



ASX Release

Friday, 29th January 2016

ASX Codes

PAK, PAKO

About

Pacific American Coal Limited is focused on the production, development and exploration of metallurgical coal assets in North America. The Company's strategic focus is on the 100% owned Elko coking coal project in British Columbia, and the Company's 30% equity interest in the P8N underground operating coal mine in Oklahoma'. PAK has 100% ownership in a total of 8 Coal Leases in the Kootenay and Peace River Coal Fields in British Columbia - Canada and tenements in application in low volatile bituminous region of the Arkoma coal basin in Oklahoma and the Raton coal basin in Colorado.

Board

Non-Executive Chairman – Geoff Hill
Non-Executive Director – Simon Bird
Non-Executive Director – Paul Chappell

Company Secretary

Ian Morgan

Management

Chief Executive Officer – Mark Sykes
Business Development – Dom Hill

Project	Stage	Location
Elko	Exploration	Canada
Hazell	Exploration	Canada
P8	Mine	Oklahoma
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma
Left Fork	Exploration	Colorado

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**Quarterly Report
for the quarter to
31st December 2015**

SUMMARY

Pacific American Coal Limited (ASX: PAK) is pleased to provide its Quarterly Activities Report for the three months ended 31st December 2015.

Key activities the Company engaged in during the period include:

- **Maiden- JORC Resource at the Elko Coal Project**
- **Tenement Management Updates**
- **P8N Coal Production**
- **GCI Option Agreement Lapses**
- **Commencement of Strategic Review**
- **Cash Management**
- **Annual General Meeting**

Maiden JORC Resource at the Elko Coal Project

During the quarter, the Company announced a maiden JORC Code (2012) Resource at the Elko Coal Project of 257.5 million tonnes. The Elko Project is located in the East Kootenay Coal Basin of British Columbia, Canada. The maiden resource achieved the Company’s objective to identify large, high quality coal assets close to infrastructure and services. PAK holds a 100% interest in the Elko Coal Leases.

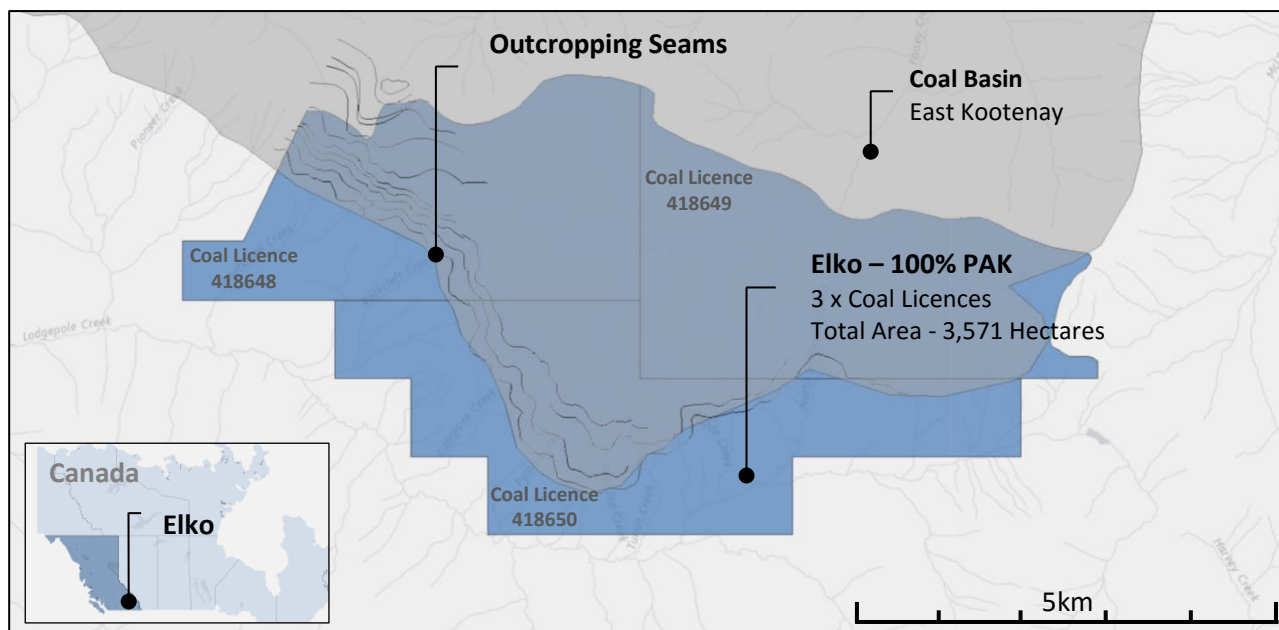


Figure 1 - Location of Elko Coal Licences

JORC Resource – 257.5 Million Tonnes

Following the completion of PAK’s initial exploration program at Elko, the Company was able to locate, log and confirm the historical activity on and around the Elko Coal Licences. This confirmatory information was modelled to update the Elko geological model and determine a maiden, JORC compliant resource at the Elko Project. The JORC resource consists of:

Classification (JORC 2012)	Resource (million tonnes)
Inferred	181.3
Indicated	57.0
Measured	19.2
Total	257.5

Table 1 - Elko JORC Resource Classification

Advancing the Elko Coal Project

The Elko Coal Project is the flagship asset within the Company’s portfolio. PAK continues to work on further advancing the Project by mapping out the approvals process and timeline that will be required to bring the Elko Coal Project into production.

During the quarter the Company highlighted the Elko Coking Coal Project fundamentals and benchmarked the Project against other coking coal investment opportunities. The Company also focused on the pathway to develop the Elko Coal Project into an operating asset.

Tenement Management Updates

During the quarter, the Company made the decision not to renew the Peace River Coal Licences in British Columbia. The Coal Licences 418676 and 418677, were due for renewal on 20th November 2015.

In making this decision the Company considered the economic and resource potential of the Coal Licence areas. The combined resource potential of the Coal Licences was likely to contain less than 30mt, had complex geology and were not located sufficiently close enough to transport infrastructure. The Peace River Coal Licences were the only assets within the Company's portfolio that did not contain a JORC Exploration Target.

The Company has renewed, and continues to hold 100% ownership of the Coal Licences at Elko and South Hazell in the East Kootenay Coal Basin in British Columbia.

	Tenement Reference	Nature of interest
Mining tenements held at the end of the quarter	Elko Coal Licences in British Columbia, Canada. Licences 418648, 418649 and 418650.	100% ownership
	South Hazel Coal Licences in British Columbia, Canada. Licences 418645, 418646 and 418647.	100% ownership
Mining tenements acquired during the quarter	Nil	Nil
Mining tenements relinquished during the quarter	Peace River Coal Licences in British Columbia, Canada. Licences 418676 and 418677.	100% ownership
Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter	Nil	Nil
Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed during the quarter	Nil	Nil

P8N Coal Production

P8N is located in the low volatile bituminous region of the Arkoma Basin in Oklahoma. P8N produces approximately 400,000 tonnes of coal per year sold under long-term contract to the local power utility.

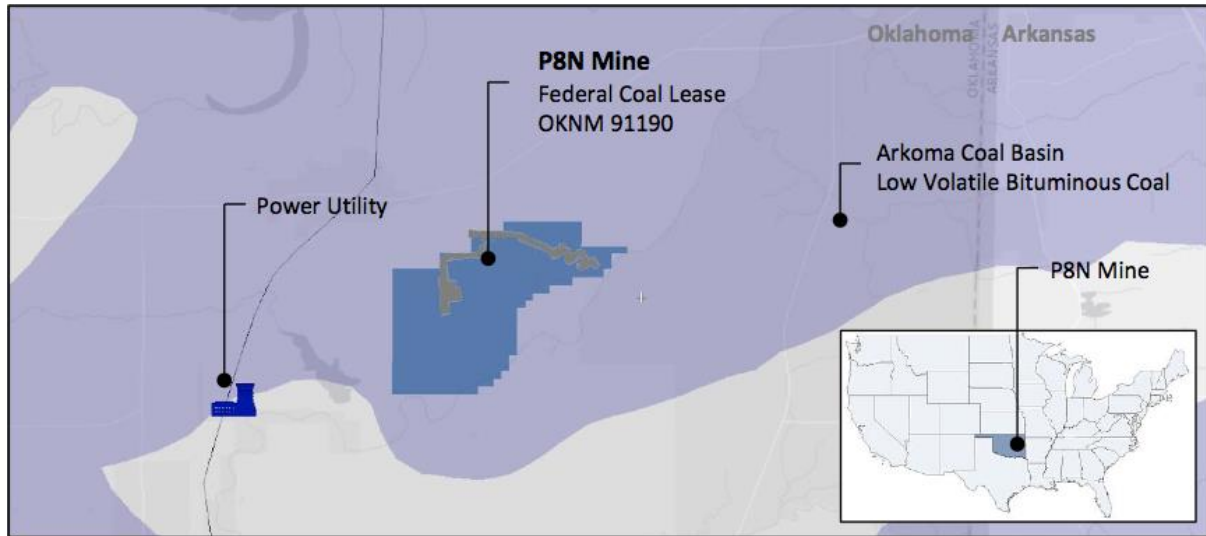


Figure 2 - Location of P8N in the Arkoma Basin

Over the period, the group through its associate GCI produced 82,000 tonnes of coal. Production was lower than budget due to operations ceasing over the holiday period, relocating the operating panel, poor operating conditions and downtime experienced with production units.

Year to Date (YTD) production of 360,000 tonnes is 86.5% of target.

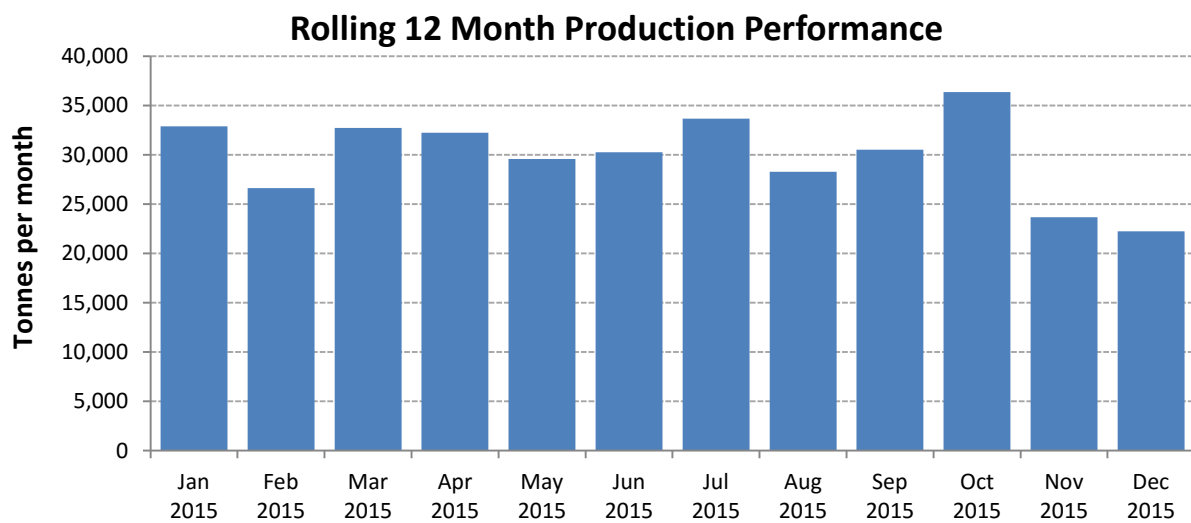


Figure 3 - Production Statistics from P8N

GCI Option Agreement Lapses

In addition to acquiring a 30% equity interest in GCI in Jan 2015, the Company secured an Option to purchase an additional 50% equity in GCI, exercisable through to 31 Dec 2015. The Option fixed the purchase price of the additional 50% and provided PAK sufficient time to consider the financial performance of GCI prior to committing further funding.

The Company reviewed the merits of exercising the Option to acquire an additional 50% in GCI and has decided not to proceed.

Factors considered include;

- since the initial 30% equity investment, the financial performance of GCI, as measured against budget forecast, has been below expectations, and
- at the time of the initial investment, GCI held contingent liabilities. PAK mitigated its exposure to these liabilities through the escrow of funds from the purchase price. The Company received notification on 1 December 2015 that a settlement had taken place. The Settlement agreement was substantially in excess of the amount provisioned for, and there was insufficient time for the Company to adequately consider the impact of this event on the ongoing financial performance of GCI. An extension of the Option period was requested by the Company and declined, consequently this has precluded the Company from exercising the Option, and
- the continuing deteriorating coal outlook in the United States.

These factors are impacting on the ongoing financial performance of GCI. Consequently the projected financial performance of GCI is below PAK's investment hurdle to attract further funding.

Commencement of Strategic Review

The current downturn in the global economy and depressed bulk commodities outlook has resulted in the Company's directors reviewing opportunities that can leverage PAK's exposure to the coal industry and bring additional value to its shareholders.

The Company is currently considering several opportunities that include drawing on its market strength in carbon based technology and innovation. The Company is also considering opportunities that will support and advance the Elko Coking Coal Project in a cost effective manner.

Cash Management

During the period, the Company focused on the delivery of the 257Mt JORC coking coal resource at the Elko Coking Coal Project. This result was delivered with minimal expenditure and demonstrates the Company's ability to achieve positive results through effective cost management.

The Board has eliminated all but essential expenditure and continues to pursue cost saving measures in order to preserve the Company's cash reserves. The Board is committed to exploring opportunities that will ensure the future of the Company through this period of depressed commodity markets.

Annual General Meeting

The Company plans to hold its next annual general meeting on Thursday 12 May 2016. Further details, including a notice of meeting, will be released later.

The Company is preparing a letter to shareholders to be sent out shortly that will update shareholders on recent events and future plans that the Company is currently considering.

FOR FURTHER INFORMATION CONTACT:

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North America

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More details are available on PAK's website www.pamcoal.com

COMPETENT PERSON'S STATEMENT

Previously Released Information

These ASX announcements refer to information extracted from reports available for viewing on the Company's website www.pamcoal.com

- 16.06.2014 TOCC Assets Independent Review
- 02.11.2015 Elko Coal Project Maiden JORC Resource 257.5 Million Tonnes

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of exploration targets, that all material assumptions and technical parameters underpinning the exploration targets in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcements.