

16 June 2012

Mr Adrian Smythe  
Manager Listings  
ASX Compliance Pty Ltd  
20 Bridge Street  
Sydney NSW 2000

By email

Dear Adrian,

**Re: Your letter dated 15 June 2012**

We answer each of your questions as follows:

*1. Please explain why the appendix 3Y was lodged late.*

The relevant transactions were part of a series of on-market purchases of the Company's shares made by Paul Byrne between 8 May 2012 and 14 June 2012. The trades were made by a broker filling a series of orders placed by Mr Byrne. The broker would forward the contract note to Mr Byrne when it succeeded in filling any part of an order. Mr Byrne would then immediately on receipt provide a copy of the contract note to me to enable disclosure of the change his notifiable interests in accordance with the listing rules. The contract notes for the two trades dated 16 May 2012 and 24 May 2012 were not received by Mr Byrne and Mr Byrne was not aware that the trades had taken place. In addition I failed to record the trade dated 17 May 2012 in the Company's Register of Director's Interests as I mistook the trade to be the trade that occurred on 22 May 2012.

Subsequently on review of the flagged holdings report provided to me by our share registry Link Market Services I noted a discrepancy between the Mr Byrnes holding as reported and the holdings recorded in in the Company's Register of Directors' Interests. I obtained a copy of the company's share register and a listing of all share transactions made by Mr Byrne and his associated entities from 1 May 2012 onward. On reconciling the transactions I was able to identify the errors and immediately finalised and lodged the appendix 3Y including all details of share transactions not previously advised.

*2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?*

All of the Company's Directors' are aware of their obligation to immediately advise the Company Secretary of changes to their notifiable interests. This obligation is set out in the individual Director's Terms of Engagement with the Company and confirmation of

their compliance with disclosure of notifiable interest obligations is provided to the board at each board meeting held by the Company.

In addition the Company has in place arrangements for the Company's share registry Link Market Services to provide the Company Secretary with a Flagged Holdings Report every time the registry records a change in a Director's or a Director's associated entities share holdings. The Company Secretary reconciles this report to the Company's Register of Directors' Interests.

Periodically the Company Secretary will obtain a copy of the Company Register and conduct a name based search for share holdings of director's and their associated entities. The Company Secretary reconciles the results of the search to the Company's Register of Directors' Interests.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?*

The Company does not consider that the current arrangements are inadequate or not being enforced. It is the Company's view that it's Directors' are complying with their obligations under listing rule 3.19B and that the Company has taken proper steps to ensure compliance with listing rule 3.19B.

In this instance the failure to provide the required disclosure within 5 business days of the transactions taking place was the result of administrative failure that was outside the control of the Director or the Company. The Director was not aware that the missing trades had occurred. On its becoming aware of the discrepancy the Company immediately took steps to identify and correct the errors. Once the errors were identified, the Company immediately announced the correct information to the market.

Yours faithfully



Kevin Mischewski  
Company Secretary



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15 June 2012

Mr Kevin Mischewski  
Company Secretary  
Australian Pacific Coal Limited  
Level 7, 10 Felix Street  
BRISBANE QLD 4000

By Email

Dear Kevin,

**Australian Pacific Coal Limited (the "Company")**

We refer to the following:

1. The Appendix 3Y lodged by the Company with ASX on 14 June 2012 for Mr Paul James Byrne.
2. Listing rule 3.19A which requires an entity to tell ASX the following:
  - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
    - *On the date that the entity is admitted to the official list.*
    - *On the date that a director is appointed.**The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*
  - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
  - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*
3. Listing rule 3.19B which states as follows.

*An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19A. The entity must enforce the arrangements with the director.*



4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that changes in Mr Byrne's notifiable interest occurred on various dates between 16 May 2012 and 13 June 2012. It appears that the Appendix 3Y was not lodged within 5 business days of some of these changes. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by email to [adrian.smythe@asx.com.au](mailto:adrian.smythe@asx.com.au). It should not be sent to the ASX Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. A.E.S.T.) on Tuesday, 19 June 2012.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Yours sincerely

A handwritten signature in black ink that reads 'A. Smythe'.

Adrian Smythe  
**Manager, Listings**