

Pacific American Holdings Ltd

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Pacific American Holdings moving into hot gold space with WA farm-in agreement

Pacific American Holdings Ltd (ASX:PAK) has signed an exclusive and binding agreement with Salazar Gold Pty Ltd that will allow it to acquire up to 60% of highly prospective, advanced gold exploration licences in the WA Goldfields.

The agreement will give the company access to Salazar's gold projects which have a favourable geological setting along 25 kilometres of the Kilkenny Fault and extending north from the Porphyry North Gold Project mine.

Three high-level drill targets have been identified by licence holders at the Porphyry North Gold Project.

The agreement is part of efforts to add value to the company's portfolio of assets, which include the GP Hydro Joint Venture and Elko Coking Coal Project in British Columbia.

"Diversify into high-value assets"

Pacific American's chairman Geoff Hill said: "This allows PAK shareholders to gain access to an exciting gold project that brings significant value potential to the company.

"Salazar has undertaken detailed preliminary exploration with a number of targets that are drill-ready.

"This investment in gold, coupled with the company's most recent venture GP Hydro, supports PAK's strategy to diversify into high-value assets that have significant returns for shareholders."

Exploration program

The company plans to start exploration on the Porphyry North Gold Project after completing due diligence and the signing of the farm-in agreements.

Initially, the company will focus on reverse circulation (RC) drilling of the Nugget Patch and One Tree Well targets to follow-up the historical gold mineralised drill intersections.

PAK will undertake geological mapping and sampling and geochemical surveys at the Rainbow Dam target to better define drill targets.

The company will also initiate a generative exploration program comprising of a drone magnetic surveys and a systematic, grid-based reconnaissance aircore drilling to penetrate through the alluvial cover and sample for bedrock-hosted mineralisation.

Hill said: "PAK is confident that comprehensive and targeted exploration on the largely unexplored 113 square kilometres Porphyry North Gold Project has the potential for the discovery of significant gold mineralisation.

Price: 0.025

Market Cap: \$6.93 m

1 Year Share Price Graph



September 2019 April 2020 September 2020

Share Information

Code: PAK

Listing: ASX

52 week High Low
0.0375833 0.009

Sector: Coal

Website: www.pacificamerican.com.au

Company Synopsis:

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

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"The farm-in mechanism allows PAK to take ownership based on specific milestones being met."

Terms and conditions

The ownership interest will be acquired through a staged farm-in, with total expenditure of up to \$2 million.

This deal is subject to final due diligence and the company has started this process utilising a specialist technical team in WA.

In consideration for \$50,000, Salazar has granted a 60-day option to PAK to sign an agreement to earn an interest in several exploration licences including the Porphyry North Gold Project (E31/910, E31/942 and E39/1978) subject to certain conditional farm-in agreements.

The farm-in terms are:

- Farm-in A - Expenditure of \$750,000 before August 31, 2021, to earn 35% with a minimum expenditure of \$250,000;
- Farm-in B - Expenditure of \$500,000 (for an aggregate of A\$1.25 million) before August 31, 2022, to increase the equity to 50%; and
- Farm-in C - Expenditure of \$750,000 (for an aggregate of A\$2 million) before August 31, 2023, to increase the interest in the tenements to 60%.

After executing the farm-in agreement, PAK will issue 10 million unlisted options to Salazar exercisable at \$0.02 with certain conditions.

Capital raising

Recently, Pacific American raised \$750,000 by placing 37.5 million shares at a price of two cents a share and this will ensure the company has funds to earn the first 35% tranche.

Far East Capital Limited (FEC) and Cadmon Advisory Pty Ltd acted as joint lead advisors to the placement offer

Canadian projects

Elko Coking Coal Project is drill-ready and the company has obtained all permits for the drill program.

The company continues to engage interested parties in partnering on the project and believes Elko maintains latent value as the high-quality coking coal is a raw material in the production of steel.

Pacific American continues to progress the GP Hydro renewable energy JV with Global Hydro GmbH and has made several steps in developing the business.

It is working with large water utilities to understand the opportunities and is developing relationships with the Pacific Island governments, World Bank and Asian Development for GP Hydro to tender prospective projects.

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