



ASX RELEASE (ASX:AQC)

# Australian Pacific Coal

## Quarterly Activities Report for the period ended 30 June 2019

### **Highlights**

- *Site tour and public meeting conducted for Modification 7 process including submission of supplementary materials*
- *Completed partial divestment of investment holding post quarter end to provide working capital for continued development assessment*

### **Dartbrook Mine**

#### **Strategic Partner Agreement**

Australian Pacific Coal Limited (**AQC** or the **Company**) announced<sup>1</sup> on 6 August 2018 that it had executed binding transaction documents with a subsidiary of Stella Natural Resources (**SNR**) to form the Dartbrook Joint Venture (**DJV**) subject to satisfaction of conditions precedent. After quarter end, on 2 July 2019, the Company advised that certain conditions under the Share Sale Agreement (**SSA**) with SNR were not satisfied by SNR (by the cut-off date for satisfaction of those conditions) and the SSA was terminated by AQC effective 4 July 2019.

The Company has recently been in discussions with other potential development partners in relation to their interest in recommencing underground mining at Dartbrook. AQC is considering a range of options to optimise returns for all shareholders including continued dialogue with SNR.

#### **Modification 7 Update**

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

The NSW Department of Planning and Environment finalised its report in January 2019 and provided its recommendation to the Independent Planning Commission (**IPC**) that the modification is approvable. A copy of the submission is located on the department website at <http://majorprojects.planning.nsw.gov.au/>.

The IPC convened a public meeting on 9 April 2019 as a requirement of the approval process. The Company has provided the IPC with various supplementary information since the public meeting and anticipates the IPC will determine the modification shortly. Information on current status of the assessment, including presentations and meetings with the IPC, is located on the IPC website under the Projects section<sup>2</sup>.

<sup>1</sup> Refer ASX announcement titled *Dartbrook Strategic Development Partner*, 6 August 2018

<sup>2</sup> <https://www.ipcn.nsw.gov.au/projects/2019/02/dartbrook-coal-mine-modification-7>

## **Corporate and Funding**

At quarter end the Company held \$0.7 million in cash reserves, representing an increase of \$0.1 million over the prior quarter. Funds during the quarter were primarily used to progress the modification submission (\$0.2 million), care & maintenance holding costs (\$1.7 million gross, or net \$0.3 million after including \$1.4 million holding cost contributions received from SNR in the quarter) and corporate administration (\$0.3 million).

During the quarter, further funding was provided by Trepang Services Pty Ltd (**Trepang**) in the form of an unsecured loan accruing capitalised interest at 10% per annum. At quarter end a total of \$3.5 million had been provided by Trepang as an unsecured loan for general working capital.

Following the quarter end, the Company announced<sup>3</sup> on 18 July 2019 that it had divested part of its holding in Bowen Coking Coal (ASX:BXB). A total of 35.3 million shares were sold at a price of \$0.045 per share, providing the Company with a cash inflow of \$1.589 million. The Company continues to hold 19 million BCB shares.

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

By Order of the Board

Andrew Roach  
Company Secretary  
Australian Pacific Coal Limited

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<sup>3</sup> Refer ASX announcement titled *Partial Divestment of Investment Holding*, 18 July 2019

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

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

### Name of entity

Australian Pacific Coal Limited

### ABN

49 089 206 986

### Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	22,756	83,058
1.2 Payments for		
(a) exploration & evaluation	-	(1,525,979)
(b) development	(216,702)	(1,250,542)
(c) production	-	-
(d) staff costs	(181,953)	(850,577)
(e) administration and corporate costs	(136,199)	(1,099,707)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3,256	7,614
1.5 Interest and other costs of finance paid	(7,458)	(24,907)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (mine care and maintenance)	(1,698,807)	(6,981,043)
1.8 Other (business development)	-	(151,931)
1.8 Other (GST refunds received)	138,717	783,351
1.8 Other (transaction and financing costs)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,076,389)</b>	<b>(11,010,662)</b>

Consolidated statement of cash flows	Current quarter \$A	Year to date (12 months) \$A
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(100,027)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Dartbrook completion adjustment)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(100,027)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	989,976
3.2 Proceeds from loan drawdown	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	9,988
3.5 Proceeds from borrowings	750,000	5,500,000
3.6 Repayment of borrowings	-	(7,685)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Holding Cost Payments)*	1,425,353	2,627,900
<b>3.10 Net cash from / (used in) financing activities</b>	<b>2,175,353</b>	<b>9,120,179</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	572,560	2,662,033
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,076,389)	(11,010,662)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A</b>	<b>Year to date (12 months) \$A</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(100,027)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,175,353	9,120,179
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>671,523</b>	<b>671,523</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A</b>	<b>Prior quarter \$A</b>
5.1 Bank balances	386,081	287,118
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (short term deposits)	285,442	285,442
5.4 Other (funds held in escrow)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>671,523</b>	<b>572,560</b>

\* Other (Holding Cost Payments) relate to the funding obligation of Stella Natural Resources (SNR) to fund care and maintenance holding costs of the Dartbrook Mine on and from 1 December 2018 in accordance with the terms of the transaction announced to the ASX 6 August 2018.

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	100,552
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Director fees paid in the quarter.	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A	Amount drawn at quarter end \$A
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	25,000	10,975
8.3 Other (please specify)	53,200,000	53,200,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1

8.2 NAB Business Visa. Interest 15.50%. Unsecured

8.3 Mr N Paspaley Convertible Loan Deed. Interest 10.0%. Secured. \$10,000,000 fully drawn

8.3 Mr J Robinson Convertible Loan Deed. Interest 10.0%. Secured. \$10,000,000 fully drawn

8.3 Trepang Services Pty Ltd Secured Loan Deed. Interest 10.0%. Secured. \$7,000,000 fully drawn

8.3 Trepang Services Pty Ltd Convertible Loan Deed. Interest 10.0%. Secured. \$15,000,000 fully drawn

8.3 Trepang Services Pty Ltd Unsecured Loan. Interest 10.0%. \$3,500,000

8.3 Anglo American Metallurgical Coal Assets Pty Ltd Secured Loan. Interest 10.0%. \$7,700,000 fully drawn

9. <b>Estimated cash outflows for next quarter</b>	\$A
9.1 Exploration and evaluation	-
9.2 Development	100,000
9.3 Production	-
9.4 Staff costs	150,000
9.5 Administration and corporate costs	150,000
9.6 Other (Mine care and maintenance)	1,500,000
<b>9.7 Total estimated cash outflows</b>	<b>1,900,000</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EPC 2011	Relinquishment of tenement (held by subsidiary Area Coal Pty Ltd)	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a			

### Compliance statement

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

By Order of the Board

Andrew Roach  
Company Secretary  
30 July 2019

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.