Pacific American Coal

ASX Codes PAK, PAKO

Ordinary shares listed	119m
Options listed	39m
Market Cap (undiluted at 14.5 cps)	$17m

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.

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

Pacific American Coal Limited

ABN 83 127 131 604

GPO BOX 3486 SYDNEY, NSW, 2001

P. +61 2 9252 5300

www.pamcoal.com

8 September 2016

PACIFIC AMERICAN COAL LIMITED (PAK)

HALF-YEAR REPORT – 30 JUNE 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-Year Ended 30 June 2016	Four Months Ended 31 December 2015	Change	
			Amount	%
	$A000	$A000	$A000	
Revenue from ordinary activities	**255**	83	172	207
Loss from ordinary activities after income tax attributable to members	**827**	219	608	278

Explanations

Refer the Half-Year Report – 30 June 2016 following this report.

DIVIDENDS

There are no proposed dividends.

HIGHLIGHTS

- 100% recovery of PAK's original investment in GCI (A$ 1.0 million)
- Completed A$ 1.5 million cash capital raising
- Acquired 40% of Imagine IM
- Completed 3D mine site modelling of Elko coking coal project
- Investigations to acquire undervalued assets

ABOUT PACIFIC AMERICAN COAL LIMITED (PAK)

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 will seek to optimize potential project development parameters and engage in negotiations with industry operators with a view to eventually developing the project for sales into export markets, primarily in eastern Asia.

ABOUT IMAGINE INTELLIGENT MATERIALS PTY LTD (IMAGINE IM)

Imagine IM is a 40% owned associate of PAK. It is developing graphene-based coatings for industrial textiles and fibres as well as other graphene related commercial applications. It is the first company in the world to develop conductive geosynthetic materials using functionalised graphene.

The PAK investment in Imagine IM is integral to Pacific American's strategy to seek exposure to high growth carbon technologies that are compatible with ownership and development of it quality coking coal assets in British Columbia, Canada.

Please see our website at www.pamcoal.com for further information.

PACIFIC AMERICAN COAL LIMITED ABN 83 127 131 604

CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

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CORPORATE INFORMATION

Registered Office

Level 14, 52 Phillip Street
Sydney, NSW, 2000
Telephone: +61 2 9252-5300
Facsimile: +61 2 9252-8400
Website: 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

Level 14, 52 Phillip Street
Sydney, NSW, 2000
Telephone: +61 2 9252-5300
Facsimile: +61 2 9252-8400

Solicitors

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

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

Level 14, 52 Phillip Street
Sydney, NSW, 2000
Telephone: +61 2 9252-5300
Facsimile: +61 2 9252-8400
Website: 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 2016. 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

2. Principal Activities

The Company holds Canadian coking coal assets through its 100% owned subsidiary PAC Canada and a carbon based nanotechnology investment through its 100% owned subsidiary Pacific Technology Investments Pty Ltd (**PacTech**).

PAC Canada

PAC Canada is a natural resources company specialising in the exploration and development of coking coal in Canada. PAC Canada holds exploration licenses over the Hazell and Elko projects located in the East Kootenay Coal Basin. The Hazell project is a greenfields exploration coking coal and PCI project located in close proximity to existing mines and other exploration projects currently being developed. The Company's flagship project is the Elko Coking Coal Project located in southern region of the highly productive coking coal fields of South East British Columbia.

PacTech

PacTech is a technology company specialising in the commercialisation of carbon based nanotechnology. During the half year ended 30 June 2016, PacTech acquired a 20% equity position in Imagine Intelligent Materials.

3. Review of Operations

PAC Canada

Elko Coking Coal Project

The Company's flagship coking coal project Elko is a multi-seam high grade open cut and underground asset, situated close to existing infrastructure with a direct rail link to ports in Vancouver. During the half year ended 30 June 2016, the Company progressed the Elko Coking Coal Project through studies and reviews aimed at enhancing the understanding and viability of the project

The Elko project consists of 3 exploration licenses covering 3,568 Ha. The Company aims to produce a hard coking product to supply the export markets in the Asia region.

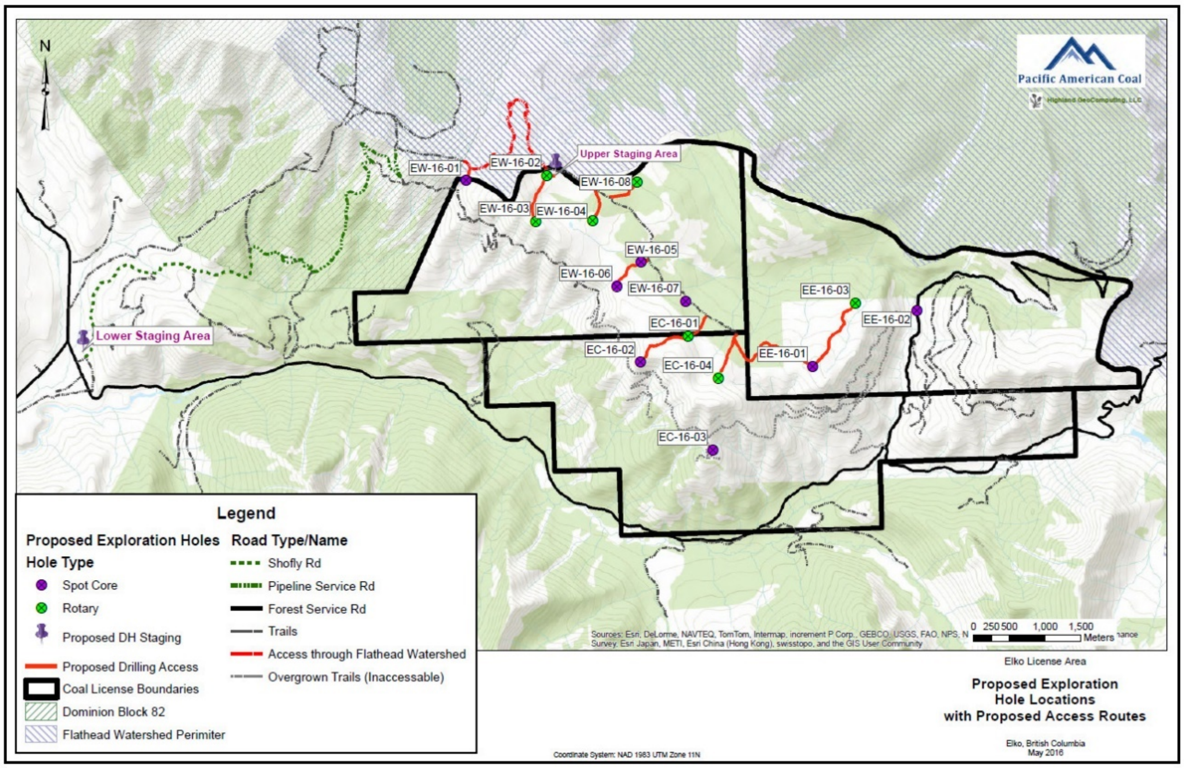
Elko is located in a known coal producing region with nearby access to rail, port, road, power and water facilities. The Elko Project has a JORC (2012) Resource consisting 257Mt of hard coking coal and PCI with an open cut resource of 13Mt. The resource compares favourably with other large scale operations in British Columbia with coal quality comparable to benchmark hard coking coal products.

Elko JORC 2012 Resources (MT)	
Measured	19.2
Indicated	181.3
Inferred	57.0
Total Resource	257.5

Elko Exploration Plans

The Company developed an exploration plan and budget for the Elko project focused on increasing the Company's knowledge on the resource, coal quality and geotechnical structure. The Company aims to upgrade the coal resources and coal quality through a three phased cost effective drilling and sampling program.

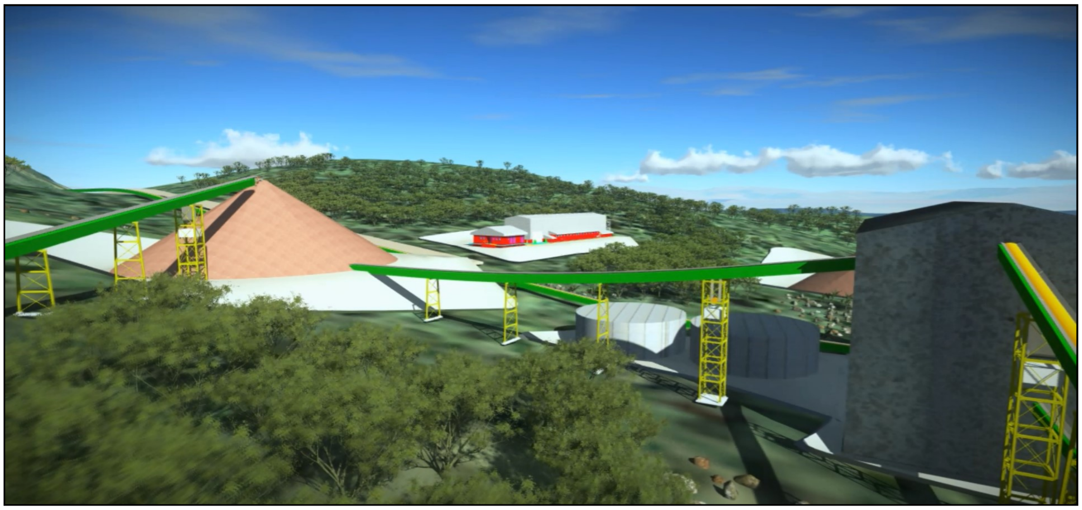
The main focus of future exploration is to improve the Resource classification of the Elko Project to Reserve classification, and to source appropriate material to conduct geotechnical and metallurgical analysis. The planning phase included the identification of drill hole locations and depth, along with the access routes required to reach these locations. The proposed exploration holes and access roads are shown in the figure below. The exploration plans have been developed with a phased approach to ensure the most cost effective exploration is implemented.

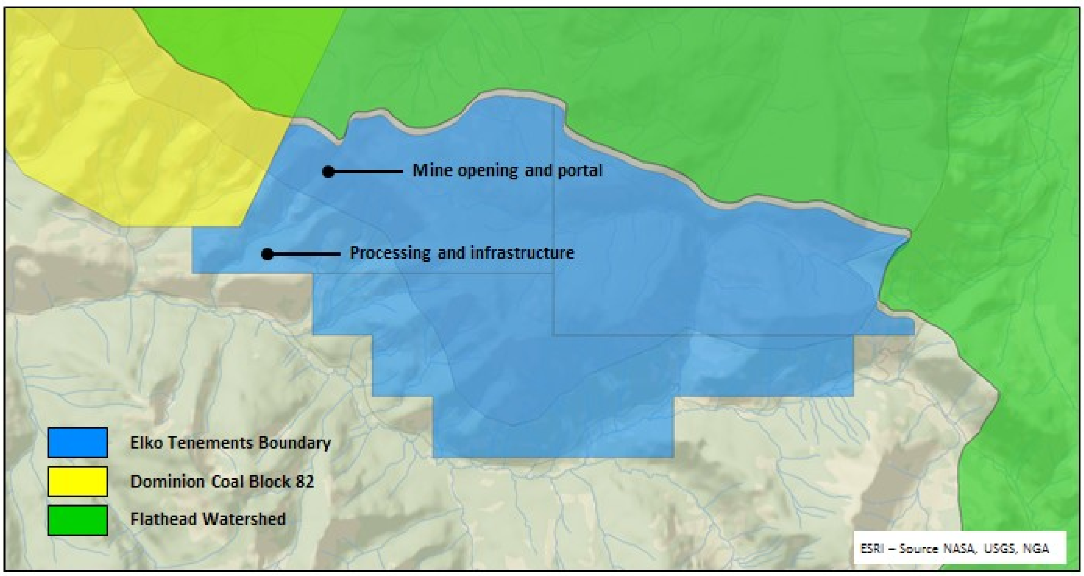


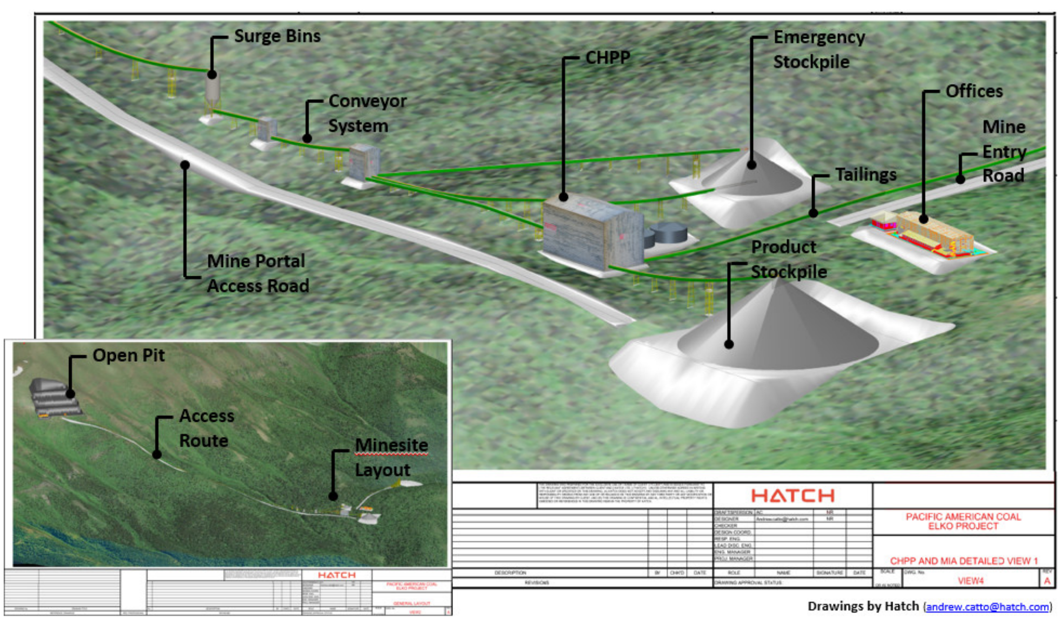
Elko Engineering and Infrastructure Study

Hatch Ltd, a global leader in mine engineering and design, 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.

The study showed that Elko can conceptually produce 1Mt-2Mt per annum of hard coking coal through an open cut mine followed by a short wall underground operation. Results from the study will be used for further concept studies focused on the CAPEX requirements







Drawings by Hatch (andrew.catto@hatch.com)

Georges Colliers Inc

Through its controlled entity, the Company held 30% of GCI with an option to acquire a further 50% interest in GCI by 31 March 2016. The Board decided not to exercise that option and in May 2016 signed an agreement with a major investor of GCI to sell that 30% interest for A$1,000,000. A summary of the sales arrangement is:

- 100% recovery of original investment in GCI of US$ 731,250 (A$ 1,000,000). Refer to Note 4 for more details.
- 24 month repayment schedule commencing 15 January 2017
- Retaining a board representation and full voting rights till all funds are received
- Receiving 8% on outstanding payments, with a 4% penalty rate applying to late payments
- Receivable is secured by:
  - A personal guarantee by GCI's controlling shareholder; and
  - Pending final payment, the Company's controlled entity maintaining possession of the shares representing its 30% interest in GCI.

This has allowed the Company to reposition its capital within its high value North American asset portfolio.

4. Results

The Company's consolidated net loss after income tax for the half-year ended 30 June 2016 was $826,721 (Four months ended 31 December 2015: $218,860), which includes a disposal of 30% shareholding in Georges Colliers Inc ('GCI').

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:

- GCI Disposal
- $1.5 million capital raising
- Imagine Intelligent Materials Acquisition
- Completion of 3D mine site modelling of Elko coking coal project
- Investigations to acquire undervalued assets

During the half year ended 30 June 2016, PAK's net operating cash payments totalled $502,791 (Four months ended 31 December 2015 $263,788).

Pacific Technology Investments

PacTech is the Company's 100% owned subsidiary holding the Company's recent acquisition, Imagine Intelligent Materials. PacTech was established to review, acquire and commercialize technologies that offer disruptive solutions to major industries across the globe.

Imagine Intelligent Materials

During June 2016, the Company acquired a 20% equity interest in Imagine Intelligent Materials Pty Ltd ('Imagine IM') for A$1.25 million.

Imagine IM is a graphene company focused on the geotextiles industry. Funds raised provide imagine with the working capital to initiate and complete the construction of Australia's first graphene plant.

Imagine IM is a leading Australian developer of graphene-based coatings for industrial textiles and fibres. Imagine IM 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 IM is the first company in the world to develop conductive geomaterials using functionalised graphene.

During August 2016, the Company acquired an additional interest in Imagine IM through a share exchange arrangement with Imagine IM's shareholders. A further 20% of Imagine IM's shares was acquired in consideration for the issue of the Company's shares. The acquisition was completed on 2 August 2016. The Company now holds a 40% interest of Imagine IM. A total of 26,099,987 PAK shares were issued in exchange for the additional 20% interest.

5. 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 the 100% owned Elko coking coal project in British Columbia, Canada and its investments in technological advanced opportunities.

Imagine IM, PAK's 40%owned associate, is developing graphene-based coatings for industrial textiles and fibres as well as other graphene related commercial applications.

The PAK investment in Imagine IM is integral to Pacific American's strategy to seek exposure to high growth carbon technologies that are compatible with ownership and development of it quality coking coal assets in British Columbia.

6. 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 is set out on page 9.

7. 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.

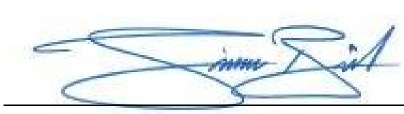
8. Competent Person's Statement

This Directors' Report refers to information extracted from the report released 2 November 2015 and titled "Elko Project Maiden JORC Resource 257.5 Million Tonnes", which is available for viewing on PAK's website www.pamcoal.com.

PAK confirms it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

PAK confirms that the form and context in which the Competent Person's findings presented have not been materially modified form from the original market announcement.

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



Simon Bird
Director
Sydney
7 September 2016

HALL CHADWICK (NSW)
Chartered Accountants and Business Advisers

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 half-year ended 30 June 2016 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: 7 September 2016

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 30 June 2016

	Note	Consolidated Entity	
		6 months to 30 June 2016	4 months to 31 December 2015
		$	$
Other revenue			
Share of profit of equity accounted investments		**254,190**	82,868
Interest income		**1,009**	280
		255,199	83,148
Expenses			
Employee expenses		**(158,300)**	(103,466)
Project and feasibility costs		**(4,071)**	(6,490)
Administration costs		**(455,492)**	(151,854)
Share of loss of equity accounted investments		**(25,000)**	-
Loss on sale of equity accounted investments		**(406,492)**	-
Foreign currency exchange loss		**(32,565)**	(40,198)
Loss before income tax		**(826,721)**	(218,860)
Income tax expense		**-**	-
Loss after income tax		**(826,721)**	(218,860)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		**(283,639)**	(83,998)
Total other comprehensive income		**(283,639)**	(83,998)
Total comprehensive income		**(1,110,360)**	(302,858)
		Cents per share	Cents per share
Loss per share:			
Basic loss	9	**(0.92)**	(0.27)
Diluted loss	9	**(0.92)**	(0.27)

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

CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2016

	Note	Consolidated Entity	
		30 June 2016	31 December 2015
		$	$
Current Assets			
Cash and cash equivalents		**986,868**	1,291,338
Trade and other receivables	4	**381,208**	9,839
Other assets		**6,426**	18,637
Total Current Assets		**1,374,502**	1,319,814
Non-Current Assets			
Fixed assets		**2,362**	2,401
Investments accounted for using the equity method	5	**1,225,000**	1,436,779
Deferred exploration and evaluation costs	6	**426,566**	433,572
Trade and other receivables	4	**654,182**	-
Total Non-Current Assets		**2,308,110**	1,872,752
Total Assets		**3,682,612**	3,192,566
Current Liabilities			
Trade and other payables		**277,621**	195,674
Total Current Liabilities		**277,621**	195,674
Non-Current Liabilities			
Total Non-Current Liabilities		**-**	-
Total Liabilities		**277,621**	195,674
Net Assets		**3,404,991**	2,996,892
Equity			
Contributed equity	7	**9,807,418**	8,288,959
Reserve		**26,950**	310,589
Accumulated losses		**(6,429,377)**	(5,602,656)
Total Equity		**3,404,991**	2,996,892
		Cents per share	Cents per share
Net tangible assets per share		**2.56**	3.11

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 30 June 2016

	Note	Contributed Equity $	Foreign Currency Translation Reserve $	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		-	-	(218,860)	(218,860)
Foreign currency translation differences		-	(83,998)	-	(83,998)
Total comprehensive income for the four months ended 31 December 2015		-	(83,998)	(218,860)	(302,858)
Balance at 31 December 2015		**8,288,959**	**310,589**	**(5,602,656)**	**2,996,892**
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)
	7	1,518,459	-	-	1,518,459
Comprehensive income					
Loss after tax		-	-	(826,721)	(826,721)
Foreign currency translation differences		-	(283,639)	-	(283,639)
Total comprehensive income for the half-year ended 30 June 2016		-	(283,639)	(826,721)	(1,110,360)
Balance at 30 June 2016		**9,807,418**	**26,950**	**(6,429,377)**	**3,404,991**

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 2016

	Note	Consolidated Entity	
		6 months to 30 June 2016	4 months to 31 December 2015
		$	$
Cash Flows Used In Operating Activities			
Cash receipts in the course of operations		**-**	-
Interest received		**1,009**	280
Cash payments in the course of operations		**(503,800)**	(264,068)
Net Cash used in Operating Activities		**(502,791)**	(263,788)
Cash Flows Used In Investing Activities			
Payment for equity accounted investments	5	**(1,250,000)**	-
Payment for exploration and evaluation costs		**-**	(49,944)
Net Cash used in Investing Activities		**(1,250,000)**	(49,944)
Cash Flows from Financing Activities			
Proceeds from the issue of securities		**1,593,600**	-
Costs associated with the issue of securities		**(105,141)**	-
Net Cash from Financing Activities		**1,488,459**	-
Net decrease in cash and cash equivalents		**(264,332)**	(313,732)
Net foreign exchange differences		**(40,138)**	(36,421)
Cash and cash equivalents at beginning of financial period		**1,291,338**	1,641,491
Cash and cash equivalents at end of financial period		**986,868**	1,291,338

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 2016 comprises the Company and its controlled entities (together referred to as the "Consolidated Entity"). The Company changed its balance date from 31 August to 31 December 2015. This is the first half year interim financial report since the Company changed its financial year end. The comparative period is the four months ended 31 December 2015.

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 August 2015, and as at and for the four months ended 31 December 2015.

This consolidated interim financial report was approved by the Board of Directors on 7 September 2016.

Going Concern

The Consolidated Entity incurred a net loss of $826,721 for the half-year ended 30 June 2016. As at 30 June 2016 the Consolidated Entity has cash and cash equivalents of $986,868, net current assets of $1,096,881 and net assets of $3,404,991.

Current operating cash inflows are not sufficient to continue to fund ongoing administration without a capital raising in the forecast period. 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 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 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.

1. Statement of Significant Accounting Policies (continued)

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.

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 August 2015, and as at and for the four months ended 31 December 2015, 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 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.

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.

1. Statement of Significant Accounting Policies (continued)

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.

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 (2015: $Nil).

3. Derivative Financial Instrument

On acquisition by the Company, TOCC (Texas and Oklahoma Coal Company (USA) LLC) held an option to acquire up to 80% of GCI based on a pro-rata amount of US$1.95m. The option was valid until 31 December 2015. Until 31 March 2016, TOCC could extend this option on the same terms for an additional fee of $50,000 (which would also be deducted from the cost of exercising the option).

Financial instruments carried at fair value are classified by valuation method using the fair value hierarchy. The different levels have been defined as:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The option to acquire a further 50% interest in GCI is classified in Level 3 as the significant inputs into the valuation are considered to be unobservable. The significant inputs utilised include the results of GCI.

On 31 March 2016 the Company decided not to exercise the option (to acquire a further 50% of GCI) and let the option lapse.

Notes to the Financial Statements (continued)

4. Trade and other receivables

	30 June 2016	31 December 2015
	$	$
Receivable on sale of GCI - current	**345,818**	-
Receivable on sale of GCI – non current	**654,182**	-
	1,000,000	-
Other receivables - current	**35,390**	9,839
	1,035,390	9,839
Current	**381,208**	9,839
Non-current:	**654,182**	-
	1,035,390	9,839

5. Investments accounted for using equity method

	$	$
Shares in associated entities	**1,225,000**	1,436,779

Details of equity accounted investments are as follows:

Entity	Principal activities	Beneficial interest %	
Georges Colliers Inc (GCI)	Coal mining	-	30
Imagine Intelligent Materials Pty Ltd (Imagine IM)	Graphene development	20	-

	30 June 2016	31 December 2015
	$	$
Movements during the period		
Balance at beginning of period	**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	**1,250,000**	-
Share of loss of Imagine IM	**(25,000)**	-
Balance at end of period	**1,225,000**	1,436,779

6. Deferred exploration and evaluation costs

Deferred exploration and evaluation costs	**426,566**	433,572
Movements during the period		
Balance at beginning of period	**433,572**	392,053
Additions	**-**	49,944
Foreign currency difference to Exchange Reserve	**(7,006)**	(8,425)
Balance at end of period	**426,566**	433,572

7. Contributed Equity

	30 June 2016	31 December 2015
Issued Capital – Number of shares	**116,205,899**	82,367,602
Value of Issued Capital	**$9,807,418**	$8,288,959

	30 June 2016 Number of shares	31 December 2015 Number of shares	**30 June 2016 $**	31 December 2015 $
Movements during the period				
Balance at beginning of period	**82,367,602**	82,367,602	**8,288,959**	8,288,959
Shares issued	**33,200,000**	-	**1,593,600**	-
Share based payment	**638,297**	-	**30,000**	-
Share issue costs	**-**	-	**(105,141)**	-
	33,838,297	-	**1,518,459**	-
Balance at end of period	**116,205,899**	82,367,602	**9,807,418**	8,288,959

8. Options

As at 30 June 2016 there were 53,383,589 unissued ordinary shares under option (December 2015: 53,383,589).

Details of options issued, exercised and expired during the financial period are set out below:

			Movements (number of options)			
Expiry Date	Exercise Price	31 December 2015	Issued	Exercised	Expired	**30 June 2016**
31 December 2017	$0.25	53,383,589	-	-	-	**53,383,589**
		53,383,589	-	-	-	**53,383,589**

9. Loss per share

	30 June 2016	31 December 2015
	$	$
Loss used to calculate basic and diluted loss per share	**826,721**	218,860

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	**89,397,576**	82,367,602
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	**89,397,576**	82,367,602

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)

10. Contingent Liabilities and Assets

Details of guarantee provided by the Consolidated Entity and outstanding as of 30 June 2016 was:

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

11. Subsequent Events

In July 2016, the Company proceeded to acquire an additional interest in Imagine Intelligent Materials Pty Ltd ('Imagine IM') through a share exchange arrangement with Imagine IM's existing shareholders. A further 20% of Imagine IM's shares were acquired in consideration for the issue of the Company's shares. The acquisition was completed on 2 August 2016. The Company now holds a 40% interest of Imagine IM. A total of 26,099,987 shares were issued in exchange for the additional 20% interest.

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.

12. 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 2016, 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:

Consolidated 6 months to 30 June 2016	USA	Australia	**Total**
	$	$	**$**
Other revenue			
Share of profit/(loss) of equity accounted investments	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	**106,457**	**(933,178)**	**(826,721)**

Consolidated 4 months to 31 December 2015			
Other revenue			
Share of profit/(loss) of equity accounted investment	82,868	-	82,868
Interest income	-	280	280
Expenses			
Employee expenses	(60,066)	(43,400)	(103,466)
Project and feasibility costs	(6,490)	-	(6,490)
Administration costs	(12,590)	(139,264)	(151,854)
Foreign currency exchange loss	(1,462)	(38,736)	(40,198)
Profit / (Loss) before income tax	2,260	(221,120)	(218,860)

Notes to the Financial Statements (continued)

12. Segment Reporting (continued)

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

Consolidated as at 30 June 2016	USA	Australia	**Total**
	$	$	**$**
Current assets	18,305	1,356,197	**1,374,502**
Non-current assets	428,928	1,879,182	**2,308,110**
Total assets	447,233	3,235,379	**3,682,612**
Current liabilities	91,325	186,296	**277,621**
Non-current liabilities	-	-	**-**
Total liabilities	91,325	186,296	**277,621**
Net segment assets	**355,908**	**3,049,083**	**3,404,991**
Consolidated as at 31 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**

13. Investments in subsidiaries

Name	**Reporting Date**	**Country of Formation / Incorporation**	**Class of Share**	**Interest Held %[1]**	
				June 2016	**31 December 2015**
Texas and Oklahoma Coal Company (USA) LLC	30 June	USA	Ordinary	**100**	100
Texas and Oklahoma Coal Company Ltd	30 June	BVI	Ordinary	**100**	100
Texas and Oklahoma Coal Company(Canada) Ltd	30 June	Canada	Ordinary	**100**	100
Texas and Oklahoma Coal Company Pickaxe Exploration LLC	30 June	USA	Ordinary	**100**	100
Pacific Technology Investments Pty Ltd (formerly Nickel Developments Pty Limited)	31 December	Australia	Ordinary	**100**	100

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

DIRECTORS' DECLARATION

For the half year ended 30 June 2016

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 2016 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* (Cth).

Simon Bird
Director
Sydney
7 September 2016

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

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

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Pacific American Coal Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Pacific American Coal Limited are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Pacific American Coal Limited's financial position as at 30 June 2016 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Pacific American Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

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 LIMITED

Independence

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

Basis for Qualified Conclusion

Pacific American Coal Limited had a 30% investment in George Collier Inc. (GCI), a foreign associate, accounted for under the equity method. Whilst this investment was sold during the period GCI's share of net income of $254,190 is included in the consolidated statement of profit or loss and other comprehensive income for the half year then ended. Notwithstanding we were given access to GCI's unaudited management accounts and limited supporting financial information, we were unable to obtain sufficient appropriate evidence about GCI's share of net income for the period. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

Conclusion

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any other matter that makes us believe that the interim financial report of Pacific American Coal Limited is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the half year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001

Emphasis of Matter

Without further modifying our conclusion, we draw attention to Note 1 to the financial statements, which indicates that the Group incurred a net loss after tax of $826,721. This condition along with other matters as set forth in Note 1 indicates the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company 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

Hall Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend
Partner
Dated: 7 September 2016