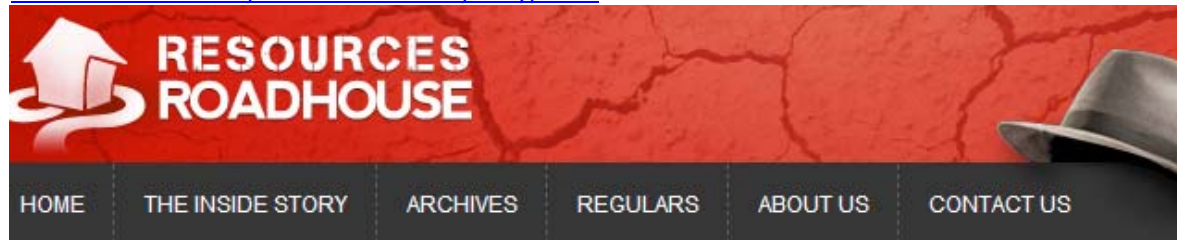


Media Monitoring

28 November 2011

RESOURCES ROADHOUSE

<http://www.resourcesroadhouse.com.au/BlogRetrieve.aspx?PostID=261068&A=SearchResult&SearchID=1318707&ObjectID=261068&ObjectType=55>



ALAN HOPKINS – PAN ASIA CORPORATION

Thursday, November 24, 2011

ONE OFF THE WOOD: Pan Asia Corporation chief executive officer Alan Hopkins dropped in recently to tell the Roadhouse how his company is going about developing a coal project in Indonesia.



As a coal play located in Indonesia you seem to be off the market radar a bit at the moment. Can you tell us about your project is, basically, what have you got?

We have actually been up in Indonesia for around two years now. What we have got is the amalgamation of a few projects that we have put together.

We have one, I guess you could describe it as a hero project, which we have progressed along well and is showing a huge amount of potential.

What is that hero project?

We call it the TCM project. TCM stands for TransCoal Minergy, which is the local company that owns the project.

We are a 75 per cent owner in that and the remaining 25 per cent is owned by Indonesian interests.

It is what we would call a third generation project in Indonesia.

All the first generation projects are gone. There are some big operators here that have all been here for some time. They were early enough to get the big projects located near the coast with access to transportation and good quality coal underway over a decade ago.

The second generation projects are operated by companies that had to move further inland, which entails further transportation distances and the coal quality not being as good.

The next is a third generation project, which is taking up projects situated right next to the first generation, big openpit projects.

Our project is one of these where Bumi Resources, the largest coal producing company in Indonesia, have mined right up to our boundary.

On our side of the fence we have been drilling for the last year or so and have already proven up 114 million tonnes of JORC compliant coal.

We know the coal value is high. The entire infrastructure already exists because of the openpit mine next door. All the haul roads are fully developed and are shared open roads.

So what you are looking at developing is really the extension of what is a currently operating, producing coal mine?

That's right; it's just the next phase.

It sounds like you are in operating in an area that is very familiar with the coal mining industry.

It is an extremely vibrant coal area. It is now the number one thermal coal exporting region of the world.

What we have found, in the mid-tier sector, is that there are some projects that have been picked up by people who used to work for the big companies who have decided to go out on their own or technical people who have recognised their potential.

How does an Australia-based company like Asia Pacific operate in Indonesia?

In Indonesia, if you do manage to get a mega-project and you don't have a big, mega-local partner, you probably are going to get one. It's just a commercial fact of life.

Whereas having a medium sized project, as I recently explained in a presentation, is similar to a marriage.

Mining is like a marriage, not a date. When you marry the girl, you marry the family.

So when you are getting involved in these sorts of projects you are also getting involved with all the local authorities, the local communities, all the usual stakeholders that we have in Australia are the ones you have to work with here as well when developing a mid-tier project.

Is the local market for coal in Indonesia a healthy one?

I have found that if you are in the business of supplying the key resources, whether it is coal, iron ore, or any bulk material there is a huge number of buyers for every tonne you can produce.

Especially out to the local Asian market to countries such as Korea, India, China and Japan – up in Indonesia for every tonne of coal you can produce you could probably sell it fifty times over, the demand is that strong.

Where do you envisage your most likely customer base will come from?

What everybody is looking for is reliable supply. We have found a niche in the market where we can access the risk capital for projects through our listing on the ASX.

On the Jakarta and Singapore exchanges it is harder to raise money for explorative drilling, while it is easier to access money for development and offtakes.

Being an ASX-listed company we bring Australian mining standards. We take a project, sort out titles, and we raise its value by drilling it up to a JORC standard resource.

We put it together as a mine plan so the entire project is a deliverable project.

The people we have knocking on our door now include the big Indian and Chinese groups, all the major offtake groups.

They recognise that as an ASX-listed company we are regulated and accountable and that we have put the project in a package that is reliable.

To then bring them in as a development or offtake partner is very easy.

You personally seem to be spending a lot of time in Indonesia. Have you taken the opportunity to improve your cooking or surfing skills?

You picked two of my favourite things there. I love eating and I am an old surfer from way back, but I have been so busy I haven't had much chance to dedicate any time to either.

For now though, it sounds like you're happy to concentrate on the job at hand.

Energy is important for development and there is a huge amount of development happening in the Asian region, as we all know.

Coal is going to be the major supplier of that energy for quite a while and people aren't going to stop buying coal, even though we have the Carbon Tax in Australia.

The same coal will still be bought by China and India but when it comes down to a cost differential. Two dollars a tonne is a big selling point