

QUARTERLY REPORT

JANUARY TO MARCH 2013



Australian Pacific Coal

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

- Completion of Drilling Program on EPC 1827 "Cooroora"
- EPC 1827 "Cooroora" resource upgrade announced 11 February 2013
- Rio Tinto Exploration have commenced site survey, mapping and the first round of cultural heritage clearances on our Mt Hillalong joint venture tenement

Chief Executive Officer's Comment

The March Quarter of 2013 has been a quarter of intense activity for the Company.

Significantly we have completed the drilling on our 100% owned Blackwater project EPC1827 "Cooroorah. The additional drilling has provided us with the results necessary to advance our overlying MDL453 to grant. 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.

I am happy to report that in early April, Rio Tinto Exploration Pty Ltd commenced site survey, mapping and the first round of cultural heritage clearances on our Mt Hillalong joint venture tenement. Drilling is expected to commence in early July.

The increased activity has enabled the company to add value to its exploration projects. Further exploration will require additional funding. We remain focused on ensuring that funding for the projects is available as required and that shareholder dilution is minimised.

We also retain a healthy interest in the four Cuesta Coal projects. While directing our activities to our 100% owned projects, we are always looking at the best way to commercialise our assets.

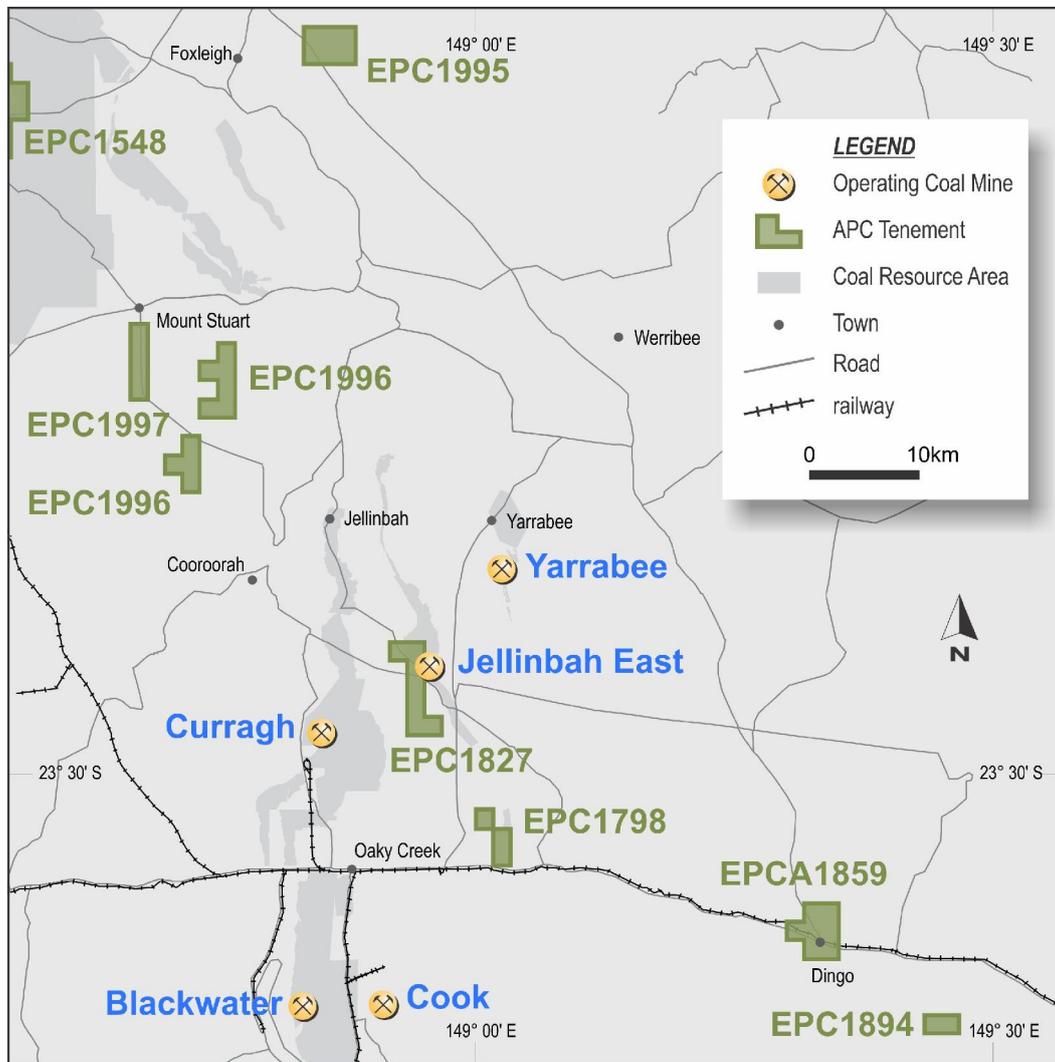
The Company's key objective over the coming year continues to be the commercialisation of our 100% owned Blackwater projects.



Paul Byrne
Chief Executive Officer

Coal Exploration

Blackwater Projects (AQC 100% owned)



Cooroorah (EPC 1827)

- 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

EPC1827 “Cooroorah” – Nov 2012 to March 2013 drilling program

The Cooroorah project is 100% owned by Australian Pacific Coal. The tenement lies astride the Jellibah fault. The primary resource target is west of the fault. A secondary shallow open cut target lies east of the fault. Located in the Blackwater coal hub of Queensland's Bowen Basin, surrounded by producing coal mines owned and operated by major mining companies. The region has well developed infrastructure with links to major rail and port facilities.

The Company's current drilling programme on EPC1827 “Cooroorah” recommenced on the 14th January 2013 and although hampered by monsoon rainfall throughout the Central Queensland Capricornia district, has now been completed. The drilling programme has been undertaken to support the requirements for the grant of MDL453 application, obtain additional coal quality data and to enable the preparation of the pre-feasibility study for the project.

Drilling of the four proposed sites at Cooroorah has been completed for a combined total of 2,028.63m including 530.56m of HQ core. The final hole suffered significant coal core loss and an additional 540.1m including 162m of HQ core, has been redrilled to obtain coal samples for quality testing. Geophysical logging and site rehabilitation are to be completed.

Drilling successfully intersected all target seams at each of the proposed sites. Main seams including the Castor, Pollux and Pisces averaged 3.40m, 2.38 and 2.72m thickness respectively between the four holes (Table 1).

Early stage coal quality data supports previous interpretations of PCI coal product with potential for significant coking coal fraction in the upper and middle seams where coal swell numbers are commonly in the 3 – 9 range. Coal quality analysis is ongoing and expected to be completed by the end of the June 2013 quarter.

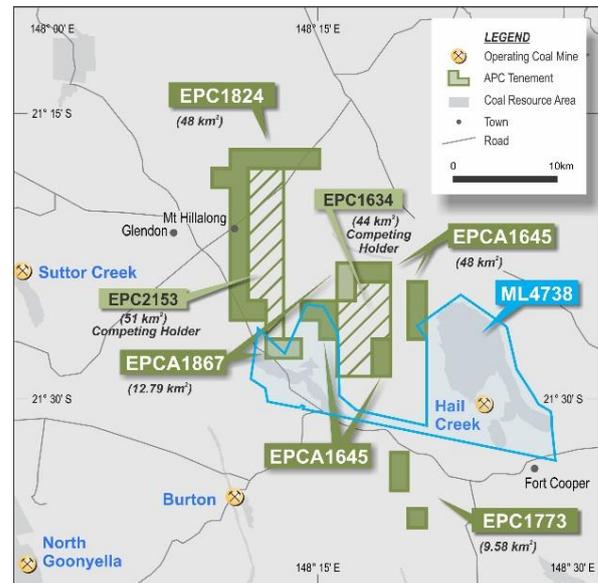
On 11 February 2013 the Company announced an upgrade resource estimate for the tenement. Please refer to the company's “**EPC 1827 Cooroorah Resource Upgrade**” announcement released to the ASX on 11 February 2013 for full details.

Table 1 – Seam Intersections

| Hole ID | Seam | From | To | Thickness | Cumulative Thickness | Interburden |
|---------|--------|--------|--------|-----------|----------------------|-------------|
| DDH008 | Aies | 410.88 | 411.74 | 0.86 | 0.86 | 9.58 |
| DDH008 | Castor | 421.32 | 424.35 | 3.03 | 3.89 | 63.46 |
| DDH008 | Pollux | 487.81 | 490.77 | 2.96 | 6.85 | 25.27 |
| DDH008 | Pisces | 516.04 | 518.63 | 2.59 | 9.44 | - |
| DDH009 | Aies | 416.63 | 417.44 | 0.81 | 0.81 | 0.32 |
| DDH009 | Castor | 417.76 | 422.62 | 4.86 | 5.67 | 64.21 |
| DDH009 | Pollux | 486.83 | 489.63 | 2.8 | 8.47 | 23.95 |
| DDH009 | Pisces | 513.58 | 515.98 | 2.4 | 10.87 | - |
| DDH010 | Aies | 296.05 | 296.74 | 0.69 | 0.69 | 0.85 |
| DDH010 | Castor | 297.59 | 300.3 | 2.71 | 3.4 | 61.8 |
| DDH010 | Pollux | 362.1 | 364.12 | 2.02 | 5.42 | 20.16 |
| DDH010 | Pisces | 384.28 | 387.25 | 2.97 | 8.39 | - |
| DDH011 | Aies | 436.38 | 437.22 | 0.84 | 0.84 | 0.00 |
| DDH011 | Castor | 437.22 | 440.22 | 3.00 | 3.84 | 63.12 |
| DDH011 | Pollux | 503.34 | 505.08 | 1.74 | 5.58 | 20.68 |
| DDH011 | Pisces | 525.76 | 528.69 | 2.93 | 8.51 | - |

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
- 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



On 11 April 2013 AQC announced that Rio Tinto Exploration Pty Ltd had commenced site survey, mapping and the first round of cultural heritage clearances on our Mt Hillalong joint venture tenement.

A program of 5 drill holes (including drill coring in-seam to conduct sampling for coal quality purposes), concurrent field mapping and ground magnetics is anticipated to commence in early July 2013.

Corporate

Cash Position and Financing Forecast

Reported cash balance at the 31 March 2013 is \$122,275. Current cash balance at 30 April 2013 is \$342,707.

The increase in cash during April is attributed cash received from equity placements under the Company's facility with the Australian Special Opportunity Fund, LP receipt of proceeds from the sale of EPC1548 and receipt of the final payment due under the Blackwood Resources Tenement Sale and Joint Venture Agreement.

Directors are mindful of the low cash balance and have restricted ongoing current expenditure. The funding agreement with the Australian Special Opportunities Fund, LP will enable the Company to continue to meet it's current expenditure commitments.

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 31 March 2013 | \$122,275 |
| Exploration and evaluation payments for the quarter: | (\$347,769) |
| Other net operating cash flows for the quarter: | (\$284,556) |
| Net investing cash flows for the quarter: | - |
| Net financing cash flows for the quarter: | \$366,681 |
| Net decrease in cash held during the quarter: | (\$265,644) |

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: 618,529,213 as at 31 March 2013
Options: Nil

Market Capitalisation

\$7.42 million at 31 March 2013

Quarterly Share Price Activity

| 2013 | High | Low | Last |
|-----------|---------|---------|---------|
| March | \$0.020 | \$0.011 | \$0.012 |
| 2012 | | | |
| December | \$0.027 | \$0.017 | \$0.020 |
| September | \$0.027 | \$0.013 | \$0.018 |
| June | \$0.040 | \$0.020 | \$0.023 |

Substantial Shareholders

Mr Paul Byrne 10.13%
Ms Elizabeth Byrne Henderson 5.46%

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Registered Office

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