



PACIFIC AMERICAN COAL LIMITED

19 May 2016

ASX Announcement

PACIFIC AMERICAN COAL REPOSITIONING ITS NORTH AMERICAN COAL INVESTMENTS

- **Divestment of PAK's equity interest in GCI for A\$1m**
- **Advancing the ELKO Coking Coal Project**

Divestment of equity interest in GCI

The directors of Pacific American Coal Limited ("PAK", the "Company") announce the sale of the 30% equity investment in GCI for A\$1m. This follows a strategic review to focus PAK's activities on its portfolio of high value coking coal assets. The proceeds from the sale will advance the development of these North American assets including the 100%-owned Elko Coking Coal Project, in East Kootenay, British Columbia, which contains a 257.5Mt JORC resource.

The terms of the sale include:

- 100% recovery of PAK's original investment in GCI of US\$731,250
- 24 month repayment schedule commencing 15 Jan 2017
- PAK to retain a board position and full voting rights until all funds received
- PAK to receive 8% on outstanding payments, with a 4% penalty rate apply to late payments

The sale enables:

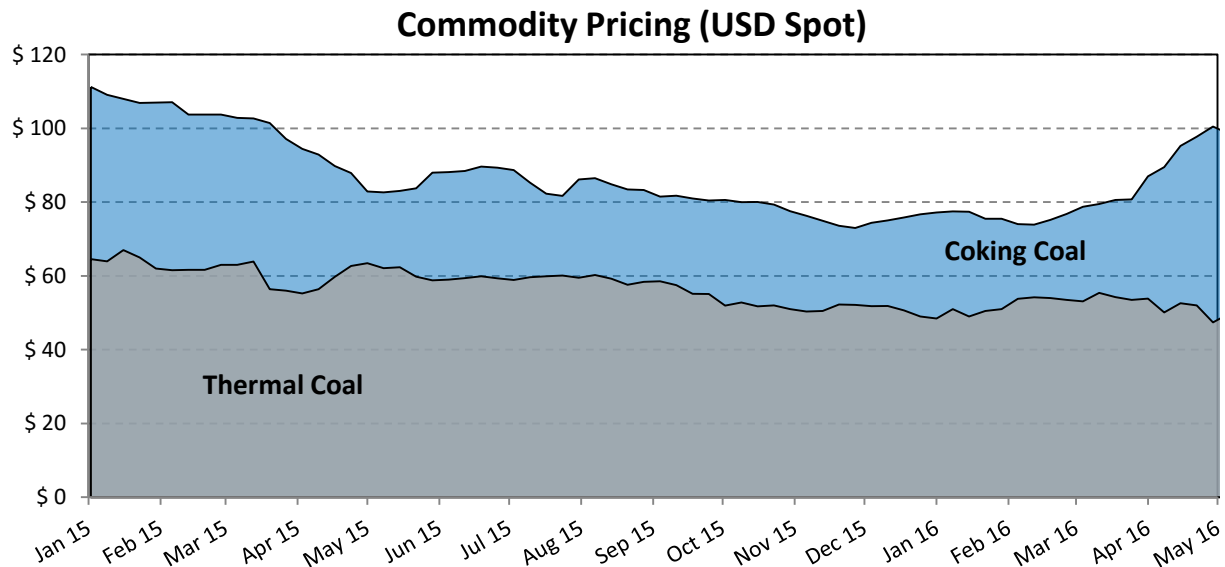
- PAK to reposition its capital within its high value North American asset portfolio, and
- Provides funding to advance the Elko Coking Coal Project

Elko Coking Coal Project

The decision to advance the Elko Project demonstrates the board's commitment to funding high value assets. This recognises the significant value potential at Elko and the board's recent authorisation of expenditure to advance the project, including;

- The development of exploration plans to improve JORC resource classification
- The preparation of 'Notice of Works' documentation required for permitting
- Conceptual design for mine site layout and infrastructure

The recent increase in coking coal prices has resulted in renewed interest from Asia in potential off-take arrangements.



Updated Elko Coking Coal Presentation

In addition to the Company's recent presentation at the 13th RIU Sydney Resources Round-up Conference, 19 May 2016, a more detailed presentation on the Elko Coking Coal Project is available. The presentation covers key matters relating to:

- Regional and Local Geology
- Coal Quality and Resource Size
- Infrastructure, Rail and Port
- Markets
- Project Development Schedule

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.

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.

For further information please contact:

Mark Sykes
Chief Executive Officer
Ian Morgan
Company Secretary

Pacific American Coal Limited
Tel: +61 (2) 9252-5300
Fax: +61 (2) 9252-8400

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



Elko Coking Coal Project

British Columbia, Canada

DISCLAIMER

This presentation has been prepared by Pacific American Coal Limited. ("PAK" or the "Company"). This presentation may not be reproduced, redistributed or passed on, directly or indirectly, to any other person, or published, in whole or in part, for any purpose without prior written approval of the Company. The material contained in this presentation is for information purposes only. This presentation is not an offer or invitation for subscription or purchase of, or a recommendation in relation to, securities in the Company and neither this presentation nor anything contained in it shall form the basis of any contract or commitment.

Any offering of any of the Company's securities to Australian persons will be subject to Australian securities laws. The distribution of this document in jurisdictions outside of Australia may be restricted by law, and persons in to whose possession this document comes should inform themselves about, and observe, all such restrictions. In Australia this document is only being provided to persons who are sophisticated investors, in accordance with section 708(8) of the Corporations Act 2001 ("Corporations Act") and professional investors, in accordance with section 708(11) of the Corporations Act, or to such other persons whom it would otherwise be lawful to distribute it.

This presentation is not financial product or investment advice. It does not take into account the investment objectives, financial situation and particular needs of any investor. Before making an investment in the Company, an investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances, seek legal and taxation advice as appropriate and consult a financial adviser if necessary.

This presentation may contain forward-looking statements that are subject to risk factors associated with exploring for, developing, mining, processing and sale of coal. Forward-looking statements include those containing such words as "anticipate", "estimates", "forecasts", "should", "could", "may", "intends", "will", "expects", "plans" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a range of variables and changes in underlying assumptions which could cause actual results or trends to differ materially. The Company does not make any representation or warranty as to the accuracy of such statements or assumptions.

This presentation has been prepared by the Company based on information available to it as at 1 May 2016 and has not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of the Company or its subsidiaries or affiliates or the directors, employees, agents, representatives or advisers of any such party, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including without limitation, any liability arising from fault or negligence on the part of the Company or its subsidiaries or affiliates or the directors, employees, agents, representatives or advisers of any such party.

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

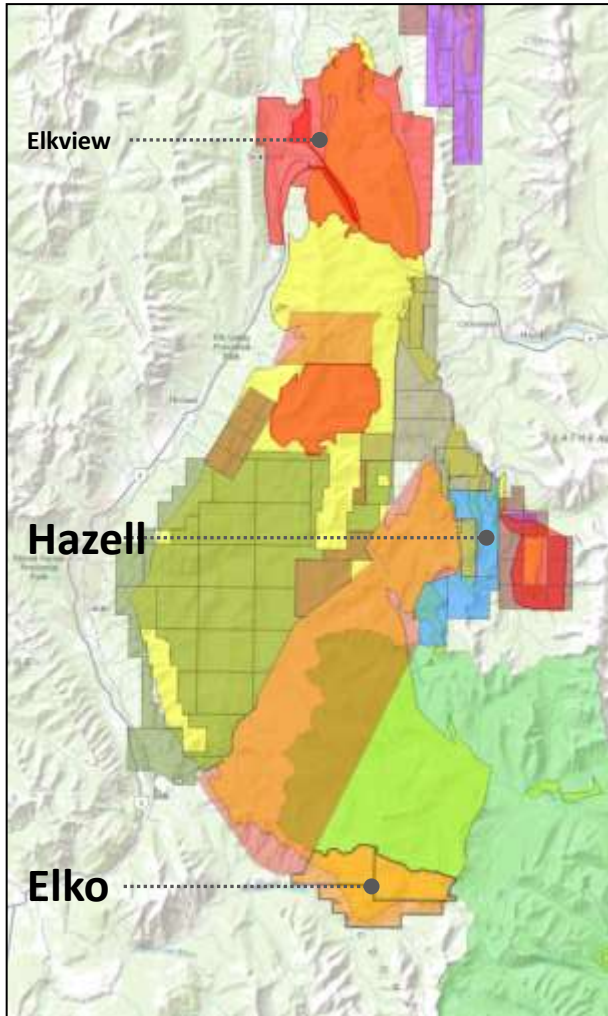


Product	Geology	JORC Resource	Mining	Logistics	Japanese Endorsement
Hard Coking + PCI Coal	5 x thick mineable seams	257.5Mt	Underground with Open Cut	Existing Rail and Port Infrastructure	Historical Metallurgical testing complete
✓	✓	✓	✓	✓	✓

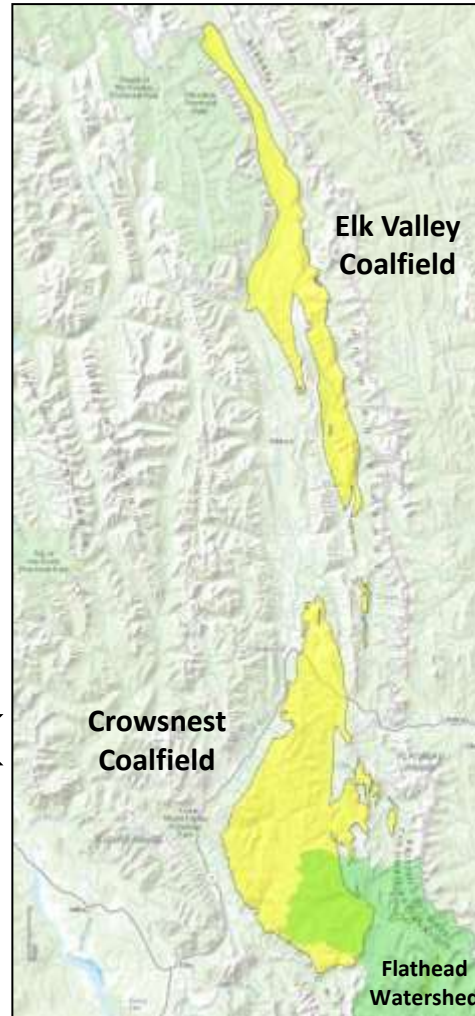
East Kootenay Regional Setting

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

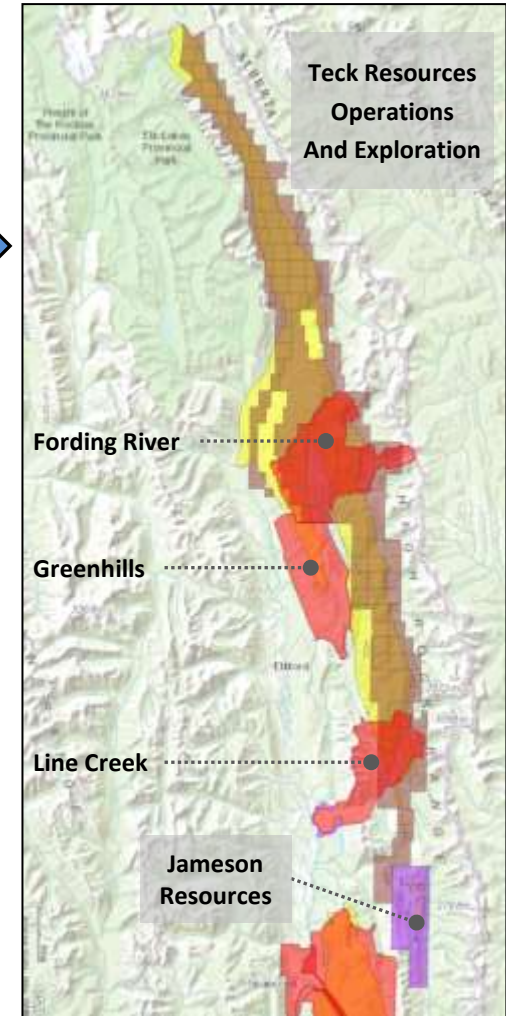
Crowsnest Coalfield



East Kootenay Coal Basin



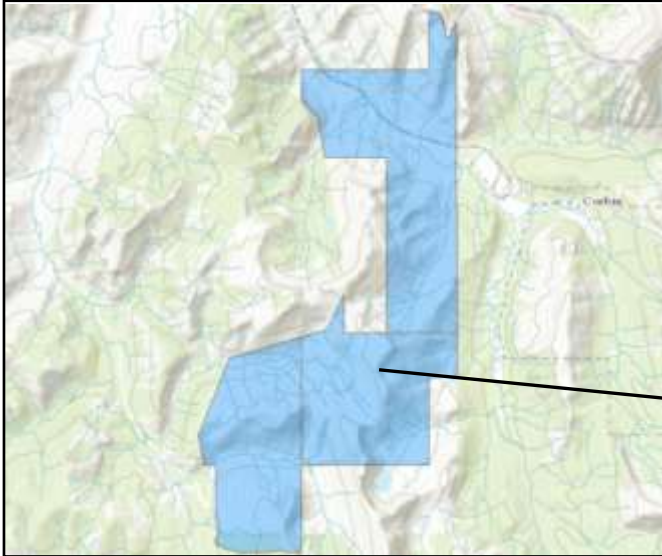
Elk Valley Coalfield



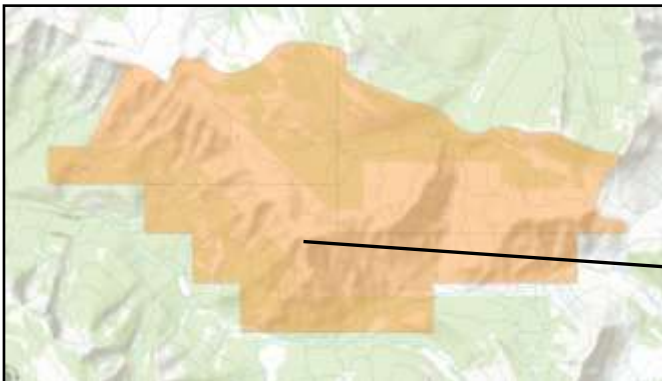
PAK 100% Owned BC Coal Licences

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

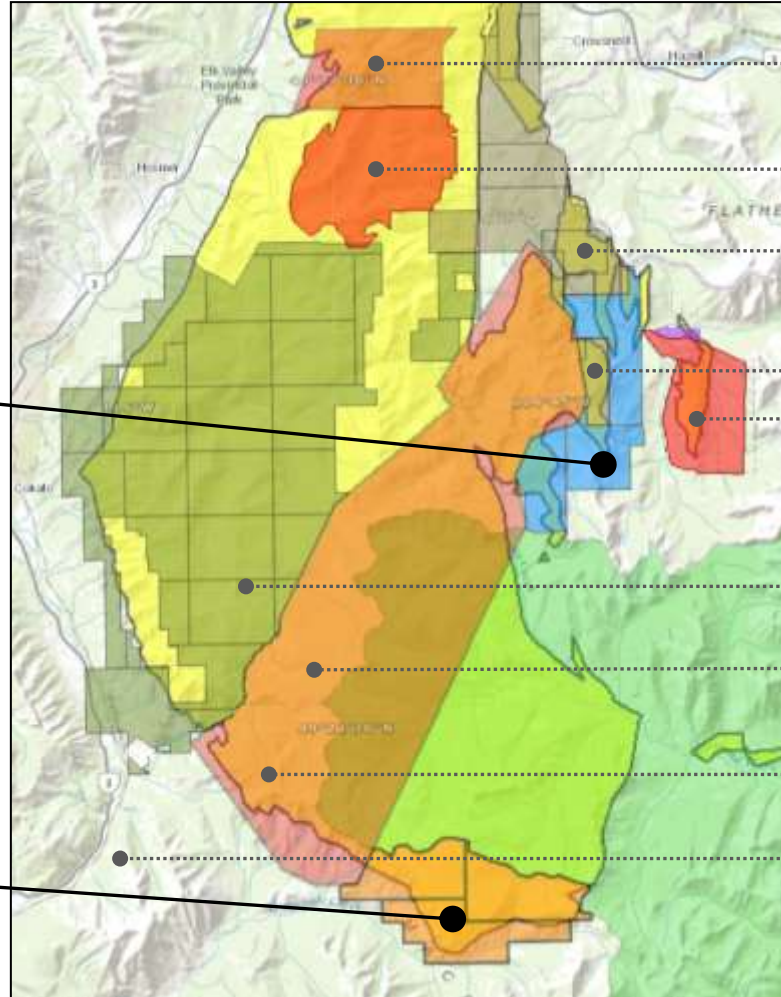
PAK - South Hazell



PAK - Elko



Crowsnest Coalfield

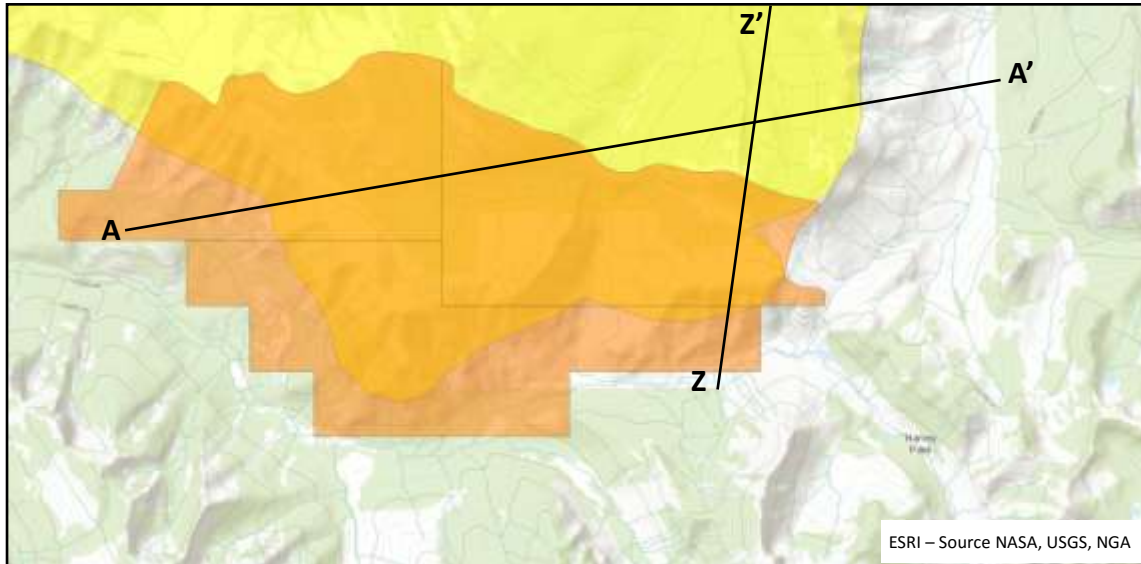


- Coal Reserve Land
- Dominion Coal Block 73
- Teck Resources CMO2
- CoalMont – Tent Mountain
- CoalMont – Michel Head
- Tech Resources – Coal Mountain (CMO)
- Crowsnest Pass Coal Mining - Coal Creek
- Coal Reserve Land
- Dominion Coal Block 82
- Southern Study Area of Dominion Coal Block 82
- Existing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

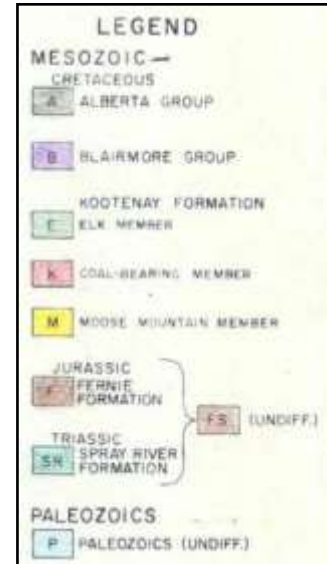
Geology

Existing data supports low cost entry with long term underground operation

Structural Geology Supportive of Underground Operation



Coal Report 339

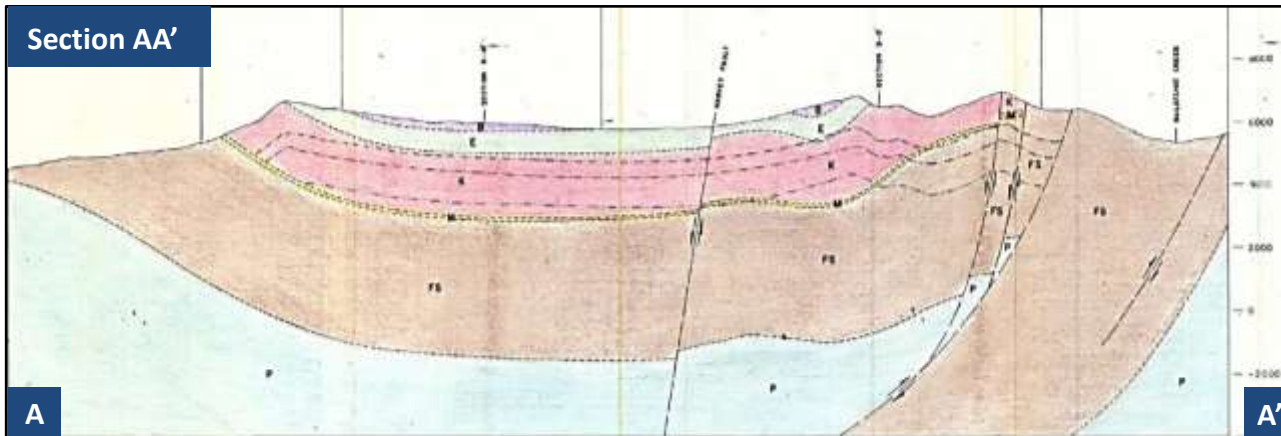


Mining Options

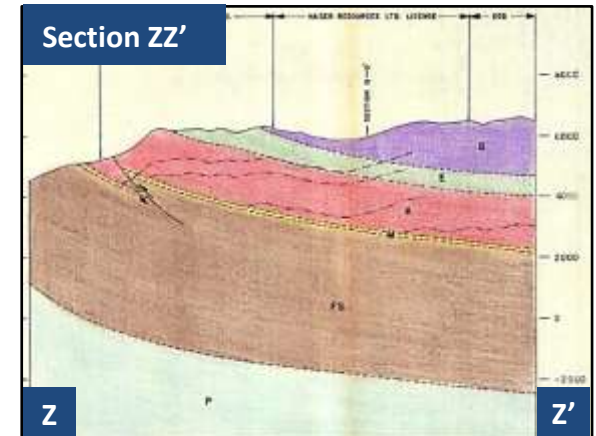
The project has the potential to a support short-term open cut mine and longer term underground operations

Structural geology and geo-technical data are to 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/IC2015-2/Exploration%20and%20Mining%20in%20BC%202014.pdf>

CoalMont - http://montpelliercorp.com/images/File/Montpellier_Coalmont%20flyer.pdf

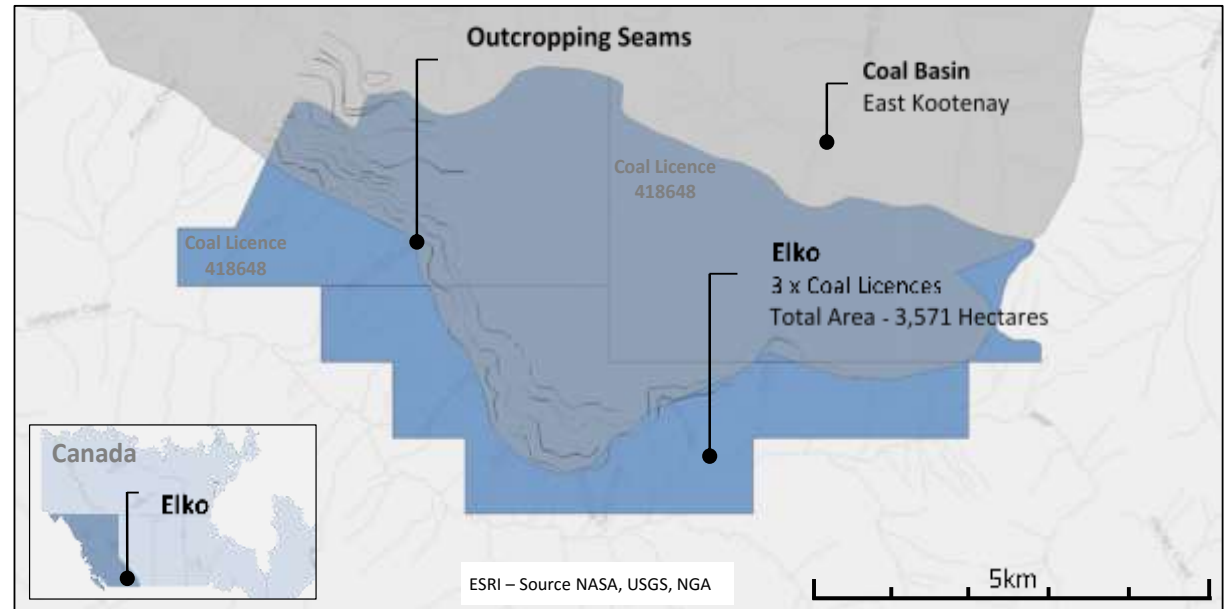
Jameson - <http://www.jamesonresources.com.au/index.php/investor-centre/asx-announcements?task=document.download&id=488>



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.



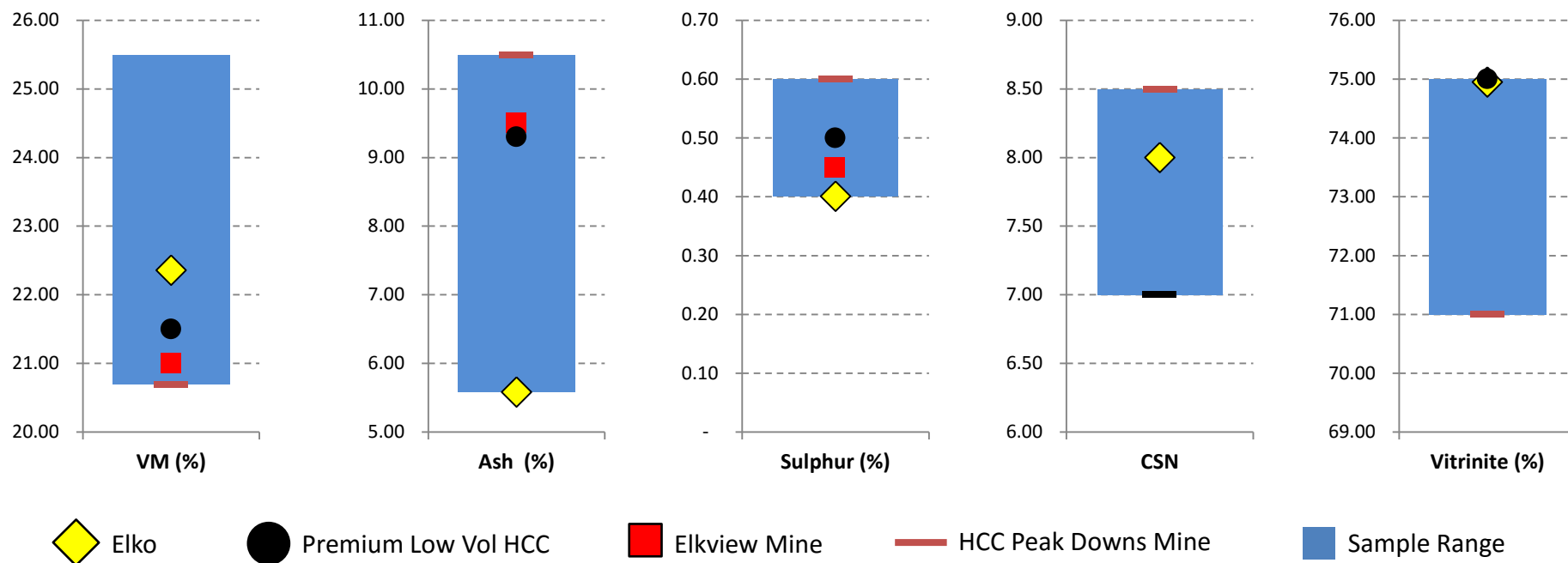
BC Coal Adit Quality							
Adit	Seam	Sample thickness	Clean				
			Ash	VM	FC	S	FSI
F-5	7 Seam	5.9 m	3.9	21.9	74.3	0.5	7.5
F-6	6 Seam	3.0 m	6.3	21.3	72.4	0.6	8.0
F-4	5 Seam	11.2 m	7.4	21.5	71.1	0.5	6.0
F-3	4 Seam	6.7 m	8.4	19.6	72.0	0.4	5.0
F-2	3 Seam	12.2 m	11.3	17.7	71.0	0.7	2.5
F-1	1 Seam	14.0m	10.4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

Port Optionality

Multi-User facilities available for export shipping

Logistics Port

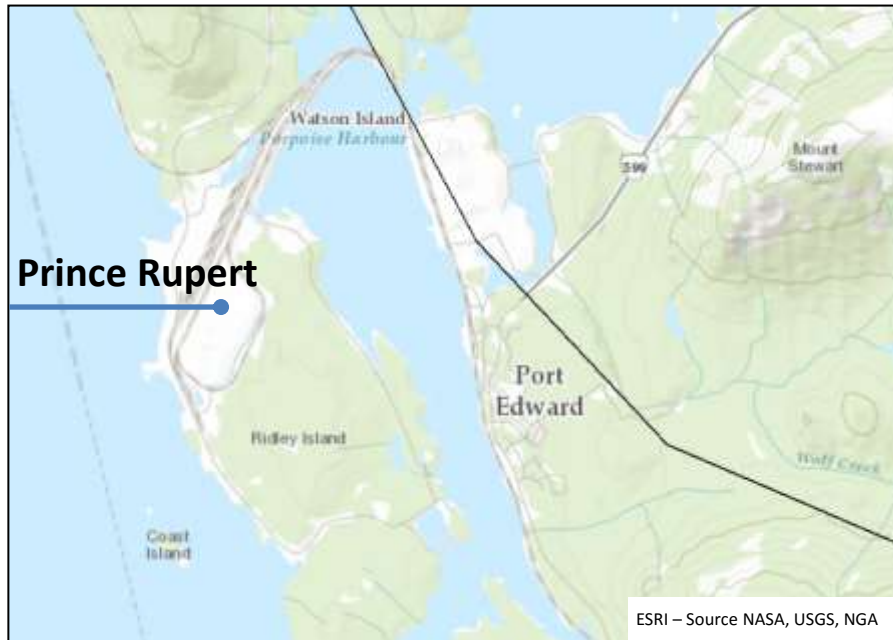
Vancouver offers access to 3 bulk coal port terminals

Westshore Capacity 33.0Mt

Neptune Terminals Capacity 12.5Mt
(expanding to 18.5Mt)

Fraser Surry Docks Planned Capacity 4Mt

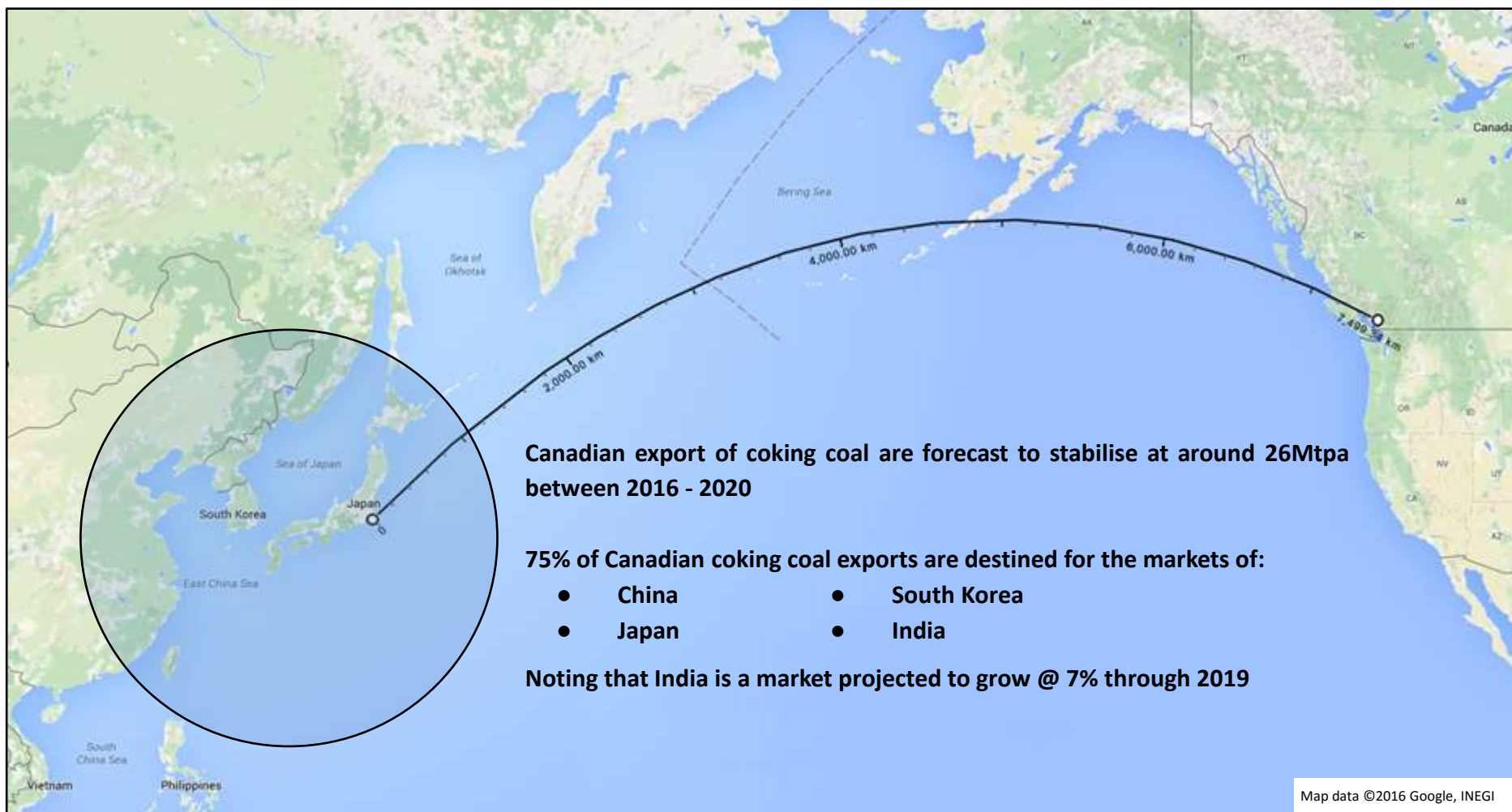
Prince Rupert offers access to the Ridley Island Terminal with annual capacity of 12Mt and storage of 1.2Mt



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



TECHNICAL



ACCOUNTING



LEGAL



EXPLORATION AND GEOLOGICAL

Highland GeoComputing, LLC

