



Pacific American Coal



Elko Coking Coal Project

British Columbia, Canada

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Competent Person Statement

The information in this document that relates to JORC 2012 Resources based on information compiled by Mr. Dwight Kinnes, B.Sc Colorado State University, Geology, who is a Member of a Recognised Overseas Professional Organisation (ROPO) included in a list promulgated by the ASX from time to time, being the Society for Mining, Metallurgy, and Exploration and American Institute of Professional Geologists – Cert. No. 10244.

Mr Kinnes is Principal Consultant/President of Highland GeoComputing, LLC and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration by them and to the activity which they are undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012). Mr Kinnes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Overview

PAK is an emerging coking coal company with a world class deposit

- Elko is a significant resource given;
 - Size
 - Quality
 - Location
- Elko contains JORC 2012 resources;
 - Inferred
 - Indicated
 - Measured
- Elko has strong fundamentals;
 - Low start up cost
 - Access exiting infrastructure
 - Access South East Asia Markets

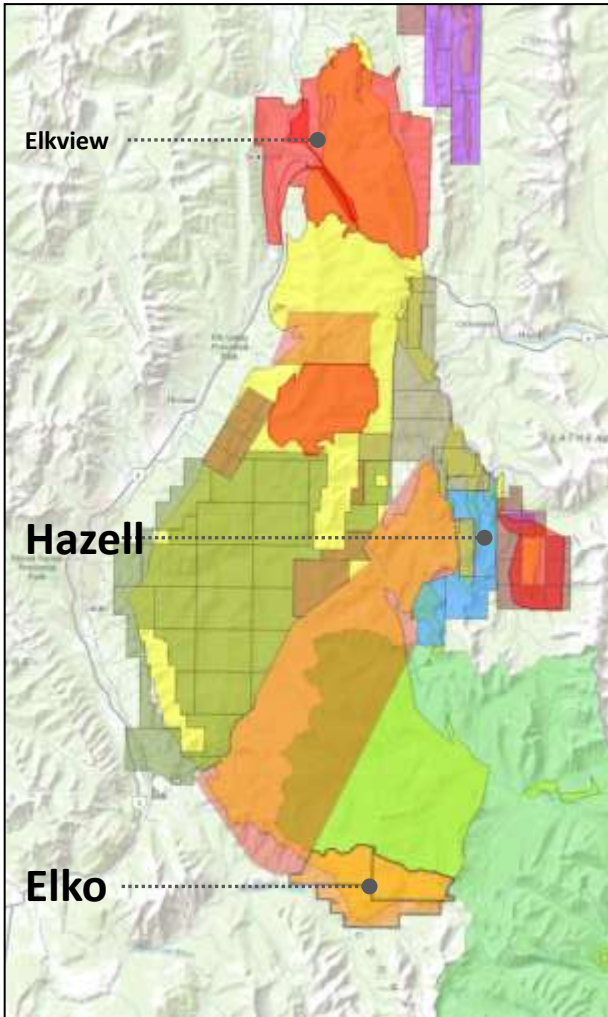


Product	Geology	JORC Resource	Mining	Logistics	Japanese Endorsement
Hard Coking + PCI Coal	5 x thick mineable seams	257.5Mt	Underground with Open Cut	Existing Rail and Port Infrastructure	Historical Metallurgical testing complete
✓	✓	✓	✓	✓	✓

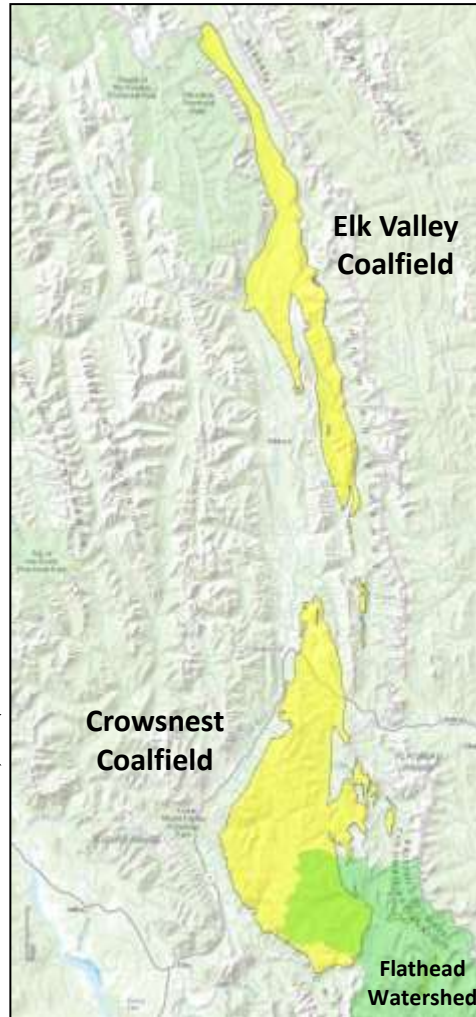
East Kootenay Regional Setting

East Kootenay Coal Basin has annual coal sales of over 27Mt

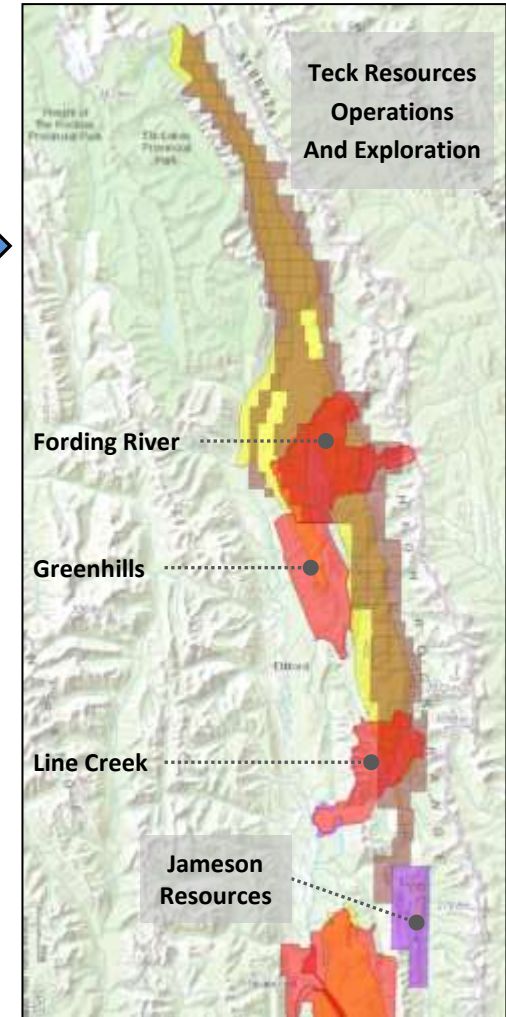
Crowsnest Coalfield



East Kootenay Coal Basin



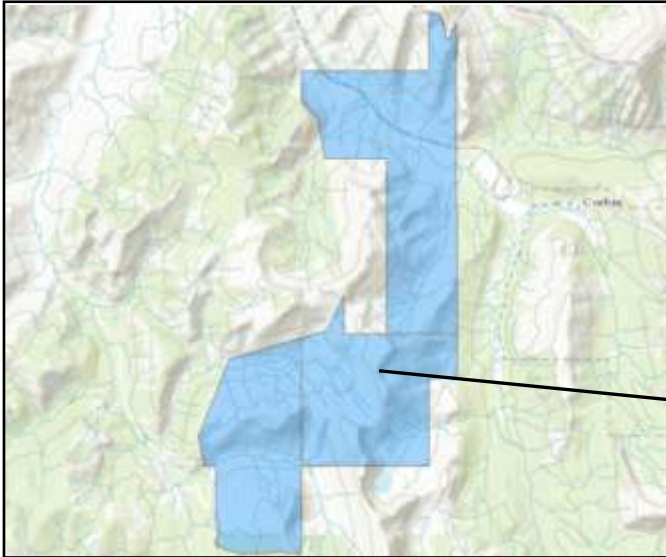
Elk Valley Coalfield



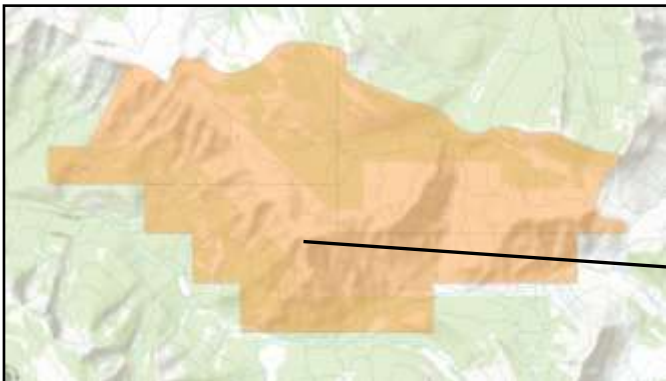
PAK 100% Owned BC Coal Licences

PAK has 6 Coal Licences in the Crowsnest Coalfield adjacent to Tier1 operations

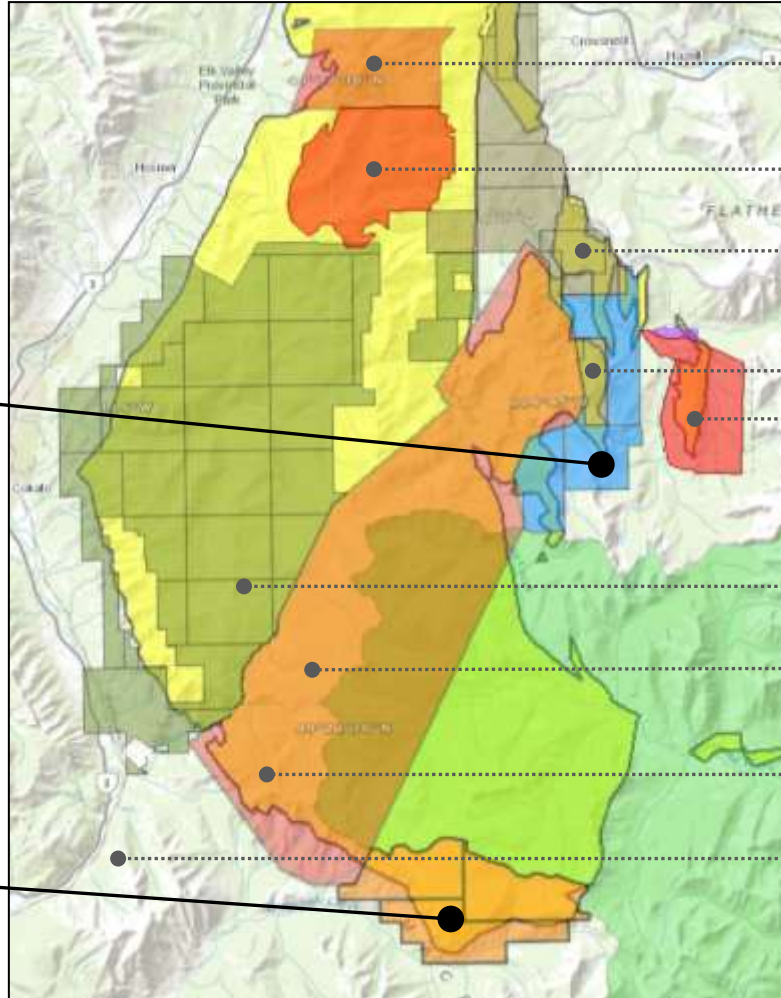
PAK - South Hazell



PAK - Elko



Crowsnest Coalfield

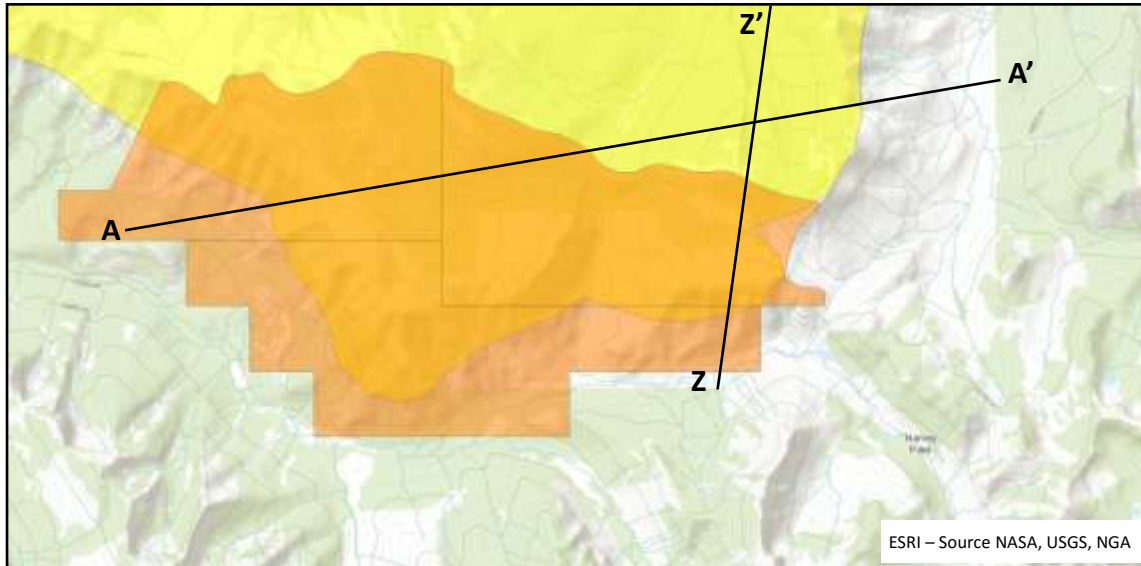


- Coal Reserve Land
- Dominion Coal Block 73
- Teck Resources CMO2
- CoalMont – Tent Mountain
- CoalMont – Michel Head
- Tech Resources – Coal Mountain (CMO)
- Crowsnest Pass Coal Mining - Coal Creek
- Coal Reserve Land
- Dominion Coal Block 82
- Southern Study Area of Dominion Coal Block 82
- Existing Rail network to export market

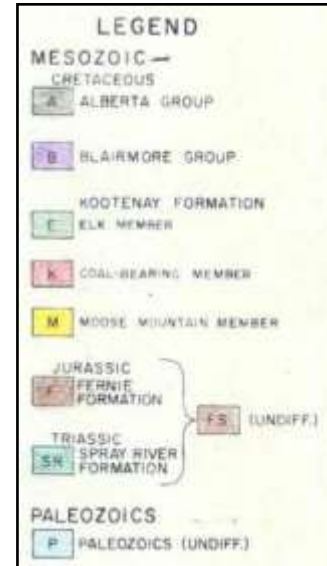
Geology

Existing data supports low cost entry with long term underground operation

Structural Geology Supportive of Underground Operation



Coal Report 339

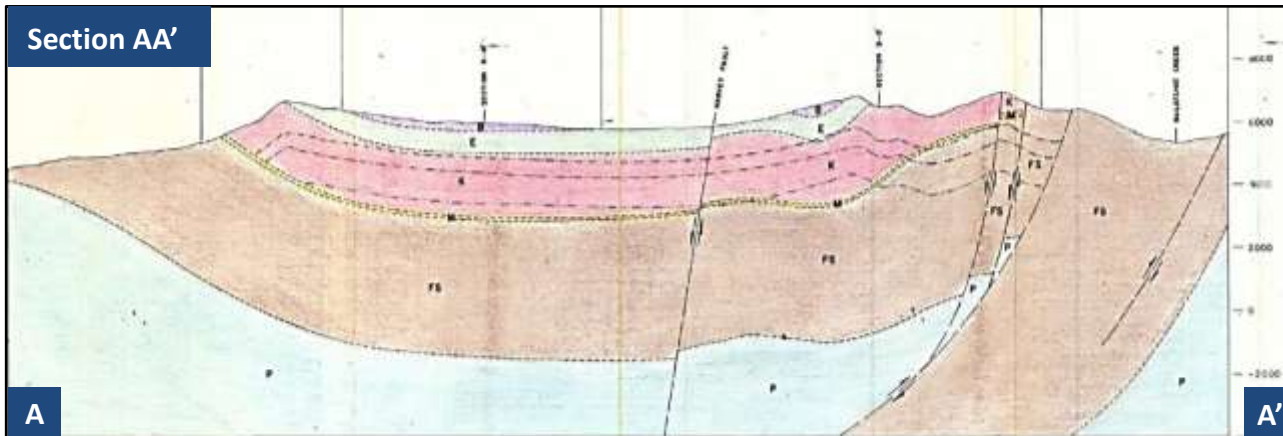


Mining Options

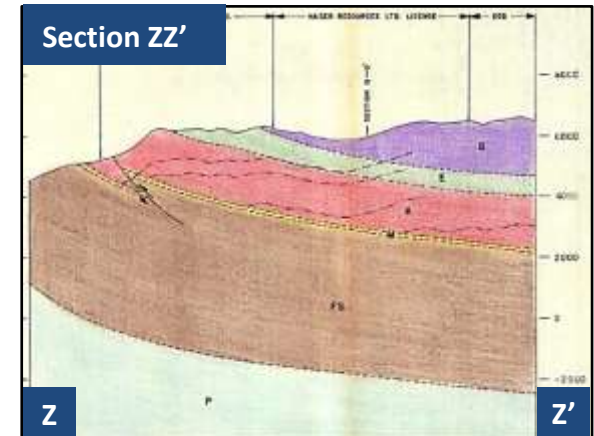
The project has the potential to support short-term open cut mine and longer term underground operations

Structural geology and geo-technical data are to be gathered through planned exploration activity to support mine design.

Section AA'



Section ZZ'



Substantial JORC Resources



Elko contains the second largest coal resource in the Crowsnest Coalfield

- 257.5Mt JORC resource confirmed through
 - Datamining BC Coal Report and
 - Confirmatory ground truthing and survey.
- Three coal seams identified having the potential to produce a hard coking coal product.
- Five coal seams with thickness ranging between 2.6m and 5.0 m
- Additional resource potential
 - Within the Elko Project and,
 - Immediately adjacent to the Elko Project.

JORC 2012 Resources (MT)	
Measured	19.2
Inferred	57.0
Indicated	181.3
Total Resource	257.5

Company	Project	Resource
Teck	Elkview	730 Mt
PAK	ELKO	257 Mt
CoalMont	Loop Ridge	154 Mt
Jameson	Crown Mountain	99 Mt
PAK*	South Hazell	86 Mt
Teck	Coal Mountain	80 Mt
CoalMont	Michel Head	30 Mt
CoalMont	Tent Mountain	11 Mt

*PAK have stated Exploration Targets

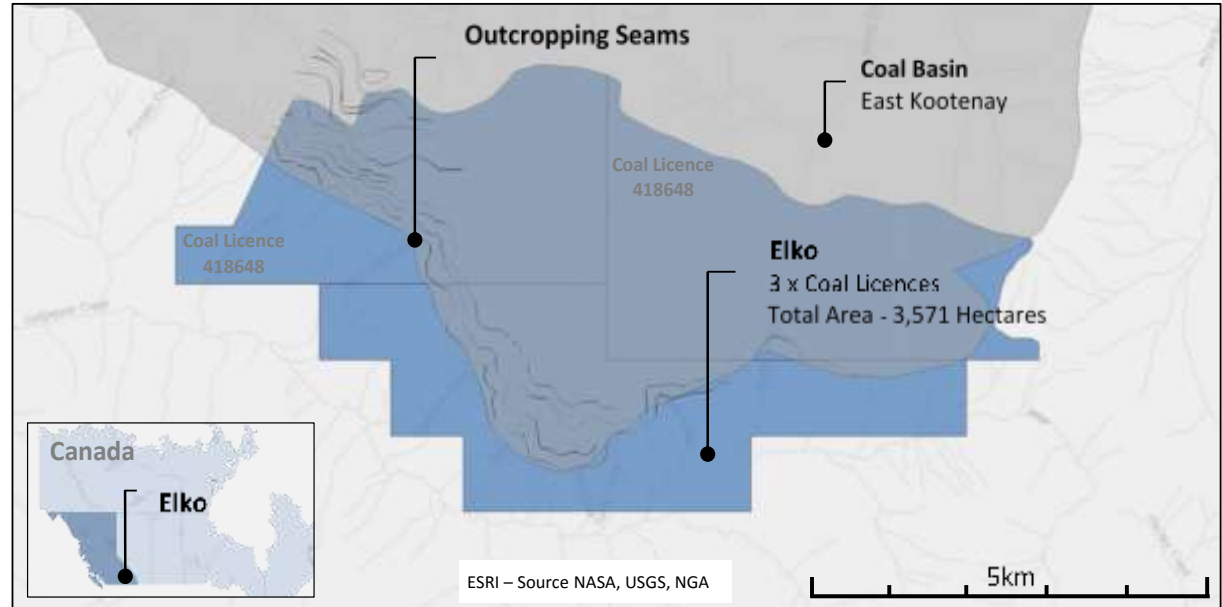
Tech - <http://www.empr.gov.bc.ca/Mining/Geoscience/PublicationsCatalogue/InformationCirculars/Documents/LC2015-2/Exploration%20and%20Mining%20in%20BC%202014.pdf>
 CoalMont - http://montpelliercorp.com/images/File/Montpellier_Coalmont%20flyer.pdf
 Jameson - <http://www.jamesonresources.com.au/index.php/investor-centre/asx-announcements?task=document.download&id=488>



Indicates Hard Coking Coal

High quality coking coal

- Historical coal analysis depicts a high quality coking coal product
- Broadly, the upper coal seams have FSI ranging from 7-9 with low sulphur and ash
- The Elko coal compares favourably with benchmark coals from around the world including Peak Downs
- Coal seams 6 & 7 have been tested extensively by six Japanese steel mills
 - Nippon Steel & Sumitomo
 - JFE Holdings
 - Kobelco
- PAK focusing on marketing Elko coking coal into the South East Asian region due to suitability and favourable location.



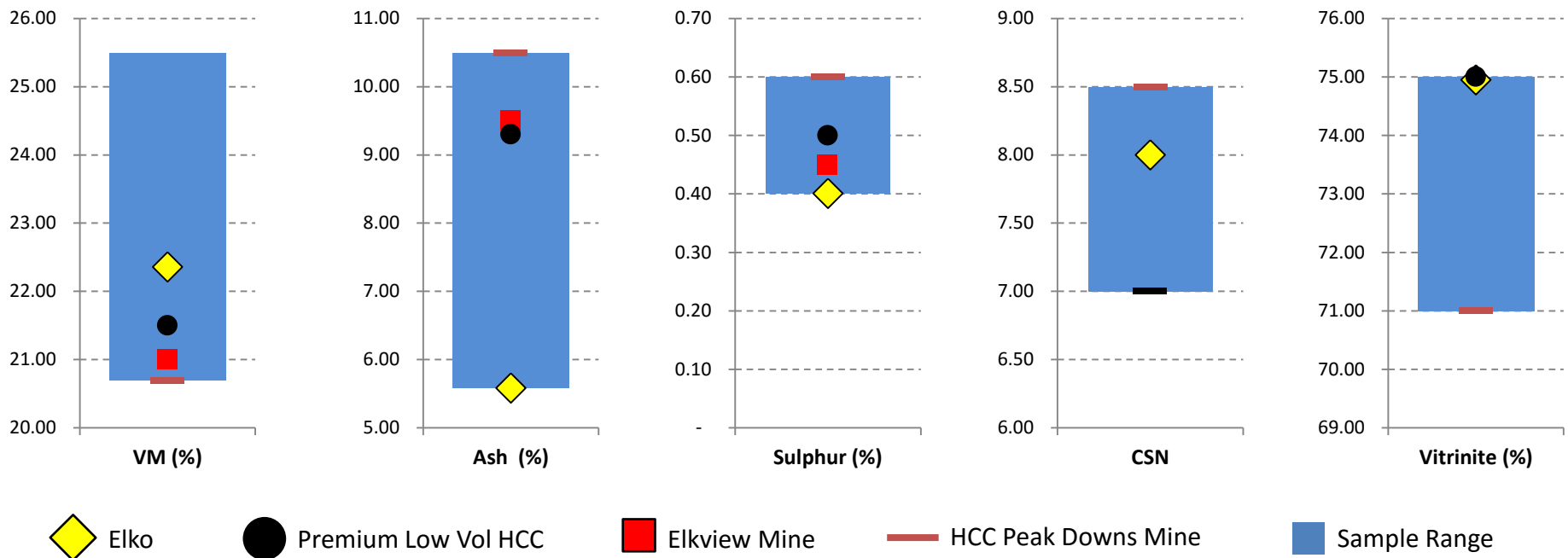
BC Coal Adit Quality							
Adit	Seam	Sample thickness	Clean				
			Ash	VM	FC	S	FSI
F-5	7 Seam	5.9 m	3.9	21.9	74.3	0.5	7.5
F-6	6 Seam	3.0 m	6.3	21.3	72.4	0.6	8.0
F-4	5 Seam	11.2 m	7.4	21.5	71.1	0.5	6.0
F-3	4 Seam	6.7 m	8.4	19.6	72.0	0.4	5.0
F-2	3 Seam	12.2 m	11.3	17.7	71.0	0.7	2.5
F-1	1 Seam	14.0m	10.4	18.0	71.6	0.8	1.0

Coal Benchmarking and Marketing

Favourable quality characteristics

- The Elko Seams 5/6 & 7 compare favourably with benchmark coals from around the world including Peak Downs
- Adjacent to the Elko Project, blending studies by Mitsui state a high quality coking coal product
- Market Focus of Elko Product will be the Asian Market, leveraging existing acceptance of Canadian Coal. Total Exports +
 - Asia – 73.4%
 - Europe and the Middle East – 13.3%
 - US – 13.4%

+ 2011 Figures [Coal Association of Canada](#)



Established Infrastructure

Existing infrastructure with optionality



LOGISTICS RAIL

Road transport to rail head	20 km
Rail to Port of Vancouver	1,000 km
Alternative Route to Prince Rupert / Kitimat	2,000 km

Rail Freight Providers

- Eastbound bulk haulage agreements are available
- Bulk rail provider to Vancouver – Canadian Pacific Railway
- Bulk rail provider to Price Rupert – Canadian National Railway

Port Optionality

Multi-User facilities available for export shipping

Logistics Port

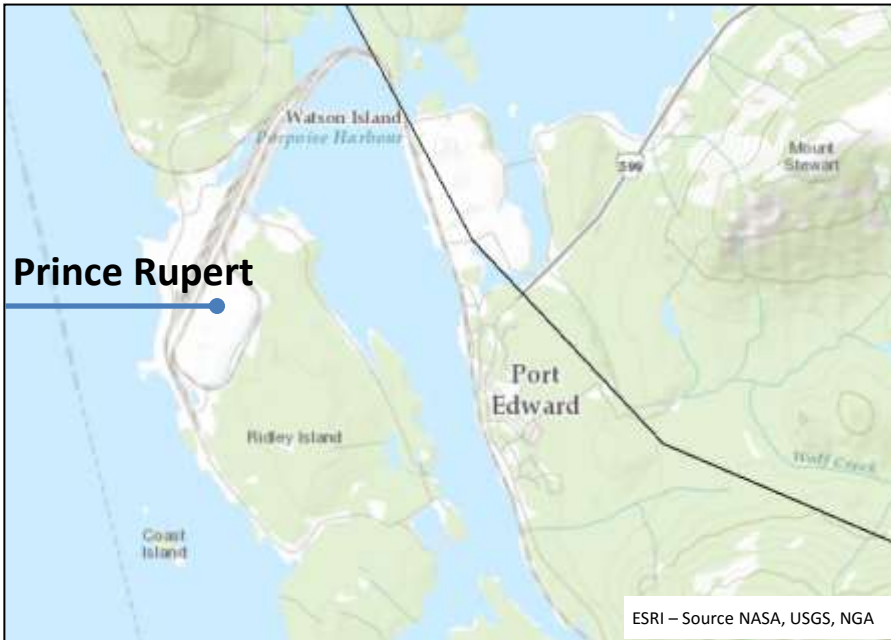
Vancouver offers access to 3 bulk coal port terminals

Westshore Capacity 33.0Mt

Neptune Terminals Capacity 12.5Mt
(expanding to 18.5Mt)

Fraser Surry Docks Planned Capacity 4Mt

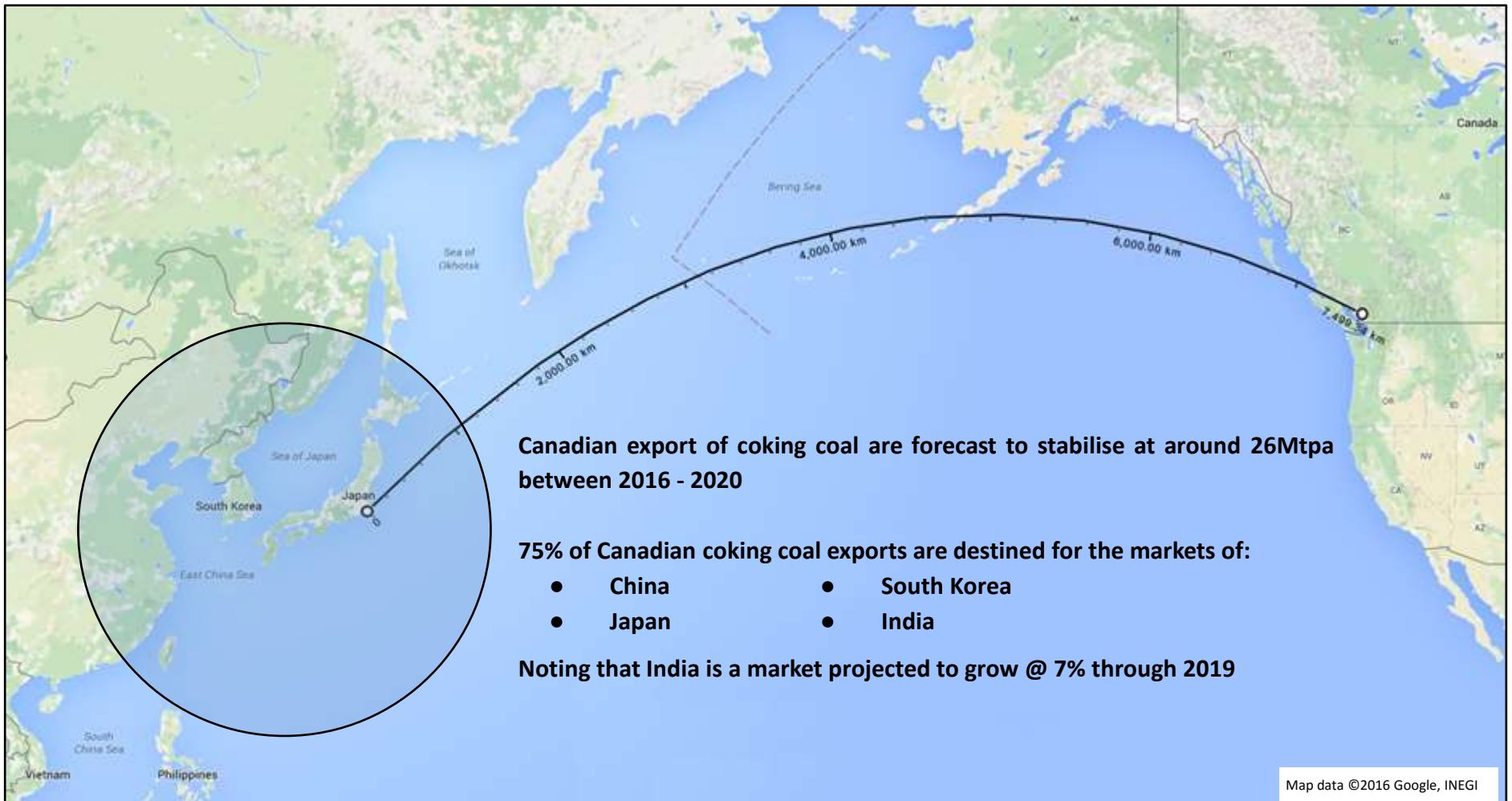
Prince Rupert offers access to the Ridley Island Terminal with annual capacity of 12Mt and storage of 1.2Mt



Target Markets

7,500 kilometres to the mature steel markets of Asia

Focus markets located on the Pacific rim



Schedule

4 year development schedule to first coal, coming on stream as markets rebalance



Development Pathway

Kootenay - Elko	2015				2016				2017				2018				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Application - Coal Exploration Licence				✓																
Renewal																				
BC Mines & Energy Approval																				
First Nation Contact			✓																	
First Nation Consultation																				
Notice of Work Permit																				
Develop Project Plan																				
Resource reporting				✓																
Exploration			✓																	
Concept studies																				
Reserve reporting																				
Pre Feasibility Studies																				
Feasibility Studies																				
Funding																				
Project development																				
Commence Operations																				



Use of Funds

A staged funding approach to take Elko to Feasibility

Stage 1 - Concept Study Phase

Spent to date Circa \$250k

\$400k projected to complete Concept Study

Access / Infrastructure / utilities / Mine layout / initial works / future exploration program / OPEX & CAPEX, notice of works, archaeological and anthropologic field studies

Objective – Demonstrate the fundamentals of a multi-million tonne operation – Attract an investment partner

Stage 2 – Pre-feasibility Study Phase

\$4.0m projected to complete Pre-Feasibility Study

Drilling program – resource definition, geotechnical and structural geology, permits and agreements, resource reporting, front end engineering, metallurgical studies, First nation engagement

Objective – Demonstrate the economic fundamentals of the project

Stage 3 – Feasibility Study Phase

\$5.0m projected to complete Feasibility Study

Marketing, engineering design, vendor budgets, contracts preparation, CAPEX and OPEX optimisation, HR requirements, FN co-operative agreements

Objective – Project definition capable of attracting project funding

Board and Management

Experienced growing mining companies



Geoffrey Hill, Chairman, B.Ec, MBA, FCPA, FAICD

Geoffrey Hill currently serves as the Chairman of Pacific American Coal and is a founder and the Chairman of Texas and Oklahoma Coal Co. He is currently Chairman of International Pacific Securities (IPS) and a principal of Hill Sherlock and Willis. Mr Hill has over 30 years' experience in merchant banking with extensive experience in the resources industry.

Simon Bird, Director, B.Acc. (Hons) FCPA FAICD

Simon Bird is an accomplished senior executive and company director with over 30 years of experience in Africa, Europe and Australia. Simon's career includes six years with PWC and time in the resources, financial services, property, infrastructure and agricultural sectors. Mr Bird currently holds non-executive director and Chairman roles on ASX listed resource companies.

Paul Chappell, Director, B.Com, FCPA, MAICD

Paul Chappell has more than 30 years in the coal industry, including as a Director in trading international commodities. He has substantial board experience in coal exploration, development and mining. He has extensive experience in Asian, Latin American and European coal markets.

Mark Sykes, Chief Executive Officer, B.Eng (Mining), MMEE

Mark Sykes is an experienced Mining Engineer with operations and project management experience with 25 years experience. Mark has worked in operational and management roles in both underground and open cut coal mines in Australia

Dom Hill, Business Development Manager

Dom Hill bases his time between Dallas and Vancouver and is responsible for project identification, acquisition and investor relations engagement. Dom has recently been involved with developing and delivering the Elko exploration program.



Local Partners

Partnered with recognized consultants



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Highland GeoComputing, LLC

