

23 May 2012

### **Completion of Drilling at EPC 1996 “Churchyard Creek”**

Australian Pacific Coal Limited (“AQC”) is pleased to advise the completion of the first stage of its exploratory drilling campaign at its 100% owned Blackwater project, located in the Bowen Basin, the coal hub of Queensland.

The drilling program at EPC 1996 “Churchyard Creek” commenced on 20 April 2012 and consisted of core drilling targets. Completed on 17 May 2012, a total of 1042.31m was drilled including 561.04m of HQ core. Assay results are expected to be released by August 2012.

**Australian Pacific Coal CEO Paul Byrne said,** “Drilling yields and coal quality are now being assessed. We are encouraged that we have intersected approximately 10 metres of banded coal above 100 metres depth. The completion of this initial drilling program kicks off the next six months of near-term drilling activity at our Blackwater project. Our exploration program continues with drilling at EPC 1997 ‘Mt Stuart’, EPC 1995 ‘Carlo Creek’, EPC 1859 ‘Dingo’ and EPC 1827 ‘Cooroorah’ planned before the end of 2012.”



The drilling program at Churchyard Creek intersected target seams in all holes. All cored carbonaceous and coaly intervals were sampled for analysis by Recycoal and an AQC-appointed laboratory.

The Canis seam was intersected in the western-most northern hole (DDH001) from 28.84m to 44.56m (rider seam at ~22m to 23.5m). In DDH002, ~ 900m south of DDH001, the Canis seam was intersected at 83.75m to 98.25m (rider ~77m to 78m) and in the south eastern-most hole (DDH004) the Canis seam was intersected at 110.5m to 123m (no rider seam). Based on these seam intersections (see table below), a south-south-east dip of approximately 3deg was determined.

The Lepus seam lies 23-25m below the Canis and the Fairhill seam 18-28m below the Lepus (increasing to the east).

Lower priority deep drilling of German Creek seams was not completed.

**Table of seam/carbonaceous interval intersections**

(as drilled depth – not corrected to geophysics)

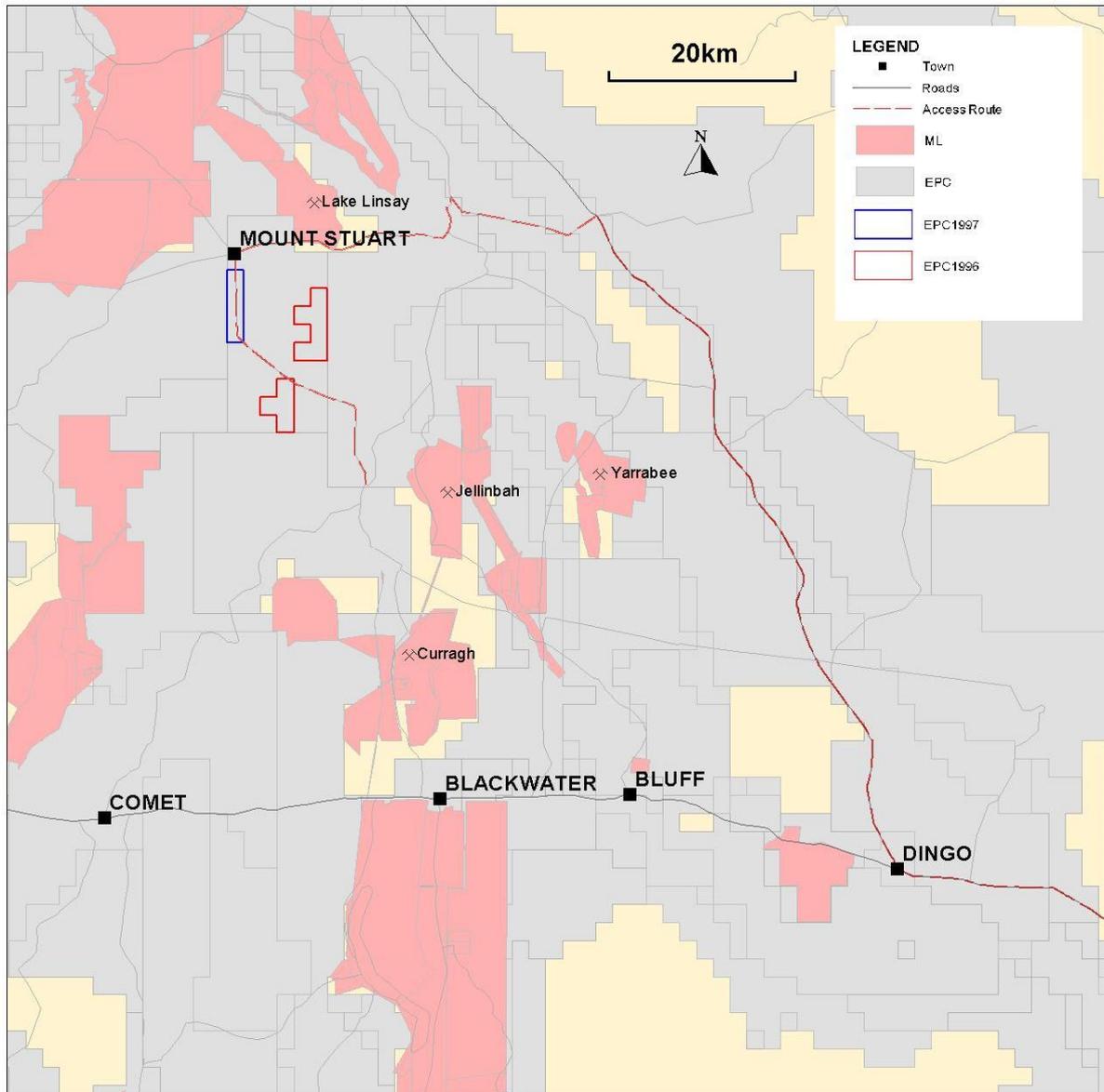
Hole	Site	Horizon/Seam	From	To	Comment
DDH001	CCK004	BOT	0	0.5	
		BOW	0	20.04	
		Canis	28.84	44.56	Rider seam 22.13m to 22.77m
		Lepus	69.45	70.67	
		Fairhill	89.60	93.44	
DDH002	CCK001	BOT	0	2	
		BOW	0	9	
		Canis	73.89	97.76	
		Lepus	119.66	120.38	
		Fairhill	137.64	139.04	
DDH003	CCK003	BOT	0	1	
		BOW	0	12	
		Hercules U?	26	32	
		Hercules L?	47	63	
		Canis	80.13	92.51	
		Lepus	116.87	117.91	
		Fairhill	135.65	140.03	
DDH004	CCK004	BOT	0	1	
		BOW	0	8.5	
		Pegasus ?	19.50	21	
		Hercules U?	55.73	59.99	
		Hercules L?	89.06	90.03	
		Canis	110.36	122.44	
		Lepus			Not drilled
		Fairhill			Not drilled
DDH005	CCK004	BOT	0	1	
		BOW	0	10	
		Pegasus?	17.86	20.98	
DDH006	CCK010	BOT	0	1	
		BOW	0	19?	
		Hercules U?	12.50	17.88	
		Hercules L?	58.49	67.24	
		Canis	110.26	125.49	
		Lepus			Not drilled due to breakdown
				Not drilled due to breakdown	
DDH007	CCK008	BOT	0	1.5	
		BOW	0	9	
		Hercules U?	40.50	48	
		Canis	102.12	113.84	
		Lepus	135.59	137.08	
		Fairhill	165.44	169.04	
RDH010	CCK008				SEE ABOVE – Twinned hole



Recycoal have been provided with one metre composite core samples of the Canis, Lepus and Fairhill seams, as well as potentially the Pegasus and Hercules seams intersected in holes DDH002, DDH004&5 and DDH006. These will be transported to the UK for analysis.

DDH001, DDH003 and DDH006 were sampled for analysis by AQC. Samples have been dispatched to our nominated Rockhampton based laboratory for analysis. Initial analysis will commence within the next week with DDH001 samples. In this initial stage of analysis, cumulative coaly and carbonaceous intervals being analysed total 8.59m and 2.22m in the Canis and Fairhill seams respectively.

Recycoal expect to have some results back within six weeks. AQC expect to have initial results of DDH001 analysis by August 2012.



*EPC 1996 'Churchyard Creek' and EPC 1997 'Mt Stuart' - Location*

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### **About Australian Pacific Coal**

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.