



11 November 2016

Dear Shareholder

**Pacific American Coal Limited - Non-Renounceable Pro-Rata Entitlement Offer – Notification to Non-Qualifying Foreign Shareholders**

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 AUD\$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.

The Company has decided that it would be unreasonable to make the offer under the Entitlement Offer to the Company's shareholders with registered addresses outside Australia and New Zealand (Non-Qualifying Foreign Shareholders), having regard to the number of such Shareholders, their holdings and the costs of complying with the legal and regulatory requirements to offer the New Shares under the Entitlement Offer to those Non-Qualifying Foreign Shareholders.

Unfortunately, since you are a Non-Qualifying Foreign Shareholder, no offer under the Entitlement Offer is being made to you and the Rights Issue Offer Document prepared by the Company in relation to the Entitlement Offer will not be sent to you.

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares under the Entitlement Offer. As a Non-Qualifying Foreign Shareholder, you are not required to do anything in response to this letter or the Entitlement Offer.

For further information please contact:

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Company Secretary

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More details are available on PAK's website [www.pamcoal.com](http://www.pamcoal.com)

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