

APAC Coal Limited
A.C.N. 126 296 295

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Website: www.apaccoal.com



05/04/2011

The Manager
Companies Announcements Office
Australian Stock Exchange Limited
Exchange House
Level 4, 20 Bridge Street
Sydney, NSW 2000

Investment in Hudson Minerals Holdings Pte Ltd

INTRODUCTION

Hudson Minerals Holdings Pte Ltd (Hudson) is a company incorporated in Singapore as a private limited company by shares and has at date hereof, an issued and paid-up capital of \$100 divided into 100,000 ordinary shares.

Hudson has executed a Conditional Share Sale & Purchase Agreement dated 29 May 2010 with the vendor of PT Denichi Amina Selaras (PT DAS), Mr I.R. Zukriansyah to acquire an 80% share interest in PT DAS which owns the iron ore mining concession in Aie Dingin, Padang, Indonesia("Aie Dingin").

In 28 June 2010, APAC Coal Ltd announced that it had entered into a conditional Sale and Purchase Agreement to acquire 51,000 shares of Hudson for a total consideration of AUD 6,092,044. At this time APAC incorrectly stated that the issued and paid up capital of Hudson was S\$100,000 divided into 100,000 ordinary shares at the issue price of S\$1.00 each.

1. REVISION OF THE PROPOSED ACQUISITION OF HUDSON

Pursuant to the announcement on 28 June 2010, it is has been resolved that the acquisition of Hudson be revised to an investment in the form of a convertible loan for A\$2,500,000. The terms of the Convertible Loan are as follow;

SUMMARY OF CONVERTIBLE LOAN TERMS

Investment Amount:	A\$2,500,000
Facility:	Convertible Loan (the " Loan ") convertible into conversion shares (the " Conversion Shares "), which will be ordinary shares of the Company (the " Ordinary Shares ")

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Anticipated Closing:	15 April 2011 (the “ Closing ”)
Interest Rate:	9.0% per annum calculated on a daily basis from the Closing based on the amount of outstanding Loan.
Interest Payment Frequency:	Every six (6) months till maturity, with the first payment due on the last day of the sixth month from the Closing and subsequent payments in accordance.
Maturity Date:	4 years from date of drawdown of the Loan, or such other date as may be mutually agreed between the Parties.
Conversion of Notes:	<p>All or any portion of the outstanding principal and accrued interest on the Loan shall be convertible at the option of the Investor into Ordinary Shares as follows:</p> <p>Initial Conversion Price (“Conversion Price”): A\$94.46 per Ordinary Share, on the basis of a pre-money valuation of A\$11,945,184.00</p> <p>The number of Ordinary Shares to be issued upon conversion shall determined as follows:</p> $O = \frac{P + I}{C}$ <p>Where:</p> <p>O is the number of Ordinary Shares to be issued upon conversion of the Loan;</p> <p>P is the principal amount of the Loan to be converted;</p> <p>I is the amount of interest accrued on the principal, up to the date of conversion; and</p> <p>C is the Conversion Price per share, as adjusted from time to time.</p>

Upon exercising the option to convert, Apac Coal will end up with 20.928% share interest in Hudson upon FULL conversion of the loan.

The rationale for the revision of the earlier proposal is that despite the promise of Aie Dingin, our interests would be better served by taking a reduced stake in the Company. Aie Dingin is still at pre-mining stage and may entail further cash calls which Apac Coal is not prepared to partake at this current juncture. Hence with the convertible loan investment, Apac Coal will be able to derive constant revenue stream from the interest payments and at the same time, be able to participate in a high potential concession via the conversion option.

As of the 31 March 2011, PT DAS is nearing commencement of the excavation and clearing for access roads which will take place in early April 2011 after the Socialisation Process which is scheduled for 7 April 2011. PT DAS has already secured the IUP permit which allows them to produce in November 2010. The application to convert PT DAS into a PMA company to allow

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Hudson to transfer the 80% shares of PT DAS to their name is currently in the process as well and should be forthcoming soon.

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

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.