

10 September 2013

RIO TINTO EXPLORATION – MT HILLALONG PROJECT UPDATE


Rio Tinto Exploration (RTX) have informed me that on-ground exploration work has commenced on EPC1824, our Mt Hillalong joint venture tenement. The first drill rig mobilised on to site on Monday of this week. The first hole has been collared ready for the commencement of drilling.

RTX have until 23 August 2015 to undertake and complete their programme of exploration. RTX are obliged to sole fund a minimum exploration expenditure of \$700,000. Within this time period, RTX can exercise their option to acquire a 75% interest in EPC1824 by making a defined payment to our 100% owned subsidiary Area Coal Pty Ltd.

The initial drilling should show in a relatively short period of time the tenement's coal bearing potential. Assuming the prospectivity of the exploration targets is confirmed, analysis will then be required to indicate the tenement's coal quality. Outcomes from the drilling programme will be announced to the market subsequent to the drilling of each hole. Coal analysis and quality testing will follow some time later.

I look forward to being able to provide further updates as this exploration and drilling programme progresses. I would like to thank shareholders for their continuing support and interest in the company's projects and activities.

Yours faithfully,



Paul Byrne
CEO

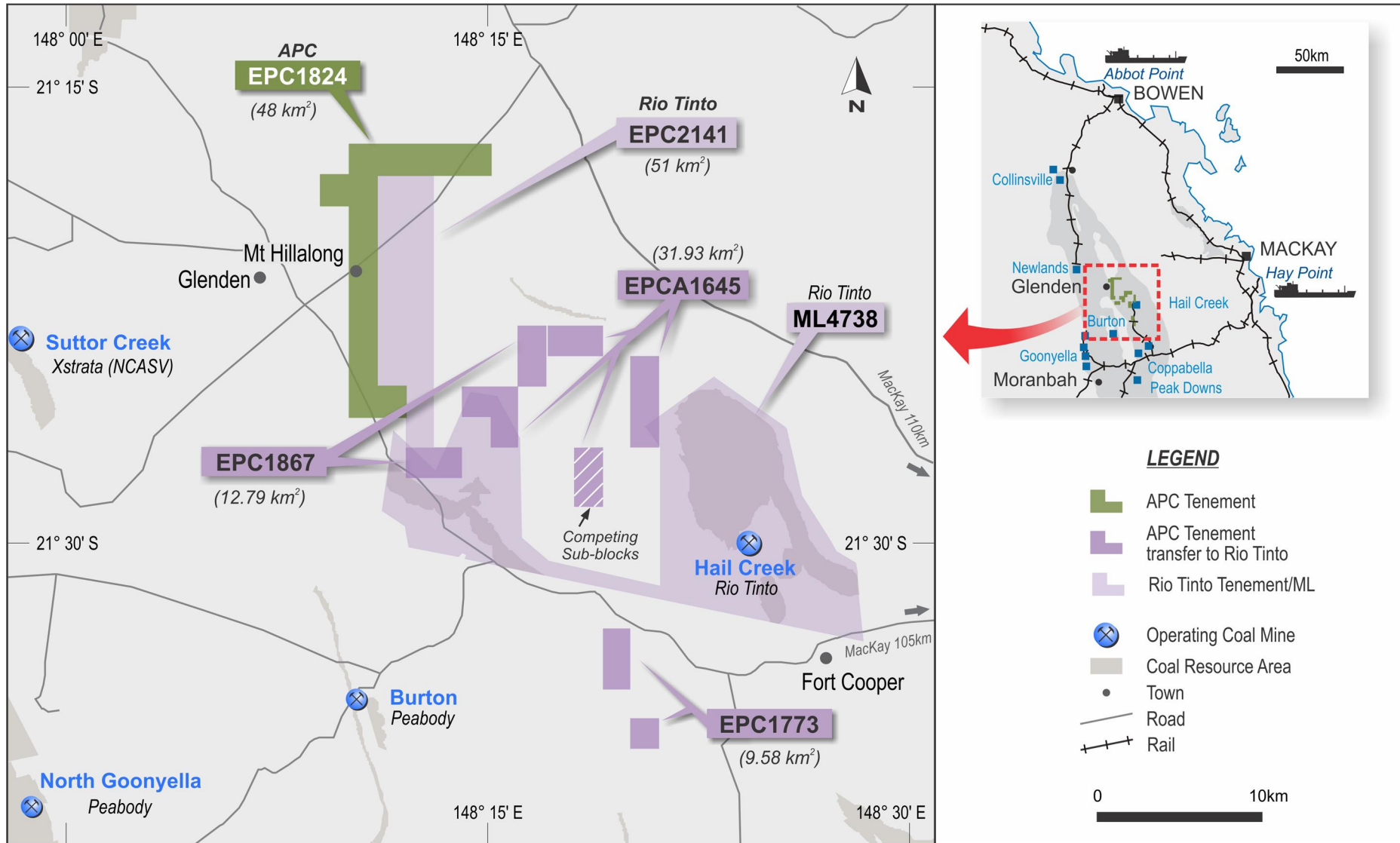
About EPC1824

EPC1824 is located in the heart of the Bowen Basin in close proximity to Rio Tinto's existing Hail Creek mine (see map below). AQC's Joint Venture Exploration, Option and JV Agreement with RTX provides AQC with a number of options in the event that Rio Tinto exercises its option to acquire a 75% interest in the tenement. Historical exploration data has identified coal in the northern part of the tenement. The RTX exploration program will expand on their knowledge of the tenement and is focused on identifying a resource target in the central/southern areas of the tenement.

About Australian Pacific Coal Limited

Australian Pacific Coal Limited (ASX:AQC) is an ASX-listed company focused on the exploration and development of metallurgical and thermal coal projects. With interests in 33 coal tenements strategically located in south-east Queensland's Bowen and Surat Basins, AQC has joint venture agreements in place with mining major Rio Tinto and Cuesta Coal.

AUSTRALIAN PACIFIC COAL & RIO TINTO EXPLORATION MT HILLALONG TENEMENTS



Note: This map does not display tenements held by other explorers