

# INITIAL DRILLING ANALYSIS COOROORAH PROJECT

27 July 2011



**Australian Pacific Coal**

## **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 projects are located close to the existing network of rail and port infrastructure in the Bowen Basin.

The Company ultimately seeks to be a coal miner in its own right, or to value add these projects for joint venture or divestment.

The Company is currently focusing exploration activities on its Cooroorah and Middlemount projects.

On 30 June 2011 the Company announced a non-binding Letter of Intent with Rio Tinto Exploration Pty Ltd in respect of the potential acquisition or joint venture of the Company's Mt Hillalong project.

**Paul Byrne**  
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## **Initial Drilling Analysis - Cooroorah Project**

### **KEY POINTS**

- Shallow Burngrove formation coal intersections interpreted to be Leo and Aquarius seams
- Target seam thicknesses summarised. 1.67 to 3.17 cumulative coal thickness
- Sampling completed, quality and washability analysis to be completed in 4 to 6 weeks

### **EPC1827 – Cooroorah – Shallow Coal Target**

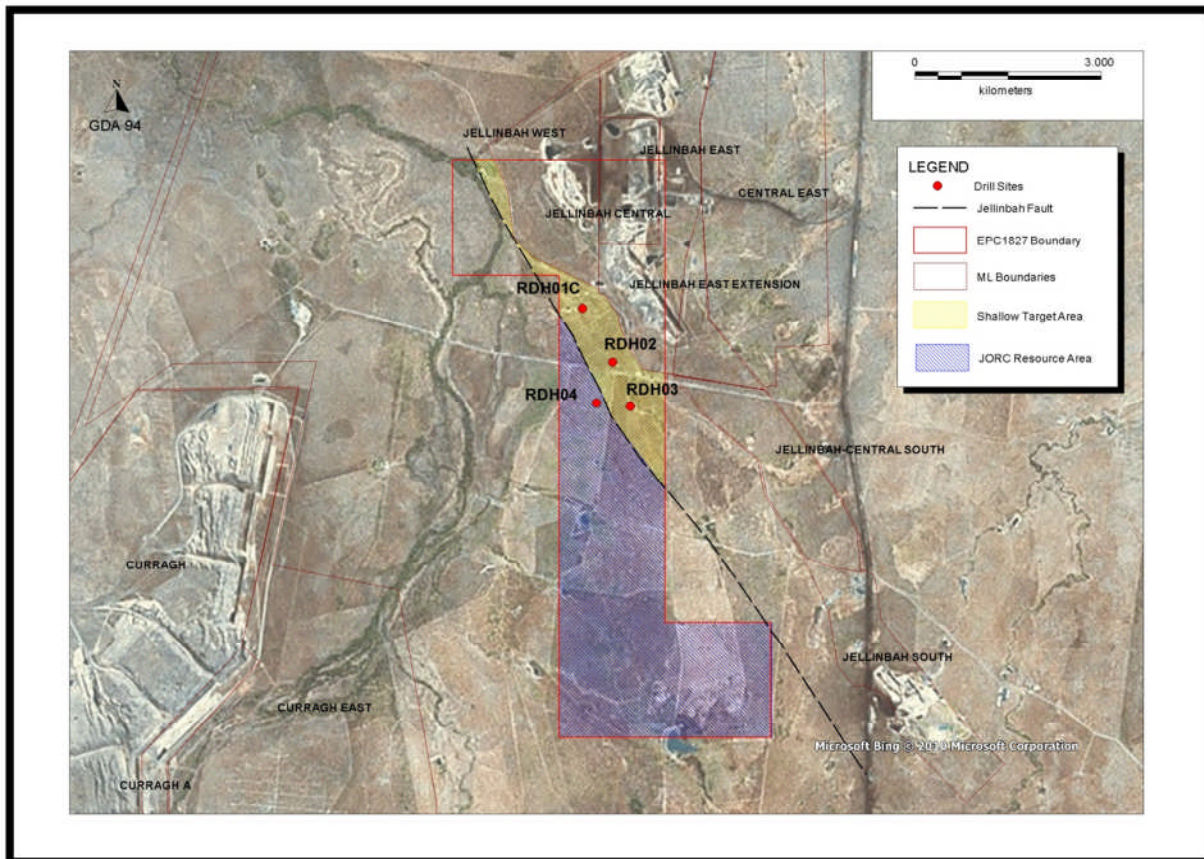
The Company has been evaluating the potential for the development of a shallow open cut project covering the upthrust north-east corner of EPC 1827 lying east of the Jellinbah Fault.

Initial analysis of the results of a 35-hole drilling program undertaken in 2001 has indicated that similar coal seams tested within the EPC (at a greater depth) could produce a hard coking coal fraction with an indicative 40% wash plant recovery.

The Cooroorah shallow coal target is separate to the main Cooroorah coal resource. It is located between the operating mines of Jellinbah to the east, and Curragh to the west – refer location map below. Historical shallow drilling had previously intersected coal in this area, and from assessment of geophysical logs it was considered to be of sufficient likely quality to warrant drill testing.

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The current shallow target area in the EPC covers approximately 2.8 sq km. Four holes were drilled in total, three targeting a shallow seam through the centre of the area and a fourth was drilled to target a possible intermediate fault block associated with the Jellinbah Fault.



Location Map of EPC1827 Drilling Sites

Assessment of results from the drilling, conducted between the 9<sup>th</sup> and 16<sup>th</sup> July 2011, is still in progress. A total of 636.48m was drilled at the four sites, made up of 588.67m of open-hole chip drilling and 47.81m of four inch core drilling. The aim of the holes was to provide core samples of the shallow seams for quality analysis, and then open-hole drill further to a maximum of 120m depth to test for suspected lower seams.

The targeted shallow seams were intersected in drill holes RDH01C, RDH02 and RDH03, plus multiple seams were intersected further down in each of these holes. Drill hole RDH04 did not intersect any coal, but it did delineate the western extent of the Jellinbah Fault. Preliminary geophysical logs have been received, and sampling of all cored coal seams has been completed.

Downhole geophysical logs obtained from the current drilling program indicate that the shallow coal intersected was in fact from two different seams – refer below. The target seam intersection at site RDH01C is a seam of approximately two meters

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thickness and there are good indications it covers most of the northern half of the investigation area. The target seam intersected in RDH02 and RDH03 is a shallow occurrence of a lower seam to that in RDH01C, and is approximately 4.3 meters thick. This seam is also intersected at depth in RDH01C indicating continuity and a seam dip to the north-west. Results have disproved the initial interpretations of a single continuous flat-lying seam.

The limit of weathering in all coal-bearing holes is at about 19 metres, with top of target seam intersections at 35.01, 17.68 and 31.43 meters depth in holes RDH01C, RDH02 and RDH03 respectively. This limit is located within the top metre of the seam intersected in RDH02.

The two seams intersected are interpreted to be the Leo seam and the stratigraphically lower Aquarius seam, both in the Burngrove Formation. Repeat sections of the Aquarius seam in RDH01C are thought to be the result of faulting associated with the Jellinbah Fault. Similar repeat sections may also occur in holes RDH02 and RDH03.

The Leo seam intersected in RDH01C has a total thickness of 2.03 meters comprising four main coal plies with a cumulative thickness of 1.67 meters. Elsewhere, in historical holes nearby, this seam is up to 5 meters total thickness. The coal sequence within the Aquarius Seam comprises 6 to 8 coal plies punctuated by claystone partings between 0.01 to 0.53 metres thick. The total average thickness of the seam is approximately 4.3 metres. Aquarius Seam coal plies attain a maximum cumulative thickness of 3.17 metres in RDH02C. The table below is a summary of target seam thicknesses.

### Target Seam Thickness Summary

Hole	Seam	Depth to Top of seam (m)	Cumulative Coal Thickness (m)	Cumulative Parting Thickness (m)	Total Thickness (m)
RDH01C	Leo	31.05	1.67	0.36	2.03
RDH01C	Aquarius*	84.30	--	--	2.9
RDH01C	Aquarius**	90.10	--	--	4.48
RDH02C	Aquarius	17.50	3.17	1.74	4.91
RDH03C	Aquarius	31.43	2.57	0.92	3.49

\* & \*\* Seams not cored - interpreted from geophysical log only. \*\* Fault repeat.

All cored coal seam intersections have been sampled and dispatched to a laboratory for coal analysis. The initial phase of testing will be conducted on a selection of prospective plies from both the Leo and Aquarius seams.

Analyses will comprise raw coal Proximate Analysis, sulphur and density, washability analysis, and clean coal product analysis. It is expected that this initial phase will

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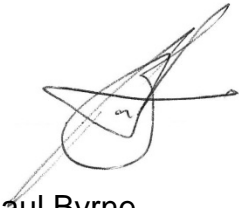
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take from 4 to 6 weeks to be completed. More detailed sample testing will be undertaken as warranted.

Duplicated seam core samples from the shallow targeted seams have been sent for analysis to Recycoal in the United Kingdom. Recycoal is the UK's leading waste coal recovery business providing a fast, efficient and environmentally positive process for efficiently recovering coal that other systems are unable to process. Recycoal have expressed an interest in establishing a joint venture processing operation with the Company.

The Company will also conduct further geological interpretation of the physical attributes and structure of the drilled area in the coming weeks.



Paul Byrne  
Chief Executive Officer

## COMPETENT PERSON STATEMENT OF COMPLIANCE

*This report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves "The JORC Code" (2004) and reviewed by Mr S.W (Bill) Hayes of S.W Hayes and Associates who consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*

*Mr Hayes, a member of the AusIMM, is a coal geologist with approximately 30 years' experience relevant to the style of mineralisation and type of deposit under consideration and qualifies as a Competent Person as defined by the Australian Code for Reporting of Exploration Results.*