2013 HALF-YEAR **REPORT**

31 December 2012

Australian Pacific **Coal**

CONTENTS

Australian Pacific Coal Limited
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Managing Director's Report 1st July to 31st December 2012

I am pleased to report that the Company has now entered a new and exciting phase, adding value to its coal assets through its drilling program. The program is validating the tenement analysis previously undertaken by our geologists and enabling us to progressively announce upgrades to our reported coal resources in accordance with the JORC Code.

We are presently focussing on three coal projects, all located within the Blackwater region. The first of these projects, EPC1827 "Cooroorah" is well advanced towards the grant of a Mineral Development Licence ("MDL") with an upgraded indicated and inferred resource, which will, in turn, enable the undertaking of a feasibility study for the project.

Following on from Cooroorah, our near term focus is on EPC1859 "Dingo" and EPC1995 "Carlo Creek" with the intention of identifying an inaugural resource. We are targeting shallow metallurgical coal that could lend itself to open cut development enabling us to quickly advance these projects to MDL and preliminary feasibility.

The critical challenge faced by all junior explorers in the current capital markets is access to adequate funding on economic terms. In October we secured a funding arrangement with The Australian Special Opportunity Fund, LP, a New York-based institutional investor, managed by The Lind Partners LLC. This agreement allows us to advance our exploration and assists in ensuring that our ongoing efforts will be fully funded. The structure of the agreement enables the company to minimise shareholder dilution and provides maximum capital raising flexibility relative to other funding alternatives currently available to the company.

Finally, I would like to reassure our shareholders that our JV with Rio Tinto Exploration is moving forward and progressing in accordance with our joint venture agreement. This JV is a valuable part of our portfolio of coal assets and we look forward to drilling commencing in the near future. Cuesta Coal are continuing to progress their exploration of our JV tenements in which we have retained a 10% free carry interest.

I would like to thank our shareholders for their support. I look forward to providing the market with further updates over the coming months as we progress through our exciting exploration drilling program.

Paul Byrne
Managing Director

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2012.

Directors

The names of directors who held office during or since the end of the half year ended 31 December 2012:

Mr. Peter Ziegler (Chairman, Non-executive Director)

Mr. Paul Byrne (Executive Director)

Mr. Paul Ingram (Non-executive Director)

Mr. Paul Ryan (Non-executive Director) *appointed 29 November 2012*

Mr. John Bovard (Chairman, Non-executive Director) *retired 29 November 2012*

Operating Results

The half year consolidated loss of the consolidated group amounted to $896,772 (2011: profit $1,383,527) after providing for income tax and eliminating minority equity interests.

Review of Operations

Coal Exploration Projects

AQC owns a 100% interest in 15 coal exploration permits (EPCs) and 11 EPC applications in the Bowen and Surat Basins of Queensland. The EPCs cover areas the Company believes are prospective for both metallurgical and thermal coal and exploitable by both open cut and underground mining. An additional four EPCs have been farmed out to Cuesta Coal subsidiary, Blackwood Resources Pty Ltd, whereby AQC retains a 10% free carried interest through to feasibility study. Four Mt Hillalong EPCs have been incorporated into an Exploration, Option and Joint Venture Agreement with Rio Tinto Exploration Pty Ltd.

The projects have been segregated into four broad project areas to reflect geographic location and coal targets.

During the half-year the company has focused on completion of the 2012 exploration program and preparation of the 2013 drilling program which includes:

- Infill drilling of EPC 1827 'Cooroorah' to increase the size and JORC status of the resource.
- Site access, planning and preparation for drilling of open cut resource targets on EPC 1859 'Dingo', and
- Site access, planning and preparation for drilling of open cut resource targets on EPC 1995 'Carlo Creek'.

The Company's exploration strategy is to seek shallow coking coal targets from which it can develop into a small to mid-sized coal producer. The Company will value-add deeper (underground) targets by drilling them and undertaking other exploration activities to prove up resources, and thence evaluate development options.

Total area covered by exploration permits and applications now totals over 2,000 km2 and represents highly prospective coking, PCI and thermal coal targets.

DIRECTORS' REPORT

The Group holds the following coal tenement assets:

Tenement	Location	Status
EPC 1548	West German Creek	Granted 29 March 2010
EPC 1566	Bee Creek	Competing application
EPC 1638	Spear Creek	Competing application
EPC 1798	Bluff Creek	Granted 19 February 2010
EPC 1827 MDLA 453	Cooroorah	EPC Granted 25 November 2009 MDL application lodged 8 March 2011
EPC 1859	Dingo	Granted 31 May 2011
EPC 1866	Lake Elphinstone	Competing application
EPC 1894	Pocky Creek	Granted 29 March 2010
EPC 1895	Dawson River	Granted 29 March 2010
EPC 1896	Bottle Tree Creek	Application
EPC 1920	Comet River	Granted 18 February 2010
EPC 1965	Kanga Creek	Granted 28 March 2011
EPC 2011	North Copperfield	Competing application
EPC 2014	Blair Athol	Competing application
EPC 2157		Competing application (priority applicant)
EPC 1989	Castlevale	Granted 26 July 2012
EPC 1995	Carlo Creek	Granted 25 May 2010
EPC 1996	Churchyard Creek	Granted 24 May 2010
EPC 1997	Mt Stuart	Granted 24 May 2010
EPC 2012	Clermont	Competing application
EPC 2016	Drummond	Competing application
EPC 2035	Bee Creek	Granted 12 October 2010
EPC 2036	Ripstone Creek	Granted 12 October 2010
EPC 2037	Almoola	Granted 22 October 2012
EPC 2826		Competing application
EPC 2828		Competing application

Blackwood Resources Pty Ltd (Cuesta Coal Limited) JV

The Company, through its 100% owned subsidiary Mining Investments One Pty Ltd has entered into a Joint Venture Exploration and Development agreement with Cuesta Coal Limited subsidiary Blackwood Resources Pty Ltd (Blackwood). Under the agreement Blackwood acquires a 90% interest in the following tenements for a total cash consideration of $500,000. AQC will hold a 10% free carried interest in the tenements up until bankable feasibility. AQC will have the option to enter into a joint venture agreement with Blackwood to further explore and develop these tenements.

EPC 1955	Bungaban Creek	Granted 30 March 2010
EPC 1957	Laguna Creek	Granted 8 February 2012
EPC 1979	Kingsthorpe	Granted 12 October 2010
EPC 1987	Quandong	Granted 28 September 2012

DIRECTORS' REPORT

Rio Tinto Exploration Pty Ltd JV

On 22nd August 2011 the Company announced that its 100% owned subsidiary Area Coal Pty Ltd (Area Coal) had executed an Exploration, Option and Joint Venture Agreement ("the agreement") with RTX covering four of its Mt Hillalong tenements.

EPC 1824	Mt Hillalong	Granted 31 March 2011
EPC 1645	Mount Hess	Competing application
EPC 1773	Kemmis Creek	Granted 29 October 2010
EPC 1867	Mount Hess West	Granted 15 May 2012

Industrial Minerals Projects

The Group holds the following industrial minerals assets

Tenement	Mineral	Location	Status	Uses
ML 70360 EPM 13886 EPM 17644	Calcium Bentonite	Springsure Central Qld	The company is reviewing its future options for this project.	Multiple uses including clarification of food oils, livestock feed, compost enhancing.
ML 50207 EPM 16629 EPM 19039	Sodium Bicarbonate	Roma Qld	The company is reviewing its future options for this project.	Baking Soda and Soda Ash. Food and other industries, glass manufacture

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 6 for the half year ended 31 December 2012.

This directors' report is signed in accordance with a resolution of the Board of Directors.

P. a. Ziegler

Peter Ziegler

Chairman

Brisbane, 15 March 2013

D. A. Lissauer B.Com., FCPA, Affiliate ICAA
R. P. Lissauer B.Ec., M.Tax, CA, FTIA
M. R. Lipson B.Bus., B.Ed., AI.Arb.A, CA

LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Section 307C of the *Corporations Act 2001* I declare that, to the best of my knowledge and belief, in relation to the review of Australian Pacific Coal Limited for the half-year ended 31 December 2012 there has been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Sothertons LLP
Chartered Accountants
Level 6
468 St Kilda Road
MELBOURNE VIC 3004

Partner: David Lissauer

Dated this 15th day of March 2013.

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REGISTERED COMPANY AUDITORS
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the half-year ended 31 December 2012

	Note	Consolidated Group 2012 $	2011 $
Revenue		10,760	2,337,411
Employee benefits expense		(244,742)	(292,749)
Depreciation and amortisation expense		(61,738)	(61,118)
Exploration, evaluation and development expenses		(17,477)	(16,837)
Finance costs		-	(4,461)
Impairment of trade and other receivables		(83,745)	-
Impairment of exploration and evaluation		(11,303)	(62,357)
Administration and consulting expenses		(488,527)	(516,362)
Profit before income tax		(896,772)	1,383,527
Income tax expense (benefit)		-	-
Profit/(Loss) for the period	2	(896,772)	1,383,527
Earnings per share			
Basic earnings per share (cents)		(0.16)	0.26
Diluted earnings per share (cents)		(0.16)	0.25

The above statement of profit or loss should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2012

	Note	Consolidated Group	
		2012	**2011**
		$	**$**
Profit/(Loss) for the period		(896,772)	1,383,527
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(896,772)	1,383,527

The above statement of comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	Consolidated Group	
		31.12.2012	30.06.2012
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		387,919	1,042,761
Trade and other receivables		106,457	64,163
Other assets		46,257	26,493
Total current assets		540,633	1,133,497
Non-current assets			
Trade and other receivables		721,483	797,108
Investments accounted for using the equity method		110,000	110,000
Property, plant and equipment		279,647	340,664
Exploration and evaluation expenditure		1,656,109	1,220,354
Total non-current assets		2,767,239	2,468,126
Total assets		3,307,872	3,601,543
LIABILITIES			
Current liabilities			
Trade and other payables		344,866	267,727
Borrowings	3	225,000	-
Total current liabilities		569,866	267,727
Total liabilities		569,866	267,727
Net assets		2,738,006	3,333,916
EQUITY			
Issued capital	4	34,611,181	34,310,319
Accumulated losses		(31,873,175)	(30,976,403)
Parent entity interest		2,738,006	3,333,916
Non-controlling interest		-	-
Total equity		2,738,006	3,333,916

The above statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2012

CONSOLIDATED	**Note**	**Issued Capital Ordinary**	**Accumulated Losses**	**Total**
		$	**$**	**$**
Balance at 1 July 2011		33,230,500	(31,629,521)	1,600,979
Total comprehensive income/(loss) for the period		-	1,383,527	1,383,527
Balance at 31 December 2011		33,230.500	(30,245,994)	2,984,506
Balance at 1 July 2012		34,310,319	(30,976,403)	3,333,916
Total comprehensive income/(loss) for the period		-	(896,772)	(896,772)
Transactions with owners, in their capacity as owners, and other transfers				
Share issued during the period		525,000	-	525,000
Transaction costs on share issue		(224,138)	-	(224,138)
Total transactions with owners and other transfers		300,862	-	300,862
Balance at 31 December 2012		34,611,181	(31,873,175)	2,738.006

The above statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOW

For the half-year ended 31 December 2012

		Consolidated Group	
		2012	2011
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	2,535,650
Payments to suppliers and employees		(743,612)	(1,219,999)
Interest received		10,760	31,911
Finance costs		-	(4,461)
Net cash (used in)/provided by operating activities	28a	(732,852)	1,343,101
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation		(447,058)	(389,368)
Purchase of non-current assets		(793)	(21,091)
Net cash used in investing activities		(447,851)	(410,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		425,000	-
Transaction costs paid on share issue		(224,138)	-
Proceeds from borrowings		325,000	-
Repayment of borrowings		-	(126,272)
Net cash used in/(provided by) financing activities		525,862	(126,272)
Net increase/(decrease) in cash held		(654,841)	806,370
Cash and cash equivalents at beginning of period		1,042,760	585,444
Cash and cash equivalents at end of period	10	387,919	1,391,814

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

For the Half-year Ended 31 December 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2012 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Australian Pacific Coal Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgements

The critical estimates and judgments are consistent with those applied and disclosed in the June 2012 annual report.

Going Concern

This financial report has been prepared on a going concern basis as the Directors believe that the company and the consolidated entity will be able to realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. The continuation of the company and the consolidated entity as a going concern is dependent upon their ability to achieve the following objectives:

- Development and exploitation of the coal tenements
- Realisation of surplus assets
- Capital raising

However, should the anticipated activities and capital raisings not generate sufficient revenues and cash flows as expected, the company and consolidated entity may not be able to pay their debts as and when they become due and payable and they may be required to realise assets and extinguish liabilities other than in the ordinary course of business and at amounts different from those stated in the financial statements. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

Presentation of Items of Other Comprehensive Income

The Group adopted AASB 2011–9: *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* on 1 July 2012. AASB 2011–9 is mandatorily applicable from 1 July 2012 and amends AASB 101: *Presentation of Financial Statements.*

AASB 2011–9 amends AASB 101 to change the title "income statement" to "statement of profit or loss" under the two-statement approach. Although other titles are also permitted, the Group has decided to use the title "statement of profit or loss".

The adoption of AASB 2011–9 only changed the presentation of the Group's financial statements and did not have any impact on the amounts reported for the current period or for any prior period in the Group's financial statements.

NOTE 2: PROFIT/(LOSS) FOR THE PERIOD

	Note	Consolidated Group	
		2012	2011
		$	$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:			
Sale of interest in tenements		-	2,300,000
Impairment of trade and other receivables		(83,745)	-
Impairment of capitalised exploration expenditure		(11,303)	(62,357)

NOTE 3: BORROWINGS

	Note	Consolidated Group	
		31.12.2012	30.06.2012
		$	$
CURRENT			
Unsecured liabilities:			
Convertible Security	.	225,000	-
Total current borrowings		**225,000**	**-**
Total borrowings		**225,000**	**-**

Convertible Security

The Company has entered into a working capital and funding agreement with The Australian Special Opportunity Fund, LP. The agreement included the provision of an upfront payment of $325,000 on the issue of a Convertible Security with a face value of $325,000 and a term of 24 months at a zero % interest rate.

During the half-year the Company issued 6,250,000 Ordinary Shares to The Australian Special Opportunity Fund, LP on a $100,000 part conversion of the Convertible Security.

NOTE 4: ISSUED CAPITAL

		Consolidated Group 31.12.2012 $	Consolidated Group 31.12.2011 $
Movement in shares on issue			
a.	**Ordinary Shares**		
	At the beginning of reporting period	**34,310,319**	**33,230,500**
	Shares issued during the half-year		
	— 2/10/2012	200,000	-
	— 31/10/2012	75,000	-
	— 29/11/2012	175,000	-
	— 31/12/2012	75,000	-
	Transaction costs on share issue	(224,138)	-
	At the end of the reporting period	**34,611,181**	**33,230,500**

		Consolidated Group 31.12.2012 No.	Consolidated Group 31.12.2011 No.
b.	**Ordinary Shares**		
	At the beginning of reporting period	**564,993,926**	**533,118,926**
	Shares issued during the half-year		
	— 2/10/2012	17,569,378	-
	— 31/10/2012	4,687,500	-
	— 29/11/2012	10,937,500	-
	— 31/12/2012	5,000,000	-
	At the end of the reporting period	**603,188,304**	**533,118,926**

The Company has entered into a working capital and funding agreement with The Australian Special Opportunity Fund, LP. The agreement included the provision that over 24 months, a minimum of $75,000 of shares will be purchased by The Australian Special Opportunity Fund, LP from the Company, approximately monthly, which may be increased to $225,000 by mutual consent, subject to compliance with the terms of the agreement. The Company has the right to pause the monthly tranche purchases for defined periods as specified in the agreement. On commencement of the agreement the Company paid a $200,000 commencement fee by issuing 9,569,378 ordinary shares and is secured against 8,000,000 ordinary shares.

During the half-year the Company issued 6,250,000 Ordinary Shares to The Australian Special Opportunity Fund, LP on a $100,000 part conversion of the Convertible Security.

NOTE 5: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of resource category and technology investments. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of products and services by segment

i. *Mining exploration and evaluation*

The mining exploration and evaluation segment seeks to identify prospective resource areas, secure tenure over the relevant tenements and manage the exploration and evaluation process.

ii. *Technology investments*

Technology investment operations are largely dormant with focus being maintained on retaining the rights to secured technologies.

iii. *Bentonite Mining*

The bentonite mining segment mines for bentonite.

Basis of accounting for purposes of reporting by operating segments

a. **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

b. **Inter-segment transactions**

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on the segments' overall proportion of direct operating costs within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

c. **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. **Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. **Unallocated items**

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

— Net gains on disposal of available-for-sale investments
— Impairment of assets and other non-recurring items of revenue or expense
— Income tax expense
— Deferred tax assets and liabilities
— Current tax liabilities
— Other financial liabilities
— Intangible assets
— Discontinuing operations
— Retirement benefit obligations

i. Segment performance

	Exploration	Bentonite Mining	Technology	All Other Segments	Total
	$	$	$	$	$
HALF YEAR ENDED 31 DECEMBER 2012					
Revenue					
External sales	-	-	-	-	-
Interest revenue	-	-	-	10,760	**10,760**
Total segment revenue	**-**	**-**	-	**10,760**	**10,760**
Total group revenue					**10,760**
Segment net profit/(loss) from continuing operations before tax	**(8,610)**	**(71,188)**	**(956)**	**(816,018)**	**(896,772)**
Net profit/(loss) from continuing operations before tax					**(896,772)**
HALF YEAR ENDED 31 DECEMBER 2011					
Revenue					
External sales	-	-	-	1,500	1,500
Interest revenue	159	-	-	31,752	31,911
Other revenue	2,300,000	-	-	4,000	2,304,000
Total segment revenue	**2,300,159**	**-**	-	**37,252**	**2,337,411**
Total group revenue					**2,337,411**
Segment net profit/(loss) from continuing operations before tax	**2,291,351**	**(68,465)**	**(1,812)**	**(775,190)**	**1,445,884**
Net profit/(loss) from continuing operations before tax					**1,445,884**

ii. Segment assets

	Exploration	Bentonite Mining	Technology	All Other Segments	Total
31 December 2012	$	$	$	$	$
Segment assets					
Included in segment assets are:					
Capitalised exploration and evaluation	1,656,109	-	-	-	1,656,109
Property, plant and equipment	-	237,364	-	42,282	279,646
Investments accounted for using the equity method	110,000	-	-	-	110,000
Other assets	75,974	23,583	-	1,162,558	1,262,115
Segment assets	1,732,084	260,947	-	1,314,841	3,307,871
Total group assets					**3,307,871**
30 June 2012					
Segment assets					
Included in segment assets are:					
Capitalised exploration and evaluation	1,220,354	-	-	-	1,220,354
Property, plant and equipment	-	284,356	-	56,308	340,664
Investments accounted for using the equity method	110,000	-	-	-	110,000
Other assets:	91,104	23,233	-	1,816,189	1,930,526
Segment assets	1,311,457	307,589	-	1,982,496	3,601,543
Total group assets					**3,601,543**

NOTE 6: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting period.

NOTE 7: EVENTS AFTER THE END OF THE INTERIM PERIOD

Other than the following, the directors are not aware of any significant events since the end of the interim period.

The Company has agreed to amend the terms of the Share Purchase and Convertible Security Agreement with The Australian Special Opportunity Fund, LP. The amended agreement provided for of an upfront payment to the Company of $100,000 on the issue of a second Convertible Security with a face value of $110,000 and a term of 24 months at a zero % interest rate.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Pacific Coal Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 18, are in accordance with the *Corporations Act 2001*, including:
    a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Peter Ziegler

Chairman

Dated this 15th day of March 2013

SOTHERTONS L.L.P.
CHARTERED ACCOUNTANTS

D. A. Lissauer B.Com., FCPA, Affiliate ICAA
R. P. Lissauer B.Ec., M.Tax, CA, FTIA
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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Australian Pacific Coal Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Pacific Coal Limited and controlled entities (the consolidated entity), which comprises the consolidated balance sheet as at 31 December 2012, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Australian Pacific Coal Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date and complying with Accounting Standard ASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Pacific Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Pacific Coal Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date, and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualification to the conclusion above, attention is drawn to Note 1 "Going Concern" in the financial report, which indicates the existence of a material uncertainty that may cast significant doubt about the company's and the consolidated entity's ability to continue as a going concern and therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report of the company and the consolidated entity does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as a going concern.

Sothertons LLP
Chartered Accountants
Level 6, 468 St Kilda Road
MELBOURNE VIC 3004

Partner: David Lissauer

Dated this 15th day of March 2013.

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Appendix 4D

Name of entity

Australian Pacific Coal Limited

ABN or equivalent company reference	Half Year ended ('current period')
ABN 49 089 206 986	**31 December 2012**

Results for announcement to the market

			A$
Total Revenues	Down	to	**10,760**
Net profit/(loss) for the period attributable to members	Down	to	**(896,772)**

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Previous corresponding period		
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

Record date for determining entitlements to the dividend	N/A

Brief explanation of any of the figures reported above:

Refer to review of operations in the attached documents.

Net tangible asset backing	Current year	Previous year
Net tangible asset backing per ordinary security	**0.45 cents**	0.56 cents

Earnings per share	Current year	Previous year
Basic profit/(loss) per share (cents)	**(0.16)**	0.26
Diluted profit/(loss) per share (cents)	**(0.16)**	0.25
Weighted average number of shares used in calculating basic profit or loss per share	**577,043,826**	533,118,926
Weighted average number of shares used in calculating diluted profit or loss per share	**577,043,826**	563,118,926
The amount used in the numerator in calculating basic earnings per share is the same as the net profit or loss attributable to members reported in Income Statement.		
The calculation of diluted earnings per share involves adjusting basic earnings per share to reflect the existence of dilutive securities. This implies adjustments to increase the denominator to reflect that more shares would be on issue if conversion occurred.		

Change in composition of entity

Details of associates and joint venture entities

Corporate Directory

Directors

Peter Ziegler
Non-executive Chairman
Paul Byrne
Managing Director & CEO
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: 603,188,304 as at 31 Dec 2012

Market Capitalisation

$12.064 million as at 31 Dec 2012

Quarterly Share Price Activity

2012	High	Low	Last
December	$0.027	$0.017	$0.020
September	$0.027	$0.013	$0.018
June	$0.040	$0.020	$0.023
March	$0.044	$0.032	$0.036

Substantial Shareholders

Mr Paul Byrne 10.39%
Ms Elizabeth Byrne Henderson 4.86%

Principal Office

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10 Felix Street
Brisbane QLD 4000

Registered Office

Level 7
10 Felix Street
Brisbane QLD 4000

Postal Address

PO Box 16330
City East QLD 4002

Share Registry

Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000

Auditor

Sothertons Chartered Accountants
10 Market Street
Brisbane QLD 4000

Solicitors

Hopgood Ganim
L8 Waterfront Place
Eagle St Brisbane Qld 4000

Geological Consultants

SW Hayes and Associates
18 Sussex St, Toowong Qld 4066

Global Ore Discovery Ltd
15a Tate St Albion Qld 4010

Geological Solutions Pty Ltd
10/13 Garnet St Cooroy, Qld 4563

Ausmec Geoscience
Level 4, 190 Edward St, Qld 4000