

APAC Coal Limited

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Heads of Agreement for Acquisition of the Goyes Group

APAC Coal Limited has entered into a heads of agreement (“HOA”) in relation to the potential acquisition of the Goyes group of companies.

Goyes operates in the People's Republic of China and is involved in the agriculture and food business. Goyes was established 16 years ago and is currently Hunan Province's largest meat products exporter.

The HOA provides APAC with an exclusivity period until 30 June 2016 in which to complete negotiations and enter into a binding share purchase agreement (“SPA”). The acquisition of Goyes will not be binding until the SPA is entered into.

The likely terms of a SPA will be as follows:

- a) the consideration will be at a PE multiple to be agreed based on NPAT for the year ended 31 December 2015;
- b) the acquisition will be funded by way of an issue of shares to the vendors of Goyes;
- c) APAC must undertake a capital raising of an amount sufficient to fund working capital;
- d) the board will be reconstituted to include a majority of directors appointed by the vendors.

The transaction is likely to require APAC to obtain shareholder approval, including approval under Chapter 11 of the ASX Listing Rules for a change in the nature and scale of activities of APAC. It is also likely that APAC will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This will require the company to, amongst other things, issue a prospectus and meet the shareholder spread requirements.

APAC will keep shareholders advised of its negotiations with the vendors of Goyes.

For further information on APAC Coal Limited please contact:

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