

ASX Release

Tuesday 31 July 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 |

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Quarterly Report for the quarter to 30th June 2018

Summary

Pacific American Coal Limited (**ASX: PAK**) is pleased to provide its Quarterly Activities Report for the three months ended 30th June 2018.

- **During the quarter the Elko Coking Coal Project achieved a number of key milestones including:**
 - **Notice of Work Approval**
 - **Completion of GAP Analysis**
 - **Pre-construction activities commenced at Elko following the end of the quarter**
- **Corporate**
 - **Annual General Meeting**
 - **Financial Position**

Notice of Work Approval

During the quarter the Company announced that it had received approval from the Province of British Columbia to conduct drilling and other exploratory work at the Company's flagship Elko Coking Coal project. The Notice of Work (NOW) is a multi-year permit, which allows the Company to gather information for advancing the project towards mine permitting under the British Columbia Mines Act.

PAK has been working closely with the Province and its various departments and agencies for an extended period to ensure the planned exploration program meets all the regulatory requirements. All required permits have now been issued and the Company has commenced the pre-construction activities at the Elko site (see ASX release 11 July 2018).

As a condition of the Notice of Work granted by the Provincial Government, the Company was required to conduct a number of environmental surveys on the planned river crossings and on certain sections of the planned access roads prior to the commencement of any construction activities. A number of local firms were engaged to conduct these surveys and activities that include:

- Archaeological Survey,
- Water & Fish Survey,
- Bird Call Survey,
- Field hand & Geological Support.

The Company can confirm that the above surveys were all completed as part of the pre-construction activities that were undertaken shortly after the end of the quarter.

Elko Gap Analysis Completed

On 6 June 2018, the Company released details of the environmental GAP Analysis conducted by Nupqu Development Corporation and Dillon Consulting for the Elko Project. The GAP Analysis is an important document that sets out the recommended priority next steps and outlines the future permitting process.

The recommended priority next steps 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.

A number of the steps recommended in the GAP Analysis have already been commenced by the project team.

The report noted that the project is likely to be considered as a Reviewable Project under the BC Environmental Assessment Process. A reviewable coal project is one that:

- Has a production capacity of greater than or equal to 250,000 tonnes per year.

- Results in the disturbance of at least 750 hectares of land.
- Has completed a provincial EA process overseen by the British Columbia Environmental Assessment Office (BCEAO).
- Will be subject to review under the Canadian Environmental Assessment Act 2012 (CEAA).

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).

Commencement of Elko Exploration Program

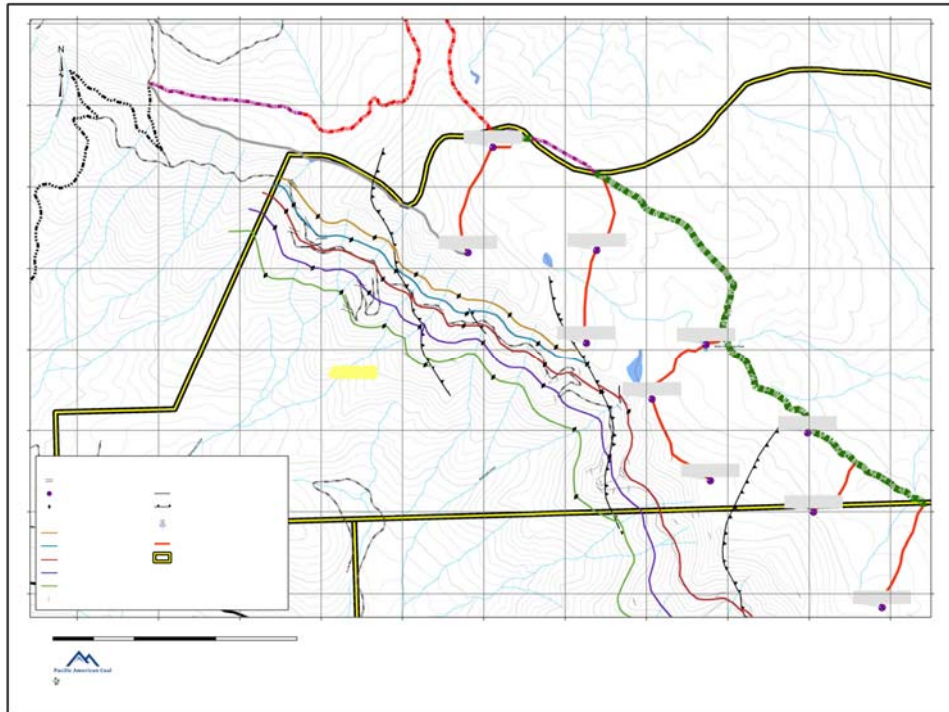
Following the end of the quarter, the Company confirmed that the 2018 exploration program at Elko had commenced as planned, with the project team and equipment arriving on site to commence pre-construction activities.



The construction of the access roads, bridges/culverts and drill pads is scheduled to take approximately 1-2 months, with the drill rig due on site within 3-4 weeks. Subject to weather conditions remaining favourable and drilling conditions as expected, the drilling phase is also expected to take approximately 2 months. With some activities scheduled to occur concurrently, the entire program including delays is expected to be concluded in the last quarter of the CY2018.

The drilling program of up to 11 rotary and spot core holes has been designed in consultation with the Company's geological consultant. The program will focus on improving the coal quality information, identifying general structural trends, features and domains and importantly collecting coal core from the high value SM7 and SM5/SM6 seams.

2018 Exploration Program Drill Holes and Access Roads:



Assay and analytical results, including an updated geological model is planned for completion in the first quarter of CY2019.

Annual General Meeting

The Company held its Annual General Meeting in Sydney on 9 May 2018 with all resolutions passed by the members. The resolutions passed were approving the remuneration report, the re-election of Mr Simon Bird as a Director, and the election of Mr Mark Sykes as a Director.

Corporate

The Board continues to undertake strategies towards realising value of Elko for shareholders, whilst at the same time evaluating other accretive resource related investment opportunities. All new opportunities are being rigorously assessed against the board's clear and agreed strategies. Specifically, the board sees further investment opportunities in and around our core mining competency in North America (specifically B.C. and Alberta) and Australia as being a natural area for expansion or consolidation.

Similarly, the opportunities in and around the supply of raw materials and technology to the mining, energy and alternate energy sectors is a potential area of growth for the Company.

The Company retained a cash balance of \$4.4m at the end of the quarter, after a quarterly cash outlay of \$132,000 for the Elko Exploration Program.

Tenement Management Updates

During the Quarter, there was no change to the ownership in PAK'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 |
| Mining tenements acquired during the quarter | Nil | Nil |
| Mining tenements relinquished during the quarter | Nil | Nil |
| 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

Australia

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

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 PAK'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

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pacific American Coal Limited

ABN

83 127 131 604

Quarter ended ("current quarter")

30 June 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (132) ¹ | (270) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | - | - |
| (e) administration and corporate costs | (330) | (487) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 6 | 10 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Research and development refunds | - | - |
| 1.8 Other | - | - |
| 1.9 Net cash from / (used in) operating activities | (456) | (747) |

¹ Exploration & evaluation payments totalling \$A132,000 consists of consulting and employee costs (\$A 90,300) and other costs (\$A 41,700).

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |
| (d) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|---|------------------------------------|--|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | 1,004 |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other : Security deposit paid | (23) | (100) |
| 2.6 | Net cash from / (used in) investing activities | (23) | 904 |

| | | | |
|-------------|---|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |

| | | | |
|------------|--|--------------|--------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,852 | 4,203 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (456) | (747) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (23) | 904 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 | Effect of movement in exchange rates on cash held | 44 | 57 |
| 4.6 | Cash and cash equivalents at end of period | 4,417 | 4,417 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances | 4,417 | 3,848 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) Funds held in trust | - | 1,004 |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 4,417 | 4,852 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

250

-

Payment of fees and reimbursement of expenses to Directors and officers including \$142,000 accrued to 31 March 2018.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |
| | | |

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 1,009 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | 119 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 1,128 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | - | - | - | - |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | - | - | - | - |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: _____ Date: 31 July 2018
(Director/Company secretary)

Print name: Ian Morgan

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.