

12th July, 2011

TCM COAL PROJECT MOVES TO FINAL FEASIBILITY STUDY

HIGHLIGHTS

- **KOPEX commissioned to undertake Final Feasibility Study at TCM Project**
- **Drilling underway to upgrade the existing ~53Mt JORC resource**
- **Palaris appointed as key independent adviser to Final Feasibility Study**

Pan Asia Corporation Ltd (ASX: PZC) (“PZC or the Company”) is pleased to announce that it has now executed a formal agreement with leading underground mining group KOPEX* to undertake a Final Feasibility Study on the TCM Coal Project in South Kalimantan, Indonesia (“TCM Project or the Project”).

This follows the recently completed Independent Study which indicated the project’s viability targeting 1.5 million saleable tonnes of high CV coal per annum over a 15 year period (following initial construction).

PZC has also recently appointed Palaris Mining Pty Ltd (“Palaris”) as its independent adviser to the Final Feasibility Study. Palaris has extensive experience in consulting on underground mining projects.

The current resource for the TCM Project concession area is 52.20Mt comprising 22.04 Mt of indicated Coal Resources and 30.16Mt of Inferred Coal Resources. The average coal quality is 6,534 kcal/kg (adb), moisture 5.65% Ash 14.24%, and TS 1.16 %.

The Final Feasibility Study is scheduled to be completed by end of the first quarter of 2012 and will represent a major step forward for the Company.

Pan Asia CEO Alan Hopkins said “We have now launched into the Final Feasibility Study stage of this project & its outcome should prove to be one of the catalysts that significantly re-rate the Company. Additional drilling & testwork has already started and we look forward to the resource updates to come.”



Pan Asia CEO Alan Hopkins & Kopex Asia Managing Director Maciej Sciazko in Jakarta

KOPEX Independent Study

In June 2011, PZC announced that KOPEX had completed an Independent Study on the TCM Project in South Kalimantan with a recommendation that the project be advanced to -Final Feasibility Stage.

The Independent Study indicated that:

1.5 million Saleable tonnes per annum over a 15 year period (following initial construction), is considered achievable (see Mine Design Parameters**).

Based on the levels of detail in that Study, the target underground area at the TCM Project presents a viable and economic opportunity.

Additional underground mineralisation may exist in the North area. Current resources for the TCM concession area, dated 31 January 2011 are stated as 52.2Mt, comprising 22.04Mt of Indicated Coal Resources and 30.16Mt of Inferred Coal Resources.

Kopex considered a number of mining methods that could be employed and concluded that Retreat Longwall Mining would be the preferred method due to potentially higher extraction rates and controlled caving methods to best attain the saleable tonnes established for the Project.

With respect to potential Longwall extraction rates, mine designs are expected to be conservative. Increased Longwall dimensions would increase reserves, overall productivity, & project economics.

The access to the seams has been assumed to be by inclined drifts from the surface. KOPEX recommended that the option of access from an opencut highwall should be pursued as part of the future studies.

Initial indications from the geotechnical assessment are that the ground conditions will be better than those encountered at the Indominco underground mine in East Kalimantan. This is an important and positive factor to the Project as there were no major geotechnical issues encountered at the Indominco mine. Based on the potential benefits as described, KOPEX recommended that the TCM project be advanced to Final Feasibility Stage.

The Company and KOPEX reiterate that there remains some geological risk that applies to the whole mining activity and results from the limited information from the drilling carried out to date. Additional drilling and geophysical investigation is required to increase the level of confidence of resources, improve the understanding of the magnitude and intensity of faults, frequency and

location of possible seams & parting thickness variation and changes in seam gradients, which would impact on the mine design. Given the limited rock data, further test work to ascertain a full suite of rock characteristics for the coal and immediate roof strata at various locations is being undertaken in the next phase of work as well as all gas testing.

**Mine Design Parameters used by KOPEX in targeting its scale of operations

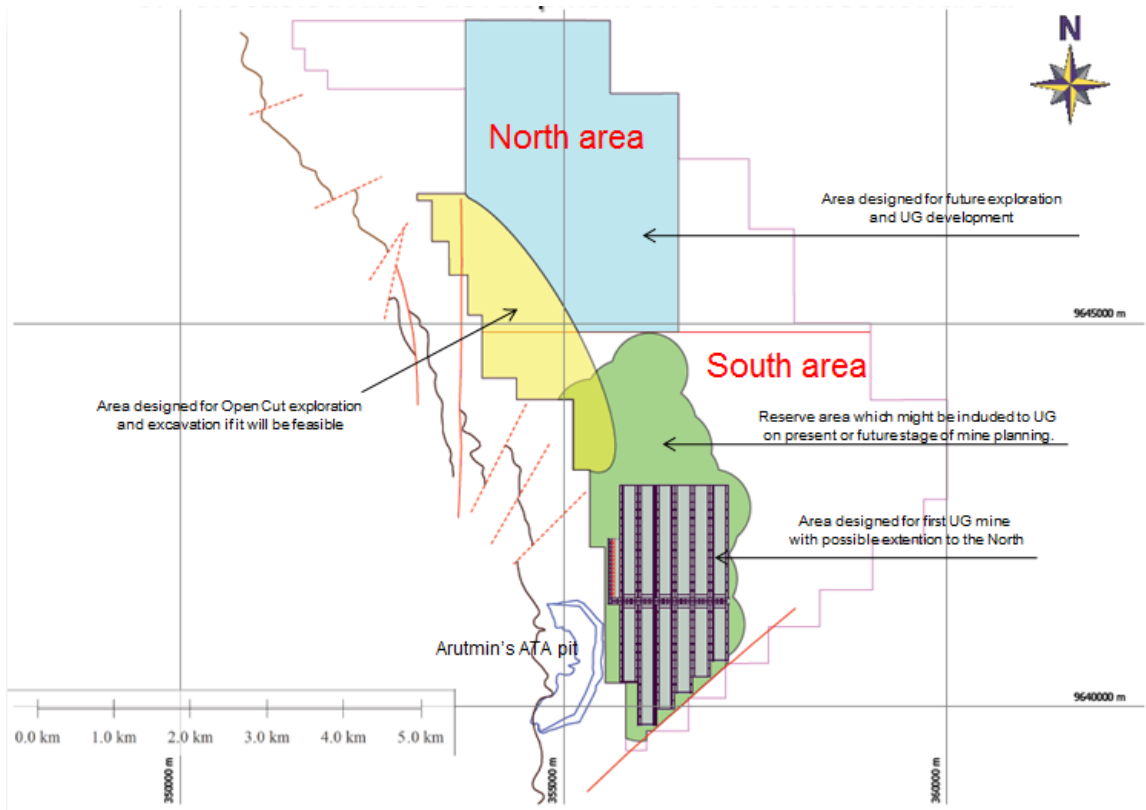
Significant research and review of mining methods suitable to the conditions at the TCM Project has been undertaken. Parameters affecting estimation have been adopted as follows:

- Minimum mining height of 1.9 m for longwall and 2.5 m for development to be maintained at all times.
- Maximum acceptable out of seam dilution of 0.0m may be taken to maintain minimum mining height.
- Coal roof thickness of 0.4m will be maintained preferentially above the mining section where possible.
- Coal floor thickness of 0.3m, will be maintained below the mining section where possible.
- A maximum minable parting thickness of up to 1.2m may be taken.
- Maximum mining height is limited to 4.5m for longwall and 3.3m for development.
- Longwall productivity assumptions include a face length of 160m and Average Thickness (coal & parting) of 4.33m.

Final Feasibility Study

The scope of works for the Final Feasibility Study is comprehensive and includes all aspects normally addressed in a Final Feasibility Study.

Key front end items include the additional drilling programme currently underway to improve confidence in all aspects of the geological information and to also assess the opportunity for an open pit operation in the central west part of the concession. This drilling will also provide a preliminary determination of the status of the North Area underground resources as a potential second underground operation.



TCM Project Adjacent to PT Arutmin ATA Coal Mine

***Competent Persons' Statement**

The information in this release that relates to the Coal Resources of PT. Transcoal Minergy ("TCM") is based on information compiled and reviewed by Mr. Marek Rosa, who is a Member of the Australasian Institute of Mining and Metallurgy (The AusIMM) and works full time for PT Kopex Mining Contractors based in Jakarta, Indonesia (Member of Kopex Group Poland).

Mr Rosa is a qualified geologist who has more than 20 years of relevant mining and geological experience in coal, working for major mining companies in Poland (17 years) and in Indonesia (4 years) as a consultant. He has National Polish geological license No II-1140 for research, exploration, resource and reserve estimation of deposits of basic minerals and coalbed gas methane. During this time he has either managed or contributed significantly to numerous mining studies related to the estimation, assessment, evaluation and economic extraction of coal in Poland and Indonesia. He has sufficient experience which is relevant to the style and type of deposit under consideration especially for Underground Mining and to the activity he is undertaking to qualify him as a Competent Person for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

The estimates of Coal Resources have been carried out in accordance with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (December,2004) and Mr Rosa consents to the inclusion in this release of the Mineral Resources in the form and content in which it appears.

About Pan Asia

Pan Asia Corporation Limited is a rapidly growing resource company listed on the Australian Securities Exchange (ASX: PZC) with offices in Perth, Sydney, and Jakarta.

The Company aims to be a major supplier of key resources into the expanding Asian markets and has a balanced mix of thermal coal assets in Indonesia including:

- 1) A Flagship Pre Development project that has a JORC resource in South Kalimantan (TCM)
- 2) A Flagship Exploration project that has large tonnage potential (BCKP)
- 3) Cashflow from production via its financing and offtake arrangements of projects in East Kalimantan with Ranrich
- 4) A Pipeline of other project opportunities covering each of the above categories.

The evaluation and development of the current projects, in addition to the many new opportunities arising from a strong local partner network, will be the foundation for the Company's aim to become a significant supplier of key resources to the growing Asian markets over the coming years.

Pan Asia brings together an experienced Board and management team with a proven track record in the identification, funding and development of resources projects around the world.

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