



Australian Pacific Coal

17 October 2013

RIO TINTO EXPLORATION – MT HILLALONG PROJECT UPDATE

Rio Tinto Exploration (RTX) have provided the following report on the initial outcomes and progress of their exploration program for AQC and Rio Tinto Exploration's Mt Hillalong JV project EPC1824.

"Rio Tinto Exploration has completed its 2013 exploration program on the Hillalong Project (EPC1824). Two open holes and three 2D seismic lines were completed during September 2013 to assess the potential for Rangal Coal measures.

Drill results:

- **HILL0002 intersected 12m net coal between 320m and 460m depth from the Leichhardt, Vermont and Girrah Seams.**
- **HILL0003 intersected 11m net coal between 155m and 185m depth from the Leichhardt and Vermont Seams.**

Coal chip samples from the two holes have been submitted to the coal laboratories for petrography analysis and reflectance (RoMax) determination.

Final processing and interpretation of the seismic data has not yet been completed, however it confirms Rangal Coal Measures are present and continuous within EPC1824.

Rio Tinto Exploration is planning to return to the project next field season to follow up this work."

This is a very good outcome for the JV project. Based on these results, we note that there is good potential for open cut mineable coal within the Hillalong Project. We look forward to providing further information as it becomes available.

About EPC1824

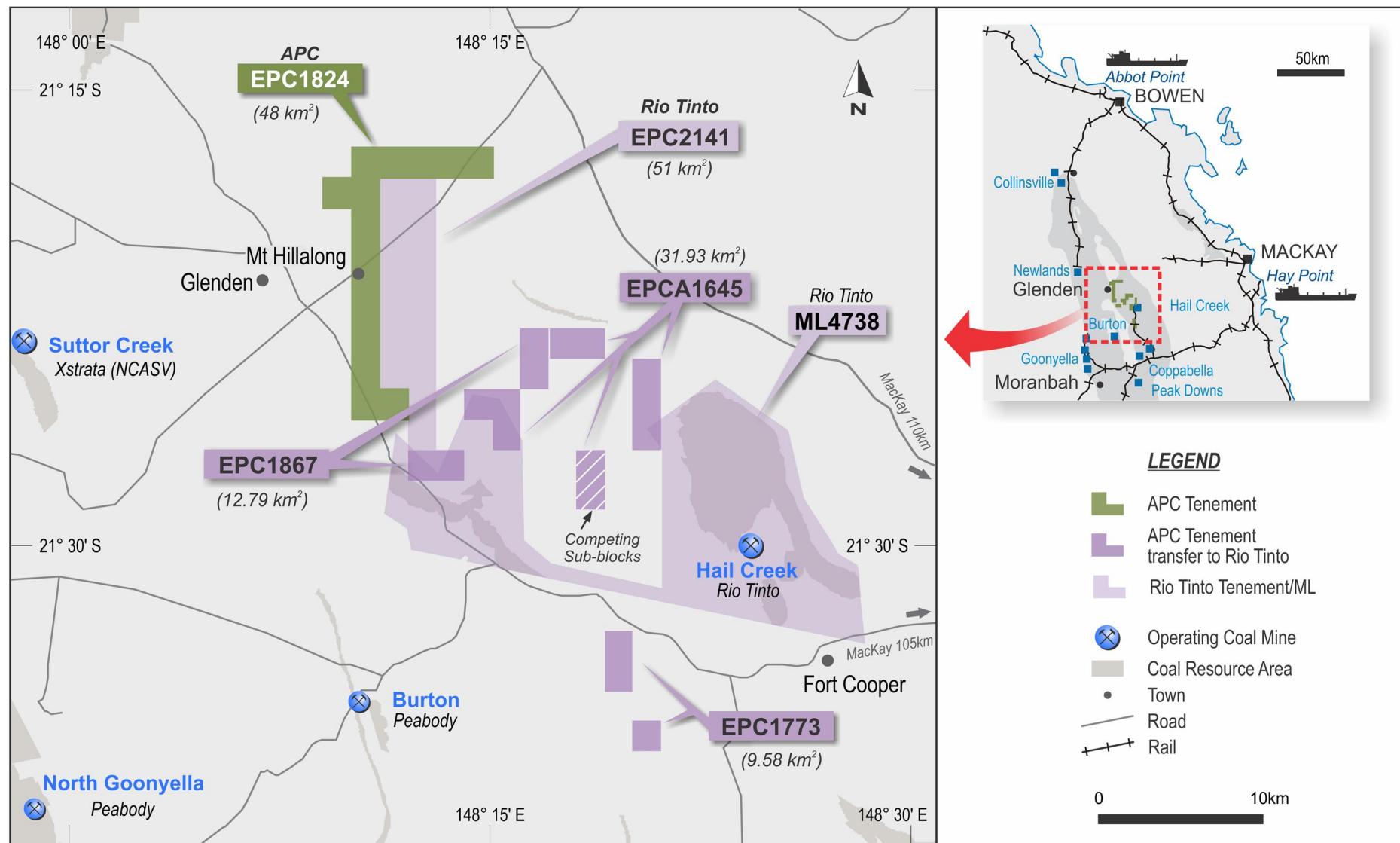
EPC1824 is located in the heart of the Bowen Basin in close proximity to Rio Tinto's existing Hail Creek mine (see map below). AQC's Joint Venture Exploration, Option and JV Agreement with RTX provides AQC with a number of options in the event that Rio Tinto exercises its option to acquire a 75% interest in the tenement. Historical exploration conducted for the CRA Coal Group identified outcropping coal in the northern part of the tenement. The RTX exploration program will expand on their knowledge of the tenement and is focused on identifying a resource target in the central/southern areas of the tenement.

Yours faithfully,



Paul Byrne
CEO

AUSTRALIAN PACIFIC COAL & RIO TINTO EXPLORATION MT HILLALONG TENEMENTS



Note: This map does not display tenements held by other explorers