

31 October 2014

## SEPTEMBER 2014 QUARTERLY ACTIVITIES REPORT

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Pan Asia Corporation Ltd (ASX: **PZC**) (the **Company**) is pleased to report on its activities for the quarter ending 30 September 2014 (the Quarter).

### HIGHLIGHTS

- **Visited leading Chinese underground coal mining contractor, Longmei, in Jixi China. MOA Signed**
- **\$0.5m placement completed in July**
- **\$1.6m raised in fully underwritten Rights Issue**
- **Commenced Unmarketable Parcels Sale Facility**

### Visit to Longmei Operation in Jixi – China

CEO Alan Hopkins, TCM Project Manager Rob Bradley, and Indonesian TCM partner, Yunus Tanaga visited leading Chinese underground coal mining group Longmei at one of their operating sites in Jixi China.

Longmei are one of the largest underground coal mining groups in China and have recently expanded their operations internationally. Longmei have extensive experience in developing and operating significant scale, longwall coal mines in conditions similar to those that prevail in South Kalimantan. Specifically, this includes the current development and operation of a fully mechanized longwall underground coal mine near the Company's flagship TCM project in South Kalimantan.

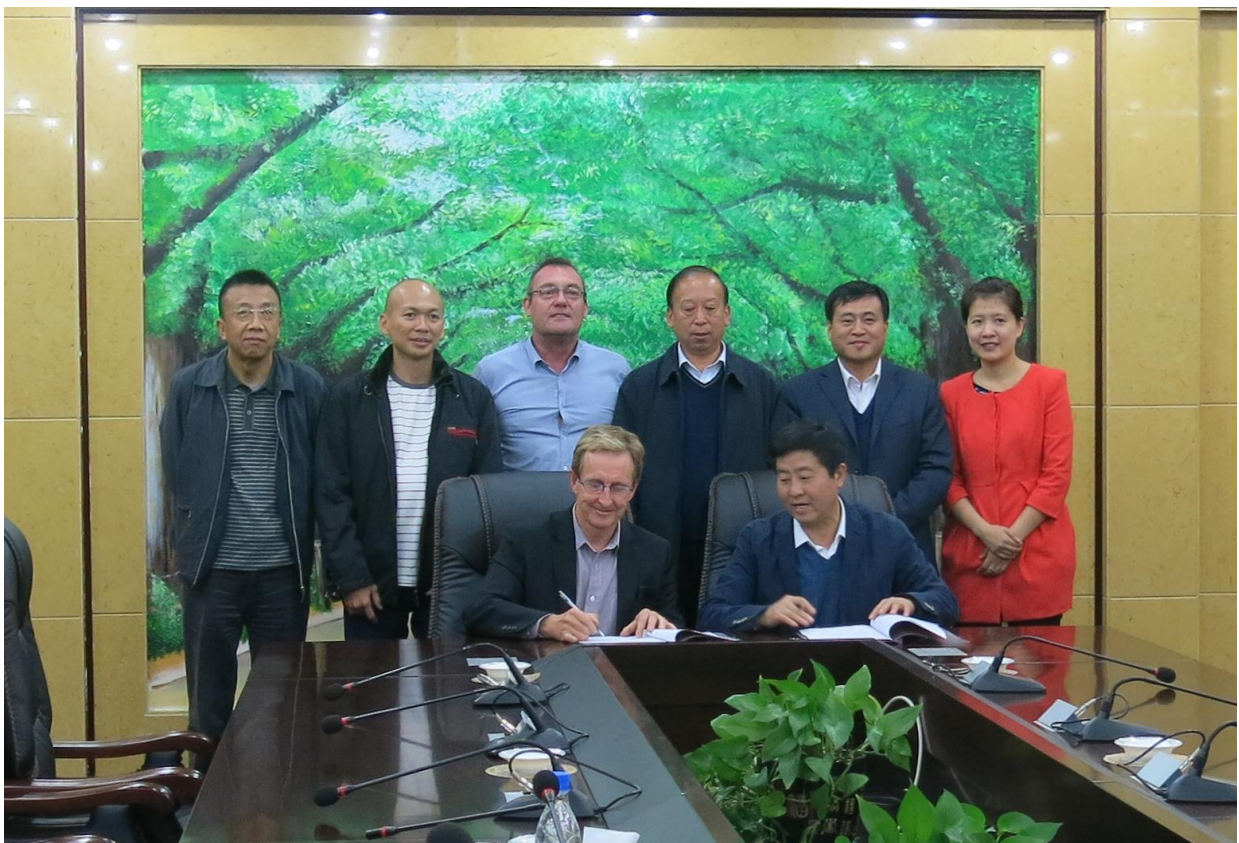
In anticipation of our visit to Jixi, Longmei developed a preliminary mine design over the entire TCM project resource area. The TCM team considered this plan to be very well thought out. It was significantly more developed than the preliminary study undertaken by Kopex several years ago (on the southern part of the resource only) and incorporates larger scale operations with higher recoveries and efficient development scenarios.

The successful three day trip culminated in the execution of a preliminary MOA whereby Longmei could undertake for TCM a full, updated Mine Design & Feasibility Study. Additionally, the parties are investigating ways in which Longmei could materially assist in the development of the project.

This avenue is being progressed in parallel with other advanced discussions with other groups on the best development path for the TCM project.



**Figure 1: TCM Team underground with Longmei Executives**



**Figure 2: CEO Alan Hopkins signs MOA with Longmei Management**

### **Underwritten Rights Issue Completed**

The Company successfully completed a \$1.6M rights issue with the support of the underwriter to the issue, Nexus Link Limited. The rights issue funding was completed at a slight premium to the share price at the time of commencing the rights issue.

This equity funding round enabled the Company to significantly reduce its short term debt levels as part of a broader program to establish a strong platform from which the TCM Project can be developed.

### **Unmarketable Parcel Sale**

In September, the Company commenced an offer to its shareholders of unmarketable parcels (\$500 or less in value – “Small Holding”) to have their shares bought for \$0.02 per share without them having to incur brokerage costs. The Company recognised that the share register contained ~2000 shareholders with a Small Holding who had no practical independent avenue to trade their shares if they wished to do so and whose holding represented a significant administration cost for the Company. The Company had received several requests over recent years from some of these shareholders to offer such a facility.

Those Small Holding shareholders who do not wish to retain their shares will have their shares purchased by TAJ Investments Limited and Oatsworth Pte Ltd and will be settled in November 2014 upon the facility closing.

### **Kopex**

Kopex provided a loan to the TCM project (PZC is the guarantor) and this is due for repayment at the end of November 2014. The parties are currently actively engaged as to how to best deal with this historical facility so as to not have it overhang efforts to move the TCM Project forward.

### **Other**

The Company continues to progress its permitting and access arrangements in anticipation of accelerating the TCM project next year.

**ENDS**

**About Pan Asia**

Pan Asia Corporation Limited flagship project (“TCM”) is a high CV thermal coal project in South Kalimantan in which PZC owns a 75% interest.

Pan Asia seeks to build significant projects; de-risking them ready for development partnership / offtake agreements with quality, life of mine partners.

**Mining Tenement Details**

The Company owns a 75% interest in PT Transcoal Minergy, the owner of mining operation production licence 545/091/IUP-OP/D.PE/2010 dated 28 April 2010, located in the Tanah Bumbu Province in the Regency of South Kalimantan, Indonesia.

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