



ASX Release

Friday, 29th April 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 March 2016**

SUMMARY

Pacific American Coal Limited (ASX: PAK) is pleased to provide its Quarterly Activities Report for the three months ended 31st March 2016.

Key activities the Company engaged in during the period include:

- **PAK to broaden investment portfolio through acquisition into carbon technology specialist**
- **PAK engages Hatch Ltd to commence review of the mine site layout at the ELKO Coking Coal Project**
- **PAK commences planning for next round of exploration activity at the ELKO Coking Coal Project**
- **Annual General Meeting**

CORPORATE ACTIVITY

Investment in Imagine Intelligent Materials

During the quarter, the Company wrote to Shareholders outlining the rationale for seeking investment opportunities in “carbon value based technology”. The Company subsequently announced on 21 March 2016, that PAK had entered into a Heads of Agreement (“HoA”) to become the largest shareholder in Imagine Intelligent Materials Pty Ltd (“Imagine”), a company that develops commercial applications for graphene and associated advanced carbon based materials (“Proposed Transaction”).

PAK’s investment in Imagine will broaden and strengthen the company’s asset portfolio in high value carbon based materials. PAK’s Coking Coal assets offers shareholders exposure to an essential raw material used in the steel making process, while the Company’s investment in Imagine offers shareholders exposure to innovative and technologically advanced graphene based products.

The details of the PAK’s investment in Imagine are detailed in the Company’s 21 March 2016 ASX announcement. Further information is provided in the Explanatory Memorandum in the Company’s Notice of Annual General Meeting whereby the Board unanimously recommends that Members vote in favour of Resolutions 7, 8 & 9 to facilitate the Proposed Transaction. Key aspects of the Proposed Transaction are detailed below:

About Imagine Intelligent Materials

Imagine is the leading Australian developer of graphene-based coatings for industrial textiles and fibres. It was founded in 2014 by a group of scientists led by Chris Gilbey and Phil Aitchison, with a vision to create disruptive products and solutions that use graphene.

Imagine has developed a licensing and certification model to ensure that participants in the supply chain are required to meet a set of standards of materials quality. Imagine is the first company in the world to develop conductive geomaterials using functionalised graphene.

About Graphene

Graphene is the first two dimensional material and is classed as a “super-material” offering extremely high electrical and thermal conductivity, hydrophobicity, strength, and impermeability to all gases. Graphene’s discoverers were awarded the Nobel Prize in 2010

Due Diligence

The Company is utilising a combination of internal and third party resources to conduct Due Diligence on the Proposed Transaction. Both PAK and Imagine are actively working together to ensure the necessary documentation is provided to the Company in order for PAK to conduct a thorough review of Imagine’s current business strategy and activity.

Proposed Transaction

The key terms of the HoA are as follows:

- PAK will undertake an underwritten cash placement of 33 million new shares in PAK at an issue price of 4.8c, to raise \$1.58m to sophisticated and professional investors ("PAK Placement") to fund the Initial Acquisition and the costs of the underwritten placement.
- PAK will initially acquire 833,000 shares in Imagine at an issue price of \$1.50 per Imagine share, comprising 20% of the issued capital of Imagine ("Initial Acquisition") in consideration for a cash payment of \$1.25m.
- The parties will enter into full form documents to document the terms of the transactions contemplated by the HoA.
- Completion of the Initial Acquisition is subject to a number of conditions precedent, including the completion of due diligence to the satisfaction of the parties, the passing of such resolutions as may be necessary to give effect to the Proposed Transaction, including shareholder approval and the receipt of all necessary ASIC, ASX and other regulatory approvals.
- PAK will be entitled to nominate a director to the board of Imagine on completion of the Initial Acquisition.
- Following completion of the Initial Acquisition, PAK will acquire shares in Imagine, comprising a further 20% of Imagine, from Imagine's existing shareholders ("Vendors") in consideration for the issue of PAK shares to the Vendors ("Share Exchange").
- Upon completion of the Share Exchange, PAK will be entitled to nominate a second director to the board of Imagine.

Carbon to Graphene Technology

PAK continues to monitor advanced technology opportunities that are complementary to the Company's asset base. Leading technology that is currently of interest to PAK has the capability of producing low cost graphene through the direct conversion of carbon sources, such as coal. PAK will continue to monitor the market for investment opportunities in innovative and technology.

These activities are in addition to PAK's ongoing and active review of high value potential resource investments.

OPERATIONAL ACTIVITY

PAK engages Hatch Limited to commence review of ELKO mine site layout

During the quarter, PAK engaged the internationally recognised engineering, project and construction management company Hatch Limited to commence a review of the mine site layout at the Elko Coking Coal Project. The review will address topics that include:

- an early stage open cut mining opportunity that complements a larger scale, long term underground operation,
- Operational process flowsheet,
- Location of mine site infrastructure including, a Coal Handling Preparation Plant, product stockpiles, waste storage facility, maintenance workshop, admin offices, access roads, etc,
- Maintaining the aesthetics of the landscape by minimising the impact of the operation to local communities.

In accordance with PAK's long term ELKO development strategy, the initial review by Hatch Ltd will be used as the foundation of a subsequent Concept Study that will enable PAK to ascertain the capital expenditure (CAPEX) requirements to establish an operating mine at ELKO. The initial review is anticipated to be completed early May.

PAK Commences Exploration Planning at ELKO

PAK has engaged a third party geological consultancy firm to commence planning for the next round of exploration at the ELKO Coking Coal Project. The main focus of the exploration is to improve the resource classification of the Elko Project, and to source appropriate material so as to conduct geotechnical and metallurgical analysis.

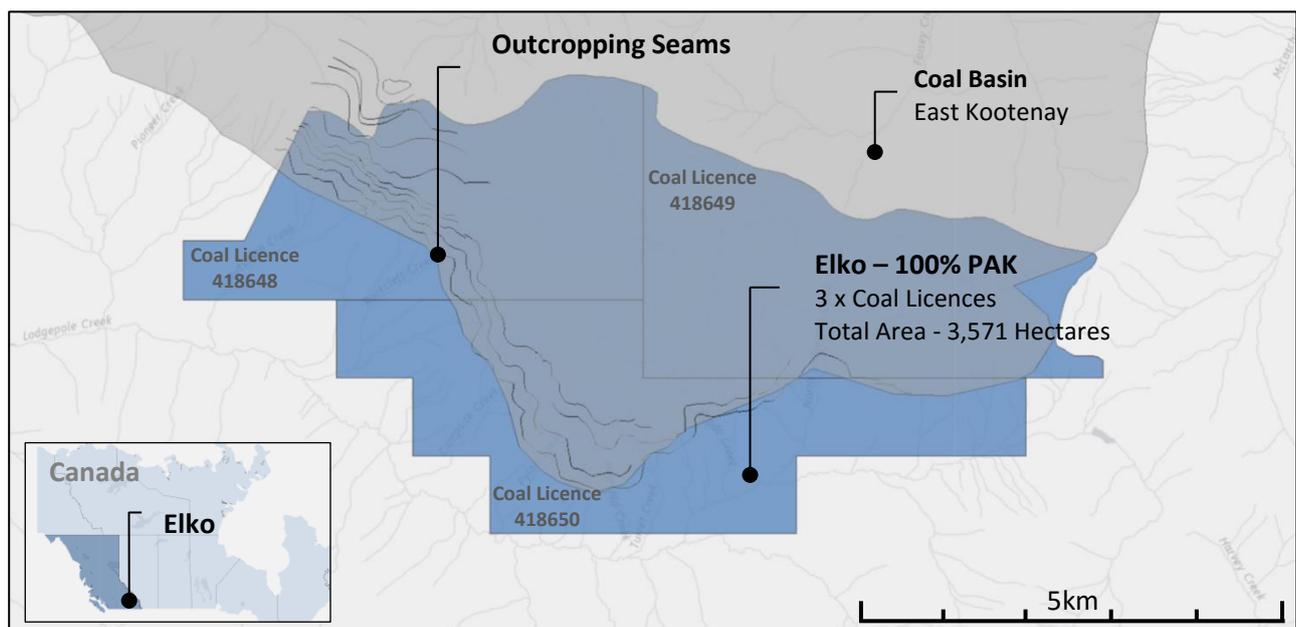


Figure 1 - Location of Elko Coal Licences

JORC Resource – 257.5 Million Tonnes

The ELKO Coking Coal Project has the following JORC resource statement that the Company seeks to improve through future exploration activity:

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

Table 1 - Elko JORC Resource Classification

Tenement Management Updates

During the quarter, there was no change to the ownership in the Company's tenements.

	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

Oklahoma Update

Further to the Company announcing a decision to exit its investment in GCI, owner of the P8N operating asset, the Company is pleased to confirm that negotiations with GCI's majority shareholders are in the final stages of completion and that the Company will soon be in a position to update shareholders on the details of these negotiations.

Annual General Meeting

The Company announced that the Annual General Meeting of its Members is to be held at:

Venue: Level 14, 52 Philip Street, Sydney NSW 2000

Time: 11:00am (Sydney time)

Date: Thursday 5 May 2016

FOR FURTHER INFORMATION CONTACT:

Australia

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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.