

ASX Announcement | 21 October 2020

Positive Discussions regarding Reung Kiet Lithium Project with Phang Nga Provincial Government

Specialty metals explorer and developer **Pan Asia Metals Limited (ASX: PAM)** ('PAM' or 'the Company') is pleased to announce positive discussions with the Phang Nga Provincial Government regarding PAM's exploration, mining and mineral processing aspirations in Phang Nga Province, Thailand.

Provincial Government Discussions Positive

PAM was recently invited by the Chief Executive Officer of the Phang Nga Provincial Administrative Organisation (PAO), a Phang Nga Provincial Government coordinating body, to present PAM and the Reung Kiet Lithium Project. Attending the meeting was the Head and representatives of Phang Nga Provincial Industry and representatives of the Phang Nga Provincial Public Works and Town Planning Office.

PAM's presentation covered all aspects of the Reung Kiet Lithium Project, the methods of ongoing exploration, conceptual mining and concentrate production, and the potential for downstream value adding industries in Phang Nga and Thailand. The presentation and subsequent discussion was aimed to assist the Phang Nga Provincial Government and their considerations for the potential establishment of mining and industrial development areas.

The Head of Phang Nga Provincial Industry has also been appointed by the Phang Nga Governor as Chairman of the Phang Nga New Town Planning Committee. During the meeting the Chairman of this Committee conveyed the Committee's support for the Reung Kiet Lithium Project.

In brief, the PAO wants to ensure that the requirements of the Reung Kiet Lithium Project are incorporated into the Phang Nga New Town Planning Committee's zoning plans to ensure that the project can progress should exploration and feasibility results prove positive.

Thailand Aiming to be 4th EV Hub in Asia

Next generation automotive (HEVs, PHEVs, BEVs and related suppliers) is one of ten 'S-curve' industries targeted by the Thai Government under the 'Thailand 4.0' development strategy.¹

Thailand's Ministry of Industry wants to make Thailand a major EV production hub within five years, Thailand is already the leading auto manufacturer in South East Asia and the fourth largest auto manufacturer in Asia.²

Investors in S-curve industries will benefit from government incentives and privileges. There are over 25 vehicle projects afoot with half focusing on BEVs, and 10 battery projects. Manufacturers include Honda, Nissan, Toyota, Mercedes, Audi, Draxlmaier, Jatco, and Delta³. Chinese based Great Wall Motors assumed ownership of General Motors Rayong based vehicle manufacturing facilities with the aim of becoming an EV leader in Thailand.⁴

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Reung Kiet a Potential Cost Curve Leader

The Reung Kiet Lithium Project is a hard rock project with lepidolite rich pegmatites chiefly composed of quartz, albite, lepidolite with minor cassiterite and tantalite as well as other accessory minerals including some rare earths.

Lepidolite does not require roasting and has a suite of by-products which are recoverable at the concentrator and processing stages of the flow sheet. Peer feasibility work has demonstrated that lepidolite has the potential to be one of the highest purity sources of battery grade lithium carbonate⁵ and lithium hydroxide⁶, that lepidolite is one of the lowest cost sources of lithium hydroxide on an All In Sustaining Costs basis⁶, and that lepidolite has one of the lowest capex requirements on a per ton LCE basis after by-products^{7,8}.

More information can be found in sections 7.3 and 10.3 of PAM's Prospectus and PAM's Investor Presentation released on the ASX platform on the 7th and 8th of October, 2020, respectively.

Next Steps

PAM is planning its second Reung Kiet drilling program with expectations that this will begin in the coming months following the conclusion of the current Khao Soon drilling program.

Pan Asia Metals Managing Director Paul Lock said: "We have been working hard in Phang Nga province and we are very happy with the positive reception that the Reung Kiet Lithium Project is receiving from the Phang Nga Provincial Government and surrounding communities. Reung Kiet is strategically located and based on peer feasibility work the project is positioned to potentially be one of the lowest cost suppliers of lithium chemicals in the global peer group. This is a project that can bring substantial opportunities and value to Phang Nga and Thailand."

Ends

Authorised by:
Board of Directors

1. Thailand Board of Investment: <https://www.boi.go.th/en/index/>
2. The ASEAN Post (2018). Is Thailand 4.0 coming to fruition. [online]. (Last updated 6 December 2018). Available at: <https://theaseanpost.com/article/thailand-40-coming-fruition>.
3. The Bangkok Post (2020). Charging ahead with EVs. [online] (Last updated 19 October, 2020). Available at: <https://www.bangkokpost.com/business/2004427/charging-ahead-with-evs>
4. The Bangkok Post (2020). GM to lay off 1,500 staff at Rayong, Great Wall to take over plants this year. [online] (Last updated 19 February, 2020). Available at: <https://www.bangkokpost.com/auto/news/1860589/gm-to-lay-off-1-500-staff-in-rayong>
5. Lepidico Limited's ASX release dated 17 October 2019: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02160129-6A950059?access_token=83ff96335c2d45a094df02a206a39ff4
6. Lepidico Limited's ASX release dated 28 May, 2020:
7. Lepidico Limited's ASX release dated 28 May, 2020: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02239127-6A980475?access_token=83ff96335c2d45a094df02a206a39ff4
8. See Figure 35, Section 10.3 in PAM's Prospectus dated 8 July, 2020.

About the Reung Kiet Lithium Project

The Reung Kiet Lithium Project is a lepidolite style lithium project located about 70km north-east of Phuket in the Phang Nga Province in southern Thailand. Pan Asia holds a 100% interest in 3 contiguous Special Prospecting Licences (SPL) covering about 38km².

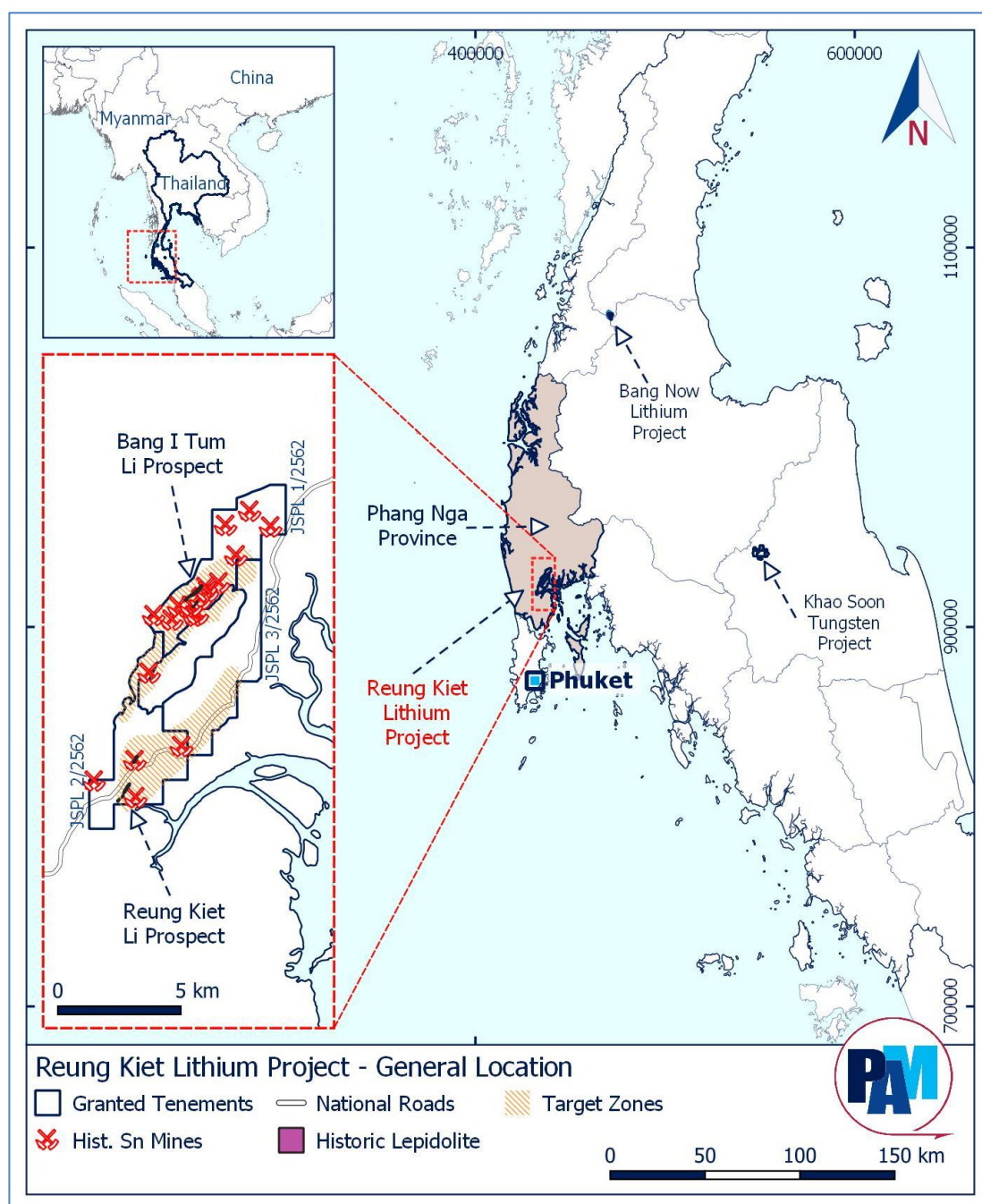


Figure 1: Regional map identifying the location of Phang Nga and the Reung Kiet Lithium Project



About Pan Asia Metals Limited (ASX: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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Competent Persons Statement

The information in this Public Report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Hobby, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hobby is an employee, Director and Shareholder of Pan Asia Metals Limited. Mr Hobby has sufficient experience that is relevant to the style of mineralization 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. 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 cautions security holders and prospective security holders to not place undue reliance on these forward-looking statements, which reflect the view of Pan Asia 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 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.

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