

ASX Release

Thursday 31 Jan 2019

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 31st December 2018

Summary

Pacific American Coal Limited (**ASX: PAK**) is pleased to provide its Quarterly Activities Report for the three months ended 31st December 2018.

- **During the quarter, exploration activities related to the Company's 100% owned Elko Coking Coal Project in B.C. Canada included:**
 - Remediation and restoration work along with demobilisation of drilling which was completed in early October
 - Processing and analysis of the drilling results along with coal quality testing
- **During January 2019, the Company announced the final results from the drilling program along with an updated JORC Resource of 303MT (+18%), which includes confirmation that:**
 - Coal seams ranging in mineable thickness from 1.5m - 12m
 - Coal seams correlate across the resource
 - All upper coal seams confirmed as high-quality low ash coking coal
 - Identification of an additional 3 seams in the shallower Elk formation

PAK Updated JORC 2012 Resource

| JORC Resource (Million Tonnes) | | | | |
|--------------------------------|--------------|-------------|-------------|--------------|
| Lease Area | Measured | Indicated | Inferred | Total |
| West | 106.4 | 70.1 | 18.6 | 195.1 |
| Central | 11.1 | 20.9 | 61.3 | 93.3 |
| East | 0.1 | 2.2 | 12.5 | 14.7 |
| Total | 117.6 | 93.2 | 92.3 | 303.1 |

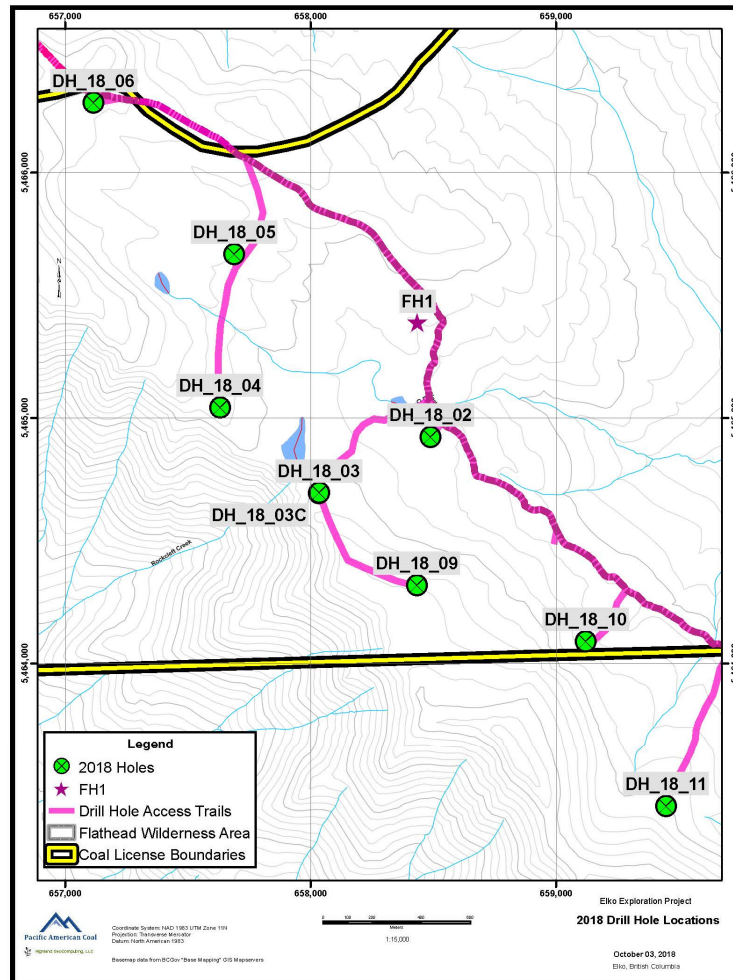
- **Corporate**

- **Financial Position**

The Company had cash of \$1.82m at the end of the quarter

Completion of Site Activities at Elko

On 10th October, PAK announced that remediation and restoration work had been completed along with demobilisation of drilling at PAK's 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. Of the 9 holes, 8 were completed using Reverse Circulation (RC) drilling and 1 core hole.



| 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 | 402.0 | 08-Aug-18 | 13-Aug-18 | 5 | Reverse Circ. |
| DH_18_04 | 5,465,061.58 | 657,619.79 | 2,024.94 | 320.0 | 15-Aug-18 | 17-Aug-18 | 2 | Reverse Circ. |
| DH_18_05 | 5,465,662.74 | 657,697.73 | 2,038.10 | 421.0 | 19-Aug-18 | 24-Aug-18 | 5 | Reverse Circ. |
| DH_18_10 | 5,464,082.70 | 659,121.10 | 1,946.74 | 438.0 | 26-Aug-18 | 02-Sep-18 | 7 | Reverse Circ. |
| DH_18_02 | 5,464,911.86 | 658,509.55 | 1,963.19 | 400.0 | 03-Sep-18 | 08-Sep-18 | 5 | Reverse Circ. |
| DH_18_03 | 5,464,685.31 | 658,034.48 | 2,007.19 | 366.0 | 09-Sep-18 | 11-Sep-18 | 2 | Reverse Circ. |
| DH_18_03C* | 5,464,684.48 | 658,031.61 | 2,007.02 | 220.0 | 12-Sep-18 | 17-Sep-18 | 3 | Reverse Circ./Partial Core |
| DH_18_09 | 5,464,306.76 | 658,430.44 | 2,053.54 | 455.0 | 13-Sep-18 | 15-Sep-18 | 2 | Reverse Circ. |
| DH_18_11 | 5,463,418.56 | 659,436.95 | 2,001.44 | 435.0 | 18-Sep-18 | 23-Sep-18 | 5 | Reverse Circ. |
| Total | | | | 3,457.0 | | | 36 | |

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

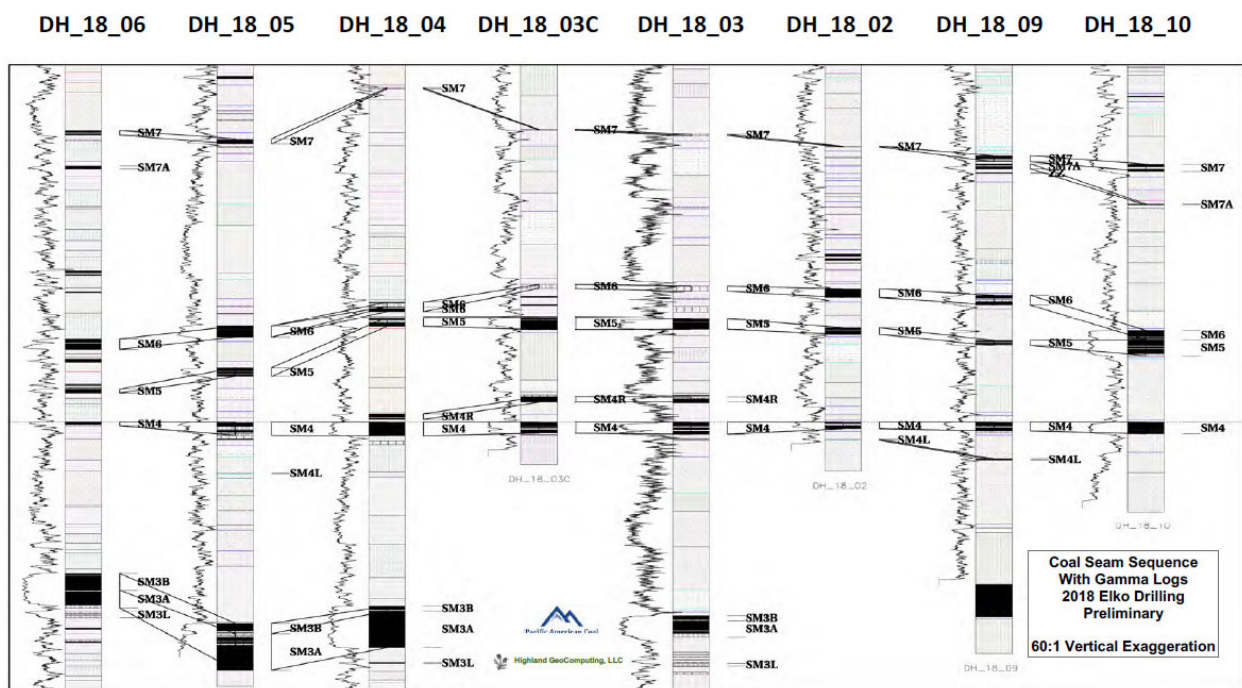
2018 Drill Hole Locations and Details

Elko Drilling Results

Processing and analysis of the drilling results and coal quality testing was undertaken during the quarter, which enabled PAK to announce an updated JORC Resource of 303MT on 16th Jan 2019.

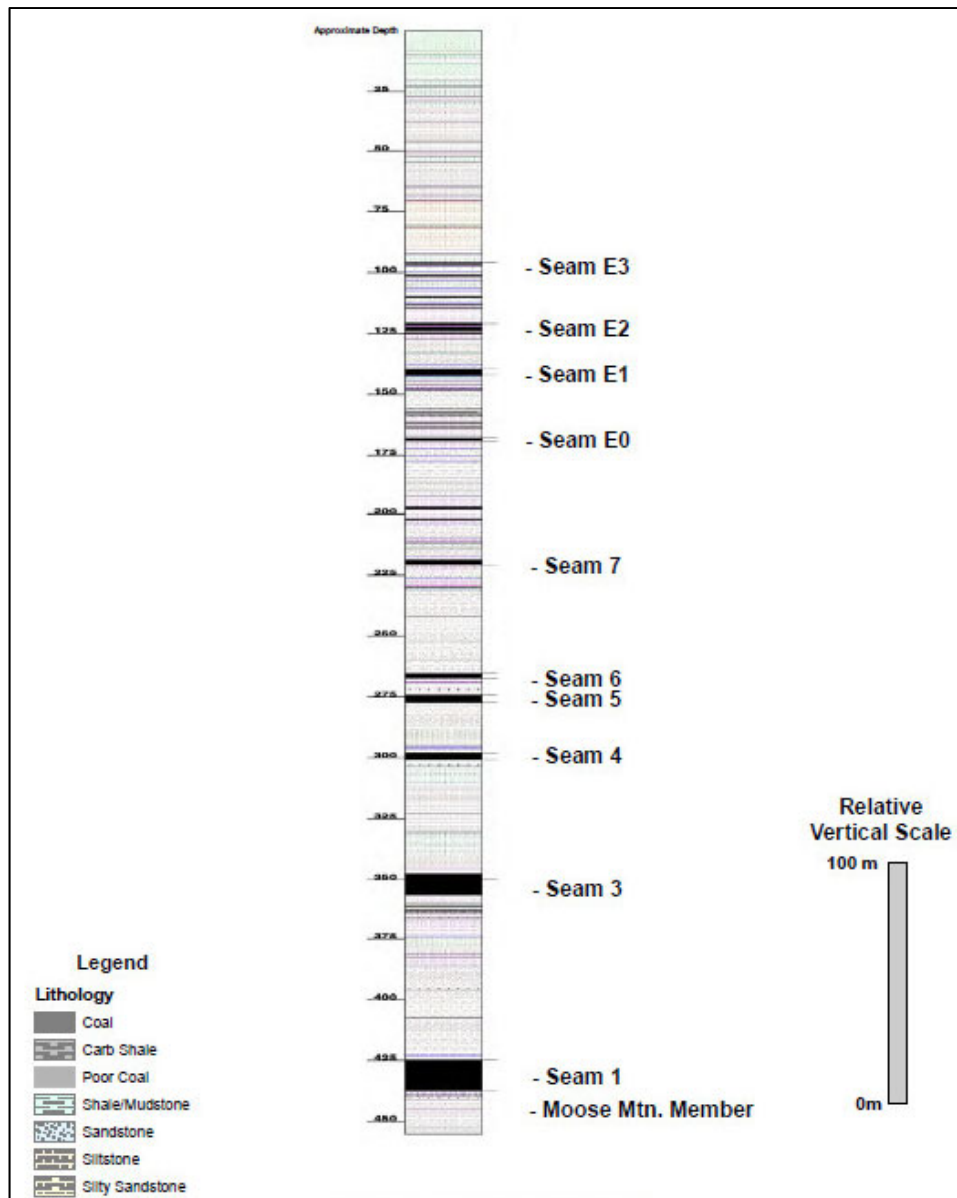
Drilling confirmed nine coal seams running through the Elko resource with thicknesses ranging from 1.77m-12.70m. PAK's geological consultant Highland GeoComputing LLC (HGC) confirmed the existence and continuity of the six coal seams in the Mist Mountain Formation previously identified and three additional high-quality coal seams in the shallower Elk Formation.

The Elko exploration program intersected numerous coal seams that have been correlated across the resource. These correlations support consistent washed coal quality values and provide the basis for confidence in the resource. The work undertaken by HGC confirms the existence and continuity of the six coal seams in the Mist Mountain Formation and E1 in the Elk Formation. E0 and E2 from the Elk Formation were only identified in the western coal lease.



Correlation of coal intersections across drill holes

The Elk formation coal seams have splits of some degree and are often interbedded with thin mudstone and carbonaceous shale bands. Thin leader and rider coal seams occur respectively below and above the main seams. The Elk Formation coal seams usually occur at the base of hard, thick, massive siliceous sandstone units. The E1 seam has the most consistent occurrence and thickness of the Elk Formation coal seams correlated. E1 and E2 seams have high FSI values in the raw and washed coal quality data.



Composite lithology from the 2018 Drill Hole Data

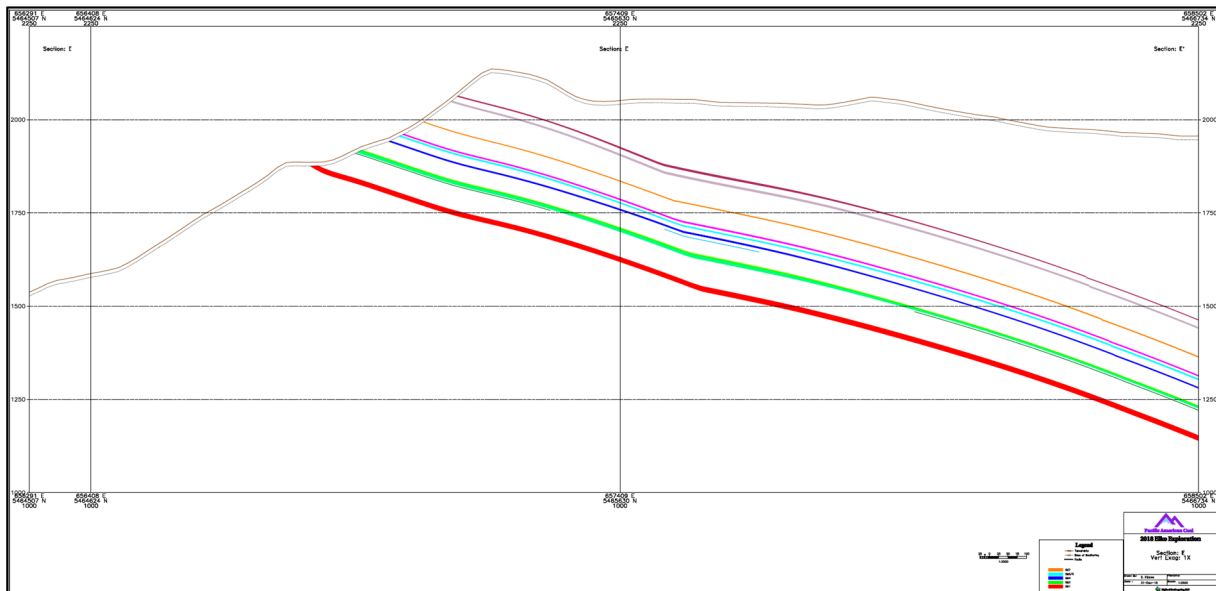
During the quarter, SGS in Denver conducted a number of coal quality tests on the drilling. The washed coal quality results confirm that seven of the nine seams are indicative of mid-vol, low ash, coking coal. The bottom two seams are in line with a mid vol, semi-soft coking coal to a PCI metallurgical coal. This new and updated information is supportive that the Elko Project contains a large coking coal resource with the potential ability to produce a range of coking and metallurgical coal products.

The yields detailed in the SGS report are based on samples taken from the drilling program and may not represent the production yields from mining operations.

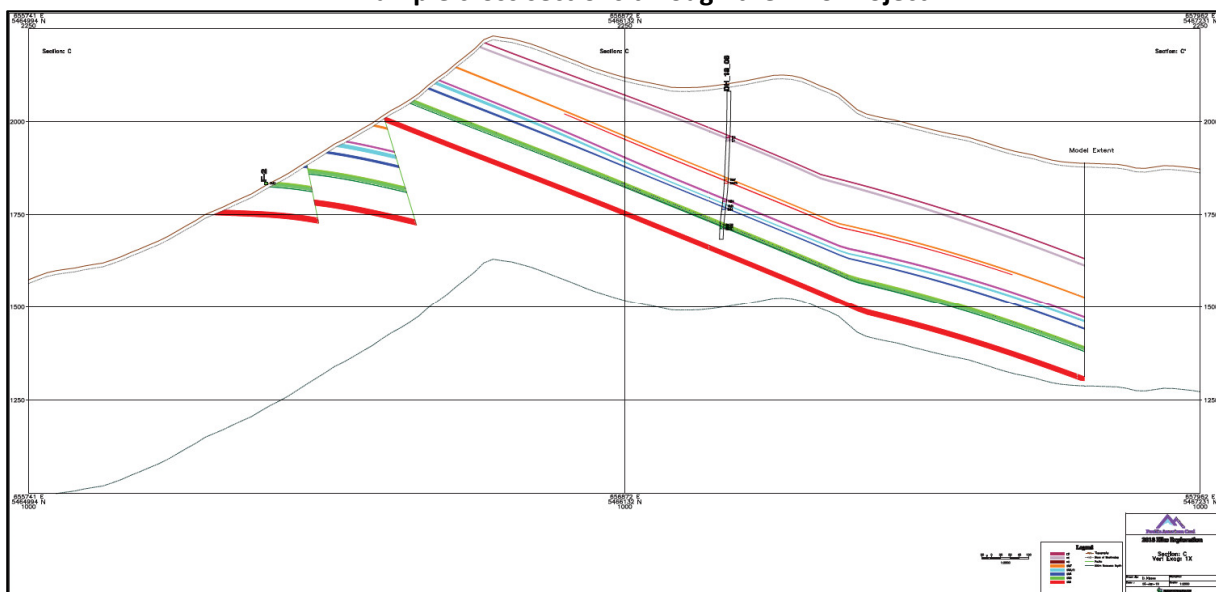
HGC modelled raw quality and washed quality for an initial estimate of coal quality at Elko. HGC modelled raw dry ash, dry heat (Kcal/kg), dry sulphur and FSI. HGC also modelled clean dry ash, dry heat (Kcal/kg), dry sulphur and FSI. The washed coal characteristics represent the float product using a 1.5 SG.

| Coal Seam | Yield | Washed Coal | | | | |
|--------------|--------------|-------------|--------------|-------------|------------|---------------------------|
| | | Ash | VM | Sulfur | FSI | Specific Energy (Kcal/kg) |
| E2 | 54.9% | 5.88 | 33.19 | 0.56 | 8.1 | 8,100 |
| E1 | 37.5% | 8.23 | 26.94 | 0.52 | 7.8 | 7,870 |
| E0 | 45.7% | 6.50 | 26.12 | 0.56 | 8.5 | 8,201 |
| SM7 | 47.5% | 6.27 | 27.25 | 0.62 | 8.5 | 8,219 |
| SM6 | 67.1% | 6.04 | 22.91 | 0.45 | 6.2 | 8,001 |
| SM5 | 70.2% | 5.59 | 22.68 | 0.43 | 6.9 | 8,031 |
| SM4 | 57.8% | 6.55 | 21.14 | 0.50 | 6.2 | 7,995 |
| SM3 | 58.6% | 6.29 | 21.10 | 0.38 | 4.2 | 8,221 |
| SM1 | 51.6% | 9.43 | 21.30 | 0.39 | 3.2 | 7,789 |
| Total | 55.4% | 7.33 | 22.32 | 0.43 | 5.1 | 7,995 |

Coal Quality Summary by seam



Example cross sections through the Elko Project



JORC Resource Update

The total JORC Resource has increased to 303MT with the majority of the increase coming from the identification of three new high-quality coal seams. These new coal seams E0, E1, E2 have added an extra 35Mt to the total JORC Resource.

The majority (95%) of the JORC resource at Elko sits in the Western and Central blocks, where the drilling campaign focused. The drilling campaign and coal analysis increases confidence in the Elko Project, with the updated JORC report identifying potential upside in the Central and Eastern Blocks with further drilling.

The Elko Coking Coal Project now has a Measured and Indicated Resources of 210.8MT, with 117.6MT Measured, 93.2MT Indicated and 92.3MT Inferred Resources.

| Lease Area | 2018 In-Situ Resource Estimate (MT) | | | | 2015 In-Situ Resource Estimate (MT) | | | |
|------------|-------------------------------------|-----------|----------|--------|-------------------------------------|-----------|----------|--------|
| | Measured | Indicated | Inferred | Total | Measured | Indicated | Inferred | Total |
| West | 106.45 | 70.12 | 18.64 | 195.20 | 19.19 | 57.04 | 85.37 | 161.60 |
| Central | 11.11 | 20.93 | 61.20 | 93.25 | 0.00 | 0.00 | 48.14 | 48.14 |
| East | 0.09 | 2.14 | 12.48 | 14.70 | 0.00 | 0.00 | 47.81 | 47.81 |
| Total | 117.65 | 93.19 | 92.32 | 303.15 | 19.19 | 57.04 | 181.32 | 257.55 |
| % of Total | 39% | 31% | 30% | 100% | 8% | 22% | 70% | 100% |

Comparison against previous Resource Estimate by Coal Lease Area

| Seam | Seam Thickness (metres) | In-Situ Resources (MT) | | | |
|-------------|-------------------------|------------------------|-----------|----------|-------|
| | | Measured | Indicated | Inferred | Total |
| E2 | 2.60 | 2.9 | 1.2 | 0.1 | 4.1 |
| E1 | 2.71 | 15.5 | 11.1 | 4.0 | 30.6 |
| E0 | 1.77 | 0.9 | 0.0 | 0.0 | 0.9 |
| SM7 | 2.41 | 5.9 | 5.6 | 3.0 | 14.4 |
| SM6 | 2.39 | 11.6 | 7.0 | 4.8 | 23.4 |
| SM5 | 3.06 | 15.0 | 9.6 | 6.1 | 30.7 |
| SM4 | 2.97 | 12.8 | 7.2 | 6.4 | 26.3 |
| SM3 | 8.45 | 24.8 | 18.7 | 28.1 | 71.6 |
| SM1 | 12.70 | 28.3 | 32.9 | 39.9 | 101.1 |
| Grand Total | 7.41 | 117.6 | 93.2 | 92.3 | 303.1 |

JORC Resource category by seam

Elko Next Steps

The Company believes that based on these results the Elko Project continues to demonstrate significant shareholder value and warrants further investment. PAK has permits in place that gives access to the resource in the coming Canadian summer for further drilling and exploration work. The Company has invested heavily into the upgrade and building of new roads with most infrastructure needed for exploration in place. PAK is applying for additional exploration permits that will allow further exploration in new areas within our existing Coal Licence, and commenced the process for seeking interest from various parties to support the future development of the project

Financial Position

The Company had a cash balance of \$1.82m at the end of the quarter, which included cash outlays during the quarter of \$1.49m related to 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

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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 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
- 03.12.2018 Initial Drilling Results Exceed Expectation (Table 1 Update)
- 16.01.2019 Elko Coking Coal Project JORC Resource Increased to 303Mt

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.