

Dartbrook Newsletter

Underground Mining Modification 7 Update

Key Facts on Underground MOD 7

- Rejuvenates former operating mine to provide employment, direct and indirect benefits to community
- Significant critical mining infrastructure already in place
- All planned operations to take place on land and roads already owned by the mine
- Minimal environmental impact of the mine and deemed acceptable by DP&E with appropriate mitigants and plans in place
- Target area of coal is already approved for underground mining
- Modification facilitates additional underground mining and coal conveyor methods, in addition to those already approved
 - 10 MT of bord & pillar mining
 - Alternate coal clearance method via haulage on private roads
 - Additional 5 years of mine life to enable commitment of capital

MODIFICATION UPDATE

NSW Department of Planning and Environment Recommend Dartbrook Modification 7 Proceed

The Environmental Assessment (EA) prepared for the Modification application was placed on public exhibition from 28 June to 25 July 2018. Following the preparation of a Response to Submissions document by AQC that addressed the issues raised by government agencies and the general public during the exhibition period, the application was assessed by the NSW Department of Planning & Environment (DPE). In their Assessment Report dated January 2019, DPE concluded that the impacts of the Modification could be appropriately managed and noted that the proposal could be approved, subject to strict conditions being put in place. The Modification application is now with the NSW Independent Planning Commission (IPC) for determination. As part of their determination process, the IPC is holding a public meeting at 10.00am on Tuesday 9 April 2019 at the Upper Hunter Conservatorium of Music (corner of Bridge and Brook Street, Muswellbrook).

If you wish to apply to speak at the public meeting, you must complete an expression of interest form and return it via email to ipcn@ipcn.nsw.gov.au so that it is received by no later than 5 pm on Monday, 1 April 2019.

Alternatively, you can make a written comment by using the following email address. Written comments are weighed the same as spoken presentations.

Subject: Dartbrook Coal Mine - Modification 7
Email: ipcn@ipcn.nsw.gov.au

It is important that the coal industry and associated industries support applications such as Dartbrook to ensure the future of our important contribution to the economy.

For further details on the Modification public meeting and determination process, please see the IPC website:

<https://www.ipcn.nsw.gov.au/projects/2019/02/dartbrook-coal-mine-modification-7>

CEO UPDATE

It is my pleasure to provide this update on the significant progress we have made toward our plans to recommence underground mining at Dartbrook.

MOD 7 is at the final phase of assessment, having received a positive recommendation from the Department of Planning & Environment that the application is approvable. MOD 7 is a low impact, low capital development method to get Dartbrook back to underground production after many years on care and maintenance.

AQC, in developing the strategy for Dartbrook, have brought on the SNR team as joint venture partners to provide their significant underground mining expertise for this next phase. Whilst the joint venture arrangement is not yet finalised, the SNR team is very committed to the underground recommencement and has already employed several key executives at site to drive forward important initiatives such as mine planning, the industrial relations framework and equipment supply.

Becoming a resident at Kayuga (Dartbrook mine site) several years ago, I have personally invested a significant amount of time in Muswellbrook and Aberdeen particularly, meeting with local business owners and other members of the community to share our forward underground plans. I am pleased with the diverse range of people I have been able to meet face to face and the messages of support to restart Dartbrook as an underground mine given the significant mining infrastructure already in place.

I encourage anyone who wishes to understand more about Dartbrook to contact our office and arrange a meeting with myself or an appropriate senior site staff member.

CEO - John Robinson

STRATEGIC PARTNERSHIP AGREEMENT

In August 2018, AQC announced that it had signed a binding agreement to partner with Stella Natural Resources (SNR) as equal-share participants in the Dartbrook Joint Venture to recommence underground mining operations. The intent of the Dartbrook Joint Venture is to optimise the return to shareholders through the successful recommencement of long-term underground operations at Dartbrook.

SNR has already engaged and mobilised key members of the SNR management team to Dartbrook in January to facilitate and implement operational readiness planning. The SNR team has extensive underground mining experience in the Hunter Valley and coal generally.

SITE UPDATE

Garoka Dairy

Dartbrook has a close working relationship with the Garoka Dairy extending over 15 years. As part of AQC's commitment to upgrade the dairy facilities in 2017 to a modern rotary-style facility, the dairy operators Robyne, Butch and Brad Smith have noted an impressive performance improvement to the facility driven by debottlenecking and operational efficiencies.

In absolute and relative terms, 2018 was a record year for Garoka Dairy. Monthly average milk volumes were up 225% and 155% over 2016 and 2017 respectively and 2018 yielded 125% more total production than 2017, despite only being operational for 9 months of the year following construction completion.

Butch Smith commented that "the close working relationship with Dartbrook has delivered a step change improvement to the business through the facilities upgrade. AQC has continued to be a supportive partner during a challenging period for the dairy industry and our continued, positive working relationship is a very positive example of interaction between agriculture and mining."

Schedule for Recommencement of Underground Mining at Dartbrook Mine



¹ Australian Pacific Coal

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

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

COMMUNITY ENGAGEMENT Update on Community Contributions

Muswellbrook Kindergarten Gets Dartbrook Agriculture Centre

In 2018, Dartbrook provided grant funding to the Muswellbrook Preschool Kindergarten for the "Learning Naturally" project. This project involved the development of an area into an environment where the children can learn and be involved in the importance of sustainable practices including growing vegetables, caring for animals and gain a hands-on understanding of the world. The project saw the rejuvenation of an otherwise unused section of the precinct and an introduction to the Muswellbrook Preschool farmers markets.

We are very proud to have supported this project and the community to enhance the development and learning opportunities for local children.

AQC welcomes the opportunity to engage with interested members of the local community in relation to the proposed Modification or any other matters. Anybody who wishes to discuss the current or proposed activities at Dartbrook Mine is invited to arrange an appointment by contacting the Dartbrook Mine representative listed.



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