

2 June 2016

ASX Market Announcements

PACIFIC AMERICAN COAL FINALISES FIRST GRAPHENE TECHNOLOGY INVESTMENT

Pacific American Coal limited is pleased to announce the company has finalised the 20% acquisition of Imagine Intelligent Materials through its 100% owned private subsidiary Pacific Technology Investments (PTI).

Geoff Hill, Chairman of Pacific American Coal said *“While the Elko coking coal project in British Columbia remains our long term focus, the diversification through investments in technology companies such as Imagine should give PAK significant upside potential through the commercialisation of carbon and graphene based technologies”*

Imagine Intelligent Materials (Imagine IM)

Imagine IM 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 using graphene and a focus on high volume industrial applications. Imagine IM has developed a licensing and certification model to ensure end product quality and replicability.

Geosynthetics

In May 2016 Imagine IM announced an agreement with Geofabrics Australasia Pty Limited, Australia’s largest geotextiles manufacturer. Under the agreement Imagine IM will license the use of its conductive coating solution, imgne™ X3, to Geofabrics. Imgne™ X3 will be used to make Geofabrics’ geotextile product, bidim® into a conductive geotextile. Civil engineering companies will, as a result, have improved capacity to locate and remedy leaks in landfill and mining construction at an inexpensive price. The first Geofabrics products using imgne™ X3 will be available from August 2016.

Graphene Plant

Imagine IM is completing the build of Australia’s first commercial graphene plant to enable it to meet the projected demand from Geofabrics. The plant is being constructed by Geelong based engineering company, Austeng and will be operated at a location in Geelong. The full capacity of the plant will be 10 tonnes.

Pacific Technology Investments Overview

PAK has established a private technology holding company Pacific Technology Investments to review and potentially acquire cutting edge technology opportunities. The company will focus on the carbon technology space as well as mining technologies that can add value through specific commodities like coal. PTI is currently looking to partner with technical institutions, start up enterprises and private funding networks to establish a portfolio of technology investments.

Elko Project Update

Over the past few months PAK has been working with its consultants to develop a drilling exploration plan and engineering study. A further announcement will be forthcoming with detailed information on the work done to date.

About Pacific American Coal Limited

PAK will continue to pursue its North American coal interests with the most valuable asset being the Elko coking coal project in British Columbia. PAK directors believe that the market will better reflect the true value of this project at some point in the future.

Imagine IM Transaction Details

Members' Approval

At its annual general meeting held Thursday 5 May 2016, PAK obtained members' approval to acquire up to 40% of Imagine IM.

Successful Cash Placement

PAK announced on 25 May 2016 that it had completed a placement of 33,200,000 new PAK shares at \$0.048 cash per share to professional and sophisticated investors to raise \$1,593,600, before costs and fees, **(Placement)**.

The Placement settled and Placement shares were issued 25 May 2016.

New shares issued under the Placement rank equally with existing PAK shares.

All new shares were issued in accordance with the Company's capacity under ASX Listing Rule 7.1.

Funds not utilised to acquire shares in Imagine will be used for working capital and research.

PAK's Acquisition of Imagine IM

- 1 The Company has acquired 20% of Imagine IM for \$1,250,000 cash. **(Initial Acquisition)**
- 2 With completion of the Initial Acquisition, PAK will be entitled to nominate a director to the board of Imagine IM. Mr Simon Bird, PAK's non-executive director, has consented and will be nominated to the Imagine IM Board.
- 3 Following completion of the Initial Acquisition, PAK will acquire shares in Imagine IM, comprising a further 20% of Imagine IM, from Imagine IM's existing shareholders **(Vendors)** in consideration for the issue of PAK shares to the Vendors **(Share Exchange)**.
- 4 Upon completion of the Share Exchange, PAK will be entitled to nominate a second director to the board of Imagine IM.

For further information please contact:

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