

# Australian Pacific Coal

Bringing a new, low-cost supply of  
quality coal to market in 2023

Ord Minnett East Coast  
Mining Conference  
23 March 2023



**Australian Pacific Coal**

ABN : 49 089 206 986 ASX CODE: AQC

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Assumptions have been made regarding, among other things: the Company's ability to carry on future exploration, development and production activities, the timely receipt of required approvals, the price of coal, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions that may affect the Company's financial and operational viability.

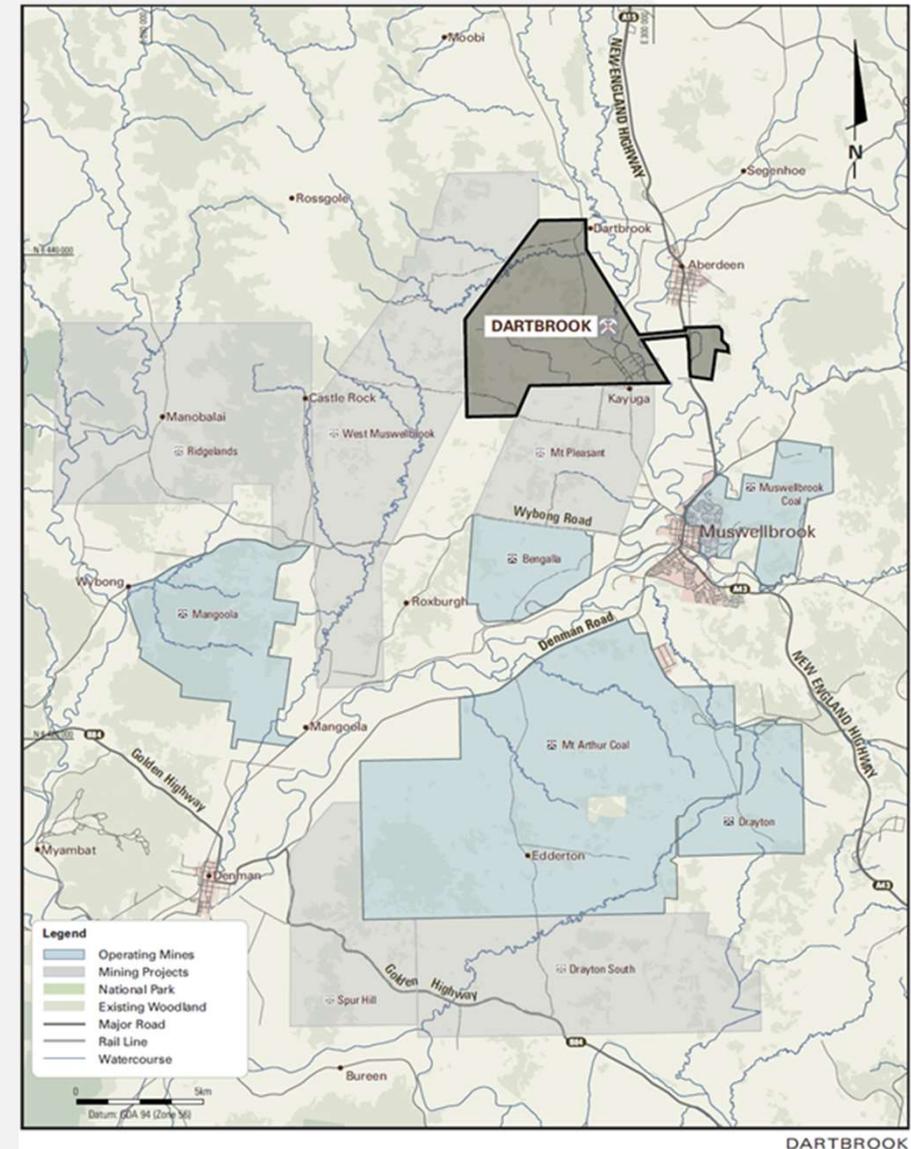
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*This presentation has been authorised for release by the Interim CEO of AQC*

# AQC – imminent source of new supply

- Australian Pacific Coal Limited (ASX: AQC) is an ASX-listed junior coal company focused on acquiring and developing quality coal assets to supply domestic and Asian markets
- Acquired non-operational (care and maintenance) Dartbrook Mine, Hunter Valley, NSW, from Anglo American and Marubeni Coal in 2017
- Low-cost, fast to market, brownfield restart project
- 5-year underground mining licence to December 2027 to produce up to 6 Mtpa ROM coal, with potential for 5-year extension to 2032
- AQC targeting restart of Dartbrook underground mining operations in 2H CY2023<sup>1</sup>



1. Subject to concluding all necessary JV operating agreements, sufficient confidence of restart funding, ASX and customary approvals.

## **Mike Ryan**

*Interim Chair*

Mr Ryan is a highly accomplished executive and director with background in domestic and international capital markets. He has managerial and operational experience across a range of industries primarily focused on turnaround and growth. Mike's accomplished career has included roles as an Executive Director of Goldman Sachs JBWere, Morgan Stanley and Citibank. He was also previously Managing Director of CIMB and Head of Equities at Shaw and Partners.

## **Ayten Saridas**

*Interim CEO, Director*

Ms Saridas is a finance executive with over 30 years of international experience across a broad range of industries including oil and gas, mining, retail, infrastructure, property, and financial services. Ms Saridas has an established reputation in the financial markets and has held CFO and executive roles with Coronado Global Resources, Santos Limited, AWE Limited and Woolworths amongst other ASX listed companies.

## **Nick Johansen**

*Non-Executive Director*

Mr Johansen is a solicitor with extensive mining experience, ranging from junior exploration to production, across a range of commodities. Nick has expertise in transactions, resources regulation, native title and environmental law. Nick completed his Graduate Diploma of Legal Practice at Australian National University. In addition, he holds a BA in economics from the University of Adelaide.

## **Jeff Beatty**

*Non-Executive Director*

Mr Beatty is a mining professional with extensive experience in both coal and metalliferous, open cut and underground mining operations, including mine development and exploration and civil construction activities in Australia and in international environments. Jeff holds qualifications in mine management, occupational health and safety and business management and has previously held executive management roles at Carabella Resources, Vale Global Coal and AMCI Australia. Mr Beatty is also currently Manager - Planning & Approvals with Tetra Resources Pty Ltd, which is a joint venture participant in the Dartbrook Project. Mr Beatty holds a 10% interest in the Tetra Resources Dartbrook Joint Venture entity

## **Craig McPherson**

*Company Secretary*

Mr McPherson graduated with a Bachelor of Commerce degree from the University of Queensland and is a member of the Institute of Chartered Accountants in Australia. He has twenty years of commercial and financial management experience and has held various roles with ASX and TSX listed companies over the past ten years in Australia and overseas.

# Fast, low-cost path to first coal

## Low-Cost Opportunity

- Dartbrook is a low-cost, underground, brownfield project
- Approvals for 5-year underground mining operations to 2027 with potential to extend another 5-years
- Low capex requirement (\$100 M to \$120 M) with innovative restart plan
- Negotiations with multiple third parties to provide debt funding for restart capital well advanced

## Infrastructure in Place

- Substantial existing infrastructure will support mining operations (replacement value > \$300 M)
- Coal Handling and Processing Plant (CHPP) in good condition with nameplate capacity of 6 Mtpa
- Production was 5.5 Mtpa ROM (2005), prior to entering care and maintenance in 2006

## Quality Products

- High quality coal with calorific value suitable for high energy low emission (HELE) power generation
- Coal quality is typical of Hunter Valley specification
- Low sulphur content enhances the marketability of the product
- Potential to sell up to 25% in met coal markets

## Excellent Location

- Dartbrook is located in the NSW Hunter Valley region, approximately 130 km from the Newcastle port
- Sufficient capacity within existing rail and port facilitates
- Highly skilled and motivated local workforce available
- NSW royalty regime economically superior to Queensland's

## Ample Resource

- Dartbrook Coal Resource estimated at 2,534 Mt
- ROM Coal Reserves of 470 Mt
- Marketable Coal Reserves of 370 Mt<sup>1</sup> (based on a 78% yield) far exceeding planned 5-year ROM production of ~10 Mt
- Well understood geology and mining conditions, similar to neighboring mines

## Markets

- Elevated coal prices continue, driven by tight international supply and demand tensions
- Energy security and diversity of sources remains a global priority
- While thermal prices have moderated from the highs of 2022, Dartbrook's low-cost base gives it the ability to generate solid returns at current prices

1. Refer to Appendix, "JORC Resource and Coal Quality"

# Dartbrook - Project Overview

The Dartbrook coal mine is located in the upper Hunter Valley, NSW. Longwall underground mining operations commenced in 1994, under the previous ownership of Anglo, with production reaching over 5.5Mtpa in 2005. The mine was placed into care and maintenance in 2006 following volatile commodity prices.

## Quality Resource

A JORC compliant resource of 2.5 Bt with 370 Mt Marketable Reserves<sup>1</sup>

## Production Potential

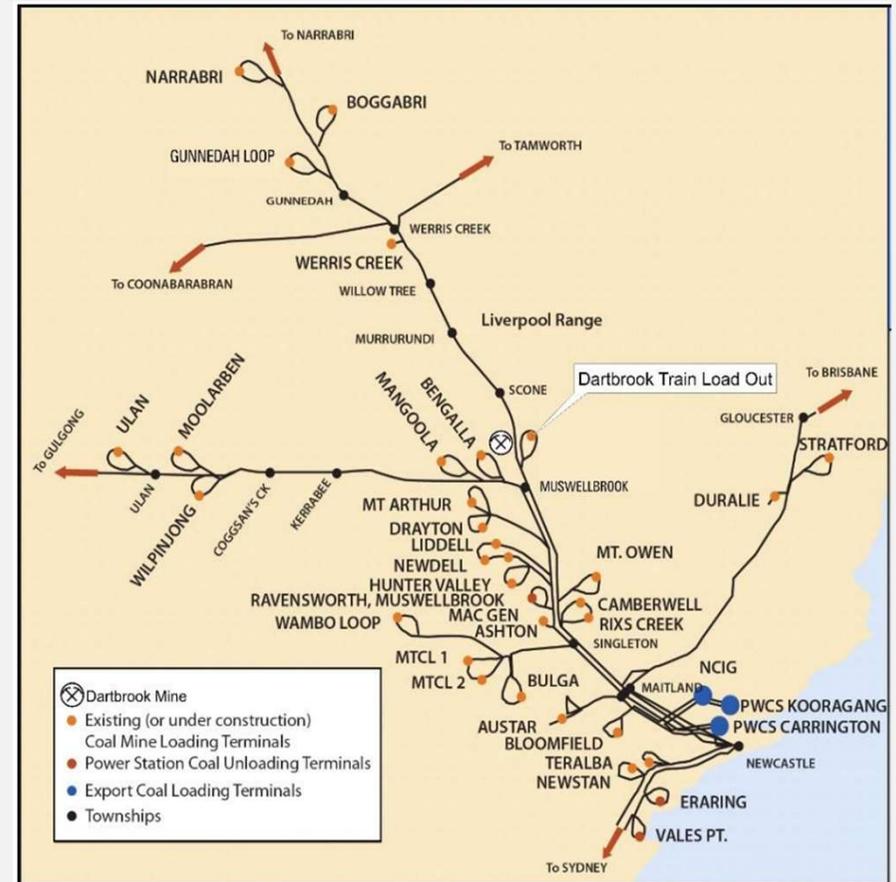
Targeting underground mining production restart in 2H CY2023<sup>2</sup>

## Conservative Ramp Up

Plan to produce ~1.7 Mtpa of an approved 6 Mtpa in CY2024 and a peak rate of ~3 Mtpa

## Proven Infrastructure

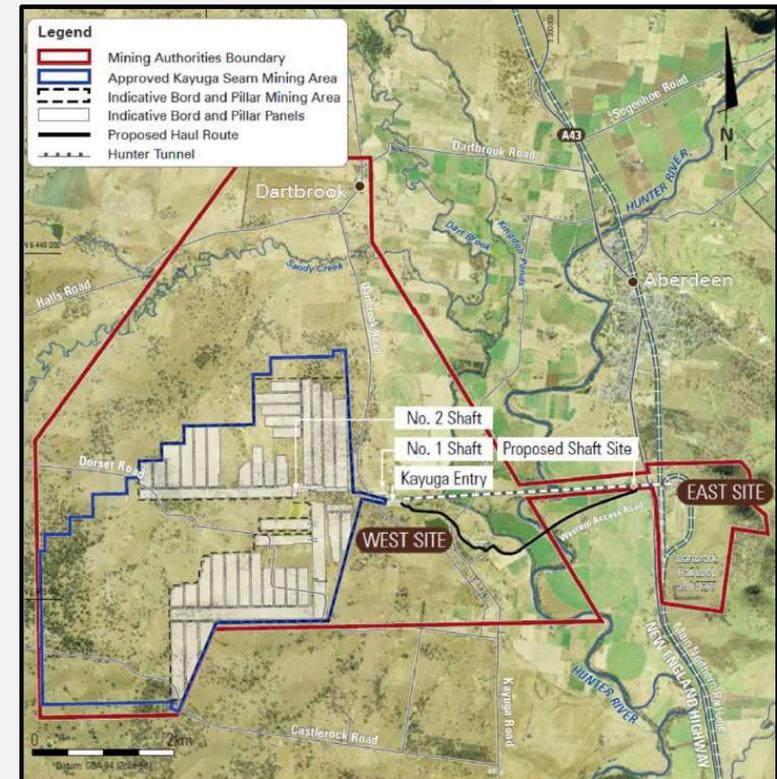
Substantial infrastructure in place including CHPP, rail loop, conveyers and wash plant



1. Refer to Appendix, "JORC Resource and Coal Quality"  
 2. Subject to concluding all necessary JV operating agreements, sufficient confidence of restart funding, ASX and customary approvals.

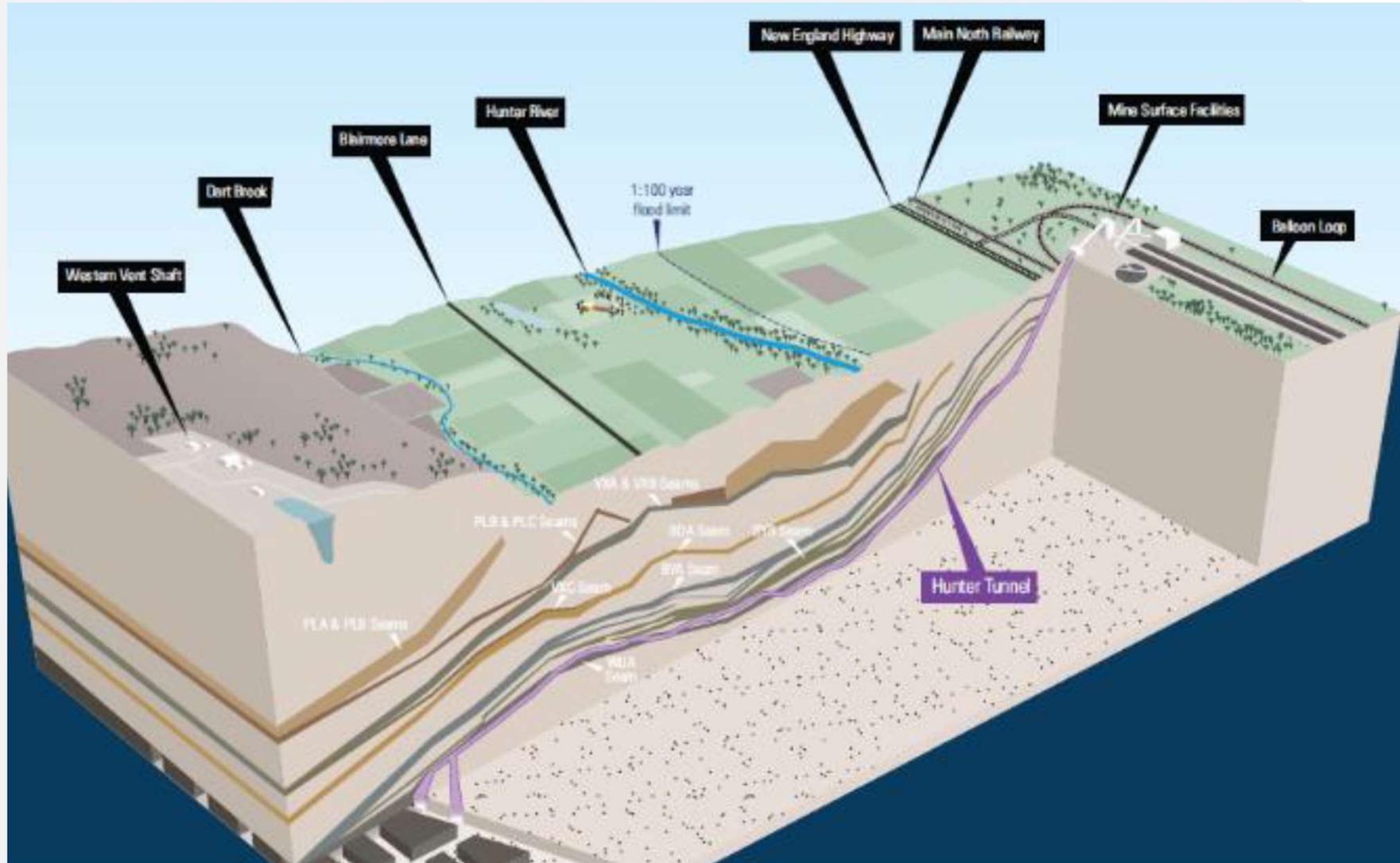
# Targeting production restart in 2H 2023<sup>1</sup>

- Dewatering of Hunter Tunnel, a 4 km conveyor transporting ROM coal from the underground mine to the CHPP, is nearing completion. The tunnel held ~57 megalitres of water with ~45 megalitres removed as at mid-March 2023
- Negotiations to secure debt funding have progressed with several parties completing due diligence and multiple financing offers received to date
- AQC has committed to provide 100% of funding for restart operations through to the end of March 2023, fully reimbursable from the JV account on draw down of debt funding
- Procurement of key mining equipment well advanced
- Recent review of Mine Plan has resulted in superior outcomes with the potential to enhance coal quality
- AQC and proposed JV participants working towards finalising debt funding, the JV Operating Agreement and related agreements



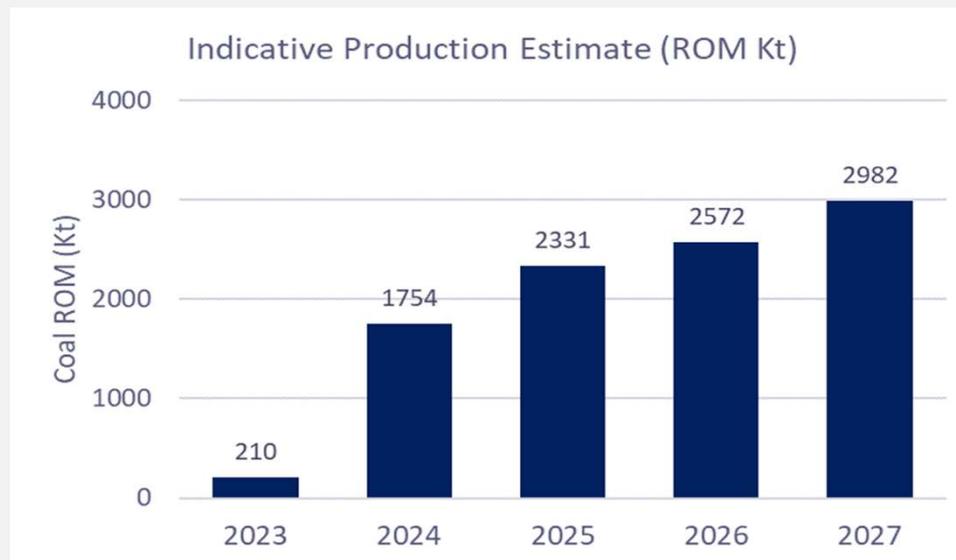
1. Subject to concluding all necessary JV operating agreements, sufficient confidence of restart funding, ASX and customary approvals.

# Dartbrook Mine, Hunter Valley, NSW



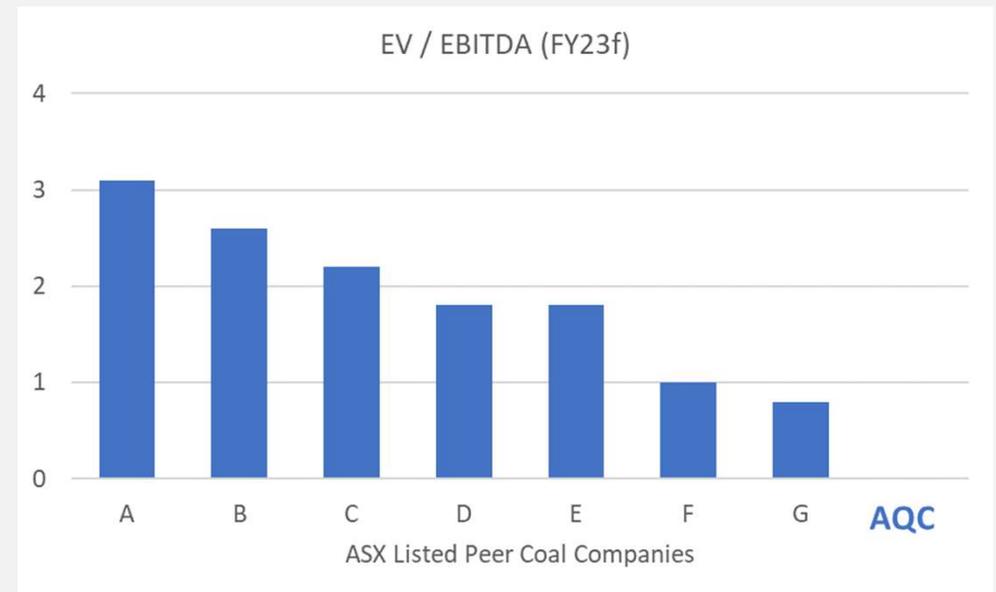
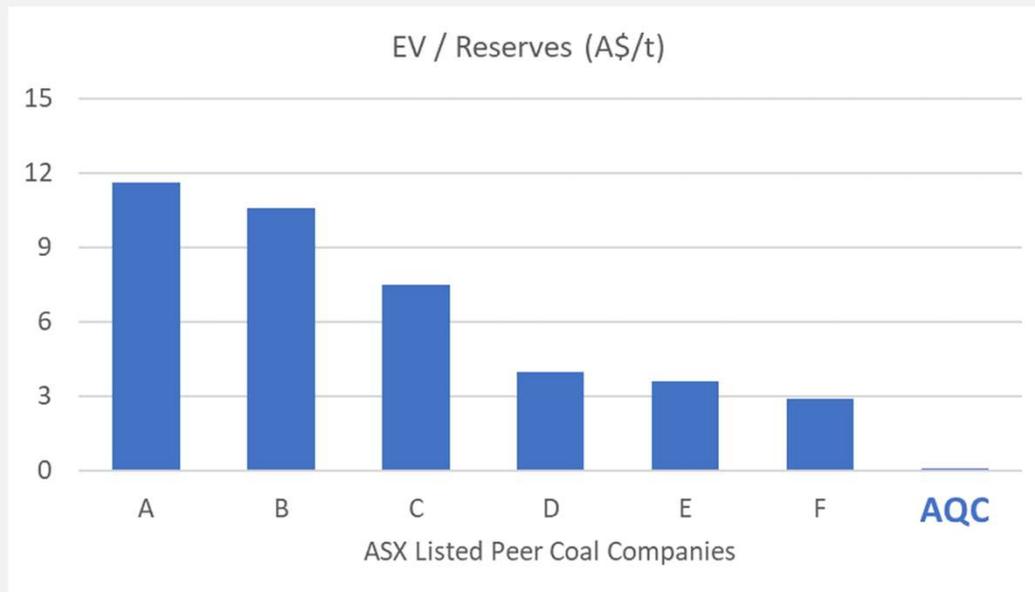
# Solid foundations for growth

- Marketable Reserves of 370 Mt far exceed planned 5-year ROM production of ~10 Mt
- Approvals (MOD 7) granted for 5-year underground mining operations to 2027 to produce a maximum of 6 Mtpa of ROM Coal, with potential to extend another 5-years
- Restart capital requirements for Dartbrook are estimated to be in the range of \$100 million to \$120 million.
- Restart capital will facilitate a return to operations to a peak production of ~3.0 Mtpa. Negotiations to secure restart debt funding are well advanced.
- Operating costs expected to be in line with conventional Bord and Pillar operation, where steady state production is expected to have a ROM cost of ~A\$60/t
- Dartbrook will produce a NEWC spec coal



# AQC trading at material discount to peers

*Potential for significant valuation uplift upon achieving restart of commercial production in 2023*





## MARCH-APRIL 2023

- Restart capital (debt funding)
- JVOA and related agreements
- Hunter Tunnel dewatering
- AQC/JV Final Investment Decision

## REMAINDER CY2023

- Remediation activities
- Procurement of key mining equipment
- Recruitment and training
- Production restart targeting 2H CY2023<sup>1</sup>

1. Subject to concluding all necessary JV operating agreements, sufficient confidence of restart funding, ASX and customary approvals.

# Contact Information

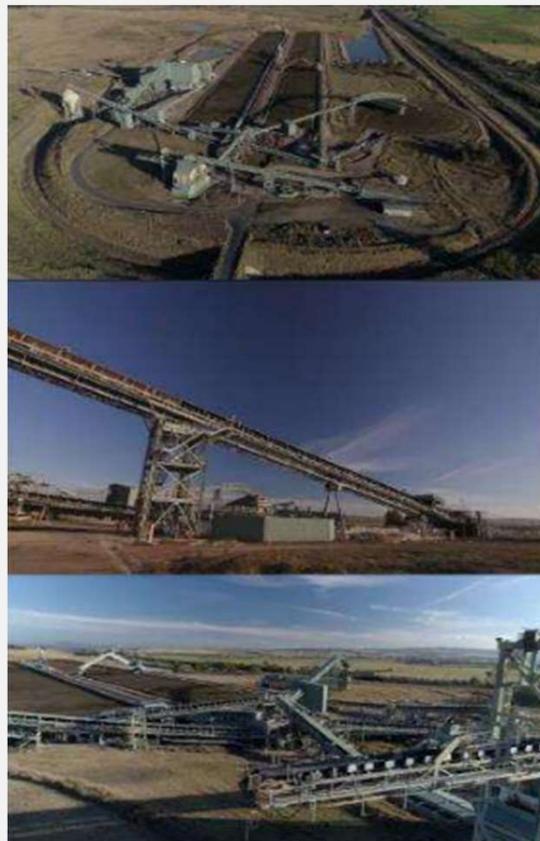
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ASX code: AQC



# Appendix



**Australian Pacific Coal**

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# JORC Resource and Coal Quality

AQC has had the following technical reports conducted for Dartbrook:

- Coal Reserve Estimate for Dartbrook Project (2018)
- Mining Consultancy Services (2017), Underground Mine Feasibility Study
- Mining Consultancy Services (2017), Dartbrook Kayuga Seam Underground, JORC Reserves Statement, Coal Reserves as at Feb 2017
- JB Mining Services Pty Ltd (2016)

JORC Resource Classification	Mt
<b>Ore Reserves</b>	
<b>Proven</b>	-
<b>Probable</b>	370
<b>Total</b>	370
<b>Mineral Resources</b>	
<b>Measured</b>	588
<b>Indicated</b>	850
<b>Inferred</b>	1097
<b>Total</b>	2,534

## Marketable Reserves Note

The Dartbrook Marketable Coal Reserve of 370Mt is derived from a run of mine Coal Reserve of 470 Mt estimated in accordance with JORC 2012 with a predicted overall yield of 78%. The 370Mt Marketable Coal Reserve is included in the 2,534 Mt Coal Resource (588Mt Measured, 850 Mt Indicated, 1,097Mt Inferred).

## Listing Rule 5.23 and 5.19.2 Statements

The information in this presentation relating to Coal Resources for the Dartbrook Project was announced by AQX on 27 June 2017, titled "Dartbrook Kayuga Seam Underground JORC Reserves Statement". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this presentation relating to Coal Reserves for the Dartbrook Project was announced by AQC on 28 March 2018, titled "Coal Reserve Estimate for the Dartbrook Project". The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Dartbrook Mine can produce two high energy coal products:

- "Premium" thermal coal (~12% ash)
- "Standard" thermal Coal (~19% ash)
- All coal has a low sulphur content (~0.4%) and properties consistent with neighbouring mines

Both "Premium" and "Standard" thermal coal are suitable for High Efficiency, Low Emissions power stations.

Product Coal Quality	Newcastle Benchmark	Dartbrook Premium Product <sup>1</sup>	Dartbrook Standard Product <sup>1</sup>
<b>Specific Energy (gross, kcal/kg)</b>	6,000	6,100	5,545
<b>Ash (%)</b>	14.0% max	12.0	19.0
<b>Volatile Matter (%)</b>	27.0%	29.5	26.9
<b>Moisture (%)</b>	15.0 max	11.0	11.0
<b>Sulphur (%)</b>	0.75% max	0.37	0.36