

21 October 2016

The Manager
The Company Announcements Office
Australian Securities Exchange

Pro Rata Non-Renounceable Entitlement Offer
Cleansing Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Pacific American Coal Limited ACN 127 131 604 (ASX Code:PAK) (**Company**) under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument**).

The Company today announced a non-renounceable pro-rata entitlement offer of (1) New Share in the Company for every eight (8) fully paid ordinary shares held in the Company at an issue price of \$0.10 per New Share (together with one (1) attaching New Option for every two (2) New Shares subscribed for and issued) to raise up to approximately AUD\$1,779,000 (before costs) (**Entitlement Offer**).

Under the Entitlement Offer, Eligible Shareholders will be able to subscribe for one (1) New Share for every eight (8) fully paid ordinary shares held in the Company as at 7.00 pm (Sydney time) on Monday 7 November 2016 at an issue price of \$0.10 per New Share (together with one (1) attaching New Option for every two (2) New Shares issued, each with an exercise price of \$0.25 cents per Option and an expiry date of 31 December 2017).

The Entitlement Offer will also include a shortfall facility that will provide Eligible Shareholders with the opportunity to apply for additional shares above their pro-rata entitlement (**Shortfall Facility**).

The offer document will be mailed to Eligible Shareholders on Thursday 10 November 2016, together with a personalised entitlement and acceptance form.

The Company confirms that in accordance with section 708AA(7) of the Corporations Act:

1. the New Shares will be offered for issue without disclosure under Part 6D.2 of the Corporations Act;
2. this notice is being given under section 708AA(2)(f) of the Act as modified by the ASIC Instrument;
3. as at the date of this notice, the Company has complied with:
 - (a) the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) section 674 of the Corporations Act;
4. as at the date of this notice, there is no information that is "excluded information" of the type referred to in, and for the purposes of, sections 708AA(8) and 708AA(9) of the Corporations Act; and
5. the potential effect that the issue of the New Shares will have on the control of the Company and the consequences of this effect is as follows:

- (a) if all Eligible Shareholders take up their New Shares under the Entitlement Offer, then each Eligible Shareholder's percentage holding in the Company will remain unchanged and the Entitlement Offer will not have a significant effect on the control of the Company;
- (b) to the extent that a shareholder of the Company does not or is not eligible to take up their entitlement under the Entitlement Offer, that shareholder's percentage holding in the Company will be diluted;
and
- (c) to the extent that a shareholder of the Company subscribes for and is issued New Shares under the Shortfall Facility, that shareholder's interest will increase, subject to the Corporations Act and the ASX Listing Rules.

For further information please contact:

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