Australian Pacific Coal Limited

ABN 49 089 206 986

Interim Report – for the six months ended 31 December 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Australian Pacific Coal Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The following persons were directors of Australian Pacific Coal Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Mike Ryan
Ms Ayten Saridas
Mr Nicholas Johansen
Mr Jeff Beatty

REVIEW OF OPERATIONS

The loss for the consolidated entity after providing for income tax amounted to $2,341,260 (31 December 2022: $8,224,361). The consolidated entity had $5,500,000 in debt and had available cash of $3,285,372 at 31 December 2023.

Highlights for the six months ending 31 December 2023

- No recordable injuries during the period, no reportable environmental incidents.
- The Dartbrook JV agreed terms for a 3-year US$60 million (~$90 million) debt facility with leading global energy and commodities company Vitol Asia Pte Ltd in late November 2023. The facility was finalised in February 2024.
- Funds will cover forecast restart capex at Dartbrook mine through to first coal and the acquisition of additional mining systems during ramp-up.
- Coal Sales and Marketing Agreement with Vitol finalised and Vitol appointed sole marketing agent for Dartbrook coal.
- Successfully completed a $3.625 million equity raising via a Placement in December 2023 to fund ongoing works at Dartbrook while debt financing negotiations were finalised.
- Conversion of $3.375 million of shareholder loans and accrued lease payments to equity of which $1.875 million is subject to shareholder approval.

Safety and Health

Safety remains the highest priority for AQC and the Dartbrook JV and there were no recordable injuries or reportable environmental incidents at Dartbrook during the the half year to 31 December 2023. Two incidents relating to unintended movement or failure in service of plant were reported in the December quarter and are being investigated. Neither incident resulted in injury.

Restart Capex Funding

In November 2023, the Dartbrook JV agreed terms for a 3-year US$60 million (~$90 million) binding debt facility agreement with Vitol Asia Pte Ltd ("Vitol"), a leading global energy and commodities company.

The terms of the binding debt facility agreement were finalised and executed in February 2024 following a substantial period of due diligence. The US$60 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.

Details of the debt facility can be found on page 3 of this report in the section titled: "Matters Subsequent to Year End".

Working Capital Facility

Dartbrook's forecast restart capex requirements are now fully funded and additional working capital is not required until coal sales commence in mid-2024. AQC favours a typical revolving debt facility structure up to approximately A$30 million and outreach to various parties regarding the establishment of a working capital facility has commenced.

Dartbrook Mine Restart

During the period, underground operations focused on upgrading the Hunter Tunnel and early stage works for the new conveyor system. Work to re-support the roof and ribs of the tunnel roadway with bolts and mesh and including shotcrete application was ongoing.

Following the successful de-watering of the Hunter Tunnel, the design of the tunnel conveyor system was completed in the September quarter. Installation of the conveyor structure in the Kayuga inter-seam drift was completed in the December quarter. Subsequent to the end of the half year critical equipment and Long Lead Items, including materials for the underground conveyor system and the above ground CHPP refurbishment have been identified and orders placed in the first quarter of CY 2024.

The Dartbrook JV has reviewed the mine restart schedule, taking into account the time required to finalise due diligence and execute the US$60 million restart debt facility with Vitol was longer than anticipated. Underground mining operations and unwashed coal sales are now anticipated to commence in mid-CY2024 with washed coal sales expected to commence in line with the subsequent staged recommissioning of the wet plant.

Coal Sales and Marketing Agreement

The Dartbrook JV entered into a Coal Sales and Marketing Agreement ("CSMA") with Vitol subsequent to the end of the half year for all Dartbrook coal production, including assigning coal Marketing Rights to Vitol for the life of the mine (including any extensions). Under the terms of the CSMA, Vitol will receive fees for marketing and related services in line with standard industry rates. Vitol will also be entitled to a royalty of 2% of coal sales for the life of mine.

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 AQC anticipates strong interest from export markets.

Corporate

In July 2023, AQC agreed binding terms with its major shareholder, Trepang, for a loan of $3 million for additional working capital while negotiations with potential lenders for the balance of the restart capex continued. Since its announcement, the terms of the loan have been modified whereby the small parcel of land where the CHPP is situated will no longer be sold to Trepang and leased back to AQC. Instead, AQC has issued a call option to Trepang for the purchase of the parcel of land exercisable only when mining operations at Dartbrook are concluded. The exercise price of the option is $800,000. As security for the loan, the Company has agreed to provide a mortgage over the parcel of land until the loan is repaid.

At the end of August 2023, AQC launched a $12 million equity raising via a Placement and Accelerated NonRenounceable Entitlement Offer (ANREO). The Placement and Institutional Component of the ANREO were completed successfully with subscriptions for approximately $10 million committed in aggregate. The Retail Component of the ANREO closed fully subscribed on 2 October and raised an additional $2 million. Proceeds from the Placement and ANREO were used to provide additional working capital and fund ongoing works at the Dartbrook mine while the Company continued financing negotiations for the Dartbrook restart.

In December, a short-term $2.5 million unsecured facility was provided to AQC by Sambor Trading Pty Ltd ($2 million) and NT House Pty Ltd ($0.5 million) for working capital purposes. The facility with Sambor Trading Pty Ltd was repaid subsequent to the end of the half year while NT House Pty Ltd has agreed to be issued shares for the balance of the loan outstanding, subject to receipt of shareholder approval.

In December 2023, AQC raised $3.625 million in new funds via a Placement and will convert $3.375 million of short-term shareholder loans and accrued lease payments to equity. Shareholder approval will be required under the ASX Listing Rules for the conversion to equity of accrued lease payments and shareholder loans provided by related parties totalling $1.875 million, representing 20.833 million shares. Proceeds from the Placement were used to meet AQC's ongoing working capital needs while the restart debt funding package for the Dartbrook project was finalised.

Matters that require shareholder approval will be addressed at an Extraordinary General Meeting to be held prior to the end of the current financial year. Shareholders will be advised of details of the meeting in due course.

MATTERS SUBSEQUENT TO THE END OF THE HALF YEAR

In December 2023, the Company announced an intention to raise $3.625 million in new funds via a Placement and that it would convert $3.375 million of short term shareholder loans and accrued lease payments to equity. Subsequent to the end of the half year, the Company issued 56,944,447 fully paid ordinary shares at $0.09 raising $3,625,000 in cash and converting $1,500,000 in loans and interest to non related parties to equity. The Company also cash settled loans to non related parties in the amount of $1,000,000. Shareholder approval will be required for the conversion to equity of accrued lease payments and shareholder loans provided by related parties totalling $1.875 million, representing 20.833 million shares.

Further, on 22 January 2024 the consolidated entity announced that the Dartbrook Joint Venture, comprising AQC and Tetra Resources Pty Ltd ("JV"), had 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 2023 , 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.

The debt facility has been 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
- The facility attracts interest SOFR + 15% prior to first coal, reducing to SOFR + 10% thereafter and has a final repayment date of 31 December 2026
- 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 set out in the announcement of 22 January 2024.

Other than as outlined, since the end of the reporting period and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

____
Mike Ryan
Chairman

15 March 2024
Brisbane

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AUSTRALIAN PACIFIC COAL LIMITED
ABN 49 089 206 986
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AUSTRALIAN PACIFIC COAL LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Pacific Coal Limited. As the lead audit partner for the review of the financial report of Australian Pacific Coal Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

STEWART THOMPSON
Partner
Date: 15 March 2024

General information

The financial statements cover Australian Pacific Coal Limited as a consolidated entity consisting of Australian Pacific Coal Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Australian Pacific Coal Limited's functional and presentation currency.

Australian Pacific Coal Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Level 1, 371 Queen Street Brisbane QLD 4000	Stair Street Kayuga NSW 2333

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2024. The directors have the power to amend and reissue the financial statements.

Australian Pacific Coal Limited
Consolidated Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated 31 Dec 2023 $	31 Dec 2022 $
Revenue	3	2,876,514	8,058
Expenses			
Employee benefits expense		(1,079,556)	(655,697)
Depreciation and amortisation expense		(516,182)	(513,041)
Care and maintenance expenses		(1,346,688)	(124,305)
Administration and consulting expenses		(1,501,869)	(1,396,188)
Finance costs	4	(773,481)	(5,543,188)
Loss before income tax expense		(2,341,260)	(8,224,361)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		**(2,341,260)**	**(8,224,361)**

	Cents	Cents
Earnings per share for profit attributable to the owners of Australian Pacific Coal Limited		
Basic earnings per share	(0.57)	(4.51)
Diluted earnings per share	(0.57)	(4.51)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Consolidated Statement of financial position
As at 31 December 2023

	Note	Consolidated 31 Dec 2023 $	Consolidated 30 Jun 2023 $
Assets			
Current assets			
Cash and cash equivalents	5	3,285,372	3,681,525
Trade and other receivables		319,114	340,301
Loans receivable	6	6,000,000	16,022,782
Other		592,252	397,333
Total current assets		10,196,738	20,441,941
Non-current assets			
Property, plant and equipment	7	2,235,219	2,751,401
Exploration and evaluation		5,994,349	5,894,592
Loans receivable	6	25,388,472	-
Other	8	12,154,055	8,998,233
Total non-current assets		45,772,095	17,644,226
Total assets		55,968,833	38,086,167
Liabilities			
Current liabilities			
Trade and other payables	9	8,003,971	4,497,454
Borrowings	10	5,500,000	-
Total current liabilities		13,503,971	4,497,454
Non-current liabilities			
Provisions		20,041,000	20,041,000
Total non-current liabilities		20,041,000	20,041,000
Total liabilities		33,544,971	24,538,454
Net assets		22,423,864	13,547,713
Equity			
Issued capital	11	165,971,385	154,753,974
Retained profits/(Accumulated Losses)		(142,747,516)	(141,206,261)
		-	
Total equity		22,423,864	13,547,713

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Consolidated Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital $	Reserves	Retained Profits/(loss) $	Total equity $
Balance at 1 July 2022	60,487,791	413,750	(128,688,628)	(67,787,087)
Loss after income tax expense for the half-year	-	-	(8,224,361)	(8,224,361)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(8,224,361)	(8,224,361)
Transactions with owners in their capacity as owners:				
Share based payments		-	-	-
Contributions of equity, net of transaction costs	93,852,433	-	-	93,852,433
Contributions of equity, transfers from reserves	413,750	(413,750)	-	-
Balance at 31 December 2022	154,753,974	-	(136,912,989)	17,840,985

Consolidated	Issued capital $	Reserves	Retained Profits/(loss) $	Total equity $
Balance at 1 July 2023	154,753,974	-	(141,206,261)	13,547,713
Loss after income tax expense for the half-year	-	-	(2,341,260)	(2,341,260)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,341,260)	(2,341,260)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	11,217,411	-	-	11,217,411
Contributions of equity, transfers from reserves	-	-	-	-
Balance at 31 December 2023	165,971,385	-	(143,547,521)	22,423,864

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(3,911,024)	(2,163,631)
		(3,911,024)	(2,163,631)
Interest received		398	8,058
Net cash used in operating activities		(3,910,626)	(2,155,573)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(105,689)
Loan advances		(16,380,347)	(1,931,606)
Payments for exploration and evaluation		(99,757)	(114,954)
Net cash used in investing activities		(16,480,104)	(2,152,249)
Cash flows from financing activities			
Proceeds from borrowings		5,500,000	-
Contributions of equity, net of transaction costs		11,217,411	93,852,433
Proceeds from share placement received in advance		3,277,166	
Repayment of borrowings and lease liability		-	(70,500,000)
Net cash used in financing activities		19,994,577	23,352,433
Net increase/(decrease) in cash and cash equivalents		(396,153)	19,044,611
Cash and cash equivalents at the beginning of the financial half-year		3,706,525	363,558
Cash and cash equivalents at the end of the financial half-year	5	3,310,372	19,408,169

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2 of the annual report for the year ended 30 June 2023.

Going Concern
The company has incurred a net loss of $2,341,260 and a deficiency in operating cash flows of $3,910,626 for the half year ended 31 December 2023. The Company’s current liabilities exceeded current assets by $3,307,233 and it had net assets of $22,423,864 as at 31 December 2023.

On 22 January 2024 the consolidated entity announced that the Dartbrook Joint Venture, comprising AQC and Tetra Resources Pty Ltd (“JV”), had finalised a 3-year USD60 million (~AUD90 million) debt facility with Vitol Asia Pte Ltd (“Vitol”). 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. In addition, the facility will cover general corporate costs for the Company (Note 6).

This financial report has been prepared on a going concern basis as the Directors consider that the company and the consolidated entity will be able to realise its assets and settle its liabilities in the normal course of business and at amounts stated in the financial report. The continuation of the company and the consolidated entity as a going concern is dependent on their ability to achieve the following objectives:
- Capital raisings, borrowings and provision of working capital from the Vitol facility (Note 6).
- Development, exploitation or advancement of existing or new opportunities.
- Realisation of surplus assets.

Should the above not generate the expected cash flows, the company may not be able to pay its debts as and when they become due and payable and it may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments
The consolidated entity is currently organised into one operating segments based on resource category: exploration and evaluation. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews segment receipts and expenditure for each operating segment at regular board meeting. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Types of products and services
The principal products and services of each of these operating segments are as follows:

Exploration and evaluation	The exploration and evaluation segment seeks to identify and develop prospective resource areas, secure tenure over the relevant tenements and manage the exploration and evaluation process.
Corporate	The corporate segment supports all exploration and evaluation activities.

Intersegment transactions
Intersegment transactions are made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

	Net loss from continuing operations before tax		Total Assets	
	31 December 2023 $	31 December 2022 $	31 December 2023 $	31 December 2022 $
Exploration & Evaluation	2,942,426	1,334,894	17,795,053	20,343,569
Corporate	(601,166)	6,889,467	38,173,780	19,433,026
	2,341,260	8,224,361	55,968,833	39,776,595

Note 3. Revenue

	Consolidated	
	31 Dec 2023 $	31 Dec 2022 $
Other revenue		
Interest	2,876,514	8,058
	2,876,514	8,058
Revenue	2,876,514	8,058

Note 4. Expenses

	Consolidated	
	31 Dec 2023	**31 Dec 2022**
	$	**$**
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable	773,481	5,543,188
Superannuation expense		
Defined contribution superannuation expense	43,816	35,481

Note 5. Cash and cash equivalents

	Consolidated	
	31 Dec 2023	**30 Jun 2023**
Current:	**$**	**$**
Cash at bank and on hand	3,285,372	3,681,525
	3,285,372	3,681,525

Reconciliation to cash and cash equivalents at the end of the financial period	**Note**	**31 Dec 2023**	**30 Jun 2023**
Balance as per above		3,285,372	3,681,525
Deposit as security for equipment facility	8	25,000	25,000
Balance as per statement of cash flows		3,310,372	3,706,525

Note 6. Loans receivable

	Consolidated	
	31 Dec 2023	**30 Jun 2023**
	$	**$**
Current Asset	6,000,000	16,022,782
Non-Current Asset	25,388,472	-
Advances for Dartbroom Coal Project	31,388,472	16,022,782

During the half year the consolidated entity provided further early restart funding to advance development of the Dartbrook Coal Project, a project under an arrangement structured as a joint arrangement for AQC Dartbrook Pty Ltd and other parties. Under the loan agreement interest is payable at the greater of 8% or the equivalent to the restart funding achieved for funding the restart of the Dartbrook Project. The loan receivable includes both amounts paid and payable by the Group at end of reporting period.

Under arrangements with the senior financier for the Dartbrook Joint Venture, the consolidated entities loan to the Dartbrook Joint Venture is subordinared to that of the senior financier. Full repayment of the loan (including accrued interest) will therefore not be available until the Dartbrook Joint Venture's secured facilities have been repaid an accordingly a portion of this loan has been recognised as a non-current asset. Nothwithstanding this, amortization of an amount of A$500,000 per month will be provided by the senior financier to the consolidated entity with such amount recognised as a current asset.

Note 7. Property, plant and equipment

	Consolidated	
	31 Dec 2023 $	30 Jun 2023 $
Land and buildings – at cost	850,786	850,786
Less: Accumulated depreciation	(142,000)	(139,134)
	708,786	711,652
Leasehold improvements – at cost	180,216	180,216
Less: Accumulated depreciation	(171,943)	(171,826)
	8,273	8,391
Plant and equipment – at cost	8,302,290	8,302,290
Less: Accumulated depreciation	(6,784,130)	(6,270,932)
	1,518,160	2,031,358
	2,235,219	2,751,401

Depreciation on the acquired property, plant and equipment at Dartbrook Mine is to be applied over the remaining life of the acquired mining leases, less any residual value.

Note 8. Other non-current assets

	Consolidated	
	31 Dec 2023 $	30 Jun 2023 $
Accrued Interest (refer note 6)	3,155,822	-
Security deposits	8,973,233	8,973,233
Cash on deposit for bank facilities	25,000	25,000
	12,154,055	8,998,233

Note 9. Current liabilities – trade and other payables

	Consolidated	
	31 Dec 2023 $	30 Jun 2023 $
Trade and other payables	2,457,614	4,497,454
Placement procees received in advance of share issue	3,277,166	-
Accrued (including interest on loans)	2,269,191	-
	8,003,971	4,497,454

Refer to Note 10 for further information on financial instruments.

Note 10. Current liabilities – borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	$	$
Unsecurred loans (a)	2,500,000	-
Secured Loan – Trepang Services Pty Ltd (b)	3,000,000	-
	5,500,000	-

a) The consolidated entity had a $2.5m unsecured loan facility outstanding which was provided by Sambor Trading Pty Ltd ($2m) and NT House Pty Ltd ($0.5m) during the period. The loans are subject to a return fee equal to 25% of the total amount of all loans advanced by the lenders under the facility. Of the $2.5m owing to Sambor Trading Pty Ltd (including the return fee), the lender agreed to be issued $1.5m in shares at $0.09 per share as part of the December 2023 capital raise and $1m by way of cash settlement. Both the issue of shares and repayment were reflected as repayments subsequent to half year end. NT House Pty Ltd has agreed to be issued shares for the balance of the loan outstanding, including the return fee, subject to receipt of shareholder approval at a future meeting.

b) The consolidated entity had a $3m loan facility provided by Trepang Service Pty Ltd outstanding at 31 December 2023. The consonsolidated entity has agreed to provide security which has been subordinated to the senior finance facilities. The loan attracts interest at a rate of 10% per annum and has a maturity date of 13 July 2024.

Note 11. Equity - issued capital

	Consolidated			
	31 Dec 2023 Shares	**30 Jun 2023 Shares**	**31 Dec 2023 $**	**30 Jun 2023 $**
Ordinary shares - fully paid	456,023,144	347,310,953	165,971,385	154,753,974

Movements in ordinary share capital

Details	**Date**	**Shares**	**$**
Balance	1 July 2023	347,310,953	154,753,974
Share issue – rights issue (institutional)	7 September 2023	54,166,737	5,958,341
Placement	7 September 2023	36,363,636	4,000,000
Share issue – rights issue (retail)	9 October 2023	18,181,818	2,000,000
Share issue costs			(740,930)
Balance	31 December 2023	456,023,144	165,971,385

Note 12. Contingent liabilities

Vendor Royalty

On 7 June 2016 the consolidated entity announced it had reached agreement with the minority joint venture partner at Dartbrook to acquire the minority partner's stake, thereby taking the Company's ownership of Dartbrook to 100%. A combined contingent royalty arrangement was agreed with the vendors on the following terms:

- An aggregate royalty to the vendors at a rate of A$3.00 per tonne of coal sold or otherwise disposed of and A$0.25 per tonne of any third-party coal processed through the Dartbrook infrastructure, capped at A$30 million with indexation to apply to the rate and the cap.

The vendor royalty is reliant on the Company achieving future development milestones which may or may not occur. The maximum amount payable under the product-based royalty remains capped at $30 million with indexation to apply to the cap. The net present value adopted is lower than the full nominal amount to reflect, amongst other things, the risk and time value of the royalty payment stream. The liability has been assessed at $10.6 million. The net present value adopted is based on the consolidated entities 80% interest in the Dartbrook joint venture on the basis that the project is bought into production under the current arrangements. Should this not occur, the liability recognised may be lower than it would be on a 100% basis. The additional amount represents a contingent liability, with remeasurement likely to occur under appropriate circumstances.

Note 13. Contingent asset

On 27 September 2022, the consolidated entity announced that it had agreed and signed a terms sheet for a deal to re-commission the Dartbrook Coal Project alongside Trepang Services Pty Ltd; M Resources Pty Ltd and Tetra Resources Pty Ltd (Joint Arramgement).

On 1 May 2023, the consolidated entity announced that the term sheet signed in September 2022 had been renegotiated and a new Joint Arrangement would see AQC increase its direct working interest in the project from 50% to 80% and its net economic interest increase from 50% to 70%.

Amongst other matters contemplated, the agreements provide for the consolidated entity to be reimbursed certain costs from the Joint Arrangement out of future development funding obtained. The future development funding is the senior secured Loan Notes (issued currently to Vitol Asia Pte Ltd) which do not expressly permit the reimbursement out of the facility proceeds and with therefore be repaid out of distributions.

At reporting date the consolidated entity has determined that the quantum of costs to be potentially reimbursed up to 31 December 2023 of approximately $4.3m.

Note 14. Events after the reporting period

In December 2023, the Company announced an intention to raise $3.625 million in new funds via a Placement and that it would convert $3.375 million of short term shareholder loans and accrued lease payments to equity. Subsequent to the end of the half year, the Company issued 56,944,447 fully paid ordinary shares at $0.09 raising $3,625,000 in cash and converting $1,500,000 in loans and interest to non related parties to equity. The Company also cash settled loans to non related parties in the amount of $1,000,000. Shareholder approval will be required for the conversion to equity of accrued lease payments and shareholder loans provided by related parties totalling $1.875 million, representing 20.833 million shares.

Further, on 22 January 2024 the Company announced that the Dartbrook Joint Venture, comprising AQC and Tetra Resources Pty Ltd ("JV"), had 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 2023 , 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.

The debt facility has been 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
- The facility attracts interest SOFR + 15% prior to first coal, reducing to SOFR + 10% thereafter and has a final repayment date of 31 December 2026
- 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 set out in the announcement of 22 January 2024.

Other than as outlined, since the end of the reporting period and to the date of this report no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Australian Pacific Coal Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mike Ryan
Director

15 March 2024
Brisbane

AUSTRALIAN PACIFIC COAL LIMITED
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AND CONTROLLED ENTITIES

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE DIRECTORS OF AUSTRALIAN PACIFIC COAL LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Australian Pacific Coal Limited, which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements including a summary of significant accounting policies, other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Pacific Coal Limited does not comply with the *Corporations Act 2001*, including:

(i) giving a true and fair view Australian Pacific Coal Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of the Company.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the interim financial report, which indicates that the Company incurred a net loss of $2,341,260 and a deficiency in operating cash flows of $3,910,626 for the half-year ended 31 December 2023. The Company's current liabilities exceeded current assets by $3,307,233 as at 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pacific Coal Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

STEWART THOMPSON
Partner
Dated: 15 March 2024