COAL ASSESSMENT REPORT TITLE PAGE AND SUMMARY

TITLE OF REPORT: Coal Assessment Report for Licenses 418645, 418646 and 418647

TOTAL COST: $7,260.00

AUTHOR(S): Dwight M. Kinnes, Dominic Hill

SIGNATURE(S): 

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S): 

YEAR OF WORK: 2016

PROPERTY NAME: Hazell Coal Project

COAL LICENSE(S) AND/OR LEASES ON WHICH PHYSICAL WORK WAS DONE:

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN: 082GSE029

MINING DIVISION: Fort Steele

NTS / BCGS: 082G037

LATITUDE: 49° 17' 37" 

LONGITUDE: 114° 48' 0" (at centre of work)

UTM Zone: 

OWNER(S): TEXAS AND OKLAHOMA COAL COMPANY (CANADA) LIMITED

MAILING ADDRESS: 330-500 Victoria Street, Prince George BC V2L2J9 Canada

OPERATOR(S) [who paid for the work]: Texas and Oklahoma Coal (USA) LLC

MAILING ADDRESS: 3026 Mockingbird Lane, #312, Dallas, TX, 75205

REPORT KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude. Do not use abbreviations or codes)

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS: N/A
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<tr>
<th>SUMMARY OF TYPES OF WORK IN THIS REPORT</th>
<th>EXTENT OF WORK</th>
<th>ON WHICH TENURES</th>
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<td>GEOLOGICAL (scale, area)</td>
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<tr>
<td>Trench (number, metres)</td>
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<tr>
<td>Bulk sample(s)</td>
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</table>
COAL LICENSE(S) IN PROJECT AREA ON WHICH NO PHYSICAL WORK WAS DONE OVER THE CURRENT REPORTING PERIOD:
418645, 418646 and 418647

RATIONALE FOR NO PHYSICAL WORK DURING THE CURRENT REPORTING PERIOD:
The stagnant coal industry in 2015/2016 hindered the company's ability to implement a detailed exploration program. The company took the time designing and planning an exploration program.

WORK PROPOSED OVER THE NEXT YEAR (SPECIFY WHICH TENURE BLOCKS WILL SEE PHYSICAL WORK, IF KNOWN):
Regional ground truthing and potential drilling program in Hazell for 2017.
Ground Truthing exploration program and coal seam mapping will primarily consist of surface geological mapping and reconnaissance over the southern Hazell License, 418646.

RATIONALE FOR NEXT YEAR’S PROGRAM:
Increase the company's knowledge of the coal seams on the property, map coal seams for geological modeling and resource delineation.
Pacific American Coal Company

Coal Assessment Report for Licenses 418645, 418646 and 418647

CONFIDENTIAL

September 2016

Compiled by Highland GeoComputing, LLC
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Map 1 - Regional Geology for the Hazell Coal Project Area
1.0 Introduction, Location and Statement of Costs

Introduction

The Pacific American Coal (PAK), subsidiary Texas Oklahoma Coal Company (Canada), Ltd. (TOCC), and Highland GeoComputing, LLC (HGC) prepared this coal assessment report for the Hazell coal project area near Fernie, British Columbia, Canada as required by the British Columbia Coal Act.

In September 2014, The British Columbia Ministry of Energy and Mines granted PAK yearly coal title licenses for three areas that comprise the Hazell coal project area. The three active coal licenses for the Hazell coal project area are 418645, 418646, and 418647, Table 1.

<table>
<thead>
<tr>
<th>Tenure No.</th>
<th>Owner</th>
<th>Tenure Type</th>
<th>Anniv. Date</th>
<th>Area (ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>418645</td>
<td>Texas Oklahoma Coal Company (Canada), Ltd. (aka PAK)</td>
<td>Coal License</td>
<td>09/19/2015</td>
<td>1,183 ha.</td>
</tr>
<tr>
<td>418646</td>
<td>Texas Oklahoma Coal Company (Canada), Ltd. (aka PAK)</td>
<td>Coal License</td>
<td>09/19/2015</td>
<td>801 ha.</td>
</tr>
<tr>
<td>418647</td>
<td>Texas Oklahoma Coal Company (Canada), Ltd. (aka PAK)</td>
<td>Coal License</td>
<td>09/19/2015</td>
<td>830 ha.</td>
</tr>
</tbody>
</table>

PAK and HGC did not perform any significant new work on the Hazell coal project area in 2016.

PAK plans on performing a more in depth field reconnaissance and geological mapping project with potential exploration drilling in 2017 in the Hazell coal project area.
Location
The Hazell coal project area is located approximately 40 kilometers south of the town of Sparwood, British Columbia and approximately 70 kilometers east of the town of Fernie, British Columbia, Figure 1. The Hazell coal project area covers portions of two NTS maps: 082G.07 and 082G.10. The Hazell coal project area is quite remote and high in elevation. Access to the project area is restricted to four-wheel drive trails and pipeline service roads.

Statement of Costs
A detailed statement of costs accompanies with report using the standard spreadsheet document provided by the British Columbia Ministry of Energy and Mines.
Figure 1

Location Map

Hazell Licenses

Legend
License No.
- License 418645
- License 418646
- License 418647

Hazell Coal Project Area

Sparwood, British Columbia
August 2015
2.0 Statement of Qualifications

Qualified Person

The information in this document is based on information compiled by Mr. Dwight M. Kinnes, CPG who is President and Principal Consultant of Highland GeoComputing, LLC and is a registered member of the Society of Mining and Engineering (No. 4063295). Mr. Kinnes has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Qualified Person as defined in NI 43-101.

A signed and dated Certificate of Qualified Person resides in the appendix of this report.
3.0 Exploration Program Summary
No detailed exploration of the Hazell coal project was performed in 2015/2016.

4.0 General Geology and Exploration History

General Geology
The South Hazell license areas reside within the Crowsnest Coal basin. The Crowsnest Coal basin consists of Jurassic and Cretaceous sedimentary rocks belonging to the Fernie Formation – Jfe (mostly shales), the Kootenay Formation – JKK (interbedded sandstones, shales and coal), and the Blairmore Formation – IKTBC (conglomerates), Map 1. The Hazell licenses reside at the southern end of the Crowsnest Coal basin with regional southwesterly dips ranging from 15 to 40 degrees.

The Fernie Formation is the lowest geological unit in the Hazell mine area. The coal title licenses primarily reside in the Lower Cretaceous Kootenay Formation. The Kootenay Formation is divided into three members, the Moose Mountain Member, Mist Mountain Member, and the Elk Member. The Blairmore Group overlies the Kootenay Formation.

The Mist Mountain Member of the Kootenay Formation rests on the Moose Mountain sandstone with thickness between 425 to 500 meters. The unit consists of sandstone, siltstone, mudstone and potentially economic coal seam. Conglomerate lenses up to 1 meter in thickness occur at the top of the member. BC Coal Ltd. identified at least 4 coal seams with mineable thickness and quality in the Mist Mountain Member. The Mist Mountain coal seams frequently contain several intra-seam partings of shale and carbonaceous shale.
Exploration History

Kaiser Resources performed almost all of the geological exploration in the Hazell coal project area in 1973 and 1978. This work consisted of geological mapping, outcrop sampling, and hand trenching, Table 2.

Coleman Colleries Ltd. performed extensive drilling, and eventually developed the Tent Mountain mine area at the north and of the Hazell project area.

Byron Creek Colleries and Shell Canada Resource Ltd. also performed exploration and drilling in the Corbin Creek area, which is located east of the Hazell mine areas.

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal File Report</th>
<th>Operator</th>
<th>Report Type</th>
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</thead>
<tbody>
<tr>
<td>1978</td>
<td>260</td>
<td>Byron Creek Colleries</td>
<td>Regional Geological Coal Assessment</td>
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<tr>
<td>1974</td>
<td>444 pt1</td>
<td>Kaiser Resources</td>
<td>Maps, Cross Sections, Adit Drawings - No Text - Taylor South Area (South Hazell)</td>
</tr>
<tr>
<td>1974</td>
<td>444 pt2</td>
<td>Kaiser Resources</td>
<td>Maps, Cross Sections, Adit Drawings - No Text - Taylor South Area (Michel Head)</td>
</tr>
<tr>
<td>1979</td>
<td>445</td>
<td>Kaiser Resources</td>
<td>Exploration Report, Resources, Cross-Sections - Taylor South (South Hazell)</td>
</tr>
<tr>
<td>1973</td>
<td>448</td>
<td>Coleman Colleries Ltd. (Kaiser)</td>
<td>Tent Mtn. - Geologic Maps and Cross Sections</td>
</tr>
<tr>
<td>1976</td>
<td>449 pt2</td>
<td>Coleman Colleries Ltd. (Kaiser)</td>
<td>Tent Mtn. - 1975 Exploration Report, maps and cross sections (partial)</td>
</tr>
<tr>
<td>1977</td>
<td>450 pt1</td>
<td>Coleman Colleries Ltd. (Kaiser)</td>
<td>Tent Mtn. - 1976 Exploration Report, Drilling Data, Elogs, Maps, CQ Data</td>
</tr>
</tbody>
</table>
5.0 Geophysical Surveys
No geophysical surveys were performed during 2015/2016.

6.0 Geochemical Surveys
No geochemical surveys were performed or geochemical samples were collected during 2015/2016.

7.0 Drilling Exploration
No exploration drilling was performed during 2015/2016.

8.0 Prospecting Surveys
No prospecting surveys were performed during 2015/2016.

9.0 Physical Work
No excavations, roads or trenches were cut or cleared during 2015/2016.

10.0 Preliminary Resource Estimate
No estimates of coal resources within the Hazell coal licenses were calculated during 2015/2016.

11.0 Conclusions and Recommendations
Poor market conditions for the coal industry inhibited funding for exploration in 2015/2016. Current improvements in the global coal industry should improve PAK’s ability to fund exploration of Hazell in 2017. PAK and HGC are developing a regional ground truthing and potential drilling program in Hazell for 2017.

This exploration program will primarily consist of surface geological mapping and reconnaissance over the southern Hazell License, 418646. Based on the results of the surface geological mapping, and progress in PAK’s Elko
exploration program, PAK might drill up to four (4) exploration holes in Hazell.

**Table 3 - Proposed Locations of Potential Hazell Drill Holes**

<table>
<thead>
<tr>
<th>Resource Area</th>
<th>DHID</th>
<th>Easting</th>
<th>Northing</th>
<th>Collar Elevation</th>
<th>Estimated Coal Thk</th>
<th>Estimated Core Thk</th>
<th>Total Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Ridge</td>
<td>HZ-17-01</td>
<td>663,485.15</td>
<td>5,480,057.57</td>
<td>2,183.91</td>
<td>5.23</td>
<td>5.75</td>
<td>91.50</td>
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<tr>
<td>South Ridge</td>
<td>HZ-17-02</td>
<td>663,083.21</td>
<td>5,480,719.17</td>
<td>2,053.36</td>
<td>2.60</td>
<td>2.86</td>
<td>148.06</td>
</tr>
<tr>
<td>Central Valley</td>
<td>HZ-17-03</td>
<td>662,166.90</td>
<td>5,481,871.20</td>
<td>1,689.12</td>
<td>1.70</td>
<td>1.87</td>
<td>27.00</td>
</tr>
<tr>
<td>North Ridge</td>
<td>HZ-17-04</td>
<td>662,786.08</td>
<td>5,482,856.08</td>
<td>2,060.00</td>
<td>5.79</td>
<td>6.37</td>
<td>228.86</td>
</tr>
</tbody>
</table>

PAK and HGC will be submitting a Notice of Work for the 2017 Hazell field program in Q4 2016.

**12.0 Documentation**


Appendix
CERTIFICATE OF QUALIFIED PERSON

Dwight M. Kinnes, CPG, SME-RM 4063295

I, Dwight Kinnes, do hereby certify that:

1. I am President and Principal Consultant of:
   Highland GeoComputing, LLC
   7117 S Adams Cir.
   Centennial, CO 80122

2. I graduated with a Bachelor of Science degree in geology from Colorado State University in 1986. I have been a coal resource geologist for 30 years. My relevant experience includes building geological reserve models in British Columbia and Alberta Canada for coal and oil sands, building geological reserve models in every producing coal basin in the United States, building geological reserve models in select coal basins in Australia, Indonesia, Venezuela, Germany, and Thailand. I have performed exploration drilling projects in Wyoming, Montana, Texas and Thailand. I have been president and principal consultant for Highland GeoComputing, LLC since 2004.

3. I am a Registered Member of the Society of Mining, Metallurgy and Exploration (SME) No. 4063295. I am a certified profession geologist with the American Institute of Professional Geologists (AIPG) No. 10244. I am a licensed professional geologist in the state of Wyoming PG-2653.

4. I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) as certify that by reason of my education, affiliation with a professional organization (as defined by NI 43-101) and past relevant work experience, I fulfill the requirements.
to be a "qualified person" for the purposes of NI 43-101.


6. I consent to the filing of this report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the report.

7. As of September 16, 2016 to the best of my knowledge, information and belief that the scientific and technical information in this report is not misleading.

Dated this 3rd day of September 2016.

Dwight M. Kinnes, CPG, SME-RM 4063295