ASX RELEASE (ASX: AQC)

Australian Pacific Coal

Quarterly Activities Report for the period ended 30 September 2020

Dartbrook Mine

Modification 7 Appeal

As previously disclosed, the Board of Australian Pacific Coal Limited (ASX: AQC) resolved to lodge an appeal against the determination made on 9 August, 2019, by the NSW Independent Planning Commission (IPC), acting as the delegate for the Minister of Planning, Infrastructure and Environment (MPIE), with respect to AQC's Modification 7 Submission.

AQC's appeal against the determination of Modification 7 to the development consent for the Dartbrook Underground Coal Mine remains on foot. As part of that appeal process negotiations between AQC and the Independent Planning Commission (who is conducting the appeal on behalf of the Minister for Planning, Infrastructure and Environment) are ongoing and have included a number of conciliation conferences held under s34 of the *Land and Environment Court 1979* and which are ongoing.

AQC's principal focus of the appeal is obtaining an extension of mining under the existing Dartbrook development consent for an additional 5 years from 5 December 2022 until 5 December 2027. The Board also continues to consider whether, in addition to appealing against the Modification 7 determination, a further modification application (Modification 8) should be lodged to seek further flexibility in the manner in which the Dartbrook Underground Coal Mine can be restarted and operated.

Corporate and Funding

During the quarter the Board announced the appointment of Mr Mark Jagla as a Non-Executive Director and the resignation of Ms Ainslie Maclean as a Non-Executive Director.

At quarter end the Company held $0.56 million in cash reserves. Funds during the quarter were primarily used to progress the modification appeal ($0.21 million), care & maintenance holding costs ($0.93 million) and corporate administration ($0.38 million). The Board continues to evaluate the short-term cash flow requirements of the Company.

The Company's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 of $144k which constitutes executive and non-executive directors' fees paid during the quarter.

This announcement has been authorised for release by the Board.

All enquiries:
Company Secretary
E: cosec@aqcltd.com
P: +61 7 3221 0679

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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
Dartbrook Project, Hunter Valley NSW			
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	Renewal Pending *	100%
ML 1497	ML 1497	Granted	100%
Coororah Project, Blackwater QLD			
Dingo	EPC 1859	Granted	100%
Mount Hillalong Project, Glenden QLD			
Mount Hess	EPC 1645	Granted	100%
Kemmis Creek	EPC 1773	Granted	100%
Mount Hess West	EPC 1867	Granted	100%
Matuan Downs Bentonite Project, Alpha			
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
Blackwood Joint Venture, Miles QLD			
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.

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Appendix 5B

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

Name of entity

AUSTRALIAN PACIFIC COAL LIMITED

ABN	Quarter ended ("current quarter")
49 089 206 986	30 SEPTEMBER 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	101	101
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	(218)	(218)
	(c) production	-	-
	(d) staff costs	(144)	(144)
	(e) administration and corporate costs	(234)	(234)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
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)	(930)	(930)
1.8	Other (GST refunds received)	126	126
1.9	**Net cash from / (used in) operating activities**	**(1,299)**	**(1,299)**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(51)	(51)
	(d) exploration & evaluation (if capitalised)	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	48	48
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(3)**	**(3)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	1,200	1,200
3.6	Repayment of borrowings	(50)	(50)
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**	**1,150**	**1,150**

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.	**Net increase / (decrease) in cash and cash equivalents for the period**	(152)	(152)
4.1	Cash and cash equivalents at beginning of period	711	711
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,299)	(1,299)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,150	1,150
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**559**	**559**

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'000	Previous quarter $A'000
5.1	Bank balances	534	598
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (funds held in escrow)	25	113
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**559**	**711**

6.	**Payments to related parties of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	113
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

6.1 Non-Executive Directors Fees

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	25	2
7.3	Other (please specify)	57,574	57,574
7.4	**Total financing facilities**	57,599	57,576

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.	

7.1 Not applicable.

7.2 NAB Business Visa. Interest 15.50%. Unsecured

7.3 Mr N Paspaley Convertible Loan Deed. Interest 10.0%. Secured. $10,000,000 fully drawn

7.3 Mr J Robinson Convertible Loan Deed. Interest 10.0%. Secured. $10,000,000 fully drawn

7.3 Trepang Services Pty Ltd Secured Loan Deed. Interest 10.0%. Secured. $7,000,000 fully drawn

7.3 Trepang Services Pty Ltd Convertible Loan Deed. Interest 10.0%. Secured. $15,000,000 fully drawn

7.3 Trepang Services Pty Ltd Unsecured Loan. Interest 10.0%. $7,874,000

7.3 Anglo American Metallurgical Coal Assets Pty Ltd Secured Loan. Interest 10.0%. $7,700,000 fully drawn

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	**(1,299)**
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	**(1,299)**
8.4	Cash and cash equivalents at quarter end (Item 4.6)	**559**
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	**559**
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	0.43

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:

The Company continues to assess its expenditure with the objective of reducing its operating costs where practical. Whilst this is expected to reduce the ongoing level of operating cash outflows as compared to that reported in this quarterly report, the Company expects that it will continue to have net operating cash flows not significantly different to as reported.

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?

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Answer:

As outlined at item 7, the Company's cornerstone investor and funder Trepang has continued to provide ongoing working capital by way of unsecured loans so that the Company can meet its net operating cash flows. The Company continues to have the ongoing support of Trepang and intends to seek additional unsecured loan funding from Trepang.

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:

The Company expects that it will be able to continue its operations and to meet its business objectives based on the Company's intention to seek additional funding and or reduce its expenditure as outlined in item 2 above.

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: 29 October 2020

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.

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