

11.1 Cumulative Impact Management

- (a) In the event that the cumulative impact of noise or dust contributed by the operation of the Dartbrook Mine and any future mining activities, at dwellings, or vacant land (as described in Condition 6.1 and 6.4), in the vicinity of the operation, is in excess of the noise or dust acquisition criteria contained in these conditions of consent, the Applicant shall negotiate with the other companies and landowner to determine appropriate arrangements to reasonably contribute to the management of the identified cumulative impacts to the satisfaction of the Director-General in proportion to their contributions to the impact.
- (b) If agreement on appropriate contributions towards mitigation measures/acquisition cannot be reached from negotiations undertaken in accordance with subclause (a), then the matter is to be referred to the Director-General in consultation with MSC and SSC by either the Applicant or landowner. If the matter is not resolved within 21 days of the referral, the matter will be referred to an Independent Dispute Resolution Process as determined by the Director-General, and resolved as determined by the Director-General. The Independent Dispute Resolution Process shall determine the responsibilities of each of the mining companies in accordance with subclause (a) above and actions to be undertaken. The decision of the Independent Dispute Resolution Process shall be final, as determined by the Director-General.



DARTBROOK MINE REPORT 2005

ANGLO COAL AUSTRALIA

Message from the mine's General Manager

Dartbrook Mine had lower than planned production in 2005 as a result of geological issues, various equipment failures and delays due to heating of remnant coal in the goaf. However, the mine maintained its focus on safety and the environment and continued to foster its relationship with the community.

We continued our focus on proactive identification and personal management of safety risks in the workplace and on completing corrective and preventative actions arising from incidents, inspections and hazard reports. This resulted in an improvement in the Total Recordable Case Frequency Rate from 2004.

The site has also implemented a Safety Innovation Award to encourage employees to develop safety improvements or initiatives, and a Personal Safety Performance Recognition award rewarding individuals' safety performance.

Dartbrook's mines rescue team won first place in the Hunter Valley Mines Rescue Competition and also competed in the National Mines Rescue Competition. We were also a finalist in the 2005 Hunter-Central Rivers Coal Industry Environmental Awards for planting 75,000 trees on 75 hectares of Dartbrook owned land.

We have continued to develop proactive relationships with our people and the community.

'Dartbrook has continued its commitment to the environment with the instigation of a project for the protection of an area of River Red Gums and a River Rehabilitation Project. Both projects aim to restore, rehabilitate and protect sensitive areas.'

Key Statistics		
Parameter	Indicator	2005
Safety	Fatalities	0
	Lost time injury frequency rate	11.1
People	Occupational illnesses	7
	Average number of employees	240
	Average number of FTE contractors	116
Environmental	Water used for primary activities (ML)	103
	Water use efficiency (L/saleable tonne)	53
	Area remaining disturbed end 2005 (ha)	220
	Rehabilitated land end 2005 (ha)	696
	Incidents (Level 1)	7
Community	Complaints (Level 1)	18
	Complaints (Level 2)	1
	Community cash donations (AUD)	\$29,000
Climate	Energy Use (GJ)	302,338
	CO ₂ equivalent emissions (tonnes)	428,091
Economic	Saleable coal (tonnes)	1,929,668





Above: Brendon Eckman, fitter, working on an Eimco.

Due to considerable expansion of the coal mining industry in the Hunter Valley we have implemented a Mining Traineeship Program to recruit people without mining experience and train them in the operation of mining equipment. Our target is to employ two trainees a year; however in 2005 we exceeded this target by employing four. We have also implemented a completion incentive scheme to encourage apprentices to complete additional post trade training and to achieve above average results in their trade training.

During 2005, Dartbrook continued to sponsor local community and sporting groups and schools. Donations to these organisations were approximately \$29,000 and in-kind support is estimated as \$25,000.

This report and Anglo Coal Australia's 2005 Report to Society (available at www.anglocoal.com.au) provide a summary of the way this site and the business manage their responsibilities.

We welcome your feedback on any aspect of our performance and reporting.

Tim Hobson - General Manager

About the Mine

Dartbrook is an underground longwall coal mine located between the towns of Muswellbrook and Aberdeen, and adjacent to the village of Kayuga, in the Upper Hunter Valley of NSW. In 2005, the mine produced 1.93 million tonnes of coal for international power generation.

Safety

Dartbrook has an Occupational Health, Safety and Environment Committee, where members from each of the site's operational areas meet monthly to discuss workforce safety concerns as well as to review and implement policies and procedures affecting the site. The major safety and health related hazards on the site include noise exposure, dust, people and vehicle interactions and falls of ground. Risks associated with these hazards are assessed and recorded within the sites risk register. Programs in place to address risks include the preparation of principal hazard management plans, monitoring of noise and dust and an audit protocol for scheduled inspections.

Unfortunately the Lost Time Injury Frequency Rate of 11 for 2005 did not meet the site target and was above the 2004 result of 7. Of the 9 Lost Time Injuries (LTI) that Dartbrook recorded in 2005, 67% resulted in 4 or less lost days. There were no permanent disabling injuries, safety related fines or breaches recorded in 2005.

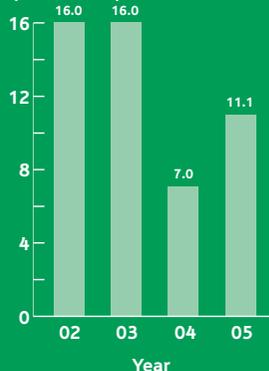
Throughout 2005, Dartbrook continued to implement and evolve the Zero Incident Program (ZIP) for safety behaviour on site, an initiative integral to the safety of all employees, contractors and visitors. ZIP looks at giving people greater control over their safety by understanding how their mind works and how, through the use of cognitive tools and thinking patterns, personal safety can be achieved. An internal survey highlighted that 60 % of employees are using ZIP learnings both in the workplace and at home.

We also continued our focus on proactive identification and management of risks within the workplace and completing corrective and preventative actions arising from incidents, inspections and hazard reports.

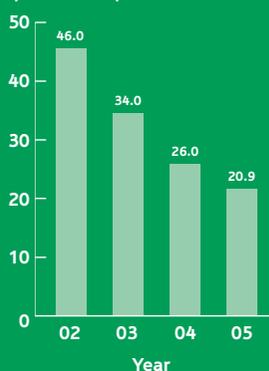
Other safety initiatives continuing throughout 2005 included the:

- ▶ People, Performance and Growth Program (PPG), a business improvement program implemented across Anglo Coal Australia;
- ▶ Safety Innovation Award where employees are awarded \$1,000 for a safety improvement or initiative that can be implemented across Dartbrook. Employees have recognized this program as a positive commitment by Dartbrook management towards safety in the workplace. The Safety Innovation award is actively supported by the Site OHS&E Committee;
- ▶ Personal Safety Performance Recognition Award that rewards individual safety performance; and
- ▶ Crew Safety awards for 12 months free of recordable injuries across a work crew.

LTIFR Safety Performance
(per million exposure hours)



TRCFR Safety Performance
(per million exposure hours)



Safety Performance

PER MILLION EXPOSURE HOURS

	2005 Target	2005 Actual	2006 Target
Lost Time Injury Frequency Rate	4.9	11.1	6
Total Recordable Case Frequency Rate	20.6	20.9	20.5

The Total Recordable Case Frequency Rate for 2005 was 20.9. This was a considerable improvement over the 2004 result of 26, although it was marginally above the target set for 2005.



Laurie Dougan, boilermaker, welding at the preparation plant.



Hayden Sharpe, Sol Campbell and Greg Weise attending a pre-shift meeting.

Key Human Resources Data

	2004	2005
Number of employees	247	240
Number of contractors	120	116
Number of trainees	1	5
Number of apprentices	4	4
Graduate development program	6	7
Employee turnover %	4.0	18



During 2005, Dartbrook's Safety Health Environment and Community Management System maintained certification to AS 4801 through 6 monthly surveillance audits. No major non-conformances were identified from the audit and defined actions that have been raised, are being addressed. No permanent disabling injuries or safety related fines or prosecutions occurred at Dartbrook during the year.

Dartbrook's commitment to site safety and emergency response training bore fruit when the mines rescue team came first in the Hunter Valley Mines Rescue Competition and achieved a very commendable fifth place in the National Competition.

People

In 2005, Dartbrook employed an average of 240 employees and 116 contractors. Approximately 65% of the workforce lives in the local communities of Muswellbrook, Scone, Aberdeen and Singleton. The coal mining expansion in the Hunter Valley has meant the site currently has an employee turnover rate of approximately 18%. A plan will be implemented to reduce the turnover rate in 2006..

Dartbrook has conducted extensive health screening of its employees including measuring Body Mass Index and blood pressure and assessing smoking status. While the results were generally favorable, Dartbrook will be looking at introducing some health and wellbeing initiatives for employees in 2006.

Key training initiatives conducted in 2005 included the Foundations of Frontline Leadership development and Behavioural Safety program for all management and frontline supervisors, and the Management Development program for managers. Dartbrook has developed a Mining Traineeship Program to recruit people who have not previously worked in the mining industry and train them in the operation of mining equipment over a one or two year period. The site has committed to recruiting two trainees per year. In 2005 four trainees were recruited.

Environment

The Dartbrook environmental management system is certified to ISO 14001. A re-certification audit in 2005 did not identify any major non-conformances. Dartbrook is in the process of updating the environmental management system to comply with recent changes to the standard.

Environmental Incidents

	2005
Level 1	7
Level 2	0
Level 3	0



Fitter, Hayden Sharpe, preparing to service a vehicle.

Types of Waste

	2004 Disposed	2004 Recycled	2005 Disposed	2005 Recycled
Hazardous Waste (t)	47.2	4	83	5
Non-hazardous waste (t)	551	120	515	468

The site recorded seven level one environmental incidents in 2005. These were mainly related to small spills of oil or water in the mine site area. The mine did not attract any fines or prosecutions or record any environmental non-compliances.

Rehabilitation and Land Management >

Land undermined by longwall mining has negligible impacts from subsidence and does not require active rehabilitation. The site had a target to rehabilitate 10 ha during 2005, but this area was not available due to lower than planned coal production. In 2006, 22 ha of the Reject Emplacement Area is planned to be rehabilitated.

In 2005, a Rehabilitation Strategy was prepared for the long-term decommissioning of the site evaporation ponds and submitted to the Department of Primary Industries - Mineral Resources for review.

Biodiversity > The major biodiversity focus in 2005 was the development of three projects:

- ▶ The River Red Gum Biodiversity Area;
- ▶ The Hunter River and Dart Brook Rehabilitation Project; and
- ▶ The Forestry Project.

In 2006 the site will further develop a Biodiversity Action Plan in accordance with Anglo American requirements.

The River Red Gum project involved fencing an area of approximately 11 hectares, which contains approximately four hectares of Red Gum community, on Dartbrook owned land. To restore and enhance the currently stressed River Red Gum Community, Dartbrook will artificially reinstate the flooding regime and plant additional vegetation.

The River Rehabilitation Project is a five-year work program to restore and rehabilitate a 6.5 km stretch of the Hunter River and Dart Brook (totaling 13 kms) that lies outside the Dartbrook Mine area and will not be impacted by Dartbrook operations.

The establishment of a Forests-NSW administered tree plantation on 75 hectares of Dartbrook owned land commenced in 2004, as part of a regional plan to create a sustainable forestry resource in the Upper Hunter Valley. Final planting of the area was completed in 2005, with over 75,000 trees planted. Pleasingly, this project was a finalist in the Hunter-Central Rivers Coal Industry Environmental Awards.

Water > Dartbrook used 102.5 ML of water in the production of coal primarily for dust suppression and coal processing. The Dartbrook water use efficiency target for 2005 was 193 L/tonne of saleable coal; actual usage was 53 L/tonne saleable coal. The 2006 target is 80 L/tonne saleable coal.

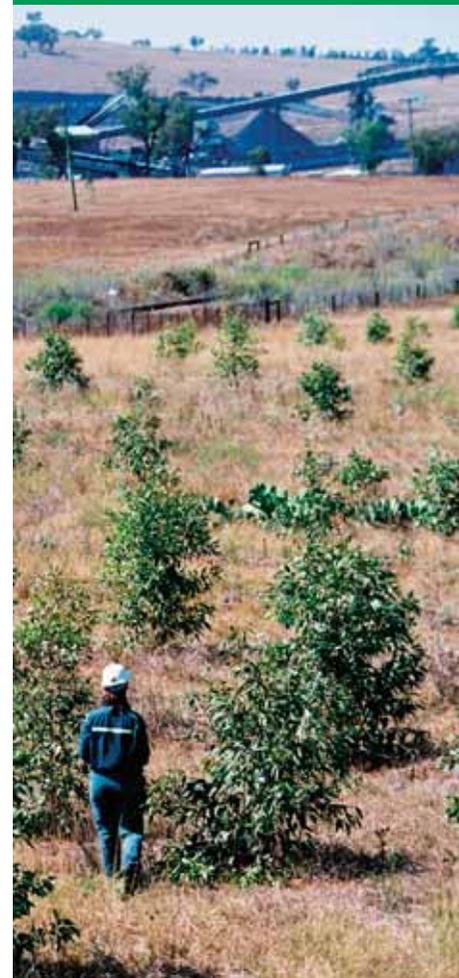
The water balance model is currently being upgraded to review the site's water management requirements. Water meters will be installed on groundwater bores during 2006 to improve the accuracy of water use monitoring.

Other Emissions > Dartbrook is required to report to the National Pollutant Inventory, Australia's national database of pollutant emissions. Data can be found on the NPI database (<http://www.npi.gov.au/>).

Waste > Dartbrook's focus in 2005 has been to reduce waste to landfill and expand the types of materials recycled. Of the total non-mineral waste generated on site, 44% was recycled (the majority being scrap metal).

Noise/overpressure & vibration > Noise generated during movement of equipment within surface operations at the Dartbrook mine resulted in complaints from three nearby residences. Subsequent monitoring found that noise levels at one residence exceeded licence limits. This residence has now been included in the noise management zone, and Dartbrook will actively implement additional control measures to reduce noise at this residence.

Fiona Yench, Senior Environmental Coordinator, inspecting Woodlot Plantation Project (below) and taking a sample from the PM₁₀ air quality monitor (bottom).





Above: Ron Connelly, consultant, Fiona Yench, Senior Environmental Coordinator, and Scott Wheatley, local landholder, discussing land management issues.

Below: Central pivot irrigator on land used for dairy farming at Dartbrook.

Community

Dartbrook's focus on community in 2005 was to develop and implement a plan for engaging with the local and broader community. Dartbrook's key community stakeholders are:

- ▶ Employees;
- ▶ Local land and lease holders;
- ▶ Contractors and suppliers;
- ▶ The local towns of Muswellbrook, Scone and Aberdeen; and
- ▶ Customers, regulators, councils and traditional owners.

In 2005 Dartbrook continued its community consultation program. This included:

- ▶ Five meetings of the Community Consultative Committee where the environmental and operational performance of the mine were discussed;
- ▶ One community open day for mine employees and friends. The mine's near neighbours were also invited to participate in the day;
- ▶ Involvement in the 'Working in Partnerships' program facilitated by the Department of Industry, Tourism and Resources. The program aims to develop a Strategy for Aboriginal Community Engagement with the Mining Industry in the Upper Hunter Valley;
- ▶ Sponsorship of the Aberdeen Whisper, the local newspaper for Aberdeen, that includes a monthly article on Dartbrook;
- ▶ Participation in a two day Mining Expo at the Muswellbrook Show;

- ▶ Participation in the Mine General Managers' Forum facilitated by the Muswellbrook Shire Council; and
- ▶ School and University tours of the mine.

Dartbrook was involved in an Australian Coal Association Research Program (ACARP) project to develop a framework for assessing and measuring the cumulative economic, environmental and social impacts of coal mining in mining regions. The Muswellbrook Shire was used as a case study to test the methodology and assess the cumulative impacts of mines located in the Muswellbrook area. The project will be complete in 2006.

Dartbrook used the Anglo American Socio Economic Assessment Tool (SEAT) to prepare a Community Engagement Plan (CEP) documenting the processes used to engage with the community. The Community Engagement Plan includes Key Performance Indicators to enable the mine to measure the effectiveness of its engagement programs. The majority of the 19 complaints received were related to general dust and traffic amenity. All complaints were investigated and the complainant informed about the actions taken to resolve the issue.

Complaints by Type

	Number
General dust	7
Noise	2
Traffic amenity	7
Other	3
Total	19



Eighteen level one complaints were received during 2005, a 69% reduction compared to 2004. The majority of the complaints related to dust and traffic. All complaints received are investigated and the complainant informed about the actions taken to resolve the issue. One level two complaint was received from the Department of Environment and Conservation (DEC) regarding dust generated from the site evaporation ponds. A Rehabilitation Strategy for the long-term decommissioning of the ponds was prepared.

During 2005, Dartbrook donated approximately \$29,000 to sponsor local schools, community and sporting groups while in-kind support was estimated to be valued at \$25,000.

Climate

Anglo Coal Australia is a member of the Greenhouse Challenge Plus initiative and annually reports greenhouse gas emissions and minimisation initiatives. There were significant reductions in greenhouse gas emissions at Dartbrook in 2005 compared to the previous two years due to mining of coal in a less gassy seam. However, the energy efficiency per tonne of saleable coal declined due to lower than planned coal production. An energy savings action plan is to be developed in 2006 to identify actions that the site can implement to reduce energy consumption.

In 2005, Dartbrook established equipment on site to trial the flaring of methane in the gas drained from the mine goaf. Due to the quality of the gas being emitted from underground operations throughout 2005, the trial could not be undertaken. The trial is proposed for 2006 and if this proves to be feasible, a larger scale flaring facility will be established.

	2003	2004	2005
Energy Use (GJ)	303,405	312,665	302,338
Energy efficiency (GJ/t saleable coal)	0.097	0.107	0.157
Greenhouse gas emissions (kt CO ₂ -e)	788	559	428
Greenhouse gas efficiency (CO ₂ - e/t saleable coal)	0.251	0.191	0.222
Methane (tonnes)	20,278	15,535	12,453



Above: Infrastructure for the methane flaring trial.



This Sustainability Report covers the period of 1 January to 31 December 2005. Further details on the content of this report can be obtained by contacting Rob Sherwood (Safety Manager) or Fiona Yench (Senior Environmental Coordinator on (02) 65408 888. This report and an electronic feedback form can be viewed on <http://www.anglocoal.com.au>. There are also links to supplementary material available on this website.

This folder contains links to supporting documents and supporting documents referenced in the UHSC's Presentation to the IPC April 8th 2019

Links to Plans and Policies (in chronological order from presentation)

1). Position Statement on Coal and Coal Seam Gas

<http://upperhunter.nsw.gov.au/f.ashx/a-zdocuments/Position-Statement-on-Coal-Mining-and-Coal-Seam-Gas-March-2015.pdf>

2). Sustainability Action Plan

<http://upperhunter.nsw.gov.au/f.ashx/a-zdocuments/UHSC-SAP-20181018.pdf>

3). Community Strategic Plan

<http://upperhunter.nsw.gov.au/your-council/documents-and-policies/integrated-planning-reporting-ip-r/community-strategic-plan-csp.aspx>

4). Hunter Regional Plan 2036

<https://www.planning.nsw.gov.au/Plans-for-your-area/Regional-Plans/Hunter>

5). Upper Hunter Economic Diversification Plan

<http://strategicservicesaustralia.com.au/upper-hunter-economic-diversification/>

6). Upper Hunter Land Use Strategy

<http://upperhunter.nsw.gov.au/f.ashx/documents/OurServices/BuildingPlanning/Upper-Hunter-Land-Use-Strategy.pdf>

7). IPC Rocky Hill Determination Report

<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2017/10/rocky-hill-coal-project/determination/determination-report--rocky-hill-coal-project--final.pdf>

8). Resources and Energy Quarterly (REQ) Report March 2019

<https://publications.industry.gov.au/publications/resourcesandenergyquarterlymarch2019/documents/Resources-and-Energy-Quarterly-March-2019.pdf>

9). Upper Hunter Strategic Regional Land Use Plan

<https://www.planning.nsw.gov.au/-/media/Files/DPE/Plans-and-policies/strategic-regional-land-use-plan-upper-hunter-2012-09.pdf?la=en>

10). Bioregional Assessment Hunter Subregion

<https://www.bioregionalassessments.gov.au/assessments/hunter-subregion>

11). Greater Hunter Regional Water Strategy

https://www.industry.nsw.gov.au/_data/assets/pdf_file/0008/196055/greater-hunter-regional-water-strategy.pdf

Links to Community Surveys

Micromex Community Surveys 2015 and 2018

<http://upperhunter.nsw.gov.au/f.ashx/documents/Council/CouncilBusiness/Report-Community-Research-Survey-Final-19Oct2015.pdf>

<http://upperhunter.nsw.gov.au/f.ashx/documents/Council/CouncilBusiness/community-survey-2017.pdf>

Contents

Summary of Legal Advice to Council regarding Emissions, Preston Judgement and DPE Assessment

Position Statement on Coal Mining and Coal Seam Gas (2015)

VPA Report to Council, Resolution and Minutes

Cumulative Impacts Management Clause 11.1 Dartbrook Consent

AQC Financial Agreements listing extra Royalty Payments

S&P Global Platts 5500 NAR Coal Advice

Australasian Mine Safety Journal, Dartbrook Article

Significant Spontaneous Combustion Events Table (Grubb et al)

Kayuga Gas Seam Composition (excerpt from Management of Seam Gas Emission and Spontaneous Combustion in a Highly Gassy, Thick and Multi Seam Coal Mine — A Learning Experience. Moreby 2005)

Anglo American Dartbrook Mine Report 2005

Anglo American Mine Operation Plan 2011 (excerpt)

Inertisation and Mine Fire Simulation Using Computer Software (Gillies and Wu 2007 ACARP (excerpt)

AQC Dartbrook Newsletters 3, 4 and 5

AQC Dartbrook 'February' Newsletter properties Screenshot

AQC Joint Venture ASX announcement

Report regarding Wollongong Coal / Wongawilli Mine

Anglo American 2006 Accounts (excerpt)

For any other supporting documentation required that is not included in this folder please contact

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Dartbrook Newsletter



Construction of Dairy Commences

Australian Pacific Coal (AQC) is pleased to advise that works are well underway at Garoka Dairy on the construction of a new 50 cow rotary platform and milking shed.

The works commenced in October following the grant of Development Approval from Muswellbrook Shire Council.

The milking shed, measuring 22m x 30m, has been constructed and will house the new system and processing equipment.

The concrete flooring is being poured with the installation of modern milking equipment thereafter.

It is expected that works will continue throughout November and December with a planned completion date of mid-January 2018. Dairy operations are expected to utilise the new facilities shortly after. AQC has worked very closely with local dairy farmer "Butch" Smith to ensure minimal disruption to his dairy operations.

LONG WALL REMOVAL

Since taking ownership of the Dartbrook Mine in May 2017, AQC has reviewed various areas of stored equipment to identify those items with limited remaining operating life or value. Removal of disused equipment is a priority for AQC to clean up the site and improve general access and safety of mine site working areas.

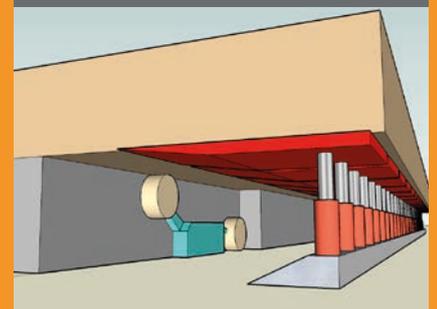
The first piece of the disused longwall machinery has been dismantled and loaded onto a semi-trailer for removal from the Dartbrook Mine site. Works commenced in October with approximately 120 chocks to be removed. The disused machinery will be recycled at a regional processing plant rather than disposed as landfill.

Removal of the disused chocks is expected to be completed by mid 2018.

Roof support sections in storage



An example of how a roof support section is used underground



Roof support section being dismantled



Loading dismantled longwall section to move offsite

ENVIRONMENTAL FIELDWORK

Throughout November and December 2017, AQC is undertaking a variety of environmental fieldwork activities in and around the Dartbrook mine site.

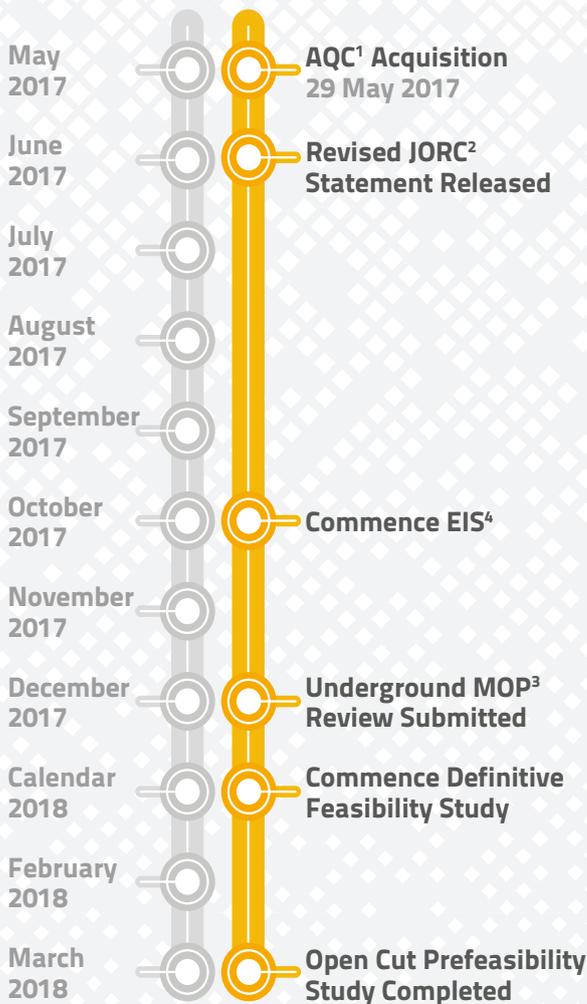
Activities will include vegetation surveys, soil testing, groundwater bore monitoring, noise modelling and further exploration activities.

Local landholders and residents have been notified and where necessary, approvals to access private property obtained. It is not anticipated that any of these activities will impact the local community.

Further fieldwork may also be undertaken in 2018 to collect background environmental monitoring data for future environmental studies.

Planning for a limited exploration drilling program is also underway for commencement in the first quarter of 2018.

If you have any questions about this fieldwork, please contact the site office for further information.



¹ Australian Pacific Coal

² The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

³ Mining Operations Plan

⁴ Environmental Impact Statement

Note - The scheduled dates are for planning purposes and as such can be subject to change

Sponsorships and Donations

Australian Pacific Coal's Sponsorship and Donations Policy and Application Form are now available on the Company website for community groups in the local area to access.

Australian Pacific Coal is committed to the local community and is keen to hear from any local community groups who would like to partner with the Dartbrook Mine to support their organisation for upcoming events or fund-raising activities.

For further information, contact the community information line on 1300 131 058 or visit www.aqcltd.com

If you have any questions or would like to arrange a meeting with one of our Project Team, please contact us at either our corporate office in Brisbane or at our Mine Site Office at Dartbrook as follows:

Greg Kukla

**General Manager -
Project Development**

PO Box 16330
City East QLD 4002

P: 07 3221 0679
E: info@aqcltd.com
www.aqcltd.com

Ron Connolly

Land Manager

Dartbrook Mine
Stair Street, Kayuga NSW 2333

P: 02 6540 8864

Doug Stewart

**Safety, Health,
Environment
and Community
Coordinator**

Dartbrook Newsletter

MESSAGE FROM THE CEO

Dear all,

I would like to thank our neighbours, tenants and our team on site at Dartbrook for a great year. It's been an eventful year, commencing with the AQC acquisition of Dartbrook coal mine in May and since then it's been full steam ahead for all concerned.

It's never an easy time for those involved when an asset like Dartbrook Mine changes hands and comes under new management but our tenants and our on-site team have managed the transition extremely well.

It's a pleasure to work with a team of professionals who enjoy their work and actively contribute to the future of Dartbrook.

My thanks also to our near neighbours and key stakeholders for their patience and understanding during the early days of the purchase of Dartbrook. I welcome your input into the future of Dartbrook and look forward to working with you again in the New Year.



I would like to wish every one of you a Merry Christmas and I hope your festive season is full of good food surrounded with family and friends. If you are travelling over the festive season, please travel safely and we hope to see you all in the New Year.

John Robinson

Reminder for Sponsorships and Donations

AQC is on the look-out for local community groups who would like to partner with the Dartbrook Mine to support their organisation for upcoming events or fund-raising activities.

If you know of any group that would benefit from some assistance from AQC, please let us know or encourage members of the group to contact us directly, so we can ensure a timely response.

Full details of the Sponsorship and Donations Policy and Application Form can be found on the AQC website www.aqcltd.com or contact us directly on 1300 131 058.



Longwall Removal Update

In our last edition, we provide some information on the removal of the Longwall and how that process was going to work.

While we were expecting the completion of these works in early 2018, the process of recycling the disused machinery at a regional process plant has progressed extremely well.

All of the scrap metal associated with this project has now been removed from site, all contractors and their equipment has been demobilised and the final tidy up of the laydown area is well underway and will be completed before Christmas.

Many thanks to all involved for the works being undertaken safely and completed well ahead of schedule.



BACKGROUND ENVIRONMENT STUDIES

Many of our tenants and near neighbours would have seen some additional environmental scientists up and about both day and night lately conducting background environmental studies.

We have also recently advertised for interested persons whom may wish to become involved in some very limited Archaeology survey in a small 2 hectare area previously not surveyed for archaeological relics.

The purpose of all of these studies is to provide a good understanding of the existing environment so that as our plans come forward for further mining at Dartbrook we can best understand the potential for any environmental impacts and how to best mitigate and manage these.

We have carefully drafted and well enforced protocols in place to make sure all of these people do not go on to any private land without permission, leave all gates as they find them, stick to agreed access tracks, etc.

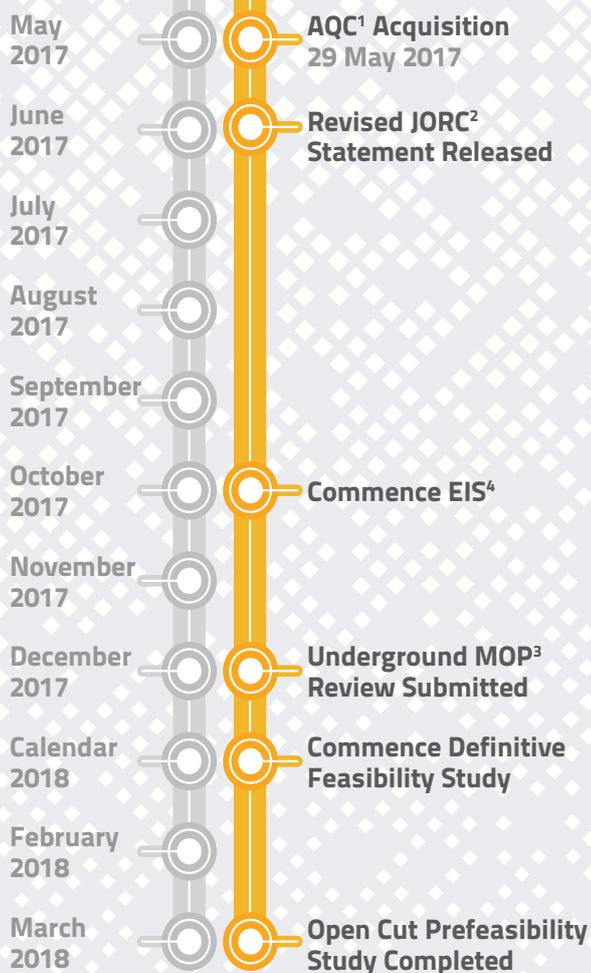
We wish to thank everyone involved in facilitating these studies and look forward to sharing our findings as they come available with any interested parties.

If you have any questions or would like to arrange a meeting with one of our Project Team, please contact us at either our corporate office in Brisbane or at our Mine Site Office at Dartbrook as follows:

Ron Connolly
Land Manager

Dartbrook Mine
Stair Street, Kayuga NSW 2333

P: 02 6540 8864



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Dartbrook Newsletter

Dartbrook Coal Mine Update

Proposed Modification

Australian Pacific Coal is seeking a modification to its development consent to facilitate the recommencement of limited first-workings underground mining within the approved footprint of the Kayuga coal seam. Mining is proposed to be undertaken using the "bord and pillar" mining method. Some minor changes to the existing surface infrastructure are also proposed.

We seek your input and comment in relation to our proposal. Contact details are located on the back of this Newsletter.

Modification Summary

The main elements of the Modification are:

- The introduction of the bord and pillar mining method at Dartbrook Mine. This method has a long history in NSW, is well understood and results in no noticeable subsidence at the surface.
- Extraction of up to 10 Mt of ROM coal, at a maximum production rate of 1.5 Mtpa over a 10 year period, from the Kayuga coal seam. AQC's proposed first-workings bord and pillar mine plan will exclude the zones where operating challenges were encountered during previous longwall mining activities.
- Raw coal will be transported by covered, road-registered trucks from the existing Kayuga Mine Entry along existing internal roads and the Western Access Road to the new shaft, which will connect to the Hunter Tunnel. The existing western portion of the Hunter Tunnel will not be used. A small section of the existing Hunter Tunnel will be used to convey raw coal under the New England Highway to the existing CHPP.
- A new shaft will be constructed approximately 250 m west of the New England Highway and adjacent to the Western Access Road. The shaft will be enclosed within a colourbond shed which will be coloured to integrate with the surrounding environment. Mining activities will be conducted 24 hours per day, 5 days a week with maintenance generally occurring on weekends.
- Only screening and crushing will be undertaken for coal extracted through bord and pillar mining (i.e. no washing will be conducted and as such, no rejects materials will be generated).
- Transport of coal to the Port of Newcastle will occur consistent with but at a lesser rate than currently approved operations.

BACKGROUND

Dartbrook Coal Mine (Dartbrook Mine) has approval under Development Consent DA 231-7-2000 to mine up to 6 Million tonnes per annum (Mtpa) of run of mine (ROM) coal until 2022. The Development Consent allows for mining operations in the Kayuga, Mt Arthur, Wynn and Piercefield coal seams using the longwall mining method.

The Development Consent allows for the transportation of coal to the Coal Handling Processing Plant (CHPP) on the east of the New England Highway via an underground conveyor (located within the "Hunter Tunnel"). Processed coal is approved to be loaded onto trains and transported to the port at Newcastle.

Dartbrook Mine has been in care and maintenance since 2007. Australian Pacific Coal purchased Dartbrook Mine in May 2017 and has been investigating the potential for further underground mining in addition to conducting studies on how part of the coal resource could be mined by via modern, low-impact, open cut mining technologies.

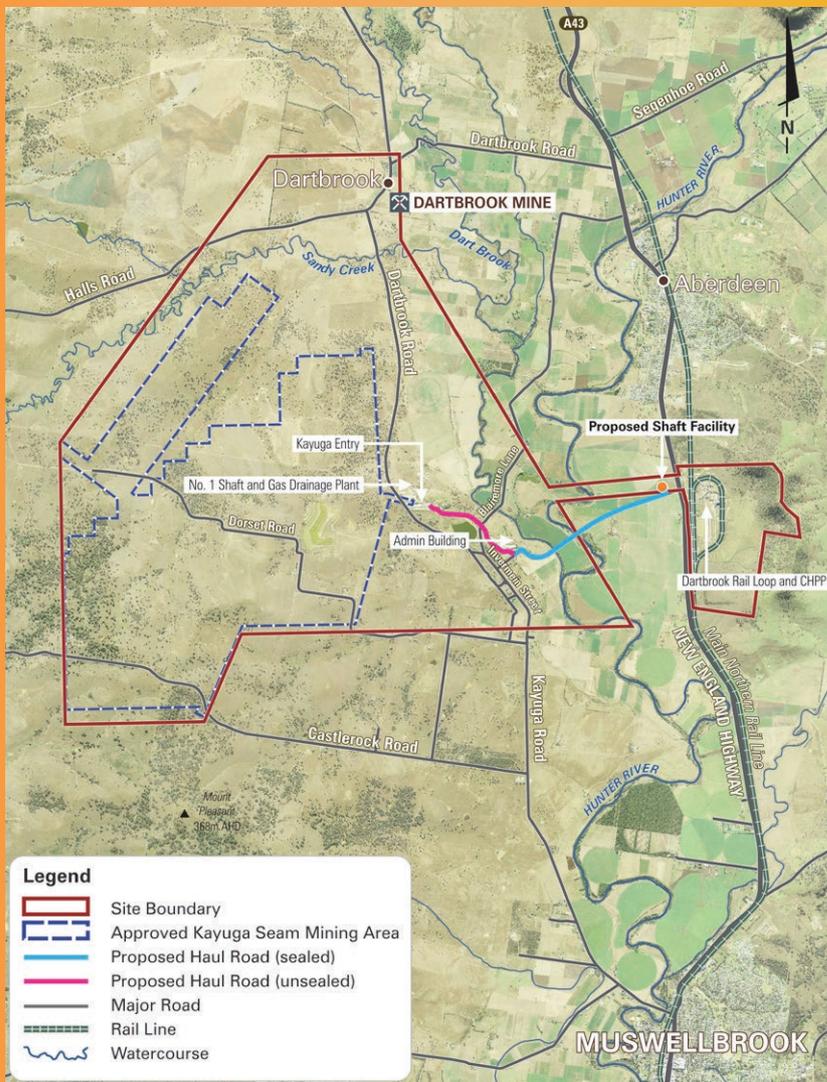


Figure 1 Conceptual Modification Layout

Monitoring Program

Subject to approvals, Australian Pacific Coal proposes to install 13 bores for groundwater monitoring and 10 exploration bores to sample coal quality in the first quarter of 2018. All sites will require the use of exploration drills and associated machinery and are located entirely on land owned by Australian Pacific Coal. Drilling is likely to take up to 3 months with work to occur during the day time only.

No private residences are within 200 m of the proposed bore installation areas, however near neighbours within 1 km will be personally notified prior to the drilling occurring. Clearing will be limited at each site and the pads will be completely rehabilitated.



Contact

Ron Connolly Land Manager

Dartbrook Mine
Stair Street, Kayuga NSW 2333

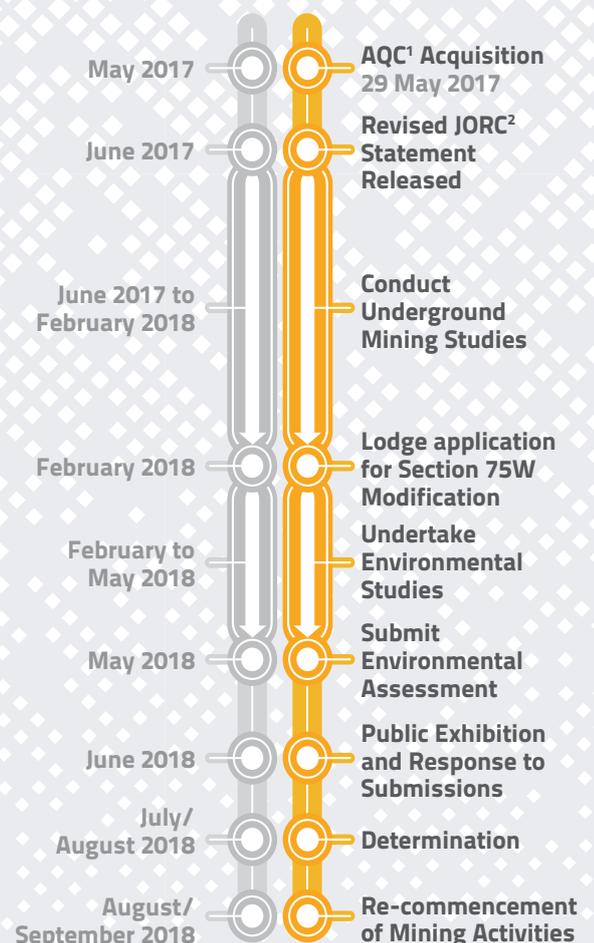
P: 02 6540 8864

Open Cut Planning Progress

Australian Pacific Coal is currently completing a Pre-Feasibility Study to determine how part of the Dartbrook Mine coal resource can be mined by modern, low impact open cut mining technologies.

We look forward to sharing our plans with the community and seeking preliminary feedback following completion of the study in the March 2018 quarter.

Schedule for Re-commencement of Underground Mining at Dartbrook Mine



¹ Australian Pacific Coal

² The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves

Note - The scheduled dates are for planning purposes and as such may be subject to change

Andrew Wu Approvals

Hansen Bailey
6/127-129 John Street, Singleton NSW 2330

P: 02 6575 2017



Australian Pacific Coal

ASX RELEASE

7 June 2016

EXECUTION OF FORMAL DOCUMENTATION TO ACQUIRE REMAINING 16.67% INTEREST IN DARTBROOK JOINT VENTURE

Australian Pacific Coal Limited (“AQC” or “Company”) is pleased to announce it has executed formal documentation in relation to Marubeni Coal Pty Ltd’s (“Marubeni”) tag-along sale of its 16.67% interest in the Dartbrook Joint Venture (“Dartbrook JV” or “Project”) to the Company.

As announced on 29 December 2015, the Company has entered into a binding agreement to acquire an 83.33% interest in the Dartbrook JV from Anglo American Plc (“Anglo”). Under the Joint Venture Agreement (“JV Agreement”) between Anglo and Marubeni, Marubeni had the right to ‘tag’ and sell its interest to AQC on no less favourable terms. Marubeni has exercised its tag-along right and AQC will now proceed with the purchase of Marubeni’s interest, subject to, amongst other things, its agreement with Anglo becoming unconditional. It is envisaged that the sale of both Anglo and Marubeni’s interest in the Dartbrook JV, totalling 100%, will complete simultaneously.

As announced on 18 May 2016, the Company’s acquisition from Marubeni consists of a 16.67% interest in the Dartbrook JV and a 16.67% interest in Dartbrook Coal (Sales) Pty Ltd, the marketing agent of the Dartbrook JV (together, “the Marubeni Acquisition”).

The consideration for the Marubeni Acquisition will include:

- a A\$5 million cash payment (of which a deposit of A\$100,000 has been paid); and
- a royalty of A\$0.50 per tonne of total coal sold or otherwise disposed of from the Project and A\$0.05 per tonne of any third party coal processed through Project infrastructure, but capped at A\$5 million (subject to escalation in accordance with CPI). AQC and Anglo have also agreed to revise the royalty rate on the royalty payable to Anglo, as part of the acquisition of its 83.33% interest, from A\$3.00 per tonne to A\$2.50 per tonne, to reflect the fact that the royalty is paid on an equity tonnes basis and AQC will now own 100% of the Project.

The Company announced on 27 April 2016 that cornerstone investor Trepang Services Pty Ltd has undertaken to provide the necessary purchase consideration of \$5 million by way of a secured, interest bearing, loan to the Company for the Marubeni Acquisition (“the Loan”). The Loan has a three-year term and an interest rate of 10% per annum. The provision of the Loan is subject to the Company’s undertaking to execute a general security deed over all property of the Company, pursuant to shareholder approval.

Completion of the acquisition of Anglo and Marubeni’s interests in the Dartbrook JV remains subject to certain conditions precedent, including:

- Marubeni releasing Anglo from any further liability in respect of the Dartbrook JV, which it has agreed to do on completion of the sale of its interest;
- receipt of NSW government approval to the tenement change of control and to the tenement transfers from Marubeni;
- AQC providing reasonable evidence to Anglo and Marubeni of AQC’s ability to replace the financial assurances of approximately A\$9.2 million; and
- in respect of the Marubeni Acquisition, Foreign Investment Review Board approval, if applicable.

AQC and Anglo have also agreed to waive the condition precedent relating to Marubeni not exercising its pre-emptive or tag-along rights under the JV Agreement.

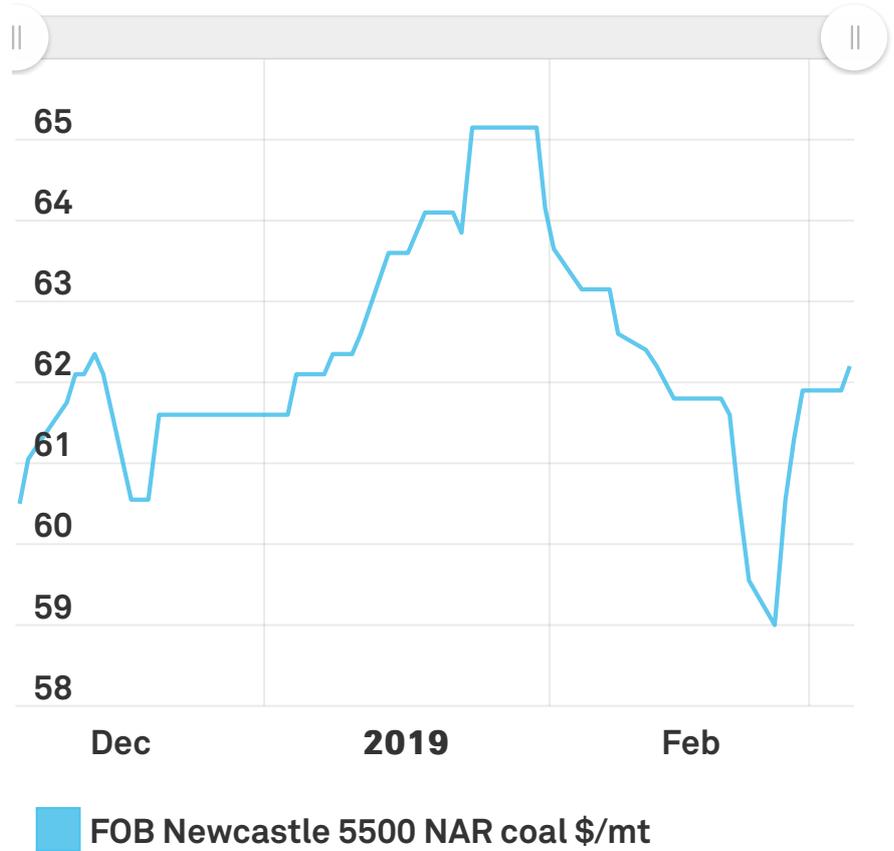
For further information, please contact:

Australian Pacific Coal Limited
Tel: +61 7 3221 0679

Brunswick Group
Kate Holgate / Darragh Ooi
Tel: +65 6426 8188
Email: AustralianPacificCoal@brunswickgroup.com



FOB Newcastle 5,500 NAR Coal



<http://www.platts.com/products/coal-trader-international>

PRICE ASSESSMENTS

CLOSE

HIGH

LOW

ASSESSMENT DATE

Thermal coal FOB Newcastle 5500 kcal/kg NAR 7-45 Day \$/mt	\$59.50 / MT	-	-	04/04/2019
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What is the FOB

**Newcastle 5,500 NAR
coal price assessment?**

How we assess FOB

**Newcastle 5,500 NAR
and the ash differential**

Evolution of the FOB

**Newcastle 5,500 NAR
market – a brief history**

What is the FOB Newcastle 5,500 NAR coal price assessment?

The Platts FOB Newcastle 5,500 NAR assessment is a daily 7-45 day forward price assessment for higher-ash thermal coal exported out of the port of Newcastle on Australia's eastern coast and typically shipped to China. The term '5,500 NAR' refers to the net calorific value (heating value) of the coal in kilocalories per kilogram.

Platts also publishes the first ever daily ash assessment which is a normalization tool for use within the 17-23% ash range assessed.

The new price and ash differential assessments provide thermal coal producers, power producers, cement manufacturers, coal traders and ship brokers with an independent, transparent source of open-market spot prices for lower-grade export Australian thermal coal.

The FOB Newcastle 5,500 NAR and ash differential assessments are available in these

Platts services.

FOB Newcastle 5,500 NAR is an

important assessment, reflecting a shift in spot market liquidity from the industry standard FOB Newcastle 6,300 kcal/kg GAR quality coal bought mainly by Japanese utilities to lower calorific value, higher ash coal preferred by Chinese, Korean and Taiwanese end-users.

As a result, Australian coal producers reconfigured their product offerings to align with market demand, and Newcastle spot cargoes have been trading in volume on a 5,500 kcal/kg NAR basis since mid-2011.

In addition, Platts has determined through extensive market engagement that assessments of Newcastle spot cargoes should reflect a shorter delivery period than the industry standard 90-day window and typical of the changing buying behavior exhibited by China, Korea and also India.



27 September 2018

Australian Pacific Coal Limited (ASX: AQC)

Proposed amendment to financing terms with Existing Financiers

Subject to shareholder approval in accordance with ASX Listing Rule requirements and the *Corporations Act 2001* (Cwth), Australian Pacific Coal Limited (**Company** or **AQC**) has agreed revised terms with Mr Nicholas Paspaley, Mr John Robinson (Snr) and Trepang Services Pty Ltd (**Trepang**) (collectively, the **Existing Financiers**) in relation to their existing financing arrangements with AQC. If approved by shareholders, the amendments provide for both a successful or unsuccessful completion of the Dartbrook Joint Venture (**DJV**) transaction¹.

The key terms of the revised financing arrangements are outlined in **Appendix A**.

In summary, on receipt of shareholder approval:

- All loan maturity dates to be extended and aligned to 1 February 2021;
- The conversion price of the existing convertible loan deeds will be varied such that all existing loans will be convertible at a price of \$0.80 per ordinary share; and
- The existing \$5 million face value Trepang Secured Loan and \$2 million face value Trepang Unsecured Loan will be converted into a new convertible note, on the same terms as the other convertible loans held by the Existing Financiers.

If the DJV transaction is successfully completed:

- The Company must repay the existing \$15 million convertible note (plus capitalised interest) held by Trepang in full;
- All loans held by Existing Financiers must be converted into ordinary shares of the Company at Completion. The conversion price for all convertible notes is (as set out above) \$0.80 per ordinary share;
- Each Mr Nicholas Paspaley and Mr John Robinson (Snr) to be granted a \$1.00 per product tonne royalty (\$2.00 in aggregate) for coal produced and sold by the DJV. The royalty will be based on the Company's interest in the DJV (being 50% on completion of the DJV transaction).

As a result, the Company will no longer hold any debt to the Existing Financiers and the DJV would be free of encumbrances.

In the event that the DJV transaction does not complete:

¹ Refer ASX announcement titled "*Strategic Partner for Development of Dartbrook Mine*" dated 6 August 2018

- All loans will continue to accrue interest at 10% per annum with security arrangements over all existing and future assets of the Company;
- If the Company requests that the Existing Financiers release all security held over the Company's existing and future assets, and the Existing Financiers accept the request (at their election), the Existing Financiers would be granted a production royalty of \$2.50 per sold tonne of Dartbrook coal consistent with the proposed variation previously announced by the Company².

Details of the revised financing arrangements will be provided to shareholders in a notice of meeting to be issued in conjunction with the resolutions to be put to shareholders for their approval in a general meeting of the Company.

Yours faithfully,



Andrew Roach
Company Secretary
Australian Pacific Coal Limited

² Refer ASX announcement titled 'Proposed amendment to financing terms with Existing Financiers' dated 17 October 2017

Appendix A – Summary of Proposed Amendments

Current Agreements	Amendments if DJV transaction completes	Amendments if DJV transaction does not complete
<p>Robinson Convertible Note</p> <p>Face value: \$10m Interest rate: 10% Conversion price \$1.50 Maturity 1 Feb 2019 Security arrangement: Full security over existing and future assets including Dartbrook Mine</p>	<p>Maturity extended to 1 Feb 2021 Conversion price: Amended to \$0.80 Mandatory conversion: Convertible Note plus capitalised interest is converted to ordinary shares of the Company on completion of the DJV transaction. The ordinary shares rank equally with all other holders of ordinary shares. Robinson Royalty - \$1/product tonne on the Company's ownership share of the DJV (50% upon completion of the DJV transaction)</p>	<p>Maturity extended to 1 Feb 2021 Conversion price: Amended to \$0.80 Group Royalty: Robinson, Paspaley and Trepang are party to the Group Royalty. The Group Royalty commences upon the Group Royalty holders releasing all security held over the existing and future assets of the Company. The Company may request the Group Royalty holders to release security at any time, but it is solely at their election whether to do so. The Group Royalty Rate is \$2.50/product tonne for all product tonnes sold.</p>
<p>Paspaley Convertible Note</p> <p>Face value: \$10m Interest rate: 10% Conversion price \$1.50 Maturity 1 Feb 2019 Security arrangement: Full security over existing and future assets including Dartbrook Mine</p>	<p>Maturity extended to 1 Feb 2021 Conversion price: Amended to \$0.80 Mandatory conversion: Convertible Note plus capitalised interest is converted to ordinary shares of the Company on completion of the DJV transaction. The ordinary shares rank equally with all other holders of ordinary shares. Paspaley Royalty - \$1/product tonne on the Company's ownership share of the DJV (50% upon completion of the DJV transaction)</p>	<p>Maturity extended to 1 Feb 2021 Conversion price: Amended to \$0.80 Group Royalty: Party to Group Royalty - refer above</p>
<p>Trepang Convertible Note</p> <p>Face value: \$15m Interest rate: 10% Conversion price \$1.38 Maturity: 1 Feb 2020 Security arrangement: Full security over existing and future assets including Dartbrook Mine</p>	<p>Maturity extended to 1 Feb 2021 Mandatory repayment: The full value, including capitalised interest, is repaid using proceeds from completion of the DJV transaction</p>	<p>Maturity extended to 1 Feb 2021 Conversion price: Amended to \$0.80 Group Royalty: Party to Group Royalty - refer above</p>

Current Agreements	Amendments if DJV transaction completes	Amendments if DJV transaction does not complete
<p>Trepang Secured Loan Face value: \$5m Interest rate: 10% Security arrangement: Full security over existing and future assets including Dartbrook Mine Maturity: 29 May 2021</p>	<p>Converted to a convertible loan on similar terms to other notes Conversion price: \$0.80 Mandatory conversion: Convertible Note plus capitalised interest is converted to ordinary shares of the Company on completion of the DJV transaction. The ordinary shares rank equally with all other holders of ordinary shares.</p>	<p>Converted to a convertible loan on similar terms to other notes Maturity amended to 1 Feb 2021 Conversion price: \$0.80 Group Royalty: Party to Group Royalty - refer above</p>
<p>Trepang Unsecured Loan Face value: \$2m Interest rate: 10% Maturity: 27 April 2019</p>	<p>Converted to a convertible loan on similar terms to other notes Conversion price: \$0.80 Mandatory conversion: Convertible Note plus capitalised interest is converted to ordinary shares of the Company on completion of the DJV transaction. The ordinary shares rank equally with all other holders of ordinary shares.</p>	<p>Converted to a convertible loan on similar terms to other notes Maturity amended to 1 Feb 2021 Security: Full security on same terms as other secured convertible notes Conversion price: \$0.80 Group Royalty: Party to Group Royalty - refer above</p>
	<p>Total convertible notes subject to mandatory conversion \$27 million (plus capitalised interest), converting at \$0.80 per ordinary share</p> <p>Total convertible notes subject to repayment \$15 million (plus capitalised interest)</p>	<p>Total convertible notes outstanding \$42 million (plus capitalised interest), convertible at \$0.80 per ordinary share</p>

MINE DESIGN AND SAFETY ENGINEERING • RISK MANAGEMENT

Safety troubled Dartbrook mine set to re-open

The former 'safety' troubled Dartbrook mine is set to re-open. 3 weeks ago JOHN NINNESS 3 Min Read

ASX listed [Australian Pacific Coal](#) (*reportedly part owned by the Tinkler family*) is set to re-open the former mining safety troubled Dartbrook coal mine that saw three fatalities over a 12 year period under former owners Anglo Coal.

Australian Pacific Coal plans include re-opening the mine and extending its approval until 2027 and has given a range of assurances about mine safety following an extended history of poor safety practices at the site.

The Dartbrook mine is located in the Hunter Valley, NSW, approximately 4km west of Aberdeen and 10km north-west of Muswellbrook.

Anglo American closed the mine in 2006 amid falling coal prices, costs of operation and chequered history of mining safety issues including on-going spontaneous combustion events and three fatalities.

Australian Pacific Coal fully acquired the mine in May 2017 and in August 2018, the company announced it had signed a binding agreement to partner with Stella Natural Resources (SNR) as equal-share participants in the Dartbrook Joint Venture to recommence sustainable underground operations.

The company told the NSW Department of Planning that gas in the previously-mined Wynn Seam was “not expected to occur” in its proposed Kayuga Seam operations and “real-time” gas monitoring would ensure a safe workplace “at all times”.

The company also told NSW Government agencies that the risk of spontaneous combustion would also be managed by maintaining ventilation of all unsealed mine workings. The previously-mined Wynn Seam was “not expected to occur” in its proposed Kayuga Seam operations and “real-time” gas monitoring would ensure a safe workplace “at all times”.

The mine is expected to mine 1.5 million tonnes of coal per year and employ 99 workers using bord and pillar methods, the company said.

The Dartbrook mine carries with it a range of prosecution records for failure to maintain safety at the site. These events include:

- On 1/10/2008 AMPControl RES Pty Ltd was convicted and fine \$120K over a High risk injury and electric Shock in the Dartbrook Prep Plant in June 2005. [Case Law here](#). On 24/9/2008 Anglo Coal (Dartbrook Management) Pty Ltd was also **convicted** and fined \$200K for the same incident;
- On 12 December 2007 Anglo Coal (Dartbrook Management) Pty Ltd was convicted and fined \$160K plus costs for their role in a fatal roof fall on the 28th May 2004. [See Case Law](#) Downer EDI Mining Pty Ltd (formerly known as Roche Mining Pty Ltd) was also convicted and fined \$180K plus costs for their role in the incident. [See Case Law](#);
- On 19th November 2003, Anglo Coal (Dartbrook Management) Pty Ltd was convicted and fined \$139,750 for a their role in a fatal accident where a pallet of mine seals toppled over fatally injuring mineworker. [See CaseLaw](#) Tecrete was also fined for the same incident \$122,500 plus costs for [the incident that occurred in 1997](#).

Former miners told AMSJ that under Anglo Coal that many spontaneous combustion events had occurred at the site. "It was prone to it" one former miner said.

Read more [Mining Safety News](#)

Tags [AMPControl](#) [Anglo Coal](#) [Australian Pacific Coal](#) [Dartbrook](#) [Dartbrook safety](#)
[Downer EDI Mining](#) [roof fall](#) [spontaneous combustion](#) [Tecrete](#)



Table 2.1: Significant Spontaneous Combustion Events (Grubb, 2008)

Year	Mine	Consequences
1972	Box Flats (Australia)	18 Fatalities
1975	Kianga (Australia)	13 Fatalities
1991	Ulan (Australia)	Loss of US\$60 million
1994	Moura No. 2 (Australia)	11 Fatalities
1997	Galatia (U.S.A.)	Loss of US\$38 million
1997 - 1998	North Goonyella (Australia)	Loss of Longwall
1999	Sanborn Creek (U.S.A.)	Mine Idled 9 months
2000	West Elk (U.S.A.)	Loss of US\$50 million
2003	Southland (Australia)	Loss of Longwall – Mine Closed / Sold
2006	Dartbrook (Australia)	Mine Closed

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Table 6
Status of West Site Infrastructure

Area / Infrastructure	Status During Term of MOP
Kayuga Seam Access Slot (Kayuga Boxcut)	Infrastructure and power removed from boxcut. Area secured and maintained.
Administration building	Maintained.
Workshop, maintenance facilities and hardstand areas	Maintained buildings and facilities. Rehabilitate the hardstand areas remote from the workshop facilities.
Temporary surface facilities associated with the construction of Kayuga	Decommissioned. Area to be rehabilitated.
Soluble oil storage facility	Decommissioned. Bunding to be maintained for future fuel storage.
Wynn Seam portal	Area secured. Portal to be sealed if underground areas become sealed.
Western Holding Dam, Staged Discharge Dam and other water management infrastructure	Maintained as water storages including ongoing desilting.
Western Access Road and Kayuga Seam Access Road	Maintained including ongoing dust control.
Mine Dewatering Plant and Borehole	Maintained for dewatering while underground remains unsealed.
Evaporation Ponds	Maintained for future usage if required. Ongoing dust control as required.
Ventilation Shafts 1 and 2	Ventilation shaft #2 decommissioned, capped and secured. Ventilation shaft #1 maintained for underground ventilation.
Minor surface facilities associated with Kayuga underground mine including concrete dropholes, gas drainage boreholes, Nitrogen Injection Plant and surface powerlines	Infrastructure not required by ACDM or the landholders is decommissioned and sites rehabilitated.
Wynn Seam goaf drainage holes	Maintained until future decision about Mine's potential.

AND SPONTANEOUS COMBUSTION — A LEARNING EXPERIENCE

In the Kayuga and other shallower seams, there is a greater variation in gas composition with CO_2/CH_4 ratios ranging from 90:10 per cent to 50:50 per cent. These variations occur in plan position with little relationship to depth or geological features. Consequently, management of both carbon dioxide and methane will remain an important aspect of mine design but with variations in the magnitude of gas emission in upper seams.

Notes to the financial statements continued

6. Employee numbers and costs continued

The average number of employees by principal location of employment was:

Thousands	2006	2005
South Africa	94	118
Rest of Africa	16	22
Europe	39	40
North America	1	1
South America	7	9
Australia and Asia	5	5
	162	195

Payroll costs in respect of the employees included in the tables above were:

US\$ million	2006	2005
Wages and salaries	4,069	4,627
Social security costs	317	399
Past retirement healthcare costs	1	8

Subsidiaries and joint ventures

US\$ million	2006	2005
Operating special items		
Impairment of Tarmac assets and restructuring costs	(278)	(12)
Impairment and closure costs of Dartbrook	(125)	-
Impairment of Packaging assets	(80)	-
Impairment of Business Paper assets	(24)	-
Impairment of Corrugated assets, goodwill and restructuring costs	-	(77)
Impairment of Bibiani	-	(38)
Closure of Ergo	-	(31)
Other	(17)	(28)
Total operating special items	(524)	(186)
Taxation	114	14
Minority interests	2	38
Net total attributable to equity shareholders of the Company	(408)	(134)
Operating remeasurements		

Australian Pacific Coal Limited (ASX: AQC)

Strategic Partner for development of the Dartbrook Mine

Highlights:

- AQC to partner with SNR as equal-share participants in the Dartbrook Joint Venture to recommence sustainable underground operations
- SNR possesses the development and operational execution capability through its highly experienced management team with significant coal mining expertise
- SNR, as Manager of the Dartbrook Joint Venture, will be responsible for all aspects of development and operations, including the procurement of all required funding for the life of the operation
- AQC will not be required to directly contribute to any holding, development or operational costs at Dartbrook
- The intent of the Dartbrook Joint Venture is to optimise the return to shareholders through the successful recommencement of operations at Dartbrook

Australian Pacific Coal Limited (**Company** or **AQC**) is pleased to announce it has entered into a binding agreement with SNR Minerals Assets Ltd, a wholly owned subsidiary of Stella Natural Resources (**SNR**), to form the Dartbrook Joint Venture (**DJV**).

SNR, an integrated mining business with operations in the United States, is founded and managed by senior mining executives with expertise spanning multiple commodities and jurisdictions. SNR is a coal mining business possessing senior industry executives with significant experience managing underground coal operations in Australia and globally for Xstrata Coal (now Glencore). Further information on SNR is contained on page 3 of this announcement.

AQC and SNR intend to finalise a robust, bankable development plan to recommence underground mining with planned coal production during calendar year 2019. Key information on the development plan will be provided when the plan is finalised. Dartbrook is currently permitted as a 6 Mtpa underground longwall mine with substantial infrastructure in place. This infrastructure includes a coal handling and processing plant, train load out facilities, water and power infrastructure, administrative buildings and other facilities that were utilised during operations under former ownership.

Transaction Overview

SNR will pay AUD 20 million to AQC (**Purchase Price**) for a 50% interest in AQC Investments 2 Pty Ltd, the entity which holds AQC's interest in the Dartbrook Mine, including freehold land, infrastructure and mining tenements. The DJV will provide an AUD 10 million loan to AQC (**Loan**) to pay out the existing Anglo American secured loan. The Company intends to use the Purchase Price proceeds to repay a significant portion of outstanding convertible notes held collectively by Mr Nicholas Paspaley, Mr John Robinson (Snr) and Trepang Services Pty Ltd (**Financiers**), and to obtain their agreement to the conversion of all remaining convertible notes to ordinary shares of the Company in accordance with the terms of the convertible notes held at the time.

The transaction is subject to certain conditions precedent, including SNR securing funding for the Purchase Price and Loan, FIRB, NSW State Government and other third party consents and approvals (including the Financiers releasing their security over the Dartbrook Mine assets), limited confirmatory financial diligence, and agreement on a fully funded development plan to recommence underground mining. The Company has received preliminary

confirmation from ASX that the transaction will not require shareholder approval under ASX Listing Rule 11. Additional information for the purpose of ASX Listing Rule 11 is appended to this announcement.

SNR will be appointed as exclusive manager and marketer for the DJV at completion, with completion anticipated in the March 2019 quarter.

The transaction agreements contain warranties, indemnities, termination rights and other protections usual for agreements of this type. AQC has also agreed to reimburse SNR for its costs in preparing the development plan in circumstances where SNR has arranged funding and obtained FIRB approval, but the transaction does not proceed.

John Robinson Jnr, Chairman of Australian Pacific Coal, said "AQC welcomes the involvement of our new JV partner Stella Natural Resources with the depth of experience and resources that will be committed to the successful recommencement of mining at the Dartbrook coal mine. The transaction is anticipated to deliver substantial shareholder value through the recommencement of mining activities at Dartbrook. The DJV will provide substantial employment opportunities and actively engage with the local community throughout the mine life. The local community will once again greatly benefit from mining at Dartbrook given the substantial capital investment in critical mining infrastructure . The Dartbrook coal brand is already established in the energy markets throughout Asia with the mine exporting 25 million tonnes of Newcastle benchmark coal under former ownership. The recommencement of mining at Dartbrook is aligned with positive market demand signals, coupled with limited supply response, and at a time when demand for cost efficient energy continues to be resilient together with a strengthening demand for high quality, low emission coal. Dartbrook, through the DJV, is well positioned to capitalise on the strong market fundamentals and outlook for the Australian thermal coal export industry."

David Stone, CEO at Stella Natural Resources, said. "SNR is excited to partner with AQC in the Dartbrook Joint Venture to deliver sustainable long-term results from the Dartbrook operation. Dartbrook provides the infrastructure and resource to deliver a sustained, reliable high-quality, low emission product to our potential customers. We see this as a tremendous opportunity for the local community and look forward to working with stakeholders as the operation progresses. For SNR, Dartbrook is the entry operation into the Australian coal sector after the successful integration of our US assets and we look forward to expanding our footprint as we successfully implement."



Yours faithfully,

Andrew Roach
Company Secretary
Australian Pacific Coal Limited

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About Stella Natural Resources (*from corporate website*)

<https://www.snresources.com/>

Stella Natural Resources (SNR) is a diversified mining & trading company committed to providing investors with sustainable, high yield returns through the acquisition & management of cash positive assets.

SNR combines a management team with extensive global experience and a shared passion for delivery in business while modelling positive health, safety, environmental and community behaviours.

SNR is headquartered in Canada with wholly owned subsidiaries in USA, Canada and Australia. The current asset suite is in the United States and the team is currently assessing opportunities in alternate jurisdictions.

Mr David Stone, BE, GAICD (Managing Director)

David is a highly successful leader with more than 25 years' experience in global corporations including Xstrata, BHP, Anglo American, MIM, Cline Mining Corp, WCL & TerraCom. He has operated businesses in Australia, North America, Asia and South Africa in executive, senior management, project development, technical and operations roles.

David has repeatedly demonstrated transformational ability with a focus of creating shareholder & investor value.

David has a Bachelor of Mining Engineering, Diploma of Risk Management and a Diploma with the Australian Institute of Company Directors on Board Governance. He also holds Mine Manager, Senior Site Executive and Statutory qualifications.

Additional information for the purpose of ASX Listing Rule 11

The following table sets out AQC's current estimates of the potential effects of the transaction on its total assets, total equity, annual expenditure¹ and annual loss before tax.

	A	B	
	AQC pre-transaction ²	AQC post-transaction	Percentage change
Total assets	\$70,690,558	\$77,197,392	9.2%
Total equity³	\$79,983	\$5,021,328	6,178.0%
Annualised expenditure⁴	\$16,905,742	\$10,628,761	(37.1%)
Annualised profit (loss) before tax²	(\$15,816,746)	(\$9,539,765)	(39.7%)

¹ AQC is not yet earning material revenue from operations.

² Based on AQC's published half year financial statements for the period 1 July 2017 to 31 December 2017

³ Total equity increases from a small positive value as a result of the proposed joint venture sale consideration being greater than current accounting base (on a proportional basis). The high % increase is due to the relatively small positive denominator from the 31 December 2017 financials

⁴ Based on AQC's published half year financial statements for the period 1 July 2017 to 31 December 2017 and forecast Dartbrook expenditure. AQC's share of forecast Dartbrook expenditure will reduce under the DJV



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Bentley

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Underground coal mine workers asked to show up for \$21 an hour

🕒 May 29, 2014 📁 News 👤 Vicky Validakis

Wollongong Coal wants its miners to work for \$21 an hour, a proposal rejected by the employees which is expected to lead to 120 job losses.

In an effort to save around 120 jobs at the embattled Wongawilli coal mine, workers had agreed to negotiate aspects of their enterprise agreement.

The move comes after the company asked employees to accept wage decreases as production issues hamper the underground operation.

Australian Mining understands a roof collapse has buried the longwall mining machine at the site, with little hope it can be recovered, seriously affecting production and the number of workers required.

It was hoped a new EA coupled with a new mine plan could save jobs.

However Wollongong Coal has been accused of negotiating in poor faith, proposing miners work for \$21 an hour, a cut of 25-30 per cent.

Weekend penalty rates and other conditions were also slashed as part of the new proposal.

Workers voted down the proposal in a meeting this morning.

This means around 120 people will lose their jobs, leaving only 15 on site to operate



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the mine.

"May as well work at Bunnings or Woolworths," [one miner told the Illawarra Mercury](#).

Meanwhile, redundancies are also continuing at the company's Russell Vale mine with more workers given their marching orders on Monday.

Wollongong Coal has recently asked the NSW government for permission to start mining a 400 metre block of its longwall six at Russel Vale mine early, or risk having to shut the operation.

The company said mining from longwall 4 and 5 has been completed, and once the longwall 6 mine gate roads are constructed, no further coal mining or underground development is permitted without further approval.

One miner described the workers as feeling "beaten down".

"They've been thrashed that much over the past few years," he said.

[Last year whilst under the management of Arun Jagatramka, workers suffered through almost two months without pay before Jindal Steel took over the company.](#)

Wollongong Coal chief operating officer David Stone accepted it was a tough time to lose your job as a coal miner.

"With the state of the current coal climate, taking a redundancy and trying to find another job in this climate would be difficult," he said.

The future of both mines and its workers is expected to be made clearer, with a statement from the company expected later in the day.

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