



Australian Pacific Coal

AUSTRALIAN PACIFIC COAL LIMITED

ABN 49 089 206 986

ANNUAL REPORT – 30 JUNE 2023



Australian Pacific Coal

TABLE OF CONTENTS

Chairman and CEO's Report	i
Information on Australian Pacific Coal	v
Review of Operations	vii
Annual Financial Report	xi
- Directors' Report	2
- Remuneration Report	7
- Auditor's Independence Declaration	12
- Statement of Profit or Loss and Other Comprehensive Income	14
- Statement of Financial Position	15
- Statement of Changes in Equity	16
- Statement of Cash Flows	17
- Notes to the Financial Statements	18
- Directors' Declaration	46
- Independent Audit Report	47
Corporate Governance Statement	51
ASX Additional Information	62
Corporate Directory	64

CHAIRMAN AND CEO'S REPORT

Dear Shareholders,

The 2022-23 financial year (FY23) saw Australian Pacific Coal (ASX: AQC) make great strides towards restarting underground coal mining activity at the Dartbrook mine, located in the Hunter Valley, NSW.

The Board made a number of key operational, corporate and financial decisions that enhanced the Company's ability to progress the delivery of the project successfully, increased potential future shareholder returns, and substantially de-risked the project.

Dartbrook is an exciting project that has a number of unique characteristics:

- Fast to market, low-cost restart project
- Infrastructure network in place
- High quality coal specifications
- Excellent location
- High margin potential that offers material free cash flow generation
- Fully permitted (MOD 7) with high value development approval extension potential
- Positive market outlook for thermal and met coal products

Taken together, these characteristics generated significant corporate and investor interest in the Company and the Dartbrook Project as we entered FY23.

Strong interest in AQC and the Dartbrook Project

During the first quarter of FY23, AQC evaluated a number of competing proposals in relation to the development of the Dartbrook mine. These included proposals to purchase the mine, acquire the Company outright, and the establishment of operating joint ventures. After careful consideration, and following discussions with the Company's major shareholder and creditor Trepang, in September 2022 the Board decided that the more prudent option was to recapitalise the Company's balance sheet, retain ownership of the mine, and repay all debt.

Accordingly, in September 2022 AQC launched a fully underwritten pro-rata renounceable entitlement offer to raise \$100 million. This introduced a number of new shareholders, including domestic institutions and sophisticated investors.

The Company also engaged with Trepang, Tetra Resources and M Resources in relation to forming a Strategic Partnership to jointly manage and operate the Dartbrook Project through the restart and production phases of the asset's life. The Strategic Partnership, announced in September 2022, would necessitate a joint venture operating model with the following equity structure:

- AQC 50%
- M Resources 20%
- Tetra Resources 20% and
- Trepang 10%.

The entitlement offer was completed successfully in October 2022 and funds were used to repay the outstanding debt of \$70.5 million to Trepang, with the remainder retained for working capital requirements.

Derisking is key to mine restart

With a stronger, debt-free balance sheet and a pathway to restarting operations, AQC focused on de-risking the project, which was critical to the restart schedule and the project's ability to attract third party debt funding of approximately \$100 - \$120 million for restart capex and working capital. The project is in a fortunate position in that surface infrastructure, with a current replacement value in excess of \$350 million, is in place and in good condition.

The primary task for the operations team was the dewatering of the Hunter Tunnel, which passes under the New England Highway linking the underground mining operations with the Coal Handling and Processing Plant (CHPP) at the surface. The 4 km tunnel was originally estimated to contain approximately 57 megalitres of water but ultimately more than 70 megalitres of water was removed safely without incident.

CHAIRMAN AND CEO'S REPORT

Other remediation and refurbishment work continued according to schedule, including the re-establishment of the ventilation circuit and ongoing work to re-support the roof and ribs of the Hunter Tunnel. The redesign of the tunnel conveyor system was completed, and preparations made to install the new conveyor structure in the inter-seam drift. The CHPP is in good condition with minor refurbishment work required prior to the restart of mining operations.

These activities have, to date, been fully funded by AQC via a loan to the Dartbrook Joint Venture. At 30 June 2023, AQC had provided loans totalling approximately \$15 million to the Dartbrook Joint Venture and this was essential to keeping the project on track while third party debt funding was being negotiated. Total loans had continued to increase to fund restart operations up to the date of this report.

The Mine Operator, Tetra Resources, continued to optimise the Mine Plan in the second half of FY23 to improve yields and coal quality product and to provide additional flexibility with regard to timing of equipment procurement and staffing. The JV will conduct mining operations using Bord and Pillar methods, initially focusing on the Kayuga seam. Production is planned to ramp up gradually towards steady state rates of 2 - 3 Mtpa ROM with expected yields of 75% - 80%+, generating peak sales volumes in 2027 of 2.3 Mtpa. In addition, a leading mine consultant was engaged to assist with reviewing all historical borehole data logs specifically to review interburden ash levels and continue to work on the ply-by-ply analysis.

At the end of FY23, approximately 60 people had been engaged to complete the re-support and dewatering activities and additional tasks including re-establishing the bath-house, workshops and offices. The workforce will increase in line with the ramp up of the production profile to approximately 200 people when the mine is fully operational.

The Health and Safety of all personnel is a core value and the development of the site Safety and Health Management System (SHMS) was completed during FY23 and will be revised as the project progresses towards first coal. Emergency plans were prepared, updated and implemented along with underground communication systems and first response procedures. There were no recordable injuries or incidents during FY23.

Environmental monitoring was continually updated in line with the recommissioning program. A total of six Environmental Management Plans were approved by the Department of Planning and Environment (DPE) as the mine transitioned from care and maintenance activities to construction and mining. There were no reportable environmental incidents in FY23.

In addition, the Rehabilitation Management Plan and the Forward Work Plan, which provides for the recommencement of mining activities, were approved during FY23. Community consultation continued throughout FY23 with the Dartbrook Community Consultation Committee.

Board and Management renewal

Towards the end of calendar year 2022, AQC commenced a process of Board and Management renewal. In November 2022 Mr Mike Ryan and Ms Ayten Saridas were appointed Non-Executive Directors, and Mr Craig McPherson resigned as a Non-Executive Director and remaining as Company Secretary. Mr Jeff Beatty (Tetra Resources) and Mr Nick Johansen were appointed Shareholder Nominee Directors by Trepang.

The CEO and Executive Chairman, Mr David Conry, resigned in January 2023 and Ms Ayten Saridas was appointed Interim CEO and Director. Mr Mike Ryan assumed the role of Interim Chairman. Mr Tony Lalor resigned as a Director of the Company effective in March 2023.

Improved outcome for shareholders

In May 2023, after a period of sustained negotiations, AQC announced that it had agreed new terms and executed a restructured Joint Venture Agreement (JVA) for the operation of the Dartbrook mine. The Strategic Partnership announced in September 2022 was restructured and simplified which increased AQC's direct working interest in the project from 50% to 80% and its net economic interest increased from 50% to 70%.

The key terms of the revised JVA are:

- AQC retained the majority direct working interest which increased from 50% to 80%.

CHAIRMAN AND CEO'S REPORT

- Tetra remained a direct JV participant with a 20% working interest and remained the mine Manager and Operator.
- Subject to shareholder and ASX approval, Trepang will no longer have a direct working interest in the JV. Instead, Trepang will provide land and water access to Dartbrook through a long-term lease equivalent to a 10% economic interest, with a minimum payment of \$5 million per annum, which will be an operating cost of the JV.
- M Resources will receive a 10% indirect economic interest in the JV through AQC (therefore reducing AQC's effective economic interest from 80% to 70%).
- M Resources will no longer be the coal marketing agent but will be retained to provide ongoing Technical Services advice on marketing and operations to AQC.

The revised JVA represents a significant positive outcome for all AQC shareholders and its simplified structure will make administration and operation of the asset a less complex undertaking.

Third party funding makes good progress

AQC estimates the total restart cost for the Dartbrook mine at \$120 million, of which the Company has already funded approximately \$25 million (to the date of this report) on a reimbursable basis. A further \$75 million is needed to achieve first coal with an additional \$20 million to \$25 million required for working capital purposes.

The funds provided by AQC to the Dartbrook JV have enabled the project to be substantially de-risked through continued funding of early works, particularly the dewatering of the Hunter Tunnel, and a revised Mine Plan. This allowed restart operations to continue and minimised slippages to the schedule.

Due to its material near-term production growth and free cash flow potential, the Dartbrook project has attracted significant international interest from a range of potential lenders. AQC has led the process and substantially widened the outreach for potential debt providers and attracted multiple parties to ensure funding is secured on competitive terms. Continued de-risking of the project has been a key factor to achieving acceptable terms in a challenging economic environment where funding for thermal coal projects continues to be restricted. AQC is working closely with its advisors to progress these financing solutions.

To ensure continuation of the remediation work at Dartbrook, 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 funding are finalised. Details of the loan arrangements can be found on page 3 of this Annual Report. As Trepang is a related party, the transaction is subject to shareholder approval which will be proposed at the Company's next AGM in November 2023.

AQC has been in advanced negotiations with several parties for the provision of debt funding for restart capex and working capital. Several parties are in the advanced stages of the process and have commenced or completed due diligence and inspected the Dartbrook mine. Subsequently, in mid-August 2023, the Company received a non-binding Letter of Intent for up to US\$50 million (approximately A\$75 million) from a leading global commodities trader.

At the end of August 2023, AQC launched an equity raising for up to \$12 million via a Placement and Accelerated Non-Renounceable 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, which closes on 2 October 2023, could potentially raise up to an additional \$2 million. Proceeds from the Placement and ANREO will be used to provide additional working capital and fund ongoing works at the Dartbrook mine while the Company finalises financing negotiations for the Dartbrook restart. Details of the capital raising can be found on page 3 of this Annual Report.

Well positioned for growth in 2024

AQC and Dartbrook have made significant progress in FY23. In just under eight months, the Company has fully de-watered the Hunter Tunnel, restructured the JVA, improved estimated yields and product quality via a new Mine Plan, and reclaimed a higher working interest in the Dartbrook Project for AQC shareholders.

At the time of publication, thermal coal prices have rallied and this is an opportune time to bring a new source of high quality NEWC specification coal into the export market.

CHAIRMAN AND CEO'S REPORT

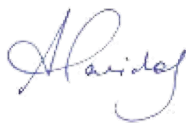
We are on track to commence mining operations in Q4 2023 and anticipate first coal sales/shipments in Q1 2024. AQC and our JV partner, Tetra Resources, remain focused on the successful restart of the Dartbrook Mine. Once production is underway, we will begin preparations for MOD 8 approvals which, if granted, will extend the mining permit for a further six years out to 2033 to align with the expiry of the coal lease and mining lease.

We would like to take this opportunity to thank AQC's current and previous Directors for their commitment and stewardship during a very challenging period over the past year, which has seen the Company deal with a range of complex issues while keeping the project moving forward and achieving all major milestones.

Most importantly, we would like to acknowledge the significant support of our shareholders who share with us a vision of making this low cost, fast to market restart project a reality.



Mr Mike Ryan
Director and Interim Chairman



Ms Ayten Saridas
Director and Interim Chief Executive Officer

28 September 2023

INFORMATION ON AUSTRALIAN PACIFIC COAL

Australian Pacific Coal Limited ('APC') is an ASX-listed company focused on acquiring and developing mineral resource prospects. APC listed on the Australian Stock Exchange in 1999 and currently has approximately 1,300 shareholders.

BOARD OF DIRECTORS

Mr Mike Ryan

Interim Chairman and Non-executive Director ¹

Mr Ryan is a highly accomplished executive and director with background in domestic and international capital markets. He has managerial and operational experience across a range of industries primarily focused on turnaround and growth. Mike's accomplished career has included roles as an Executive Director of Goldman Sachs JBWere, Morgan Stanley and Citibank. He was also previously Managing Director of CIMB and Head of Equities at Shaw and Partners.

¹ Mr Ryan was appointed as a director on 25 November 2022.

Ms Ayten Saridas

Interim Chief Executive Officer and Director ²

Ms Saridas is a finance executive with over 30 years of international experience across a broad range of industries including oil and gas, mining, retail, infrastructure, property, and financial services. Ms Saridas has an established reputation in the financial markets and has held CFO and executive roles with Coronado Global Resources, Santos Limited, AWE Limited and Woolworths amongst other ASX listed companies.

² Ms Saridas was appointed as a director on 25 November 2022.

Mr Nick Johansen

Non-executive Director ³

Mr Johansen is a solicitor with extensive mining experience, ranging from junior exploration to production, across a range of commodities. Nick has expertise in transactions, resources regulation, native title and environmental law. Nick completed his Graduate Diploma of Legal Practice at Australian National University. In addition, he holds a BA in economics from the University of Adelaide.

³ Mr Johansen was appointed as a director on 9 January 2023.

Mr Jeff Beatty

Non-executive Director ⁴

Mr Beatty is a mining professional with extensive experience in both coal and metalliferous, open cut and underground mining operations, including mine development and exploration and civil construction activities in Australia and in international environments. Jeff holds qualifications in mine management, occupational health and safety and business management and has previously held executive management roles at Carabella Resources, Vale Global Coal and AMCI Australia.

⁴ Mr Beatty was appointed as a director on 9 January 2023.

INFORMATION ON AUSTRALIAN PACIFIC COAL

KEY COMPANY DATA (as at 11 September 2023)

Listing: Australian Securities Exchange (ASX:AQC)

Shares on Issue: 437,841,326 AQC ORD
(1,306 shareholders)

Options: Nil

Performance Rights Nil

Quarterly Share Price Activity¹:

	High	Low	Close
30 June 2023	\$0.13	\$0.125	\$0.13
31 March 2023	\$0.13	\$0.115	\$0.13
31 December 2022	\$0.22	\$0.21	\$0.215
30 September 2022	\$0.41	\$0.36	\$0.40

¹ Represent share price activity on the last trading day of the relevant quarter.

REVIEW OF OPERATIONS

DARTBROOK COAL MINE

Dartbrook Mine is located approximately 10 kilometres (km) north-west of Muswellbrook and 4.5 km south-west of the village of Aberdeen in New South Wales (NSW) (see Figure 1). Dartbrook operated as an underground longwall coal mine from 1993 until December 2006, when it was placed in care and maintenance by the previous owner, Anglo Coal (Dartbrook Management) Pty Ltd (ACDM). The mine was acquired by Australian Pacific Coal (APC) (ASX-APC) in 2016 and the mine has remained in care and maintenance.

Dartbrook Mine is an unincorporated Joint Venture (Dartbrook Joint Venture) between Australian Pacific Coal and Tetra Resources Pty Ltd Tetra Dartbrook (Tetra). Dartbrook Operations Pty Ltd will be the appointed operating management company, and the Mine Operator under Section 5 of the Work Health and Safety (Mines and Petroleum Sites) Regulation 2022 (NSW).

Dartbrook is managed in accordance with Development Consent DA 231-7-2000 (Development Consent) granted on 28 August 2001 under the Environmental Planning and Assessment Act 1979 (EP&A Act). DA 231-7-2000 originally allowed for underground longwall mining and associated surface activities to be carried out until 5 December 2022.

In February 2018, APC lodged an application to modify DA 231-07-2000 (MOD7) to provide further operational options for Dartbrook (in addition to those already approved) including the recommencement of mining via bord and pillar methodology within the Kayuga Seam and to extend the approval period under DA 231-07-2000 by 5 years (i.e. to 5 December 2027). DA 231-07-2000 (MOD7) was determined by the NSW Independent Planning Commission (IPCN) on 9 August 2019.

The IPCN approved the proposed recommencement of mining activities but not the proposed five-year extension to the consent approval period. Without the extension to operate under DA 231-07-2000 for a further five years it was impractical to recommence mining at Dartbrook. In November 2019, an appeal was lodged against the IPCN determination of MOD7 in the NSW Land and Environment Court.

The MOD7 application was the subject of a conciliation conference conducted pursuant to Section 34 of the Land and Environment Court Act 1979 (LEC Act). APC entered into a Section 34 agreement with the Minister for Planning and Public Spaces on 21 December 2021 with the approval granted on 11 March 2022. This agreement gave effect to MOD7 and extended the approved duration of mining operations until 5 December 2027.

Operations at Dartbrook are proposed to commence from 4th quarter 2023. Recommencement will involve a re-establishment period of up to 6 months followed by a ramp up of production to produce an initial target of approximately 3 million tonnes per annum (Mtpa) of Run of Mine (ROM) coal.

During this reporting period, key milestone achieved are:

- Dewatering of the Hunter Tunnel completed with approximately 70 megalitres of water removed.
- Ventilation circuit and monitoring systems re-established, restored underground communication network and emergency services and equipment.
- Removal of all old conveyor infrastructure and ancillary equipment from the underground to the surface for scrap reconciliation and preparation of road networks.
- Re-supporting of roof and ribs, bolting and mesh construction and shot-creting including construction of drainage, pumping and water management.
- Redesign of the tunnel conveyor system complete and preparations underway to install new conveyor structure in the inter-seam drift.
- Refurbishment of the Coal Handling & Processing Plant (CHPP) and above ground infrastructure continued.

REVIEW OF OPERATIONS

- Approximately 60 people have been engaged to complete the re-support and dewatering activities and additional tasks including re-establishing the bath-house, workshops and offices.
- Identified all equipment necessary for the commencement of mining activities including the recruitment of staff and coal mine workers.
- All environmental approvals in place to transit from Care & Maintenance to Mine Operations.
- Continued to optimise the Mine Plan to improve yields, coal quality and product including mine schedules and designs.
- Dartbrook Community Consultative Committee met quarterly and continued to provide active and positive communications to neighbours and stakeholders effectively.
- The development and implementation of the site Safety and Health Management System with the Broad Brush Risk Register developed identifying catastrophic safety events, detailed risk assessments conducted with management plans and critical control register developed and documented.
- Developed detailed Project Re-Start Schedule which is continually revised and active.
- Zero environmental reportable incidences and zero Lost Time and Disabling injuries reported..

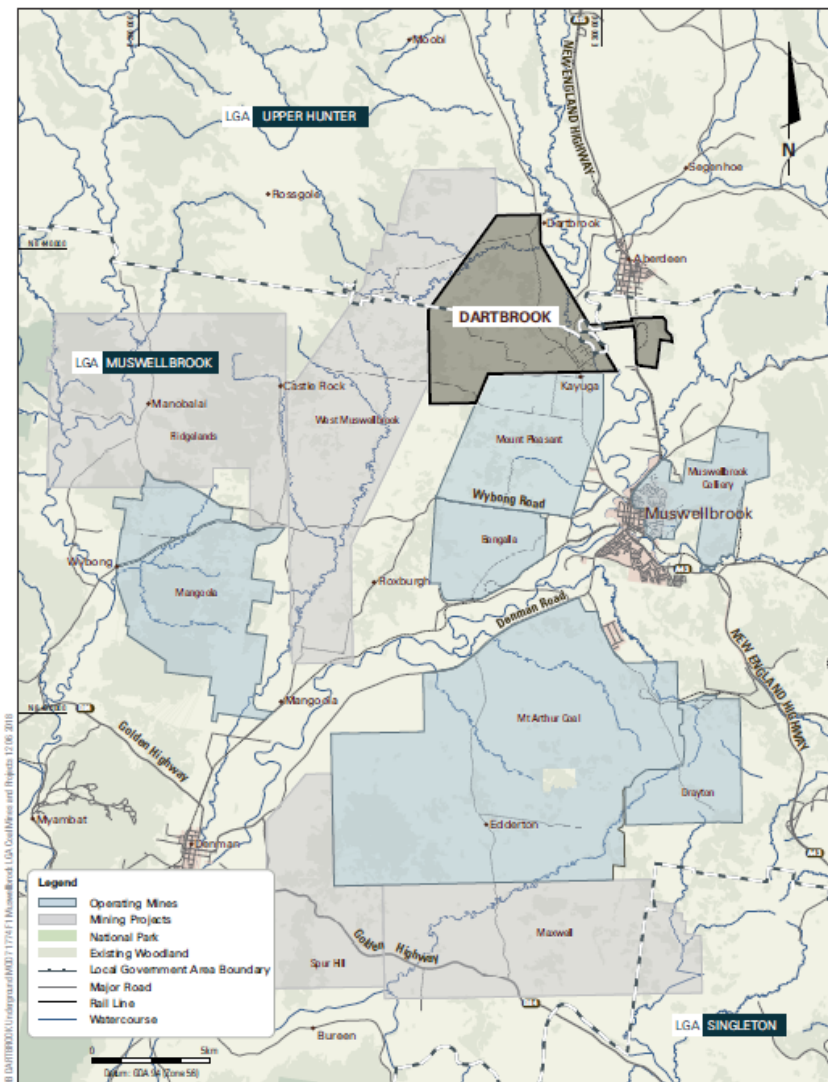


Figure 1 Regional Locality

REVIEW OF OPERATIONS

On the 28 October 2022, (2022 No649), the NSW Government under the Environment Planning and Assessment Act 1979, implemented a State Environmental Planning Policy (SEPP) Resources and Energy Amendment (Dartbrook Mine) 2022 to prohibit open cut mining on the land, being defined as the Authority 256 boundary. Refer to Figure 1 Highlighted Dartbrook area.

In addition, all the Dartbrook mining tenure was renewed from pending status to all current and approved with the mining leases extended to 2043 (ML 1456 & 1497) and 2033 (ML 1381), refer to (Table 1 - Tenure Summary Table). This is a considerable milestone as the project has now achieved tenure security and with this success will be highly valued and considered when the application for a further extension of the current Development Consent conditions (MOD 8) for an additional 6 years is prepared and processed. This will be a priority once production is underway and the approval will be assessed by the Department of Planning & Environment.

The Dartbrook mine is in a safe and operational readiness state with a professional workforce ready to transit into production.

OTHER PROJECTS

In Queensland, the Company holds interests in the Matuan Downs Bentonite Project and a Joint Venture interest on tenements with Blackwood Resources. The Company will continue to assess potential development or divestment opportunities in relation to these assets.

MINING TENEMENT SUMMARY

Name	Number	Status	Expiry Date	Interest Held
Dartbrook Project, Hunter Valley NSW				
AUTH 256	AUTH 256	Granted	16/12/2025	100%
EL 4574	EL 4574	Granted	13/08/2024	100%
EL 4575	EL 4575	Granted	13/08/2027	100%
EL 5525	EL 5525	Granted	22/09/2027	100%
CL 386	CL 386	Granted	19/12/2033	100%
ML 1381	ML 1381	Granted	19/12/2033	100%
ML 1456	ML 1456	Granted	27/09/2043	100%
ML 1497	ML 1497	Granted	5/12/2043	100%
Matuan Downs Bentonite Project, Alpha				
Mantuan	ML 70360	Granted	31 /03/2033	100%

Table 1 Tenure Summary Table

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

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

Australian Pacific Coal Limited

ABN 49 089 206 986

Annual Financial Report - 30 June 2023

Australian Pacific Coal Limited
Directors' report
30 June 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 year ended 30 June 2023.

Directors

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

Current Directors

Mr Mike Ryan (Appointed 25 November 2022)
Ms Ayten Saridas (Appointed 25 November 2022)
Mr Nicholas Johansen (Appointed 9 January 2023)
Mr Jeff Beatty (Appointed 9 January 2023)

Former Directors

Mr Tony Lalor (Resigned 3 March 2023)
Mr David Conry AM (Resigned 16 January 2023)
Mr Craig McPherson (Resigned 25 November 2022)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of exploration and development activities at the consolidated entity's mining tenements situated in New South Wales, Australia.

Dividends

No dividends were declared or paid for the financial year ended 30 June 2023.

Review of operations

The review of operations of the consolidated entity during the year is detailed in the review of operations commencing on page 2 of this annual report and forms part of the directors' report.

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$12,517,633 (30 June 2022: loss of \$11,496,349).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

Likely developments and expected results of operations

The consolidated entity intends to continue its development activities on its existing projects and to explore other suitable opportunities as they arise.

Environmental regulation

The consolidated entity is subject to, and is compliant with, all aspects of environmental regulation in its exploration and mining activities. The directors believe that the Company is in compliance with all environmental laws.

The consolidated entity is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the consolidated entity to assess its energy usages, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the consolidated entity intends to take as a result of these assessments. Due to this Act, the consolidated entity has registered with the Department of Resources, Energy and Tourism as a participant entity and reports the results from its assessments.

The National Greenhouse and Energy Reporting Act 2007 require the consolidated entity to report its annual greenhouse gas emissions and energy use. The consolidated entity has previously implemented systems and processes for the collection and calculation of data.

Further information on the reporting and results of the application of the above Acts to the Company's activities can be found on the consolidated entity's website.

Matters subsequent to the end of the financial year

The following matters or events have occurred subsequent to the end of the reporting period:

- On 14 July 2023, the Company announced that it had received a loan for \$3 million from its major shareholder, Trepang Services, to provide for additional working capital while negotiations with potential lenders for the balance of the restart capex funding are finalised. The Company is also advancing discussions for the potential sale of an AQC-owned parcel of land to Trepang. The loan plus interest will be repaid within 12 months or when third party funding is secured.
- On 17 August 2023, the Company announced that it had received a non-binding letter of intent from Trafigura Pte Ltd for up to US\$50 million (approximately \$75 million) in debt funding to enable the restart of Dartbrook underground coal mine.
- On 31 August 2023, the Company announced a capital raising of up to \$12 million via a \$4 million Institutional Placement (the "Placement") and a 1 for 4.75 Accelerated Non-Renounceable Entitlement Offer ("ANREO") at an offer price of \$0.11 per new share issued ("New Shares"). Settlement of the New Shares to be issued as part of the Institutional Component and the Placement occurred on 6 September 2023. The Retail Component opened on 6 September 2023 and is expected to close at 5.00pm (Sydney time) on 2 October 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Information on directors

Name:	Mr Mike Ryan
Title:	Non-Executive Director and Acting Chairman from 16 January 2023
Qualifications	Bachelor of Agriculture (Rural Valuation / Production and Management)
Experience and expertise:	Mr Ryan is a highly accomplished executive and director with background in domestic and international capital markets. He has board, managerial and operational experience across a range of industries primarily focused on turnaround and growth. Mike's accomplished career has included roles as an Executive Director of Goldman Sachs JBWere, Morgan Stanley and Citibank. He was also previously Managing Director of CIMB and Head of Equities at Shaw and Partners.
Other current directorships	Director of Australian Pacific Coal Limited since 25 November 2022. East 33 Limited
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None
Interests in performance rights:	None

Australian Pacific Coal Limited
Directors' report
30 June 2023

Name: Ms Ayten Saridas
 Title: Director and Acting Chief Executive Officer from 16 January 2023
 Qualifications: Masters of Applied Finance, Bachelor of Commerce, Fellow CPA
 Experience and expertise: Ms Saridas is a finance executive with over 30 years of international experience across a broad range of industries including oil and gas, mining, retail, infrastructure, property, and financial services. Ms Saridas has an established reputation in the financial markets and has held CFO and executive roles with Coronado Global Resources, Santos Limited, AWE Limited and Woolworths amongst other ASX listed companies.

Other current directorships: Director of Australian Pacific Coal Limited since 25 November 2022.
 Former directorships (last 3 years): Parkway Corporation Limited
 Interests in shares: None
 Interests in options: None
 Interests in performance rights: None

Name: Mr Nick Johansen
 Title: Non-Executive Director
 Qualifications: Bachelor of Economics; Bachelor of Law
 Experience and expertise: Mr Johansen is a solicitor with extensive mining experience, ranging from junior exploration to production, across a range of commodities. Nick has expertise in transactions, resources regulation, native title and environmental law. Nick completed his Graduate Diploma of Legal Practice at Australian National University. In addition, he holds a BA in economics from the University of Adelaide.

Other current directorships: Director of Australian Pacific Coal Limited since 9 January 2023.
 Former directorships (last 3 years): Paterson Resources Limited (non-executive); Orcoda Limited (non-executive)
 Interests in shares: None
 Interests in options: None
 Interests in performance rights: None

Name: Mr Jeff Beatty
 Title: Non-Executive Director
 Qualifications: None
 Experience and expertise: Mr Beatty is a mining professional with extensive experience in both coal and metalliferous, open cut and underground mining operations, including mine development and exploration and civil construction activities in Australia and in international environments. Jeff holds qualifications in mine management, occupational health and safety and business management and has previously held executive management roles at Carabella Resources, Vale Global Coal and AMCI Australia.

Other current directorships: Director of Australian Pacific Coal Limited since 9 January 2023.
 Former directorships (last 3 years): None
 Interests in shares: None
 Interests in options: None
 Interests in performance rights: None

Name: Mr David Conry
 Mr Conry was appointed as a Director of Australian Pacific Coal Limited on 2 April 2020. Mr Conry resigned from the Company effective 16 January 2023.

Mr Tony Lalor
 Mr Lalor was appointed as a Director of Australian Pacific Coal Limited on 2 November 2020. Mr Lalor resigned from the Company effective 3 March 2023.

Australian Pacific Coal Limited
Directors' report
30 June 2023

Mr Craig McPherson

Mr McPherson was appointed as a Director of Australian Pacific Coal Limited on 6 December 2021. Mr McPherson resigned as a Director effective 25 November 2022.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Craig McPherson was appointed Company Secretary on 23 August 2019.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full board	
	Attended	Held
Mr Mike Ryan	33	33
Ms Ayten Saridas	33	33
Mr Nick Johansen	30	30
Mr Jeff Beatty	30	30
Mr David Conry	10	10
Ms Tony Lalor	13	13
Mr Craig McPherson	5	5

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

Australian Pacific Coal Limited
Directors' report
30 June 2023

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key financial and non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework seeks to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive director's remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 30 October 2015 where the shareholders approved a maximum annual aggregate remuneration of \$500,000.

Non-executive directors are also entitled to consulting fees to the extent that they provide services in excess of those typically provided as a non-executive director of the Company.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these components comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed regularly by the Board and subject to individual contracts is based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The Board periodically reviews the company's short-term and long-term incentive arrangements for executive directors, non-executive directors and employees and consultants to ensure the appropriate alignment of interests of all stakeholders and to reward the achievement of pre-specified Key Performance Indicators.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals may be directly linked to the performance of, and outcomes achieved for, the consolidated entity together with bonus and incentive payments at the discretion of the Board.

Australian Pacific Coal Limited
Directors' report
30 June 2023

During the prior year the Board implemented an incentive program for executive directors, non-executive directors and employees and consultants.

Voting and comments made at the company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, shareholders voted to not support the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Australian Pacific Coal Limited during the year:

- Mike Ryan - Non-Executive Director (appointed 25 November 2023) and Acting Chairman from 16 January 2023
- Ayten Saridas - Director (appointed 25 November 2023) and Acting Chief Executive Officer from 16 January 2023
- Nicholas Johansen – Non-executive Director (appointed 9 January 2023).
- Jeff Beatty – Non-executive Director (appointed 9 January 2023)
- David Conry – Chairman and Chief Executive Officer (resigned 16 January 2023)
- Tony Lalor – Non-executive Director (resigned 3 March 2023)
- Craig McPherson – Non-executive Director (resigned 25 November 2022)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Termination	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2023	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Mike Ryan	28,235	-	-	2,965	-	-	-	31,200
Nicholas Johansen	24,043	-	-	-	-	-	-	24,043
Jeff Beatty	21,758	-	-	2,285	-	-	-	24,043
Tony Lalor	35,083	150,000	-	-	-	-	-	185,083
Craig McPherson	21,667	-	-	-	-	-	-	21,667
<i>Executive Directors:</i>								
Ayten Saridas	212,056	-	-	-	-	-	-	212,056
David Conry	300,639	150,000	-	-	-	-	-	450,639
	643,481	300,000	-	5,250	-	-	-	948,731

1. Craig McPherson resigned 25 November 2022
2. Mike Ryan appointed 25 November 2022
3. Ayten Saridas appointed 25 November 2022
4. Nicholas Johansen appointed 9 January 2023
5. Jeff Beatty appointed 9 January 2023
6. David Conry AM resigned 16 January 2023
7. Tony Lalor resigned 3 March 2023

Australian Pacific Coal Limited
Directors' report
30 June 2023

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Termination	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	\$	\$
2022								
<i>Non-Executive Directors:</i>								
Tony Lalor	51,996	-	-	-	-	124,125	-	176,121
Mark Jagla	18,939	-	-	1,894	-	-	-	20,833
Craig McPherson	30,333	-	-	-	-	-	-	30,333
<i>Executive Directors:</i>								
David Conry	379,985	200,000	-	-	-	165,500	-	745,485
	<u>481,253</u>	<u>200,000</u>	<u>-</u>	<u>1,894</u>	<u>-</u>	<u>289,625</u>	<u>-</u>	<u>972,772</u>

1. Mark Jagla resigned 6 December 2021
2. Craig McPherson was appointed 6 December 2021
3. Mark Jagla was appointed 23 September 2020
4. Tony Lalor was appointed 2 November 2020

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Mike Ryan	100%	-	-	-	-	-
Nicholas Johansen	100%	-	-	-	-	-
Jeff Beatty	100%	-	-	-	-	-
Tony Lalor	100%	30%	-	-	-	70%
Craig McPherson	100%	100%	-	-	-	-
Mark Jagla	-	100%	-	-	-	-
<i>Executive Directors:</i>						
Ayten Saridas	100%	-	-	-	-	-
David Conry	100%	51%	-	27%	-	22%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Current agreements:

Name	Ayten Saridas
Title	Acting Chief Executive Officer
Term of agreement	Ongoing appointment, subject to termination rights noted below.
Details	Base salary of \$400,000 per annum plus director fee of \$52,000 per year. Ms Saridas or her nominee is eligible to receive any forms of equity type compensation as reasonably determined by the Board from time to time. 1 months' notice of intention to resign and the Company may terminate the agreement by giving 1 months' notice.
Name	David Conry (1 July 2022 until resignation on 16 January 2023)
Title	Chairman and Chief Executive Officer
Term of agreement	Ongoing appointment, subject to termination rights noted below.
Details	Base salary of \$350,000 plus a motor vehicle allowance of \$30,000 per year. Mr Conry or his nominee was eligible to receive any forms of equity type compensation as reasonably determined by the Board from time to time. 3 months' notice of intention to resign and the Company may terminate the agreement by giving 3 months' notice.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Australian Pacific Coal Limited
Directors' report
30 June 2023

Options

There were no options over ordinary shares issued as remuneration to directors or other key management personnel in the year ended 30 June 2023.

Performance Rights

The terms and conditions of each grant of performance right over ordinary shares affecting remuneration of directors and other key management personnel in the previous financial year are as follows:

	Number of performance rights granted	Grant date	Expiry date	Exercise price	Fair Value per performance rights at grant date
David Conry	500,000	27.08.2021	27.08.2024	\$Nil	\$0.164
David Conry	500,000	27.08.2021	27.08.2026	\$Nil	\$0.167
Tony Lalor	375,000	27.08.2021	27.08.2024	\$Nil	\$0.164
Tony Lalor	375,000	27.08.2021	27.08.2026	\$Nil	\$0.167

Values of performance rights over ordinary shares granted exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

	Value of performance rights granted during the year	Value of performance rights vested during the year	Value of performance rights lapsed during the year
David Conry	-	\$165,500	-
Tony Lalor	-	\$124,125	-

No performance rights have been granted to Key Management Personnel since the end of the financial year.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other	Balance at the end of the year
<i>Ordinary shares</i>					
Mike Ryan	-	-	-	-	-
Ayten Saridas	-	-	-	-	-
Nicholas Johansen	-	-	-	-	-
Jeff Beatty	-	-	-	-	-
Tony Lalor ¹	-	750,000	-	-	750,000
David Conry ¹	-	1,000,000	-	-	1,000,000
Craig McPherson ¹	-	750,000	-	-	750,000

¹. Represents shareholding at date of resignation as director

Australian Pacific Coal Limited
Directors' report
30 June 2023

Option holding

There were no options over ordinary shares in the company held during the financial year by any director and other members of key management personnel of the consolidated entity, including their personally related parties.

Performance Rights Held by Key Management Personnel

Details of Performance Rights held directly, indirectly or beneficially by key management personnel during the year ended 30 June 2023 were as follows:

	Balance at 1 July 2022	Granted as Compensation	Vested	Lapsed	Balance at 30 June 2023	Total Vested 30 June 2023
Mike Ryan	-	-	-	-	-	-
Ayten Saridas	-	-	-	-	-	-
Nicholas Johansen	-	-	-	-	-	-
Jeff Beatty	-	-	-	-	-	-
David Conry	1,000,000	-	1,000,000	-	-	-
Tony Lalor	750,000	-	750,000	-	-	-
Craig McPherson	750,000	-	750,000	-	-	-

Other transactions with key management personnel and their related parties

From 1 July 2022 until resignation as a Director, the Group paid MH Private Pty Ltd, an entity associated with Mr McPherson, \$217,500 for financial, corporate secretarial and bookkeeping services.

From 1 July 2022 until resignation as a Director the Group paid Mills Oakley, a law firm of which Mr Lalor is a Partner, \$686,695 for legal services.

From appointment as a Director until 30 June 2023, the Group paid Whiterock Resources Pty Ltd, an entity associated with Mr Beatty, \$237,299 for services connected with the Dartbrook Joint Venture. At reporting date there was an amount of \$26,414 was outstanding and payable to Whiterock Resources Pty Ltd.

There were no other transactions with key management personnel and their related parties during the financial year other than those transactions disclosed within this annual financial report.

This concludes the remuneration report, which has been audited.

Shares under option, performance rights or convertible note

There are no unissued ordinary shares of Australian Pacific Coal Limited under option or convertible note at the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 21 to the financial statements.

Australian Pacific Coal Limited
Directors' report
30 June 2023

The directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

The following fees were paid or payable to Hall Chadwick Melbourne for non-audit services provided during the year ended 30 June 2023:

	\$
Taxation services	15,437
	<u>15,437</u>

Officers of the company who are former partners of Hall Chadwick Chartered Accountants

There are no officers of the company who are former partners of Hall Chadwick Chartered Accountants.

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.

Auditor

Hall Chadwick Chartered Accountants continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Mike Ryan
Chairman

28 September 2023
Brisbane

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

SYDNEY

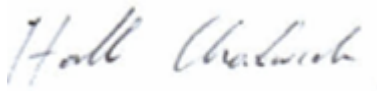
Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

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

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 and controlled entities. As the lead audit partner for the audit of the financial report of Australian Pacific Coal Limited and controlled entities for the year ended 30 June 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Hall Chadwick
Sydney NSW 2000



STEWART THOMPSON
Partner
Date: 28 September 2023

A Member of PrimeGlobal
An Association of Independent
Accounting Firms

 **PrimeGlobal**

Australian Pacific Coal Limited
Directors' report
30 June 2023

Statement of profit or loss and other comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18
Directors' declaration	46
Independent auditor's report to the members of Australian Pacific Coal Limited	47

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

Level 1, 371 Queen Street
Brisbane QLD 4000

Principal place of business

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 28 September 2023. The directors have the power to amend and reissue the financial statements.

Australian Pacific Coal Limited
Statement of profit or loss and other comprehensive income
As at 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Revenue	4	319,715	55,288
Expenses			
Employee benefits expense		(1,644,548)	(1,386,768)
Depreciation and amortisation expense	5	(1,029,053)	(1,011,851)
Exploration and evaluation expense		(2,114,251)	(43,869)
Share-based payments		-	(413,750)
Administration and consulting expenses		(2,506,207)	(1,528,046)
Finance costs	5	(5,543,289)	(7,167,353)
Loss before income tax expense from continuing operations		(12,517,633)	(11,496,349)
Income tax expense	6	-	-
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(12,517,633)	(11,496,349)
Earnings per share for profit attributable to the owners of Australian Pacific Coal Limited		Cents	Cents
Basic earnings per share	29	(5.23)	(22.70)
Diluted earnings per share	29	(5.23)	(22.70)

The above statement of financial position should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Statement of financial position
As at 30 June 2023

		Consolidated	
	Note	2023	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	3,681,525	338,558
Trade and other receivables	8	340,301	417,930
Loans receivable	9	16,022,782	-
Other	10	397,333	123,062
Total current assets		20,441,941	879,550
Non-current assets			
Property, plant and equipment	11	2,751,401	3,741,304
Exploration and evaluation	12	5,894,592	5,720,170
Other	14	8,998,233	8,998,733
Total non-current assets		17,644,226	18,460,207
Total assets		38,086,167	19,339,757
Liabilities			
Current liabilities			
Trade and other payables	15	4,497,454	10,114,56
Borrowings	16	-	57,462,280
Total current liabilities		4,497,454	67,576,84
Non-current liabilities			
Provisions	17	20,041,000	19,550,000
Total non-current liabilities		20,041,000	19,550,000
Total liabilities		24,538,454	87,126,844
Net assets		13,547,713	(67,787,087)
Equity			
Issued capital	18	154,753,974	60,487,791
Reserves		-	413,750
Retained profits		(141,206,261)	(128,688,628)
Total equity		13,547,713	(67,787,087)

The above statement of financial position should be read in conjunction with the accompanying notes

Australian Pacific Coal Limited
Statement of changes in equity
For the year ended 30 June 2023

Consolidated

	Issued capital	Reserves	Retained profits	Total equity
	\$		\$	\$
Balance at 1 July 2021	60,487,791	-	(117,192,279)	(56,704,488)
Loss after income tax expense for the half-year	-	-	(11,496,349)	(11,496,349)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(11,496,349)	(11,496,349)
<i>Transactions with owners in their capacity as owners:</i>				
Share based payments	-	413,750	-	413,750
Contributions of equity, net of transaction costs	-	-	-	-
Contributions of equity, transfers from reserves	-	-	-	-
Balance at 30 June 2022	60,487,791	413,750	(128,688,628)	(67,787,087)

	Issued capital	Reserves	Retained profits	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 year	-	-	(12,517,633)	(12,517,633)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(12,517,633)	(12,517,633)
<i>Transactions with owners in their capacity as owners:</i>				
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 30 June 2023	154,753,974	-	(141,206,261)	13,547,713

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

Australian Pacific Coal Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 \$	Consolidated 2022 \$
Cash flows from operating activities			
Receipts from customers		-	55,224
Payments to suppliers and employees		(5,920,500)	(2,914,909)
Net interest received / (paid)		40,009	(2,859,685)
			(5,055)
Net cash from operating activities	28a	(5,880,491)	(2,864,740)
Cash flows from investing activities			
Payments for property, plant and equipment		(109,150)	(32,358)
Proceeds from sale of property plant & equipment		-	17,082
Refund of security bond		500	-
Payments for exploration and evaluation		(174,422)	(284,928)
Loan advances		(13,845,903)	-
Net cash used in investing activities		(14,128,975)	(300,204)
Cash flows from financing activities			
Contributions of equity, net of transaction costs	28b	23,352,433	-
Proceeds from borrowings		-	3,109,677
Repayment of borrowings		-	(118,311)
Net cash used in financing activities		23,352,433	2,991,366
Net increase/(decrease) in cash and cash equivalents		3,342,967	(173,578)
Cash and cash equivalents at the beginning of the financial year		363,558	537,136
Cash and cash equivalents at the end of the financial year	7	3,706,525	363,558

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

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.

Going Concern

The consolidated entity has incurred a net loss of \$12,517,633 for the year ended 30 June 2023.

On 31 August 2023, the Company announced a capital raising of up to \$12 million via a \$4 million Institutional Placement (the "Placement") and a 1 for 4.75 Accelerated Non-Renounceable Entitlement Offer ("ANREO") at an offer price of \$0.11 per new share issued ("New Shares"). Settlement of the New Shares to be issued as part of the Institutional Component and the Placement occurred on 6 September 2023. The Retail Component opened on 6 September 2023 and is expected to close at 5.00pm (Sydney time) on 2 October 2023.

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 or joint ventures from related and non-related parties to support existing or new opportunities.
- 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.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Pacific Coal Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Australian Pacific Coal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Australian Pacific Coal Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group has applied AASB 15: *Revenue from Contracts with Customers*. The major components of revenue are recognised as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Significant accounting policies (continued)

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Australian Pacific Coal Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

- (a) Ore and other metals on hand is valued on an average total production cost method
- (b) Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
- (c) A proportion of related depreciation and amortisation charge is included in the cost of inventory

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Land and buildings are shown at historical cost. On any revaluation, accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	10-20%
Leasehold improvements	2.5%
Plant and equipment	10-33%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Note 1. Significant accounting policies (continued)

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 1. Significant accounting policies (continued)

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Note 1. Significant accounting policies (continued)

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 1. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Australian Pacific Coal Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 1. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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.

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.

New and Amended Standards and Interpretations for Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023.

The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables

A simple approach is followed in relation to trade receivables, as the loss allowance is measured at lifetime expected credit loss.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 8, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Costs incurred in or benefits of the productive process are accumulated as stockpiles, copper and other metals in process, ore on leach pads and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing metal prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number contained metal ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantity of recoverable metal is reconciled by comparing the grades of the ore to the quantities of metals actually recovered (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

Business combinations

The acquisition method is used to account for business combinations. The fair value of assets acquired, liabilities and contingent liabilities are measured by the consolidated entity taking into consideration all acquisition costs at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The consolidated entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The consolidated entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Vendor royalty provision

A provision has been made for the present value of the anticipated production royalty payable to the vendors of the Dartbrook Mine. The net present value adopted is lower than the full nominal amount of the vendor royalty to reflect, amongst other things, the risk and probability associated with recommencing mining operations and the consequential time value of the royalty payment stream. Accordingly, the vendor royalty in excess of the recognised net present value amount is a contingent liability, with remeasurement likely to occur once development approvals are obtained and the directors resolve to progress toward construction and operation. The consolidated entity will review the measurement of the provision each annual reporting period to reflect the then-current probability weighted estimate of incurring royalty payments to the vendors.

Note 3. 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 each 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.

Financial information

	Net loss from continuing operations before tax		Total Assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Exploration & Evaluation	4,069,736	1,486,024	34,746,329	18,916,836
Corporate	8,447,897	10,010,325	3,339,838	422,923
	<u>12,517,633</u>	<u>11,496,349</u>	<u>38,086,167</u>	<u>19,339,759</u>

Note 4. Revenue

	Consolidated	
	2023	2022
	\$	\$
<i>Other revenue</i>		
Interest	319,715	64
Rent	-	55,224
	<u>319,715</u>	<u>55,288</u>
Total Revenue	<u>319,715</u>	<u>55,288</u>

Note 5. Expenses

	Consolidated 2023 \$	2022 \$
Loss before income tax includes the following specific expenses:		
Depreciation	1,029,053	1,011,851
<i>Finance costs</i>		
Interest and finance charges paid/payable	5,543,289	7,167,353
Finance costs expensed	5,543,289	7,167,353

Note 6. Income tax expense

	Consolidated 2023 \$	2022 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	(12,517,630)	(11,496,349)
Profit before income tax expense from discontinued operations		
	(12,517,630)	(11,496,349)
Tax at the statutory tax rate of 30%	(3,755,289)	(2,874,087)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Depreciation and amortisation	308,716	252,963
Entertainment expense	695	153
Other non-allowable items	2,066,222	9,323,904
Other allowable items	(12,641,176)	(7,575,257)
	(14,020,832)	(872,324)
Tax losses and temporary differences not brought to account	14,020,832	872,324
Income tax expense	-	-

Note 7. Current assets - cash and cash equivalents

	Consolidated 2023 \$	2022 \$
<i>Current:</i>		
Cash at bank and on hand	3,681,525	338,558
	3,681,525	338,558

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	3,681,525	338,558
Deposit as security for rental bonds and equipment leases (Note 18)	25,000	25,000
Balance as per statement of cash flows	3,706,525	363,558

Note 8. Current assets - trade and other receivables

	Consolidated 2023 \$	2022 \$
Trade and other receivables	340,301	417,930
Less: Allowance for expected credit loss	-	-
	<u>340,301</u>	<u>417,930</u>

Note 9. Loans receivable

	Consolidated 2023 \$	2022 \$
Advances for Dartbrook Coal Project	16,022,782	-
	<u>16,022,782</u>	<u>-</u>

During the year the consolidated entity provided early restart funding to advance development of the Dartbrook Coal Project. The consolidated entity anticipates these funds will be repaid from upon receipt of development funding to advance the Dartbrook Coal Project. Under the joint venture 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.

Note 10. Current assets - other

	Consolidated 2023 \$	2022 \$
Security bond	16,400	-
Accrued Interest	279,706	-
Prepayments	101,227	123,062
	<u>397,333</u>	<u>123,062</u>

Note 11. Non-current assets - property, plant and equipment

	Consolidated 2023 \$	2022 \$
Land and buildings - at cost	850,786	850,786
Less: Accumulated depreciation	(139,134)	(133,335)
	<u>711,652</u>	<u>717,451</u>
Leasehold improvements - at cost	180,216	180,217
Less: Accumulated depreciation	(171,826)	(171,594)
	<u>8,391</u>	<u>8,623</u>
Plant and equipment - at cost	8,302,290	8,263,141
Less: Accumulated depreciation	(6,270,932)	(5,247,911)
	<u>2,031,358</u>	<u>3,015,230</u>
	<u>2,751,401</u>	<u>3,741,304</u>

Australian Pacific Coal Limited
Notes to the financial statements
30 June 2023

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2021	723,320	8,855	4,005,706	4,737,881
Additions	-	-	32,356	32,356
Disposals	-	-	(17,082)	(17,082)
Impairment	-	-	-	-
Available for Sale	-	-	-	-
Depreciation expense	(5,869)	(232)	(1,005,750)	(1,011,851)
Balance at 30 June 2022	717,451	8,623	3,015,230	3,741,304
Additions	-	-	109,150	109,150
Disposals	-	-	-	-
Impairment	-	-	(70,000)	(70,000)
Available for Sale	-	-	-	-
Depreciation expense	(5,799)	(232)	(1,023,022)	(1,029,053)
Balance at 30 June 2023	<u>711,652</u>	<u>8,391</u>	<u>2,031,358</u>	<u>2,751,401</u>

Refer to Note 21 for further information on fair value measurement.

Note 12. Non-current assets - exploration and evaluation

	Consolidated 2023 \$	2022 \$
Exploration and evaluation - at cost	<u>5,894,592</u>	<u>5,720,170</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation \$	Total \$
Balance at 1 July 2021	5,435,244	5,435,244
Additions	284,927	284,927
Balance at 30 June 2022	5,720,170	5,720,170
Additions	174,422	174,422
Balance at 30 June 2023	<u>5,894,592</u>	<u>5,894,592</u>

Note 12. Non-current assets - exploration and evaluation (continued)

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable resources and active or significant operations in relation to the area are continuing.

Where the minimum expenditure on some tenements have not been met in the current period, rent continues to be paid and various tenement renewals are in progress. This process and potential delays with respect to the renewals are not considered to be significant or material to warrant impairment of the tenement assets.

Note 13. Non-current assets - deferred tax

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss	403,246	8,853,077
Tax losses – operating losses	32,529,214	15,694,902
Tax losses – capital losses	571,618	-
Dartbrook Mine Acquisition	7,765,641	62,225,341
	<u>7,765,641</u>	<u>62,225,341</u>
Tax assets not brought to account	(41,269,719)	(30,773,320)
Deferred tax asset	<u>-</u>	<u>-</u>

Note 14. Non-current assets - other

	Consolidated	
	2023	2022
	\$	\$
Cash on deposit for rental bonds and bank facilities	25,000	25,000
Security deposits	8,973,733	8,973,733
	<u>8,998,733</u>	<u>8,998,733</u>

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Trade and other payables	4,497,454	2,781,970
Accrued interest – loans	-	7,332,594
	<u>4,497,454</u>	<u>10,114,564</u>

Refer to Note 19 for further information on financial instruments.

Note 16. Current liabilities - borrowings

		Consolidated	
		2023	2022
		\$	\$
Convertible securities	a)	-	48,152,603
Insurance premium funding			-
Unsecured Loan – Trepang Services Pty Ltd	b)	-	1,609,677
Interest bearing liabilities	c)	-	7,700,000
		<u>-</u>	<u>57,462,280</u>

a) The Convertible securities balance is comprised of following instruments:

- i. On 1 February 2016 the consolidated entity issued two convertible securities, with a face value of \$10,000,000 each, for total proceeds of \$20,000,000. Subsequently on 13 April 2017, shareholders of the Company approved new terms for the convertible notes including the capitalization of interest into new convertible securities resulting in a new face value of \$22,532,803 which was partially repaid in the prior period and with the remaining fully repaid including accrued interest in the current period (Balance owing at 30 June 2022: \$20,897,182).
- ii. Total accrued interest relating to convertible securities was repaid in full during the period (Balance owing at 30 June 2022: \$27,255,421).

b) During the prior financial year, Trepang Services Pty Ltd contributed loan funds of \$1,609,677 to the Company by way of an unsecured loan. The balance outstanding including accrued interest was fully repaid in the current period.

c) On 29 May 2017, the consolidated entity announced it has agreed terms with Anglo American Metallurgical Coal Assets Pty Ltd for the provision of a loan for \$7,700,000, secured against certain assets of the consolidated entity for a term of three years with at a 10% interest rate. On 28 April 2020 the consolidated entity announced that it had received notice from Anglo that it had assigned to Trepang Services Pty Ltd all of its rights, title and interest in the loan. The consolidated entity repaid the full amount outstanding including accrued interest in the current period.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2023	2022
	\$	\$
Convertible securities	-	48,152,603
Loan – Trepang Services Pty Ltd	-	7,700,000
	<u>-</u>	<u>55,852,603</u>

Note 17. Provisions

		Consolidated	
		2023	2022
	Note	\$	\$
<i>Non-Current:</i>			
Rehabilitation provision		9,441,000	8,950,000
Vendor Royalty provision	24	<u>10,600,000</u>	<u>10,600,000</u>
		<u>20,041,000</u>	<u>19,550,000</u>
<i>Reconciliation of movements:</i>			
Vendor Royalty provision			
Opening balance		10,600,000	10,600,000
Remeasurement		-	-
Depletion – rehabilitation activities completed or reassessed		-	-
Closing		<u>10,600,000</u>	<u>10,600,000</u>

Rehabilitation

The provision for rehabilitation closure costs relate to a present assessment to reinstate disturbed areas in accordance with the Dartbrook mining consent. Provision has been made to rehabilitate all areas of disturbance including surface infrastructure, buildings, underground mine workings and underground entries, using internal and external expert assessment of each aspect to calculate an anticipated cash outflow discounted to a net present value. At each reporting date the rehabilitation provision is re-measured in line with the then-current level of disturbance, cost estimates and other key inputs. The amount of provision relating to rehabilitation of areas is recognised in profit or loss as incurred.

The consolidated entity has provided cash of \$8,950,000 to the NSW government, as required under relevant laws and assessed by the relevant NSW government department. An assessment of the security deposit required under the *Mining Act 1992* by a delegate of the Secretary of the NSW Department of Regional NSW (the Department) was completed during the year. The reason for this assessment is to secure funding for the fulfilment of rehabilitation obligations in relation to the Dartbrook Mine. The Assessed Deposit was determined to be \$9,391,000.00 with an additional \$491,000 as additional security to be provided to the NSW government.

The consolidated entity will continue to assess the available and efficient rehabilitation options in parallel with potential development options for the mine.

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.

Note 18. Equity - issued capital

		2023	Consolidated	
		Shares	2022	2023
			Shares	\$
				\$
Ordinary shares - fully paid		<u>347,310,953</u>	<u>50,484,810</u>	<u>154,753,974</u>
				<u>60,487,791</u>
Details	Date	Shares		\$
Balance	1 July 2022	<u>50,484,810</u>		<u>60,487,791</u>
Conversion of performance shares	23 September 2022	2,500,000		413,750
Share issue – underwritten rights issue	10 October 2022	294,326,143		100,070,889
Share issue costs				<u>(6,218,456)</u>
Balance	30 June 2023	<u>347,310,953</u>		<u>154,753,974</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged.

Note 19. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk.

Risk management is carried out by the Chief Executive Officer ('CEO') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. The CEO identifies, evaluates and hedges financial risks within the consolidated entity's operating units. The CEO reports to the Board on a regular basis.

Market risk

Foreign currency risk

The consolidated entity is not currently exposed to foreign currency risk.

Price risk

The consolidated entity is not currently exposed to price risk.

Interest rate risk

The consolidated entity is not currently exposed to interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has no significant concentration of credit risk with any single counterparty or group of counterparties.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 19: Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	4,497,452	-	-	-	4,497,452
Consolidated - 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade and other payables	-	2,781,970	-	-	-	2,781,970
<i>Interest-bearing - fixed rate</i>						
Secured loans *	10.00%	7,700,000	-	-	-	7,700,000
Unsecured loans *	10.00%	1,609,677	-	-	-	1,609,677
Convertible notes payable *	10.00%	20,897,182	-	-	-	20,897,182
Total non-derivatives		32,988,829	-	-	-	32,988,829

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 \$	2022 \$
Short-term employee benefits	975,146	681,253
Share-based payments	-	289,625
Post-employment benefits	5,250	1,894
	<u>980,396</u>	<u>972,772</u>

Note 21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick Chartered Accountants, the auditor of the company, its network firms and unrelated firms:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services – Hall Chadwick Chartered Accountants</i>		
Audit or review of the financial statements	102,500	91,500
<i>Other services – Hall Chadwick Chartered Accountants</i>		
Preparation of the tax return	15,437	38,400
	<u>117,937</u>	<u>129,900</u>

Note 22. 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 (refer Note 17).

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 brought 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.

Royalty for Existing Financiers

On 27 September 2018, entity announced it had agreed revised terms with Mr Nicholas Paspaley, Mr John Robinson (Snr) and Trepang (collectively, the Financiers) in relation to their previous financing arrangements with AQC. These amendments were approved by shareholders in November 2018 and included the following potential royalties payable to the Financiers:

- Financiers will receive a \$2.50 per product tonne royalty for all coal produced and sold at Dartbrook.

At present the Dartbrook Mine is permitted to operate as an underground mine by longwall mining method. The potential royalties payable to the Financiers become payable after the vendor royalty is full discharged.

Note 23. 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 Venture). On 1 May 2023, the consolidated entity announced that the term sheet signed in September 2022 had been renegotiated and a new Joint Venture 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 Venture out of future development funding obtained.

The reimbursement is contingent on formal formation of the Joint Venture and receipt of future development funding.

At reporting date the consolidated entity has determined that the quantum of costs to be potentially reimbursed up to 30 June 2023 of approximately \$2.384m.

Note 24. Related party transactions

Parent entity

Australian Pacific Coal Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 26.

Key management personnel

Disclosures relating to key management personnel are set out in Note 20 and the remuneration report included in the directors' report.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023	2022
	\$	\$
Current convertible securities (payable):		
Mr John Robinson (Snr)	-	10,448,591
Mr Nick Paspaley	-	10,448,591
Current secured loans (payable):		
Trepang Services Pty Ltd	-	7,700,000
Current unsecured loans (payable):		
Trepang Services Pty Ltd	-	1,609,677

All funds advanced and owing at 30 June 2022 were repaid during the current financial year.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(7,837,692)	(6,918,713)
Total comprehensive income	(7,837,692)	(6,918,713)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	3,246,213	417,134
Total assets	10,705,040	23,265,876
Total current liabilities	403,540	52,662,002
Total liabilities	403,540	52,662,002
Equity		
Issued capital	154,753,971	60,487,791
Share based payment reserve		
Retained profits	(141,206,258)	(89,883,924)
Total equity	13,547,713	(29,396,133)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has entered into a guarantee in connection with the consolidated entities' purchase of the Dartbrook coal mine.

The parent entity has not entered into any other guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 other than disclosed at note 22.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 26. Interests in subsidiaries and joint arrangements

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
AQC Investments 1 Pty Ltd	Australia	100.00%	100.00%
AQC Investments 2 Pty Ltd	Australia	100.00%	100.00%
Area Coal Pty Ltd	Australia	100.00%	100.00%
AQC Services Pty Ltd	Australia	100.00%	100.00%
AQC Dartbrook Pty Ltd	Australia	100.00%	100.00%
AQC Dartbrook Management Pty Ltd	Australia	100.00%	100.00%
Dartbrook Coal (Sales) Pty Ltd	Australia	100.00%	100.00%
Ipoh Pacific Resources Pty Ltd	Australia	100.00%	100.00%
Felix St Pty Ltd	Australia	100.00%	100.00%
IPR Operations Pty Ltd	Australia	100.00%	100.00%
Mining Investments One Pty Ltd	Australia	100.00%	100.00%

Joint Arrangements

The consolidated entity holds an 80% interest in the Dartbrook Joint Arrangement, an arrangement structured as a strategic partnership with the consolidated entity and other parties. The primary purpose of the joint arrangement is to facilitate exploration, mining and sale of coal from the Dartbrook project.

Note 27. Events after the reporting period

The following matters or events have occurred subsequent to the end of the reporting period:

- On 14 July 2023, the Company announced that it had received a loan for \$3 million from its major shareholder, Trepang Services, to provide for additional working capital while negotiations with potential lenders for the balance of the restart capex funding are finalised. The Company is also advancing discussions for the potential sale of an AQC-owned parcel of land to Trepang. The loan plus interest will be repaid within 12 months or when third party funding is secured.
- On 17 August 2023, the Company announced that it had received a non-binding letter of intent from Trafigura Pte Ltd for up to US\$50 million (approximately \$75 million) in debt funding to enable the restart of Dartbrook underground coal mine.
- On 31 August 2023, the Company announced a capital raising of up to \$12 million via a \$4 million Institutional Placement (the "Placement") and a 1 for 4.75 Accelerated Non-Renounceable Entitlement Offer ("ANREO") at an offer price of \$0.11 per new share issued ("New Shares"). Settlement of the New Shares to be issued as part of the Institutional Component and the Placement occurred on 6 September 2023. The Retail Component opened on 6 September 2023 and is expected to close at 5.00pm (Sydney time) on 2 October 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 28. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2023 \$	2022 \$
(a) Reconciliation of cash flows from operating activities		
Loss after income tax expense for the year	(12,517,633)	(11,496,349)
Adjustments for:		
Depreciation and amortisation	1,029,053	1,011,851
Increase in provisions	491,000	-
Share-based payments	-	413,750
Accrued finance costs	5,705,126	7,152,413
Available for sale assets	-	(100,000)
Change in operating assets and liabilities:		
Increase / (decrease) in trade and other receivables	77,629	(351,540)
Increase / (decrease) in prepayments and accruals	(274,271)	(12,446)
(Increase) / decrease in trade and other payables	(391,395)	417,578
Net cash from operating activities	<u>(5,880,491)</u>	<u>(2,864,740)</u>

(b) Reconciliation of net cash flows from financing activities

Contributions of equity, net of transaction costs	93,852,433	-
Repayment of borrowings	(70,500,000)	-
Net cash from financing activities	<u>23,352,433</u>	<u>-</u>

Note 29. Earnings per share

	Consolidated 2023 \$	2022 \$
<i>Earnings per share for profit from continuing operations</i>		
Profit after income tax	(12,517,633)	(11,496,349)
Profit after income tax attributable to the owners of Australian Pacific Coal Limited	<u>(12,517,633)</u>	<u>(11,496,349)</u>
	Cents	Cents
Basic earnings per share	(5.23)	(22.7)
Diluted earnings per share	(5.23)	(22.7)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares used in calculating basic earnings per share	239,443,783	50,484,810
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Convertible notes	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>239,443,783</u>	<u>50,484,810</u>

Note 30. Share-based payments

Share-based payment expense recognised during the year:

	2023	2022
	\$	\$
Share-based payment expense recognised during the period:		
Performance rights issued to a directors and management	-	413,750
	<u>-</u>	<u>413,750</u>

Notes for the above table, relating to the year ended 30 June 2023

1. The Company has issued 2,500,000 performance rights under the company's employee incentive plan. 1,250,000 performance rights will convert into Shares on a one for one basis in the event the Company's share's trade at a VWAP of at least \$0.25 for a minimum of 10 consecutive trading days. The balance of 1,250,000 performance rights will convert into Shares on a one for one basis in the event the Company's share's trade at a VWAP of at least \$0.35 for a minimum of 10 consecutive trading days.

Australian Pacific Coal Limited
Directors' declaration
30 June 2023

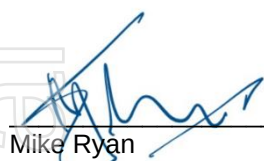
In the opinion of the directors of Australian Pacific Coal Limited (the Company)

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mike Ryan
Chairman

28 September 2023
Brisbane

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN PACIFIC COAL LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
Fx: (612) 9263 2800

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Report on the Financial Report

Opinion

We have audited the financial report of Australian Pacific Coal Limited and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Australian Pacific Coal Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the 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 given to the directors of the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss of \$12,517,633 during the year ended 30 June 2023. As stated in Note 1 these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

A Member of PrimeGlobal
An Association of Independent
Accounting Firms

 **PrimeGlobal**

For personal use only

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2023. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Exploration and evaluation expenditure <i>Refer to Note 13 'Exploration and Evaluation'</i> At 30 June 2023, the Consolidated Entity had capitalised exploration assets of \$5,720,170. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 1. This is a key audit matter because the carrying value of the assets are material to the financial statements and the significant judgements applied in determining whether an indicator of impairment exists in relation to capitalised exploration and expenditure assets in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>.	Our Procedures included, amongst others: • We confirmed the existence and tenure of the exploration assets in which the Group has a contracted interest by obtaining a confirmation of the titles. • In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with AASB 6 – Exploration for and Evaluation of Mineral Resources, we: ◦ examined the minutes of the Group's board meetings and updates from the Group's exploration partners; ◦ discussed with management the Group's ability and intention to undertake further exploration activities; and ◦ reviewed any tenements that have been surrendered ensuring these have been expensed as required. • We tested a sample of additions of capitalised exploration expenditure to supporting documentation.
Recognition and measurement of vendor royalty provisions <i>Refer to Note 17 'Provisions' and Note 2 'Critical accounting judgements, estimates and assumptions' vendor royalty</i> The Group has vendor royalty provisions of \$10,600,000 at 30 June 2023. The calculation of these provisions requires judgment in estimating the future production, the timing as to when the future production will be incurred and the determination of an appropriate rate to discount the future costs to net present value. We focused on this area due to significance of the balance in the consolidated statement of financial position relative to net assets, and the significant judgments and assumptions involved in the recognition and measurement of this obligation.	Our Procedures included, amongst others: • We evaluated the legal and/or constructive obligations with respect to the vendor royalty provisions for the Dartbrook operations and the associated estimates. • We assessed the accuracy of the calculations and the appropriateness of the discount rates. • We assessed the adequacy of the Group's disclosures in respect of borrowings.

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

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

Information Other Than The Financial Report And Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

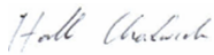
Report on the Remuneration Report

We have audited the remuneration report included in pages 5 to 10 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Australian Pacific Coal Limited, for the year ended 30 June 2023, complies with 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.



Hall Chadwick
Sydney NSW 2000



STEWART THOMPSON
Partner

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Australian Pacific Coal Limited ("the Company") is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council ("CGC") Principles and Recommendations and published guidelines. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders.

The Board seeks, where appropriate to adopt without modification, the CGC recommendations. Where there has been any variation from the CGC recommendations, it is because the Board believes the Company is not as yet of size, nor are its financial affairs of such complexity, to justify some of these recommendations. The Board is of the view that with the exception of the departures to the CGC Corporate Governance Principles and Recommendations as are set out below, it otherwise complied with all of the CGC Corporate Governance Principles and Recommendations. The Company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement or Annual Report, is available on our website www.aqcltd.com.au. This statement has been approved by the Company's Board of Directors and is current as at 28 September 2023.

The following table summarises the Company's compliance with the CGC recommendations and states whether the Company has complied with each recommendation.

Recommendation	Summary of the Company's Compliance
Principle 1 – Lay solid foundations for management and oversight	
Companies should clearly delineate the respective roles and responsibilities of its board and management and regularly review their performance.	
1.1: A listed entity should have a board charter setting out: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	A formal board charter has not been established given the size of the Company's Board and management. The Board is ultimately accountable for the performance of the Company and provides leadership and sets the strategic objectives of the Company. It appoints all senior executives and assesses their performance on an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the Company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures. Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought to the Board's attention. They must operate within the risk and authorisation parameters set by the Board.

CORPORATE GOVERNANCE STATEMENT

1.2: A listed entity should: a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	The Company undertakes relevant reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election of a director.
1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.
1.4: The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.
1.5: A listed entity should: a) have and disclose a diversity policy; b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and c) disclose in relation to each reporting period: i. the measurable objectives set for that period to achieve gender diversity; ii. the entity's progress towards achieving those objectives; and iii. either: i. the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ii. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act	The Company has not adopted a formal Diversity Policy nor has it set measurable objectives for achieving gender diversity as it has a small number of directors and employees and has limited opportunity and scope to adopt formalised policy guidelines or measurable objectives. The Board is committed to developing diversity in its workplace to assist the Company to meet its goals and objectives by providing an environment whereby appointments, advancement and opportunities are considered on a fair and equitable basis. The Company is committed to promoting a corporate culture which embraces diversity when determining the composition of the Board, senior management and employees. The Company will ensure that recruitment and selection decisions are based on the principle of merit, skills and qualifications and regardless of age, gender, nationality, cultural background or any other factor not relevant to the position. Past skills and experience in the mining and exploration industries will be a key determinant in the selection process. At reporting date, the Company had four directors and one company secretary one of which was female. No entity within the consolidated entity is a 'relevant employer' for the purposes of the <i>Workplace Gender Equality Act 2012</i> (Cth) and therefore no Gender Equality Indicators to be disclosed.

CORPORATE GOVERNANCE STATEMENT

1.6: A listed entity should: a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Due to its size the Company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. The Board conducts its own evaluation of the skills, performance and remuneration of existing Directors from time to time. Individual Directors may recommend changes to the composition of the Board. Until such time as the Company expands to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the Company.
1.7: A listed entity should: a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	The Board reviews the performance of senior executives periodically. No performance evaluation of the executives was undertaken during the reporting period given the status of the company, its business operations and the composition of its executive.
Principle 2 – Structure the board to be effective and add value A listed entity should be of an appropriate size and collectively have the skills, commitment and knowledge of the entity and the industry in which it operates, to enable it to discharge its duties effectively and to add value.	
2.1: The board of a listed entity should: a) have a nomination committee which: i. has at least three members, a majority of whom are independent directors; and ii. is chaired by an independent director, and disclose: iii. the charter of the committee; iv. the members of the committee; and v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company does not have a separate nomination committee. Given the size of the Board, the Board as a whole decides the selection of members of the Board and makes recommendations to shareholders for election of Directors. Each Board member is responsible for assessing the necessary competencies of the Board members to add value to the Company, reviewing Board succession plans and evaluating the Board's performance.

CORPORATE GOVERNANCE STATEMENT

2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The current Board members represent individuals that have extensive experience as well as professionals that bring to the Board their specific skills in order for the Company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has therefore been determined primarily on the basis of their ability to deliver outcomes in accordance with the Company's short and long term objectives and therefore deliver value to shareholders.

All Board members are expected to demonstrate the following attributes:

Board Member Attributes

Leadership	Represents the Company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts are considered; leads others to action; proactive solution seeker.
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, Company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.
Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks.

2.3: A listed entity should disclose:

- the names of the directors considered by the board to be independent directors;
- if a director has an interest, position, association or relationship of the type described in Box 2.3

Details of the Board of directors, their appointment dated, length of service and independence status is set out from page 3 to 4 of the Annual Report.

CORPORATE GOVERNANCE STATEMENT

but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and c) the length of service of each director.	
2.4: A majority of the board of a listed entity should be independent directors.	The board consists of four directors, two of whom are considered independent. Given the size and status of the Company and its operational status, the Board considered this to be appropriate.
2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	The current Chair, Mr Mike Ryan, is considered an independent director. Mr Ryan does not perform the role of CEO.
2.6: A listed entity should have a program for inducing new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the Company's operations and background. Directors are encouraged to undertake director development programs to ensure that directors can enhance their skills and remain abreast of important developments, however no formal program of review has been implemented given the status of the Company and its operational status.
Principle 3 – Instil a culture of acting lawfully, ethically and responsibly A listed entity should instil and continually reinforce a culture across the organisation of acting lawfully, ethically and responsibly.	
3.1: A listed entity should articulate and disclose its values.	A formal value statement has not been established or disclosed given the size of the Company's Board and management. The Company is committed to conducting all of its business activities fairly, honestly with a high level of integrity, and in compliance with all applicable laws, rules and regulations. The Board and management are dedicated to high ethical standards and recognise and support the Company's commitment to compliance with these standards.
3.2: A listed entity should: a) have and disclose a code of conduct for its directors, senior executives and employees; and b) ensure that the board or a committee of the board is informed of any material breaches of that code.	A formal code of conduct has not been established given the size of the Company's Board and management.

CORPORATE GOVERNANCE STATEMENT

3.3: A listed entity should: a) have and disclose a whistleblower policy; and b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	The Company's Whistleblower Policy is available on the Company's website. Any material breaches of the Whistleblower Protection Policy are to be reported in accordance with this policy.
3.4: A listed entity should: a) have and disclose an anti-bribery and corruption policy; and b) ensure that the board or a committee of the board is informed of any material breaches of that code.	A formal anti-bribery and corruption policy has not been established given the size of the Company's Board and management.
Principle 4 – Safeguard the integrity of corporate reports A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.	
4.1 - The board of a listed entity should: a) have an audit committee which: i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ii. is chaired by an independent director, who is not the chair of the board, and disclose: iii. the charter of the committee; iv. the relevant qualifications and experience of the members of the committee; and v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	The Board has established an Audit Committee. The Audit Committee consists of Mike Ryan, Ayten Saridas and Jeff Beatty. Details of the qualifications and experience of the director members of the Committee are detailed in the "Information on directors" section of the Directors' report. The Company considers that due to the size, nature and level of complexity of the Company, the Audit Committee is appropriate despite not meeting the strict compliance requirements of Principle 4.1. Ultimate responsibility for the integrity of the Company's financial reporting rests with the board and the current composition of the Audit Committee ensures that the Board has processes in place to raise issues that are ordinarily considered by the Audit Committee.
4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	For the financial year ended 30 June 2023 the Company's CEO and CFO provided the Board with the required declarations.

CORPORATE GOVERNANCE STATEMENT

4.3: A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Given the current size of the Board and management, the Company ensures that the corporate reports it releases are reviewed by the Board to ensure the financial and technical content is accurate, balanced and understandable.
Principle 5 – Make timely and balanced disclosure A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.	
5.1: A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	The Company is committed to promoting investor confidence and ensuring that shareholders and the market are provided with timely and balanced disclosure of all material matters concerning the Company, as well as ensuring that all shareholders have equal and timely access to externally available information issued by the Company, and takes its continuous disclosure obligations seriously. Primary responsibility rests with the Chief Executive Officer, while the Company Secretary is primarily responsible for communications with the Exchange. Whilst the Company does not have a formal policy, the Company notifies the ASX promptly of information: • concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and • that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities. Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities. Given the size of the Consolidated Entity, a formal continuous disclosure policy has not been adopted.
5.2: A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Given the current size of the Board and management, the Company aims to ensure that all market announcements are received prior to release to the market, but if not they are promptly distributed at the time of market announcement.
5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	The Company's ensures that any presentations to investors or analysts are released to the ASX Markets Platform ahead of presentation.

CORPORATE GOVERNANCE STATEMENT

Principle 6 – Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

6.1: A listed entity should provide information about itself and its governance to investors via its website.

The Company maintains information in relation to governance documents, directors and senior executives, annual report, ASX announcements and contact details on the Company's website.

The Company is committed to:

- Communicating effectively with its shareholders and ensuring that it is easy for shareholders to communicate with the Company;
- Complying with its continuous disclosure obligations applicable to the ASX listing rules and other regulations; and
- Ensuring that the shareholders and other stakeholders are provided with timely and full information about the Company's activities.

6.2: A listed entity should have an investor relations program that facilitate effective two-way communication with investors.

The Company does not have a formal investor relations program. The Board and Company Secretary engage with investors at the AGM, in relation to material announcements, and respond to shareholder enquiries on an ad hoc basis. Material communications are dispatched to investors either via email, surface mail, and/or via market announcement.

6.3: A listed entity should disclose how it facilitates and encourages participation at meetings of security holders

To facilitate and to encourage participation at meetings of shareholders, the Company ensures that information is communicated to its shareholders through:

- Posting information on the Company's web site at www.aqcltd.com;
- The distribution of Notice of Meetings and other information directly to shareholders through letters, email and other forms of communications;
- Ensuring that auditors are invited to the Annual General Meeting to consider questions regarding the conduct of the audit and the preparation and content of the auditor report; and
- Allowing shareholders the opportunity at meetings to discuss resolutions.

6.4: A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company will ensure that all substantive resolutions at shareholders meetings are decided by poll rather than a show of hands.

CORPORATE GOVERNANCE STATEMENT

6.5: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Link Market Services Limited at: https://www.linkmarketservices.com.au/corporate/InvestorServices/Investor-Services.html.
Principle 7 – Recognise and manage risk A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.	
7.1: The board of a listed entity should: a) have a committee or committees to oversee risk, each of which: - has at least three members, a majority of whom are independent directors; and - is chaired by an independent director, and disclose: - the charter of the committee; - the members of the committee; and - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have a risk committee or committees that satisfy a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework	The Board has established a Risk Committee. The Committee consists of Mike Ryan, Ayten Saridas and Jeff Beatty. Details of the qualifications and experience of the director members of the Committee are detailed in the "Information on directors" section of the Directors' report. The Company considers that due to the size, nature and level of complexity of the Company, the Risk Committee is appropriate despite not meeting the strict compliance requirements of Principle 7.1. Ultimate responsibility for establishing a sound risk management framework rests with the board and the current composition of the Risk Committee ensures that the Board has processes in place to raise issues that are ordinarily considered by the Risk Committee.
7.2: The board or a committee of the board should: a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and b) disclose, in relation to each reporting period, whether such a review has taken place	The Board is responsible for reviewing the Company's policy on risk management and risk oversight. The Board did not conduct a formal review of the Company's risk management framework during the reporting period due to the nature of the operations during the year.
7.3: A listed entity should disclose: a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	The Company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the CEO and CFO who continually monitor the Company's internal and external risk environment. Necessary action is taken to protect the integrity of the Company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of Company assets.

CORPORATE GOVERNANCE STATEMENT

7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Refer to the Company's Annual Report for disclosures relating to the Company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the Company's risk management framework.
Principle 8 – Remunerate fairly and responsibly A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interest with the creation of value for security holders.	
8.1: The board of a listed entity should: - have a remuneration committee which: - has at least three members, a majority of whom are independent directors; and - is chaired by an independent director, and disclose: - the charter of the committee; - the members of the committee; and - as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Board has established a Remuneration Committee. The Committee consists of Mike Ryan and Nick Johansen. Details of the qualifications and experience of the director members of the Committee are detailed in the "Information on directors" section of the Directors' report. The Company considers that due to the size, nature and level of complexity of the Company, the Remuneration Committee is appropriate despite not meeting the strict compliance requirements of Principle 8.1. Ultimate responsibility for setting and maintaining remuneration sufficient to attract and retain high quality personnel rests with the board. The current composition of the Remuneration Committee ensures that the Board has processes in place to raise issues that are ordinarily considered by the Remuneration Committee
8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Non-executive directors' remuneration is fee based with the level of remuneration reflective of the anticipated time commitments and responsibilities of the position. The Board considers the procedures, policies and key performance indicators used to measure the performance of key executives and directors. Any equity based executive remuneration may be made in accordance with thresholds approved by shareholders and developed over time. Full discussion of the Company's remuneration philosophy and framework and remuneration received by directors and executives in the current financial year is contained in the Remuneration Report section of the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

8.3: A listed entity which has an equity-based remuneration scheme should:

- a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b) disclose that policy or a summary of it

Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the Company, this will be disclosed. There was no equity based remuneration during the reporting period.

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows. This information is current as 11 September 2023.

1. Shareholding

a. Distribution of Shareholders – Ordinary Securities

Category (size of holding)	Number of holders	Number of shares held
1 – 1,000	288	116,503
1,001 – 5,000	377	1,046,440
5,001 – 10,000	181	1,432,964
10,001 – 50,000	266	6,342,585
50,001 – 100,000	68	5,146,106
100,001 – and over	125	423,756,728
Total	1,305	437,841,326

b. The number of shareholdings held in less than a marketable parcel of 500 shares (closing price on 11 September 2023) is 603 and they hold 863,310 shares.

c. The names of the substantial holders in the company as at 11 September 2022 are:

Substantial Holder	Number of shares
Trepang Services Pty Ltd	162,301,828
Regal Funds Management Pty Ltd	41,983,432

d. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary shares:

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Unlisted options:

- Options do not entitle the holders to vote in respect of the option, nor participate in dividends, when declared, until such time as the options are exercised and subsequently registered as ordinary shares.

ASX ADDITIONAL INFORMATION

e. 20 Largest Shareholders — Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	TREPANG SERVICES PTY LTD	162,301,828	37.07
2.	CITICORP NOMINEES PTY LIMITED	31,938,032	7.29
3.	SAMBOR TRADING PTY LTD	27,800,000	6.35
4.	MR BUGUO WANG	17,038,286	3.89
5.	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	16,226,172	3.71
5.	LATIMORE FAMILY PTY LTD	16,226,172	3.71
5.	L1 CAPITAL PTY LTD	16,226,172	3.71
6.	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	10,476,499	2.39
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,680,385	2.21
8.	MR NICHOLAS THEODORE JAMES PASPALEY	8,822,085	2.01
9.	WARBONT NOMINEES PTY LTD	8,084,026	1.85
10.	BART SUPERANNUATION PTY LIMITED	7,895,543	1.80
11.	UBS NOMINEES PTY LTD	7,642,876	1.75
12.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,380,453	1.69
13.	BUTTONWOOD NOMINEES PTY LTD	5,860,951	1.34
14.	JET ARM LIMITED	5,000,000	1.14
15.	NORFOLK ENCHANTS PTY LTD	4,462,197	1.02
16.	ZERRIN INVESTMENTS PTY LTD	3,600,000	0.82
17.	MR JOHN LAWRENCE MCINTYRE	3,500,000	0.80
18.	FAMA INVESTMENTS PTY LTD	3,454,545	0.79
19.	KITARA INVESTMENTS PTY LTD	3,245,234	0.74
20.	GLADIATOR SECURITIES PTY LIMITED	2,045,456	0.47
		378,906,912	86.54

f. Unlisted options

Nil

2. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited (ASX Code: AQC).

Competent Persons Statement

All exploration results, mineral resources and reserves referred to in this Annual Report have previously been announced to the market by the Company in accordance with the requirements of Chapter 5 of the ASX Listing Rules and the JORC Code, including as to the requirements for a statement from a Competent Person; and the relevant announcements have been referred to in the body of the Annual Report. The Company confirms that it is not aware of any new information or data that materially affects that information.

CORPORATE DIRECTORY

DIRECTORS

Mr Mike Ryan, Non-Executive Director and Interim Chairman
Ms Ayten Saridas, Director and Interim Chief Executive Officer
Mr Nick Johansen, Non-Executive Director
Mr Jeff Beatty, Non-Executive Director

COMPANY SECRETARY

Mr Craig McPherson

AUDITORS

Hall Chadwick, Chartered Accountants
Level 14, 41 Collins Street
Melbourne VIC 3004

SHARE REGISTRY

Link Market Services Limited
Level 21, 10 Eagle Street
Brisbane QLD 4000

Phone: 1300 554 474
www.linkmarketservices.com.au

REGISTERED OFFICE

Australian Pacific Coal Limited
Level 1/371 Queen Street
Brisbane QLD 4000

Phone: +61 7 3221 0679
Fax: +61 7 3229 9323
www.aqcltd.com