



PAN ASIA MINING LIMITED
寰亞礦業有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8173)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2011**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)**

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This announcement, for which the directors of Pan Asia Mining Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Pan Asia Mining Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

MANAGEMENT DISCUSSIONS AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS

The Group has no material acquisition or disposal during the 6 months ended 30 September 2011.

BUSINESS REVIEW

Black Sand International (Singapore) Pte Ltd (“BSI”), a wholly-owned subsidiary of the Group, was incorporated in Singapore in June 2011 as the trading arm of the Group. It engages in various trading businesses including metals, fuel, agricultural and fishery products.

The Group recognized that customers purchasing metal ore also intake a significant amount of scrap metal as a source of raw material. In September 2011 BSI commenced trading of scrap metals in Singapore where we found geographic competitive advantages over Hong Kong in term of servicing customers from the region. Identified sources of supply in Singapore include local industrial plants, auto dismantlers, building dismantlers, demolition operations, and overseas suppliers from Middle East, Europe and United States of America. On the sales side, potential scrap metal customers are found in PRC, Taiwan, India, Japan, Korea, and Philippines. BSI is striving to expand its business to these locations.

Baxus Petroleum (S) Pte. Ltd (“Baxus”), a 90% owned subsidiary incorporated under BSI, also commenced business in trading of vessel fuel. The Group recognized that being one of the busiest port in the world, Singapore has an enormous market of vessel fuel for transoceanic vessels. However, in view of the fluctuating international oil prices, Baxus has cautiously entered into the vessel fuel trading market in September 2011, keeping no or minimal over-nights stock-in-transit.

Vessel fuel refers to the fuel known as “marine diesel” used by transoceanic vessels like container liners, ocean liners and bulk cargo ships. When the customer ships park or anchor in Singapore, Baxus supply the fuel to the ships by purchasing from the local supplier in Singapore and reselling the same to the customer ships. Being a new entrant, Baxus has to purchases its supply on cash basis although its sales are on 30-90 days credit terms. During the month of September 2011, Baxus has generated sales of approximately HK\$31.4 million. As at the date of this interim report, trade receivables of all credit sales made in September 2011 have been fully settled.

FINANCIAL REVIEW

The Group’s turnover during the six months ended 30 September 2011 (the “Period”) amounted to approximately HK\$36,108,000 (2010: approximately HK\$5,079,000) which was approximately HK\$31,029,000 higher than that of the same period last year. The significant increase in sales revenue arose from the new vessel fuel trading business. Gross profit amounted to approximately HK\$179,000 (2010: approximately HK\$ 8,000). Other loss amounted to approximately HK\$9,166,000 (2010: other revenue of approximately HK\$293,000) arose primarily from unrealized loss in market value of held-for-trading securities. Loss for the period increased to approximately HK\$87,251,000 as compared to approximately HK\$76,176,000 of the same period last year mainly attributable to the unrealized loss in securities.

CAPITAL STRUCTURE AND LIQUIDITY

On 30 September 2011 the Company has outstanding zero coupon rate convertible bonds in the carrying value of approximately HK\$659,434,000 (31 March 2011: approximately HK\$596,116,000) convertible into 68,955,682 (31 March 2011: 68,955,682) ordinary shares of HK\$0.01 each. The bonds are due for full redemption on 18 December 2018 for the principal amount of US\$201,474,359 (equivalent to approximately HK\$1,571,500,000).

The Group has a current ratio of 19.8 times as at 30 September 2011 (31 March 2011: 28.08 times). Gearing ratio calculated based on total non-current liabilities of approximately HK\$689,806,000 (31 March 2011: approximately HK\$666,116,000) against total equity of approximately HK\$7,901,890,000 (31 March 2011: approximately HK\$7,993,694,000) increase from 8.33% to 8.73% for the period ended 30 September 2011.

As at 30 September 2011 the Group has no material contingent liability (31 March 2011: Nil) and has no material capital commitment (31 March 2011: Nil).

TREASURY POLICIES

The Group's functional currency is mainly denominated in United States Dollar and the majority of the Group's tangible assets are denominated in Hong Kong Dollar and United States Dollar. The outstanding convertible bonds are denominated in United States Dollar and are redeemable or convertible using an agreed fixed rate of HK\$7.8 to US\$1.0. As a result the convertible bonds have no exposure to exchange rate fluctuations. The Group has no other material exposure to exchange rate risks and has not made any arrangement to hedge against expenses, assets and liabilities for exchange rate fluctuation.

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by all effective means. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

As at 30 September 2011 the Group has no asset being pledged.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2011 the Group has 14 full time employees. Employees are remunerated with reference to market terms and according to their individual work performance, qualification and experience. Remuneration includes monthly basic salaries, retirement benefits under the Mandatory Provident Fund, medical schemes and performance-lined discretionary bonuses.

All qualifying Group employees in Hong Kong participate in the Mandatory Provident Fund Scheme (the “Scheme”). The assets of the Scheme are held separately from those of the Group in funds under the control of trustees. Group contributions were grossly matched by employee contributions.

OUTLOOK

The Group has been actively identifying appropriate investment opportunities primarily in the mining industry, a process that needs patience and adequate funding. Before successful acquisition of promising revenue and profit streams the two trading businesses commenced during the second financial quarter will enrich the Group’s existing metal trading business and widen the Group’s business portfolio. We believe the growing prospects of the two new trading businesses will enhance the Group’s financial performance.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER, 2011

The board of Directors (the “Board”) of Pan Asia Mining Limited (the “Company”) is pleased to report the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three and six months ended 30 September, 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30 September		For the six months ended 30 September	
	Note	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Turnover	4	33,976	2,814	36,108	5,079
Cost of sales		(33,798)	(2,810)	(35,929)	(5,071)
Gross profit		178	4	179	8
Other revenue and net (loss)/income	5	(6,512)	—	(9,166)	293
Administrative expenses		(6,341)	(2,747)	(13,431)	(7,836)
Share of results of associates		(9)	(41)	(28)	(47)
Loss from operations		(12,684)	(2,784)	(22,446)	(7,582)
Finance costs	6	(32,474)	(31,833)	(64,805)	(68,594)
Loss before income tax		(45,158)	(34,617)	(87,251)	(76,176)
Income tax	7	—	—	—	—
Loss for the period	8	(45,158)	(34,617)	(87,251)	(76,176)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Other comprehensive loss:				
Exchange differences on translation of financial statements of overseas subsidiaries	(4,562)	(225)	(4,553)	(244)
Total comprehensive loss for the period	<u>(49,720)</u>	<u>(34,842)</u>	<u>(91,804)</u>	<u>(76,420)</u>
Loss for the period attributable to:				
Owners of the Company	(44,953)	(34,511)	(86,968)	(75,676)
Non-controlling interests	(205)	(106)	(283)	(500)
	<u>(45,158)</u>	<u>(34,617)</u>	<u>(87,251)</u>	<u>(76,176)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(49,515)	(34,736)	(91,521)	(75,920)
Non-controlling interests	(205)	(106)	(283)	(500)
	<u>(49,720)</u>	<u>(34,842)</u>	<u>(91,804)</u>	<u>(76,420)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

		For the three months ended 30 September		For the six months ended 30 September	
		2011 (unaudited)	2010 (unaudited and restated)	2011 (unaudited)	2010 (unaudited and restated)
Loss per share	9				
Basic and diluted		<u>(4.93) cents</u>	<u>(22.33) cents</u>	<u>(9.53) cents</u>	<u>(48.96) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	5,437	593
Payment for intangible assets-mining claims		109	109
Exploration and evaluation assets	12	8,439,686	8,438,360
Interests in associates		144	172
		8,445,376	8,439,234
Current assets			
Trade receivables	13	32,134	—
Deposits, prepayments and other receivables	14	33,279	1,085
Inventories	15	4,097	—
Held-for-trading investments		30,676	20,806
Cash and cash equivalents		53,911	206,831
		154,097	228,722

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
	Notes		
Current liabilities			
Trade payables	16	139	—
Other payables and accruals	17	6,975	7,819
Amounts due to associates		57	57
Income tax payable		73	74
Obligations under finance lease		97	—
Amount due to a shareholder	19(a)	436	196
		<u>7,777</u>	<u>8,146</u>
Net current assets		<u>146,320</u>	<u>220,576</u>
Total assets less current liabilities		<u>8,591,696</u>	<u>8,659,810</u>
Non-current liabilities			
Convertible bonds	18	659,434	596,116
Shareholder's loan	19(b)	30,000	70,000
Obligations under finance lease		372	—
		<u>689,806</u>	<u>666,116</u>
Net assets		<u><u>7,901,890</u></u>	<u><u>7,993,694</u></u>
Capital and reserves			
Share capital	20	456,092	456,092
Reserves		<u>4,413,726</u>	<u>4,505,247</u>
Equity attributable to owners of the Company		<u>4,869,818</u>	<u>4,961,339</u>
Non-controlling interests		<u>3,032,072</u>	<u>3,032,355</u>
Total equity		<u><u>7,901,890</u></u>	<u><u>7,993,694</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Convertible bond equity reserve HK\$'000	Accumulated losses HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1 April 2011 (audited)	456,092	3,891,155	—	8	320	1,263,605	(649,841)	3,032,355	7,993,694
Total comprehensive loss and changes in equity for the six- months ended 30 September 2011	—	—	—	(4,553)	—	—	(86,968)	(283)	(91,804)
At 30 September 2011 (unaudited)	<u>456,092</u>	<u>3,891,155</u>	<u>—</u>	<u>(4,545)</u>	<u>320</u>	<u>1,263,605</u>	<u>(736,809)</u>	<u>3,032,072</u>	<u>7,901,890</u>
At 1 April 2010 (audited)	76,015	3,899,993	10,440	19	320	1,263,605	(511,263)	3,033,050	7,772,179
Total comprehensive loss and changes in equity for the six- months ended 30 September 2010	—	—	—	(244)	—	—	(75,676)	(500)	(76,420)
At 30 September 2010 (unaudited)	<u>76,015</u>	<u>3,899,993</u>	<u>10,440</u>	<u>(225)</u>	<u>320</u>	<u>1,263,605</u>	<u>(586,939)</u>	<u>3,032,550</u>	<u>7,695,759</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	(82,405)	1,519
Net cash used in investing activities	(24,702)	(2,481)
Net cash used in financing activities	(41,260)	(28)
Net decrease in cash and cash equivalents	(148,367)	(990)
Cash and cash equivalents at the beginning of period	206,831	4,267
Effect of foreign exchange rates change	(4,553)	(244)
Cash and cash equivalents at end of period	53,911	3,033
Analysis of the balances of cash and cash equivalents:		
Cash and cash equivalents	53,911	3,033

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Pan Asia Mining Limited (the “Company”) is an exempt company with limited liability incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. It’s principal business is investment holding.

The Group is principally engaged in exploration and exploitation of mineral resources in the Philippines and trading of metals and vessel fuel.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The unaudited condensed interim financial statements, which do not include all information and disclosures required by the annual financial statements, should be read in conjunction with the annual report for the year ended 31 March 2011.

The accounting policies and method of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2011 except as described below.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2011. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. TURNOVER

Turnover represents the net amounts received and receivable for sales of goods by the Group to outside customers, less good returns and trade discounts. The revenue recognised in turnover during the period is as follows:

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Sales of metals	2,553	2,814	4,685	5,079
Sales of vessel fuel	31,423	—	31,423	—
	<u>33,976</u>	<u>2,814</u>	<u>36,108</u>	<u>5,079</u>

5. OTHER REVENUE AND NET (LOSS)/INCOME

Amounts charged/credited to income statement comprise the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Realised (loss)/gain from trading of listed securities	(1,221)	—	(763)	472
Unrealised loss for held-for- trading investments	(5,973)	—	(9,247)	(204)
Other income	682	—	844	25
	<u>(6,512)</u>	<u>—</u>	<u>(9,166)</u>	<u>293</u>

6. FINANCE COSTS

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Imputed interest on promissory note	—	—	—	5,247
Imputed interest on convertible bonds	31,831	31,833	63,318	63,347
Shareholder's loan interest	640	—	1,484	—
Others	3	—	3	—
	<u>32,474</u>	<u>31,833</u>	<u>64,805</u>	<u>68,594</u>

7. INCOME TAX

No provision for Hong Kong Profits Tax has been made, as the Group had no assessable profits subject to Hong Kong profits tax during the period (2010: Nil).

No provision for Philippines corporation income tax has been made as the subsidiaries in the Philippines did not have assessable profits subject to corporation income tax in the Philippines.

8. LOSS FOR THE PERIOD

Loss for the period is stated after charging the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Depreciation of property, plant and equipment	523	269	745	511
Directors' remuneration	668	495	1,448	990
Operating lease charges in respect of properties	443	536	907	1,114
	<u>443</u>	<u>536</u>	<u>907</u>	<u>1,114</u>

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the six months ended 30 September 2011 of approximately HK\$86,968,000 (2010: approximately HK\$75,676,000) and the weighted average number of ordinary shares of 912,184,080 shares (2010: 154,554,390 shares, as adjusted to reflect the fifty-to-one share consolidation taken place on 10 February 2011 and the rights issue taken place on 15 March 2011) in issue during the two periods.

There were no dilutive events in the six months ended 30 September 2011 and 2010 and therefore, the diluted loss per share is same as basic loss per share for both periods.

10. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments. The Group organises its business into three segments:

- Trading of metals
- Mining exploration and exploitation
- Trading of vessel fuel

During the Period, the Group commenced the business in trading of vessel fuel in Singapore. Vessel fuel refers to the fuel known as "marine diesel" used by transoceanic vessels like container liners, ocean liners and bulk cargo ships. When the customer ships park or anchor in Singapore, the Group supply the fuel to the ships by purchasing from the local supplier in Singapore and reselling the same to the customer ships.

The operation of trading of vessel fuel is managed separately and has been identified by the chief operating decision maker as a separate reportable segment.

The following is an analysis of the Group's revenue, results and assets by operating segment for the periods under review:

(a) Segment revenue, results and assets

Information regarding the Group's reportable segments as provided to the Group's chief operating decision-makers is set out below:

	Mining exploration & exploitation For the six months ended 30 September		Trading of metals For the six months ended 30 September		Trading of vessel fuel For the six months ended 30 September		Total For the six months ended 30 September	
	2011 HK'000	2010 HK'000	2011 HK'000	2010 HK'000	2011 HK'000	2010 HK'000	2011 HK'000	2010 HK'000
Revenue from external customers	<u>—</u>	<u>—</u>	<u>4,685</u>	<u>5,079</u>	<u>31,423</u>	<u>—</u>	<u>36,108</u>	<u>5,079</u>
Segment (loss)/profit before income tax	<u>(75,392)</u>	<u>(76,198)</u>	<u>(399)</u>	<u>5</u>	<u>123</u>	<u>—</u>	<u>(75,668)</u>	<u>(76,193)</u>
	As at 30 September		As at 30 September		As at 30 September		As at 30 September	
	2011 HK'000	2010 HK'000	2011 HK'000	2010 HK'000	2011 HK'000	2010 HK'000	2011 HK'000	2010 HK'000
Segment assets	<u>8,485,361</u>	<u>8,443,504</u>	<u>52,867</u>	<u>—</u>	<u>31,424</u>	<u>—</u>	<u>8,569,652</u>	<u>8,443,504</u>

10. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment profit and loss

	For the six months ended 30 September	
	2011	2010
	HK'000	HK'000
	(unaudited)	(unaudited)
Reportable segment loss	(75,668)	(76,193)
Unallocated depreciation	(726)	(444)
Unallocated other revenue and net (loss)/income	(9,166)	293
Unallocated corporate expenses	(1,691)	168
Consolidated loss before income tax	(87,251)	(76,176)

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2011, the Group acquired property, plant and equipment of approximately HK\$5,589,000.

12. EXPLORATION AND EVALUATION ASSETS

	Exploration rights HK\$'000	Evaluation expenditure HK\$'000	Total HK\$'000
At 31 March 2011 (audited)	8,429,879	8,481	8,438,360
Additions	—	1,326	1,326
At 30 September 2011 (unaudited)	<u>8,429,879</u>	<u>9,807</u>	<u>8,439,686</u>

On 23 December 2009, two exploration permits, in respect of the 41,094 hectares in the Leyte Gulf and San Pedro Bay off Leyte and Samar Provinces of the Philippines ("Mining Area"), have been granted to the Company's subsidiary, Mt. Mogan Resources and Development Corporation ("Mogan"), for an initial period of 2 years for conducting the exploration activities in the specified mining area and Mogan may apply for an extension of the exploration permits for two successive periods of 2 years each in accordance with the Philippine Mining Act 1995 (Republic Act No.7942). Since then, Mogan has been conducting exploration programs independently. As at the date of this interim report, Mogan has commenced the application for an extension of the two exploration permits.

On 15 June 2010, the Mines and Geosciences Bureau ("MGB") of the Department of Environment and Natural Resources of the Government of Philippines ("DENR") has acknowledged Mogan's submission for application for a mineral production sharing agreement for a portion of the Mining Area with DENR/MGB in accordance with the Philippine Mining Act 1995 (Republic Act No 7942). When the mineral production sharing agreement (i.e. mining permit) is granted by the DENR/MGB of the Philippines, Mogan will be entitled to conduct mining operations in the specified mining area in the Philippines for a term not exceeding 25 years from the execution date and renewable for another term of not exceeding 25 years. At the date of this interim report, the mineral production sharing agreement has not yet been awarded to Mogan.

The directors of the Company believe that Mogan will ultimately be able to obtain the mineral production sharing agreement in respect of the Mining Area from DENR/MGB of the Philippines.

12. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Impairment test

The Company has engaged an independent professional valuer, Asset Appraisal Limited, to determine the value in use of the exploration and evaluation assets as a cash-generating unit on the basis that the mineral production sharing agreement would be granted by the relevant authorities in the Philippines.

The recoverable amount of exploration and evaluation assets was determined based on the estimate of the value in use of the mining operations in the Philippines, on the basis that the mineral production sharing agreement was granted to Mogan, using the discounted cash flows approach. The estimated cash flows of the next 25 years (2010: 25 years) were discounted at the rate of 20.40% (2010: 22.12%) to calculate the present value of the future cash flows of Mogan's mining operations in the Philippines. Key assumptions, apart from the award of the mineral production sharing agreement by DENR/MGB of the Philippines, adopted for the value in use calculations are estimates on magnetic sand quantities with reference to a technical reserve report prepared by Behre Dolbear Asia, Inc. dated 1 September 2008, prices and operating costs after considering the magnetic content that can be extracted and the outlay for capital expenditure. Based on these evaluations, the estimated recoverable amount of exploration and evaluation assets exceeds its carrying amount at 31 March 2011.

Management considered that there has been no material change to the conditions and situations surrounding the explorations and evaluation assets from 31 March 2011 to 30 September 2011, and there is no impairment on its carrying amount is necessary.

13. TRADE RECEIVABLES

The Group normally grants a credit period of 30 to 90 days to its customers. The ageing analysis of trade receivables, based on invoice date, is as follow:

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Current to 30 days	32,134	—

14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Deposits	19,346	527
Prepayments	46	78
Other receivables	13,887	480
	33,279	1,085

15. INVENTORIES

Inventories are carried at lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs to purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories in the condensed consolidated statement of financial position comprise:

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Scrap metals	4,097	—

16. TRADE PAYABLES

The ageing analysis of the Group's trade payables, based on payment due date, is as follow:

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Current to 30 days	139	—

17. OTHER PAYABLES AND ACCRUALS

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Other payables	1,578	5,427
Accruals	5,397	2,392
	6,975	7,819

18. CONVERTIBLE BONDS

On 18 December 2008, the Company entered into subscription agreement with Kesterion Investments Limited (“Kesterion”), which is beneficially owned by Ms. Eva Wong, a sister of Mr. Wong Chung Yu, Denny and sister-in-law of Mr. Yin Mark Teh-min, who are an executive director and non-executive director of the Company respectively, for the issue of convertible bonds with an aggregate principal amount of US\$655,128,205 (equivalent to approximately HK\$5,110,000,000) (the “Convertible Bonds”) in connection with the acquisition of 64% equity interest in Mogan. The Convertible Bonds denominated in US\$, which is the functional currency of the Company, are convertible, at the option of the holders, into ordinary shares of the Company at a fixed conversion price of HK\$0.70 per conversion share, subject to any anti-dilution adjustments and certain events such as share consolidation, share subdivision, capitalization issue, capital distribution, right issue and other equity or equity or equity derivative issued at any time after the issue date. The Convertible Bonds are unsecured and non-interest bearing and will mature on 18 December 2018 and can be redeemed, using an agreed fixed exchange rate of US\$1 = HK\$7.8. in part(s) by the Company at anytime before the maturity date. If the Convertible Bonds are not converted, they will be redeemed on 18 December 2018, using an agreed fixed exchange rate of US\$1 = HK\$7.8. The total number of shares to be issued on conversion of the Convertible Bonds will be determined by dividing the principal amount of bonds to be converted (using an agreed fixed exchange rate of US\$1= HK\$7.8) by the conversion price HK\$0.70 in effect at the conversion date.

As the functional currency of the Company is US\$, the conversion option of the Convertible Bonds denominated in US\$ will result in settlement by the exchange of a fixed amount of cash for a fixed number of equity instruments in accordance with HKAS32 and 39. The net proceeds received from the issue of the Convertible Bonds have been split between the liability component and equity component. The fair value of the liability component was determined as of the date of issue by an independent professional valuer, BMI Appraisals Limited, using the market rate for an equivalent non-convertible bond. The effective interest rate of the liability component is 17.7% per annum. The liability component, after the initial recognition, is carried at amortised cost, calculated using the effective interest method at the rate of 17.7% per annum. The residual amount of the Convertible Bonds at the initial recognition represents the value of the equity conversion component.

During the Period, there is no conversion of the Convertible Bonds.

The movements of the liability component and equity component of the Convertible Bonds for the Period are as follows:

	Liability component <i>HK\$'000</i>	Equity conversion component <i>HK\$'000</i>	Principal amount <i>HK\$'000</i>
At 1 April 2011 (audited)	596,116	1,263,605	1,571,500
Imputed interest costs recognised	63,318	—	—
At 30 September 2011 (unaudited)	659,434	1,263,605	1,571,500

The imputed interest costs charged for the Period is calculated by applying an effective interest rate of 17.7% to the liability component for the period since the bonds were issued.

19. RELATED PARTY TRANSACTIONS

During the period ended 30 September 2011, the directors of the Company are of the view that the following company is related party to the Company:

Name of the related party	Relationship
Kesterion Investments Limited	Shareholder of the Company, Eva Wong, a sister of executive director of the Company, Wong Chung Yu, Denny, and a sister-in-law of non-executive director of the Company, Yin Mark Teh-min, has beneficial interest.

(a) Amount due to a shareholder

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Kesterion Investments Limited	<u>436</u>	<u>196</u>

The amount due to a shareholder was the accrued interest on the shareholder's loan as detailed in note (b) below.

(b) Shareholder's loan

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Kesterion Investments Limited	<u>30,000</u>	<u>70,000</u>

Note:

- (i) Pursuant to a debt restructuring agreement dated 22 December 2010 ("Debt Restructuring Agreement") which was entered into among the Company, its wholly owned subsidiary, Black Sand Enterprises Limited, and Kesterion, the total debts of HK\$70,000,000 due to Kesterion by the Group, including the outstanding matured and due promissory note with the principal amount of HK\$60,000,000 and shareholder's loan of HK\$10,000,000 which was unsecured, interest-free and repayable on demand, were restructured into a two-year term loan which is unsecured, bearing interest at the rate of 6% per annum payable semi-annually and repayable at 14 March 2013.
- (ii) The carrying amount of the shareholder's loan approximate its fair value at the end of the reporting period.

20. SHARE CAPITAL

	Number of ordinary shares of HK\$0.5 each	Nominal value of ordinary shares HK\$'000
Authorised:		
At 1 April 2011 (audited) and 30 September 2011 (unaudited)	<u>2,000,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
At 1 April 2011 (audited) and 30 September 2011 (unaudited)	<u>912,184,080</u>	<u>456,092</u>

21. OPERATING LEASE ARRANGEMENTS

As at 30 September 2011, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	As at 30 September 2011 HK\$'000 (unaudited)	As at 31 March 2011 HK\$'000 (audited)
Premises		
Within one year	316	1,263
In the second to fifth years inclusive	<u>—</u>	<u>947</u>
	<u>316</u>	<u>2,210</u>

INTERIM DIVIDEND

The Directors do not recommend the payment of a dividend for the six months ended 30 September 2011 (2010: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the interests of each Directors and chief executives of the Company in the shares (the "Shares"), underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

The Company

Long positions in Shares of the Company

Name of directors/ chief executive	Number of Shares	Approximate percentage of shareholding	Capacity
Yin Mark Teh-min	50,000	0.01	Interest of spouse
	7,600	—	Beneficial owner
Sub-total:	57,600	0.01	(Note 1)

Note:

1. Ms. Wong Shu Wah, Ceci, being the wife of Mr. Yin Mark Teh-min ("Mr. Yin"), is interested in 50,000 Shares. Accordingly, Mr. Yin is deemed to be interested in such 50,000 Shares. Mr. Yin also holds 7,600 Shares as beneficial owner. Therefore, Mr. Yin is interested and deemed to be interested in 57,600 Shares in total.

DIRECTORS' AND CHIEF EXECUTIVES' SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

There are no short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company and its associated corporations that (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO

As at 30 September, 2011, the following persons (other than Directors and chief executives of the Company) had an interest and/or a short position in the Shares or underlying Shares in respect of equity derivatives of the Company that has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO):

Long positions in Shares of the Company

Name of shareholder	Number of Shares of the Company	Approximate percentage of shareholding	Capacity
Kesterion Investments Limited	272,558,400	29.88	Beneficial owner
Wong, Eva	272,558,400	29.88	Interest of controlled corporation
	271,200	0.03	Beneficial owner
Sub-total:	272,829,600	29.91	
Michael Koh Tat Lee	272,829,600	29.91	Interest of spouse (Note 1)
Liang Tong Wei	100,000,000	10.96	Beneficial owner

Note:

1. Mr. Michael Koh Tat Lee, being the husband of Ms. Eva Wong, is deemed to be interested in such 272,829,600 shares.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSABLE UNDER THE SFO *(Continued)*

Long positions in the underlying Shares of the Company

Name of shareholder	Number of underlying Shares in respect of equity derivatives of the Company	Approximate percentage of the issued share capital of the Company	Capacity
Kesterion Investments Limited	68,955,682	7.56	Beneficial owner (Note 2)
Wong, Eva	68,955,682	7.56	Interest of controlled corporation (Note 2)
Michael Koh Tat Lee	68,955,682	7.56	Interest of spouse (Note 2)

Note:

- This represents the principal amount of approximately US\$201,474,359 of convertible bonds which upon conversion in full will result in the allotment and issue of 68,955,682 Shares, which have been issued to Kesterion Investments Limited on 18 Decemeber 2008 as part of considerations for the acquisition of First Pine Enterprises Limited. The entire issued share capital of Kesterion Investments Limited is beneficially owned by Ms. Eva Wong ("Ms. Wong"). Ms. Wong, is the sister of the chairman of the Company, Mr. Wong Chung Yu, Denny and the sister-in-law of a non-executive Director of the Company Mr. Yin Mark Teh-min. Mr. Michael Koh Tat Lee, being the husband of Ms. Wong, is deemed to be interested in such 68,955,682 Shares.

SHARE OPTION SCHEME

The Share Option Scheme was adopted on 25 April 2002 for the primary purpose of providing incentives and to recognise the contribution of the eligible participants to the growth of the Group and will expire on 24 April 2012. Under the Share Option Scheme, the Board may grant options to eligible full-time or part-time employees, including any executive, non-executive and independent non-executive Directors, and consultants or advisers of the Company and/or any of its subsidiaries.

The total number of shares in respect of which options may be granted under the Share Option Scheme, and any other option schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the issued share capital of the Company without prior approval from the Company's shareholders.

Options granted must be taken up within three days of the date of grant, upon payment of HK\$1 per grant.

Options may be exercised at any time during a period to be notified by the board of Directors (the "Board") upon the grant of options provided that the option period shall not exceed 10 years from the date of grant of the options. No minimum period for which an option must be held is required. The exercise price, which is determined by the Board is the highest of: (i) the closing price per share on the date of grant; (ii) the average closing price per share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

SHARE OPTION SCHEME (Continued)

During the period under review, no options were granted, lapsed or exercised. Details of the options granted under the Share Option Scheme are as follows:

Category of grantee	Date of grant of the options	Exercise period	Exercise price of the options (HK\$)	Closing price of the Shares immediately before the date of granting the options (HK\$)	Number of options as at 1 April 2011	Number of options exercised during the period	Number of options cancelled during the period	Number of options lapsed in accordance with the terms of the options or the share options scheme during the period	Number of options outstanding as at 30 September 2011	Shareholding percentage of the underlying shares for the Options capital of the Company
Consultants	6 March 2007	6 March 2007 to 5 March 2017	3.58 (Note1)	0.20	262,800	—	—	—	262,800 (Note1)	0.03%
Total					262,800	—	—	—	262,800	0.03%

Note:

- The number of shares issuable under the Share Option Scheme and the exercise price were adjusted due to the completion of capital reorganization and share consolidation and right issue in February to March 2011.

Save as the Share Option Scheme, no time during the period was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire by means of acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate.

COMPETING INTERESTS

None of the Directors, management shareholders or controlling shareholders (as defined in the GEM Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group during the six months ended 30 September 2011.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the six months ended 30 September, 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September, 2011.

CORPORATE GOVERNANCE

Throughout the Period, the Company has adopted and complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of quarterly, interim and annual results. The Company confirms that, having made specific enquiry from all Directors, all Directors have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules for the six months ended 30 September, 2011.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently comprises four members of which one is non-executive Director namely Mr. Yin Mark Teh-min and three independent non-executive Directors, namely, Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze. The chairman of the Audit Committee is Mr. Tong Wan Sze. The written terms of reference of the Audit Committee sets out the duties of the Audit Committee which includes reviewing and supervising the financial reporting and internal controls procedures of the Group and to review and approve the Company’s annual reports and accounts, interim report and quarterly reports to the Board. The Audit Committee has reviewed this interim report in accordance with the GEM Listing Rules.

By Order of the Board
Pan Asia Mining Limited
Wong Chung Yu, Denny
Chairman

Hong Kong, 11 November, 2011

As at the date of this announcement, the Board comprises two executive Directors, Mr. Wong Chung Yu, Denny and Mr. Eng Wee Meng, one non-executive Director, Mr. Yin Mark Teh-min, and three independent non-executive Directors, Mr. Lai Kai Jin, Michael, Mr. Chu Hung Lin, Victor and Mr. Tong Wan Sze.

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