

QUARTERLY REPORT

JULY TO SEPTEMBER 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

- MDL453 "Cooroora" granted on 22 July 2013.
- Rio Tinto Exploration JV commitment period commenced on 23 August 2013.
- Rio Tinto Exploration commence drilling Mt Hillalong JV tenement EPC 1824. Positive initial results announced in October.

Corporate

- Share Purchase Plan closed in July 2013 raising further \$575,250
- Additional \$200,000 proceeds from the issue of shares.

Chief Executive Officer's Comment

The Mineral Development License over our EPC 1827 "Cooroorah" tenement proceeded grant during the quarter with the grant of MDL 453 on 22 July 2013. 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. Progress is being made towards the completion of a Desktop Concept Study as a first step towards a pre-feasibility study.

Further exploration will require additional funding. Looking forward into the next three quarters the company expects to commence its initial exploration drilling on the Dingo and Churchyard Creek projects. We remain focused on ensuring that funding for the projects is available as required and that shareholder dilution is minimised.

On 23 August 2013 Rio Tinto Exploration finalised tenement access for the Mt Hillalong JV tenement EPC 1824 thus activating their two year exploration commitment period. Initial drilling commenced shortly after with coal intersected at depths suitable for large scale open cut mining. We are very pleased with these initial results and the progress now being made in the JV.

While directing our activities to our 100% owned projects, we are always looking at the best way to commercialise our assets.

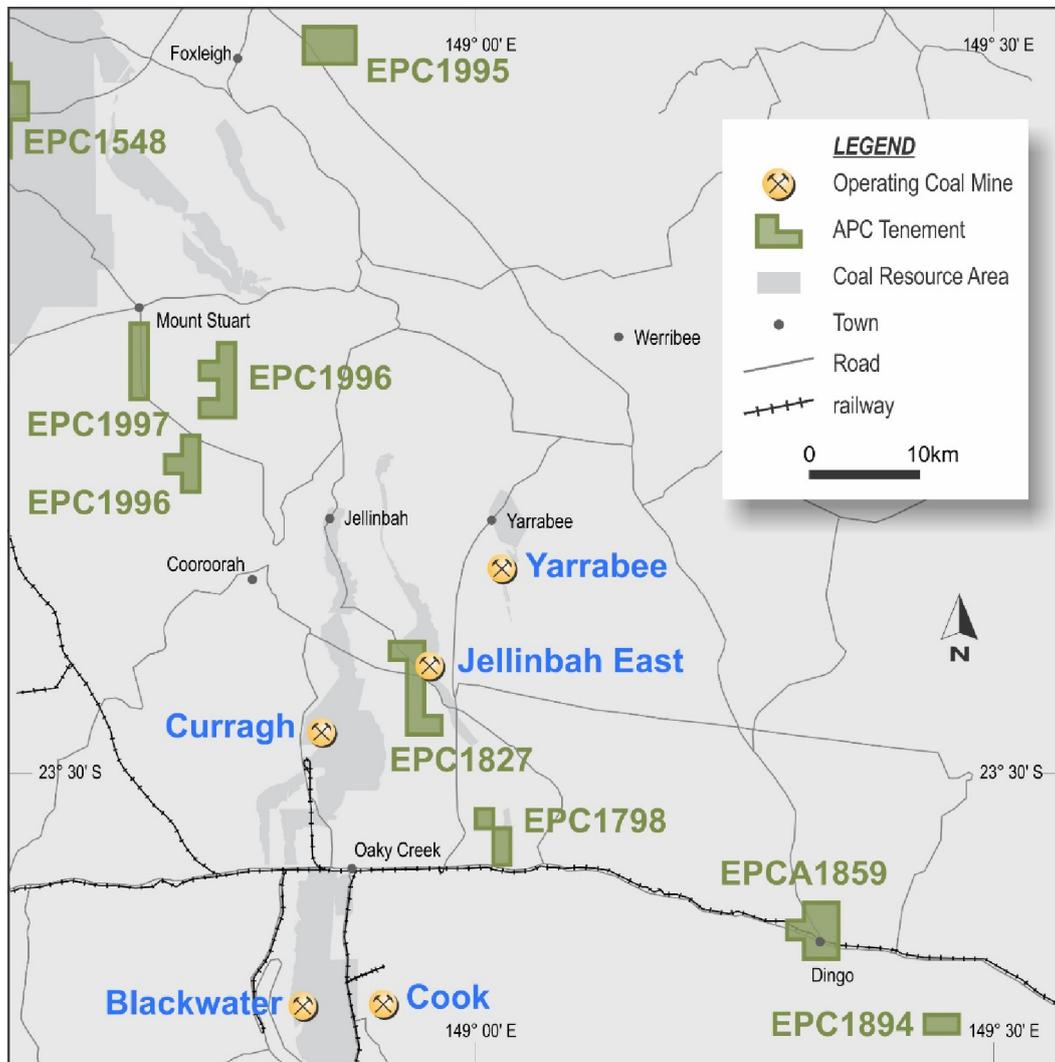
The Company's key objective over the coming year is continues to be the commercialisation of our 100% owned Blackwater projects.



Paul Byrne
Chief Executive Officer

Coal Exploration

Blackwater Projects (AQC 100% owned)



Cooroorah (EPC 1827/MDL453)

- 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)

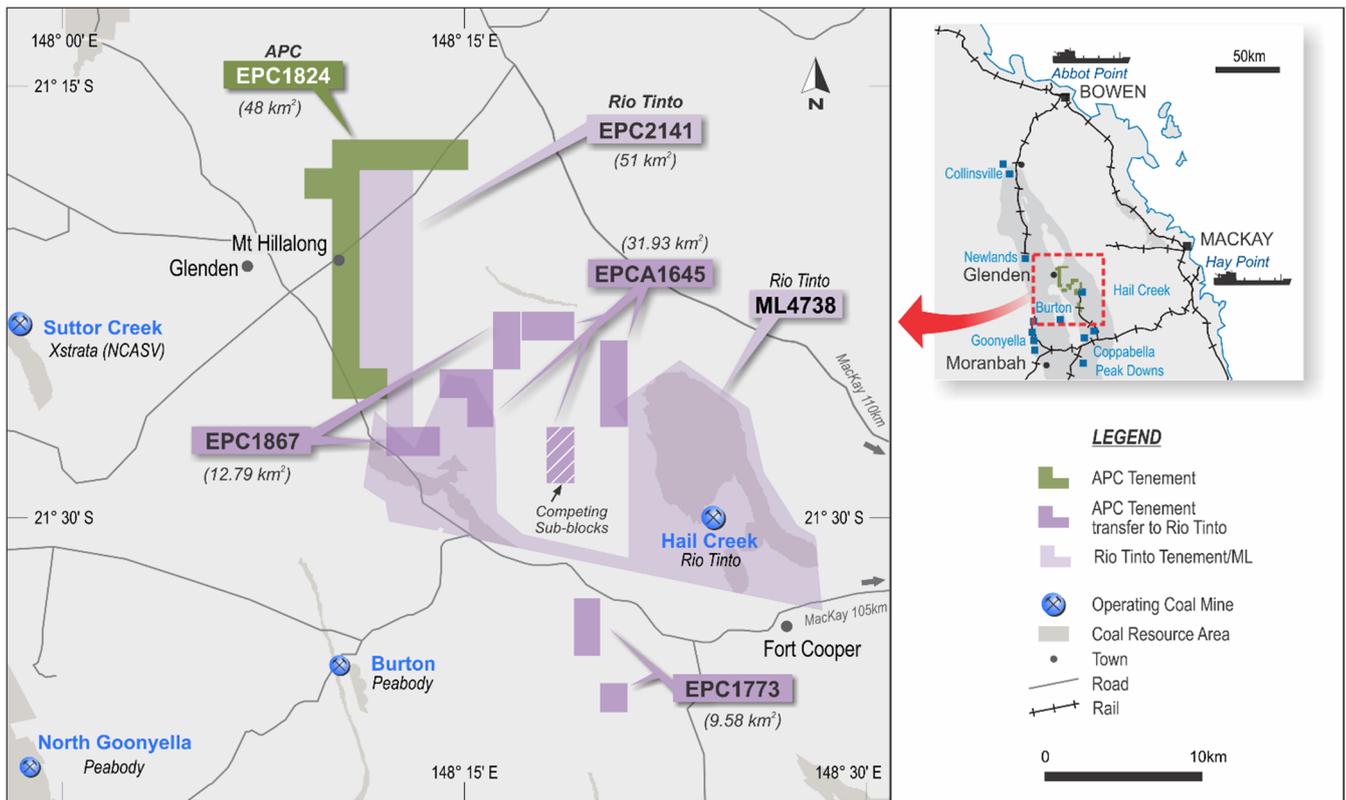
- 30 km east of operating Blackwater and Curragh mines, targeting Rangal Coal Measures
- Infill drilling program proposed to elevate project to a JORC Resource
- Located on rail network

Carlo Creek (EPC 1995)

- Historical drill holes and seismic sections identified two potential coal target sequences

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
- 2 year commitment period for exercise of the option commenced on 23 August 2013.
- Exploration drilling has commenced with positive initial results. Further drilling expected to commence in early 2014.
- 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



TENEMENT HOLDINGS

Reconciled the Queensland Department of Natural Resources and Mines records as at 30 October 2013

TENEMENT	TENEMENT NAME	Holder	JV Agreement with	DATE GRANTED
EPC 1548	West German Creek	Area Coal Pty Ltd	<i>Tenement Sold</i>	29/03/2010
EPC 1773	Kemmis Creek	Rio Tinto Exploration Pty Limited	Rio Tinto Exploration Pty Ltd	29/10/2010
EPC 1965	Kanga Creek	Area Coal Pty Ltd		28/03/2011
EPC 1824	Mount Hillalong	Area Coal Pty Ltd	Rio Tinto Exploration Pty Ltd	31/03/2011
EPC 1859	Dingo	Area Coal Pty Ltd		31/05/2011
EPC 1867	Mount Hess West	Rio Tinto Exploration Pty Ltd	Rio Tinto Exploration Pty Ltd	15/05/2012
EPC 1920	Comet River	Area Coal Pty Ltd		18/02/2010
EPC 1798	Bluff Creek	Area Coal Pty Ltd		19/02/2010
EPC 1827	Cooroorah	Area Coal Pty Ltd		25/11/2009
EPC 1894	Rocky Creek	Area Coal Pty Ltd		29/03/2010
EPC 1895	Dawson River	Area Coal Pty Ltd		29/03/2010
EPC 1566	Bee Creek	Area Coal Pty Ltd		
EPC 1638	Spear Creek	Area Coal Pty Ltd		
EPC 1645	Mount Hess	Area Coal Pty Ltd	Rio Tinto Exploration Pty Ltd	
EPC 1896	Bottle Tree Creek	Area Coal Pty Ltd		
EPC 2011	North Copperfield	Area Coal Pty Ltd		
EPC 2014	Blair Athol	Area Coal Pty Ltd		
EPC 2157		Area Coal Pty Ltd	<i>Tenement Sold</i>	21/05/2013
MDL 453	Cooroorah	Area Coal Pty Ltd		22/07/2013
EPC 1979	Kingsthorpe	Blackwood Resources Pty Ltd	Blackwood Resources Pty Ltd	12/10/2010
EPC 2035	Bee Creek	Mining Investments One Pty Ltd		12/10/2010
EPC 2036	Ripstone Creek	Mining Investments One Pty Ltd		12/10/2010
EPC 2122		Demycoal Pty Ltd		16/12/2011
EPC 1957	Laguna Creek	Mining Investments One Pty Ltd	Blackwood Resources Pty Ltd	8/02/2012
EPC 1989	Castlevale	Mining Investments One Pty Ltd		26/07/2012
EPC 1987	Quondong	Mining Investments One Pty Ltd	Blackwood Resources Pty Ltd	28/09/2012
EPC 2037	Almoola	Mining Investments One Pty Ltd		22/10/2012
EPC 1996	Churchyard Creek	Mining Investments One Pty Ltd		24/05/2010
EPC 1997	Mt Stuart	Mining Investments One Pty Ltd		24/05/2010

TENEMENT	TENEMENT NAME	Holder	JV Agreement with	DATE GRANTED
EPC 1995	Carlo Creek	Mining Investments One Pty Ltd		25/05/2010
EPC 1955	Bungaban Creek	Blackwood Resources Pty Ltd	Blackwood Resources Pty Ltd	30/03/2010
EPC 2012	Clermont	Mining Investments One Pty Ltd		
EPC 2016	Drummond	Mining Investments One Pty Ltd		
ML 70360	Mantuan Downs No. 1	Ipoh Pacific Resources Pty Ltd		13/03/2008
EPM 17644	Fairview	Ipoh Pacific Resources Pty Ltd		25/10/2010
EPM 19039		Mining Investments Four Pty Ltd		27/06/2011
EPC 2826	Clermont	Mining Investments Six Pty Ltd		
EPC 2828	Clermont	Mining Investments Six Pty Ltd		
EPM 19716		Mining Investments Three Pty Ltd		
ML 50207	Grafton Range	Kokstad Mining Pty Limited		30/07/2009

Note:

1. Australian Pacific Coal Limited retains a 10% interest in the Blackwood Resources Pty Ltd (subsidiary of Cuesta Coal Limited) joint venture tenements.
2. EPC 1824 is 100% owned by Area Coal Pty Ltd (subsidiary of Australian Pacific Coal Limited). Rio Tinto Exploration Pty Ltd hold an option to acquire a 75% interest in EPC 1824. Rio Tinto Exploration Pty Ltd holds a 100% beneficial interest in EPCs 1773, 1867 and 1645. That interest will revert back to Area Coal Pty Ltd should Rio Tinto Exploration Pty Ltd not exercise their EPC 1824 option.
3. Mining Investments One Pty Ltd holds a 100% beneficial interest in EPC 2122
4. EPCs 1548 and 2157 were sold during the June quarter 2013.
5. All other tenements are 100% owned by Australian Pacific Coal Limited 100 % owned subsidiaries.

Corporate

Cash Position and Financing Forecast

The company completed its Share Purchase Plan early in July raising \$525k before costs.

Cash balance at the end of the quarter was \$895k. The increase in cash is supplemented by the ongoing funding available from the agreement with The Australian Special Opportunity Fund, LP. This will enable the Company to continue its exploration program in the second half of 2013.

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 30 September 2013	\$895,406
Exploration and evaluation payments for the quarter:	(\$143,325)
Other net operating cash flows for the quarter:	(\$224,766)
Net investing cash flows for the quarter:	\$2,500
Net financing cash flows for the quarter:	\$759,503
Net increase in cash held during the quarter:	\$397,542

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: 782,927,228 as at 30 September 2013
Options: Nil

Market Capitalisation

\$11.7 million at 30 September 2013

Quarterly Share Price Activity

2013	High	Low	Last
September	\$0.016	\$0.008	\$0.015
June	\$0.020	\$0.010	\$0.010
March	\$0.020	\$0.011	\$0.012
2012			
December	\$0.027	\$0.017	\$0.020

Substantial Shareholders

Mr Paul Byrne 9.36%
Ms Elizabeth Byrne Henderson 4.38%

Principal Office

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Registered Office

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Postal Address

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Share Registry

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Brisbane QLD 4000

Auditor

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10 Market St, Brisbane QLD 4000

Solicitors

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1 Eagle St, Brisbane QLD 4000

Geological Consultants

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Global Ore Discovery Ltd
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Geological Solutions
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