

ASX ANNOUNCEMENT
22 JANUARY 2024

AQC finalises binding USD60 million (~AUD90 million) Dartbrook Mine restart funding package

- Australian Pacific Coal (ASX: AQC) and JV partner Tetra Resources have finalised a 3-year USD60 million debt facility with leading global energy and commodities company Vitol Asia Pte Ltd.
- Funds will cover forecast restart capex at Dartbrook mine through to first coal and the acquisition of additional mining systems during ramp-up.
- Work to complete the new conveyor installation, refurbish the CHPP, and procure continuous miners will accelerate in January 2024 with additional recruitment to begin in Q1 2024.

Australian Pacific Coal Limited (ASX: AQC) (“AQC” or the “Company”) today announced that the Dartbrook Joint Venture, comprising AQC and Tetra Resources Pty Ltd (“JV”), has finalised a 3-year USD60 million (~AUD90 million) debt facility with Vitol Asia Pte Ltd (“Vitol”), a leading global energy and commodities company.

The terms of the binding debt facility agreement, first announced on 30 November 2023¹, were finalised and executed following a substantial period of due diligence. The USD60 million facility will cover forecast restart expenditure at Dartbrook through to first coal, including equipment acquisitions and completion of remediation works, and the acquisition of additional mining systems during ramp-up to achieve full capacity.

Australian Pacific Coal’s Interim CEO, Ms Ayten Saridas, said:

“This is a landmark event for Australian Pacific Coal, our shareholders, and the Dartbrook mine. The USD60 million restart funding package we have agreed with Vitol opens the door for Dartbrook to restart production after 18 years in care and maintenance.

“Our ability to secure debt funding for Dartbrook during a period of high inflation and global tension is testament to the quality of the project, the vision and work ethic of the team of people bringing it back to market, and the commitment of our shareholders.

“We are excited with the potential of the Dartbrook mine and we are focused on bringing it back into production and delivering jobs and economic benefits for the people of the Hunter Valley.

“With the restart funding package committed, we can now accelerate work on site and complete underground works, including the installation of the new conveyor system, refurbish the CHPP and load out facilities, and procure the continuous miners and additional mining equipment.

“Our operations team is currently reviewing the schedule to first coal and we will update the market on project timing in our next quarterly report, due in January 2024.”

¹ Refer ASX Announcement by AQC on 30 November 2023, “AQC Agrees Terms for USD60m Funding Package for Dartbrook”.

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Dartbrook Funding Package

The debt facility will be structured as a loan notes issuance agreement and includes the following terms:

- 3-year facility with repayments commencing after an initial grace period to allow for the mine production start-up
- Senior security over the JV assets and shares in the JV entities with an AQC parent company guarantee
- Subordination of Shareholder Loans
- Interest rate of one-month SOFR plus a margin
- Repayment is set-off against coal sales; there are no penalties for early repayment.

Further key terms of the loan facility to be provided by Vitol are attached as Appendix A to this announcement.

Coal Sales and Marketing Agreement

As foreshadowed in the announcement to the ASX on 30 November 2023, the Dartbrook JV has entered into a Coal Sales and Marketing Agreement with Vitol for all Dartbrook coal production, including assigning coal Marketing Rights to Vitol for the life of the mine (including any extensions).

“From the moment we engaged with Vitol, they have seen the potential value we can create at Dartbrook. They have been thoroughly professional during this process and we are looking forward to working closely with them in coming years.

“Vitol will play a key strategic role in the development of the project following their appointment as sole marketing agent for Dartbrook coal. Dartbrook product is very high quality and we anticipate strong interest from export markets.

“With their global network and experience, Vitol will also provide assistance to the Dartbrook JV as we begin the process of sourcing a working capital facility prior to achieving full production,” Ms Saridas said.

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

About Australian Pacific Coal Limited (ASX: AQC) and the Dartbrook Project

Australian Pacific Coal Limited (ASX: AQC) is focused on developing, acquiring and value adding coal projects. AQC’s principal asset is the Dartbrook Coal Mine located in the Hunter Valley, NSW, approximately 4 km west of Aberdeen and 10 km north-west of Muswellbrook. The Dartbrook site has access to world-class infrastructure, a skilled workforce, and support industries utilised by major mining companies in the region. Dartbrook mine produces a high-quality thermal coal (NEWC spec) that is typical of the Hunter Valley with the potential to produce some semi-soft metallurgical coal. The quality characteristics and the percentage of the overall volume of product coal that may have coking coal properties suitable for end-users are yet to be fully determined.

The Dartbrook Joint Venture comprises Australian Pacific Coal Limited (80%, via subsidiaries) and Tetra Resources Pty Ltd (20%, via subsidiaries).

All enquiries:

Corporate

Murray Aitken
Australian Pacific Coal Limited
M. +61 (0)408 932 158
E. maitken@aqcltd.com

Investors

Matt Sullivan
Meridian Investor Relations
M. +61 (0)412 157 276

Media

Paul Ryan
Citadel-MAGNUS
M. +61 (0) 409 296 511
E. pryan@citadelmagnus.com

Appendix A: Key Terms of Loan

Borrowers:	Members of the Dartbrook Joint Venture, being AQC Dartbrook Pty Ltd and Tetra Dartbrook Pty Ltd, jointly and severally.
Guarantor:	Australian Pacific Coal Limited.
Lenders:	Vitol Asia Pte Ltd, subject to possible syndication.
Facility type:	Loan note issuance facility.
Security:	Senior security over the assets of the Dartbrook Joint Venture.
Final Repayment Date:	31 December 2026.
Interest:	1-month SOFR plus a margin at market standard rates
Conditions precedent:	Usual for facilities of this type.
Conditions subsequent:	Finalisation of a lease over certain titles on the mine site.
Representations and warranties:	Usual for facilities of this type, including specific assurance in relation to the Dartbrook Joint Venture and the mine.
Undertakings:	Usual for facilities of this type, including specific undertakings in relation to the Dartbrook Joint Venture and the mine.
Repayment	Repayment of the facility will be made by way of fixed \$/tonne deductions from the price of coal sold, subject to a minimum payment per quarter, commencing the earlier of 6 months after First Coal and 12 months after the date of the funding transaction.
Events of Default:	Usual for facilities of this type, including specific events in relation to the Dartbrook Joint Venture and the mine, subject to agreed grace and remedy periods.
Costs etc:	Usual Borrower indemnity for costs and taxes. The facility enjoys the benefit of relief from Australian interest withholding tax following the conduct of a “public offer” under s128F <i>Income Tax Assessment Act 1936</i> .

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