2016 Annual Report

Pacific American Coal Limited

ABN 83 127 131 604
and its Controlled Entities

CONTENTS

DIRECTORY

1. Registered Office

Suite 1002, Level 10
171 Clarence Street
Sydney NSW 2000
Telephone: +61 2 9238 1170
Website: www.pacoal.com.au

2. Directors

Geoff Hill (Chairman)
Matthew Hill (Alternate Director for Geoff Hill)
Simon Bird (Non-Executive Director)
Paul Chappell (Non-Executive Director)
Mark Lochtenberg (Managing Director)

3. Chief Executive Officer

Mark Sykes

4. Company Secretary

Ian Morgan

5. Solicitor

HWL Ebsworth Lawyers
Level 14
Australia Square Tower
264-278 George Street
Sydney NSW 2000
Telephone: +61 2 9334 8555
Facsimile: +61 2 8507 6584

6. Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
Website: www.boardroomlimited.com.au

7. Bankers

Bank of Queensland
Westpac Banking Corporation

8. Auditor

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

9. Investor enquiries

Suite 1002, Level 10
171 Clarence Street
Sydney NSW 2000
Telephone: +61 2 9238 1170

DIRECTORS' REPORT

Your directors present their report, together with the financial statements, on the consolidated entity (**Consolidated Entity**) consisting of Pacific American Coal Limited (**Company** or **PAK)** and the entities it controlled at the end of, or during, the year ended 31 December 2016.

1. DIRECTORS

The Directors of the Company during the year and until the date of this report are:

NAME AND POSITION	QUALIFICATIONS, EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
Geoffrey Hill Non-Executive Chairman	Geoff Hill BEcon (Syd), MBA (NSW), FFIN, FCPA, FAICD is a merchant banker and Director with over 30 years of international experience. He is the Founder of Bancorp Holdings Limited, a former MD of Morgan Grenfell Australia and a former Director of Morgan Grenfell PLC. Mr. Hill was also the founding Partner and Managing Director of Pitt Capital Partners in Australia and a former Chairman of Pitt Capital Partners Asia Limited (HK). He is the Executive Chairman of International Pacific Securities Limited Group and Chairman of Hong Kong Administrative Services Limited, a Partner of Hill Sherlock and Willis [Sydney] and was Chairman of Australasian Investment Holdings Limited [Singapore]. A Director and Founder of Asian Property Services Limited and Asian Property Investments Limited, he is also the Non-Executive Chairman of Parry International Trading. Mr Hill is the Hong Kong Representative of Lagerkvist & Partners, Sweden. An experienced Company Director for over 30 years, current public company boards include Chairman Texas & Oklahoma Coal Company Inc. Geoff currently sits on the board of Broken Hill Prospecting Limited is a former director of: • Broken Hill Prospecting Limited (February 1989 to June 2014) • Heritage Gold NZ Limited (July 1999 to April 2012) • Mount Gibson Iron Limited (May 2011 to April 2014) A current member of RHKYC and WPO Hong Kong Chapter in Hong Kong, Mr Hill is a member of the Australian Union, Royal Sydney Yacht Squadron and CYCA in Sydney.
Simon Bird Independent Non-Executive Director	Simon Bird B.Compt (University of South Africa), B.Compt (Hons) (University of South Africa), FCPA, FAICD is a Non-Executive Director and Chairman of the Audit Committee (since 13 July 2010). Simon's 30 year professional career in Australia, Africa and Europe includes six years with PricewaterhouseCoopers and senior roles in the resources, financial services, property, infrastructure and agricultural sectors. His time in Australia includes terms as Chief Financial Officer with Stockland Limited, GrainCorp Limited and the Wizard Mortgage Corporation as well as Chief Executive Officer of ASX listed mining company King Island Scheelite Limited and Chairman of ASX listed oil and gas company Rawson Resources Limited (ceased 30 September 2015). He is currently Non-Executive Director and Chairman of the Audit Committee of ASX listed Mount Gibson Iron Limited [ASX: MGX] (appointed 23 February 2012). His former public company directorships include King Island Scheelite Limited [ASX:KIS], CPA Australia Limited, Kosciusko Alpine Club Limited and Sovereign Gold Company Limited [ASX:SOC].
Paul Chappell Independent Non-Executive Director	Paul Chappell B Com (Newcastle), FCPA, MAICD is a non-executive director. Paul has over 20 years' experience as a commodity trader in international markets. He has an in-depth knowledge of the coat sector, with a focus on the downstream application of metallurgical and thermal coat and the value-in-use of coal products to end-user customers. Paul has held executive and Board level positions with operating coal companies and commodity trading groups. He has served on the Board of ASX listed Cockatoo Coal Ltd (ASX:COK) and the international coal trading company SSM Coal B.V, which was acquired by Oxbow Carbon & Minerals LLC in 2007. Paul is the Principal of Peragis Pty Ltd, providing consulting services to the resource industry on sourcing, exporting and marketing commodities. Mr Chappell focuses particularly on soldi fuels sector and has extensive international experience.

Mark Lochtenberg Managing Director Appointed 1 February 2017	Mark Lochtenberg has substantial global and Australian coal industry experience, including as former co-head of Glencore International AG's worldwide cold division overseeing its trading division and identifying and negotiation the acquisition and aggregation of a project portfolio that became Xstrata Coal. He was also Executive Chairman and founding Managing Director of ASX listed Cockatoo Coal Limited, taking that company from grass roots explorer to mainstream metallurgical coal producer. Mark is the Chairman of ASX –listed Equus Limited and a Director of rail infrastructure group Australian Transport and Energy Corridor Pty Limited. He has previously been a Director of ASX-listed Cumnock Coal Limited and privately held United Collieries Pty Limited
Matthew Hill Alternate Director for Geoffrey Hill	Matthew Hill MBA MAICD FINSIA is Chief Executive Officer of ASX listed mining company New Talisman Gold Mines Limited (ASX: NTL). Matt is an experienced merchant banker having worked previously at Potter Warburg; Eventures (a joint venture between News Corp and Softbank); Pitt Capital and Souls Private Equity Limited. He specializes in resources and company listings and holds an authorized Financial Services Licence in Australia and Fiji. He has previously advised a number of multinational companies in Australia, India and China. Mr Hill is currently Executive Director of ASX listed New Talisman Gold Mines Limited (ASX: NTL) (appointed 10 October 2006), Non-Executive Director of ASX listed Broken Hill Prospecting Limited (ASX: BPL) (appointed 6 June 2014), a Director of International Pacific Capital, Managing Director of So Co Limited (an unlisted public resources company).

All Directors shown were in office from the beginning of the period until the date of this report, unless otherwise stated.

2. CHIEF EXECUTIVE OFFICER

Mark Sykes B.Eng (Mining) (WASM), Masters Minerals and Energy Economics (Macquarie University)

Mark is an experienced Mining Engineer with a wealth of operations and business development experience, during a career of some 23 years. Mark's career includes time with BHP in an operational capacity and with Mitsubishi Development in a senior corporate investment role. Mark has exposure to a broad range of commodities including coal, uranium, iron ore, platinum group metals and other minerals. Mark brings exceptional experience in areas of corporate and strategic development, transactional due diligence, operations, technical engineering and project management.

3. COMPANY SECRETARY

Ian Morgan B Bus (UTS), MComLaw (Macquarie University), Grad Dip App Fin (FINSIA), CA, ACIS, ACSA, MAICD, F Fin, was appointed Company Secretary on 11 March 2010.

Ian is a qualified Company Secretary and Chartered Accountant with over 30 years of experience in businesses operating in Australia and overseas. Ian holds a Bachelor of Business from the NSW Institute of Technology (now University of Technology, Sydney), a Master of Commercial Law from Macquarie University, and a Graduate Diploma of Applied Finance and Investment from the Securities Institute of Australia (now FINSIA). He is an Associate Member of the Institute of Chartered Accountants in Australia, an Associate Member of Chartered Secretaries Australia, a Member of the Australian Institute of Company Directors, and a Fellow of the Financial Services Institute of Australasia (FINSIA).

Ian's experience includes:

- Thirteen years as an independent specialist consultant supplying company secretarial services to clients, including effective management of compliance to enable Australian listed public companies to comply with Australian law, including ASIC and ASX requirements;
- Seven years as Managing Director of Corporate and Administrative Services and Financial Controller / Company Secretary of the Republic Group, a boutique merchant bank;
- Eight years as Group Financial Controller / Financial Accountant for various listed and other public companies including Green's Foods Limited, Foxtel and AKZO Chemicals Limited; and
- Seven years as a professional chartered accountant, including three years with a major international accounting firm.

4. MEETINGS OF DIRECTORS AND COMMITTEES OF BOARD

The number of meetings held (including Meetings of Directors) and the number of meetings attended during the financial period are:

Directors	Board Meetings		Audit Committee Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended
G Hill	8	8	2	2
S Bird	8	8	2	2
P Chappell	8	8	2	1

During the period, the Board met to independently consider that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear. No separate Remuneration Committee meetings were held during the period.

5. PRINCIPAL ACTIVITIES

Through its controlled entity TOCC, the Company holds Coal Licences for exploration in the coking coal regions of Kootenay in British Columbia and applications for exploration licences in Peace River in British Columbia, the Raton Basin in Colorado and the metallurgical coal region of the Arkoma Basin in Oklahoma.

The Company's flagship Elko Coal Project contains an identified Mineral Resource of 257 million tonnes of hard coking coal. It is located in the Crowsnest Coalfield of the East Kootenay Basin in British Columbia, Canada, which hosts a number of operational coal mines. Coal from the Elko region has been tested and confirmed to contain properties sought after by South East Asian steel mills. It has established geographically proximate infrastructure and supportive local communities.

6. REVIEW OF OPERATIONS

The consolidated loss after income tax for the Consolidated Entity was $1,418,154 (4 months to December 2015: $218,860).

Summary of activities during the year include:

The Company successfully implemented all changes proposed by Directors and approved at the Company's general meeting of shareholders held on 28 October 2014. The activities over the past period have enabled transformational change of the Company, as it focuses on the strategic development and exploration of metallurgical coal assets in North America.

Key activities facilitating the transformational change include successful completion of:

- Exploration activity continued on 100% owned coal leases
- Investigations to acquire undervalued assets

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year other than as stated in this report.

8. DIVIDENDS

There were no dividends paid or declared by the Consolidated Entity (2015: $Nil).

9. ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to environmental regulations under relevant local laws, council policies and state and federal government legislation in relation to operating activities.

Operations are closely monitored in accordance with operating procedures to ensure that the potential for environmental contamination is minimised.

The Directors are not aware of any significant breaches in environmental regulations during the period covered by this report.

10. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No matter or circumstance has arisen since 31 December 2016, that has significantly affected, or, may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in financial years subsequent to 31 December 2016, except for as follows:

- On 12 January 2017, the Company completed a share placement raising $300,000 with the issue of 3,000,000 ordinary shares and 1,500,000 options exercisable at 25 cents on or before 31 December 2017
- On 27 January 2017, the Company changed its registered and principal place of business to Suite 1002, Level 10, 171 Clarence Street, Sydney NSW 2000
- On 1 February 2017, the Company appointed Managing Director, Mark Lochtenberg

11. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Due to the weakness in current and expected market and business conditions, the sustained difficulty in attracting sufficient project funding and the general weakness in equity markets, the Board has decided that it is prudent to reduce non-essential project, corporate and administration expenditure to conserve cash. The Board will revisit this decision once it has either secured funding or any new project that might take the company further in creating wealth for its shareholders. Whilst the Board has taken this decision to conserve cash, the company is continuing to identify, pursue and explore new opportunities together with procuring funding for its existing projects.

The company will continue actively seek new project and investment opportunities whist procuring funding for its existing projects.

12. DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options issued by the Company, as notified by the Directors to the Australian Securities Exchange ('ASX') in accordance with Section 205G(1) of the *Corporations Act 2001*, at the date of this Directors' Report is as follows:

	Ordinary Shares	Options
G Hill [1]	16,745,380	6,945,182
S Bird [1]	287,814	271,824
P Chappell [1]	1,786,460	1,644,620
M Hill[2]	20,000	20,000
M Lochtenberg (appointed 1 Feb 2017) [1]	5,000,000	2,500,000

[1] Held directly and indirectly

[2] Alternate Director for G Hill

13. AUDITOR'S INDEPENDENCE DECLARATION

We confirm that we have obtained the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* which is set out on page 14.

14. AUDITOR

Hall Chadwick is appointed auditor in office in accordance with section 327 of the *Corporations Act 2001*.

15. SHARES UNDER OPTION

At the date of this report there are 63,383,607 unissued ordinary shares of the Company under option.

16. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND AUDITORS

Indemnification

Under the Company's Constitution, the Company indemnifies each Director, Officer and Agent of the Company ('Officer') against:

- any liability incurred by that Officer as such in defending any proceedings, whether civil or criminal, in which judgement is given in favour of the Officer or which are discontinued, withdrawn, dismissed or struck out, or in which the Officer is acquitted, or in connection with any application in relation to those proceedings in which relief is granted to the Officer by the Court; and
- any liability incurred by an Officer in carrying out the business or exercising the powers of the Company which does not involve any negligence, default, breach of duty or breach of trust by the Officer in relation to the Company.

Insurance Premiums

Each of the Directors of the Company have entered into an Indemnity Agreement with the Company whereby the Company has agreed at the Company's discretion, to effect and maintain insurance in respect of directors and officers liability. The Company has also agreed to provide certain indemnities to each of the Directors, to the fullest extent permitted by law.

Since the end of the year, the Company has paid insurance premiums of $8,575 (2016: $8,575) in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former Officers, including senior executives of the Company and directors, senior executives and secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual Officers.

17. NON-AUDIT SERVICES

There were no non-audit services provided by Hall Chadwick, its related practices and non-related audit firms in the December 2016 financial year.

18. REMUNERATION REPORT - AUDITED

The remuneration committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the executive officers and directors of the Company and of other executives of the Consolidated Entity. It is also responsible for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The members of the remuneration committee during the year were:

- Paul Chappell (Chairman) – Non-Executive Director
- Geoff Hill – Non-Executive Board Chairman

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for security holders. The remuneration structures take into account a range of factors, including the following:

- the capability and experience of the key management personnel;
- the requirement to utilise those skills in the furtherance of the Consolidated Entity's strategic objectives;
- the performance of the key management in their particular role;
- the Consolidated Entity's overall performance;
- the remuneration levels being paid by competitors for similar positions; and
- the need to ensure continuity of executive talent and smooth succession planning.

In assessing the performance of a particular executive, consideration of various other aspects are taken into account regardless of only the immediate profit and loss performance. The nature of the Consolidated Entity's operations and investment is such that decisions are constantly being taken that will not have profit repercussions for several years. Moreover, the evaluation of executive performance also has regard to the Executive's effectiveness in developing a capable support team and in showing leadership qualities and instilling positive cultural values within the Consolidated Entity.

Remuneration packages included fixed remuneration only for the past financial year, but a revision of a performance bonus structure is under consideration. There was no performance-based remuneration in either the current or the prior financial year. Equity-based remuneration is detailed below.

Fixed Remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles, car parking and other specified benefits), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers the factors outlined above.

Non-executive Directors

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No remuneration consultants were used in the 2015 financial year. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. On 16 December 2008, shareholders last approved a maximum aggregate amount totalling $250,000. Fees for Non-Executive Directors are not linked to the performance of the Consolidated Entity. However, to align Non-Executive Directors' interests with shareholders' interests, the Non-Executive Directors are encouraged to hold shares in the Consolidated Entity and may receive options as long-term incentive remuneration.

Executives

Executive Directors and other Company executives (Executives) receive either a salary plus superannuation guarantee contributions as required by law, currently set at 9.25% and 9.50% as from 1 July 2014, or provide their services via a consultancy arrangement. Individuals may elect to sacrifice part of their salary to increase payments towards superannuation. Bonus payments are at the discretion of the Board and based on an Executive's performance.

Base Salary

Structured as a total employment cost package comprising cash, leave benefits and superannuation, Executives' remuneration is reviewed annually for competitiveness and performance. There are no guaranteed salary increases fixed in any Executives' contract.

Benefits

Executives may receive reimbursement for out-of-pocket expenses incurred in undertaking their duties, including reasonable travel, accommodation and entertainment expenses.

When considering the relationship between the Consolidated Entity's Remuneration Policy and the performance of the Consolidated Entity and Executives and the subsequent benefits the performance had on shareholders' wealth, the Remuneration Committee had regard to the following:

	2016	4 months to December 2015	2015	2014[1] (restated)	2013
Net loss ($)	(1,418,154)	(218,860)	(2,024,902)	(273,858)	(1,022,332)
Loss per share (cents)	(1.24)	(0.27)	(2.71)	(0.49)	(1.40)
Dividends / distributions ($)	-	-	-	-	-
Share price at year end (cents)	0.105	0.053	0.036	0.008	1.0
Market capitalisation ($)	17,042,118	4,365,483	2,965,234	584,877	731,096
Director & Key Management Personnel remuneration ($)	347,410	95,329	313,996	511,095	602,429

The Remuneration Committee considers that the Consolidated Entity's remuneration policy is appropriate.

[1] Following the reverse acquisition of Texas and Oklahoma Coal Company Ltd ("TOCC") in December 2014, the result of 2014 was restated to reflect the transaction, which consists of trading operations of TOCC only.

Employment Contracts

No director or key management personnel are employed under an official contract of service as at 31 December 2016.

Details of Key Management Personnel

(i) *Directors*

Name	Position
G Hill	Non-Executive Chairman
S Bird	Non-Executive Director
P Chappell	Non-Executive Director
M Hill	Alternate Director for G Hill

(ii) *Other Key Management Personnel*

Name	Position
M Sykes	Chief Executive Officer
I Morgan	Chief Financial Officer /Company Secretary

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the Consolidated Entity.

Details of the nature and amount of each element of the remuneration of Directors and other Key Management Personnel of the Company during the financial year are:

Key Management Personnel	Year	Short-Term Employee Benefits Salary & Fees $	Bonus $	Non-Monetary Benefits $	Post-Employment Super-annuation Benefits $	Share Based Payments Options $	Total $	Performance Related %	% Consisting of Options
Directors									
Non-executive Directors									
G Hill	**December 2016**	**67,500**	**-**	**-**	**-**	**-**	**67,500**	**-**	**-**
	December 2015	22,500	-	-	-	-	22,500	-	-
S Bird	**December 2016**	**32,700**	**-**	**-**	**-**	**-**	**32,700**	**-**	**-**
	December 2015	10,900	-	-	-	-	10,900	-	-
P Chappell	**December 2016**	**30,000**	**-**	**-**	**-**	**-**	**30,000**	**-**	**-**
	December 2015	10,000	-	-	-	-	10,000	-	-
M Hill[1]	**December 2016**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	December 2015	-	-	-	-	-	-	-	-
Executives (Other)									
M Sykes[2]	**December 2016**	**131,736**	**-**	**-**	**-**	**-**	**131,736**	**-**	**-**
	December 2015	47,169	-	-	-	-	47,169	**-**	**-**
I Morgan	**December 2016**	**85,474**	**-**	**-**	**-**	**-**	**85,474**	**-**	**-**
	December 2015	4,760	-	-	-	-	4,760	-	-
Total	**December 2016**	**347,410**	-	-	**-**	**-**	**347,410**	**-**	**-**
	December 2015	95,329	-	-	-	-	95,329	-	-

[1] M Hill was appointed alternate Director for G Hill on 23 June 2014.

[2] M Sykes earned the fees shown above through Larkin Sykes Pty Ltd of which he is a Director.

No termination payments, bonuses or long-term benefits have been paid or accrued for any director or key management personnel in the year ended 31 December 2016 (December 2015: $Nil).

Compensation options: Granted and vested during the year

No options were issued during the year to Directors or key management personnel as part of their remuneration.

Equity Instruments held by Key Management Personnel

The number of shares and options over shares in the Company held during the financial year by each Director of and each of the other key management personnel, including their personally related entities, are set out below:

(i) *Movement in Share holdings held by Key Management Personnel*

	Held at 31 December 2015	Shares granted as remuneration	Other Changes During the Year	Held at 31 December 2016
2016				
Directors				
G Hill[1]	16,279,224	-	466,156	**16,745,380**
S Bird[1]	255,834	-	31,980	**287,814**
P Chappell[1,]	1,680,557	-	105,903	**1,786,460**
M Hill[2]	20,000	-	-	**20,000**
Executives				
M Sykes[1]	135,000	-	(100,000)	**35,000**
I Morgan	17,452	-	-	**17,452**
Total	**18,388,067**	**-**	**504,039**	**18,892,106**

[1] Held directly and indirectly
[2] M Hill was appointed as alternate Director for G Hill on 23 June 2014

No shares were granted as remuneration in 2016.

(ii) *Movement in Option holdings held by Key Management Personnel*

	Held at 31 December 2015	Options granted	Options Exercised	Net Change Other	Held at 31 December 2016	Total Vested and Exercisable
Directors						
G Hill	6,712,103	-	-	233,079	**6,945,182**	**6,945,182**
S Bird	255,834	-	-	15,990	**271,824**	**271,824**
P Chappell	1,591,668	-	-	52,952	**1,644,620**	**1,644,620**
M Hill[1]	20,000	-	-	-	**20,000**	**20,000**
Executives						
M Sykes	135,000	-	-	(100,000)	**35,000**	**35,000**
I Morgan	17,452	-	-	-	**17,452**	**17,452**
Total	**8,732,057**	**-**	**-**	**202,021**	**8,934,078**	**8,934,078**

[1]M Hill was appointed as alternate Director for G Hill on 23 June 2014

No options were granted as remuneration in 2016.

Loans to Key Management Personnel

There were no loans to key management personnel during the year.

Transactions with Related Entities

There were transactions with related entities during the year

END - REMUNERATION REPORT – AUDITED

19. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

20. ROUNDING OF AMOUNTS

Amounts in the financial report and Directors' Report are rounded off to the nearest dollar, unless otherwise stated.

Signed in accordance with a resolution of the Directors

Director
Sydney, 31 March 2017

PACIFIC AMERICAN COAL LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PACIFIC AMERICAN COAL LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016 there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 31 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 31 December 2016

	Note	**12 months to 31 December 2016 $**	4 months to 31 December 2015 $
Other revenue:			
Share of profit of equity accounted investments	8	**254,190**	82,868
Interest income		**1,682**	280
Other income		**117**	-
		255,989	83,148
Expenses:			
Employee expenses		**(306,623)**	(103,466)
Project and feasibility costs		**(4,014)**	(6,490)
Administration		**(682,037)**	(151,854)
Share-based payments		**(30,000)**	
Foreign currency exchange difference		**(32,210)**	(40,198)
Share of loss of equity accounted investments	8	**(212,767)**	-
Loss on sale of equity accounted investments		**(406,492)**	-
Loss before income tax		**(1,418,154)**	(218,860)
Income tax expense	2	-	-
Loss after income tax		**(1,418,154)**	(218,860)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**(270,189)**	(83,998)
Total other comprehensive income		**(270,189)**	(83,998)
Total comprehensive income		**(1,688,343)**	(302,858)
		Cents	Cents
Loss per share:			
Basic loss	3	**(1.24)**	**(0.27)**
Diluted loss	3	**(1.24)**	**(0.27)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31 December 2016 $	31 December 2015 $
Current Assets:			
Cash and cash equivalents	4	**2,494,527**	1,291,338
Trade and other receivables	5	**430,701**	9,839
Other assets	6	**23,429**	18,637
Total Current Assets		**2,948,657**	1,319,814
Non-Current Assets:			
Plant and equipment	7	**2,424**	2,401
Trade and other receivables	5	**453,568**	-
Investments accounted for using equity method	8	**2,290,032**	1,436,779
Deferred exploration and evaluation costs	9	**498,751**	433,572
Total Non-Current Assets		**3,244,775**	1,872,752
Total Assets		**6,193,432**	3,192,566
Current Liabilities:			
Trade and other payables	10	**298,789**	195,674
Total Current Liabilities		**298,789**	195,674
Total Liabilities		**298,789**	195,674
Net Assets		**5,894,643**	2,996,892
Equity:			
Contributed equity	11	**12,875,053**	8,288,959
Reserves	12	**40,400**	310,589
Accumulated losses		**(7,020,810)**	(5,602,656)
Total equity attributable to the equity holders of the Company		**5,894,643**	2,996,892

The Consolidated Statement of Financial Position to be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 December 2016

	Contributed Equity	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Balance at 1 September 2015	8,288,959	394,587	(5,383,796)	3,299,750
Comprehensive income				
Loss after tax for the period	-	-	(218,860)	(218,860)
Foreign currency translation differences for foreign operations	-	(83,998)	-	(83,998)
Total comprehensive income for the period	-	(83,998)	(218,860)	(302,858)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 31 December 2015	8,288,959	310,589	(5,602,656)	2,996,892
Comprehensive income				
Loss after income tax for the year	-	-	(1,418,154)	(1,418,154)
Foreign currency translation differences for foreign operations	-	(270,189)	-	(270,189)
Total comprehensive income for the year	-	(270,189)	(1,418,154)	(1,688,343)
Transactions with owners in their capacity as owners				
Issue of share capital	4,876,399	-	-	4,876,399
Share issue costs	(290,305)	-	-	(290,305)
	4,586,094	-	-	4,586,094
Balance at 31 December 2016	**12,875,053**	**40,400**	**(7,020,810)**	**5,894,643**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the Year Ended 31 December 2016

	Note	12 months to 31 December 2016 $	4 months to 31 December 2015 $
Cash Flows from Operating Activities:			
Cash receipts in the course of operations		**117**	-
Interest received		**1,682**	280
Cash payments in the course of operations		**(896,406)**	(264,068)
Net Cash Used In Operating Activities	15	**(894,607)**	(263,788)
Cash Flows from Investing Activities:			
Payment for investment		**(1,250,000)**	-
Payment for exploration and evaluation costs		**(60,985)**	(49,944)
Cash received from sale of investment		**133,333**	-
Net Cash Used In Investing Activities		**(1,177,652)**	(49,944)
Cash Flows from Financing Activities:			
Proceeds from the issue of securities, net of share issue costs		**3,303,295**	-
Net Cash from Financing Activities		**3,303,295**	-
Net increase/ (decrease) in cash and cash equivalents		**1,231,036**	(313,732)
Net foreign exchange differences		**(27,847)**	(36,421)
Cash and cash equivalents at beginning of year/period		**1,291,338**	1,641,491
Cash and Cash Equivalents at End of Year/Period	4	**2,494,527**	1,291,338

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Introduction

This financial report covers the Consolidated Entity of Pacific American Coal Limited (the "Company") and its controlled entities (together referred to as the "Consolidated Entity"). Pacific American Coal Limited is a listed public company, incorporated and domiciled in Australia.

The Consolidated Entity has changed its financial year-end from 31 August to 31 December to better align the income for the year with income from US operations to improve transparency of reporting. The amounts presented in the financial statements are not entirely comparable as comparative period reflects the results for the 4 months period from 31 August 2015 to 31 December 2015.

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Operations and principal activities:

The principal activity of the Consolidated Entity is coal exploration, extraction, recovery and processing from raw materials.

Currency:

The financial report is presented in Australian dollars, rounded to the nearest dollar, which is the functional currency of the Parent Entity.

Authorisation of financial report:

The financial report was authorised for issue on 31 March 2017.

(b) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Pacific American Coal Limited is a for-profit entity for the purpose of preparing the financial statements.

<u>Accounting Policies</u>

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated financial report are the same as those applied by the Consolidated Entity in the previous financial year and corresponding reporting period.

Compliance with IFRS

The consolidated financial statements of the Consolidated Entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

<u>Critical accounting estimates and judgements</u>

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies.

Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical experiences and the best available current information on current trends and economic data, obtained both externally and within the Consolidated Entity. These estimates and judgements made assume a reasonable expectation of future events but actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

Key estimates – impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Recoverable amount on the sale of investment in George Colliers Inc

The directors have assessed that the amount receivable on the sale investment in George Colliers Inc ("GCI") of $872,375 is recoverable based on an assessment of the value of GCI and the continual monitoring of the activities of GCI. If the financial results of GCI deteriorate, an impairment of the value recorded may be required.

Carrying value of equity accounted investment

The directors have assessed the 40% equity investment in Imagine Intelligent Materials Pty Ltd ("Imagine IM") of $2,290,032 having regard to a recent capital raising completed by Imagine IM. If the financial results of Imagine IM deteriorate, an impairment of the value recorded may be required.

Key judgements – exploration and evaluation assets

The Consolidated Entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. These reviews are based on detailed surveys and analysis of drilling results performed to balance date.

Going Concern

The Consolidated Entity incurred a net loss of $1,418,154 and had operating cash outflows of $894,607 for the year ended 31 December 2016. As at 31 December 2016 the Consolidated Entity has cash and cash equivalents of $2,494,527, net current assets of $2,649,868 and net assets of $5,894,643.

Management has implemented plans to minimise operating costs to preserve operating cash. However, should current operating cash inflows not be sufficient to continue to fund ongoing administration, management anticipates that a capital raising will be required to continue to fund ongoing operations.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Consolidated Entity to raise additional capital in the form of equity;
- the continued support of current shareholders; and
- the ability to successfully develop and extract value through development and/or sale of its projects that are under development.

These conditions give rise to a material uncertainty over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and
- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating until it can raise sufficient further capital to fund its ongoing activities within the forecast period.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern

(c) Principles of consolidation

The consolidated financial statements comprise the financial statements of Pacific American Coal Limited and its subsidiaries at 31 December 2016 each year ("the group"). Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

Where controlled entities have entered or left the Consolidated Entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Entity have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is re-measured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the consolidated statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Joint Ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of joint ventures are included in the appropriate items of the consolidated financial statements.

Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Consolidated Entity's investment in associates includes goodwill identified on acquisition.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Consolidated Entity and its associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

(d) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of consolidated group at exchange rates at the dates of the transactions.
Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(e) Income tax

The income tax benefit (expense) for the year comprises current income tax benefit (expense) and deferred tax benefit (expense). Current income tax benefit (expense) credited (charged) to profit or loss is the tax receivable (payable) on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

The credit (charge) for current income tax benefit (expense) is based on the profit (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a re-valued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer below for details of impairment).

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of asset is:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10% - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(g) Deferred Exploration and Evaluation Costs

Exploration and evaluation assets incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(h) Leases

Leases where the Consolidated Entity assumes all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(i) Financial instruments

<u>Recognition and initial measurement</u>

Financial assets and financial liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

<u>Classification and subsequent measurement</u>

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

<u>Impairment</u>

At the end of each reporting period, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: *Revenue*. Where the Consolidated Entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment of assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Employee benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The volatility input in the pricing model is determined by the historical volatility of the Company's share price over a similar period to the exercise period. Where applicable, the number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(l) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Earnings per share

The Consolidated Entity presents basic and diluted earnings (loss) per share (EPS) data for the Parent's ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted as appropriate. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(q) Comparative figures

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year. Comparative figures have also been changed where classifications of income and expenditure items have been altered from the prior year as a result of a review by directors. The new classifications have been made to reflect a more accurate view of the Consolidated Entity's operations.

(r) New standards and interpretations not yet adopted

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Consolidated Entity, together with an assessment of the potential impact of such pronouncements on the Consolidated Entity when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 may not have an significant impact on the Consolidated Entity's financial instruments.

(s) Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the development of mining projects) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 5 years.

Currently all of the Consolidated Entity's projects have not yet reached the stage where costs are capitalised.

2. INCOME TAX

(a) Income Tax Benefit

	12 months to 31 December 2016 $	4 months to 31 December 2015 $
Current tax:		
Current tax year movement	-	-
Deferred tax:		
Current tax year movement	-	-
Income Tax Benefit	-	-

(b) Reconciliation of Income Tax Benefit to Loss Before Income Tax

Loss before income tax	(1,418,154)	(218,860)
Tax at the Australian tax rate of 30%	(425,446)	(65,658)
Non-deductible expenses and non-assessable income	109,468	(450)
Deferred tax assets not recognised	315,978	66,108
Income Tax Benefit	-	-

(c) Deferred Tax Assets

Recognised deferred tax assets		
Unused tax losses	-	-
Deductible temporary differences	-	-
	-	-
Recognised deferred tax liabilities		
Assessable temporary differences	-	-
	-	-
Net deferred tax recognised	-	-

At 31 December 2016 the Consolidated Entity had Australian tax losses of $14,822,166 (31 December 2015: $13,831,602) which may be carried forward and used to reduce certain taxable income in future years. The Australian losses carry forward indefinitely.

No tax benefit has been recognised at reporting date as the Directors of the Company believe it is too uncertain to determine whether sufficient taxable income will be generated in future periods to utilise these tax losses.

3. LOSS PER SHARE

(a) Basic and Diluted Loss per Share

	12 months to 31 December 2016 $	4 months to 31 December 2015 $
Loss used to calculate basic and diluted EPS	1,418,154	218,860

(b) Weighted Average Number of Shares and options

	31 December 2016 Number	31 December 2015 Number
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	114,660,205	82,367,602
Number of options excluded from the diluted loss per share calculation because they are anti-dilutive	63,383,607	53,383,589

Options are not considered dilutive as they are currently out of the money. Options may become dilutive in the future.

4. CASH AND CASH EQUIVALENTS

	31 December 2016 $	31 December 2015 $
Cash at bank	**2,494,527**	1,291,338
Total Cash and Cash Equivalents	**2,494,527**	1,291,338

5. TRADE AND OTHER RECEIVABLES

Current:		
Receivable on sale of GCI	**418,807**	-
Other receivables	**11,894**	9,839
Total Current Receivables	**430,701**	9,839
Non-current:		
Receivable on sale of GCI	**453,568**	-
Total Non-Current Receivables	**453,568**	-

6. OTHER ASSETS

Current:		
Prepayments	**23,429**	18,637
Total other assets	**23,429**	18,637

7. PLANT AND EQUIPMENT

Plant and equipment		
At cost	**25,254**	25,012
Accumulated depreciation	**(22,830)**	(22,611)
Total Plant and Equipment	**2,424**	2,401

Movements during the Year/Period

Plant and Equipment:		
Balance at beginning of year/period	**2,401**	2,453
Exchange difference	**23**	(52)
Balance at End of Year/Period	**2,424**	2,401

8. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	31 December 2016 $	31 December 2015 $
Non-Current:		
Shares in associates	**2,290,032**	1,436,779
	2,290,032	1,436,779
Movements during the year/period		
Balance at the beginning	**1,436,779**	1,433,169
Share of GCI's profit	**254,190**	82,868
Share of GCI's other comprehensive income	**-**	(79,258)
Carrying value of GCI	**1,690,969**	1,436,779
Disposal of GCI	**(1,690,969)**	-
	-	1,436,779
Additions – Imagine IM	**2,502,799**	-
Share of loss of Imagine IM	**(212,767)**	-
Balance at end of year/period	**2,290,032**	1,436,779

Summarised financial information for associates

The table below provides summarised financial information for the associate that is material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not Pacific American Coal's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	31 December 2016 $	31 December 2015 $
Summary of financial information on associates		
Current assets	**509,582**	4,923,242
Non-current assets	**10,200**	13,084,316
Total assets	**519,782**	18,007,558
Current liabilities	**284,710**	4,388,211
Non-current liabilities	**-**	4,233,929
Total liabilities	**284,710**	8,622,140
Net assets	**235,072**	9,385,418
Total revenue	**10,000**	9,330,234
(Loss)/profit for the financial year/period	**(506,066)**	276,226
Other comprehensive income	**-**	(264,194)
Total comprehensive income	**(506,066)**	12,032

Details of investments in associates at reporting date was:

				Beneficial interest %	
Entity	**Country of incorporation**	**Principal Activities**	**Balancing date**	**31 December 2016**	**31 December 2015**
Imagine Intelligent Materials	Australia	Graphene development	30 June	40	-
George Collier Inc. (i)	United States of America	Coal mining	31 December	-	30

(i) The nature of the relationship with George Collier Inc. is an associate and it is accounted for using the equity method. There is no quoted price available.

The Consolidated Entity had a capital obligation to invest not less than USD400,000 within 12 months from 2nd January 2015, instead of direct capital obligation, the Consolidated Entity had offered a loan guarantee to George Collier Inc. refer to Note 14. The Consolidated Entity considers that it met the capital obligation already, given the 12-month period expired already.

Refer to Note 25 for details of individually immaterial investments in associates.

9. DEFERRED EXPLORATION AND EVALUATION COSTS

	31 December 2016 $	31 December 2015 $
Deferred exploration and evaluation costs	**498,751**	433,572
Movements during the year/period		
Balance at the beginning	**433,572**	392,053
Additions	**60,985**	49,944
Foreign currency difference to exchange reserve	**4,194**	(8,425)
Balance at end of year/period	**498,751**	433,572

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

10. TRADE AND OTHER PAYABLES

	31 December 2016 $	31 December 2015 $
Current:		
Trade payables	**171,903**	66,558
Other creditors and accruals	**126,886**	129,116
Total Current Trade and Other Payables	**298,789**	195,674

Trade payables are usually due within 30 days.

Secured Amounts Payable

None of the payables are secured.

11. CONTRIBUTED EQUITY

Issued Capital - Number of shares	**162,305,889**	82,367,602
Value of Issued Capital	**$12,875,053**	$8,288,959

Movement in contributed equity during the period:

Share Capital Movements during the year	**31 December 2016 Number**	**$**	31 December 2015 Number	$
Fully paid ordinary shares at beginning	**82,367,602**	**8,288,959**	82,367,602	8,288,959
PAK shares issued to service provider	**638,297**	**30,000**	-	-
PAK shares issued to acquire 20% investment in Imagine Intelligent Materials	**26,099,987**	**1,252,799**	-	-
PAK shares issued on placement offer	**33,200,000**	**1,593,600**	-	-
PAK shares issued under entitlement offer	**20,000,003**	**2,000,000**	-	-
Share issue costs	**-**	**(290,305)**	-	-
Total fully paid ordinary shares at end of year	**162,305,889**	**12,875,053**	82,367,602	8,288,959

Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Capital Management

Management controls the capital of the Company in order to provide capital growth to shareholders and ensure the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital, reserves and retained losses as disclosed in the Statement of Financial Positon. There are no externally imposed capital requirements. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year.

Options

As at 31 December 2016, there were 63,383,607 unissued ordinary shares under option (December 2015: 53,383,589). Details of options issued, exercised and expired during the financial year are set out below:

			Movements (number of options)			
Expiry Date	Exercise Price	31 December 2015	Issued	Exercised	Expired	**31 December 2016**
31 December 2017	$0.25	53,383,589	-	-	-	**53,383,589**
31 December 2017[1]	$0.25	-	10,000,018	-	-	**10,000,018**
		53,383,589	10,000,018	-	-	**63,383,607**

The Company also grants incentive stock options for the purchase of ordinary fully paid shares of the Company to its officers, directors, employees and consultants. The exercise price and vesting terms of the share options is determined by the board of directors of the Company at the time of the option grant.

Information relating to the Pacific American Coal Limited's Share Option Plan (ESOP), including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of financial year, is set out in Note 24.

12. RESERVES

	31 December 2016 $	31 December 2015 $
Foreign exchange translation reserve	**40,400**	310,589
Total Reserves	**40,400**	310,589

	Foreign Exchange Translation	
	31 December 2016	31 December 2015
Movement in Reserves	**$**	$
Balance at beginning	**310,589**	394,587
Foreign currency translation	**(270,189)**	(83,998)
Balance at end	**40,400**	310,589

Nature and purpose of reserves

Foreign exchange translation reserve

The foreign exchange translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

13. COMMITMENTS

(a) Operating Lease Commitments

The Consolidated Entity did not have any operating lease commitments in the current year and in the prior year.

(b) Finance Lease Payment Commitments

The Consolidated Entity did not have any finance lease commitments in the current year and in the prior year.

[1] Options granted in conjunction with Placement and Entitlement Offers

14. CONTINGENT LIABILITIES

Details of guarantee provided by the Consolidated Entity and outstanding as of 31 December 2016 was:

Entity	Lending bank	Borrower	Amount
Texas and Oklahoma Coal Company (USA) LLC	First Pryority Bank	George Colliers, Inc.	USD274,600

15. CASH FLOW INFORMATION

	12 months to 31 December 2016 $	4 months to 31 December 2015 $
Loss after income tax	(1,418,154)	(218,860)
Add / (less) non-cash items:		
Loss on sale of investment	406,492	-
Share of (profit) of equity accounted investments	(41,423)	(82,868)
Foreign exchange	32,210	40,198
Share-based payments	30,000	-
Change in operating assets and liabilities		
Increase in other receivables	(2,055)	(2,618)
Increase in other assets	(4,792)	(884)
Increase in trade and other payables	103,115	1,244
Net Cash Used In Operating Activities	(894,607)	(263,788)

Non-cash Investing Activities

During the year, there were 26,099,987 shares issued to the shareholders of Imagine Intelligent Materials Pty Ltd ('Imagine IM') to acquire an additional 20% interest in Imagine IM. There were no non-cash financing activities in the previous financial period.

16. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	31 December2016 $	31 December 2015 $
Short-term benefits	347,410	95,329
Post-employment superannuation benefits	-	-
	347,410	95,329

(b) Loans to Key Management Personnel

There were no loans to key management personnel during the year.

17. RELATED PARTIES

Transactions with Related Entities

Professional Services - Geoffrey Hill

Hong Kong Administrative Services Ltd, a firm previously related to a non-executive Director (G Hill) provides administrative services to the Consolidated Entity. The cost of these services, aggregating $2,378 (31 December 2015: $1,261) was charged to administrative expenses. These transactions are in the normal course of operations and are measured at the exchange amount of the consideration established and agreed by the related parties.

There were no other transactions with related entities for the year ended 31 December 2016 or the previous financial period.

18. AUDITOR'S REMUNERATION

	31 December 2016 $	31 December 2015 $
Audit of the Consolidated Entity		
Hall Chadwick:		
Audit and review of Financial Reports	**33,000**	-
BDO Audit Pty Ltd:		
Audit and review of Financial Reports	**-**	72,478
	33,000	72,478

19. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise deposits with banks, accounts receivable and payable and investments. The main purpose of these financial instruments is to raise cash for the Consolidated Entity's operations. The Consolidated Entity's policy is to manage its finance costs using a mix of fixed and variable rate debt.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of market forecasts for interest rate prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the directors of the Consolidated Entity. They review and agree to policies for managing each of the risks identified below, including limits for approved instruments, transaction values, tenor and counterparties with whom the Consolidated Entity transacts. The Consolidated Entity does not enter into financial transactions for the purpose of short-term trading.

(a) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Consolidated Entity's income or the value of its instruments, and arises on floating rate instruments. The Consolidated Entity's exposure to market interest rates relates primarily to cash and cash equivalents.

At reporting date, the Consolidated Entity had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Note	31 December 2015 $	31 December 2015 $
Financial Assets:			
Cash assets	4	**2,494,527**	1,291,338
		2,494,527	1,291,338

Interest rates over the 12 month period were analysed and a sensitivity analysis determined to show the effect on profit and equity after tax if the interest rates at the reporting date had been 1.0% higher or lower, with all other variables held constant. This level of sensitivity was considered reasonable given the current level of both short-term and long-term Australian interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 31 December, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	31 December 2016 $	31 December 2015 $	31 December 2016 $	31 December 2015 $
Consolidated Entity				
+1.00%	**17,462**	9,039	**17,462**	9,039
- 1.00%	**(17,462)**	(9,039)	**(17,462)**	(9,039)

(b) Foreign currency risk

Foreign currency risk arises as a result of having instruments/cash flows denominated in a currency other than the functional currency. On balancing date, the Consolidated Entity had cash balances made up of Australian and United States Dollars as follows:

Currency	31 December2016 $	31 December 2015 $
AUD	**1,901,362**	57,758
USD	**593,165**	1,233,580
	2,494,527	1,291,338

At 31 December, if USD exchange rate had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	31 December2016 $	31 December 2015 $	**31 December 2016 $**	31 December 2015 $
Consolidated Entity				
+10.00%	**59,316**	123,358	**59,316**	123,358
- 10.00%	**(59,316)**	(123,358)	**(59,316)**	(123,358)

(c) Credit Risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet contractual obligations. The consolidated entity does not hold any collateral.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Receivable balances are monitored on an ongoing basis.

At 31 December 2016 the Consolidated Entity had a concentration of credit risk relating to cash deposits totalling $2,494,527 (31 December 2015: $1,291,338). Cash deposits are only held with banks and financial institutions who are independently rated parties with a minimum rating of 'A'. The Consolidated Entity also had a concentration of credit risk relating to receivable from sale of GCI totalling $872,375.

The Consolidated Entity had no other concentrations of credit risk with any single counterparty or group of counterparties.

(d) Liquidity Risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of convertible notes, related party loans and finance leases.

The table below reflects the contractual maturity of fixed and floating rate financial liabilities. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 31 December 2016. The amounts disclosed represent undiscounted cash flows.

The remaining contractual maturities of the financial assets and liabilities are:

	≤ 6 months $	6-12 months $	1-2 years $	2-5 years $	5+ years $	Contractual cash flows $	Carrying Amount $
31 December 2016							
Receivables:							
Trade and other receivables	221,297	209,404	453,568	-	-	884,269	884,269
	221,297	**209,404**	**453,568**	**-**	**-**	**884,269**	**884,269**
31 December 2015							
Receivables:							
Trade and other receivables	9,839	-	-	-	-	9,839	9,839
	9,839	-	-	-	-	9,839	9,839
31 December 2016							
Financial Liabilities:							
Payables	298,789	-	-	-	-	298,789	298,789
	298,789	**-**	**-**	**-**	**-**	**298,789**	**298,789**
31 December 2015							
Financial Liabilities:							
Payables	195,674	-	-	-	-	195,674	195,674
	195,674	-	-	-	-	195,674	195,674

20. SEGMENT INFORMATION

Identification of reportable operating segments

The Consolidated Entity operates mainly in the United Sates with the head office located in Australia.

The Consolidated Entity has identified its operating segment based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

Currently, management identifies the Consolidated Entity as having only two reportable segments, being the geographic location of assets in the USA and Australia.

	USA $	Australia $	Total $
Consolidated 12 Months Ended December 2016			
Other revenue			
Share of profit of equity accounted investment	254,190	-	**254,190**
Interest income	-	1,682	**1,682**
Other income	-	117	**117**
	254,190	1,799	**255,989**
Expenses			
Employee expenses	(176,423)	(130,200)	**(306,623)**
Project and feasibility costs	(4,014)	-	**(4,014)**
Administration	(81,092)	(600,945)	**(682,037)**
Share based payments	-	(30,000)	**(30,000)**
Foreign currency exchange difference	(479)	(31,731)	**(32,210)**
Share of loss of equity accounted investment	-	(212,767)	**(212,767)**
Loss on sale of equity investment	(406,492)	-	**(406,492)**
Loss before income tax	**(414,310)**	**(1,003,844)**	**(1,418,154)**
Consolidated 4 Months Ended December 2015			
Other revenue			
Share of profit of equity accounted investment	-	82,868	**82,868**
Interest income	-	280	**280**
	-	83,148	**83,148**
Expenses			
Employee expenses	(60,066)	(43,400)	**(103,466)**
Project and feasibility costs	(6,490)	-	**(6,490)**
Administration	(12,590)	(139,264)	**(151,854)**
Foreign currency exchange difference	(1,462)	(38,736)	**(40,198)**
Share of loss of equity accounted investment	-	-	**-**
Loss on sale of equity investment	-	-	**-**
Loss before income tax	**(80,608)**	**(138,252)**	**(218,860)**

Below is an analysis of the Consolidated Entity's assets and liabilities from reportable segments:

	USA	Australia	Total
Consolidated December 2016			
Current assets	20,467	2,928,190	**2,948,657**
Non- current assets	501,175	2,743,600	**3,244,775**
Total assets	521,642	5,671,790	**6,193,432**
Current liabilities	99,275	199,514	**298,789**
Non-current liabilities	-	-	**-**
Total liabilities	99,275	199,514	**298,789**
Net segment assets	**422,367**	**5,472,276**	**5,894,643**
Consolidated December 2015			
Current assets	19,708	1,300,106	**1,319,814**
Non- current assets	542,736	1,330,016	**1,872,752**
Total assets	562,444	2,630,122	**3,192,566**
Current liabilities	99,068	96,606	**195,674**
Non-current liabilities	-	-	**-**
Total liabilities	99,068	96,606	**195,674**
Net segment assets	**463,376**	**2,533,516**	**2,996,892**

21. SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2016, that has significantly affected, or, may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in financial years subsequent to 31 December 2016, except for as follows:

- On 12 January 2017, the Company completed a share placement raising $300,000 with the issue of 3,000,000 ordinary shares and 1,500,000 options exercisable at 25 cents on or before 31 December 2017
- On 27 January 2017, the Company changed its registered and principal place of business to Suite 1002, Level 10, 171 Clarence Street, Sydney NSW 2000
- On 1 February 2017, the Company appointed Managing Director, Mark Lochtenberg

22. DIVIDENDS AND FRANKING CREDITS

There were no dividends paid or recommended during the financial year. There were no franking credits available to the shareholders of the Consolidated Entity.

23. PARENT ENTITY INFORMATION

The parent entity within the Consolidated Entity is Pacific American Coal Limited. The ultimate parent entity in Australia is Pacific American Coal Limited.

	31 December 2016 $	31 December 2015 $
Current assets	**2,927,425**	1,299,357
Non-current assets	**4,562,940**	2,556,368
Total assets	**7,490,365**	3,855,725
Current liabilities	**199,514**	362,926
Non-current liabilities	**-**	-
Total liabilities	**199,514**	362,926
Net assets	**7,290,851**	3,492,799
Contributed equity	**31,326,993**	26,740,899
Reserves	**266,594**	266,594
Accumulated losses	**(24,302,736)**	(23,514,694)
Total equity	**7,290,851**	3,492,799
Loss after income tax	**(788,042)**	(221,059)
Other comprehensive income	**-**	-
Total comprehensive income	**(788,042)**	(221,059)

(a) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees as at 31 December 2016 (31 December 2015: $Nil).

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2016 or 31 December 2015.

(c) Contractual commitments for acquisition of property, plant and equipment

As at 31 December 2016, the parent entity did not have any contractual commitments for the acquisition of property, plant or equipment.

(d) Significant investment in subsidiaries:

Name	Formation / Incorporation	Class of Share	Interest Held % [1]	
			December 2016	December 2015
Pacific Technology Investments Pty Ltd	Australia	Ordinary	100	100
Texas and Oklahoma Coal Company (USA) LLC[4]	USA	Ordinary	100	100
Texas and Oklahoma Coal Company Ltd[2]	Bermuda	Ordinary	100	100
Texas and Oklahoma Coal Company(Canada) Ltd[2]	Canada	Ordinary	100	100
Texas and Oklahoma Coal Company Pickaxe Exploration LLC[2]	USA	Ordinary	100	100

[1] *Percentage of voting power is in proportion to ownership being a combined direct and indirect holding.*

[2] *These companies have a 30 June reporting date.*

24. SHARE BASED PAYMENTS

Equity based instruments – Options

Employee option plan

The Pacific American Coal Directors and Employee Option Incentive Plan ("the Employee Plan") was last approved by shareholders at the annual general meeting held 20th December 2012.

Options granted to Company employees are issued under the Employee Plan. Options are granted under the Employee Plan for no consideration and once capable of exercise entitle the holder to subscribe for one fully-paid ordinary share upon exercise at the exercise price.

Options granted under the Employee Plan that have not vested at the time an option holder becomes ineligible (i.e. no longer an employee), are forfeited and not capable of exercise. When an option holder becomes ineligible and the options have already vested then the option holder has 3 months to exercise or they expire. Options must be exercised by the expiry dates or they lapse.

At 31 December 2016, there were no employee options over ordinary shares outstanding.

25. INTERESTS IN OTHER ENTITIES

(a) Individually immaterial associates

The Consolidated Entity has an interest in Metals Finance Africa Ltd that is accounted for as an associate. No amounts are recognised in the accounts of the Consolidated Entity as the Consolidated Entity's interest has been reduced to zero and additional losses are not provided for as the consolidated entity has not incurred legal or constructive obligations or made payments on behalf of Metals Finance Africa Ltd.

Should Metals Finance Africa subsequently reports profits, the Consolidated Entity will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the period ended on that date;
- the remuneration disclosures included in pages 9 to 12 of the directors' report (as part of audited Remuneration Report), for the year ended 31 December 2016, comply with section 300A of the *Corporations Act 2001;* and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors

Director
Sydney, 31 March 2017

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

PACIFIC AMERICAN COAL LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL LIMITED
AND ITS CONTROLLED ENTITITES

SYDNEY

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Sydney NSW 2000
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Sydney NSW 2001

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Report on the Financial Report

Opinion

We have audited the accompanying financial report Pacific American Coal Limited and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of Pacific American Coal Limited is in accordance with the *Corporations Act 2001*, including:
   - i. giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
   - ii. complying with Australian Accounting Standards and the *Corporations Regulations* 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's responsibility* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PACIFIC AMERICAN COAL LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL LIMITED
AND ITS CONTROLLED ENTITITES

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss of $1,418,154 and had operating cash outflows of $894,607 during the year ended 31 December 2016. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 31 December 2016. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How Our Audit Addressed the Key Audit Matter**
Carrying value of equity accounted investment ($2,290,032) *Refer to Note 8 Investments accounted for using equity method*	
The Group holds a 40% equity interest in Imagine Intelligent Materials Pty Ltd. This investment is accounted for as an associate using the equity method. We focused on this area as a key audit matter due to: • The carrying value of investment is significant and represents 38% of the Group's total assets. • Judgement is involved in performing the impairment test of carrying value of the equity interest and assessing the related assumptions on the future performance of the investee's business.	Our procedures included, amongst others: • We assessed the carrying value of the investment based on the net asset value, the net profit for the year and the budget provided by the investee entity. • We assessed the valuation of investment holdings having regard of a recent capital raising completed by the investee entity. • We considered the group has significant influence, but not control or joint control over the financial and operating policies of the equity interest held in the investee entity.

PACIFIC AMERICAN COAL LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL LIMITED
AND ITS CONTROLLED ENTITITES

<table>
<tr><td colspan="2">Recoverability of receivable on sale of GCI ($872,375)
Refer to Note 5 Trade and other receivables</td></tr>
<tr><td>The carrying value of the receivable on sale of George Colliers Inc (GCI) is initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment.

We focused on this area as a key audit matter due to:
Large credit risk exposure and concentration to a single counterparty.
Judgement involved in determining when an impairment event has occurred and therefore the impact on the estimated future cash flows related to the receivable due from sale of CGI.</td><td>Our procedures included, amongst others:
We considered internal and external available information relating to the receivable exposure in determining whether an impairment event had occurred at year end or during the year.
We assessed the recoverability of the GCI receivable by comparing management's assessment of recoverability of outstanding amounts to historical patterns of collections, in conjunction with assessing collections received subsequent to year end.
We also considered the underlying credit quality and collateral held as security when assessing the recoverability of the GCI receivable.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

PACIFIC AMERICAN COAL LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL LIMITED
AND ITS CONTROLLED ENTITITES

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards. In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a matter that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 12 of the directors' report for the year ended 31 December 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PACIFIC AMERICAN COAL LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL LIMITED
AND ITS CONTROLLED ENTITITES

Auditor's Opinion

In our opinion, the remuneration report of Pacific American Coal Limited, for the year ended 31 December 2016, complies with s 300A of the *Corporations Act 2001*.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 31 March 2017

ADDITIONAL SECURITY HOLDER INFORMATION

The information set out below was prepared as at 24 March 2017.

1. Class of Shares and Voting Rights

There are currently 906 holders of the Company's ordinary fully paid shares and 645 holders of the Company's options, each acquire one ordinary fully paid share and exercisable at 25 cents each on or before 31 December 2017.

The voting rights attaching to ordinary shares set out in the Company's Constitution are:

(a) On a show of hands each person present as a member, proxy, attorney or representative has one vote; and

(b) On a poll each member present in person or by proxy, attorney or representative has:

(i) one vote for each fully paid share held by him; and
(ii) in respect of each partly paid share held by him, a fraction of a vote equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). Amounts paid in advance of a call shall be ignored when calculating the proportion.

Until converted into ordinary fully paid shares, the options have no voting rights.

2. Distribution of Shareholders

Holdings Ranges	Number Holders	Number of Shares	Percentage of Total Shares
1-1,000	110	58,279	0.0
1,001-5,000	120	363,590	0.2
5,001-10,000	147	1,318,327	0.8
10,001-100,000	330	14,256,418	8.6
100,001- and over	199	149,309,275	90.4
Totals	**906**	**165,305,889**	**100.0**
Minimum $ 500.00 parcel (share price 8.0 cents)	247	519,500	0.3

3. Distribution Optionholders

Holdings Ranges	Number Holders	Number of Options	Percentage of Total Options
1-1,000	117	67,612	0.1
1,001-5,000	138	366,766	0.6
5,001-10,000	168	1,573,050	2.4
10,001-100,000	136	4,910,022	7.6
100,001- and over	86	57,966,157	89.3
Totals	**645**	**64,883,607**	**100.0**
Minimum $ 500.00 parcel (option price 1.2 cents)	512	3,861,330	6.0

4. Substantial Shareholders

Substantial Holder Name	Balance of Shares Held	Percentage of Total Shares
GREGORACH GROUP (WARWICK GRIGOR)	17,923,204	10.84
H F T NOMINEES PTY LTD	16,745,380	10.13
JOHN WARDMAN AND ASSOCIATED COMPANIES	8,350,000	5.05

5. Largest Twenty Shareholders

	Holder Name	Balance of Shares Held	Percentage of Total Shares
1	GREGORACH PTY LTD	16,631,516	10.1%
2	INTERNATIONAL PACIFIC SECURITIES LIMITED	12,446,666	7.5%
3	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	8,033,333	4.9%
4	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	5,000,000	3.0%
5	MR ROBERT ASHLEY PEARCE	4,847,222	2.9%
6	IPS NOMINEES LIMITED	4,781,250	2.9%
7	HFT NOMINEES PTY LTD	4,182,880	2.5%
8	DOVIDO PTY LIMITED	3,460,000	2.1%
9	LEWIS SUPER ADMIN PTY LIMITED <LEWIS SUPER FUND A/C>	2,900,000	1.8%
10	AMERICAN COAL INVESTMENTS PTY LTD <RNAJ STAGG SUPER FUND A/C>	2,800,000	1.7%
11	DR PHILLIP BRETT AITCHISON	2,742,155	1.7%
12	MR ANTHONY JAMES HAGGARTY	2,583,334	1.6%
13	DEVIRU PTY LTD	2,562,500	1.6%
14	SAPSFORD FINANCIAL SERVICES PTY LTD <SAPSFORD INVESTMENT A/C>	2,499,000	1.5%
15	PERCEPTRIC PTY LIMITED <THE CALEDONIA STREET A/C>	2,184,915	1.3%
16	GINGA PTY LTD	2,000,000	1.2%
17	FAR EAST CAPITAL LIMITED	1,983,133	1.2%
18	AYERS PTY LTD <HITA INVESTMENT NO 2 A/C>	1,800,000	1.1%
19	CITICORP NOMINEES PTY LIMITED	1,674,953	1.0%
20	MR MARK OLLILA	1,653,664	1.0%
		86,766,521	**52.6%**

6. Largest Twenty Option holders

	Holder Name	Balance of Options Held	Percentage of Total Options
1	INTERNATIONAL PACIFIC SECURITIES LIMITED	3,755,000	5.8%
2	JOHN WARDMAN & ASSOCIATES PTY LTD <THE WARDMAN SUPER FUND A/C>	3,558,007	5.5%
3	GREGORACH PTY LTD	3,278,307	5.1%
4	MR DOMINIC WILLIAM HILL	3,250,000	5.0%
5	HFT NOMINEES PTY LTD	3,063,416	4.7%
6	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	2,500,000	3.9%
7	ESPLANADE SUPER FUND PTY LIMITED <ESPLANADE SUPER FUND A/C>	2,500,000	3.9%
8	NAIVASHA PTY LTD	2,193,334	3.4%
9	AMERICAN COAL INVESTMENTS PTY LTD <RNAJ STAGG SUPER FUND A/C>	2,127,779	3.3%
10	DOVIDO PTY LIMITED	2,110,000	3.3%
11	GINGA PTY LTD	2,000,000	3.1%
12	HFTT PTY LTD <HAGGARTY FAMILY A/C>	1,650,001	2.5%
13	MR ROBERT ASHLEY PEARCE	1,541,668	2.4%
14	IPS NOMINEES LIMITED	1,540,626	2.4%
15	MR HALDANE JEFFREY MORRIS	1,208,334	1.9%
16	MERRILL LYNCH (AUSTRALIA)	1,168,199	1.8%
17	BRAESYDE PTY LTD <BRAESYDE NO 2 SUPER A/C>	1,062,500	1.6%
18	DEVIRU PTY LTD	1,031,250	1.6%
19	VETL PTY LTD <MOONGUNYA INVESTMENT A/C>	1,000,002	1.5%
20	MR GARY WILLIAM COCHRANE	1,000,000	1.5%
20	MR PAUL GREGORY CHAPPELL	1,000,000	1.5%
		42,538,423	**65.7%**

7. Mining Tenements

The Company holds 100% ownership of the following licences:

- Elko Coal Licences in British Columbia, Canada. Licences 418648, 418649 and 418650
- South Hazel Coal Licences in British Columbia, Canada. Licences 418645, 418646 and 418647.

8. Restricted Securities

The Company has no restricted securities.

9. On-market Buy Back

There is no current on-market buy back.

10. Corporate Governance Statement

The Company's Corporate Governance statement is available for members to download and access from www.pamcoal.com

11. Securities Exchange Listing

The Company's ordinary shares (ASX: PAK) and options (ASX: PAKO) are listed on the Australian Securities Exchange. Home exchange is Sydney, Australia.

12. Securities Registrar

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW, 2000
Telephone: +61 2 9290-9600
Facsimile: +61 2 9279-0664
Website: www.boardroomlimited.com.au

13. Registered Office

Suite 1002, Level 10
171 Clarence Street
Sydney 2000
Telephone: +61 2 9238-1170

14. Auditor

Hall Chadwick
Level 40, 2 Park Street
Sydney 2000

15. Company Secretary

Ian Morgan BBus (UTS), MComLaw (Macq), Grad Dip App Fin (FINSIA), CA, ACIS, CSA, MAICD, FFin.