

# Pacific American Coal Ltd

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## Pacific American Coal to update coking coal resources at Elko this quarter

Pacific American Coal Ltd (ASX:PAK) (FRA:4MFA) is focused on metallurgical coal projects in North America and has its flagship Elko Coking Coal Project in British Columbia, Canada.

The wholly-owned Elko project is in East Kootenay Coal Basin, in a known coking coal mining area.

**WATCH:** Pacific American Coal to update resource at Elko Coking Coal Project in early 2019

Pacific American has three coal leases in the basin, holding 100% stakes in each lease.

The three tenements are adjoining and collectively makeup 2,995 hectares of logged land.

A 2018 exploration program at the Elko project included nine holes, with 3,451 metres drilled.

Project resources at Elko currently sit at 257 million tonnes, as defined under the JORC code.

Of these, 19.2 million tonnes are measured resources, 57 million tonnes are indicated resources and 181.3 million tonnes are inferred resources.

Elko is suited to underground mining and is in East Kootenay basin's Crowsnest coal field, near established infrastructure and supportive local communities.

Coal from the Elko region has previously been tested and confirmed to contained coking properties sought by South-East Asian steel mills.

Initial results from the program, reported on in November 2018, were encouraging.

Pacific American chairman Geoff Hill told the market: "We are thrilled that the initial results from the recent drilling program at Elko are even better than we had expected.

"Our objectives have been to improve the classification of our JORC resources and to understand if our coal seams extend further across the Elko project.

"Early indications are that we have achieved both of these objectives and we are looking forward to updating shareholders on the results from the coal quality work."

**Price:** A\$0.044

**Market Cap:** A\$7.27M

### 1 Year Share Price Graph



### Share Information

**Code:** PAK

**Listing:** ASX

**52 week High Low**  
A\$0.07 A\$0.03

**Sector:** Mining

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

### Company Synopsis:

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

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The company believes the initial indications it received support coal-seam sequencing beyond the current resource base.

READ: Pacific American Coal drill results exceed expectations

Pacific American investor relations general manager Simon Klimt spoke to Proactive Investors' Stocktube video channel in November 2018 and affirmed these views.

Klimt said, "The indications are really quite positive.

"All of the holes that we drilled intersected multiple coal seams, which is what we expected, but it appears that they really have hit what we were looking for."

Preliminary coal seam correlation seemed to show stratigraphic continuity between exploration holes.

Klimt said, "A bit of correlation still to be done, when we get the assay results back, which will then ultimately feed into our JORC resource numbers early in the new year, but it's looking really good."

Exploration drilling also indicated the top seams previously identified by Pacific American as high-value hard coking coal target seams occurred between exploration holes and might extend into the project's central block.

Klimt said, "It's good quality coking coal in the top seams.

"And that's what we've really been focusing on this drill program ... to get more definition around those top target seams."

Results schedule and resource update

While full laboratory assay results were expected in the December 2018 quarter, these are now expected this quarter.

The assay results will be incorporated into a March 2019 quarter update to resources at the project.

Klimt said, "The results will be really important.

"We've also taken core from one of the major holes in the program that we've just completed.

"The core and the other geological data that we get out of this program will be used for the discussions with potential partners.

"And that'll also help us with what the next phases of the exploration program are — from here, we do a lot more on the geology, as well as the commercial aspects of the project."

Coking coal

Metallurgical coal or coking coal is used a low-ash, low-sulphur and low-phosphorus coal that can be used to produce high-grade coke.

Coke is both a fuel and reactant in the blast furnace process used for primary steelmaking.

The output is also used in wind turbine construction — more than 200 tonnes of metallurgical coal goes into each wind turbine built, Pacific American investor relations general manager Simon Klimt told Proactive Investors in November.

#### Capital structure and enterprise value

In November 2018, Pacific American's board and management held 13.2% of the company, with Gregorach Pty Ltd having a 12.3% significant holding, John Wardman & Associates Pty Ltd having 4.9%, and the other top 20 shareholders having 26.4%.

Other retail investors held the remaining 43.3% of the company.

The company's board consists of Hill, a merchant banker, chief executive officer Mark Sykes, independent non-executive director Simon Bird and company secretary Ian H Morgan.

Pacific American has a market capitalisation of about \$6.9 million and had cash of \$3.6 million, putting its enterprise value in the order of \$3.3 million.

The company agreed to sell the Canadian exploration project South Hazel in March 2018 after receiving a C\$1 million cash offer from North Coal Limited.

Pacific American took the deal, choosing to invest the funds in Elko.

— with Danielle Doporto

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