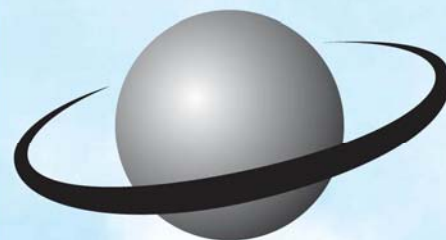


APAC COAL LIMITED A.C.N. 126 296 295

# QUARTERLY REPORT

FOR THE PERIOD ENDED 31/12/09



## APAC Coal Limited

ASX Code:	AAL
Issued Shares:	250m
Market Capitalisation:	\$11.25m
Cash:	\$3.7m

### Highlights

- Identified a number of local licences ( KP's ) with good exploration potential
- Further mapping activities carried out in the Northern block during the quarter





## **Exploration and Drilling Program Update**

### **Acquisitions and mergers**

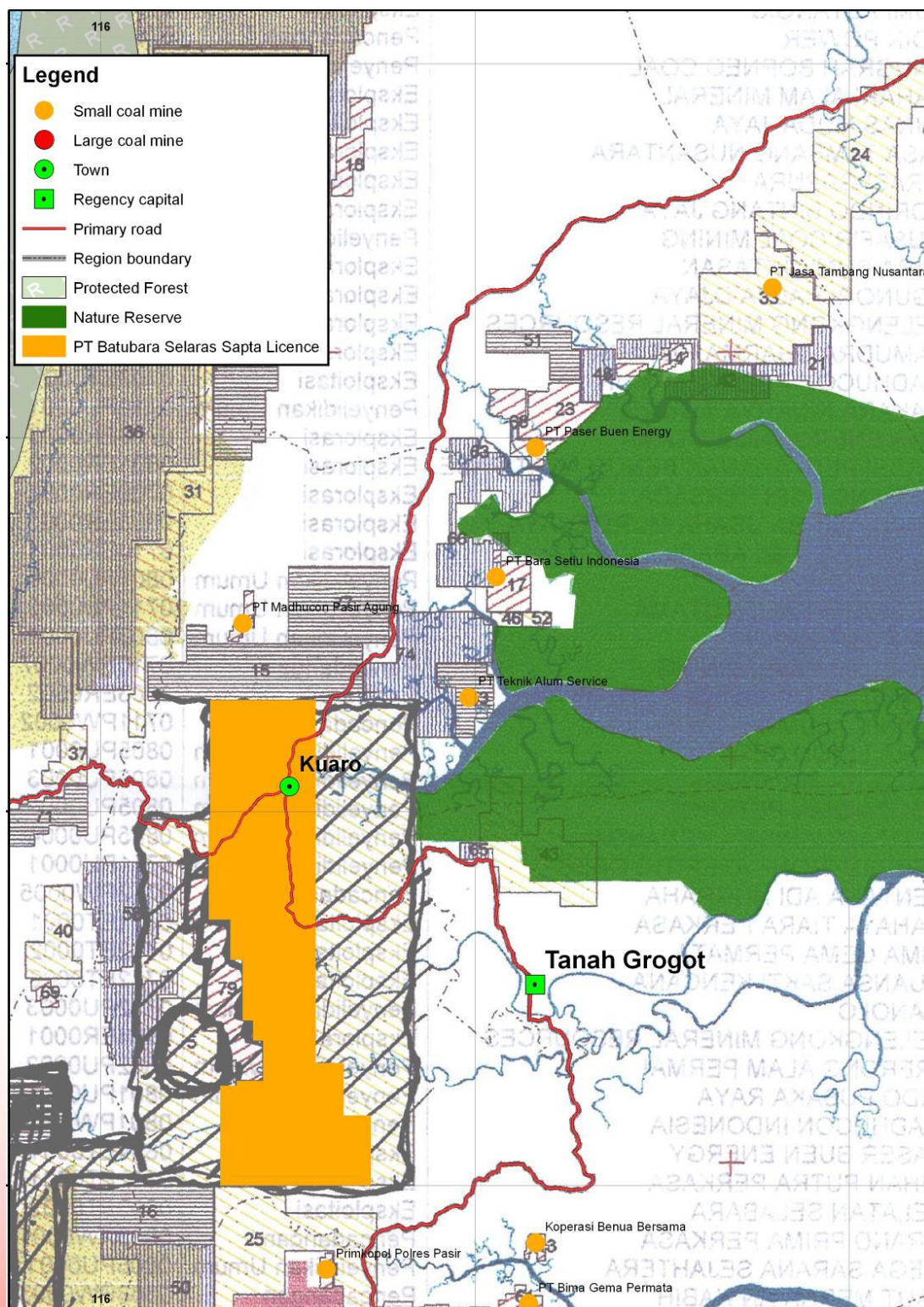
Ravensgate have identified a number of KP's within the Tanah Grogot area that appear to hold good exploration potential. The owners and partners holding these licences are being sought to pursue Joint Venture agreements over these licences.

The idea behind pursuing additional licences is two fold. Firstly, the identified tenements all cover coal deposits in the Paulau Balang Formation. Coal from the Paulau Balang Formation has a calorific value similar to Seam A. The ash and sulphur content of coal in the Paulau Balang Formation is however lower than that of Seam A. It is therefore expected that a blend of Seam A and Paulau Balang coal will make our Seam A coal much more attractive to potential buyers.

Secondly, additional tenements are being sought to grow the company's asset base. Additional licence areas will open up additional target areas and help to lower the company's risk profile.



**APAC Coal  
Limited**

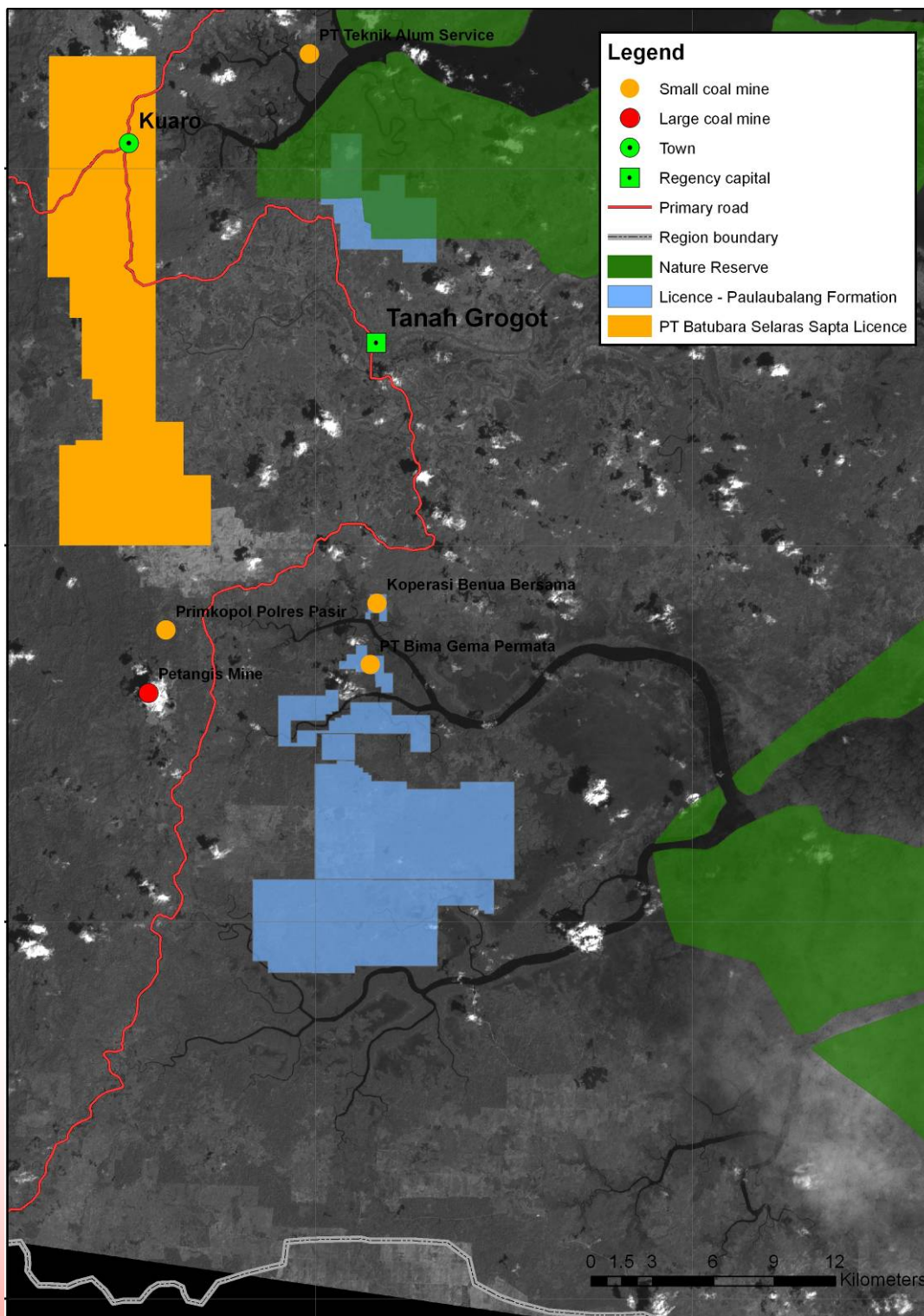


Government map showing a concentration of local licences over the Paulau Balang Formation north east of Kuaro.





**APAC Coal  
Limited**



Map showing a number of local licences held over Paulau Balang Formation south of PT Teknik Alum Service.



### **Ongoing Work Programs**

Work has been scaled down while community issues on the ground are being addressed. Low key field work is being conducted over limited areas of the concession. Additional coal outcrops are being searched for in some of the areas thought to hold good exploration potential.

### **CONTACT DETAILS: COMPANY**

#### **Paul Piercy**

Chairman  
APAC Coal Limited  
61 8 9451 8800  
M: 61 419 265 041

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

APAC Coal has a 30 Year Concession to explore for coal over a 23,124 ha parcel of land in East Kalimantan, Indonesia. A JORC compliant resource of 18.2 million tonnes defined as geological conceptual estimates at the tenement 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 (3.8%) 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 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 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](http://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")

31 December 2009

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(106)	(320)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(304)	(599)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	18	60
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- Deadrent for coal concession	-	-
	- Advance payments	-	-
<b>Net Operating Cash Flows</b>		<b>(394)</b>	<b>(861)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(2)
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	-	-
1.13	Net cash inflow generated in the acquisition of subsidiary	-	-
<b>Net investing cash flows</b>		<b>(1)</b>	<b>(2)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(395)</b>	<b>(863)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(395)	(863)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(2)	(3)
1.18	Dividends paid	-	-
1.19	Capital raising costs	-	-
	<b>Net financing cash flows</b>	(2)	(3)
	<b>Net increase (decrease) in cash held</b>	(397)	(866)
1.20	Cash at beginning of quarter/year to date	4,121	4,590
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	3,724	3,724

**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	40
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions - 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	250
4.2 Development	-
<b>Total</b>	<b>250</b>

### 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	3,724	4,121
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>3,724</b>	<b>4,121</b>

### 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**

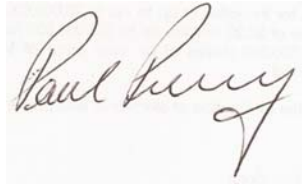
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <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 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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 2010  
(Director/~~Company secretary~~)

Print name: Paul Piercy

## 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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+ See chapter 19 for defined terms.