



ASX Announcement | October 08, 2020

Chairman's Welcome Letter

Dear Shareholders,

On behalf of our Board of Directors, it is my pleasure to extend a warm welcome to each of our new shareholders. Thanks to your support, we have raised A\$4.3m in equity which will enable us to pursue our strategic growth plans.

Pan Asia Metals Limited (PAM, Pan Asia or the Company) is a South East Asian focused minerals exploration and development company with tungsten and lithium projects located in southern Thailand and Australia.

The Company is specifically focused on South East Asia for both geological and economic reasons. Our projects are located in the South East Asian Tin - Tungsten Belt, which extends from Myanmar in the north through Thailand and Peninsular Malaysia to the Tin Islands in the South. This belt is appealing due to the occurrence of a suite of specialty metals associated with granite-related tin, tungsten, lithium, tantalum, niobium, rubidium, cesium, rare earths and other rare metals – including kaolin clay. In addition, this belt, which contains some of the largest historical tin producing districts in the world, specifically in Southern Thailand and much of Peninsula Malaysia, has undergone very limited modern exploration.

Operating in South East Asia, especially in Thailand and Malaysia, gives the Company access to modern industrial economies with globally competitive cost environments. We are also located in close proximity to larger markets in Asia, the fastest growing and most populous region on earth.

Our strategy is simple: we seek to secure exploration and development assets that have the potential to be positioned in the lowest or the leading third of the cost curve and which allow the Company to pursue downstream value-adding opportunities. When acquiring assets, cost curve positioning is paramount in our decision-making, as assets positioned further up the cost curve are generally more difficult to finance and develop. Regardless of the size or grade of an asset, if development finance cannot be secured then the asset is worth relatively little.

The opportunity to move downstream is also very important. In general, value-adding mine output will offer the Company better and more consistent profit margins, a larger footprint of customers, and greater exposure to new opportunities. Although at face value this may sound

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optimistic, for many specialty metals, including tungsten and lithium, value-adding can be easily incorporated into a feasibility study if the geology, geography and cost environment is right.

This brings us to our location and why we have a preference for South East Asia. Value-adding mine output is out of reach for most explorers and developers due to the mineral, and or the geography, and or the cost environment, For example, if the target mineral is a bulk commodity such as coal or iron ore or a base metal like copper, zinc or lead then economies of scale and capital requirements are generally barriers to entry to all but the largest mining companies. Furthermore, if the project is remote then the availability and cost of process inputs and availability of infrastructure generally increase barriers to entry. Finally, if the project is situated in a high-cost environment then capital and operating costs can also be a barrier to entry. In many cases, these three barriers go hand in hand. This is where Pan Asia has an advantage over many of its peers: the Company's tungsten and lithium projects offer economies of scale, with balance sheet requirements expected to be much less demanding as its projects are located in close proximity to the advanced industrial economies of Thailand and Malaysia. These countries offer competitively priced process inputs as well as being low-cost environments – something which applies to South East Asia in general - and it is why processors and manufacturers of all types choose to be located there.

Pan Asia has a 100% interest in four projects, consisting of two tungsten project areas and two lithium project areas. Three of these four projects fit Pan Asia's strategy of downstream value-adding development opportunities located in low-cost environments proximal to end market users. Listed in order of priority Pan Asia's projects are:

Khao Soon Tungsten Project (Khao Soon, Thailand, 100%, High Priority)

Khao Soon is a significant historical producer. Modern exploration has discovered potentially world-class, district scale tungsten mineralisation across numerous prospects. Reconnaissance diamond drilling by Pan Asia has intersected robust widths and grades associated with strong surface anomalies, from which Exploration Targets have been estimated. The Company is planning additional drilling to support Mineral Resource estimation. Exploration drilling will also test other targets including numerous geophysical anomalies.

Reung Kiet Lithium Project (Reung Kiet, Thailand, 100%, High Priority)

Reung Kiet is situated in a region of previous large-scale tin mining. Lithium mineralization occurs in association with some of these mined areas. Exploration by the Company has discovered lepidolite (lithium-rich mica) occurring in pegmatites over a combined strike length of 2.5km. Soil, rock-chip and trench sampling have generally defined consistent high grades across good widths. Initial diamond drilling by the Company has also resulted in some encouraging intersections. Several prospects are planned for immediate drilling. Metallurgical test work has begun and initial test results were very positive.



Bang Now Lithium Project (Bang Now, Thailand, 100%, Medium Priority)

Bang Now is also a historical mining area where lepidolite-rich pegmatites were mined for tin. Exploration of this project area is at an early stage with work to date having defined potential for a lithium-rich pegmatite dyke swarm around 2km long and 400m wide, with individual dykes up to 2m wide. Rock chip sampling indicates consistent high lithium grades within numerous narrow dykes. Further mapping and sampling are required prior to drill targeting.

Minter Tungsten Project (Minter, Australia, 100%, Medium Priority)

Minter is located in central NSW, Australia. Past explorers have defined broad areas of elevated tungsten in soil sampling and mostly shallow follow-up drilling. More recent diamond drilling and mapping would indicate that all drilling has been very poorly oriented to adequately test the mineralisation. Pan Asia plans to conduct appropriately directed drilling. Whilst Minter does not directly fit Pan Asia's strategy, we see it as a potential source of tungsten concentrate to feed future South East Asia-based downstream processing operations.

Complementing Pan Asia's project suite is the Company's target generation program, where our aim is to build a pipeline of target assets in specialty metals and rare earths which fit our stated criteria. This program has been running for several years and Pan Asia has a pipeline of target assets in South East Asia which are at various stages of consideration.

In summary, the Company's philosophy is simple – low-cost assets in low-cost jurisdictions with the potential to extend downstream and take advantage of value-adding opportunities.

In the near term, we are already drilling at the Khao Soon Tungsten Project and we plan to begin drilling at the Reung Kiet Lithium Project soon. We are also continuing to assess a range of acquisition targets while advancing our other two existing priority projects.

We thank you again for your support and welcome you as shareholders of Pan Asia Metals.

We encourage shareholders to keep up to date with our progress through the ASX announcements' platform, our website and social media channels.

Yours sincerely,

Mr Paul D Lock
Executive Chairman and Managing Director

Authorised by:
Board of Directors



About PAM

Pan Asia Metals Limited (ASX:PAM) is a specialty metals explorer and developer focused on the identification and development of projects in South East Asia that have the potential to position Pan Asia Metals to produce metal compounds and other value-added products that are in high demand in the region.

Pan Asia Metals currently owns two tungsten projects and two lithium projects. Three of the four projects are located in Thailand, fitting Pan Asia Metal's strategy of developing downstream value-add opportunities located in low-cost environments proximal to end market users.

Complementing Pan Asia Metal's existing project portfolio is a target generation program which identifies desirable assets in the region. Through the program, Pan Asia Metals has a pipeline of target opportunities in South East Asia which are at various stages of consideration. In the years ahead, Pan Asia Metals plans to develop its existing projects while also expanding its portfolio via targeted and value-accretive acquisitions.

To learn more, please visit: www.panasiametals.com

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