Corporate Activities Update | 7 March 2024

# Southeast Asia Strategy Update
# Meetings with Thai Government and Asian Lithium Supply Chain

- Thai Government confirms that PAM's lithium projects are seen as an important component of Thailand's EV and Battery supply chain.
- Thai Government supportive of PAM's mid stream lithium chemicals production strategy and broader EV and Battery supply chain integration objectives.
- PAM well received by leading EV, battery and chemical producers in China, with discussions focused on technical partnerships and joint ventures to produce lithium chemicals.
- Discussions with 'the' leading engineering and construction firm for lithium conversion plants progress, with a review of the Vietnam Conversion Facility PFS underway before publication.

**Pan Asia Metals' Managing Director, Paul Lock, said:** *"PAM's meeting with the Thai Government confirmed strong support for PAM's RK Lithium Project and PAM's concentrate to chemical initiative in Thailand. This meeting follows recent public endorsements from the Thai Government. This meeting also follows a series of positive technical and commercial meetings with several leading EV, battery and chemical producers in China's lithium supply chain. PAM and its partners are currently in discussions with two low cost integrated lepidolite to lithium chemical producers and, like these producers, PAM's RK Lithium Project has similar grades, is situated in a low cost environment, and is proximal to all its required inputs and its end markets. Soochow Securities recently released commentary on lepidolite based lithium chemical production costs, indicating that the lowest cost producers have operating costs well below $10,000/t LCE and the lowest cost producer is currently at ~$7,500/t LCE, which is competitive. "*

**Battery and critical metals explorer and developer Pan Asia Metals Limited (ASX: PAM) ('PAM' or 'the Company')** is pleased to report that its Managing Director, Mr. Paul Lock, met with the Prime Minister's Office, Thailand, and the Director General, Department of Primary Industry and Mines this week, to discuss the Company's RK and KT Lithium Projects and PAM's strategy to participate in Thailand's EV and Battery supply chain through the production of lithium chemicals. This follows technical and commercial discussions with several leading EV, battery and chemical producers in the People's Republic of China's (China) lithium supply chain.

The Thai Government officials endorsed PAM's strategy and relayed the Government's support of PAM's plans to produce battery chemicals in partnership with leading Thai and foreign chemical and battery companies. The meetings come soon after a recent announcement that the Thai Government

and Tesla[1] are progressing discussions, furthering Thailand's strategy to lead electrification in Southeast Asia and position the Country to move from the leading vehicle manufacturer in the region to the leading EV and battery manufacturer in the region. These meetings follow the Government's public endorsement of PAM's chemical production initiatives in Thailand.

This week's meeting followed technical and commercial discussions with several leading EV, battery and chemical producers in China, accompanied by Hong Kong based advisory firm, Golden Dragon Capital Limited, a specialist in the Asian EV and Battery supply chain. The meetings included:

1. A multinational lithium chemical salt processing company located in Yichun City, Jiangxi Province, which uses self-owned domestic and overseas sourced lepidolite and spodumene concentrate as its main raw material to mass produce battery-grade lithium chemical salts and by-products. The company had production capacity of 200,000tpa of LCE in 2023 and plans to increase capacity to 500,000tpa by 2025. As such, the company welcomed discussions with PAM as a long-term raw material processor and chemical producing partner. Discussions between the two companies included the provision of technical assistance to PAM on a commercial basis and advancing PAM's RK Lithium Project and Vietnam Lithium Conversion Project, including but not limited to chemical product offtake, project financing and investment.

2. A multinational mining and metals group located in Sichuan which has more than 40 subsidiary holding companies and 3,300 employees. The company's main business is the production and sale of lithium concentrate, lithium carbonate, lithium hydroxide, lithium chloride, and lithium metal. The company has established lithium chemical salt plants with production capacity of 72,000tpa using raw materials from both domestic and overseas sources. Most importantly, the company is building a new lithium salt plant targeting production capacity of 60,000tpa in Indonesia. This is expected to be completed in the first half of 2024.

3. A technology group affiliated to a Chinese multinational automotive company, one of the world's top 500 companies. The company has established a broad footprint in the automotive industry supply chain with its main business covering upstream and downstream investment in new energy power battery manufacturing and recycling. In terms of lithium-ion battery manufacturing, the company focuses on the research and development, production and sales of ternary lithium-ion batteries and lithium iron phosphate batteries. Discussions between the two companies included the provision of technical assistance to PAM on a commercial basis and advancing PAM's RK Lithium Project and Vietnam Lithium Conversion Project, including but not limited to chemical product offtake, project financing and investment.

4. A leading university located in Changsha City, Hunan Province, which specialises in lepidolite beneficiation and secondary processing to produce battery-grade lithium carbonate and related by-products. Discussions included a potential review of PAM's existing metallurgical testwork results to identify opportunities for optimization. This university is affiliated with several of the above mentioned entities which have lepidolite to lithium chemical producing activities and which are situated at or near the bottom of the lepidolite cost curve.

5. The leading lithium conversion plant engineering and construction firm, globally, to discuss next steps in advancing the conversion aspect of PAM's RK Lithium Project and Vietnam Lithium

[1] *Ghoshal, D. and Wongcha-um, P. (2024). Tesla in talks with Thailand for production facility, says government official. [online] www.reuters.com. Available at: https://www.reuters.com/business/autos-transportation/tesla-has-conducted-site-survey-thailand-ev-facility-says-government-official-2024-03-04/ [Accessed 4 Mar. 2024].*

Conversion Project. For the latter, PFS work is near completion and the discussions included progressing straight to FEED upon finalisation of joint venture partnership arrangements. An initial focus will be a review PAM's pre-feasibility work before publication. Aspects of this work can be applied to the chemical conversion component of PAM's RK Lithium Project in Thailand.

Further technical and commercial discussions with the above and other leading EV, battery and chemical producers will take place during March and April, with the objective of moving toward partnership/s.

Golden Dragon Capital Limited's Director, Mr. Brendan Jephcott, commented: "*China is experienced in the extraction and production of lithium chemical salts sourced from lepidolite and has converter capacity increases and overseas commercial expansion plans. PAM's lithium projects, being located in low-cost jurisdictions, are favourable to provide the raw materials and chemicals to feed into the growing lithium-ion supply chain in Southeast Asia*."

Soochow Securities[2] recently released an energy metal initiation report which included up to date commentary on the Chinese based lepidolite based lithium chemical supply chain, including a cost curve for integrated lepidolite to lithium chemical processors (see Figure 1, modified). The report confirms previous industry expert commentary identifying that, as per every raw material source for lithium chemicals, there are several very low cost lepidolite based integrated lithium chemical producers.

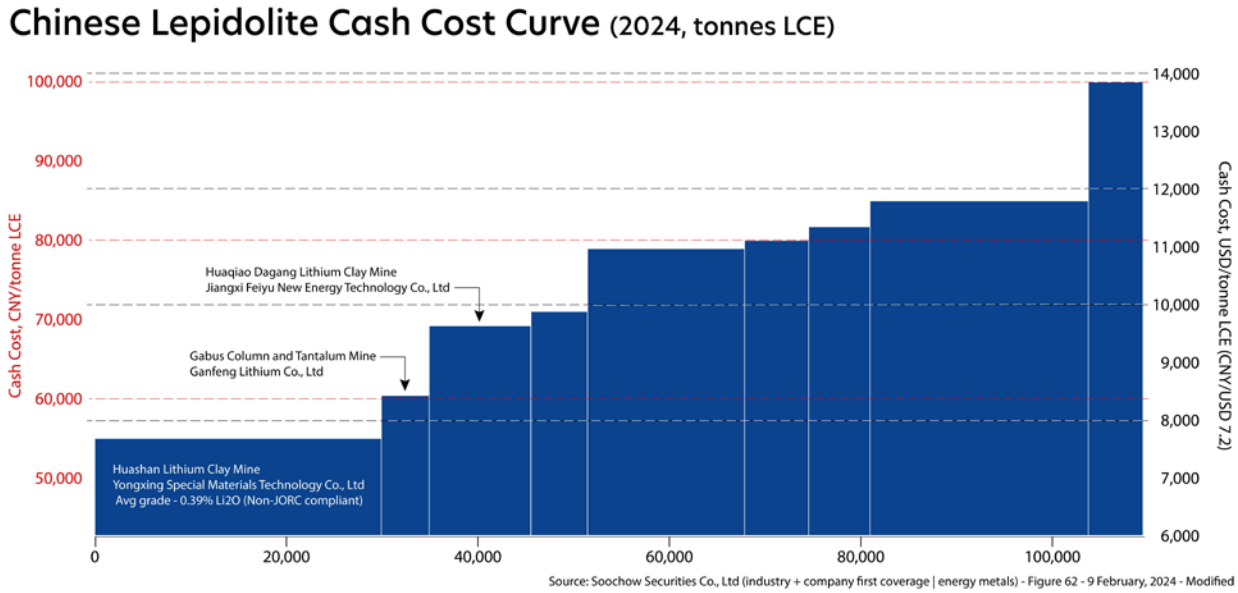


*Figure 1: Cash cost estimate for lepidolite based LCE production, 2024 (CNY and USD/tonne LCE) Modified from Figure 62, Soochow Securities Energy Metal Initiation Report, 9 February, 2024*

[2] *Zeng, D., Ruan, Q., Yue, S. and Hu, J. (2004). Energy Metal Industry & Company Initiation Report. Singapore: Soochow Securities, pp.54–58.*

PAM and its partners are currently in discussions with two of the three lowest cost producers. Like these producers, PAM's RK Lithium Project has similar grades, is situated in a low cost environment in close proximity to all of its input requirements (labour, energy, expertise and reagents) as well as its end markets.

Ends

Authorised by:
Chairman and Managing Director

## ABOUT GOLDEN DRAGON CAPITAL LIMITED

Golden Dragon Capital Limited is a Hong Kong limited company which provides comprehensive battery mineral market research reports and supply chain partner introductions to clients seeking an understanding on how energy transition metals and emerging technologies are being integrated into the global lithium-ion battery supply chain. Clients include resource companies, lithium-ion battery and sodium-ion battery companies, electric vehicle auto companies, multinational conglomerates, commodity trading companies, investment banks, family offices, and universities. For more information www.goldendragoncapital.com

## ABOUT PAN ASIA METALS LIMITED (ASX:PAM)

Pan Asia Metals Limited is the only publicly traded battery materials company with lithium projects in South-East Asia and South America, and with agreements with key battery and chemical producers in the Asian region to produce advanced battery chemicals.

PAM's RK Lithium Project is strategically located in Thailand – the largest vehicle producer in the region. With Asia accounting for more than half of the global annual vehicle production, PAM is uniquely positioned to capitalise on the soaring demand for battery minerals in the region. PAM's Tama Atacama Lithium Project is strategically located in the Atacama region of Chile. At about 1200km$^2$ and located on key infrastructure, 40km from the coast and 75km from Iquique - with a population of 200,000 and large port infrastructure - it is one of the largest and most strategically placed lithium brine assets in the global peer group.

PAM's dedication to producing innovative, high-value products with a minimal carbon footprint makes us an ideal partner for meeting our needs in both battery chemicals and sustainable energy. PAM is also a respected local company, with a strategy focused on developing an integrated supply chain to cost-effectively deliver relevant and in-demand products to the Li-ion battery market.

PAM is rapidly advancing its lithium projects through to feasibility and plans to expand its global lithium resource sustainably through its extensive holdings in Asia and South America.

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

Stay up to date with the latest news by connecting with PAM on LinkedIn and Twitter.


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## Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Ms Millicent Canisius and Mr Anthony Wesson, both full-time employees of CSA Global. Mr Anthony Wesson is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and Ms Millicent Canisius is a Member of the Australasian Institute of Mining and Metallurgy. Mr Anthony Wesson and Ms Millicent Canisius have sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Anthony Wesson and Ms Millicent Canisius consent to the disclosure of the information in this report in the form and context in which it appears.

The information in this report that relates to Exploration Targets and Exploration Results, is based on information compiled by Mr. David Hobby, is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Hobby is a full time employee, Director and Shareholder of Pan Asia Metals Limited. Mr. Hobby has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr. Hobby consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Forward Looking Statements

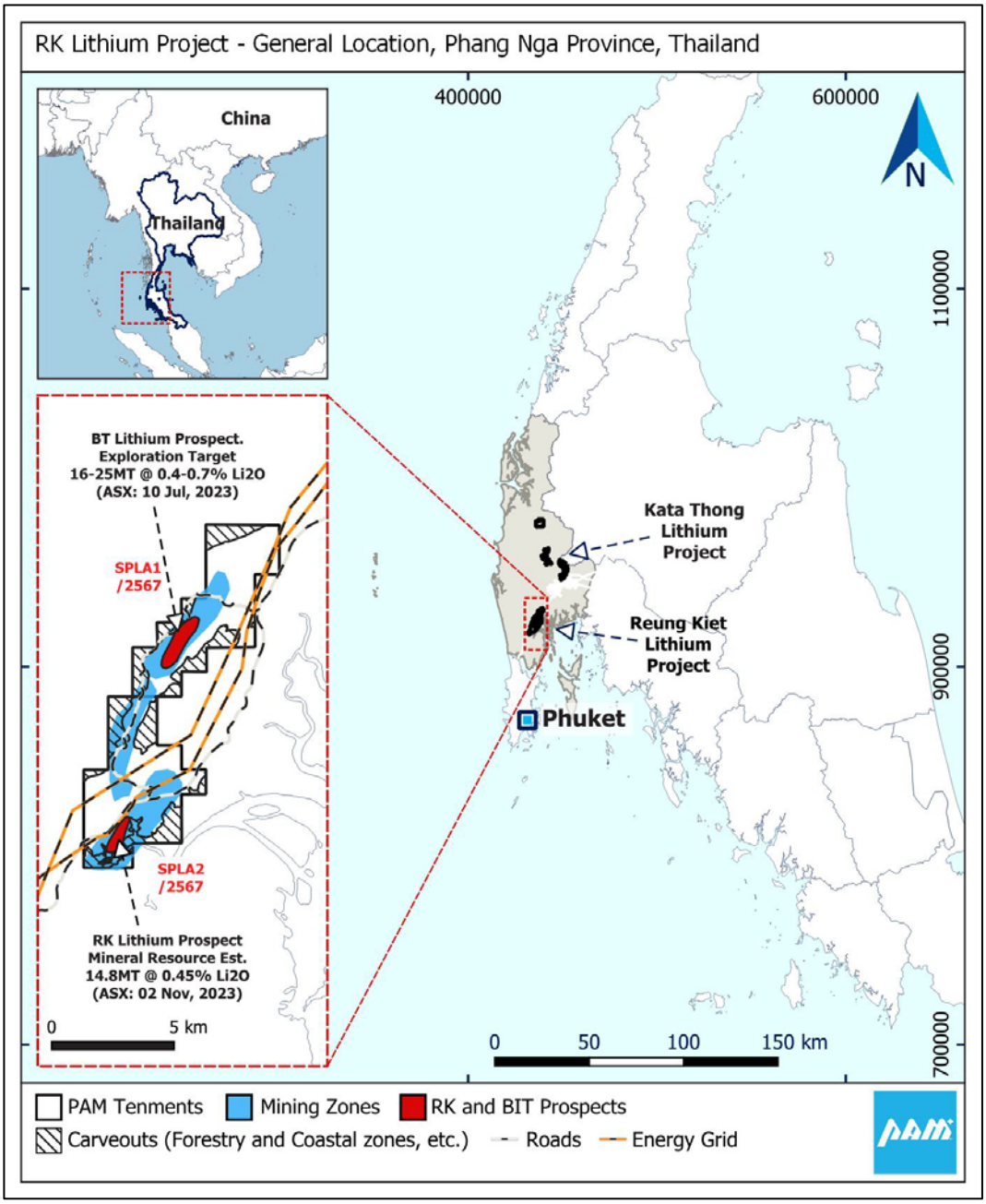
Various statements in this document constitute statements relating to intentions, future acts and events which are generally classified as “forward looking statements”. These forward looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other important factors (many of which are beyond the Company’s control) that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed in this document. For example, future reserves or resources or exploration targets described in this document may be based, in part, on market prices that may vary significantly from current levels. These variations may materially affect the timing or feasibility of particular developments. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “potential” and similar expressions are intended to identify forward-looking statements. Pan Asia Metals cautions security holders and prospective security holders to not place undue reliance on these forward-looking statements, which reflect the view of Pan Asia Metals only as of the date of this document. The forward-looking statements made in this document relate only to events as of the date on which the statements are made. Except as required by applicable regulations or by law, Pan Asia Metals does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events. Past performance cannot be relied on as a guide to future performance.

## Important

To the extent permitted by law, PAM and its officers, employees, related bodies corporate and agents (Agents) disclaim all liability, direct, indirect or consequential (and whether or not arising out of the negligence, default or lack of care of PAM and/or any of its Agents) for any loss or damage suffered by a Recipient or other persons arising out of, or in connection with, any use or reliance on this document or information.

## RK Lithium Project

The RK Lithium Project ('RKLP'), inclusive of the RK Lithium Prospect (RK) and the BT Lithium Prospect (RK), is one of PAM's key assets. RKLP is a hard rock lithium project with lithium hosted in lepidolite/muscovite rich pegmatites chiefly composed of quartz, feldspar, lepidolite and muscovite both lithium bearing micas, with minor cassiterite and tantalite as well as other accessory minerals. Previous open pit mining extracting tin from the weathered pegmatites was conducted into the early 1970's.




*Regional map: Location of Phang Nga and the Reung Kiet Lithium Project*

### RK Lithium Prospect

The RK Lithium Prospect (RK) is located about 8km south of the BT Lithium Prospect (BT) in southern Thailand. At RK PAM has estimated a Mineral Resource Estimate of 14.8 million tonnes at a grade 0.45% $Li_2O$, containing 164,500 tonnes LCE. See Table 1 and PAM ASX announcement "*Reung Kiet Lithium Project Mineral Resource Update*" dated 2 November, 2023.

**Table 1. RK Lithium Prospect – Mineral Resource at a 0.25% $Li_2O$ cut-off (2nd November 2023)**

| Resource Category | Resource (Mt) | $Li_2O$ % | Sn ppm | $Ta_2O_5$ ppm | Rb % | Cs ppm | Cont. LCE |
|---|---|---|---|---|---|---|---|
| Measured | 7.80 | 0.44 | 410 | 74 | 0.20 | 230 | 85,289 |
| Indicated | 3.26 | 0.49 | 349 | 85 | 0.20 | 261 | 39,375 |
| Inferred | 3.74 | 0.41 | 390 | 78 | 0.19 | 229 | 38,252 |
| **Total** | **14.80** | **0.45** | **391** | **77** | **0.20** | **237** | **164,500** |

*Note: Contained LCE for individual Resource categories is subject to tonnes and grade rounding.*

The RK Prospect hosts a relatively large open cut tin mine that operated into the 1970's. The old pit is about 500m long and up to 125m wide. Mining of weathered pegmatites was undertaken by open cut hydraulic methods to about 30m below surface and ceased when hard rock was intersected.

Pan Asia has identified a prospective zone over 1km long. Mineralisation remains open along strike to the north and south, with strong mineralisation particularly evident at surface and at depth in the south. PAM retains a 100% interest in RK.

### BT Lithium Prospect

The BT Lithium Prospect (BT) is located about 8km north of the RK in southern Thailand. At BT PAM has estimated a drill supported Exploration Target of 16 to 25 million tonnes at a grade ranging between 0.4% to 0.7% $Li_2O$. See Table 2 and PAM ASX announcement "*Reung Kiet Lithium Project Exploration Target Substantially Increased*" dated 10 July, 2023.

**Table 2 – BT Lithium Prospect - Exploration Target, 10th July, 2023**

| | Million Tonnes | $Li_2O$ % | Sn % | $Ta_2O_5$ (ppm) | Rb % | Cs (ppm) | K (%) |
|---|---|---|---|---|---|---|---|
| Lower | 16.0 | 0.70 | 0.16 | 120 | 0.30 | 250 | 2.80 |
| Upper | 25.0 | 0.40 | 0.11 | 95 | 0.25 | 200 | 2.40 |

The potential quantity and grade of the Exploration Target are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The BT hosts a significant historic tin mine that extends for almost 2km along strike. Mining of weathered pegmatites was undertaken by open cut hydraulic methods to about 40m below surface and ceased when hard rock was intersected. PAM retains a 100% interest in BT.

## Tama Atacama Lithium Brine Project

The Tama Atacama Lithium Project distinguishes itself as one of South America's largest and most strategically positioned lithium brine projects with ~120,000ha (~1,200km$^2$) of granted exploration licenses or exploration license applications over which PAM has entered into binding Option Agreements to Purchase 100% of the project area. See Figure 4 and PAM ASX announcements titled "*Tama Atacama Lithium Option Agreements Signed*" and "*Tama Atacama Lithium Presentation*" dated 2nd January and 12th February, 2024 respectively.

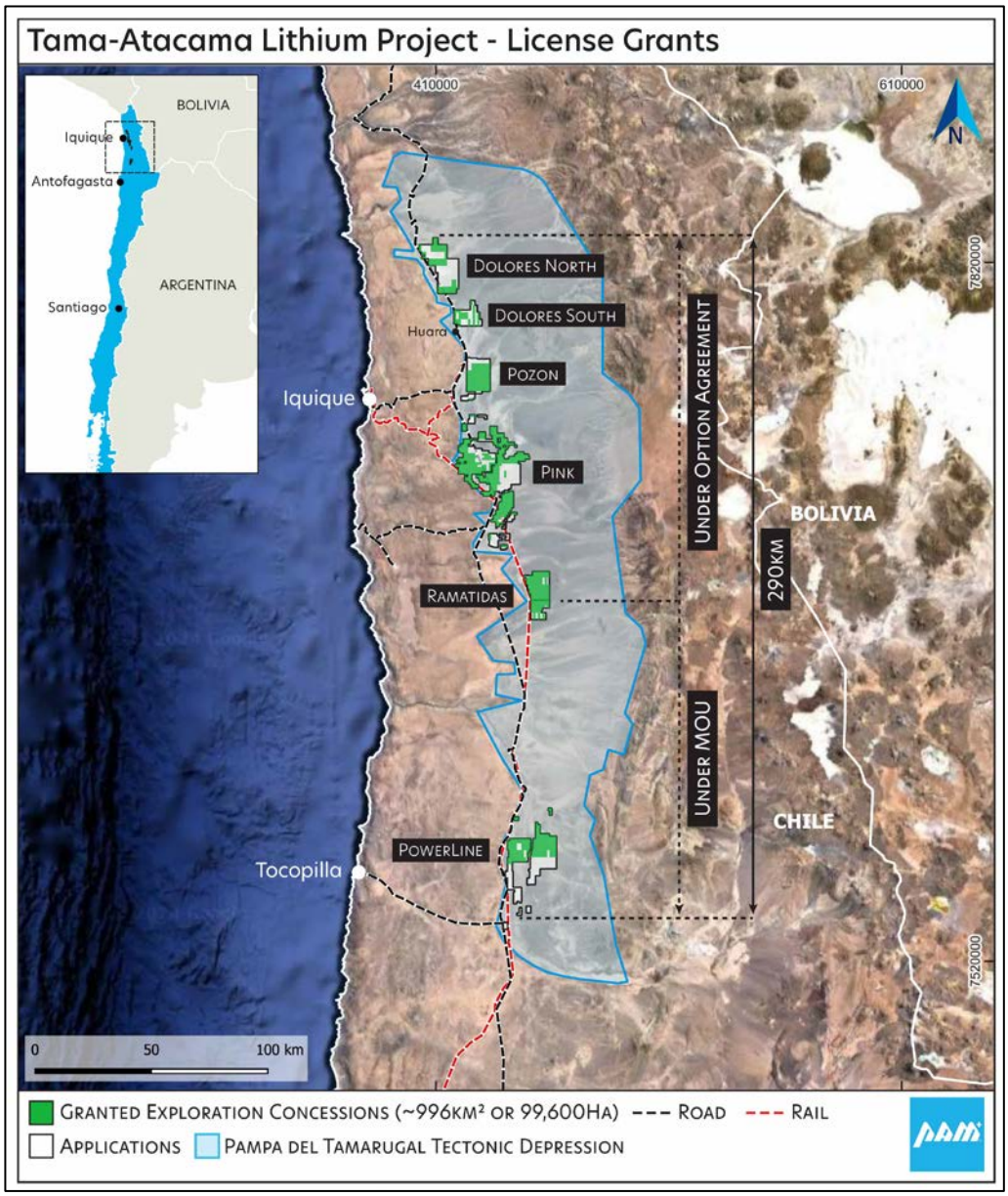



*Figure 4. Tama Atacama Lithium Project: Granted Licenses under Option Agreements and MOU*

The project sits within the 12,500km$^2$ Pampa del Tamarugal Basin, which is located in the Atacama Desert in northern Chile. Reconnaissance work suggests similar geochemical signatures to Salar de Atacama. Analysis of historical geophysics (seismic) show a very large basin up to 600m deep.

Extensive lithium surface anomalies with lithium results up to 2,200ppm Li, and averaging 700ppm Li (56/177 assays, 270ppm cutoff) extend over ~160km, see Figure 2. The project is north of Chile's lithium chemical refining hub in Antafagasto, see Figure 5.

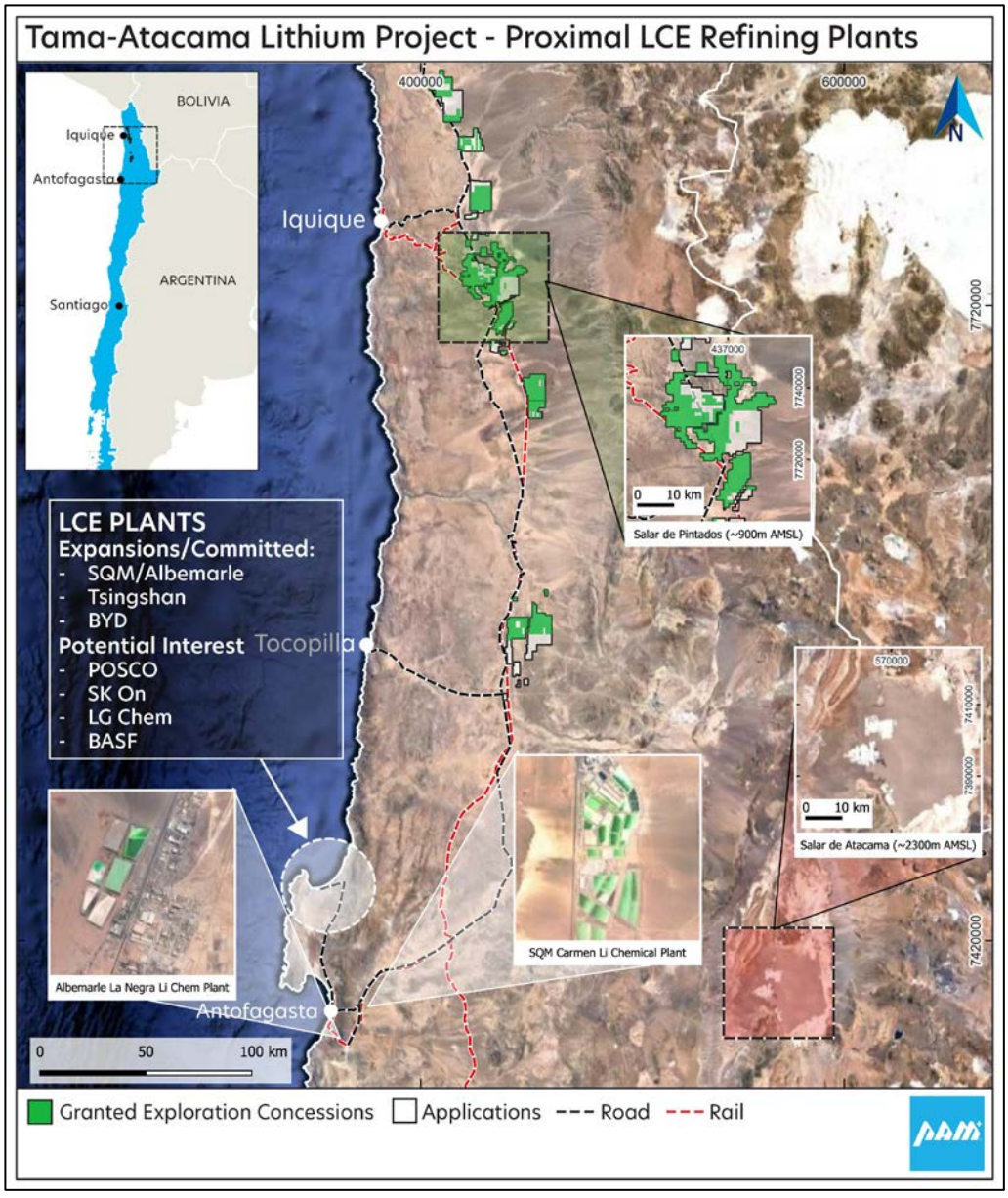



*Figure 5. Tama Atacama Lithium Project: Proximal Lithium Chemical Refining Plants*

The Project is situated at an altitude of 800-1100m, it is one of the lowest-lying lithium brine projects globally, and the project is set in a hyper-arid environment with very high evaporation rates, is well-supported with all necessary transport and energy infrastructure, and is situated 40-60km from the coast and only 75km from Iquique, a well-equipped coastal city with a population of 200,000, a deep water bulk and container port, and regular flights to Santiago. Tama Atacama is only 75km from Port of Patillos, Chile's largest salt export terminal, providing PAM a potential solution for waste salt, and

several pipelines pump sea water through PAM's project areas, providing a potential solution to achieving water balance.

## Appendix 1 - Options to Purchase – Key Commercial Terms

| **Parties** | | | |
|---|---|---|---|
| | Option Agreement 1 | Option Agreement 2 | Option Agreement 3 |
| Purchaser | Pan Asia Metals Limited through its Chilean Subsidiaries | | |
| Vendor | Rajo Partnership | Rajo Partnership | Thomas Eggers |
| Project | Dolores North (~222km$^2$)<br>Dolores South (~96km$^2$) | Pozon (~158km$^2$)<br>Pink (~550km$^2$)<br>Ramatidos (northern portion of project area, approx. ~110km$^2$) | 25 exploration concessions (~75km$^2$) in Salars Bellavista and Pintados and adjacent to the Project Pink exploration concessions. |
| **Key Commercial Terms** | | | |
| Term | 3 Years + 1 additional year by mutual Agreement(1) | 3 Years + 1 additional year by mutual Agreement(1) | 5 Years(2) |
| Earn-in | 100% | 100% | 100% |
| Management | PAM | PAM | PAM |
| Licensing | Meet all obligations including annual licensing payments to maintain titles in good standing | | |
| Minimum Annual Spend | Not applicable | Not applicable | To Jan '25: US$120,000<br>To Jan '26: US$420,000<br>To Jan '27: US$1,260,000 |
| Option Payment | Dec '24: US$100,000<br>Dec '25: US$100,000<br>Dec '26: US$2,000,000(3) | Dec '24: US$100,000<br>Dec '25: US$100,000<br>Dec '26 US$2,000,000(3) | Jan '24: US$66,000<br>Jan '25: US$30,000<br>Jan '26: US$90,000<br>Jan '27: US$180,000<br>Jan '28: US$600,000<br>CEOL: US$1,800,000(4) |
| Royalty | Not applicable | Not applicable | 2% NSR with buyback options(5) |

(1) By mutual agreement PAM and Rajo Partnership can extension the term of the Option Agreement by 1 year, and if extended PAM would be required to pay an additional Option Payment of US$100,000.
(2) The final term of the agreement with Thomas Eggers is subject to the award of a Special Lithium Operations Contract ('**C**ontratos **E**speciales de **O**peración de **L**itio' or 'CEOL').
(3) PAM can exercise the US$2 million Option Payment early, upon which no further annual payments of US$100,000 will be payable.
(4) The final payment of US$1,800,000 is subject to the award of a CEOL, if 54 months have passed and the CEOL is awarded, then this payment is payable, alternatively, this payment is payable within 6 months of the CEOL being awarded.
(5) The NSR includes an option the buy back.
    a. The first 1% of the NSR can be bought back for US$600,000.
    b. The second 1% of the NSR can be bought back with the price based on a formula related to: i. 0.5% of the NPV10 before commercial production begins and 0.75% of the NPV10 after commercial production begins, or ii. 0.5% of the Asset Sale Price before commercial production begins and 0.75% of the Asset Sale Price after commercial production begins.