

27 August 2015

Australian Pacific Coal Limited (ASX: AQC)

Share Placement to Cornerstone Investors - Update

Australian Pacific Coal Limited (**AQC** or **Company**) is pleased to announce that as contemplated by the Company's announcement on 29 July 2015 it has executed a Subscription Agreement with each of two cornerstone investors, Bentley Resources Pte Ltd (**Bentley**) and Trepang Services Pty Ltd (**Trepang**) (together, **the Agreements**), to place 3,300,000,000 fully paid ordinary shares (**Shares**) (1,650,000,000 Shares to each of Bentley and Trepang) at \$0.004 per Share to raise a total of A\$13.2m before costs (**Placement**).

The Company confirms that the A\$13.2m funds to be raised pursuant to the Placement have been deposited into an escrow account operated by the Company's lawyers HopgoodGanim, for settlement of the Placement in accordance with the terms of the Agreements.

The funds raised from the Placement will place the Company in a strong financial position to progress the Company's proposed exploration programmes, provide additional working capital and cover the costs associated with the Agreements and the Entitlements Issue.

The Company's first priority upon the completion of the proposed Placement and the Entitlements Issue is to investigate the potential for a standalone open cut metallurgical coal mine at the Hillalong Project area formerly subject to an option agreement with Rio Tinto.

AQC also intends to expedite a detailed drilling programme and, subject to exploration results, commence a scoping study to investigate the Cooroorah Project as a low cost underground development to produce hard coking coal.

The funds raised will also enable the Company to carry out planned drilling on its Dingo and South Clermont projects. These are both high priority project areas for AQC, which subject to exploration results, have potential for early development as small scale open cut mining operations.

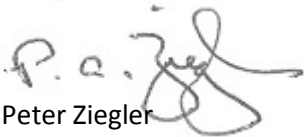
Completion of each Agreement is conditional on a number of additional matters, details of which were set out in the Company's announcement on 29 July 2015 including:

- all regulatory and shareholder approvals (the Company will convene a General Meeting in the near future);
- undertaking a 1:1 non-renounceable entitlements issue at \$0.004 per share to raise up to \$1.42 million before costs (further details to be provided to eligible shareholders in due course) (**Entitlements Issue**);
- agreements being entered with Nathan Tinkler, John Robinson Jnr, Paul Byrne, Peter Ziegler, Shane Cranswick and Kevin Mischewski for their roles post completion. Paul Ryan and Paul Ingram will resign on completion of the Agreements;

- agreements with the current directors in respect of payments due and owed to them at the time of completion of the Agreements: for directors' fees to be paid by the issue of shares at \$0.004 per share, consulting fees and expenses up to 31 July 2015 to be paid by the issue of shares at \$0.004 per share, and consulting fees and expenses subsequent to 31 July 2015 to be paid in cash at completion. All such share issues will be subject to shareholder approval to be sought at the General Meeting; and
- compliance with warranties regarding the tenement interests of the Company.

The Company also advises that it has engaged BDO Corporate Finance to prepare an independent expert's report (IER) in respect to the issue of the securities to Bentley (or its nominees) and Trepang, which will be included in the Notice of General Meeting for consideration by shareholders for the purposes of item 7, section 611 of the Corporations Act.

Further details regarding the terms and conditions of the Agreements will be included in the Notice of General Meeting that the Company will despatch to shareholders for the purposes of convening a General Meeting to satisfy the shareholder approval condition detailed in the Agreements.



Peter Ziegler
Chairman

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