ASX Announcement | 02 January 2024

PAM signs Formal Documentation to Acquire 100% interest in ~1,200km² Tama Atacama Lithium Brine Project

- **PAM has converted MOUs into binding Option Agreements to Purchase 100% of the ~1,200km² Tama Atacama Lithium Brine Project.**
- **Tama Atacama is one of the largest lithium brine projects in South America, with ~120,000ha (~1,200km²) holdings across three salars.**
- **Extensive lithium surface anomalies with elevated lithium results up to 2,200ppm Li and averaging 700ppm Li (270ppm Li cutoff) extending over 160km north to south.**
- **Tama Atacama is a Tier 1 asset in a Tier 1 jurisdiction - in the truest sense of the term 'Tier 1' – and PAM is already in discussions with potential strategic partners.**
- **PAM plans to commence geophysics and drilling in early 2024.**
- **The Option Agreements have timelines and expenditure commitments which are attractive and achievable when considered in the context of similar lithium brine project transactions in Chile and the United States.**

Pan Asia Metals' Managing Director, Paul Lock, said: "*The Tama Atacama Lithium Project has the potential to be one of the largest lithium brine projects in the global peer group. Surface assays for lithium are extremely high and the project has enviable strategic positioning, with all infrastructure requirements satisfied. Waste and water balance solutions are available should straight evaporation or a DLE-evaporation hybrid lithium extraction model be adopted. The project is situated at a comfortable altitude, is close to a large labour pool and will attract specific brine skillsets from elsewhere in South America. Underlying PAM's advantages are the progressive changes happening in the Chilean lithium sector, the recent MOU between SQM and Codelco quells speculation around nationalisation, which follows several strategic moves in Chilean lithium by multinational mining and chemical companies, including French based Eramet SA's recent purchase of early stage Li brine assets for ~A$150m, Codelco's acquisition of Lithium Power Int. and its Maricunga Li brine assets for A$385m, and recent indications from BASF, BYD and Tsingshan that they plan to build lithium conversion plants in Chile.*"

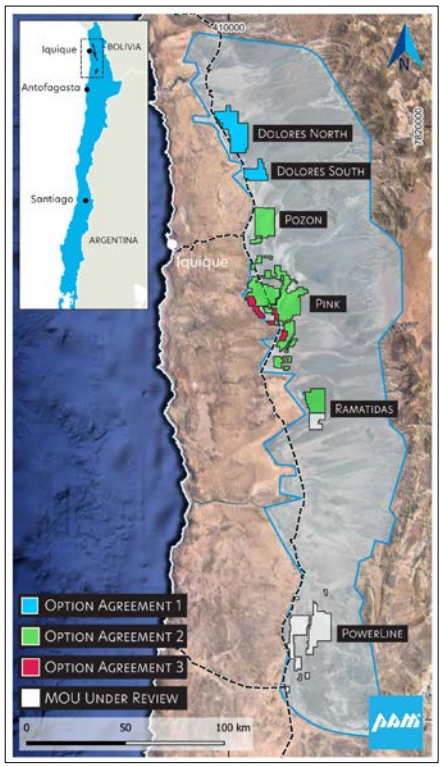

Figure 1: General Location

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Battery and critical metals explorer and developer Pan Asia Metals Limited (**ASX: PAM**) (‘**PAM**’ or ‘**the Company’**) has entered into three binding Option Agreements to Purchase 100% of the Dolores North, Dolores South, Pozon and Pink project areas which form the Tama Atacama Lithium Brine Project, as well as the northern half of the Ramatidas project area. The total area is approximately ~120,000ha or ~1,200km^2, see Figure 2 and Table 1 for further details.

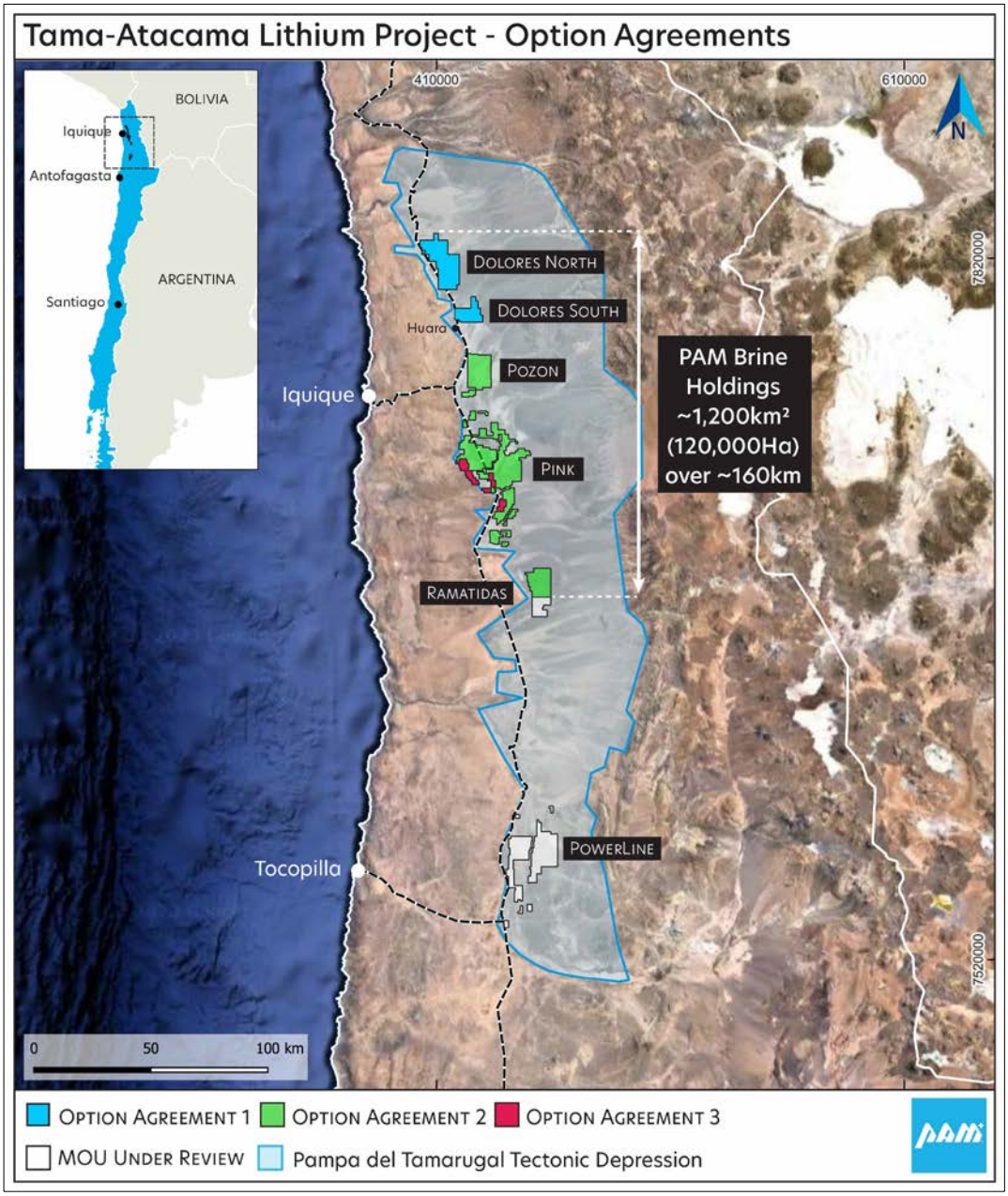

Figure 2. Tama Atacama Lithium Project – Option Agreement Block Locations

Tama Atacama is a Tier 1 lithium brine exploration project located in a Tier 1 mining jurisdiction, in the truest sense of the term 'Tier 1'. It is one of the largest lithium brine projects in South America, with ~120,000ha (~1,200km^2) under granted exploration licenses or exploration license applications - over which PAM has secured priority as regards to the mineral rights. The project spans three salars and within this area are extensive lithium surface anomalies with assays up to 2,200ppm Li and averaging 700ppm Li (56/177 assays, 270ppm cutoff). The Li anomalies are situated in a trend which extends ~160km from north to south, see Figure 3.

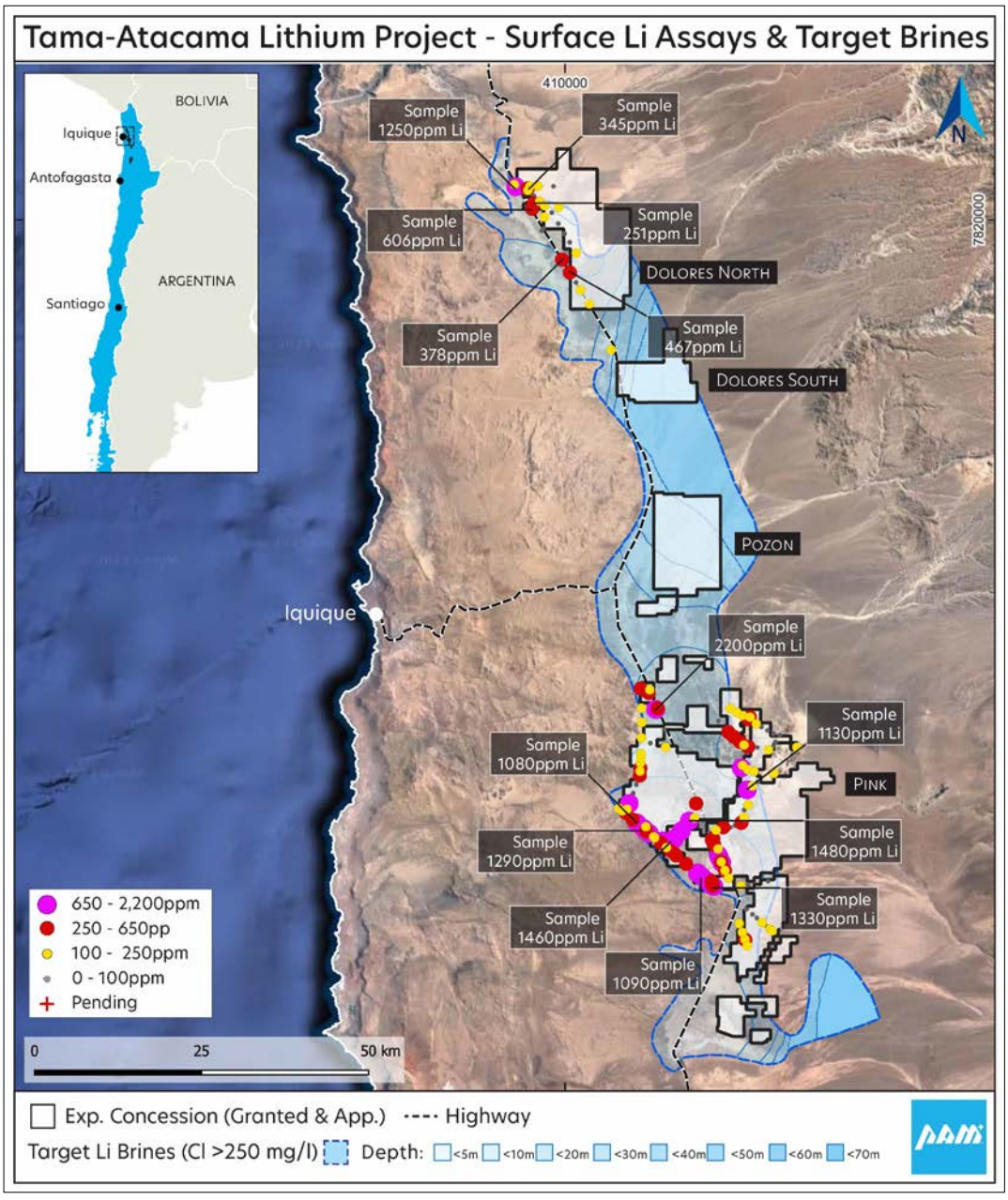

Figure 3. Tama Atacama Lithium Project – Li Surface Assays and Target Brines

Preliminary discussions with potential strategic partners are underway and PAM expects to have initial discussions with key Chilean Government organisations in early 2024. Tama Atacama's scale, Li in surface grades, strategic positioning, and location of several long life evaporation operations abutting the project areas, is proving attractive (see Figure 4). As the Option Agreements to Purchase have been executed, PAM expects these discussions to hasten.

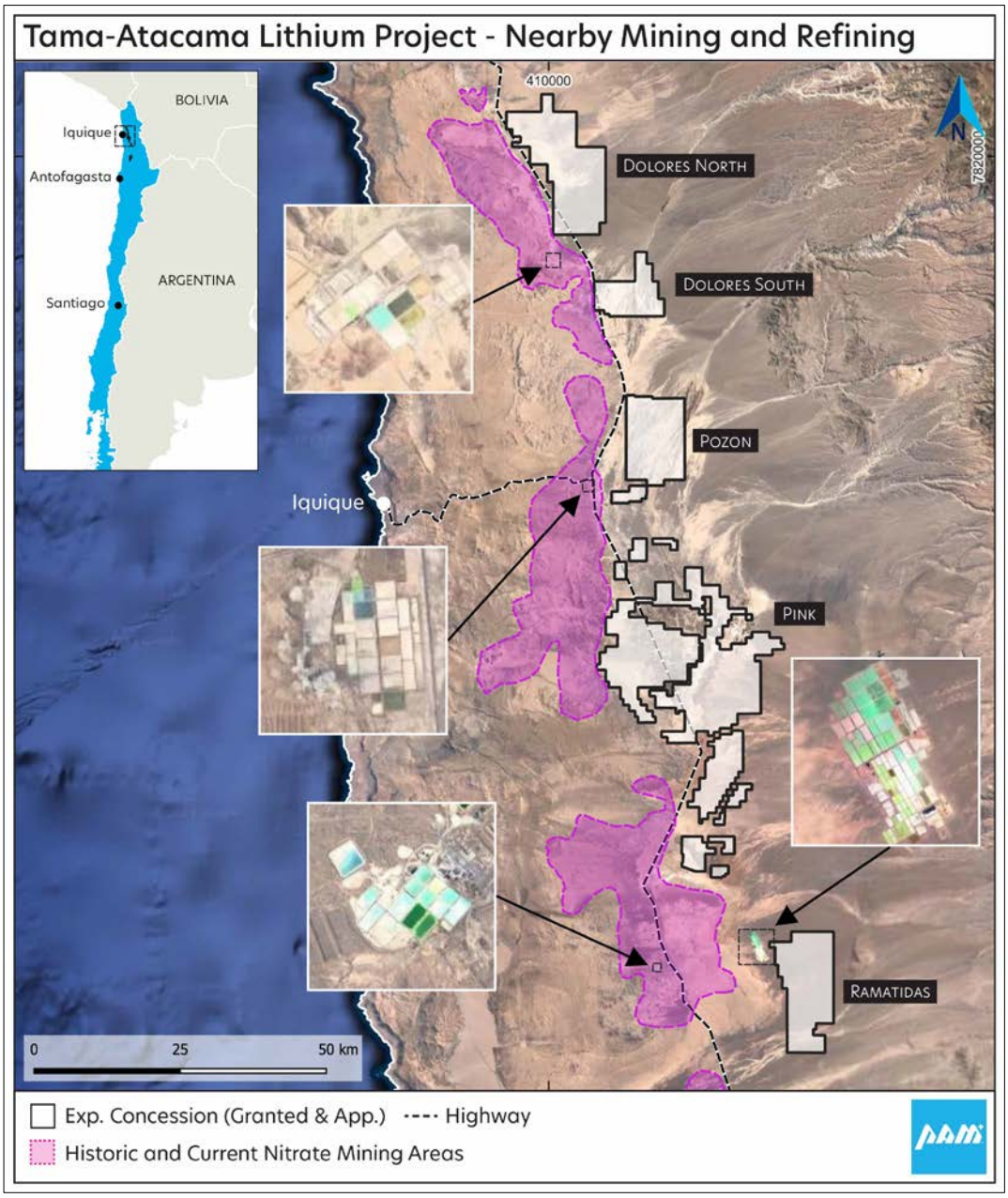

Figure 4. Tama Atacama Lithium Project – Proximal Mining and Refining Operations

The remaining ~400km^2 target lithium brine and clay blocks to the south, comprising the southern half of Ramatidas and Powerline, remain under MOU and are under review and consideration. PAM has also made a decision not to proceed with the Hilix Lithium Clay Project on the basis of its small scale and restrictive positioning of key road, rail, energy and communications infrastructure, and the close proximity of the township of Quillagua.

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 secured priority as regards to the mineral rights – which are now under binding Option Agreements to Purchase (for scale, equivalent to 22x the area of Sydney Harbour or 10x the size of San Francisco city).

Extensive lithium surface anomalies with lithium results up to 2,200ppm Li, and averaging 700ppm Li (56/177 assays, 270ppm cutoff) extend over ~160km. 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. The geological setting is similar to other brine deposits including Salar de Atacama and Clayton Valley. Its location, at an altitude of 800-1,100m, marks it as one of the lowest-lying lithium brine projects globally (see Figure 5), and the project's setting in a hyper-arid environment, with very high evaporation rates, will enhance operational efficiency.

The Tama Atacama Lithium Project is also well-supported with all necessary transport and energy infrastructure (see Figure 6). Its proximity to and significant logistical advantages are notable; it 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. The project is also 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 (see Figure 7).

Next Steps

PAM is in discussions with geophysics and drilling service providers and plans to begin drilling on granted license areas at the Pink Project in early 2024. The aim of the drilling program is to identify lithium bearing aquifers at depth. Upon identification PAM will conduct detailed drilling in anticipation of defining an initial resource later in 2024. Final timing for drill testing will be subject to rig availability. PAM's objective is to conduct evaporation testwork as well as submit bulk volumes of lithium brines for evaluation by various DLE providers.

Ends

Authorised by:

Board of Directors

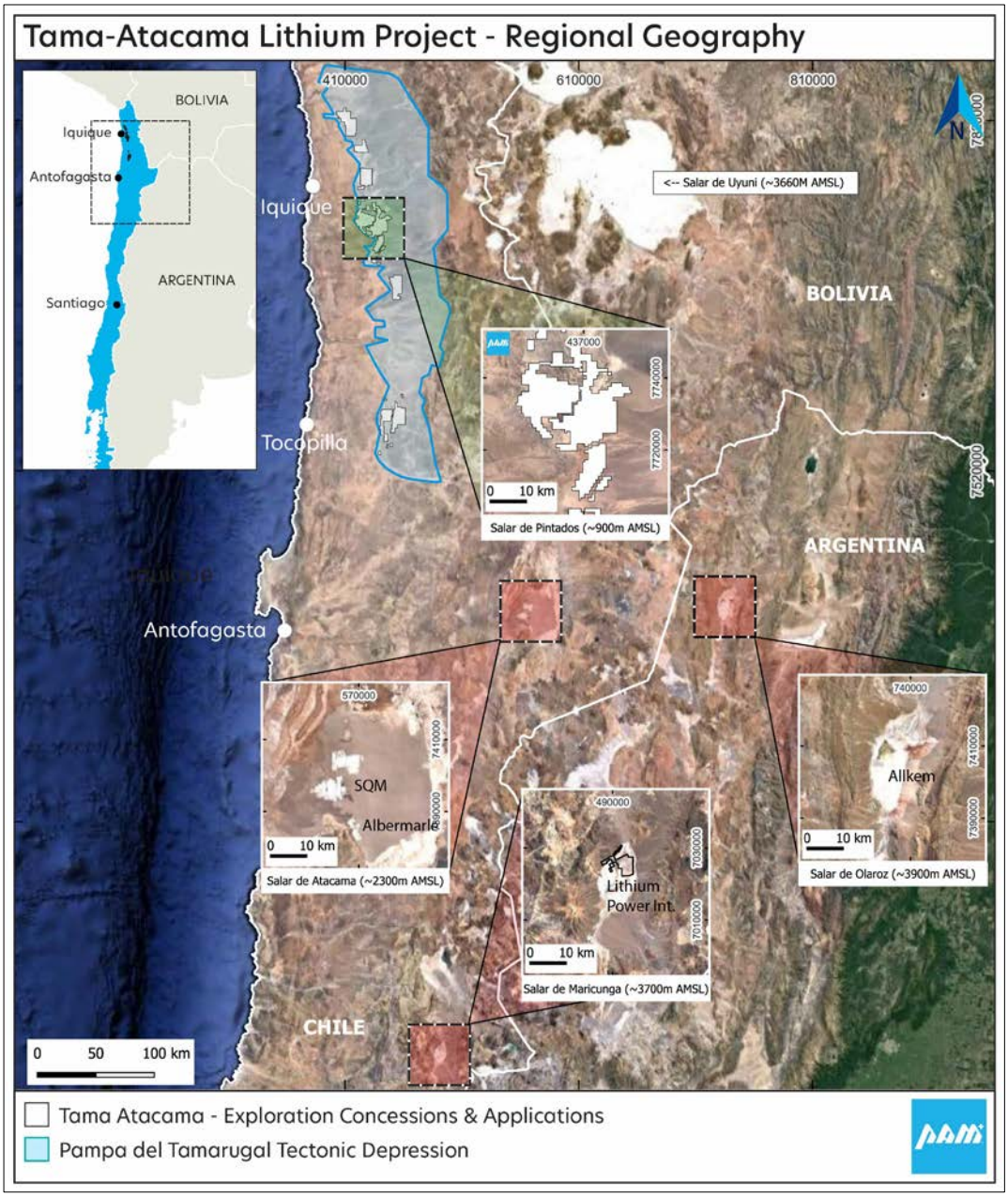

Figure 5. Tama Atacama Lithium Project – Regional Geography

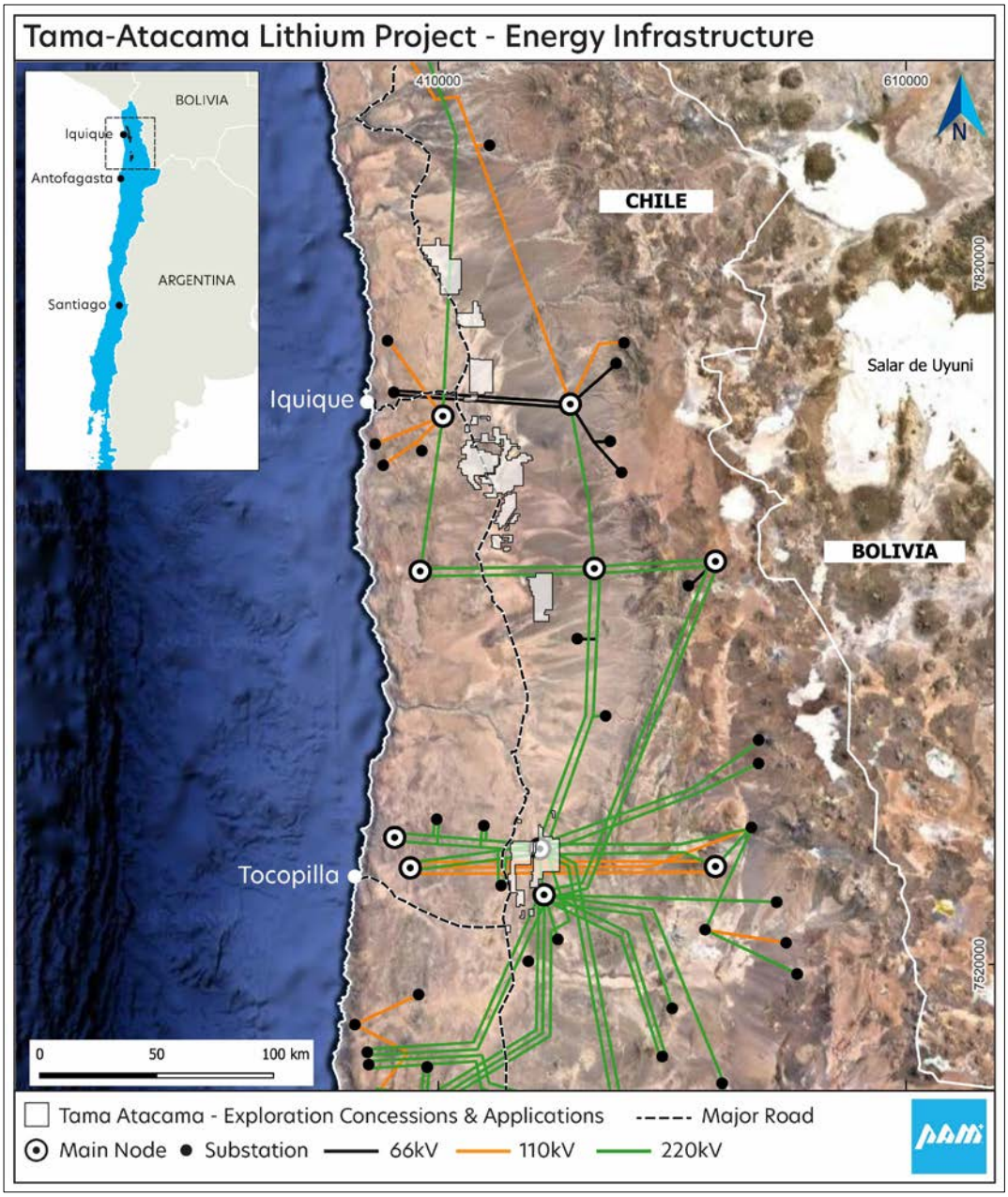

Figure 6. Tama Atacama Lithium Project – Energy Infrastructure

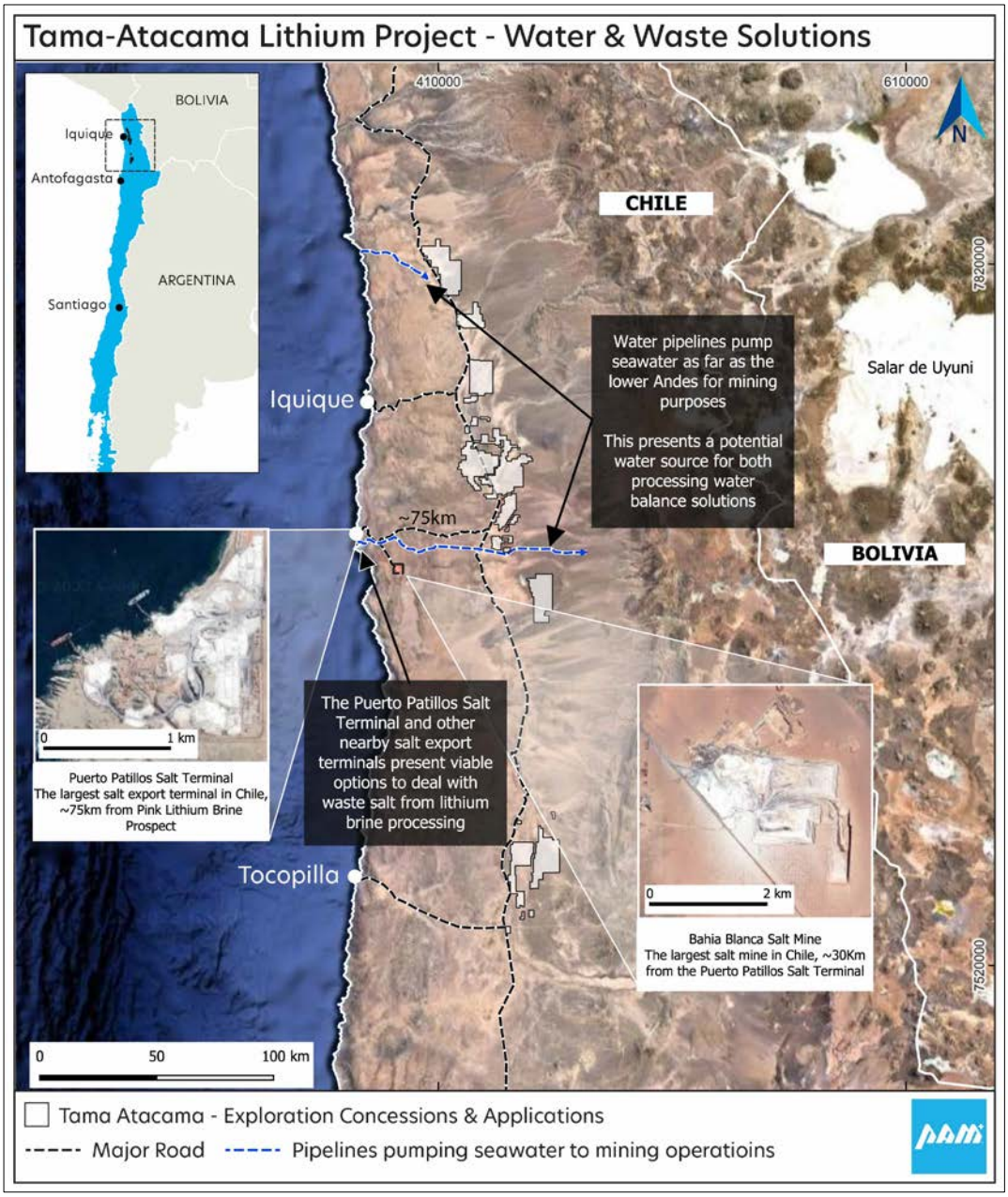

Figure 7. Tama Atacama Lithium Project – Potential Water and Waste Solutions

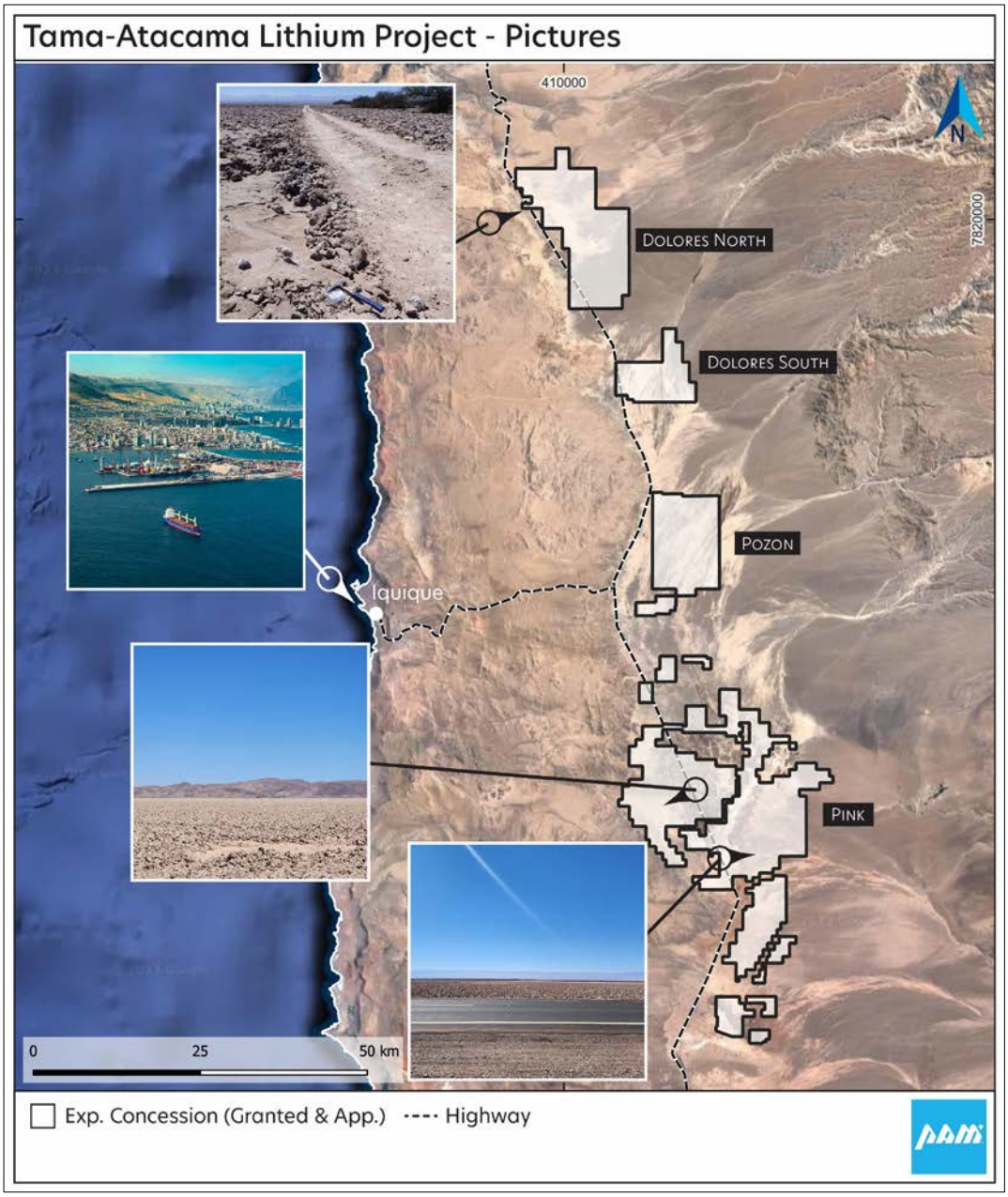

Figure 8. Tama Atacama Lithium Project – Location Pictures

Table 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) Dolores South (~96km^2)	Pozon (~158km^2) Pink (~550km^2) 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 To Jan '26: US$420,000 To Jan '27: US$1,260,000
Option Payment	Dec '24: US$100,000 Dec '25: US$100,000 Dec '26: US$2,000,000(3)	Dec '24: US$100,000 Dec '25: US$100,000 Dec '26 US$2,000,000(3)	Jan '24: US$66,000 Jan '25: US$30,000 Jan '26: US$90,000 Jan '27: US$180,000 Jan '28: US$600,000 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.

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 Asian assets are 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 capitalize on the soaring demand for battery minerals in the region. PAM's South American assets are strategically located in the Atacama region of Chile, with both lithium brine and lithium clay assets located on key infrastructure 40km from the coast and 75km from Iquique with a large port and commercial airport.

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 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.

APPENDIX 1 - JORC Code, 2012 Edition – Table 1

SEI, Rajo, PAM geochemical sampling

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• In many areas samples of salt crust or clays exposed at surface have been collected. • Samples were taken as random rock (rock salt or clay) chips • Samples were sent to ALS Geochemistry laboratory in La Serena Chile. • In the laboratory, standard sample preparation methods were used (crushing and pulverisation)
Drilling techniques	• *Drill type (eg core, reverse circulation, open- hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Not applicable – no drilling undertaken.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not applicable – no drilling undertaken.

Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Not applicable – no drilling undertaken.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Not applicable – no drill samples taken, full description of sampling provided above.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Pan Asia has MOU's and option agreements with Rajo and Kura. Kura have about 84km^2 of Exploration Concessions and Rajo/PAM have about 1330km^2 of Exploration Concession applications. • Each concession measures 1kmx3km, with some 2 x 1 or 1 x 1 and are held for 2 years. • No known impediments for future exploration and development
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Little to no information for any prior exploration is available, aside from SEI/Rajo data which is contained in the public report. • In vicinity of many Exploration Concessions Concessions/applications and there was previous nitrate, borate, iodine mining from near surface rich layers.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Deposit types include near surface Li in evaporite and/or clays, and Li hosted in deeper brine aquifers which occur in zones within the Pampa del Tamarugal sedimentary basin

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Not applicable – no drilling undertaken.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable – no cut offs applied, assay values only limited by limits of detection and in the results reported few values below limit of detection are reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Not applicable – no drilling undertaken.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being*	• Appropriate diagrams with Li geochemical information are reported in body of public report.

Criteria	JORC Code explanation	Commentary
	reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The objective is lithium in saline groundwater brine or near surface clays/evaporites • The assays for lithium in salt crusts and clays which were sampled because they are exposed at surface, may be related to lithium contents in saline groundwater at depth and/or near surface zones. • To date no drilling has been done so that it is not known what the relationship between assays for lithium in salt crusts and lithium contents in saline groundwater at depth may be
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• There is a lack of published information for much of the Concession areas.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The ultimate aim is drill testing to obtain samples of near surface clays and evaporites as well as deeper drilling to obtain saline groundwater brine for assay for lithium and related elements