Australian Pacific Coal

ASX: AQC

Australian Pacific Coal (AQC) is an emerging ASX coal explorer focused on the Bowen Basin, Queensland.

Through a series of acquisitions, AQC has positioned itself with both metallurgical and thermal coal projects potentially suited for underground and open cut mining.

The focus of AQC’s operations is to value add the coal projects through evaluation of resource potential of the projects followed up with drilling as required to prove up the resource. Early stage drilling has commenced on selected projects.

Following on from the value add process, AQC’s exploitation opportunities for individual coal projects include development of the project in its own right, farm-in, joint venture exploration, joint venture development or outright sale.

AQC’s long term strategic focus is based on seeking out and identifying potentially lucrative resource investment opportunities.

Paul Byrne
Chief Executive Officer
pbyrne@aqcltd.com

Quarterly Activities Report

KEY POINTS

Coal exploration

- MDL453 “Cooroorah” granted on 22 July 2013.
- Rio Tinto Exploration JV commitment period commenced on 23 August 2013.
- Rio Tinto Exploration commence drilling Mt Hillalong JV tenement EPC 1824. Positive initial results announced in October.

Corporate

- Share Purchase Plan closed in July 2013 raising further $575,250
- Additional $200,000 proceeds from the issue of shares.
Chief Executive Officer’s Comment

The Mineral Development License over our EPC 1827 “Cooroorah” tenement proceeded grant during the quarter with the grant of MDL 453 on 22 July 2013. I also refer you to our resource upgrade announcement released on 11 February 2013. These are significant milestones for this project, increasing the value of one of our key assets. Progress is being made towards the completion of a Desktop Concept Study as a first step towards a pre-feasibility study.

Further exploration will require additional funding. Looking forward into the next three quarters the company expects to commence its initial exploration drilling on the Dingo and Churchyard Creek projects. We remain focused on ensuring that funding for the projects is available as required and that shareholder dilution is minimised.

On 23 August 2013 Rio Tinto Exploration finalised tenement access for the Mt Hillalong JV tenement EPC 1824 thus activating their two year exploration commitment period. Initial drilling commenced shortly after with coal intersected at depths suitable for large scale open cut mining. We are very pleased with these initial results and the progress now being made in the JV.

While directing our activities to our 100% owned projects, we are always looking at the best way to commercialise our assets.

The Company’s key objective over the coming year is continues to be the commercialisation of our 100% owned Blackwater projects.

Paul Byrne
Chief Executive Officer
Coal Exploration

Blackwater Projects (AQC 100% owned)

Cooroora (EPC 1827/MDL453)
- Resource upgrade announced 11 February 2013
- Infill drilling program to elevate project to Measured JORC Resource
- Targeting PCI and semi-soft coking coal
- Located near rail network and developed infrastructure

Dingo (EPC 1859)
- 30 km east of operating Blackwater and Curragh mines, targeting Rangal Coal Measures
- Infill drilling program proposed to elevate project to a JORC Resource
- Located on rail network

Carlo Creek (EPC 1995)
- Historical drill holes and seismic sections identified two potential coal target sequences
Mt Hillalong Project - JV with Rio Tinto Exploration

- Rio Tinto to solely fund and manage exploration program in EPC 1824 to exercise right to earn 75% working interest

- 2 year commitment period for exercise of the option commenced on 23 August 2013.

- Exploration drilling has commenced with positive initial results. Further drilling expected to commence in early 2014.

- In close proximity to Rio Tinto’s Hail Creek Mine, producing 8Mtpa of hard coking coal, and part of Rio Tinto’s main coal hub
# TENEMENT HOLDINGS

Reconciled the Queensland Department of Natural Resources and Mines records as at 30 October 2013

<table>
<thead>
<tr>
<th>TENEMENT</th>
<th>TENEMENT NAME</th>
<th>Holder</th>
<th>JV Agreement with</th>
<th>DATE GRANTED</th>
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**Note:**

1. Australian Pacific Coal Limited retains a 10% interest in the Blackwood Resources Pty Ltd (subsidiary of Cuesta Coal Limited) joint venture tenements.

2. EPC 1824 is 100% owned by Area Coal Pty Ltd (subsidiary of Australian Pacific Coal Limited). Rio Tinto Exploration Pty Ltd hold an option to acquire a 75% interest in EPC 1824. Rio Tinto Exploration Pty Ltd holds a 100% beneficial interest in EPCs 1773, 1867 and 1645. That interest will revert back to Area Coal Pty Ltd should Rio Tinto Exploration Pty Ltd not exercise their EPC 1824 option.

3. Mining Investments One Pty Ltd holds a 100% beneficial interest in EPC 2122

4. EPCs 1548 and 2157 were sold during the June quarter 2013.

5. All other tenements are 100% owned by Australian Pacific Coal Limited 100% owned subsidiaries.
Corporate

Cash Position and Financing Forecast

The company completed its Share Purchase Plan early in July raising $525k before costs.

Cash balance at the end of the quarter was $895k. The increase in cash is supplemented by the ongoing funding available from the agreement with The Australian Special Opportunity Fund, LP will enable the Company to continue its exploration program in the second half of 2013.

Capital requirements

Lind Funding Agreement: On 1 October 2012 the Company announced that it has secured a funding agreement (“the Agreement”) from The Australian Special Opportunity Fund, LP, a New York-based institutional investor, managed by The Lind Partners, LLC (together, “Lind”). Under the Agreement Lind will further invest from AU$75,000 to AU$225,000, in monthly share subscriptions, over two years. Key terms of the Agreement are detailed in the Company’s announcement released to the market on 1 October 2012.

Directors recognise that equity placements as a source of funding in the current equities market is dilutive. To that end, alternative capital raising options are being considered and evaluated to enable continuation of the Company’s drilling program and the achievement of the Company’s objectives.

Financial

Cash at bank as at 30 September 2013 $895,406

Exploration and evaluation payments for the quarter: ($143,325)

Other net operating cash flows for the quarter: ($224,766)

Net investing cash flows for the quarter: $2,500

Net financing cash flows for the quarter: $759,503

Net increase in cash held during the quarter: $397,542
Corporate Directory

Directors
Peter Ziegler
Non-executive Chairman
Paul Byrne
Chief Executive Officer
Paul Ingram
Non-executive Director
Paul Ryan
Non-executive Director

Company Secretary and Chief Financial Officer
Kevin Mischewski

Listing
Australian Securities Exchange (ASX: AQC)

Share on Issue
Shares: 782,927,228 as at 30 September 2013
Options: Nil

Market Capitalisation
$11.7 million at 30 September 2013

Quarterly Share Price Activity

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<tr>
<td>December</td>
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<td>$0.017</td>
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Substantial Shareholders
Mr Paul Byrne  9.36%
Ms Elizabeth Byrne Henderson  4.38%

Principal Office
Level 7
10 Felix Street
Brisbane QLD 4000

Registered Office
Level 7
10 Felix Street
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Postal Address
PO Box 16330
City East QLD 4002

Share Registry
Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000

Auditor
Sothertons Chartered Accountants
10 Market St, Brisbane QLD 4000

Solicitors
Hopgood Ganim
L8 Waterfront Place
1 Eagle St, Brisbane QLD 4000

Geological Consultants
SW Hayes and Associates
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Global Ore Discovery Ltd
15a Tate St, Albion QLD 4010

Geological Solutions
Unit10, 13 Garnett St, Cooroy QLD 4563

Minserve Pty Ltd
L1, 1 Swann St, Taringa QLD 4068

Ausmec Pty Ltd
L4, 190 Edward St, Brisbane, QLD 4000