

ASX Release

Friday 31 January 2020

ASX Code

PAK

About Us

Pacific American Holdings Limited (the Company) has diversified investment portfolio that is focused on the development and exploration of Company' 100% owned Elko Coking Coal Project and the expansion of the Company' 50% Joint Venture in GP Hydro, a hydro renewable power generation business.

Board

Non-Executive Chairman – Geoff Hill

Executive Director & CEO – Mark Sykes

Non-Executive Director – Simon Bird

Company Secretary

Ian Morgan

Management

Chief Executive Coal – Matthew Wall

GM Business Development – Dom Hill

Portfolio of Assets

Elko Coking Coal Project

– 100% ownership in 3 Coal Leases in the East Kootenay Coal Field in British Columbia, Canada

Project	Stage	Location
Elko	Exploration	Canada

– 50% ownership in GP Hydro, a renewables hydro business building a pipeline of opportunities in the Pacific and Australasian Region

ACTIVITIES REPORT FOR THE QUARTER TO DECEMBER 2019

Summary

Pacific American Holdings Limited (**ASX: PAK**) is pleased to provide its Quarterly Activities Report for the three months ended 31st December 2019.

Renewable Energy

GP Hydro Joint Venture

- Business development and corporate meetings held in Singapore in preparation for the commencement in 2020 of the GP Hydro JV.
- Preferred candidate selected to become GP Hydro's inaugural Chief Executive Officer.

Additional Opportunities

- Pursuing additional renewable technologies and investment opportunities

Elko Coking Coal Project

- Budget pricing received from suppliers to undertake the 2020 drill plan.

Corporate

- Successfully completed a \$450k Placement to Sophisticated and Professional Investors.
- Management completed an investor roadshow in North America and continue discussions with other steel industry related organisations.

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GP Hydro Joint Venture

Business Development

The Company, and its Joint Venture Partner Global Hydro GmbH, registered their Singapore Joint Venture company GP Hydro Pte Ltd with a focus on the Australian and South Pacific Island Regions. During the Quarter, directors of GP Hydro Pte Ltd visited Singapore to conduct meetings and establish supporting corporate functions to achieve defined investment milestones as the Joint Venture company ramps up activities in early 2020.

Candidate Interviews

Following the shortlisting of potential candidates for the CEO role, GP Hydro is in the final stages of the appointment. GP Hydro envisages the appointment will be made in Q1 2020.

Renewable Energy

The Company is expanding its portfolio of investments through an initiative into renewable energy. Funds from the Company's placement will support this initiative, with the Company's first investment into renewables beginning through the GP Hydro Joint Venture.

The GP Hydro Joint Venture will focus on 4 key target markets being:



Regional Focus

GP Hydro will focus on the Oceania region to supply Global Hydro’s SmarT products and develop projects in the following markets:

Micro Grid Hydro



- Australia
- Papua New Guinea
- Fiji
- New Zealand
- Samoa
- Solomon Islands

Hybrid Projects



- Australia
- New Zealand
- Fiji
- Papua New Guinea
- Micronesia
- Samoa
- Solomon Islands

SmarT

SmarT’s greatest benefit lies in reducing the total costs of a power station project in order to ensure optimal amortisation even in case of low energy prices. The use of high-quality materials and precise manufacturing ensures a long lifecycle for the turbine as well as high yields. The smart power station is fully assembled at the factory and can be easily and quickly set up and commissioned on site. The intelligent HEROS software has been integrated to ensure a fully automated control of the system. SmartT is available as options: mounted on a frame and as a solution mounted in a container.



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Benefits of a SmarT - Powerplant

- Fast delivery time
- Cost reduction by up to 50 %
- Simple and fast transport
- Easy installation at site
- System monitoring and operation via remote maintenance with HEROS
- Leasable, mobile construction
- Modular extension possible
- Ecological, 'green' energy
- Economical and environmentally compatible solution

Areas of Application of SmarT

- Revitalisation
- Residual water power station
- Low water power station (winter operation)
- Isolated operation
- Auxiliary power supply
- Micro grids (industrial use, mining)
- Rural electrification in remote areas and islands

Renewables Investment Opportunities

The Company views the renewable energy sector as a growth market having the capability to achieve high returns for investors. In addition to the Company's investment in its GP Hydro Joint Venture, the Company is looking for value adding investments that complement micro hydro projects, either as additional renewable technologies or energy storage technologies.

Elko Coking Coal Project

The Company is committed to unlocking the value potential of the Elko Coking Coal Project with its numerous investment highlights, including:

Location:	East Kootenay Coal Basin - Crowsnest Coal Field
Ownership:	100%
Area	8,824 acres (3 adjoining tenements)
Product Coal Type:	Coking Coal
Resources (Million Tonnes) ⁽¹⁾ :	
Measured	117.6
Indicated	93.2
Inferred	<u>92.3</u>
Total Resource	303.1
Coal Seams:	9 Mineable thick Seams
Mining Method	Underground (Bord and Pillar / Augur)
Logistics	Existing rail and port infrastructure
Approvals	Notice of Work valid until September 2024
Targeted Saleable Production ⁽²⁾	1.25Mt - 1.75Mt per annum
Mine Life ⁽²⁾	20+ years
Validation	Historical metallurgical testing was completed by Japanese trading houses

(1) Elko Coking Coal Project JORC Resource report

(2) PAK Estimates

Elko Budget

Leveraging the Company's drilling program, that resulted in an update of the Elko Coking Coal resources to 303.1M million tonnes in early 2019, the Company has reached out to service providers in the preparation of a budget for the next drill program.

The Company is investigating two budget options. The first being a drill program that enables the Elko Coking Coal Project to reach Pre-Feasibility Study stage and the other being a concentrated drill program that would be capable of enhancing the geotechnical and coal quality information at

Elko, with the objective to complete a JORC compliant Scoping Study or Preliminary Economic Assessment.

Corporate

Placement

During the Quarter, Pacific American Holdings Limited (the Company) received strong support for a placement to sophisticated and professional Investors - raising A\$450,000.

The proceeds from the Placement are to support the ongoing development of the Elko Coking Coal Project and expand activities in the Company's initiative into renewable energy through its newly formed GP Hydro Joint Venture.

Investor meetings in New York

With the support of a leading North American based investment bank, which provides corporate finance and advice on fundraising and investment options, the Elko Coking Coal Management team participated in a targeted investor roadshow for investors' interest in taking an equity position in the Elko Coking Coal Project.

Throughout the Quarter, the Company maintained an active investor program as it reaches out to parties that have a focus on investing in bulk commodities used in steel making.

TENEMENT MANAGEMENT UPDATES

During the Quarter, there was no change to the ownership in PAK's tenements.

	Tenement Reference	Nature of interest
Mining tenements held at the end of the Quarter	Elko Coal Licences in British Columbia, Canada. Licences 418648, 418649 and 418650.	100% ownership
Mining tenements acquired during the Quarter	Nil	Nil
Mining tenements relinquished during the Quarter	Nil	Nil
Beneficial percentage interests held in farm-in or farm-out agreements at the end of the Quarter	Nil	Nil
Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed during the Quarter	Nil	Nil

FOR FURTHER INFORMATION CONTACT

Matt Wall
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Dom Hill
Business Development Manager
Pacific American Holdings - North America
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More details are available on PAK's website www.pacificamerican.com.au

COMPETENT PERSON'S STATEMENT
Previously Released Information

These ASX announcements refer to information extracted from reports available for viewing on PAK's website www.pamcoal.com and announced on 16.01.2019 "Elko Coking Coal Project JORC Resource Increased to 303Mt"

PAK confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of exploration targets, that all material assumptions and technical parameters underpinning the exploration targets 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 announcements.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Pacific American Holdings Limited

ABN

83 127 131 604

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(227) ¹	(902)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(157)	(867)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(384)	(1,764)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-

¹ Exploration & evaluation payments totalling A\$227,000 consists of exploration costs (A\$137,400) consulting and employee costs (A\$ 86,100) and other costs (A\$ 3,500).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)	-	-
2.5	Other: Security deposit paid	-	(68)
2.6	Net cash from / (used in) investing activities	-	(68)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	450	450
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(41)	(41)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	409	409

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	437	1,820
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(384)	(1,764)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(68)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	409	409

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(55)	10
4.6	Cash and cash equivalents at end of period	407	407

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	407	437
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	407	437

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

94²

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

² Payment of fees and reimbursement of expenses to Directors.

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Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(384)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(384)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	407
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	407
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.06

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The Company expects it will continue to have the current level of net operating cash flows for the time being..

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

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Answer: The Company proposes to raise further cash to fund its operations.

The Company is in discussions with potential investors to raise funds and expects that December 2019 cash on hand, aggregated with funds expected during the March 2020 quarter, will cover expected non-discretionary cash outflows during the March 2020 quarter.

The Company would raise additional funds before committing to further operating cash outflows of the same scale.

The Company expects that funds will be available to finance future operations and that realisation of assets and settlement of liabilities will occur in the normal course of business.

Whilst it develops its projects, the Company expects to continue to have negative operating cash flows.

In order to commercialise a project and generate future revenues, additional funding will be required.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The Company expects to be able to continue its operations and to meet its business objectives using the funds expected to be raised and described in Item 8.8 Answer 2.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2020

Authorised by: Ian Morgan, Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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