

ASX Release

Wednesday 9 May 2018

ASX Code

PAK

About Us

Pacific American Coal Limited (the Company) is focused on the production, development and exploration of metallurgical coal assets in North America. PAK's strategic focus is on the 100% owned Elko coking coal project in British Columbia. PAK has 100% ownership in 3 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. PAK is also actively reviewing other potential investments.

Board

Non-Executive Chairman – Geoff Hill
Executive Director & CEO – Mark Sykes
Non-Executive Director – Simon Bird

Company Secretary

Ian Morgan

Management

Business Development – Dom Hill
Investor Relations – Simon Klimt

Project	Stage	Location
Elko	Exploration	Canada
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma

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Chairman's Address – 2018 AGM

Pacific American Coal Limited (**ASX: PAK**) is pleased to release the attached address to the 2018 AGM by the Chairman Mr. Geoff Hill

COMPETENT PERSON'S STATEMENT

Previously Released Information

These ASX announcements refer to information extracted from reports available for viewing on PAK'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

PAK 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. PAK confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcements.

Chairman's Address:

Dear shareholders,

On behalf of the Board and Management of Pacific American Coal, I would like welcome you all to the 2018 AGM and thank you for your ongoing support of the company.

Whilst in some respects 2017 was a challenging year for PAK as we were not able to get on the ground at Elko, I believe that we used the time wisely to set the company up for long term success.

Specifically, we completed pre-drilling studies to progress the planned exploration on the Elko property in BC. Unfortunately, due to issues outside of our control, including: the extended regulatory process, and the extreme wildfire season across BC, we were forced to delay the exploration program. However, I am very pleased to report that, as announced to the ASX on 24 April this year, we have now received our drilling approvals and are actively preparing to be on the ground at Elko to undertake the exploration activities as soon as the conditions on the ground permit.

Also during the year, we announced the divestment of our 30% interest in Imagine Materials. While we believed the initial premise for our investment in Imagine remained sound, our view had become that the likely resources required from PAK to support the development of their technology while maintaining our significant shareholding status, would become an increasing drain on our own cashflow.

We also felt that given the choice between maintaining a minority position in a third-party business and using those funds for the further development of Elko, that the upside in Elko would provide significantly greater returns for shareholders. Together with the early and final repayment of the GCI divestment and the Imagine sale our cash resources built to over \$4.2 million at year end.

You will also be aware that in late March, we realised a further \$1.0m from the sale of the South Hazell property to North Coal Limited, taking our net cash position to over \$5m.

Having a leaner and cashed up business, means that we are fully funded and focused on the exploration program we have planned at Elko. With the drilling permits now approved, we are moving rapidly to lock-in the key personnel and equipment necessary to ensure the most efficient use of the exploration period available in that part of British Columbia.

The Elko project is shaping up as a company maker for PAK. Elko already has 257MT of JORC 2012 compliant Resources, and in May we announced the positive results from the Project Study Report prepared by Polaris Australia. The study identified that Elko has:

- Favourable Capex when compared to international peers
- Favourable Opex when compared with Canadian coal peers
- Flexible mine layout and operating conditions
- Options for low cost entry
- Coking coal quality that is comparable to Canadian peers
- Favourable location to coal rail and port infrastructure

We are now looking to build on this work with the upcoming drilling program, which will enable the Company to progress both the technical and commercial aspects of the project during 2018. We fully expect that the additional data we will gain from the drilling campaign will provide prospective off-takers, financiers and investors, the confidence to move the project forward significantly over the course of 2018.

The project is a highly attractive asset as it provides shareholders with direct exposure to a significant resource base, in a prolific coking coal basin, in a strong and stable mining jurisdiction. These attributes are hard to find in a company of our size.

Board and Management:

The work we completed during the year in realigning the assets and the focus of the company, has been very positive towards the goal of delivering long term shareholder value. This could not be possible without the hard work of our small but dedicated team. I would like to thank them all for the efforts throughout the year.

Specifically, I would like to thank Mr Paul Chappell who stepped down as a Non-Executive Director on 31 December 2017. Paul has been an invaluable source advice and guidance during his time on the board and his coal market knowledge that assisted us in identifying the Elko Coking Coal Project.

I would also like to thank Mr Mark Lochtenberg for his time whilst Managing Director during the year.

Looking Forward:

The Board looks forward to an exciting year ahead for the Elko project, with plans to implement the exploration program during 2018 well underway. As we progress the technical and commercial aspects of Elko, we fully expect that the market will start to understand the value inherent in the project, which we hope will then be reflected in our share price.

The Board continues to undertake strategies towards realising that value of Elko for shareholders, whilst at the same time evaluating other accretive resource related investment opportunities. All new opportunities are being rigorously assessed against the boards clear and agreed strategy. Specifically, the board sees further investment opportunities in and around our core mining competency in North America (specifically B.C. and Alberta) and Australia as being a natural area for expansion or consolidation.

Similarly, the opportunities in and around the supply of raw materials and technology to the mining, energy and alternate energy sectors is a potential area of growth for the Company.

Thank you again for your continued support, and we look forward to delivering for shareholders in what is shaping up as an exciting 2018 for the company.