

ASX Release

Wednesday 6th June 2018

ASX Code

PAK

About Us

Pacific American Coal Limited (the Company) is focused on the production, development and exploration of metallurgical coal assets in North America. PAK's strategic focus is on the 100% owned Elko coking coal project in British Columbia. PAK has 100% ownership in 3 Coal Leases in the East Kootenay Coal Field in British Columbia - Canada and tenements in application in low volatile bituminous region of the Arkoma coal basin in Oklahoma. PAK is also actively reviewing other potential investments.

Board

Non-Executive Chairman – Geoff Hill
Executive Director & CEO – Mark Sykes
Non-Executive Director – Simon Bird

Company Secretary

Ian Morgan

Management

Business Development – Dom Hill
Investor Relations – Simon Klimt

Project	Stage	Location
Elko	Exploration	Canada
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma

Pacific American Coal Limited
ABN 83 127 131 604
GPO Box 1546
SYDNEY, NSW, 2001

www.pamcoal.com

Elko Gap Analysis Completed

Summary

Pacific American Coal Limited (**ASX: PAK**) provides the following update regarding activity at the Company's 100% owned Elko Coking Coal Project in B.C., Canada:

- The Company's consultant has successfully completed the gap analysis report. The Gap Analysis is an important document which includes critical information such as:
 - Comprehensive review of the currently available environmental baseline data, potential gaps and conclusions as to next steps.
 - Clear guidance regarding the Project's future permitting process.
- Exploration Update
 - Preparation work for the approved drilling campaign is well underway, with a selection of drillers and construction contractors currently being finalised by the team in North America
 - Ground conditions at the Elko site are improving, with the snow cover expected to have receded sufficiently to allow pre-drilling activities (preparation of access tracks and drill pads) to commence as scheduled

Gap Analysis Completed

As previously reported, the Company, through its wholly owned subsidiary (Texas and Oklahoma Coal (Canada) Limited), has been working with Nupqu Development Corporation and Dillon Consulting to complete an environmental Gap Analysis for the Elko Project. The Gap Analysis identifies key issues that need to be addressed and regulatory processes required to advance the Project through its permitting stage.

Approach

The review and Gap Analysis focused on the collection and review of information pertaining to the Lodgepole Creek, Elk River, and Flathead River watersheds. Analysis covered all key areas including:

- Physical Environment
- Topography
 - Soils
 - Geology
 - Geochemistry
 - Groundwater
 - Atmospheric (climate and air)
- Aquatic Resources
 - Surface water quality and quantity
 - Selenium
 - Sediment quality
 - Benthic invertebrates and periphyton
 - Fish and fish habitat
 - Sensitive aquatic species
- Terrestrial Resources:
 - Wildlife
 - Vegetation
 - Sensitive terrestrial species
- Social and Economic Environments
 - Land use
 - Recreation and tourism
 - Local communities
- Heritage and Archaeological Resources

Findings from the Gap Analysis identify the necessary environmental permits and activities needed to be completed as part of the preparation of both an Environmental Impact Statement (EIS) and an Environmental Assessment Report (EA). The EIS and EA reports are key supporting documents which in turn support the application for a licence to initiate development and mining at the Elko Project.

Gap Analysis Findings

The Gap Analysis is an important document that sets out the recommended priority next steps (some of which have already been commenced by PAK). These include:

- Engage with provincial and federal EA personnel to initiate the EA Process. This may include an initial information meeting(s) with regulators to provide an overview of the Project.
- Engage with Indigenous Groups, such as the Ktunaxa Nation Council, to introduce the Project and develop a go-forward strategy.
- When a conceptual Project design is ready, develop a draft Project Description (PD) for eventual submission to provincial and federal agencies. This is considered a priority task to get the Project into the Pre-Application Phase of the EA process.
- Develop workplans for environmental baseline programs.
- Pursue data sharing agreements with other proponents in the Elk Valley.

In addition to setting out priority next steps, the Gap Analysis outlined the future permitting process as well as some of the key features in surrounding Elk Valley and Flathead Valley areas.

Environmental Assessment Process

The Project is likely to be considered as a Reviewable Project under the BC Environmental Assessment Process. Under the British Columbia Environmental Assessment Act (BCEAA) a reviewable coal project is one that has:

“a production capacity of greater than or equal to 250,000 tonnes per year of clean or raw coal or a combination of clean and raw coal, and results in the disturbance of at least 750 hectares of land that was not previously permitted for disturbance.”

The provincial EA process is structured into three (3) distinct phases: Pre-Application, Application review, and the Post Certificate Stage. The overall provincial EA process is overseen by the British Columbia Environmental Assessment Office (BCEAO).

The Project will also most likely be subject to review under the Canadian Environmental Assessment Act 2012 (CEAA). Under the CEAA only “designated projects” are subject to an EA. For coal, a designated project is a proposed coal mine with a coal production capacity of 3,000 tonnes per day or more. The federal government prepares the EIS Guidelines, which outlines the information a proponent is required to provide in the submitted EIS (the Environmental Assessment Application).

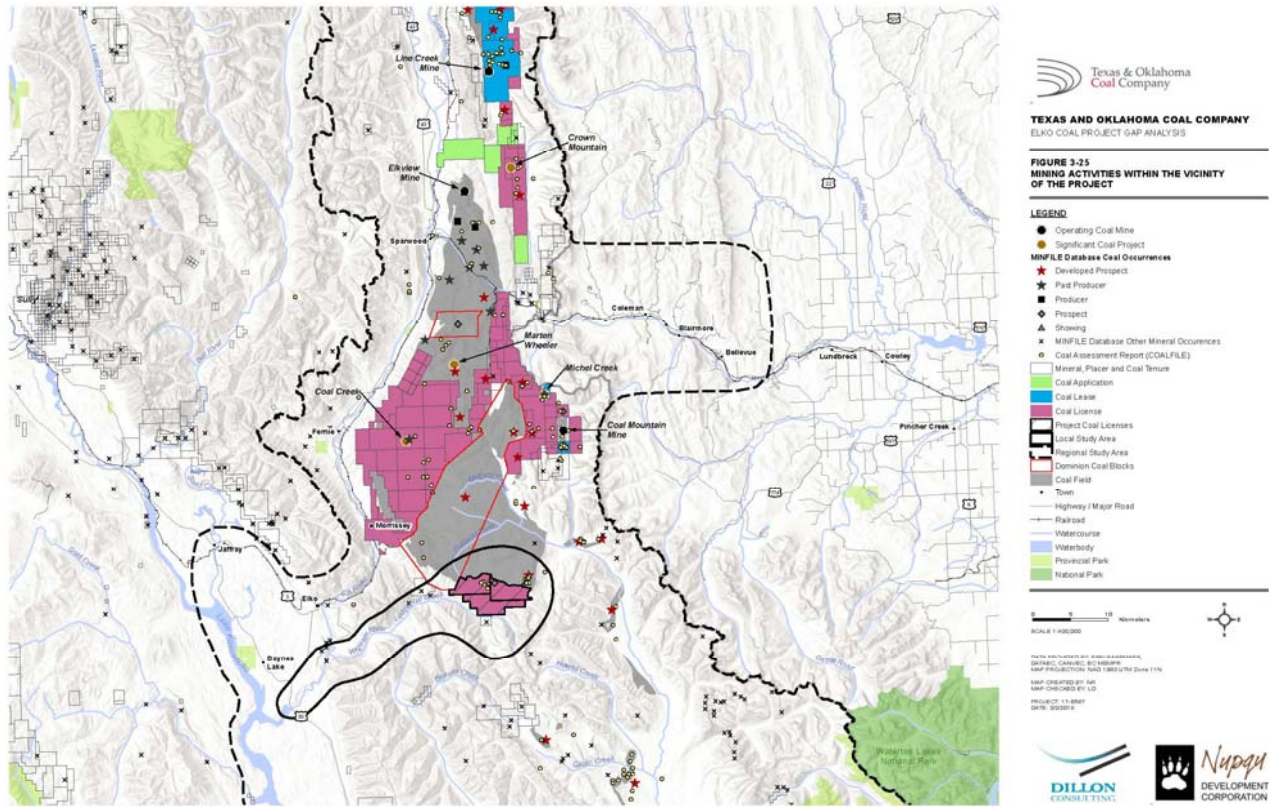
As of mid-March 2013, the BCEAO and the Canadian Environmental Assessment Agency have signed a Memorandum of Understanding (MOU) that establishes expectations, roles and procedures for implementing substitution of EAs in BC (British Columbia). Substitution is a new tool enabled by CEAA, which is intended to allow the assessment process to be conducted in a more streamlined fashion. Under substitution, where both federal and provincial EAs are required, there can be a single EA process (i.e., the provincial one) and two review/decision processes (i.e., federal and provincial).

Regional Coal Mining and Coal Exploration Activities

The Elk Valley has a long and extensive history of coal mining. Large scale coal mining began in the Elk River Valley in 1970. Today, there are 19 major mines located across the province. The Elk Valley contains the

largest producing coalfield in Canada, with several operations producing over 4 million tonnes of coal annually.

The two coal operations closest to the proposed Elko Project are Teck's Coal Mountain Mine and Elkview Mine.



In addition to the operational coal mines in the area, there are a number of on-going exploration programs and proposed projects in the Elk Valley. These activities and projects include:

- Crown Mountain Coking Coal Project (Jameson Resources) located in the headwaters of Alexander Creek; and
- Michel Creek Coking Coal Project (North Coal Limited) located in the Crowsnest Coalfield.

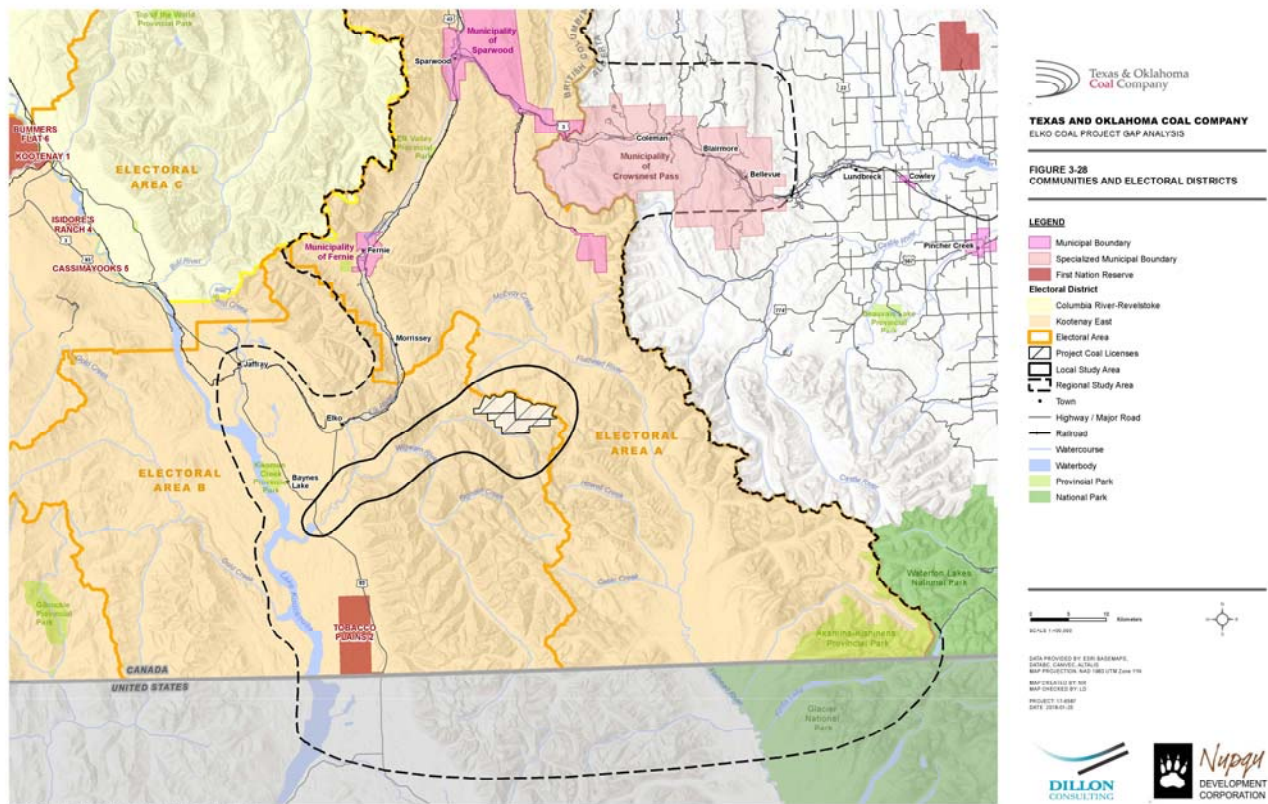
The Crown Mountain Project is currently in the Pre-Application stage of the Environmental Assessment process. Construction is expected to begin in 2019, with first coal production by 2020 and a mine life of approximately 16 years.

North Coal Limited (formerly CanAus Coal Limited) plans to construct a 5,140 ha open-pit Michel Creek metallurgical coal mine in the Elk Valley near Sparwood in the Crowsnest Coalfield. The mine is expected to produce 3.5 million tonnes of raw coal per year (2.1 million clean tonnes) over a minimum timeline of at least 10 years. North Coal submitted a Project Description to the BC Environmental Assessment Office and Canadian Environmental Assessment Agency in 2015. Operations are expected to commence in 2020 or 2021. Environmental baseline studies are underway for this project.

Communities

There are several communities surrounding the Project area include Elko, Jaffray, Baynes Lake, Fernie, and Sparwood all in BC and Coleman, Blairmore, and Bellevue in Alberta. The largest of these communities is the City of Fernie, with a population of 5,249, located on Highway 3. The community was founded in 1898 and based on an economy of natural resource extraction, primarily coal mining and forestry.

Additionally, the Tobacco Plains Indian Reserve #2 is located within the Regional Study Area. The Tobacco Plains Indian Band is part of the Ktunaxa Nation and located in Grasmere BC, about 35 km southwest of the coal licence area, extending to the BC-Montana border. There are approximately 160 members of the Tobacco Plains Indian Band



Exploration Update

In addition to the GAP Analysis, the Project team in North America has transitioned into the detailed execution phase of the 2018 exploration program. The key planning task of selecting the drillers and construction contractors is well underway, with the expectation that the Company will be in a position to make a more detailed announcement regarding the awarding of those contracts in the coming weeks.

As expected, the ground conditions at the Elko Project site are improving. Members of the project team who recently visited the site (see photos below) are reporting that the snow cover is starting to clear. Assuming the weather conditions continue to improve, the snow cover is expected to have receded sufficiently to enable the work to begin at site as scheduled.



FOR FURTHER INFORMATION CONTACT

Simon Klimt
General Manager Investor Relations
Pacific American Coal Ltd
info@pamcoal.com

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

About the Elko Coking Coal Project

The Elko Coking Coal Project is located in the Crowsnest Coalfield of the East Kootenay Coal Basin in British Columbia. The project currently has 257MT of JORC 2012 certified Resources, with a planned exploration program scheduled for summer 2018 to further delineate reserves and resources. Of the seven coal seams at Elko, three have been identified as having the potential to produce a hard coking coal product, which will provide a strong product mix with both HCC and premium quality PCI.

In May 2017 Palaris Australia Pty Ltd (Palaris) delivered a favourable Project Study Report which highlighted why Elko is such a highly attractive opportunity for PAK including:

- Projected Low Capital Entry;
- Competitive Infrastructure Advantage;
- Coking coal quality comparable to Canadian peers

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.