

Pacific American Coal (ASX:PAK)

Brisbane Resources Round-up

Oct 2018



Pacific American Coal

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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.

PAK: Simple & Clear Story

2018 Exploration Program Successfully Completed



PAK Valuation Metrics:

Market Cap: \$8.9m

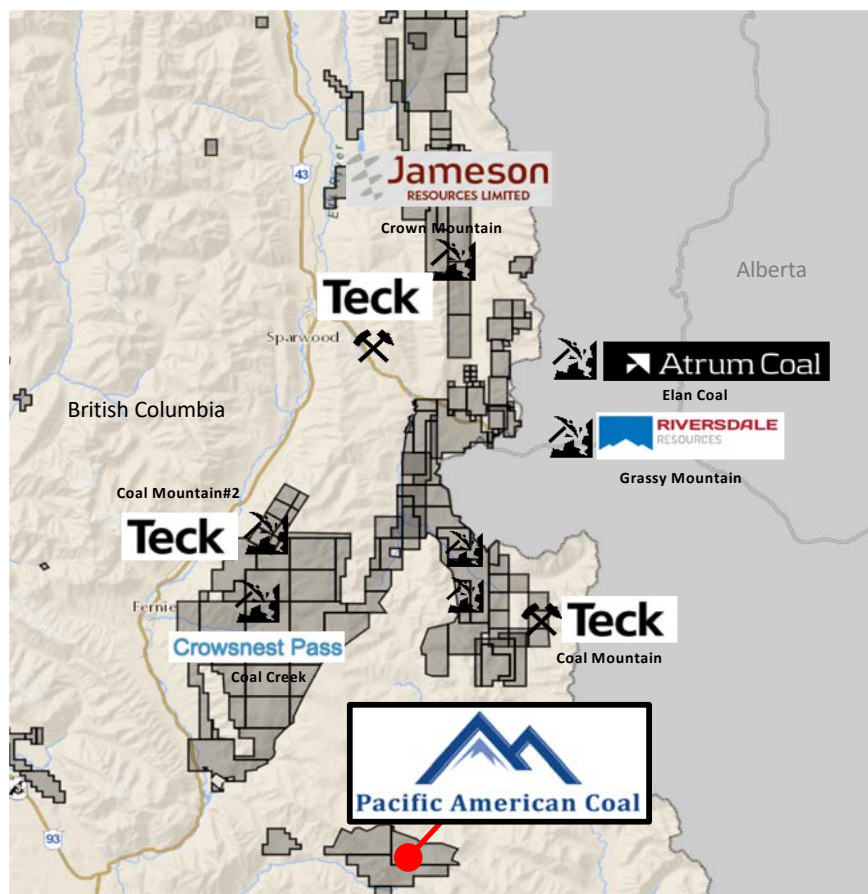
Cash¹ (as at 30 June 2018): \$4.4m

Ent. Value: **\$4.5m**

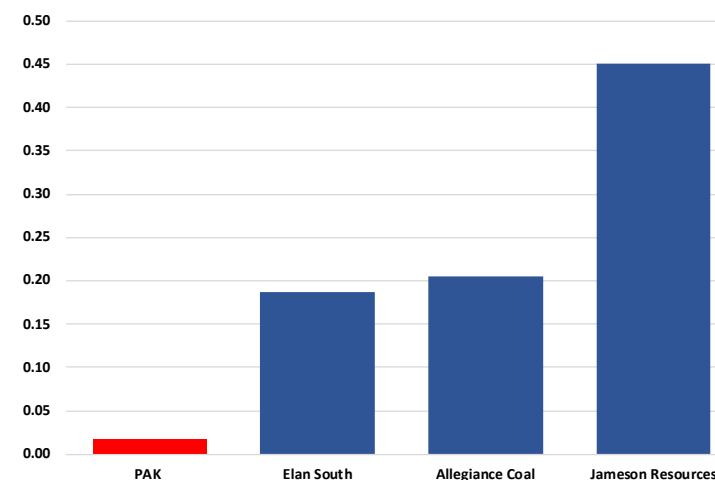
- JORC 2012 Resource: 257.5MT
- EV/Resources: 1.7c/mt
- Drilling Program Completed
- Focus on high value HCC seams
- Additional cash for other accretive investments

1. Cash position as at 30 June 2018 does not include exploration expenditure incurred during the Sept quarter

Significant Equity Upside



EV / Resources (A\$/mt)



	Share Price ¹	Enterprise Value	Resources (MT)	EV / Resources
Jameson Resources	0.175	44,437,702	98,600,000	0.45
Allegiance Coal	0.055	25,774,027	125,800,000	0.20
Elan South ²		6,750,000	36,000,000	0.19
PAK	0.054	4,226,518	257,000,000	0.02

Equity Valuation

Valuation	A\$M	A\$/sh	Shares
Unrisked value of target project	229	\$1.39	165.3M
Risk Factor	20%		
Riskd value of target project	45.9	0.28	165.3M
Cash	4.4	0.02	
PAK Valuation	50.3	0.30	165.3M

Source: FEC estimates

1. As at 30/9/2018
2. Based on acquisition price of 100% Elan South, ATU ASX announcements 23 Aug 2017 & 6 Dec 2017

Company Overview



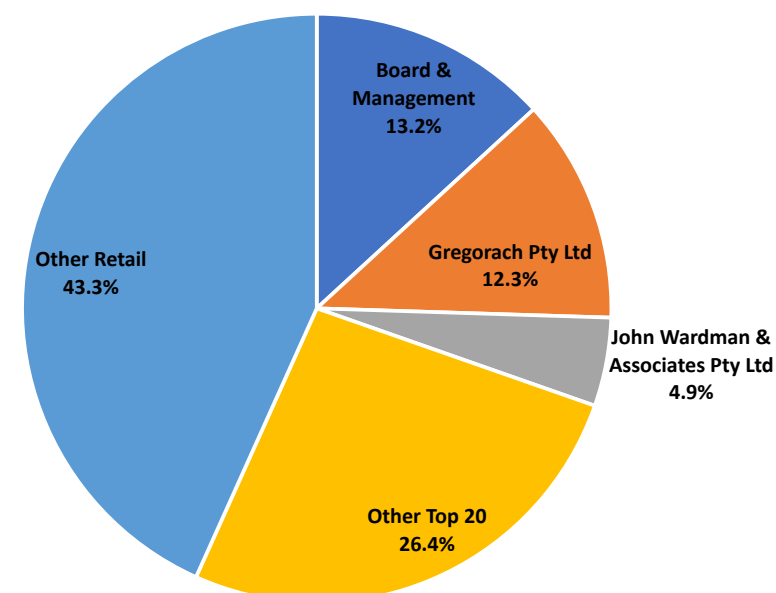
Capital Structure¹

ASX:	PAK
Shares Outstanding	165,305,889
Share Price:	\$0.054
Market Capitalisation:	\$8,926,518
Cash on Hand ² (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 30 Sep 2018

2. Cash position as at 30 June 2018 does not include exploration expenditure incurred during the Sept quarter

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:
- Drilling completed
- Designed to confirm geology and increase confidence in the resource

Strategic Priority



STRATEGICALLY POSITIONED

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

Exploration Upside



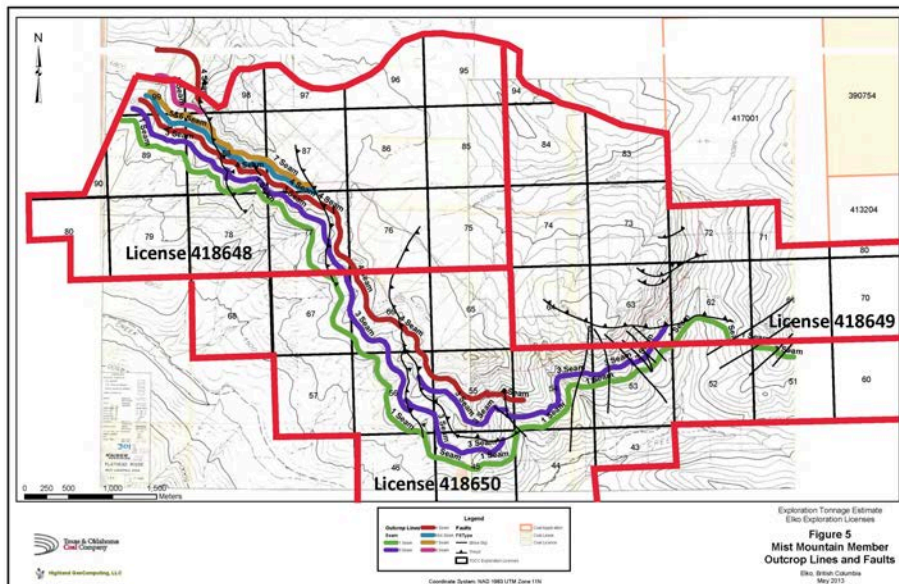
ONGOING REVIEW OF INVESTMENT OPPORTUNITIES:

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

Growth

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:	Notice of Work for the Western Coal License valid until May 2022



Elko JORC 2012 Resources (MT)

Measured	19.2
Indicated	57.0
Inferred	181.3
Total Resource	257.5

2018 Drilling Successfully Completed

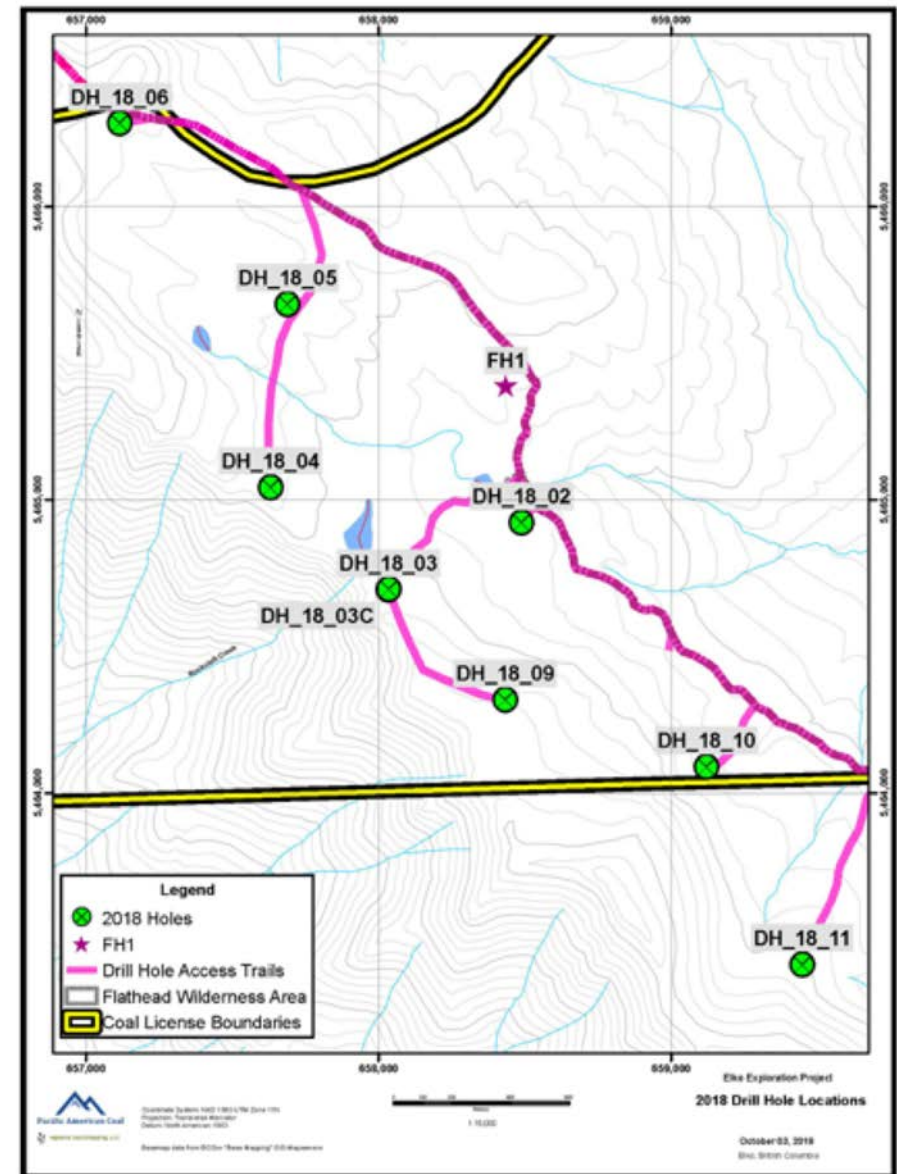
- Total of 9 holes for 3,451m of drilling
- **All drill holes intersected multiple coal seams**
- All works were completed without any lost time injuries
- The program was completed on time and in line with budget
- Drill core and cuttings have been sent to SGS Denver for independent laboratory analysis
- Initial results from the drilling will be available in Q4 2018 with an updated JORC compliant statement expected Q1 2019



Elko Drilling Program

Designed to confirm the geological continuity of the highest value coal seams

- Focus on
 - higher value seams 4 - 7
 - Western license (418648) and into the Central license (418650)
- 9 Holes in total
 - 1 x Core (DH_18_03 Core)
 - 8 x Rotary
 - Deepest hole 455m (DH_18_09)
- Added to knowledge from previous exploration activities
 - Historic hole FH1
 - 6 BC Coal adits



Ground Truthing Program

During the 2018 drilling program the Company completed a second ground truthing program focused on:

- Coal seam mapping and measuring coal sections
- Recording dip and strike measurements
- Defining long term road access routes
- Identifying future potential drill locations
- Mapping areas for EA data collection



Elko Exploration - Next Steps



Short Term (3-6 Months)

- Coal samples sent for analysis at SGS Denver
- Lab results and assays due Q4 2018
- Updated resources statement expected Q1 2019
- Updated geological model to help with:
 - design of the next phase of the exploration program
 - provide significant geological data to potential off-take and financing partners



Medium Term (6 – 24 Months)

- Utilising the updated geological model, define the next drill campaign
- Leverage the existing Notice of Work for the Western Coal License that is valid through May 2022
- Applying for a more expansive multi-year Notice of Work over the entire project area
- Updating the geological model and Resource Statements



PAK has commenced the process for seeking interest from parties to support the future development of the project

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



Target
Seams

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

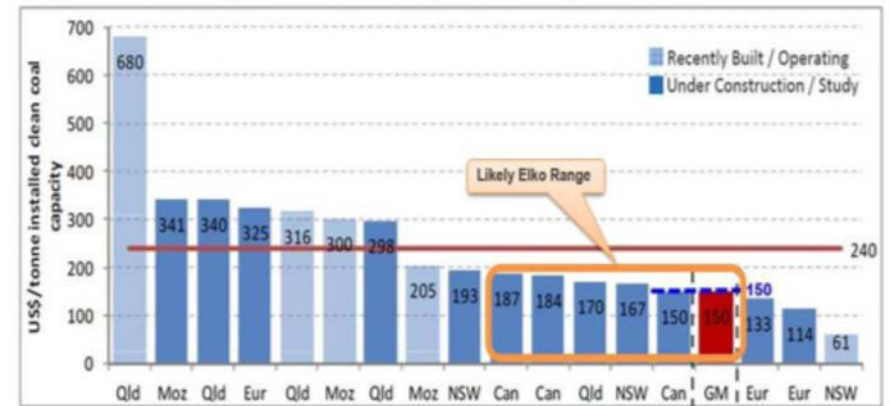
Compares Favourably to Peers

- 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

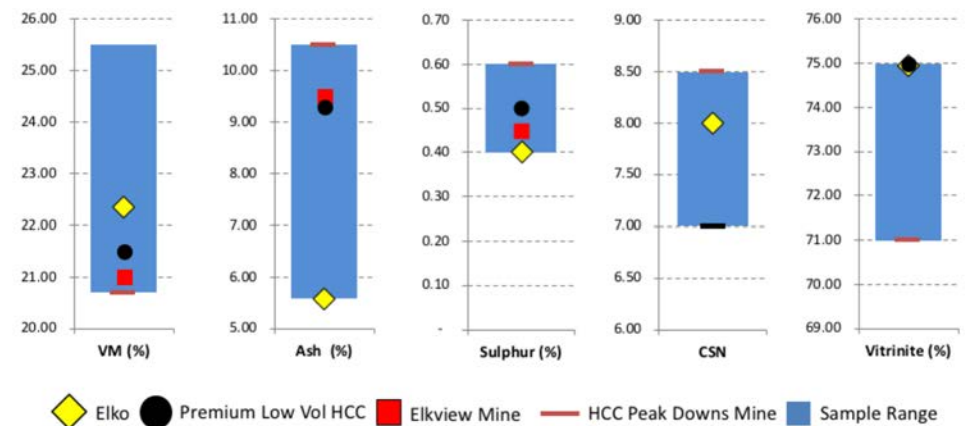
High Value Coal

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	

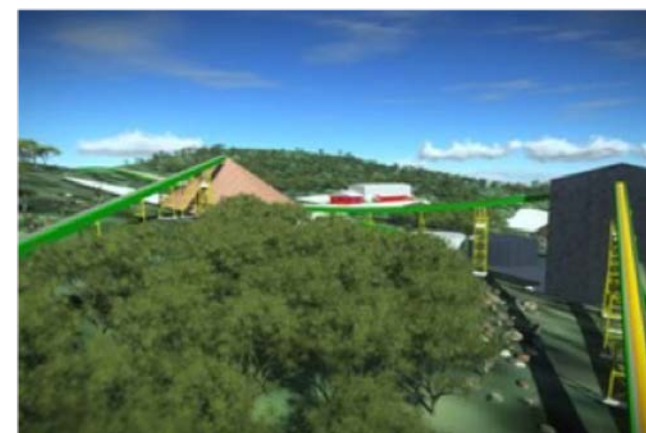
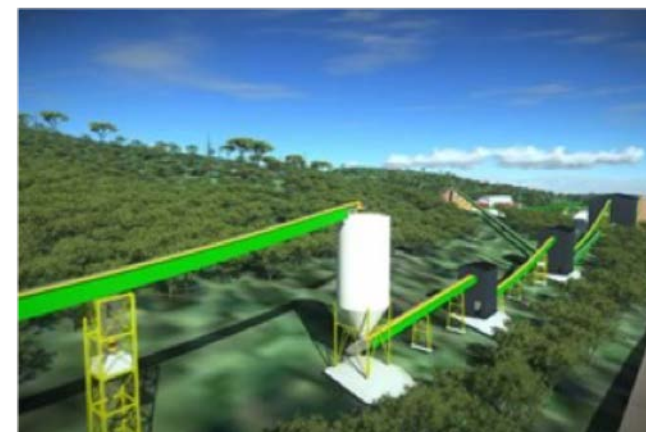
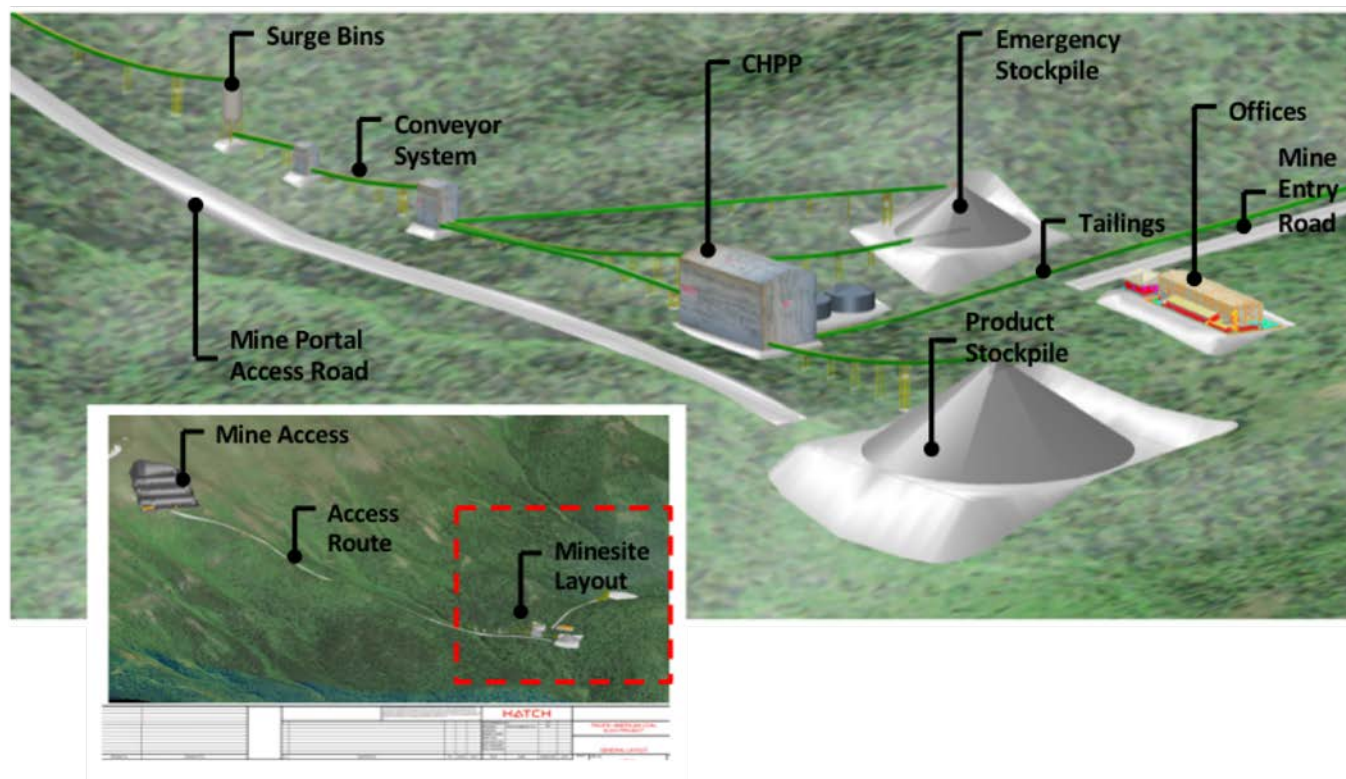
Capital Intensity - Recent/Proposed Project Basis



Coal Quality Compared to Peers



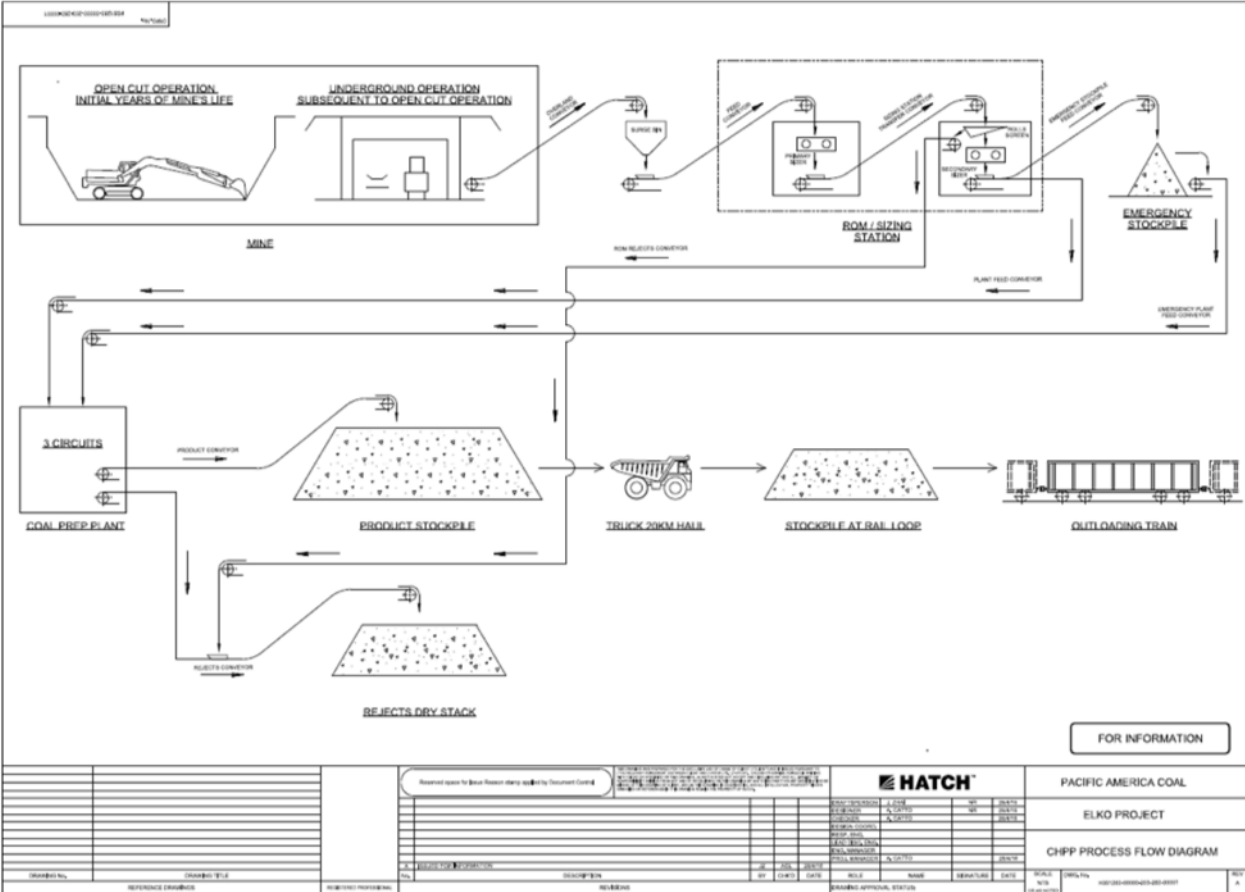
Conceptual Mine Layout



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

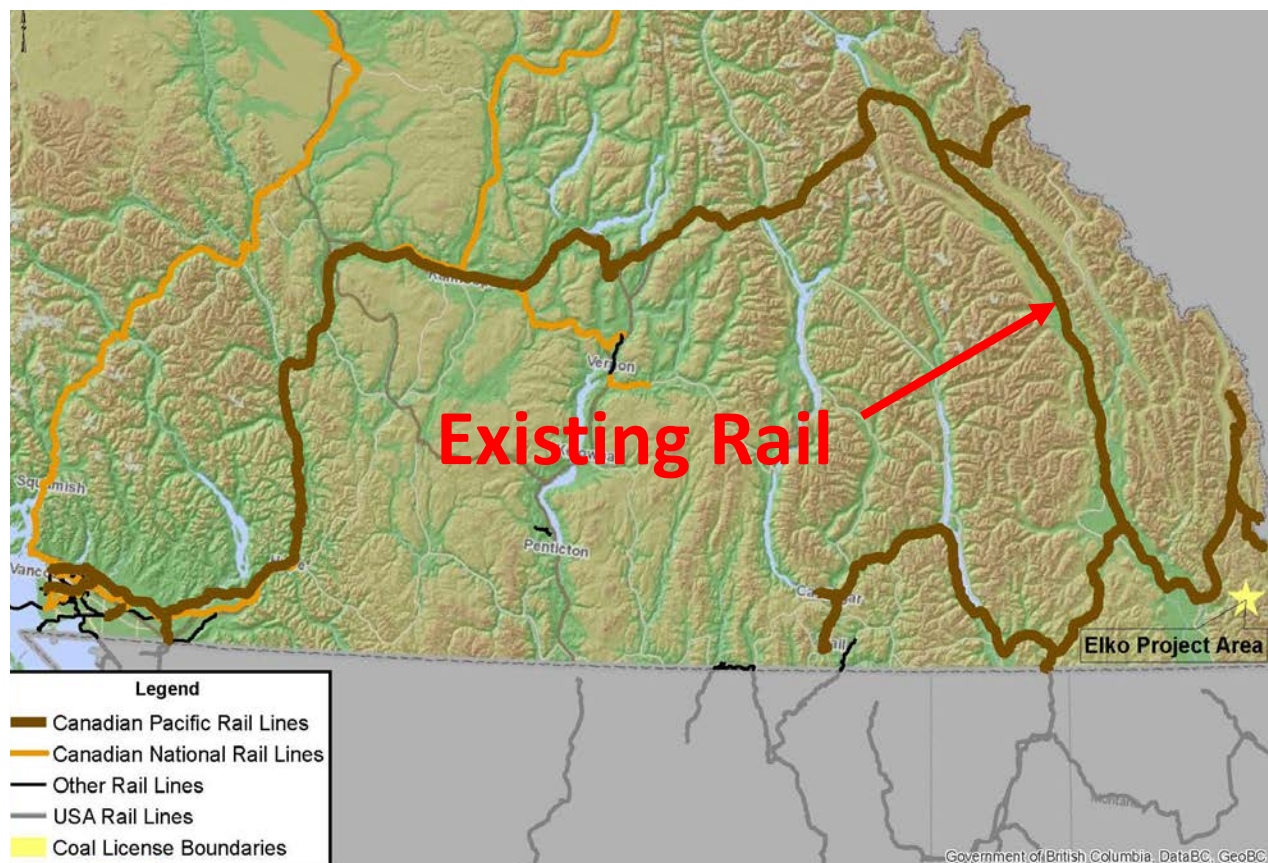
Process Flow Sheet

- 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

Rail Logistics Advantage



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

Ports & Shipping



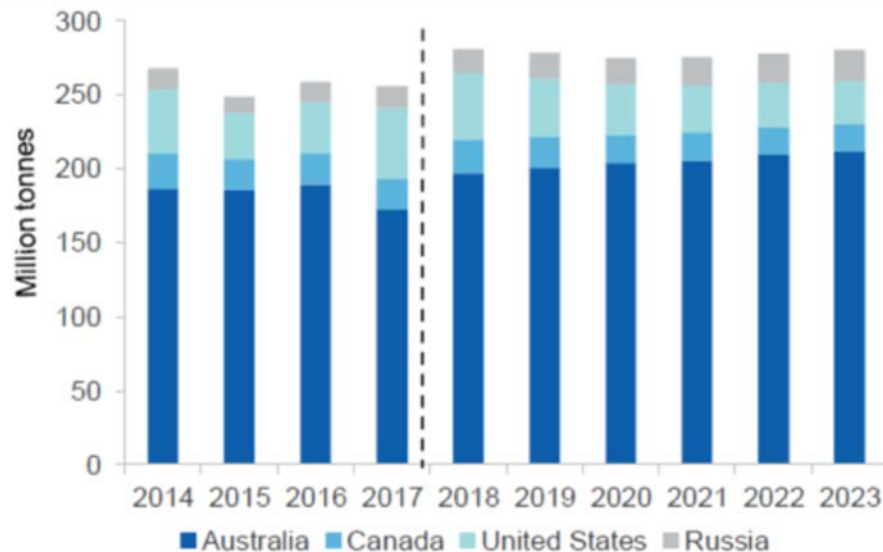
Destination	Days Shipping	
	Vancouver	Hay Point
Kobe, Japan	13	11.4
Pusan, Korea	13	11.9
Shanghai, PRC	14	11.9

Vancouver Ports	Capacity
Westshore	33MT
Neptune Terminals	12.5MT
Fraser Surry Docks	Expanding to 18.5Mt Planned Capacity 4Mt

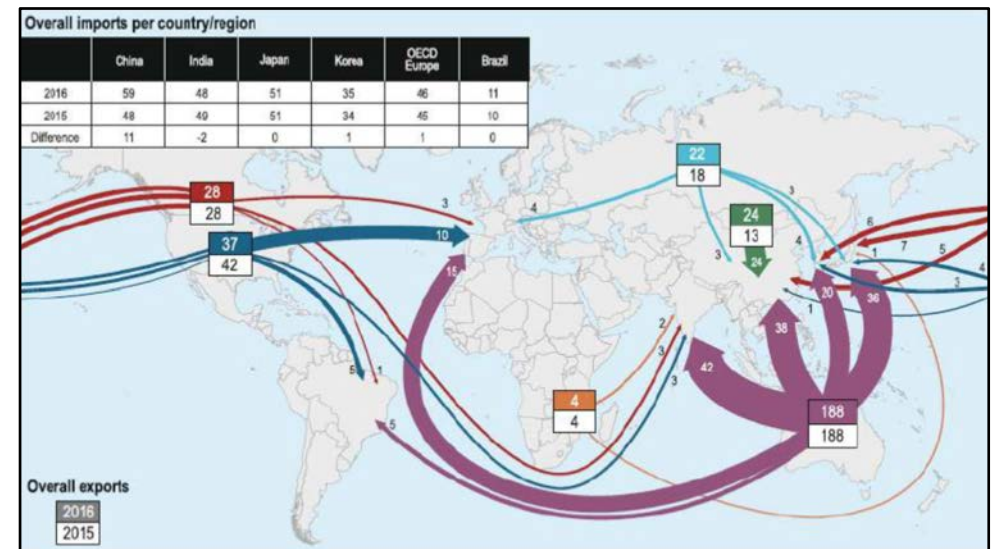
Coking Coal Market

- 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:

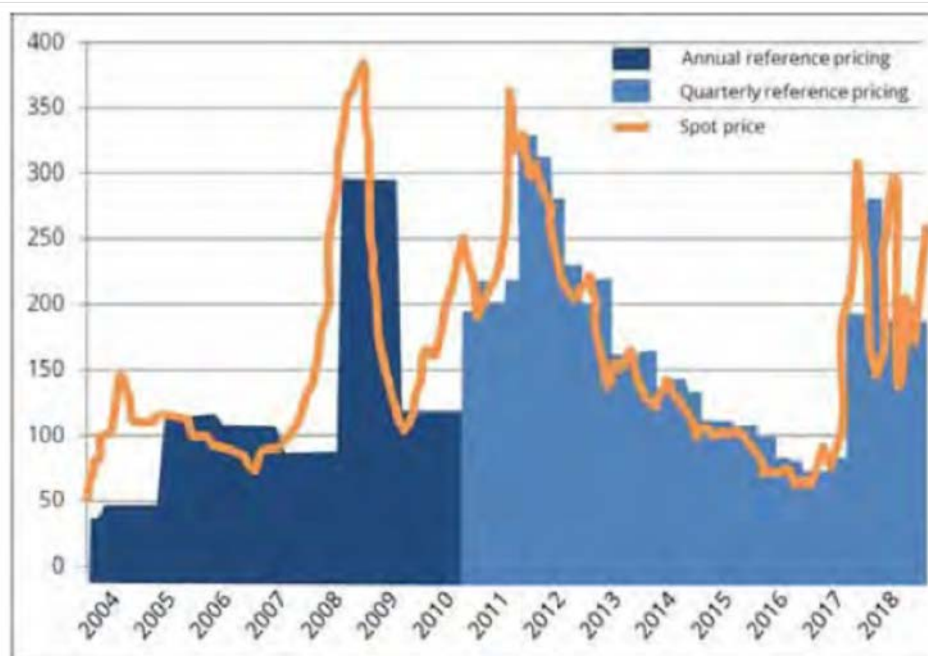
1. Minerals Council of Australia Presentation to the Energy Mines and Money Australia conference 20 June 2018
2. RFC Ambrian: Coking Coal Showing its Mettle April 2018

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 Ambrian, AME, Platts

Long-term outlook for coking coal price remains robust

Summary

- Elko – High value coking coal project
- 257MT JORC 2012 Resource
- **Significantly undervalued compared to peers**
- 2018 drilling program completed
 - Assay and laboratory results due Q4 2018
 - Updated resources statement expected Q1 2019
- Process seeking development partners commenced
- Significant news flow next 6 months

