

QUARTERLY REPORT

April to June 2015



Australian Pacific Coal
ASX: AQC

Australian Pacific Coal (AQC) is an emerging ASX coal explorer focused on the Bowen Basin, Queensland.

Through a series of acquisitions, AQC has positioned itself with both metallurgical and thermal coal projects potentially suited for underground and open cut mining.

The focus of AQC's operations is to value add the coal projects through evaluation of resource potential of the projects followed up with drilling as required to prove up the resource. Early stage drilling has commenced on selected projects.

Following on from the value add process, AQC's exploitation opportunities for individual coal projects include development of the project in its own right, farm-in, joint venture exploration, joint venture development or outright sale.

AQC's long term strategic focus is based on seeking out and identifying potentially lucrative resource investment opportunities.

Paul Byrne
Chief Executive Officer
pbyrne@aqcltd.com

Quarterly Activities Report

KEY POINTS

Coal exploration

- Field exploration activities have been deferred until 2015 funding has been finalised.
- Following Rio Tinto Exploration's decision not to exercise their option to acquire their interest in EPC1824, AQC will continue the exploration and development of its Mt Hillalong project areas.

Corporate

- Additional \$216,000 cash received from the placement of 54 million shares at \$0.4 cents per share post 30 June 2015.
- Announcement of Entitlements Issue and Placement to Cornerstone Investors. The 1 for 1 Entitlements Issue will raise up to \$1.42 million before costs. The Placement, subject to shareholder approval, will raise \$13.2 million before costs.

Chief Executive Officer's Comment

I am pleased to be able to report that the Company has this week executed a Binding Term Sheet with two cornerstone investors, Bentley Resources Pte Ltd and Trepang Services Pty Ltd. The details of the Term Sheet and the associated Entitlements Issue are discussed elsewhere in this report and in our announcement made on 29 July 2015. The announcement can be found on our website at:

<http://www.aqcltd.com/irm/content/asx-announcements.aspx>

This step is a significant milestone for the company. Subject to shareholder approval, securing an additional \$13.2 million from the placement and up to \$1.42 million from the Entitlements Issue will enable the company to continue its exploration program and, if successful, proceed to development of our coal resources. In taking this step these cornerstone investors are demonstrating their confidence in the prospectivity of our coal assets and the potential future of the company.

Your Board and I strongly support this transaction and consider it to be in the best interests of shareholders, securing the future of the company.

We were obviously disappointed to learn that Rio Tinto Exploration do not plan to continue our Exploration, Option and Joint Venture Agreement. The option agreement will expire on 23 August 2015. At that time Rio are required to hand the project, all of the associated tenements and the exploration data back to our 100% owned subsidiary, Area Coal Pty Ltd. We will continue the exploration of the Hillalong Project area, investigating the potential development of a stand alone open cut metallurgical coal mine.

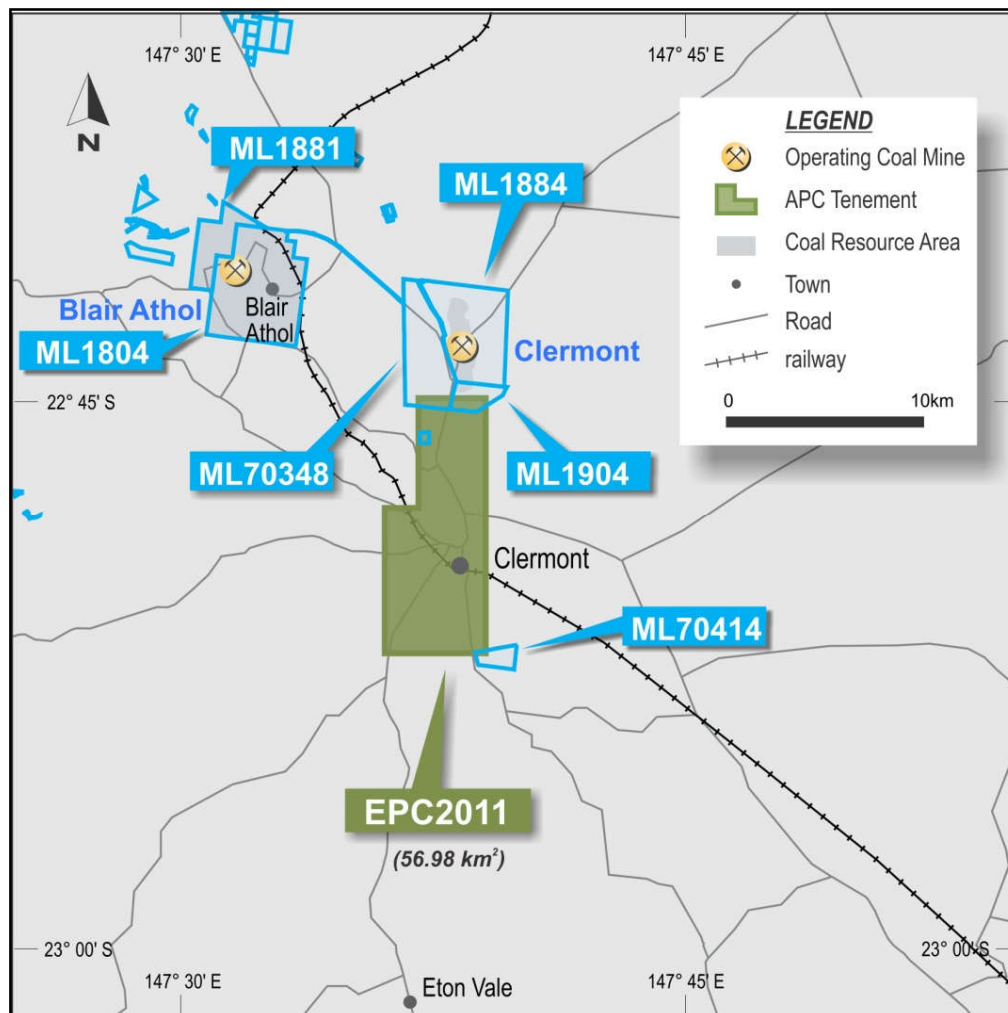
We thank all of our shareholders for their ongoing support and look forward to a prosperous future for the company.

Thank you,

Paul Byrne
Chief Executive Officer

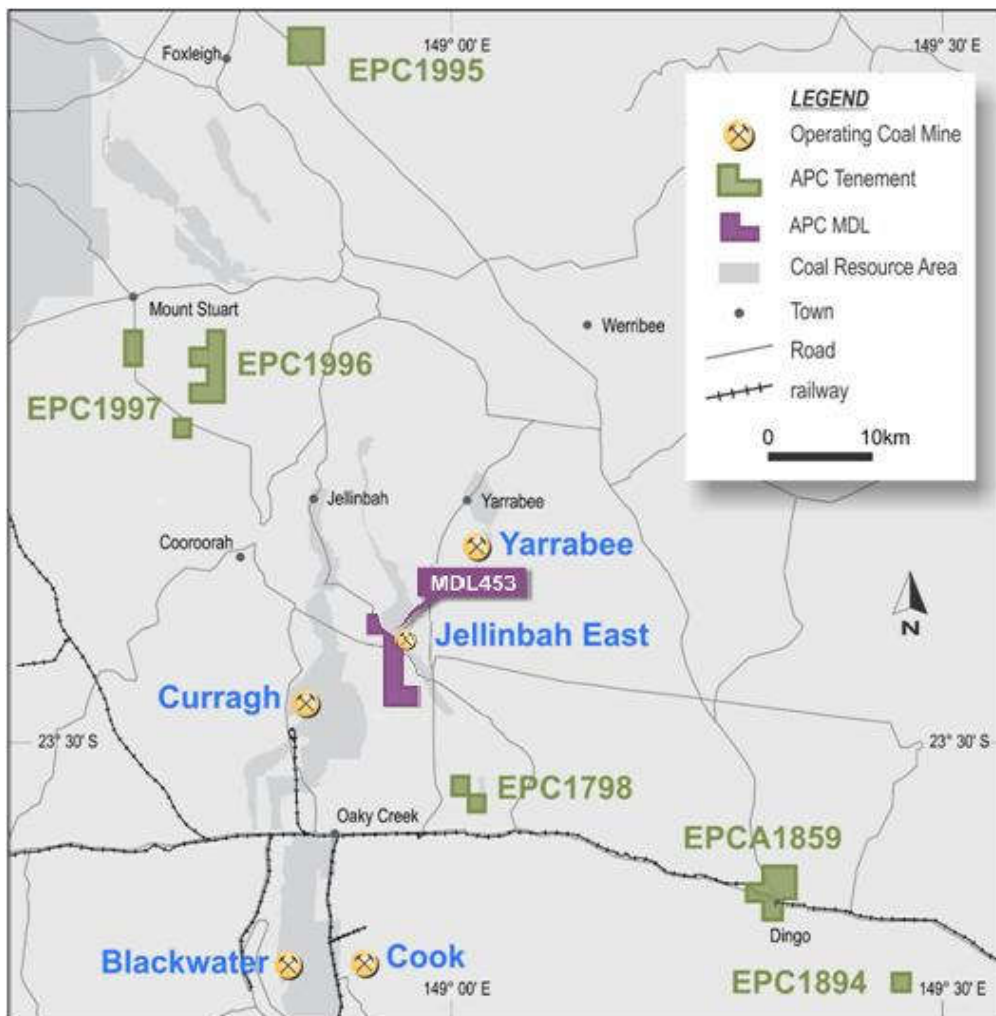
Coal Exploration

South Clermont Project (EPC 2011 - AQC 100% owned)



- Abuts Glencore's (formerly Rio Tinto's) Clermont Coal Mine purchased for \$1bn (50.1% share) - reserves of 172Mt in 2012 – producing at 10Mt + pa.
- Target – Clermont Basin with potential for thick open cut mineable coal seams
- Average thickness of main seams in neighbouring mines:
 - Blair Athol – 29m
 - Clermont – 38m
- Gravity low target identified for drilling
- Located near two rail networks providing access to major coal ports at Mackay and Gladstone

Blackwater Projects (AQC 100% owned)



Cooroorah (MDL453)

- 124.9Mt (69.6Mt Indicated & 55.3Mt Inferred) in accordance with JORC Code 2012
- Infill drilling program required to elevate project to Measured JORC Resource
- Targeting PCI and semi-soft coking coal
- Located near rail network and developed infrastructure

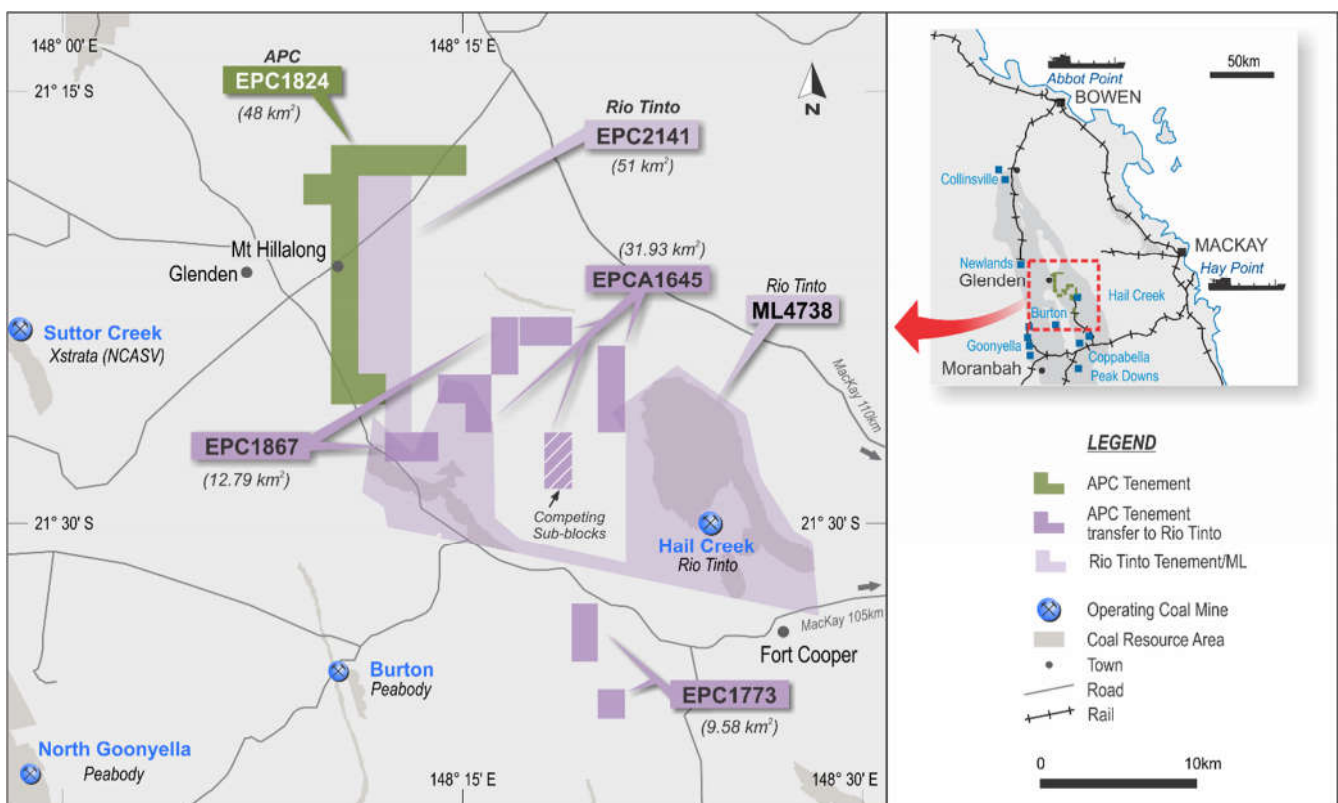
Dingo (EPC 1859)

- 30 km east of operating Blackwater and Curragh mines, targeting Rangal Coal Measures
- Initial coal quality results indicate potential for high yielding low volatile PCI coal
- Modelling and coal quality assessment is ongoing
- Located on rail network

Mt Hillalong Project - JV with Rio Tinto Exploration

Rio Tinto have advised the company that they will not be exercising their option to acquire EPC1824. The agreement will expire on 23 August 2015. The Mt Hillalong tenements will then revert back to AQC and the Company will continue the exploration and, if successful, the development of the project.

- Exploration drilling has been undertaken with results being assessed
- The project is in close proximity to Rio Tinto's Hail Creek Mine, producing 8Mtpa of hard coking coal, and is part of Rio Tinto's main coal hub



TENEMENT HOLDINGS

TENEMENT	TENEMENT NAME	Holder	Exploration/JV Agreement with	DATE GRANTED
EPC 1773	Kemmis Creek	Rio Tinto Exploration Pty Ltd	Rio Tinto Exploration Pty Ltd	29/10/2010
EPC 1965	Kanga Creek	Area Coal Pty Ltd		28/03/2011
EPC 1824	Mount Hillalong	Area Coal Pty Ltd	Rio Tinto Exploration Pty Ltd	31/03/2011
EPC 1859	Dingo	Area Coal Pty Ltd		31/05/2011
EPC 1867	Mount Hess West	Rio Tinto Exploration Pty Ltd	Rio Tinto Exploration Pty Ltd	15/05/2012
EPC 1566	Bee Creek	Area Coal Pty Ltd		20/01/2014
EPC 1645	Mount Hess	Area Coal Pty Ltd	Rio Tinto Exploration Pty Ltd	
EPC 1896	Bottle Tree Creek	Area Coal Pty Ltd		27/06/2014
EPC 2011	South Clermont	Area Coal Pty Ltd		01/05/2014
MDL 453	Cooroorah	Area Coal Pty Ltd		22/01/2014
EPC 1979	Kingsthorpe	Blackwood Resources Pty Ltd	Blackwood Resources Pty Ltd	12/10/2010
EPC 1957	Laguna Creek	Blackwood Resources Pty Ltd	Blackwood Resources Pty Ltd	8/02/2012
EPC 1987	Quondong	Blackwood Resources Pty Ltd	Blackwood Resources Pty Ltd	28/09/2012
EPC 2037	Almoola	Mining Investments One Pty Ltd		22/10/2012
EPC 1996	Churchyard Creek	Mining Investments One Pty Ltd		24/05/2010
EPC 1955	Bungaban Creek	Blackwood Resources Pty Ltd	Blackwood Resources Pty Ltd	30/03/2010
ML 70360	Mantuan Downs No. 1	Ipoh Pacific Resources Pty Ltd		13/03/2008

Notes:

1. Australian Pacific Coal Limited retains a 10% interest in the Blackwood Resources Pty Ltd (subsidiary of Cuesta Coal Limited) joint venture tenements.
2. EPC 1824 is 100% owned by Area Coal Pty Ltd (subsidiary of Australian Pacific Coal Limited). Rio Tinto Exploration Pty Ltd holds an option to acquire a 75% interest in EPC 1824 expiring on 23 August 2015. Rio Tinto Exploration Pty Ltd holds a 100% beneficial interest in EPCs 1773, 1867 and 1645. That interest will revert back to Area Coal Pty Ltd should Rio Tinto Exploration Pty Ltd not exercise their EPC 1824 option.

Although they have not provided formal notification of termination as yet, Rio Tinto Exploration have advised the Company that they will not be exercising their option.

3. All other tenements are 100% owned by Australian Pacific Coal Limited's 100% owned subsidiaries.

Compliance Statement

Cooroorah (EPC1827/MDL453) Resource Estimate

The information is extracted from the report entitled - EPC1827 "Cooroorah" Resource Estimate Update - created on 20 November 2013 and is available to view on www.aqcltd.com/irm/content/asx-announcements.aspx.

Dingo (EPC1859) Coal Quality

The information is extracted from the report entitled - EPC 1859 Dingo Exploration Update - created on 20 August 2014 and is available to view on www.aqcltd.com/irm/content/asx-announcements.aspx.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Corporate

Cash Position and Financing Forecast

Cash balance at the end of the quarter was \$104,760. On 22 July 2015 the Company completed a placement of 54 million shares at 0.4 cents per share for a total cash consideration of \$216,000.

Capital requirements

Entitlements issue and Placement to Cornerstone Investors: On 29 July 2015 the Company announced that it has executed a Binding Terms Sheet with two cornerstone investors, Bentley Resources Pte Ltd and Trepang Services Pty Ltd, to place 3,300,000,000 fully paid ordinary shares at \$0.004 per Share to raise a total of \$13.2 million before costs ("Placement"). The Placement is subject to execution of subscription agreements, regulatory and shareholder approval.

The Company will also undertake a non-renounceable entitlements issue ("Entitlements Issue") to raise up to \$1.42 million before costs. Under the Entitlements Issue, shareholders will be entitled to acquire one new ordinary share for every one ordinary share held at the record date (to be determined) at an issue price of \$0.004 per New Share.

The funds raised from the Placement and Entitlements Issue will place the Company in a strong financial position to progress and expedite the exploration programmes planned for the Company's existing suite of coal assets in Queensland. The funds raised will also cover the costs of the Placement and the Entitlements Issue and provide general working capital to the Company.

Details of the Entitlements issue and Placement to Cornerstone Investors were announced on 29 July 2015. The full announcement can be viewed on our website at:

<http://www.aqcltd.com/irm/content/asx-announcements.aspx>

Financial

Cash at bank as at 30 June 2015	\$104,760
Exploration and evaluation payments for the quarter:	(\$38,372)
Other net operating cash flows for the quarter:	(\$178,421)
Net investing cash flows for the quarter:	\$7,500
Net financing cash flows for the quarter:	(\$3,550)
Net decrease in cash held during the quarter:	(\$212,843)

Corporate Directory

Directors

Peter Ziegler
Non-executive Chairman
Paul Byrne
Chief Executive Officer
Paul Ingram
Non-executive Director
Paul Ryan
Non-executive Director

Company Secretary and Chief Financial Officer

Kevin Mischewski

Listing

Australian Securities Exchange (ASX: AQC)

Share on Issue

Shares: 300,940,869 as at 30 June 2015
Options: Nil

Market Capitalisation

\$602 thousand at 30 June 2015

Quarterly Share Price Activity

2015	High	Low	Last
June	\$0.005	\$0.002	\$0.002
March	\$0.006	\$0.004	\$0.005
2014	High	Low	Last
December	\$0.020	\$0.005	\$0.007
September	\$0.030	\$0.015	\$0.015

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%
The Australian Special Opportunity Fund, LP	8.82%
Cape Coal Pty Ltd	5.44%
James Foley	5.21%

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