

ASX Release

Wednesday 31st Oct 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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SYDNEY, NSW, 2001

www.pamcoal.com

Quarterly Report for the quarter to 30th Sept 2018

Summary

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

- **During the quarter the Elko Coking Coal Project achieved a significant milestone with the successful completion of the first substantial drilling of the tenement for over 30 years**
- **Exploration activities completed during the quarter include:**
 - Total of 9 holes for 3,451m of drilling completed
 - Construction of access roads, bridges and drill pads
 - Mobilisation of drill rig and related equipment and personnel
 - Drill core and cuttings sent to SGS Denver for independent laboratory analysis
- **All drill holes intersected multiple coal seams**
- **All works were completed without any lost time injuries**
- **Planning for the next phase of exploration activities has commenced with the exploration permit valid through May 2022**
- **Corporate**
 - Cash balance of \$3.58m at the end of the quarter

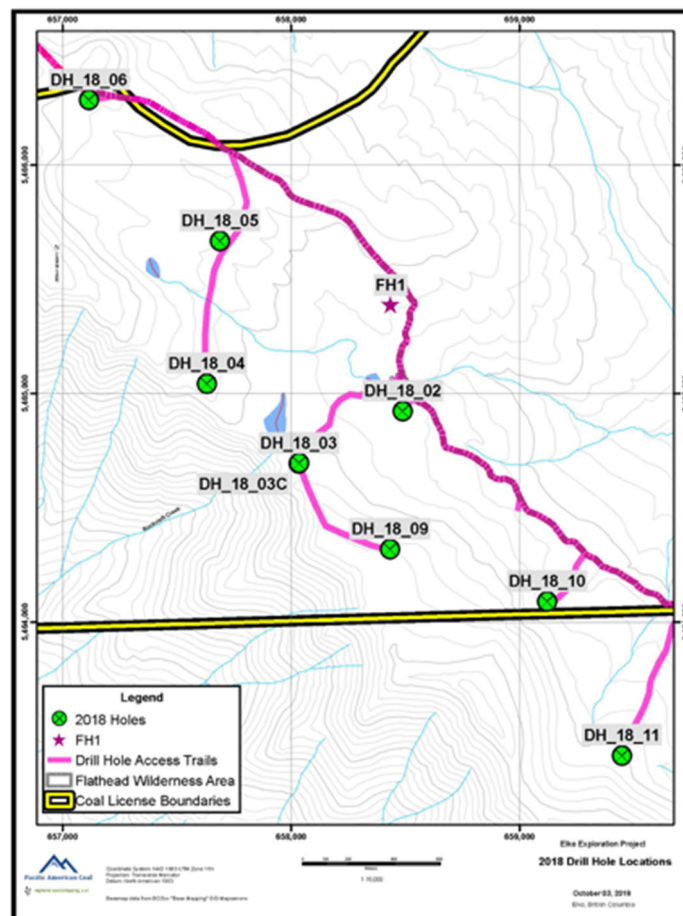
Elko Exploration Activities

During the quarter the Company successfully executed the 2018 drilling program, which was the first substantial exploration activity at Elko for over 30 years. The completion of the drilling phase demonstrated the Company's ability to safely execute a complex project on time and on budget. The PAK management team demonstrated its skills and ability to deliver future phases of the development by completing:

- Construction of all access roads, bridges and drill pads
- Mobilisation of the drill rig and associated drilling equipment to site
- Drilling 3,451 metres and other exploration activities without any lost time injuries
- Additional environmental studies including water sampling and archaeological studies
- A second coal seam mapping program in the eastern and central coal blocks

The exploration program was designed to provide greater certainty to the 257MT, JORC 2012 Resource already identified at Elko. Drilling was specifically designed to confirm the geological continuity of the highest value coal seams across the Western Coal License (Number 418648) and into the Central Coal License (Number 418650).

The drilling locations were designed to access the site along the top of the escarpment and intersect the high value coal seams previously mapped by PAK and identified by BC Coal Ltd, contained within the Mist Mountain Member of the Kootenay Formation.



Completed Drill Hole Locations

All the 9 drill holes completed intersected multiple coal seams including:

- 1 x Core (DH_18_03 Core)
- 8 x Rotary

The drill rig performed as expected with the deepest of the holes at DH_18_09 reaching over 455m from the top of the escarpment. The depths required to reach the lower coal seams from the surface are not indicative of the required depths during the mining phase as this measurement only indicates the depth of cover from the surface to the lowest coal seams. Access to the coal is likely to be using traditional underground mining methods accessed from the outcropping seams along the escarpment.



Drilling at the Elko Project

Drill core and cuttings were sent to SGS Denver for independent laboratory analysis. Initial results from the drilling are scheduled to be available in Q4 2018. An updated JORC compliant statement is expected in Q1 2019.

Ground Truthing Program

As part of forward planning for the next phases of exploration activities at Elko, during the quarter and whilst personnel were on site undertaking the drilling program, the Company completed a second ground truthing program focused on the eastern and central coal blocks including:

- 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



Ground Truthing Activities

Post Quarter End Events and Next Steps:

On 10th October 2018, the Company announced that remediation and restoration work had been completed along with demobilisation of drilling. Successful completion of the 2018 exploration program demonstrates that PAK can meet the standards necessary to be granted all regulatory approvals required to conduct exploration activity in B.C. (the current Notice of Works is a multi-year approval) and manage and implement appropriate drilling program to deliver our project objectives.

The next steps for Elko include:

Short term (3-6 months)

The short term objectives focus on delivering findings from the 2018 exploration program, this includes:

- Coal samples from drilling sent from site for analysis at SGS Denver
- Results from laboratory testing, including assay results, are expected to be available during Q4 2018 - in-line with the initial timetable
- Assay results and drill lithology will then be used to improve PAK's geological model, with the expectation of releasing an update resource statement during Q1 2019
- PAK's updated geological model will be a significant input into the design of the next phase of the exploration program
- Providing significant geological data to potential off-take and financing partners

Medium Term (6 – 24 months)

- Utilising PAK's updated geological model to define the next drill campaign
- Leveraging the existing Notice of Work (NOW) for the Western Coal License, valid through to May 2022
- Applying for a more expansive multi-year NOW over the entire project area
- Updating PAK's geological model and Resource Statements

Corporate

The valuable geological and additional coal quality data, which the Company will have access to following the receipt of the assay and lab results, will be an important component of information available to prospective partners in the Elko project. The Company has commenced the process for seeking interest

from various parties to support the future development of the project, including the next phase of project definition which will include detailed scoping studies, PFS and BFS.

The Company's cash balance was \$3.58m at the end of the quarter, after cash outlays of \$680,000 incurred during the quarter as part of the 2018 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 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(680) ¹	(950)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(198)	(685)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	24
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	(864)	(1,611)

¹ Exploration & evaluation payments totalling \$A680,000 consists of exploration costs (A\$564,500) consulting and employee costs (\$A 85,500) and other costs (\$A 30,000).

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 (9 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	-	(100)
2.6	Net cash from / (used in) investing activities	-	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	4,417	4,203
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(864)	(1,611)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	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	27	84
4.6	Cash and cash equivalents at end of period	3,580	3,580

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	3,580	4,417
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Funds held in trust	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,580	4,417

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**

78

-

Payment of fees and reimbursement of expenses to Directors and officers.

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

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

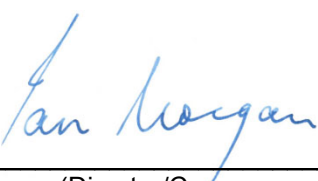
- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,439
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	1,558

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 October 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.