

ASX Release

Monday 3rd December 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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Initial Drilling Results Exceed Expectation (Update with JORC Table 1)

Summary

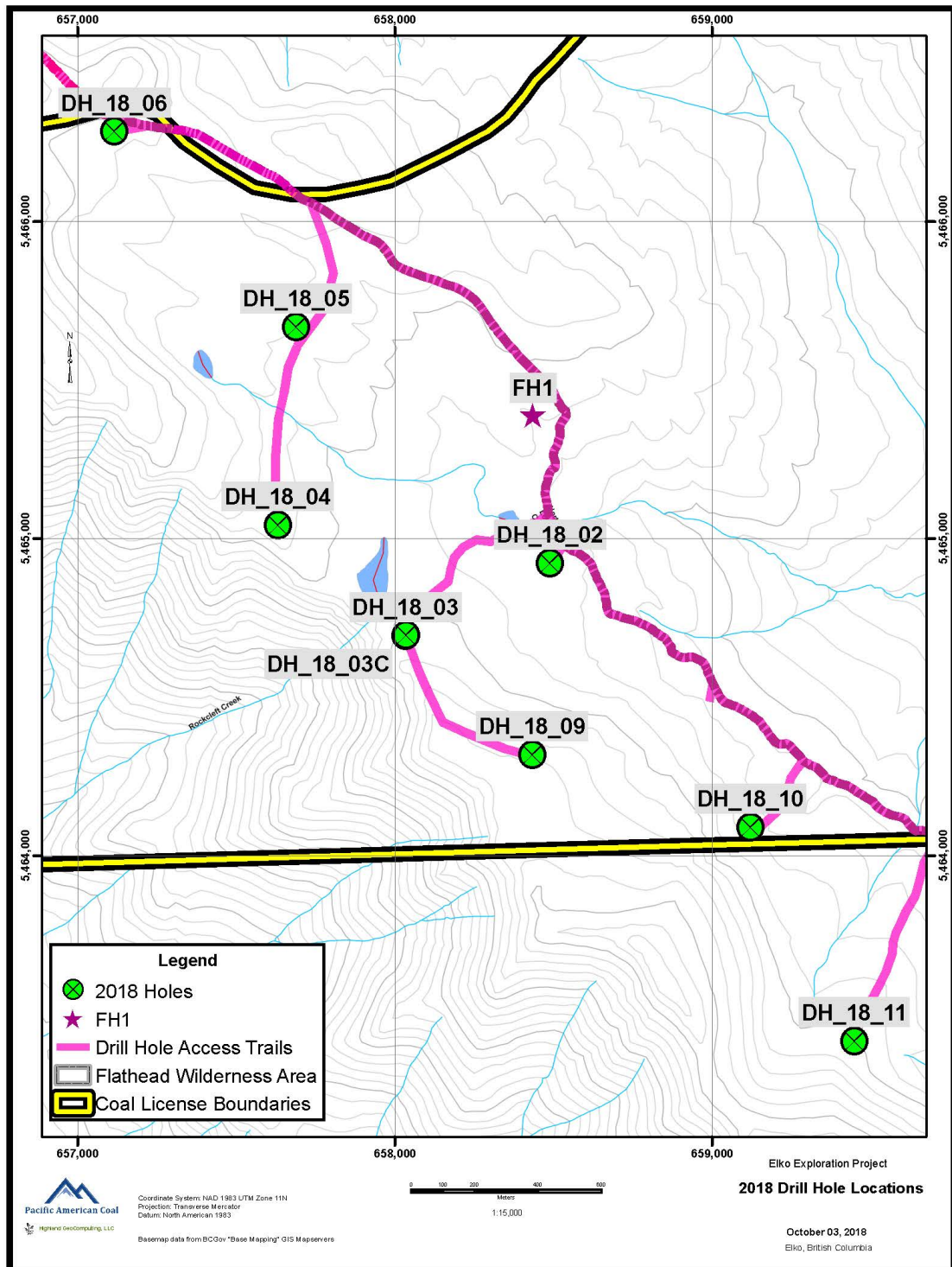
Pacific American Coal Limited (**ASX: PAK**) is pleased to announce the initial drilling results from the 2018 exploration program at the Company's 100% owned Elko Coking Coal Project in the East Kootenay Coal Basin of British Columbia.

- Preliminary lithology and gamma logs indicate all drill holes intersected multiple coal seams
- Preliminary coal seam correlations appear to show stratigraphic continuity between exploration holes.
- Exploration drilling indicates that the top seams, previously identified by PAK as high value Hard Coking Coal target seams, occur between exploration holes and potentially extend into the central block
- An updated JORC Resource Statement, expected Q1 2019 will incorporate coal quality results and finalised coal seam modelling

Elko Drilling Results

Pacific American Coal Limited (PAK) is pleased to announce the initial drilling results from the 2018 exploration drilling program at the Elko Coking Coal Project in British Columbia.

A total of 9 holes were completed for 3,451m of drilling with all holes intersecting multiple coal seams (ASX release 10 Oct 2018). Of the 9 holes, 8 were completed using Reverse Circulation (RC) drilling with 1 core hole.



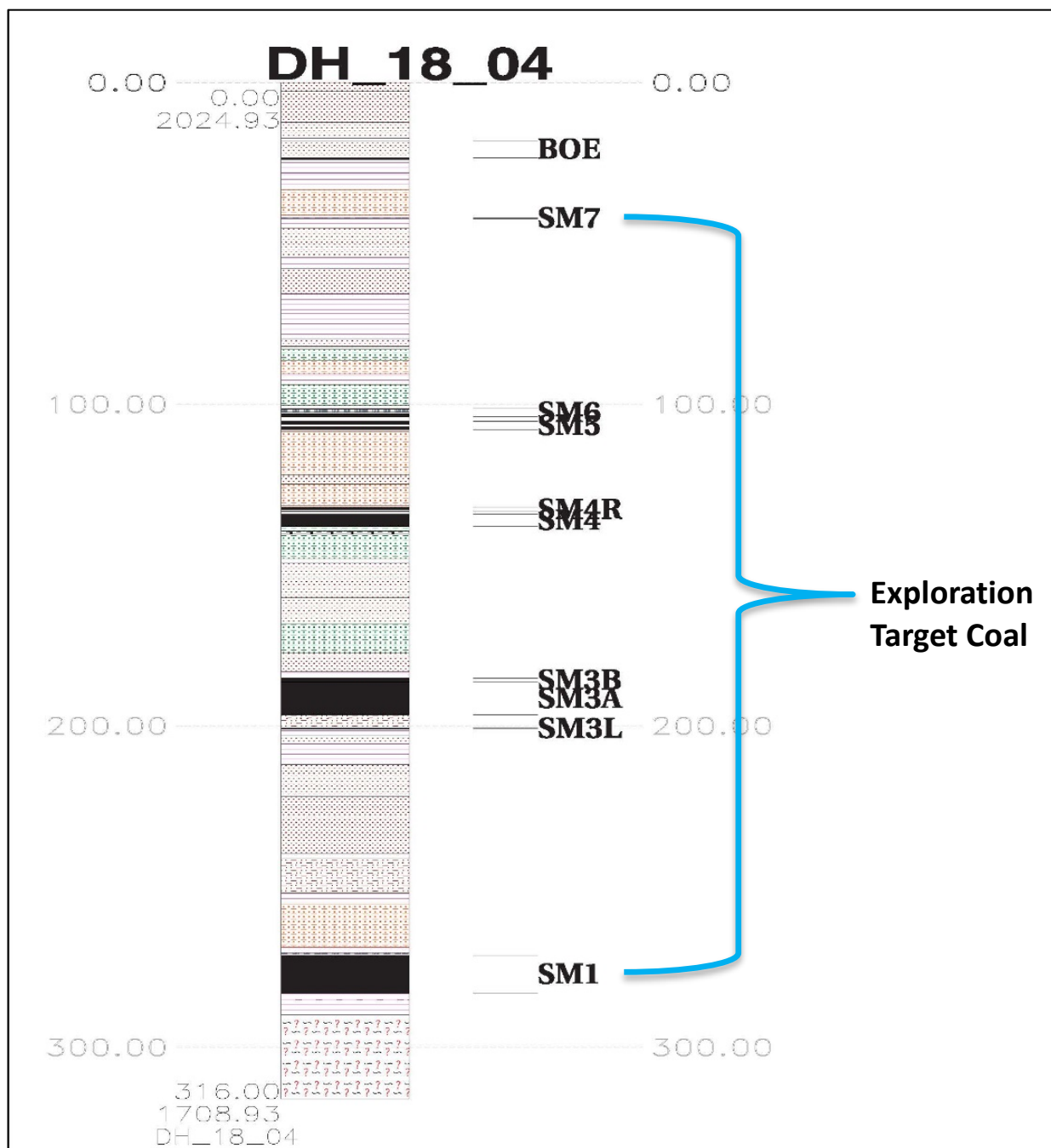
Drill Hole	Drill Type	Date Drilled	Collar	Total Depth	Preliminary Coal Seams Intersected	Samples Taken
DH_18_02	RC	8-Sep-18	1963	400m	SM4, SM5, SM6, SM7	13
DH_18_03	RC	11-Sep-18	2007	364m	SM1, SM3, SM4, SM5, SM6, SM7	15
DH_18_03C	Core	17-Sep-18	2007	220m	SM4, SM5, SM6	4
DH_18_04	RC	17-Aug-18	2025	316m	SM1, SM3, SM4, SM5, SM6, SM7	13
DH_18_05	RC	25-Aug-18	2038	421m	SM3, SM4, SM5, SM6, SM7	12
DH_18_06	RC	13-Aug-18	2082	402m	SM3, SM4, SM5, SM6, SM7	14
DH_18_09	RC	15-Sep-18	2054	455m	SM3, SM4, SM5, SM6, SM7	10
DH_18_10	RC	2-Sep-18	1947	438m	SM4, SM5, SM6, SM7	10
DH_18_11	RC	23-Sep-18	2001	435m	SM7	4
				3,451m		95

Note: Preliminary coal seam correlations prior to examination of coal quality analyses

Consistent Geological Continuity

The initial drilling program indicates the geological continuity of coal seams across the Western Coal License (Number 418648). These early indications suggest that all holes intersected the SM4, SM5/6 and SM7 seams, including the first hole to be drilled into the Central Coal License (Number 418650) which shows the potential propagation of the SM7 seam into that block.

Due to the weather window available in that part of British Columbia, the decision was taken to drill to depths which were known to contain the top seams, whilst extending drilling below in certain cases where drilling conditions were most favorable to also test the continuity of the lower SM1 and SM3 seams.



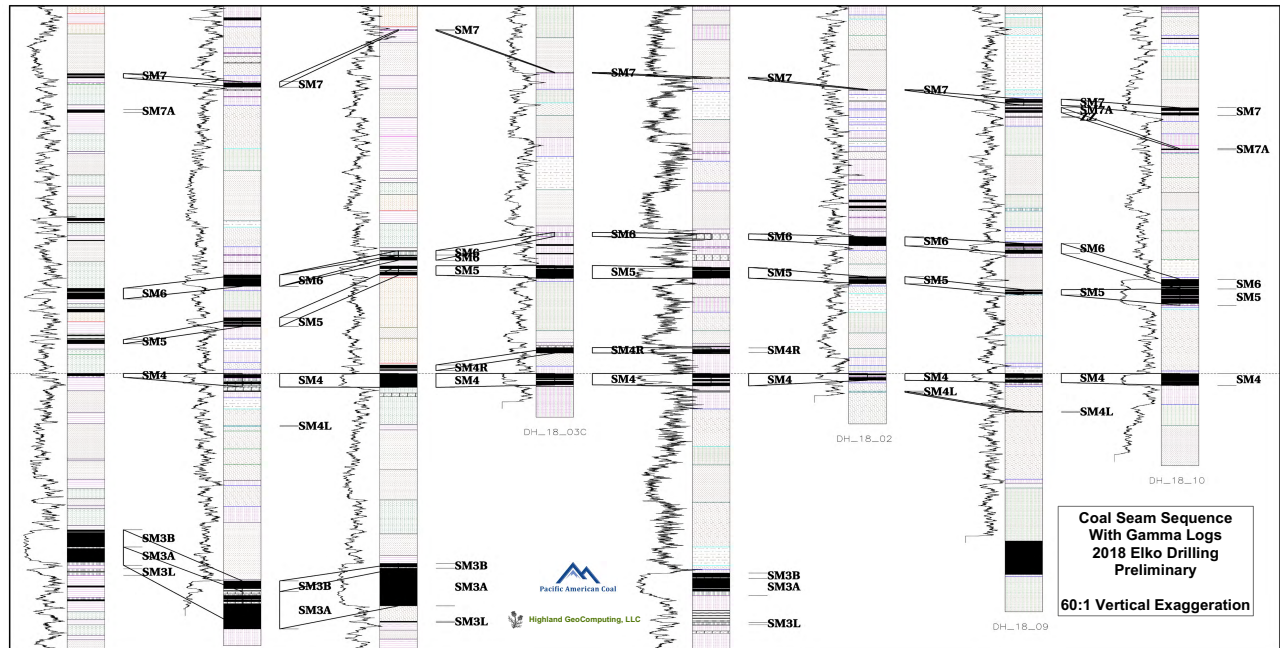
Indicative Lithology from hole DH_18_04

Extension of High Value Coal Seams

Currently all the Indicated and Measured JORC 2012 certified resource are contained within the Western Coal License. DH_18_11 demonstrates the continuity of the resources into the adjoining Central license area. The initial interpretation is that seam SM7 is present in the Central Coal License, provides potential upside to previous understanding of the lateral extension of the higher value coal seams into the Central License area.

Preliminary Coal Correlation

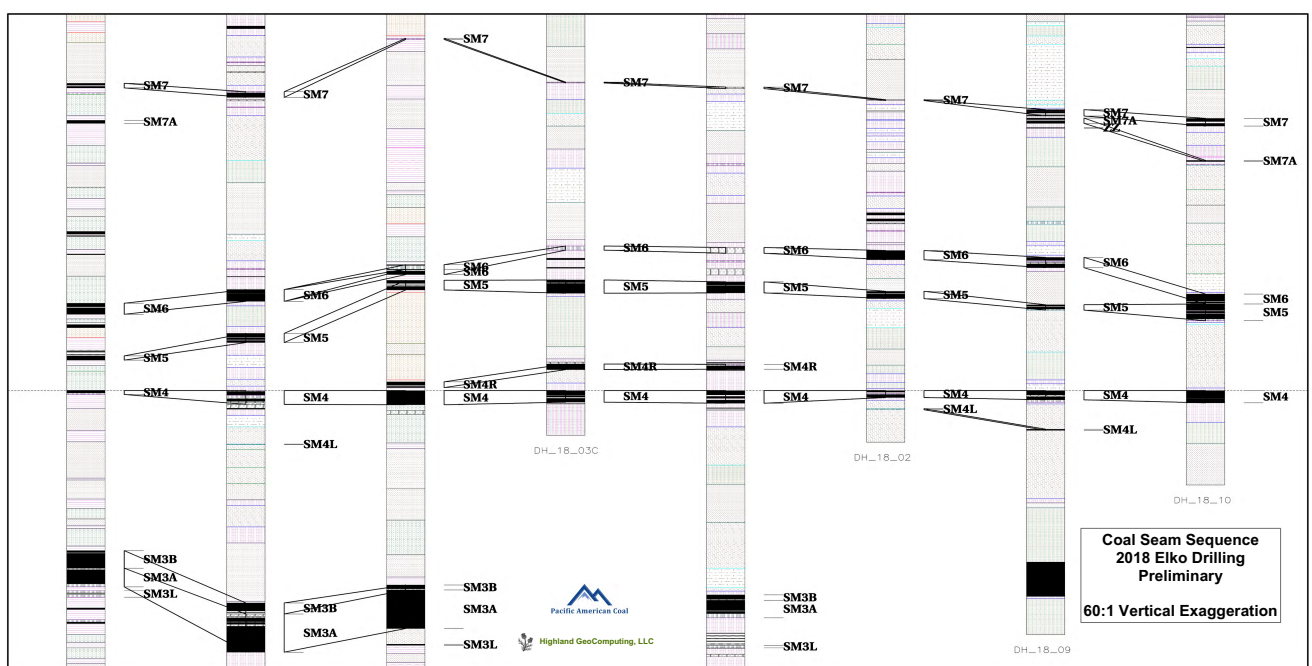
Using geophysical instrumentation, each drill hole was logged in order to confirm the presence of coal and to assist in defining coal seam thicknesses. These logs are shown below:



Preliminary Coal Seam Sequence with Gamma Logs

Correlatable Coal Seams

The Company is pleased to report, that based on these preliminary results and analysis that despite the surface topography, the coal seams appears to be correlate across the property. Final coal assay and analysis will assist in confirming the extent of these correlations.



Next Steps

As outlined in the Company's ASX release on 10 October 2018, PAK has a clearly defined plan for activities relating to the Elko project, a number of which have already been completed including:

Short Term (3-6 months)	Progress
Coal samples from the drilling having been sent from the site for analysis at SGS Denver	✓
Initial drill hole lithology and preliminary review Q4 2018	✓
Results from the laboratory testing including assay results are expected to be available during Q4 2018 in-line with the initial timetable	On Track
Assay results and drill lithology will then be used to improve the geological model with the expectation of releasing an update resource statement during Q1 2019	On Track
The next phase of the exploration program will incorporate the updated geological model	On Track

Medium Term (6-24 months)	
Leverage the existing Notice of Work for the Western Coal License that is valid through May 2022	Commenced
Applying for a more expansive multi-year Notice of Work over the entire project area	Commenced
Commence the process for seeking interest from various parties to support the future development of the project	Commenced

Commenting on the drilling results from the 2018 exploration program, PAK Chairman Geoff Hill said:

"We are thrilled that the initial results from the recent drilling program at Elko are even better than we had expected. Our objectives have been to improve the classification of our JORC Resources and to understand if our coal seams extend further across the Elko project. Early indications are that we have achieved both of these objectives and we are looking forward to updating shareholders on the results from the coal quality work. All our efforts over the past 18 months indicate that we have added significant knowledge and value to the Elko project through this exploration program."

FOR FURTHER INFORMATION CONTACT

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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 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.

Interim Table 1 - 2018 Elko Exploration Project

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Note: Highland GeoComputing, LLC (HGC) prepared a detailed geological summary of the 2018 Elko Exploration Project. This report is due for completion by the end of November 2018. Data pertaining specifically to Section 1 and Section 2 of this “Table 1” update is available now from PAK, upon request. Analytical results from SGS labs are due for completion during late Q4 2018 or early 2019. When the analytical results are complete, HGC will update (finalize) the 2018 geologic model and resource estimates, then update Section 3 of this Table 1 as part of a complete report pertaining to the JORC Code.

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i> <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> <i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i> 	<p>Historical Data:</p> <ul style="list-style-type: none"> One HQ3 (61.1mm diameter) core hole located in license 418648 with coal quality analyses (FH1). Six Adits excavated in license 418648 in summer of 1974. Samples collected for coal quality analyses. Two drill holes exist in 418649 (LP101 and LP102) Two adits adit in 418649 (LP Adit-2 and LP Adit-3) <p>2018 Elko Exploration Data:</p> <ul style="list-style-type: none"> 8 reverse circulation (RC) holes with chips samples collected of coal. 7 holes drilled in license 418648, one hole drilled in license 418650. The holes were drilled in August and September 2018. <ul style="list-style-type: none"> RC chip samples collected every 0.5 meters within coal zones. The detailed RC sampling protocol is available upon request from PAK and will be located in Appendix A of the Geologic Summary for the 2018 Elko Exploration Project, November 2018 (2018 Elko Geologic Summary). All holes geophysically logged. 1 spot PQ core hole with PQ coal core collected <ul style="list-style-type: none"> Coal core sampling protocol is available upon request from PAK and will be located in Appendix A of the 2018

Criteria	JORC Code explanation	Commentary
Elko Geologic Summary.		
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> 	<p>Historical Data:</p> <ul style="list-style-type: none"> • One vertical HQ3 core hole utilizing triple tube barrel and wireline core retrieval (FH1). • The drill holes in license 418649 used convention rotary and split tube core retrieval. <p>2018 Elko Exploration Data:</p> <ul style="list-style-type: none"> • 8 reverse circulation holes drilled with a combination of hammer, PDC rotary and Tri-cone drill bits. • The core hole was cored with a convention split-tube PQ size core barrel with a PDC core bit.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Reverse circulation (RC) chip samples were collected within each coal zone. 0.5-meter sample plies were collected when coal seams were intersected. Coal samples were transported from the RC cyclone across a vibrating screen (200 mesh) to poly mesh sample bags. The vibrating screen reduces surface moisture, while keeping finer grained material. Each sample interval was labeled and tagged. The complete RC sampling protocol is available upon request from PAK and will be located in Appendix A of the 2018 Elko Geologic Summary.
<i>Logging</i>	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Core and chip samples were geological logged by qualified geologists. • Coal core logging and sampling protocol is available upon request from PAK and will be located in Appendix A of the 2018 Elko Geologic Summary. • Lengths of core cut and lengths of core recovered were measured by qualified geologists.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in</i> 	<ul style="list-style-type: none"> • RC chip samples were processed by SGS laboratories in Denver, Colorado, USA. • Highland GeoComputing, LLC (HGC) geologists and PAK geologists prepared sample analysis forms for the RC chips. Individual plies were combined to form larger samples. • SGS split the samples using split-riffles according to ASTM standards.

Criteria	JORC Code explanation	Commentary
	<p><i>situ material collected, including for instance results for field duplicate/second-half sampling.</i></p> <ul style="list-style-type: none"> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> SGS performed proximate, ultimate, mineral ash, free swelling index – FSI (CSN) and ash fusion analyses on RC chip samples. This is work in progress, final results are expected in Q1 2019 HGC selected specific RC samples for preliminary washability testing. Washability tests were performed using a single 1.5 specific gravity split. Analyses performed by SGS use ASTM standards. SGS performs routine and documented Qa/Qc analyses internally. SGS also participates in regional “Round Robin” programs between numerous labs in the U.S. to maintain analytical standards.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> All sample plies were plotted in striplogs of each drill hole. The strip logs contain graphic representations of drill hole lithologies and traces of geological logs (gamma, density, neutron, resistivity, and caliper).
Location of data points	<ul style="list-style-type: none"> <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> The Elko Exploration Project uses a map projection of NAD 1983, UTM Zone 11. Historical data points were located with hand-held GPS units. Historical locations were converted from NAD 1927 datum to NAD 1983 datum. The converted locations were very close to locations collected using hand-held GPS units. The 2018 drill holes were surveyed by Garrett Winkel Land Surveying Ltd. out of Cranbrook, B.C. The locations and depths of the 2018 drill hole data is located in Appendix A, below.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> 	<ul style="list-style-type: none"> The 2018 drill hole data is widely spaced across the western part of the PAK licenses areas. Hole locations were dictated in some part by rugged and heavily forested terrain. Adjacent samples were composited using thickness and ASG

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	(apparent specific gravity) during coal quality modeling.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The Historical and the 2018 Elko Exploration drill holes were not oriented in any particular direction (started as vertical). The drill holes do deviate at depth. Downhole direction and deviation surveys were collected by Century Wireline Services (Century) as part of their logging services. Drill hole deviation surveys have been included in the drill hole database and the geologic model.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> RC and core samples were stored in a locked, environmentally controlled core shed in Fernie, B.C. HGC and PAK geologists packaged the samples into large (1m cubic meter) shipping bags. The bags were secured with steel straps for shipment. SGS contracted a courier from Fernie, B.C. to Denver Colorado. HGC observed the shipping bags at the SGS labs in Denver, CO.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> As of November 2018, no reviews or audits have been performed on the sampling techniques and data. However, RC sampling and core logging protocols were compiled and reviewed by several coal geologist CPs.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> In September 2014, The British Columbia Ministry of Energy and Mines granted PAK yearly coal title licenses for three areas that comprise the Elko Exploration area. The three active coal licenses for the Elko area are 418648, 418649, and 418650, commonly known as the "West Block", the "East Block" and the "Central Block", respectively. The coal licenses are valid through 2022.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Historical data used and results from previous exploration projects within the current tenements were performed by Kaiser Resources, BC Coal Ltd, Shell Mining, and Cline Mining Corp.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Target coal seams are located in southern end the Crowsnest Coal Field within the Mist Mountain Formation of the Kootenay Group. The

Criteria	JORC Code explanation	Commentary
		main structure is the McEvoy Syncline where strata typically dip 20-30 degrees to the NE or NW.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<p>Historical Data:</p> <ul style="list-style-type: none"> GPS coordinates for the location of drill hole FH-1 were obtained during the 2015 field reconnaissance project. Complete drilling, geophysical and coal quality logs exist for FH-1. These data were obtained from CoalFile reports from the British Columbia Ministry of Energy and Mines. GPS locations for the drill holes LP101 and LP102 were also obtained during the 2015 field reconnaissance project. Complete drilling, geophysical and coal quality logs exist for LP101 and LP102. These data were obtained from CoalFile reports from the British Columbia Ministry of Energy and Mines. <p>2018 Elko Exploration Data</p> <ul style="list-style-type: none"> Table 2 in the 2018 Elko JORC Report summarizes the locations and depths of the 2018 drill holes. Detailed descriptive logs and graphic striplogs for the 2018 drill hole data are available upon request from PAK and will reside in Appendix B and Appendix D, respectively, in the 2018 Elko Geologic Summary.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Sample plies within individual coal seams were weight averaged together using sample lengths and ASG.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Coal seam intercepts were logged by drillers and geologists in the field. Detailed top and bottom depths of coal seams were determined by HGC geologists from geophysical logs.

Criteria	JORC Code explanation	Commentary
<i>Diagrams</i>	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Detailed maps and cross-sections of the latest geologic interpretation and geologic model are available upon request from PAK and will reside in Appendix C in the 2018 Elko Geologic Summary.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Analytical results are expected during late Q4 2018 or early Q1 2019 from SGS. All of the sample results will be included Appendix E in the 2018 Elko Geologic Summary.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> HGC geologists made numerous geologic observations and collected many strike and dip orientations across the Elko project area. A map showing these data is available upon request from PAK. This map will occur as Figure 5 in the 2018 Elko Geologic Summary.
<i>Further work</i>	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Additional exploration drilling and geological mapping is planned for the summer of 2019 in the Elko license areas. As of November 2018, details of the 2019 exploration are being compiled.

Section 3 Estimation and Reporting of Mineral Resources

Geologic modeling and resource estimations are currently being developed. Results are expected in December 2018 and January 2019.

Criteria	JORC Code explanation	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> Drill Hole and adit data were entered into the DHDB drill hole database. DHDB is password protected and resides on the HGC secure network. Lithological logs entered into DHDB were checked by building graphic logs overlain by geophysical logs. Historical coal quality data were checked by HGC and PAK personnel. 2018 coal quality data is still being processed by SGS and HGC. Final coal quality results are expected late Q4 2018 or early Q1 2019.
<i>Site visits</i>	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> Mr. Dwight M. Kinnes, CPG of Highland GeoComputing, LLC visited the Elko Exploration area from August 6, 2018 through August 15, 2018 and again from September 4, 2018 through September 14, 2018.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> Mr. Kinnes performed geological mapping, logged chip samples and coal core, and assisted field geologists with logging and sampling procedures. Mr. Kinnes oversaw sampling of RC chip samples and prepared the samples for shipment to SGS.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> The 2018 exploration drilling provided the basis of the interpretation. HGC was able to correlate coal seams across the extent of drilling. Preliminary coal seam interpretations reside in Appendix B, below. HGC created three measured sections across coal outcrops. Geologic observations at surface in the form of strike and dip measurements of outcrop were used as supporting data for the geologic interpretation. Historic geologic data from adits, strikes and dips and fault locations were ground truthed by HGC and used as supporting data for the geologic interpretation. HGC also performed photo-geologic interpretation over the Elko Project area using ArcGIS, Google Earth, and B.C. government imagery.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> Work in Progress to be updated December 2018 or January 2019.
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. 	<ul style="list-style-type: none"> Work in Progress to be updated December 2018 or January 2019.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> • Description of how the geological interpretation was used to control the resource estimates. • Discussion of basis for using or not using grade cutting or capping. • The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	
Moisture	<ul style="list-style-type: none"> • Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> • Work in Progress to be updated December 2018 or January 2019.
Cut-off parameters	<ul style="list-style-type: none"> • The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> • Work in Progress to be updated December 2018 or January 2019.
Mining factors or assumptions	<ul style="list-style-type: none"> • Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> • Work in Progress to be updated December 2018 or January 2019.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> • The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	<ul style="list-style-type: none"> • n/a
Environmental factors or assumptions	<ul style="list-style-type: none"> • Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> • Work in Progress to be updated December 2018 or January 2019.
Bulk density	<ul style="list-style-type: none"> • Whether assumed or determined. If assumed, the basis for the 	<ul style="list-style-type: none"> • Work in Progress to be updated December 2018 or January 2019.

Criteria	JORC Code explanation	Commentary
	<p>assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</p> <ul style="list-style-type: none"> The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> Work in Progress to be updated December 2018 or January 2019.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> Work in Progress to be updated December 2018 or January 2019.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> Work in Progress to be updated December 2018 or January 2019.
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

Section 4 Estimation and Reporting of Ore Reserves

The Elko Exploration project is effectively at the Greenfields stage. No type of feasibility study has been performed. Therefore, under the JORC code, no coal reserves have been compiled or reported.

Appendix A
Pacific American Coal, Ltd.
Locations for the 2018 Elko Drilling Data
November 2018

DHID	Northing	Easting	Collar	Total Depth	Start Date	End Date	Days	Hole Type
DH_18_06	5,466,283.47	657,117.96	2,082.14	402.00	8-Aug-18	13-Aug-18	5	Reverse Circ.
DH_18_04	5,465,061.58	657,619.79	2,024.94	320.00	15-Aug-18	17-Aug-18	2	Reverse Circ.
DH_18_05	5,465,662.74	657,697.73	2,038.10	421.00	19-Aug-18	24-Aug-18	5	Reverse Circ.
DH_18_10	5,464,082.70	659,121.10	1,946.74	438.00	26-Aug-18	2-Sep-18	7	Reverse Circ.
DH_18_02	5,464,911.86	658,509.55	1,963.19	400.00	3-Sep-18	8-Sep-18	5	Reverse Circ.
DH_18_03	5,464,685.31	658,034.48	2,007.19	366.00	9-Sep-18	11-Sep-18	2	Reverse Circ.
DH_18_03C*	5,464,684.48	658,031.61	2,007.02	220.00	12-Sep-18	17-Sep-18	3	Reverse Circ./Partial Core
DH_18_09	5,464,306.76	658,430.44	2,053.54	455.00	13-Sep-18	15-Sep-18	2	Reverse Circ.
DH_18_11	5,463,418.56	659,436.95	2,001.44	435.00	18-Sep-18	23-Sep-18	5	Reverse Circ.
Total				3,457.00			36	

* Returned to hole after drilling DH_18_09. Drilling extended to determine seam locations

Appendix B
Pacific American Coal, Ltd.

**Preliminary Interpreted Coal Seam Depths and Elevations
for the 2018 Elko Drilling Data**
November 2018

DHID	Named Unit	From	To	Roof	Floor	Thick
DH_18_02	E3	175.50	176.50	1,787.69	1,786.69	1.00
DH_18_02	E2	201.50	202.20	1,761.69	1,760.99	0.70
DH_18_02	E1	227.50	229.70	1,735.69	1,733.49	2.20
DH_18_02	SM7	310.30	310.50	1,652.89	1,652.69	0.20
DH_18_02	SM6	349.80	352.20	1,613.39	1,610.99	2.40
DH_18_02	SM5	360.50	362.40	1,602.69	1,600.79	1.90
DH_18_02	SM4	386.50	388.30	1,576.69	1,574.89	1.80
DH_18_02	SM4L	391.20	391.50	1,571.99	1,571.69	0.30
DH_18_03	E3	6.30	6.90	2,000.89	2,000.29	0.60
DH_18_03	E2	37.40	38.55	1,969.79	1,968.64	1.15
DH_18_03	E1	41.80	44.20	1,965.39	1,962.99	2.40
DH_18_03	SM7	128.00	128.40	1,879.19	1,878.79	0.40
DH_18_03	SM6	170.00	171.50	1,837.19	1,835.69	1.50
DH_18_03	SM5	179.00	181.90	1,828.19	1,825.29	2.90
DH_18_03	SM4R	200.60	201.90	1,806.59	1,805.29	1.30
DH_18_03	SM4	207.50	210.80	1,799.69	1,796.39	3.30
DH_18_03	SM3B	261.00	262.40	1,746.19	1,744.79	1.40
DH_18_03	SM3A	262.40	267.00	1,744.79	1,740.19	4.60
DH_18_03	SM3L	274.20	274.90	1,732.99	1,732.29	0.70
DH_18_03	SM1	335.00	347.00	1,672.19	1,660.19	12.00
DH_18_03C	E1	40.80	43.20	1,966.22	1,963.82	2.40
DH_18_03C	SM7	127.50	127.70	1,879.52	1,879.32	0.20
DH_18_03C	SM6	170.40	171.50	1,836.62	1,835.52	1.10
DH_18_03C	SM5	179.30	182.80	1,827.72	1,824.22	3.50
DH_18_03C	SM4R	201.30	202.80	1,805.72	1,804.22	1.50
DH_18_03C	SM4	208.30	211.30	1,798.72	1,795.72	3.00
DH_18_04	SM7	42.00	42.30	1,982.94	1,982.64	0.30
DH_18_04	SM6	101.30	103.90	1,923.64	1,921.04	2.60
DH_18_04	SM5	105.40	107.90	1,919.54	1,917.04	2.50
DH_18_04	SM4R	132.00	133.50	1,892.94	1,891.44	1.50
DH_18_04	SM4	134.30	138.00	1,890.64	1,886.94	3.70
DH_18_04	SM3B	185.20	186.50	1,839.74	1,838.44	1.30
DH_18_04	SM3A	186.50	196.60	1,838.44	1,828.34	10.10
DH_18_04	SM3L	200.70	201.00	1,824.24	1,823.94	0.30
DH_18_04	SM1	271.40	283.20	1,753.54	1,741.74	11.80

DHID	Named Unit	From	To	Roof	Floor	Thick
DH_18_05	E2	180.25	185.60	1,857.85	1,852.50	5.35
DH_18_05	E1	200.40	205.70	1,837.70	1,832.40	5.30
DH_18_05	SM7	269.70	271.20	1,768.40	1,766.90	1.50
DH_18_05	SM6	321.50	324.60	1,716.60	1,713.50	3.10
DH_18_05	SM5	333.00	335.40	1,705.10	1,702.70	2.40
DH_18_05	SM4	348.00	351.60	1,690.10	1,686.50	3.60
DH_18_05	SM4L	362.00	362.15	1,676.10	1,675.95	0.15
DH_18_05	SM3B	403.60	406.50	1,634.50	1,631.60	2.90
DH_18_05	SM3A	406.50	416.50	1,631.60	1,621.60	10.00
DH_18_06	E3	105.90	106.80	1,976.24	1,975.34	0.90
DH_18_06	E2	123.20	124.50	1,958.94	1,957.64	1.30
DH_18_06	E1	131.30	134.80	1,950.84	1,947.34	3.50
DH_18_06	SM7	237.10	238.30	1,845.04	1,843.84	1.20
DH_18_06	SM7A	246.80	247.60	1,835.34	1,834.54	0.80
DH_18_06	SM6	294.70	297.60	1,787.44	1,784.54	2.90
DH_18_06	SM5	308.50	309.60	1,773.64	1,772.54	1.10
DH_18_06	SM4	317.60	318.60	1,764.54	1,763.54	1.00
DH_18_06	SM3B	359.50	364.10	1,722.64	1,718.04	4.60
DH_18_06	SM3A	364.10	369.00	1,718.04	1,713.14	4.90
DH_18_06	SM3L	370.00	371.70	1,712.14	1,710.44	1.70
DH_18_09	E2	169.50	169.90	1,884.04	1,883.64	0.40
DH_18_09	E1	194.20	196.75	1,859.34	1,856.79	2.55
DH_18_09	SM8	241.40	243.50	1,812.14	1,810.04	2.10
DH_18_09	SM7	281.50	283.15	1,772.04	1,770.39	1.65
DH_18_09	SM7A	283.70	285.10	1,769.84	1,768.44	1.40
DH_18_09	SM6	320.20	322.90	1,733.34	1,730.64	2.70
DH_18_09	SM5	332.60	334.00	1,720.94	1,719.54	1.40
DH_18_09	SM4	355.10	357.50	1,698.44	1,696.04	2.40
DH_18_09	SM4L	365.20	365.50	1,688.34	1,688.04	0.30
DH_18_09	SM3B	400.00	403.00	1,653.54	1,650.54	3.00
DH_18_09	SM3A	403.00	409.00	1,650.54	1,644.54	6.00
DH_18_10	E3	194.50	197.30	1,752.24	1,749.44	2.80
DH_18_10	E1	262.10	263.80	1,684.64	1,682.94	1.70
DH_18_10	SM7	342.00	344.00	1,604.74	1,602.74	2.00
DH_18_10	SM7A	353.00	353.30	1,593.74	1,593.44	0.30
DH_18_10	SM6	388.00	390.60	1,558.74	1,556.14	2.60
DH_18_10	SM5	390.60	395.00	1,556.14	1,551.74	4.40
DH_18_10	SM4	413.30	416.50	1,533.44	1,530.24	3.20
DH_18_11	E2	311.40	312.00	1,690.04	1,689.44	0.60
DH_18_11	E1	342.20	343.70	1,659.24	1,657.74	1.50
DH_18_11	SM7	402.00	403.30	1,599.44	1,598.14	1.30
DH_18_11	SM7A	413.40	414.20	1,588.04	1,587.24	0.80