



ASX RELEASE (ASX:AQC)

Australian Pacific Coal

Quarterly Activities Report for the period ended 31 March 2018

Highlights

- *Application submitted to recommence limited bord & pillar underground mining at Dartbrook*
- *Completed the Open Cut Pre-Feasibility, confirming the technical and financial capability of Dartbrook as a long life, low operating cost development project*
- *Total Marketable Coal Reserve¹ estimate of 370 Mt (Probable Reserve 370 Mt) for Dartbrook*

Dartbrook Project

Application for Recommencement of mining at Dartbrook Mine

On 1 March 2018, Australian Pacific Coal Ltd (**Company** or **AQC**) announced it had lodged an application to modify the existing mining approval to recommence underground mining operations at the Dartbrook Coal Mine (Dartbrook) in New South Wales. The modification proposes bord and pillar mining of the Kayuga coal seam (as an alternative to the approved longwall mining activities) and changes to the method of transferring coal to the train loadout facility. The modification also seeks to extend the period of approval by 5 years (until 5 December 2027).

The proposed bord and pillar mining will consist of only first workings. The modification will not increase the mining footprint. The modification will not alter the approved mining activities in the other coal seams.

The Company anticipates the environmental assessment, along with other supporting documentation, will be submitted in May 2018. Determination of the application is anticipated in the September 2018 quarter and first production within six months thereafter. The Company has continued discussions with potential mining contractors, equipment suppliers and coal end users to support the Company's preparation to recommence mining at Dartbrook.



¹ Refer Marketable Reserves Note and Competent Person Statement (p5)

Completion of Open Cut Pre-Feasibility Study

The Company announced on 28 March 2018 the results of the Open Cut Prefeasibility Study (**OC PFS**), confirming the technical and financial capability of the Dartbrook Project as a nominally 10Mtpa run of mine operation for 25 years.

The Owner-Operator and Contractor cases both deliver an NPV of approximately AUD 1.3 billion with strong internal rates of return, 23.2% and 24.6% respectively. A consistently low run of mine coal strip ratio will deliver very competitive, 1st quartile low operating cost throughout the mine life.

Modelling of key environmental parameters indicates the project meets or exceeds stringent environmental requirement and will deliver substantial benefits for the region, State and Federal governments through employment, royalties and taxes. The Environmental Impact Statement has already commenced with completion and submission anticipated by Q3FY19.

Table 1: Highlights of OC PFS

Study Snapshot ²	Unit	Owner Operator Case	Contractor Case
Project Net Present Value ₁₀	AUD million, as at 1 July 2017	1,341	1,292
Project Internal rate of return	%, as at 1 July 2017	23.2	24.6
AUD Free on Board (FOB) operating cost	LoM, all-in, excluding state royalties, 2017 AUD	42.1	47.8
US\$ FOB	LoM, all-in, excluding state royalties, 2017 USD	31.6	35.8
Payback period	Year of production	5	5
Development Capex	2017 AUD to first coal	937	699
Average EBITDA Margin	Steady State Earnings before interest, tax, depreciation and amortization, as a % of revenue	52%	46%
Total RoM tonnes	LoM	226	226
Total Product tonnes	LoM	172	172

² Refer ASX announcement 28 March 2018 titled "Dartbrook Open Cut Pre-Feasibility Study Completed"

Figure 1: Indicative Dartbrook Open Cut Timeline



Coal Reserve Estimate

On 28 March 2018, the Company announced a maiden total Marketable Coal Reserve estimate of 370Mt (370Mt Probable) for the Dartbrook Project³. The Coal Reserve has been estimated for the area within the Dartbrook Mine leases and reaffirms Dartbrook as one of the largest, under-developed coal deposits in New South Wales. This Coal Reserve is included within the Coal Resource of 2,534 Mt (comprised of Measured 588 Mt, Indicated 850 Mt, Inferred 1,097 Mt) as announced to the ASX 27 June 2017. The Coal Reserves support a mine life of up to 45 years at a life of mine strip ratio of 4.2 to 1.

Table 2: Coal Reserve Area

	Total (Mt)
Mineable ROM	572
ROM Probable	470
Marketable Product	370

The mine plan underpinning the Coal Reserve (**Reserve Mine Plan**) considers the full area of the Dartbrook Mine leases. The Reserve Mine Plan mines 572 Mt run of mine (ROM) coal with 470 Mt, or 82%, classified as a ROM Coal Reserve, at a strip ratio of 4.2 to 1 (bcm waste to ROM tonne coal).

The OC PFS mine plan mines 226 Mt ROM coal with 190 Mt, or 84%, classified as a ROM Coal Reserve. Based on the modelled processing yield applied by the Competent Person and rounding, this equates to a Marketable Reserve of 140 Mt. This reflects the capacity of the proposed 10 Mtpa pit operating for 25 years, at a strip ratio of 4.0 to 1. Beyond the OC PFS mining pit, the Coal Reserve extends to the south, west and north of the OC PFS mining pit.

³ Refer ASX announcement 28 March 2018 titled "Coal Reserve Estimate for Dartbrook Project".



Corporate and Funding

At quarter end the Company held \$6.2 million in cash reserves, representing an increase of \$1.9 million over the prior quarter due in part to the \$5.0 million loan drawdown. Funds during the quarter were primarily used to progress the open cut study for Dartbrook (\$0.7 million), care & maintenance holding costs (\$1.3 million) and corporate administration (\$0.9 million).

By quarter end the Company had drawn the full \$5.0 million available from the Trepang Services Pty Ltd (**Trepang**) secured loan facility. The Company continues to assess various funding alternatives and will require further funds in calendar 2018 to continue ongoing studies at Dartbrook and service the holding costs for care & maintenance and corporate office.

Yours faithfully,

Andrew Roach
Company Secretary
Australian Pacific Coal Limited

Media enquiries:
Chris Ford
E: mediarelations@aqcltd.com
P: +61 411 423 272

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).

Competent Persons Statement - Resources

The information in this report relating to Coal Resources for the Dartbrook Project was announced on 27 June 2017, titled "Dartbrook Coal Resource Estimate 2.5 Billion Tonnes" and is based on information compiled by Lynne Banwell, a Principal Consultant of Collective Experience Pty Limited and Associate Consultant of GPPH & Associates. Structure modelling was carried out by Rebecca Jackson and Monica Davis of Palaris; coal quality modelling, structure model audit and resource estimations were carried out by Lynne Banwell. Lynne Banwell is a qualified geologist (BSc (Hons) University of Sydney, 1980) with 30 years' experience in coal geology and over 20 years' experience in resource evaluation. Lynne is a Member of the Australasian Institute of Mining and Metallurgy and has experience in this style of mineralisation and qualifies as a Competent Person under the JORC code. This Resource Statement has been prepared under the guidelines of the December 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code). Neither Lynne Banwell nor GPPH & Associates has any material interest or entitlement, direct or indirect, in the securities of Australian Pacific Coal or any companies associated with Australian Pacific Coal Limited.

Competent Persons Statement - Reserves

The information in this report relating to Coal Reserves for the Dartbrook Project was announced on 28 March 2018, titled "Dartbrook Coal Reserve Estimate" and is based on information compiled by Ernst Brian Baumhammer, a Principal Consultant of GPPH & Associates. The Reserve estimations were carried out under the supervision and review of Brian Baumhammer. Brian Baumhammer is a qualified mining engineer (BE (Hons) University of Sydney, 1984) with 33 years' experience in mining, 24 years' experience in coal mining and over 15 years' experience in reserve estimation. Brian Baumhammer is a Member of the Australasian Institute of Mining and Metallurgy and has experience in this style of mineralisation and qualifies as a Competent Person under the JORC code. This Reserve Statement has been prepared under the guidelines of the December 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code). Neither Brian Baumhammer nor GPPH & Associates has any material interest or entitlement, direct or indirect, in the securities of Australian Pacific Coal Ltd or any companies associated with Australian Pacific Coal Limited.

The information is extracted from the report entitled "Dartbrook Coal Reserve Estimate" created on 28 March 2018 and is available to view on www.aqc.ltd.com. 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.

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")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
1. Cash flows from operating activities		
1.1 Receipts from customers	175,912	621,885
1.2 Payments for		
(a) exploration & evaluation	(71,782)	(211,624)
(b) development	(651,196)	(3,506,947)
(c) production	-	-
(d) staff costs	(418,550)	(1,540,822)
(e) administration and corporate costs	(467,937)	(1,571,679)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3,476	27,596
1.5 Interest and other costs of finance paid	(393)	(5,106)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (mine care and maintenance)	(1,257,020)	(4,432,530)
1.8 Other (business development)	(64,041)	(97,987)
1.8 Other (GST refunds received)	260,655	989,593
1.8 Other (transaction and financing costs)	-	(292,787)
1.9 Net cash from / (used in) operating activities	(2,490,876)	(10,020,408)

Consolidated statement of cash flows	Current quarter \$A	Year to date (9 months) \$A
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(647,256)	(1,133,691)
(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)	-	21,015
2.6 Net cash from / (used in) investing activities	(647,256)	(1,112,676)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from loan drawdown	5,000,000	5,000,000
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(1,925)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(7,210)	(272,968)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	4,992,790	4,725,107

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	4,306,531	12,569,166
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,490,876)	(10,020,408)

Consolidated statement of cash flows		Current quarter \$A	Year to date (9 months) \$A
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(647,256)	(1,112,676)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,992,790	4,725,107
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,161,189	6,161,189

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A	Previous quarter \$A
5.1	Bank balances	1,047,800	1,047,800
5.2	Call deposits	4,827,947	4,827,947
5.3	Bank overdrafts	-	-
5.4	Other (short term deposits)	285,442	285,442
5.4	Other (funds held in escrow)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,161,189	6,161,189

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A
180,475
-

- 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. Payments to related entities of the entity and their associates	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. Financing facilities available <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	12,184
8.3 Other (please specify)	47,700,000	47,700,000

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. \$5,000,000 fully drawn	
8.3 Trepang Services Pty Ltd Convertible Loan Deed. Interest 10.0%. Secured. \$15,000,000 fully drawn	
8.3 Anglo American Metallurgical Coal Assets Pty Ltd Secured Loan. Interest 10.0%. \$7,700,000 fully drawn	

9. Estimated cash outflows for next quarter	\$A
9.1 Exploration and evaluation	70,000
9.2 Development	2,000,000
9.3 Production	-
9.4 Staff costs	450,000
9.5 Administration and corporate costs	500,000
9.6 Other (Mine care and maintenance)	1,300,000
9.7 Total estimated cash outflows	4,320,000

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	N/a			
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.

Sign here:



.....
Company secretary

Date: 26 April 2018

Print name: Andrew Roach

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.