

**APAC Coal Limited**  
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Companies Announcements Office  
Australian Securities Exchange Limited  
Exchange House  
Level 4, 20 Bridge Street  
Sydney, NSW 2000

31 July 2008

Dear Sir / Madam

#### **DISCOVERY OF ILLEGAL DRILLING ACTIVITIES**

The Company has recently discovered the presence of illegal drilling activities on the Concession held by PT Batubara Selaras Sapta (**'PTBSS'**).

Representatives of the drilling company (**'Drilling Company'**), have now approached the Board of APAC to discuss the scope of works performed to date. The Board, in its complete discretion, is currently performing due diligence on the parties concerned and is assessing whether there is a benefit to entering into a commercial arrangement to access data obtained from these activities. Such an arrangement will only be entered into if the data is reliable and serves to substantially advance APAC's drilling and mining programme.

The Board will update shareholders as soon as possible.

Yours faithfully

Koh Teng Kiat  
**Managing Director**

#### **Contact Details: Company**

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#### **Investor Relations**

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## **ABOUT APAC COAL LIMITED (AAL)**

APAC Coal has a 30 year Concession to explore for coal over 68,360 ha parcel of land in East Kalimantan, Indonesia. A JORC compliant resource of 5.1 million tonnes has been identified which is expected to form the basis of an initial mining operation. This resource occurs within on a very small area (1.3%) of the Concession which has not been explored to any significant degree. Kalimantan is the principal coal producing region of Indonesia, the world's 7<sup>th</sup> largest coal producer.

APAC Coal is a subsidiary of Singapore listed Magnus Energy Group, which operates in the upstream petroleum and coal businesses. Its core focus is petroleum, coal production, and low-risk exploration and field development. Magnus has committed to providing a low cost Management and Finance Team in the initial phase of the development of APAC Coal Limited.

**For more information about APAC Coal Limited, please visit [www.apaccoal.com.au](http://www.apaccoal.com.au)**