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SIGNIFICANTLY IMPROVED PACKAGE OF COAL ASSETS IN INDONESIA

- **Project portfolio has been significantly upgraded and improved following ongoing legal due diligence and negotiations.**
- **New heads of agreement has been signed with Innovation West Pty Ltd (“IW”) to cover the improved project portfolio.**
- **Legal due diligence progressing to plan with results received on the significant assets within the improved project portfolio.**

SUMMARY OF IMPROVED PORTFOLIO:

Production – Thermal Coal, East Kalimantan

- ★ *Nadvara (“NAD”) – profit share*
 - Current production of 1.5 Mt per annum.
 - Gross Calorific Value of 5,300 - 5,500 kcal / kg (adb).
 - Excellent location, with haulage road, stockyard and loading jetty.
 - JORC reserve and resource of 25.5 Mt with additional potential.

Development – Thermal Coal, East Kalimantan

- ★ *Perdama Maju Utama (“PMU”) – profit share*
 - Target production of 1.2 Mt per annum, expected to commence in late 2010.
 - Gross Calorific Value of 5,500 - 5,800 kcal / kg (adb).
 - 36 holes drilled.
 - Initial Exploration Target of 30-40 Mt.

Development – Thermal Coal, South Kalimantan

- ★ *Transcoal Minergy (“TCM”) – 75% interest*
 - Target production of 1 Mt per annum from open pit in 2011.
 - Target production of 1.5 Mt per annum from underground in 2012.
 - Gross Calorific Value of 6,300 – 7,100+ kcal / kg (adb).
 - Initial exploration target of 20-30Mt, with maiden JORC resource imminent.

High Priority Exploration – Thermal Coal, East Kalimantan

- ★ *BCKP and Surya Ibrahim ("BCKP & SIM") – 50% interest*
 - 19,790 Ha with coal outcrops up to 15 m thick.
 - Gross Calorific Value of 6,300-6,800 kcal / kg (adb).
 - 27 holes drilled - exploration target of 50-70 Mt.
- ★ *Samudera Hindia Jaya and Ratu Ayu ("SHJ & RA") – 50% interest*
 - 6,508 Ha adjacent to large tonnage concessions.
 - Gross Calorific Value of 5,400-5,600 kcal / kg (adb).
 - Exploration target of 20-30 Mt.
- ★ *Nusantara Minera Pratama ("NMP") – 90% interest*
 - 3,177 Ha with coal outcrop identified over 6 km of strike length.
 - Gross Calorific Value of 5,300-5,600 kcal / kg (adb).
 - Exploration target of 20-30 Mt.

Project Pipeline

- ★ The upgraded asset portfolio includes projects held by respected Indonesian mining professional Mr Honardy Boentario. Under the agreement with Mr Boentario, IW also has the right to obtain a 50% interest in two other additional significant coal projects and a pre-emptive right over a third significant coal project.

Marketing Rights

- ★ Off-take rights for production from NAD, PMU, BCKP & SIM and SHJ & RA.

The Company has been carrying out a thorough legal due diligence of the assets with the assistance of the respected Indonesian law firm, Christian Teo & Associates. Based on the preliminary results of this process and active negotiation with the Indonesian parties, the Company has reconfirmed its intention to acquire IW with the signing of an updated Binding Heads of Agreement (the "Agreement"). This Agreement covers an upgraded package of assets which the due diligence process indicates is significantly improved relative to previous packages considered, offering more robust ownership title over highly prospective assets. At the same time, the consideration payable for the acquisition of IW continues to be 630,000,000 fully paid ordinary shares and 25,000,000 performance shares under the terms set out in the announcement made to shareholders on 19 January 2010.

The following are the preliminary details of the upgraded project portfolio to be acquired. Some of these details have been provided by the parties controlling these projects and therefore may be subject to change in the course of the completion of trailing legal and technical due diligence.

PROJECT DETAILS:

Nadvara Thermal Coal Project (“NAD”), East Kalimantan: Production

The NAD project is located near the mouth of the Mahakam River, near Samarinda in East Kalimantan. The concession covers 657 Ha, with two open pits currently producing at the rate of 1.5 Mt of thermal coal per annum from seams up to 15-20 m thick. Gross Calorific Value of coal produced at NAD is typically 5,300 - 5,500 kcal / kg (adb).

The immediate production areas have a previously reported JORC Proven and Probable reserve of 5.9 Mt, with an additional JORC Measured and Indicated resource of 19.6 Mt still to be developed (total reserve and resource of 25.5 Mt, see Table 1 below). Based on this, mine life is currently estimated to be in excess of 8 years. Additional drilling and mining studies are planned in the existing mining areas to determine if extra tonnage and mine life can be added and/or if further mine optimisation is required.

All transport infrastructure is in place and fully operational, including a 7 km haul road to a stockyard containing three mobile crushing units. The stockyard is immediately adjacent to a conveyor which loads 8,000 tonne barges. The loading capacity of existing infrastructure is 2.4 Mt per annum. The project enjoys an excellent location bordering the delta near the mouth of the Mahakam River resulting in a very short barge sailing time.

Resources									
Measured (tonnes)	Indicated (tonnes)	Total (tonnes)	TM (%ar)	IM (%arb)	Ash (%adb)	VM (%adb)	FC (%adb)	TS (%adb)	GCV (kcal/kg)
12.47	7.16	19.63	26.84	17.3	3.4	40.0	39.3	0.24	5332

Reserves									
Proven (tonnes)	Probable (tonnes)	Total (tonnes)	TM (%ar)	IM (%arb)	Ash (%adb)	VM (%adb)	FC (%adb)	TS (%adb)	GCV (kcal/kg)
3.12	2.72	5.84	25.95	17.2	3.66	40.13	39.01	0.24	5331

Table 1 – JORC reserves and resources for Nadvara.



Figure 1 – Current coal mining operations at NAD.



Figure 2 – Current haul road infrastructure at NAD.



Figure 3 – Current conveyor loading operations for NAD.

Perdama Maju Utama Thermal Coal Project (“PMU”), East Kalimantan: Development

The PMU project is located in East Kalimantan, approximately 30 km to the south of NAD. The 4,700 Ha concession hosts the coal-bearing Balikpapan and Kampung Baru Formations, which have been the focus of 36 drill holes to date. Coal seams are near the surface and flat-lying, averaging ~1.4 m thick, however they can be up to 3.5m in thickness. Gross Calorific Value of coal at PMU is reported in the range 5,500 - 5,800 kcal / kg (adb). The initial Exploration Target is 30-40 Mt. Based on this, mine life is estimated to be ~8 years.

The project is forecast to support production of 1.2 Mt per annum in 2011, with initial production planned to begin in late 2010. The project is fully permitted to begin production, with the IUP Operasi Produksi already granted.

Some infrastructure is in place, with an existing haul road leading 3 km to a large stockyard area (figure 4, below) adjacent to a river with the capacity to accommodate 5,000 tonne barges. The project has been issued with a permit to build and operate a barge loading facility. The project is well located, with a relatively short barge sailing time to the mother vessel.



Figure 4 – Proposed stockyard at PMU, located adjacent to a river capable of accommodating 5,000 tonne barges.



Figure 5 – Coal seam in Kampung Baru Formation at PMU.



Figure 6 – Coal seam outcrops at PMU.

Transcoal Minergy (“TCM”), South Kalimantan: In Development

As advised in previous ASX announcements, the TCM project covers 4,148 Ha in South Kalimantan and adjoins the ATA open pit thermal coal mine owned and operated by PT Arutmin. Investigations carried out at TCM have focussed on the western boundary, immediately adjacent to the ATA concession. A total of 12 holes have been drilled by the Company to date, which have confirmed that the coal seams mined at ATA dip shallowly into the TCM concession.

The drilling has returned excellent results, with coal intersected in every hole drilled. Total cumulative coal thicknesses of up to 7.14 m and consistently high Gross Calorific Values of up to 7,162 kcal / kg (adb) support the concept of open pit mine development as well as investigating underground mining options. A maiden JORC resource is expected to be released in the near future, with a current Exploration Target of 20-30 Mt with coal quality ranging from 6,300 – 7,100+ kcal / kg (adb).

A Memorandum of Understanding (“MOU”) has been signed with the contracting company responsible for mining at an open pit in the adjoining PT Arutmin ATA concession. This MOU covers a planned continuation by existing mining contractors at the ATA mine into the TCM concession on a profit share basis, with the Company being carried for capital and operating costs.

Initial coal production from the expanded open pit operations is targeted to be 1 Mt in 2011. The Company also intends to progress further with studies into the development of an underground mining operation targeting production of 1.5 Mt in 2012.

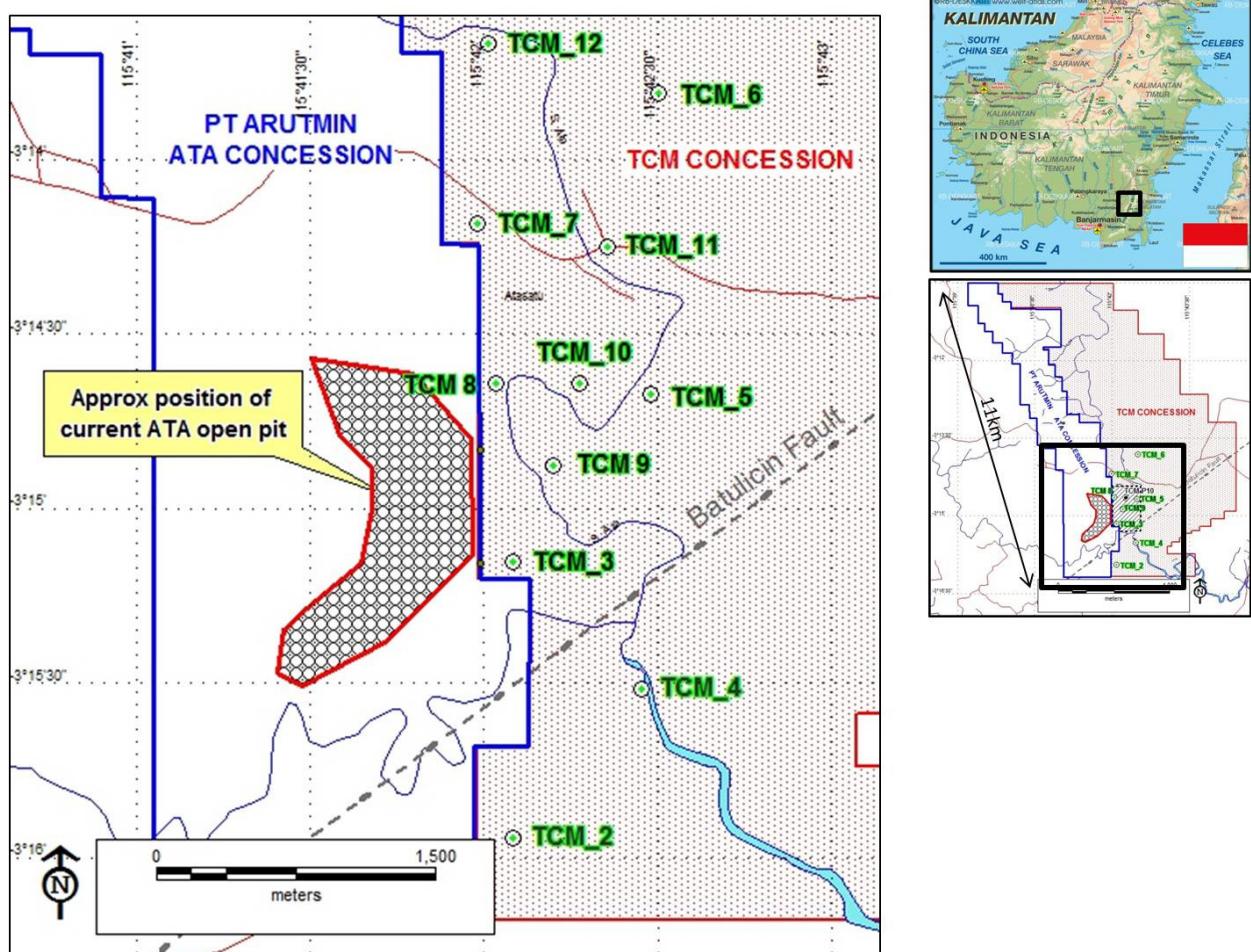


Figure 7 – The 4,148 Ha TCM coal concession showing the location of holes drilled to date.



Figure 8 – Active open pit mining at ATA, with continuation of mining operations planned into the TCM concession located in the background.



Figure 9 – Four exposed coal seams dipping into the TCM area.

BCKP and Surya Ibrahim (“BCKP & SIM”) projects, East Kalimantan: High Priority Exploration

The BCKP & SIM projects are adjacent to each other and cover 19,790 Ha in East Kalimantan. The project area contains coal outcrops mapped on surface and a total of 27 holes have been drilled indicating seam thicknesses varying from 0.6 m to 4.2 m, and with Gross Calorific Value typically 6,300 – 6,800 kcal / kg (adb). The Exploration Target for these projects is 50-70 Mt.



Figure 10 – Coal outcrop at BCKP & SIM.

Samudera Hindia Jaya & Ratu Ayu (“SHJ & RA”) projects, East Kalimantan: High Priority Exploration

The SHJ & RA projects are adjacent to each other and cover 6,508 Ha in East Kalimantan. These projects are adjacent to other large tonnage concessions and provide the potential to form a large regional project for the production of thermal coal. Gross Calorific Value is typically 5,400-5,600 kcal / kg (adb). The Exploration Target for these projects is 20-30 Mt.

Nusantara Minera Pratama (“NMP”), East Kalimantan: High Priority Exploration

The NMP project covers 3,177 Ha in East Kalimantan, which has recently been surveyed by the Company's geological consultants. This survey identified coal outcrops spanning some 6 km of strike length with seams up to 2 m in thickness. Gross Calorific Value is expected to be 5,300 – 5,600 kcal / kg (adb). Based on preliminary work, an initial Exploration Target of 20-30 Mt is expected, with the potential to increase as drilling is undertaken. The NMP concession is very well located near the coast, and is adjacent to an 8 Mt per annum thermal coal mine at Kaltim Prima's Bengalon concession and close to the 1.5 Mt per annum Perkasa Inakakerta operating coal mine. Technical due diligence is complete on this project but there are trailing legal due diligence items to be completed.



Figure 11 – Coal outcrop at NMP.



Figure 12 – Coal outcrop at NMP.

OTHER RESOURCE PROJECTS:

In addition to the coal projects above, the Company has the opportunity to acquire further coal projects and a manganese project in other parts of Indonesia. These include a coal project on the island of Sumatra and highly prospective manganese areas on the island of Flores.

In relation to the Flores project, the areas contain extensive alluvial and landslide deposits and are highly prospective for nearby in-situ primary manganese deposits, with a site visit confirming the presence of large boulders containing massive pyrolusite which would be expected to return very high manganese grades. The areas have a history of small-scale production and manganese grades of up to 50% have been reported.

TIMEFRAME (NEAR-TERM):

The legal and technical due diligence is complete on the TCM project. Due diligence has commenced on the balance of the projects in this upgraded portfolio with positive results reported to date on the new assets. All due diligence is expected to be completed by 10 April in the case of the NAD and PMU projects, which are regarded as the highest priority projects at this stage.

Subject to the satisfactory completion of the due diligence process with regard to the NAD and PMU projects, the Company plans to issue a notice of meeting to shareholders to obtain the relevant shareholder approvals to finalise the acquisition of IW forthwith.

The Company will continue to update the market over the coming weeks as it now moves forward with its Indonesian resource platform. As part of this process, the Company is currently compiling an updated presentation which it plans to release to the market.

KEY COMMERCIAL POINTS:

- Binding heads of agreement signed for the acquisition of 100% of IW by the Company.
- Consideration for the acquisition of IW payable by the Company to the owner of IW is:
 - 630,000,000 fully paid ordinary shares in the Company.
 - 25,000,000 performance shares in the Company, to convert into fully paid ordinary shares only if IW enters into an off-take agreement for the sale of at least 50,000 tonnes of coal to a sizeable and reputable international customer within 6 months.
- Conditions precedent of the acquisition of IW to be achieved are:
 - Completion of due diligence on IW and its assets.
 - The Company obtaining all statutory and regulatory approvals.
- In relation to the above conditions precedent, due diligence:
 - Has already been completed with regard to TCM and is well advanced on all other projects.
 - Is forecast to end by 10 April 2010 with regard to the key NAD and PMU projects ("the Stage 1 RRI Assets").
- IW has signed a memorandum of agreement ("MOA") with the Indonesian owners of the Stage 1 RRI Assets and BCKP & SIM, SHJ & RA and other assets (the "Stage 2 RRI Assets").
- In relation to the Stage 1 RRI Assets, the key terms are that IW will:
 - Provide the Indonesian owners with USD 5,000,000 in financing in two tranches over the next two months.

- In return, receive USD 2.60 per tonne of coal sold by the Indonesian owners, starting in the month after the second tranche has been provided, of which:
 - USD 2.00 per tonne will be receivable until the full USD 5,000,000 in financing has been repaid (such that the full USD 5,000,000 will be repaid no later than two years after the provision of the second tranche of financing); and
 - USD 0.60 per tonne will be receivable for as long as IW provides buyers for the coal production of the Stage 1 Assets.
- In relation to the Stage 2 RRI Assets, the key terms are that IW has the right to acquire 50% of the issued shares of all of the Indonesian owners in return for:
 - IW's commitment to fund, at cost, 100% of all exploration work in respect of the Stage 2 Assets up to the date on which the decision is taken by the owner of the relevant Asset to proceed with the commercial mining activities following the establishment of a JORC resource; and
 - Certain equity and/or cash payments, the precise calculation of which is dependent on certain milestones.
- The total cost with regard to the Stage 2 RRI Assets shall not vary regardless of whether IW acquires 50% of just one or all of the Stage 2 RRI Assets.
- IW has signed a MOA with the Indonesian owners of TCM, the key terms of which are that IW will:
 - Provide all the financing required to explore and, if the results of the exploration are sufficiently promising, develop and operate TCM; and
 - Obtain a 75% equity interest in TCM.
- The details contained in this announcement supersede any and all details provided in previous announcements (excluding announcements made on the TCM Project) relating to the acquisition of IW, including the announcements made on 6 December, 23 November and 21 October 2009. Such announcements were made in relation to previous versions of the project portfolio, before the legal due diligence process and related negotiations resulted in an upgraded and improved package of assets.

CEO Alan Hopkins said “After a period of intensive scrutiny & negotiation over the IW assets, the Company is pleased to now have a platform of assets that can provide exposure to immediate production, two development projects with production emerging within 12 months and a pipeline of highly prospective exploration projects that enables us to rapidly add significant tonnages to our resource bank.”

Yours sincerely



ALAN G. HOPKINS
Chief Executive Officer

Competent Person's Statement

The data in this report that relates to Exploration Results, Resources and Reserves is based on information reviewed and evaluated by Mr Brett Gunter who is a member of The Australian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Gunter is a fulltime employee of GMT Indonesia and he consents to the inclusion in the report of the Exploration Results and/or Mineral Resource and/or Reserve in the form and context in which they appear.

DISCLAIMER:

The information concerning production targets in this announcement is not intended to be forecasts. The targets are internally generated goals set by the board of directors of the Company and to a large degree are based on information provided to the Company by the vendors. The ability of the Company to achieve these targets will be largely determined by the Company's completion of adequate due diligence, its ability to secure adequate funding, implementation of mining plans, resolution of logistical issues associated with mining and potential to enter into off-take arrangements with reputable third parties.

Exploration Targets:

It is common practice for a company to comment on and discuss its exploration and development in terms of target size and type. The information included in this announcement relating to the production, development or exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and grade is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource or Reserve. It is uncertain if further exploration will result in the determination of a Mineral Resource or Reserve. The exploration targets outlined in this release (excluding TCM and NMP) have been provided by the vendor and have not been independently verified by the Competent Person.

Previous JORC Reports and Resources:

The project vendors have made available reports containing Mineral Reserves and Resources which have been classified under the JORC code. These calculations and reports have been undertaken by a geological consulting group with no apparent affiliation to the vendors and therefore they can be categorised as an independent party. The authors of these reports are quoted as being Competent Persons for the calculation and reporting of Mineral Resources and Reserves and are members of AusIMM. At the time of this announcement, the Company has made no attempt to independently verifying the Mineral Reserves and Resources presented in these reports.

About Pan Asia Corporation Limited:

Pan Asia Corporation Limited is a rapidly growing diversified resources company listed on the Australian Securities Exchange 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 and is well advanced in its due diligence and requirements for regulatory and shareholder approval for the acquisition of a number of significant coal and manganese assets in Indonesia. This diversified portfolio of assets includes projects in both production and exploration stages as well as a significant opportunity to participate in commodity trading which will complement the existing projects held by the Company.

The evaluation and development of the current suite of assets in addition to new opportunities that arise from a strong local partner network will be the foundation for the Company's aim to become a top tier coal and manganese company in Indonesia over the next three years. An extensive international financial network provides support for the Company's rapid growth plans.