



# Australian Pacific Coal

ASX RELEASE (ASX: AQC)

## Quarterly Activities Report for the period ended 31 March 2023

### Highlights

- There were no recordable injuries or incidents during the March 2023 quarter with nil injuries or incidents recorded YTD
- Discussions with JV partners to finalise the terms and structure the Dartbrook Joint Venture Agreement are nearing completion
- Negotiations with multiple parties for restart capex debt funding continue and are well advanced
- The Dartbrook Mine is on track for restart in H2 2023 with de-watering of the 4 km Hunter Tunnel largely complete and the procurement of long lead items and mining equipment underway
- The Company has no debt and \$13.4 million of available cash at the end of the March quarter
- Ms Ayten Saridas appointed Interim CEO and Executive Director and Mr Mike Ryan appointed Interim Chairman

### Comments from Executive Director and CEO (Interim), Ms Ayten Saridas

“The Company made significant headway over the March quarter in terms of progressing the Dartbrook Joint Venture Agreement, mine development and remediation works, and funding negotiations.

“Operations continued to make good progress with development and remediation works on schedule. Importantly, dewatering of the Hunter Tunnel is substantially complete which is a significant operational milestone.

“Discussions with our Joint Venture partners to finalise the terms and structure of the Dartbrook Joint Venture Agreement continued and are nearing completion. All Joint Venture partners are taking a constructive and collaborative approach which is positive for the future operation of the Dartbrook asset.

“Negotiations with various entities to implement the restart capex funding package are well advanced. A substantial portion of the funding package will be linked to coal offtake rights and negotiations with an international third party with extensive global coal marketing experience are in the final documentation stage. We anticipate being in a position to announce this funding agreement in the shortly.”

### Dartbrook Mine Restart

During the March 2023 quarter the joint venture partners continued to make good progress towards recommissioning the Dartbrook Mine. The mine remains on track to recommence production in H2 2023.

The Health and Safety of all personnel is a core value and the development of the site Safety & Health Management System (SHMS) continues with induction training, risk assessments of key management plans and procedures, health assessments and the procurement of safety related equipment. Emergency plans have been updated and implemented along with underground communication systems and first response procedures. There were no recordable injuries or incidents during the period.

Additional technical and trade labour was engaged to enable work to dewater the Hunter Tunnel and re-support the roof and ribs to progress on a 24/7 shift rotation. The mine has now engaged approximately 50 personnel to complete the re-support and dewatering activities and additional administration tasks including re-establishing the bath-house, workshops and offices.

The primary focus of underground activities has been dewatering the Hunter Tunnel. The Hunter Tunnel connects the mine with the CHPP and is approximately 4 kms in length. The tunnel contained approximately 57 megalitres of water of which the majority has now been removed. Only minor water remains in ponds and is being managed through the general pumping activities. The tunnel ventilation system has been restored and a complete ventilation circuit established. The entire tunnel is expected to be trafficable for wheeled vehicles in early May. The conditions of the of tunnel were better than expected with no significant failures identified.

During the quarter the mine plan was reviewed. Mining is planned to commence at the Kayuga seam, approximately 4.8 kms from the train load out facility. The Kayuga inter-seam drift conveyor system and the hunter tunnel conveyor system has been re-designed and procurement well advanced.

Procurement of mining equipment and the ancillary diesel fleet continues with the initial mining equipment expected onsite during early stages of H2 2023. Key electrical items have been identified and orders have been placed for transformers, motors, drive heads, ventilation ancillary equipment. A detailed assessment and report of the insurable risks was conducted for the insurance brokers and underwriters.

Environmental monitoring has been updated in line with the recommissioning program. All six Environmental Management Plans which are required to be approved by the Department of Planning and Environment (DPE) for the transition from care & maintenance activities to construction and mining have been approved. In addition, the Rehabilitation Management Plan (RMP), previously known as the Mine Operations Plan (MOP), has also been approved along with the Forward Work Plan which provides for the recommencement of mining activities to take place. The Annual Environmental Report was submitted as well as the Annual Dam Safety Review Report. Mining Lease ML 1456 was approved from a pending status to 27 September 2043.

Community consultation has continued with the Dartbrook Community Consultation Committee. Voluntary Planning Agreements (VPA) for the Upper Hunter Shire Council was signed off and the Muswellbrook Shire Council VPA is approved and waiting for Council signatory.

## Dartbrook Joint Venture

Discussions to finalise the terms and structure of the Dartbrook Joint Venture Agreement (“JVA”) continued over the March quarter. The JV is being structured to reflect the roles and responsibilities of each participant and discussions to date have been constructive. It is anticipated that the JVA and other contingent agreements will be finalised and announced in the near future.

## Restart Capex Funding

The Dartbrook underground mine will require capex funding of \$100 million to \$120 million to enable mining operations to restart in H2 2023. To the end of April 2023, AQC has advanced a loan to the JV of approximately \$10 million (31 March 2023: ~\$7 million) to enable the procurement of long lead items and mining equipment and avoid disruption to the development program. This loan will be repaid when the third-party debt facility is executed. A substantial portion of the third-party funding will be linked to Dartbrook coal offtake rights which are currently being negotiated with an international third party with extensive global coal marketing experience.

## Corporate and Financial

On 9 January 2023, Mr Nick Johansen and Mr Jeff Beatty were appointed Non-Executive Directors of the Company.

CEO and Executive Chairman, David Conry, resigned on 16 January 2023. Ms Ayten Saridas, previously an Independent Non-Executive Director, was appointed as Interim CEO and will remain on the Board as an Executive Director. Mr Mike Ryan, an Independent Non-Executive Director, was elected to the role of Interim Chairman. External searches for each role are underway.

On 31 January 2023, Mr Tony Lalor resigned as a Director of AQC effective 3 March 2023. The Board thanks Mr Lalor for his contribution to the achievements of the Company to date and wish him all the best.

At quarter end the Company held \$13.4 million in cash reserves. Funds during the quarter were primarily used in relation to the care & maintenance holding costs (\$0.4 million), staff costs (\$0.3 million), funding to advance the Dartbrook Joint Venture (\$4.8 million), and corporate administration and transaction costs (\$0.6 million).

The Company's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 of \$0.25 million which constitutes executive and non-executive directors' fees during the quarter.

This announcement has been authorised for release by the Board.

### All enquiries:

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The Company provides the following additional information in accordance with ASX Listing Rule 5.3.3.

Mining tenements held at the end of the quarter and their location

Name	Number	Status	Interest Held
<b>Dartbrook Project, Hunter Valley NSW</b>			
AUTH 256	AUTH 256	Renewal Pending *	100%
EL 4574	EL 4574	Renewal Pending *	100%
EL 4575	EL 4575	Renewal Pending *	100%
EL 5525	EL 5525	Renewal Pending *	100%
CL 386	CL 386	Granted	100%
ML 1381	ML 1381	Renewal Pending *	100%
ML 1456	ML 1456	Granted	100%
ML 1497	ML 1497	Renewal Pending *	100%
<b>Matuan Downs Bentonite Project, Alpha</b>			
Mantuan	ML 70360	Granted	100%

\* The Company has lodged renewal applications for certain Dartbrook Project Authorities, EL's and ML's as noted above.

Mining tenements acquired during the quarter and their location

Not applicable.

Mining tenements disposed of during the quarter and their location

Not applicable.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

The Company's 100% owned subsidiary Mining Investments One Pty Ltd holds a 10% interest in each of the following Blackwood Resources Pty Ltd JV tenements.

Name	Number	Status	Interest Held
<b>Blackwood Joint Venture, Miles QLD</b>			
Bungaban Creek	EPC 1955	Granted	10%
Quondong	EPC 1987	Granted	10%

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Not applicable.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AUSTRALIAN PACIFIC COAL LIMITED

ABN

49 089 206 986

Quarter ended ("current quarter")

31 MARCH 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	(72)
(c) production	-	-
(d) staff costs	(294)	(1,157)
(e) administration and corporate costs	(490)	(1,395)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (mine care and maintenance)	(375)	(1,361)
1.8 Other (Cost reimbursements)	-	1,576
1.8 Other (Transaction costs)	(85)	(708)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,243)</b>	<b>(3,115)</b>

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities (Expenses on behalf of the Dartbrook Joint Venture)	(4,780)	(6,897)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4,780)</b>	<b>(6,897)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	100,071
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(6,530)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	(70,500)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>23,041</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	19,407	355
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,243)	(3,115)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4,780)	(6,897)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	23,041
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>13,384</b>	<b>13,384</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'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,347	19,382
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in escrow)	8,037	25
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>13,384</b>	<b>19,407</b>

**6. Payments to related parties of the entity and their associates**

- |     |   | <b>Current quarter<br/>\$A'000</b> |
|-----|---|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 247                                |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | -                                  |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	25	0
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>25</b>	<b>0</b>

7.5 **Unused financing facilities available at quarter end** Nil

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.2 NAB Business Visa. Interest 15.50%. Unsecured

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	<b>(1,243)</b>
8.2 Payments for exploration & evaluation classified as investing activities (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	<b>(1,243)</b>
8.4 Cash and cash equivalents at quarter end (Item 4.6)	<b>13,384</b>
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	<b>13,384</b>
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>10.77</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable



## 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.

Date: 28 April 2023

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.