

25 September 2015

Not for release or distribution in the United States

Australian Pacific Coal Limited (ASX:AQC)

Non-renounceable rights issue and cleansing notice

Australian Pacific Coal Limited (**Australian Pacific Coal or Company**) is pleased to provide an update on the capital raising activities of the Company. As announced on 29 July 2015, the Company is undertaking an entitlement issue. The entitlement issue will be a non-renounceable rights issue to eligible shareholders, on the basis of 1 new fully paid ordinary share for every 1 share held at an issue price of \$0.004 per share (**New Share**), to raise approximately \$1,539,763.48 (before costs) (**Rights Issue**). Under the Rights Issue, 384,940,869 New Shares will be offered.

The Rights Issue will be available to all registered shareholders who hold shares at 7.00pm Brisbane time on 1 October 2015 (**Record Date**) with registered addresses in Australia, New Zealand, Hong Kong, Singapore and the United States of America (where the Company reasonably believes that the offer to the person, and the purchase of the New Shares by the person will be in transactions exempt from the registration requirements of the US Securities Act of 1933 and applicable state securities laws). (**Eligible Shareholders**).

In accordance with the Listing Rules of the ASX and the Corporations Act, Australian Pacific Coal has considered the number of shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand and the size of the shareholdings held by those shareholders. Taking this into consideration, as well as the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to the shareholders with registered addresses in various jurisdictions outside of Australia and New Zealand, the Company has formed the view that it is unreasonable to extend the Rights Issue to those shareholders outside of Australia, New Zealand, Hong Kong and Singapore and to any person that has a registered address in the United States of America who the Company reasonably believes an offer to and purchase of the New Shares by will not be in transactions exempt from the registration requirements of the US Securities Act of 1933 and applicable state securities laws. Accordingly, those shareholders will not be entitled to participate in the Rights Issue.

The purpose of the Rights Issue is to raise approximately \$1,539,763.48, before the costs of the Rights Issue. The funds raised from the Rights Issue will be used to progress the Company's exploration program, to fund the costs of the Rights Issue and to provide working capital.

A proposed timetable for the Rights Issue is set out in the table below:

Event	Date
Lodge Offer Document, application for official quotation of New Shares and Section 708AA notice with ASX	25 September 2015
Letter to shareholders	28 September 2015
Ex Date	29 September 2015

Event	Date
Record Date for the Issue	1 October 2015 7.00pm (Brisbane time)
Despatch of Offer Document and Acceptance Form	6 October 2015
Opening Date of Offer	6 October 2015 at 9.00am (Brisbane time)
Closing Date of Offer	19 October 2015 at 5.00pm (Brisbane time)
Issue of New Shares	23 October 2015
Commencement of trading of New Shares on ASX	26 October 2015
Despatch of Transaction Confirmation Statements for New Shares	26 October 2015

This timetable is indicative only and may be subject to change subject to the requirements of the Corporations Act and the ASX Listing Rules.

The Rights Issue is being made without a disclosure document, in accordance with section 708AA of the Corporations Act. Australian Pacific Coal will prepare and send an offer document to shareholders on 6 October 2015, as set out in the timetable above. The Offer Document has been lodged with ASX on 25 September 2015 and is available on the Company's website www.aqcltd.com and the ASX website.

Cleansing Notice

Pursuant to section 708AA(7) of the Corporations Act, Australian Pacific Coal provides notice of the following:

1. Australian Pacific Coal will offer the New Shares for issue without disclosure to investors under part 6D.2 of the Corporations Act.
2. Australian Pacific Coal is providing this notice under section 708AA(2)(f) of the Corporations Act.
3. As at the date of this notice, Australian Pacific Coal has complied with:
 - (a) the provisions of chapter 2M of the Corporations Act as they apply to Australian Pacific Coal; and
 - (b) section 674 of the Corporations Act.
4. As at the date of this notice there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of Australian Pacific Coal; or
 - (2) the rights and liabilities attaching to the New Shares.
5. If all shareholders take up their entitlement under the Rights Issue, the Rights Issue will have no effect on the control of Australian Pacific Coal. However, the proportional shareholdings of shareholders who are not residents in Australia, New Zealand, Hong Kong, Singapore or who are not institutional investors in the United States may be diluted as those shareholders are not entitled to participate in the Rights Issue. Additionally, if an Eligible Shareholder does not take

up their entitlement in full there may be a dilutionary effect on that shareholder's proportionate shareholding. In these circumstances, the interests of a shareholder may be diluted by up to 50%.

In the event that the only Shareholders who subscribe for their Entitlements were the current substantial Shareholders of the Company, the interests of the current substantial Shareholders of the Company immediately following the Rights Issue (disregarding the effect of the proposed placements and any other share issues) will be as follows:

Name	Current Shares	Current % of Share Capital	Shares on completion of the Rights Issue	% of Share Capital on completion of Rights Issue
The Australian Special Opportunity Fund	59,054,377	15.34%	118,108,754	22.68%
Trepang Services Pty Ltd as trustee for the Trepang Services Unit Trust ¹	27,000,000	7.01%	54,000,000	10.37%
Nathan Tinkler ¹	27,000,000	7.01%	54,000,000	10.37%
Mr Paul Byrne and Moray Holdings (Qld) Pty Ltd	22,667,804	5.89%	45,335,608	8.71%

Notes:

- Trepang is presently regarded as an Associate of Bentley, and Bentley is presently regarded as an Associate of Trepang. The Company notes however that this does not necessarily mean that Trepang and Bentley will always be regarded as Associates. Assuming only those current substantial Shareholders as noted above subscribe for their Entitlements, the combined relevant interest of each of Trepang and Bentley, in the Shares of the Company would be 20.74%.*

In the event of a shortfall, the directors of Australian Pacific Coal reserve the right to place the shortfall at their sole discretion. Acceptance of entitlements or the placement of any shortfall may also result in existing shareholders or new investors significantly increasing their interest in the Company or obtaining a substantial interest in the Company. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Corporations Act (including as varied or modified by ASIC), which restrict a person and their associates from having a relevant interest in the Company of not more than 20%, subject to a number of exemptions.

Further information

The Company anticipates that up to 384,940,869 New Shares will be issued. The New Shares will be issued for \$0.004 each. This is the same price as the issue price of the recent placements and the proposed placements to Trepang Services Pty Ltd and Bentley Resources Pte Ltd.

Upon completion of the Rights Issue, and assuming it is fully subscribed the issued capital of Australian Pacific Coal will comprise approximately 769,881,738 shares.

The Offer is non-renounceable and therefore any entitlements will not be tradeable on the ASX or otherwise transferable. The offer is not underwritten.

The New Shares will rank equally in all respects with Australian Pacific Coal's existing shares. If an Eligible Shareholder's entitlement results in a fraction of a New Share, the entitlement will be rounded up to the nearest whole number.

Trading in the New Shares is expected to commence on 26 October 2015.

An Appendix 3B applying for quotation of the New Shares will be released to the ASX separately to this letter.

Australian Pacific Coal thanks its existing shareholders for their continued support and invites all Eligible Shareholders to consider participating in the Rights Issue.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Ziegler', is written over the printed name.

Peter Ziegler
Chairman
Australian Pacific Coal Limited

For further information please contact Kevin Mischewski, Company Secretary on +61 7 3221 0679. Alternatively visit the Company's website at www.aqcltd.com.

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