



ASX Release

Friday, 29th July 2016

ASX Codes

PAK, PAKO

About

Pacific American Coal Limited is focused on the production, development and exploration of metallurgical coal assets in North America. The Company's strategic focus is on the 100% owned Elko coking coal project in British Columbia and its investments in technological advanced opportunities. PAK has 100% ownership in a total of 8 Coal Leases in the Kootenay and Peace River Coal Fields in British Columbia - Canada and tenements in application in low volatile bituminous region of the Arkoma coal basin in Oklahoma and the Raton coal basin in Colorado.

Board

Non-Executive Chairman – Geoff Hill
Non-Executive Director – Simon Bird
Non-Executive Director – Paul Chappell

Company Secretary

Ian Morgan

Management

Chief Executive Officer – Mark Sykes
Business Development – Dom Hill

Project	Stage	Location
Elko	Exploration	Canada
Hazell	Exploration	Canada
P8	Mine	Oklahoma
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma
Left Fork	Exploration	Colorado

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**Quarterly Report
for the quarter to
30th June 2016**

SUMMARY

Pacific American Coal Limited (ASX: PAK) is pleased to provide its Quarterly Activities Report for the three months ended 30th June 2016.

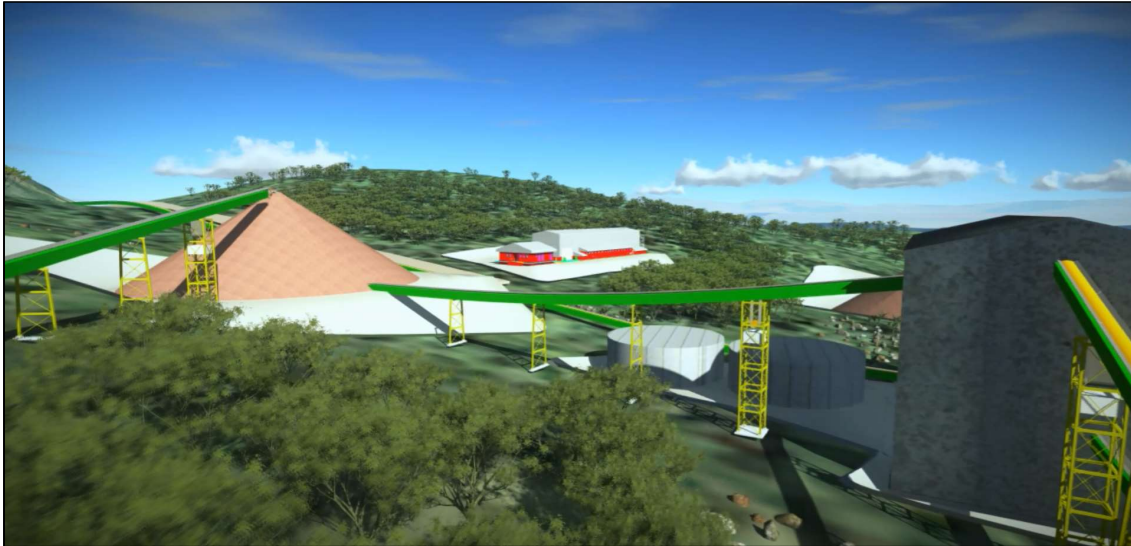
Key activities the Company engaged in during the period include:

- **Elko Coking Coal Project**
 - Completion of 3D Mine site Modelling
 - Exploration planning
- **Imagine Intelligent Materials Investment**
 - Capital Raising of \$1,594,000
 - Finalise 20% Acquisition
- **Divestment of PAK's equity interest in GCI for A\$1m**
- **Annual General Meeting**
- **Cash Management**

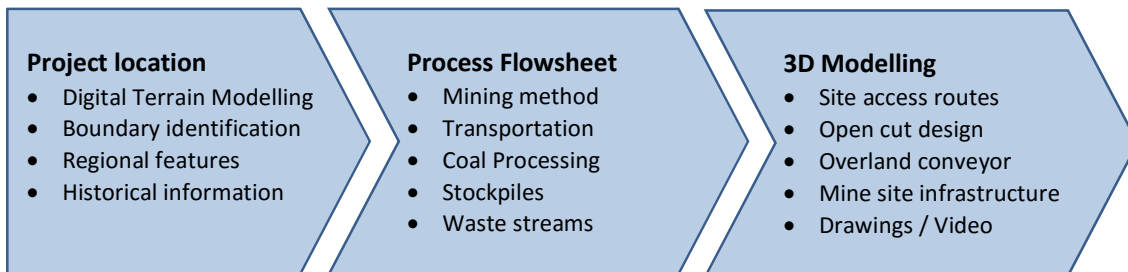
OPERATIONAL ACTIVITY

Hatch Limited completes Elko Coking Coal Project 3D mine site layout

During the period, Hatch Ltd completed the 3D mine site layout and modelling that identifies the major infrastructure and production components required to set up an operation within the Elko Coal Licence area.



To achieve the project brief set by PAK, Hatch established a process to ensure the final output met the Company's objective. Hatch undertook the following key phases:



Elko Project Brief

1. To reduce the start-up capital requirements, the Elko Coking Coal Project should leverage the open cut opportunity at Elko. These early open cut workings would provide geotechnical stability above the underground portals in addition to offering a level footprint that would support locating the required mine site infrastructure
2. The project infrastructure should be able to be scaleable as the operation transitions from an open cut operation to an underground operation
3. The mine site infrastructure should be located in a safe and easily accessible area to the nearby public road and rail infrastructure.

Mine Site Location and Processing Design

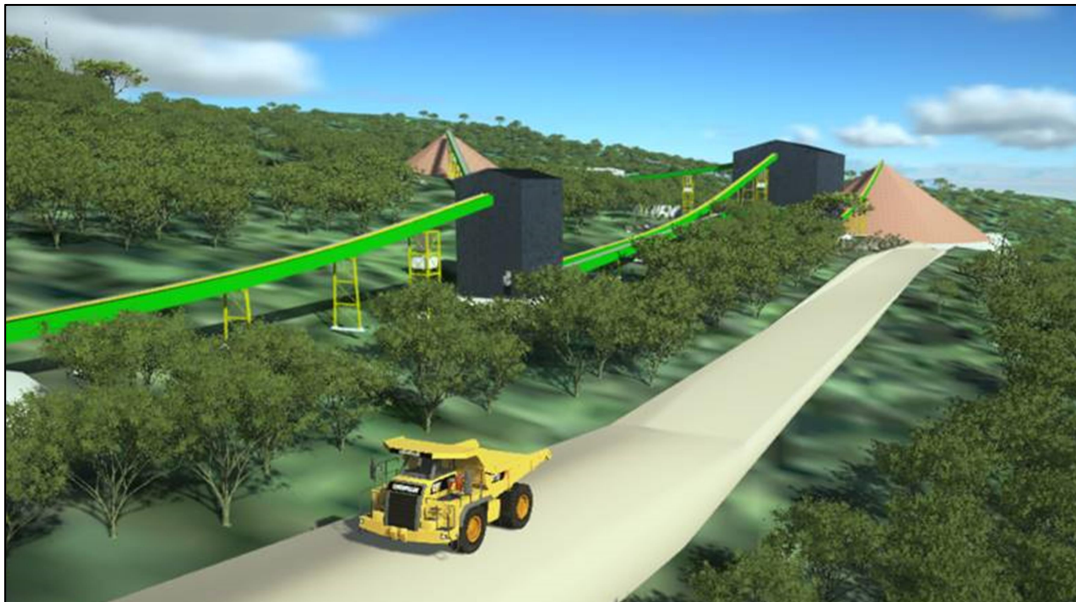
Open cut benches	Plant feed conveyors – nominal and emergency
Underground portal entry / exit	Coal Handling Preparation Plant (CHPP)
Mining area workshops	Product CHPP conveyor, stockpile and haul road
Overland conveyor and mine access road (CHPP to mining operations)	Dry stack and co-disposal of tailings and rejects
Run of mine (ROM) surge bin and Emergency ROM stockpile	Rejects / tailings CHPP conveyor, ROM rejects conveyor and 'dry' stockpile
Primary sizing station, Secondary sizing station, including rolls screen	Administration and workshops

Elko Operational Scale

The Elko Coking Coal Project has the capacity of being a 1 -2 mtpa operation during the initial years of operation based on the resource containing an area suitable to a low strip ratio open cut mine. The project then has the ability to expand production capacity over time as the underground operation is established. The Company sought to adopt a capital expenditure schedule over a broader time frame, with underground development expenditure occurring during a period when the operation is in cash flow. This approach maximises the capital efficiency of the project while minimising risk.

Hatch delivered the 3D modelling and video fly-through on the Elko Coking Coal Project. Additional information and the video can be accessed via the following link to the Company's website:

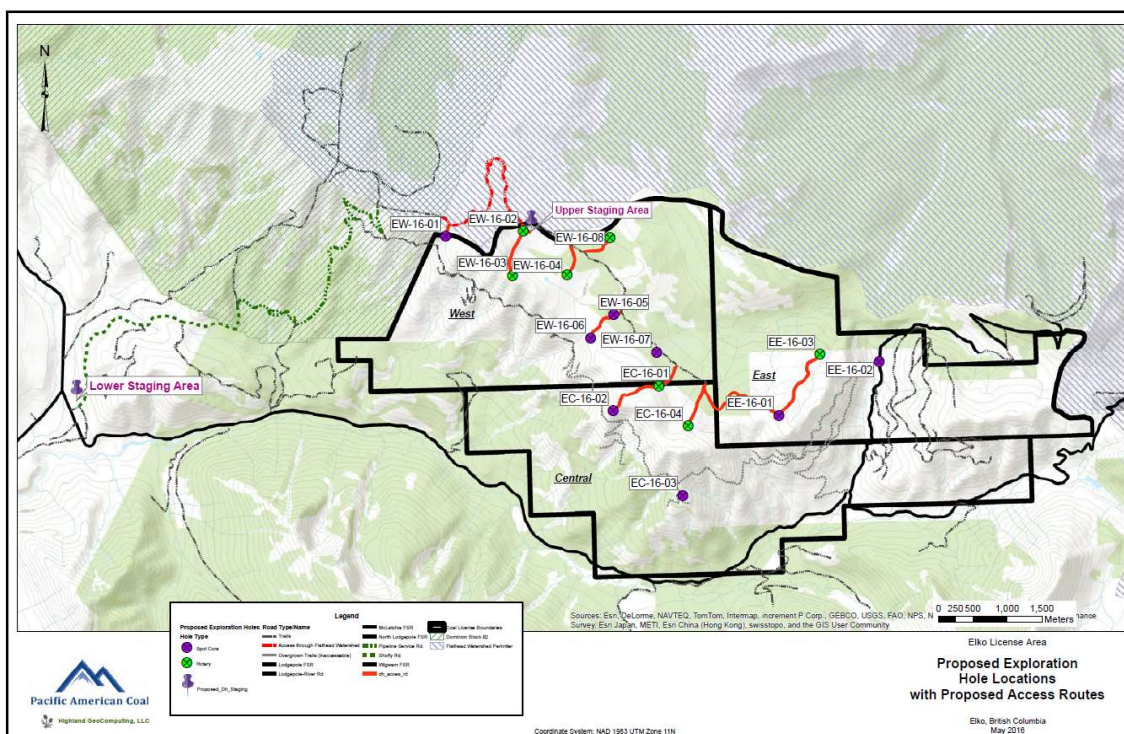
[Elko Coking Coal Project](#)



PAK Commences Exploration Planning at ELKO

During the period, PAK engaged a third party geological consultancy firm to commence planning for the next round of exploration at the ELKO Coking Coal Project. The main focus of the future exploration is to improve the resource classification of the Elko Project, and to source appropriate material so as to conduct geotechnical and metallurgical analysis.

The planning phase included the identification of drill hole locations and depth, along with the access routes required to reach these locations. The proposed exploration holes and access roads are shown in the figure below.



PAK worked with the consulting geological firm to establish a priority listing to ensure high value areas were identified.

The exploration plan is specifically designed to:

- Determine down-dip extent of the coal bearing strata
- Identify general structural trends, features and domains (e.g. faulting).
- Collecting coal core for the SM5/SM6 and SM7 seams.

Additional work proposed during the exploration phase will be to conduct detailed geological mapping, initiate preliminary environmental data collection, and build on the established working relationships with local contractors and First Nations groups.

Details of the proposed exploration plan are outlined below:

Resource Area	DHID	Hole Type	Collar Elevation	Rotary Hole Depth	Estimated Coal Thickness	Core Hole Depth	Estimated Core Thickness	Total Drilled Depth	Priority
Elko West	EW-16-01	Spot Core	2,007	549.0	36.6	176	4.9	725.0	1
Elko West	EW-16-02	Rotary	2,085	779.7	32.1	n/a	0.0	779.7	2
Elko West	EW-16-03	Rotary	2,178	685.7	32.1	n/a	0.0	685.7	1
Elko West	EW-16-04	Rotary	2,034	636.8	29.4	n/a	0.0	636.8	1
Elko West	EW-16-05	Spot Core	1,964	480.7	29.5	180	9.0	660.7	1
Elko West	EW-16-06	Spot Core	2,008	438.3	30.8	176	11.9	614.3	1
Elko West	EW-16-07	Spot Core	1,934	520.6	31.1	200	4.4	720.6	1
Elko West	EW-16-08	Rotary	1,999	923.9	30.0	n/a	0.0	923.9	3
Total Elko West				5,014.8	251.6	732	30.2	5,746.8	
Elko Central	EC-16-01	Rotary	2,000	449.0	19.9	n/a	0.0	449.0	2
Elko Central	EC-16-02	Spot Core	2,046	394.0	27.5	218	7.7	612.0	1
Elko Central	EC-16-03	Spot Core	1,871	187.2	20.8	184	20.8	371.2	2
Elko Central	EC-16-04	Rotary	2,007	668.0	32.3	n/a	0.0	668.0	3
Total Elko Central				1,698.2	100.5	402	28.5	2,100.2	
Elko East	EE-16-01	Spot Core	2,013	599.7	31.6	194	4.4	793.7	1
Elko East	EE-16-02	Spot Core	1,583	312.7	27.7	184	12.4	496.7	3
Elko East	EE-16-03	Rotary	1,847	702.5	31.8	n/a	0.0	702.5	3
Total Elko East				1,614.9	91.0	378	16.8	1,992.9	
Total All Areas				8,327.9	443.1	1512	75.4	9,839.9	

CORPORATE ACTIVITY

Imagine Intelligent Materials Investment

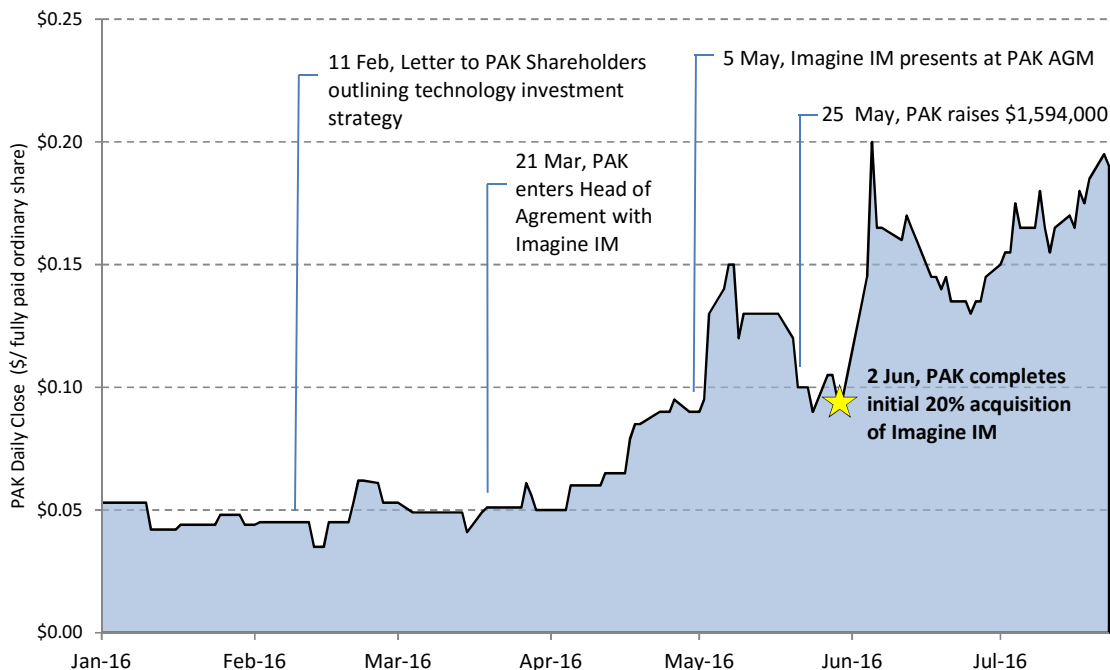
During the quarter, the Company successfully completed a \$1,594,000 capital raising via a placement to professional and sophisticated investors. The funds enabled PAK to complete the initial 20% acquisition of Imagine Intelligent Materials (**Imagine IM**) through its 100% owned private subsidiary Pacific Technology Investments (**PTI**).

Background

In a letter to shareholders (dated 11 Feb, 2016) Geoff Hill, Chairman of PAK, notified shareholders the Company was seeking investment opportunities in carbon based technology. The Company subsequently identified Imagine IM as a valuable investment opportunity, consisting of high calibre management and licenses to graphene technology. PAK completed the initial 20% acquisition of Imagine IM on 2 June 2016.

The Board's strategy to diversity the Company's investment portfolio into carbon based technology received strong investor support through the capital raising period. The subsequent value creation in the Company's share price is confirmation the boarder market supports the Board's decision to pursue carbon value based technology opportunities.

PAK Year-to-date share price performance



As recently announced, PAK is finalising an additional 20% acquisition in Imagine IM through a share swap, due for completion in July 2017.

Excerpt from recent Imagine IM updates - as per PAK's ASX announcement dated 14 April 2016

"Mr Gilbey said that Sydney headquartered **Imagine IM, the leading Australian developer of graphene applications for industry** had entered into a licensing agreement with Australia's largest geotextiles manufacturer, Geofabrics Australasia Pty Ltd."

"The scientific and engineering team at Imagine IM is proud that we have taken graphene out of the research laboratory and **transformed its potential into a genuine commercial application** and in so doing boosted Australia's 'clever country' credentials."

Geofabrics is scheduled to provide the marketplace with the first of its **graphene coated geotextile products in August this year**. The products will be manufactured at Geofabrics' facility in Albury, NSW.

The General Manager at Geofabrics, Brendan Swift said: "We are the leading geotextiles manufacturer in Australia and **we entered into the agreement with Imagine IM because of our belief in graphene and our belief in Imagine IM's ability to quality assure the product and the supply chain**. We believe that our bidim® geotextile with graphene coating is a 'game changer' for the geotextile industry. It will be a high tech solution at an extremely competitive price."

About Imagine Intelligent Materials

Imagine is the leading Australian developer of graphene-based coatings for industrial textiles and fibres. It was founded in 2014 by a group of scientists led by Chris Gilbey and Phil Aitchison, with a vision to create disruptive products and solutions that use graphene.

Imagine has developed a licensing and certification model to ensure that participants in the supply chain are required to meet a set of standards of materials quality. Imagine is the first company in the world to develop conductive geomaterials using functionalised graphene.

Divestment of PAK's equity interest in GCI for A\$1m

During the period, PAK announced the sale of the Company's 30% equity investment in GCI for A\$1m. PAK reached an agreement with the GCI's major shareholder to purchase PAK's 30% interest on terms that mutually benefit each party. The key terms of the sale include:

- 100% recovery of PAK's original investment in GCI of US\$731,250
- 24 month repayment schedule commencing 15 Jan 2017
- PAK to retain a board position and full voting rights until all funds received
- PAK to receive 8% on outstanding payments, with a 4% penalty rate apply to late payments

Annual General Meeting

The Company held its Annual General Meeting (AGM) of Members on the 5th May 2016 with the passing of all resolutions. The resolutions put to members included the re-election and election to the Board of Mr Simon Bird and Mr Paul Chappell respectively. Special Business of the meeting included resolutions that facilitated the \$1,594,000 capital raising and the 2 stage acquisition of up to 40% in Imagine IM.

Cash Management

During the period, the Company has maintained a focus on minimising costs and maximising shareholder returns. The funds raised during the period were used to finalise the initial acquisition of 20% in Imagine IM and to cover the costs of the raise and the necessary due diligence required to complete the transaction.

The Company has set aside the proceeds from the sale of the 30% interest in GCI to the ongoing advancement and development of the Elko Coking Coal Project.

The financial result for the period demonstrates the Company's ability to achieve positive results through effective cost management.

With the establishment and success of Pacific Technology Investments, the Board is committed to exploring opportunities that will ensure the future of the Company through this period of volatility in the commodity markets.

Website Update

PAK is currently redesigning the Company website. The website design, layout and content is being constructed and managed internally. The new website will more accurately reflect the current investment portfolio of the Company. The website address will remain www.pamcoal.com.

Tenement Management Updates

During the quarter, there was no change to the ownership in the Company's tenements.

	Tenement Reference	Nature of interest
Mining tenements held at the end of the quarter	Elko Coal Licences in British Columbia, Canada. Licences 418648, 418649 and 418650.	100% ownership
	South Hazel Coal Licences in British Columbia, Canada. Licences 418645, 418646 and 418647.	100% ownership
Mining tenements acquired during the quarter	Nil	Nil
Mining tenements relinquished during the quarter	Peace River Coal Licences in British Columbia, Canada. Licences 418676 and 418677.	100% ownership
Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter	Nil	Nil
Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed during the quarter	Nil	Nil

FOR FURTHER INFORMATION CONTACT:

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More details are available on PAK's website www.pamcoal.com

COMPETENT PERSON'S STATEMENT

Previously Released Information

These ASX announcements refer to information extracted from reports available for viewing on the Company's website www.pamcoal.com

- 16.06.2014 TOCC Assets Independent Review
- 02.11.2015 Elko Coal Project Maiden JORC Resource 257.5 Million Tonnes

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of exploration targets, that all material assumptions and technical parameters underpinning the exploration targets in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcements.