

APAC COAL LIMITED A.C.N. 126 296 295

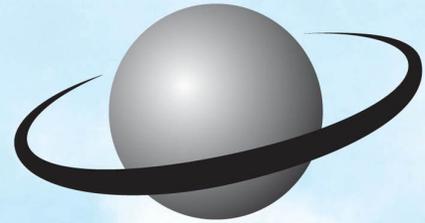
QUARTERLY REPORT

FOR THE PERIOD ENDING 30 SEPTEMBER 2008

ASX Code:	AAL
Issued Shares:	250m
Market Capitalisation:	\$14m
Cash:	\$5.7m

Highlights

- Listed on 10th July 2008 with a market capitalisation of approximately \$40m
- Appointment of Ravensgate to prepare plans for infill drilling and further define the available JORC resource



APAC Coal Limited





**APAC Coal
Limited**

Operating Review

Corporate

APAC Coal listed on ASX on 10 July 2008.

The company subsequently requested a Trading Halt for trading of its shares on 16 July 2008. The halt was called because of the discovery of a trespassing miner on the APAC Coal Concession in East Kalimantan. The halt was necessary to provide a window to assess the situation. It was concluded that the trespasser was in conflict with the law and entered into discussions with the company concerned. The legal status of APAC Coal as the substantial Concession owner was verified.

Before removing the Halt it was discovered that there was an issue concerning the receipt of funds from the Initial Public Offering where commitments made by a broking house to transfer funds to APAC Coal were not fulfilled. As a result, the Company was placed in suspension while the situation was resolved. The company was re-instated to Official Quotation following the resolution of the funds transfer dispute.

Exploration Update

A team of Ravensgate geologists visited the company's concession to undertake a preliminary review of the work required to progress the development of the initial 890 hectares. Their submission was accepted and they were contracted to undertake a programme of work to prepare the plans for the infill drilling for resource quality definition for production planning. Planning for resource extension drilling is included in the work programme.

The site work commenced in October 2008.

CONTACT DETAILS: COMPANY

Paul Piercy
Chairman
APAC Coal Limited
T: 61 8 9321 3514
M: 61 419 265 041

ABOUT APAC COAL LIMITED (AAL)

APAC Coal has a 30 year Concession to explore for coal over a 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 a very small area of the Concession (1.3%) with over 90% of the Concession yet to be explored to any significant degree. Kalimantan is the principal coal producing region of Indonesia, the world's 7th 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, 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, please visit www.apaccoal.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

APAC Coal Limited

ACN

126 296 295

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(89)	(89)
(b) development	-	-
(c) production	-	-
(d) administration	(631)	(631)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	78	78
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- Deadrent for coal concession	(7)	(7)
- Advance payments	(3)	(3)
Net Operating Cash Flows	(653)	(653)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(15)	(15)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Loans from parent	149	149
1.13 Net cash inflow generated in the acquisition of subsidiary	21	21
Net investing cash flows	155	155
1.13 Total operating and investing cash flows (carried forward)	(498)	(498)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(498)	(498)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	226	226
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Capital raising costs	(719)	(719)
	Net financing cash flows	(493)	(493)
	Net increase (decrease) in cash held	(991)	(991)
1.20	Cash at beginning of quarter/year to date	6,724	6,724
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,733	5,733

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	9
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Outstanding consultancy fees for Paul Piercy and Sam di Giacomo

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	518
4.2 Development	-
Total	518

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,733	6,724
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,733	6,724

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	249,705,637	249,705,637		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	6,300,000 178,635	- -	<i>Exercise price</i> 25.00 cents 25.00 cents	<i>Expiry date</i> 31 Dec 2010 10 July 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31 October 2008
(Director/Company secretary)

Print name: Darren Crawte

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==