

ASX / MEDIA ANNOUNCEMENT



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21 July 2015

NON RENOUNCEABLE ENTITLEMENT SHAREHOLDER LETTERS

Pan Asia Corporation Limited (ASX: **PZC**) ("**the Company**") advises that the attached non renounceable entitlement letters were sent to eligible and ineligible shareholders on 10 July 2015.

ENDS

For Further Information Contact:

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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.

10 July 2015

Dear Shareholder

NON-RENOUCEABLE ENTITLEMENT OFFER

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

As announced to ASX on 9 July 2015, the Company is undertaking a pro rata non-renounceable entitlement offer of ordinary fully paid shares to eligible shareholders, being persons who are registered as shareholders of the Company on the record date of 15 July 2015 (**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 4 new shares (**New Shares**) for every 5 shares held by eligible shareholders on 15 July 2015 (**Record Date**) at an issue price of \$0.007 per New Share to raise up to approximately \$2,011,412 (before expenses) (**Entitlement Offer**). In calculating entitlements under the Entitlement Offer, fractions will be rounded down to the nearest whole number.

Important: As announced to ASX on 22 June 2015, Pan Asia received a letter from PT Kopex Mining Contractors demanding repayment of a loan guaranteed by Pan Asia in the amount of US\$2,767,500 plus interest by 30 June 2015. Please refer to section 3.2(a) of the Offer Document lodged with ASX today for further information regarding the risks associated with the loan and the associated potential insolvency of Pan Asia.

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 Entitlement Offer will be eligible to participate in the Entitlement 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 Entitlement 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 Entitlement 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 20 July 2015.

Eligible shareholders will be entitled to apply for New Shares not otherwise taken up in the Entitlement Offer at the same price of \$0.007 per New Share (**Shortfall Shares**). The directors reserve the right, subject to any restrictions imposed by the Corporations Act or the ASX Listing Rules, to issue the Shortfall Shares at their discretion. Please refer to section 1.7 of the Offer Document for further information in relation to the Company's policy in relation to the allocation of the Shortfall Shares.

The Entitlement Offer is not underwritten.

Use of Funds

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

Use of funds	Level of subscription			
	25% ¹	50% ²	75% ³	100% ⁴
Project holding costs, expenditure and other new project activities ⁵	\$90,000	\$150,000	\$300,000	\$500,000
Existing creditors	\$300,000	\$300,000	\$300,000	\$300,000
Expenses of the Entitlement Offer	\$30,000	\$30,000	\$30,000	\$30,000
Working capital ⁶	\$82,853	\$525,706	\$878,560	\$1,181,412
Total	\$502,853	\$1,005,706	\$1,508,560	\$2,011,412

Notes:

1. Assumes that 71,836,172 New Shares are issued under the Entitlement Offer and the Company raises \$502,853.
2. Assumes that 143,672,343 New Shares are issued under the Entitlement Offer and the Company raises \$1,005,706.
3. Assumes that 215,508,515 New Shares are issued under the Entitlement Offer and the Company raises \$1,508,560.
4. Assumes that 287,344,687 New Shares are issued under the Entitlement Offer and the Company raises \$2,011,412.
5. 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 (see Section 3.2(b) of the Offer Document for further information) then the Company will be also be seeking a new project over the next 12 months to replace the TCM Project.
6. Working capital may include wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, payments to creditors (including Kopex), 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 repay the Kopex loan and associated interest (see Section 3.2(a) of the Offer Document for further information) and to fund all costs associated with the Company's proposed sale of its interest in the TCM Project (see Section 3.2(b) of the Offer Document for further information).

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 Entitlement Offer	359,180,859
New Shares offered under the Entitlement Offer	287,344,687
Total Shares on issue at completion of the Offer	646,525,546

Note: The number of New Shares issued assumes that the Entitlement Offer is fully subscribed, and is subject to rounding.

Timetable

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

Event	Date
Announcement of Offer, Appendix 3B, cleansing notice and Offer Document lodged with ASX	8 July 2015
Notice sent to Shareholders	10 July 2015
'Ex' date ¹	13 July 2015
Record Date (7.00pm (AEST)) ²	15 July 2015
Offer Document sent to Eligible Shareholders and announcement of issue of Offer Document	20 July 2015
Opening Date	20 July 2015
Closing Date (5.00pm (AEST))	6 August 2015
Deferred settlement trading commences	7 August 2015
ASX notified of any undersubscriptions	11 August 2015
Issue of new Shares and deferred settlement trading ends	13 August 2015
Issue of holding statements and commencement of trading of new Shares	14 August 2015

Notes:

1. The date from which shares commence trading without the entitlement to participate in the Entitlement Offer.
2. The date for determining the entitlements of eligible shareholders to participate in the Entitlement 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 20 July 2015, 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 6 August 2015.

The Offer Document includes details of the Entitlement 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 Entitlement Offer, consult with your professional advisers.

For further information please contact the Company Secretary on +61 8 6489 0600.

Yours faithfully

Pan Asia Corporation Limited



Jason Campbell
Company Secretary

10 July 2015

Dear Shareholder

NON-RENOUNCEABLE ENTITLEMENT 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 9 July 2015 the Company announced to ASX the details of a pro rata non-renounceable entitlement offer of ordinary fully paid shares to eligible shareholders, being persons who are registered as shareholders of the Company on the record date of 15 July 2015 (**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 4 new shares (**New Shares**) for every 5 shares held by eligible shareholders of the Company on the Record Date at an issue price of \$0.007 per New Share, to raise up to approximately \$2,011,412 (before expenses) (**Entitlement Offer**). In calculating entitlements under the Entitlement Offer, fractions will be rounded down to the nearest whole number.
- (c) The Company has set 7.00pm AEST on 15 July 2015 as the Record Date for the purposes of determining shareholders entitlement to participate in the Entitlement 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 Entitlement 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 Entitlement 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 Entitlement 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 +61 8 6489 0600.

Yours faithfully

Pan Asia Corporation Limited

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

Jason Campbell
Company Secretary