

Chairman's Update to Shareholders

26 October 2018

Dear Shareholders,

As 2018 draws to a close your directors believe it important to update shareholders on our activities during what has been an important year for the Company, as well as on the group's business strategy and direction.

ELKO

The Elko Coking Coal Project in British Columbia was identified in last year's strategic review as being the priority for the Company whilst maximising available cash to advance projects and review other accretive investment opportunities. As part of that review the primary focus for enhancing the value of Elko for shareholders was to undertake the drilling program during the Canadian summer. The board is pleased that the resources applied to the recently completed exploration activity appear to have been well directed with excellent early indications that the drilling has been highly successful.

Whilst we are still awaiting assay and lab results, the team successfully completed 9 holes for 3,451m of drilling. Most encouragingly, all drill holes intersected multiple coal seams. Initial results from the drilling will be available in Q4 2018 with an updated JORC compliant statement expected Q1 2019.

Elko continues to prove itself as a potential world class metallurgical coal project with a JORC resource of over 250 million tonnes. To move the project forward from a large undeveloped resource to what could well be a major coking coal mine in British Columbia, the Company has commenced the process for seeking interest from various parties to support the future development of the project. The future work program includes a detailed scoping study, PFS and BFS as is always necessary to demonstrate the feasibility of the project of this size and nature.

We are confident the significant and valuable characteristics of the Elko project will be demonstrated by the results of the current drilling which are due in the next 6 to 8 weeks. We believe the market has yet to fully appreciate the value of PAK's significant coking coal resource.

OTHER COAL

Having disposed successfully of our Hazell project to North Coal during the year, we looked at redeploying our capital funds into other coking coal projects in North America and Australia and thus undertook a search for, and review of possible investment targets. While many were of interest, none have yet met our due diligence and investment requirements.

ENERGY

Our 2017-18 strategic review identified the energy sector as having potential for investment so as to provide an alternative to our total reliance on coal. So, the Company has continued to assess and evaluate other opportunities, particularly in the energy and alternative energy sector. Management has undertaken a detailed evaluation and search program aimed at examining these opportunities, without diminishing our commitment to Elko.

We currently have a number of interesting projects under review and evaluation particularly in the alternative energy field related to solar, hydro-electric power and batteries. We have noted the interest and commitment, of the Australian Government in particular, to alternative energy sources but also in the Pacific region - with heightened interest in hydropower as a mainstream constant energy. North America and Europe are of particular interest as they are advanced in this field of technology.

We are in the process of finalising our review and assessment of a number of potential investment opportunities and on completion of our due diligence and documentation we will be in a position to outline in detail to shareholders the opportunities we have identified to invest in.

We hope you find this update of our Elko project and other growth initiatives of interest and assistance. We remain in a healthy cash position.

On behalf of the board I would like to thank you for your continued support.

Geoff Hill
Chairman

COMPETENT PERSON'S STATEMENT

Previously Released Information

ASX announcements on 16 June 2014 and 2 November 2015 refer to information extracted from reports available for viewing on PAK's website www.pamcoal.com. 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.