HALF-YEAR REPORT

31 December 2014

Australian Pacific Coal

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I take this opportunity to thank our shareholders for their continuing support over the prior period. I would also like to remind our investors that over the past years we have collected within our company a pool of valuable projects with good development potential. A brief summary of our key projects is provided in this report. Developments in conjunction with these projects are regularly updated in the company's Quarterly Reports and ASX Releases.

This has been a difficult period for all exploration companies. Funding for exploration has been quite difficult to achieve. However, we continue to attract interest in our projects and there is clear recognition by potential investors that our company holds high qualtiy projects. Unfortunately, given the current risk averse economic environment potential investors are generally only negotiating to secure their place in the future development of our resources. As a result, progress in this last period has not been as rapid as we would have liked. But please be assured that our negotiations with potential investors are always conducted to ensure that the financial returns from development of our resource assets will benefit our shareholders in both the short and longer term.

I would like to emphasise that our joint venture exploration partners continue to explore the tenements the subject of these joint ventures and adhere to the terms of their exploration agreements with our company. Both our agreement with Cuesta Coal subsidiary Blackwood Resources Pty Ltd, which covers four exploration tenements in the Clarence Moreton and Galilee Basins, and the agreement with Rio Tinto Exploration pertaining to several of our tenements in the Bowen basin are ongoing.

Our coal projects still offer great opportunity for the Company. We believe that further discoveries are possible and that the development of some our projects is feasible with the right partners.

We are determined to capitalise on our projects. We are also aware of new opportunities and we regularly look at new projects that can offer value to our Company.

I thank you all for your support!

Thank you,
Paul Byrne

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half year ended 31 December 2014.

Directors

The names of directors who held office during or since the end of the half year ended 31 December 2014:

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

Mr. Paul Byrne (Executive Director)

Mr. Paul Ingram (Non-executive Director)

Mr. Paul Ryan (Non-executive Director)

Review of Operations

Coal Exploration Projects

AQC owns a 100% interest in seventeen coal exploration permits (EPCs) and two 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.

During the half-year the company has focused on the review of its exploration tenements and future drilling programs. The company has identified the following key projects as the primary areas for further exploration and exploitation:

- MDL 453 'Cooroorah'
- EPC 2011 'South Clermont', and
- EPC 1859 'Dingo'

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 km^2 and represents highly prospective coking, PCI and thermal coal targets.

The Group held the following coal tenement assets at the end of the reporting period:

Tenement	Location	Status
EPC 1566	Bee Creek	Granted 21 January 2014
EPC 1638	Spear Creek	Competing application
MDL 453	Cooroorah	MDL Granted 22 January 2014 (Replaces EPC 1827)
EPC 1859	Dingo	Granted 31 May 2011
EPC 1894	Rocky Creek	Granted 29 March 2010
EPC 1895	Dawson River	Granted 29 March 2010
EPC 1896	Bottle Tree Creek	Granted 27 June 2014
EPC 1920	Comet River	Granted 18 February 2010
EPC 1965	Kanga Creek	Granted 28 March 2011

Continued on next page …

DIRECTORS' REPORT

... continued

Tenement	Location	Status
EPC 2011	South Clermont	Granted 1 May 2014
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 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 2122	Demycoal	Granted 16 December 2011

Blackwood Resources Pty Ltd (Cuesta Coal Limited) Exploration Agreement

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 acquired a 90% interest in the following tenements for a total cash consideration of $500,000. AQC holds a 10% free carried interest in the tenements up until bankable feasibility. AQC will then have the option to enter into a joint venture agreement with Blackwood to further explore and develop these tenements.

Tenement	Location	Status
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

Rio Tinto Exploration Pty Ltd – Ht Hillalong Exploration Agreement

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 Rio Tinto Exploration Pty Ltd (Rio Tinto) covering four of its Mt Hillalong tenements, three of which are transferred to Rio Tinto. Area Coal retains ownership of EPC1824. Rio Tinto's commitment period under the Agreement expires on 23 August 2015. During the commitment period Rio Tinto is conducting a program of exploration on EPC 1824. Prior to the expiry of the commitment period Rio Tinto may exercise an option to acquire a 75% interest in EPC 1824 for a specified sum. On exercise of the option the Agreement then provides AQC with a number of additional options for the further sale to Rio Tinto of its remaining 25% or for continued participation in a JV. If Rio Tinto fail to exercise their option, ownership of all the transferred tenements reverts to Area Coal.

Tenement	Location	Status
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	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 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 2014.

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

Peter Ziegler
Chairman
Brisbane, 13 March 2015

SOTHERTONS
CHARTERED ACCOUNTANTS

Lead Auditor's Independence Declaration
To the Directors of Australian Pacific Coal Limited

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 audit of Australian Pacific Coal Limited for the half-year ended 31 December 2014 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

Partner: David Lissauer

Dated at Brisbane, this thirteenth day of March 2015

PrimeGlobal An Association of Independent Accounting I

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INCOME STATEMENT

For the half-year ended 31 December 2014

	Note	Consolidated Group	
		Half-year ended 31 Dec 2014	Half-year ended 31 Dec 2013
		$	$
Revenue		9,509	13,153
Raw materials and consumables used		-	(2,700)
Employee benefits expense		(110,062)	(111,330)
Depreciation and amortisation expense		(18,087)	(32,637)
Exploration, evaluation and development expenses		(37,064)	(23,934)
Capitalised exploration expensed on sale of tenement		(30,700)	-
Capitalised exploration expensed on surrender of tenement		(179,608)	-
Impairment of trade and other receivables		(84,910)	(90,975)
Impairment of exploration and evaluation		(2,501)	(34,918)
Impairment of other financial assets		(74,000)	(26,000)
Administration and consulting expenses		(567,825)	(620,797)
Profit before income tax		(1,095,248)	(930,138)
Income tax expense (benefit)		-	-
Profit/(Loss) for the period	2	(1,095,248)	(930,138)
Profit/(Loss)attributable to:			
Members of the parent entity		(1,095,248)	(930,138)
		(1,095,248)	(930,138)
Earnings per share			
Basic earnings per share (cents)		(0.54)	(0.12)
Diluted earnings per share (cents)		(0.54)	(0.12)

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

STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

	Note	Consolidated Group	
		Half-year ended 31 Dec 2014	Half-year ended 31 Dec 2013
		$	$
Profit/(Loss) for the period		(1,095,248)	(930,138)
Other comprehensive income		-	-
Total comprehensive income for the period		(1,095,248)	(930,138)
Total comprehensive income attributable to:			
Members of the parent entity		(1,095,248)	(930,138)

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Consolidated Group	
		as at 31 Dec 2014	as at 30 Jun 2014
		$	$
ASSETS			
Current assets			
Cash and cash equivalents		336,969	451,226
Trade and other receivables		38,066	102,589
Other assets		46,306	27,867
Total current assets		421,341	581,682
Non-current assets			
Trade and other receivables		154,896	213,646
Property, plant and equipment		174,122	185,448
Exploration and evaluation expenditure		2,726,484	2,741,917
Other financial assets		-	74,000
Total non-current assets		3,055,502	3,215,011
Total assets		3,476,843	3,796,693
LIABILITIES			
Current liabilities			
Trade and other payables		1,504,200	1,307,581
Borrowings	3	250,000	175,000
Total current liabilities		1,754,200	1,482,581
Total liabilities		1,754,200	1,482,581
Net assets		1,722,643	2,314,112
EQUITY			
Issued capital	4	37,461,347	36,957,568
Accumulated losses		(35,738,704)	(34,643,456)
Parent entity interest		1,722,643	2,314,112
Non-controlling interest		-	-
Total equity		1,722,643	2,314,112

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

STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2014

	Note	Consolidated Group		
		Issued Capital Ordinary	**Retained Earnings**	**Total**
		$	**$**	**$**
Balance at 1 July 2013		35,239,172	(32,852,964)	2,386,208
Comprehensive Income				
Profit/(Loss) for the period		-	(930,138)	(930,138)
Total other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(930,138)**	**(930,138)**
Transactions with owners, in their capacity as owners, and other transfers				
Share issued during the period	4	1,281,750	-	1,281,750
Transaction costs on share issue		(54,023)	-	(54,023)
Total transactions with owners and other transfers		1,227,727	-	1,227,727
Balance at 31 December 2013		36,466,899	(33,783,102)	2,683,797
Balance at 1 July 2014				
Comprehensive Income		36,957,568	(34,643,456)	2,314,112
Profit/(Loss) for the period		-	(1,095,248)	(1,095,248)
Total other comprehensive income for the period		-	-	-
Total comprehensive income for the period		**-**	**(1,095,248)**	**(1,095,248)**
Transactions with owners, in their capacity as owners, and other transfers				
Share issued during the period	4	548,390	-	548,390)
Transaction costs on share issue		(44,611)	-	(44,611)
Total transactions with owners and other transfers		503,779	-	503,779
Balance at 31 December 2014		37,461,347	(35,738,704)	1,722,643

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

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2014

	Note	Consolidated Group	
		Half-year ended 31 Dec 2014	Half-year ended 31 Dec 2013
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	3,300
Payments to suppliers and employees		(498,408)	(506,486)
Interest received		4,509	9,853
Finance costs		-	-
Net cash (used in)/provided by operating activities		(493,899)	(493,693)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of exploration, evaluation and development assets		5,000	-
Payments for exploration, evaluation and development assets		(197,376)	(217,598)
Purchase of non-current assets		(6,761)	(5,083)
Net cash used in investing activities		(199,137)	(222,681)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		498,390	1,075,250
Capital raising costs		(44,611)	(54,023)
Proceeds from borrowings		125,000	-
Repayment of borrowings		-	-
Net cash used in/(provided by) financing activities		578,779	1,021,227
Net increase/(decrease) in cash held		(114,257)	304,853
Cash and cash equivalents at beginning of period		451,226	497,865
Cash and cash equivalents at end of period		336,969	802,718

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 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2014 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 2014, together with any public announcements made during the half-year.

These interim financial statements were authorised for issue on 13 March 2015.

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.

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.

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

The Group has considered the implications of new or amended Accounting Standards and determined that their application to the financial statements is either not relevant or not material.

(c) Critical Accounting Estimates and Significant Judgements Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2014 annual report.

2 PROFIT FOR THE YEAR

	Note	Consolidated Group	
		Half-year ended 31 Dec 2014 $	Half-year ended 31 Dec 2013 $
a. Significant Revenue and Expenses:			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Write-off of capitalised exploration and evaluation costs of tenements sold		(30,700)	-
Write-off of capitalised exploration and evaluation expenditure	b.	(179,608)	-

b. Write off of capitalised exploration and evaluation expenditure

Having assessed the exploration and evaluation results in the respective areas of interest the directors have made the assessment that certain coal exploration tenements should be abandoned. Accordingly the amounts of capitalised exploration and evaluation expenditure for those tenements has now been written off.

3 BORROWINGS

	Note	Consolidated Group	
		31 Dec 2014 $	30 Jun 2014 $
CURRENT			
Secured liabilities:			
Convertible security		250,000	175,000
Total current borrowings		250,000	175,000
Total borrowings		250,000	175,000

a. Total current and non-current secured liabilities:			
Convertible security		250,000	175,000
		250,000	175,000

b. Convertible security

Convertible securities issued by the parent entity with a face value of $175,000 were outstanding at the 30 June 2014. The securities are convertible into ordinary shares of the parent entity in accordance with the terms of the parent entity's Share Purchase and Convertible Security Agreement with The Australian Special Opportunities Fund, LP. During the half-year the Company issued two additional convertible securities with face values of $50,000 and $75,000 respectively. During the half-year 25,000,000 (2013 half-year 21,428,571) ordinary shares were issued on conversion of convertible securities having a face value of $50,000 (2013 half-year: $150,000). The face value of outstanding convertible securities at 31 December 2014 is $250,000 (31 December 2013: $175,000).

c. Collateral Provided

The convertible securities are secured by ordinary shares held as security in accordance with the parent entity's Share Purchase and Convertible Security Agreement with The Australian Special Opportunities Fund, LP.

4 ISSUED CAPITAL

a. Issued and paid up capital

	Consolidated Group	
	31 Dec 2014 No.	30 Jun 2014 No.
Fully paid ordinary shares	226,929,639	920,897,748

b. Movement in shares on issue

		Consolidated Group	
		No.	$
Ordinary Shares			
Balance as at 1 July 2013		662,695,879	35,239,172
Shares issued during the half-year:			
22/07/2013	Issued for Share Purchase Plan	57,525,000	575,250
25/07/2013	Issued for cash (i)	12,500,000	100,000
2/08/2013	Issued for services	3,500,000	31,500
27/08/2013	Issued for cash (i)	14,285,714	100,000
12/09/2013	Issued for conversion of convertible security	21,428,571	150,000
16/09/2013	Issued for services	992,064	12,500
18/09/2013	Issued for cash (i)	10,000,000	100,000
14/10/2013	Issued for services	992,063	12,500
25/10/2013	Issued for cash (i)	11,111,111	100,000
26/11/2013	Issued for cash (i)	14,285,714	100,000
Transaction costs on share issue			(54,023)
Balance as at 31 December 2013		809,316,116	36,466,899
Balance as at 1 July 2014		920,897,748	36,957,568
Shares issued during the half-year:			
22/07/2014	Issued for cash (i)	33,333,333	100,000
21/08/2014	Issued for cash (i)	16,666,667	50,000
18/09/2014	Issued for services	10,214,285	50,050
9/10/2014	Issued for Share Purchase Plan	58,879,650	188,415
10/10/2014	Issued for conversion of convertible security	25,000,000	50,000
Total pre-consolidation shares on issue (ii)		1,064,991,683	
Total post-consolidation shares on issue (ii)		212,998,537	
5/12/2014	Issued for cash (i)	10,000,000	60,000
19/12/2014	Issued for services	3,931,102	49,925
Transaction costs on share issue			(44,611)
Balance as at 31 December 2014		226,929,639	37,461,347

(i) Ordinary shares issued for cash in accordance with the terms of the parent entities Share Purchase and Convertible Security Agreement with The Australian Special Opportunity Fund.

(ii) 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.

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. 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 dormant and are no longer included separately within segment analysis as the segment assets have been impaired to $Nil.

iii. *Bentonite Mining*

The bentonite mining segment mines bentonite for sale to third parties.

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	Unallocated	Total
	$	$	$	$
HALF YEAR ENDED 31 DECEMBER 2014				
Revenue				
External sales	5,000	-	-	5,000
Interest revenue	-	-	4,509	4,509
Other revenue	-	-	-	-
Total segment revenue	5,000	-	4,509	9,509
Total group revenue				9,509
Segment net profit from continuing operations before tax	(296,514)	(38,285)	(760,449)	(1,095,248)
Net profit from continuing operations before tax				(1,095,248)
Amounts included in segment result and reviewed by the board:				
— finance charges	-	-	-	-
— depreciation and amortisation	-	10,335	7,752	18,087
— impairment of exploration and evaluation	553	1,948	-	2,501
— impairment of loans receivable	-	-	84,910	84,910
HALF YEAR ENDED 31 DECEMBER 2013				
Revenue				
External sales	-	3,300	-	3,300
Interest revenue	1	-	9,852	9,853
Other revenue	-	-	-	-
Total segment revenue	1	3,300	9,852	13,153
Total group revenue				13,153
Segment net profit from continuing operations before tax	(61,533)	(49,390)	(819,214)	(930,138)
Net profit from continuing operations before tax				(930,138)
Amounts included in segment result and reviewed by the board:				
— finance charges	-	-	-	-
— depreciation and amortisation		23,926	8,711	32,637
—impairment of exploration and evaluation	32,125	2,793	-	34,918
— impairment of loans receivable		-	90,975	90,975

ii. Segment assets

	Exploration	Bentonite Mining	Unallocated	Total
	$	$	$	$
AS AT 31 DECEMBER 2014				
Included in segment assets are:				
Capitalised exploration and evaluation	2,726,484	-	-	2,726,484
Property, plant and equipment	-	150,025	24,097	174,122
Other financial assets	-	-	-	-
Other assets	74,809	21,159	480,269	576,237
Segment assets	2,801,293	171,184	504,366	3,476,843
Total group assets				3,476,843
AS AT 30 JUNE 2014				
Included in segment assets are:				
Capitalised exploration and evaluation	2,741,917	-	-	2,741,917
Property, plant and equipment	-	160,359	25,089	185,448
Other financial assets	74,000	-	-	74,000
Other assets	110,671	28,188	656,469	795,328
Segment assets	2,926,588	188,547	681,558	3,796,693
Total group assets				3,796,693

iii. Segment liabilities

	Exploration	Bentonite Mining	Unallocated	Total
	$	$	$	$
AS AT 31 DECEMBER 2014				
Reconciliation of segment liabilities to group liabilities				
Segment Liabilities	320,939	5,471	1,427,790	1,754,200
Total group liabilities				1,754,200
AS AT 30 JUNE 2014				
Reconciliation of segment liabilities to group liabilities				
Segment liabilities	325,671	3,409	1,153,501	1,482,581
Total group liabilities				1,482,581

6 CONTINGENT LIABILITIES

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

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.
Since the end of the interim period the Group has disposed of some surplus items of plant and equipment. Proceeds from these sales totalling $140,455 plus GST have now been received.

8 FAIR VALUE MEASUREMENT

(a) Fair value hierarchy

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Measurements based on unobservable inputs for the asset or liability.

The Group's financial assets and financial liabilities measured and recognised at fair value by level of the fair value hierarchy at 31 December 2014 and 30 June 2014 are as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
AS AT 31 DECEMBER 2014				
Recurring fair value measurements				
Financial Assets classified as Trade and other receivables	154,896	-	-	154,896
Investments in shares of unlisted corporations	-	-	-	-
AS AT 30 JUNE 2014				
Recurring fair value measurements				
Financial Assets classified as Trade and other receivables	213,646	-	-	213,646
Investments in shares of unlisted corporations	-	74,000	-	74,000

There were no transfer between Level 1 and Level 2 during the reporting period.

(b) Level 2 fair value measurements

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Investments in shares of unlisted corporations:

Fair values have been determined using net asset based valuation methodology derived from information available in the latest published financial report of the unlisted corporation.

DIRECTORS' DECLARATION

In the opinion of the directors of Australian Pacific Coal Limited:

1. the interim 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 Standards, the *Corporations Regulations 2001* and other mandatory reporting requirements; and
    b. giving a true and fair view of the consolidated group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Peter Ziegler
Chairman
Dated this 13th day of March 2015

SOTHERTONS
CHARTERED ACCOUNTANTS

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 condensed statement of financial position as at 31 December 2014, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and 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 Australian Pacific Coal Limited's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 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 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*.

PrimeGlobal An Association of Independent Accounting I

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S.L.A. PARTNERS PTY LTD ABN 88 081 186 450

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 Australian Pacific Coal Limited's financial position as at 31 December 2014 and of its performance for the half-year ended on that date, and

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

Inherent Uncertainty

Without qualification to the conclusion above, attention is drawn to the following matter:

Continuation as a Going Concern

As described on page 12 in Note 1 "Going Concern" there is material uncertainty whether the company and the consolidated entity will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. 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 or 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 Rd
MELBOURNE VIC 3004

Partner: David Lissauer

Dated at Brisbane, this thirteenth day of March 2015

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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 2014

Results for announcement to the market

			A$
Total Revenues	Up	to	
Net profit/(loss) for the period attributable to members	Down	to	

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	**0.76 cents**	**0.33** cents

Earnings per share	Current year	Previous year
Basic profit/(loss) per share (cents)	**(0.54)**	(0.12)
Diluted profit/(loss) per share (cents)	**(0.54)**	(0.12)
Weighted average number of shares used in calculating basic profit or loss per share	**202,804,925**	763,097,412
Weighted average number of shares used in calculating diluted profit or loss per share	**202,804,925**	798,017,492
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: 226,929,639 as at 31 Dec 2014

Market Capitalisation

$1.659 million as at 31 Dec 2014

Quarterly Share Price Activity

2014	High	Low	Last
December	$0.020	$0.005	$0.007
September	$0.030	$0.015	$0.015
June	$0.030	$0.020	$0.020
March	$0.045	$0.025	$0.030

Historical share prices for periods prior to 26 November 2014 have been adjusted to reflect pricing calculated on a post consolidation basis.

Substantial Shareholders

Mr Paul Byrne 10.06%

Principal Office

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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
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324 Queen Street
Brisbane QLD 4000

Auditor

Sothertons Chartered Accountants
L6, 468 St Kilda Road
Melbourne VIC 3004

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