



Notice of Annual General Meeting and Explanatory Memorandum to Shareholders

The Annual General Meeting of the Company will be held
at the Irish Club of WA, 61 Townshend St, Subiaco, WA 6008
At 11.30am (AWST) on Friday, 28 November 2014.

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Pan Asia Corporation Limited

ABN 45 098 448 269

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders of Pan Asia Corporation Limited ABN 45 098 448 269 ("Company") will be held at the Irish Club of WA, 61 Townshend St, Subiaco, Western Australia 6008 on Friday, 28 November 2014 at 11.30am for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ITEMS OF BUSINESS

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2014, together with the Director's Report and the Auditor's Report as set out in the Annual Report.

1. RESOLUTION 1 – Non-binding Resolution to adopt Remuneration Report

To consider and, if thought fit, to pass the following resolution with or without amendment as a **non-binding resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2014 be adopted".

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter¹. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the vote is not cast on behalf of a Restricted Voter and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

2. RESOLUTION 2 – Re-election of Mr. Michael Pixley as a Director

To consider and, if thought fit, to pass the following resolution with or without amendment as an **ordinary resolution**:

"That, Mr Michael Pixley, who retires in accordance with clause 13.2 of the Constitution and ASX Listing Rule 14.4 and being eligible for re-election, be re-elected as a Director."

¹ Restricted Voter means Key Management Personnel and their Closely Related Parties

3. RESOLUTION 3 – Ratification of issue of 24,000,000 Shares to Lanesborough Investment Pte Ltd

To consider and, if thought fit, to pass the following resolution with or without amendment as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and all other purposes, the Shareholders ratify the allotment and issue of 24,000,000 Shares (at an issue price of \$0.021 each) on 11 July 2014 to Lanesborough Investment Pte Ltd, on the terms set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 3 by Lanesborough Investment Pte Ltd and any associates of Lanesborough Investment Pte Ltd. However, the Company need not disregard a vote if:

- (a) the vote is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – Approval of Additional 10% Placement Capacity

To consider, and if thought fit, to pass the following Resolution as a **special resolution**:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed an associate of those persons. However, the Company will not disregard a vote if:

- (a) the vote is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – Renewal of Approval of Employee Share Option Plan

To consider, and if thought fit, to pass the following ordinary resolution:

“That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders approve the issue of securities under the employee incentive option scheme for employees and directors known as “Pan Asia Corporation Limited Employee Share Option Plan”, the rules of which are set out in the Schedule to the Explanatory Memorandum, as an exception to Listing Rule 7.1.”

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 5 by a Director, except one who is ineligible to participate in any incentive scheme of the Company and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directors on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on a proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

6. OTHER BUSINESS

To consider and deal with any other business that may be brought before the Meeting in accordance with the Constitution and the Corporations Act.

By order of the Board

A handwritten signature in black ink, appearing to read 'JC', written over a horizontal line.

Jason Campbell
Company Secretary

27 October 2014

HOW TO VOTE

Shareholders can vote by either:

- (a) Attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- (b) Appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting.

Voting by a corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. Any such appointment must comply with the execution and appointment requirements set out on the Proxy Form and otherwise with the requirements of sections 127 and 250D of the Corporations Act or with the legal requirements of the country in which that corporate Shareholder was incorporated. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed. Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the Company's share registry:

<http://www.linkmarketservices.com.au/corporate/InvestorServices/Forms.html>

Voting by proxy

- (a) A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- (b) The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes that each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- (c) A proxy need not be a shareholder.
- (d) The proxy can be either an individual or a body corporate.
- (e) If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote undirected proxies on Resolutions 1 and 5 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- (f) Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- (g) If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their Proxy Forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the

Resolutions proposed in the Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.

- (h) To be effective, proxies must be lodged by 11.30am (AWST) on 26 November 2014. Proxies lodged after this time will be invalid.
- (i) Proxies may be lodged using any of the following methods:
 - (i) by facsimile to the Company's Share Registry, Link Market Services Limited on facsimile number + 61 2 92870309; or
 - (ii) by post to the Company's Share Registry, Link Market Services Limited, in the reply paid envelope or to Locked Bag A14, Sydney South NSW 1235; or
 - (iii) by delivery to the Company's Share Registry, Link Market Services Limited, Level 12, 680 George St, Sydney NSW 2000; or
 - (iv) online – www.linkmarketservices.com.au Select 'Investor Login' and enter the holding details as shown on the proxy form. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile and **by 11.30am (AWST) on 26 November 2014**. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:30am (AWST) on Tuesday, 26 November 2014. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Meeting.

Pan Asia Corporation Limited

ABN 45 098 448 269

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of Pan Asia Corporation Limited (**Pan Asia** or the **Company**).

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. The definition of any capitalised term is set out in the Glossary.

Financial Statements and Reports

The first item of the Notice of Annual General Meeting (**AGM**) deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2014 together with the Directors' declaration and report in relation to that financial year and the Auditor's report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
 - the preparation and content of the independent audit report;
 - the accounting policies adopted by the Company in relation to the preparation of accounts; and
 - the independence of the Auditor in relation to the conduct of the audit.
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1. Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2013 Annual Report.

The vote on the Resolution is advisory only and does not bind the Director's or the Company. The Remuneration Report is set out in the Company's 2013 Annual Report and is also available on the Company's website (www.panasiacorp.com.au).

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the 2014 AGM, and then again at the 2015 AGM, the Company will be required to put a Resolution to the 2014 AGM, to approve calling an extraordinary general meeting (**Spill Resolution**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the 2015 AGM. All of the Director's who were in office when the 2015 Director's Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

It is noted that at the Company's 2013 AGM, the votes cast against the Remuneration Report was less than 25% and accordingly, a Spill Resolution is not required for this AGM.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to Director's, sets out remuneration details for each Director, and any service agreements and sets out the details of any share based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice.

In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair, and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel. The Chair will use any such proxies to vote in favour of this Resolution.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution, or ensure that you expressly authorise the Chair to vote undirected proxies.

2. Resolution 2 – Re-election of Mr. Michael Pixley

Clause 13.2 of the Constitution provides that at every annual general meeting of the Company, one third of the Directors (excluding any alternate Directors and the Managing Director), or if their number is not a multiple of three, then such number as is appropriate to ensure no Director holds office for more than 3 years, or who have been longest in office since their appointment or last re-election or, if the Directors have been in office for an equal length of time, by agreement, shall retire from office. A retiring Director is eligible for re-election.

Pursuant to Clause 13.2 of the Company's Constitution, Mr Michael Pixley, being a Director, retires by way of rotation and being eligible, offers himself for re-election as a Director.

Michael was appointed as a Director of Pan Asia Corporation on 9 December 2008. Michael has worked as a Merchant Banker specialising in strategic corporate development, joint ventures and acquisitions. He has over 20 years experience in the Asian business sector and has extensive networks with key personnel in government, corporate and private business sectors, in the Asia Pacific region.

3. Resolution 3 – Ratification of Issue of 24,000,000 Shares to Lanesborough Investment Pte Ltd

3.1 Overview

On 11 July 2014, Pan Asia allotted and issued 24,000,000 Shares to Lanesborough Investment Pte Ltd (**Lanesborough**) at \$0.021 per Share to raise \$504,000 before costs.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

Pursuant to Resolution 3, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 24,000,000 Shares on 11 July 2014 in order to restore the right of the Company to issue further securities within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to Shareholders for the purpose of Listing Rule 7.5:

(a) The number of securities issued

24,000,000 Shares were issued.

(b) The price at which the securities were issued

\$0.021 per Share.

(c) The terms of the securities

The Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with existing fully paid ordinary Shares on issue.

- (d) **The names of the persons to whom the entity issued the securities or the basis on which those persons were determined**

The Shares were issued to Lanesborough Investment Pte Ltd, a sophisticated investor under Section 708(8) of the Corporations Act. Lanesborough is not a related party of the Company.

- (e) **The use or intended use of the funds raised**

The funds were raised to meet working capital requirements of the Company.

- (f) **A voting exclusion statement**

A voting exclusion statement is included in the Notice of Meeting.

4. Resolution 4 - Approval of 10% Placement Facility

4.1 Overview

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) The entity has a market capitalisation of \$300 million or less; and
- (b) The entity is an entity that is not included in the S&P/ ASX 300 Index.

The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 4.2(c) below).

The Directors believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

4.2 Description of Listing Rule 7.1A

(a) Shareholder Approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of special resolution at an Annual General Meeting. Approval cannot be sought at any other Shareholder's meeting and Equity Securities issued under the approval (if obtained) must be issued within 12 months after the date of the AGM.

(b) Equity Securities

Any Equity Securities issued by the Company under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, namely Shares.

(c) Formula for calculating the 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula to determine the maximum number of Equity Securities that may be issued under the 10% Placement Facility:

$$\text{Number Equity Securities} = (A \times D) - E$$

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without Shareholder approval;
- (iv) less the number of fully paid ordinary shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice and subject to shareholders approving all resolutions detail in this Notice, including Resolution 3, the Company has on issue 305,180,859 Shares and therefore would have the capacity to issue:

- (i) 45,777,128 Equity Securities under Listing Rule 7.1; and
- (ii) 30,518,085 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

4.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,
- or such longer period if allowed by ASX.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.012 50% decrease in Issue Price	\$0.024 Issue Price	\$0.048 100% increase in Issue Price
Current Variable A 305,180,859 Shares	10% Voting Dilution	30,518,085 Shares	30,518,085 Shares	30,518,085 Shares
	Funds raised	\$366,217	\$732,434	\$1,464,868
50% increase in current Variable A 457,770,238 Shares	10% Voting Dilution	45,777,023 Shares	45,777,023 Shares	45,777,023 Shares
	Funds raised	\$549,324	\$1,098,648	\$2,197,297
100% increase in current Variable A 610,361,718 Shares	10% Voting Dilution	61,036,171 Shares	61,036,171 Shares	61,036,171 Shares
	Funds raised	\$732,434	\$1,464,868	\$2,929,736

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) None of the unlisted options that the Company current has on issue are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) None of the Shares that the Company has Shareholder approval or seeking approval to issue are issued before the date of the issue of the Equity Securities under the 10% Placement Facility
 - (iv) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vii) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed or Unlisted Options or Performance Shares, it is assumed that those Options and or Performance Shares are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (viii) The issue price is \$0.024, being close to the closing price of the Shares on ASX on 13 October 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature, or scale of activities or Listing rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) Non-cash consideration including for joint venture, strategic partners or the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) Cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing the Company's current project and/ or further feasibility study expenditure on the Company's current asset and/ or general working capital and/ or identification, due diligence and acquisition of new assets or investments (including expenses associated with such acquisition).

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) The allottees under the 10% Placement Facility have not been determined at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility may be the vendors of the new resources assets or investments.

- (f) The Company obtained Shareholder approval for the 10% Placement Capacity at its 2013 Annual General Meeting.

During the 12 months prior to the date of this Notice, the Company issued 172,294,573 equity securities representing 129.66% of the total number of equity securities on issue 12 months ago.

Number of Equity Securities Issued	Class of Equity Securities Issued	Name of Person to Whom Equity Securities were Issued to	Issue Price	Cash Consideration	Discount
24,000,000 (i)	Shares	Tata Artha and clients-Sophisticated Investors	\$0.021	\$504,000	0%
24,000,000 (ii)	Shares	Tata Artha and clients-Sophisticated Investors	\$0.021	\$504,000	0%
24,000,000 (iii)	Shares	Nexus Link Limited-Sophisticated Investor	\$0.021	\$504,000	0%
24,000,000 (iv)	Shares	Lanesborough Investment Pte Ltd	\$0.021	\$504,000	0%
76,294,573 (v)	Shares	Shareholders via rights issue and Nexus Link Limited as Underwriter	\$0.021	\$1,602,186	0%
Total: 172,294,573					

4.5 History of Placement Transactions

- (a) On 6 December 2013, the Company completed the placement and allotted 24,000,000 ordinary shares at \$0.021 per share to raise \$504,000 to Tata Artha Group and clients of Tata Artha Group, all of whom were sophisticated and professional investors under Section 708(8) of the Corporations Act. The Company spent \$504,000 of the cash consideration received from the issue of the equity securities (**Proceeds**). The Proceeds were raised to provide funding for:
- (i) Pre Development Planning;
 - (ii) Marketing;
 - (iii) Capital Raising fees;
 - (iv) General Australian and Indonesian project and administrative expenses.
- (b) On 06 March 2014, the Company completed the placement and allotted 24,000,000 ordinary shares at \$0.021 per share to raise \$504,000 to Tata Artha Group and clients of Tata Artha Group, all of whom were sophisticated and professional investors under Section 708(8) of the Corporations Act. The Company spent \$504,000 of the cash consideration received from the issue of the equity securities (**Proceeds**). The Proceeds were raised to provide funding for:
- (i) Continued studies and permitting at TCM;
 - (ii) Pre Development planning at TCM;
 - (iii) Capital Raising fees;
 - (iv) Marketing;
 - (v) Pay interest on outstanding Kopex Loan;

- (vi) General Australian and Indonesian project and administrative expenses.
- (c) On 24 June 2014, the Company completed the placement and allotted 24,000,000 ordinary shares at \$0.021 per share to raise \$504,000 to Nexus link Limited, a sophisticated investor under Section 708(8) of the Corporations Act. The Company spent \$504,000 of the cash consideration received from the issue of the equity securities (**Proceeds**). These Proceeds were raised to provide funding for:
 - (i) Continued studies and permitting at TCM;
 - (ii) Pre Development planning at TCM;
 - (iii) Marketing;
 - (iv) Pay interest on outstanding Kopex Loan;
 - (v) General Australian and Indonesian project and administrative expenses.
- (d) On 11 July 2014, the Company completed the placement and allotted 24,000,000 ordinary shares at \$0.021 per share to raise \$504,000 to Lanesborough Pte Ltd, a sophisticated investor under Section 708(8) of the Corporations Act. The Company spent \$504,000 of the cash consideration received from the issue of the equity securities (**Proceeds**). These Proceeds were raised to provide funding for:
 - (i) Continued studies and permitting at TCM;
 - (ii) Pay interest on outstanding Kopex Loan;
 - (iii) Pre Development planning at TCM;
 - (iv) Pay Capital Raising fees
 - (v) Marketing;
 - (vi) General Australian and Indonesian project and administrative expenses.
 - (vii) Forestry Permitting at the PT Transcoal Minergy Project (**TCM**);
- (e) Following the completion of an underwritten rights issue entitlement offer to shareholders of the Company on 22 August 2014, the Company completed and allotted 76,294,573 shares subject to the rights issue and underwriting at a price of \$0.021 per share to raise \$1,602,186. The Company used the cash consideration received from the issue of equity securities (**Proceeds**). These Proceeds were raised to provide funding for:
 - (i) Retire loans that were due and payable by the Company;
 - (ii) Pay interest on outstanding Kopex Loan;
 - (iii) Continued studies and permitting at TCM;
 - (iv) Pre Development planning at TCM;
 - (v) Marketing;
 - (vi) General Australia and Indonesian project and administrative expenses;
 - (vii) Forestry Permitting at the PT Transcoal Minergy Project (**TCM**).

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The remaining Proceeds will be used for general working capital purposes.

Recommendation of the Board

The Directors consider that the approval of the issue of the Equity Securities (as described above) is beneficial for the Company as it provides it with the flexibility to issue up to a greater number of shares than it is currently able to do so under ASX Listing Rule 7.1 in the next 12 months (without further shareholder approval), should it be required. The directors recommend Shareholders vote in favour of the Resolution.

5. Resolution 5 – Renewal of Approval of Employee Share Option Plan

5.1 Overview

An employee share or option plan must be renewed every three (3) years in order for a company to rely on exception 9 in ASX Listing Rule 7.2.

The Directors consider it desirable to renew and continue the previously established option plan under which employees may be offered the opportunity to subscribe for Options in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees. Accordingly, the Company is seeking to renew Shareholder approval to the Pan Asia Corporation Limited Employee Share Option Plan (**Plan**).

The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

Shareholder approval is required if any issue of Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three (3) years of the date of issue.

Prior shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to Eligible Persons (as defined in the Plan) the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a copy of which is contained in Schedule 1 of this Explanatory Memorandum. Options granted under the Plan will be offered to participants in the Plan on the basis of the Board's view of the contribution of the Eligible Person to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) a copy of the rules of the plan is attached as Schedule 1 to this Explanatory Memorandum;
- (b) this is the second approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan; and
- (c) that there have been 5,600,000 Options issued to employees under the Employee Share Option Plan with an exercise price of \$0.25 exercisable on 1 February 2015.

GLOSSARY

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

10% Placement Facility has the meaning given in Section 7.2(c).

10% Placement Period has the meaning given in Section 7.2(e).

Accounting Standards has the meaning given to that term in the Corporations Act.

Annual General Meeting or **Meeting** the annual general meeting of Shareholders convened by this Notice for the purposes of considering the Resolutions.

Annual Report means the annual report of the Company for the year ended 30 June 2014.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means HLB Mann Judd.

AWST means Australian Western Standard Time.

Board means the board of Directors of the Company.

Chair means the person chairing the Meeting.

Closely Related Party has the meaning given in the Corporations Act.

Company means Pan Asia Corporation Limited ABN 45 098 448 269.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Key Management Personnel has the meaning given in the Accounting Standards.

Listing Rules means the Listing Rules of the ASX.

Notice means the notice of Annual General Meeting which accompanies this Explanatory Memorandum.

Official List means the official list of the ASX.

Option means an option to acquire a Share.

Proxy Form as attached to this Notice.

Restricted Voter means the Key Management Personnel and their Closely Related Parties.

Resolution means a resolution proposed pursuant to the Notice.

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

Shareholder is a registered holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weight average price.

\$ means Australian dollars.

SCHEDULE – TERMS AND CONDITIONS OF EMPLOYEE SHARE OPTION PLAN

Rules of Employee Share Option Plan

Pan Asia Corporation Limited

ACN 098 448 269

Adopted by the Board on 11 October 2011

1. Name of plan

- 1.1 This Plan shall be called the Pan Asia Corporation Ltd Employee Share Option Plan.
-

2. Establishment and termination of the plan

- 2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 2.3 The Board may not issue any further Options under this Plan after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.
-

3. Purpose of plan

- 3.1 The purpose of this Plan is to:
- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
 - (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
 - (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
 - (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.
-

4. Operation of the plan

- 4.1 The Plan operates according to these Rules which bind the Company and each Participant.
- 4.2 The number of Shares to be received on exercise of the Options the subject of an Offer when aggregated with:
- (a) the number of Shares which would be issued were each outstanding offer or Option, being an offer made or Option acquired pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, exercised; and
 - (b) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to employees or Directors of the Company, but disregarding any offer made, or Option acquired or Share issued by way of or as a result of:
 - (c) an offer to a person situated at the time of receipt of the Offer outside Australia; or
 - (d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (e) an offer made under a disclosure document,
- must not exceed 5% of the total number of issued Shares as at the time of the Offer.

5. Eligibility

- 5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:
- (a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
 - (b) the length of service of the Eligible Person with the Company;
 - (c) the record of employment of the Eligible Person with the Company;
 - (d) the potential contribution of the Eligible Person to the growth of the Company;
 - (e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan; and
 - (f) any other matters which the Board considers relevant.
- 5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. Offer of options

- 6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may Offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must be in writing, attach a copy of these Rules and state:
- (a) the name and address of the Eligible Person to whom the Offer is made;
 - (b) the number of Options offered;
 - (c) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options offered;
 - (d) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
 - (e) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date;
 - (f) any Exercise Conditions;
 - (g) the Exercise Price of each Option or where the Exercise Price is determinable at some time in the future by reference to a formula, the equivalent price were that formula applied as at the date of the Offer;
 - (h) the method of calculation of the Exercise Price; and
 - (i) any other matters which the Board may determine.
- 6.2 The method of calculation of the Exercise Price of each Option will be determined by the Board with regard to the Market Value of the Shares when it resolves to offer the Option.

7. Accepting offers

- 7.1 Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:
- (a) accept the whole or any lesser number of Options offered by giving to the Company an Application Form; or
 - (b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.
- 7.2 Upon:
- (a) receipt of the Application Form referred to in clause 7.1; or
 - (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee (**Permitted**

Nominee) and the Permitted Nominee accepting the whole or any lesser number of Options offered by giving the Company an Application Form,

then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted Options subject to these Rules.

- 7.3 If Options are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.
- 7.4 On the issue of Options following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.
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8. No consideration

- 8.1 No consideration is payable by an Eligible Person for a grant of an Option, unless the Board decides otherwise.
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9. Certificates

- 9.1 The Company must give a Participant one or more Certificates stating:
- (a) the number of Options issued to the Participant;
 - (b) the Exercise Price of those Options;
 - (c) the Issue Date of those Options; and
 - (d) the Expiry Date of those Options;
 - (e) any applicable Exercise Condition.
- 9.2 The Certificates for the Options will be dispatched within 10 Business Days after the Issue Date.
-

10. Quotation

- 10.1 The Company will not apply for Official Quotation of any Options.
- 10.2 If shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.
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11. Not transferable

- 11.1 Subject to clause 14.5, Options are not transferable unless the Board in its absolute discretion approves the transfer.
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12. Exercise of options

- 12.1 Subject to any Exercise Conditions and the terms of the Company's Share Trading Policy, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.
- 12.2 Notwithstanding clause 12.1, all Options may be exercised:
- (a) during a Bid Period; or
 - (b) at any time after a Change of Control Event has occurred; or
 - (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- 12.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:

- (a) the Certificate for those Options, for cancellation by the Company; and
- (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount referred to in clause (b). The exercise of some Options only does not affect the Participant's right to exercise other Options at a later time.

- 12.4 Subject to clause 14.1, within 10 Business Days after the notice referred to in clause 12.3 becoming effective, the Board must:
- (a) allot and issue the number of Shares to be issued in respect of the Options being exercised;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.
- 12.5 The Board may, at its discretion, by notice to the Participant reduce, waive or vary (provided such variation is not adverse to the Participant) the Exercise Conditions attaching to Options in whole or in part at any time and in any particular case.
- 12.6 From and including the date of allotment of any Shares to the Participant upon the exercise of the Options, the Participant will be:
- (a) the beneficial owner of those Shares;
 - (b) bound by the constitution of the Company; and
 - (c) entitled to deal with those Shares as beneficial owner subject to the Corporations Act, the Company's constitution and the Listing Rules.

13. Shares allotted on exercise of options

- 13.1 The allotment of Shares upon exercise of an Option will be done in accordance with these Rules and all Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:
- (a) dividends declared by the Company after the date of allotment; and
 - (b) all issues of securities made or offered *pro rata* to holders of Shares.

14. Lapse of options

- 14.1 Options not validly exercised on or before the Expiry Date will automatically lapse.
- 14.2 Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and, prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Eligible Person ceases to be an Eligible Person then:
- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and
 - (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee may exercise any such Options held by him or her within:
 - (i) 3 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines, subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options in accordance with clause 12.5 so that those Options may be exercised. Options the subject of clause 14 not exercised within 3 months or the longer period determined by the Board, will automatically lapse.
- 14.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person

at any time after an Option is or has become exercisable, then:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee may exercise any such Options held by him or her within:
 - (i) 2 months of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines, and any Options the subject of this clause not exercised within this 2 month period or the longer period determined by the Board, will automatically lapse; and
- (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee is entitled to exercise any such Option at any time prior to its Expiry Date.

14.4 A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.

14.5 Subject to clause 14.2, if at any time prior to the Expiry Date of any Options a Holder dies, the deceased Holder's Legal Personal Representative may:

- (a) elect to be registered as the new Holder of the deceased Holder's Options;
- (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he were the Holder of them; and
- (c) if the deceased Holder had already given the Company a notice of exercise of his or her Options, pay the Exercise Price in respect of those Options.

15. Participation rights, bonus issues, rights issues, reorganisations of capital and winding up

15.1 New issues

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
 - (i) they have become entitled to exercise their Options under the Plan; and
 - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

15.2 Bonus issues

If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.

15.3 Pro rata issues

If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided for in the Listing Rules.

15.4 Reorganisation of Capital

If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which each Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

15.5 Winding up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Exercise Conditions, the Participants may, during the period referred to in the notice, exercise their Options.

15.6 Fractions of Shares

For the purpose of this clause 15, if Options are exercised simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

15.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 15 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

15.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under clause 15 to the Exercise Price of any Options held by the Participant or to the number of Shares which the Participant is entitled to subscribe for on exercise of an Option.

16. Amendments to the rules

16.1 Board may alter rules

The Board may subject to clause 16.4 and the Listing Rules alter, delete or add to these Rules at any time (save for the provisions of clause 4.2).

16.2 Alteration of clause 4.2

The Board may alter clause 4.2 with the prior approval by ordinary resolution of the shareholders of the Company in a general meeting.

16.3 Consent of Participants

If any amendment to be made under clause 16.1 would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

16.4 Eligible persons outside Australia

The Board may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan, and the specific application of the Rules, to Eligible Persons residing outside Australia.

17. Powers of the Board

17.1 The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;

- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
 - (f) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
 - (g) make regulations for the operation of the Plan consistent with these Rules.
-

18. Notices

18.1 Notices may be given by the Company to any Holder either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.3 shall not be deemed to be served on the Company until actually received.

19. No compensation or damages

- 19.1 The rights and obligations of any Holder under the terms of his or her employment with the Company are not affected by his or her participation in the Plan.
 - 19.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
 - 19.3 No Holder has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
 - 19.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.
-

20. Governing law

- 20.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
 - 20.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.
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21. Advice

- 21.1 Eligible Persons should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.
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22. Rules to prevail

- 22.1 In the event of any inconsistency between these Rules and the terms set out in the Certificate, these Rules shall prevail.
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23. Definitions and interpretation

- 23.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

Application Form means a duly completed and executed application for the issue of Options made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

ASX means ASX Limited ACN 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Bid Period, in relation to a takeover bid in respect of Shares, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company

in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

Board means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

Business Day means a day on which banks are open for business in Perth, Western Australia, excluding a Saturday, Sunday or public holiday;

Certificate means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option;

Change of Control Event means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

Company means Pan Asia Corporation Limited Ltd ACN 098 448 269;

Corporations Act means *Corporations Act 2001* (Cth);

Director means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

Eligible Person means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or of an associated body corporate of the Company;

Exercise Condition means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

Exercise Price means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.2, payable by a Holder on exercise of the Option;

Expiry Date means, in relation to an Option, the date determined by the Board prior to the Offer of the relevant Options and specified in the Certificate, subject to any restriction in the Corporations Act from time to time but in any event no longer than 5 years from the Issue Date;

Holder means, in relation to an Option, the person (whether an Eligible Person, a Permitted Nominee or their Legal Personal Representative) entered in the Company's register of options as the holder of that Option;

Issue Date means, in relation to an Option, the date on which the Company grants that Option;

Legal Personal Representative means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

Listing Rules means the Official Listing Rules of ASX as they apply to the Company from time to time;

Market Value means:

- (a) the weighted average closing sale price of the Shares recorded on the securities market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the securities market of ASX;

Offer means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options;

Offer Period means the period of time in which an Offer may be accepted;

Official Quotation has the meaning ascribed to it in the Listing Rules;

Option means an option issued under the Plan to subscribe for a Share;

Participant means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

Permitted Nominee has the meaning given to it by clause 7.2;

Plan means the Pan Asia Corporation Ltd Employee Share Option Plan established in accordance with these Rules;

Redundancy means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

Retirement means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Rules means these rules, as amended from time to time;

Shares means fully paid ordinary shares in the capital of the Company;

Specified Reason means Retirement, Total and Permanent Disablement, Redundancy or death;

Tax means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

Total and Permanent Disablement means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

23.2 In these Rules, unless a contrary intention appears:

- (a) a reference to these Rules or another instrument includes any variation or replacement of either of them;
- (b) a statute or other law included regulations and other instruments under it and consolidations, amendment, re-enactments or replacement of any of them;
- (c) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (d) the singular includes the plural and vice versa;
- (e) a reference to a gender includes all genders;
- (f) where any calculation or adjustment made under these Rules produces a fraction of a cent or a fraction of a Share, the fraction will be eliminated by rounding to the nearest whole number favourable to the Participant; and
- (g) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

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Pan Asia Corporation Limited
ABN 45 098 448 269

Proxy Form

I/We

of

being a member of Pan Asia Corporation Limited ABN 45 098 448 269 entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of Proxy

OR

the Chairman of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at the Irish Club of Western Australia, 61 Townshend Street, Subiaco, Western Australia 6008 on Friday, 28 November 2014 at 11:30am and at any adjournment thereof.

Important for Resolutions 1 and 5. If I/we have appointed the Chairman as my/our proxy or the Chairman becomes my/our proxy by default, by signing and submitting this Proxy Form I/we expressly authorise the Chairman to exercise my/our proxy in respect of Resolution 1 and 5 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a Restricted Voter and even if the Chairman has an interest in the outcome of Resolution 1 and 5 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

The Chairman intends to vote all available proxies in favour of all Resolutions. If you have appointed the Chairman as your proxy (or the Chairman becomes your proxy by default), and you wish to give the Chairman specific voting directions on a Resolution, you should mark the appropriate box(es) opposite those Resolutions in the panel below (directing the Chairman to vote for, against or to abstain from voting).

OR

Voting on business of the Annual General Meeting

		For	Against	Abstain
Resolution 1	Non-binding Resolution to Adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Michael Pixley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of issue of 24,000,000 Shares to Lanesborough Investment Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Renewal of Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s): Date:

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Proxy Form

1 Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

2 Appointment of a proxy

You are entitled to appoint no more than two proxies to attend and vote on a poll on your behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of your voting rights. If you appoint two proxies and the appointment does not specify this proportion, each proxy may exercise half of your votes.

If you wish to appoint the Chairman of the Annual General Meeting as your proxy, please mark the box. If you leave this section blank or your named proxy does not attend the Annual General Meeting, the Chairman will be your proxy. A proxy need not be a Shareholder.

3 Voting on Resolutions

You may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item your vote will be invalid on that item.

4 Signing instructions

You must sign this form as follows in the spaces provided:

- (a) **(Individual)** Where the holding is in one name, the holder must sign.
- (b) **(Joint holding)** Where the holding is in more than one name, all of the shareholders should sign.
- (c) **(Power of Attorney)** If you have not already lodged the Power of Attorney with the Company's share registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- (d) **(Companies)** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, as sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

5 Return of a Proxy Form

To vote by proxy, please complete and sign the enclosed Proxy Form (and any Power of Attorney and/or second Proxy Form) and return by:

- (a) mail to the Company's registered office at 311-313 Hay Street, Subiaco, Western Australia 6000;
- (b) facsimile to the Company on facsimile number +61 8 9388 3701; or
- (c) email to the Company Secretary at jcampbell@panasiacorp.com.au.

so that it is received by no later than 11.30am (WST) on 26 November 2014.

Proxy Forms received later than this time will be invalid.