

Pan Asia Metals Ltd

Fast tracking Specialty Metals projects in SE Asia

Pan Asia Metals Ltd (PAM) is an unlisted, Singaporean-based company focused on developing Lithium and Tungsten assets in Thailand. The company is in the process of completing a pre-IPO, two-staged, capital raising round of \$1.9m priced at \$0.12/share and has ambitions to list on the ASX in May 2020. PAM's strategy is to identify low cost specialty metal projects which provide an opportunity move downstream and become a highly profitable supplier of specialty metals into Asian markets. Its key assets, the Khao Soon Tungsten Project, the Reung Kiet Lithium Project and the Bang Now Lithium Project, are in close proximity to the industrial centres of Thailand and Malaysia, positioning PAM for low capex and low opex outcomes. PAM is also conducting target generation in Thailand and Malaysia assessing Li and related metal opportunities.

The Projects

Pan Asia Metals (PAM) has three key assets in South East Asia – the Khao Soon Tungsten Project, and the Bang Now and Reung Kiet Lithium projects. Khao Soon, was previously mined from 1970 to 1979, delivering an estimated 500kt at 2.2% WO₃. The mine was closed by the Thai Army due to mine safety and political unrest. PAM has a drill supported JORC Exploration Target of 15-29Mt at 0.2%-0.4% WO₃, making it potentially one of the largest tungsten projects in the world outside China. The company's next steps are to conduct further drilling and metallurgy work to turn the JORC Exploration Target into JORC Mineral Resources. Drilling on the Reung Kiet Lithium prospect demonstrated lepidolite rich pegmatite trends (including the RKDD001 with 6.3m @ 0.65% Li₂O from 66m and 5.8m @ 0.73% Li₂O from 80m; and RKDD002 with 15.6m @ 0.86% Li₂O from 55m including 9m @ 1.00% Li₂O). Trenching to the south of the drilling identified a pegmatite dyke swarm up to 100m wide and 450m in length, 90 of 92 assays yielded an average of 1.41% Li₂O. The company is now seeking to delineate at least a 2-3Mt ore reserve at 0.8-1.2% Li₂O with the view to developing a 10 year, 5,000tpa Lithium Carbonate operation. The Bang Now project is a less advanced lepidolite rich pegmatite project but sampling has demonstrated grades ranging from 0.5% to 3.38% Li₂O. Lepidolite has several potential by-products including Rb, Cs, K, Si, gypsum and Al. Other potential by-products include Sn, Ta, quartz and feldspar.

Target markets

The global tungsten market is forecasted by GM Insights to grow at a CAGR of 8% from 2019 to 2025. With 80% of the world's production generated in China, any disruption in its production in the country could affect the product supply across the world. Aerospace is a key end user of tungsten with GM Insights predicting growth to 2025 in excess of 7%. The increasing penetration of additive manufacturing into industry is resulting in new applications for specialty metals including tungsten. The lithium market tipped into oversupply in 2019, bringing prices down, and S&P Global Market Intelligence forecasts substantial growth in lithium supply until 2025. According to S&P Global, new mines and brine lakes, coupled with expanded output from several existing projects should put global lithium production above 1.5Mt on a lithium carbonate equivalent (LCE) basis. Based on peer feasibility results PAM is targeting that Reung Kiet will be in the first tercile of the cost curve, giving it a competitive advantage over higher cost global peers and a form of protection against decreasing prices due to oversupply.

Pathway to development

PAM is currently raising up to \$1.9m at \$0.12/share in a two-staged pre-IPO round, with proceeds going towards drilling/advancing the assets (\$0.8m), metallurgical studies and de-risking (\$0.125m), project studies, survey and other asset work (\$0.23m), new target generation (\$0.1m), ASX IPO preparation (\$0.2m) and general working capital (\$0.35m). The company is planning to IPO on the ASX in May 2020, after raising \$4-5m at an anticipated IPO price of \$0.20/share.

Share details

Pre-IPO raise price	\$0.12
Pre money EV	\$11.1M
Pre-IPO raise	\$1.9m
Shares on issue post raise	108.445m
Deferred consideration milestone shares payable to founders on meeting JORC targets	50m
Expected IPO raise	\$4-5M
Target IPO price	\$0.20
Expected IPO timing	April 2020

Upside Case

- Asset geology and mineralogy positions company for lower opex and capex operations
- Focus on downstream from commodity to chemical increases the pool of customers and delivers greater opportunities for re-rating
- Board and management team highly experienced in operating in SE Asia

Downside Case

- Capital markets risk for initial/subsequent raisings
- Risk of long-term oversupply in lithium markets
- Projects are early stage and pre-JORC

Catalysts

- Completion of pre-IPO round
- Successful \$4-5m raise at IPO and listing

Comparative companies (Australia & NZ)

ATC, A4N, LPD

Board of directors

Paul Lock	Managing Director
David Hobby	Technical Director
David Docherty	Non-Executive Director
Thanasak Chanyapoon	Non-Executive Director

Company contacts

Paul Lock (Managing Director) + 61 408 631 497
paul.lock@panasiametals.com

RaaS contacts

Finola Burke +61 414 354 712
finola.burke@raasgroup.com

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 26th November 2018

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License (“AFSL”) number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS’s services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS’s representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR’s internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren’t satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise. Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2020 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.