

Pan Asia Metals Limited

Registration Number (Singapore) 201729187E

Half-year Financial Report - 30 June 2021

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30 June 2021

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Directors	Mr Paul Lock (Managing Director) Mr David Hobby (Technical Director) Mr David Docherty (Non-Executive Director) Mr Thanasak Chanyapoon (Non-Executive Director) Mr Ian B Mitchell (Non-Executive Director) Mr Roger Jackson (Non-Executive Director)
Company secretaries	Mr Wayne John Kernaghan (Australia) Ms Fiza Alwi (Singapore)
Registered office	Level 3, 8 Robinson Road, ASO Building, Singapore, 048544
Principal place of business	Level 23, 52 Thaniya Plaza, Zone B, Silom Road, Suriyawong, Bangrak, Bangkok, 10500.
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000
Solicitors	Ian B. Mitchell & Associates Level 9, 19-29 Martin Place Sydney, NSW, 2000 Phone: +61 2 9232 5444
Share registry	Advanced Share Registry 110 Stirling Highway Nedlands, WA, 6009 Phone: +61 8 9389 8033
Website	www.panasiametals.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pan Asia Metals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2021.

Directors

The following persons were directors of Pan Asia Metals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Paul Lock
Mr David Hobby
Mr David Docherty
Mr Thanasak Chanyapoon
Mr Ian B Mitchell
Mr Roger Jackson

Principal activities

Pan Asia Metals Limited (Pan Asia) is a Singapore registered Asian oriented minerals exploration company focused on the identification and development of battery and critical metals assets situated in low cost environments proximal to advanced industrial centres. The Company places emphasis on assets which present it an opportunity to move beyond the mine gate and value add.

Review of operations

The loss for the Company after providing for income tax amounted to US\$667,168 (30 June 2020: US\$631,600).

The net assets of the Company decreased by US\$810,419 to US\$7,799,889 as at 30 June 2021 (31 December 2020: US\$8,610,308).

Working capital, being current assets less current liabilities, decreased by US\$1,193,096 to US\$851,319 (31 December 2020: US\$2,044,415). The Company had net cash outflows from operating activities for the period of US\$579,416 (30 June 2020: US\$278,095 cash outflow). The total cash and cash equivalents at the 30 June 2021 amounted to US\$1,247,616 (31 December 2020: US\$2,417,703).

Activities

During the period Pan Asia Metals Limited's (Pan Asia) exploration activities initially focused on drilling at the Khao Soon Tungsten Project (KSTP) before shifting focus to drilling at the Reung Kiet Lithium Project (RKLP). Both projects are significant assets. KSTP is a significant historical tungsten producer and modern exploration has discovered potentially world-class, district scale tungsten mineralisation across numerous prospects. Reconnaissance diamond drilling by Pan Asia has intersected robust widths and grades associated with strong surface anomalies, from which Exploration Targets have been estimated. RKLP contains a collection of small to medium scale historical alluvial and eluvial tin mines. Of specific interest to Pan Asia are the Bang I Tum and Reung Kiet prospects, which contain pegmatites that host lithium mineralisation. Reconnaissance diamond drilling by Pan Asia has intersected extensive pegmatite swarms at both prospects, all containing lepidolite and/or muscovite with accessory tin and tantalum mineralisation.

Both projects are shaping up very well with exploration results in line with Pan Asia's expectations. Pan Asia's objective is to continue drilling at RKLP with the aim of reporting a Mineral Resource in accordance with the JORC Code 2012 later in 2021, with a Scoping Study anticipated soon after. Once a Mineral Resource has been defined at RKLP Pan Asia will consider moving the drilling rig and crew back to KSTP with the aim of further drilling to report a Mineral Resource. During the period the Company also considered several opportunities which meet its stated strategic objectives, all such opportunities are located in Asia and would complement the Company's project portfolio.

Objectives

Pan Asia's objective is to identify and develop battery and critical metals projects which have the potential to be situated in the lower third of the cost curve and which are situated in low cost jurisdictions proximal to advanced industrial centres. This offers Pan Asia two key advantages:

- i. lower cost projects have more robust economics, and therefore can weather the commodity price cycle; and
- ii. for lower cost projects with the right minerology and which are proximal to advanced industrial centres, there is greater potential for value adding, which in-turn can soften the amplification of the underlying commodity cycle and result in a greater diversity of revenue streams. This is the reason Pan Asia focuses on project opportunities in Asia.

Strategy

Pan Asia focuses on Asia for both geological and economic reasons, with Pan Asia's primary focus currently on Southeast Asia. Three of the Company's projects are located in the Thai section of the Southeast Asian Tin-Tungsten Belt, which extends from Myanmar in the north through Thailand and Peninsular Malaysia to the Tin Islands in the south. This belt is appealing due to the occurrence of a suite of battery and critical metals associated with granite related tin, tungsten, lithium, tantalum, niobium, rubidium, cesium, rare earths and other rare metals. There has been very little modern exploration and the belt contains some of the largest historical tin producing districts in the world, particularly Southern Thailand and much of Peninsula Malaysia.

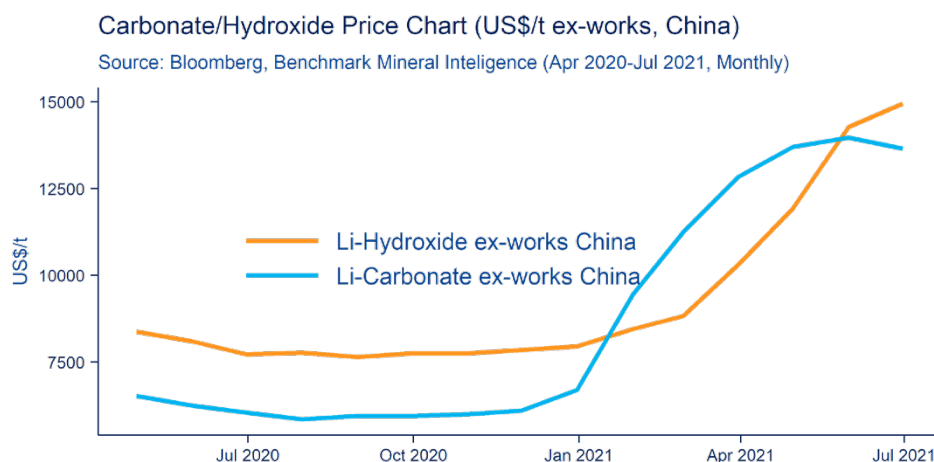
Operating in Asia gives the Company access to modern industrial economies with globally competitive cost environments, and the fastest growing and most populous region on earth. The Company's strategy is simple, we seek to secure exploration and development assets which have the potential to be positioned in the lowest or leading third of the cost curve and which position the Company for downstream value adding opportunities. Cost curve positioning is paramount in our decision-making, as assets positioned further up the cost curve are generally more difficult to finance and develop. Regardless of the size or grade of an asset, if finance cannot be secured then the asset is worth relatively little in the Company's opinion.

Value adding mine output will offer the Company better and more consistent profit margins and a larger footprint of customers, and exposure to new opportunities. For critical metals such as tungsten and battery metals such as lithium, value adding can be incorporated into a feasibility study if the geology, geography and cost environment is right.

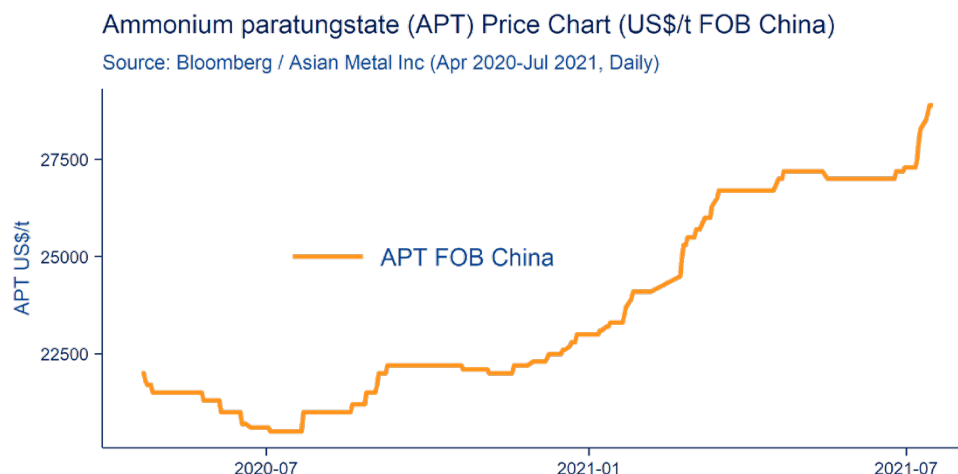
Markets

The key markets of most concern to Pan Asia are lithium and tungsten. There have been substantial positive moves in both markets during the period.

Battery grade lithium carbonate (Li_2CO_3) prices on an ex-works basis China, increased from a 12-month low of US\$5,850/t in July 2020 to a 12-month high of US\$13,970/t in June. Similarly, lithium hydroxide (LiOH) on an ex-works basis China was also very strong, increasing from a 12-month low of US\$7,650/t in August 2020 to a 12-month high of US\$14,950/t in July.



Ammonium paratungstate (APT) is the benchmark price used for tungsten trioxide (WO₃) concentrates. WO₃ concentrates are priced at a ~18-35% discount to the APT price, the discount is governed by a number of factors including market conditions, geography and the quality of the concentrate. The APT price on a Free on Board (FOB) basis has increased by ~41% from a 12-month low of US\$20,500/t in July 2020 to US\$28,900/t in July this year.



COVID 19

During the period Thailand experienced ongoing Covid infections following an outbreak in late 2020. For safety and health reasons Pan Asia's Bangkok based administration staff have been working from home as necessary and at their election for most of the period. The risk of infection for Pan Asia's field staff is considerably lower but still exists. Pan Asia's staff conduct their activities with caution and testing protocols are in place for staff entering or re-entering the province. Pan Asia's field employees have received Covid vaccinations. The Company did not experience any disruptions to its field activities during the period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Paul Lock
Managing Director

31 August 2021

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PAN ASIA METALS LIMITED**

I declare that, to the best of my knowledge and belief during the half-year ended 30 June 2021 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis

A. A. Finnis
Director

Melbourne, 31 August 2021

ACCOUNTANTS & ADVISORS

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Pan Asia Metals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2021

	Consolidated	
	30 June 2021	30 June 2020
	US\$	US\$
Other income	-	111
Expenses		
Employment expenses	(252,102)	(302,276)
Depreciation and amortisation expense	(14,245)	(13,407)
Corporate and administration expenses	(400,821)	(316,028)
Loss before income tax expense	(667,168)	(631,600)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Pan Asia Metals Limited	(667,168)	(631,600)
Other comprehensive loss		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	(143,251)	(89,882)
Other comprehensive loss for the half-year, net of tax	(143,251)	(89,882)
Total comprehensive loss for the half-year attributable to the owners of Pan Asia Metals Limited	(810,419)	(721,482)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pan Asia Metals Limited
Statement of financial position
As at 30 June 2021

		Consolidated	31 December
	Note	30 June 2021	2020
		US\$	US\$
Assets			
Current assets			
Cash and cash equivalents		1,247,616	2,417,703
Other receivables		45,828	81,974
Prepayments		22,415	7,442
Total current assets		<u>1,315,859</u>	<u>2,507,119</u>
Non-current assets			
Property, plant and equipment		87,657	70,133
Right-of-use assets		38,796	54,904
Exploration and evaluation	4	<u>6,835,947</u>	<u>6,470,044</u>
Total non-current assets		<u>6,962,400</u>	<u>6,595,081</u>
Total assets		<u>8,278,259</u>	<u>9,102,200</u>
Liabilities			
Current liabilities			
Other payables and accruals		98,770	129,180
Lease liabilities		26,553	27,639
Employee benefits		55,659	61,684
Accrued expenses		283,558	244,201
Total current liabilities		<u>464,540</u>	<u>462,704</u>
Non-current liabilities			
Lease liabilities		<u>13,830</u>	<u>29,188</u>
Total non-current liabilities		<u>13,830</u>	<u>29,188</u>
Total liabilities		<u>478,370</u>	<u>491,892</u>
Net assets		<u>7,799,889</u>	<u>8,610,308</u>
Equity			
Issued capital	5	7,412,600	7,412,600
Reserves	6	(171,640)	3,303,231
Retained profits/(accumulated losses)		<u>558,929</u>	<u>(2,105,523)</u>
Total equity		<u>7,799,889</u>	<u>8,610,308</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Pan Asia Metals Limited
Statement of changes in equity
For the half-year ended 30 June 2021

Consolidated	Issued capital US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Warrants reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2020	4,589,214	3,331,620	(52,823)	5,015	(1,319,062)	6,553,964
Loss after income tax expense for the half-year	-	-	-	-	(631,600)	(631,600)
Other comprehensive loss for the half-year, net of tax	-	-	(89,882)	-	-	(89,882)
Total comprehensive loss for the half-year	-	-	(89,882)	-	(631,600)	(721,482)
<i>Transactions with owners in their capacity as owners:</i>						
Shares to be issued (Note 7)	181,594	-	-	(5,015)	-	176,579
Cost of capital raising	(14,703)	-	-	-	-	(14,703)
Balance at 30 June 2020	<u>4,756,105</u>	<u>3,331,620</u>	<u>(142,705)</u>	<u>-</u>	<u>(1,950,662)</u>	<u>5,994,358</u>

Consolidated	Issued capital US\$	Capital reserve US\$	Foreign currency translation reserve US\$	Warrants reserve US\$	Accumulated losses US\$	Total equity US\$
Balance at 1 January 2021	7,412,600	3,331,620	(28,389)	-	(2,105,523)	8,610,308
Loss after income tax expense for the half-year	-	-	-	-	(667,168)	(667,168)
Other comprehensive loss for the half-year, net of tax	-	-	(143,251)	-	-	(143,251)
Total comprehensive loss for the half-year	-	-	(143,251)	-	(667,168)	(810,419)
Cancellation of deferred contingent consideration shares	-	(3,331,620)	-	-	3,331,620	-
Balance at 30 June 2021	<u>7,412,600</u>	<u>-</u>	<u>(171,640)</u>	<u>-</u>	<u>558,929</u>	<u>7,799,889</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pan Asia Metals Limited
Statement of cash flows
For the half-year ended 30 June 2021

	Consolidated	
Note	30 June 2021	30 June 2020
	US\$	US\$
Cash flows from operating activities		
Payments to suppliers (inclusive of GST)	(579,416)	(278,206)
Interest received	-	111
Net cash used in operating activities	(579,416)	(278,095)
Cash flows from investing activities		
Payments for plant and equipment	(23,550)	(27,474)
Payments for exploration and evaluation	4 (484,556)	(209,570)
Net cash used in investing activities	(508,106)	(237,044)
Cash flows from financing activities		
Proceeds received in advance for issue of shares, net of capital raising costs	-	84,749
Repayment of lease liabilities	(12,840)	(14,202)
Net cash from/(used in) financing activities	(12,840)	70,547
Net decrease in cash and cash equivalents	(1,100,362)	(444,592)
Cash and cash equivalents at the beginning of the financial half-year	2,417,703	562,426
Effects of exchange rate changes on cash and cash equivalents	(69,725)	(5,054)
Cash and cash equivalents at the end of the financial half-year	<u>1,247,616</u>	<u>112,780</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Pan Asia Metals Limited as a consolidated entity consisting of Pan Asia Metals Limited ("the Company") and the entities it controlled at the end of, or during, the period ("the consolidated entity"). The financial statements are presented in United States dollars, which is Pan Asia Metals Limited's functional and presentation currency. The financial statements have been prepared for the half-year ended 30 June 2021.

Pan Asia Metals Ltd is a company limited by shares, incorporated and domiciled in Singapore. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 3, 8 Robinson Road, ASO Building Singapore 048544	Level 23, 52 Thaniya Plaza, Zone B Silom Road, Suriyawong, Bangrak Thailand 10500

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2021.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2020.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Note 3. Operating segments

The consolidated entity does not have any reportable operating segments as it solely operates in one segment, being the exploration of resources within the South East Asian region. The internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining allocation of resources are prepared on the consolidated entity as a whole

Note 4. Non-current assets - exploration and evaluation

	Consolidated
	31 December
	2020
	US\$
30 June 2021	US\$
Exploration and evaluation at cost	6,835,947
	6,470,044
	Consolidated
	30 June 2021
	US\$
Balance at 1 January 2021	6,470,044
Expenditure during the half-year	477,466
Exchange difference	(111,563)
Balance at 30 June 2021	6,835,947

Note 4. Non-current assets - exploration and evaluation (continued)

The expenditure during the period was predominantly in respect of costs incurred on the Khao Soon Tungsten Project and Reung Kiet Lithium Project.

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Note 5. Equity - issued capital

	Consolidated		
	30 June 2021	31 December 2020	31 December 2020
	Shares	Shares	US\$
Ordinary shares - fully paid	<u>126,010,288</u>	<u>126,010,288</u>	<u>7,412,600</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 6. Equity - reserves

	Consolidated	
	30 June 2021	31 December 2020
	US\$	US\$
Foreign currency reserve	(171,640)	(28,389)
Capital reserve	-	3,331,620
	<u>(171,640)</u>	<u>3,303,231</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to United States dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Capital reserve

This reserve relates to the difference between the issued share price of US\$0.067 per share and the exercise price of US\$0.0001 per share for the 50,000,000 ordinary shares amounting to US\$5,338,620 for the 2nd and 3rd tranches of deferred contingent consideration shares to be issued in connection to the transfer of 100% equity interest in Pan Asia Metals (Thailand) Co, Ltd and its subsidiaries to the Company, which occurred in the FY18 financial year. With the cancellation of the milestone deferred contingent consideration shares, the reserve balance is taken to the accumulated losses during the period.

Note 7. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 8. Contingent assets and liabilities

The Company has following contingent liabilities towards Thai Goldfields NL as performance payments related to tungsten production at the Khao Soon Tungsten Project:

- (i) Thai Goldfields NL (TGF) will receive a A\$2m cash payment upon first WO3 concentrate production being achieved for a tungsten project on Special Prospecting Licence Application No.1/2549 (TSPLA 1/2549) or its successor title over the historic Khao Soon Tungsten Mine; and
- (ii) TGF will receive a A\$2m cash payment upon first WO3 concentrate production being achieved for a project on any tenement abutting TSPLA 1/2549 or any successor title.

Note 9. Events after the reporting period

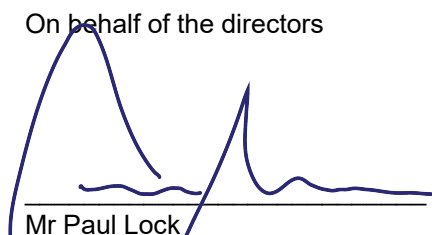
No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Paul Lock
Managing Director

31 August 2021

Pan Asia Metals Limited

Independent auditor's review report to members

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pan Asia Metals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pan Asia Metals Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

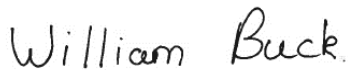
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Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads "William Buck".

William Buck Audit (Vic) Pty Ltd

ABN: 59 116 151 136

A handwritten signature in black ink that appears to read "Alan Finniss".

A. A. Finniss

Director

Melbourne, 31 August 2021