ASX / MEDIA ANNOUNCEMENT

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31 January 2013

DECEMBER 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

Flagship High CV Thermal Coal Project – Indonesia (TCM)

- 70% increase in JORC Resource on commercially mineable seams
- Appointment of experienced Coal Director- Mr Mitch Jakeman
- Kopex loan rescheduled for 12 months
- Completed successful Capital Raising

CEO Alan Hopkins said "This was a very strong quarter for us as we significantly increased the size of our project, stabilised our finances and brought in very experienced coal expertise."

OPERATIONS

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

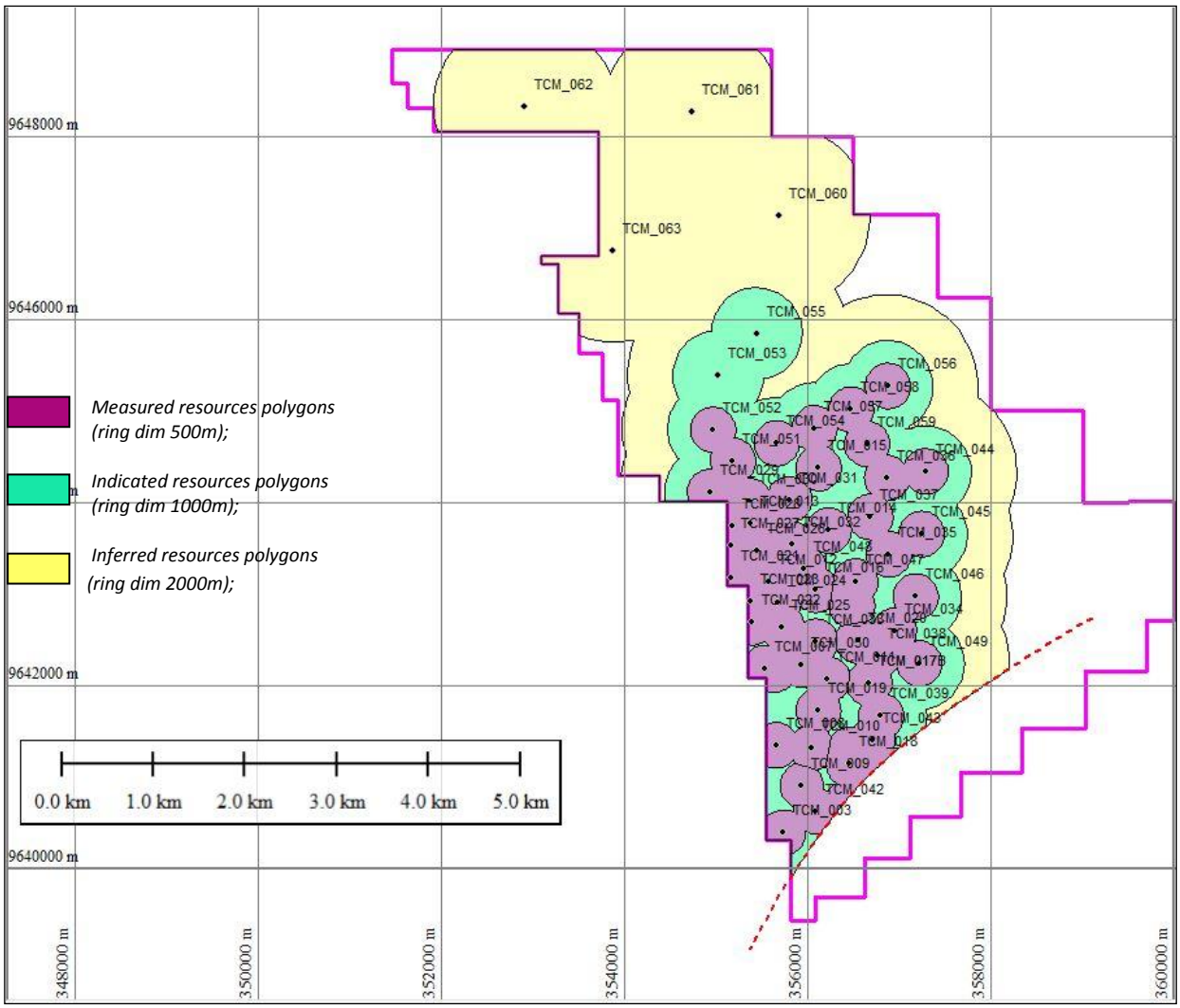
Increase in JORC Resource

During the quarter, the Company announced a further JORC upgrade of its JORC resource to 177 million tonnes (measured, indicated & inferred) and importantly an increase to 129 million tonnes on the mineable seams.

JORC Resources Update: TCM PROJECT

	CURRENT				PRIOR
	Measured Mt	Indicated Mt	Inferred Mt	TOTAL Mt	TOTAL Mt
Mineable Seams					
SU (5)	20.43	12.25	32.03	64.71	41.74
SM (6)	17.19	12.22	35.04	64.45	33.82
Sub Total				129.16	75.56
Other Seams	15.79	10.95	21.37	48.11	53.25
TOTAL	53.41	35.42	88.44	177.27	128.81

Resource Map of Underground Mineable Seams S5 + S6



Coal Quality Resource Summary of Underground Mineable Seams S5 + S6

Seam ID	TM	IM	Ash	VM	FC	TS	CV (adb)	RD
	(% ar)	(% adb)	(% adb)	(% adb)	(% adb)	(% adb)	(Kcal/kg)	g/Cc
S5	5.2	3.9	12.8	41.7	41.6	1.65	6,655	1.36
S6	5.0	3.6	12.7	42.3	41.5	0.39	6,705	1.36
Weighted average value for S5+S6	**5.10**	**3.75**	**12.75**	**42.00**	**41.55**	**1.02**	**6680**	**1.36**

Indicative 14% Ash Coal Specification – After Washing

Proximate Analysis		**14% Ash Spec**	
Total Moisture	ar	8.5	
Inherent Moisture	adb	3.0	
Ash content	ar	14.0	
Volatile Matter	ar	38.1	
	daf	49.8	
Fixed Carbon		by difference	
Total Sulfur	ar	1.00	
Calorific Value	ar	6200	
	adb	6600	
	daf	8000	
Ultimate Analysis - From F1.6 Analysis			
Carbon	daf	79.6	
Hydrogen	daf	6.05	
Nitrogen	daf	1.12	
Total Sulfur	daf	0.75	
Oxygen + error	daf	12.48	
Ash Fusion Temperature			
		Reducing Atmosphere	Oxidising Atmosphere
Deformation	°C	>1600	>1600
Spherical	°C	>1600	>1600
Hemispherical	°C	>1600	>1600
Flow	°C	>1600	>1600
Ash Chemistry - From F1.60 coal analysis only			
Silica as SiO2	%	51.4	
Aluminium as Al2O3	%	31.0	
Iron as Fe2O3	%	8.6	
Calcium as CaO	%	2.35	
Magnesium as MgO	%	0.50	
Titanium as TiO2	%	3.05	
Sodium as Na2O	%	0.50	
Potassium as K2O	%	0.12	
Manganese as Mn3O4	%	0.039	
Phosporus as P2O5	%	0.221	
Sulfur as SO3	%	1.15	
Crucible Swelling Number		-	
Physical Properties			
Hardgrove Grindability Index		45	
Nominal Top Size	mm	50	
Minus 2mm	%	15	
Estimated Yields - Based on 3.63m of coal and 0.79m parting		78%	

The upgraded JORC Resource calculation was undertaken by European coal industry group Kopex Mining Contractors (part of the KOPEX Group).

Appointment of Experienced Coal Director

As the project moves to detailed development planning in 2013, the Company successfully appointed Mr. Mitch Jakeman as a Non-Executive Director of Pan Asia. Mitch has worked in the Australian coal mining industry for over 35 years, the majority of which was spent with major global coal resources companies BHP, Shell Coal, Rio Tinto and Anglo Coal Australia.

Pan Asia Chairman Domenic Martino noted that "The appointment of Mitch to the board as our project nears development phase, adds important technical capability. This will help us deliver the low cost, high calorific value TCM project in a manner that makes best use of shareholder capital and delivers a clear value proposition to potential off-take partners and investors at the project level. Put simply, Mitch has a technical and operational track record of delivering results. Mitch's knowledge and experience will be invaluable to Alan and the existing Pan Asia management team in leveraging the significant work they have done to date."

Mitch spent a significant part of his career managing large underground and open-cut coal mining operations and had until 2010 held the position of Head of Operations for Anglo Coal Australia where he was responsible for over 40Mtpa of thermal and coking coal production for domestic and export markets in Queensland and NSW. Since leaving Anglo Coal, Mitch has provided strategic and risk management advice to a number of private and listed companies in the resource and financial services sectors and was previously the Managing Director of Carabella Resources Limited from its initial public offering through to August 2011.

More recently, Mitch has been appointed Associate Director responsible for Coal & Energy of China House Consultancy, a consultancy firm with offices in China, Hong Kong and Australia. China House Consultancy has established relationships in China uniquely positioned to provide capital introduction and securing Chinese Investment.

In addition to this, Mitch has served on a number of industry and government groups, which have included:

- Board member of the Sustainable Minerals Institute based at University of Queensland;
- Member of the Queensland Government's Safety in Mines Legislation Review Committee;
- Member of the Mining Council of Australia for committees on Safety and Health and Environment and Sustainable Development;
- Member of Anglo American's divisional forum for Sustainable Development;
- ICMM technical member with the ILO and ICEM for visiting the Chinese Coal Industry safety cooperation initiatives.

Kopex Arrangements

In December 2012 the Company successfully rescheduled (rolling over interest free for one year) the loan arrangments with Kopex entered into by PT Transcoal Minergy (TCM), the 75% owned Pan Asia subsidiary.

The parties have agreed to extend the loan repayable to Kopex of US $2,530,000 ("Outstanding Amount") to 30 November 2013. Kopex can elect to have the Outstanding Amount converted to new issued ordinary shares in Pan Asia anytime between 1 October 2013 and 30 November 2013 at the average closing price for the shares in the immediate 20 trading days prior to electing to convert the outstanding amount to equity. Kopex will retain their pre-emptive right to participate in the development and production of the TCM project which includes the provision of mining services, mining equipment and financing of development and production until the loan is repaid. TCM have also retained the competent person of Kopex, Marek Rosa, to consult to TCM and the Company on the TCM Project for the 2013 calander year.

Capital Raising

In December 2012, the Company completed a capital raising for $560k to sophisticated investors who subscribed for 8 million shares at $0.07 per share to raise gross proceeds of $560,000 ("Placement") under the Company's 15% capacity as per the ASX Listing Rules. The new shares rank equally with existing fully paid ordinary shares. Of the 8 million new shares subscribed for, 1.8 million shares were subscribed for by new Non-Executive Director, Mitch Jakeman. The issue of these shares will be conditional on shareholders approving the issue of shares to Mr. Jakeman at a general meeting of shareholders in 2013. The funds raised are being used to enable the Company to accelerate its TCM studies and meet its short term working capital commitments.

Ranrich

The Company is nearing completion of receiving the outstanding funds from Ranrich as previously advised with US $240,000 to be received in the coming quarter.

Coming Quarter

The Company is preparing detailed plans to undertake all remaining items required before the project can be brought to development by the end of 2013. In parallel with this process, the Company is progressing arrangements to establish the necessary funding to bring the project on stream.

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.

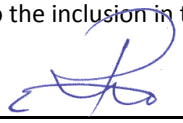
Pan Asia seeks to build significant projects; de-risking them ready for development partnership / offtake agreements with quality, life of mine partners.

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

JORC Resources Statement at 31 October 2012

Measured Resources (current statement 31 October 2012)

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

Seam	Area [m^2]	Thickness [m]	Tonnes [T]
S1	0.00	0.00	0.000
S2	1,775,771	0.27	649,236
S3U	6,781,597	0.27	2,311,800
S3L	2,669,699	0.23	830,755
S4 (SR)	6,575,827	0.91	8,149,454
S5 (SU)	7,589,922	1.93	20,434,284
S6 (SM)	7,586,310	1.63	17,193,018
S6L (SL-1)	5,093,965	0.53	3,702,516
S7 (SL-2)	307,631	0.33	138,327
Total		**6.10**	**53,409,390**

Indicated Resources (current statement 31 October 2012)

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

Seam	Area [m^2]	Thickness [m]	Tonnes [T]
S1	142,229	0.22	43,979
S2	1,416,997	0.29	546,640
S3U	4,533,838	0.25	1,429,688
S3L	2,025,453	0.26	702,488
S4 (SR)	4,879,595	0.89	5,918,608
S5 (SU)	4,768,483	1.86	12,248,984
S6 (SM)	4,762,871	1.86	12,221,817
S6L (SL-1)	4,108,149	0.38	2,157,367
S7 (SL-2)	366,204	0.29	146,596
Total		**6.30**	**35,416,167**

Inferred Resources (current statement 31 October 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	2,355,891	0.22	711,325
S2	1,913,745	0.29	752,891
S3U	7,496,110	0.27	2,525,904
S3L	5,450,753	0.27	1,944,154
S4 (SR)	12,291,619	0.86	14,288,472
S5 (SU)	12,262,375	1.90	32,032,238
S6 (SM)	12,225,738	2.10	35,035,142
S6L (SL-1)	3,033,355	0.28	1,151,117
S7 (SL-2)	0	0.00	0
Total		**6.19**	**88,441,243**

Coal Quality Resource Summary

Two hundred and twenty (226) samples were analysed to confirm the coal quality data.

Average Coal Quality

Seam ID	TM	IM	Ash	VM	FC	TS	CV (adb)	RD
	(% ar)	(% adb)	(% adb)	(% adb)	(% adb)	(% adb)	(Kcal/kg)	g/Cc
S4 (SR)	5.7	4.3	8.7	43.3	43.8	2.64	6,991	1.34
S5 (SU)	5.2	3.9	12.8	41.7	41.6	1.65	6,655	1.36
S6 (SM)	5.0	3.6	12.7	42.3	41.5	0.39	6,705	1.36
S6L(SL1)	5.1	3.7	12.25	42.9	41.0	0.41	6,718	1.35
Average Value	**5.2**	**3.8**	**11.7**	**42.6**	**42.0**	**1.27**	**6,767**	**1.35**
Parting b/w S5&S6	2.7	1.6	77.5	15.1	5.8	0.25	1,061	2.09
Weighted Avg value S5&S6	**5.10**	**3.75**	**12.75**	**42.00**	**41.55**	**1.02**	**6680**	**1.36**

PARAMETERS USED IN JORC STATEMENT 31 OCTOBER 2012

1. Completed 64 boreholes (typically >200m depth);
2. All finished boreholes were drilled vertically and geophysically logged at the completion of the each borehole;
3. Phase 1 & 2 drilling used touch coring method, while Phase 3 & 4 drilling adopted full coring through target seams;
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 within 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, Kopex 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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