

AUSTRALIAN PACIFIC COAL BENTONITE MARKETING AGREEMENT

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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.

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Bentonite Marketing Agreement

KEY POINTS

- AQC 100% owned subsidiary Ipoh Pacific Resources Pty Ltd has executed a marketing agreement for its "CalBen" calcium bentonite product.
- Fertoz Pty Limited to have exclusive rights to sell CalBen for a minimum period of twelve months.
- Profits from product sales will be shared equally between Ipoh Pacific Resources Pty Ltd and Fertoz Pty Limited.

Announcement

The Company is pleased to announce that its 100% owned subsidiary Ipoh Pacific Resources Pty Ltd (IPR) has signed an Agreement with Fertoz Pty Ltd (Fertoz) to market its product CalBen (Calcium Bentonite), a naturally occurring clay mineral found at Mantuan Downs in Central Queensland.

Under the terms of the Agreement, Fertoz will have exclusive rights to sell the product for a minimum period of twelve months. IPR will retain ownership of the mining tenements and the assets at Mantuan Downs. Fertoz and IPR will share the profits from product sales equally. Fertoz will also have a first right of refusal to acquire the Mantuan Downs tenements and assets during the term of the Agreement.

The project has been on care and maintenance prior to completion of this agreement with Fertoz. Approximately 6,000 tonnes of processed product is currently on site available for immediate sale. Once the stockpile is depleted IPR will recommence mining of additional product, on a cost recovery basis, to replenish the stockpile of product available to Fertoz. IPR will continue to receive its 50% share of the profits from the sale of the additional product.

About Fertoz

Fertoz is a private Australian fertiliser exploration company with approximately 32,000 km² tenements prospective for phosphate in the Northern Territory. Fertoz's objective is to become a diversified fertiliser company with a mix of fertiliser resources at various stages of exploration and production. CEO, Dr Les Szonyi, said "CalBen (Calcium Bentonite) is a good strategic fit for Fertoz because of its agricultural uses, low processing costs and immediate cash flow potential".

About Ipoh Pacific Resources Mantuan Downs bentonite

IPR's Mantuan Downs calcium bentonite resource is located west of Springsure in Central Queensland. The Mantuan Downs deposit comprises two main bentonite horizons that are essentially flat lying. The Upper Bentonite Zone is the best developed, with an average cation exchange capacity (CEC) quality of 102 meq/100g. Near the centre of the deposit, the upper bentonite zone is 4-4.5m thick. The lower bentonite zone similarly comprises good quality bentonite with an average CEC quality of around 90 meq/100g. This zone is continuous throughout the deposit and is at least 2-4m thick.

The Company has developed a number of products based on bentonite for use in industrial, livestock, agricultural, soil improvement and composting applications. This agreement with Fertoz represents an excellent opportunity for AQC to realise a return from its investment in calcium bentonite.