

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

# QUARTERLY REPORT

FOR THE PERIOD ENDED 31/03/11

ASX Code:	AAL
Issued Shares:	250m
Market Capitalisation:	\$4.99m
Cash:	567,000

## Highlights

Continued evaluation and analysis of potential new tenements, acquisitions and mergers



**APAC Coal  
Limited**





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## **Review of Operations**

APAC Coal has been advised by our Indonesian litigation lawyer that the Judicial Review is still in progress with The Indonesian Supreme Court.

The Board and the legal advisors wish to reiterate that the previous judgements (adjudicated by the Administrative Court) are not the ones determining the “title of ownership of the shares” because a dispute on title of shares ownership is under the competence of the District Court and not the Administrative Court.

The Board will make an announcement on the outcome of the Judicial Review as soon as it is received from the Supreme Court.

On 19 January 2011, PT Denichi Amina Selaras (PT DAS) officially obtained the decision from the Regent of Solok Province, to upgrade its Mining Exploration Permit (IUP Explorasi) to the Mining Production Permit (IUP Operasi Produksi) which gives PT DAS the rights to mine iron ore from its designated concession in Aie Dingin, Padang, Solok Province, Sumatera.

Pursuant to that, Hudson Minerals Holdings Pte Ltd (Hudson) which has signed a conditional SPA with the vendors of PT DAS to acquire an 80% interest in PT DAS, has directed its lawyers to begin the process of converting PT DAS into a Foreign Direct Investment Company (PMA Company) to allow Hudson Minerals Holdings Pte Ltd to hold 80% interest in PT DAS. The said conversion and subsequent share transfer is currently pending.

After considering certain business risks and financial considerations, APAC Coal decided to reduce its planned investment in Hudson. In place of the earlier proposal to acquire 51% of Hudson, APAC Coal will now invest AUD2.5 million in the form of a convertible loan instead which was subsequently announced after the close of last quarter on 6 April 2011.

As at the time of writing, PT DAS is scheduled to start its maiden production on July 2011.

### **CONTACT DETAILS: COMPANY**

**Connie Lodge**  
Company Secretary  
APAC Coal Limited  
61 8 9451 8800

### **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 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)**



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**COMPETENT PERSON'S STATEMENT**

*The information in this report relates to mineral resources based on information evaluated by Mr Edward Radley who is a member 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.*

# 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 March 2011

### Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(9 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	(34)	(121)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(53)	(302)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	22
1.5	Interest and other costs of finance paid	(1)	(3)
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>(83)</b>	<b>(404)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	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 (to)/from parent	-	-
1.13	Net cash inflow generated in the acquisition of subsidiary	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(83)</b>	<b>(404)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(83)	(404)
	<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)	(7)
1.18	Dividends paid	-	-
1.19	Capital raising costs	-	-
	<b>Net financing cash flows</b>	(2)	(7)
	<b>Net decrease in cash held</b>	(85)	(411)
1.20	Cash at beginning of quarter/year to date	652	978
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	567	567

**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	17
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.*

	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	80
4.2 Development	-
4.3 Production	-
4.4 Administration	50
<b>Total</b>	<b>130</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	567	652
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>567</b>	<b>652</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>	178,635	-	<i>Exercise price</i> 25.00 cents	<i>Expiry date</i> 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: 28 April 2011  
(Director/~~Company secretary~~)

Print name: Phuah Cheng Hock

## 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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