

30 June 2011

Company Announcements Office  
Australian Stock Exchange

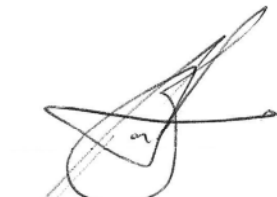
## **RIO TINTO – MT HILLALONG EXPLORATION AGREEMENT**

**AUSTRALIAN PACIFIC COAL LIMITED (ASX:AQC)** is pleased to announce that 100% owned subsidiary Area Coal Pty Ltd has signed a non-binding Letter of Intent with Rio Tinto Exploration Pty Limited (RTX). The Letter of Intent sets out proposed non-binding terms in respect of the potential acquisition or joint venture of the Company's Mt Hillalong project.

The benefit to the Company of the proposal is that RTX assumes the financial and technical risk to examine the coal potential of the project. Should RTX not exercise the option to acquire an interest in the project Area Coal will retain its existing 100% ownership of the entire project.

AQC Managing Director, Mr Paul Byrne, said "This is a very positive development for the Company. We are pleased to enter into such an agreement with an organisation with the skills and experience of Rio Tinto. Rio Tinto and others have major coal operations in the general vicinity. The area is a major hub for coal mining in Queensland with no less than 6 large scale operations within 50 kilometres of the exploration projects.

The funds released by this proposal will be used by the Company to explore its other tenements where drilling is planned to commence in the near future."



Paul Byrne  
Executive Director

## MT HILLALONG PROJECT

The Mount Hillalong project targets the Rangal and Fort Cooper coal measures in the northern Bowen Basin. The project is prospective for underground resources of metallurgical coal in the Rangals and open cut coal in the Fort Coopers. The project has had limited previous exploration, however, past work has produced isolated drill hole intercepts of coal within the tenements and geophysical surveys that have defined good drilling targets as the basis for further exploration by the company.

