

PAN ASIA CORPORATION LIMITED ACN 098 448 269
Level 33, 50 Bridge Street, Sydney, NSW 2000

22 August 2017

ASX ANNOUNCEMENT

NON RENOUNCEABLE RIGHTS ISSUE SHAREHOLDER LETTER

Pan Asia Corporation Limited (ASX: PZC) (“the Company”) advises that the attached non renounceable rights issue letters were sent to eligible and ineligible shareholders on 22 August 2017.

For Further Information Contact:

Brett Crowley
Company Secretary
Pan Asia Corporation Limited
Tel: 0411 713 555

22 August 2017

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE OFFER

We are writing to you as a registered holder of shares in Pan Asia Corporation Limited (Company).

As announced to ASX on 21 August 2017, the Company is undertaking a pro rata, non-renounceable rights issue (the "Offer") of ordinary fully paid shares to eligible shareholders, being persons who are registered as shareholders of the Company on the record date of 24 August 2017 (**Record Date**) and have a registered address in Australia or New Zealand, or who are otherwise eligible under all applicable securities laws to receive an offer of shares under the offer.

The offer is made on the basis of one new share (**New Shares**) for every one share held by eligible shareholders on 24 August 2017 (**Record Date**) at an issue price of \$0.002 per New Share to raise up to approximately \$1,226,661 (before expenses). In calculating entitlements under the Offer, fractions will be rounded down to the nearest whole number.

Shareholders who, at the Record Date, have an address registered in either Australia or New Zealand, or who are otherwise eligible under all applicable securities laws to receive an offer of shares under the Offer will be eligible to participate in the Offer. All other shareholders will not be eligible to participate.

However, pursuant to section 615 of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Company has appointed a foreign holder nominee (**Nominee**) to subscribe for the New Shares which ineligible shareholders would otherwise have been entitled to apply for had they been eligible to participate in the Offer. The Nominee will then sell such New Shares and remit the net proceeds (if any) to the ineligible shareholders in proportion to their respective shareholdings.

New Shares issued pursuant to the Offer will rank equally to existing fully paid ordinary shares currently on issue and the Company will apply to ASX for official quotation of the New Shares.

If you are an eligible shareholder, an Offer Document and Entitlement and Acceptance Form specifying your entitlement will be sent to you on 29 August 2017.

The Offer is fully underwritten by Investment Advisers Alliance Pty Limited. PZC's Chairman, Mr Peter Chai, is a director and shareholder of AAI.

Eligible shareholders will be entitled to apply for New Shares not otherwise taken up in the Offer at the same price of \$0.002 per New Share (**Shortfall Shares**). In order to maximise the opportunity for Eligible Shareholders and unrelated investors to increase their shareholding interest in the Company, the following provisions have been included in the underwriting agreement:

- (i) The Shortfall Offer to Eligible Shareholders will be made before any shortfall notice is made on IAA.
- (ii) The directors have 30 days after the closing date of the Offer to serve a shortfall notice on IAA. This will provide the directors with an opportunity to place Shortfall Shares with eligible investors. The directors have received interest from at least one stockbroking firm to place Shortfall Shares with its clients. In the 30 day period, the directors will promote the Shortfall Shares to stockbrokers and eligible investors.

Capital Structure

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

Shares	Number
Shares on issue at date of the Offer	613,330,708
New Shares offered under the Offer	613,330,708
Total Shares on issue at completion of the Offer	1,226,661,416

Use of Funds

It is intended that the proceeds from the Offer will be used in accordance with the table set out below.

Use of funds	Amount
Project holding costs, expenditure on new project activities (note 1)	\$200,000
Existing creditors	\$500,000
Expenses of the offer	\$20,000
Working capital (note 2)	\$506,661
TOTAL	\$1,226,661

Notes:

1. Project holding costs relate to funds that will be used to support the TCM Project, including to maintain the project in good standing. If the Company completes the sale of its interest in the TCM Project then the Company will be also be seeking a new project over the next 12 months to replace the TCM Project.
2. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors, interest payments, other items of a general administrative nature and cash reserves which may be used in connection with the Company's projects, as determined by the Board at the relevant time. Specific examples of how the Company may use working capital include to partially repay the Kopex Loan, and to fund costs associated with the Company's proposed sale of its interest in the TCM Project.

Timetable

The Offer is proposed to be conducted according to the following timetable:

Event	Date
Announcement of Offer, Appendix 3B and cleansing notice lodged with ASX	21 August 2017
Notice sent to Shareholders	22 August 2017
'Ex' date ¹	23 August 2017
Record Date (7.00pm (AEST)) ²	24 August 2017
Offer Document sent to Eligible Shareholders and announcement of issue of the Offer Document	29 August 2017
Opening Date	29 August 2017
Closing Date (5.00pm (AEST))	11 September 2017
Deferred settlement trading commences	12 September 2017
ASX notified of any under-subscriptions	14 September 2017
Issue of new Shares and deferred settlement trading ends	18 September 2017
Issue of holding statements and commencement of trading of new Shares	19 September 2017

Notes:

1. The date from which Shares commence trading without the entitlement to participate in the Offer.
2. The date for determining the Entitlements of Eligible Shareholders to participate in the Offer.

All dates (other than the date of lodgement of the Offer Document with ASX) are indicative only. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including extending the Closing Date or accepting late acceptances, either generally or in particular cases, without notice.

On 29 August 2017, the Company will dispatch an Offer Document together with a personalised Entitlement and Acceptance Form to eligible shareholders. If you are eligible and wish to participate in the Entitlement Offer, you will need to complete this personalised Entitlement and Acceptance Form and return it with the appropriate application monies to the Company's share registry before 5.00pm (AEST) on the anticipated closing date of 11 September 2017.

The Offer Document includes details of the Offer and the risks associated with investing in the Company. It is recommended that you read the Offer Document carefully and, if you are interested in participating in the Offer, consult with your professional advisers.

For further information please contact the Company Secretary on 0411 713 555.

Yours faithfully

Pan Asia Corporation Limited

Peter Chai
Chairman

22 August 2017

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE OFFER

We are writing to you in relation to your shareholding in Pan Asia Corporation Limited (**Company**).

As required by section 9A of the *Corporations Act 2001* (Cth) (**Corporations Act**) and ASX Listing Rule 7.7, we hereby notify you of the following:

- (a) On 21 August 2017 the Company announced to ASX the details of a pro rata, non-renounceable rights issue (the "Offer") of ordinary fully paid shares to eligible shareholders, being persons who are registered as shareholders of the Company on the record date of 24 August 2017 (**Record Date**) and have a registered address in Australia or New Zealand, or who are otherwise eligible under all applicable securities laws to receive an offer of shares under the Offer. All other shareholders (**Ineligible Shareholders**) will not be eligible to participate.
- (b) The Offer is on the basis of one new share (**New Shares**) for every one share held by eligible shareholders of the Company on the Record Date at an issue price of \$0.002 per New Share, to raise up to approximately \$1,226,661 (before expenses). In calculating entitlements under the Offer, fractions will be rounded down to the nearest whole number.
- (c) The Company has set 7.00pm AEST on 24 August 2017 as the Record Date for the purposes of determining shareholders entitlement to participate in the Offer.
- (d) The Company has determined, in accordance with the Corporations Act and ASX Listing Rule 7.7, that it would be unreasonable to make the Offer to Ineligible Shareholders after taking into account the following:
 - (i) the number of Ineligible Shareholders as a proportion of the total number of shareholders of the Company;
 - (ii) the number and value of New Shares that would be offered to Ineligible Shareholders; and
 - (iii) the costs of complying with the legal requirements and the requirements of regulatory authorities in overseas jurisdictions.
- (e) Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, this letter is to inform you that the Company has determined that you are an Ineligible Shareholder and therefore are not eligible to apply for New Shares under the Offer.
- (f) Pursuant to section 615 of the Corporations Act and for the purposes of ASX Listing Rule 7.7, the Company has appointed Symmetry Group Pty Ltd (**Nominee**) as its foreign holder nominee. The Australian Securities and Investments Commission (**ASIC**) has approved the appointment of the Nominee.
- (g) 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 may 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 such 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 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.

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

For further information please contact your stockbroker or other professional adviser of the Company Secretary on 0411 713 555.

Yours faithfully

Pan Asia Corporation Limited

Peter Chai
Chairman