



Unlocking a World Class Coking Coal Project at Elko

Aug 2018

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Competent Person Statement

The information in this document that relates to JORC 2012 Resources based on information compiled by Mr. Dwight Kinnes, B.Sc Colorado State University, Geology, who is a Member of a Recognised Overseas Professional Organisation (ROPO) included in a list promulgated by the ASX from time to time, being the Society for Mining, Metallurgy, and Exploration and American Institute of Professional Geologists – Cert. No. 10244.

Mr Kinnes is Principal Consultant/President of Highland GeoComputing, LLC and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration by them and to the activity which they are undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Mr Kinnes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Value Adding Work Program Commenced



ASX Release 11 July – Elko Exploration Program Commences:

 **ASX RELEASE**

ASX Release
Wednesday 11th July 2018

ASX Code:
PAC

About Us
Pacific American Coal Limited (the Company) is focused on the production, development and exploration of metallurgical coal assets in North America. PAC's strategic focus is on the 100% owned Elko coking coal project in British Columbia. PAC has 100% ownership in 11 Coal Leases in the East Kootenay Coal Field in British Columbia - Canada and investments in applications in the nearby Athabasca region of the Athabasca coal basin in Oklahoma. PAC is also actively reviewing other potential investments.

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

Company Secretary
Ian Morgan

Management
Business Development – Sam Hill
Investor Relations – Simon King

Project

Stage	Location
Elko	Exploration - Canada
Heaven	Exploration - Oklahoma
Robiche	Exploration - Oklahoma

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Elko Exploration Program Commences

Pacific American Coal Limited (PAC) is pleased to provide the following update regarding activity at the Company's 100% owned Elko Coking Coal Project in B.C., Canada:

- All permits are now in place and the 2018 exploration program has commenced as planned. Members of the project team and equipment have started to arrive at site to commence the pre-construction activities.
- The Company has signed drilling and construction contracts with a number of highly qualified firms, including:
 - an experienced regional drilling company for a program of up to 11 Rotary and Spot Core holes;
 - a local construction supplier for equipment to install the access roads, bridges/culverts and drill pads; and
 - a number of specialist environmental firms to conduct on site surveys necessary to meet the Permit requirements.
- The schedule of pre-drilling activities includes:
 - Undertake required environmental surveys
 - Construction of the access roads and drill pads
 - Mobilising of the drilling equipment and exploration geologists.
- Project Update
 - Given a positive weather outlook, the full drilling program should be concluded before the end of October with assay and analytical results to follow.

PAC is fully funded for the 2018 exploration program with management focused on planning for the next phase of the development providing the Company with a clear path towards approval for the Elko Coking Coal Project.

PAK Valuation Metrics:

Market Cap: \$8.9m

Cash: \$4.4m

Ent. Value: \$4.5m

- JORC 2012 Resource: 257.5MT
- EV/Resources: 1.7c/mt
- **Drilling Program Approved**
- **Fully Funded 2018 Exploration Program**
- Additional cash for other accretive investments

PAK has a simple and clear story

Company Overview



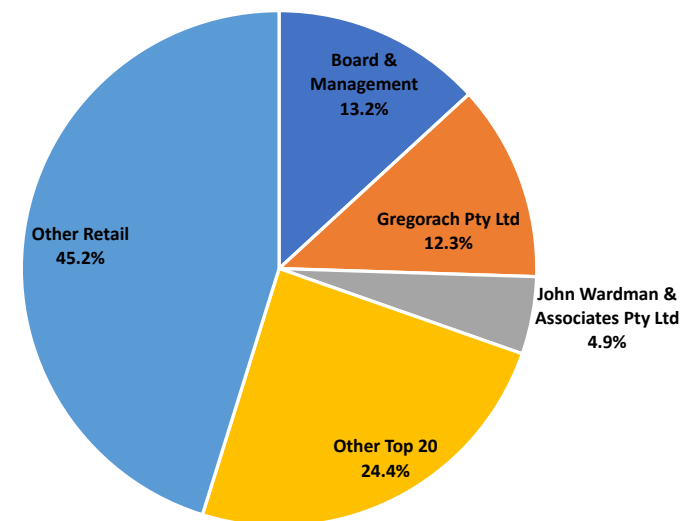
Capital Structure¹

ASX:	PAK
Shares Outstanding	165,305,889
Share Price:	\$0.054
Market Capitalisation:	\$8,926,518
Cash on Hand (30 June 2018):	\$4,400,000

Board

Non-Executive Chairman	Geoff Hill
Executive Director & CEO	Mark Sykes
Non-Executive Director	Simon Bird
Company Secretary	Ian Morgan

Top 20 Shareholders¹



¹ As 27 July 2018

Investment Highlights



Focused Strategy

Strategic holding in the Crowsnest coalfields of B.C. Canada. Fully funded exploration program with capacity to invest in other growth opportunities.

Elko – potential world class project

Elko Coking Coal Project has 257.5MT of JORC 2012 resources already identified in a well known mining jurisdiction. Elko is surrounded by world class projects with easy access to infrastructure and markets.

Drilling Commenced

2018 Elko drilling program has commenced. Focus on improving coal quality information, identifying general structure and trends, extracting core and determining down-dip extent of the coal bearing strata.

Significant Upside

Clear path to shareholder value as the Elko project moves through the development cycle as demonstrated by neighbours and peers.

Focused Strategy



ELKO – SIGNIFICANT COKING COAL RESOURCE

- Total Resource 257.5MT (JORC 2012)
- Elko coals are high quality met coal
- Add value through targeted exploration program:
- Approval process completed
- Drilling program focused on defining JORC reserves and expanding JORC resources

Strategic Priority



STRATEGICALLY POSITIONED

- Tenements in the highly prolific East Kootenay Coal Basin
- Excellent exploration potential
- Proximity to existing infrastructure

Exploration Upside



ONGOING REVIEW OF INVESTMENT OPPORTUNITIES:

- Sale of non-core assets allows PAK to focus on BC Coal Assets, and
- Reinvestment of cash reserves in new accretive investments

Growth

Strategic focus on Elko and other accretive investments

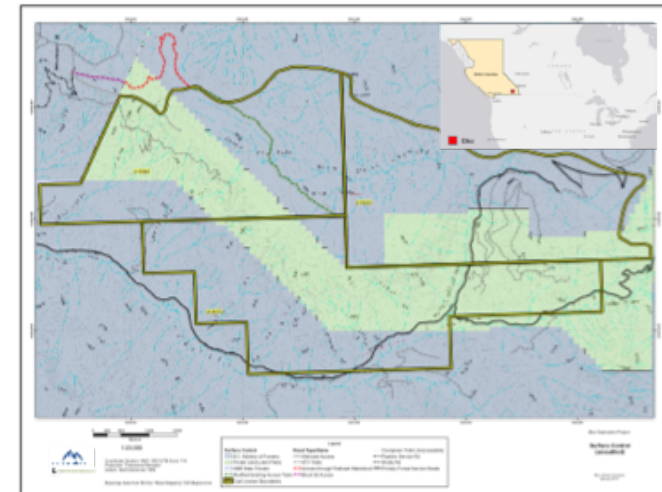
Elko Project Overview



Location: Crowsnest Coal Field (East Kootenay Basin)
Ownership: 100%
Area: 2,995 Ha (3 adjoining tenements)
Environmental Status: Highly disturbed land (logging)
Resources: 257.5MT
Mining Method: Underground
Approvals: Fully approved for 2018 drilling program



Strategic Location



Elko JORC 2012 Resources (MT)

Measured	19.2
Indicated	57.0
Inferred	181.3
Total Resource	257.5

PAK is focused on developing its 257MT Elko Coking Coal Project in BC, Canada

Compares Favorably to Peers

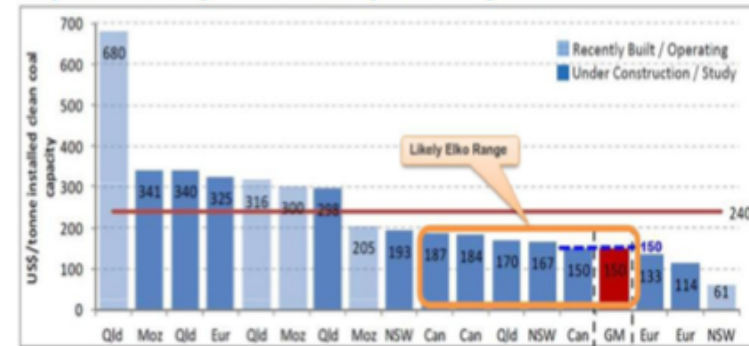
- Elko compares favorably with other Canadian projects in terms of coal quality and capital intensity
- Large coal resource with high quality metallurgical coal
- Open cut and underground mining available
- Favourable capital intensity vs global peers



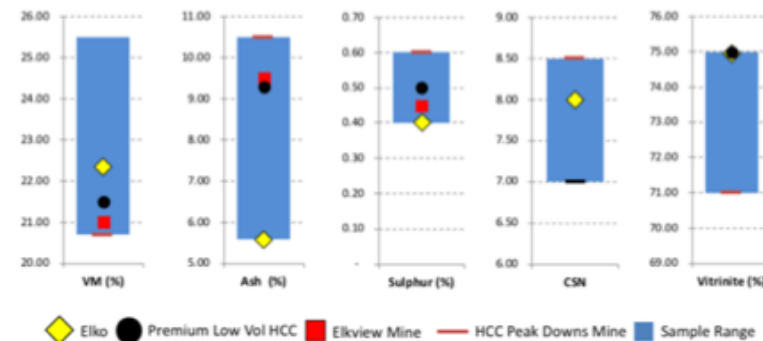
High Value Coal

Coal Quality Parameter (adb unless otherwise stated)	Indicative Elko HCC Specification	Indicative Elko PCI Specification
Total Moisture (%) (ar)	9.5	8.0
Inherent Moisture (%)	1.8	1.5
Ash (%)	7-8	7.9
Volatile Matter (%)	22-24	17-19
CSN	7.5-9	1-2
Total Sulphur (%)	0.5	0.5
Phosphorous (%)	0.08	0.08
Vitrinite Content (%)	70	35
RO Max (%)	1.2-1.3	1.49-1.62
Fluidity ddpm	<50	
CSR (estimated range)	64-70	

Capital Intensity - Recent/Proposed Project Basis

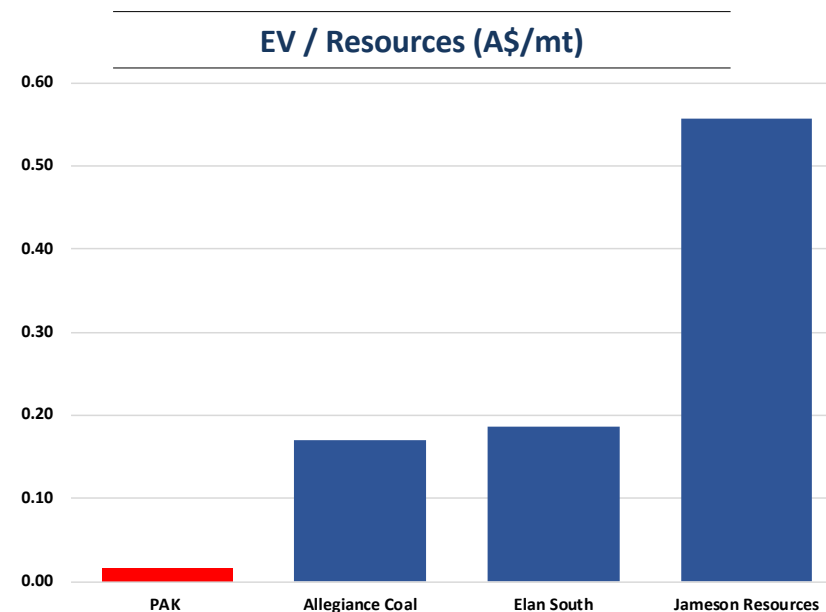
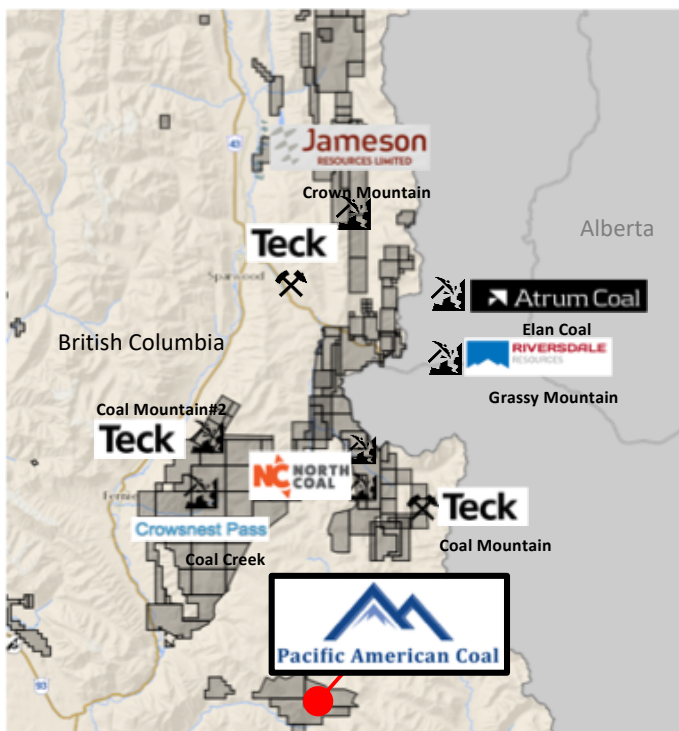


Coal Quality Compared to Peers



Elko has a large resource base in a competitive basin

Valuation upside as project progresses



	Share Price ¹	Enterprise Value	Resources (MT)	EV / Resources
Jameson Resources	0.225	54,970,407	98,600,000	0.56
Elan South ²		6,750,000	36,000,000	0.19
Allegiance Coal	0.058	21,362,699	125,800,000	0.17
PAK	0.054	4,226,518	257,000,000	0.02

1. As at 27/7/2018
 2. Based on acquisition price of 100% Elan South, ATU ASX announcements 23 Aug 2017 & 6 Dec 2017

Comparable projects are demonstrating value accretion as they move through the development cycle 9

Elko Exploration Program Commenced



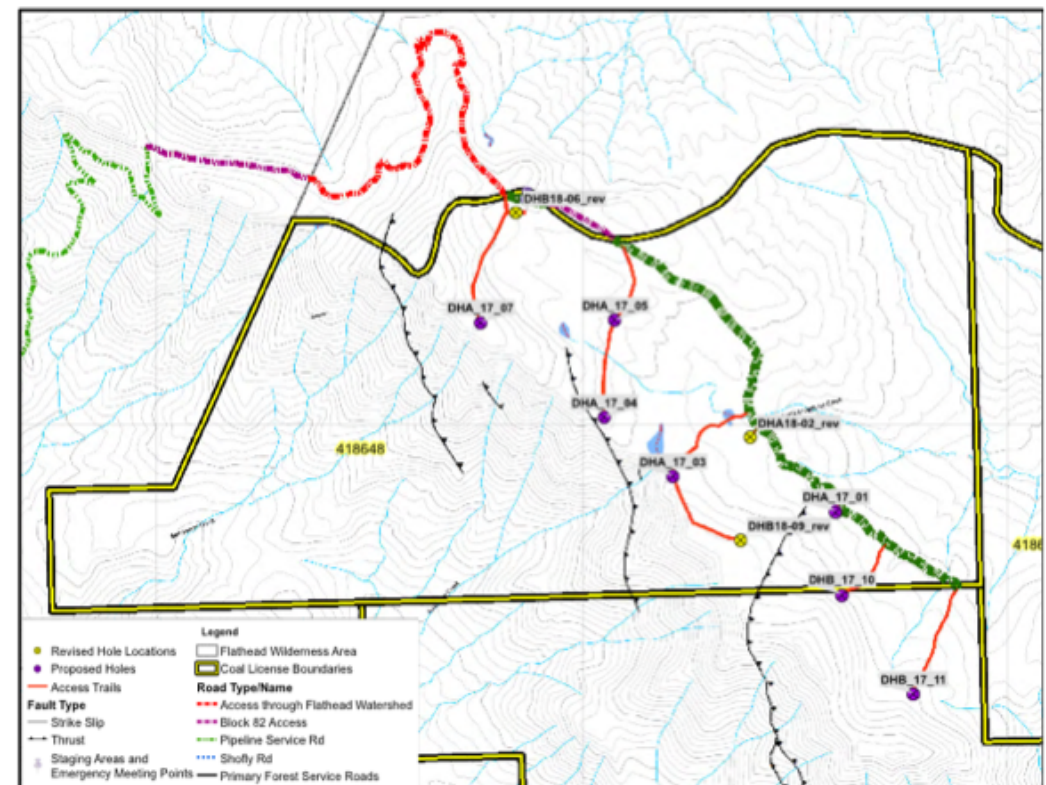
2018 Exploration Drilling Plan

Program Details:

- Pre-drilling construction activities have commenced at site
- Construction period 1-2 months with drilling and reclamation activities expected to be concluded by end October
- The GEFCO DH30K drill rig capable of drilling all holes is due on site late July / early August
- 11 rotary and spot core holes planned
- SGS contracted to undertake assays and core analysis

The exploration program will aid in:

- Improve coal quality information
- Identifying general structural trends, features and domains,
- Collecting coal core for the SM5/SM6 and SM7 seams,
- Determining down-dip extent of the coal bearing strata.



All approvals received and exploration program commenced

2018 Exploration Activities

Indicative Schedule

July 2018

- Pre-construction Activities
 - Required environmental surveys
- Construction Activities
 - Install bridges/culverts
 - Access roads
 - Drill-rig mobilization

August - September

- Drill Pad construction
- Drilling
 - 11 rotary holes
 - Spot core on selected holes

October

- Completion of Drilling
- Site reclamation activities
- Lab assaying and analysis

Q1 2019

- Assay and analytical results, including an updated geological model



Focus on defining JORC reserves and expanding JORC resources

Targeting High Value Coal

- **Targeting 3 coking coal seams**
 - FSI ranging from 7-8
- **High quality coking coal product**
 - Low sulphur and ash
- **Bench mark coal qualities**
 - Coal compares favourably with benchmark coals
- **Coal tested and blended**
 - Coal seams 6 & 7 have been tested extensively by six Japanese steel mills
- **Coal Seams Outcropping**
 - Coal seams have been previously mapped

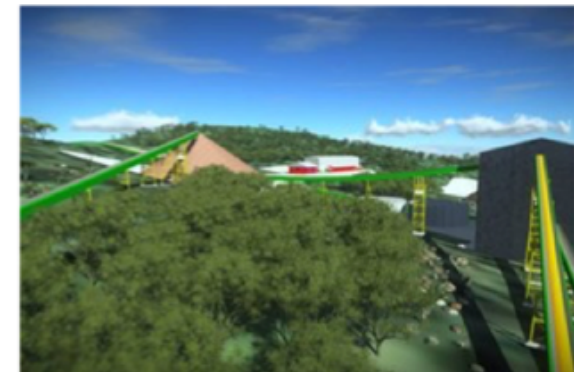
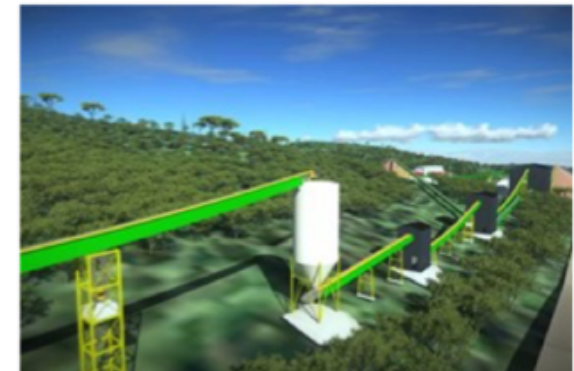
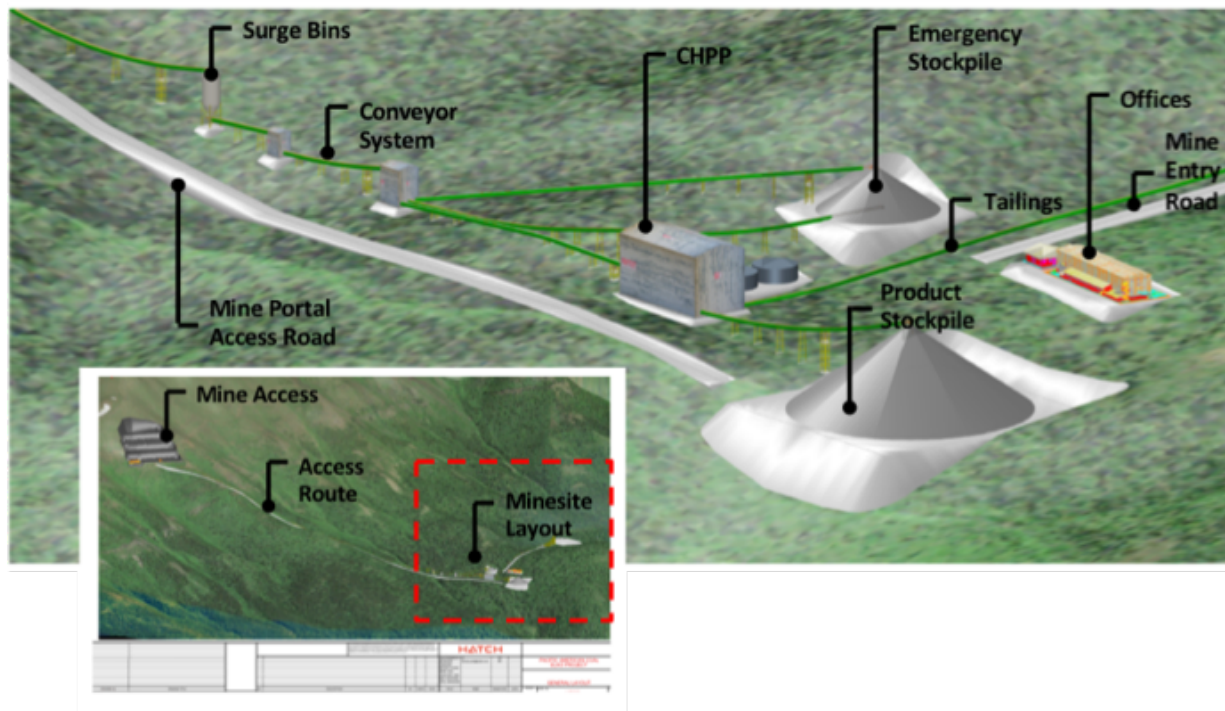


BC Coal Adit Quality							
Adit	Seam	Sample thickness	Clean				
			Ash	VM	FC	S	FSI
F-5	7 Seam	5.9 m	3.9	21.9	74.3	0.5	7.5
F-6	6 Seam	3.0 m	6.3	21.3	72.4	0.6	8.0
F-4	5 Seam	11.2 m	7.4	21.5	71.1	0.5	6.0
F-3	4 Seam	6.7 m	8.4	19.6	72.0	0.4	5.0
F-2	3 Seam	12.2 m	11.3	17.7	71.0	0.7	2.5
F-1	1 Seam	14.0m	10.4	18.0	71.6	0.8	1.0

Target Seams

High quality coking coal

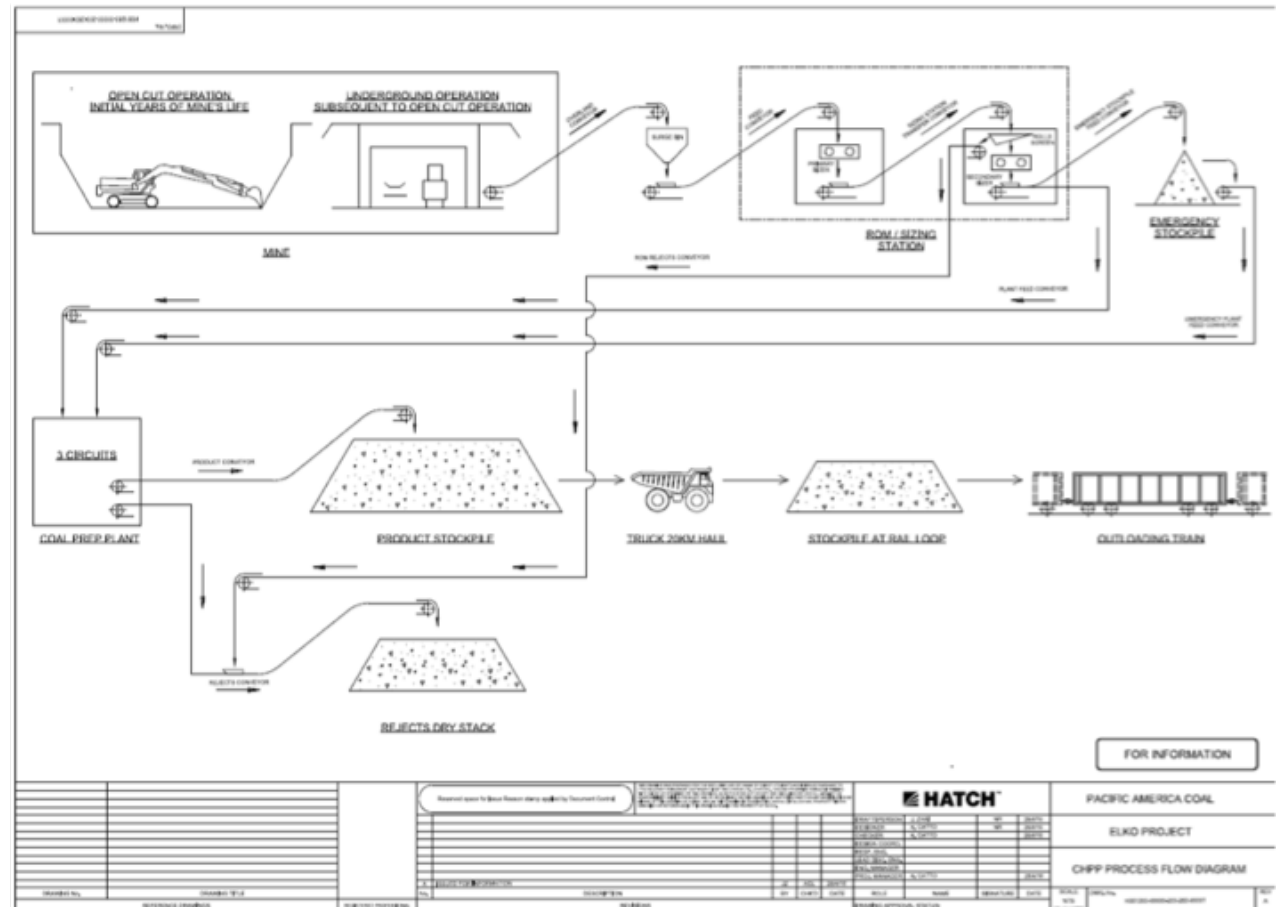
Conceptual Mine Layout



Minesite infrastructure located close to existing road infrastructure and planned rail loadout

Process Flow Sheet

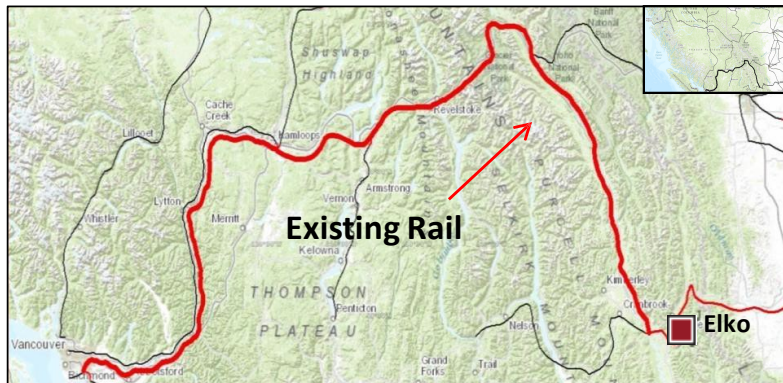
- PAK engaged Hatch to prepare a process flow sheet of the major components required at the Elko project during the initial start up years.
- The Process flow sheet has been used as a basis to identify the location of the of the mine site infrastructure and the necessary transport systems between each operational node.
- The mine layout will remain unchanged during the peak U/G operating years.



Schematic flow sheet of the Mining and Coal Handling Preparation Plant

Infrastructure Advantage

Rail Logistics



Road transport to rail head	20 km
Rail to Port of Vancouver	1,000 km
Alternative Route to Prince Rupert	2,000 km

Existing infrastructure with optionality

Ports & Shipping

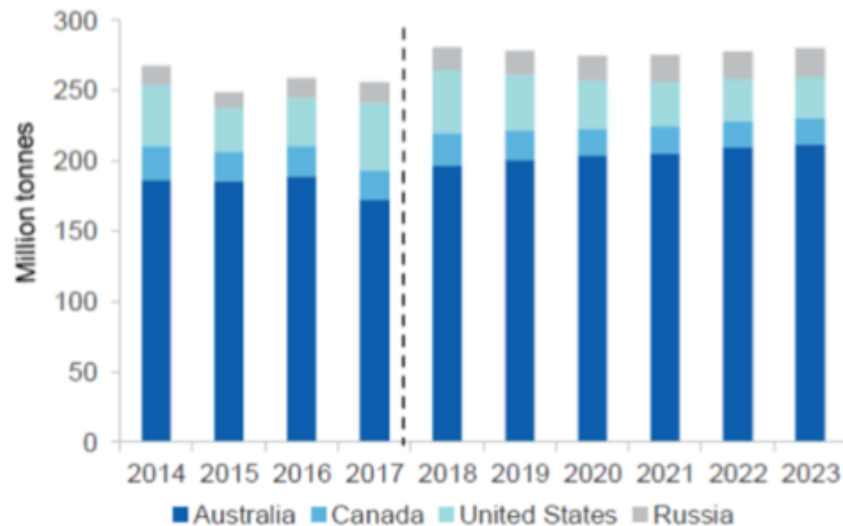


Destination	Days Shipping	
	Vancouver	Hay Point
Kobe, Japan	13	11.4
Pusan, Korea	13	11.9
Shanghai, PRC	14	11.9

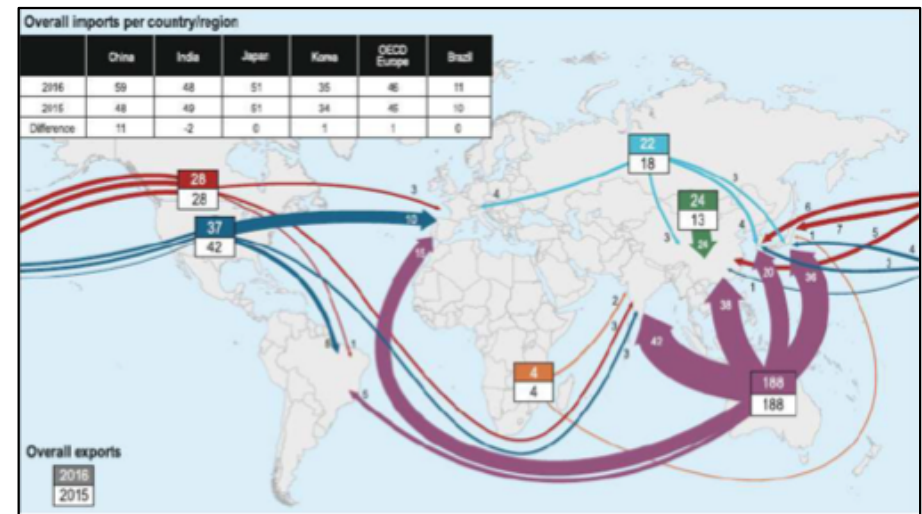
Coking Coal Market

- Over 97% of seaborne exports originate in Australia, Canada, the US and Russia
- The largest importers are China, Japan, Europe, India and South Korea, major steel-producing countries, which account for a combined 85% of seaborne demand

Major metallurgical coal exporters, 2014 - 2023



Main coking coal trade flows in 2016 (Mt)



Source:

1. Minerals Council of Australia Presentation to the Energy Mines and Money Australia conference 20 June 2018
2. RFC Ambrian: Coking Coal Showing its Mettle April 2018

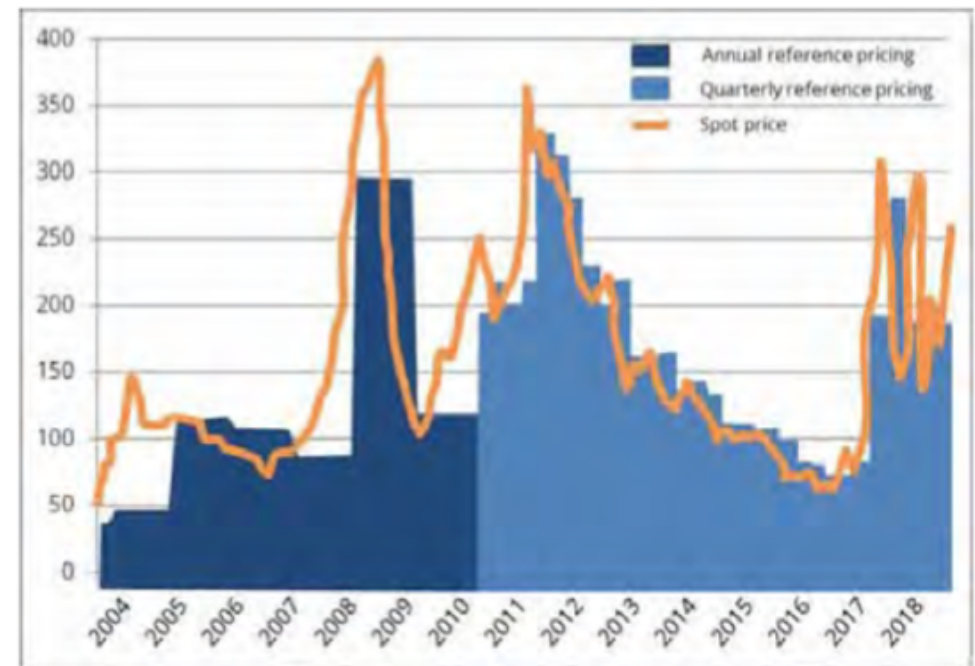
North Asia's primary source of seaborne coking coal is Queensland & British Columbia

Coking Coal Market Outlook



- The significant period of price decline from 2011-2016, had a severe impact on many coking coal companies resulting in rationalisation and closure of coking coal mines.
- Fears that cutbacks in Chinese steel capacity would be negative for coking coal demand in 2018 were offset by short-term supply disruption – particularly hard coking coal from Queensland
- National Australia Bank forecasts hard coking coal prices will average \$186/mt FOB in 2018 and has noted that the dispute between rail operator Aurizon and the Queensland Competition Authority regarding its regulated maximum allowable revenue between 2017 and 2021 could limit the state's exports in coming years and add upside risk to price forecasts.
- Long-term outlook for price remains robust with AME projecting global demand for steelmaking coal to rise from 321Mt in 2017 to 457Mt in 2030

Seaborne Hard Coking Coal Contract Price (US\$/t 2004-2018)



Source: RFC Ambrion, AME, Platts

Long-term outlook for coking coal price remains robust