

28 September 2015

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Dear Shareholder

Australian Pacific Coal Limited ACN 089 206 986 - non-renounceable rights issue - notice to security holders

Australian Pacific Coal Limited (**Australian Pacific Coal**) is pleased to announce 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 Shares**), to raise approximately \$1,539,763.48 (before costs) (**Rights Issue**). Under the Rights Issue 384,940,869 fully paid ordinary shares will be offered.

The Rights Issue will be available to all registered shareholders who hold shares 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 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, including 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 2001 (Cth) (**Corporations Act**) and the ASX Listing Rules.

The Rights Issue is being made without a disclosure document, under the exemption granted in 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.

Excluded information

Australian Pacific Coal advises that as at the date of this notice there is no information:

1. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
2. that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (a) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (b) the rights and liabilities attaching to the New Shares.

Further information

The Company anticipates that up to 384,940,869 New Shares will be issued pursuant to the Rights Issue. The New Shares will be issued for \$0.004 each.

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. There will be no change to the dividend policy of the Company as a result of the Rights Issue.

Trading in the New Shares is expected to commence on 26 October 2015, the same business day as despatch of the holding statements for the New Shares.

An Appendix 3B applying for quotation of the New Shares was lodged with ASX on 28 September 2015. As stated in that Appendix 3B, the Company has obtained approval under ASX Listing Rule

7.1A on 24 November 2014 and the Company currently has capacity to issue 7,985,216 equity securities pursuant to ASX Listing Rules 7.1 and 7.1A.

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', written over a faint, illegible printed name.

Peter Ziegler
Non-Executive 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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