

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

AUSTRALIAN PACIFIC COAL LIMITED

ABN

49 089 206 986

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Incentive Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 100,000,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Exercisable @ \$0.008 each on or before 31 March 2017. Full terms and conditions attached to this Appendix 3B. |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No – New class of unlisted security</p>
<p>5 Issue price or consideration</p>	<p>Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of incentive options to Chief Financial Officer as equity compensation component of Executive Service Agreement as resolved by the Board.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not applicable</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>Not applicable</p>

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6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable					
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable					
6f	Number of +securities issued under an exception in rule 7.2	Not applicable					
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable					
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable					
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	965,251,378					
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	3 November 2015					
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Current: 4,261,005,514</td> <td style="text-align: center;">Fully paid ordinary shares (AQC)</td> </tr> </tbody> </table>	Number	+Class	Current: 4,261,005,514	Fully paid ordinary shares (AQC)	Fully paid ordinary shares (AQC)
Number	+Class						
Current: 4,261,005,514	Fully paid ordinary shares (AQC)						

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	100,000,000	\$0.008 Unlisted Incentive Options
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Ordinary shares rank equally with all other shares for dividends	

Part 2 - Pro rata issue

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	N/A
13 Ratio in which the +securities will be offered	N/A
14 +Class of +securities to which the offer relates	N/A
15 +Record date to determine entitlements	N/A
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17 Policy for deciding entitlements in relation to fractions	N/A
18 Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19 Closing date for receipt of acceptances or renunciations	N/A

+ See chapter 19 for defined terms.

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:Date: 5 November 2015
Company Secretary

Print name: Shane Cranswick

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	212,998,537 as at 3 November 2014 (allowing for consolidation which occurred on 24 November 2014)
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>3,931,102 issued on 19 December 2014 7,411,229 issued on 13 March 2015 206,014,645 issued on 23 October 2015</p> <p>10,000,000 issued on 5 December 2014 10,000,000 issued on 21 January 2015 16,666,667 issued on 20 February 2015 16,666,667 issued on 11 May 2015 16,666,667 issued on 20 May 2015 6,600,000 issued on 18 June 2015 54,000,000 issued on 22 July 2015 30,000,000 issued on 3 August 2015 3,670,050,000 issued on 30 October 2015</p> <p>Nil</p>

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Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	4,261,005,514
Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	639,150,827
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	100,000,000 Incentive Options on 3 November 2015.
“C”	100,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	639,150,827
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	100,000,000

+ See chapter 19 for defined terms.

Total ["A" x 0.15] – "C"	539,150,827 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>
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Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" <i>Note: number must be same as shown in Step 1 of Part 1</i>	4,261,005,514
Step 2: Calculate 10% of "A"	
"D"	<i>Note: this value cannot be changed</i>
Multiply "A" by 0.10	426,100,551
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
"E"	0

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Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	426,100,551
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	0
Total ["A" x 0.10] – "E"	426,100,551 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

Note: At the Company's Annual General Meeting held on 24 November 2014 shareholders approved a one for five share consolidation of all ordinary shares issued.

The numbers of ordinary shares issued and equity securities ("**Shares**") shown in this **Appendix 3B - Annexure 1** are stated on a post-consolidation basis. The number of Shares shown for any Shares issued prior to the share consolidation have been adjusted to reflect the equivalent post-consolidation number of Shares so issued.

+ See chapter 19 for defined terms.

Terms and Conditions of Incentive Options

- (1) Each option (**Incentive Option**) issued by Australian Pacific Coal Limited (ACN 089 206 986) (**Company**) entitles its holder to the issue of one (1) fully paid ordinary share in the capital of the Company (**Share**) upon exercise in accordance with these terms and conditions.
- (2) The exercise price of each Incentive Option is \$0.008 (**Exercise Price**)
- (3) The Incentive Options are transferable in whole or in part provided that the transfer of the Incentive Options complies with s707(3) of the Corporations Act and the ASX Listing Rules (**Listing Rules**).
- (4) The Incentive Options may be exercised wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the Exercise Price per Incentive Option to the Company at any time on or before 5.00pm (Brisbane time) on 31 March 2017 (**Expiry Date**).
- (5) Upon the valid exercise of the Incentive Options and payment of the Exercise Price, the Company will issue Shares ranking pari passu with the then issued Shares.
- (6) Incentive Option holders do not have any right to participate in new issues of securities in the Company without the Incentive Option holder exercising the Incentive Option. The Company will, where required pursuant to the Listing Rules, provide Incentive Option holders with notice prior to the record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Incentive Options, in accordance with the requirements of the Listing Rules.
- (7) The Incentive Option holder will not be able to participate in any dividends unless the Incentive Options are exercised and the resultant Shares are issued prior to the record date to determine entitlements to the dividend.
- (8) The Company does not intend to apply for listing of the Incentive Options on the Australian Securities Exchange (**ASX**).
- (9) The Company shall apply for listing on ASX of the resultant Shares issued upon exercise of any Incentive Option.
- (10) If there is a pro rata issue (except a bonus issue) of Shares, the exercise price of an Incentive Option may be reduced according to the following formula:

$$O_n = O - \frac{E[P - (S + D)]}{N + 1}$$

Where:

O_n = the new exercise price of the Incentive Option;

O = the old exercise price of the Incentive Option;

E = the number of underlying Shares into which one Incentive Option is exercisable;

P = the average market price per Share (weighted by reference to volume) of the underlying Shares during the five trading days ending on the day before the ex rights date or ex entitlements date;

S = the subscription price for a Share under the pro rata issue;

D = the dividend due but not yet paid on existing underlying Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- (11) If there is a bonus issue to the holders of Shares, the number of Shares over which the Incentive Option is exercisable may be increased by the number of Shares which the Incentive Option holder would have received if the Incentive Option had been exercised before the record date for the bonus issue.
- (12) The terms of the Incentive Options shall only be changed if holders (whose votes are not to be disregarded) of Shares approve of such a change.
- (13) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, the rights of Incentive Option holders in respect of any unexercised Incentive Options will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (14) These terms and conditions are governed by the laws of Queensland