

APAC Coal Limited
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The Manager
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Acquisition of Hudson Minerals Holdings Pte Ltd Shares

APAC Coal Ltd (ASX:AAL) (APAC) is pleased to announce that it has entered into a conditional Sale and Purchase Agreement to acquire 51,000 shares of Hudson Pte Ltd shares.

Introduction:

Hudson Minerals Holdings Pte Ltd (the “Company”) is a company incorporated in Singapore as a private limited company by shares and has at the date hereof, an issued and paid-up capital of S\$100,000 divided in to 100,000 ordinary shares at the issue price of S\$1.00 each.

The Company had executed a Cooperation Agreement dated 25 February 2009 with the vendor of PT Denic hi Amina Se laras (“PT DAS”), Mr I.R. Zukriansyah, to acquire an 80% interest in the iron ore mining concession in Padang, Indonesia held by PT DAS. Subsequently, the Indonesian Parliament adopted Law No. 4 of 20 09 re Minerals and Coal Mining (“New Mining Law”) which replaced Law No. 17 of 1967 re Mining Basic Provisions (“Old Mining Law”). The New Mining Law means that the legal and corporate structure under the Cooperation Agreement, which depends on contractual instruments to secure the 80%, can be dispensed with as the New Mining Law now allows foreign investors to hold direct equity stakes in the mining concession holder. As a result, the Company subsequently entered into an Agreement for the Sale and Purchase of Shares (“SPA”) dated 26 May 2010 for 800 issued shares representing 80% of the total issued ordinary shares in PT DAS. The SPA allows for the conversion of PT DAS into a foreign investment company and upon conversion, the Company will hold 80% direct shareholding in PT DAS.

Key Terms and Conditions of the SPA:

1. Subject-matter of sale: 51,000 shares (“Sale Shares”) representing a stake of 51% in Hudson Minerals Holdings Pte Ltd.
2. Purchase Price: AUD6,092,044



3. 5 Main Conditions Precedents:

- a. APAC Coal being satisfied with results of a legal and financial due diligence exercise;
- b. Completion of the Sales and Purchase Agreement between Hudson and the vendors of PT DAS
- c. All warranties by vendors of Hudson being valid at completion;
- d. The Sale Shares constituting 51% of Hudson at completion;
- e. APAC Coal obtaining approval for the share issue, as per Listing Rule 7, in a general meeting and any other regulatory approvals required.

4. Conditions Precedent Period: 3 months from date of signing.

5. Completion: 14 days after fulfilment (or waiver) of all Conditions Precedent.

Structure of Settlement of Purchase Price:

The PT DAS' Air Dingin mining concession has been valued at AUD 14,931,480. Hudson will own 80% of PT DAS and hence Hudson is valued at AUD 11,945,184 in line with PT DAS' valuation.

Based on the above valuation for Hudson, APAC proposes to purchase 51% of Hudson for a total consideration of AUD 6,092,044, to be satisfied by the following;

Type of Security	Value	Issue Size	Issue Price/unit
Cash AUD	2,500,000	n.a.	n.a.
New APAC Shares	AUD 2,419,508	60,487,701	AUD0.04
Convertible Notes(CN) ¹	AUD 1,172,536		
Total AUD	6,092,044		

¹3 Year Maturity, redeemable upon maturity at 100%, convertible at AUD0.04 per share in part or in whole anytime before maturity, coupon rate 5% p.a., The CN is fully transferable and is a direct, unsubordinated, unconditional and unsecured obligation and will rank pari passu with the other unsecured debts. Upon full conversion, there will be up to 29,313,400 new APAC shares issued.

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The cash component will be funded by the loan facility provided to Magnus Energy Group (parent entity) in March. The details of this loan were announced in March.

Post Acquisition (before conversion of Convertible Notes), the structure of APAC will be as following:

Existing shares:	249,705,637	(80.5%)
New issue:	60,487,701	(19.5%)
Post Acquisition Total issue:	310,193,338	(100.0%)

CONTACT DETAILS: COMPANY
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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 inferred 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 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