

31st January 2017

ASX Market Announcements
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

ASX Market Announcement – For immediate release

Dear PAK Investors,

I am pleased to share the Pacific American Coal Limited (**PAK**) December 2016 Quarterly Activity Report. As announced on 23rd January 2017, I am being appointed PAK's Managing Director - with effect 1st February 2017.

The opportunities and strengths of PAK's asset portfolio are exciting, in particular the 257.5 million tonne Elko Hard Coking Coal Project in British Columbia, Canada. I expect to draw on my experience in international coal markets, and with top tier mining producers, to push forward development of the Elko Project.

I thank investors for your support, demonstrated during the recent capital raising when PAK successfully raised \$2,300,000.

PAK management's focus will be to use the funds at Elko, where we intend to deliver on our plans for a mid-2017 drilling program and completion of a scoping study.

These activities will increase our knowledge of the geology, coal characteristics and economics of the project. We will do this working with First Nation groups and other stakeholders as we seek to swiftly develop Elko.

I look forward to sharing more updates as we advance the Elko Hard Coking Project and transition PAK from a coal explorer to producer.

Yours sincerely



Mark Lochtenberg

ASX Release

Tuesday, 31st January 2017

ASX Codes

PAK, PAKO

About Us

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 hard coking coal project in British Columbia and its investments in technological advanced opportunities. PAK has 100% ownership in a total of 6 Coal Leases in the East Kootenay Coal Field 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
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma
Left Fork	Exploration	Colorado

Pacific American Coal Limited
ABN 83 127 131 604
GPO BOX 3486
SYDNEY, NSW, 2001

www.pamcoal.com

**Quarterly Report
for the quarter to
31st December 2016**

SUMMARY

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

Key activities PAK engaged in during the Quarter include:

- **Successful Capital Raising of \$2,300,000**
- **Elko Coking Coal Project**
 - **Commenced Community and B.C. Government approvals to enhance Elko's Mineral Resource status**
 - **Palaris engaged to undertake Scoping Study**
- **Initial GCI Payment US\$100,000 received**

Successful Capital Raising of \$2,300,000

During the Quarter, PAK successfully raised approximately \$2,000,000, before costs, comprising a combination of a \$1,800,000 subscribed through an entitlement offer and an additional \$200,000 with a placement. Subsequent to the Quarter, PAK raised a further \$300,000 with an additional placement on the same terms as the entitlement offer, bringing the total capital raising to \$2,300,000.

The entitlement offer received strong support and confirms the Board's targeted use of funds to advance the Elko Hard Coking Coal Project.

The entitlement offer undertook pro-rata non-renounceable entitlement offer of one new share in PAK for every eight fully paid ordinary shares held in PAK at an issue price of \$0.10 per new share (together with one attaching new option for every two new shares subscribed for and issued) to raise approximately \$1,800,000, before costs.

The entitlement offer was fully underwritten by Far East Capital Limited, who also acted as the lead manager for the issue.

PAK allocated use of the funds as follows:

Description of cash outflows	AUD	%
Exploration Documentation and Approvals	41,000	2.3%
Exploration Activity	911,000	51.2%
Project Management & Stakeholder Engagement	154,000	8.7%
Geological Modelling and Reporting	155,000	8.7%
Environmental Baseline Setup	63,000	3.5%
Stakeholder Engagement	48,000	2.7%
Mine layout and planning	194,000	10.9%
Licence Renewals	71,000	4.0%
Cost of the Offer (8%)	142,000	8.0%
Total funds raised under the Entitlement Offer	1,779,000	100%

During the Quarter, PAK initiated activity to support stakeholder engagement discussions with First Nation Groups and commence baseline environmental work.

The Board is thankful for support received from PAK Shareholders through the entitlement offer, and will continue its ongoing commitment to maximise use of funds - ensuring only essential activity is approved that creates greatest value for shareholders.

Commenced Community and B.C. Government approvals to enhance Elko’s Mineral Resource status

PAK completed detailed exploration and work plans for its exploration program scheduled for mid-2017. PAK is applying for ‘Notice of Work’ permits to undertake exploration at the Elko Project. As part of this process, PAK is working with local First Nations companies to support the Notice of Work activities, including environmental and construction of access roads. PAK will update the market as exploration activity progresses.

The majority of funding raised through the entitlement offer has been allocated to improve the classification of the 257.5Mt JORC resources at the Elko Hard Coking Coal Project. This includes drilling programs aimed at increasing the geological understanding of the resource and coal characteristics.

PAK has identified priority drill sites and prepared a drilling program schedule that will achieve the objective of improving the resource classification at Elko (refer Figure 1).

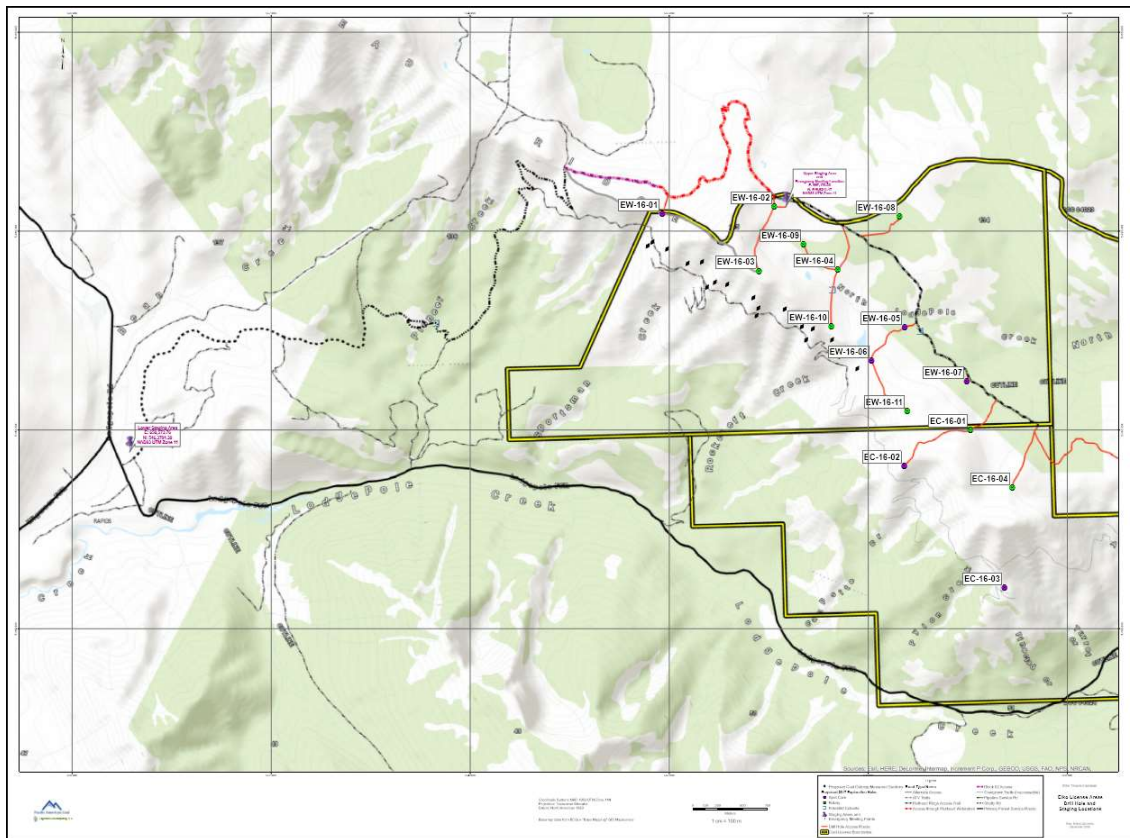


Figure 1 - Proposed Drill site locations

PAK engaged Palaris to deliver Elko Coking Coal Project Scoping Study

During the Quarter, PAK engaged Palaris Australia Pty Ltd (**Palaris**) to deliver a Scoping Study at the Elko Hard Coking Coal Project. The Scoping Study will provide a preliminary assessment of the technical and commercial viability of the Elko Project and potential pathways to development.

Palaris will build on the work completed by Hatch, with a focus on:

- Financial Evaluation
- Geology and Resources
- Open-cut and Underground Mine Planning
- Mine Equipment and Underground Infrastructure
- Coal Handling and Processing
- Mine Facilities, Onsite Service and Infrastructure
- Project Delivery Schedule

Palaris have received a full data pack of the Elko Project. During the Quarter, Palaris uploaded the raw data to generate an independent geological model. Work has commenced on the development of cost optimisation models for both open-cut and underground workings.

The Scoping Study is on schedule to be delivered in the first quarter of calendar 2017.

Early receipt of initial US\$100,000 payment from sale of interest in GCI

During the Quarter, PAK was pleased to announce its receipt of a US\$100,000 (A\$130,000) initial payment from the sale of its interest in GCI. The initial payment was received earlier than anticipated, and is part of a payment plan that will see PAK recover 100% of its A\$ 1,000,000 investment in GCI. The outstanding balance of A\$ 870,000 will attract an 8% per annum interest rate from 15 Jan 2017, and is payable over a 24 month period. Late payment attracts an additional 4% per annum penalty.

The proceeds from sale of GCI will provide additional funding for the Elko Hard Coking Coal Project.

Tenement Management Updates

During the Quarter, there was no change to the ownership in PAK'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	Nil	Nil
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

FOR FURTHER INFORMATION CONTACT

Australia

Mark Lochtenberg
 Managing Director
 Pacific American Coal Ltd
info@pamcoal.com

North America

Dom Hill
 Business Development Manager
 Pacific American Coal Ltd

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.