BLACKWOOD COAL - COMPLETION OF INITIAL DRILLING CAMPAIGN

12 July 2011



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 projects are located close to the existing network of rail and port infrastructure in the Bowen Basin.

The Company ultimately seeks to be a coal miner in its own right, or to value add these projects for joint venture or divestment.

The Cooroorah Project has an inferred resource of 107 million tonnes of potential metallurgical coal. It is well located between Macarthur's Stanwell project and Jellinbah Mine. The Mt Hillalong project shows scope to prove a similar scaled coal resource.

Paul Byrne Chief Executive Officer pbyrne@aqcltd.com

Blackwood Coal Announces Completion of Initial Drilling Campaign

KEY POINTS

- AQC Group holds 10% Interest in JV with Blackwood Resources Pty Ltd (Blackwood)
- Blackwood has announced completion of its initial drilling campaign at its East Wandoan Project.
- Announcement by Blackwood is attached to this release.

Blackwood JV

Four EPCs were joint ventured out to unlisted coal explorer Blackwood Coal Pty Ltd subsidiary, Blackwood Resources Pty Ltd, in April 2010. AQC Group retains a 10% free carried interest up to feasibility study stage. Under the terms of the JV, Blackwood pays AQC \$125,000 upon grant of each EPC and is required to expend at least the minimum exploration commitment with the aim to prove up a coal resource and complete a feasibility study for the project(s). Blackwood can withdraw at any time and offer the project(s) back to AQC at no cost.

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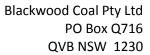
Blackwood Completes Initial Drilling Campaign at East Wandoan

Blackwood Coal is pleased to announce that is recently completed a 14 open hole and one cored hole drill campaign at its 90% owned East Wandoan Project. Blackwood is in a Joint Venture to develop these assets with listed company Australian Pacific Coal.

The East Wandoan Project is located immediately north of Cockatoo Coals Bottle Tree Project and is located in the Surat Basin in Queensland.

The holes have intersected multiple plies of coal at shallow depths; the majority of the holes were terminated at less than 100 m depth. Each of the holes has been geo-physically logged to ascertain cumulative coal thickness. The data is being collated prior to an expected follow up drilling of another 6 to 8 holes to enable sufficient data to be generated to target a JORC inferred resource.







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From the data available, it appears that the coal remains open to the north west of hole RC011 and east of RC009. Follow up drilling will ascertain the extent of the coal coverage.

The below photograph was taken from the East Wandoan site during the exploration campaign.



Once the follow up exploration program has been completed, the data will be provided to an independent geologist with an aim to provide an initial resource statement.

Matt Crawford, Managing Director of Blackwood Coal, said that the preliminary assessment from the drill program has confirmed the presence of coal in the area tested. Our technical team will now compile the data and plan a follow up exploration program to fully define the potential of the area. The Blackwood Coal Technical Team, should be proud of the effort they have put into making the project happen most importantly safety incident free combined with being completed within the allowed time frame and within the allowed budget.



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About Blackwood Coal:

Blackwood Coal Pty Ltd is a Sydney based private Australian company, established in November 2009, and focused on coal exploration. Since then the Company has acquired a portfolio of EPCs in the Bowen, Surat/Moreton and Galilee coal basins in Queensland. The company is seeking to list on the ASX in Q3 of 2011 and has raised in excess of AU\$7 million in pre-IPO funding.

Blackwood Coal is a junior coal explorer and will focus its exploration activities in Queensland.

Blackwood has a strong board and management team, led by Chairman Mr Arthur Sinodinos AO and its Managing Director Mr Matthew Crawford.