

QUARTERLY REPORT

July to September 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.

Corporate

- Additional \$216,000 cash received from the placement of 54 million shares at \$0.4 cents per share.
- 1 for 1 Entitlements Issue completed after the end of the quarter raising \$824,058.58 before costs.
- Placement, to raise \$13.2 million before costs, to be put to shareholders for approval at EGM to be held on 30 October 2015

Chief Executive Officer's Comment

The Company will be holding an Extraordinary General Meeting on 30 October 2015. Shareholders will then have the opportunity to approve proposed investments from two cornerstone investors, Bentley Resources Pte Ltd and Trepang Services Pty Ltd, as first announced on 29 July this year. Full details of the meeting and the proposed placements have been sent to Shareholders. The Notice of Meeting was announced to the ASX on 24 September and can be found on our website at:

<http://www.aqcltd.com/IRM/Company/ShowPage.aspx/PDFs/1671-10000000/NoticeofExtraordinaryGeneralMeetingProxyForm>

This step is a significant milestone for the Company, subject to shareholder approval, securing an additional \$13.2 million from the placement. Alongside the recently completed Rights Issue, the funds raised will enable the company to continue its exploration program and, if successful, to 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 all shareholders in securing the future of the company.

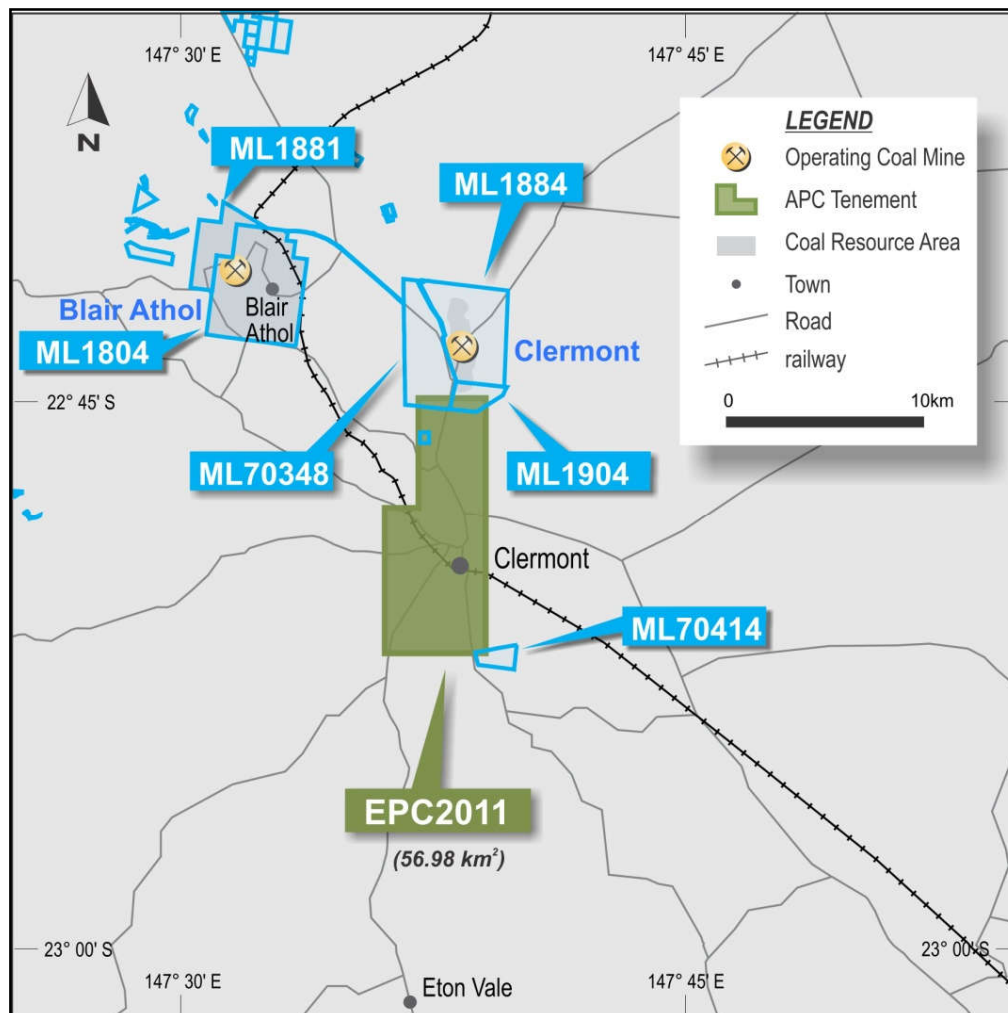
We thank all of our shareholders for their ongoing support and look forward to a prosperous future for the company.

Thank you,

Paul Byrne
Chief Executive Officer

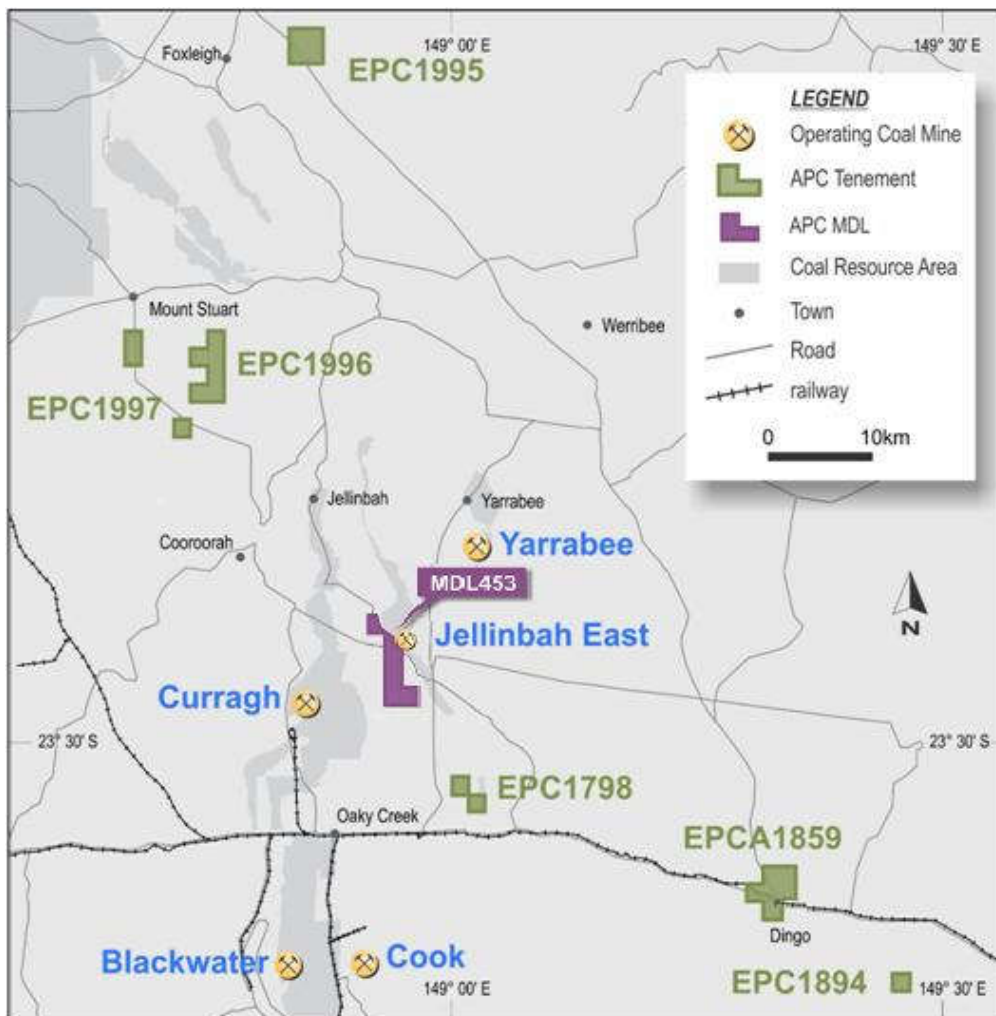
Coal Exploration

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

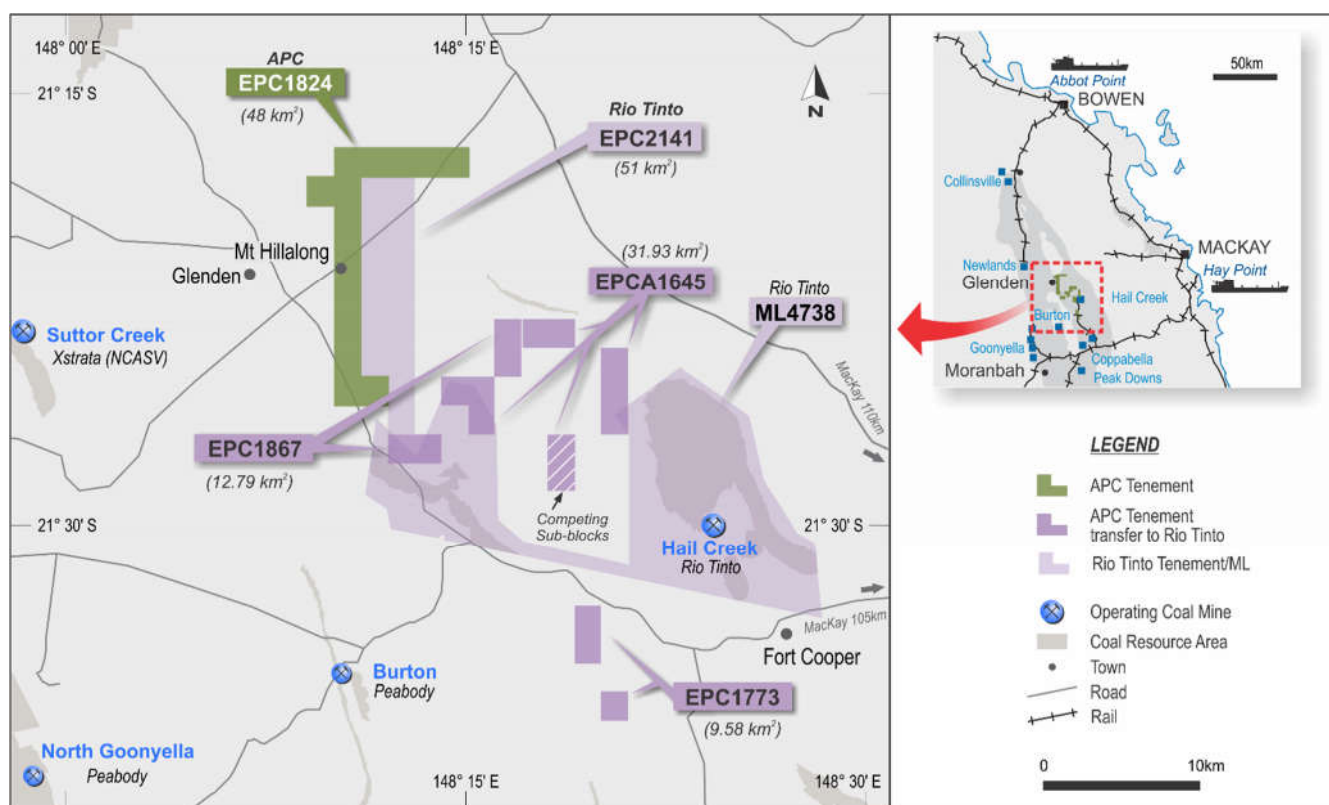
Dingo (EPC 1859)

- 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

Rio Tinto Exploration Pty Ltd have terminated their Exploration, Option and Joint Venture Agreement with AQC. The process of transferring the Mt Hillalong tenements from Rio Tinto Exploration Pty Ltd back to AQC's 100% owned subsidiary Area Coal Pty Ltd is underway. AQC will continue 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, which 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		29/10/2010
EPC 1965	Kanga Creek	Area Coal Pty Ltd		28/03/2011
EPC 1824	Mount Hillalong	Area Coal 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		15/05/2012
EPC 1566	Bee Creek	Area Coal Pty Ltd		20/01/2014
EPC 1645	Mount Hess	Area Coal 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. Rio Tinto Exploration Pty Ltd is in the process of transferring its holding in EPCs 1773 and 1867 back to Area Coal Pty Ltd following termination of the Company's Exploration, Option and Joint Venture Agreement with Rio Tinto Exploration Pty Ltd
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 \$202,637.

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 shareholder approval at an Extraordinary General Meeting to be held on 30 October 2015.

Entitlements issue: On 23 October 2015 the Company completed a placement of 206,014,645 shares under a 1:1 Non-Renounceable Rights Issue to shareholders at \$0.004 cents per share raising gross proceeds of \$824,058.58. This issue was in respect of both entitlements and applications for additional shares by eligible shareholders.

The funds raised from the Placement and Rights 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 for the Company.

Financial

Cash at bank as at 30 September 2015	\$202,637
Exploration and evaluation payments for the quarter:	(\$49,399)
Other net operating cash flows for the quarter:	(\$149,174)
Net investing cash flows for the quarter:	\$5,000
Net financing cash flows for the quarter:	\$291,450
Net increase in cash held during the quarter:	\$97,877

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: 384,940,869 as at 30 September 2015
Options: Nil

Market Capitalisation

\$2.695 million at 30 September 2015

Quarterly Share Price Activity

	High	Low	Last
2015			
September	\$0.010	\$0.002	\$0.007
June	\$0.005	\$0.002	\$0.002
March	\$0.006	\$0.004	\$0.005
2014			
December	\$0.020	\$0.005	\$0.007

Historical share prices for periods prior to 26 November 2014 have been adjusted to reflect pricing calculated on a post consolidation basis.

Substantial Shareholders *

Nathan Tinkler	14.03%
Trepang Services Pty Ltd	14.03%
Mr Paul Byrne	10.06%
The Australian Special Opportunity Fund, LP	14.82%
James Foley	5.21%

*In accordance with shareholder notices provided to the company and announced to the ASX.

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Auditor

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Geological Data Design
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