

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8173)**

**ISSUE OF THE SUBSCRIPTION SHARES  
AND THE 2010 CONVERTIBLE BONDS**

**DEBT RESTRUCTURING AGREEMENT INVOLVING  
CONNECTED TRANSACTION**

**APPLICATION FOR THE WHITEWASH WAIVER AND  
CONSENT TO THE SPECIAL DEAL**

**GRANT OF SPECIAL MANDATE**

**EXTENSION OF LONG-STOP DATE**

**POSSIBLE ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

**POSSIBLE SHARE CONSOLIDATION**

**RESUMPTION OF TRADING IN THE SHARES**

The Company and the Investor entered into a supplemental agreement to the Investment Agreement on 13 October 2010 to extend the long stop date for fulfilment of certain outstanding conditions precedent to the Investment Agreement from 30 September 2010 to 31 December 2010 or such later date as the parties may agree in writing. Details of the extension arrangement are set out in this announcement. The extension arrangement contemplates a payment of a non-refundable earnest money of HK\$150 million on or before 31 October 2010 and a possible issue of 600 million new Shares to the Investor under certain circumstances set out below.

In view of this, the Company, Black Sand and Kesterion have also entered into a supplemental deed to the Debt Restructuring Agreement to extend the long stop date for fulfilment of the conditions precedent contained therein from 30 September 2010 to 31 December 2010 or such later date as the parties may agree in writing, in light of the extension of the Investment Agreement.

Save for the changes set out herein, all other terms in the Investment Agreement and the Debt Restructuring Agreement remain unchanged.

## INTRODUCTION

Reference is made to the Announcement and the Circular regarding the proposed investment by the Investor in the Company involving, inter alia, the issue of the Subscription Shares and the 2010 Convertible Bonds as well as the Whitewash Waiver. Unless otherwise defined in this announcement, terms defined in the Circular have the same meanings when used herein.

## EXTENSION OF LONG STOP DATE

### Investment Agreement

As provided in the Investment Agreement, in the event that any of the Conditions Precedent for completion of the Investment Agreement shall not have been fulfilled or waived on or before 30 September 2010 (or such later date as all parties may have agreed in writing) (the “**Long Stop Date**”), the Investment Agreement will lapse and the parties thereto will be released from all obligations under the Investment Agreement, save for liabilities for any antecedent breaches of the relevant terms set forth in the Investment Agreement.

As of the date of this announcement, Conditions Precedent 4.1 (a), (b), (c), (e), (f) and (k) have been fulfilled. The following Conditions Precedent have not been fulfilled:

- Condition Precedent 4.1(d) relating to the Stock Exchange’s granting of the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares and such approval not having been withdrawn on the date of completion of the Investment Agreement. It should be noted that the Company has received the approval for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares from the Stock Exchange on 24 September 2010.
- Condition Precedent 4.1(g) relating to the completion of satisfactory due diligence work on various aspects of the Group by the Investor.
- Condition Precedent 4.1(h) relating to the obtaining of all applicable regulatory approvals.
- Condition Precedent 4.1(i) relating to the entering into the Debt Restructuring Agreement and the completion of all the transactions contemplated thereby.
- Condition Precedent 4.1(j) relating to conditions that, at any time prior to completion date of the Investment Agreement, there not having been any changes or events which would be material to, prohibit, restrict or materially delay the completion of, the Investment Agreement and the transactions contemplated thereunder, or would likely involve a material change in the assets, operating or financial conditions of the Group.
- Condition Precedent 4.1(l) relating to the obtaining of a report in relation to certain mining areas with respect to certain technical requirements by the Investor.
- Condition Precedent 4.1(m) relating to the signing of directors’ service contracts.
- Condition Precedent 4.1(n) relating to the provision of fund proof to the Company.

## Supplemental Agreement

In these circumstances, the parties to the Investment Agreement entered into a supplemental agreement dated 13 October 2010 (which substituted an earlier supplemental agreement signed after trading hours on 30 September 2010) to agree on the following terms:

- (1) the Investor waived Condition Precedent 4.1 (j); and
- (2) the Long-Stop Date for the fulfillment of Conditions Precedent 4.1 (d), (g), (h), (i), (l), (m) and (n) shall be extended to 31 December 2010 (the “**New Long Stop Date**”) (or such other date as the parties may agree in writing), subject to the following additional terms:
  - the Investor shall pay the Company a non-refundable earnest money of HK\$150 million (“**Deposit**”) on or before 31 October 2010. If the Deposit is due and remains unpaid, the Investment Agreement shall terminate immediately and the Investor will have to forthwith pay the Company an agreed sum of HK\$30 million. If completion of the Investment Agreement takes place, the Deposit will be used as partial payment of the total consideration thereunder;
  - in addition, the Investor agreed that it must provide evidence to the Company on or before 18 November 2010 indicating that it has in its bank account(s) a Renminbi deposit of an amount equivalent to the value of HK\$ 2,850 million, failing which, the Investor shall have to pay to the Company an agreed sum of HK\$100,000 on a daily basis (the “**Daily Default Sum**”) until the earlier of (i) the provision of the aforesaid evidence of bank deposit; (ii) the termination of the Investment Agreement; or (iii) the completion of the Investment Agreement. The Daily Default Sum shall be deducted from the Deposit;
  - if completion under the Investment Agreement does not take place by the New Long Stop Date (or such other date as the parties may agree in writing), it has been agreed that the Deposit, after deducting any Daily Default Sum, shall be utilized as subscription monies for the issue of new Shares to the Investor at a subscription price of HK\$0.25 per Share (the “**Alternative Subscription**”). Assuming that the whole Deposit is applied towards the Alternative Subscription, it is expected that the Investor, its beneficial owners and parties acting in concert with any of them, will hold 600 million new Shares, representing approximately 7.32% of the issued share capital of the Company following such issue. The issue of new Shares under the Alternative Subscription will take place within 2 Business Days after the termination of the Investment Agreement (or such other date as the parties may agree). A further announcement will be made in accordance with the Listing Rules in respect of the Alternative Subscription if it takes place.

Save for the changes set out above, all other terms in the Investment Agreement remain unchanged.

## Debt Restructuring Agreement

The Board also wishes to announce that the Company, Black Sand and Kesterion have also on 6 October, 2010 entered into a supplemental deed to amend the Debt Restructuring Agreement to extend the long stop date of fulfillment of the conditions precedent under the

Debt Restructuring Agreement to 31 December 2010, in light of the extension of the Investment Agreement.

Save for the changes set out above, all other terms of the Debt Restructuring Agreement remain unchanged.

### **POSSIBLE ISSUE OF NEW SHARES UNDER GENERAL MANDATE PURSUANT TO THE ALTERNATIVE SUBSCRIPTION**

The new Shares to be issued under the Alternative Subscription will be issued under the General Mandate. As at the date of this announcement, the General Mandate has never been utilized.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the subscription shares to be issued under the Alternative Subscription.

The Board considers the terms of the Alternative Subscription to be fair and reasonable and are in the interests of the Company and its shareholders.

### **POSSIBLE SHARE CONSOLIDATION**

The Board has noted the requirement to comply with GEM Rule 17.76, which provides that *“(w)here the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.”* Accordingly, the Board will take active steps to consolidate the shares of the Company in order to ensure compliance with GEM Rule 17.76. In addition, the Company will publish an announcement on such share consolidation prior to the Stock Exchange’s granting of the listing, and the permission to deal in, the subscription shares to be issued under the Alternative Subscription.

### **RESUMPTION OF TRADING IN THE SHARES**

Trading in the Shares has been suspended with effect from 9:30 a.m. on 4 October 2010 pending the release of this announcement. Applications have been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 14 October, 2010.

### **DEFINITIONS**

“Announcement”	the announcement of the Company dated 14 May 2010
“Conditions Precedent”	the conditions precedent to the Investment Agreement
“Circular”	collectively, the circular issued by the Company dated 20 July 2010 as supplemented by the supplemental circular issued by the Company dated 28 July 2010

“General Mandate” the general mandate to issue 1,520,306,804 Shares granted to the Directors at the annual general meeting of the Company held on 10 August 2010

“Investment Agreement” the conditional investment agreement dated 9 April 2010 (as amended and supplemented on 14 May 2010) entered into between the Company and the Investor for the purpose of subscribing the Subscription Shares and the 2010 Convertible Bonds

By order of the Board  
**Pan Asia Mining Limited**  
**WONG Chung Yu, Denny**  
Chairman

Hong Kong, 14 October 2010

*As of the date of this announcement, the Board comprises two executive Directors, Mr. WONG Chung Yu Denny and Mr. LIU Junqing, one non-executive Director, Mr. YIN Mark Teh-min, and three independent non-executive Directors Mr. LAI Kai Jin, Michael, Mr. CHAN Siu Wing, Raymond and Mr. CHU Hung Lin, Victor.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The directors of the Investor jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those in relation to the Company, Kesterion and the Debt Restructuring Agreement) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other fact not contained herein the omission of which would make any statement herein (other than those in relation to the Company, Kesterion and the Debt Restructuring Agreement) misleading.*

*This announcement will remain on the page of “Latest Company Announcement” on the GEM website for at least seven days from the date of its positing.*