



ASX Announcement | 02 October 2024

## Tama Atacama Lithium Project, Chile Option Agreement – Annual Option Payment Terms Update

Battery and critical metals explorer and developer, Pan Asia Metals Limited (ASX: PAM) (“PAM” or “the Company”) is pleased to advise that it has reached an agreement with the counterparty to the Option Agreements it holds over the Tama Atacama Lithium Project, Rajo Partnership, to adjust the annual option payments to a 50/50 cash and shares basis at the Company’s option.

**Pan Asia Metals’ Managing Director, Paul Lock, commented:**

*“This is a good outcome for the Company and the vendors, strengthening our relationship as lithium producers start to realise that brine projects will survive the lithium price cycles as they are the lowest cost source of lithium, and that Chile produces the lowest cost lithium globally. The adjustment to the option payment terms allows PAM to deploy its cash resources into exploration and development.”*

*“Tama Atacama, one of the most strategically placed pre drill lithium projects in South America, is located in an infrastructure rich environment, only 75km from two major ports and on rail and road to Antofagasta, an emerging lithium chemical manufacturing hub. The project is situated in highly active mining regions at ~1,000m altitude, which is 1,300m lower than Salar de Atacama, where the lowest cost lithium is currently produced. The project’s low altitude and proximity to all required infrastructure means that potential by products such as potassium (K) and boron (B) can be economic, and there is potential to export surplus sodium chloride (NaCl). The strategic positioning and scale of the Tama Atacama Lithium Project is appealing to a wide range of mining companies as well as LFP, LiB and EV producers for the above reasons, and further, the project is IRA compliant.”*

*“With this in mind, ENAMI (Empresa Nacional de Minería) recently invited expressions of interest to joint venture its lithium project on its Salares Altoandinos, which is situated at about 4,000m altitude in the Andes. The short list of 6 interested parties comprises Rio Tinto, Eramet, BYD, LG Energy, POSCO and CNGR Advanced Material. The process confirms that there is substantial interest in Chilean lithium, which we believe is part driven by the understanding that 2030 lithium demand will be multiples of current supply and that Chilean brines are the lowest cost source of lithium.”*

PAM entered into two binding Option Agreements to purchase 100% of the Tama Atacama Lithium Project from the Rajo Partnership in December 2023, see ASX Announcement dated 2 January, 2024, and titled ‘PAM signs Formal Documentation to Acquire 100% interest in ~1,200km<sup>2</sup> Tama Atacama Lithium Brine Project’.

Each Option Agreement had an annual option payment of US\$100,000 in cash. PAM is pleased to advise that Rajo Partnership has agreed to adjust the annual option payments to 50% in cash and 50% in shares, at PAM’s election. PAM has agreed to pay the first 50% of each option in shares at A\$0.06 per share.

**PAN ASIA METALS LIMITED**

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The Option Agreements cover the northern part of the Tama Atacama Lithium Project, with an area of ~1,135km<sup>2</sup> or 113,500Ha, see Figure 1. The adjusted terms of the Option Agreements are outlined in Appendix 1, Table 1.

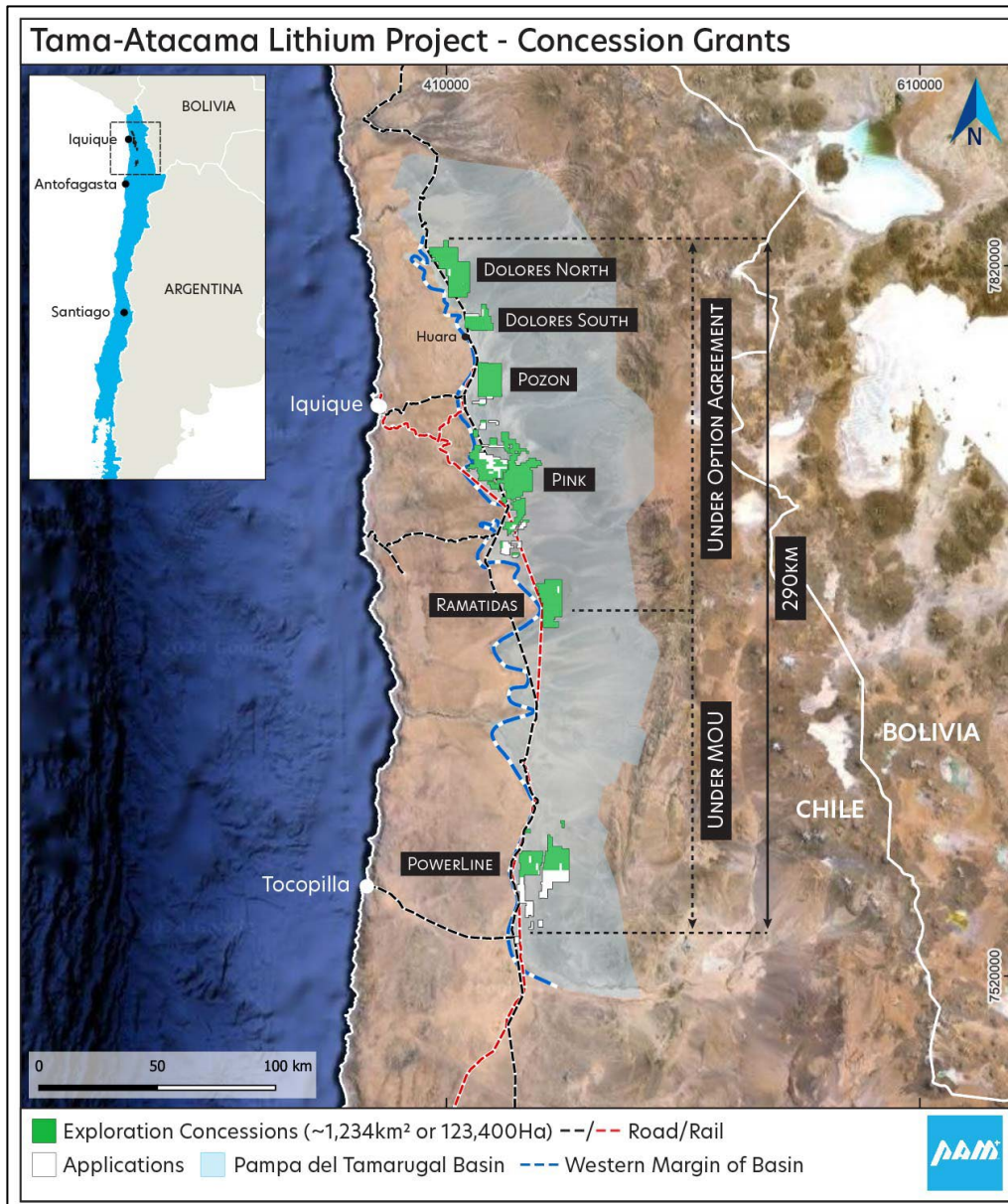


Figure 2. Tama Atacama Lithium Project: Granted Licenses under Option Agreements and MOU

PAM and Rajo Partnership have an excellent relationship built on trust as well as excellent local Chilean representation to ensure the advancement of the Tama Atacama Lithium Project. Next steps include geophysics and drilling, targeting the areas that are interpreted to be prospective to intersect lithium brines.

- Ends -



**Authorised by the Board of Directors**

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**ABOUT PAN ASIA METALS LIMITED (ASX:PAM)**

Pan Asia Metals Limited is an ASX listed battery metals company with lithium and copper exploration and development projects located in South-East Asia and South America. PAM has 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 ICE and NEV producer in the region. PAM's lithium project is located on the coast in Southern Thailand with all infrastructure needs satisfied to facilitate movement of lithium concentrates into Thailand's Eastern Economic Corridor, an industrial corridor with over 20 vehicle manufactures and ancillary first and second tier suppliers which will position PAM to produce lithium chemicals cost competitively to supply the region's soaring demand for battery minerals. PAM's South American assets are strategically located in Chile - the lowest cost and largest lithium chemical and copper producing country in the world. PAM has one of South America's largest and most strategically positioned lithium brine projects which is situated at an altitude of 800-1100m with all necessary transport and energy infrastructure. The project is north of Chile's lithium chemical refining hub in Antofagasta, with access by rail and road, and only 75km from Iquique, a well-equipped coastal city with a population of 200,000, a deep water bulk and container port. PAM's copper project is one of the most strategically placed copper projects in South America, situated 10km to the north of Codelco's El Salvador Copper Mine and 100km from Enami's El Salado oxide and sulphide copper ore processing plant (actual road distance). Codelco's Porterillos Copper Smelter is also located 40km south of the El Salvadore mine (actual road distance).

PAM is focused on securing battery metals projects which have the potential to position PAM as a low cost producer of the metals essential for electrification – lithium and copper. PAM aims to produce high-value products with a minimal carbon footprint. PAM is also a respected local company and local employer.

To learn more, please visit: [www.panasiametals.com](http://www.panasiametals.com)

Stay up to date with the latest news by connecting with PAM on [LinkedIn](#) and [Twitter](#).



## **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, who 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 – SUMMARY OF OPTION AGREEMENT TERMS

| Parties & Project Areas   |  |   |
|---|--|---|
|   | Option Agreement 1   | Option Agreement 2  |
| <b>Purchaser</b>  | Pan Asia Metals Limited through its Chilean Subsidiaries   |   |
| <b>Vendor</b>   | Rajo Partnership   | Rajo Partnership  |
| <b>Project</b>  | Dolores North (~222km <sup>2</sup> )<br>Dolores South (~96km <sup>2</sup> )  | Pozon (~158km <sup>2</sup> )<br>Pink (~550km <sup>2</sup> )<br>Ramatidos (northern portion of project area, approx. ~110km <sup>2</sup> ) |
| Key Commercial Terms  |  |   |
| <b>Term</b>   | 3 Years + 1 additional year by mutual Agreement <sup>(1)</sup>   | 3 Years + 1 additional year by mutual Agreement <sup>(1)</sup>  |
| <b>Earn-in</b>  | 100%   | 100%  |
| <b>Management</b>   | PAM  | PAM   |
| <b>Licensing</b>  | Meet all obligations including annual licensing payments to maintain titles in good standing   |   |
| <b>Minimum Annual Spend</b>   | Not applicable   | Not applicable  |
| <b>Option Payment</b>   | Dec '24: US\$100,000 (50% PAM shares) <sup>(2)</sup><br>Dec '25: US\$100,000 (50% PAM shares)<br>Dec '26: US\$2,000,000 <sup>(3)</sup> | Dec '24: US\$100,000 (50% PAM shares)<br>Dec '25: US\$100,000 (50% PAM shares)<br>Dec '26 US\$2,000,000 <sup>(2)</sup>                    |
| <b>Royalty</b>  | Not applicable   | Not applicable  |
| <p>(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.</p> <p>(2) PAM has the option to pay annual option payments in cash or 50% cash and 50% shares.</p> <p>(3) PAM can exercise the US\$2 million Option Payment early, upon which no further annual payments of US\$100,000 will be payable.</p> |  |   |

## APPENDIX 2 – TAMA ATACAMA LITHIUM PROJECT

The Tama Atacama Lithium Project distinguishes itself as one of South America's largest and most strategically positioned lithium brine projects. The project is set at an altitude of 800-1100m, and sits within the 12,500km<sup>2</sup> Pampa del Tamarugal Basin, in the Atacama Desert in northern Chile, which is a hyper-arid environment with very high evaporation rates. The total project area is ~1,535km<sup>2</sup>, of which ~1,234km<sup>2</sup> comprises granted exploration concessions and ~1,036km<sup>2</sup> is subject to binding Option Agreements to purchase 100%. See Figure 2 and PAM's ASX announcement titled "Tama Atacama Lithium Option Agreements Signed" dated 2<sup>nd</sup> January 2024.

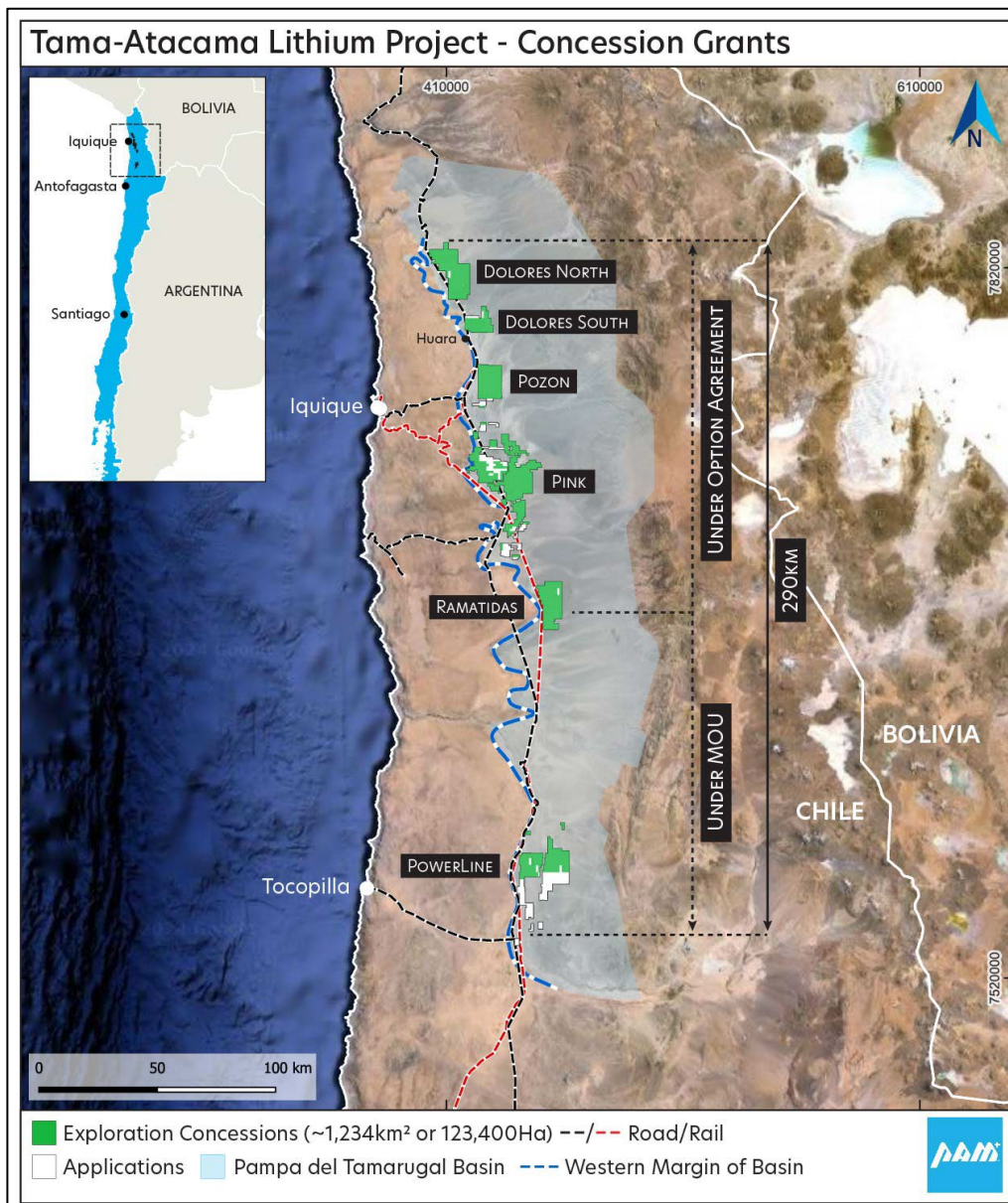


Figure 2. Tama Atacama Lithium Project: Granted Licenses under Option Agreements and MOU

The project is well-supported with all necessary transport and energy infrastructure, and 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 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. The project is north of Chile's lithium chemical refining hub in Antofagasta, with access by rail and road. See Figure 3.

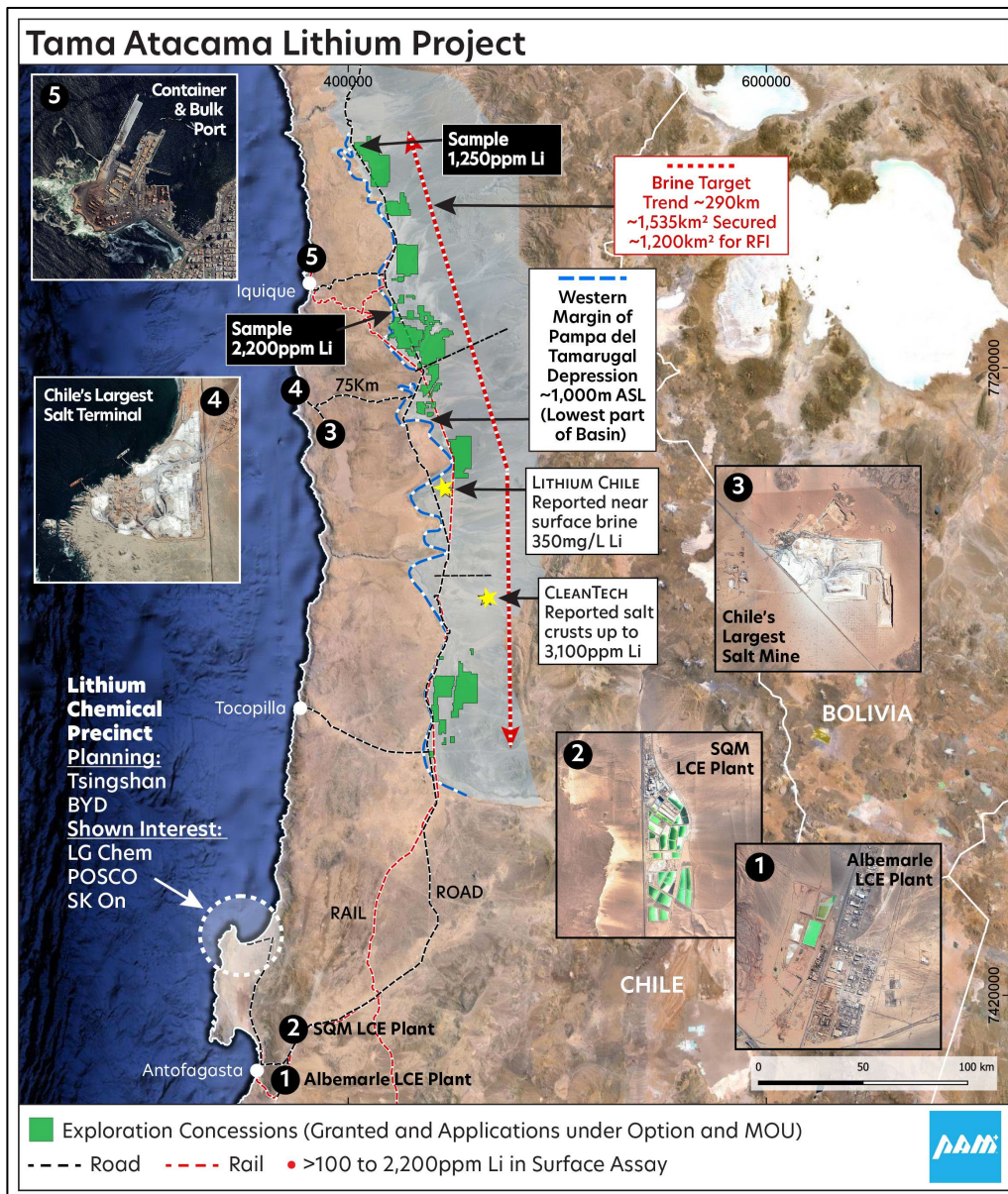


Figure 3. Tama Atacama Lithium Project: Proximal Lithium Chemical Refining Plants

Reconnaissance work suggests similar geochemical signatures to Salar de Atacama. Analysis of historical geophysics (seismic) show a very large basin up to 600m deep. Extensive lithium surface anomalies with lithium results up to 2,200ppm Li, and averaging 700ppm Li (56/177 assays, 270ppm cutoff) extend over ~160km.