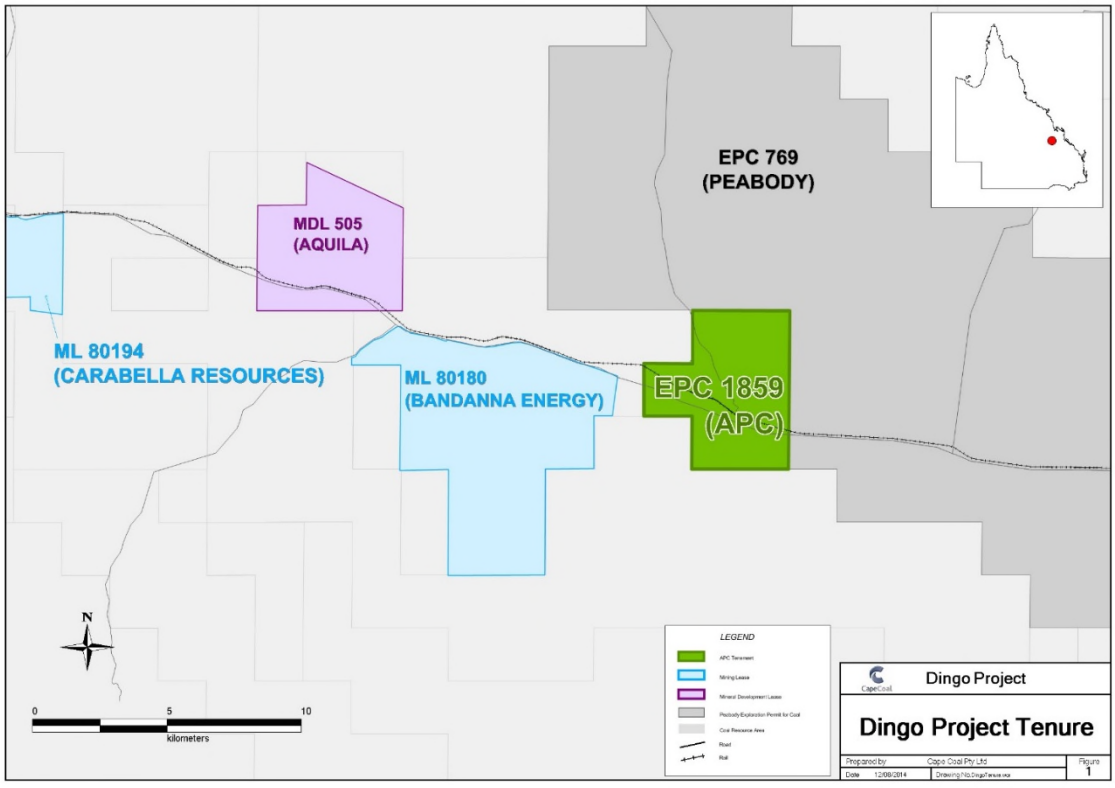
Dingo Project Exploration Update

20 August 2014: Australia Pacific Coal (ASX: AQC "the Company") is pleased to announce the outcomes of the recently completed exploration programme and initial quality results for its 100% owned EPC 1859 ("Dingo").

Highlights

- **Seams from the Rangal Coal Measures intersected with thicknesses up to 5m**
- **Coal quality analysis supports the potential for a washed, high yielding Ultra Low Volatile (ULV) PCI product**
- **Further studies are underway on secondary target seams and potential working sections**
- **Technical Support Agreement with Cape Coal**

***Figure 1*: Dingo Project Tenure Map**



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Overview

Dingo is located 140km west of Rockhampton in Queensland's Bowen basin, neighbouring Bandana Energy's advanced Dingo West project. The tenement is approximately 22 square kilometres and abuts the rail line to Gladstone.

The Company recently entered into a Technical Support Agreement with Cape Coal Pty ltd ("Cape Coal") to supplement the company's technical capabilities to advance its projects. The Principals from Cape Coal are qualified professionals with more than 70 years of combined geological, mining, beneficiation and project experience appropriate to the company's project needs.

Exploration

A 7-hole program was safely completed in Q2 2014, with 4 of the 7 holes intersecting the target seams at depths ranging between 28m and 148m. Multiple seam intersections were found in most holes, with apparent seam thicknesses ranging between 1m and 5m. The main seams were identified as the Pollux and Castor seams from the Rangal Coal Measures which is extensively mined in the Southern Bowen basin. In three seam intersections more than 10% core loss occurred which excluded those intersections from the initial coal quality assessments. Secondary coal seams were also intersected which will be analysed further to assess their product potential.

The results of the program provided valuable support information for the structural delineation and seam continuity across the lease. The results of the exploration program are seen as encouraging and warrant a follow up program to enable further resource delineation.

Coal Quality

Prelab Testing Services Pty Ltd performed washability tests on three core holes and the results were analysed and reviewed by Cape Coal. Quality data from all seam intersections of the three core holes have been analysed whilst only the seam sections with core recovery >90% were considered for potential product specification purposes as per table 1.

***Table 1*: Seam sections and initial washability assessments**

Hole ID	Seam	From(m)	To (m)	Thickness (m)	Yield %	Ash %
DDH013	**Castor**	**148.34**	**151.36**	**3.02**	**84.7%**	**6.4%**
DDH015	**Pollux**	**78.66**	**81.33**	**2.67**	**87.7%**	**7.7%**

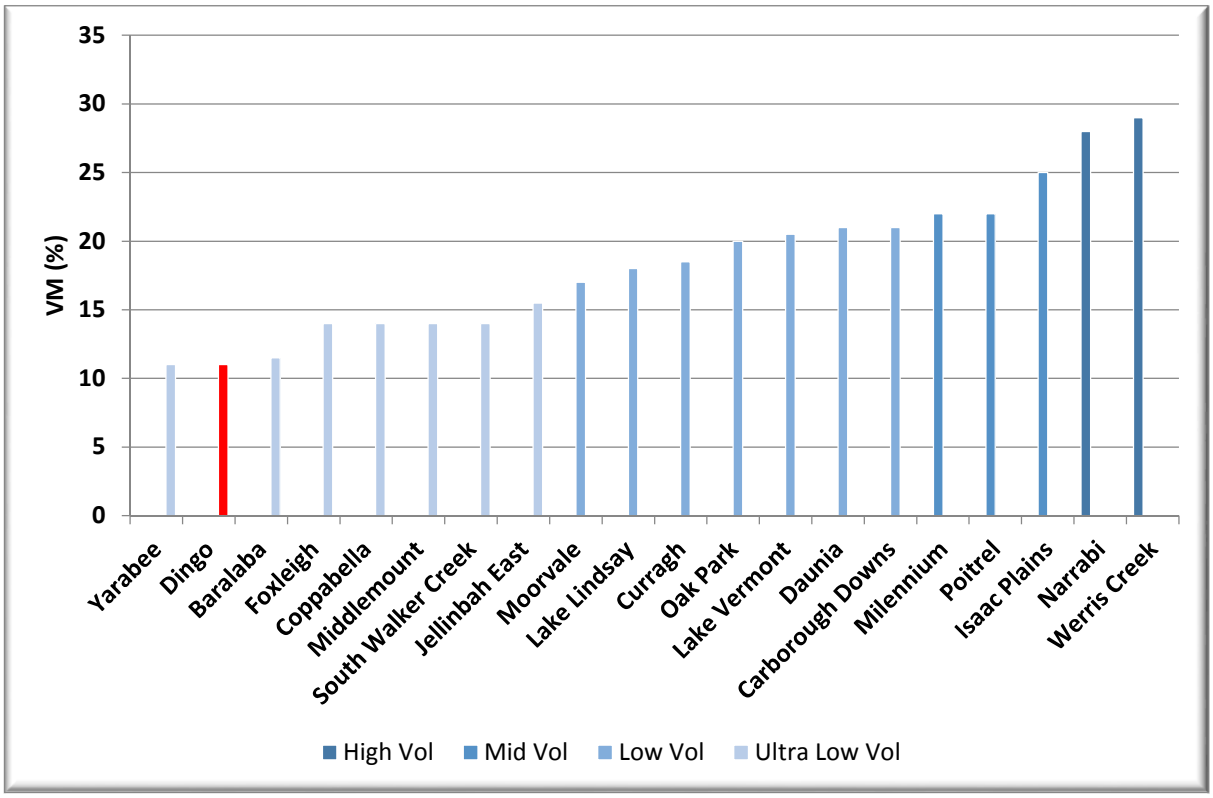
Cape Coal noted, "*The initial coal quality analysis demonstrated the potential for producing an Ultra Low Volatile PCI product ("ULV PCI") from the Castor and Pollux seams. Fully diluted yield estimates of between 80% and 85% were observed for a 6.5% ash product. Apart from the low ash contents, one of the key quality parameters observed was the low range Volatile matter of between 10% and 12%, a sought after quality in PCI coals* "

ULV PCI hosts various benefits in the steel making process, ranging from lower carbon emissions to a more stable process and increased efficiency through the reduced usage of coke. Graph 1 indicates the comparability of the potential Dingo product with other PCI coals in terms of Volatile matter contents.

The quality analysis also highlighted the low inherent ash of the coal with some coal plies displaying raw qualities below 10% as can be seen in Figure 2. Fractional density distribution indicated very good liberation with very little near gravity material, which is an indication that effective beneficiation could be done in a conventional CHPP.

Further quality testing will be required to confirm the quality assessments.

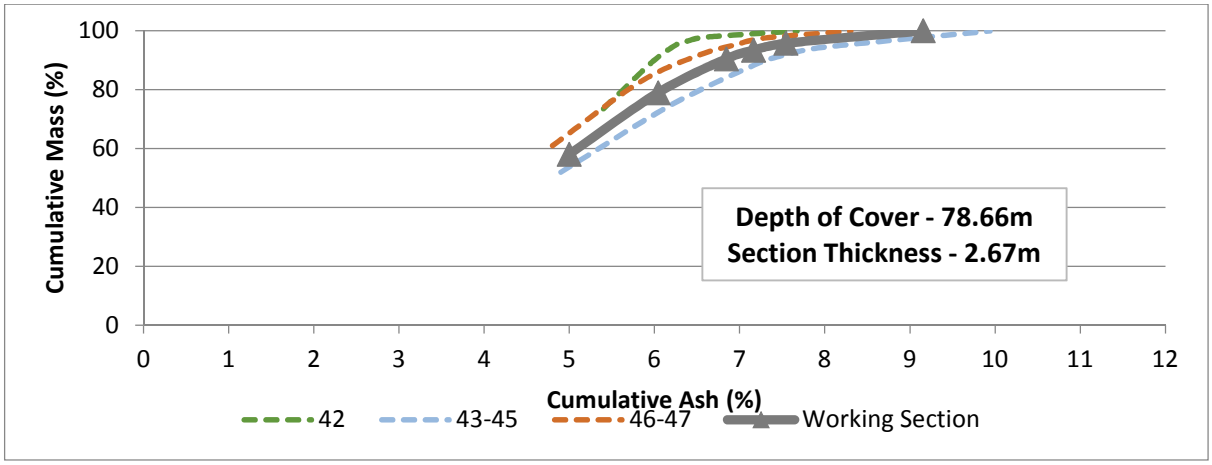
Graph 1: **Volatile content % for PCI coals**



Source: Company reports, ASX presentations, Cockatoo Coal Limited

Immediate next steps will now be to focus on desktop level extraction options and to determine the potential for a viable business case before commencing a follow up exploration plan.

Figure 2: **Ash / Yield curves for DH015 Seam section**



Comment

Australian Pacific Coal Managing Director, Paul Byrne said:

"*We are pleased with the outcome of the Dingo exploration program and information obtained from it. It will serve as a good base for future exploration programs, studies and assessments. We are very excited about the potential for a high yielding ULV PCI product and will continue to pursue all avenues to ensure an appropriate value release from Dingo for the AQC shareholders*"

Competent Person Statement

Tony Shellshear (BSc. Applied Geology, Grad. Dip. Comm. Comp., AusIMM) is a geologist with 40 years of experience in exploration, resource and reserve estimation, resource development and mine grade and production control. Relevant to this project, he has served more than 20 years in the coal sector.

Tony is the Principal Resource Geologist, and a full time employee of Geological Data Design. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Tony consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 exploration 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.

JORC CODE (2012 EDITION) TABLE 1

This Appendix details Sections 1 and 2 of the JORC Code 2012 Edition Table 1. Sections 3 - 'Estimation and Reporting of Ore Reserves', 4 - 'Estimation and Reporting of Ore Reserves' and 5 - 'Estimation and Reporting of Diamonds and Other Gemstones' have been excluded as they are not applicable to this report.

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections.)

	JORC Criteria	Response
Sampling Techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• A series of 10 holes were drilled during the current program; 7 open holes and 3 partially cored holes. • All core holes were sampled over the full seam interval, including roof and floor samples. • Drill cuttings (chips) derived from open hole drilling were collected at 1 m intervals and placed in piles for inspection and description. • In cored holes, all intersected coal seams, greater than 0.10m, were sampled with a maximum sample length of 0.50m of coal. Coal plies were sampled discretely on the basis of lithological characteristics and quality. All non-coal material and partings less than 0.10m were included in the coal ply above, and noted in the lithological description. Non-coal interburden material greater than 0.10m and up to a maximum of 1.0m was sampled separately. • Drill hole core was placed in core trays and appropriately marked up with the drill hole number, tray number, and drilling depth. A core recovery reconciliation based on the driller's records and the geologist's measurements was used. • All coal and roof and floor dilution samples were double bagged at site and marked with sample number, hole and project. The samples were then transported to the laboratory by the project geologist. • All coal quality samples were prepared and analysed using Australian testing methodologies by Preplab Services, Mackay, Queensland.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Total holes drilled - 10 o Core holes - 3 ▪ HQ/HQ3 - 3 o Chip holes = 7 ▪ Rotary (air/mud) = 7 • All coal quality holes were cored (partially or fully) using a HQ size core barrel producing a 61mm core diameter.

	JORC Criteria	Response
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• An assessment of core recovery was completed by comparing the recovered thickness measured during geological logging and by the driller, to geophysical picked thicknesses from the geophysical logs, as well as cross-checking with core splits photos. • All of the cored holes used in the data evaluation had a core recovery greater than 95%, except for seven holes. Of these: o 3 had already been rejected for other reasons (Declustering). o 3 had adjacent core holes which could be used instead. o 1 (Hole T5050) had a recovery of 92% and was disregarded as a POB..
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	• A defined set of standards and procedures was adhered to on site regarding drilling supervision, core recovery measurements, and core logging and sampling. • All core was geologically logged, marked and photographed before sampling. Geological and geotechnical features were identified and logged. Data was entered into LogCheck, and subsequently stored in the gPick Geological Data Management System. • All holes were were geophysically logged, with a minimum of gamma, calliper, density and verticality geophysical logs. • The calibration of the geophysical tools was conducted by the geophysical logging company (Surtron).

	JORC Criteria	Response
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All core samples were double bagged on site and transported to the laboratory for testing. Preplab comply with Australian Standard AS4264.1-2009 for coal and coke sample preparation. • The raw analysis procedure keeps 3/4 of the original sample as a reserve.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Raw coal samples from the current drilling program were analysed by Preplab, Mackay, Queensland, following Australian Standard AS4264.1-2009 for coal and coke sample preparation. This standard provides a guideline for QC processes at each sub-sampling stage. • Geophysical tools were calibrated by the logging company (Surtron).
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	• Geological Data Design personnel validated the sample record intervals using the gPick Data Integrity System prior to analysis at the laboratory. • Geological Data Design personnel verified the coal quality results following analysis. • All laboratory-supplied test reports have been retained, and the data have been entered into the gPick Geological Data Management System. • No adjustments have been made to the coal quality data.

	JORC Criteria	Response
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	• Holes were located as determined by the geologist with consideration for restricted Category B ERE areas in places. These holes were approved by the relevant authorities prior to drilling. • Following drilling, all hole collar locations were surveyed to within 0.10m by the Wilson Survey Group. •
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	• Spacing was determined by the access allowed by the Category B ERE area in place.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• All holes drilled were vertical holes as the orientation of the stratigraphy was unknown prior to drilling. • All results are reported as apparent thicknesses. • Structural dips, where determined will be taken into account when performing any relevant calculations.
Sample Security	*The measures taken to ensure sample security.*	• All samples were processed and delivered directly to the lab by the project geologist.
Audits or Reviews	*The results of any audits or reviews of sampling techniques and data.*	• Two independent reviews have been conducted of the sampling and analysis data.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section.)

<table>
<tr><th></th><th>JORC Criteria</th><th>Response</th></tr>
<tr><td>Mineral tenement and land tenure status</td><td>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.

The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>• EPC1859 was granted to wholly owned Australian Pacific Coal Ltd subsidiary, Area Coal Pty Ltd, on the 31 May 2011 for a period of 5 years, and comprises seven sub-blocks covering approximately 22km2.

<table><tr><td>BIM</td><td>Block</td><td>Sub-Blocks</td></tr><tr><td>CLER</td><td>3160</td><td>P T U Z</td></tr><tr><td>CLER</td><td>3161</td><td>LQV</td></tr><tr><td>Total</td><td></td><td>7 sub-blocks</td></tr></table>• All work was confined within the EPC1859 tenement boundary.
• A Native Title claim application is currently active over the area : QUD400/2012 / Gaangalu Nation
• There is currently a Category B ERE area covering parts of the tenement.</td></tr>
<tr><td>Exploration done by other parties</td><td>Acknowledgment and appraisal of exploration by other parties.</td><td>• Previous exploration within, and surrounding, the tenement area has taken place in the area since 1961.
• All open-source company data has been sourced from QDEX and has been entered and validated into the geological database.
• A number of historic holes have been identified and evaluated with respect to the current geological interpretation.</td></tr>
<tr><td>Geology</td><td>Deposit type, geological setting and style of mineralisation.</td><td>• EPC1859 is situated within the Taroom Trough of the south-eastern Bowen Basin.
• Cainozoic sediments, up to 60m depth, unconformably overly the Permo-Triassic sediments of the Bowen Basin.
• The Permo-Triassic units include from oldest to youngest, the Late Permian Burngrove Formation and Rangal Coal Measures and the Triassic Rewan Formation.
• Coal seams within the Rangal and the Burngrove Formations have been identified.</td></tr>
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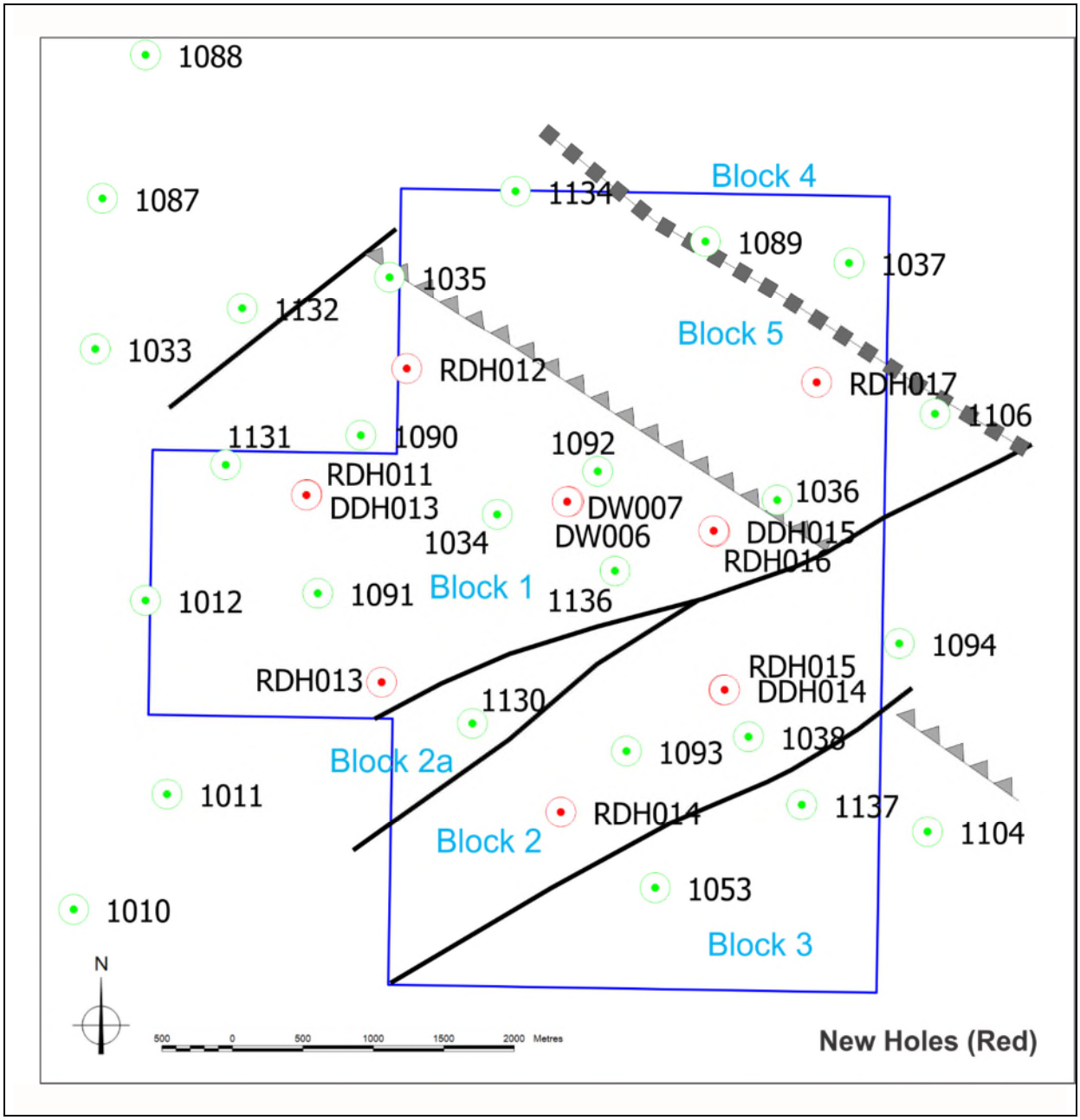
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• A list of the holes drilled during the current program, and older holes used during the evaluation and interpretation, are provided below. • All drill holes have been modelled from vertical, and hole deviation (from vertical) has been recorded and used during the exercise.

Hole	Hole Type	UTM Zone	AMG Easting	AMG Northing	Elev.	Start	Complete	Tot Dep
RDH011	OC	55	735818.50	7384337.08	110.87	15/03/2014	16/03/2014	184.00
DDH013	PC	55	735811.61	7384336.57	110.80	16/03/2014	22/03/2014	168.50
RDH012	OC	55	736554.67	7385225.24	110.14	23/03/2014	23/03/2014	178.00
RDH013	OC	55	736333.45	7383032.26	112.74	24/03/2014	24/03/2014	256.00
RDH014	OC	55	737594.91	7382130.97	113.53	24/03/2014	26/03/2014	250.00
RDH015	OC	55	738719.13	7382942.43	127.54	4/04/2014	4/04/2014	220.00
DDH014	PC	55	738725.56	7382937.94	127.42	4/04/2014	7/04/2014	105.00
RHD016	OC	55	738667.20	7384104.82	110.33	7/04/2014	8/04/2014	184.00
DDH015	PC	55	738661.52	7384106.94	110.46	10/04/2014	14/04/2014	116.00
RDH017	OC	55	739450.30	7385051.20	118.73	9/04/2014	9/04/2014	184.00
								1839.50
Additional Drilling Data Obtained from Bandanna								
DW006	OC	55	737648.03	7384291.93				151.00
DW007	PC	55	737637.00	7384289.12				151.00

Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All coal samples sent to the laboratory were subjected to proximate analysis, (moisture, ash, volatile matter (VM), and fixed carbon (FC)), CSN and density analysis. • Subsequent analyses, which are currently being undertaken, are based on composites of these, as determined by the first phase of analysis results, and sample thickness. • All reported coal quality average values have been calculated as weighted averages using thickness and density.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All holes were drilled vertically, with geophysical verticality tools used to confirm this. • Coal intersections in the cored holes have a dip varying between 10°and 75°.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• The diagram below provides an overview of the tenement and hole locations. • Interpretation is currently ongoing.


1088
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1134
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Block 5
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RDH012
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RDH011
DDH013
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DW006
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Block 1
1136
1094
RDH013
RDH015
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1093
1011
RDH014
1137
Block 2
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Block 3
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500 0 500 1000 1500 2000 Metres
New Holes (Red)

Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All available exploration data for the tenement has been collated and reported. • Summary collar and seam intersection data can be found in the table below

Hole	Seam	From	To	Thick	Coal	Partings	Core_Loss
DDH013	SEAM	27.60	28.60	1.00	1.00	0.00	0.00
DDH013	SEAM	60.65	62.55	1.90	1.90	0.00	0.72
DDH013	SEAM	96.48	99.60	3.12	2.90	0.22	1.10
DDH013	SEAM	112.64	115.54	2.90	2.23	0.58	0.00
DDH013	SEAM	148.34	151.36	3.02	3.02	0.00	0.00
DDH013	SEAM	160.00	160.84	0.84	0.84	0.00	0.00
DDH014	SEAM	83.41	87.97	4.56	4.29	0.27	1.45
DDH015	SEAM	78.66	81.59	2.93	2.93	0.00	0.15
DDH015	SEAM	84.42	85.11	0.69	0.69	0.00	0.00
DDH015	SEAM	103.84	108.10	4.26	4.26	0.00	3.52
RDH011	SEAM	93.75	98.75	5.00	4.55	0.45	N/A
RDH011	SEAM	101.50	106.40	4.90	4.40	0.50	N/A
RDH011	SEAM	117.30	119.15	1.85	1.85	0.00	N/A
RDH011	SEAM	151.85	155.35	3.50	3.50	0.00	N/A
RDH011	SEAM	163.50	164.40	0.90	0.90	0.00	N/A
RDH012	SEAM	74.50	75.60	1.10	1.10	0.00	N/A
RDH012	SEAM	98.85	100.00	1.15	1.15	0.00	N/A
RDH015	SEAM	57.00	67.00	10.00	10.00	0.00	N/A
RDH015	SEAM	102.20	108.00	5.80	5.80	0.00	N/A
RDH015	SEAM	195.00	197.50	2.50	2.50	0.00	N/A
RDH016	SEAM	81.40	84.30	2.90	2.90	0.00	N/A
RDH016	SEAM	105.65	110.60	4.95	4.95	0.00	N/A
RDH017	SEAM	148.35	150.85	2.50	2.50	0.00	N/A

Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other substantive exploration data is available at this time.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Future work in the project currently includes an evaluation of the coal quality results, which may be followed by further analysis work.