

1 October 2012

## **AQC Secures up to \$5.575 million Exploration and Working Capital Funding**

Australian Pacific Coal Limited (“AQC”) (**ASX: AQC**) is pleased to announce it has secured up to AU\$5,575,000 in funds to progress its exploration program and to provide additional working capital. The funding arrangement is underpinned by an AU\$5,575,000 investment (“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 with Lind, AQC will receive AU\$400,000 on execution in the form of a AU\$325,000 Convertible Security and AU\$75,000 as a prepayment for ordinary shares in AQC. Lind will further invest from AU\$75,000 to AU\$225,000, in monthly share subscriptions, over the next two years. Further key terms of the Agreement are detailed below.

AQC’s Managing Director, Paul Byrne, stated, “The Agreement with Lind will allow AQC to advance its exploration program. AQC is looking to unlock significant value at its Cooroora EPC1827 project and other Blackwater projects. The Agreement ensures that our ongoing efforts are fully funded as we advance our exploration program over the coming months.”

### **Key Aspects of the Lind funding Agreement:**

#### **1. Certainty of access to funding**

The facility provides AQC with certainty of a base level of funding over the next 24 months. The facility amount of up to AU\$5,575,000 is to be made available to AQC in regular tranches as follows:

- AQC will issue an unsecured Convertible Security with a face value of AU\$325,000 and a term of 24 months at a zero % interest rate.
- Over 24 months, a minimum of AU\$75,000 of shares will be purchased by Lind from AQC, approximately monthly, which may be increased to AU\$225,000 by mutual consent, subject to compliance with the terms of the Agreement. AQC has the right to pause the monthly tranche purchases for defined periods as specified in the Agreement.

AQC will also pay Lind a commencement fee in AQC shares to the value of AU\$200,000, at an issue price equal to the average daily VWAPs for the five trading days prior to the execution date, and is secured against 8,000,000 AQC shares.

## 2. Minimising dilution

The structure of the investment allows AQC to issue shares at prices that are linked to prices prevailing at the time, potentially at premiums to the current share price, minimising dilution for existing shareholders. The price at which shares will be issued is 90% of the average of the 3 daily VWAPs during a specified period prior to the issuance of shares.

On one occasion only, the conversion price may be 130% of the average daily VWAPs of the shares during the 20 trading day period prior to the execution of the Agreement.

## 3. Maximum Flexibility

The terms of the Agreement expressly allow AQC to carry out additional private placements of equity, rights issues and shareholder purchase plans. In addition, the Agreement does not restrict the company's ability to enter into strategic industry partnerships. AQC has the right to terminate the Agreement at no cost if the share price is below the floor price. AQC may also terminate the Agreement at any time during the term on payment of a minimal fee.

The Agreement contains provisions requiring the approval of shareholders as required under Listing Rule 7.1. Shareholder approval is not required for the initial funding to proceed.

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### ***About Australian Pacific Coal Limited***

*Australian Pacific Coal Limited (ASX:AQC) is an ASX-listed company focused on the exploration and development of metallurgical and thermal coal projects. With interests in 32 coal tenements strategically located in south-east Queensland's Bowen and Surat Basins, AQC has joint venture agreements in place with mining major Rio Tinto and Cuesta Coal.*

### ***About The Lind Partners, LLC***

*The Lind Partners, LLC is a New York-based alternative asset management company and manager of the Australian Special Opportunity Fund, LP. Lind selectively invests across a broad range of industries and economic environments with a focus on companies with market capitalizations ranging between \$25 million and \$1 billion having definable milestones and key inflection points that have the potential to create considerable shareholder value.*

More information on The Lind Partners can be found at [www.thelindpartners.com](http://www.thelindpartners.com)