

23 May 2018

ASX ANNOUNCEMENT

New Emerald Coal Pty Limited placed in Receivership

Pan Asia Corporation Ltd ("PZC" or the "Company") has previously announced that it had entered into a binding but conditional term sheet to acquire New Emerald Coal Pty Limited ("NEC"), subject to shareholder approval. Pan Asia has made available a secured loan of \$1,059,070 bearing an interest rate of 12% to further this transaction.

On 21 May 2018, NEC was placed into voluntary administration and a receiver was appointed.

The appointment of a voluntary administrator and receiver was made by a secured lender. The secured lender took this action as another creditor had withdrawn its support and was seeking to wind up NEC. PZC has been in discussions with the secured creditor and the receiver and it is their intention to proceed to a Deed of Company Arrangement (DOCA). PZC has security over its debt and initial discussions with the receiver and secured creditor confirm that the PZC security will be part of the DOCA arrangement.

Accordingly, the Board is comfortable that the debt will be recovered or it will acquire the assets it seeks as part of the proposed DOCA.

There have been no discussions on the detail of the DOCA at this point and this is still to be negotiated.

Gary Williams
Director