

ASX Release

18 April 2016

Company Update – Dartbrook Acquisition

Australian Pacific Coal Ltd (“AQC”, or “the Company”) (ASX ticker: AQC) is pleased to announce that the Company’s recently appointed Chief Executive Officer John Robinson has progressed in securing the outstanding funding necessary for completion of the Company’s acquisition of the Dartbrook Joint Venture from the Anglo American Plc group. This includes the necessary funding to buy Marubeni Coal Pty Ltd’s 16.67% interest should this be required.

The Company is pleased to announce that cornerstone investor Trepang Services Pty Ltd (Trepang) continues to show its support for AQC. Trepang has provided a non-binding indication that it intends to arrange for the provision of AQC’s outstanding funding requirements. This funding is subject to AQC and Trepang (or other parties) agreeing the commercial terms and conditions of the funding, formal transactions documents being entered and any required shareholder approvals being obtained. The Company will be actively working with Trepang to seek to formally secure the required funding as quickly as possible. However, due to the nature of this non-binding indication, there is no assurance that such funding will be secured from Trepang (or other parties).

The Company will provide further information regarding its outstanding funding needs in due course.

The Company will be able to move to completion of the Dartbrook acquisition as soon as the remaining conditions precedent are finalised. The Company is now actively managing the transition process to enable the smooth handover of the mine from Anglo American Plc group. Planning for recommencement of underground operations is well advanced. AQC is focused on ensuring that the right personnel will be in place. Core site safety, environmental and operational management personnel are now being appointed.

In the coming months the Company’s personnel will conduct a series of community briefings setting out its proposals for the Dartbrook mine. The Board and management of the company are committed to ensuring that all personnel participate in developing a culture of safety and that the mine operates in accordance with best practice environmental standards.

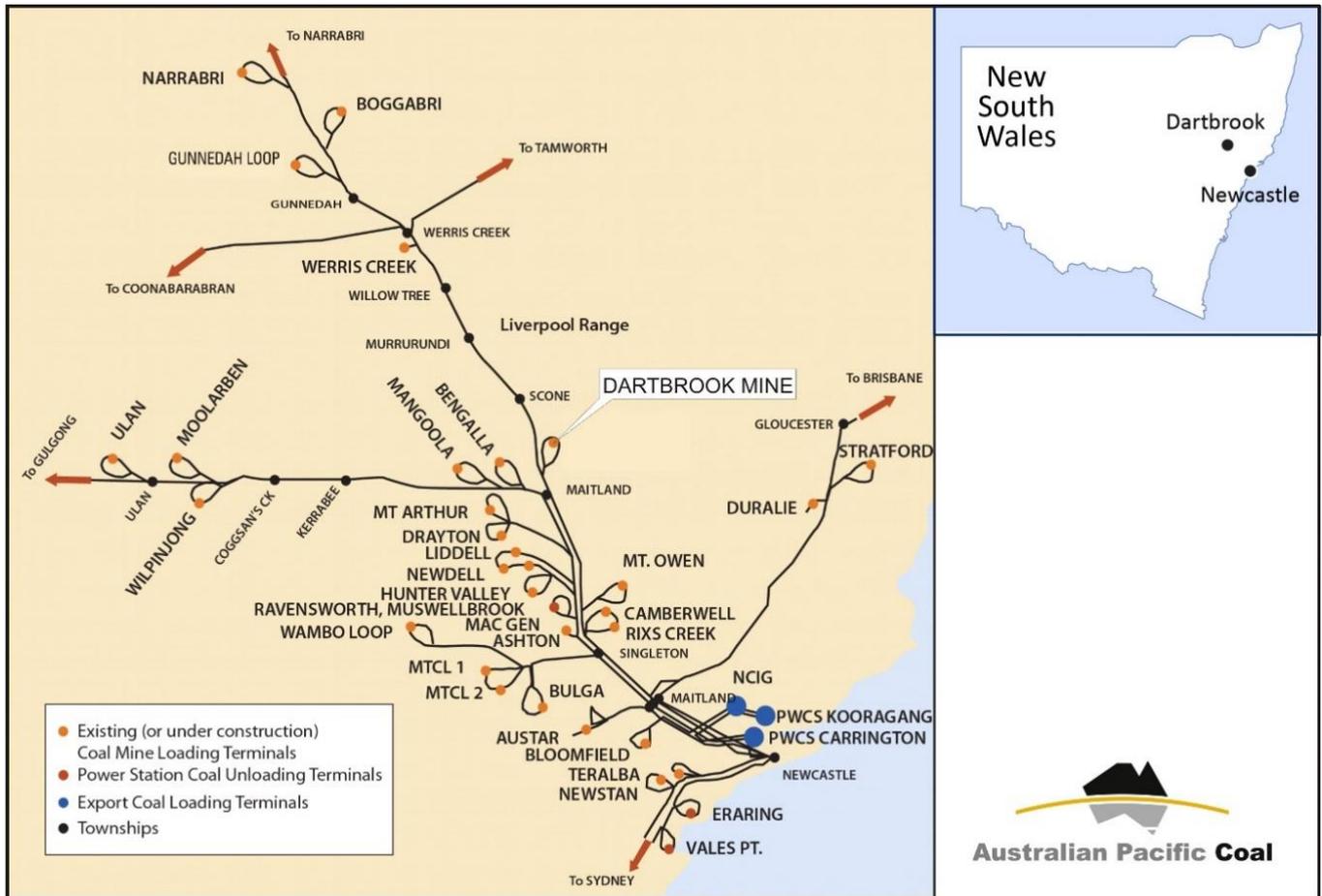
Dartbrook is a tier 1 asset, strategically located and well equipped with existing infrastructure and facilities. As concerns about greenhouse gas emissions increase, high quality thermal coal will remain one of the core sources for energy production. AQC is planning to deliver quality coal to the market as soon as possible after its completion of the acquisition. The Company looks forward to providing further updates in the near future.

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Project Location



The Dartbrook Project is located in the renowned coal region of the Hunter Valley, NSW, approximately 4km west of Aberdeen and 10km north-west of Muswellbrook. The site has access to world-class infrastructure, workforce and the support industries used by major mining companies in the region to serve key customers in Asia.

Access to the Project is via sealed road directly off the New England Highway. The mine is also connected to the existing Hunter Valley Rail Network for the transportation of coal to the port of Newcastle, approximately 147km to the south-east.

High quality thermal coal product

Dartbrook JV's historical end product is low in ash (9-10%) and sulphur (~0.3%) on an as received basis, with a relatively high calorific value (6,200-6,300 kcal/kg gross as-received). It is a high quality thermal coal product that compares favourably with adjacent thermal coal operations and the Newcastle benchmark. The low sulphur content also enhances the marketability of the product as it can be blended with other less desirable higher sulphur Hunter Valley coals.

The Project's primary coal product is expected to be priced competitively in line with the Newcastle Thermal Coal benchmark. Coal of such high quality is expected to become an increasing rarity due to the projected decline in the energy content of thermal coal production globally driven predominantly by the low quality thermal coal being exported from Indonesia.

Existing Infrastructure

The presence of existing well-maintained surface infrastructure (including the coal handling and processing plant and train load out) from the previous underground operations will significantly reduce development costs. The substantial existing drilling database will form the basis for a Mineral Resource Estimate in accordance with the JORC Code. The Company will focus on the relevant mine planning and environmental processes required to transition from underground to open cut operations subject to regulatory approvals.