

ASX / MEDIA ANNOUNCEMENT

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FINANCING UPDATE

- **AUD \$2m Rights Issue to be undertaken at \$0.007 per share (same price as Convertible Notes)**
- **\$5m Convertible Note Financing Facility limited to AUD \$2M year one (if required) and AUD \$3M in year 2 (if required)**
- **Conversion Price of \$0.007 per share**
- **Interest rate 3% per annum**

CEO Alan Hopkins: "The Company wishes to give our shareholders the first opportunity to provide the funding it needs before drawing down on the proposed Convertible Note facility. This rights issue enables existing shareholders to subscribe for shares at the same price as the conversion price for the convertible notes".

Rights Issue

The Board of Pan Asia Corporation Limited (ASX: PZC) ("**Company**") has resolved to offer shareholders the ability to participate in a rights issue in the Company on the basis of 4 new shares for every 5 shares held @ \$0.007 per to raise approximately \$2m ("**Rights Issue**"). The Rights Issue is being offered at the same price as the conversion price for the convertible notes under the Facility. The Company intends to reduce its drawdown of the notes by the amount taken up under the rights issue, therefore reducing the effect of dilution on existing shareholders caused by the Facility. The Company intends to have the Rights Issue documentation prepared and sent to shareholders at its earliest opportunity.

Convertible Note Financing Facility

The Company is pleased to advise that it has entered into a new convertible note financing facility for up to \$5,000,000 ("**Facility**") with Coleman Ventures Limited ("**Coleman**" or "**the Noteholder**"). This replaces the agreement executed and announced on 12 March 2015 with Caldecott Ventures Limited however the Company notes that Coleman is owned and controlled by the same Malaysian based lawyer and businessman, Mr Lee Chin Cheh, who owns and controls Caldecott Ventures Limited.

The key terms of the Facility are as follows:

1. Total amount able to be drawn down under the facility: AUD \$5 million;
2. Drawdown Period and Limits: \$2m can be drawn down in year 1 and \$3m can be drawn down in year 2.
3. Condition and Waiver: The right to drawdown the convertible note is conditional upon the Company obtaining shareholder approval for the purposes of item 7 of section 611 of the Corporations Act. However this condition can be waived by Coleman, wholly or partially, such that Noteholder may

agree to make the whole or part of the \$5 million available to the Company without the Company having first obtained shareholder approval;

4. Drawdown Amounts: 10 notes of AUD \$500,000 each;
5. Conversion Price of Notes into shares in PZC: \$0.007 per share
6. Early Conversion: In the event that Coleman elects to convert a note into shares within 6 months of the note being issued, it will be entitled to receive one option exercisable at \$0.01 per share for every two shares received pursuant to the conversion.

The Company is pleased to establish the funding arrangements required to assist with securing the Company's financial position and reinvigorating activity on our flagship high CV thermal coal project in South Kalimantan, Indonesia ("**TCM Project**").

Other

The Company has discussions ongoing with other parties who may participate in the TCM Project's development which, if successful, will be announced on execution of a binding agreement.

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 generate significant projects, de-risking them ready for development partners / offtake agreements with quality, life of mine partners.

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