



PACIFIC AMERICAN COAL LIMITED ABN 83 127 131 604

CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017

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CORPORATE INFORMATION

Registered Office

Suite 1002, Level 10
171 Clarence Street
Sydney, NSW, 2000
Telephone: +61 2 9238-1170
[Website: www.pamcoal.com.au](http://www.pamcoal.com.au)

Directors

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

Principal Place of Business

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

Chief Executive Officer

Mark Sykes

Company Secretary

Ian Morgan

Share Registry

Boardroom Pty Limited
Grosvenor Place
Level 12
225 George Street
Sydney, NSW, 2000

Bankers

Westpac Banking Corporation

Auditor

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Investor enquiries

Suite 1002, Level 10
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Sydney, NSW, 2000
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[Website: www.pamcoal.com.au](http://www.pamcoal.com.au)

DIRECTORS' REPORT

The Directors of Pacific American Coal Limited ASX code: **PAK** or '**the Company**' present their report for the half-year ended 30 June 2017. The Directors report as follows:

1. Directors

The names of the Directors of the Company during the half-year and up to the date of this report are:

Geoff Hill (Chairman) Appointed 15 May 2009

Simon Bird (Non-Executive Director) Appointed 13 July 2010

Paul Chappell (Non-Executive Director) Appointed 27 January 2015

Mark Lochtenberg (Managing Director) Appointed 1 February 2017, Resigned 31 July 2017

2. Review of operations

The consolidated net loss after income tax for the half-year ended 30 June 2017 was \$2,616,738 (2016: \$826,721), which includes a write down of investment in Imagine Intelligent Materials Pty Ltd (**Imagine IM**) of \$1,664,472 (2016 \$Nil).

The Company successfully implemented all changes proposed by Directors and approved at the Company's general meetings of shareholders held on 28 October 2014 and 5 May 2016. The activities over the past half year 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

During the half year ended 30 June 2017, PAK's net operating cash payments totalled \$681,695 (2016: \$502,791). The Company has been receiving a monthly payment of USD 28,549 since January 2017 on the sale of its interest in George Colliers Inc. ("GCI"), and the Company believes that future monthly amounts for the next 18 months are recoverable.

3. Outlook

Pacific American Coal Limited is focused on the production, development and exploration of metallurgical coal assets in North America. The Company's strategic focus is on its British Columbia Canada coal assets.

In August 2017, the Company:

- a. Completed a strategic review of its ongoing investment in Imagine IM
- b. Decided to divest its 30% position
- c. Finalised a Sales and Purchase Agreement for unrelated third parties to purchase the Imagine IM investment

Notwithstanding the Company's investment in Imagine IM was impaired by \$1,664,472 to its value in use at 30 June 2017 (\$375,203), in August 2017 the Company sold its shareholding in Imagine IM.

\$1,887,963 net proceeds received from the Imagine IM sale strengthens free cash available to develop the British Columbia Canada coal assets, particularly the Elko Coking Coal Project.

Refer to Note 10 of the following financial statements for more detail.

4. Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration pursuant to Section 307C of the *Corporations Act 2001* (Cth) is set out on page 6.

5. Rounding of Amounts to the Nearest Dollar

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and as such, amounts in the Half Year Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors.



Simon Bird
Director
Sydney
13 September 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
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I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



Drew Townsend
Partner
Date: 13 September 2017

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CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 30 June 2017

	Note	Consolidated Entity June 2017	June 2016
		\$	\$
Other revenue			
Share of profit of equity accounted investments		-	254,190
Interest income		36,317	1,009
Other income		82	-
Expenses			
Employee expenses		(238,732)	(158,300)
Project and feasibility costs		-	(4,071)
Administration costs		(412,832)	(455,492)
Interest expense		(25)	-
Share of loss of equity accounted investments		(250,357)	(25,000)
Loss on sale of equity accounted investment		-	(406,492)
Impairment loss on equity accounted investment	10	(1,664,472)	-
Foreign currency exchange loss		(86,719)	(32,565)
Loss before income tax		<u>(2,616,738)</u>	<u>(826,721)</u>
Income tax expense		-	-
Loss after income tax		<u>(2,616,738)</u>	<u>(826,721)</u>
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		(23,677)	(283,639)
Total other comprehensive income		<u>(23,677)</u>	<u>(283,639)</u>
Total comprehensive income		<u>(2,640,415)</u>	<u>(1,110,360)</u>
		Cents per share	Cents per share
Loss per share:			
Basic loss	8	(1.58)	(0.92)
Diluted loss	8	(1.58)	(0.92)

The Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2017

	Note	Consolidated Entity June 2017 \$	December 2016 \$
Current Assets			
Cash and cash equivalents		2,257,675	2,494,527
Trade and other receivables	3	428,491	430,701
Other assets		11,691	23,429
Total Current Assets		<u>2,697,857</u>	<u>2,948,657</u>
Non-Current Assets			
Fixed assets		2,280	2,424
Investments accounted for using the equity method	4	375,203	2,290,032
Deferred exploration and evaluation costs	5	513,996	498,751
Trade and other receivables	3	217,591	453,568
Total Non-Current Assets		<u>1,109,070</u>	<u>3,244,775</u>
Total Assets		<u>3,806,927</u>	<u>6,193,432</u>
Current Liabilities			
Trade and other payables		251,609	298,789
Provisions		5,769	-
Total Current Liabilities		<u>257,378</u>	<u>298,789</u>
Total Liabilities		<u>257,378</u>	<u>298,789</u>
Net Assets		<u>3,549,549</u>	<u>5,894,643</u>
Equity			
Contributed equity	6	13,170,374	12,875,053
Reserve		16,723	40,400
Accumulated losses		(9,637,548)	(7,020,810)
Total Equity		<u>3,549,549</u>	<u>5,894,643</u>

The Consolidated Interim Balance Sheet is to be read in conjunction with the Notes to the Financial Statements

30 June 2017

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 30 June 2017

	Note	Contributed Equity \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2016		8,288,959	310,589	(5,602,656)	2,996,892
Transactions with owners in their capacity as owners					
Issue of share capital		1,623,600	-	-	1,623,600
Share issue costs		(105,141)	-	-	(105,141)
		<u>1,518,459</u>	<u>-</u>	<u>-</u>	<u>1,518,459</u>
Comprehensive income					
Loss after tax		-	-	(826,721)	(826,721)
Foreign currency translation differences		-	(283,639)	-	(283,639)
Total comprehensive income for the half-year		<u>-</u>	<u>(283,639)</u>	<u>(826,721)</u>	<u>(1,110,360)</u>
Balance at 30 June 2016		9,807,418	26,950	(6,429,377)	3,404,991
Balance at 1 January 2017		12,875,053	40,400	(7,020,810)	5,894,643
Transactions with owners in their capacity as owners					
Issue of share capital		300,000	-	-	300,000
Share issue costs		(4,679)	-	-	(4,679)
	6	<u>295,321</u>	<u>-</u>	<u>-</u>	<u>295,321</u>
Comprehensive income					
Loss after tax		-	-	(2,616,738)	(2,616,738)
Foreign currency translation differences		-	(23,677)	-	(23,677)
Total comprehensive income for the half-year		<u>-</u>	<u>(23,677)</u>	<u>(2,616,738)</u>	<u>(2,640,415)</u>
Balance at 30 June 2017		13,170,374	16,723	(9,637,548)	3,549,549

The Consolidated Interim Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the Half-Year Ended 30 June 2017

	Consolidated Entity June 2017 \$	June 2016 \$
Cash Flows Used In Operating Activities		
Interest received	6,160	1,009
Interest expenses	(25)	-
Cash payments in the course of operations	(687,830)	(503,800)
Net Cash used in Operating Activities	(681,695)	(502,791)
Cash Flows Used In Investing Activities		
Payment for equity accounted investments	-	(1,250,000)
Payment for exploration and evaluation costs	(44,812)	-
Cash received from sale of investments	226,750	-
Net Cash used in Investing Activities	181,938	(1,250,000)
Cash Flows from Financing Activities		
Proceeds from the issue of securities	300,000	1,593,600
Costs associated with the issue of securities	(4,679)	(105,141)
Net Cash from Financing Activities	295,321	1,488,459
Net decrease in cash and cash equivalents	(204,436)	(264,332)
Net foreign exchange differences	(32,416)	(40,138)
Cash and cash equivalents at beginning of financial period	2,494,527	1,291,338
Cash and cash equivalents at end of financial period	2,257,675	986,868

The Consolidated Interim Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

Reporting Entity

Pacific American Coal Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 30 June 2017 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity"). The comparative period is the six months ended 30 June 2016.

Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* (Cth).

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial reports of the Consolidated Entity as at and for the year ended 31 December 2016.

This consolidated interim financial report was approved on 13 September 2017 by the Board of Directors.

Going Concern

The Consolidated Entity incurred a net loss of \$2,616,738 for the half-year ended 30 June 2017 after the impairment loss on equity accounted investment of \$1,664,472. As at 30 June 2017 the Consolidated Entity has cash and cash equivalents of \$2,257,675, net current assets of \$2,440,479 and net assets of \$3,549,549.

Current operating cash inflows are sufficient to continue to fund ongoing administration without a capital raising in the forecast period. Management anticipates that a capital raising may be required to fund further exploration activities.

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

- Cash and cash equivalents on hand at 30 June 2017;
- 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 from 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 further exploration activities through issuances of equity securities;
- The sale of the Company's shares in Imagine IM during August 2017 for \$1,887,963 cash net proceeds (refer to Note 10 for more details); and
- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating without raising further capital to fund its ongoing activities to meet its short-term budget. These requirements may alter depending upon exploration and possible development activities in future.

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.

The financial statements do 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.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)*Accounting Policies*

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2016, with the exception of the accounting policies listed below:

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 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. Any 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 equal 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.

Any 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. Any 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.

Deferred Exploration and Evaluation Costs

Exploration and evaluation costs related to an area of interest are written off as incurred except they are carried forward as an asset in the balance sheet where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively be its sale.

Capital costs include costs directly related to exploration and evaluation activities in the relevant area of interest.

General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Identifiable exploration assets acquired are recognised as assets at their fair value.

Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the Consolidated Entity 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 translated using the exchange rate at the transaction date.

Foreign currency differences are generally recognised in profit or loss.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)*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.

New and Revised Standards

New and revised standards have been issued by the AASB and are effective for the half-year; however there are no material changes to the policies that affect the recognition and measurement of the results or financial position of the Consolidated Entity.

Fair Values

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

2. Dividends

During the half year, no dividends were paid or provided for (2016: \$Nil).

3. Trade and other receivables

	30 June 2017	31 December 2016
	\$	\$
Receivable on sale of GCI - current	410,004	418,807
Receivable on sale of GCI – non-current	217,591	453,568
Receivable from GCI	627,595	872,375
Other receivables - current	18,487	11,894
Total receivables	646,082	884,269
Current	428,491	430,701
Non-current:	217,591	453,568
Total receivables	646,082	884,269

4. Investment accounted for using equity method

	30 June 2017	31 December 2016
	\$	\$
Investment in associated entity	375,203	2,290,032

Details of equity accounted investment are as follows:

Entity	Principal activity	Beneficial interest	
		30 June 2017	31 December 2016
Imagine Intelligent Materials Pty Ltd (Imagine IM)	Graphene applications development	30%	40%

	30 June 2017	31 December 2016
	\$	\$
<i>Movements during the period</i>		
Balance at beginning of period	2,290,032	1,436,779
Share of GCI's profit	-	254,190
Carrying value	2,290,032	1,690,969
Disposal of GCI	-	(1,690,969)
	2,290,032	-
Additions – Imagine IM	-	2,502,799
Share of loss of Imagine IM	(250,357)	(212,767)
Impairment loss on Imagine IM	(1,664,472)	-
Balance at end of period	375,203	2,290,032

5. Deferred exploration and evaluation costs

<i>Movements during the period</i>		
Balance at beginning of period	498,751	433,572
Additions	44,812	60,985
Foreign currency difference to Exchange Reserve	(29,567)	4,194
Balance at end of period	513,996	498,751

6. Contributed Equity

	30 June 2017	31 December 2016
Issued Capital – Number of shares	<u>165,305,889</u>	<u>162,305,889</u>
Value of Issued Capital	<u>\$13,170,374</u>	<u>\$12,875,053</u>

Movements during the period

	30 June 2017 Number	31 December 2016 Number	30 June 2017 \$	31 December 2016 \$
Balance at beginning of period	<u>162,305,889</u>	<u>82,367,602</u>	<u>12,875,053</u>	<u>8,288,959</u>
Shares issued	3,000,000	79,299,990	300,000	4,846,399
Share based payment	-	638,297	-	30,000
Share issue costs	-	-	(4,679)	(290,305)
	<u>3,000,000</u>	<u>79,938,287</u>	<u>295,321</u>	<u>4,586,094</u>
Balance at end of period	<u>165,305,889</u>	<u>162,305,889</u>	<u>13,170,374</u>	<u>12,875,053</u>

7. Options

As at 30 June 2017, there were 64,883,607 unissued ordinary shares under option (December 2016: 63,383,607).

Details of option movements during the financial period are set out below:

Expiry Date	Exercise Price per Share	31 December 2016 Number	Issued Number	30 June 2017 Number
31 December 2017	\$0.25	63,383,607	1,500,000	64,883,607
		<u>63,383,607</u>	<u>1,500,000</u>	<u>64,883,607</u>

8. Loss per share

	June 2017 \$	June 2016 \$
Loss used to calculate basic and diluted loss per share	<u>2,616,738</u>	<u>826,721</u>

Weighted average number of shares and options

	Number of shares	Number of shares
Weighted average number of ordinary shares outstanding during the period, used in calculating basic loss per share	165,123,569	89,397,576
Weighted average number of dilutive options outstanding during the period	-	-
Weighted average number of ordinary shares and potential ordinary shares outstanding during the period, used in calculating diluted loss per share	<u>165,123,569</u>	<u>89,397,576</u>

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

Notes to the Financial Statements (continued)

9. Contingent Liabilities and Assets

Details of guarantee provided by the Consolidated Entity and outstanding as of 30 June 2017 was:

Entity	Lending bank	Borrower	Amount
Texas and Oklahoma Coal Company (USA) LLC	First Priority Bank	George Colliers, Inc	US\$ 274,600

10. Subsequent Event

In August 2017, the Company completed a strategic review on its ongoing investment in Imagine Materials ("Imagine IM") and decided to divest its 30% position in Imagine IM. This allows the Company to focus to develop its 100% owned Canadian assets. Notwithstanding the Company's investment in Imagine IM was impaired by \$1,664,472 to its value in use at 30 June 2017 (\$375,203), in August 2017 the Company completed a Sales and Purchase Agreement with unrelated third parties to acquire PAK's holding in Imagine IM. \$1,887,963 net proceeds received from the sale strengthens free cash available to develop its British Columbia Canada coal assets, particularly the Elko Coking Coal Project.

Apart from the above, there has not arisen in the interval between the end of the interim period and the date of this review report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity.

11. Segment Reporting*Reportable Segments*

The Consolidated Entity has identified its operating segments 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.

During the half year to 30 June 2017, management has identified the Consolidated Entity as having two reportable segments, being the geographic location of assets in the USA and Australia.

Below is an analysis of the Consolidated Entity's revenue and operating results from reportable segments:

<i>Consolidated 6 months to 30 June 2017</i>	USA	Australia	Total
	\$	\$	\$
Other revenue			
Interest income	-	36,317	36,317
Other income	-	82	82
Expenses			
Employee expenses	(85,738)	(152,994)	(238,732)
Administration costs	(31,626)	(381,206)	(412,832)
Interest expense	(25)	-	(25)
Share of loss of equity accounted investment	-	(250,357)	(250,357)
Impairment loss on equity accounted investment	-	(1,664,472)	(1,664,472)
Foreign currency exchange loss	(236)	(86,483)	(86,719)
Profit / (Loss) before income tax	<u>(117,625)</u>	<u>(2,499,113)</u>	<u>(2,616,738)</u>

Consolidated 6 months to 30 June 2016

Other revenue			
Share of profit/(loss) of equity accounted investment	254,190	(25,000)	229,190
Interest income	-	1,009	1,009
Expenses			
Employee expenses	(93,200)	(65,100)	(158,300)
Project and feasibility costs	(4,071)	-	(4,071)
Administration costs	(50,282)	(405,210)	(455,492)
Loss on sale of equity accounted investment	-	(406,492)	(406,492)
Foreign currency exchange loss	(180)	(32,385)	(32,565)
Profit / (Loss) before income tax	<u>106,457</u>	<u>(933,178)</u>	<u>(826,721)</u>

Notes to the Financial Statements (continued)

11. Segment Reporting (continued)

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

Consolidated as at 30 June 2017

	USA \$	Australia \$	Total \$
Current assets	20,289	2,895,159	2,915,448
Non-current assets	516,276	375,203	891,479
Total assets	536,565	3,270,362	3,806,927
Current liabilities	85,063	172,315	257,378
Non-current liabilities	-	-	-
Total liabilities	85,063	172,315	257,378
Net segment assets	451,502	3,098,047	3,549,549

Consolidated as at 31 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

DIRECTORS' DECLARATION

For the half year ended 30 June 2017

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001* (Cth), *Australian Accounting Standard AASB 134 'Interim Financial Reporting'*, *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; 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.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Simon Bird
Director
Sydney
13 September 2017

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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL**

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Fx: (612) 9263 2800

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Pacific American Coal Limited and its Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
PACIFIC AMERICAN COAL**

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pacific American Coal Limited and its Controlled Entities are not in accordance with the Corporations Act 2001 including:

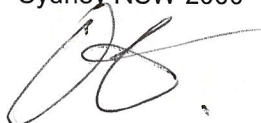
- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$2,640,415 and net cash outflows from operating entities of \$681,695 during the half year ended 30 June 2017. As stated in Note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



Drew Townsend

Partner

Dated: 13 September 2017