

Pacific Coal Resources Ltd. announces third quarter 2012 financial results

TORONTO, Nov. 29, 2012 /PRNewswire/ - Pacific Coal Resources Ltd. (TSXV: PAK) has filed today its unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2012, together with its management's discussion and analysis ("MD&A") for the corresponding period. All financial figures contained herein are expressed in U.S. dollars unless otherwise noted. These documents will be posted on the Company's website at www.pacificcoal.ca and under the Company's profile at www.sedar.com.

Hernan Martinez, Executive Chairman, commented: "The second half of 2012 has thus far seen the Company re-focus on its core competencies by selling our BACF investment and signing an MOU for the sale of our Barranquilla port interest. The sale of the BACF investment, which closed in October, provided us with \$5 million in cash, which will be used in operating and selling activities at our producing coal and coke sites. Coal operations continued through the third quarter of 2012, with 341,248 tonnes of thermal coal produced at our La Caypa and Cerro Largo sites. We expect production improvements and cost reductions at La Caypa as we replace the current operator in the fourth quarter. The Company's cost cutting program resulted in a 20% reduction in G&A expenses in the third quarter compared to the second quarter of 2012, with an expected quarterly run rate as of the fourth quarter of 2012 that is approximately 30% below the average in 2011. Management believes the decisions made and actions taken during the quarter and through the remainder of 2012 are positioning the Company towards significantly improved operations and liquidity."

Financial and Operating Summary

A summary of the financial and operating results for the three and nine months ended September 30, 2012 and 2011 is as follows:

	Third Quarter		Nine Months Ended September 30	
(000's except per share and operating data)	2012	2011	2012	2011
Operational				
Tonnes of coal produced	341,248	400,909	993,325	1,070,209
Average stripping ratio - operations	11.38	7.61	10.60	7.38
Tonnes of coal sold ⁽¹⁾	366,678	460,189	965,948	1,217,389
Average realized price per tonne sold	\$ 92.53	\$ 101.01	\$ 97.67	\$ 97.65
Operating margin per tonne sold ⁽²⁾	(5.76)	4.12	(13.95)	10.18
Financial				
Revenues	\$ 35,033	\$ 46,485	\$ 98,654	\$ 118,877
Gross margin ⁽³⁾	(4,120)	(937)	(20,447)	6,371
Net (loss) earnings attributed to shareholders ⁽⁴⁾	(15,201)	(1,126)	(85,827)	(46,380)
Basic and fully diluted (loss) earnings per share	(0.05)	0.00	(0.27)	(0.16)
Total cash	135	14,267	135	14,267
Total assets	318,462	392,112	318,462	392,112
Total debt ⁽⁵⁾	39,701	32,012	39,701	32,012

(1) Includes coal purchased from third parties for sale.

(2) See additional financial measures in MD&A.

- (3) "Gross margin" represents total revenues, net of operating costs, transportation and port services costs, selling costs, depreciation, depletion and amortization, and impairment charges related to inventory.
- (4) 2012 includes a non-cash impairment writedown of \$45.5 million; including \$8.0 million in the third quarter triggered by the planned sale of the Barranquilla port concession and \$35.6 million relating to impairment of the Cerro Largo property in the second quarter.
- (5) Includes bank indebtedness, long-term debt (including current portion), and obligations under finance leases (including current portion).

Third Quarter Highlights

- The Company produced 341,248 tonnes of coal during the third quarter of 2012, representing a 2% increase over the 335,008 tonnes produced in the second quarter of 2012. The Company's stripping ratio for the third quarter was 11.38:1.
- Production at La Caypa was 251,525 tonnes representing a decrease of approximately 6% from the second quarter of 2012 and 72% of its planned production. Production was significantly impacted by issues with the mine operator and destabilization of the mine footwall in August 2012. Production at the Cerro Largo mine was 89,723 tonnes, representing an increase of approximately 33% from the second quarter of 2012.
- Total revenues for the third quarter of 2012 were \$35.0 million, consistent with \$35.2 million in the second quarter of 2012, on the strength of coal sales of 366,678 tonnes, at an average realized price of \$92.53 per tonne.
- During the third quarter of 2012, cost saving initiatives contributed to a 20% decrease in G&A expenses to \$3.6 million as compared to \$4.4 million in the second quarter of 2012, in addition to the 12% and 9% decreases already realized in the first and second quarters of 2012 respectively. G&A in the third quarter included \$0.6 million of one-time severance costs associated with staff reductions and \$0.4 million of asphaltite research costs. The Company anticipates a quarterly G&A run rate of approximately \$2.75 million in the fourth quarter of 2012.
- In October 2012 the Company sold its Blue Advanced Colloidal Fuels ("BACF") investment for cash proceeds of \$5.0 million and in November 2012 signed an MOU in respect of its interest in Sociedad Portuaria Terminal de las Flores S.A. ("SPTF"), which holds the Barranquilla port concession. The cash generated by these transactions will be used in the Company's operating and selling activities at its producing coal and coke sites. Sale of the BACF investment contributed to the \$3.0 million cash balance at November 29, 2012.
- The Company continues to work with SRK Consulting (UK) Ltd, to finalize the Company's 43-101 updated technical reports. The Cerro Largo report is expected to be released in the fourth quarter of 2012. The La Caypa report is expected in the second quarter of 2013.
- The net loss of \$15.2 million (\$0.05 per share) in the third quarter of 2012 includes a \$8.0 million (\$0.02 per share) non-cash impairment writedown of SPTF triggered by its planned sale.

Q3 2012 - La Caypa

	Production of Coal (metric tonnes)	Waste (bcm ⁽¹⁾)	Strip Ratio
Actual Pit	251,525	1,966,372	7.82:1
South Pit	-	392,674	-
Total	251,525	2,359,046	9.38:1

(1) "BCM" is Bank Cubic Metres

During the third quarter of 2012, the Company produced 251,525 tonnes at La Caypa, down approximately 6% from the second quarter and 72% of planned production. Production at La Caypa during the quarter was negatively impacted by the mine operator's general lack of equipment for loading, hauling, and support at the mine and was compounded by destabilization of the mine footwall in the month of August. Issues with the mine operator resulted in a breach of their contractual obligations, which led the Company to begin the process of replacing them during the fourth quarter of 2012.

Operational stripping ratio at La Caypa, up slightly to 7.82 in the third quarter of 2012 reflected the impact of the mine sidewall development during the quarter. Total stripping ratios at La Caypa include costs incurred in moving waste volumes from the south pit.

Q3 2012 - Cerro Largo

	Production of Coal (metric tonnes)	Waste (bcm ⁽¹⁾)	Strip Ratio
Total	89,723	1,918,289	21.38:1

(1) "BCM" is Bank Cubic Metres

The Company's production at Cerro Largo of 89,723 tonnes in the third quarter of 2012 was an increase of approximately 33% from second quarter of 2012. Consistent with the second quarter, the Company continued addressing mud concentration concerns at the bottom of the open pit, although efforts to correct the issue were noted during the quarter with the increase in production and improvement of the stripping ratio to 21.38:1 from 25.53:1 in the second quarter of 2012.

Q3 2012 - Jam

	Q3 2012	Q3 2011
Tonnes produced	476	-

The Company's Jam operation commenced production in the fourth quarter of 2011. In the third quarter of 2012, given current coke market trends the Company decided to maintain production at minimum levels. The Company's Jam activity has focused on repairs to coking infrastructure, with anticipated significant production in the first quarter of 2013.

Revised production guidance

As a result of reduced production in the third quarter of 2012 and the expected change in operator, the Company's 2012 production target at La Caypa has been revised to 970,000 tonnes. At Cerro Largo, in light of the third quarter results and the ongoing work required to clear the mud concentration in the pit, the Company has revised its 2012 production target for Cerro Largo to 400,000 tonnes.

Corporate update

The Company plans to provide a corporate update and an update on its strategic plan in a subsequent press release to be issued next week.

About Pacific Coal Resources Ltd.

Pacific Coal Resources Ltd. is a Canadian-based mining company engaged in the acquisition, exploration and production of coal and coal-related assets from properties located in Colombia. The Company's common shares and warrants are listed on the TSX Venture Exchange and trade under the symbol "PAK" and "PAK.WT" respectively.

Forward Looking Information:

This news release contains "forward-looking information", which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Pacific Coal to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this press release and Pacific Coal disclaims, other than as required by law, any obligation to update any forward-looking statements whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

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