

30 August 2016

ASX Market Announcement –For Immediate Release

**PACIFIC AMERICAN COAL ADVANCES PLANS FOR ELKO COKING COAL PROJECT**

- *Hatch Limited hired to complete conceptual mine site infrastructure CAPEX study*
- *Coking coal price rebound makes Elko a very attractive investment*
- *Elko JORC resource compares favourably with other major Canadian coal projects*

Pacific American Coal Limited (**ASX: PAK**) is pleased to announce it has engaged Hatch Limited to complete a concept level mine infrastructure and coal processing CAPEX study for the Elko Coking Coal Project. This complementary package of work will deliver a greater understanding of the Elko Coking Coal Project, building on the 3D mine site modelling completed by Hatch (as per 27 June 2016 announcement). PAK continues to review a first stage open cut operation using a contractor and intends to present these findings to strategic partners in coming months.

Hatch has been engaged to provide capital estimates for the key capital components identified during the 3D mine site modelling package. These will include:

- Materials handling system
- Workshops and mines infrastructure
- Site infrastructure including power and water
- Coal preparation system
- Tailings storage facility
- Equipment for the open cut component of the mine
- Execution phase construction costs

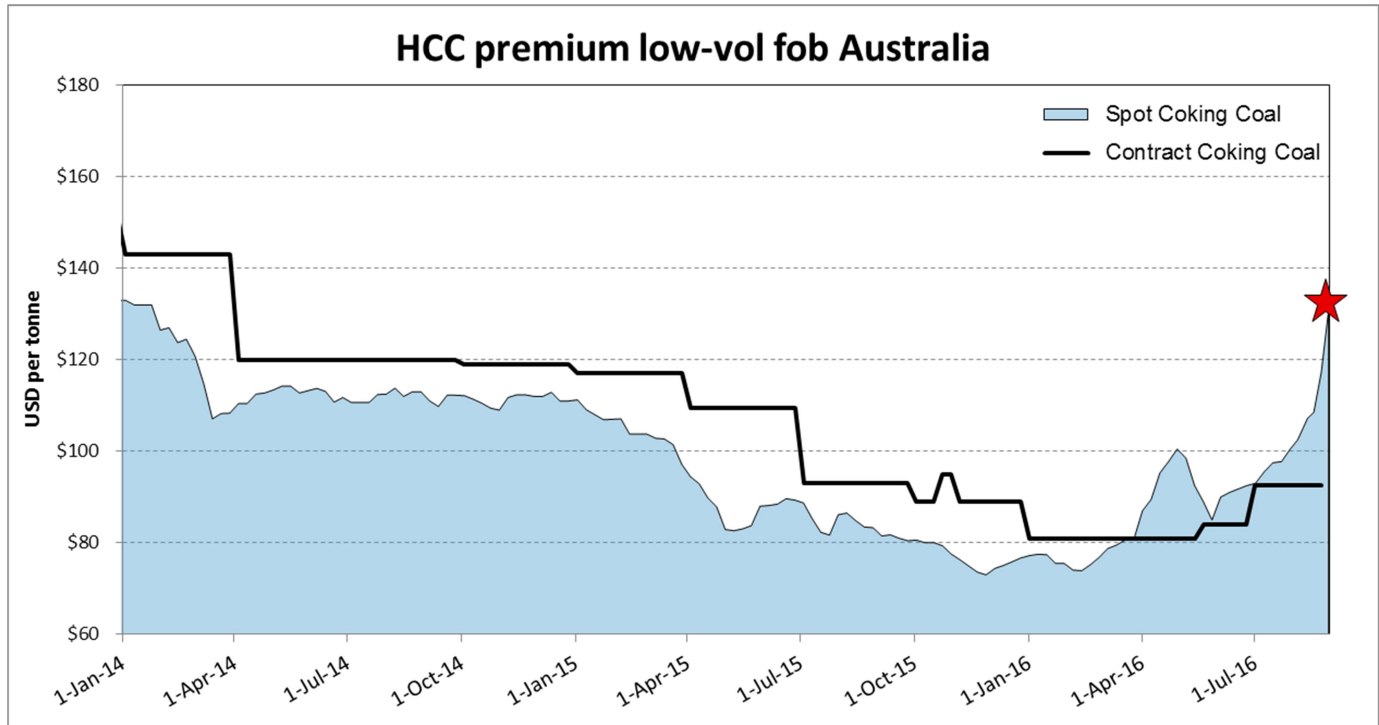
The information gained through the conceptual mine site capital study will assist with the planning and development of Elko, with the outcome of the study expected within the next 2 months.

The conceptual CAPEX will form part of a body of work that includes the exploration planning and budgeting that PAK is quantifying.

The capital cost estimate for the Elko Mine will not be a comprehensive project estimate and will not include future capital underground expenditure.

## Coking coal prices lift Elko to the fore

Coking coal prices have passed US\$130 per tonne, an increase of 79% from their low of US\$73 per tonne in Nov 2015. The Elko Coking Coal Project is in a strong position to capitalise on the positive market outlook based on its high quality coking coal quality characteristics.



Source: UBS, Company data

The Company is encouraged by the 6mth spot price for low-volatile premium hard coking coal. The recent recovery in coking coal prices supports the Company's decision to progress a project expenditure strategy that target high value activity during the cyclical downturn in the coking coal market.

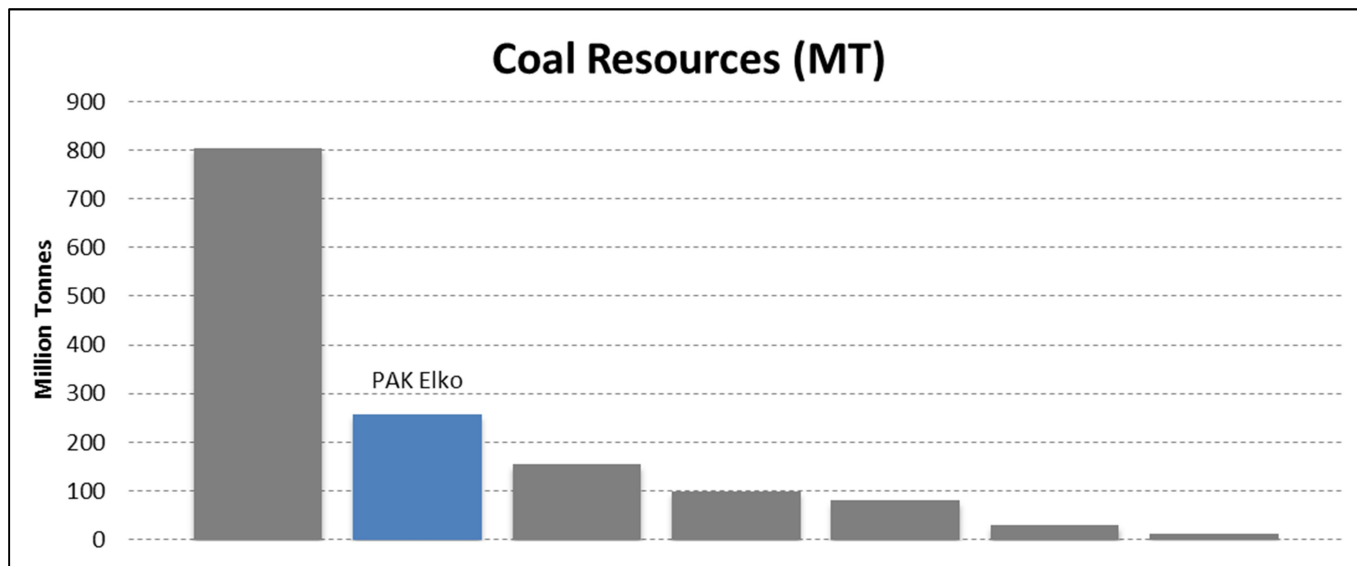
## Elko JORC Resource Comparable

The Elko Coking Coal Project has a JORC 2012 Resource of 257.5Mt. The size of the resource compares favourably with other deposits in the Crowsnest Coalfield of the East Kootenay Coal Basin, British Columbia. The Elko coking coal has advantageous properties when benchmarked against Queensland premium coking coal.

The PAK Board continues to support the ongoing investment at the Elko Coking Coal Project based on the size, quality and location of the resource to established infrastructure. PAK is working with the investment community to secure funding for further development.

Elko Resources (MT)	
Measured	19.2
Indicated	57.0
Inferred	181.3
<b>Total Resource</b>	<b>257.5</b>





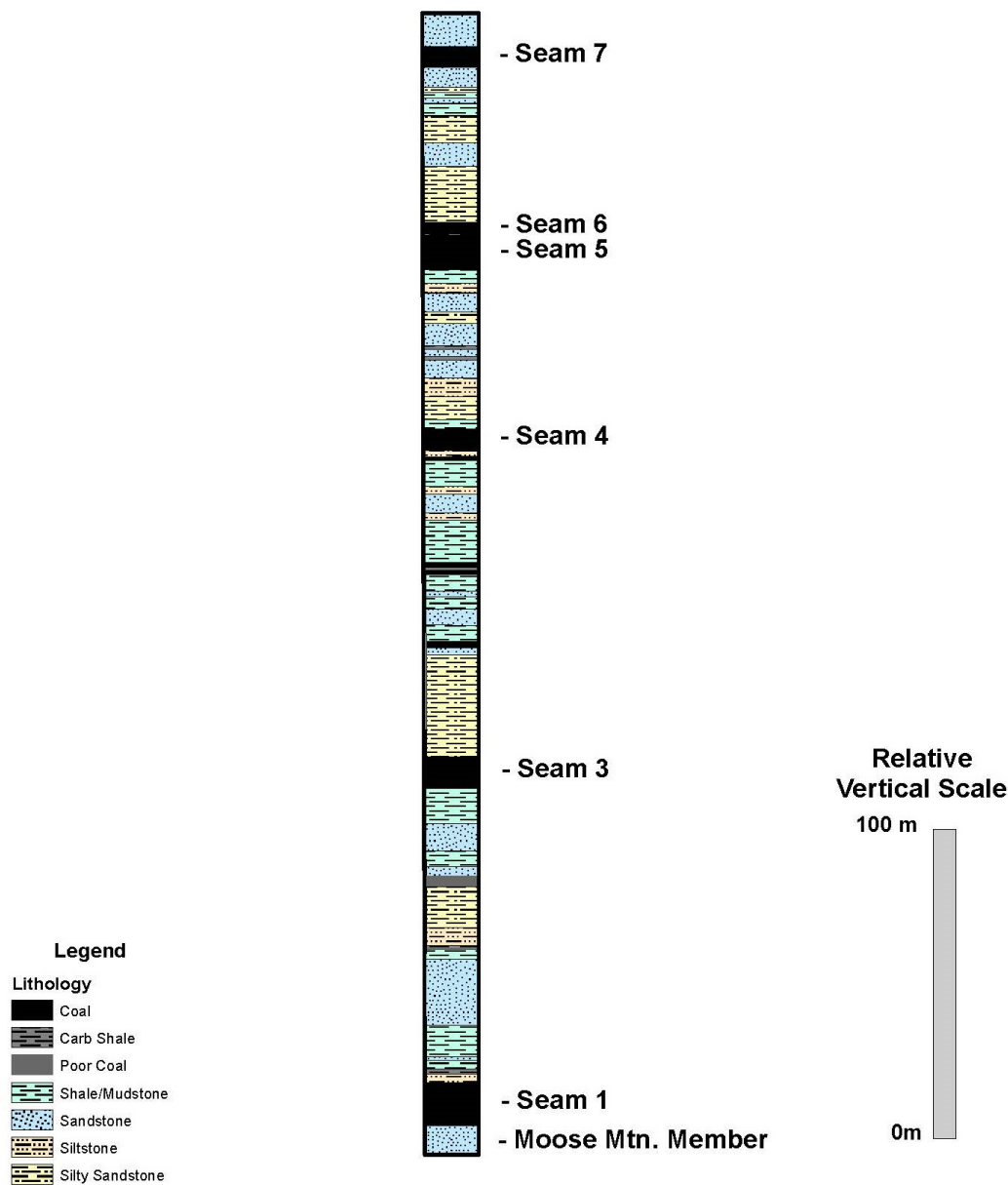
The above chart illustrates the Elko Coking Coal Project's resource when compared against 6 peers in the Crowsnest Coalfield. Having a JORC 2012 resource of 257.5Mt and containing high quality coking coal, the Elko Coking Coal Project offers investors exposure to a high quality coking coal asset.

#### Elko Target Seams

PAK has completed modelling of the Elko stratigraphy and reviewed historic reports relating to the Elko project. The Company is targeting three seams, which show the highest prospectively for a coking coal product. The seams have been reviewed internally and compared with other premium coking coal products.

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

Elko Coking Coal Project Seam Lithology



From J.A. Huryn, B. C Coal, 1981 (Coalfile #304a)

About the Elko Coking Coal Project

The Elko Coking Coal Project is Pacific American Coal’s flagship coal asset. It contains a 257.5 million tonne, JORC Code (2012), resource and is located in the East Kootenay Coal Basin of British Columbia, Canada. PAK holds a 100% interest in the Elko Coal Leases, which cover a combined area of 3,571 Hectares.

Elko is positioned within 20km of coal rail infrastructure at the southern base of the Basin. This makes it the closest project in the area to the coal ports of Vancouver.



## Competent Person's Statement

This announcement refers to information extracted from the report released 2 November 2015 and titled "Elko Project Maiden JORC Resource 257.5 Million Tonnes", which is available for viewing on PAK's website [www.pamcoal.com](http://www.pamcoal.com).

PAK 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 estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates 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 announcement.

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More details are available on PAK's website: [www.pamcoal.com](http://www.pamcoal.com)

