process Improvement:** Development of alternative mining strategies and techniques to deliver operational efficiencies including operational, equipment performance and costing reviews
- **Feasibility Assessments:** Research, data analysis and reporting of conclusions to assess competing options
- **Technical Input:** Generate and contribute technical content to attain mine operating regulatory approvals
- **Plant & Equipment:** Review, assess and advise on selection, replacement and rationalisation decisions
- **Coal Chain Logistics:** Simulation and optimisation of logistics for mines and product transport systems
- **Forecasting:** Preparation of operating plans and budgets including cost estimation for capital and operations
- **Production Information Systems:** Installation and operation of systems to streamline truck dispatch and production monitoring functions.

Career Highlights

- **Xenith Consulting:** Project Management of a significant mine expansion feasibility study
- **Xenith Consulting:** Strategic study into waste removal technologies employed at multiple operations of a large mining corporation
- **Rio Tinto Coal:** Establishing and maintaining a strategic planning framework for several minesites in NSW and Queensland.

Professional Experience

Lead Mining Engineer	2018 – Current	Xenith Consulting Pty Ltd
Manager – Business Transformation	2010 – 2017	
Consulting Mining Engineer	2005 – 2010	
Senior Mining Engineer – Strategic Planning	2004 – 2005	Rio Tinto Coal Australia
Senior Mining Engineer – Resource Planning	2001 – 2004	Coal & Allied
Mining Engineer	1995 – 2001	Lemington Coal Mine

Curriculum Vitae
Rodney Thomas Fox

Tel: +61 417478210

Address: 59 Goorangoola Rd
Singleton NSW 2330

Email: rfox58@gmail.com

DOB: 30/04/58

Major Achievements

Executive Manager with a track record for leading change and delivering profitable business growth within the Coal Handling & Processing sector of the Coal Industry.

Action oriented with a drive for results, took on the role of architect of the Mount Owen Coal Handling Preparation Plant (CHPP). This has become the standard template globally within Glencore-Xstrata, and an icon in terms of maintainability, operability and profitability. No other coal company has achieved a standard template.

A demonstrated ability to build, motivate and manage high performing teams, from both a project and operations perspective.

Career Summary:

2/2021 - current	Fox Mining Services	Company Director
2020 - 1/2021	Whitehaven Coal	Project Director – Vickery Extension
2013 - 2019	Whitehaven Coal	GM Coal Prep & Ops Projects
2011 - 2013	Xstrata Coal Global	VP Engineering China
2005 - 2010	Xstrata Coal Global	Group Manager – Coal Handling & Processing.
2004 - 2005	Xstrata Coal NSW	Group Manager – Coal Handling & Processing.
2002 - 2004	Glencore - ENEX	Manager CHPP – Bulga Complex
1995 - 2002	Thiess Pty Ltd	Manager CHPP - Mt. Owen Mine Group Manager –CHPP Thiess Mining
1992 - 1995	Coal & Allied- Rio Tinto	CHPP Supt – Hunter Valley #1 Mine
1981 - 1992	Clutha Development Pty Ltd.	Technical, Supervisory and Manager Howick & Newdell CHPPs
1977 - 1980	Australian Iron & Steel Port Kembla	Cadet Metallurgist

Education:

- Associate Diploma in Metallurgy

Personal Details:

Age: 65
Marital Status: Married with 4 children & 8 grandchildren.
Interests: Hobby farming, motorsports

Employment History

2/2021-current Fox Mining Services Pty Ltd - Director

Providing Process and Non-Process Infrastructure contracting and consulting services to the Coal and Metalliferous Mining sectors.

Services Provided during CY21:

- Feb '21
 - o Yancoal Moolarben CHPP - 16Mtpa CHPP Feasibility study design review.
 - o Yancoal MTW CHPP – Operational & Maintenance audit.
- March '21 to June '21
 - o Aurelia Metals Dargues Gold Mine – Interim Processing Manager.
 - Managing the non-mining components of the integration process associated with Aurelia Metals purchase of the Dargues Gold Mine from Diversified Minerals.
- July '21, August '22
 - o Xenith Projectus JV – Bravus Carmichael Coal Project
 - CHPP design review
 - CHPP performance guarantee sign off
- March '22 to April '23
 - o MACH Energy – Mt Pleasant Optimisation Project
 - Pre -Feasibility Stage 2 Study Manager
 - Developed the study scope, study management plan, budget and schedule.
 - Managed a team of specialist consultants to deliver against the management plan.
 - Managed the interface and reporting to the MACH Energy Steering Committee.
 - Prepared progress reports, recommendations and presentations.
 - Developed the overall technical and business understanding of the project.
- Feb '23
 - o Delta Dunia – BUMA
 - Foxleigh Mine - Due Diligence CHPP component
- May '23 – current
 - o Peabody Energy
 - Metropolitan Mine, Wambo Mine, Project Overland DD Team, Moorvale Mine, Centurion Mine (formerly Nth Goonyella)

- Providing CHPP technical & operational support and Project Management Services.

2020 – 1/2021 Whitehaven Coal

Project Director – Vickery Extension

Reporting to the EGM Project Delivery responsible for all approvals, PFS and DFS in preparation for FID.

A few highlights:

Approvals:

- Primary
 - Aug 2020 - DPIE Development Consent Approval granted
 - Commonwealth EPBC - expecting Dec2020, however court injunction lodged with hearing scheduled Mar 2021, likely approval earliest May 2021.
- Secondary
 - Sep/20 Finalisation of draft Construction EMPs to address Development Consent conditions.
 - Dec/20 Submission of EPL variation

Feasibility Study:

- Mining
 - May 2020 – Dec 2020 Engagement of Geological, Metallurgical and Mining consultants to update the geological model, complete WOROM coal quality model and complete LOM mine design and ‘bottom up’ costing model.
- Processing Infrastructure
 - May 2020 – Complete CHPP detailed design (FS completed 2019)
- NPI (Non Processing Infrastructure)
 - March 2020 – Complete FS for MIA, Water Backbone. Complete PFS for rail spur.

5 Year Budget Process:

June 2020 – Completion and approval of 5Yr Pre-Construction, Construction and Operational Readiness Budget

2013 – 2019 Whitehaven Coal

General Manager - Coal Processing & Operations

Projects

Reporting to the COO responsible for all Capex/Opex requirements, capacity, efficiency and cost reduction initiatives.

A few highlights:

Werris Ck:

- Relocation and upgrade of the existing Coal Handlin Plant.
- Upgrade and automation of the TLO bin.
- Gunnedah CHPP:
- Conversion from a wet tailings regime to Belt Press Filter dry co-disposal.
- Upgrade and automation of the TLO.
- Complete refurbishment of rail spur and balloon loop.
- Permanent employee downsizing and outsourcing of maintenance activities, subsequent cost reduction.

Maules Ck:

- Construction, commissioning and operational readiness of the CHPP (design and procurement by Sedgman/Aston Mining – all SMP&E items in storage for 2 years).
- Complete de-bottlenecking and expansion program to ensure that the CHPP will manage the mining operations 13Mtpa ROM output.
- Design, procure and execute the installation of a 10km 30MI/day pumping station and pipeline supplying Namoi River raw water to the mine site.
- Complete MIA design and construction of the MIA

Narrabri U/G:

- Closure of Sedgman’s CHPP operating contract and conversion to owner operate.
- Expansion of both the ROM and Product stockpiles.

Vickery Project:

- 13Mtpa CHPP concept study.
- Stream Lead CHPP, NPI (on/off site) PFS, FS

Winchester Sth:

- Stream Lead CHPP, NPI (on/off site) PFS, FS

Corporate:

- Developed in house ‘Pit to Port’ reporting system, registered as **CoalTrak**.
- M&A due diligence – CHPP, Coal Quality, NPI (on/off site) – Anglo Dartbrook, Vale Carborough Downs, Eagle Downs, Rio Tinto Qld assets

2011 - 2013 Xstrata Global Coal

VP Engineering China

- Established the Shanghai Engineering/Project Procurement Office - December 2011.
- Responsible for Engineering initiatives and Project procurement opportunities, centred on Xstrata Coal’s CHPP global standardisation approach.

2005 - 2011 Xstrata Global Coal

Group Manager – Coal Handling & Processing

- Responsible for the design criteria, PFD and contracting methodology for all greenfield and brownfield Coal Handling & Preparation Plant (CHPP) expansions and upgrades globally for Xstrata.
- As a member of the Alliance Management Team on all projects, taking responsibility for extensive CAPX, covering the design, construction, procurement and execution of the projects.

- Bulga – major upgrade of existing CHPP.
- Newlands – brownfield, new CPP.
- Rolleston- greenfield, new CPP
- Mount Owen – brownfield expansion of existing CPP.
- Liddell - brownfield new CPP and product handling TOL expansion
- Goedgevonden Sth Africa – greenfield, new CPP.
- Oakey Creek –brownfield, upgrade of existing CPP.
- Collinsville – brownfield, flotation circuit and ROM dump station addition.
- Ulan – brownfield, product handling and TOL upgrade.
- Cerrejon Colombia, brownfield CPP expansion and CHP upgrade.
- ATC Sth Africa, new ROM system.
- Mangoola – greenfield new CHPP.
- ATCOM East Sth Africa – brownfield CPP & CHP expansion
- United, Hunter Valley – new CHPP.
- Bulga Optimisation – Bulga CHPP upgrade.
- Zonnebloem, Sth Africa – greenfield new CHPP.
- Tweefontein, Sth Africa – brownfield/greenfield new CHPP.
- Wandoan, Qld – greenfield new CHPP
- Ravensworth Nth – greenfield mine, brownfield CHPP major expansion.
- Ulan West – Greenfield mine, brownfield CPP major expansion.

2004 - 2005

**Xstrata
NSW Group Manager –Coal Handling & Processing.**

- Responsible for the development and subsequent execution of Xstrata’s NSW CHPP capacity and efficiency program, via CAPEX and site management focus.
- The program resulted in significant yield gains and operating cost reductions across the group.

2002- 2004

Glencore (ENEX Resources) - Bulga Complex

- As one of three senior site managers, collectively developed a “return to profit” strategy to turn the loss- making complex into Xstrata’s “jewel in the crown”.
- The strategy required a reduction in site manning, a lift in productivity and production and a reduction in OPEX.

- Within 18 months the CHPP increased the capacity from 10.5mtpa at \$3.50 OPEX per feed tonne to 13.5mtpa at \$2.20.
- In conjunction with Roche Mining – QCC developed the GMP contract to upgrade the CPP from 13.5mtpa to 16mtpa, probably considered in the industry to be the most complex brownfield upgrade of an Australian CPP.

1995 - 2002

**Thiess Pty Ltd
Group CHPP Manager Thiess Mining**

The Mt Owen Complex consists of the Mt Owen, Ravensworth East and Glendell open cut coal mines. All mines are owned and managed by Xstrata Mt Owen (formerly Hunter Valley Coal Corporation) on behalf of Xstrata Coal. Xstrata Mt Owen is a wholly owned subsidiary of Xstrata Coal. Thiess Pty Ltd operates Mt Owen mine under a contracting agreement with Xstrata Mt Owen. Xstrata operates the Glendell mine feeding the Mt Owen CHPP via the Sth raw coal system

Achievements:

- Architect of Australia’s premier CHPP facility.
- Innovation in design – largest DMC single module circuit, first stacker/reclaim tunnel combination, first fully automated train loading batch weighing system.
- Remains the lowest unit cost plant in the Xstrata group.
- Successful fully outsourced maintenance program.

Accountabilities:

- At Mount Owen- responsible for the design, build and commissioning of the CHPP.
- Managed the CHPP operation at Mt Owen
- As Coal Handling Preparation Manager, across all Thiess mines- prepared the tender documents and tendered successfully for Newlands, Southland Underground Mine, South Walker Creek and Collinsville.
- Design and construction of CHPP’s at Mount Owen and Burton Coal Mine.
- Technical and operational direction for all Thiess operated CHPP’s.

1992 - 1995

**Coal & Allied- Rio Tinto
Production Superintendent at Hunter Valley #1 CHPP**

Achievements.

- Integration of the maintenance and production departments.
- Upgrade of the overdense medium circuits.
- Introduced a paperless production reporting system.
- Implemented the “direct feed” strategy minimising the use of the raw coal stockpiling equipment.

Accountabilities.

- Managed the technical, production, product quality and maintenance aspects of the CHPP.

1981- 1992 Clutha Development Pty Ltd.

- Newdell CHPP- technical and managerial roles.
- Howick Plant- Design, construction and commissioning of CHPP, and subsequent operation.

**1977-1980 Australian Iron & Steel, Port Kembla
Cadet Metallurgist.**



GRANT PHILLIPS

Senior Business Analyst - Financial

BEng (Geological) – Royal Melbourne Institute of Technology
Master of Finance (MFin) – Curtin University



Grant has over 20 years experience working within the mining and resources industry. He has almost 15 years in roles as an on-site mine Business Analyst reviewing and analysing financial and operational performance and identifying business and operational improvements, and as a Mining Financial Analyst delivering quality services ranging from capital and operating cost assessments through to analysing and developing detailed financial models in conducting economic, financial and strategic evaluations of mining projects. Grant’s earlier experience was as a geotechnical engineer in underground and open pit environments in roles varying from on-site roles at mine sites in operational and development stages to working on varying mining projects within the consultancy industry.

Expertise

- **Mining Project Evaluation:** Value driver-based analysis including the assessment of alternate scenarios
- **Business Analysis:** Conducting variance analysis focusing on cost and value drivers and improvement opportunities
- **Financial Modelling:** Modelling for capital expenditure business cases through to life of mine and financials
- **Capital and Cost Forecasting:** Monthly forecasts to annual budgets and long terms plans
- **Cost Initiatives:** Identifying and implementing business and productivity improvement initiatives
- **Equipment Selection:** Ensure commercial input to selection process is weighed against operational fit
- **Project Management:** Ensure project delivery through strong communication, reporting and stakeholder engagement skills.

Career Highlights

- **Thiess Pty Ltd:** Provided business analysis by tracking production and financial metrics, compared budgets and forecasts to actuals, reported on mining physicals, operational performance and operating costs, identified and managed costs drivers, identified and implemented business and productivity improvement initiatives and conducted financial modelling and cost benefit analysis on business cases and capital expenditure applications
- **IMC Group Consulting Ltd and URS/Scott Wilson Group:** Conducted financial modelling and capital and operating cost analysis in delivering economic and financial evaluations at various lifecycle stages of mining projects, identified critical performance issues and improvements for existing mines, defined issues in the financial viability of potential mines as well as analysed, forecasted and benchmarked capital and operating costs for mining projects.

Professional Experience

Senior Business Analyst - Financial	2022 – Current	Xenith Consulting Pty Ltd
Business Analyst – Mt Owen Mine	2015 – 2021	Thiess Pty Ltd
Mining Financial Analyst	2011 – 2014	IMC Group Consulting Ltd (UK)
Mining Financial Analyst	2007 – 2011	URS/Scott Wilson Group (UK)
Project Manager/Technical Supervisor	2006 – 2007	
Geotechnical Engineer – Century Mine	2004 – 2006	Zinifex Limited
Geotechnical Engineer	2002 – 2004	GHD-Longmac Pty Ltd
Geotechnical Engineer – Telfer Gold Mine	2000 – 2002	Newcrest Mining Ltd
Contract Exploration Geologist	2000 – 2000	Mines and Resources Australia
Geotechnical Engineer – Telfer Gold Mine	1998 – 1999	Newcrest Mining Ltd
Geotechnical Engineer	1997 – 1998	BFP Consultants Pty Ltd

APPENDIX C. GEOLOGY SUPPORTING MATERIAL

Figures from the AQC 2016 and 2017 Resource Reports

Figure C.1 – Seam Stratigraphy

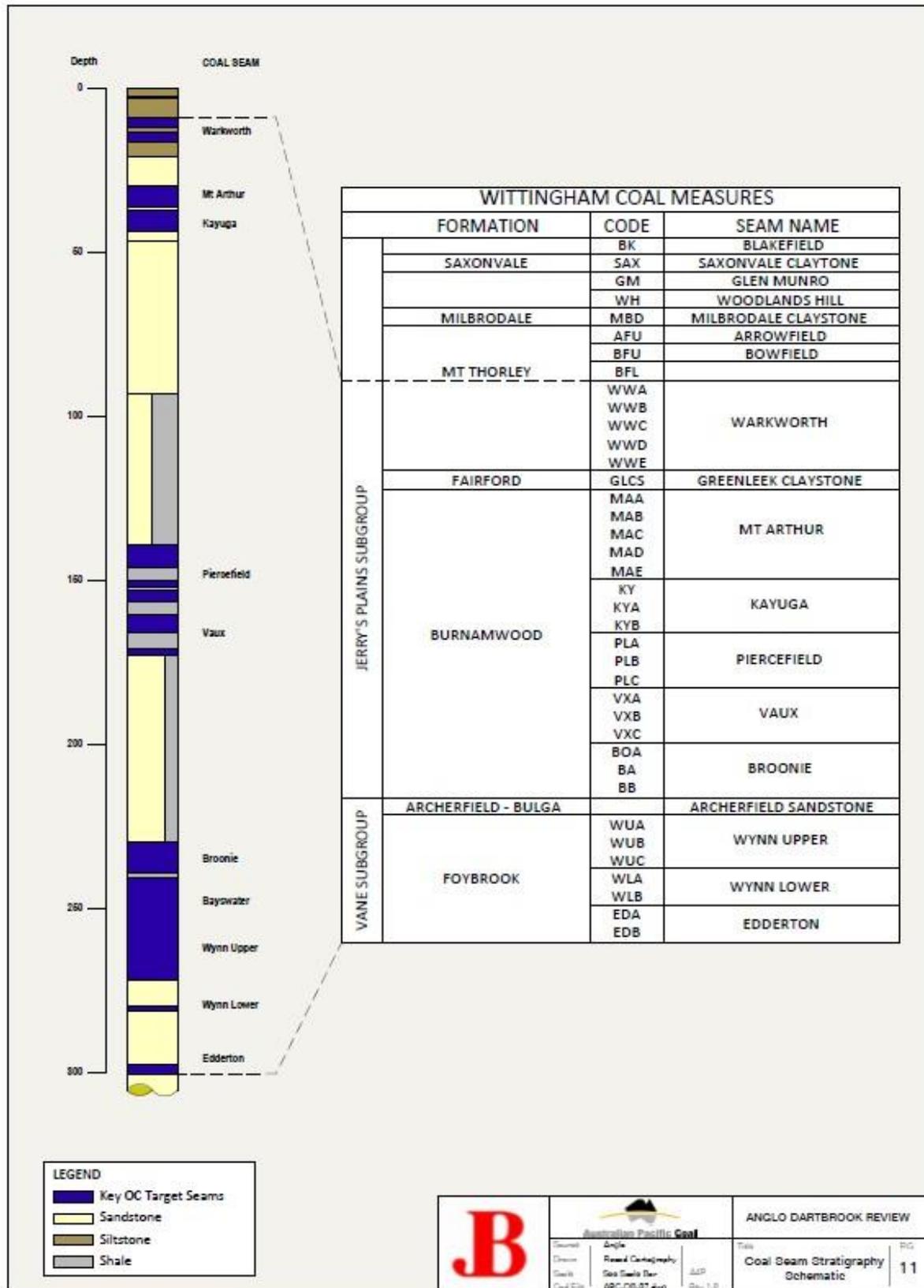


Figure C.2 – Drill holes

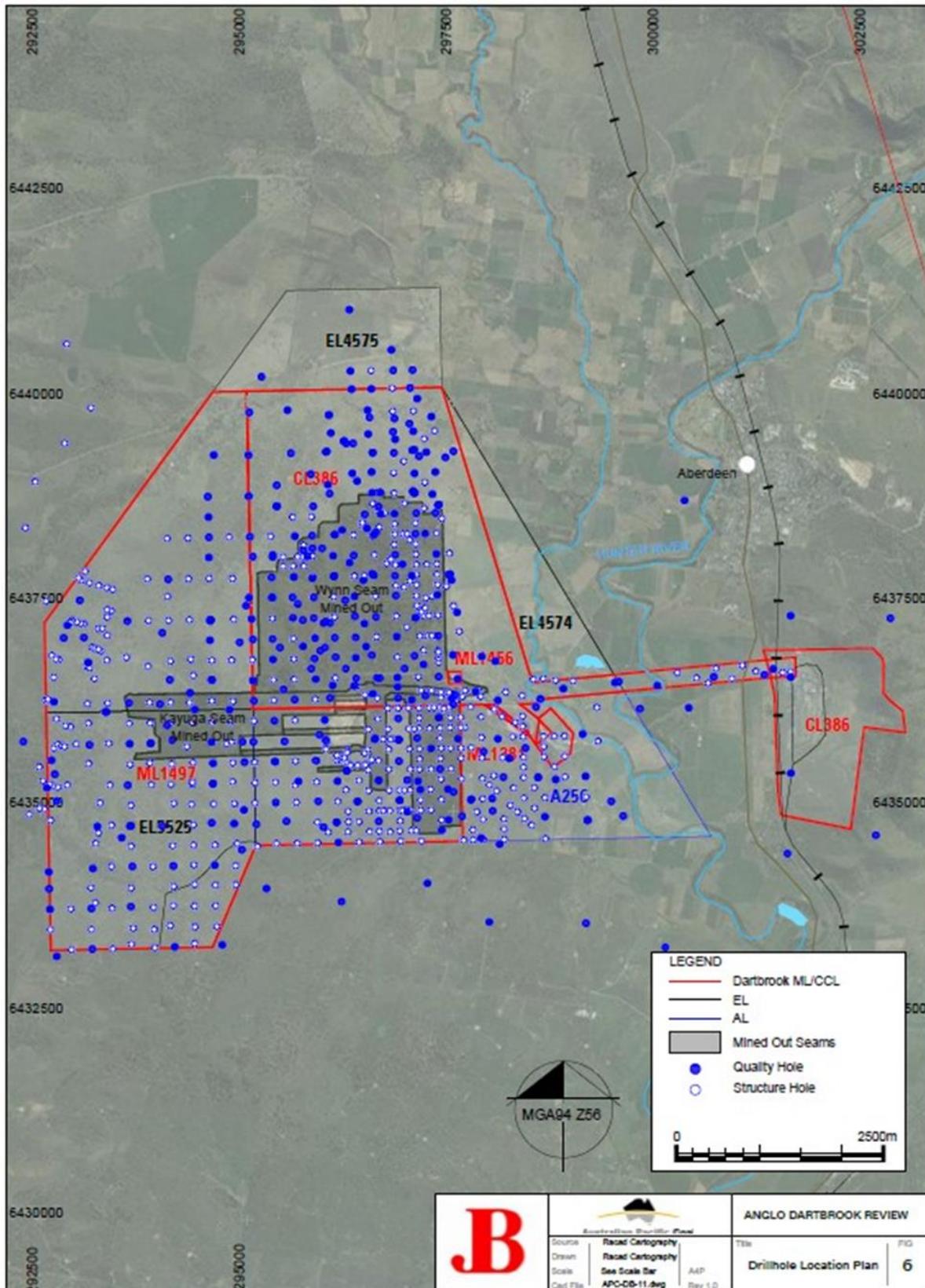


Figure C.3 – Seam subcrops

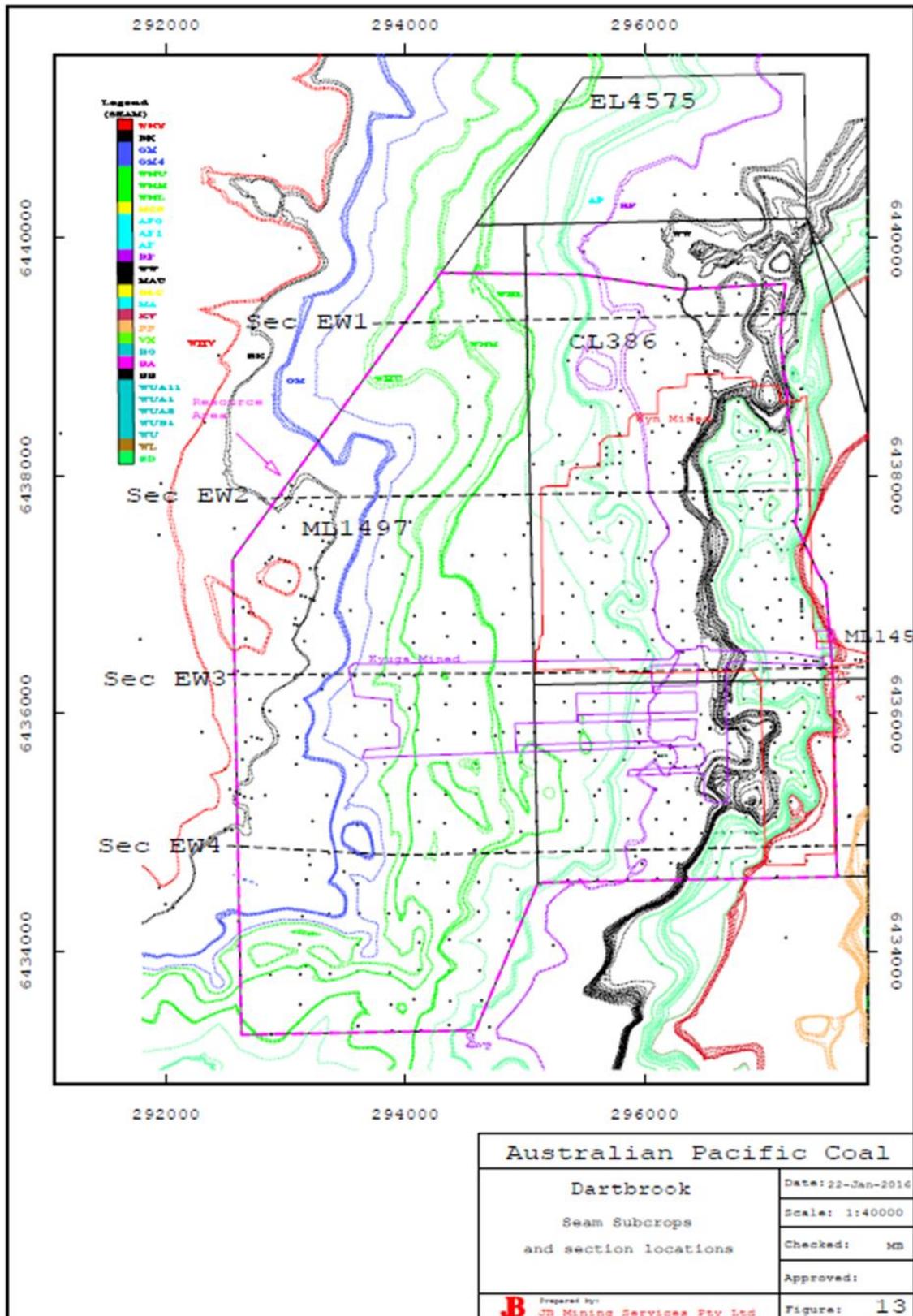


Figure C.4 – Representative cross section

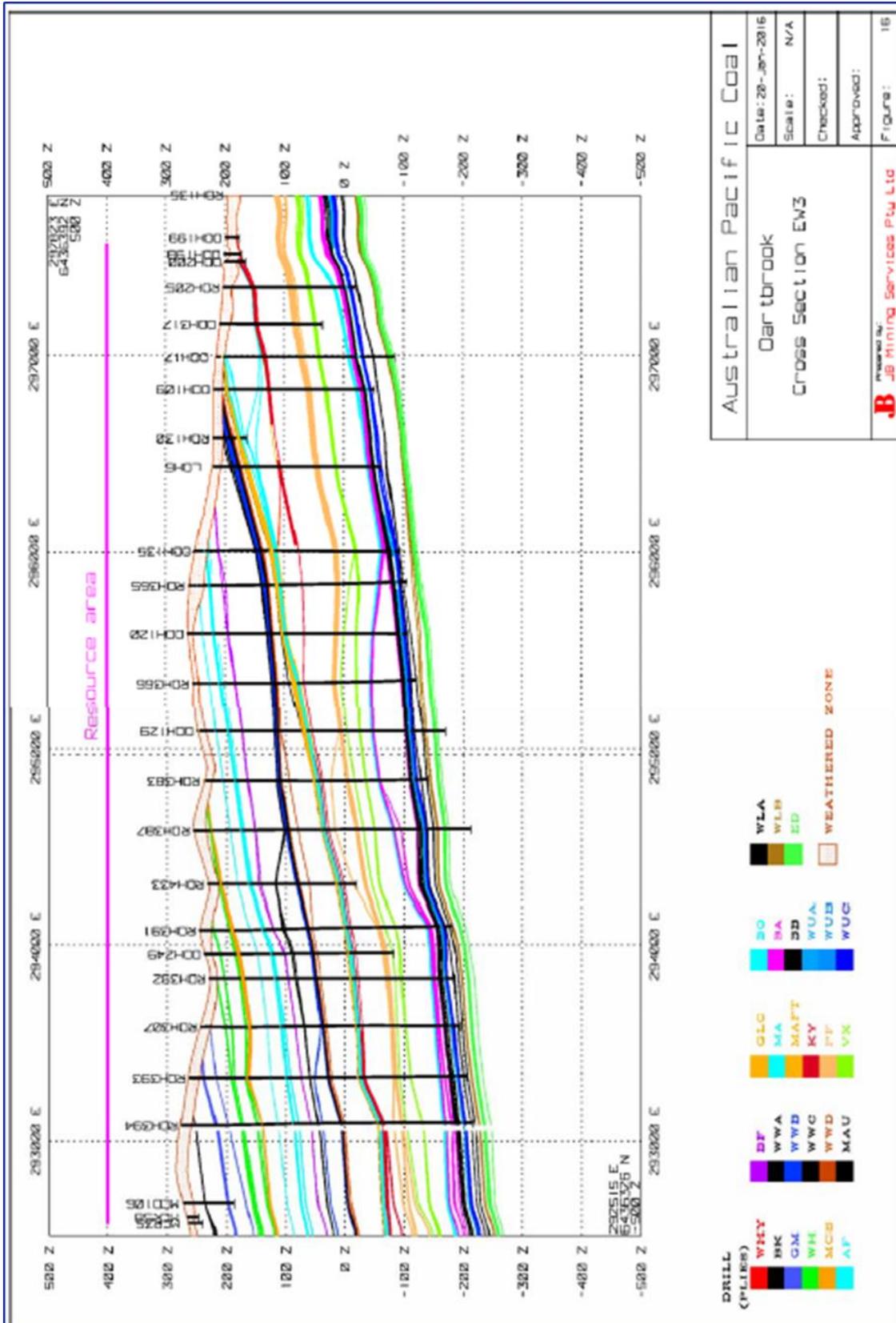


Figure C.5 – 2016 Resource Report resource area

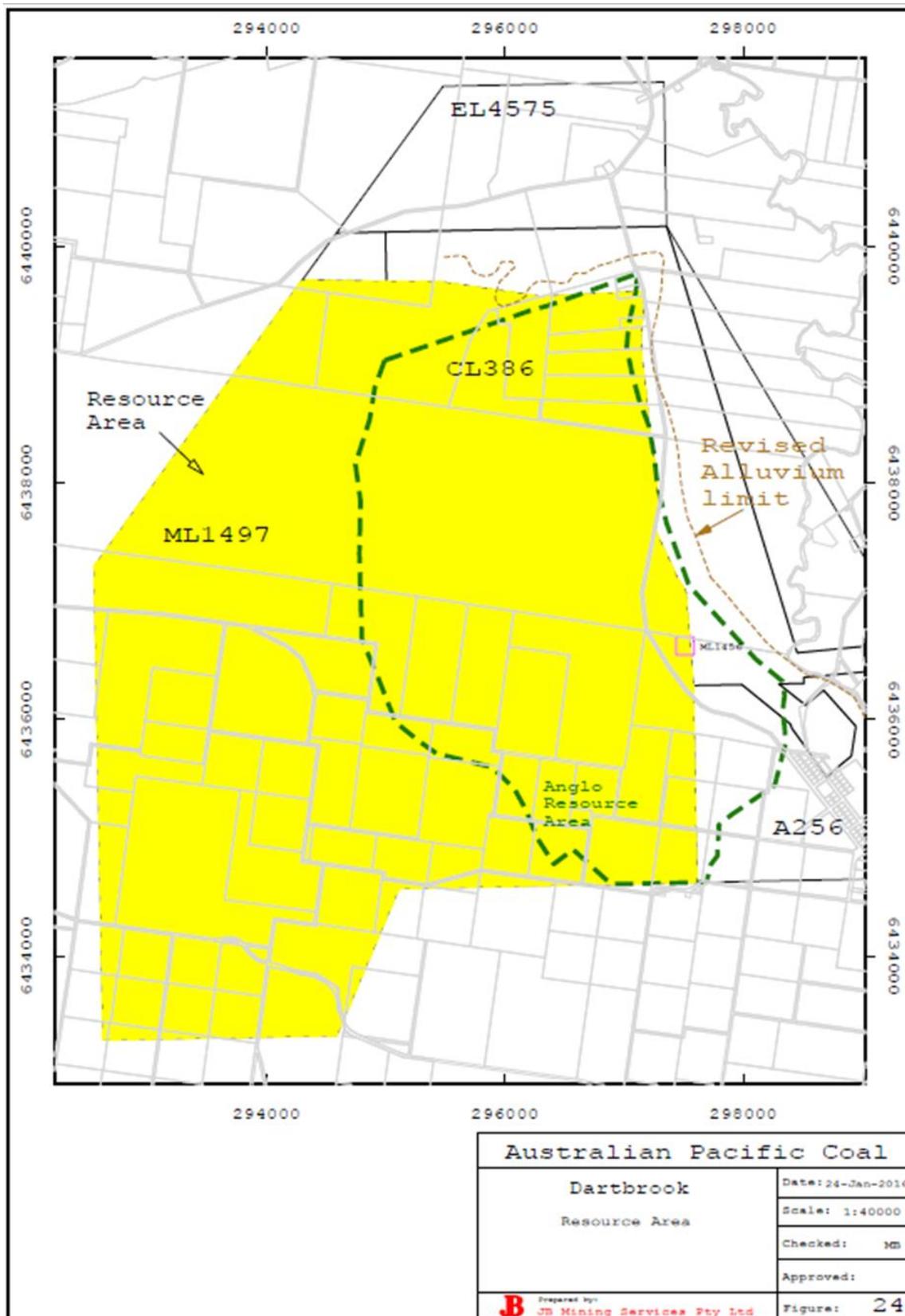


Figure C.6 – 2016 Resources Mt. Arthur Seam

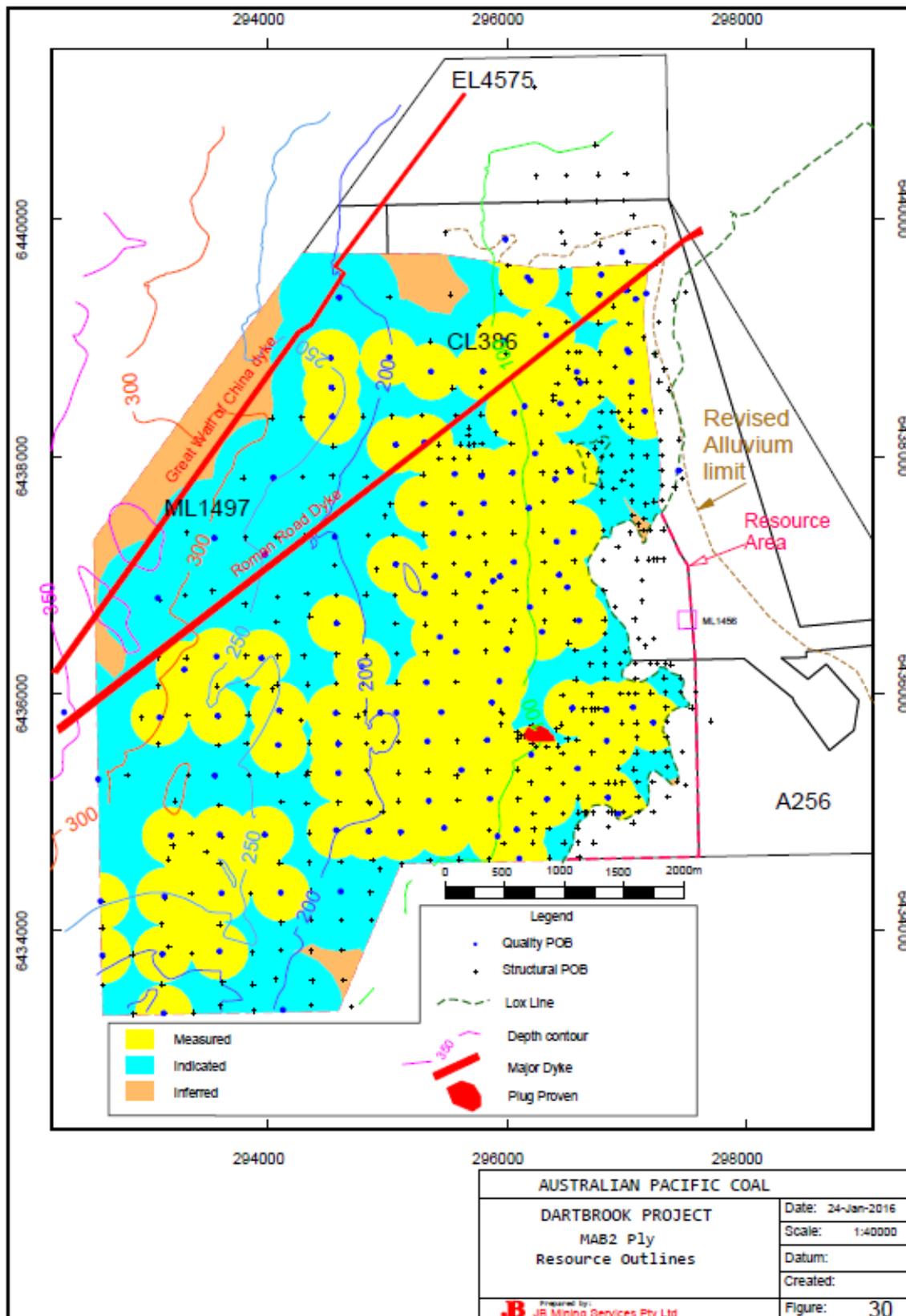


Figure C.7 – 2016 Resources Kayuga Seam

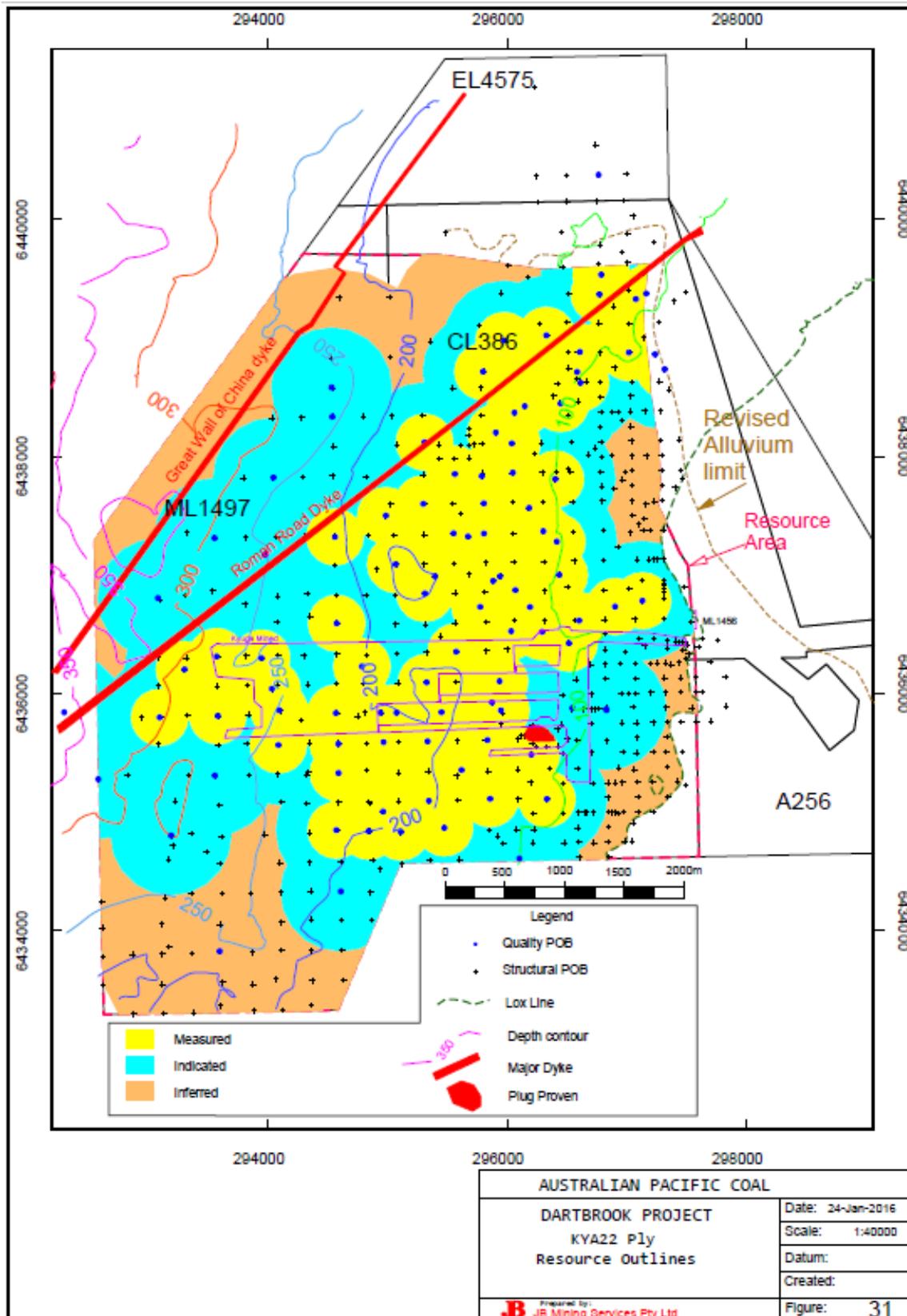


Figure C.8 – 2016 Resources Piercefield Seam

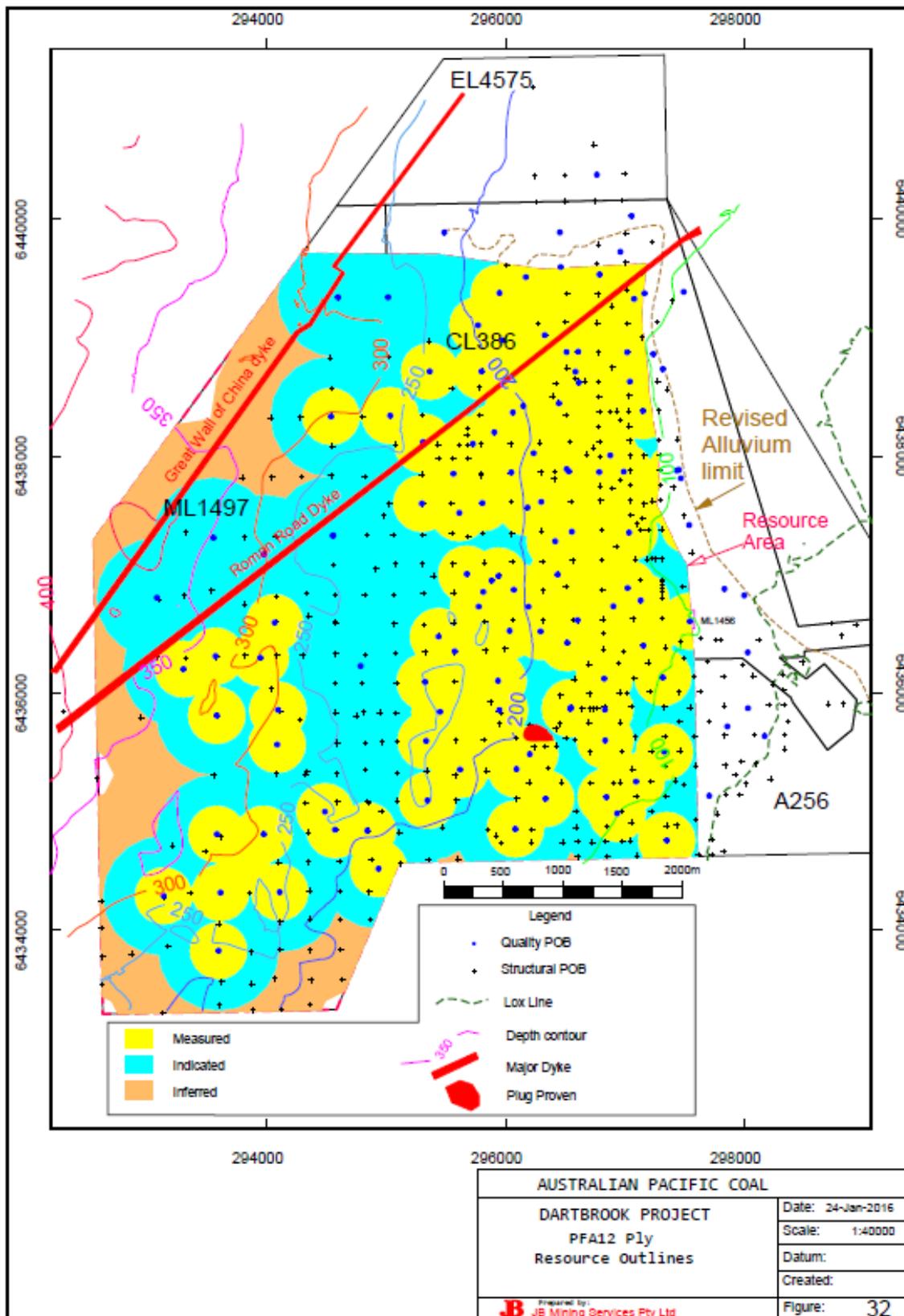


Figure C.9 – Feasibility Study - Base Case Mine Design

Dartbrook Underground Kayuga Seam Resta
Feasibility Study - Summa

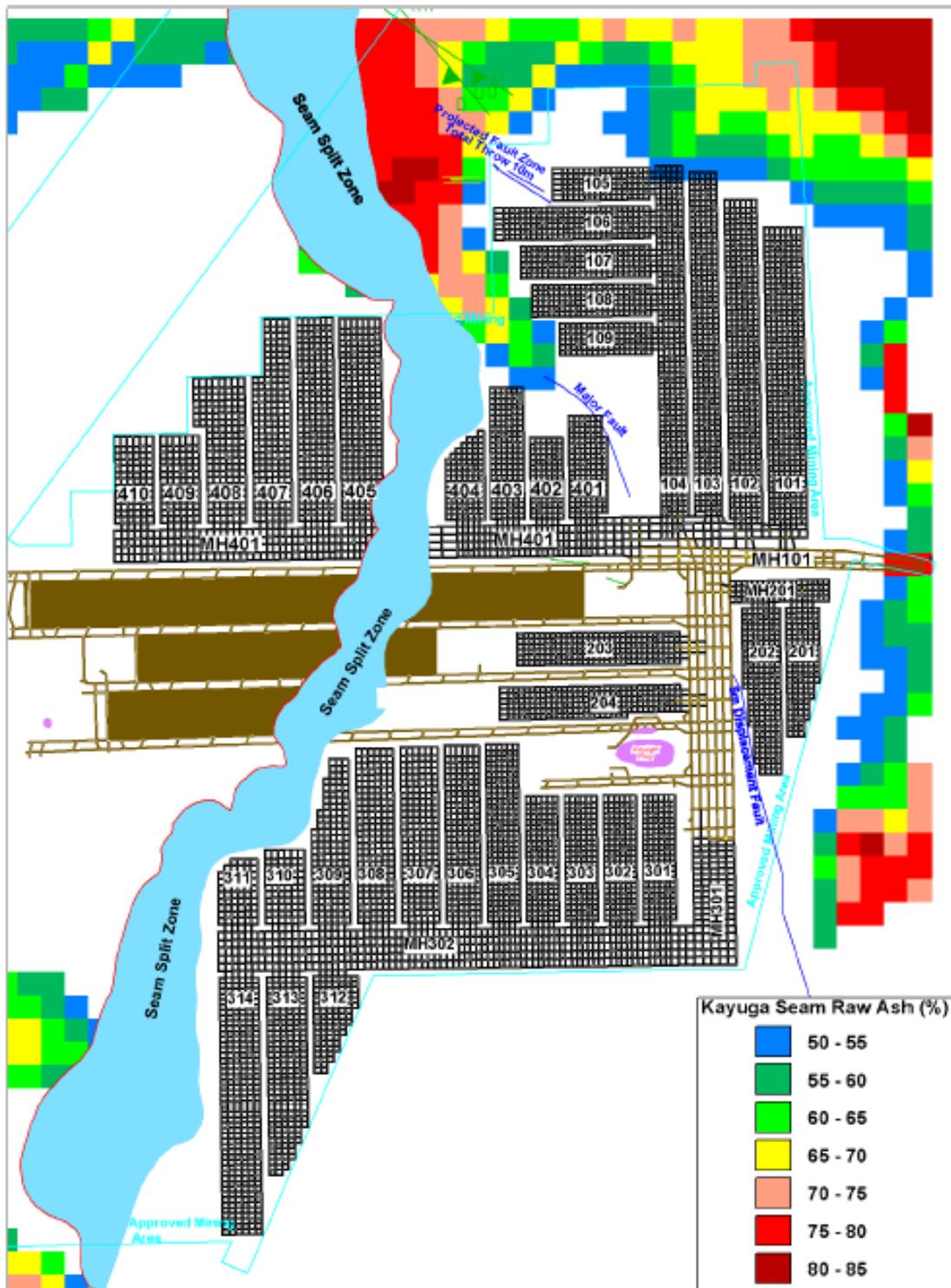


Figure 4-4 Base Case Mine Design

Document End.

RSM Corporate Australia Pty Ltd

Level 27. 120 Collins Street
Melbourne VIC 3000
T +61 (03) 9286 8000
F +61 (03) 9286 8199
www.rsm.com.au

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, 2nd Floor, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association

Annexure B – Dartbrook Lease

Lease

Dated

Parties

**Hunter Valley Corp Pty Ltd ACN 652 547 423 as
trustee for Hunter Valley Property Trust**

**ReggieFox Pty Ltd ACN 652 678 665 as trustee for
ReggieFox Property Trust**

**Kelly HV Property Pty Ltd ACN 652 606 892 as
trustee for Kelly HV Property Trust**

**Walkington HV Property Pty Ltd ACN 652 607 764 as
trustee for Walkington HV Property Trust**

(Landlords)

and

**AQC Dartbrook Pty Ltd
ACN 000 012 813**

**Tetra Dartbrook Pty Ltd
ACN 658 320 471**

(Tenant, also herein referred to as Joint Venturers)

LEASE

LANDLORD: Hunter Valley Corp Pty Ltd ACN 652 547 423 as trustee for Hunter Valley Property Trust, ReggieFox Pty Ltd ACN 652 678 665 as trustee for ReggieFox Property Trust, Kelly HV Property Pty Ltd ACN 652 606 892 as trustee for Kelly HV Property Trust, and Walkington HV Property Pty Ltd ACN 652 607 764 as trustee for Walkington HV Property Trust.

TENANT: AQC Dartbrook Pty Ltd ACN 000 012 813 and Tetra Resources Pty Ltd ACN 633 892 109

DATE:

SCHEDULE

Item	Term	Definition
1	Landlord	Hunter Valley Corp Pty Ltd ACN 652 547 423 as trustee for Hunter Valley Property Trust of BDO Business Centre, 72 Cavenagh Street, Darwin NT 0800; ReggieFox Pty Ltd ACN 652 678 665 as trustee for ReggieFox Property Trust of C-/ Carrazzo Consulting Pty Ltd, 801 Glenferrie Road, Hawthorn VIC 3122; Kelly HV Property Pty Ltd ACN 652 606 892 as trustee for Kelly HV Property Trust of 72 Kensington Road, Rose Park SA 5067; and Walkington HV Property Pty Ltd ACN 652 607 764 as trustee for Walkington HV Property Trust of 72 Kensington Road, Rose Park SA 5067.
2	Tenant	AQC Dartbrook Pty Ltd ACN 000 012 813 of Level 1, 371 Queen Street, Brisbane QLD 4000 (AQC) and Tetra Dartbrook Pty Ltd ACN 658 320 471 of Level 6, 355 Queen Street, Brisbane QLD 4000 (Tetra) Also herein referred to as Joint Venturers
3	Land	The land at Kayuga, NSW, particulars of which are set out in the table at Attachment 4.
4	Premises	The Land, including all the improvements on that part of the Land, but excluding the Tenant's Fittings.
5	Term	The period that commences on the Commencing Date and expires on the Terminating Date.
6	Commencing Date	1 July 2023
7	Terminating Date	5 December 2027
8	Further Extended Term	Subject to clause 4.1, an option to extend the term of this Lease commencing on 6 December 2027 and terminating on the extended expiry date of the Mining Licence.

9	Rent	<p>From 1 July 2023 (Rent Commencing Date), Rent will be the higher of the Minimum Rent of \$5,000,000.00 per annum (excluding GST) or 10% of EBITDA (calculated semi-annually), subject to the following;</p> <p>1) For the period of twenty-four (24) months from the Rent Commencing Date, the sum of \$2,500,000.00 per annum is payable by quarterly instalments of \$625,000.00 in arrears, with the first payment due upon first drawdown of Senior funding (including accrued amounts from the Rent Commencing Date).</p> <p>2) The balance between \$2,500,000.00 and the Minimum Rent of \$5,000,000.00 will accrue from 1 July 2023 until 30 June 2025. On 1 July 2025, any accrued amounts will be payable.</p> <p>3) If 10% of EBITDA (calculated semi-annually) is higher than the Minimum Rent of \$5,000,000.00, the amount above the Minimum Rent will accrue to 30 June 2025 and be payable on 1 July 2025.</p> <p>4) For the period from 1 July 2025 until the end of the Lease Term:</p> <p style="padding-left: 40px;">(i) a sum of \$5,000,000.00 is payable by quarterly instalments of \$1,250,000.00 in arrears; and</p> <p style="padding-left: 40px;">(ii) if 10% of EBITDA, as calculated for the six (6) month period to 30 June and 31 December is higher than the Minimum Rent (calculated semiannually), the difference will be paid in arrears within 60 days of the end of the period.</p> <p>5) The EBITDA for a Year is the earnings before interest, tax, depreciation, and amortisation. For the avoidance of doubt in respect of 100% of the Dartbrook Mine Project provided that EBITDA cannot be less than zero and any prior Year losses are not carried forward to the following Year.</p> <p>A worked example showing this (using example figures) is attached at Attachment 7.</p>
10	Rent Commencing Date	1 July 2023
11	Permitted Use	<p>All activities related to and associated with the production of coal in accordance with the Mining Licence, the existing Development Consent and any mine life extensions to the Development Consent, unless approved by the Landlord.</p> <p>For greater certainty:</p> <p>a) The permitted use excludes open cut mining operations;</p> <p>b) Landlord’s permission is required if mining operations are to move outside the leased area; and</p>

		c) Landlord's approval is required if mining operations require damage to existing leased areas, for example, for a new "box cut" mine on existing undamaged leased Land.
12	Public Risk Insurance	An amount as agreed between the Tenant and the Landlord acting reasonably. In the absence of an agreement, determined by an appropriately qualified insurance expert appointed by the Landlord.
13	Bank Guarantee	Not applicable
14	Guarantor	Not applicable
15	Initial Term	1 July 2023 to 5 December 2027

PART A INTRODUCTION

1 Interpretation

1.1 Definitions

The following definitions apply where used in this Lease unless otherwise expressly stated.

Appurtenance means an item attached to the Premises including any drain, basin, sink, toilet or urinal.

AQC means **AQC Dartbrook Pty Ltd ACN 000 012 813**.

Attachment means a numbered attachment to this Lease.

Australian Institute means The Australian Property Institute Inc. (being the state division located in the same state as the Premises).

Authorised Officer means:

- (a) in respect of a party, any director or company secretary, or any person from time to time nominated as an authorised officer by that party by a notice to the others; and
- (b) the solicitor of a party,

Authority includes:

- (a) any government in any jurisdiction, whether federal, state, territorial or local;
- (b) any provider of public utility services, whether statutory or not;
- (c) any other person, authority, instrumentality or body having jurisdiction, rights, powers, duties or responsibilities over the Premises or any part of them or anything in relation to them.

Business Day means any day except Saturday or Sunday or a day that is a public holiday throughout New South Wales.

Claim includes any claim, demand, remedy, suit, injury, damage, loss, Cost, liability, action, proceeding, right of action or claim for compensation and includes a claim for abatement of rent or any other amount payable under this Lease whether arising under this Lease, common law, equity or any statute.

Commencing Date means the date specified in Item 6.

Commercial Production has the meaning given to that term in the Joint Venture Agreement.

Commercial Production Date the date on which Commercial Production commences being the date when the first 50,000 tonnes of Saleable Coal is produced from the Mine by the Joint Venture Agreement

Consolidation means the consolidation of 2 or more titles into a lesser number of titles.

Contamination means the presence in, on or under the Premises, including that which has emanated from or is emanating onto adjoining land, of a substance at a concentration above the concentration at which the substance is normally present in, on or under land in the same locality, being a presence that presents or is likely to present a risk of harm to human health or any other aspect of the environment.

Cost includes any cost, charge, expense, outgoing, payment or other expenditure of any nature (whether direct, indirect or consequential and whether accrued or paid).

Dartbrook Mine means the Dartbrook coal mine located in the Hunter Valley and located on the Land.

Date of Termination means, as applicable:

- (a) the Terminating Date;
- (b) termination in accordance with clause 19.9; or
- (c) any date earlier than the Terminating Date on which this Lease is determined.

Deed of Right of First Refusal means the Deed of Right of First Refusal dated 10 November 2021.

Default Rate means the rate equivalent to corporate overdraft reference rate published by the Commonwealth Bank of Australia on facilities with an overdraft limit of less than \$250,000.

Development Consent means development consent DA 231-07-2000 granted by the New South Wales Minister for Urban Affairs and Planning, dated 28 August 2001, as modified by MOD-7 (Board and Pillar Mining and Extension) determined 11 March 2022.

EBITDA means earnings of the Joint Venture Agreement before interest, taxes, depreciation and amortisation, as calculated in accordance with Australian Accounting Standards.

Electricity Supplier means any supplier of electricity.

Environmental Law means any law, whether statute or common law, concerning environmental matters, and includes but is not limited to laws concerning land use, development, pollution, Contamination, waste disposal, toxic and hazardous substances, climate change, greenhouse gases, energy use or efficiency, water use or access, conservation of natural or cultural resources and resource allocation including any law relating to exploration for, or development or exploitation of, any natural resource.

Environmental Liability means any obligation, liability, Cost, loss, order, penalty or fine incurred pursuant to any Environmental Law which would or could be imposed upon any person in connection with the Premises for any reason including as a result of Contamination in connection with the Premises.

Essential Term means any of the terms referred to in clause 19.2.

Event of Default means a breach of this Lease by the Tenant.

Funding Date means the date on which the Tenant completes on an agreement to secure funding for development to complete Commercial Production.

GST means the term as defined in clause 8(a)(i).

Guarantor means the party, if any, specified in Item 15.

Insolvency Event in relation to the Tenant or the Landlord, includes:

- (a) where the Tenant or Landlord (as applicable):
 - (i) goes into liquidation or provisional liquidation or an application is made for it to be wound up;
 - (ii) has a receiver, manager, receiver and manager, administrator, voluntary administrator, controller (as defined in section 9 of the *Corporations Act 2001* (Cth)) or similar officer appointed to it or any of its assets;
 - (iii) makes an assignment for the benefit of, or enters into an arrangement with, its creditors; or
 - (iv) commits an act of insolvency, is insolvent or is presumed insolvent under the *Corporations Act 2001* (Cth); or

- (b) anything occurs having a substantially similar effect to the events specified in paragraphs (a)(i)-(a)(iv) (inclusive).

Item means an item in the Schedule to this Lease.

Joint Venture Agreement means joint venture agreement between the Tenants, among others, dated 30 April 2023;

Land means the land specified in Item 3 and all improvements erected on it from time to time.

Land Tax means land taxes or taxes in the nature of a tax on land, calculated on the taxable value of the Land at the rate which is payable by the Landlord.

Law includes any requirement of any statute, rule, regulation, proclamation, ordinance or by-law, Environmental Law, WHS Law, present or future, and whether state, federal or otherwise.

Landlord's Consent means the consent of the Landlord in accordance with clause 25.7.

Landlord's Fixtures includes the following which are owned or supplied by the Landlord:

- (a) all plant and equipment, mechanical or otherwise, Appurtenances, fittings, fixtures, furniture, furnishings of any kind, including window coverings, blinds, and light fittings from time to time on or comprising part of the Premises or which may exclusively service the Premises or any part of them; and
- (b) all stop cocks, fire hoses, hydrants, other fire prevention aids and all firefighting systems from time to time located on or comprising part of the Premises or which may service the Premises.

Lease means the lease to use and occupy the Premises evidenced by this document.

Major Alterations means Works:

- (a) that involve the removal of structural components of any aspect of the Premises existing prior to commencement of the relevant works;
- (b) that have a material adverse effect on the structural components of any aspect of the Premises not removed as a part of the relevant works;
- (c) which might reasonably be expected to materially and adversely affect the design life or structural integrity of the Premises; or
- (d) which result in material changes to the structure of the Premises.

Make Good Works means the works which are listed in Attachment 1

Mine means that part of the Land subject to the Mining Licence.

Mining Act means the *Mining Act 1992* (NSW).

Mining Licence means the mining tenement or tenements listed in Attachment 5 and includes any lease, licence, claim, permit or other authority issued under the Mining Act on the application or authority of one or more of the Joint Venturers for the purposes of the Dartbrook Joint Venture which confers or may confer a right to prospect, explore for or mine any Coal in the JV Area, or which may facilitate the enjoyment of such right, and includes any application for, and any extension, renewal, conversion or substitution of, any of those tenements granted to AQC Dartbrook Pty Ltd ACN 000 012 813 and/or Tetra Dartbrook Pty Ltd ACN 658 320 471 as amended from time to time in accordance with clause 14.6, but in any event must comply with the conditions of the Development Consent.

Obligations means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Landlord under or in respect of this Lease.

Operating Costs means the total of all amounts paid or payable in connection with the ownership, control, operation, management or maintenance of the Premises including:

- (a) all Rates and Taxes and Land Tax;
- (b) all charges for and Costs in connection with the supply of water, sewerage, drainage and other utilities;
- (c) all amounts payable in connection with insurance cover under clause 17 including any deductibles and excesses;
- (d) the Cost of operating, supplying, repairing, renovating and replacing all Services;
- (e) the Cost of any maintenance or repair works to the Premises and access roads including structural and capital works;
- (f) all Costs incurred in the administration of WHS Law requirements or in the administration of Environmental Law requirements;
- (h) all Costs incurred for the removal of noxious weeds and pests; and all water usage charges and Costs incurred for the water allocation entitlement and use.

Payment Date means the first Business Day of each calendar month in each year of the Term.

Permitted Use means the permitted use of the Premises as described in Item 12.

Premises means the area specified in Item 4, located on the Land and includes all of the Landlord's Fixtures and improvements in or on the Premises but does not include any of the Tenant's Fittings.

Rates and Taxes means any rates, taxes, levies, charges, assessments, duties, impositions, deductions and fees (including any related interest, penalties and fines) imposed by any Authority on or in respect of the Premises or the Land, or their ownership, use or occupation, excluding Land Tax.

Rehabilitation Management Plan means the Dartbrook Mine Rehabilitation Management Plan issued to AQC Dartbrook Pty Ltd on 23 January 2023.

Related Body Corporate has the meaning given to that term in the *Corporations Act 2001* (Cth).

Rent means the rent specified in Item 9 as varied from time to time.

Requirement includes any requirement, notice, order, direction, recommendation, consent, stipulation or similar notification received from or given by any Authority or under any Law, whether in writing or otherwise.

Services means all services or systems of any nature from time to time provided or available for use to the Premises or the Land including:

- (a) any electronic medium, energy source, lighting, gas, fuel, power, water, sewerage and drainage;
- (b) fittings, fixtures, appliances, plant and equipment utilised for any of the services specified in subparagraph (a); and
- (c) any services or systems from time to time utilised for access to the Premises.

Standard means a standard issued by Standards Australia.

Subdivision means a subdivision of one or more of the titles to the Land and includes a strata subdivision.

Tenant's Employees includes the employees, agents, contractors, consultants, customers, workers, invitees, clients and visitors of the Tenant, its subTenants and concessionaires and

others who may at any time be in or on the Land, with or without invitation.

Tenant's Fittings means all fixtures, fittings, plant, equipment, partitions or other articles and chattels of all kinds (other than stock-in-trade and any buildings or other structures) situated on the Premises at the Commencing Date.

Term means the term of this Lease as specified in Item 5.

Terminating Date means the date specified in Item 7.

Tetra means Tetra Dartbrook Pty Ltd ACN 658 320 471.

WHS Law means the Law and any codes of practice relating to occupational health and safety that apply to the Premises and the use of them and to avoid doubt includes the Work Health and Safety Legislation as enacted.

WHS (Mines and Petroleum Site) Act means the *Work Health and Safety (Mines and Petroleum Sites) Act 2013* (NSW).

Works means any work, alteration, addition or installation in or to the Premises and/or to the existing Tenant's Fittings, including any installation of plant, equipment or infrastructure within the Premises that is:

- (a) installed for the purposes of improving energy efficiency or financial or environmental viability;
- (b) required pursuant to any consent or approval from any Authority; or
- (c) required under any Law or Requirement.

1.2 Interpretation

- (a) Reference to:
 - (i) one gender includes the others;
 - (ii) the singular includes the plural and the plural includes the singular;
 - (iii) a person includes a body corporate;
 - (iv) a party includes the party's executors, administrators, successors and permitted assigns;
 - (v) a thing includes the whole and each part of it separately;
 - (vi) a statute, regulation, code or other law or a provision of any of them includes:
 - (A) any amendment or replacement of it; and
 - (B) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
 - (vii) dollars means Australian dollars unless otherwise stated.
- (b) "Including" and similar expressions are not words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not form part of this Agreement or affect its interpretation.
- (e) A provision of this Agreement must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Agreement or the inclusion of the provision in this Agreement.

- (f) If an act must be done on or by a specified day which is not a Business Day, it must be done instead on or by the next Business Day.

1.3 Parties

- (a) If a party consists of more than 1 person, this Lease binds each of them separately and any 2 or more of them jointly.
- (b) An obligation, representation or warranty in favour of more than 1 person is for the benefit of them separately and jointly.
- (c) Except where otherwise stated, a party which is a trustee is bound both personally and in its capacity as a trustee.

2 Exclusion of Statutory Provisions

2.1 Laws Excluded

To the extent permitted by Law the covenants, powers and provisions (if any) implied in leases by virtue of any Law are expressly negated.

2.2 Moratorium

To the extent permitted by Law, any Law, Requirement or moratorium which at any time directly or indirectly:

- (a) extends or reduces the Term;
- (b) lessens, varies or affects in favour of the Tenant or the Guarantor any obligation under this Lease;
- (c) delays, prevents or prejudicially affects the exercise by the Landlord of any right, power or remedy given by this Lease; or
- (d) reduces or postpones the payment of Rent or any part of it,

is excluded from this Lease and may not be enforced by the Tenant against the Landlord.

3 Conditions Precedent

This Lease is subject to and conditional upon the ultimate holding company of AQC, Australian Pacific Coal Limited ACN 089 206 986 (**Parent**), having or obtaining the approval of Parent's shareholders under ASX Listing Rule 10.1 to enter into the Lease herein on the terms herein (**Shareholder Approval**). AQC must, without delay, procure that Parent seeks to obtain Shareholder Approval and promptly notify the Landlord in writing once Shareholder Approval is obtained. If Parent has not obtained Shareholder Approval by the date that is 3 months after the date of this Lease, the Landlord may terminate this Lease by written notice to the Tenant.

PART B TERM

4 Term

4.1 Term of Lease

In consideration of the Rent and the Tenant's covenants, the Landlord leases to the Tenant the Premises and grants to the Tenant the rights specified in clause 12, for the Term subject to the terms of this Lease (as varied or extended).

4.2 Holding Over

Where the Tenant continues in occupation of the Premises after the expiration of the Term without any demand for possession having been made by the Landlord, the Tenant is deemed to be holding the Premises under a monthly tenancy determinable at any time upon one month's notice (which notice may expire at any time) being given by either party to the other at the same Rent and upon and subject to the same terms as are contained in this Lease so far as they can be applied to a monthly tenancy.

5 Option for Extension of Term

5.1 Extension

If Item 8 of the Schedule contains a proposed extended term and:

- (a) the expiry date of the Development Consent is extended or such other replacement development consent relating to use of the Premises for the Permitted Use is granted during the Initial Term;
- (b) the Tenant wishes to lease the Premises for the extended Term;
- (c) the Tenant gives notice to that effect to the Landlord not more than 6 months and not less than 3 months before the Terminating Date; and
- (d) the Tenant has not breached an essential term of this Lease as set out in clause 19.2,

the Landlord will vary by way of extension the term of the Lease of the Premises ("Lease/Extended Term") to the Tenant.

5.2 Lease/Extended Term

- (a) In the event that the Landlord extends the term of the Lease in accordance with clause 5.1 the Schedule will be varied as follows:

Item 5	Term:	The term commencing on the Commencing Date and ending on the Terminating Date.
Item 6	Commencing Date:	6 December 2027.
Item 7	Terminating Date:	The date of the extended expiry date of the Development Consent and the Mining Licence or (if later) the expiry date of any extension to the Development Consent relating to use of the Premises for the Permitted Use granted during the Initial Term .
Item 8	Further Term:	Not applicable
Item 9	Rent:	Minimum Rent of the Initial Term of \$5,000,000.00 per annum plus GST or 10% of EBITDA (calculated semiannually) whichever is higher.
Item 10	Rent Commencing Date:	The Commencing Date.

- (b) The Tenant shall be entitled to a further extension of the Term of the Lease if the expiry date of the Mining Licence is extended beyond the terminating date set out in "Item 7" in the table in clause 5.2(a).

PART C TENANT'S PAYMENTS

6 Rent

6.1 Tenant to pay

- (a) The Tenant must pay the Rent by equal quarterly instalments in arrears on each Payment Date starting on the Rent Commencing Date.
- (b) The parties acknowledge and agree that if the Rent Commencing Date is later than the Commencing Date, the Tenant is not obliged to pay Rent for the period between the Commencing Date and the Rent Commencing Date.

7 Operating Costs

7.1 Tenant must pay Operating Costs

- (a) The Tenant must pay all Operating Costs throughout the Term and any Further Term in connection with the Premises.
- (b) To the extent not recovered by way of the Operating Costs, the Tenant must pay or reimburse the Landlord for all Rates and Taxes in respect of the Premises and Land Tax within 10 Business Days after a request from the Landlord (with copies of relevant notices or invoices) to do so.
- (c) Where Land Tax for the Premises has been paid by the Tenant the Landlord will reimburse to the Tenant the proportion of such assessment as is solely attributable to the Landlord's primary production activities.

7.2 Utilities and Services

- (a) In addition to the Operating Costs, the Tenant must maintain accounts for and pay the cost of all utilities servicing the Premises, including power, electricity (including diesel generators), gas, water, oil, drainage, sewerage, refuse and trade waste removal and disposal, telecommunications, and cabled communications, directly to the relevant utility provider.
- (b) If no separate meter exists for recording or metering any of the Services or substances supplied to the Premises the Tenant must at its cost arrange for the installation of the meters.

8 GST

- (a) In this clause 8:
 - (i) **GST** means GST as defined in A New Tax System (Goods and Services Tax) Act 1999 as amended (**GST Act**) or any replacement or other relevant legislation and regulations;
 - (ii) words or expressions used in this clause which have a particular meaning in the **GST law** (as defined in the GST Act), any applicable legislative determinations and Australian Taxation Office public rulings, have the same meaning, unless the context otherwise requires;
 - (iii) any reference to GST payable by a party includes any corresponding GST payable by the representative member of any GST group of which that party is a member; and

- (iv) any reference to an input tax credit entitlement by a party includes any corresponding input tax credit entitlement by the representative member of any GST group of which that party is a member.
- (b) Unless GST is expressly included, the consideration to be paid or provided under any other clause of this Agreement for any supply made under or in connection with this Lease does not include GST.
- (c) The parties acknowledge their understanding that the supply made by the Landlord under this Lease is a taxable supply.
- (d) To the extent that any supply made under or in connection with this **Lease** is a taxable supply, the GST exclusive consideration to be paid or provided for that taxable supply is increased by the amount of any GST payable in respect of that taxable supply and that amount must be paid at the same time as the GST exclusive consideration is to be paid or provided.
- (e) A party's right to payment under clause **8** is subject to a valid tax invoice being delivered by the supplier to the recipient of the taxable supply.
- (f) To the extent that a party is required to reimburse or indemnify another party for a loss, cost or expense incurred by that other party, that loss, cost or expense does not include any amount in respect of GST for which that other party is entitled to claim an input tax credit.
- (g) If an adjustment event occurs in respect of a supply made under or in connection with this Lease:
 - (i) the supplier must notify the recipient of the refund, credit or further amount payable on account of GST by the supplier issuing to the recipient an adjustment note (or by cancelling the earlier tax invoice and issuing a replacement tax invoice) within 5 Business Days of becoming aware of the adjustment event; and
 - (ii) the supplier must provide a refund or credit to the recipient, or the recipient must pay a further amount to the supplier, in accordance with the adjustment note or replacement tax invoice issued under sub clause 8(g)(i) of this clause 8 within 10 Business Days of receipt of the adjustment note or replacement tax invoice.
- (h) To the extent that any consideration payable to a party under this Lease is determined by reference to a cost incurred by a party, or to a price, value, sales, revenue or similar amount, the GST exclusive amount of that cost, price, value, sales, revenue or similar amount must be used.

PART D TENANT'S OBLIGATIONS AND RIGHTS

9 Use of Premises

9.1 Permitted Use

The Tenant must only use the Premises for the Permitted Use unless the Landlord's Consent is obtained.

9.2 Warranty as to use

As at the Commencing Date, the Tenant:

- (a) accepts this Lease with full knowledge of and subject to any prohibitions or restrictions on the use of the Premises from time to time under any Law or Requirement;

- (b) must obtain, maintain and comply with at its Cost any consent or approval from any Authority necessary or appropriate for the Permitted Use under any Requirement or Law (including undertaking any works which are necessary as a result of the Tenant's particular use of the Premises) and must not by any act or omission, default or misconduct cause or permit any consent or approval referred to in this paragraph (b) to lapse or be revoked.

9.3 Compliance with Laws and Requirements

- (a) The Tenant must comply with and observe at its Cost all Laws and Requirements:
 - (i) in relation to the Premises, any of the Tenant's Fittings and the Landlord's Fixtures; and
 - (ii) in relation to or arising as a result of the use or occupation of the Premises from time to time, including those which arise as a result of the gender or number of persons in the Premises,whether or not those Laws or Requirements are addressed to or are required to be complied with by either or both of the Landlord and the Tenant or by any other person, including a predecessor in title, and whether or not they relate to a period before or after the Commencing Date.
- (b) Where any Law or Requirement is notified to or served on the Tenant and/or the Landlord in respect of the Premises or this Lease, the party receiving the notice must give a complete copy of it immediately to the other party.
- (c) The Landlord may (but is not required to), if the Tenant does not remedy a failure under this Lease to comply with any Law or Requirement (referred to in this clause 9.3) within the time specified in a notice from the Landlord (which must be a reasonable time) elect at the Tenant's Cost to comply with that Law or Requirement.
- (d) The Tenant must on demand pay to the Landlord all Costs incurred in good faith by or on behalf of the Landlord in complying with any Law or Requirement referred to in this clause 9.3 as if that money were Rent in arrears.
- (e) The Tenant must use reasonable endeavours to ensure that it does not:
 - (i) breach any WHS Law; or
 - (ii) do or allow to be done, or omit or allow to be omitted anything which may result in the Landlord being in breach of any WHS Law,in connection with the Premises.
- (f) The Landlord must comply with the WHS Law, including taking reasonable steps to participate in any meetings, furnish and maintain current information and to take any other steps as agreed between the Tenant and the Landlord.
- (g) The Tenant must use reasonable endeavours to ensure that it does not:
 - (i) breach any Environmental Law, including any relevant reporting or disclosure obligation; or
 - (ii) do or allow to be done, or omit or allow to be omitted anything which may result in the Landlord being in breach of any Environmental Law, including any relevant reporting or disclosure obligation,in connection with the Premises.

- (h) The Tenant must not submit any application for any development consent or planning permit (as applicable) other than an extension to the Development Consent as defined in Clause 1.1 herein without first obtaining the Landlord's Consent.

10 Maintenance, Repairs and Contamination

10.1 Repairing obligations

- (a) The Tenant must at its Cost, during the Term, keep the Premises, Services and all infrastructure on the Premises (including roads, power supply, sewer, water), the Tenant's Fittings and the Landlord's Fixtures in reasonable repair and condition (including by undertaking all necessary structural and capital work) having regard to its condition when the Tenant first commenced occupation of the Premises. For avoidance of doubt, that obligation excludes fair wear and tear.
- (b) The Landlord is not liable to the Tenant in any way for damage to the Premises except to the extent caused by the act, omission, negligence or default of the Landlord or its employees or agents.
- (c) The Tenant must, at its Cost, maintain and manage vegetation on the Land, control vegetation regrowth, manage water (including floodwater and surface water) and comply with the requirements of all Authorities with respect to those matters.
- (d) The Tenant must, at its Cost:
 - (i) immediately make good any damage to the Premises or Land caused or contributed to by any act or omission of the Tenant or of the Tenant's Employees or by its or their use or occupancy of the Premises, Land or by the installation use or removal of the Tenant's Fittings; and
 - (ii) repair or where appropriate replace any of the Landlord's Fixtures which are broken or damaged by the Tenant or by any of the Tenant's Employees except that, unless the Landlord notifies the Tenant to the contrary, those repairs or replacements must only be carried out by the Landlord but at the Tenant's Cost.

10.2 Notice to Landlord of damage, accident etc.

The Tenant must immediately notify the Landlord of any damage, accident or defect to the Premises or any circumstances likely to result in the same.

10.3 Contamination

- (a) The Tenant:
 - (i) must not do anything which is or is likely to result in any Contamination occurring in, on or under the Land or any adjacent land;
 - (ii) must (at its Cost) comply at all times with the Mining Licence, all Environmental Laws and all directions, notices, levies and orders made by any Authority in connection with Contamination occurring after the Commencing Date and no matter whether issued to the Landlord or the Tenant including:
 - (A) complying with all monitoring requirements for existing and future groundwater wells in or in relation to the Premises and promptly forwarding the results of the monitoring to the Landlord and the relevant Authorities; and
 - (B) complying with all maintenance, cleaning and certification requirements for any settlement ponds at the Premises.

- (b) If Contamination occurs in contravention of clause 10.3(a) the Tenant must immediately notify the Landlord and promptly remediate such Contamination to the satisfaction of the Landlord and any relevant Authorities in accordance with all relevant Laws, Requirements and Standards.
- (c) The Landlord warrants to the Tenant that:
 - (i) no notices have been issued by any Authority that it has, or the current occupants of the Land have received in relation to the Land relating to any Contamination and/or Environmental Liability; and
 - (ii) it is not aware of any breach of any relevant Environmental Law in relation to the Land and its current uses.

11 Not used

12 Tenant's rights

- 12.1 The Landlord grants to the Tenant unfettered access to all of the Landlord's roads, lands and infrastructure (other than (and in addition to) the land described in Attachment 4) reasonably necessary to enable the Tenant to carry out the mining activities authorised by this Lease. For the avoidance of doubt, this includes (but is not limited to) access to gas wells, monitoring bores and dust samplers located across any of the Landlord's lands.
- 12.2 The Landlord grants the Tenant the right to use in common with the Landlord and other persons entitled to use the same the Services and Appurtenances of the Land and such other facilities, if any, as may be required for access to and use and enjoyment of the Premises. For the mining activities authorised by the Development Consent and any extension of the Mining Licence.
- 12.3 The Landlord grants the Tenant the right to access in common with the Landlord and other persons entitled to access the same the Landlord's roads, lands and infrastructure referred to in Attachment 4 as may be required for access for the mining activities authorised by this Lease.

PART E LANDLORD'S RIGHTS AND OBLIGATIONS

13 Landlord's Rights and Obligations

13.1 Landlord's right of access

- (a) Subject to clause 13.1(b), the Landlord may at all reasonable times on giving to the Tenant reasonable notice enter the Premises to view the state of repair and condition of the Premises and monitor compliance with all of the Tenant's obligations under this Lease.
- (b) The Landlord acknowledges that the Premises is subject to the Mining Licence and access to and use of the Premises is subject to the Mining Act and the WHS (Mines and Petroleum Sites) Act. Whether in the case of an emergency or otherwise, and despite any other clause in this Lease, the Landlord may only enter the Premises with the prior consent of the Tenant, which must not be unreasonably withheld if the Landlord agrees to comply with any reasonable requirements the Tenant may have in respect of access to the Premises in order to comply with the Mining Act or the WHS (Mines and Petroleum Sites) Act.

13.2 **Enforcement of repairing obligations**

If the Landlord notifies the Tenant in writing of the Tenant's failure to observe and comply with its obligations under clause 10 of this Lease and the Tenant fails to rectify the default within a reasonable time the Landlord may elect to do those works or satisfy that obligation and will be entitled to claim any Cost incurred from the Tenant.

13.3 **Means of access to the Premises**

- (a) The Landlord must not interfere with the Tenants' access to the Land and water within the Land, or use of it during the Term or any Further Term.
- (b) During the Term the Landlord must ensure that there is a vehicular means of access, in trafficable and useable condition, across the Land to and from the Premises, provided that the maintenance of the vehicular access and the cost of such maintenance shall be solely the responsibility of the Tenant. The Landlord grants the Tenant the right to use such means of access in common with the Landlord and such other persons entitled to use the same.

13.4 **Services**

Subject to anything to the contrary in this Lease, the Landlord may, after giving reasonable notice (except in the case of an emergency where no notice is necessary) install, maintain, use, repair, alter, service and replace any Services or any part of them including any pipe, duct, wire and plant.

13.5 **Landlord to assist**

If reasonably requested to do so by the Tenant, the Landlord must, at the Cost of the Tenant, provide all assistance as is reasonably requested by the Tenant to enable the Tenant to comply with its obligations under this Lease and which the Tenant cannot do without such assistance, including by:

- (a) consenting to the Tenant making any application to an Authority;
- (b) executing (and where applicable procuring execution by the Landlord's mortgagees or chargees of) any such application or other document required in connection with any such application; and
- (c) responding to any queries raised by any Authority.

PART F TENANT'S RESTRICTIONS

14 Tenant's Restrictions

14.1 Alterations to Premises

- (a) Without limiting clause 14.1(c), the Tenant:
 - (i) may carry out Works, subject always to clause 14.6 and subject to first obtaining the Landlord's Consent (not to be unreasonably withheld); and
 - (ii) must not carry out Major Alterations, without the Landlord's Consent, which may be subject to reasonable conditions, including obligations to remove the Major Alterations and make good following that removal at the end of the Term.
- (b) In seeking the Landlord's Consent to Major Alterations, the Tenant must submit plans and specifications of the proposed Major Alterations to the Landlord.

- (c) Despite clause 14.1(a)(ii), the Tenant may carry out Major Alterations required pursuant to a Law or Requirement without first obtaining the Landlord's Consent, subject to:
 - (i) the Tenant having provided reasonable prior written notice of the proposed Major Alterations, together with any other details that the Landlord reasonably requires; and
 - (ii) the Landlord's ability to impose reasonable conditions on the Major Alterations, including obligations to remove the Major Alterations and make good following removal at the end of the Term.

14.2 Tenant's obligations when undertaking works

- (a) The Tenant must ensure that any Works it does are done:
 - (i) by contractors who are suitably qualified and experienced;
 - (ii) in a proper and professional manner;
 - (iii) with appropriate insurance policies in place as are prudent for the nature of the Works, including where relevant, contractors all risk insurance and public liability insurance;
 - (iv) in accordance with all Laws, Requirements of Authorities and any applicable Standards, including all necessary approvals and permits from all Authorities necessary to enable any Works to be carried out (which the Tenant must obtain and keep current). On request by the Landlord the Tenant must give for inspection by the Landlord copies of all those approvals and permits; and
 - (v) so that on completion of the Works the Tenant immediately obtains and gives to the Landlord a copy of any certificates of compliance or satisfactory completion issued by the appropriate Authority or necessary to legally use or occupy the Works, together with as built drawings and such air balancing information as the Landlord reasonably requires.
- (b) If the Tenant (including if acting as agent for the Landlord) carries out any Works to which WHS Law applies:
 - (i) the Landlord appoints the Tenant to any position under the WHS Law necessary for the Tenant to comply with any WHS Law, including but not limited to the position of principal contractor;
 - (ii) the Landlord authorises the Tenant to exercise whatever authority is necessary for the Tenant to discharge the responsibilities of the appointment under clause 14.2(b)(i)
 - (iii) the Tenant must comply with and ensure that the Works are carried out in accordance with WHS Law; and
 - (iv) the Tenant is responsible for the Works at all times until it is completed.

14.3 Alterations or additions to Landlord's Fixtures and Services

Subject to clause 14.1, the Tenant must not, without the Landlord's Consent which must not be unreasonably withheld, install, interfere with or make any connections to the Landlord's Fixtures, Services or Appurtenances.

14.4 **Flammable Substances**

The Tenant must not store or use flammable or explosive substances on or in the Premises unless they are necessary and proper for the Permitted Use and the Tenant, at its Cost, complies with all Laws, Standards and Requirements in relation to them.

14.5 **Fire Regulations**

- (a) The Tenant must, at its Cost, comply with all Laws, Standards and Requirements in relation to sprinklers, fire alarms and fire prevention in respect of the Premises beyond the Base Building Compliance Level (which is the Landlord's responsibility).
- (b) The Tenant must, at its Cost, ensure that the Premises is compliant with all such Laws, Standards and Requirements as a result of any proposed Works, Tenant's Fittings, partitions, fitout, use, racking, plant equipment and must, if it fails to maintain compliance at its Cost, pay the Landlord all Costs (including legal costs on an indemnity basis) of the Landlord in ensuring the Tenant complies with its obligations.

14.6 **Mining Licence**

- (a) The Tenant must comply with all of the terms, conditions and requirements of the Mining Licence at all times and at the Tenant's sole cost and expense.
- (b) In relation to the Mining Licence, the parties acknowledge and agree that:
 - (i) the Mining Licence gives to the holder of the Mining Licence, and not to the owner of the land affected by the Mining Licence, the exclusive right to prospect for and mine the mineral or groups of minerals specified in the Mining Licence (**Relevant Minerals**); and
 - (ii) the Landlord has no right to the Relevant Minerals.
- (c) The Tenant must notify the Landlord if it proposes to:
 - (i) vary the terms and conditions of any Mining Licence or enter into any agreement to do so;
 - (ii) amend the area the subject of any Mining Licence or enter into any agreement to do so; or
 - (iii) apply for or obtain any new mining licence in connection with the Land.
- (d) If the proposed variation to the Mining Licence under clause 14.6(a):
 - (i) increases the area the subject to the Mining Licence; or
 - (ii) relocates the area the subject of the Mining Licence to another part of the Premises,the Tenant must obtain the Landlord's consent.

PART G TRANSFER OF INTEREST

15 Dealings by Tenant

15.1 Assignment by the Tenant - General

Except as permitted under this clause 15, the Tenant must not assign the whole or any part of this Lease.

15.2 Assignment of Tenant's interest

- (a) The Tenant may not assign this Lease or sublet the Premises except:

- (i) to a Related Body Corporate or a Buyer with the prior written consent of the Landlord, such consent may be withheld in the Landlord's discretion acting reasonably; or
- (ii) in any other case, (subject to clause 15.2(b)) with the prior written consent of the Landlord, which consent may be withheld in the Landlord's discretion acting reasonably. If the Tenant wishes to assign or sublet its interest in this Lease to an assignee, it must notify the landlord of the proposed assignment. A notice under this clause 15.2 must set out:
 - a) the name and address of the assignee;
 - b) the portion of the interest which is the subject of the proposed assignment (Assignment Interest); and
 - c) the consideration for the proposed Assignment of the Assignment Interest which must separately identify:
 - (1) the cash component of any such consideration (Cash Consideration);
 - (2) the non-cash component of any such consideration; and
 - (3) if there is a non-cash component of any such consideration, the cash equivalent of that non-cash component (Cash Equivalent Consideration) as determined by the Tenant, acting reasonably, and the basis for that determination.

Within 20 Business Days after the receipt of a notice under Clause 15.2, the landlord must notify the Tenant whether the Landlord consents to the Assignment.

- (b) The Tenant may assign this Lease if, prior to the assignment, the proposed assignee enters into a deed of assignment with the Landlord (in such form as the Landlord reasonably requires) to comply with this Lease as if it were an original party to this Lease.
- (c) In this clause 15.2:
 - (i) **Buyer** means a purchaser of the Tenant's interest in the Dartbrook Mine.
 - (ii) **Related Body Corporate** has the meaning given in section 9 of the Corporations Act 2001; and
 - (iii) a body corporate is controlled by a person if the person:
 - (A) controls the composition of the board of the body corporate;
 - (B) is in a position to cast, or control the casting of, more than 50% of the maximum number of votes that might be cast at a general meeting of the body corporate; or
 - (C) holds more than 50% of the issued share capital of the body corporate (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).
- (d) Other than as permitted in accordance with clause 15.2 the Tenant must not assign, transfer, sublicense or otherwise deal with or part with possession of the Premises or this Lease, any part of them or any interest in them or attempt to do so without the Landlord's Consent.

15.3 Corporate ownership

If the Tenant is a company, other than a company whose shares are listed on any Australian Stock Exchange, any change, or series of changes, in the shareholding of the Tenant or a holding company of it effectively altering the control of the Tenant as at the Commencing Date is deemed to be an assignment of this Lease. In that case the Tenant and the holding company must not:

- (a) register, record or enter in their books any transfer of any share or shares in the capital of the Tenant or the holding company;
- (b) deal with any beneficial interest in any such share or shares;
- (c) issue any new share or shares; or
- (d) take or attempt to take any action having the effect:
 - (i) of effectively altering the control of the Tenant; or
 - (ii) that the shareholders of the Tenant at the date of this Lease together beneficially hold or control less than 51% of the voting rights of capital in the Tenant.

16 Dealings by Landlord

The Landlord may not sell or otherwise dispose of its interest in the Land without first obtaining the consent of the Tenant in writing (such consent not to be unreasonably withheld or delayed).

PART H INSURANCE, RISK AND INDEMNITY

17 Insurance and Indemnities

17.1 Insurances to be taken out by Tenant

The Tenant must:

- (a) take out on or before the Commencing Date and keep current during the Term a public risk insurance policy in respect of the Premises and the Land for an amount as may be agreed between the Tenant and the Landlord (acting reasonably) from time to time;
- (b) take out upon commencement of production and keep current during the Term an industrial special risks policy for the usual risks (including flood) and covering the Premises, the Tenant's Fittings, the Landlord's Fixtures for their full insurable and replacement value;
- (c) provide evidence of insurance (in the form of certificates of currency) to the Landlord when requested (provided that the Landlord shall not be entitled to request such evidence more than once in any calendar year);
- (d) ensure that all insurance policies taken or to be taken out under this clause 17:
 - (i) are taken out with an independent and reputable insurer;
 - (ii) contain conditions reasonably acceptable to or required by the Landlord and the Landlord's insurer;
 - (iii) are on an occurrence, not a claims made, basis;
 - (iv) the public risk policy includes the interests of the Landlord; and
 - (v) are not lapsed, terminated or forfeited;
- (e) whenever reasonably required by the Landlord, give to the Landlord a copy of a certificate of currency from the insurer for each policy it is required to effect; and

- (f) pay all premiums and other money payable in respect of any policy whenever they are due and payable,

and, if the Tenant fails to maintain the insurances required by this clause 16, the Landlord may effect and maintain those insurances at the Tenant's expense and the Tenant must reimburse on demand the Costs incurred by the Landlord.

17.2 Exclusion of Landlord's liability

- (a) All property on the Premises is there at the sole risk of the Tenant.
- (b) The Landlord and its employees and agents are not liable for, and the Tenant releases the Landlord and its employees and agents in respect of, any Claim that the Tenant or the Tenant's Employees or any person claiming by, through or under the Tenant may suffer or incur, or become liable for, in connection with:
 - (i) the use of the Premises by or on the part of the Tenant or the Tenant's Employees;
 - (ii) without limiting clause 17.2(b)(i):
 - (A) any fault in the construction or state of repair of the Premises or any part of it or the Landlord's Fixtures;
 - (B) the failure of or any defect in any Service or any Appurtenance or the availability or non-availability of any Services or sources of energy or fuel;
 - (C) the escape or overflow of water including from within the Land,
 - (iii) any Claim relating to any property of the Tenant or any other person on the Premises or any part of it; and
 - (iv) damage or injury to any person or property on the Premises, or from any other cause except to the extent caused by the act, omission, negligence or default of the Landlord or its employees or agents.

17.3 Indemnities

The Tenant indemnifies the Landlord on demand from and against any Claims suffered or incurred by the Landlord or for which the Landlord is or may become liable, whether during or after the Term, including any deductible payable by the Landlord pursuant to a claim under any insurance policy:

- (a) any default under this Lease, by the Tenant or the Tenant's Employees; and
- (b) the negligent or careless use or neglect of the Services and facilities of the Premises or the Appurtenances by the Tenant or the Tenant's Employees.

PART I DAMAGE

18 Damage and Destruction

18.1 No abatement

The Tenant acknowledges that it will not be entitled to an abatement of Rent following any damage or destruction.

18.2 Landlord not obliged to reinstate

Nothing in this Lease obliges the Landlord to reinstate the Premises or the means of access to them.

PART J DEFAULT

19 Default and Consequences

19.1 Termination for default

Without limiting the Landlord's rights under this Lease or at Law, each of the following entitles the Landlord to terminate this Lease (whether or not it is within the control of the Tenant):

- (a) If any money (other than Rent) payable by the Tenant to the Landlord is not paid within 14 days of the due date for payment and the Tenant has not made the payment within 14 days after receipt of written notice from the Landlord;
- (b) the Tenant commits any other Event of Default and has not rectified that Event of Default within a reasonable time after receipt of written notice from the Landlord; and
- (c) an Insolvency Event in respect of the Tenant.

19.2 Essential terms

The obligations of the Tenant to:

- (a) pay any money payable under this Lease to the Landlord;
- (b) use the Premises only for the Permitted Use;
- (c) comply with the obligations in respect of Contamination under clause 10.3; and
- (d) obtain and keep current during the Term insurances as required under clause 17;

are essential terms of this Lease.

19.3 Re-entry, termination or conversion

Without limiting the Landlord's rights under this Lease or at Law, if the Landlord is entitled to terminate this Lease (including under clause 19.1) then, without prejudice to any other Claim which the Landlord has or may have or could otherwise have against the Tenant or any other person in respect of that default, the Landlord may:

- (a) re-enter into and take possession of the Premises or any part of them (by force if necessary) and eject the Tenant and all other persons from them, in which event this Lease will be at an end; or
- (b) by notice to the Tenant terminate this Lease, and from the date of giving that notice this Lease will be at an end.

19.4 Landlord may rectify

The Landlord may, but is not obliged to, at any time remedy any default by the Tenant under this Lease and do anything arising from the default that the Landlord considers necessary, provided that:

- (a) the Landlord has first given the Tenant a written notice specifying the default;
- (b) a reasonable time has passed having regard to the nature of the default within which to remedy the default (and that default has not been remedied); and
- (c) whenever the Landlord elects to do so all reasonable Costs incurred by the Landlord will be a liquidated debt and must be paid by the Tenant to the Landlord on demand.

19.5 Waiver

- (a) No:

- (i) failure to exercise and no delay in exercising any right, power or remedy under this Lease; or
- (ii) custom or practice existing between the parties in relation to this Lease, operates as a waiver. No single or partial exercise of any right, power or remedy will preclude any other or further exercise of that or any other right, power or remedy.
- (b) No waiver by the Landlord of one breach of a covenant under this Lease is a waiver of another breach of that same covenant or of any other.
- (c) The demand by the Landlord for, or acceptance by the Landlord of, Rent or any other money payable under this Lease after default by the Tenant is not a waiver of any earlier breach by the Tenant. The subsequent acceptance by the Landlord of Rent or other money (as appropriate) is a waiver by the Landlord only in relation to the Tenant's failure to make that particular payment when due.
- (d) Any waiver by the Landlord must be in writing to have the effect of constituting a waiver.

19.6 Offer of money after termination

Any money offered by the Tenant after the termination of this Lease under clauses 19.3(a) or 19.3(b) and accepted by the Landlord may be and (in the absence of an express election of the Landlord) will be applied on account of:

- (a) first: any Rent and other money accrued and due under this Lease but unpaid at the Date of Termination; and
- (b) second: the Landlord's Costs in relation to the termination.

19.7 Interest on overdue money

- (a) The Tenant must pay to the Landlord interest at the Default Rate on any Rent or other money due under this Lease (including money or Costs which are expressed to be payable or reimbursable to the Landlord on demand) but unpaid for 7 days.
- (b) Rent or money falling due for payment but unpaid as a result of a continuing breach of the same covenant bear interest at the rate applicable to the Rent or other money (as appropriate) which was due and unpaid when the breach of the covenant first occurred.
- (c) Interest payable under this clause 19.7 will:
 - (i) accrue on a daily basis and be calculated on daily rests;
 - (ii) be payable on demand or, if no earlier demand is made, on the first Business Day of each month where an amount arose in the preceding month or months;
 - (iii) be calculated from the due date for payment of the Rent or other money (as appropriate) or, in the case of an amount payable by way of reimbursement or indemnity, the date of outlay or loss, if earlier, until the date of actual payment; and
 - (iv) be recoverable in the same manner as Rent in arrears.

19.8 Landlord's entitlement to damages

The Landlord's entitlement to recover damages from the Tenant or any other person is not limited or affected by any of the following:

- (a) the abandonment or vacation of the Premises by the Tenant;
- (b) the Landlord's election to re-enter the Premises or terminate this Lease;

- (c) the Landlord's acceptance of the Tenant's repudiation; or
- (d) the parties' conduct (or that of any of their employees or agents) constituting a surrender by operation of Law.

19.9 Landlord's Default

Without limiting the Tenant's rights under this Lease or at Law, each of the following entitles the Tenant to terminate this Lease (whether or not it is within the control of the Landlord) immediately by written notice to the Landlord, where:

- (a) the Landlord breaches a material term of this Lease that is not capable of remedy;
- (b) the Landlord breaches a material term of this Lease that is capable of remedy and the Landlord fails to remedy that breach within 15 Business Days after receiving written notice from the Tenant requiring it to do so; or
- (c) there is an Insolvency Event in respect of the Landlord.

PART K END OF LEASE

20 Make Good

20.1 Tenant to yield up and remove Tenant's Fittings

Despite any other provision in this Lease, the Tenant must at the Date of Termination, comply with the obligations outlined Attachment 1 in this Lease and:

- (a) ensure that, subject to the consent of the Landlord, the Mining Licence has been surrendered or terminated, or has expired, and that all obligations under the Mining Licence have been fully discharged;
- (b) ensure that the Premises is put in a state and condition consistent with the Tenant having complied with its obligations to maintain and repair in clause 10;
- (c) remove and make safe any stockpiles from the Premises;
- (d) ensure any settlement ponds at the Premises are compliant with certification requirements and made safe;
- (e) yield up the Premises in good repair and condition (having regard to the obligations of the Tenant under this Lease) and made safe; and
- (f) remove from the Premises all the Tenant's Fittings (including any such items installed or affixed by any predecessor of the Tenant on or after the Commencing Date);
- (g) comply with all requirements and obligations under the Rehabilitation Management Plan.

20.2 Failure by Tenant to remove Tenant's Fittings

If the Tenant fails to remove the Tenant's Fittings as required by clause 20.1, or in the event of termination under clause 19.3, the Landlord may treat the Tenant's Fittings as if the Tenant had abandoned its interest in them and they had become the property of the Landlord, and deal with them in the manner the Landlord thinks fit without being liable in any way to account to the Tenant for them.

19.3 Tenant to ensure retention of Landlord's Assets

The Tenant must ensure that the following infrastructure assets of the Landlord are not to be removed from the Premises:

- (a) Main administration building and car park;
- (b) Workshop and storage buildings;
- (c) Helipad;
- (d) All dams (except for the Evaporation Ponds);
- (e) Water supply works including pipelines and groundwater bores;
- (f) Western Access Road including bridges and culverts; and
- (g) Internal access roads and tracks.

PART L GENERAL

21 Termination

21.1 Tenant Funding

- (a) In this clause 21 the following definitions shall apply:

'Funding Date' means the date on which the last of the funding documentation was entered into as specified in the Prescribed Event Notice under clause 21.2(b).

'Potential Delay' means the number of days delay (rounded up to the next full day) to the Commercial Production Date caused or contributed to by a Prescribed Event.

'Prescribed Event' means any of the following events:

- (i) act of God;
- (ii) war, terrorism, riot, insurrection, vandalism or sabotage;
- (iii) rain falling, including during normal wet season
- (iv) strike, lockout, ban, limitation of work or other industrial disturbance; or
- (v) law, rule or regulation of any government or governmental agency, and executive or administrative order or act of general or particular application;

which:

- (vi) is unforeseen by the Tenant;
- (vii) is beyond the control of the Tenant; and
- (viii) occurs without the fault or negligence of the Tenant.

'Prescribed Event Delay' means the Potential Delay as agreed or determined under clause 21.3(c), 21.3(d) or 21.3(d)(ii) as applicable.

'Termination Date' means the date 12 months from and including the Funding Date, plus in the event only of service of a Prescribed Event Notice under clause 21.3(a) (if any) the number of days equal to the Prescribed Event Delay.

21.2 Funding requirement

- (a) The Tenant shall use reasonable but commercially prudent endeavours to secure sufficient funding for its intended mining operations at the Dartbrook Mine and to thereafter enter such documentation on terms acceptable to the Tenant (in its absolute discretion) as the Tenant requires securing such funding.
- (b) As soon as reasonably practicable after the Tenant has entered into such documentation the Tenant requires to secure funding in accordance with clause 21.2 the Tenant shall

give the Landlord written notice to confirm the date on which such documentation was entered into.

21.3 Prescribed Event delays

- (a) In the event of the occurrence of any one or more Prescribed Event within the period of 12 months following the Funding Date then the Tenant shall notify the Landlord within 12 months and 10 Business Days of the Funding Date of the Tenant's reasonable assessment of the Potential Delay ("**Prescribed Event Notice**").
- (b) If the Landlord disputes the Tenant's assessment of the Potential Delay noted in the Prescribed Event Notice the Landlord must serve written notice on the Tenant within 10 Business Days of receipt of the Prescribed Event Notice setting out the Landlord's reasonable assessment of the Potential Delay ("**Landlord's Prescribed Event Notice**").
- (c) If the Landlord fails to serve a Landlord's Prescribed Event Notice in accordance with clause 21.3(b) or otherwise agrees to the Tenant's assessment of the Potential Delay set out in the Prescribed Event Notice then such period shall be deemed accepted by the Landlord to be the Potential Delay.
- (d) If the Landlord serves a Landlord's Prescribed Event Notice in accordance with clause 21.3(b) then:
 - (i) the Landlord and Tenant shall seek to agree on the Potential Delay within 10 Business Days of the date on which the Tenant receives the Landlord's Prescribed Event Notice; and
 - (ii) If the Landlord and Tenant fail to agree on the Potential Delay in the 10 Business Days specified in 21.3(d), then at any time thereafter either party may refer the dispute for determination in accordance with clause 21.5, with the decision of such expert final and binding on the Landlord and Tenant.

21.4 Commercial Production Date

- (a) The Landlord and Tenant agree that should Commercial Production not be achieved by the Termination Date, then at any time after the Termination Date either party may with immediate effect give written notice to the other party to terminate this Lease.
- (b) For the avoidance of doubt, if the Tenant terminates this Lease under clause 21.4(a) the Tenant shall be liable for any amounts which were due and payable under this Lease as at the date of termination but the Tenant shall be released from any and all liability arising after the date of termination, noting the continuing obligation to fulfil all make good obligations

21.5 Dispute resolution

- (a) If this Lease provides that a matter in dispute must be determined by an expert or that a dispute must be submitted to expert determination the provisions of the Expert Determination Rules 2016 as published by Resolution Institute apply, except to the extent that there are inconsistent provisions in this Lease.

22 Water Rights

22.1 Rights and obligations

- (a) The Landlord and the Tenant shall comply with the provisions set out in Attachment 2

23 Deed of Right of First Refusal

- (a) A Deed of Right of First Refusal was entered into between the Landholder and AQC affecting land then being transferred to the Landholder which included, inter alia, land the subject of this Lease.
- (b) By this Lease, which itself operates as a Deed, in accordance with Clause 8.8 of the Deed of Right of First Refusal, AQC hereby relinquishes, terminates, and calls to an end all rights conferred on it by the said Deed of Right of First Refusal.

24 Guarantee

Not used.

25 Miscellaneous

25.1 Notices

All notices, requests, demands, consents, approvals, agreements or other communications to or by a party to this Lease must (subject to clause 25.1(e)):

- (a) must be in writing and signed by the sender or a person duly authorised by the sender (or in the case of email, set out the first and last name and position or title of the sender or person duly authorised by the sender);
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or email to the address or email address below or the addressor email address last notified by the intended recipient to the sender:

Landlord Hunter Valley Corp Pty Ltd ACN 652 547 423 as trustee for Hunter Valley Property Trust, ReggieFox Pty Ltd ACN 652 678 665 as trustee for ReggieFox Property Trust, Kelly HV Property Pty Ltd ACN 652 606 892 as trustee for Kelly HV Property Trust, and Walkington HV Property Pty Ltd ACN 652 607 764 as trustee for Walkington HV Property Trust
C/- BDO Business Centre, 72 Cavenagh Street, Darwin NT 0800
email: ainslie@daro.net.au (Ainslie Maclean)

Tenant AQC Dartbrook Pty Ltd ACN 000 012 813 and Tetra Dartbrook Pty Ltd ACN 658 320 471
AQC Dartbrook Pty Ltd - Level 1, 371 Queen Street, Brisbane QLD 4000,
PO Box 16330 City East QLD 4002
email: cosec@aqclet.com
Tetra Dartbrook Pty Ltd – Level 6, 355 Queen Street, Brisbane QLD 4000
email: shane.kuflik@dartbrook.com.au

- (c) must be signed by the sender or if a company, by its Authorised Officer; and
- (d) will be taken to have been served properly and conclusively:
 - (i) in the case of delivery in person, when delivered to or left at the address of the recipient shown in this Lease (as the case may be) or at any other address which the recipient may have notified to the sender;
 - (ii) in the case of email, at the earliest of:

- (A) the time that the sender receives an automated message from the intended recipient's information system confirming delivery of the email;
 - (B) the time that the intended recipient confirms receipt of the email by reply email; and
 - (C) three hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that three hour period, an automated message that the email has not been delivered; and
- (iii) in the case of mail, on the third Business Day after the date on which the notice is accepted for posting by the relevant postal authority,

but if service is on a day which is not a Business Day in the place to which the communication is sent or is later than 5.00pm (local time) on a Business Day, the notice will be taken to have been served on the next Business Day in that place.

- (e) If the Landlord requires any dealings with the Tenant in relation to environmental or work health and safety matters, the Tenant specifically appoints the following person or person with the following title to liaise with the Landlord and receive notices in relation to such matters:

AQC Dartbrook Pty Ltd - Level 1, 371 Queen Street, Brisbane QLD 4000

PO Box 16330 City East QLD 4002

email: cosec@aqclet.com

Tetra Dartbrook Pty Ltd – Level 6, 355 Queen Street, Brisbane QLD 4000

email: shane.kuflik@dartbrook.com.au

- (f) If the Tenant's work health and safety officer or contact person for the purposes of this clause 25.1(e) changes at any time:
- (i) the Tenant must immediately notify the Landlord of the new person's details; and
 - (ii) on and from receipt of that notification, the Landlord will liaise with, and send notices to, that new person in relation to environmental or work health and safety matters.

25.2 **Costs**

Each party shall pay its own costs in connection with the negotiation, preparation and execution of this Lease.

25.3 **Severance**

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction will be ineffective in that jurisdiction to the extent of the prohibition or unenforceability. That will not invalidate the remaining provisions of this Lease nor affect the validity or enforceability of that provision in any other jurisdiction.

25.4 **Entire agreement**

This Lease contains all the contractual arrangements of the parties with respect to the transactions to which they relate and supersede all earlier conduct by the parties with respect to those transactions.

In particular, this Lease supersedes the following documents:

- 1 VLAMP Deed dated 10 November 2021;

- 2 Access and Compensation Agreement dated 10 November 2021;
- 3 Right of First Refusal Deed dated 10 November 2021.
- 4 Registered Easement for Mining Purposes AR784209, in respect of which a Transfer Releasing Easement, Request and other relevant documents are to be forthwith signed by AQC and the Landlord and registered by the Landlord; and
- 5 Registered Restriction on the Use of Land AR784568 in respect of which a Release of Restriction on the Use of Land, Request or other relevant documents are to be forthwith signed by AQC and the Landlord and registered by the Landlord.

To the extent that such documents obligated the Landlord and the Tenant in this Lease, it is intended that such obligations are hereby released. All rights and obligations of the Landlord and the Tenant in relation to such matters, as are now released, are governed only by this Lease.

25.5 Reliance

Each party has entered into this Lease without relying on any information or advice given or statement made (whether negligently or not) by any other party or any person purporting to represent that party.

25.6 Governing law

This Lease is governed by the laws of the state in which the Premises is located. The parties submit to the non-exclusive jurisdiction of courts exercising jurisdiction there.

25.7 Landlord's Consent

In each case where the Tenant is required to obtain the Landlord's Consent under this Lease, the Landlord must act reasonably and not unreasonably delay its consent.

Executed as a Deed

EXECUTION BY THE LANDLORD

**Executed by Hunter Valley Corp Pty Ltd
ACN 652 547 423**, in accordance with
section 127 of the *Corporations Act 2001*
(Cth):

Director Signature

Director/Secretary Signature

Print Name

Print Name

**Executed by ReggieFox Pty Ltd ACN 652
678 665**, in accordance with section 127 of
the *Corporations Act 2001* (Cth):

Director Signature

Director/Secretary Signature

Print Name

Print Name

**Executed by Kelly HV Property Pty Ltd
ACN 652 606 892**, in accordance with
section 127 of the *Corporations Act 2001*
(Cth):

Director Signature

Director/Secretary Signature

Print Name

Print Name

**Executed by Walkington HV Property Pty
Ltd ACN 652 607 764** in accordance with
section 127 of the *Corporations Act 2001*
(Cth):

Director Signature

Director/Secretary Signature

Print Name

Print Name

This document was signed in counterpart and witnessed in accordance with section 14G of the *Electronic Transactions Act 2000* (NSW)

EXECUTION BY THE TENANT

**Executed by AQC Dartbrook Pty Ltd ACN
000 012 813** in accordance with section 127
of the *Corporations Act 2001* (Cth):

Director Signature

Director/Secretary Signature

Print Name

Print Name

**Executed by Tetra Dartbrook Pty Ltd ACN
658 320 471** in accordance with section 127
of the *Corporations Act 2001* (Cth):

Director Signature

Director/Secretary Signature

Print Name

Print Name

Attachment 1

Make Good Works

1 Mine Make Good Works

The Tenant must on or before the Date of Termination:

- (a) ensure that the Mine is put in a clean and safe condition; and
- (b) comply with all requirements imposed on it under the Mining Licence in connection with the expiration or termination of the Mining Licence;
- (c) comply with all requirements imposed on it under the Rehabilitation Management Plan in connection with the closure of the mine.

2 General Make Good Works

The Tenant must on or before the Date of Termination:

- (a) remove all loose items and, unless otherwise directed by the Landlord, Landlord's Fixtures;
- (b) remove from the Premises and the Land of all the Tenant's Fittings (together with any signage as approved by the Landlord and any other signs or advertisements affixed by the Tenant); and
- (c) remediate any Contamination which occurs in contravention of clause 10.3(a) in accordance with clause 10.3(b).

Attachment 2

Water Rights

1 Part 1

1.1 Definitions

(a) The following definitions shall apply to this Attachment 2.

Allocation Requirement	a notification given by the Dartbrook Joint Venture made under Attachment 21.2(a) for access to water entitlements utilising water infrastructure.
Contract Year	with respect to: (a) First Contract Year, the period commencing on the Mining Recommencement Date, and ending on the 31 December of that year; and (b) Each subsequent Contract Year, the period commencing 1 January and ending on 31 December.
Dartbrook Coal Project	the Dartbrook coal project located in Muswellbrook, New South Wales and which includes the Mining Authorities.
Dartbrook Joint Venture	the unincorporated joint venture established pursuant to the Dartbrook Joint Venture Agreement, consisting of the Dartbrook Joint Venture Participants.
Dartbrook Joint Venture Agreement	the joint venture agreement entered into by AQC, Tetra and Tetra Resources Pty Ltd (ACN 633 892 109), dated 30 April 2023.
Dartbrook Joint Venture Participants	(1) AQC; and (2) Tetra.
Encumbrance	an interest or power: (a) reserved in or over an interest in any asset; or (b) created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power, (c) by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to: i. any agreement to grant or create any of the above; and ii. a security interest within the meaning of section 12(1) of the PPSA.

Government Authority	any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.
Manager	Tetra Resources Pty Ltd ACN 633 892 109 as trustee for the Tetra Resources Unit Trust
Land Holders	(1) Trepang Services Pty Ltd in its capacity as agent for and on behalf of the Land Holder Entities; and (2) Land Holder Entities.
Land Holder Entities	(a) Hunter Valley Corp Pty Ltd as trustee for Hunter Valley Property Trust ACN 652 547 423 of BDO Business Centre, 72 Cavenagh Street, Darwin NT 0800; (b) ReggieFox Pty Ltd as trustee for ReggieFox Property Trust ACN 652 678 665 of C-/ Carrazzo Consulting Pty Ltd, 801 Glenferrie Road, Hawthorn VIC 3122; (c) Kelly HV Property Pty Ltd as trustee for Kelly HV Property Trust , ACN 652 606 892 of 72 Kensington Road Rose Park SA 5067; and (d) Walkington HV Property Pty Ltd as trustee for Walkington HV Property Trust, ACN 652 607 764 of 72 Kensington Road, Rose Park SA 5067.
Law	1 Commonwealth, State and local government legislation including regulations, by-laws, orders awards and proclamations; 2 common law and equity; and 3 Government Authority requirements and consents, certificates, licences, permits and approvals (including conditions in respect of those consents, certificates, licences, permits and approvals).
Loss	liabilities, losses, claims, proceedings, costs, expenses and damages.
Mining Authorities	the mining authorities held by AQC under the Mining Act 1992 (NSW), and any renewal or replacement of it, which at the date of this document are listed in Attachment 5.
Mining Operations	underground mining operations (and excludes all forms and methods of open cut mining operations).
Mining Recommencement Date	the date on which Mining Operations will recommence at the Dartbrook Coal Project.
Sources	those relevant sources of water from which holders of the Water Licences are entitled to recover water pursuant to the Water Licences.
Trepang	Trepang Services Pty Ltd ABN 50 455 907 135 of Level 17, Charles Darwin Centre, 19 Smith St, Darwin City NT 0800

Water Act	means the Water Act 1912 (NSW) and the Water Management Act 2000 (NSW).
Water Infrastructure	means all fixtures, fittings, pipes, engines, pumps, reticulation tanks, bores, wells and other equipment used to carry water from the Sources (or from any other source) to the points at which AQC takes possession or control for the Water Use Purposes as specified in accordance with clause 4.2.
Water Licences	the applicable water access licences specified in Attachment 3.
Water Use Purpose	means purposes associated with the extraction, washing and processing of coal from the Land for the Dartbrook Coal Project.

1.2 Notification of Mining Recommencement Date

- (a) No later than 2 months prior to the Mining Recommencement Date, the Manager must give notice of the estimated Mining Recommencement Date and at the same time provide a draft Allocation Requirement.
- (b) The Manager must notify Trepang promptly of any changes to its estimate of the Mining Recommencement Date and any material changes to the draft Allocation Requirement.

1.3 Water entitlement allocation and use

- (a) The parties agree that the Dartbrook Joint Venture will have access to all water available under the applicable Water Licences for the Water Use Purpose in priority to all other uses and purposes.
- (b) No later than 3 months prior to the commencement of each Contract Year for the Term, the Dartbrook Joint Venture must provide Trepang with its nominated Allocation Requirement, which must set out:
 - (i) its best estimates of the quantity and location of water required for the Mining Operations, for the upcoming Contract Year, calculated on a monthly basis; and
 - (ii) such amount shall not exceed 480 megalitres and
 - (iii) any other information reasonably requested by Trepang.
- (c) Subject to Attachment 21.3(d), the Land Holders will make available to the Dartbrook Joint Venture the quantity and location of water and the associated Water Infrastructure as set out in the Allocation Requirement.
- (d) The Land Holders will not be required to provide a greater quantity of water than is actually legally and physically available to the Land Holders pursuant to the terms of the Water Licences (the **Actual Availability**). For the avoidance of doubt where the Actual Availability is less than the Allocation Requirement (the **Allocation Deficit**), neither the Land Holders nor Trepang will be required to source the Allocation Deficit from sources other than those available under the Water Licences, and nor shall the Land Holders or Trepang be liable to the Dartbrook Joint Venture for any loss or damage arising from the Dartbrook Joint Ventures' inability to receive the full amount of its Allocation Requirement.
- (e) The Dartbrook Joint Venture may use the water provided under the Water Licences and the Water Infrastructure only for the Water Use Purposes;
- (f) No party will interfere with the free flow of water from the Sources through any pipe or other pieces of equipment, including through either the Water Infrastructure nor permit any damage to

any plant or equipment associated with or used for the operation of any part of the Water Infrastructure.

1.4 No warranty by the Land Holders as to supply

- (a) The Dartbrook Joint Venture acknowledges and agrees that :
- (i) the Water Licences entitle the Land Holders to specified shares in the available water within a particular water management area or water source, and the requirements for accessing water at specified times, rates or circumstances from specified areas or locations;
 - (ii) the Water Licences, and their respective entitlements, are subject to conditions of grant and applicable Laws; and
 - (iii) the Water Infrastructure made available by the Land Holders to the Dartbrook Joint Venture under this Attachment is provided on an 'as-is, where-is' basis but in priority to any other use to which the Land Holders may put that Water Infrastructure.
- (b) The Land Holders do not warrant or guarantee:
- (i) the quality, quantity, or suitability of water entitlements of Water Licences made available to the Dartbrook Joint Venture under this deed other than that the Dartbrook Joint Venture will have priority to the Land Holders' water entitlements under the Water Licences over any other use to which the Land Holders could put those water entitlements;
 - (ii) the quality, condition or suitability of the Water Infrastructure for the Water Use Purpose or any purpose; or
 - (iii) the quality or suitability of the water made available under the Water Licences or water provided from the Water Infrastructure other than that the Dartbrook Joint Venture will have priority to the water available to the Land Holders under the Water Licences, over any other use to which the Land Holders could put those water entitlements.
- (c) The Dartbrook Joint Venture represents and warrants that it has made, and it relies upon, its own searches, investigations, enquiries and evaluations in respect of all issues relating to the Water Licences and Water Infrastructure in connection with the Dartbrook Coal Project and the Land.

1.5 Compliance and reporting

- (a) The Dartbrook Joint Venture must:
- (i) comply with the conditions of grant of each Water Licence (including all applicable Laws and directions of Government Authorities); and
 - (ii) not do or allow any act or omission that may result in:
 - (A) a breach by the Land Holders of an obligation which the Land Holders has in respect of the Water Licences, or the Land when accessing or using the Water Infrastructure; or
 - (B) the Land Holders incurring any liability in respect of the Water Licences (directly or indirectly) as a result of the breach in Attachment 21.5(a)(ii)(A); and
 - (iii) provide monthly reports to Trepong regarding the consumption and use of water under the Water Licences.

- (b) The Dartbrook Joint Venture:
 - (i) acknowledges that a breach of the Water Licence, or a breach of its obligations under this deed could result in the revocation of the Water Licence and the Land Holders' right to carry out business activities (including agricultural businesses) on the Land; and
 - (ii) must not do anything in using the Water Infrastructure, or the entitlements under the Water Licences, that may result in the revocation of the Water Licences or the Land Holders' right to carry out business activities (including agricultural businesses) on the Land.

1.6 Title to the water and risk

- (a) For the Term, subject to Attachment 21.6(b), to the extent legally permissible the Dartbrook Joint Venture shall have title to and proprietorship of the water extracted from the Sources.
- (b) Where an attempt to bestow title to or proprietorship of the water on the Dartbrook Joint Venture or any other party would render this deed void, Attachment 21.6(a) shall be of no force and effect, and will be deemed to have been severed from the rest of this deed.
- (c) The Dartbrook Joint Venture acknowledges and agrees that it fully bears all risk in the water provided under this deed.

1.7 Ownership and maintenance of plant

- (a) The Dartbrook Joint Venture acknowledges that the Water Infrastructure and all its components remains the property of the Land Holders.
- (b) The Dartbrook Joint Venture agrees:
 - (i) it fully bears all risk in the Water Infrastructure;
 - (ii) to operate and maintain the Water Infrastructure (including undertaking all routine and emergency maintenance, overhauls, upgrades, repairs, and replacement of consumable and wear components) safely and consistently with industry practice at its cost, and
 - (iii) at the end of each Contract Year, the Water Infrastructure will be in no worse condition than at the commencement of the Contract Year (fair wear and tear excepted),

and the Land Holders (and Trepang) have no responsibility or liability whatsoever to repair, replace or maintain any component or aspect of the Water Infrastructure.

1.8 Registration and continuing effect

- (a) Where this deed may be registered under the Water Act, the Dartbrook Joint Venture and the Land Holders' will use all reasonable endeavours to ensure the deed is promptly registered after it has been executed.
- (b) This deed will bind the parties and their successors-in-title.

1.9 Disposal and Encumbrance of interest

- (a) The Dartbrook Joint Venture must not sell, transfer, grant, assign or otherwise dispose of, or grant an Encumbrance on or over, any Water Licences, Water Infrastructure, or any other rights under this deed, without the prior written consent of the Land Holders (such consent not to be unreasonably withheld).

1.10 Liability and indemnity

- (a) The Dartbrook Joint Venture agrees to indemnify, and keep indemnified, Trepang and the relevant Land Holder from and against all Loss of any kind arising from the performance by the Dartbrook Joint Venture of the Dartbrook Joint Venture obligations, or the exercise of its powers under this Attachment 2, except to the extent of Loss which is caused by any breach of this Attachment 2 or negligence by the Land Holders.
- (b) The indemnity in Attachment 21.10(a) does not extend to Loss resulting from the reduction in water available under the Water Licences as a consequence of the use of that water by the Dartbrook Joint Venture or any limitation imposed by a Government Authority.
- (c) The Land Holders will not be liable to the Dartbrook Joint Venture for any Loss suffered by the Dartbrook Joint Venture under or in connection with this Attachment 2 except where the Loss is suffered due to the Land Holder's deliberate breach, gross negligence or fraud.

Attachment 3

Water Licences

Water Licence	Registered Proprietor	Water Source	Share Component Units	Category
WAL1021	Hunter Valley Corp Pty Ltd ACN 652 547 423 as to a 50% share, ReggieFox Pty Ltd ACN 652 678 665 as to a 25% share, Kelly HV Property Pty Ltd ACN 652 606 892, as to a 12.5% share, Walkington HV Property Pty Ltd ACN 652 607 764 as to a 12.5% share Tenants in common.	Hunter Regulated River Source	480	Regulated River (General Security)

Attachment 4

1 Property

1.1 Property details

Leased areas

No.	Title details/folio identifier	Address	Registered Proprietor
1	Part 1/835733 (Lot 1 in DP835733) as identified in Attachment 6 - Plan 1.	30 Stair St, Kayuga 2333	Hunter Valley Corp Pty Ltd ACN 652 547 423 as to a 50% share, ReggieFox Pty Ltd ACN 652 678 665 as to a 25% share, Kelly HV Property Pty Ltd ACN 652 606 892, as to a 12.5% share, Walkington HV Property Pty Ltd ACN 652 607 764 as to a 12.5% share Tenants in common.
2	Part 111/873834 (Lot 111 in DP873834) as identified in Attachment 6 - Plan 2.	Dartbrook Colliery New England Hwy, Muswellbrook 2333	Hunter Valley Corp Pty Ltd ACN 652 547 423 as to a 50% share, ReggieFox Pty Ltd ACN 652 678 665 as to a 25% share, Kelly HV Property Pty Ltd ACN 652 606 892 as to a 12.5% share, Walkington HV Property Pty Ltd ACN 652 607 764 as to a 12.5% share Tenants in common

2.1 Property details for access areas

Access areas (for access to the leased areas in common with the Landlord and others)

No.	Title details/folio identifier	Address	Registered Proprietor
1	Part 1/835733 (Lot 1 DP 835733) - Western Access Road, Dart Brook Bridge, Hunter River Bridge as identified in Attachment 6 - Plan 3.	30 Stair St, Kayuga 2333	Hunter Valley Corp Pty Ltd ACN 652 547 423 as to a 50% share, ReggieFox Pty Ltd ACN 652 678 665 as to a 25% share, Kelly HV Property Pty Ltd ACN 652 606 892, as to a 12.5% share, Walkington HV Property Pty Ltd ACN 652 607 764 as to a 12.5% share Tenants in common.
3	Part 14/253397 (Lot 14 DP 253397) – Evaporation Ponds and Vent Shaft as identified in Attachment 6 - Plan 4.	Dartbrook Colliery New England Hwy, Muswellbrook 2333	Hunter Valley Corp Pty Ltd ACN 652 547 423 as to a 50% share,

			<p>ReggieFox Pty Ltd ACN 652 678 665 as to a 25% share,</p> <p>Kelly HV Property Pty Ltd ACN 652 606 892 as to a 12.5% share,</p> <p>Walkington HV Property Pty Ltd ACN 652 607 764 as to a 12.5% share</p> <p>Tenants in common</p>
4	Part 110/873834 (Lot 111 DP 873834) Access road as identified in Attachment 6 - Plan 5.	1601 Dartbrook Road, Dartbrook 2336	<p>Hunter Valley Corp Pty Ltd ACN 652 547 423 as to a 50% share,</p> <p>ReggieFox Pty Ltd ACN 652 678 665 as to a 25% share,</p> <p>Kelly HV Property Pty Ltd ACN 652 606 892 as to a 12.5% share,</p> <p>Walkington HV Property Pty Ltd ACN 652 607 764 as to a 12.5% share</p> <p>Tenants in common</p>

Attachment 5

1 Mining Licences

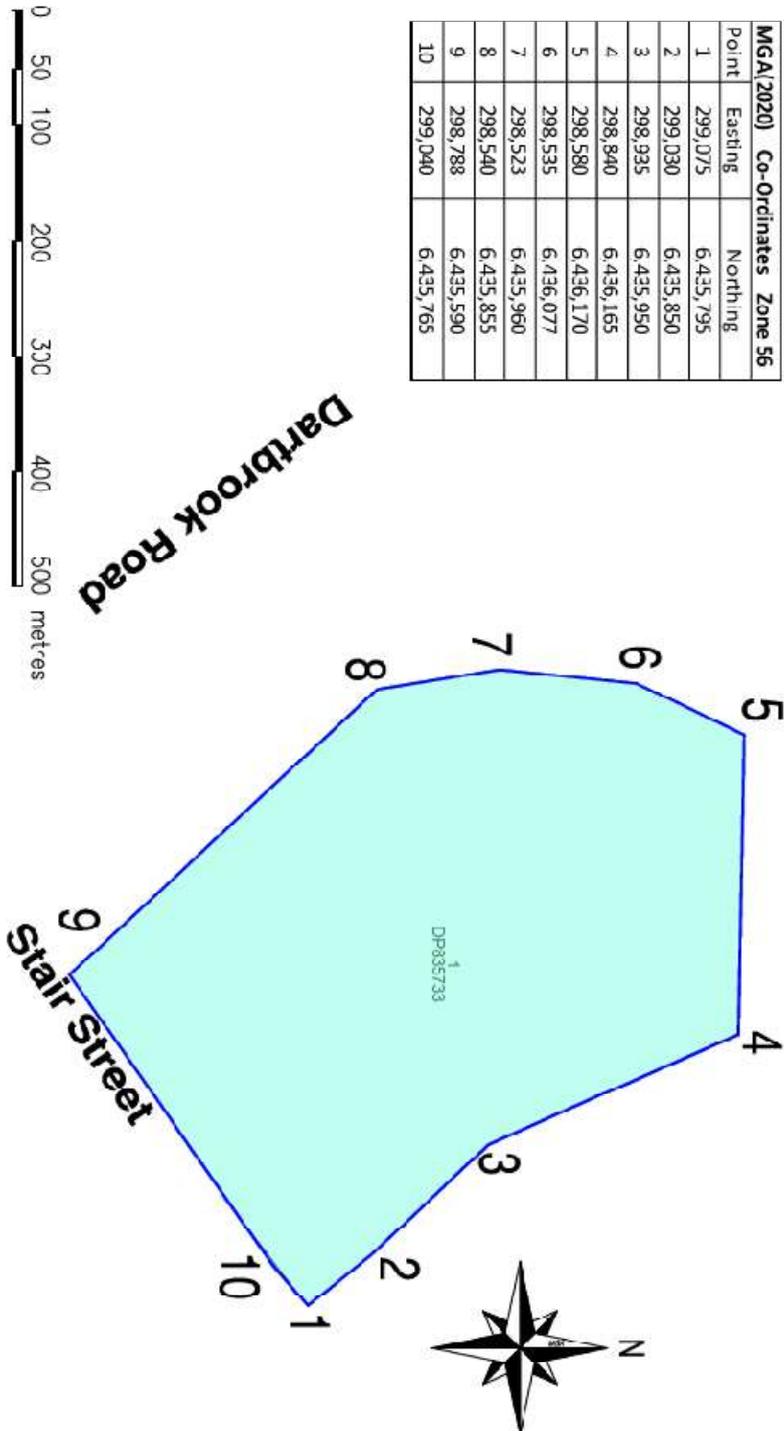
1.1 Table of Mining Licences

No.	Name	Reg Holder	Area (km2)	Shire 1	Shire 2	Grant date	Expiry date
Authorisation (AUTH) no. 256 granted under the Coal Mining Act 1973 (NSW) which is taken to be an exploration licence granted under the Mining Act (AUTH 256 or EL 256)		AQC					
Exploration Licence (EL) 4574		AQC					
EL 4575		AQC					
EL 5525		AQC					
Consolidated mining lease (CL) 386		AQC					

Mining Lease (ML) 1381							
------------------------------	--	--	--	--	--	--	--

Diagram Showing Area of Mine Surface Facilities Area : abt 19.7 ha Subject to Survey

MGA(2020) Co-Ordinates Zone 56		
Point	Easting	Northing
1	299,075	6,435,795
2	299,030	6,435,850
3	298,935	6,435,950
4	298,840	6,436,165
5	298,580	6,436,170
6	298,535	6,436,077
7	298,523	6,435,960
8	298,540	6,435,855
9	298,788	6,435,590
10	299,040	6,435,765



Cadastral Details have been derived from the DJGR with its inherent inaccuracies, further investigation is required to accurately determine the location of property boundaries.



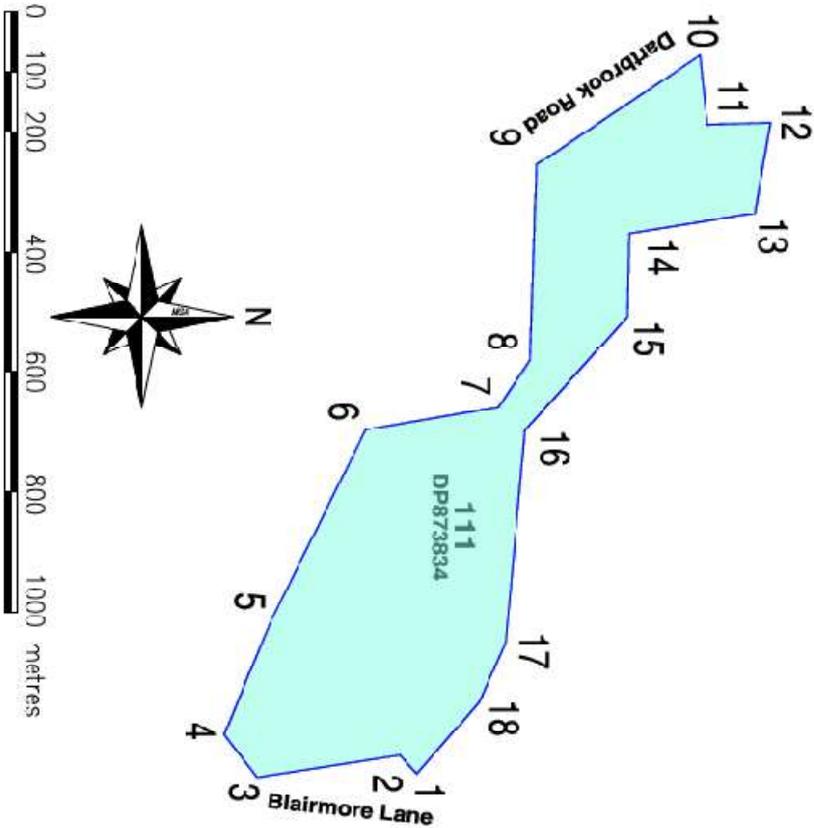
REVISION		PC Initial Issue		SE	
NO.	DATE	BY	DATE	DESCRIPTION	CHK.
01	26/07/23	PC	26/07/23		

Plan Showing Location of
Dartbrook Mine Surface Facilities
for Access Agreement

SCALE	1:5,000	PRG.	2000715	REV.	A
-------	---------	------	---------	------	---

Diagram Showing Area of Mine Surface Facilities Area : abt 31.0 ha Subject to Survey

Point	Easting	Northing
1	298,547	6 436,125
2	298,417	6 436,095
3	298,513	6 435,863
4	298,443	6 437,809
5	298,256	6 435,885
6	297,938	6 436,042
7	297,901	6 436,260
8	297,823	6 436,312
9	297,458	6 436,323
10	297,316	6 436,592
11	297,431	6 436,604
12	297,428	6 436,708
13	297,579	6 436,682
14	297,612	6 436,475
15	297,750	6 436,473
16	297,959	6 436,304
17	298,252	6 436,272
18	298,369	6 436,229



Cadastral Details have been derived from the DCD3 with its inherent inaccuracies, further investigation is required to accurately determine the location of property boundaries.



DARTBROOK
JOINT VENTURE

REVISION		A	26/07/21	PC	Final Issue	B
REV.	DATE	BY	DATE	DESCRIPTION	CHECKED	APPROVED

Plan Showing Location of
Dartbrook Mine Surface Facilities
for Access Agreement

SCALE: A4
1:10,000

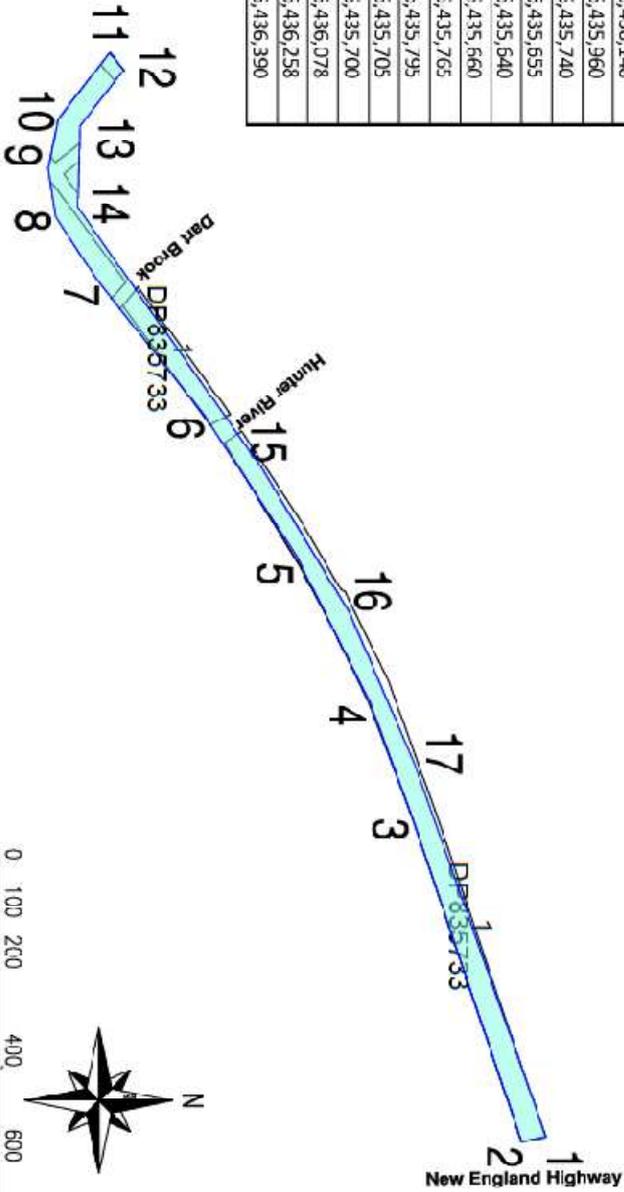
DRG. 200016

REV. A

Diagram Showing Area of Mine Access

Area : abt 10.9 ha Subject to Survey

MGA(2020) Co-Ordinates Zone 56		
Point	Easting	Northing
1	301,280	6,436,660
2	301,290	6,436,610
3	300,620	6,436,385
4	300,385	6,436,300
5	300,080	6,436,148
6	299,790	6,435,960
7	299,510	6,435,740
8	299,380	6,435,655
9	299,280	6,435,640
10	299,177	6,435,660
11	299,040	6,435,765
12	299,075	6,435,795
13	299,190	6,435,705
14	299,360	6,435,700
15	299,900	6,436,078
16	300,200	6,436,258
17	300,510	6,436,390



Cadastral Details have been derived from the DCDB with its inherent inaccuracies; further investigation is required to accurately determine the location of property boundaries.



DARTBROOK
JOINT VENTURE

REVISION		DATE	BY	DESCRIPTION	APPROVED
1	18/07/23	PC	Initial Issue		JIB

Plan Showing Location of
Dartbrook Mine Surface Facilities
for Access Agreement

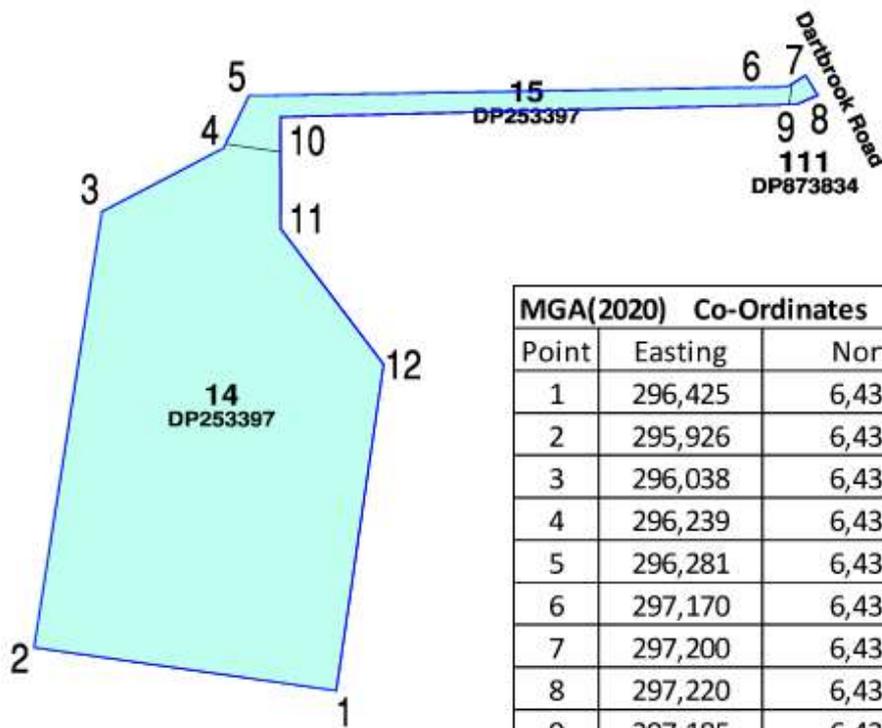
SCALE 1:12,500

2000'4

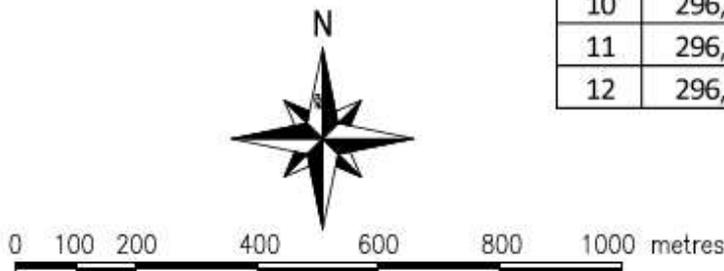
REV. A

Plan 4

Diagram Showing Area of Evap Ponds & No2 Shaft Area : abt 41.2 ha Subject to Survey



MGA(2020) Co-Ordinates Zone 56		
Point	Easting	Northing
1	296,425	6,435,682
2	295,926	6,435,754
3	296,038	6,436,479
4	296,239	6,436,585
5	296,281	6,436,672
6	297,170	6,436,687
7	297,200	6,436,706
8	297,220	6,436,673
9	297,185	6,436,658
10	296,333	6,436,637
11	296,333	6,436,451
12	296,503	6,436,225



Cadastral Details have been derived from the DCDB with its inherent inaccuracies, further investigation is required to accurately determine the location of property boundaries.



REVISION	A	26/07/23	PC	Initial Issue		JB
REV.	DATE	BY	DESCRIPTION			CMS
	PC	26/07/23				

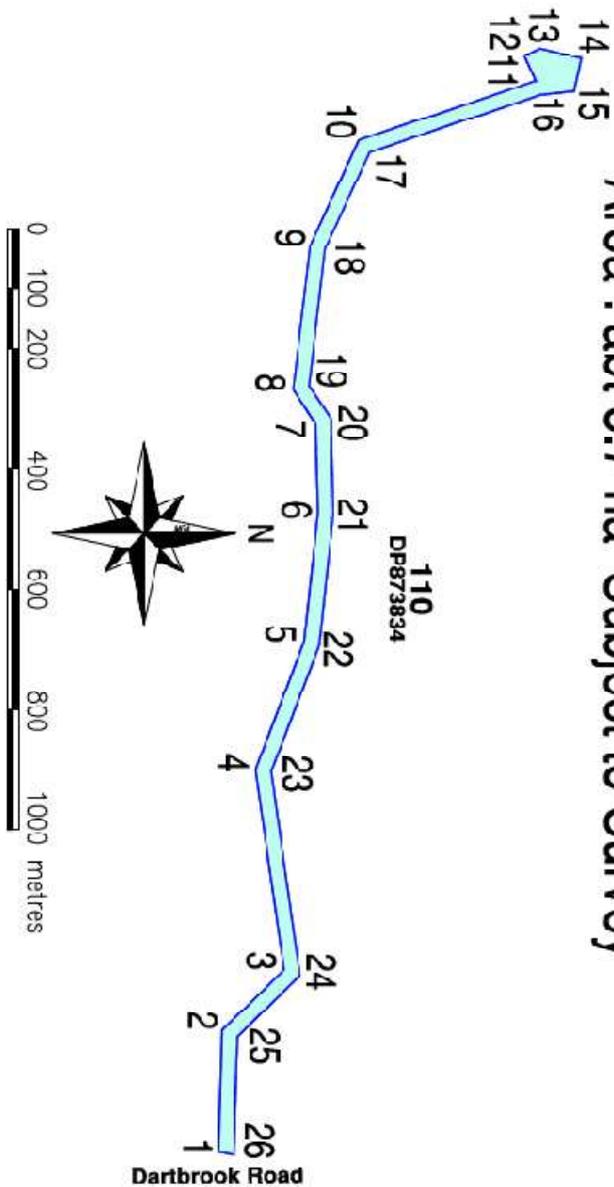
Plan Showing Location of
Dartbrook Mine Surface Facilities
for Access Agreement

SCALE	A4	DRG.	200017	REV.	A
-------	----	------	--------	------	---

Diagram Showing Area of Mine Dewatering Pumps

Area : abt 5.7 ha Subject to Survey

MGA(2020)	Co-Ordinates	Zone 56
Point	East ng	Nothing
1	297,231	6,437,477
2	297,023	6,437,483
3	295,923	6,437,585
4	295,595	6,437,538
5	295,383	6,437,618
6	295,169	6,437,641
7	295,021	6,437,637
8	295,964	6,437,600
9	295,724	6,437,628
10	295,549	6,437,708
11	295,450	6,438,000
12	295,409	6,437,981
13	295,395	6,438,007
14	295,413	6,438,075
15	295,467	6,438,063
16	295,473	6,438,008
17	295,569	6,437,726
18	295,730	6,437,652
19	295,958	6,437,676
20	295,011	6,437,662
21	295,170	6,437,666
22	295,389	6,437,643
23	295,599	6,437,564
24	295,937	6,437,611
25	297,039	6,437,508
26	297,235	6,437,502



Cadastral Details have been derived from the DCDB with its inherent inaccuracies, further investigation is required to accurately determine the location of property boundaries.



REVISION		DATE		DESCRIPTION		APPROVED	
REV	DATE	BY	DATE	CHECKED	APPROVED	CHK	REV
PC	29/07/13						A

Plan Showing Location of
Dartbrook Mine Surface Facilities
for Access Agreement

SCALE: A/4
Dwg. 200018
REV. A

Contents

SCHEDULE 2

PART A INTRODUCTION 5

1 Interpretation 5

1.1 Definitions 5

1.2 Interpretation 9

1.3 Parties 10

2 Exclusion of Statutory Provisions 10

2.1 Laws Excluded 10

2.2 Moratorium 10

3 Conditions Precedent 10

PART B TERM 10

4 Term 10

4.1 Term of Lease 10

4.2 Holding Over 11

5 Option for Extension of Term 11

5.1 Extension 11

5.2 Lease/Extended Term 11

PART C TENANT’S PAYMENTS 12

6 Rent 12

6.1 Tenant to pay 12

7 Operating Costs 12

7.1 Tenant must pay Operating Costs 12

7.2 Utilities and Services 12

8 GST 12

PART D TENANT’S OBLIGATIONS AND RIGHTS 13

9 Use of Premises 13

9.1 Permitted Use 13

9.2 Warranty as to use 13

9.3 Compliance with Laws and Requirements 14

10 Maintenance, Repairs and Contamination 15

10.1 Repairing obligations 15

10.2 Notice to Landlord of damage, accident etc. 15

10.3 Contamination 15

11 Not used 16

12 Tenant’s rights 16

PART E LANDLORD’S RIGHTS AND OBLIGATIONS 16

13 Landlord's Rights and Obligations 16

13.1 Landlord's right of access 16

13.2 Enforcement of repairing obligations 17

13.3 Means of access to the Premises 17

13.4 Services 17

13.5 Landlord to assist 17

PART F TENANT’S RESTRICTIONS 17

14 Tenant's Restrictions 17

14.1	Alterations to Premises	17
14.2	Tenant's obligations when undertaking works	18
14.3	Alterations or additions to Landlord's Fixtures and Services	18
14.4	Flammable Substances	19
14.5	Fire Regulations	19
14.6	Mining Licence	19
PART G TRANSFER OF INTEREST		19
15	Dealings by Tenant	19
15.1	Assignment by the Tenant - General	19
15.2	Assignment of Tenant's interest	19
15.3	Corporate ownership	21
16	Dealings by Landlord	21
PART H INSURANCE, RISK AND INDEMNITY		21
17	Insurance and Indemnities	21
17.1	Insurances to be taken out by Tenant	21
17.2	Exclusion of Landlord's liability	22
17.3	Indemnities	22
PART I DAMAGE		22
18	Damage and Destruction	22
18.1	No abatement	22
18.2	Landlord not obliged to reinstate	22
PART J DEFAULT		23
19	Default and Consequences	23
19.1	Termination for default	23
19.2	Essential terms	23
19.3	Re-entry, termination or conversion	23
19.4	Landlord may rectify	23
19.5	Waiver	23
19.6	Offer of money after termination	24
19.7	Interest on overdue money	24
19.8	Landlord's entitlement to damages	24
19.9	Landlord's Default	25
PART K END OF LEASE		25
20	Make Good	25
20.1	Tenant to yield up and remove Tenant's Fittings	25
20.2	Failure by Tenant to remove Tenant's Fittings	25
20.3	25	
PART L GENERAL		26
21	Termination	26
21.1	Tenant Funding	26
21.2	Funding requirement	26
21.3	Prescribed Event delays	27
21.4	Commercial Production Date	27
21.5	Dispute resolution	27
22	Water Rights	27
22.1	Rights and obligations	27

23	Deed of Right of First Refusal	28
24	Guarantee	28
25	Miscellaneous	28
	25.1 Notices	28
	25.2 Costs	29
	25.3 Severance	29
	25.4 Entire agreement	29
	25.5 Reliance	30
	25.6 Governing law	30
	25.7 Landlord's Consent	30
	Attachment 1	34
	Make Good Works	34
	Attachment 2	35
	Water Rights	35
	Attachment 3	41
	Water Licences	41
	Attachment 4	42
	Attachment 5	44
	Attachment 6	46
	Plan 1	46
	Plan 2	47
	Plan 3	48
	Plan 4	49
	Plan 5	50
	Attachment 7	51
	Rent – worked example	51

Annexure C — Broker Options

Material terms of the Broker Options

1. Exercise Price and Exercise Periods

Each Broker Option entitles the Underwriter to acquire one (1) fully paid Share on payment to AQC of \$0.34 per Option (**Exercise Price**).

The Broker Options are exercisable at any time up to the date which is thirty six (36) months after the date of issue (**Exercise Period**).

2. Manner of Exercise

The Underwriter may exercise the Broker Options by delivering to the Company's registered address a signed notice in writing (**Exercise Notice**), together with payment (in cleared funds) to AQC of the aggregate Exercise Price for the number of Broker Options exercised.

Broker Options can only be exercised in minimum increments of 50,000 Broker Options, unless the delivery of an Exercise Notice would leave the Underwriter with less than 50,000 Broker Options in which case the Underwriter must exercise all Broker Options held by it.

3. Shares Issued on Exercise of Broker Options

Upon the exercise of any Broker Options, AQC must, within ten (10) business days of receiving an Exercise Notice and all relevant documents and payments (in cleared funds):

- (a) issue Shares that rank equally with the then issued Shares on and from their date of issue; and
- (b) if AQC's Shares are quoted on the ASX at the time of the exercise of any Broker Options, then apply to the ASX for the quotation of the Shares to be issued upon their exercise.

4. Quotation and Transfer

AQC has not made, and will not make, any application to the ASX for quotation of the Broker Options. However, the Broker Options are transferable to any one or more third parties in any manner approved by the ASX or the Corporations Act.

5. Participation Rights or Entitlements

The Broker Options do not provide a right to participate in any new issue of securities or other entitlements offered to Shareholders during the term of the Broker Options.

6. Bonus Issues

If, prior to the expiry of the Broker Options, AQC makes a bonus issue of Shares to Shareholders for no consideration, the number of Shares over which a Broker Option is exercisable may be increased by the number of Shares which the holder would have received if the Broker Option had been exercised before the date for calculating entitlements to the bonus issue.

7. Pro-Rata Issue

If, after the date of the issue of the Broker Options and prior to the Expiry Date, AQC announces a pro-rata issue of Shares to Shareholders, the exercise price of the Broker Options will be reduced in accordance with ASX Listing Rule 6.22.2.

Annexure C — Broker Options

8. Capital Reorganisation

If there is a reorganisation of the issued capital of AQC (including any consolidation, subdivision, reduction, or return of capital), the rights of the Underwriter as holder of the Broker Options shall be changed to the extent necessary to comply with ASX Listing Rules at the time of the reorganisation.

9. Variation to Terms

The terms of the Broker Options shall only be changed if the Shareholders approve such change. However, except as set out clauses 6, 7 and 8 of this Annexure C and as provided for in the Listing Rules, the terms of the Broker Options shall not be changed to reduce the Exercise Price, increase the number of Broker Options or change any period for exercise of the Broker Options.

Annexure D— Proxy Form



Australian Pacific Coal

ABN 49 089 206 986

001 / 000001

LODGE YOUR VOTE

ONLINE
<https://investorcentre.linkgroup.com>

BY MAIL
Australian Pacific Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Parramatta Square, Level 22, Tower 6,
10 Darcy Street, Parramatta NSW 2150; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Australian Pacific Coal Limited and entitled to participate in and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **9:00am (Sydney time), Thursday, 23 May 2024 at Level 25, 100 Mount Street, North Sydney, NSW, 2060** (the Meeting) and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Approval of Proposed Transaction with the Trepang Landlords under Listing Rule 10.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Issue of Broker Options to Evolution in relation to settlement of dispute arising out of Underwriting Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification and approval of the issue of 56,944,447 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Ratification and approval of the issue of 4,512,805 Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of issue of Trepang Landlord Placement Shares to Trepang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of issue of NT House Placement Shares to NT House	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

AQC PRX2401A

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to participate in the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to participate in the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **9:00am (Sydney time) on Tuesday, 21 May 2024**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

<https://investorcentre.linkgroup.com>

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Australian Pacific Coal Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*

Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150

or

Level 12
680 George Street
Sydney NSW 2000

*During business hours Monday to Friday (9:00am - 5:00pm)

**IF YOU WOULD LIKE TO PARTICIPATE IN AND VOTE AT THE EXTRAORDINARY GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**