

PanAsiaMetals

ASX Announcement | 21 October 2020

Strategy Clarification Announcement

Specialty metals explorer and developer **Pan Asia Metals Limited (ASX: PAM)** ('PAM' or '**the Company**') wishes to clarify its strategy and objectives in light of the recent trading halt and suspension from quotation.

PAM's strategy is outlined in sections 3.1(d), 3.1(e), 4 and 6 in its Prospectus dated 8 July 2020. The Company's business model is to develop its major assets, being the Khao Soon Tungsten Project and the Reung Kiet Lithium Project, and to build up its pipeline of potential assets. The Company focuses on assets which it believes can be positioned in the lower third of the cost curve, which it believes will have lower than average capital requirements, and which it believes will be positioned so that the mineral production can be retained for further value adding by the Company. The Company will also consider shorter term 'transactional' style opportunities from time to time where it does not have the capacity to value add the mining output but with some additional work the Company believes it can add capital value to the asset for on sale.

PAM's Executive Directors Paul Lock and David Hobby have been focusing on resource opportunities in South East Asia since early 2013. They continually seek to identify strategic assets which fit with the Company's core specialty metals strategy as well as transactional style assets which offer potential for shorter term capital gain.

On 19 October 2020 the ASX has released questions asked of PAM and PAM's responses to the same regarding a proposed announcement concerning an entity named Horizon Mines Pty Limited (HML) and a copper-gold exploration licence application which it holds. This asset would have been categorized as a transactional style opportunity.

HML is a related party entity, it is owned by Executive Directors Paul Lock and David Hobby. HML owns the Lemyethna project exploration licence application ("Lemyethna"), a highly prospective copper-gold project strategically located in South Western Myanmar.

Lock and Hobby's intention was to offer 100% of Lemyethna to the Company for no consideration and no conditions, including no option fees, no free carry and no royalties. The ASX has advised the Company that Lemyethna does not fit with the Company's published strategy and proposed use of funds in its Prospectus and changes to the same so soon after listing would be of significant concern to the ASX. As a result, PAM will not proceed with the Lemyethna proposal.

Although the intention of clause 3.1(e) in the Prospectus is to cover transactional style assets, this could have been stated more clearly.

The Board regrets any confusion created.

PAN ASIA METALS LIMITED

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Pan Asia Metals Managing Director Paul Lock said: “From time to time we see transactional style opportunities which don’t fit with PAM’s core strategy but with a small investment have the potential to deliver a material value outcome to PAM’s shareholders. Management has been operating in SE Asia for the last seven years and the Board has well over 60 years combined experience in the region. PAM’s shareholders are set to benefit from the relationships and opportunities that management and the board have developed over this time. Our objective is to create a strong business foundation and then leverage off this into new opportunities.”

Ends

Authorised by:
Board of Directors