



3 November 2016

Dear Shareholder

Pacific American Coal Limited - Non-Renounceable Pro-Rata Entitlement Offer

As announced to the ASX on Friday 21 October 2016, Pacific American Coal Limited (ASX: PAK) (**Company**) is undertaking a pro-rata non-renounceable entitlement offer of one (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\$1,800,000 (before costs) (**Entitlement Offer**).

The Entitlement Offer is being made by the Company without a disclosure document pursuant to section 708AA of the *Corporations Act 2001* (Cth), as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

Details of the Entitlement Offer

Under the Entitlement Offer, shareholders residing in Australia and New Zealand (**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 (**Record Date**) 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).

As at the date of this letter, the Company has an issue of 142,305,886 Shares and 53,383,589 Options. Assuming no options are exercised before the Record Date, up to 17,788,235 New Shares and 8,894,117 New Options will be issued under the Entitlement Offer (subject to rounding). If all the existing Options are exercised before the Record Date, up to 24,461,184 New Shares and 12,230,592 New Options will be issued under the Entitlement Offer (subject to rounding).

Eligible Shareholders will also be given an opportunity to apply for New Shares in excess of their entitlement (**Top Up Offer**). New Shares will only be available under the Top Up Offer if all Eligible Shareholders do not take up their entitlements in full. Allocations under the Top Up Offer will be determined by the Company in its absolute discretion.

The Entitlement Offer is not underwritten.

A copy of the Offer Document in relation to the Entitlement Offer and Top Up Offer will be provided to ASX on Thursday 10 November 2016 (**Offer Document**) and will be mailed to Eligible Shareholders in accordance with the timetable below.

Purpose of Entitlement Offer and use of funds raised

The funds raised under the Entitlement Offer will be used to fund the ongoing development of the Elko Coking Coal Project, pay the costs of the Offer and otherwise be available for working capital.

If circumstances change or other opportunities arise, the Directors reserve the right to vary the proposed use of funds to maximise benefits to shareholders.

Pacific American Coal Limited ABN 83 127 131 604

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www.pamcoal.com

Eligibility of shareholders to participate in the Entitlement Offer

The Entitlement Offer is only available to eligible shareholders. An eligible shareholder means a registered holder of ordinary shares in the capital of the Company as at 7:00pm (Sydney time) on the Record Date who:

- (a) has a registered address in Australia or New Zealand or is a shareholder that the Company has otherwise determined is eligible to participate;
- (b) subject to a determination by the Company as outline in paragraph (a), is not in the United States and is not a nominee or custodian acting for the account or benefit of a person in the United States; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Eligible shareholders will receive an Information Booklet and personalised Entitlement and Application Form.

Ineligible shareholders

If you are not an eligible shareholder you cannot participate in the Entitlement Offer. The Company will notify those shareholders who are not eligible shareholders.

How to participate?

If you are an Eligible Shareholder, you will be entitled to apply for one (1) New Share at a price of \$0.10 per New Share for every eight (8) fully paid ordinary shares held in the Company by you at 7.00pm (Sydney time) on the Record Date, subject to the terms of the Entitlement Offer.

New Shares issued under the Entitlement Offer will rank equally with existing shares in the Company from issue.

The full terms of the Entitlement Offer will be outlined in the Offer Document that will be released on the ASX on Thursday 10 November 2016, and available from the Company's website, <http://www.pamcoal.com/> or from ASX's website, www.asx.com.au.

The rights under the Entitlement Offer are non-renounceable. This means that the rights under the Entitlement Offer are not transferrable and cannot be sold or traded, and Company shareholders will not receive any value in respect of the rights that they do not take up or which they are ineligible to receive.

Timetable

The Company expects the Entitlement Offer to be conducted in accordance with the following timetable:

Event	Date
Market Announcement of the Entitlement Offer and cleansing notice lodged	Friday 21 October 2016
Notice to option holders that they cannot participate in the Entitlement Offer without first exercising their options	Wednesday 2 November 2016
Notice containing Appendix 3B details and indicative timetable sent to shareholders	Thursday 3 November 2016
Shares trade on an "ex Entitlement" basis	Friday 4 November 2016
Record Date for determining eligibility to participate in the Entitlement Offer (7.00 pm AEDT)	Monday 7 November 2016
Offer Document and Entitlement and Acceptance Forms despatched to Eligible Shareholders and announce despatch has occurred	Thursday 10 November 2016



Event	Date
Entitlement Offer opens	Thursday 10 November 2016
Last day to extend the closing date	Friday 25 November 2016
Entitlement Offer closes – last date for lodgement of Entitlement and Acceptance Forms and payment of application money in full (5.00 pm Sydney time)	Wednesday 30 November 2016
Deferred settlement trading of New Shares commences	Thursday 1 December 2016
Announcement of Entitlement Offer shortfall	Monday 5 December 2016
Allotment of New Shares and New Options issued under Entitlement Offer and dispatch of holding statements for New Shares. Deferred settlement trading ends	Wednesday 7 December 2016
Commencement of trading of New Shares and New Options on ASX on a normal basis	Thursday 8 December 2016

Note: the timetable is indicative only and may change. The Company reserves the right to vary the above dates, subject to the requirements of the ASX Listing Rules and the Corporations Act.

Offer Document and continuous disclosure

Eligible Shareholders should carefully read the Offer Document that will be sent to them and have regard to all publicly available information on the Company, including all announcements made by the Company to ASX. These announcements include the Company's interim and annual reports.

Should you have any questions regarding the Entitlement Offer, please contact the Company.

For further information please contact:

Mark Sykes

Chief Executive Officer

Ian Morgan

Company Secretary

Pacific American Coal Limited

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

