

31 July 2012

JUNE 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

Flagship High CV Thermal Coal Project (TCM)

- **Positive Feasibility Study completed on TCM South Project (128.8Mt JORC, 6200 GAR CV)**
 - KOPEX confirm TCM Project technically & financially feasible
 - Targeted Sellable Coal of ~ 1.5million TPA over 15 years achievable
 - Average Operating Costs ~ USD 52/t
 - Significant potential to increase mine life at this high CV (6200 GAR) coal project
- **Drilling undertaken in TCM north targeting 200mt – 220 mt total TCM Project resource**
- **Clean & Clear Title Status obtained for TCM**
- **PMA Status Achieved for TCM**

CEO Alan Hopkins said: “A really productive quarter for us, with the project progressing well (positive Feasibility Study for TCM South plus good drilling results in North), the title being confirmed as clear of any competing title claims (Clean & Clear) and foreign ownership confirmed (PMA status)”.

Operations – TCM PROJECT- South Kalimantan, Indonesia (75% interest)

In May, Pan Asia Corporation Limited (“Pan Asia” or “the Company”) received the Feasibility Study for the TCM Project, prepared by Kopex advising that the TCM Project was technically & financially feasible. The original targeted sellable coal of 1.5Mtpa over a 15 year period (22.5 Mt) was also considered achievable, however the base case Feasibility Study mine plan / NPV was currently based on ~ 18 Mt of sellable thermal coal. Recently completed infill drilling on the immediately adjacent northern area will help refine the mine plan and is expected to increase sellable tonnages to the original target. The wider spaced drilling undertaken in the North could also significantly extend the current mine life.

The Company is continuing to add to the base case Feasibility Study and peer review of the study is continuing.

Drilling in TCM North

While KOPEX were undertaking the Feasibility Study on TCM South, the Company undertook a wide spaced drilling programme in the northern half of the concession.

The target here was to increase the resource from the existing 128mt in the South to a total 200mt – 220 mt for the total TCM concession area.

This drilling programme has now been completed, with coal being intersected in all holes where targeted. The coal quality analysis and the potential target increase tonnages for this drill program is expected in the coming month.

In all, 9 holes were completed with all holes drilled intersecting target seams. All holes were surveyed, geophysically logged and cored through the target seams to obtain coal quality data, with the quality results of the last 2 holes yet to be determined at the time of this quarterly. Geological interpretation of the intersected coal in the final 2 holes conforms to the known coal formation and coal quality is expected to be in line with all quality data obtained to date.

Table 1 below shows the seam depth and thickness correlated from drill logs and geophysical logging for all of Phase 4 drilling (TCM055 – TCM063).

Hole ID	Seam ID	From	To	Thickness	Mining Height
TCM_055	S5 (SU)	356.80	358.15	1.35	4.00
	parting			0.15	
	S6 (SM)	358.30	360.80	2.50	
TCM_056	S5 (SU)	548.30	549.80	1.50	3.70
	parting			0.20	
	S6 (SM)	550.00	552.00	2.00	
TCM_057	S5 (SU)	364.25	366.30	2.05	4.15
	parting			0.40	
	S6 (SM)	366.70	368.40	1.70	
TCM_058	S5 (SU)	452.60	454.90	2.30	4.60
	parting			0.30	
	S6 (SM)	455.20	457.20	2.00	
TCM_059	S5 (SU)	418.90	420.90	2.00	4.30
	parting			0.50	
	S6 (SM)	421.40	423.20	1.80	
TCM_060	S5 (SU)	483.35	485.10	1.75	4.10
	parting			0.30	
	S6 (SM)	485.40	487.45	2.05	
TCM_061	S5 (SU)	451.65	453.75	2.10	4.75
	parting			0.35	
	S6 (SM)	454.10	456.40	2.30	
TCM_062	S5 (SU)	188.20	190.90	2.70	5.50
	parting			0.55	
	S6 (SM)	191.45	193.70	2.25	
TCM_063	S5 (SU)	127.60	129.20	1.60	4.30
	parting			0.50	
	S6 (SM)	129.70	131.90	2.20	

Table 2 below shows coal quality analysis results for TCM055 – TCM061

Customer Sample ID	Total Moisture %	Ash %	Volatile Matter %	Fixed Carbon %	Total Sulphur %	Calorific Value cal/g	Calorific Value cal/g	Hardgrove Grindability Index
	ar	adb	adb	adb	adb	adb	ar	Index Point
TCM-55 SUFSMR (C)	5.43	35.69	32.48	28.27	1.23	4550	4462	-
TCM-56 SU T.M.B	4.93	18.07	40.89	37.79	3.30	6272	6163	-
TCM-56 SUF SMR (C)	3.31	86.17	12.36	0.63	0.43	118	117	-
TCM-56 SM T.M	4.38	12.96	42.85	41.04	1.65	6760	6674	-
TCM-57 SU M, SU B	4.41	9.28	43.03	43.93	2.02	6999	6952	44
TCM-57 SUF SMR (C)	3.93	48.29	29.08	19.93	0.31	3451	3408	-
TCM-57 SM T, M, B	3.91	15.39	42.17	39.33	0.38	6450	6396	44
TCM - 58 SU	5.10	12.82	43.04	40.67	0.97	6759	6645	-
TCM - 58 SM	4.35	13.14	42.59	40.96	0.54	6688	6616	44
TCM - 59 SU	4.91	15.05	41.86	39.73	2.58	6538	6433	43
TCM - 59 SU	4.69	12.04	42.66	41.75	0.30	6807	6727	42
TCM – 60 SU	5.38	9.35	42.30	44.49	1.25	6952	6842	45
TCM – 60 SUF SMR	4.28	52.40	28.31	16.94	0.13	3088	3027	-
TCM – 60 SM	4.36	11.67	41.88	43.19	0.25	6791	6714	44
TCM – 61 SU	4.39	11.50	41.49	43.51	1.71	6769	6707	48
TCM – 61 SUF SMR	4.35	46.93	31.34	19.58	0.31	3381	3305	-
TCM – 61 SM	3.56	13.54	42.44	41.21	0.34	6682	6631	47

Diagram 1 on the following page shows areas drilled at the TCM project, broken down as follows:

1. Existing JORC resource (dark pink and green)
2. Targeted increase tonnes (darker green, red & dark grey) for inclusion in TCM South Feasibility Study mine plan
3. Targeted increase (light pink) in previously untested TCM north area.

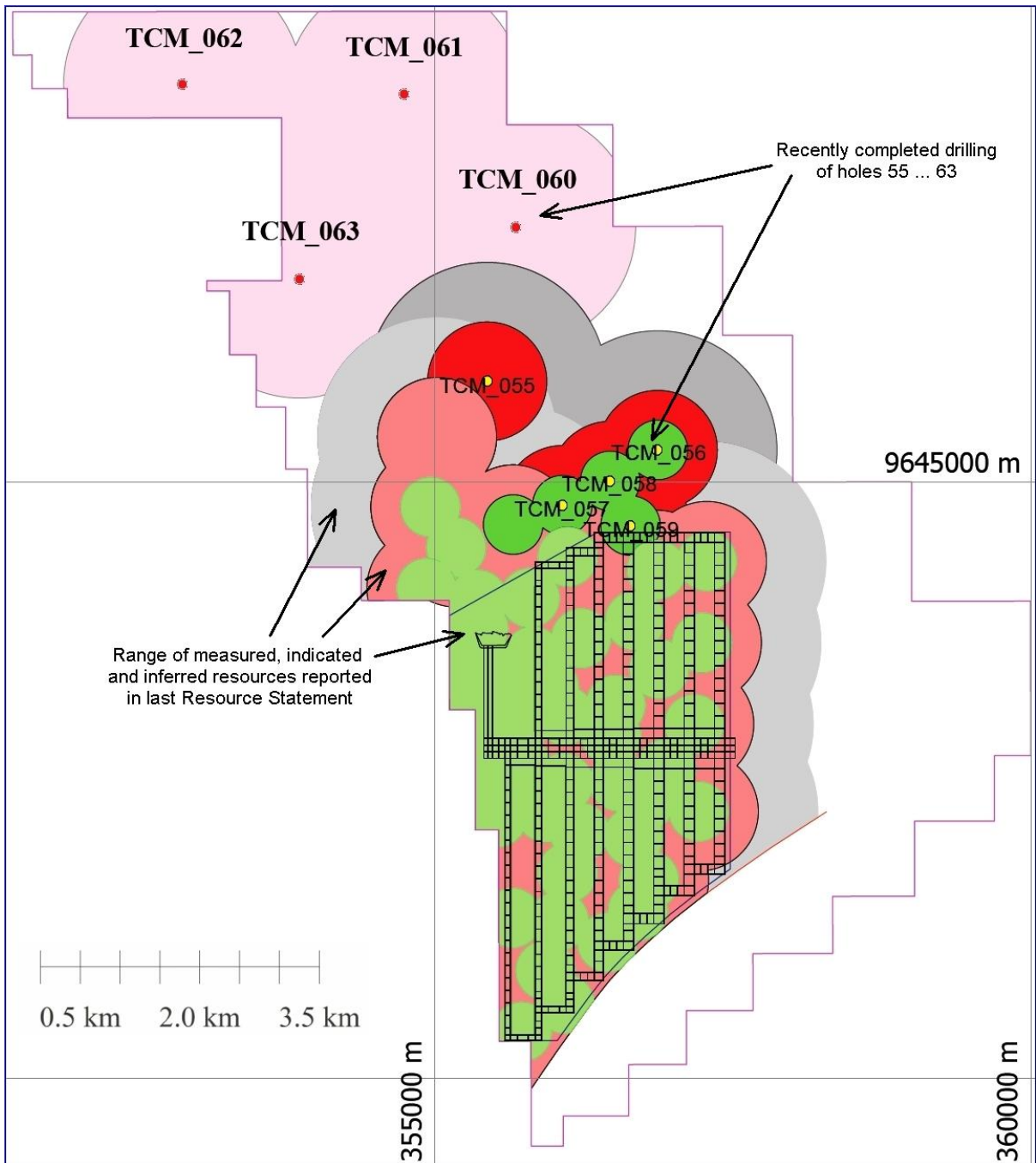


Diagram showing areas drilled at TCM Project

Clean & Clear Status Received

During the quarter, the Company received confirmation of “Clean and Clear” status for its TCM Project from the Ministry of Energy and Mineral Resources (MoEMR) in Indonesia, by way of official release dated 9th May 2012.

This designation of “Clean and Clear” confirms that the TCM title has been scrutinised by MoEMR who have determined that the concession does not overlap with any other concessions. This is important in Indonesia due to the decentralised process of issuing mining titles (IUP’s).

The confirmation of the Clean & Clear Status confirms clean title for the TCM project.

PMA Approval Received

Following the end of the quarter, the Company was notified that TCM had been provided official foreign owned company status from the Capital Investment Coordinating Board (“BKPM”) in Indonesia by way of conversion to a PMA company (known locally in Indonesia as “Penanaman Modal Asing” or PMA). This PMA approval is an extremely important milestone that legalises the Indonesian incorporated TCM as an official foreign owned entity which will facilitate the planned incoming substantial foreign investment for the development of the project.

It significantly de risks the holding of the title as it is acknowledged to have passed to International hands from local Indonesian ownership.

Corporate - Ranrich

In the previous quarter, the Company advised it had restructured its arrangements with Ranrich where Pan Asia was repaid USD 4.5m cash on an outstanding loan previously made to Ranrich. On restructuring the arrangements, Pan Asia is now entitled to receive a royalty on the BCKP project of up to USD 15m. Pan Asia is working closely with Ranrich to deliver out the remaining ~170,000 tonnes of coal to Noble that will complete the current contract. On repayment by Ranrich, the Company retired an outstanding loan from Noble of USD ~2m.

Resignation of Director

On 25 June, the company accepted the resignation of Honardy Boentario as a director.

Mr Boentario tendered his resignation given the Company’s finalisation with its arrangements with Ranrich Resources.

Corporate- Pan Asia

Corporate

- 8,771,930 unlisted options exercisable at \$0.90 on or before 28 May 2012 expired and lapsed, as none of these options were exercised.
- Issued to RM Research 250,000 fully paid shares. The mandate has now expired.

Other

- CEO Alan Hopkins presented at the “New Demands for Energy” Investorium in Sydney in June sponsored by ABN Newswire;
- Held many discussions with potential offtake / development partners for the TCM project.

About Pan Asia

Pan Asia Corporation Limited is a rapidly growing diversified resources company primary listed on the Australian Securities Exchange (ASX: PZC) and secondary listed on the Frankfurt Stock Exchange and with offices in Perth and Sydney, Australia and Jakarta, Indonesia.

The Company aims to be a major supplier of key resources into the expanding Asian markets. A strong local partner network will be the foundation for the Company's aim to become a significant resource company in Asia over the coming years. An extensive international financial network provides support for the Company's rapid growth plans.

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

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.



MAREK ROSA M.Sc. (Geology), MAusIMM

Forward Looking Statements

Statements regarding plans with respect to the Company's exploration properties are forward looking Statement. There can be no assurance that the Company's plans for development of its properties will proceed as currently expected. There can also be no assurance that the Company will be able to confirm the presence of additional deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on the Company's exploration property. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The Company does not assume the obligation to update any forward looking statement.

The Company has stated that it has an exploration target of 200 to 220 million tonnes of 6500 – 6800 CV (adb) (refer page 4 for coal quality summary)) coal for the TCM project (including the current JORC resource for the TCM coal project of 128.8Mt). The basis for this target is that the current JORC Resource of 128.8Mt has been based on drilling only part of the concession. The potential quantity & quality target is however currently conceptual in nature with insufficient exploration undertaken to define a mineral resource and it is uncertain if further exploration will result in a mineral resource.

JORC Resources Statement at 15 April 2012

Measured Resources (current statement 15 April 2012)

The Measured Resources are summarised below and are reported in accordance with the requirements of the JORC Code (2004).

Seam	Area	Thickness	Tonnes
	[m ²]	[m]	[T]
S1	0.00	0.23	0.000
S2	3,541,657	0.25	1,186,455
S3U	6,560,991	0.28	2,608,650
S3L	5,623,324	0.21	1,676,875
S4 (SR)	5,575,455	0.97	7,409,222
S5 (SU)	6,547,568	2.00	17,940,336
S6 (SM)	6,639,986	1.62	14,736,785
S6L (SL-1)	5,340,734	0.57	4,109,695
S7 (SL-2)	1,174,358	0.38	602,446
Total		6.51	50,270,464

Indicated Resources (current statement 15 April 2012)

The Indicated Resources are summarised below and are reported in accordance with the requirements of the JORC Code (2004).

Seam	Area	Thickness	Tonnes
	[m ²]	[m]	[T]
S1	4,564,120	0.23	1,406,662
S2	6,673,600	0.25	2,235,656
S3U	4,010,430	0.28	1,594,547
S3L	4,190,691	0.21	1,249,664
S4 (SR)	4,813,395	0.97	6,396,521
S5 (SU)	4,220,021	2.00	11,562,857
S6 (SM)	4,127,603	1.62	9,160,802
S6L (SL-1)	4,419,789	0.57	3,401,028
S7 (SL-2)	2,144,795	0.38	1,100,280
Total		6.51	38,108,017

Inferred Resources (current statement 15 April 2012)

The Inferred Resources are summarised below and are reported in accordance with the requirements of the JORC Code (2004).

Seam	Area	Thickness	Tonnes
	[m ²]	[m]	[T]
S1	5,779,964	0.23	1,781,385
S2	4,622,180	0.25	1,548,430
S3U	4,370,221	0.28	1,737,600
S3L	3,963,228	0.21	1,181,835
S4 (SR)	4,643,488	0.97	6,170,731
S5 (SU)	4,468,422	2.00	12,243,476
S6 (SM)	4,468,422	1.62	9,917,216
S6L (SL-1)	4,061,063	0.57	3,124,988
S7 (SL-2)	5,323,462	0.38	2,730,936
Total		6.51	40,436,597

Coal Quality Resource Summary

One hundred and forty three (143) samples were analysed to confirm the coal quality data. Average coal quality results for the deposit are as follows:

Seam ID	TM	IM	Ash	VM	FC	TS	CV (ar)	CV (adb)	CV (daf)	RD
	(% ar)	(% adb)	(% adb)	(% adb)	(% adb)	(% adb)	(Kcal/kg)	(Kcal/kg)	(Kcal/kg)	g/Cc
S3U	3.81	3.25	22.76	41.31	32.68	0.67	-	5,929	8,013	-
S3L	5.07	2.92	19.01	40.81	37.26	0.41	-	6,173	7,907	1.42
S4 (SR)	5.78	3.99	11.96	42.14	41.91	2.32	6,912	6,714	7,954	1.37
S5 (SU)	5.82	3.84	13.00	41.99	40.25	1.70	6,583	6,638	7,946	1.37
S6 (SM)	6.37	3.80	13.06	41.94	40.42	0.36	6,339	6,638	7,971	1.37
S6L(SL1)	5.28	3.54	12.66	42.89	40.92	0.41	6,713	6,717	8,000	1.35
S7 (SL2)	5.16	4.14	15.00	42.11	38.75	0.48	-	6,439	7,963	-
Average Value	5.93	3.79	12.96	42.09	40.58	1.13	6,550	6,649	7,962	1.37

PARAMETERS USED IN JORC STATEMENT 15 APRIL 2012

1. Completed 55 boreholes (typically >200m depth);
2. All finished boreholes were drilled vertically and geophysically logged at the completion of the each borehole;
3. A number of boreholes have been 'touch' cored for coal quality analysis;
4. All borehole locations have been surveyed;
5. Profiles, logs of boreholes, seams correlation and collar co-ordinates completed;
6. Laboratory testing: quality, geotech, gas methane completed;
7. All data was put into an electronic database;
8. Minimum thickness of 0.20m coal is reported in the model;
9. Maximum thickness of parting included in seam thickness is 0.10m;
10. Minimum thickness of 1.00m is established for resources dedicated for potentially underground exploitation.

Based on the level of complexity of the TCM deposit, KMC sub-divided resources into categories based on the following drill spacing:

- Measured <500m
- Indicated 500 - 1000m
- Inferred 1,000 - 2,000m

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