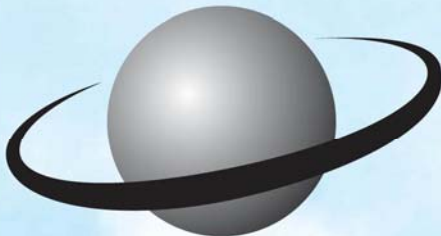


QUARTERLY REPORT



**APAC Coal
Limited**

ASX Code:	AAL
Issued Shares:	250m
Market Capitalisation:	\$14m
Cash:	\$5.3m

Highlights

- First AGM held
- Ravensgate continues mapping program of entire coal concession
- Drilling program proposal for the 890 hectare Bekosos Lempesu Block





Corporate

On 1st October 2008, the company had advised shareholders that the rights issue of options as proposed in the Company's Prospectus dated 4th April 2008 has been deferred.

The company had its first Annual General Meeting on the 18th November 2008, all resolutions relating to the matters set out in the notice of the meeting were duly passed.

Exploration and Drilling Program Update

Commencing October 2008, Ravensgate supervised a team of Indonesian Geologists to perform the mapping of the Northern Region (Kuaro, Lempusu and Bekoso Blocks) covering approximately 13,000 hectares of the Concession area.

Subsequent to this mapping program, the Ravensgate Geological Team has proposed the drilling program for the 890 hectare Bekosos Lempesu Block to be carried out in two phases. Each phase will require approximately 1,100 metres of drilling. Thirty two holes are planned. Total meterage will be approximately 2,200.

The objective of the drilling program on the 890 hectare Bekosos Lempusu Block is to:

1. Delineate additional tonnes
2. Identify the most suitable areas for mining to commence during 2009
3. Upgrade a large proportion of the resource to the measure category of resource.

The first phase will consist of untested strike extensions of both Seam A and Seam B being drilled to enable additional tonnages to be blocked at the end of the program. Short infill holes have been planned to identify the most suitable mining areas for the commencement of production in 2009.

The second phase will consist of dip drilling to explore the dip of the coal seams. The planned drill spacing will also allow the resource categories of the project area to be upgraded.

The attached map shows that no drilling is planned south of the Kendilo River. Seams A and B are not developed south of the Kendilo River. An east west trending fault cuts along the Kendilo River. The block south of the river has been displaced towards the west. The southern extension of Seam A and B have been displaced westwards and are located in the Lempesu Block. The Lempesu Block therefore holds excellent exploration potential.

The objective of the first phase of drilling is twofold. Firstly, untested strike extensions of both Seam A and Seam B will be drilled. This will enable additional tonnages to be blocked at the end of the program.

Spacing between the holes drilled in 2006 is variable. The holes are however too far apart to be utilised for mine planning. The second objective of the first phase of drilling will be to reduce the spacing between holes to between 125 and 140 metres. A number



**APAC Coal
Limited**

of short infill holes have been planned as are part of the first phase of drilling. This infill drilling will enable us to determine the most suitable mining areas so that production can commence during 2009.

Most of the phase two drilling will test down dip extensions of the coal seams. These holes will be planned to intersect the coal seams approximately 100 metres below surface. Very limited down dip drilling was done during 2006. Without down dip drill intersections the actual dip of the coal seams will remain uncertain. To firm up on our understanding of the dip of the coal seams down dip drilling is planned. The planned drill spacing will also allow us to upgrade the resource categories of the project area.

Seam B, because of its thickness, is likely to be the first area that will go into production. Most of Seam B sits on ground owned by people from the Lempesu community. There are also 8 holes planned on ground owned by the Lempesu community.

Drilling contractors have been invited to tender for these two phases of the drilling program, we anticipate that the drilling program could commence in March 2009.

Ravensgate will plan, implement and manage the drilling program over target areas identified during the mapping program.

Concurrently, Ravensgate will continue their planning and managing the mapping, pitting and sampling program over the entire Coal concession area.

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 business. 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.

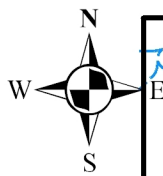
For more information, please visit www.apaccoal.com



**APAC Coal
Limited**

COMPETENT PERSON'S STATEMENT

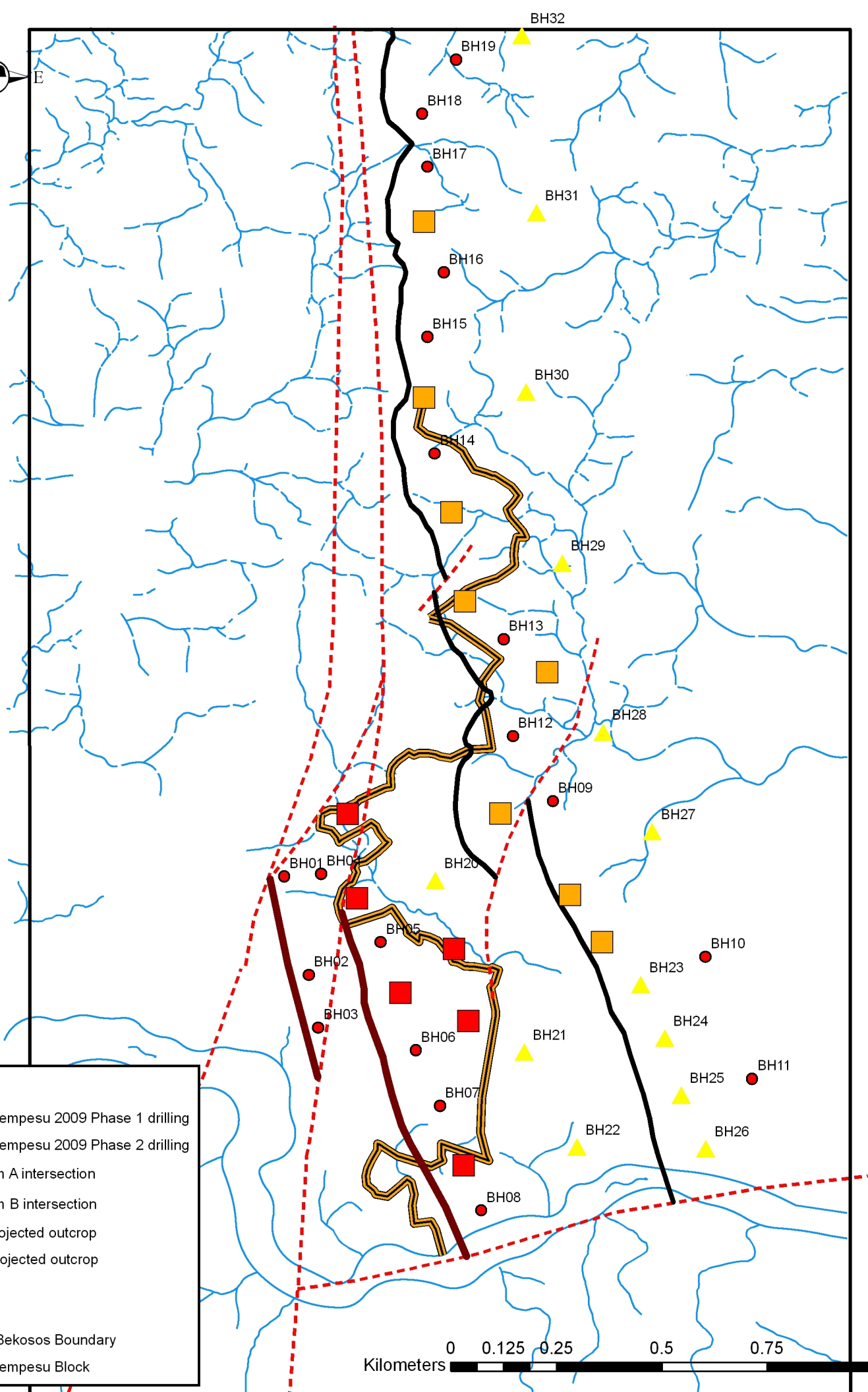
The information in this report relates to mineral resources based on information evaluated by Mr Edward Radley who is a of the Australasian Institute of the Mining and Metallurgy (AusIMM). Mr Radley is a full time employee of Ravensgate. Mr Radley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Report of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Radley consents to inclusion in the report of the matters based on his information in the form and context in which it appears.



Legend

- Bekosos Lempesu 2009 Phase 1 drilling
- ▲ Bekosos Lempesu 2009 Phase 2 drilling
- 2006 Seam A intersection
- 2006 Seam B intersection
- Seam A projected outcrop
- Seam B projected outcrop
- - - Fault
- River
- Lempesu Bekosos Boundary
- Bekosos Lempesu Block

Kilometers 0 0.125 0.25 0.5 0.75 1



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")

31 December 2008

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(6 months) \$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	(117)	(206)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(371)	(1,002)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	28	106
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Deadrent for coal concession	7	(0)
	- Advance payments	3	(0)
Net Operating Cash Flows		(451)	(1,104)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(17)
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
1.13	Net cash inflow generated in the acquisition of subsidiary	-	21
Net investing cash flows		(2)	153
1.13	Total operating and investing cash flows (carried forward)	(453)	(951)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(453)	(951)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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)
	Net financing cash flows	-	(493)
	Net increase (decrease) in cash held	(453)	(1,444)
1.20	Cash at beginning of quarter/year to date	5,733	6,724
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,280	5,280

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	77
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	- Consultancy fees for Paul Piercy and Sam di Giacomo - Directors' remuneration	

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	468
4.2 Development	-
Total	468

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	5,280	5,733
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,280	5,733

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: 30 January 2009
(~~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.

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