



# PAN ASIA CORPORATION LIMITED

ACN 098 448 269

## OFFER DOCUMENT

For a fully underwritten, non-renounceable pro-rata rights issue of New Shares at an issue price of \$0.021 per New Share on the basis of 1 New Share for every 3 Existing Shares held at the Record Date to raise approximately \$1,602,204 (before expenses).

### IMPORTANT NOTICE

This Offer Document is not a prospectus and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding whether or not to invest in the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

The New Shares offered by this Offer Document should be considered speculative.

**The Offer opens on Friday 25 July 2014 and closes at 5:00pm (WST) on Tuesday 19 August 2014.** Valid Entitlement and Acceptance Forms must be received before the Closing Date.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the Offer.

## IMPORTANT NOTES

### General

This Offer Document is dated Wednesday 16 July 2014.

This Offer Document has not been, and will not be, lodged with ASIC as a disclosure document required under the Corporations Act. Neither ASX nor ASIC takes any responsibility for the contents of this Offer Document or the merits of the investment to which this Offer Document relates.

The Offer is an offer of continuously quoted securities (as defined in the Corporations Act) of the Company and has been prepared in accordance with section 708AA of the Corporations Act. In broad terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than that required in a prospectus. Eligible Shareholders should therefore consider whether the New Shares offered under this Offer Document are a suitable investment in light of their own investment objectives and financial circumstances and the merits or risks involved, having regard to their own knowledge of the Company and the disclosures made by the Company to the ASX. If, after reading this Offer Document, Eligible Shareholders have any questions regarding the Offer, they should contact their stockbroker, accountant or other independent professional adviser before deciding whether or not to accept the Offer.

The information in this Offer Document does not constitute a securities recommendation or financial product advice.

Capitalised terms in this Offer Document are defined in Section 4.

### Disclaimer

No person is authorised to give information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Offer Document may contain reference to certain intentions, expectations and plans of the Company, which may or may not be achieved. They are based on certain assumptions which may not be met or on which views may differ. The Company's performance may be influenced by a number of factors, many of which may be outside the Company's control. Neither the Company nor any of its respective directors, officers, employees, advisers or agents make any representations or warranty (expressed or implied) that any expectations, intentions or plans will be achieved either totally, partially or at all or that any particular rate of return will be achieved.

### Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form accompanying this Offer Document. The Entitlement and Acceptance Forms sets out an Eligible Shareholder's Entitlement to participate in the Offer. Please refer to Sections 1.4 and 1.13 for further information.

### Offer Restrictions

The Offer made pursuant to this Offer Document is not made to persons to which, or in places in which, it would not be lawful to make such an offer of New Shares. No action has been taken to register the Offer under this Offer Document or otherwise permit the Offer to be made in any jurisdiction outside Australia. The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Offer Document should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Please refer to Section 1.13 for further information.

### Privacy Act

If you complete an Entitlement and Acceptance Form for New Shares, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

## IMPORTANT NOTES

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1998* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Please note that if you do not provide the information required on the Entitlement and Acceptance Form for New Shares, the Company may not be able to accept or process your application.

**This document is not a prospectus** and does not contain all of the information that an investor would find in a prospectus or which may be required to make an informed decision regarding, or about the rights attaching to, New Shares offered by this Offer Document.

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**LETTER FROM THE CHAIRMAN**

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16 July 2014

Dear Shareholder

On behalf of the Directors of Pan Asia Corporation Limited, I am pleased to invite you to participate in the Offer. The Offer provides you with the opportunity to maintain your equity interest in the Company and to participate in the future growth of the Company.

As set out in this Offer Document, the Company is offering up to 76,295,428 New Shares at an issue price of \$0.021 per New Share to all Eligible Shareholders, on the basis that all Eligible Shareholders are invited to apply for 1 fully paid ordinary share in the Company for every 3 fully paid ordinary shares in the Company held at the Record Date.

Eligible Shareholders are also invited to apply for additional New Shares which will be allocated from any Shortfall.

The Offer is fully underwritten by Nexus Link Limited, a company incorporated in the British Virgin Islands and may result, if all Eligible Shareholders do not take up their Entitlements, with Nexus Link Limited holding 32.86% of the Company.

The amount that the Company will raise under the Offer will be approximately \$1,602,204 (before expenses).

The Company intends to apply the funds raised from the Offer to bolster the Company's financial position to assist it achieve key milestones on the Company's flagship high CV thermal coal project in South Kalimantan Indonesia ("TCM"). The Board's key objective this year is to advance the TCM Project so that shareholder value can be restored as we emerge from these challenging times for junior resource markets.

The details of the Offer are set out in this Offer Document and I encourage you to read the Offer in its entirety before making your investment decision. A summary of risk factors that you should consider is set out in Section 3.

Finally, on behalf of the Board, I would like to thank you for your continued support in the Company and encourage you to take up your Entitlements under the Offer.

Yours faithfully  
**Pan Asia Corporation Limited**



**Domenic Martino**  
Chairman

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# 1 DETAILS OF THE OFFER

## 1.1 The Offer

By this Offer Document, the Company is making a fully underwritten non-renounceable, pro-rata rights issue offer of up to 76,295,428 New Shares at an issue price of \$0.021 per New Share on the basis of 1 New Share for every 3 Existing Shares held on the Record Date.

The Offer is fully underwritten by Nexus Link Limited, meaning that all New Shares under the Offer will be issued to the Underwriter (assuming the Underwriting Agreement) is not terminated to the extent that Eligible Shareholders do not take up their Entitlements and the Shortfall is not subscribed for pursuant to the Shortfall Offer. This may result in the Underwriter holding 32.86% of the Company. Please refer to Section 1.5 for further information.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction, such fraction will be rounded down to the nearest whole number.

The Offer will raise approximately \$1,602,204 before expenses of the Offer. The Company intends to apply the funds raised from the Offer towards the ongoing exploration programs at the Company's projects, the costs of the Offer and general working capital. The expenses of the Offer will be approximately \$25,000.

Item	Amount
Project Expenditure	\$500,000
Expenses of the Offer	\$25,000
Additional working capital	\$1,077,204
<b>Total funds applied</b>	<b>\$1,602,204</b>

The Directors are satisfied that upon completion of the Offer, the Company will have sufficient capital to meet its stated objectives.

## 1.2 Capital Structure

As at Tuesday, 15 July 2014, the Company had on issue:

- 228,886,286 listed Shares;
- 500,000 unlisted Options exercisable at \$0.25 by 11 October 2014; and
- 5,600,000 unlisted Options exercisable at \$0.25 by 1 February 2015.

The above capital structure may change if any existing Options are exercised before the Record Date. Option holders who do not hold Shares on the Record Date are not entitled to participate in the Offer.

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Number
Shares on issue at the date of the Offer <sup>1</sup>	228,886,286
New Shares issued under the Offer <sup>2</sup>	76,295,428
Total Shares on issue at completion of the Offer	<u>305,181,714</u>
Options	Number
Unlisted Options exercisable at \$0.25 by 11 October 2014	500,000
Unlisted Options exercisable at \$0.25 by 1 February 2015	5,600,000
Total Options on issue as at the date of and completion of the Offer <sup>3</sup>	<u>6,100,000</u>

**Notes:**

1. The number of Shares on issue at the date of the Offer assumes that no Options currently on issue are exercised prior to the Record Date.
2. The number of New Shares assumes that the Offer is fully subscribed and that no Options currently on issue are exercised prior to the Record Date.
3. The number of Options on issue at the date of and completion of the Offer assumes that no Options currently on issue are exercised prior to the Record Date.

The Company's cash reserves following completion of the Offer, assuming the Offer, is fully subscribed, will increase by approximately \$1,604,204 (before expenses).

### 1.3 Indicative Timetable

Details shown in the table below are indicative only and subject to the Listing Rules and other applicable laws, the Directors reserve the right to vary the dates of the Offer, which may have a consequential effect on the other dates. Applicants are therefore urged to lodge their Entitlement and Acceptance Forms as soon as possible.

Event	Date
<b>Announcement of Offer</b>	Wednesday, 16 July 2014
<b>Lodgement of section 708AAA Cleansing Notice</b>	Wednesday, 16 July 2014
<b>Application for quotation of New Shares (Appendix 3B)</b>	Wednesday, 16 July 2014
<b>Notice of Offer sent to Optionholders</b>	Wednesday, 16 July 2014
<b>Notice of Offer sent to Shareholders</b>	Thursday, 17 July 2014
<b>“Ex” Date</b> (Date from which securities commence trading without the entitlement to participate in the Offer) <sup>1</sup>	Friday, 18 July 2014
<b>Record Date (5:00pm (WST))</b> (Date for determining Entitlements of Eligible Shareholders to participate in the Offer) <sup>2</sup>	Tuesday, 22 July 2014
<b>Offer Document dispatched to Shareholders and announces that this has occurred</b>	Friday, 25 July 2014
<b>Opening Date</b>	Friday, 25 July 2014
<b>Closing Date (5:00pm (WST))</b>	Tuesday, 19 August 2014
<b>Securities quoted on a deferred settlement basis</b>	Wednesday, 20 August 2014
<b>Notification to ASX of under subscriptions</b>	Friday, 22 August 2014
<b>Issue Date</b>	Tuesday, 26 August 2014
<b>Mailing of Holding Statements</b> <sup>3</sup>	Tuesday, 26 August 2014
<b>Normal ASX trading of New Shares commences</b>	Wednesday, 27 August 2014
<b>Issue of New Shares to Underwriter</b>	Monday, 1 September 2014

**Notes:**

1. *Shareholders should consult their brokers or professional advisers in regards to the definition of “Ex” Date to ensure that their Entitlement is assured.*
2. *Shareholders should consult their brokers or professional advisers in regards to the definition of “Record Date” to ensure that their Entitlement is assured.*
3. *It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holdings statements will do so at their own risk.*

## 1.4 Entitlements and Acceptance

Eligible Shareholders may participate in the Offer. Eligible Shareholders are those persons who are registered as a holder of Shares as at 5:00pm (WST) on the Record Date and have a registered address in Australia or New Zealand or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer is determined on the Record Date. The number of New Shares to which an Eligible Shareholder is entitled is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document.

Eligible Shareholders may accept all, part or none of their Entitlement. Eligible Shareholders will also be entitled to apply for additional Shares over and above their Entitlement pursuant to the Shortfall Offer detailed in Section 1.10.

Please refer to Section 2 for further information on how to accept all or part of your Entitlement. If Eligible Shareholders choose not to accept their Entitlements, then they are not required to do anything and their shareholdings in the Company will be diluted.

## 1.5 Underwriting

The Underwriter has agreed to fully underwrite the Offer pursuant to the Underwriting Agreement.

Details in relation to the Underwriting Agreement and the potential effect of the Underwriting Agreement on the control of the Company are as follows:

- There are no underwriting fees payable to the Underwriter.
- The Underwriting Agreement has the potential to affect the control of the Company as the Underwriter will subscribe for any New Shares that are not taken up by Eligible Shareholders pursuant to their Entitlement or Shortfall Offer. The actual effect on control will depend on the level of subscription by Eligible Shareholders pursuant to the Offer and the Shortfall Offer, as well as the extent to which the Underwriter allocates the remaining New Shares to nominees not associated with the Underwriter.



- The Underwriter's current shareholding and potential interest in the Company following the Offer are as follows:

Shares held prior to the Offer	24,000,000
% holding prior to Offer	10.48%
New Shares to be issued under the Offer	76,295,428 (based on fully underwritten to an amount of \$1,602,204)
% holding following the Offer assuming no Shortfall Shares issued to the Underwriter	7.86%
% holding following the Offer assuming 75% of New Shares subscribed under the Offer or Shortfall Offer	14.11%
% holding following the Offer assuming 50% of New Shares subscribed under the Offer or Shortfall Offer	20.36%
% holding following the Offer assuming 25% of New Shares subscribed under the Offer or Shortfall Offer	26.61%
Maximum number of New Shares which may be issued pursuant to the Underwriting Agreement	76,295,428 (based on fully underwritten to an amount of \$1,602,204)
Maximum % holding following the Offer assuming all New Shares are issued to the Underwriter	32.86% (based on fully underwritten to \$1,602,204)

- If, as at the Closing Date, the Company has not received valid applications pursuant to the Offer and the Shortfall Offer for all of the Underwritten Shares and the Company gives to the Underwriter within seven Business days stating the number of Underwritten Shares that valid applications have not been received, the Underwriter must subscribe for the remainder of the Underwritten Shares within three Business Days of receiving notice from the Company.

## 1.6 No Rights Trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and Eligible Shareholders may not dispose of their rights to subscribe for New Shares under the Offer to any other party. If an Eligible Shareholder does not take up its Entitlement to New Shares under the Offer by the Closing Date, the Offer to that Eligible Shareholder will lapse, its shareholding in the Company will be diluted and any Shortfall will be dealt with in accordance with Sections 1.5 and 1.10.

## 1.7 Minimum Subscription

There is no minimum subscription.

## 1.8 Opening and Closing Dates

The Offer opens on the Opening Date, being Friday, 25 July 2014. The Company will accept Entitlement and Acceptance Forms until 5:00pm (WST) on the Closing Date or such other date as the Directors determine (subject to the Listing Rules). Please refer to the indicative timetable for the Offer set out in Section 1.3.

## 1.9 New Shares

The New Shares will be fully paid ordinary shares which will, immediately upon issue, rank equally with the Existing Shares. Full details of the rights and liabilities attaching to the New Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The issue of the New Shares offered by this Offer Document and the sending of holding statements are expected to occur on the dates specified in the Indicative Timetable set out in Section 1.3.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

The Directors may at any time decide to withdraw this Offer Document and the Offer made under this Offer Document, in which case the Company will return all Application Monies (without interest) as soon as practicable.

## 1.10 Shortfall

The Company will allow Eligible Shareholders (other than Directors or their associated entities) to apply for additional New Shares if they wish to do so on the following basis.

If all Eligible Shareholders do not take up their Entitlement in full, the Shortfall will be allocated to those Eligible Shareholders who apply for additional New Shares (in addition to their Entitlement) prior to any allocation to the Underwriter. Application for Shortfall Shares will only be accepted to the extent of the Shortfall. Please refer to Section 2 for further information.

The Directors have the discretion to determine any final allocations under the Shortfall Offer, having regard to the allocation principles set out, the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws.

## 1.11 ASX Listing

Application has been made to the ASX for quotation of the New Shares. The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription. Issues of New Shares under the Offer will only be made after permission for their quotation on the ASX has been granted.

If ASX does not grant permission for official quotation of the New Shares, all Application Monies will be returned (without interest) as soon as practicable.

## 1.12 CHESS

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of the New Shares can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Monthly statements will be provided to holders of securities in the Company if there has been any change in their security holding in the Company during the preceding month.

## 1.13 Shareholders

The Offer is only made to and available for acceptance by Eligible Shareholders. This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Return of a completed Entitlement Acceptance Form or payment to the Company will be taken by the Company to constitute a representation and warranty by the Applicant that it is eligible to receive an offer of, and be issued, New Shares under the Offer and that there has been no breach of applicable securities laws.

The distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and anyone who receives this Offer Document should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Shares or the Offer, or otherwise permit a public offering of New Shares, in any jurisdiction outside Australia. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

### **British Virgin Islands**

The New Shares may not be offered in the British Virgin Islands unless the Company or the person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The New Shares may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

### **Hong Kong**

**WARNING:** The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### **Indonesia**

A registration statement with respect to the New Shares has not been, and will not be, filed with the Capital Market and Financial Institutions Supervisory Agency (Bapepam-LK) of the Republic of Indonesia. Therefore, the New Shares may not be offered or sold or be the subject of an invitation for subscription or purchase. Neither this document nor any other document relating to the offer or sale, or invitation for subscription or purchase, of the New Shares may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the law and regulations in the Republic of Indonesia.

### **Japan**

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to small number investors. The document is for the exclusive use of existing shareholders of the Company in connection with the Offer. This document is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by the Company's shareholders of the Offer.

## **New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Shares. In the event that you are not such a Shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **Ineligible Shareholders**

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance of ASX Listing Rule 7.7.1, that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to:

- the small number of Ineligible Shareholders;
- the small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, these Offers are not being extended to any Shareholders outside Australia and New Zealand unless that Shareholders would be eligible under all applicable securities laws to receive an offer of, and be issued, New Shares under the Offer.

Where this Offer Document has been dispatched to an Ineligible Shareholder and where that jurisdiction's law, code or legislation prohibits or restricts in any way the making of the Offer, this Offer Document is provided for information purposes only.

### ***Appointment of Foreign Holder Nominee***

Pursuant to section 615 of the Corporations Act and for the purposes of Listing Rule 7.7, the Company has appointed Argonaut Securities Pty Limited as the Company's foreign holder nominee ("**Nominee**"). The Company has applied to ASIC to approve the appointment of the Nominee. However, as at the date of this Offer Document, ASIC has not approved the appointment of the Nominee.

Pursuant to the arrangement with the Nominee, the Nominee will subscribe for the New Shares which Ineligible Shareholders would be entitled to if they were eligible to participate in the Offer ("**Nominee Shares**").

The Nominee will then sell the Nominee Shares and remit the net proceeds from the sale of the Nominee Shares (if any) to the Ineligible Shareholders in proportion to their respective shareholdings.

The Nominee will have the absolute and sole discretion to determine the timing and price at which the Nominee Shares must be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of the Nominee Shares will firstly be applied against expenses of the sale, including brokerage, and any balance will form part of the proceeds payable to the Ineligible Shareholders (if any).

The Company will forward the proceeds of the sale of the Nominee Shares (if any) as soon as reasonably practicable to the Ineligible Shareholders in proportion to their respective shareholdings (after deducting the subscription price, brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee must sell the Nominee Shares, Ineligible Shareholders may nevertheless receive no net proceeds if the subscription price plus costs of the sale is greater than the sale proceeds.

The Company will pay the Nominee \$2,000 plus GST.

Both the Company and the Nominee take no responsibility for the outcome of the sale of the Nominee Shares.

### **1.14 Nominees, Trustees and Custodians**

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Shareholders resident in Australia or New Zealand holding shares on behalf of persons who are resident overseas should seek independent advice as to how they should proceed.

### **1.15 Taxation Implications**

The subscription for New Shares may have taxation consequences which differ depending on the financial circumstances of each Shareholder. The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax or other financial advisers in connection with subscribing for New Shares under this Offer Document.

### **1.16 Risk Factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 3.

### **1.17 Governing Law**

This Offer Document and the contracts formed on acceptance of the Entitlement and Application Form are governed by the laws applicable in Western Australia. Each Applicant for New Shares and Shortfall Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

### **1.18 Enquiries concerning Offer Document**

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting Link Market Services Limited by telephone on 1300 554 474.

Enquiries relating to this Offer Document should be directed to the Company by telephone on (08) 6489 0600 by fax on (08) 9388 3701 or by email to [jcampbell@panasiacorp.com.au](mailto:jcampbell@panasiacorp.com.au).

## 2 ACTION REQUIRED BY SHAREHOLDERS

### 2.1 How to accept the Offer

Your acceptance of the Offer and Shortfall Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document.

#### **Full Acceptance**

If you wish to take up all of your Entitlement under the Offer, please complete the Entitlement and Acceptance Form in accordance with its instructions.

#### **Partial Acceptance**

You may accept a lesser number of New Shares should you wish to take up only part of your Entitlement under the Offer. Please complete the Entitlement and Acceptance Form in accordance with its instructions.

#### **Non-Acceptance**

If you do not wish to take up any part of your Entitlement under the Offer, you are not required to take any action. The relevant number of New Shares with respect to your Entitlement will form part of the Shortfall which will be allocated as part of the Shortfall or to the Underwriter in accordance with the Underwriting Agreement.

#### **Applying for Shortfall Shares**

Subject to any restrictions imposed by law, Eligible Shareholders who have subscribed for their entitlements in full may apply additional New Shares under the Shortfall Offer by completing the section of the Entitlement and Acceptance Form entitled "Shortfall Shares" in accordance with its instructions.

### 2.2 Acceptance of Terms and Form of payment

All applications for New Shares and Shortfall Shares must be made using the Entitlement and Acceptance Form. Any application will be treated as an offer from the Applicant to acquire New Shares or Shortfall Shares (as applicable) on the terms and conditions set out in this Offer Document. The Directors reserve the right to reject any applications for the New Shares or Shortfall Shares (as applicable).

Applicants are urged to lodge their Entitlement and Acceptance Forms as soon as possible, as the Offer may close early without notice.

If you are paying by cheque please make the cheque, bank draft or money order payable to "**Pan Asia Corporation Limited**" and cross it "Not Negotiable".

Please ensure that the completed Entitlement and Acceptance Form together with the Application Monies is received by the Share Registry not later than 5:00pm (WST) on the Closing Date.

Your completed Entitlement and Acceptance Form, together with your cheque, must be forwarded to:

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**By Post**

To the Company's Share Registry, Link Market Services, GPO Box 3560, Sydney South NSW 1235.

**In Person**

To the Company's Share Registry, Link Market Services, 1A Homebush Bay Drive, Rhodes, NSW, 2138.

Those who elect to pay via BPAY must follow the instructions for BPAY set out in the Entitlement and Acceptance Form. Applicants who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms or payment by BPAY must be received no later than 3:00pm (WST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. To ensure you receive your Entitlement in respect of that holding, you must use the customer reference number shown on your personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

All Application Monies will be paid into a trust account.

No interest will be paid on any Application Monies received or refunded.

An original, completed and lodged Entitlement and Acceptance Form for New Shares or Shortfall Shares (as applicable) together with the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of New Shares or Shortfall Shares (as applicable) specified in each Entitlement and Acceptance Form. The Entitlement and Acceptance Form does not need to be signed to be valid. If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an application as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more New Shares or Shortfall Shares (as applicable) than is indicated by the accompanying Application Monies.



## **3 RISK FACTORS**

### **3.1 General**

The New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

While the Directors recommend that Shareholders take up their Entitlement, there are numerous risk factors involved in an investment in the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. Please note that the summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their stockbrokers or professional advisors before deciding whether or not to apply for the New Shares.

### **3.2 Cash Position**

The Company's cash position at the end of December 2013 was approximately \$183,445. Since December 2013, the Company has raised a further \$1,512,000 through share placements as well as incurred normal operational expenditure. Given the Offer is fully underwritten, provided the Underwriting Agreement is not terminated, the Offer will provide the Company with additional funds of \$1,602,204 (before expenses). On this basis, on completion of the Offer, the Company will have approximately \$2,000,000 cash at bank (before expenses).

However, given the Company is a coal exploration and project development entity, it will need to raise substantial additional funds in the future to continue progressing and developing its projects, in particular its TCM Underground High CV Thermal Coal Project in South Kalimantan, Indonesia. There is a risk that the Company will be unable to raise such funds when needed or on reasonable terms. It is important for potential investors to understand that unless the Company is able to continue to raise funds as required, that failure could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

### **3.3 TCM Underground High CV Thermal Coal Project in South Kalimantan, Indonesia**

The PT Transcoal Minergy (TCM) High CV Thermal Coal project is located in the Tanah Bumbu Regency in the province of South Kalimantan, Indonesia (TCM Project). The TCM Project has a JORC Resource of `177 million tonnes (all seams, in measured, indicated and inferred categories) and mineable seams of `129 million tonnes (in measured, indicated and inferred categories). The TCM Project requires further drilling and a full final feasibility study to be completed. Further, the TCM Project requires forestry approval to be provided prior to the commencement of development. The TCM Project is an underground mining operation which is generally considered higher risk and requiring larger investment for development and production compared with an open cut mining operation.

### **3.4 Operational Risks**

The business of mining and mineral exploration, development and production by its nature contains significant risks. The Company's business depends on, amongst other things, successful exploration and identification of mineral reserves, security of tenure, the availability of adequate funding, satisfactory performance of mining operations, good industrial and community relations and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances, mineral reserves and geotechnical considerations.

### **3.5 Environmental Risks**

The Company's projects are subject to Indonesian laws and regulations regarding environmental matters and the discharge of hazardous waste and materials. As with all mining and exploration projects, the Company's projects would be expected to have a variety of environmental impacts, should advanced exploration or development proceed.

### **3.6 Changes in Government policy**

The Company's capacity to explore and mine, as well as industry profitability, can be affected by policy changes by the Indonesian Government that are beyond the control of the Company. Changes in Indonesian Government regulations and policies may adversely affect the financial performance of the Company.

### **3.7 Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate.

Resource estimates may change over time as new information becomes available. Should the Company encounter mineralisation or geological formation different from those predicated by past sampling or feasibility studies, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

### **3.8 General Economic Climate and Thermal Coal Prices**

Factors such as inflation, currency fluctuation, interest rates and supply and demand have an impact on opening costs, commodity prices and stock market prices. The Company's future revenues and Share price may be affected by these factors, as well as by fluctuations in the price of thermal coal or other minerals, which are beyond the Company's control. The price of thermal coal, which is the Company's primary commodity, is subject to fluctuation and any material fluctuation downward may have an adverse affect on the Company's ability to realise future profits.

### **3.9 Share Market Conditions**

The market price of the Company's Shares may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular.

### **3.10 Speculative Nature of Investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares offered pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital of the market value of the New Shares.

## 4 DEFINED TERMS

**\$** means Australian dollars unless otherwise stated.

**Applicant** means a person who submits a validly Entitlement and Acceptance Form.

**Application Monies** means monies paid by Eligible Shareholders in respect of New Shares applied for.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**Board** means that board of Directors of the Company.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**CHESS** means Clearing House Electronic Subregister System.

**Closing Date** means the date on which the Offer closes, being 5:00pm (WST) on Tuesday 19 August 2014, which may be extended by the Directors in accordance with the Listing Rules.

**Company** means Pan Asia Corporation Limited (ACN 098 448 269).

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company from time to time.

**Eligible Shareholder** means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date with a registered address in Australia or New Zealand or are otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Offer.

**Entitlement** means the entitlement to subscribe for New Shares under the Offer.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Existing Shares** means the Shares on issue as at the Record Date.

**Ineligible Shareholder** has the meaning given to that term in Section 1.13.

**Listing Rules** means the official Listing Rules of the ASX.

**New Share** means a new Share offered and issued under this Offer Document.

**Nominee** has the meaning given to that term in Section 1.13.

**Nominee Shares** has the meaning given to that term in Section 1.13.

**Offer** means the fully underwritten non-renounceable, pro-rata rights issue offer of up to 76,295,428 New Shares at an issue price of \$0.021 each on the basis of 1 New Share for every 3 Existing Shares held on the Record Date.

**Offer Document** means this Offer Document dated Friday 25 July 2014.

**Opening Date** means the date on which the Offer opens, being Friday 25 July 2014.

**Optionholder** means a holder of an Option.

**Option** means an option to acquire a Share.

**Record Date** means 5:00 pm (WST) on Tuesday 22 July 2014.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shortfall** or **Shortfall Shares** means the New Shares not applied for by an Eligible Shareholder under their Entitlement to participate in the Offer.

**Shortfall Offer** means the offer of Shortfall Shares made in accordance with this Offer Document.

**Underwriter** means Nexus Link Limited.

**Underwriting Agreement** means the underwriting agreement between the Company and the Underwriter dated 9 July 2014.

**Underwritten Shares** means the New Shares which are to be offered at the issue price of \$0.021 per New Share in accordance with this Offer Document.

**WST** means Australian Western Standard Time.