

PanAsiaMetals

19 October 2020

Ms B Giles
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Ms Giles

Query Letter

In answer to your request for information dated 16 October 2020, PAM advises as follows:

1. PAM has not secured an option to acquire Lemyethna.* Lemyethna has not, so far as PAM is aware, been offered for grant to date.
2. Should PAM receive an offer to apply for a grant of Lemyethna, the Directors of PAM will consider the terms of any such offer and, if acceptable, announce its intentions and take such action as may be required so to do.

* Lemyethna means "the Lemyethna Copper-Gold Project approximately 400km in area under application situated in South Western Myanmar".

Yours faithfully
Pan Asia Metals Limited



Wayne Kernaghan
Company Secretary

PAN ASIA METALS LIMITED

Level 3, 8 Robinson Road, ASO Building, Singapore, 048544
Level 23, 52 Thaniya Plaza, Silom Road, Bangrak, Bangkok, 10500
www.panasiametals.com

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16 October 2020

Reference: 25906

Mr Wayne Kernaghan
Company Secretary
Pan Asia Metals Limited

By email

Dear Mr Kernaghan

Pan Asia Metals Limited ('PAM'): Query Letter

ASX refers to the following:

- A. ASX's query letter sent to PAM on 15 October 2020;
- B. PAM's response to ASX's query letter sent on 16 October 2020; and
- C. PAM's announcement entitled "Pan Asia Metals secures highly prospective copper-gold application block in Myanmar" lodged on the ASX Market Announcements Platform at 9:30 AM AEDT on 13 October 2020 but not released to the market (the 'Announcement') which sought to disclose that:

"Specialty metals explorer and developer Pan Asia Metals Limited (ASX: PAM) ('PAM' or 'the Company') is pleased to announce that it has secured a nil cost option to acquire the Lemyethna Copper-Gold Project, ('Lemyethna') a circa 400km² of copper and gold exploration ground under application and situated in South Western Myanmar."

Request for information

Having regard to the above, ASX asks PAM to respond separately to each of the following questions and requests for information:

1. By what method did PAM secure the option to acquire Lemyethna?
2. Does PAM intend to proceed with any method of acquiring Lemyethna?

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 20 October 2020**.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

Trading in PAM's securities will remain suspended under Listing Rule 17.3 until ASX receives a satisfactory response to the queries set out above.

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Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Yours faithfully

Belinda Giles

Adviser, Listings Compliance (Perth)

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PanAsiaMetals

16 October 2020

Ms B Giles
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Ms Giles

Query Letter

We refer to your Query Letter dated 15 October 2020.

Please find attached responses to your request for information contained in your Query Letter.

Yours faithfully
Pan Asia Metals Limited



Wayne Kernaghan
Company Secretary

PAN ASIA METALS LIMITED

Level 3, 8 Robinson Road, ASO Building, Singapore, 048544
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Responses to ASX Letter dated 15 October 2020

1. In relation to the Agreement between PAM and Horizon Mines Pty Ltd:

1.1 When did negotiations between PAM and Horizon Mines Pty Ltd with respect to the Lemyethna Project commence? In answering this question please specify the date and time negotiations commenced.

There have been no negotiations.

1.2 Who conducted those negotiations on behalf of PAM and who conducted those negotiations on behalf of Horizon Mines Pty Ltd?

See answer to 1.1

1.3 What date was the Agreement between PAM and Horizon Mines Pty Ltd executed or entered into?

There is no agreement

1.4 Does PAM consider the existence of the Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Not applicable

1.5 If the answer to question 1.4 is “no”, please advise the basis for that view.

Not applicable

1.6 When did PAM first become aware of the Agreement?

Not applicable

1.7 If the answer to question 1.4 is “yes” and PAM first became aware of the Agreement before the 13 October 2020, did PAM make any announcement prior to the relevant date which disclosed the Agreement?

Not applicable

1.8 Please provide a copy of the Agreement between PAM and Horizon Mines Pty Ltd. If there is no documents comprising the Agreement, please confirm that to be the case and advise how the Agreement was made instead of by written documentation.

Not applicable

2. In relation to the Lemyethna Project:

2.1 What jurisdiction was the application for the Lemyethna Project made and what body was the application made to?

Ministry of Mines, Myanmar

2.2 What date did Horizon Mines Pty Ltd make its application in respect of the Lemyethna Project? Please provide a copy of the application showing the tenement information.

The original application was submitted in September 2014 and a re-application in 2018.

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2.3 What are the 'standard country licencing arrangements such as fees and royalties, minimum expenditure requirements and so on' referred to in the Announcement? In particular, please advise of the actual fee amounts, royalty amounts and minimum expenditure amounts and confirm whether Horizon Mines Pty Ltd is presently subject to these obligations.

These matters vary from tenement to tenement depending on type of tenement, period of grant and type of metal. If a copy of a treatise on Myanmar Mining law is required please advise.

2.4 Please provide details of the due diligence on the Lemyethna Project already conducted by PAM. In particular, please advise who conducted that due diligence and when it was conducted.

No due diligence has been conducted by PAM. No invitation to apply for a grant has been issued to date. What due diligence is required depend on the nature of any such invitation.

2.5 What funds does PAM intend to allocate to its due diligence on the Lemyethna Project during the option agreement phase?

This cannot be determined until an invitation to apply for a grant is received and the Directors have considered the proposed terms thereof and determined whether or not to accept such invitation.

2.6 What funds does PAM intend to allocate to the Lemyethna Project after the application is granted (assuming it is granted)?

See answer to 2.5

3. In relation to the consideration for the option agreement which is expressed in the Announcement as 'nil':

3.1 What is the value of the Lemyethna Project?

There is no option agreement

3.2 What information has PAM considered in determining the value of the Lemyethna Project?

Not applicable

3.3 Which of PAM's directors were involved in determining the value of the Lemyethna Project?

Not applicable

3.4 When did PAM determine the value of the Lemyethna Project?

Not applicable

4. Does PAM intend to proceed with the Agreement, its due diligence on the Lemyethna Project or the acquisition of the Lemyethna Project?

There is no agreement. No invitation to apply for a grant has been issued.

4.1 If so, please provide the submissions referred to in paragraph 2.7 of Guidance Note 12 (extracted in paragraph E above).

Not applicable

4.2 If not, please confirm that the Agreement has been terminated and that PAM does not intend to acquire the Lemyethna Project.

Not applicable

5. Please confirm that PAM is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

6. Please confirm that PAM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PAM with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

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15 October 2020

Reference: 25906

Mr Wayne Kernaghan
Company Secretary
Pan Asia Metals Limited

By email

Dear Mr Kernaghan

Pan Asia Metals Limited ('PAM'): Query Letter

ASX refers to the following:

- A. PAM's admission to the Official List of ASX Limited ('ASX') on 7 October 2020 and the commencement of quotation of its securities on 8 October 2020.
- B. PAM's announcement entitled "Pan Asia Metals secures highly prospective copper-gold application block in Myanmar" lodged on the ASX Market Announcements Platform at 9:30 AM AEDT on 13 October 2020 but not released to the market (the 'Announcement'), which sought to disclose that:
- (i) PAM had secured an option to acquire (the 'Agreement') 100% of the Lemyethna copper-gold project, a 400km² copper-gold application block in Myanmar (the 'Lemyethna Project');
 - (ii) the consideration for the acquisition of the option to acquire the Lemyethna Project was nil;
 - (iii) the vendor of the Lemyethna Project was Horizon Mines Pty Ltd, an entity owned by PAM's executive directors Paul Lock and David Hobby; and
 - (iv) provided the application with respect to the Lemyethna Project was granted, PAM would be subject to 'standard country licencing arrangements such as fees and royalties, minimum expenditure requirements and so on'.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied:
- "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1 One or more of the following applies:*
- *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*

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- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
- The information is generated for the internal management purposes of the entity; or
- The information is a trade secret; and

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- F. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

- G. Listing Rule 11.1, which requires a listed entity that is proposing to make a significant change, either directly or indirectly, to the nature or scale of its activities, to provide full details to ASX as soon as practicable and in any event before making the change.

- H. Paragraph 3.2 of Guidance Note 12 which stipulates that one of the four main circumstances in which ASX will usually exercise its discretion to require a significant change to the nature or scale of a listed entity’s activities to be approved by the holders of its ordinary securities under Listing Rule 11.1.2 or re-comply with ASX’s admission and quotation requirements under Listing Rule 11.1.3 is when:

“the entity announces a significant transaction soon after its admission or re-admission to the official list or a recapitalisation and the transaction is not consistent with the representations about the nature and scale of its business in any prospectus, PDS or information memorandum it lodged in connection with its admission, re-admission or recapitalisation (again, this applies whether the transaction involves a business of the same nature as, or a different to, its existing business activities).”

- I. Paragraph 2.7 of Guidance Note 12 which stipulates that:

“If an entity has concerns or doubts about whether ASX may apply Listing Rule 11.1.2, 11.1.3 or 11.2 to a proposed transaction, in lieu of, or in addition to, discussing this issue with ASX, the entity can also apply for in-principle advice from ASX on the issue.

In this context, the in-principle advice will be a statement in writing expressing ASX’s view on the application of Listing Rule 11.1.2, 11.1.3 or 11.2 to the proposed transaction and, if applicable, ASX’s preparedness to grant a waiver of the relevant Listing Rule.

By obtaining in-principle advice on these matters before it comes under an obligation to announce the proposed transaction to the market, the entity can have a high degree of confidence about ASX’s position on these matters and reflect that in the contractual documentation for, and in any announcement about, the proposed transaction.

There is no prescribed form for this type of application. The application should take the form of a letter addressed to the entity’s home branch and clearly marked ‘Not for public release’. The letter should include detailed information about the proposed transaction, including all of the information mentioned below that ASX would expect to be included in the announcement of the transaction to the market under Listing Rule 11.1. It should also include any submissions that the entity may wish to make on:

- *Whether or not the transaction involves a significant change to the nature or scale of the entity's activities to which Listing Rule 11.1 applies;*
- *If so, whether or not ASX should exercise its discretion under Listing Rules 11.1.2 and/or 11.1.3 in relation to the transaction; and*
- *Where relevant, whether or not the transaction involves a disposal of the entity's main undertaking to which Listing Rule 11.2 applies.*

ASX does not charge a fixed fee for providing in-principle advice about the application of Listing Rule 11.1.2, 11.1.3 or 11.2 to a proposed transaction."

Request for information

Having regard to the above, ASX asks PAM to respond separately to each of the following questions and requests for information:

1. In relation to the Agreement between PAM and Horizon Mines Pty Ltd:
 - 1.1 When did negotiations between PAM and Horizon Mines Pty Ltd with respect to the Lemyethna Project commence? In answering this question please specify the date and time negotiations commenced.
 - 1.2 Who conducted those negotiations on behalf of PAM and who conducted those negotiations on behalf of Horizon Mines Pty Ltd?
 - 1.3 What date was the Agreement between PAM and Horizon Mines Pty Ltd executed or entered into?
 - 1.4 Does PAM consider the existence of the Agreement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 - 1.5 If the answer to question 1.4 is "no", please advise the basis for that view.
 - 1.6 When did PAM first become aware of the Agreement?
 - 1.7 If the answer to question 1.4 is "yes" and PAM first became aware of the Agreement before the 13 October 2020, did PAM make any announcement prior to the relevant date which disclosed the Agreement?
 - 1.7.1 If so, please provide details.
 - 1.7.2 If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe PAM was obliged to release an announcement regarding the Agreement under Listing Rules 3.1 and 3.1A and what steps PAM took to ensure that such information was released promptly and without delay.
 - 1.8 Please provide a copy of the Agreement between PAM and Horizon Mines Pty Ltd. If there is no documents comprising the Agreement, please confirm that to be the case and advise how the Agreement was made instead of by written documentation.
2. In relation to the Lemyethna Project:
 - 2.1 What jurisdiction was the application for the Lemyethna Project made and what body was the application made to?
 - 2.2 What date did Horizon Mines Pty Ltd make its application in respect of the Lemyethna Project? Please provide a copy of the application showing the tenement information.
 - 2.3 What are the 'standard country licencing arrangements such as fees and royalties, minimum expenditure requirements and so on' referred to in the Announcement? In particular, please advise of

the actual fee amounts, royalty amounts and minimum expenditure amounts and confirm whether Horizon Mines Pty Ltd is presently subject to these obligations.

- 2.4 Please provide details of the due diligence on the Lemyethna Project already conducted by PAM. In particular, please advise who conducted that due diligence and when it was conducted.
- 2.5 What funds does PAM intend to allocate to its due diligence on the Lemyethna Project during the option agreement phase?
- 2.6 What funds does PAM intend to allocate to the Lemyethna Project after the application is granted (assuming it is granted)?
3. In relation to the consideration for the option agreement which is expressed in the Announcement as 'nil':
 - 3.1 What is the value of the Lemyethna Project?
 - 3.2 What information has PAM considered in determining the value of the Lemyethna Project?
 - 3.3 Which of PAM's directors were involved in determining the value of the Lemyethna Project?
 - 3.4 When did PAM determine the value of the Lemyethna Project?
4. Does PAM intend to proceed with the Agreement, its due diligence on the Lemyethna Project or the acquisition of the Lemyethna Project?
 - 4.1 If so, please provide the submissions referred to in paragraph 2.7 of Guidance Note 12 (extracted in paragraph E above).
 - 4.2 If not, please confirm that the Agreement has been terminated and that PAM does not intend to acquire the Lemyethna Project.
5. Please confirm that PAM is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that PAM's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PAM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AWST Tuesday, 20 October 2020**. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

Trading in PAM's securities will remain suspended under Listing Rule 17.3 until ASX receives a satisfactory response to the queries set out above.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to PAM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that PAM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours faithfully

Belinda Giles
Adviser, Listings Compliance (Perth)

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