

11 November 2014

CONVERTIBLE NOTE FINANCING

- **\$7m Convertible Note Financing Facility Executed**
- **Provides financial backing for flagship TCM Project to move to “development ready” stage**
- **Interest rate 3%, Conversion Price \$0.025cps**

CEO Alan Hopkins: “This facility provides the funding to significantly advance our flagship high CV thermal coal project, “TCM”

Pan Asia Corporation Limited (ASX: PZC) (“**the Company**”) is pleased to advise that it has entered into a convertible note financing facility for up to \$7,000,000 (“**Facility**”) with an offshore investment company, Caldecott Ventures Limited (“**Caldecott**”).

The Company is extremely pleased to establish the required funding arrangements to secure the Company’s financial position and enable us to reinvigorate activity on our flagship high CV thermal coal project in South Kalimantan, Indonesia (“**TCM Project**”). The Facility also provides the necessary funding to repay Kopex its project loan which will facilitate the Company’s current commercial negotiations to progress the TCM Project.

This Facility is an important second stage financing, following on from the recent rights issue to all shareholders at \$0.021 per share, and is a key part of the broader plan of the Company as it continues to work its way forward through the prevailing challenging market conditions.

Convertible Note Facility

The Facility is provided by Caldecott Ventures Limited which is a Company owned and controlled by Malaysian based lawyer and businessman, Mr Lee Chin Cheh. Mr Lee is principal partner of Messrs Lee Ong & Partners in Malaysia and has served as a State Assemblyman in the Selangor State Legislative Assembly, Malaysia, as well as a member of the Selangor State Public Accounts Committee. Mr Lee is active in business ventures and has acted as placee for a number of allotments in Malaysian public companies.

The Facility commitment by Caldecott is for up to \$7,000,000 which the Company has the ability to draw down on at any time by issuing convertible notes to Caldecott, with each convertible note having a face value of \$500,000. In addition, each convertible note will have a maturity date of 2 years from the date of issue and will accrue interest at a rate of 3% per annum.

The conversion price of the convertible notes is \$0.025 per share and Caldecott may elect to convert a convertible note (i.e. the face value plus interest) into shares at any time on or before the maturity date. In addition, if Caldecott elects to convert a convertible note within 6 months of its issue, the Company must also issue 1 conversion option for every 2 shares issued pursuant to the conversion. Each conversion option will expire 2 years after its issue, and the exercise price will be the lower of \$0.03 and the 10 day VWAP prior to the conversion of the relevant convertible note.

The Company may elect to redeem a convertible note prior to the maturity date. Any unconverted convertible notes must be redeemed by the Company following the maturity date at face value plus interest.

The issues of convertible notes, shares and conversion options under the Facility is conditional upon the Company obtaining shareholder approval for the purposes of item 7 of section 611 of the Corporations Act to enable Caldecott to acquire a relevant interest in the Company that would increase its voting power in the Company to more than 20%.

The Company is currently preparing a Notice of Meeting to seek shareholder approval and this will be announced and sent to shareholders as soon as possible.

ENDS

About Pan Asia

Pan Asia Corporation Limited aims to be a supplier of key energy resources into the expanding Asian markets. Our flagship TCM Project is a high CV thermal coal project in South Kalimantan. The Company seeks to build significant projects, de-risking them ready for development partners / offtake agreements with quality, life of mine partners.

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