



**ASX RELEASE**

Friday October 30<sup>th</sup> 2015

**ASX CODE**

PAK, PAKO

**ABOUT**

Pacific American Coal Limited is focused on the production, development and exploration of metallurgical coal assets in North America. The Company's strategic focus is on the 100% owned Elko coking coal project in British Columbia, and the Company's 30% equity interest in the P8N underground operating coal mine in Oklahoma'. PAK has 100% ownership in a total of 8 Coal Leases in the Kootenay and Peace River Coal Fields in British Columbia - Canada and tenements in application in low volatile bituminous region of the Arkoma coal basin in Oklahoma and the Raton coal basin in Colorado.

**Board**

Non-Executive Chairman – Geoff Hill  
Non-Executive Director – Simon Bird  
Non-Executive Director – Paul Chappell

**Company Secretary**

Ian Morgan

**Management**

Chief Executive Officer – Mark Sykes  
Business Development – Dom Hill

<b>Project</b>	<b>Stage</b>	<b>Location</b>
Elko	Exploration	Canada
Hazell	Exploration	Canada
P8	Mine	Oklahoma
Howe	Exploration	Oklahoma
Bokoshe	Exploration	Oklahoma
Left Fork	Exploration	Colorado

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**Quarterly Report  
for the period to  
30th September 2015**

**SUMMARY**

Pacific American Coal Limited (ASX: PAK) is pleased to provide its Quarterly Activities Report for the three months ended 30<sup>th</sup> September 2015.

Key activities the Company engaged during the period included:

- Maiden JORC Resource Report at the Elko Coal Project in final stages of approval
- Elko Project Data Mining
- Elko Exploration Activity
- P8N Coal Production
- Cash Management

## Maiden JORC Report at Elko Coal Project in Final Stages of Approval

During the quarter, the Company actively pursued its stated objective of defining a maiden JORC Resource at the Elko Coal Project. At the end of the period, the Company was in receipt of a draft JORC statement for the Elko Coal Project, with the report undergoing a peer review before receiving the Competent Persons sign off. Pacific American Coal is now awaiting final approvals prior to announcing a maiden JORC Resource at the Elko Coal Project.

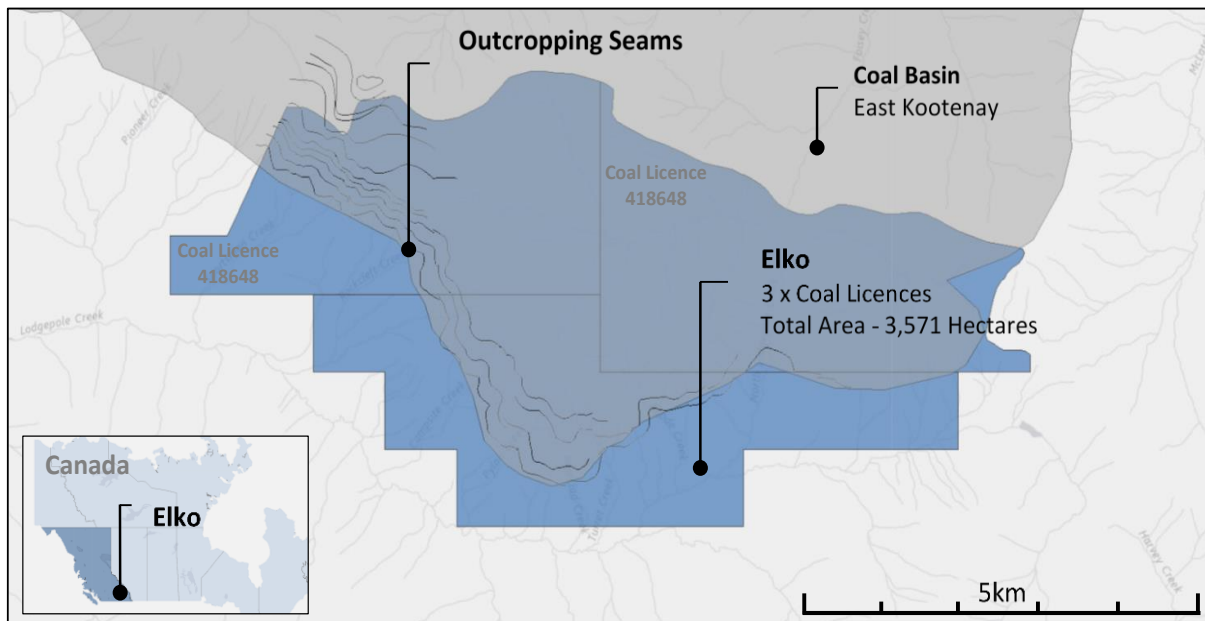


Figure 1 - Location of Elko in the East Kootenay Coal Basin

## Prioritising the Elko Coal Project

During the first half of 2015 Pacific American Coal Limited (ASX: PAK) undertook a strategic review of the Company's portfolio of assets. This review focused on accessing and prioritising assets that would maximise value during a period where commodity prices were under downward pressure. Elko was identified as PAK's highest quality exploration asset suitable for attracting the necessary resources to meet the Company's strategic objective. The focus of the Company's activity over the quarter has been on advancing the resource definition of the Elko Coal Project to an Inferred JORC Resource.

## Elko Project Data Mining

Located on the southern boundary of the East Kootenay Coal Basin, PAK's 100% owned Elko Coal Project consists of 3 Coal Licences covering 3,571 hectares. The project area contains 5 main outcropping coal seams and is located close to transport infrastructure in addition to crucial support services that are accessible by public road in the nearby township of Fernie.

Prior to commencing exploration activity at Elko, PAK engaged the specialist geological coal modelling firm, Highland GeoComputing (HGC). HGC were engaged to assist with a review of all

recent and historic activity in and around the Elko Coal Project and to prepare a geological model of the Elko Coal Project. PAK and HGC acquired relevant Coal Assessment Reports pertaining to the Elko Coal Project area from the British Columbia - Ministry of Energy and Mines archival report system.

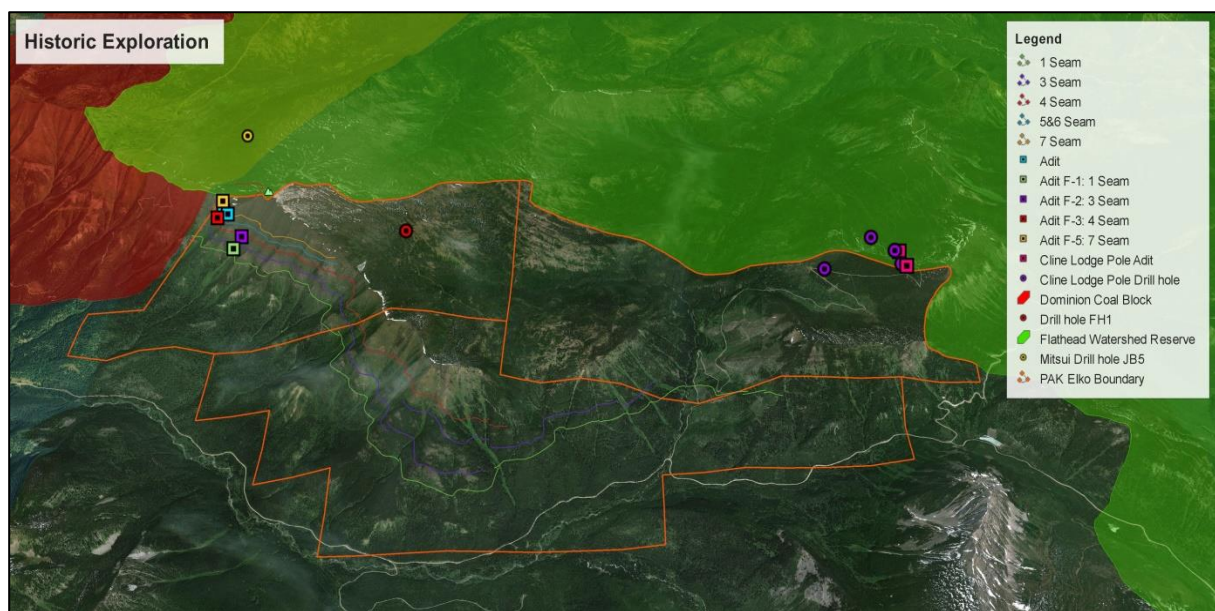
A number of Coal Assessment Reports confirmed the presence of high quality coal as reported by international companies including a former subsidiary of Kaiser Steel, BC Coal Ltd, and a subsidiary of the Japanese trading house Mitsui, Mitsui Coal and Shell Canada's subsidiary, Crows Nest Resources Limited. The main period of activity in the southern region of the East Kootenay Coal Basin was during the mid 1960's through to the early 1980's.

The exploration activity undertaken by these companies, along with Cline Mining's 2005 program, provided multiple data points that required confirmation and validation. PAK and HGC sought to identify specific points of observation that would be applicable for determining an Inferred JORC Resource at the Elko Coal Project.

The data mining activity produced the following key points of observation for validation.

- 5 x Coal Seam Outcrop lines
- 6 x Adits excavated into main coal seams
- 4 x Diamond drill hole locations

These points were mapped according to their historical co-ordinates. A Ground Truthing reconnaissance field trip was initiated to confirm the location of these features using modern GPS devices. It was also necessary during the field trip to identify a potential site suitable for supporting the mine site infrastructure once additional exploration and potential development got underway.



Historical Exploration Points obtained during Data Mining process

## Elko Exploration Activity

With the objective of acquiring information that would support an Inferred JORC Resource statement at the Elko Coal Project, the Company allocated funds for an exploration program during the summer period in British Columbia. The summer months are the safest period to conduct this field work.

To facilitate the Company's objective, preparations and engagements were made with:

- First Nation Groups,
- First Nation - Field assistants,
- Industry Consultants, and
- Local Land Holders.

The following list of onsite and offsite tasks were defined:

Activity
Map coal seam outcrops, geological outcrops, faults, measured sections. Mapping will record GPS Coordinates, strike-dip, geological descriptions
Acquire GPS coordinates of existing Adit locations and exploration drill holes
Identify locations for future trenches and drill holes
Gain detailed topographic knowledge to locate minesite infrastructure and access routes
Develop Geological model of the deposit to a JORC Inferred Resource status

Due to the terrain and poor condition of logging roads that currently exist within the Elko Coal Leases, access to the site was performed either on foot or with the assistance of an All Terrain Vehicle (ATV).

The field team recognises the value and assistance offered by the First Nations Field Assistant, who was from the Tobacco Plains Indian Band, a part of the Ktunaxa Nation. In addition to providing mapping and logging assistance, the Field Assistant monitored the area for objects and locations of cultural and spiritual significance. While the upper reaches of the Coal Licences were unlikely to contain areas of significance, due to the altitude, circular rock formations were observed at lower elevations. The presence of these objects warrant further archaeological and anthropological studies to be performed across the Coal Licences.

Mapping of the historical diamond drill holes confirmed the location and presence of drilling activity on site.

Borehole ID	Drill Type	Date	Collar Elevation	Depth	Dip Direction
FH001	Diamond - HQ	23-08-1980	2,000	736	90
LP-D102	Diamond - HQ	21-09-1978	2,087	127	110





Clearing at site of Diamond Drill Hole FH001



Clearing at site of Diamond Drill Hole LP-D102

### P8N Coal Production

P8N is located in the low volatile bituminous region of the Arkoma Basin in Oklahoma. P8N produces approximately 400,000 tonnes of coal per year sold under long-term contract to the local power utility.

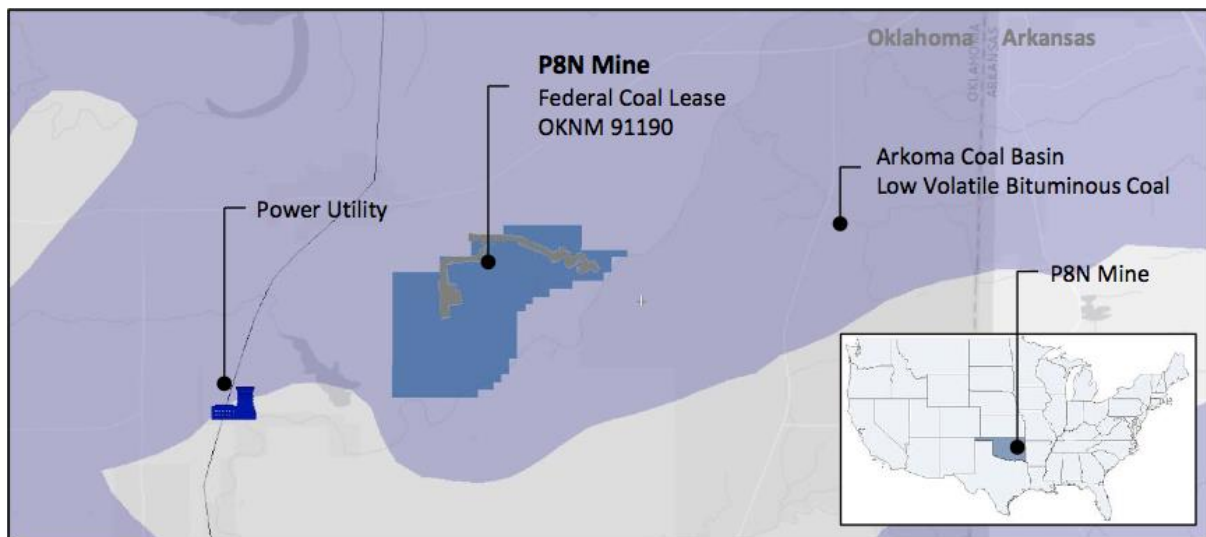


Figure 2 - Location of P8N in the Arkoma Basin

Over the period, the group through its associate GCI produced 92,000 tonnes of coal. Production was slightly lower than budget due to downtime experienced on several production units. The new underground continuous miner that was commissioned at the start of the period performed above average for the month, minimising potential production losses.

PAK and GCI continue to collaboratively work together as the Companies jointly approved the rebuild of a Shuttle Car during the period. The production unit was experiencing excessive downtime and maintenance costs, and forms part of an overarching strategy to improve the performance of key production units along the production supply chain.

Year to Date (YTD) production of 277,000 tonnes is 89% of target.

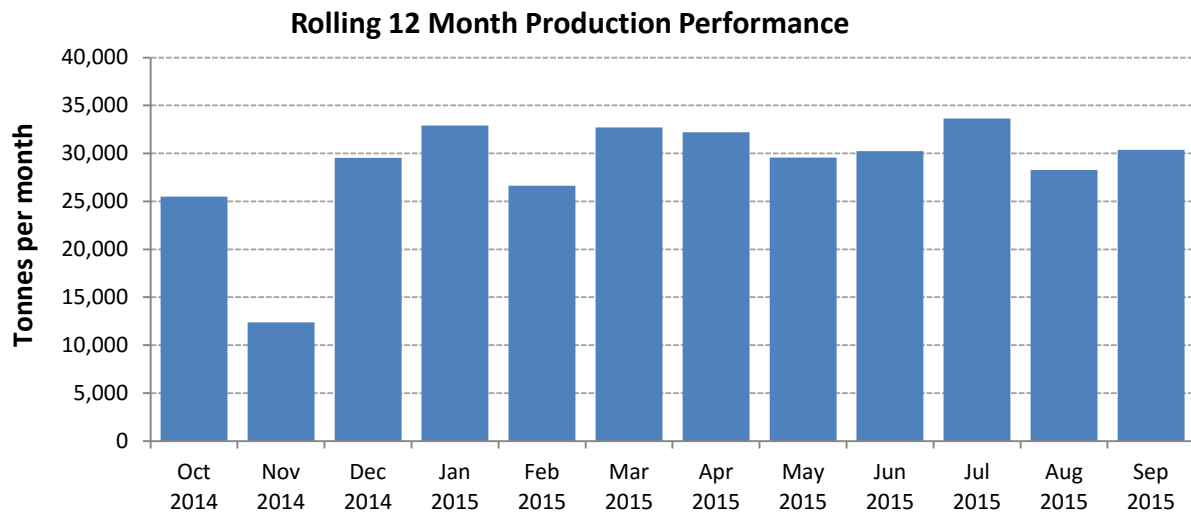


Figure 3 - Production Statistics from P8N

### Cash Management

During the period, the Company focused on delivering value at the Elko Project with 'exploration and evaluation' expenditure representing 60% of the net operating cash flow for the quarter. The Company continued to minimise administrative costs, representing the remaining 40% of expenditure.

The Company's investment in the GCI operating assets located in Oklahoma remains at 30%. The cash performance of GCI is expected to improve in the short term with existing equipment financing obligations drawing to a close. This will enable GCI to reinvest in new equipment that has the capacity to improve production and free cash flow in the business.

The Board is committed to maximising the cash position of the Company by eliminating all but essential expenditure. The North American office lease has been scaled back so as to enable the Company to maintain an active presence in North America with efficiencies and cost reduction measures.

### FOR FURTHER INFORMATION CONTACT:

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#### North America

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

## COMPETENT PERSON'S STATEMENT

### *Previously Released Information*

This ASX announcement refers to information extracted from the following report, which is available for viewing on the Company's website [www.pamcoal.com](http://www.pamcoal.com)

- 16.06.2014 TOCC Assets Independent Review

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 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 announcement.