

31 October 2012

SEPTEMBER 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS:

Flagship High CV Thermal Coal Project (TCM)

- **Drilling completed in TCM north – all holes hit coal**
- **Project JORC update due imminently**
- **Key MOA's executed with leading China Mine Design and Mining Contractors.**
- **Peer review targets much higher recoveries and lower CAPEX in optimized study**
- **Dry Season Baseline Environmental Sampling Completed**

CEO Alan Hopkins said “The powerful combination of more tonnes, higher recoveries and lower capex promises to deliver a substantial re-rating for this project, even with current lower coal prices.”

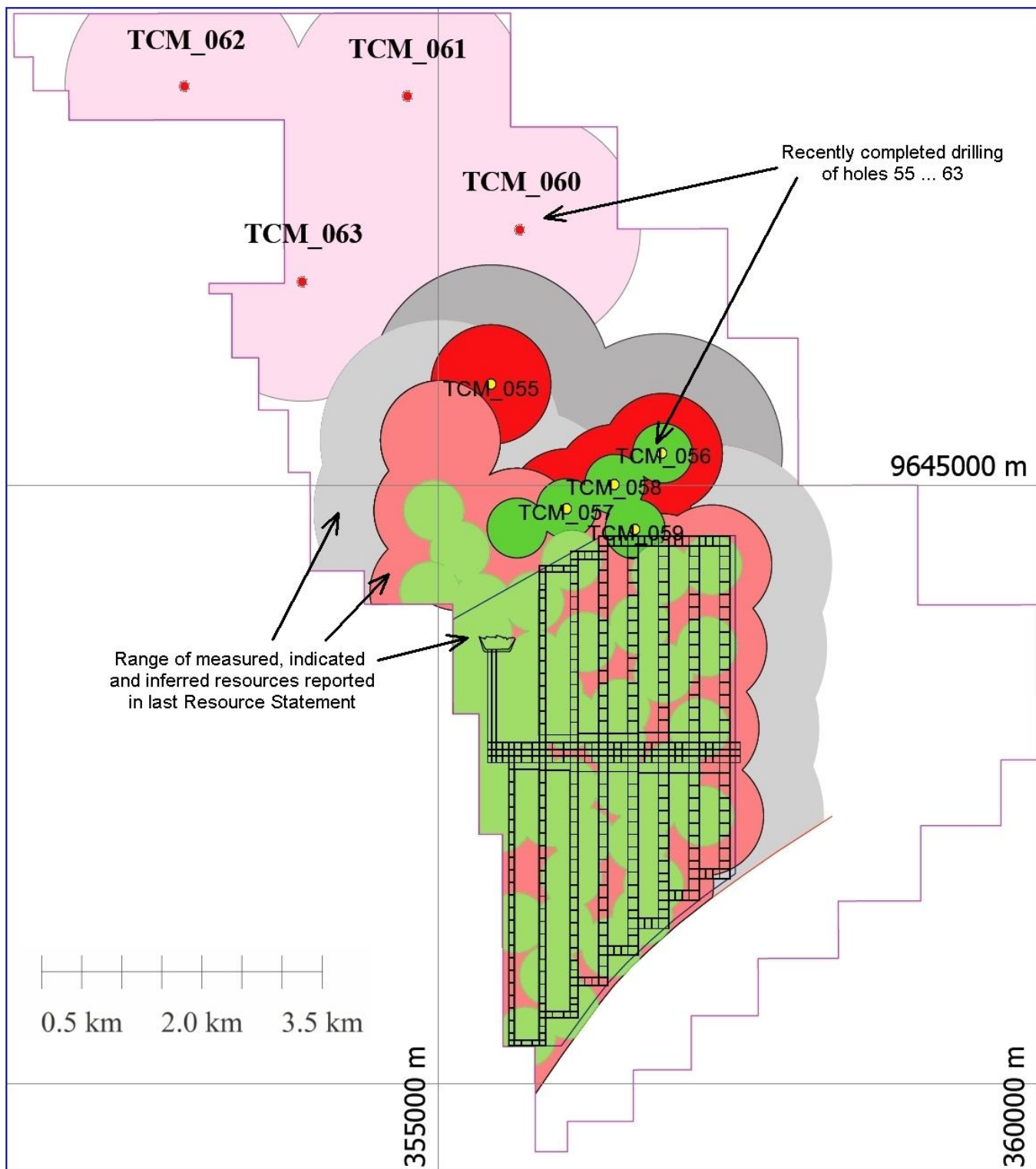
Operations – TCM PROJECT- South Kalimantan, Indonesia (75% interest)

Completion of Phase 4 Drilling at TCM

During the quarter, the Company completed its Phase 4 drilling programme at TCM north with all holes drilled intersecting coal. All holes were surveyed, geophysically logged and cored through the target seams to obtain coal quality data. All analysis has been received and is currently being processed in the resource model.

A comprehensive updated project JORC Resource Statement is due imminently.

Recent Drilling at TCM North



Key MOA's executed with leading China mine design groups.

The Company provided the TCM project base case feasibility study and raw data to China's leading coal mining design and engineering Institute (BHEC – CCTEG) for peer review. They advised that with their extensive experience in ground conditions similar to those at TCM, a different mining approach should result in coal recoveries significantly higher than those forecast in the current base case study scenario.

These higher recoveries, along with signalled significant savings on capex, combined with the expected additional resource tonnage from recent drilling at TCM north, prompted the Company to initiate an optimised Feasibility Study.

As a result, the Company executed MoA's in the September quarter with three Chinese groups, namely:

- CCTEG China Coal Technology Engineering Group ("BHEC – CCTEG") to update the mine plan targeting significantly higher recoveries;
- Huamei Group Company Ltd ("Huamei") for the undertaking of development and contract mining operations; and
- Zhongding International Engineering Group ("ZIEC") for participating in the development and undertaking of contract mining operations

The Company plans to execute a detailed feasibility study update with BHEC - CCTEG once the scope of works and all commercial terms are finalised. This study should take ~ 4 months to then complete. Internal financial modelling of the expected outcome projects very significantly enhanced project values even at current coal prices.

MOA with BHEC - CCTEG

BHEC (Beijing Huayu Engineering Co Ltd) – CCTEG (China Coal Technology Group) is a large and important consulting agency for the central Government of the Republic of China in the coal industry. It was responsible for preparing the State Plan for Coal Industry Development as well as the Codes and Standards for Designing in the State Coal Industry. It has more than 950 engineers and technicians and leads in coal mine design, coal preparation plants and power plants fuelled by rejects as well as construction on an EPC basis.

China is by far the largest coal mining nation with a large proportion of its coal mined via advanced underground methods. A substantial percentage of its mines are in softer ground conditions similar to those that prevail at the TCM project. Subject to settling normal commercial terms, BHEC – CCTEG will undertake to prepare an optimized detailed mine design and feasibility study. It is expected that once the detailed study agreement is executed, it will be completed within 3 to 4 months.

MOA with Huamei

Huamei carries out large-scale construction projects throughout China and overseas. This is mainly for underground coal mine development including tunneling capacity of 200,000 metres per year.

They currently contract mine more than ten underground coal projects owned by the State in China ranging in size from 1 Mtpa to 10 Mtpa. Group construction work is approaching USD 1 billion per year.

Huamei is undertaking development work (3 inclined drifts completed to date) on the privately owned Merge Continental Mining underground coal project located ~ 50 kilometres west of the TCM Project. This project is in the same coal formation (Tanjung Formation) as the TCM project and our staff have visited the site and inspected operations there.

Their local operating experience should prove valuable in both the development planning stage and execution of the TCM project.



Above: Main Entry and Coal Conveyor



Above: Main Entry with Shotcrete Lining

MOA with ZIEC

ZIEC has extensive experience in underground coal mining operations having undertaken mine construction for more than 40 provincial or central Government managed mines in China. They have been operating internationally for over 20 years and have offices established in 8 countries including Indonesia. They also have very extensive civil & other engineering capability.

They have undertaken development work and mining operations in an underground coal mine in Bengkulu West Sumatra since 2006 and as such bring relevant operating experience in Indonesia that complements the Huamei group.

Completion of Dry Season Baseline Environmental Sampling

The sampling has been conducted by and under the direct supervision of PT Hatfield Consultants who were commissioned by the Company to revise and update the existing TCM AMDAL (Indonesian Environmental Impact Assessment), expected to be completed by March 2013. This environmental survey is being completed to a standard that meets the Equator principles and International Finance Corporation Standards and forms a part of the Company's ongoing commitments for inclusion in the revised AMDAL. Samples were collected over a wide area (as can be seen in the following map) for ambient air, noise, river water, ground water, aquatic biota, fish and soil. Flora, fauna observations and transportation surveys were completed. Socio-economic, cultural and public health surveys were conducted on the Rejosari, Mantewe and Sakadamai Villages, these three villages are situated outside of the concession area. The following photos below show the detailed sampling undertaken.

Ambient Air quality Sampling



Ambient air sampling at Mantewe Village during the day



Ambient air sampling at Mantewe Village at night



CO Measurements

Ground Water Surveys



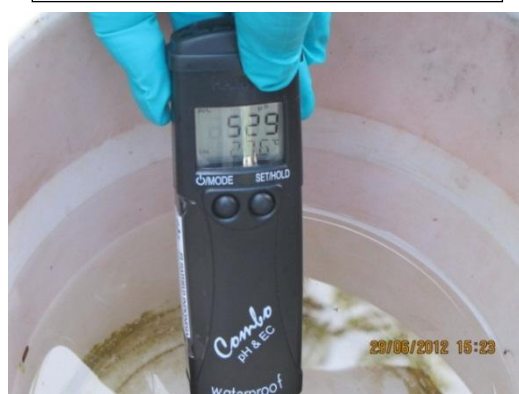
Well water sampling at Sukadami Village



Well water sampling



Well water sampling at Rojosari Village



In situ measurements of pH, EC and temperature



Samples being bottled to be sent to the laboratory

Aquatic Biota Survey



Microinvertebrate sampling using Suber-net at Ata River



Fish net used for sample collection



Microinvertebrate sampling using Suber-net at Tuyan River



Plankton Sampling

Flora and Fauna Survey



Greater Coucal (*Centropus sinensis*)



Hooded Pitta (*Pitta sordid*)



Water Monitor Lizard (*Varanus salvator*)



Soil Surveys



Socio Economic and Public Health Survey



Interview with local people at Mantewe Village



Interview for public health with local people at Mantewe Village



Interview for public health with local people at Rejosari Village

Transportation Survey



Measurement of road width



Measurement of frontage road on Rejosari Village



Traffic Counting



Cash position

While the Company's current cash position is low, the Board is working on several funding opportunities to see the Company through this next phase leading up to project development.

Ranrich

The Company has now reached an agreement with Ranrich Limited ("Ranrich") for Ranrich to pay four monthly payments of ~ US \$120,000 per payment over 4 months beginning November 2012. These payments relate to two missed coal shipments that Ranrich agreed to deliver to Noble Resources prior to 30 June 2012 that did not eventuate.

About Pan Asia

Pan Asia Corporation is moving to become a significant long term supplier of key energy resources into the expanding Asian markets. With offices in Jakarta (GKBI), Perth and Sydney, our flagship project ("TCM") is a high CV thermal coal project in South Kalimantan.

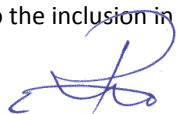
Pan Asia seeks to build significant projects; de-risking them ready for development partnership / offtake agreements with quality, life of mine partners.

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 (% ar)	IM (% adb)	Ash (% adb)	VM (% adb)	FC (% adb)	TS (% adb)	CV (ar) (Kcal/kg)	CV (adb) (Kcal/kg)	CV (daf) (Kcal/kg)	RD 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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