

29 July 2015

Australian Pacific Coal Limited (ASX: AQC)

Entitlements Issue and Share Placement to Cornerstone Investors

Australian Pacific Coal Limited (**AQC** or **Company**) is pleased to announce that it has executed a Binding Term Sheet (**Agreement**) with two cornerstone investors, Bentley Resources Pte Ltd (**Bentley**) and Trepang Services Pty Ltd (**Trepang**), to place 3,300,000,000 fully paid ordinary shares (**Shares**) at \$0.004 per Share to raise a total of A\$13.2m before costs (**Placement**). The Placement is subject to regulatory and shareholder approval and the parties will execute a further subscription agreement on terms standard for such a transaction during the next 10 days (see below).

The Company advises that it 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 (1) new ordinary share (**New Shares**) for every one (1) ordinary share held at the record date (to be determined) at an issue price of \$0.004 per New Share. Further details of the Entitlements Issue are included in the accompanying Appendix 3B and will be provided to eligible shareholders in due course.

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.

The Company's first priority post the completion of the Placement and Entitlements Issue is to investigate the potential for a stand alone open cut metallurgical mine at the Hillalong Project area (**Hillalong**) formerly subject to an option agreement with Rio Tinto. Hillalong is located adjacent to Rio Tinto's Hail Creek Mine, one of Queensland's premier coking coal mines, located approximately 120 km southwest of Mackay and 35km northwest of Nebo. Rio's open cut mine, which started production in 2003, uses a dragline, truck and shovel method with approval to produce up to 10 million tonnes per annum (**mtpa**) of coking and thermal coal for export.

As released to the market on 25 June 2015, Rio Tinto have advised that it will not be exercising its option to acquire the Hillalong Project and as a consequence are obliged to return all of their interests in EPCs 1773, 1867 and 1645, including exploration data, to Area Coal Pty Ltd, a 100% owned subsidiary of AQC.

AQC will also expedite a detailed drilling programme and, subject to exploration results, commence a scoping study to investigate the Cooroora Project (**Cooroora**) as a low cost underground development to produce hard coking coal.

Cooroora is primarily an underground 124.9Mt coal resource (69.6Mt indicated and 55.3Mt inferred in accordance with the JORC code.) It is well located being surrounded by a number of operating mines. The most significant of these are the Curragh and Jellinbah Mines. Curragh, owned by Wesfarmers, produces up to 8 mtpa and Jellinbah up to 5 mtpa. Although our deposit is underground, it is a shallow underground deposit. New technologies being generated indicate a bright future for the economics of underground coal mines.

Full details of the Company's planned exploration programmes post completion of the Placement and Entitlements Issue, including use of funds, as well as further terms and conditions of the Placement will be included in the Notice of General Meeting that the Company will despatch to shareholders for the purposes of convening a General Meeting to satisfy the shareholder approval condition detailed in the Agreement. The General Meeting is expected to be convened in early September. The Notice of General Meeting will also include an independent expert's report (**IER**) in respect to the issue of the securities to Bentley and Trepang for consideration by shareholders for the purposes of item 7, section 611 of the Corporations Act. Eligible shareholders will be sent further materials in respect of the Entitlements Issue in due course.

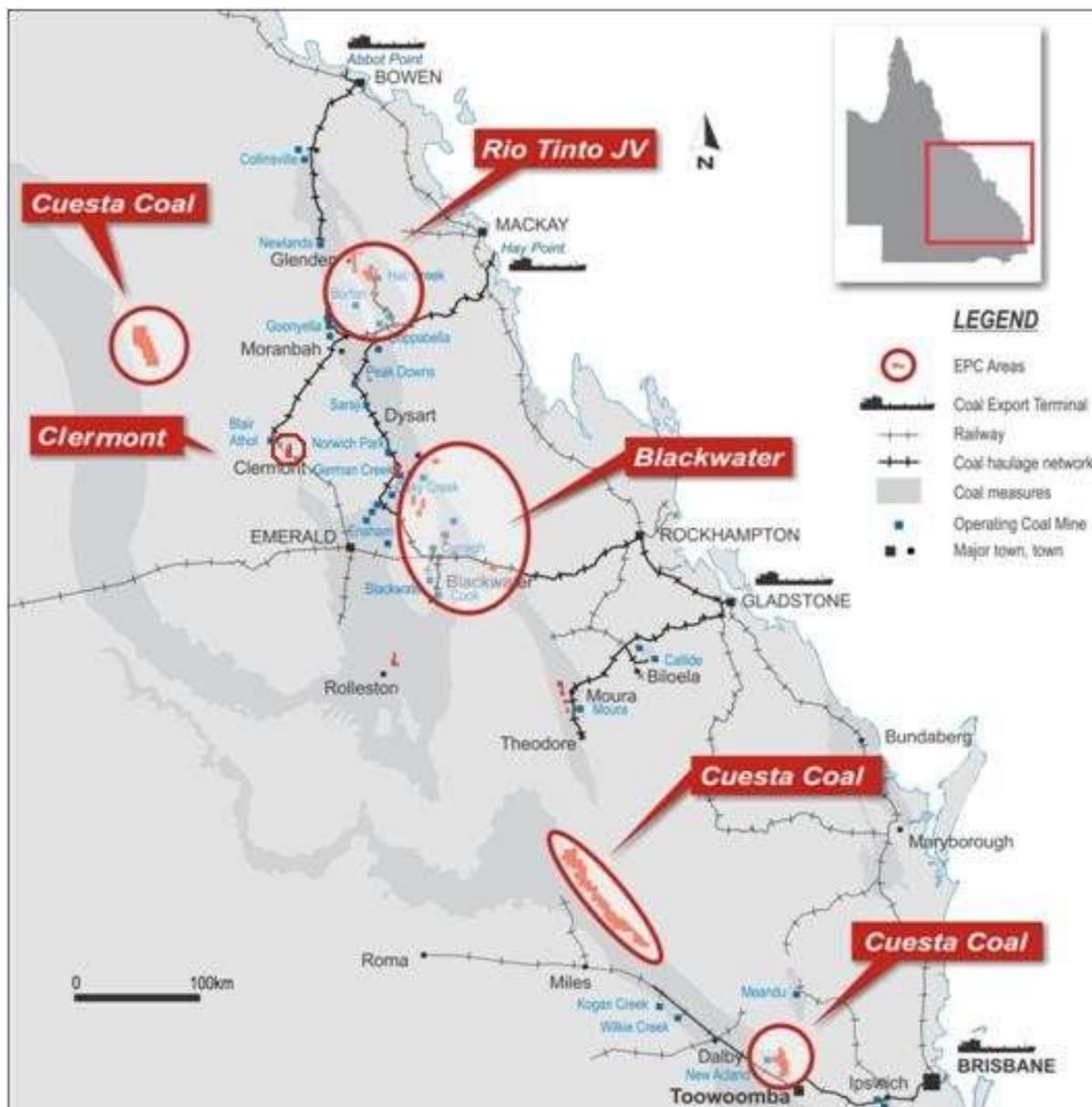
The Company intends to undertake the Entitlements Issue and complete the Placement as soon as possible and in any event by 30 October 2015 (or such later date agreed by the parties).



Peter Ziegler
Chairman

MEDIA ENQUIRIES:

Brunswick Group **+65 6426 8188**
Kate Holgate
Pooja Gupta-Fricke



AQC Project Areas

KEY TERMS OF PLACEMENT

The Company, Bentley (or nominees) and Trepang will execute a subscription agreement in respect of the Placement on terms standard for such a transaction during the next 10 days. Upon execution of the subscription agreement, Bentley and Trepang will provide \$13.2million to be held in escrow for settlement of the Placement in accordance with the terms of the subscription agreement.

The Placement is subject to the Company obtaining shareholder approval for the purposes of item 7, section 611 of the Corporations Act in respect to the issue of the securities to Bentley and Trepang pursuant to the Agreement and all other necessary regulatory and shareholder approvals required under the Corporations Act and the Listing Rules.

Subject to shareholders approving the relevant resolutions at the General Meeting:

1. Bentley (or nominees) will increase its existing holding in the Company to 42.5% (post Entitlements Issue assuming it is fully subscribed) through the issue of 1,650,000,000 Shares at \$0.004 each for a subscription amount of A\$6.6m; and

- Trepang will increase its existing holding in the Company to 42.5% (post Entitlements Issue assuming it is fully subscribed) through the issue of 1,650,000,000 Shares at \$0.004 each for a subscription amount of A\$6.6m.

Subject to shareholders approving the relevant resolutions at the General Meeting, following completion of the Placement and Entitlements Issue (assuming it is fully subscribed) the proposed capital structure of the Company will be as follows:

	Shares	Convertible Security
Existing security holders	354,940,869 ¹	1 ²
Placement	3,300,000,000	-
Entitlements Issue	354,940,869 ³	-
TOTAL	4,009,881,738	1

Notes:

- Trepang and Bentley (and associated entities) currently hold 27,000,000 shares each in the Company.
- Convertible security with a face value of \$60,000.
- This assumes the Entitlements Issue is fully subscribed

Completion of the Placement is also conditional on the Entitlement Issue being undertaken by 30 October 2015 (or such later date agreed by the parties). The Placement shares will be issued on the same terms as the Company's existing ordinary shares on issue.

BOARD COMPOSITION AND EXECUTIVE POSITIONS

Bentley is an entity controlled by Mr Nathan Tinkler. Mr Tinkler founded Aston Resources Limited (Aston) and has played a significant role in the development of Whitehaven Coal Limited through its merger with Aston.

Mr Tinkler is well known for his entrepreneurial success investing in coal assets in Australia and has a history of creating significant shareholder value and attracting major funding. He has been involved in several business acquisitions including the acquisition and development of the Middlemount project in Queensland in 2006 through Custom Mining Limited.

Trepang is an entity controlled by Mr John Robinson Snr and Mr Nick Paspaley. Mr John Robinson Jnr gained a Bachelor of Accounting from the Charles Darwin University and has led numerous private equity acquisitions in the property and retail sectors. John also has extensive experience with the support services that the mining and oil and gas sectors require at Australian operations.

It is proposed that upon completion of the Placement, Mr Tinkler will join the board of AQC as Managing Director and Chief Executive Officer and Mr John Robinson Jnr will also join the board as a Non-Executive Director. It is also proposed that Mr Shane Cranswick will join the Company as Chief Financial Officer and Company Secretary at completion.

Further, it is anticipated that Mr Paul Byrne will resign as Managing Director and remain on the Board as an executive director. Mr Peter Ziegler will remain on the Board as Non-Executive Chairman. It is also proposed that on completion of the Placement, Mr Paul Ryan and Mr Paul Ingram will retire from the Board and Mr Kevin Mischewski will resign as Company Secretary, but will continue with the Company as Financial Controller. Completion of the Placement is conditional on agreements being entered with the current directors and executive team for their roles post completion.

All payments due and owing to directors up to completion will be deferred until the earlier of completion or 30 October 2015. Completion of the Placement is conditional on agreements being entered into with the directors which provide for payment of unpaid consulting fees and expenses by cash, the issue of shares or a combination of both (at the director's election) and for unpaid directors fees to be paid by the issue of shares. Any payment in cash will be in 3 equal instalments commencing on completion of the Placement and on each of the first two anniversaries of completion. Any payment by issue of shares will be at an issue price of \$0.004 per Share on completion of the Placement (subject to shareholder approval which will be sought at the General Meeting).

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. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement 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.