

13 February 2018

Ms Madeleine Green
Adviser, Listing Compliance
ASX
Perth, WA

By email: Madeleine.Green@asx.com.au

Dear Ms Green

Appendix 5B Query

I refer to your letter dated 8 February 2018 and respond as follows:

1. PZC expects that it will continue to have negative operating cash flows for the March 2018 quarter.
2. PZC is in negotiations with one of its largest shareholders for an advance of funds of an amount sufficient to allow it to meet its ongoing commitments.
3. PZC intends to re-comply with Chapters 1 and 2 of the ASX listing rules. This will include the raising of significant capital through a prospectus and the acquisition of NEC (as detailed in previous ASX announcements). Accordingly, PZC expects to be able to continue its operations and to meet its business objectives.
4. PZC is in compliance with listing rule 3.1 and there is no information which should be given to the ASX about its financial condition in accordance with the rule that has not already been released to the market.
5. PZC confirms that the directors of the company have reviewed and approved the responses provided to the ASX through this letter. The directors have authorised the company secretary to sign and release this letter to the ASX. The directors are aware this letter with the letter from the ASX will be released to the market.

Brett Crowley
Company Secretary



8 February 2018

Mr Brett Crowley
Company Secretary
Pan Asia Corporation Limited
Level 5, 23-25 O'Connell Street
SYDNEY NSW 2000

By email:

Dear Brett Crowley

Pan Asia Corporation Limited ("PZC"): Appendix 5B Query

I refer to PZC's Appendix 5B quarterly report for the period ended 31 December 2017 lodged with ASX Market Announcements Platform on 31 January 2018 (the "Appendix 5B").

ASX notes that PZC has reported:

- negative net operating cash flows for the quarter of \$48,000;
- cash at the end of the quarter of \$43,000; and
- estimated cash outflows for the next quarter of \$90,000.

It is possible to conclude, based on the information in the Appendix 5B that if PZC were to continue to expend cash at the rate indicated by the Appendix 5B, PZC may not have sufficient cash to continue funding its operations. In view of that, ASX asks PZC to respond separately to each of the following questions and requests for information:

1. Does PZC expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has PZC taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does PZC expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that PZC considers may be relevant to ASX forming an opinion on whether PZC is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that PZC is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.

6. Please confirm that PZC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PZC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 2pm AWST on Tuesday, 13 February 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in PZC's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PZC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at TradingHaltsPerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to PZC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that PZC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PZC's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[sent electronically without signature]

Madeleine Green
Adviser, Listing Compliance