

9 May 2016

PZC PROGRESSES SALE OF INTEREST IN TCM PROJECT

Pan Asia Corporation Limited (“Pan Asia or the Company”) is pleased to announce an update to its transaction with Universal Coal Resources Pte Ltd of Singapore (“Universal” or “Buyer”) to progress facilitation with Universal in undertaking an SGX Catalist listing and in turn realising the value in the PT Transcoal Minergy Coal Project in South Kalimantan Indonesia (“TCM”).

In early June 2015, Pan Asia announced it had entered into an exclusive Heads of Agreement with Universal for the commercial sale of the Company’s 75% interest in TCM. Universal agreed to purchase a 100% interest in the Company’s 100% owned Singapore subsidiary, Innovation West Mantewe Pte Ltd (“IWMPL”) owner of the 75% interest in TCM for SGD \$30m (“Transaction”).

Universal is planning to undertake a SGX Catalist listing and Pan Asia upon completion of the successful listing will receive shares in Universal to the value of SGD \$30m at the IPO issue price.

To facilitate the Transaction, Pan Asia has today executed a definitive share sale and purchase agreement (“SSPA”) with Universal for the 100% sale of IWMPL which owns Pan Asia’s 75% interest in TCM. The actual transfer of the asset will occur upon the Company seeking shareholder approval. In the meantime, the Company has also executed a share pledge agreement (“SPA”) pledging the shares in IWMPL prior to shareholder approval being obtained.

The commercial outcome in now entering into the SSPA and SPA to transfer the TCM asset is that Universal has been able to obtain a \$5m funding facility that will enable it to undertake value adds and relevant approvals on the TCM asset as well as acquiring additional assets that will facilitate the Universal listing process on SGX and realise Pan Asia’s TCM sale proceeds.

Commercial Agreements

The Company will enter into the SSPA subject to the following conditions:

- The directors and shareholders passing the requisite resolutions approving the sale and transfer of IWMPL;
- Universal assuming all liabilities in respect of the TCM asset;
- All approvals, consents, licences, permits, waivers and exemptions for the sale and transfer of shares being granted by any relevant third party;

The SSPA will also include a Call Option clause with call option default events that will allow the Company to purchase back the TCM asset for SGD\$1.00. These default events include:

- If the listing does not take place on SGX by 31 December 2017;
- If the Buyer fails to complete the IPO Sponsor CP’s prior to the listing deadline;
- If the Buyer fails to comply with any rules and regulations in respect of the Listing;
- If any condition subsequent is not fulfilled;
- If the Buyer fails to raise at least SGD \$20m prior to the Listing deadline; or prior to receiving an in-principal approval for the Listing;

- If the Buyer breaches any of its warranties, undertakings or covenants in the SSPA;
- If the Buyer breaches any material term of the SSPA;
- If the Buyer is deemed or becomes insolvent, or ceases to be a going concern or is deemed by auditors a risk to continue as a going concern; and
- If the Buyer breaches any term of the share pledge.

The Company shall have the ability to waive any term or provision of the agreement.

The SPA is included as a schedule that forms part of the SSPA.

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.