

ASX Release

Monday, 30th October 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. 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. The company is also actively reviewing other potential investments.

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
Investor Relations – Simon Klimt

Project	Stage	Location
Elko	Exploration	Canada
Hazell	Exploration	Canada
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma
Left Fork	Exploration	Colorado

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

SUMMARY

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

Key activities PAK engaged in during the Quarter include:

- **Elko Coking Coal Project**
 - Site activities focused on pre-drill tasks
 - Permitting process progressed
 - Renewal of exploration licenses
 - Suspension of on-site activities due to wildfires
- **Corporate**
 - Board & Management Changes
 - Strategic Review & Imagine Divestment
 - Financial Position

Elko Coking Coal Project

During the period, PAK's focus remained on the Company's 100% owned Elko Coking Coal Project in B.C. Canada. The Elko project team completed a number of pre-drilling tasks as well as environmental work required for the permitting process. However, due to the unprecedented wildfire season experienced in B.C., which included an extended state of emergency and industry shutdown across the Province, the Company had significantly reduced access to the property. This hampered the team's ability to complete the necessary tasks required to obtain drilling permits, and ultimately caused the Company to suspend the planned 2017 drilling program.

Site Activities:

The Company has been working closely with the Project Manager of the Elko Project to complete a number of pre-drilling tasks in preparation for our exploration program, as well as the required environmental work needed for permitting including:

- Archaeology survey,
- Fish surveys, and
- Road access and construction plans
- Biological desktop studies
- GAP Analysis

Permitting Process:

The Company continued to work closely with stakeholders and regulators to provide information regarding the proposed exploration program and drilling permits.

Despite the suspension of the 2017 drilling program, the Company is anticipating that the project team will be able to undertake several extra surveys and studies which will be able to be used as baselines for various environmental and heritage studies required for any future mining license. It is also intended that the initial ground surveys at Hazell will be able to be carried out as part of these activities.

The Company remains committed to completing the approval process as soon as possible, whilst ensuring all its activities are in accordance with all environmental regulations and supported by both the local community and First Nation populations. The Company will continue to work closely with stakeholders and regulators to provide information regarding the proposed exploration program and drilling permits.

Suspension of Activities Due to Wildfires

As advised to the ASX on 29 September 2017, due to the unprecedented wildfire season experienced in B.C., the Company had significantly restricted access to the Elko project site than had been anticipated.

From April 1 to Sept. 15, 2017, 1,256 wildfires burned 1.19 million hectares. One hundred and fifty-three wildfires were known to be burning in B.C., with 11 evacuation orders affecting

approximately 3,152 individuals, plus 23 evacuation alerts impacting approximately 5,762 people. During the wildfire season, approximately 65,000 people were evacuated from their homes. The provincial state of emergency, the longest in B.C.'s history, was declared on July 7, 2017, and was extended four times. The state of emergency officially expired on 15th Sept 2017. However, even after the lifting of the state of emergency, uncontrolled fires remained active in the Lodgepole-Flathead area. The closest fire was within 2 kilometres of the Elko Project area.

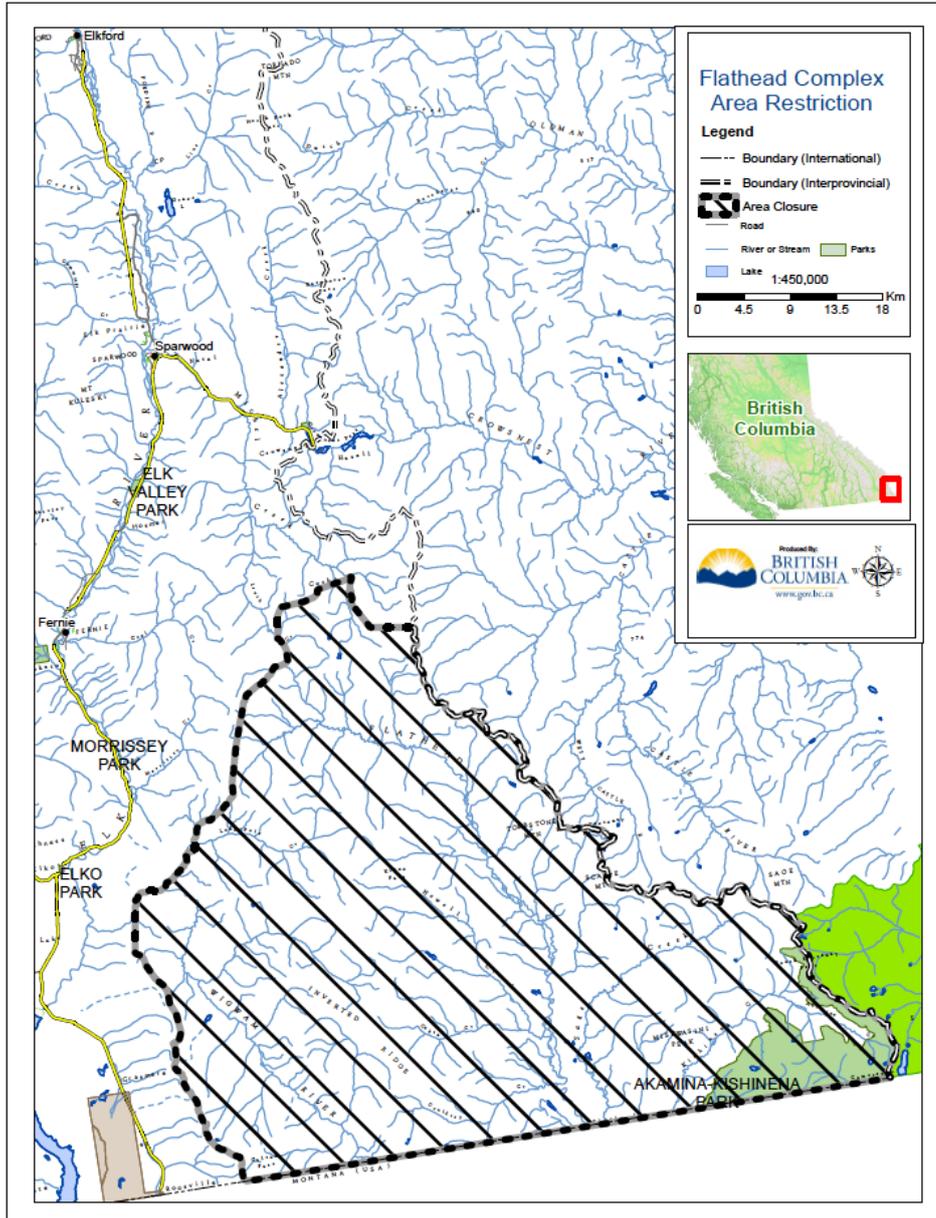


Figure 1: Crown Land Closure – Flathead Complex

Whilst there was no immediate danger to any Company personnel or equipment, the extended restrictions in accessing the site meant that it was not possible to complete all the activities planned during the summer season. As a result, the Company made the decision to suspend the planned 2017 drilling program.

Renewal British Columbia Exploration Licenses

Whilst the delay in finalising the required studies contributed to the rescheduling of the planned drilling program, during the period the Company renewed its exploration license covering the Elko and Hazel projects for a further twelve months.

Corporate

Board and Management Changes

Mr Mark Lochtenberg stepped-down as Managing Director effective 31 July 2017. Mr Mark Sykes continues in his role as Chief Executive Officer along with Mr Dominic Hill, President of the Company's subsidiary, TOCC Canada, who collectively will remain the primary executives responsible for the delivery of the Elko project. In addition, the Company appointed Mr Simon Klimt to the position of General Manager Investor Relations. Mr Klimt joins the Company with significant experience in resource financing and capital raising.

Strategic Review & Imagine Divestment

During the Quarter, the Company completed a strategic review to set a clear path forward for the Company. The review focused on:

- Setting the strategic direction of the Company,
- Prioritising the development of high value coking and metallurgical coal assets,
- Maximising available cash to advance projects and other investments, and
- Divesting non-coal assets.

During the strategic review, PAK considered its ongoing investment in Imagine Intelligent Materials (Imagine). Based on the Company's focus to develop its 100% owned Canadian assets, the Company decided to divest its 30% position in Imagine. Similar to the divestment of GCI last year, the proceeds from the sale of Imagine will strengthen free cash available to develop the Elko Coking Coal Project. The Company finalised a Sales and Purchase Agreement with an unrelated third party to acquire PAK's holding in Imagine.

Financial Position & Post End of Quarter Events

During the Quarter, the Company received cash consideration of \$1.9M for the sale of the Company's shares on Imagine Intelligent Minerals. In addition, following the end of the quarter, the Company received US\$0.4M in an early and final payment from GCI. PAK has now received 100% of its investment in GCI 15 months earlier than scheduled.

PAK is now extremely well placed, with more than A\$4.3m in cash reserves. PAK's strengthened cash position will enable the Company to pursue its strategic objectives, which include:

- Completion of field studies and approval process at the 100% owned Elko Coking Coal Project,
- Advancing its other exploration assets in North America,
- Reviewing other accretive investments in North America and Australia

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

Simon Klimt
Investor Relations
Pacific American Coal Ltd
info@pamcoal.com

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 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(147) ¹	(482)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(151)	(519)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	10
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	(294)	(991)

¹ Exploration & evaluation payments totalling \$A147,000 consists of consulting and employee costs (\$A 79,500) and other costs (\$A 67,500).

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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	1,892	1,892
	(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)	107 ²	334
2.6	Net cash from / (used in) investing activities	1,999	2,226

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,258	2,495
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(294)	(991)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,999	2,226
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	(29)	(91)
4.6	Cash and cash equivalents at end of period	3,934	3,934

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

Mining exploration entity and oil and gas exploration entity quarterly report

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	3,934	2,258
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)	3,934	2,258

6. Payments to directors of the entity and their associates**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

108

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

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

Mining exploration entity and oil and gas exploration entity quarterly report

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.		

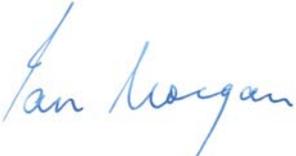
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	601
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	99
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	700

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: 30 October 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.