

ASX RELEASE  
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## UPDATE ON ENTITLEMENT OFFER AND RECEIPT OF NEW NON-BINDING INDICATIVE PROPOSAL

Australian Pacific Coal Limited ('**AQC**' or '**Company**') (ASX: AQC) refers to its previous announcements regarding its fully underwritten 5.83 for 1 renounceable entitlement offer (**Entitlement Offer**) and provides the following update with respect to the Entitlement Offer.

### Trepang

Since the announcement of the Entitlement Offer both the Board and its largest shareholder, Trepang Services Pty Limited (**Trepang**), have engaged in constructive discussions with respect to the future direction of the Company, particularly with respect to the Company now being in the position to raise sufficient funds to repay the debt it owes to Trepang (and its associates) (**Trepang Debt**) and the Company's proposal to enter into a 50/50 joint venture with M Resources Pty Ltd (**M Resources**) to assist with the re-commissioning of the Dartbrook Coal Project in the Hunter Valley, NSW (**Dartbrook**).

The Company and Trepang have been investigating a transaction structure which would see Trepang being provided an economic interest in Dartbrook by M Resources in consideration for Trepang extending the land access agreements and water rights to allow underground mining operations at Dartbrook to continue. At this stage no agreement has been reached but the Company, Trepang and M Resources have agreed to continue discussions to see if a transaction can be structured, with the parties reserving all rights.

Any transaction would not impact on the terms or structure of the proposed Entitlement Offer.

### Receipt of new non-binding indicative proposal

AQC further advises that on 7 September it received a new non-binding indicative proposal from Pacific Premium Coal Pty Ltd (**PPC**) (an entity associated with Nathan Tinkler) (**NBIO**) to acquire AQC at an offer price of \$1.00 per share. The proposal contained a number of pre-conditions, including that AQC enter into an agreement with the Trepang Parties to convert the Trepang Debt into a direct 40% interest in Dartbrook on terms acceptable to PPC, or should such an agreement not be forthcoming from Trepang, then PPC would repay all outstanding debts to the Trepang Parties (no detail has been provided as to how this would occur).

Given the non-binding proposal needs the support of Trepang to proceed, either by Trepang agreeing to convert the Trepang Debt or by Trepang agreeing to the debt being repaid by PPC (with the consequence that Trepang would need to agree to a forbearance until their debt is repaid by PPC), AQC requested urgent advice from Trepang as to whether Trepang is willing to support the NBIO and satisfy the pre-condition. Trepang has advised the Company that they are seeking advice on the proposal. A further response is awaited from Trepang.

The Company advises that the proposal is at an extremely early stage, is non-binding, conditional and requires further consideration. Shareholders are advised to take no action at this time.

The Company will keep the market fully informed on all matters in accordance with its continuous disclosure obligations.

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

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