

29 January 2016

DECEMBER 2015 QUARTERLY ACTIVITIES REPORT

Pan Asia Corporation Limited (ASX: **PZC**) (the **Company**) is pleased to report on its activities for the quarter ending 31 December 2015 (the **Quarter**).

HIGHLIGHTS

- **Proposed Acquisition of NEC Assets**
- **AGM approval of \$5m Convertible Note Facility**

Proposed Acquisition of NEC Assets

On 10 December 2015, the Company announced that it had entered into a binding but conditional term sheet to acquire a sizeable coal operation comprising conventional coal exploration and pre-development projects in the Bowen Basin in Queensland Australia from United Queensland Resources Pty Ltd and its wholly owned subsidiary New Emerald Coal Limited (NEC).

The proposed acquisition includes a 100% interest in the Teresa Coal Project, a 100% interest in advanced exploration projects including the Pentland and Dalby Projects and 100% in exploration permits including the Great Northern Leases, Biloela, Drummond and Wilkie. The assets are strategically located with many key infrastructure arrangements in place.

Please refer to both the ASX announcement on 10 December 2015 and 14 December 2015.

Due diligence on the assets to be acquired is ongoing.

Approval of Convertible Note Facility

At the Company's AGM held on 30 November 2015, shareholder approval was given to issue in total up to \$5M in a Convertible Note Facility with Coleman Ventures Limited ("Coleman").

In April 2015, the Company executed a convertible agreement with Coleman for the total amount of \$5m able to be drawn down over two years, subject to shareholder approval obtained on 30 November 2015 at the AGM. Please refer to the NOM for further detailed conditions relating to the Convertible Note Facility.

Universal

On 4 June 2015, the Company announced that it had entered into an exclusive Heads of Agreement with Universal Coal Resources Pte Ltd of Singapore ("Universal"), for the commercial sale of the Company's 75% interest in the PT Transcoal Minergy Coal Project in South Kalimantan Indonesia ("TCM") ("the Transaction"). Universal has 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 value. Universal is to undertake an 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.

Universal has assumed, prior to completion of the Transaction, the responsibilities including expenses, of obtaining all statutory approvals, including but not limited to the forestry permit, obtaining all relevant contracts, obtaining any high-wall access and undertaking all value-added works, in connection with IWMPL or TCM or as required by SGX (Catalist).

The Parties have acknowledged and agreed that the Transaction will be subject to a number of key commercial outcomes and conditions which were previously announced. PZC expects to be able to provide a progress report in the coming quarter.

ENDS**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

About Pan Asia

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