

# Pacific American Holdings Ltd

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## Pacific American Coal defines resource in Canada with mine potential

Pacific American Coal (ASX:PAK) has confirmed potential for an open pit starter mine and a broader underground operation at its Elko project in Canada after defining a maiden resource of 257.5 million tonnes of coal.

The resource confirms the quality of Elko material, with three seams identified as having hard coking coal characteristics and five seams ranging in thickness from 2.57 metres to 5 metres.

The site is considered to have additional resource potential and planning is underway for another drilling program that will target coal quality and validate coal specifications across the Elko licences.

The Elko resource statement delivered on Pacific American's exploration target 224-336 million tonnes of coking coal while underlining the potential identified in historical work at the site, including the discovery of seven coal seams with mineable thickness in 1973.

The range of seam thickness confirmed by Pacific America of 2.57 to 5 metres is capable of supporting underground mining methods.

Raw block modelling, however, has also indicated the potential for an initial small-scale open cut operation.

This opportunity would allow for early cash flow that would facilitate the pre-development of a larger scale underground operation. The underground operation would target the high quality coking coal seams.

The estimated open cut resources with a strip ratio of less than 5 bank cubic metres to 1 tonne of coal is equivalent to 13.5 million tonnes.

These early open cut workings would provide geotechnical stability above the underground portals in addition to offering a level footprint that would support locating the required mine site infrastructure.

Coal quality at Elko ranges from containing hard coking coal specifications to semi-hard and metallurgical pulverised coal injection (PCI) coal.

### Project strengths

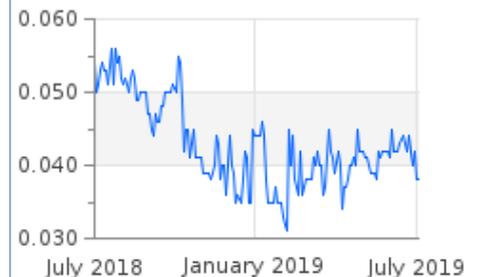
Earlier this year, Elko was identified as the highest priority exploration asset in the Pan American portfolio due to a number of positive project attributes including five outcropping coal seams located close to transport infrastructure.

Historical work at Elko has resulted in six adits being excavated into the main coal seams and four diamond drill hole locations being identified.

**Price:** A\$0.038

**Market Cap:** A\$6.28M

### 1 Year Share Price Graph



### Share Information

**Code:** PAK

**Listing:** ASX

**52 week High Low**  
A\$0.06 A\$0.03

**Sector:** Mining

**Website:** [www.pamcoal.com](http://www.pamcoal.com)

### Company Synopsis:

*Pacific American Holdings Ltd, formerly Pacific American Coal (ASX:PAK) is listed on the Australian Securities Exchange.*

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A Japanese-lead feasibility study has demonstrated the potential of a 1-million-tonnes-per-annum underground operation within 5 kilometres of Elko.

The site is within 20 kilometres by public road to the rail network servicing the export bulk port at Vancouver.

Crucial support services are accessible by these roads at the nearby township of Fernie.

Exploration in the Elko area has been regularly performed over the past 50 years, with the main period of activity in the southern region of the East Kootenay Coal Basin being during the mid-1960s to the early 1980s.

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.

## **Preparations and engagements**

Definition of the maiden resource at Elko followed a program of exploration, engagement and consulting, which included initial relations with key stakeholders and partners.

These groups included the First Nation Groups, First Nation field assistants, industry consultants and local land holders.

Pacific American has mapped about 8 kilometres of coal outcrops, validated adits and identified five coal seams along strike of existing licences on the 3,571-hectare property.

## **Next steps**

The next phase of exploration at Elko will focus on enhancing the coal quality and geotechnical databases through a targeted drilling program.

Planning will address the permitting requirements along with establishing a detailed budget to achieve Pacific American's objective.

Prior to commencing the drilling program, the company will seek additional sources of funding to assist in delivering a comprehensive exploration drilling program.

A coal quality report is also planned for Q1 2016.

## **Analysis**

The resource definition at Elko is significant because it confirms the potential of the project to develop into an operating mine via an early-stage open pit and

eventual underground production at the higher-quality seams.

An early open pit scenario would allow early cash flow and facilitate pre-development of the larger mine.

The resource also reinforces the significant amount of historical work conducted at the site in the past several decades, most of which points to a high-quality coal endowment with important access to infrastructure.

The resource definition process at Elko has allowed Pacific American to establish initial relations with critical long-term stakeholders, including the indigenous First Nations peoples.

Price catalysis for the company are evident in a number of upcoming milestones that will build on the resource statement, including an upcoming coal quality study, additional drilling and permitting work.

Pacific American's staged and deliberate approach to collating information on the site represents a proven strategy for making a large discovery.

The company is implementing a structured plan that will efficiently and effectively manage the company while providing an annual cost saving of A\$250,000 per year.

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