

ASX Release

Wednesday, 16th September 2020

ASX Code

PAK

About Us

Pacific American Holdings Limited (the Company) is an ASX listed company with a diversified asset portfolio with a focus on renewable energy including hydro power generation and bulk commodities for steel making. PAK is advancing the development of its Primary Power subsidiary to expand its portfolio of renewable energy technologies. PAK holds a 50% interest in GP Hydro Pte Ltd and 100% ownership of the Elko Project with 303MT of JORC 2012 compliant resources in the highly productive East Kootenay region of British Columbia.

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

Investment GP Hydro Pte Ltd

Ownership 50%

Project Elko Project

Ownership 100%

JORC 2012 303MT Resource,
117MT Measured

Stage Exploration

Pacific American Holdings Limited

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PAK to Earn Equity in Prospective Gold Exploration Licences in WA

Expanding our Mining & Investment Portfolio

Highlights

- **Opportunity to earn up to 60% equity in highly prospective, advanced gold exploration licences, 150 km NE of Kalgoorlie**
- **Favourable geological setting along 25 km strike of the Kilkenny Fault, and extending north from the Porphyry North Gold Project mine**
- **Three high level drill targets have been identified by licence holders at the Porphyry North Gold Project**
- **Successful Placement raising \$750,000 ensures PAK has funds to earn first 35% Tranche**
- **Subject to 60 day due diligence period**

Pacific American Holdings Limited (ASX: PAK) (“the Company”) is pleased to advise as part of its efforts to add significant value to the Company’s portfolio of assets it has entered into an exclusive and binding Term Sheet with Salazar Gold Pty Ltd (“Salazar”).

The agreement with Salazar is to farm-in and acquire up to 60% ownership of Salazar’s gold projects in Western Australia (WA) including the exciting Porphyry North Gold Project in the Yilgarn area. The ownership interest will be acquired through a staged farm-in, with total expenditure of up to \$2 million. The deal is subject to final due diligence. The Company has commenced this process utilising a specialist technical team in WA.

Additionally, the Company is updating the market on the progress of our GP Hydro Joint Venture and Elko coking coal project in British Columbia.

Commenting on the Salazar Farm-in, PAK Chairman Geoff Hill said:

“This allows PAK shareholders to gain access to an exciting gold project that brings significant value potential to the Company. Salazar has undertaken detailed preliminary exploration with a number of targets that are drill-ready. This investment in gold, coupled with the Company’s most recent venture GP Hydro, supports PAK’s strategy to diversify into high value assets that have significant returns for shareholders”.

Salazar - Porphyry North Gold Project

The most developed of these prospects is Salazar's flagship project the **Porphyry North Gold Project** that covers 113km² of the Keith-Kilkenny Tectonic Zone (Figure 1) and is located between several growing gold deposits and projects.

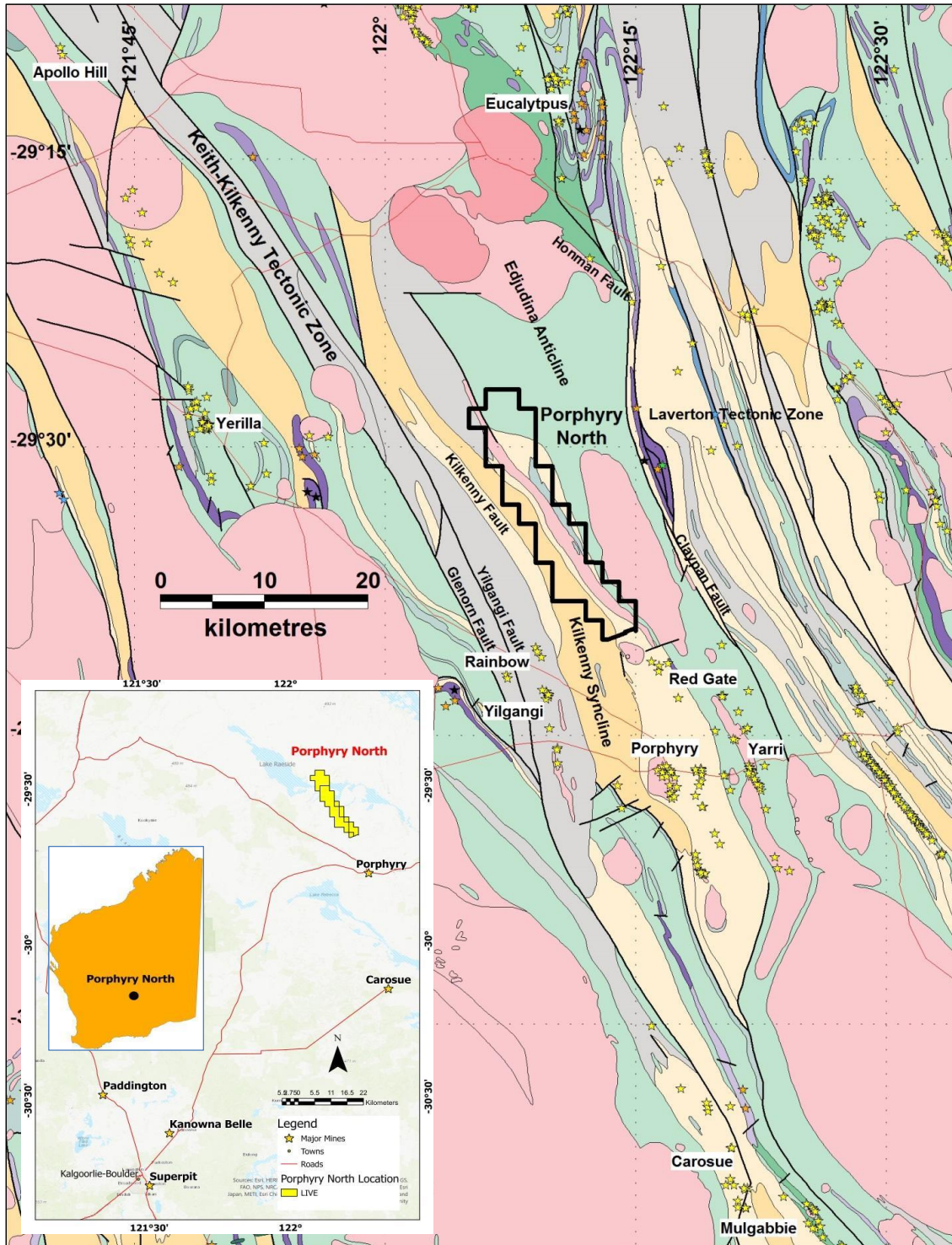


Figure 1: Porphyry North Gold Project location within the Keith-Kilkenny Zone between the new Apollo Hill discovery and the Porphyry and Carosue gold mines. Gold stars responds to mines and prospects.

The Porphyry North Gold Project lies 15km north of the Porphyry gold mine and approximately 150km north east of Kalgoorlie in the world class Eastern Goldfields region of the Archaean Yilgarn craton in Western Australia.

Since the 1970s, several mining companies have explored for nickel and gold within and around the Porphyry North project. The three gold targets on the property include **Rainbow Dam, the Nugget Patch Anticline and the Red Gate Shear.**

A detailed report will be provided to shareholders on Salazar's projects including , exploration, and historical data when completed.

Indicative Exploration Programme

The Company will commence exploration on the Porphyry North Gold Project upon successful completion of due diligence and the signing of the Farm-in Agreements. Initially, the Company will focus exploration on:

- RC drilling of the Nugget Patch and One Tree Well targets to follow-up the historical gold-mineralised drill intersections and testing the mine workings at depth,
- Geological mapping and sampling and geochemical surveys (soil, auger) the Rainbow Dam target to better define drill targets, and
- Grid pattern and targeted RC drilling of the Rainbow Dam prospect.

Generative exploration to identify and test additional targets over the remainder of the 113km² property, especially the covered northern part of the Rainbow Dam target, will comprise:

- Drone magnetic surveys to better define rock types, alteration and structures,
- Systematic, grid-based reconnaissance aircore drilling to penetrate through the alluvial cover and sample for bedrock-hosted mineralisation, and
- Deeper RC drilling to follow-up identified bedrock-hosted gold mineralisation.

Mr Hill commented that:

“PAK is confident that comprehensive and targeted exploration on the largely unexplored 113km² Porphyry North Gold Project has the potential for the discovery of significant gold mineralisation. The farm-in mechanism allows PAK to take ownership based on specific milestones being met.”

Summary of the Binding Term Sheet

A summary of the commercial terms under the Term Sheet are as follows:

In consideration for \$50,000, Salazar has granted a 60 day exclusive option to PAK (“Exclusivity”) to enter into an agreement to earn an interest in several exploration licenses including the Porphyry North Gold Project (E31/910, E31/942 and E39/1978) in accordance with the following Farm-In Terms:

- Farm-in A:** Expenditure of \$750,000 before 31 August 2021 to earn 35% with a minimum expenditure of \$250,000;
- Farm-in B:** Expenditure of \$500,000 (for an aggregate of A\$1,250,000) before 31 August 2022 to increase the equity to 50%; and
- Farm-in C** Expenditure of \$750,000 (for an aggregate of A\$2,000,000) before 31 August 2023 to increase the interest in the tenements to 60%.

Upon completion of Farm-in B, Salazar may elect that the Farm-in C expenditure is reduced by \$250,000 to A\$500,000 in consideration for the issue of 10,000,000 fully paid PAK shares to Salazar.

The conditions precedent to the proposed Farm-In Agreement between Salazar and PAK are:

- a) due diligence to the satisfaction of PAK;
- b) entering into of a Farm-In Agreement between Salazar and PAK (“Farm-In Agreement”);
- c) Salazar and PAK agreeing to the work programme under Farm-In A;
- d) entering into a Management or Joint Venture Agreement;
- e) issue of the Tranche 1 Options by PAK to Salazar;

Upon execution of Farm-In Agreement, PAK shall issue 10 million unlisted options to Salazar exercisable at A\$0.02 (“Tranche 1 Options”). Each Tranche 1 option shall expire on the earlier of:

- f) 30 June 2022;
- g) 30 September 2021, where PAK does not comply with Earn-In Option A; and
- h) 1 month following the issue of an Exit Date Notice by PAK.

Upon PAK electing to commence Farm-In B, PAK shall issue 10 million unlisted options to Salazar exercisable at \$0.02 (“Tranche 2 Options”) on or before 2 years from the date of issue.

The unlisted Tranche 1 Options and Tranche 2 Options are unable to be converted to shares until shareholder approval has been received, which the Company will seek.

Capital Raising – Placement

As announced to the ASX on Thursday 11th September 2020, Pacific American Holdings Limited requested a trading halt pending the announcement of a capital raising.

The Company is pleased to confirm it has successfully raised A\$0.75 million (before costs) for A\$0.02 cash for each share. (Placement Offer)

Far East Capital Limited (FEC) and Cadmon Advisory Pty Ltd acted as Joint lead advisors to the Placement Offer.

A\$0.02 was equal to the Company's shares' at the last trading day being the 10th September 2020 prior to the trading halt.

Capital Structure

Note the capital structure below does not include the shares or unlisted options considered to be issued to Salazar as part of the Farm-in consideration as these are subject to meeting of the milestones detailed in this announcement.

	Shares on Offer Number	Unquoted Options Number	Total Equity Securities Number	Diluted	Fully Diluted
Existing Equity Securities	277,084,900	1,500,000	278,584,900	88.1%	88.1%
Total Placement Offer	37,500,000	0	37,500,000	11.9%	11.9%
New Equity Securities	314,584,900	1,500,000	316,084,900	100.00%	100.00%
New Market Capitalisation at the Placement Offer Price	\$6,291,698				

The Placement Offer will be completed pursuant to ASX Listing Rule 7.1 and the Corporations Act 2001 (Cth).

Placement shareholders who want to trade New Shares issued to them prior to receiving their holding statement should confirm their allocation before doing so.

Elko Coking Coal Project

Elko is drill ready and all permits are in place for the Company's next drill program. The Company continues to engage interested parties in partnering on the project. PAK still believes Elko maintains significant latent value in the Company as a high quality coking coal which is used as a raw material in the production of steel making.

GP Hydro

The Company is continuing to progress the renewable energy JV (GP Hydro) with Global Hydro GmbH and has made several steps in developing the business. Over the first 90 days GP Hydro has been contacted and started developing proposals for several opportunities in Australia as well as the Pacific Islands. The work program to date has included:

- Site visits to agricultural properties in Victoria
- Working with large water utilities to understand opportunities
- Developing relationships with the Pacific Island Governments, World Bank and Asian Development for GP Hydro to tender prospective projects

The Company will update the market on the progress of these as they progress towards commercial terms.

More details are available on PAK's website www.pacificamerican.com.au

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of the Company, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking.

Previously Released Information

This ASX announcement refer to information extracted from reports available for viewing on the Company's website www.pamcoal.com and announced on 16.01.2019 "Elko Coking Coal Project JORC Resource Increased to 303Mt" The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcement, and, in the case of exploration targets, that all material assumptions and technical parameters underpinning the exploration targets in the relevant market announcement continues 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 announcement.