

ASX Release

Monday, 31st July 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 1546
SYDNEY, NSW, 2001

www.pamcoal.com

**Quarterly Report
for the quarter to
30th June 2017**

SUMMARY

Pacific American Coal Limited (**ASX: PAK**) is pleased to provide its Quarterly Activities Report for the three months ended 30th June 2017.

Key activities PAK engaged in during the Quarter include:

- **Elko Coking Coal Project**
 - **Permitting Update**
 - **Drilling Contracts and Quotes**
 - **Field Surveys**
 - **Road Use Agreements**
 - **Coal Testing and Analysis**
- **Oklahoma Assets**
- **Investments**
 - **Updates - Investment in Imagine Intelligent Materials**
 - **GCI Progress Payments**

PAK Asset Base Summary

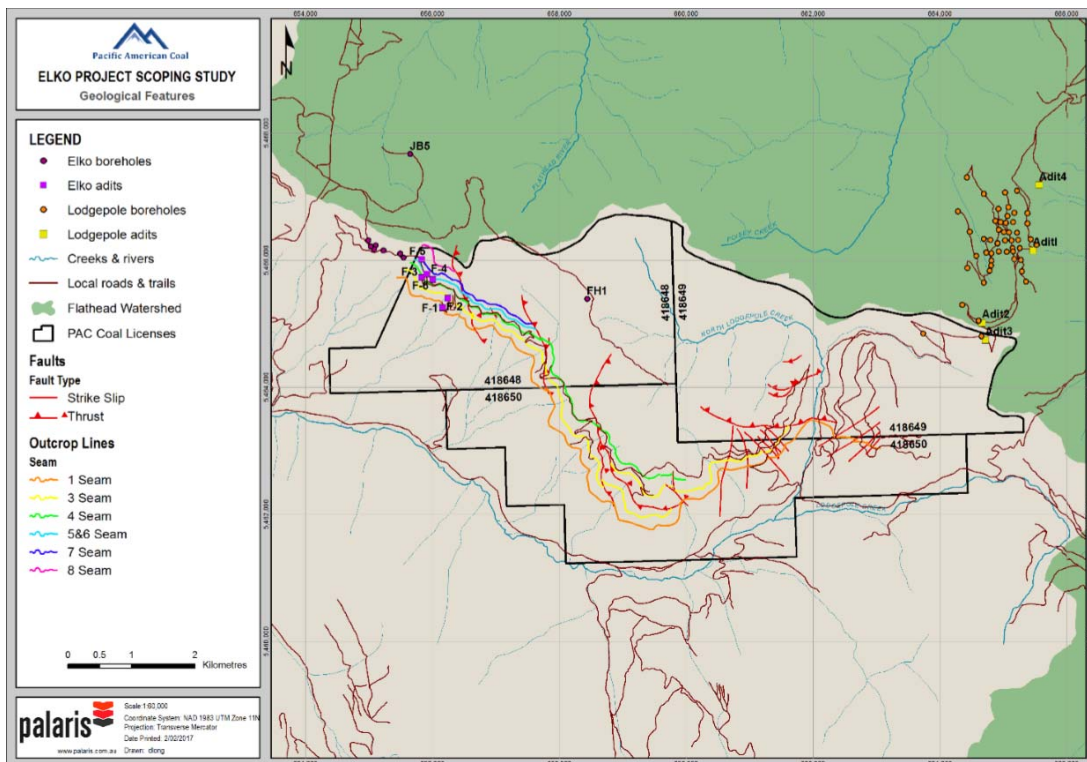
| | |
|---|--------|
| Cash at Bank (30 June 2017) | \$2.3m |
| Investment in Imagine Intelligent Materials | \$2.5m |
| Proceeds from GCI Sale | \$0.6m |
| Elko Coking Coal Project | 257mt |

Elko Coking Coal Project

During the period, PAK’s focus has been on the delivery of the necessary administrative and technical requirements to execute the 2017 drill program. The Company’s planning and logistical activities have run in parallel with the permitting and approvals process that will enable the 2017 drill program to proceed. The Company has responded to all requests to support the granting of permits and approvals, and is in a position to initiate the planned drilling program upon receipt of these approvals. While delays to the granting approvals may impact the scope of the planned drill program, the Company has undertaken activity on the basis that permits will be received in time.

Permitting Update

The main permit the Company is required to secure is a ‘Notice of Work’ (NOW). The Company has been advised that the NOW application has been processed and is currently in a referral and consultation Phase with First Nations. The NOW only relates to activities occurring inside of the Elko license boundary. Such activity will include road setup and drill pad establishment.

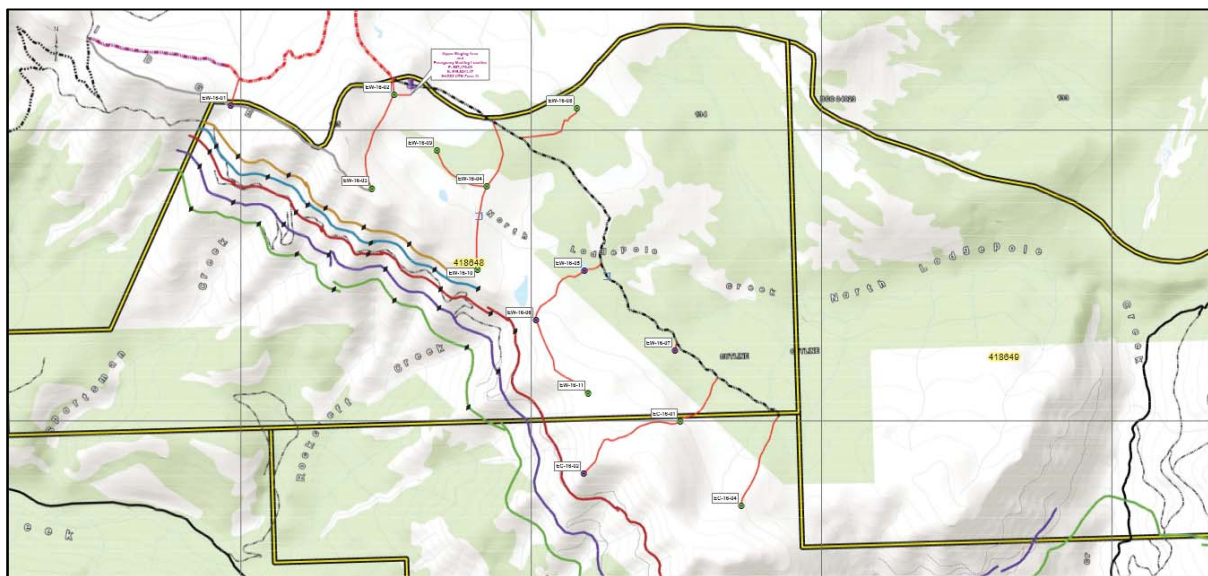


Most activity relating to the drill program will occur in the North Western area of the Elko Project, being Coal Licence 418648. Activity will also occur to a lesser extent in the southern area, being Coal Licence 418650. In the 2017 drill program there is no planned work in Coal Licence 418649.

Other approvals required to proceed with drilling have been submitted and are waiting granting.

Drilling Contracts and Quotes

Working with our project consultants to fine tune the drill program the Company has now received final drilling proposals from several drilling contractors. The drilling proposals address the need to drill a combination of cored and reverse circulation drill holes of varying diameters. The holes are identified in the figure below.



Field Surveys

As previously reported, the Company has engaged Silenus Resources as Project Manager of the Elko Project. Silenus conducted site visits during the Quarter to commence activities relating to Archaeology, Construction and Environment, including fish surveys and road access and clearing.

These surveys are to establish base line data used for future permits and approvals. While cooler than expected weather delayed the commencement of these studies, they do not impact the current permitting process for the NOW.



Road Use Agreements

The Company has applied for and been granted Road Use Agreements with private parties. With these now been granted, the Company has the right to use certain private roads.

The Company is also in the processing Road Use Agreement with the relevant government authorities. The Company is anticipating these to approval shortly.

Coal Testing and Analytics

The Company has investigated several options relating to the testing and analysis of drill core and cutting generated from the drill program. The Company is currently accessing these options with cost, quality of data, range of analytics performed and timing being factors in the final decision process.

Elko Project Summary

The Company remains committed to the 2017 drilling program with the objective of gaining additional valuable information from this activity. The Company has undertaken a substantial level of work to ensure the exploration program proceeds by ensuring preparations are in place for when permits and approvals are granted.

Oklahoma Assets

The Company continues to retain tenements in application status within the Arkoma Basin of Oklahoma. The tenements cover the projects referred to as Howe, Bokoshe, Harford and Lafayette. These are detailed in the table below.

| Project | Country | State | County | Serial Number | Total Area (Ac) | Total Area (Ha) |
|-----------|---------|----------|----------|---------------|-----------------|-----------------|
| Hartford | USA | Oklahoma | Le Flore | OKNM131755 | 16,313 | 6,602 |
| Lafayette | USA | Oklahoma | Haskell | OKNM131755 | 6,928 | 2,804 |
| Howe | USA | Oklahoma | Le Flore | OKNM128880 | 12,922 | 5,230 |
| Bokoshe | USA | Oklahoma | Le Flore | OKNM128880 | 10,429 | 4,220 |

Investments

Investment in Imagine Intelligent Materials

During the Quarter Imagine Intelligent Materials (Imagine) released updates on their activities. These can be found on the Imagine website www.imgne.com.

These updates, including highlights are:

- Imagine IM Shareholder Newsletter – April 2017 (26 Apr 2017)
 - First installation of imgne X3 conductive geotextile technology completed at mine site.
 - Development of next product underway with Duromer, one of Australia’s leading specialist polymer companies.
 - Work underway on developing massive scale sensors for the internet of things market.
 - Manufacturing plant moving to new site in Geelong.
- Second installation of ground-breaking Australian graphene innovation (31 May 2017)
 - Second successful installation of Imagine IM’s graphene coating for geotextiles
 - Provides hole detection for tailings dams and containment tanks
 - Lower cost of materials, and lower installation cost
 - Holes down to 0.7 mm can be detected
 - Firm purchase orders for coatings to cover 100,000 m2 received
 - Case studies of first installations will aid US market entry

GCI Progress Payments

During the Quarter, the Company received payments totalling US\$85,570 (AU\$115,000) from GCI, equivalent to funds received in the previous period. The payments are in accordance with the terms as announced on 19 May 2016. The Company will recover 100% of the funds invested in GCI over a 24 month period that commenced 15 Jan 2017.

Funds received from the divestment of GCI are also being used to advance the Elko 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 Sykes
Chief Executive Officer
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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pacific American Coal Limited

ABN

83 127 131 604

Quarter ended ("current quarter")

30 June 2017

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (245) ¹ | (335) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (145) | (368) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 2 | 6 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other | - | - |
| 1.9 Net cash from / (used in) operating activities | (388) | (697) |

¹ Exploration & evaluation payments totalling \$A 245,000 consists of consulting and employee costs (\$A 79,500) and other costs (\$A 165,500).

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.2 Proceeds from the disposal of: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | 115 ² | 227 |
| 2.6 Net cash from / (used in) investing activities | 115 | 227 |

| | | |
|---|----------|------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | - | 300 |
| 3.2 Proceeds from issue of convertible notes | - | - |
| 3.3 Proceeds from exercise of share options | - | - |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | - | (5) |
| 3.5 Proceeds from borrowings | - | - |
| 3.6 Repayment of borrowings | - | - |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | - | 295 |

² Instalments totalling US\$85,470 from sale of interest in GCI.

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 2,561 | 2,495 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (388) | (697) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | 115 | 227 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | 295 |
| 4.5 | Effect of movement in exchange rates on cash held | (30) | (62) |
| 4.6 | Cash and cash equivalents at end of period | 2,258 | 2,258 |

²Instalments totalling US\$85,470 from sale of interest in GCI

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 2,258 | 2,561 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 2,258 | 2,561 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

| Current quarter \$A'000 |
|------------------------------------|
| 120 |
| - |

Payment of fees to Directors and officers.

| 7. Payments to related entities of the entity and their associates | Current quarter \$A'000 |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2 | - |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 | - |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 | |
| | |

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 1,037 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | 183 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 1,220 |

Mining exploration entity and oil and gas exploration entity quarterly report

| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|---------------------------------|--------------------|----------------------------------|----------------------------|
| 10.1 | Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 | Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 31 July 2017

Print name: Ian Morgan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.