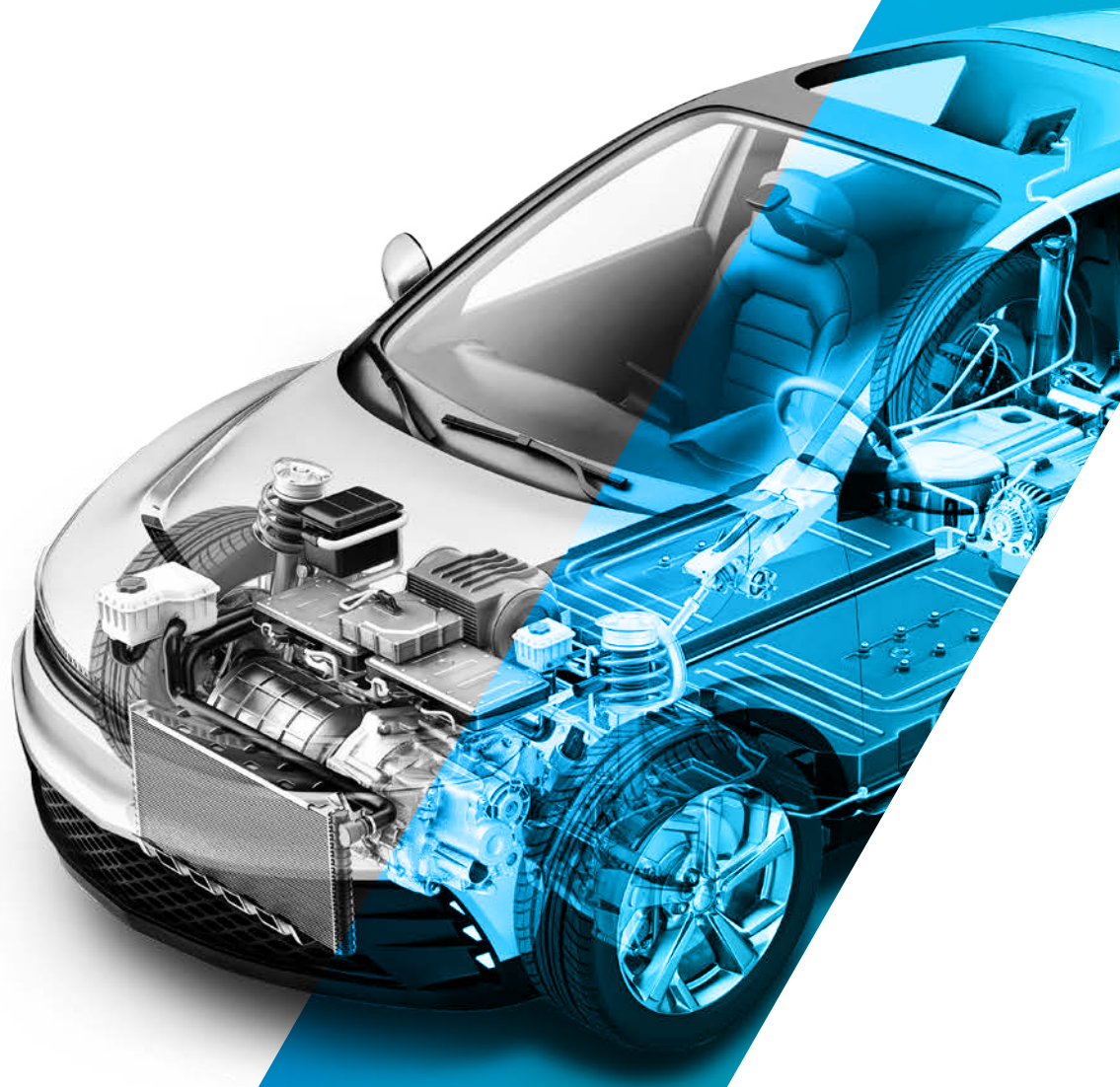


PAN ASIA METALS

EXPLORING A
BETTER FUTURE[®]

2022
Annual Report



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This report has been authorized for release by the Board of Directors

Forward Looking Statements

This report prepared by Pan Asia Metals Limited (or "Pan Asia: or "PAM" or "the Company") include forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation. Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control. Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Competent Persons Statement (Excluding Reung Kiet Lithium Project MRE)

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.

Competent Persons Statement for Reung Kiet Lithium Project MRE

The information in this report that relates to Mineral Resources is based on information compiled by Ms Millicent Canisius and Mr Anthony Wesson, both full-time employees of CSA Global. Mr Anthony Wesson is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and Ms Millicent Canisius is a Member of the Australasian Institute of Mining and Metallurgy. Mr Anthony Wesson and Ms Millicent Canisius have sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking, to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Anthony Wesson and Ms Millicent Canisius consent to the disclosure of the information in this report in the form and context in which it appears. Ms Millicent Canisius assumes responsibility for matters related to Sections 1 and 2 of JORC Table 1, while Mr Anthony Wesson assumes responsibility for matters related to Section 3 of JORC Table 1. Readers are advised to refer to the following ASX release for details on the Mineral Resource:

28 Jun 2022 Reung Kiet Lithium Project - Inaugural Mineral Resource Estimate

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Khao Soon Tungsten Project - JORC Exploration Target

Pan Asia Metals Limited has generated a drill supported Exploration Target of 15-29 million tonnes grading 0.2-0.4% WO₃ as defined under JORC Code (2012). The Exploration Target comprises 4-8 million tonnes grading 0.2-0.4% WO₃ at the Than Pho West prospect, 1-2 million tonnes grading 0.2-0.4% WO₃ at the Than Pho Ridge prospect, 6-12 million tonnes grading 0.1-0.3% WO₃ at the Target 2 prospect, and 4-7 million tonnes grading 0.2-0.4% WO₃ at the Rabbit prospect.

Readers are advised that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource. Readers are advised to refer to the following ASX releases for details on the Exploration Target:

08/10/2020 Technical Reports for PAM Projects

30/10/2020 Khao Soon Tungsten Project - Drilling Update

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Relevant ASX Releases

Readers are advised to refer to the following ASX releases for details on other technical data reported in this report:

KHAO SOON TUNGSTEN PROJECT

8 Oct 2020: 'PAM Projects - Technical Reports'

REUNG KIET LITHIUM PROJECT

8 Oct 2020: 'PAM Projects - Technical Reports'

09 Feb 2022 Drilling Update - Reung Kiet Lithium Project

02 Mar 2022 Drilling Update - Reung Kiet Lithium Project

22 Apr 2022: Drilling Update - Reung Kiet Lithium Project

10 May 2022: Revised Drilling Update - 22 April 2022

28 Jun 2022: Reung Kiet Lithium Project - Inaugural Mineral Resource Estimate

11 Jun 2022: Drilling Update - Reung Kiet Lithium Project

27 Jul 2022: Reung Kiet Lithium Project - Exploration Target

18 Aug 2022: Drilling Update - Reung Kiet Lithium Project

05 Sep 2022: Grant of EPL No 19/2565 - Reung Kiet Lithium Project

21 Sep 2022: Bang I Tum Prospect - Exploration Update

12 Oct 2022: Drilling Update - Reung Kiet Lithium Project

24 Oct 2022: Bang I Tum Prospect - High Grade Lithium Results

02 Nov 2022: Reung Kiet Lithium Processing Test-Work Update

08 Nov 2022: RKLP-Exceptional Ore Sorting Test Work Results

22 Nov 2022: Exceptional Ore Sorting Test-Work Results Confirmed

23 Nov 2022: Reung Kiet Lithium Project - Drilling Update

19 Jan 2023: Reung Kiet Lithium - Metallurgical Test-work Results

02 Feb 2023: Reung Kiet Lithium - Drilling Update

28 Feb 2023: Bang I Tum Prospect Initiation of Drilling

KATA THONG LITHIUM PROJECT

31 Aug 2021: Geothermal Li and Hard Rock Li-Sn Initiative

Corporate Governance

Pan Asia's Corporate Governance guidelines can be found at: www.panasiametals.com/corporate-governance/

Chairman's & Managing Director's Report

It is with pleasure that I present Pan Asia Metals' 2022 annual report, the third as an ASX listed company.



Paul Lock
Chairman &
Managing Director

2022 was a defining year for PAM, with several important milestones shifting the Company's key project, the Reung Kiet Lithium Project, towards the completion of a feasibility study and negotiations with downstream partners. 2023 will be an important year for PAM as there are several very good initiatives which are close to yielding results, I would like to think they will be very well received by shareholders and the market.

I will begin with a brief operational overview and PAM's Chief Geologist will provide more depth in the Operational Report. The year's focus has been on the Reung Kiet Lithium Prospect, referred to as Reung Kiet or RK. This is one of two prospects at the Reung Kiet Lithium Project, the other being the Bang I Tum Lithium Prospects, referred to as Bang I Tum or BIT. Government support for PAM's activities in Thailand has been strong, introducing its 'Policy on Mining and Downstream Industry' which focusses on investment promotion in the exploration, mining and the battery and critical downstream minerals processing industries, setting the foundations for minerals supply chain security. PAM has also hosted several site visits to Reung Kiet led by the Department of Primary Industry and Mines, the Ministry of Industry and several other important government agencies. PAM was also very well received by Thailand's Office of the Board of Investment when PAM introduced the Company, its projects, and its objective to deliver an initial 10,000tpa LCE into Thailand's rapidly growing battery and electric vehicle supply chain.

We reported our inaugural Mineral Resource Estimate (MRE) of 10.4 million tonnes at 0.44% Li₂O for 113,004 tonnes contained Li₂CO₃. As at writing an MRE update is imminent and will be the catalyst for a pit shell design and other work required to complete a Preliminary Feasibility Study. During the year we also delivered four key announcements which lay the ground work for a robust pre-feasibility study as well as the future of the project. At the beginning of the year the Company engaged metallurgical and chemical consultants to assist with beneficiation and concentrate conversion test work. This program started with BGRIMM in China, where extensive beneficiation test work was conducted culminating in exceptional results. The Company also conducted ore sorting test work on a sample which was prepared to represent what we believe to be typical run of mine ore at Reung Kiet. The results were exceptional and we believe they will loop back and produce better beneficiation results, with higher recoveries and a higher concentrate grade expected. During the year the Company also completed a field work program at Bang I Tum, which again produced exceptional results.

With regard to strategy, a common question shareholders and stakeholders have is what direction the Company is taking. We are in a dynamic environment and I am a big believer in managing with both an inward and an outward focus, tweaking our strategy as the global environment changes and or seizing opportunities as they arise. So the question is 'What is Pan Asia Metals? Our 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 in Asia and elsewhere proximal to advanced industrial centres, and which have low carbon footprints. Operating in Southeast Asia gives the Company access to modern industrial economies with globally competitive cost environments, and the fastest growing and most populous region on earth.

Pan Asia Metals' strategy is simple, we seek to secure battery and critical metals 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. The three key underlying factors to PAM's strategy in Southeast Asia are: i. the region's growth prospects; ii. the region's low-cost environment; and iii. aligning with the right knowledge partners.

PAM's primary objective is the development of the Reung Kiet Lithium Project located in Southern Thailand, for which PAM is undertaking necessary technical and economic studies required in anticipation of delivering a Pre-Feasibility Study for the production of lithium carbonate and or lithium hydroxide.

Complementing Reung Kiet is PAM's Kata Thong Lithium Project located 30km to the north, which is under application. Further, PAM is pursuing additional value-adding opportunities for these projects, such as the production of Cathode Active Materials (CAM). This would likely be via an alliance or arrangement with a knowledge partner.

PAM is also assessing the opportunity and potential for standalone midstream opportunities in Southeast Asia, for example lithium chemical conversion to manufacture lithium carbonate or lithium hydroxide. The execution of such initiatives would also be achieved through alliances with knowledge partners. To this end PAM has had exploratory discussions with chemical manufacturers and has also opened discussions with relevant Government bodies in several Asian countries, including the Malaysian Investment Development Authority, Thailand's Board of Investment and Vietnam's Foreign Investment Agency. Success could see PAM positioned as a leader in the supply of battery metals and chemicals in the region.

Given the growth forecasts for electric vehicles and the subsequent demand for lithium chemicals, PAM is also considering project opportunities farther afield. Such opportunities need to meet PAM's hurdles for consideration, i.e. they need to demonstrate attributes which stand them apart from the broader peer group, including but not limited to geology, geography, access to inputs, infrastructure, and so on. In considering these project opportunities the underlying thematic is the opportunity to value add any outputs, preferably in Southeast Asia.

To finish off I would like to close the loop on last years Chairman's Report, where I discussed the importance of people as well as the implementation of a sound ESG strategy.

During the year we invited fellow Director Supriya Sen to join the Board. Most recently a Senior Advisor at McKinsey & Co, a leading strategic consultancy firm, and before this a banker and project finance investments specialist with over 3 decades of experience at financial and investment institutions including GE Capital, World Bank, Asian Development Bank and Citibank, Supriya brings the experience and expertise that will help PAM position itself to achieve its goals in Asia. Further to this we have been building out our team on the ground in Thailand, with a number of important hires from geologists and their assistants through to expertise to help with the Company's community liaison programs, baseline environmental studies in preparation for an Environmental Impact Assessment, which includes health screening, and ultimately the submission of Mining License Applications at both Reung Kiet and Bang I Tum.

On the matter of ESG, and there is a nexus with our recent hires, Pan Asia Metals has taken concrete steps to position itself as a community oriented company with the environment front and centre in its decision making.

In 2022 I wrote that the Company would be looking to model its 'The Village Scientist' on the highly successful US based Charity Water as well as adopting an ESG framework based on those provided by the United Nations (UN) and the World Economic Forum (WEF), with the initial framework published then. We have made progress on both of these initiatives and particularly with the ESG framework, where we have formalized our interactions in those communities local to our projects through the appointment of dedicated staff. We have run several community programs with an emphasis on schools and education, and as we progress through to Mining License Application lodgments this work places the Company in good stead.

I would like to thank all shareholders and other stakeholders for their support in 2022, most importantly our people on the ground, the Company's contractors and consultants, and of course its investors - who have shown an incredible amount of support for the Company's plans and initiatives - and the Board, who are most supportive. I would also like to offer a special thanks to those shareholders and other stakeholders who have offered me and the Company their thoughts and advice - this has been very helpful - and who have stuck around for the vision and the journey, you really are what makes a company like Pan Asia Metals strong.

Yours sincerely,



Paul Lock

Operational Report

During the year PAM continued drilling at the Reung Kiet Lithium Project resulting in the completion 10,906.1m of diamond core drilling in 56 holes. Results were reported during the year for holes RKDD031 to 072, with many positive intersections.



David Hobby

Technical Director
& Chief Geologist

The Company announced an inaugural Mineral Resource at Reung Kiet, all classified as Inferred Resource of 10.4Mt @ 0.44% Li₂O. This resource estimate was based on drillholes RKDD001 to 046. An additional 54 drillholes were completed this year with many positive results that should lead to an upgrade and increase to the Inferred Resources.

The Company also completed metallurgical testwork comprising ore sorting and flotation testwork. Both programs produced highly encouraging results.

At the Bang I Tum prospect PAM announced a drill supported Exploration Target estimate. The Company has also expanded the prospective area by approximately 200% through rock-chip and soil sampling programs. Drilling at Bang I Tum is scheduled to commence in early 2023. Drilling will test the Exploration Target and adjacent prospective areas.

Reung Kiet Lithium Project

The Reung Kiet Lithium Project (RKLP) is PAM's key project. RKLP is a hard rock project with lithium hosted in lepidolite rich pegmatites chiefly composed of quartz, albite, lepidolite with minor cassiterite and tantalite. The project at present contains two main prospect areas being Reung Kiet (RK) and Bang I Tum (BIT).

The RK Prospect contains an old pit about 500m long and up to 125m wide. Mining of the weathered pegmatites extended up to 30m below surface, to the top of hard rock. PAM has identified a prospective zone at least 1km long which contains a large swarm of pegmatite dykes and veins up to 100m wide. Individual dykes can be up to 30m wide. More typically dykes and veins range from 10m to 0.1m in width.

Mineral Resource estimate

During the year PAM reported an inaugural Mineral Resource estimate at Reung Kiet of 10.4Mt @ 0.44% Li₂O for approximately 113,000t contained LCE. The MRE was estimated by CSA Global in accordance with the JORC Code (2012), see Table 1 below “RKLP Inferred Mineral Resource” and refer to PAM’s ASX announcement date 28 June, 2022, and titled “Inaugural Mineral Resource Estimate, Reung Kiet Lithium Prospect, Thailand.”

Table 1 - RKLP Inferred Mineral Resource

	Million Tonnes	Li ₂ O (%)	Sn (%)	Ta ₂ O ₅ (%)	Rb (%)	Cs (%)	LCE (t)
Oxide & Transitional	3.2	0.49	0.03	0.009	0.15	0.02	38,611
Fresh	7.2	0.42	0.04	0.009	0.16	0.02	74,416
Total	10.4	0.44	0.04	0.009	0.16	0.02	113,027

Mineral Resource reported above 0.25% Li₂O% cut-off. Appropriate rounding applied. Refer to ASX announcement dated 28 June, 2022.

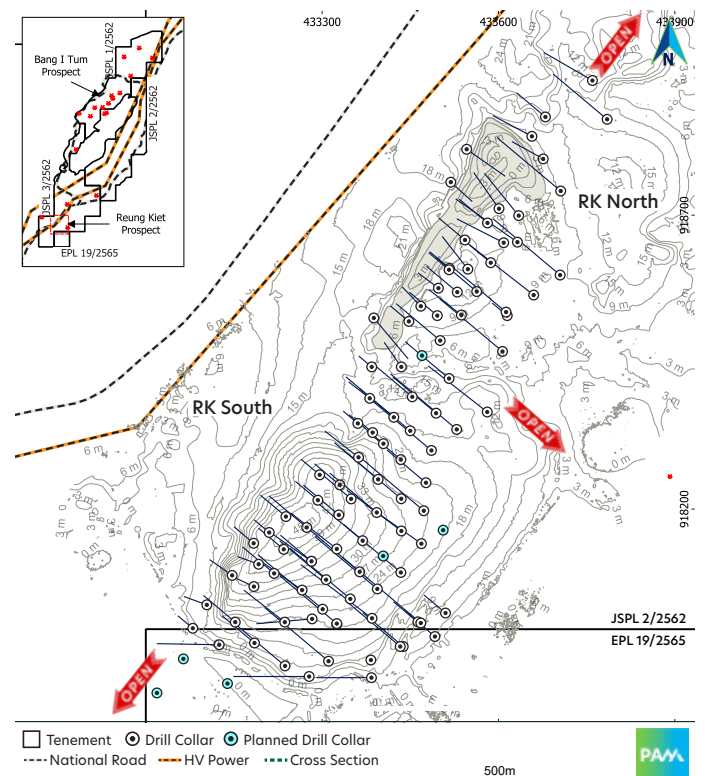
The MRE was in line with PAM’s expectations, and the contained LCE of ~113,000t positions PAM well to meet its objective of producing 10,000t LCE per annum for 10 years, to begin with. Drilling has been ongoing at Reung Kiet and updated Mineral Resource estimate is planned for early 2023 and will include an additional 50 holes or so. This infill and extensional drilling should result in much of the Inferred Resource being converted to Indicated and some Measured Resource, as well as an overall increase in the Mineral Resource in terms of tonnage and contained LCE.

Drilling

During the year PAM conducted diamond core drilling at the RK lithium prospect, with 10,906.1m drilled in 56 holes (RKDD045 to RKDD100). Assay results were reported for drillholes RKDD031 to RKDD072.

The program was designed as infill and extensional drilling of the current Inferred Mineral Resource and has been highly successful, with extensive zones of lithium mineralisation encountered associated with lepidolite rich pegmatite dyke and vein swarm. Mineralisation remains open along strike and downdip, especially at the southern end.

Figure 1 - RKLP-Drilling RKDD031-072



Example drill intersections from drillholes RKDD031 to 072 are presented in the Table 2 below.

Table 2 - RKLP-Selected drilling intersections RKDD031-072

Hole ID	from (m)	to (m)	interval (m)	Li ₂ O (%)
RKDD036	97.95	115.70	17.75	0.53
RKDD036	103.40	112.10	8.70	0.60
RKDD036	107.00	112.10	5.10	0.79
RKDD037	60.90	74.50	13.60	0.59
RKDD038	46.20	76.25	30.05	0.53
RKDD042	26.50	56.75	30.25	0.76
RKDD042	52.40	56.00	3.60	1.22
RKDD043	115.45	129.23	13.78	0.60
RKDD044	185.40	203.00	17.60	0.48
RKDD046	11.5	24.85	13.35	0.73
RKDD046	30.2	42.60	12.40	0.67
RKDD052	107.4	120.55	13.15	0.74
RKDD052	107.4	112.90	5.50	1.16
RKDD053	99.25	108.50	9.25	0.79
RKDD053	104.9	108.50	3.60	1.31
RKDD054	87.7	117.65	29.95	0.55
RKDD054	102.1	110.90	8.80	1.00
RKDD055	83.9	104.40	20.50	0.60
RKDD055	86.3	94.55	8.25	0.98
RKDD056	57.20	62.80	5.60	1.18
RKDD056	92.20	107.10	14.90	0.59
RKDD057	18.90	44.40	25.50	0.71
RKDD057	22.50	28.70	6.20	1.02
RKDD057	36.05	39.50	3.45	1.30
RKDD057	63.00	80.90	17.90	0.43
RKDD058	4.55	8.00	3.45	1.62
RKDD059	5.80	13.55	7.75	0.73
RKDD059	6.85	11.00	4.15	1.12
RKDD059	29.00	37.50	8.50	1.03
RKDD060	11.10	20.25	9.15	0.58
RKDD061	16.30	29.00	12.70	0.47
RKDD063	74.30	81.70	7.40	0.81
RKDD067	142.15	160.15	18.00	0.54
RKDD067	152.60	160.15	7.55	0.94
RKDD067	169.55	180.35	10.80	0.78
RKDD067	169.55	174.05	4.50	1.24
RKDD068	28.40	34.00	5.60	0.95
RKDD068	50.40	62.50	12.10	0.48
RKDD068	67.85	97.50	29.65	0.60
RKDD068	78.50	83.50	5.00	0.92
RKDD069	63.60	83.90	20.30	0.70
RKDD069	65.60	77.60	12.00	0.85
RKDD071	100.80	110.70	9.90	0.69

Metallurgical Testwork

PAM has and is conducting metallurgical testwork on Reung Kiet mineralisation.

Peer feasibility work, market studies and research has demonstrated that lepidolite has the potential to be one of the highest purity sources of battery grade lithium carbonate and lithium hydroxide, that lepidolite is potentially one of the lowest cost sources of lithium carbonate and lithium hydroxide and that lepidolite has one of the lowest capex requirements on a per tonne LCE basis after by-products.

During the year testwork has included ore sorting to separate high grade pegmatite from lower grade to waste siltstone, and beneficiation testwork to produce a lepidolite concentrates from weathered and fresh mineralisation.

Ore Sorting

The -50mm to +100m crushed drillcore samples were tested at Steinhart Australia's Test Centre in Perth and were fed in a single-pass and subjected to 3D laser scanning and colour camera sensors used in combination. This produced excellent separation of the mineralised aplo-pegmatite from the low grade to waste siltstone.

Results indicate 73% lithium recovery into 39% of the sample yield at an average grade of 0.92% Li₂O, with 61% of the feed being discarded as waste/low grade siltstone at an average grade of 0.22% which is below the current Mineral Resource cut-off grade of 0.25% Li₂O.

The lithium grade of the retained pegmatite product almost doubles from 0.50% Li₂O in the feed to 0.92% Li₂O in the retained pegmatite product.

The potential mass reduction and grade increase of the mill feed should flow through to capex and opex cost savings as well as other efficiencies such as increased lithium recovery from flotation feed.

This test-work demonstrates the pegmatite-siltstone mineralisation is highly amenable to ore sorting which results in the separation of the material into essentially homogenous aplo-pegmatite with minimal siltstone contamination and siltstone with little pegmatite contamination.

Additional optimization test-work is ongoing and flotation test-work is now being undertaken on the sorted products. Ore sorting testwork is also planned to be undertaken on weathered mineralisation.

Beneficiation

The test-work was conducted on two separate composites comprised of fresh and weathered mineralisation derived from laboratory 'coarse crush rejects' (100% <3.35mm).

The flotation testwork conducted has demonstrated that relatively high recoveries of lithium to concentrate are achievable utilizing industry standard methods with both the fresh and weathered mineralisation undergoing similar comminution and beneficiation. This has resulted in concentrate grades of approximately 3.0% Li₂O with lithium recoveries up to 78%.

The main factor affecting recoveries and concentrate grades is the presence of gangue minerals, in particular kaolinite in the weathered mineralisation. Accessory muscovite with minor Li₂O is also a factor as this is recovered with the lepidolite. Weathered mineralisation constitutes approximately 30% of the current Mineral Resource at Reung Kiet.

Further flotation optimisation work is planned and will seek to confirm the BGRIMM data. This work is being conducted at Nagrom in Perth. Nagrom will also conduct flotation testwork on sample products from the 'ore-sorting testwork' which has proven to reduce the amount of siltstone in the potential ROM feed and increase overall lithium grades of the feed. It may also be expected that lithium recoveries from flotation may also improve by decreasing the amount of siltstone in the feed.

Additional testwork is planned to be conducted on various blends of weathered and fresh mineralisation.

The lithium mica concentrates produced by BGRIMM have been delivered to ALS Global in Perth. These concentrates will undergo roasting and conversion testwork to produce lithium carbonate. The process route being tested is an Alkaline Salt Roast, which is commonly referred to as a Sulphate Roast. This is the process predominantly used in China and therefore, as there is an operating track record, the process has been de-risked.

Additional lithium mica concentrates produced by BGRIMM will also be delivered to Glencore Technology in Brisbane where the concentrates will undergo oxidative acid leaching testwork using Glencore Technology's Albion Process™ to solubilize the lithium in the concentrate for conversion to lithium carbonate.

Grant of EPL

The Company was granted an Exploration Prospecting Licence Application (EPL 2/2564), which is located immediately southwest, along strike of the Reung Kiet prospect. Drilling from within the EPL will allow for strike and dip extensions to be targeted as lithium mineralisation had been defined up to the boundary of EPLA 2/2564.

Bang I Tum Lithium Prospect

The BIT prospect was a relatively large open cut tin mine. The old pit is about 650m long and up to 125m wide. Mining of the weathered pegmatites extended up to 30m below surface, to the top of hard rock. Bang I Tum is located about 8km north of the Reung Kiet Lithium Prospect.

In preparation for drilling the Company has conducted highly successful exploration program at BIT.

During the year PAM defined a drill supported Exploration Target of 8 to 14 million tonnes at a grade ranging between 0.5% to 0.8% Li₂O in accordance with the JORC Code 2012 at the Bang I Tum. Grades were also estimated for Sn, Ta₂O₅, Rb, Cs and K, see Table 3 below.

The potential quantity and grade of the Exploration Target are conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Table 3 - Bang I Tum Prospect - Exploration Target, July, 2022

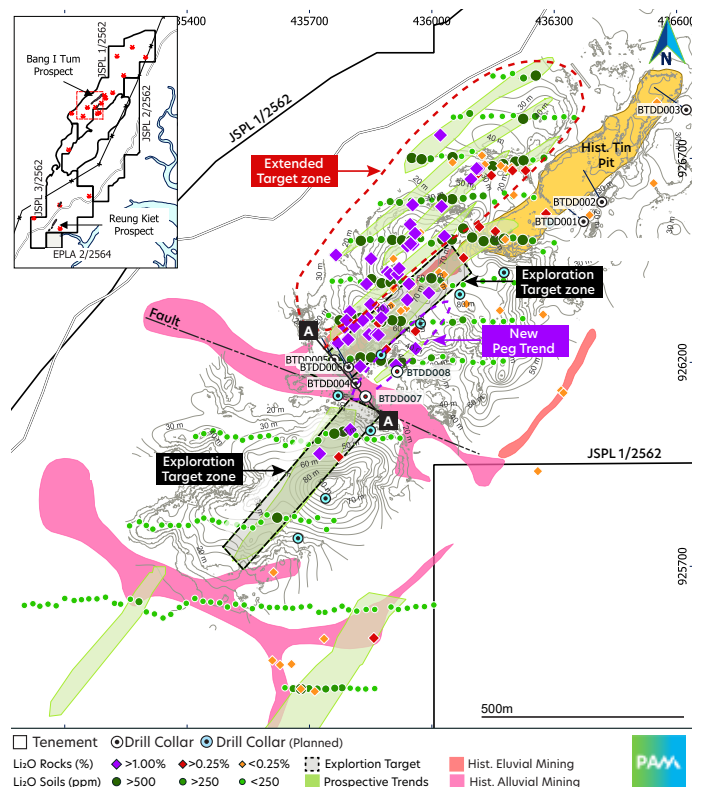
	Million Tonnes	Li ₂ O (%)	Sn (%)	Ta ₂ O ₅ (ppm)	Rb (%)	Cs (ppm)	K (%)
Lower	8.0	0.80	0.09	120	0.30	250	2.80
Upper	14.0	0.50	0.07	95	0.24	210	2.40

In addition to the Exploration Target at BIT, PAM also reported that it had defined a new prospective zone about twice the size of the zone for the drill supported Exploration Target. As shown in Figure 2 opposite, the new zone has been interpreted to be a westerly extension of the dyke swarm forming the Exploration Target.

Extensive high Li₂O grades were reported in the rock-chip samples. 44 of the 64 (~70%) samples collected averaged 1.56% Li₂O at a 0.30% Li₂O cutoff, the results also included:

- 35 samples >1.00% Li₂O
- 12 samples >2.00% Li₂O
- Maximum grade 2.62% Li₂O

Figure 2 - Bang I Tum Lithium Prospect - soil and rock-chip data



Drilling at Bang I Tum is scheduled to commence in early 2023. Drilling will test the Exploration Target and adjacent prospective areas. The Company expects that with positive drill results a Mineral Resource can be defined. Metallurgical test-work is also planned.

Kata Thong Project

In 2021 PAM announced five (5) Special Prospecting Licence Applications (SPLA) covering approximately 45km² in the Phang Nga Province in southern Thailand – the 'Kata Thong Geothermal Lithium and Hard Rock Lithium-Tin Project'. The Kata Thong Project is centred approximately 35km NNE of the Reung Kiet Lithium Project.

PAM is awaiting the grant of the Special Prospecting Licences. However, the Company also holds Prospecting Licences across the KT project. These allow for low impact exploration to be conducted. Exploration has begun with some reconnaissance stream sediment and rock-chip sampling completed. Zones of mica rich pegmatite were discovered. Results are awaited.

Khao Soon Tungsten Project

The Khao Soon Tungsten Project (KSTP) was a significant historical tungsten producer and modern exploration has discovered potentially world class, district scale tungsten mineralisation across numerous prospects.

Previously reported reconnaissance diamond drilling by PAM has intersected robust widths and WO₃ grades associated with strong surface anomalies, from which Exploration Targets have been estimated.

With its focus on the RKLP and lithium in general PAM is assessing several options for the KTSP including discussions with potential joint venture partners already active in the tungsten industry.



Sustainability Strategy

Pan Asia's ESG framework is modelled on the UN's 'Sustainable Development Goals' (SDGs) and the WEF's 'Stakeholder Capitalism Metrics'.



Underlying these frameworks is PAM's core tenet of Exploring a Better Future.

These words capture what we want to achieve at Pan Asia, our objective is to explore, develop and mine with principles. As Pan Asia is not a project operator several aspects of the UN and WEF frameworks are not applicable at this point in our journey; nor do they relate to broader regional or global goals to which we can contribute, but aren't able to significantly influence. As we grow, our ESG framework and our Sustainability Plan will be refined and updated.

We will build the foundations of our Sustainability Strategy on a philosophy of continuous improvement, with the aim of building an operating environment which is diverse, inclusive, rich in learning and doggedly focused on meeting our objectives, sustainably.

Our projects are situated in and around communities, which means we need to focus on delivering outcomes which are inclusive of these communities. There is reciprocity: if the community thrives, we thrive. Our Sustainability Strategy is both inward looking and outward looking, seeking to achieve a financial and humanitarian balance.

Of the UN's 17 SDGs we have adopted 7, with a primary focus on 3:

Primary focus SDGs:



G4 - Quality Education



G5 - Gender Equality



G6 - Clean Water & Sanitation

The other SDGs are:



G1 - No Poverty



G13 - Climate Action



G12 - Responsible Consumption and Production



G15 - Life on Land

G4 - Quality Education



During the year Pan Asia conducted several programs with the 3 schools within a 1 kilometer radius of the Reung Kiet Lithium Prospect. Pan Asia worked closely with a 'school development council' comprising representatives of the local community.

Pan Asia's programs were mainly focused on support to purchase playground equipment, repair student toilets, providing musical instruments in one case and school bags through the 'School Bags Program' to all junior school students in the project area.



Specifically, Pan Asia renovated the playground equipment at Wat Sri Rattanaram School, bringing substantial improvement to the play environment and an uplift in enjoyment for the young students. Pan Asia also equipped the musical department at the Ban Ka Lai School, providing a range of instruments to help their up and coming musicians.



During 2023 this program will continue and expand to include schools within a 1km radius of the Bang I Tum prospect.

G5 - Gender Equality



Pan Asia's workforce is split about 33% female and 66% male. At the executive level it is split about 45% female and 55% male. Pan Asia employs and remunerates on merit and does not distinguish between female and male.

G6 - Clean Water & Sanitation



Pan Asia was able to provide filtered water solutions to several schools and also helped repair student toilet blocks, including the repair of student toilets at Ban Kalai School and the provision of clean water filtration systems and housing for Wat Sri Rattanaram School.



During the year Pan Asia also participated alongside the community in several religious festivals, for example the festival of Buddhist Lent with Wat Sri Rattanaram School and Ban Chiang Mai community at Sri Rattanaram Temple.



Pan Asia also conducted community wide health checks and water and air quality testing as part of its Environmental Impact Assessment studies.

The Village Scientist

The Village Scientist is a community program being developed by the staff of Pan Asia. Our objective here is to help communities develop an environment conducive to inspired childhood education. This is a grassroots initiative which we hope will grow with the participation of like-minded individuals and companies operating in the Southeast Asia region and elsewhere around the world.

In the name “The Village Scientist” we convey the message that a child can be just about anything he or she wants to be - given the right opportunity. We believe that a country’s future lies in the education that its children receive now, and we hope that we can contribute to the prosperity of children, and their communities, by providing them with some of the fundamental tools for a good education. We may achieve this by helping a community build a schoolhouse, purchasing learning materials, books and other equipment, or finding a teacher to help get a community started with its school program.

We believe in the Montessori philosophy of helping children to help themselves. The inspiration for the Village Scientist came when Paul Lock sat on the committee of a Montessori school which his family helped establish, a school which his children attended. Having seen his children enjoy learning in this environment, he would like to help spread this enthusiasm to other children through The Village Scientist program.



The Village Scientist



Board of Directors

Paul Lock

Chairman
& Managing Director



- Former corporate advisor and project financier to the mining sector
- Experienced commodity and derivatives trader
- Has had a Southeast Asian focus for over 10 years

Qualifications:

Master of Political Economy; Master of International Studies; Master of Commercial Law; Master of Business Administration; Bachelor of Business; MAusIMM.

Experience and expertise:

Before Pan Asia Metals Paul was a corporate adviser at Everspring Partners, a boutique Sydney based advisory firm that he founded. Before Everspring Paul worked in corporate advisory and leveraged finance roles at Commonwealth Bank of Australia. Paul initially focused on corporate and single asset project finance in the resource sector before moving into leveraged finance for private equity initiatives and then into a corporate advisory role where he was sector agnostic and focused on generating corporate transactions.

Prior to banking Paul worked for Rothschild & Co in Australia where he was a derivatives trader and a high yield bond investor focusing on a variety of asset classes, generally distressed or complex assets. Paul also had some involvement in structuring derivatives solutions for resource companies in conjunction with Rothschild's corporate advisory team. Prior to Rothschild Paul worked for Japanese trading conglomerate Marubeni Corporation in the soft commodity trading division.

David Hobby

Technical Director
& Chief Geologist



- Economic Geologist with 30+ years experience
- Worked in a variety of geological terrains across Asia, Australia, Argentina, USA and Africa
- Experienced in all facets of the minerals project cycle

Qualifications:

B.App Sci (Geology), MAusIMM, Competent Person under the JORC Code.

Experience and expertise:

David is an Economic geologist and has been involved in the minerals industry for over 30 years. Since graduating from the University of Canberra in 1989 David has worked in a variety of geological terrains in Australia, Asia, South America, USA and Africa, and has experience in all facets of the minerals project cycle with a focus on exploration and evaluation.

David has held senior geological management and consulting positions with listed and private companies and progressed several projects through to feasibility and pre-production, including the Adelong Gold Project, Broula King Gold Project, Webb's Silver Project and the Woodlawn Zn-Cu project.

David has been focused on SE Asia since 2013. His geological qualifications and experience are complimented with skills in project management, environmental management, Occupational Health and Safety, contractor, government and stakeholder management.

Board of Directors

David Docherty

Non-Executive Director



- Involvement in the resource sector since 1965
- Managing Director of Slater Walker sponsored, ASX-listed, Mining Finance Corporation in 1969
- Managing Director of former ASX-listed Sedimentary Holdings - 1980-87
- Foundation member of the team that discovered the Thai Chatree gold prospect in 1989
- Executive Chairman of unlisted public company, Thai Goldfields NL since 2002

Experience and expertise:

David has focused on the resource sector through stockbroking in London and analysis with Investment Bank, Slater Walker London before moving to Sydney in 1968 with Slater Walker to invest in the resource sector, including arranging finance to enable Poseidon to drill its 'famous' Mt Windarra nickel discovery in 1969. The same year David organised the ASX IPO of Slater Walker sponsored, Mining Finance Corporation, becoming its CEO.

From 1984-87 David successfully guided Sedimentary Holdings as CEO to joint ownership and open-pit development of the old Cracow Gold Mine (Qld).

In 1987 David became an equity partner in the Thai resource sector after the Government deregulated gold exploration and mining. Thereafter, he jointly financed a team of geologists responsible for the discovery of what is now the Chatree Gold Mine.

In 2002 David became a foundation director and CEO of Thai Goldfields NL, an unlisted public company holding 100% interests in Thai SPL applications (and re-applications) previously held by Newmont, Ivanhoe Mining and Phelps Dodge, hosting important gold resources.

Thanasak Chanyapoon

Non-Executive Director



- Thanasak is a Partner at The Capital Law Office, a leading Bangkok based legal practice
- NED of Cal-Comp Electronics PLC, a company listed on the Stock Exchange of Thailand
- Well established in the Thai business community

Qualifications:

Master degree in law (LL.M.), Certificate of American and International Law, Bachelor degree in law (LL.B. (Hons)).

Experience and expertise:

Thanasak is a Partner at The Capital Law Office, a leading Bangkok based legal practice. Thanasak's area of expertise is tax law, and corporations for more than 25 years. Prior to joining The Capital Law Office, he has worked with Baker & McKenzie, Bangkok, and Linklaters, Bangkok. He was also the co-founder of LawAlliance Limited specializing in Thailand tax laws including double tax treaties made with Thailand.

Since 2008 to date, Thanasak is a special lecturer in various tax law subjects at Faculty of Law, Chulalongkorn University, and at Faculty of Business Administration, Kasetsart University.

Board of Directors

Supriya Sen

Non-Executive Director



- Supriya is a former banker and Senior Advisor at McKinsey based in Singapore and an independent board director in the infrastructure and climate finance space.
- 30+ years project finance, private equity and public private partnerships experience at firms such as GE Capital, World Bank, IFC, Asian Development Bank, Citibank, across India, South East Asia and Middle East.
- Strategic advisory focus in banking and climate finance, green infrastructure, smart cities, innovation and technology transformation sectors.

Qualifications:

B.Eng (Electronics) & MBA.

Experience and expertise:

Supriya is an independent director with substantial background and experience in climate financing, green infrastructure and the circular economy. Besides Pan Asia Metals (PAM), she is currently a director on the boards of IFC funded companies such as Azure Power (NYSE: AZRE), Indonesia Infrastructure Finance (IIF), the Averda Group and ASEAN Financial Innovation Network (AFIN). She is also a Board trustee of non-profit organizations and social enterprises in areas pertaining to the low carbon transition and in digital innovation for social good. Given her interest in public policy and good governance, serves on various regional committees and networks and is an accredited member of the Australian Institute of Company Directors, Women Corporate Directors, Singapore Institute of Directors and Indian Institute of Directors.

Company Secretaries

Elissa Hansen

Australian Company Secretary

Qualifications:

Elissa holds a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance. She is a fellow of the Governance Institute of Australia and graduate member of the Australian Institute of Company Directors.

Experience and expertise:

Elissa has over 20 years' experience advising boards and management on corporate governance, compliance, investor relations and other corporate related issues. She has worked with boards and management of a range of ASX listed companies. Elissa is a Chartered Secretary who brings best practice governance advice, ensuring compliance with the Listing Rules, Corporations Act and other relevant legislation. and at Faculty of Business Administration, Kasetsart University.

Nor Hafiza Binte Alwi

Singapore Company Secretary

Qualifications:

Hafiza holds a Bachelor of Law (Hons) degree and is also a fellow of the Chartered Secretaries Institute of Singapore and a Practising Chartered Secretary.

Experience and expertise:

Hafiza is a Director of ZICO Corporate in Singapore. She has over 25 years of experience and acts as Company Secretary to a diversified range of local and foreign listed and non-listed companies. In her role as Company Secretary, Hafiza advises and provides guidance to her clients and the Boards on corporate transactions, procedures and practices, code of corporate governance, compliances and regulatory requirements including listing rules of the SGX-ST. Kasetsart University.

Financial Report

**PAN ASIA METALS LIMITED
AND ITS SUBSIDIARIES**
(Company registration no.:201729187E)
(Incorporated in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

CORPORATE DIRECTORY

For the financial year ended 31 December 2022

Directors	Mr Paul David Lock (Executive Chairman and Managing Director) Mr David John Hobby (Executive Director and Technical Director) Mr David Michael Docherty (Non-Executive Director) Mr Thanasak Chanyapoon (Non-Executive Director) Mr Ian Burnham Mitchell (Non-Executive Director resigned on 23 June 2022) Mr Roger Alan Jackson (Non-Executive Director resigned on 23 June 2022) Ms Supriya Sen (Non-Executive Director appointed on 1 May 2022)
Company secretaries	Mr Wayne John Kernaghan (Australia) (Resigned on 16 February 2023) Ms. Elissa Hansen (Australia) (Appointed on 16 February 2023) Ms Nor Hafiza Binte Alwi (Singapore)
Registered office	77 Robinson Road #06-03 Robinson 77 Singapore 068896
Principal place of business	Level 23, 52 Thaniya Plaza, Zone B, Silom Road, Suriyawong, Bangkok, Thailand, 10500
Auditor (Singapore)	PKF-CAP LLP 6 Shenton Way OUE Downtown 1 #38-01 Singapore 068809
Solicitors	Ian B. Mitchell & Associates Level 9, 19-29 Martin Place Sydney, NSW, 2000 Phone: +61 2 9232 5444
Website	www.panasiametals.com

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Information on directors

Name: Paul David Lock
Title: Executive Chairman and Managing Director
Qualifications: MAusIMM, Master of Political Economy, International Studies, Commercial Law and Business Administration
Experience and expertise: Paul has been involved in minerals exploration in South East Asia since 2012, with his work in this region forming the foundations of what is now Pan Asia Metals.
 Before Pan Asia Metals Paul was a corporate adviser at Everspring Partners, a boutique Sydney based advisory firm that he founded. Before this Paul worked in corporate advisory and leveraged finance roles at Commonwealth Bank of Australia. Paul initially focused on corporate and single asset project finance in the resource sector before moving into leveraged finance for private equity initiatives and then into a corporate advisory role where he was sector agnostic and focused on generating corporate transactions.
 Prior to banking Paul worked for Rothschild & Co in Australia where he was a derivatives trader and a high yield bond investor focusing on a variety of asset classes, generally distressed or complex assets. Paul also had some involvement in structuring derivatives solutions for resource companies in conjunction with Rothschild's corporate advisory team. Prior to Rothschild Paul worked for Japanese trading conglomerate Marubeni Corporation in the soft commodity trading division.

Name: David John Hobby
Title: Technical Director and Chief Geologist
Qualifications: MAusIMM, Competent Person under the JORC Code
Experience and expertise: David is an Economic geologist and has been involved in the minerals industry for over 30 years. Since graduating from the University of Canberra in 1989 David has worked in a variety of geological terrains in Australia, Asia, South America, USA and Africa, and has experience in all facets of the minerals project cycle with a focus on exploration and evaluation.
 David has held senior geological management and consulting positions with listed and private companies and progressed several projects through to feasibility and pre-production, including the Adelong Gold Project, Broula King Gold Project, Webb's Silver Project and the Woodlawn Zn-Cu project.
 David has been focused on SE Asia since 2013. His geological qualifications and experience are complimented with skills in project management, environmental management, Occupational Health and Safety, contractor, government and stakeholder management.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

<p>Name:</p> <p>Title:</p> <p>Experience and expertise:</p>	<p>David Michael Docherty</p> <p>Non-Executive Director</p> <p>David has gained a lifetime of experience in the resource sector commencing with stockbroking in London before commencing a valuable career experience as an analyst with Investment Bank, Slater Walker London in 1965. David moved to Sydney in 1968 with Slater Walker to develop resource investment strategy, organising finance to enable Poseidon to drill its 'famous' Mt Windarra nickel discovery in 1969, as well as financing many other resource assets of that time. The same year David organised the ASX float of Slater Walker sponsored Mining Finance Corporation, becoming its Managing Director. In later times, David successfully guided Sedimentary Holdings as CEO to joint ownership and open-pit development of the old Cracow Gold Mine (Qld) in 1984-87. David became an equity partner in the Thai resource sector in 1987 when the Government deregulated gold exploration and mining. Thereafter, he jointly financed the formation of a team of young, keen local geologists who were responsible for the discovery of what is now the Chatree Gold Mine, a prospect which ultimately developed into the core gold asset of Kingsgate Consolidated and which, at its peak, was capitalised at more than \$1 billion.</p> <p>In 2002 David was a foundation director and is CEO of Thai Goldfields NL, an Unlisted Public Company which holds Thai applications (and re-applications) over gold resources defined by previous JV partners Oxiana and Tigers Realm Minerals and exploration tenements previously investigated by Newmont, Ivanhoe, Phelps Dodge.</p>
<p>Name:</p> <p>Title:</p> <p>Qualifications:</p> <p>Experience and expertise:</p>	<p>Thanasak Chanyapoon</p> <p>Non-Executive Director</p> <p>Master degree in law (LL.M.), Certificate of American and International Law, Bachelor degree in law (LL.B. (Hons)).</p> <p>Thanasak is a Partner at The Capital Law Office, a leading Bangkok based legal practice. Thanasak's area of expertise is tax law, advising national and international financial institutions, equity funds and corporations for more than 25 years. Prior to joining The Capital Law Office, he has worked with Baker & McKenzie, Bangkok, and Linklaters, Bangkok. He was also the co-founder of LawAlliance Limited specializing in Thailand tax laws including double tax treaties made with Thailand. Since 2008 to date, Thanasak is a special lecturer in various tax law subjects at Law Faculty, Chulalongkorn University, and in Faculty of Business Administration, Kasetsart University.</p>
<p>Name:</p> <p>Title:</p> <p>Qualifications:</p> <p>Experience and expertise:</p>	<p>Ian Burnham Mitchell</p> <p>Non-Executive Director (Resigned on 23 June 2022)</p> <p>BA, Dip Law</p> <p>Ian is a practicing solicitor of over 44 years' standing. Ian has been a director of over 13 ASX listed companies since 1987 and also as a Company Secretary of many more ASX listed and non-listed public companies.</p> <p>Ian has over 30 years' experience as a director and Company Secretary of listed and non-listed mining, exploration and industrial companies. Ian's legal expertise is in commercial law, contract law and ASIC and ASX compliance.</p>

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Name: Roger Alan Jackson (Resigned on 23 June 2022)
 Title: Non-Executive Director
 Qualifications: MAusIMM, Member of the Australian Institute of Company Directors
 Experience and expertise: Mr Jackson is a qualified geologist with a career spanning more than 25 years, Roger has considerable experience in mineral exploration, mine operations and development, mining services and the marketing of mineral concentrates. He has been a founding director of several private and public mining and mine service companies. He is currently an Executive Director of Ark Mines Ltd and Vertex Minerals Ltd and a non-Executive Director of QX Resources Ltd and Pan Asia Metals Limited, all ASX listed companies. He is a longstanding Member of the Australian Institute of Company Directors, Member of the Australian Institute of Geoscientists, Fellow of the Geological Society of London and Fellow of the Australasian Institute of Mining and Metallurgists.

Name: Supriya Sen (Appointed on 1 May 2022)
 Title: Non-Executive Director
 Qualifications: Bachelor of Engineering and Master of Business Administration
 Experience and expertise: Ms Sen is a former banker and project finance investments specialist, with over 3 decades of experience at financial and investment institutions including GE Capital, World Bank, Asian Development Bank and Citibank, she led investments into infrastructure and cleantech sectors across Asia and the Middle East. Ms Sen is a former Senior Advisor at McKinsey & Co, a leading strategic consultancy firm, and currently an independent board director of several other public and private sector companies active in infrastructure, financial services and digital platforms in Asia and around the world. Supriya works with companies on assignments linked to infrastructure, project and structured finance, innovation, and strategic transformation, to enhance financial inclusion, sustainability and orderly low-carbon transition.

Company Secretaries

Elissa Hansen (Appointed on 16 February 2023)

Ms Hansen is a Chartered Secretary with over 20 years' of experience and brings best practice governance advice, ensuring compliance with the Listing Rules and other relevant legislation. She is a Fellow of the Governance Institute of Australia, a Graduate Member of the Australian Institute of Company Directors and has a Bachelor of Commerce and a Graduate Diploma in Applied Corporate Governance.

Wayne John Kernaghan - B.Bus, ACA, FAICD, FCIS (Resigned on 16 February 2023)

Mr Kernaghan is a qualified chartered accountant who spent 5 years with Price Waterhouse. He is also a Fellow of the Australian Institute of Company Directors and a Chartered Secretary.

Nor Hafiza Binte Alwi

Hafiza Alwi is a Director of ZICO Corporate in Singapore. She acts as Secretary to a diversified range of local and foreign listed and non-listed companies. In her role as Company Secretary, Hafiza helps the Company on matters related to corporate transactions and also advises and provides guidance on procedures and practices, code of corporate governance, compliance and regulatory requirements. Hafiza holds a Bachelor of Law (Hons) degree and is also a fellow of the Chartered Secretaries Institute of Singapore and a Practising Chartered Secretary.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited consolidated financial statements of Pan Asia Metals Limited (the "Company") and its subsidiaries (the "Consolidated Entity") for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022 and the statement of changes in equity of the Company for the financial year ended 31 December 2022.

In the opinion of the directors,

- (a) the consolidated financial statements of the Consolidated Entity and the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Consolidated Entity and of the Company as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Consolidated Entity and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Paul David Lock
Mr David John Hobby
Mr David Michael Docherty
Mr Thanasak Chanyapoon
Ms Supriya Sen (Appointed on 1 May 2022)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Directors' interests in shares and debentures

(a) The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 except as follows:

	Shareholdings registered in name of director		Shareholdings in which a director is deemed to have an interest	
	<u>At 1.1.2022, or date of appointment, if later</u>	<u>At 31.12.2022</u>	<u>At 1.1.2022, or date of appointment, if later</u>	<u>At 31.12.2022</u>

Pan Asia Metals Limited

(No. of ordinary shares)

Mr Paul David Lock	42,099,750	42,099,750	-	-
Mr David John Hobby	4,677,750	4,677,750	-	-
Mr David Michael Docherty	-	-	22,203,268	22,286,868
Mr Thanasak Chanyapoon	3,295,142	3,378,742	-	-

By virtue of section 7 of the Companies Act 1967, Mr Paul David Lock is deemed to have an interest in all the related corporations of the Company.

Shares options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Review of operations

The loss for the Consolidated Entity after providing for income tax amounted to US\$2,046,517 (31 December 2021: US\$1,705,749).

The net assets of the Consolidated Entity decreased by US\$2,045,408 to US\$10,395,300 as at 31 December 2022 (31 December 2021: US\$3,830,400 to US\$12,440,708).

Working capital, being current assets less current liabilities, decreased by US\$4,305,885 to US\$600,722 (31 December 2021: US\$2,862,192 to US\$4,906,607). The Consolidated Entity had net cash outflows from operating activities for the year of US\$1,822,225 (31 December 2021: US\$1,297,023). The total cash at banks and deposits at the end of the financial year amounted to US\$970,098 (31 December 2021: US\$5,274,787).

Environmental regulation

Except for environmental regulations related to the Consolidated Entity's exploration licences, the Consolidated Entity is not subject to any significant environmental regulation under the laws of the jurisdictions in which it operates.

Indemnity and insurance of officers

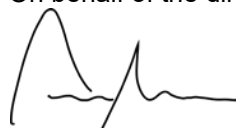
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability.

Independent auditor

The independent auditor, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Paul David Lock
Director
31 March 2023



David John Hobby
Director
31 March 2023

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAN ASIA METALS LIMITED**



Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pan Asia Metals Limited (the "Company") and its subsidiaries (collectively, the "Consolidated Entity"), which comprise the consolidated statement of financial position of the Consolidated Entity and the statement of financial position of the Company as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Consolidated Entity and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Consolidated Entity and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Consolidated Entity and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Consolidated Entity and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Consolidated Entity in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAN ASIA METALS LIMITED



Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Carrying value and capitalisation of exploration and evaluation assets	
Refer to Note 2 and Note 11	How our audit addressed it
<p>The Consolidated Entity has incurred exploration and evaluation costs for exploration projects in South East Asia over a number of years, which was capitalised in the statement of financial position in accordance with its accounting policies. The carrying value of the exploration and evaluation assets amounted to approximately US\$ 9.686 million (2021: US\$7.464 million).</p> <p>There is a risk that the Consolidated Entity may lose or relinquish its rights to explore and evaluate those areas of interest and therefore the amounts capitalised in the statement of financial position from the current year and historical periods may no longer be recoverable.</p> <p>Management has also assessed whether there are any facts and circumstances which suggest that the carrying amount of the assets may be impaired. During the year, except for impairment loss of US\$23,207 on exploration and evaluation assets being recognised during the financial year for a discontinued project, management assessed that there are no facts and circumstances which suggest that the carrying amount of the assets are impaired, and as such, no further impairment charge was recognised in relation to exploration and evaluation assets.</p>	<p>Our audit procedures included the followings:</p> <ul style="list-style-type: none"> - Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the Consolidated Entity's renewal in that area of interest at its expiry. - Performed assessment on the recognition and measurement of exploration expenditure as per SFRS (I) 6 Exploration for and Evaluation of Mineral Resources. - Evaluated if there are any impairment indicators based on para 20 of SFRS (I) 6. - Assessed the adequacy of the Consolidated Entity's disclosures in the financial statements.
2. Going concern	
Refer to Note 1	How our audit addressed it
<p>The financial statements have been prepared on a going concern basis.</p> <p>The cash at banks and deposits of the Consolidated Entity as at 31 December 2022 was \$970,098 (2021: \$5,274,787). As at 31 December 2022, the Consolidated Entity had net current assets of \$600,722 (31 December 2021: \$4,906,607). During the financial year, the Consolidated Entity has incurred a net loss after tax of \$2,046,517 (2021: \$1,705,749) and has a net cash outflow from operating and investing activities of \$4,223,266 (2021: \$2,461,577).</p>	<p>Our audit procedures included the followings:</p> <ul style="list-style-type: none"> - Analysed the Consolidated Entity's cash flow forecast and enquired with management to gain an understanding of the inputs and process of the cash flow forecast preparation for the purpose of the going concern assessment; - Assessed the inputs and assumptions within the cash flow forecast by comparing them to historical trends and against our understanding and knowledge of the Consolidated Entity's operations;

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAN ASIA METALS LIMITED



Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Going concern (continued) Refer to Note 1	How our audit addressed it
<p>As the Consolidated Entity is currently under the exploration and evaluation stage and has not generated any mining revenue, the testing of the availability of sufficient funding for the Consolidated Entity to meet its obligations is considered to be a key part of our going concern assessment and therefore a significant aspect of our audit.</p> <p>The Consolidated Entity's assessment in respect of going concern is disclosed in Note 1 to the financial statements.</p>	<ul style="list-style-type: none"> - Assessed the possible mitigating actions identified by management in the event that actual cash flows deviate from the cash flow forecast; - Reviewed funding received subsequent to year end and ensured the cash receipts of that funding; - Assessed the adequacy of the disclosure on going concern included in Note 1 of the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Consolidated Entity's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAN ASIA METALS LIMITED**



Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PAN ASIA METALS LIMITED**



Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tang Hui Lin.

PKF CAP LLP

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore

31 March 2023

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 US\$	2021 US\$
Interest income		2,479	5,019
Expenses			
Employment expenses	5	(627,764)	(458,376)
Depreciation expense		(44,276)	(48,227)
Finance costs	10	(637)	(2,048)
Rental expenses	10	(2,627)	(6,439)
Corporate and administration expenses		(413,404)	(355,919)
Professional fees		(235,932)	(264,396)
Marketing and promotion expenses		(320,715)	(139,259)
Subscription expenses		(114,960)	(81,977)
Impairment loss on exploration and evaluation assets		(23,207)	-
Foreign exchange losses		(265,474)	(354,127)
Loss before income tax expense		(2,046,517)	(1,705,749)
Income tax expense	6	-	-
Loss for the year		(2,046,517)	(1,705,749)
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation arising from consolidation		(97,016)	(25,633)
Other comprehensive loss for the year, net of tax		(97,016)	(25,633)
Total comprehensive loss for the year		(2,143,533)	(1,731,382)
		Cent	Cent
Basic and diluted loss per share	23	(1.39)	(1.29)

The accompanying notes form an integral part of these financial statements

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Consolidated		Company	
		2022 US\$	2021 US\$	2022 US\$	2021 US\$
Assets					
Current assets					
Cash at banks and deposits	7	970,098	5,274,787	791,545	5,039,013
Other receivables	8	130,394	27,253	996,213	618,153
Prepayments		85,341	40,081	26,488	35,062
Total current assets		<u>1,185,833</u>	<u>5,342,121</u>	<u>1,814,246</u>	<u>5,692,228</u>
Non-current assets					
Plant and equipment	9	93,539	76,251	2,795	3,354
Right-of-use assets	10	72,036	24,804	-	-
Exploration and evaluation assets	11	9,686,898	7,464,621	-	-
Investments in subsidiaries	12	-	-	10,281,335	7,975,115
Other receivables	8	19,911	22,960	-	-
Total non-current assets		<u>9,872,384</u>	<u>7,588,636</u>	<u>10,284,130</u>	<u>7,978,469</u>
Total assets		<u>11,058,217</u>	<u>12,930,757</u>	<u>12,098,376</u>	<u>13,670,697</u>
Liabilities					
Current liabilities					
Trade and other payables	13	136,076	102,673	59,746	8,411
Lease liabilities	10	22,298	26,168	-	-
Accrued expenses	14	426,737	306,673	251,015	245,314
Total current liabilities		<u>585,111</u>	<u>435,514</u>	<u>310,761</u>	<u>253,725</u>
Non-current liabilities					
Accrued expenses	14	28,068	54,535	-	-
Lease liabilities	10	49,738	-	-	-
Total non-current liabilities		<u>77,806</u>	<u>54,535</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>662,917</u>	<u>490,049</u>	<u>310,761</u>	<u>253,725</u>
Net assets		<u>10,395,300</u>	<u>12,440,708</u>	<u>11,787,615</u>	<u>13,416,972</u>
Equity					
Share capital	15	13,072,507	12,974,382	13,072,507	12,974,382
Reserves	16	(151,038)	(54,022)	-	-
Accumulated losses		<u>(2,526,169)</u>	<u>(479,652)</u>	<u>(1,284,892)</u>	<u>442,590</u>
Total equity		<u>10,395,300</u>	<u>12,440,708</u>	<u>11,787,615</u>	<u>13,416,972</u>

The accompanying notes form an integral part of these financial statements

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

<u>Consolidated</u>	<u>Share capital</u> US\$	<u>Capital reserve</u> US\$	<u>Foreign currency translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total equity</u> US\$
Balance at 1 January 2021	7,412,600	3,331,620	(28,389)	(2,105,523)	8,610,308
Loss for the year	-	-	-	(1,705,749)	(1,705,749)
Other comprehensive loss for the year, net of tax	-	-	(25,633)	-	(25,633)
Total comprehensive loss for the year	-	-	(25,633)	(1,705,749)	(1,731,382)
Cancellation of deferred contingent consideration shares (Note 16)	-	(3,331,620)	-	3,331,620	-
<i>Transactions with owners:</i>					
Issuance of new shares (Note 15)	5,865,677	-	-	-	5,865,677
Share issue expenses (Note 15)	(363,977)	-	-	-	(363,977)
Issuance of new shares to directors (Note 15)	60,082	-	-	-	60,082
Balance at 31 December 2021	12,974,382	-	(54,022)	(479,652)	12,440,708

<u>Consolidated</u>	<u>Share capital</u> US\$	<u>Foreign currency translation reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total equity</u> US\$
Balance at 1 January 2022	12,974,382	(54,022)	(479,652)	12,440,708
Loss for the year	-	-	(2,046,517)	(2,046,517)
Other comprehensive loss for the year, net of tax	-	(97,016)	-	(97,016)
Total comprehensive loss for the year	-	(97,016)	(2,046,517)	(2,143,533)
<i>Transactions with owners:</i>				
Issuance of new shares to directors (Note 15)	98,125	-	-	98,125
Balance at 31 December 2022	13,072,507	(151,038)	(2,526,169)	10,395,300

The accompanying notes form an integral part of these financial statements

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

<u>Company</u>	<u>Share capital</u> US\$	<u>Capital reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total Equity</u> US\$
Balance at 1 January 2021	7,412,600	3,331,620	(1,077,511)	9,666,709
Loss for the year, representing total comprehensive loss for the year	-	-	(1,811,519)	(1,811,519)
Total comprehensive loss for the year	-	-	(1,811,519)	(1,811,519)
Cancellation of deferred contingent consideration shares (Note 16)	-	(3,331,620)	3,331,620	-
<i>Transactions with owners:</i>				
Issuance of new shares (Note 15)	5,865,677	-	-	5,865,677
Share issue expenses (Note 15)	(363,977)	-	-	(363,977)
Issuance of new shares to directors (Note 15)	60,082	-	-	60,082
Balance at 31 December 2021	12,974,382	-	442,590	13,416,972

<u>Company</u>	<u>Share capital</u> US\$	<u>Capital reserve</u> US\$	<u>Accumulated losses</u> US\$	<u>Total Equity</u> US\$
Balance at 1 January 2022	12,974,382	-	442,590	13,416,972
Loss for the year, representing total comprehensive loss for the year	-	-	(1,727,482)	(1,727,482)
Total comprehensive loss for the year	-	-	(1,727,482)	(1,727,482)
<i>Transactions with owners:</i>				
Issuance of new shares to directors (Note 15)	98,125	-	-	98,125
Balance at 31 December 2022	13,072,507	-	(1,284,892)	11,787,615

The accompanying notes form an integral part of these financial statements

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 US\$	2021 US\$
Cash flows from operating activities			
Loss for the financial year		(2,046,517)	(1,705,749)
Adjustments for:			
Effect of currency exchange differences		134,313	354,127
Depreciation of plant and equipment	9	19,472	18,127
Depreciation of right of use assets	10	24,804	30,100
Impairment loss on exploration and evaluation assets	11	23,207	-
Finance cost	10	637	2,048
		<u>(1,844,084)</u>	<u>(1,301,347)</u>
Changes in working capital:			
- Prepayments		(45,260)	(32,639)
- Other receivables		(100,092)	31,759
- Other payables and accruals		193,678	12,353
- Provisions		<u>(26,467)</u>	<u>(7,149)</u>
Net cash used in operating activities		<u>(1,822,225)</u>	<u>(1,297,023)</u>
Cash flows from investing activities			
Additions to plant and equipment	9	(38,741)	(30,352)
Additions to exploration and evaluation assets (Note)	11	<u>(2,362,300)</u>	<u>(1,134,202)</u>
Net cash used in investing activities		<u>(2,401,041)</u>	<u>(1,164,554)</u>
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	15	-	5,865,677
Share issue expense	15	-	(363,977)
Principal repayment of lease liabilities	10	(26,805)	(32,707)
Increase in restricted bank deposits		<u>(64,491)</u>	<u>-</u>
Net cash (used in) generated from financing activities		<u>(91,296)</u>	<u>5,468,993</u>
Net (decrease) increase in cash and cash equivalents		(4,314,562)	3,007,416
Cash and cash equivalents at the beginning of the financial year	7	5,274,787	2,417,703
Effects of exchange rate changes on cash and cash equivalents		<u>(54,618)</u>	<u>(150,332)</u>
Cash and cash equivalents at the end of the financial year	7	<u>905,607</u>	<u>5,274,787</u>

Note: During the financial year, the additions of exploration and evaluation assets of US\$2,362,300 (2021:US\$1,134,202) was paid by cash and US\$57,914 (2021:US\$37,469) remained unpaid as at year end.

The accompanying notes form an integral part of these financial statements

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

Note 1. General information

The financial statements cover both Pan Asia Metals Limited (the “Company”) and its subsidiaries (the “Consolidated Entity”). The financial statements are presented in United States dollars, which is the Company’s functional and presentation currency.

Pan Asia Metals Ltd is listed on Australian Securities Exchange (“ASX”) in Australia and incorporated and domiciled in Singapore. Its registered office and principal place of business are:

Registered office

77 Robinson Road #06-03
Robinson 77
Singapore 068896

Principal place of business

Level 23, 52 Thaniya Plaza, Zone B
Silom Road Suriyawong, Bangkok
Thailand 10500

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are in the identification and development of specialty metals assets situated in low-cost environments which are proximal to advanced industrial centres. The Company’s principal geography is Southeast Asia.

Going concern

These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that the Consolidated Entity has sufficient cash resources to allow it to meet its minimum exploration expenditure commitments on existing tenements and continue its activities for at least the next 12 months. For this reason, these consolidated financial statements are prepared on a going concern basis.

In the long term, the development of mineral reserve found depends on the Consolidated Entity’s ability to raise additional capital. Additional funds will be required for the successful exploration and subsequent exploitation of its areas of interest through development and sale. The main source of future funds presently available to the Consolidated Entity is the raising of equity capital by the Consolidated Entity. The Consolidated Entity could also obtain financing through debt financing or other means. The ability to arrange such funding in the future will depend on the prevailing capital market conditions as well as the business performance of the Consolidated Entity and its exploration and evaluation results.

The Consolidated Entity has no source of operating cash inflows other than interest income and funds sourced through capital raising activities. The cash at banks and deposits of the Consolidated Entity as at 31 December 2022 was \$970,098 (2021: \$5,274,787). As at 31 December 2022, the Consolidated Entity had net current assets of \$600,722 (31 December 2021: \$4,906,607).

The directors believe that the Consolidated Entity will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis based on the following considerations:

- As disclosed in Note 25, on 31 January 2023, the Company obtained commitment to raise AU\$4,500,000 via a private placement, of which AU\$3,300,000 (before cost) has been received as at the date of this report. The remainder of AU\$1,200,000 is expected to be received in the near future.
- The ability of the Consolidated Entity to further scale back parts of its operations and reduce costs if required;

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 1. General information (continued)

- Meeting its obligations by either farm-out or partial sale of the Consolidated Entity's exploration interests.

These financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Consolidated Entity has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Consolidated Entity's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Consolidated Entity's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

New standards, amendments and interpretations effective from 1 January 2022

The Singapore Accounting Standards Council ("ASC") issued several new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that may be applicable to the Consolidated Entity which are listed below:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 1. General information (continued)

New standards and interpretations issued but not yet effective

The Consolidated Entity has not adopted the following SFRS(I)s issued by Accounting Standards Council Singapore (“ASC”) that are relevant to the Consolidated Entity that have been issued but not yet effective:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	To be determined
Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) Practice Statement 2 (Disclosure of Accounting Policies)	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure Accounting Policies	1 January 2023

Note 2. Significant accounting policies

Principles of consolidation

Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Non-controlling interests comprise the portion of a subsidiary’s net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Consolidated Entity.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Principles of consolidation (continued)

Subsidiaries (continued)

(ii) Acquisitions (continued)

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Consolidated Entity. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Consolidated Entity recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in the Consolidated Entity's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Consolidated Entity are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in United States Dollars ("US\$"), which is the functional currency of the Company.

b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance costs". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "unrealised foreign exchange losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

c) Translation of consolidated entities' financial statements

The results and financial position of all the consolidated entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Interest income

Interest income is recognised using the effective interest method.

Financial assets

(a) Classification and measurement

The Consolidated Entity classifies its financial assets at amortised cost.

The classification depends on the Consolidated Entity's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Consolidated Entity reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Consolidated Entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and other receivables.

The subsequent measurement categories depend on the Consolidated Entity's business model for managing the asset and the cash flow characteristics of the asset:

Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

b) Impairment

The Consolidated Entity recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Consolidated Entity expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

If the Consolidated Entity has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous financial year, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Consolidated Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Consolidated Entity recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Financial assets (continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Consolidated Entity commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Components of costs

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Office equipment	3 - 5 years
------------------	-------------

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other losses”.

Leases

When the Consolidated Entity is the lessee:

At the inception of the contract, the Consolidated Entity assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Right-of-use assets

The Consolidated Entity recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Consolidated Entity shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees
- The exercise price of a purchase option if the Consolidated Entity is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease if the lease term reflects the Consolidated Entity exercising that option.

For a contract that contain both lease and non-lease components, the Consolidated Entity allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components. The Consolidated Entity has elected to not separate lease and non-lease components for property leases and account these as one single lease component.

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Consolidated Entity's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term and low value leases

The Consolidated Entity has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as noncurrent liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Derecognition of financial liabilities

The Consolidated Entity derecognises financial liabilities when, and only when, the Consolidated Entity's obligations are discharged, cancelled or have expired.

Exploration and evaluation expenditure

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.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development, accumulated expenditure will be tested for impairment, transferred to property, plant and equipment expenditure, and then amortised over the life of the reserves associated with the area of interest once production have commenced.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Consolidated Entity measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Consolidated Entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Income taxes (continued)

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Consolidated Entity accounts for investment tax credits (for example, productivity and innovation credit) similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised.

Finance costs

Borrowing costs are recognised in profit or loss using the effective interest method.

Employee compensation

Employee benefits are recognised as an expense unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Consolidated Entity pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Consolidated Entity has no further payment obligations once the contributions have been paid.

(b) Share-based compensation

The Consolidated Entity operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of shares is recognised as an expense with a corresponding increase in the share capital. The total amount to be recognised is determined by reference to the fair value of the shares granted on grant date.

(d) Employee benefit

Obligations for retired benefits based on the requirement of Thai Labour Protection Act are recognised using the best estimate method at the reporting date.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Provisions

Provisions are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at end of each financial year and adjusted to reflect the current best estimates. If it is no longer likely than not that an outflow of resources will be required to settle the obligation, the provisions will be reversed.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 2. Significant accounting policies (continued)

Value added tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.

Impairment of non-financial assets

(a) Plant and equipment

Right-of-use assets

Investments in subsidiaries

Exploration and evaluation assets

Plant and equipment, right-of-use assets, investments in subsidiaries and exploration and evaluation assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 3. Critical accounting judgements, estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Exploration and evaluation assets

Exploration and evaluation assets have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Impairment of investments in subsidiaries

Investment in subsidiaries are stated at cost less any impairment loss. The Company evaluates, among other factors, the market and economic environment in which the subsidiaries operate and development of its exploration and evaluation assets to determine whether there are indicators of impairment loss or if so, whether the estimated recoverable amount exceeds cost. Management has evaluated and concluded that no impairment indicators noted. The carrying amounts of investments in subsidiaries is disclosed in Note 12.

Calculation of loss allowance

When measuring ECL, the Company use reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amounts of other receivable is disclosed in Note 8 to the financial statements.

Note 4. Segment disclosures

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.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 5. Employment expenses

	<u>Consolidated</u>	
	2022	2021
	US\$	US\$
Wages and salaries	473,561	338,833
Employer's contribution to defined contribution plans	35,933	28,345
Other long-term benefit	-	1,198
Share based payment	118,270	90,000
	<u>627,764</u>	<u>458,376</u>

Share based payment includes an unpaid portion of US\$20,145 (2021: US\$29,918) which is accounted in the accrued expenses as disclosed in Note 14.

Note 6. Income tax expense

	<u>Consolidated</u>	
	2022	2021
	US\$	US\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(2,046,517)</u>	<u>(1,705,749)</u>
Tax at the statutory tax rate of 17% (2021: 17%)	(347,908)	(289,977)
Effects of:		
- Non-deductible expenses	49,076	10,213
- Deferred tax assets not recognised	<u>298,832</u>	<u>279,764</u>
	<u>-</u>	<u>-</u>

The Consolidated Entity has unrecognised tax losses of US\$2,678,169 (2021: US\$2,379,337) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 7. Cash at banks and deposits

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Cash at banks	905,607	5,274,787	791,545	5,039,013
Restricted bank deposits	<u>64,491</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>970,098</u>	<u>5,274,787</u>	<u>791,545</u>	<u>5,039,013</u>

As at 31 December 2022, the Consolidated Entity's has pledged fixed deposits of US\$64,491 as collateral for bank guarantees issue for obligation of the performance under the contract with Department of Primary Industries and Mines (DPIM).

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Consolidated	
	2022 US\$	2021 US\$
Cash at banks and deposits	970,098	5,274,787
Less: Restricted bank deposits	<u>(64,491)</u>	<u>-</u>
	<u>905,607</u>	<u>5,274,787</u>

Note 8. Other receivables

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<u>Current</u>				
Other receivables				
- Third parties	243	27,253	-	-
- Subsidiaries	-	-	1,546,640	1,177,917
- GST receivable	9,337	-	9,337	-
- VAT receivable	120,814	-	-	-
Less: Loss allowance	<u>-</u>	<u>-</u>	<u>(559,764)</u>	<u>(559,764)</u>
	<u>130,394</u>	<u>27,253</u>	<u>996,213</u>	<u>618,153</u>
<u>Non-current</u>				
Refundable deposits	<u>19,911</u>	<u>22,960</u>	<u>-</u>	<u>-</u>
	<u>150,305</u>	<u>50,213</u>	<u>996,213</u>	<u>618,153</u>

The balances due from subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 8. Other receivables (continued)

At the end of the reporting period, loss allowance made on other receivables from subsidiaries is US\$559,764 (2021: US\$559,764) as the expected risks of default on receivables at the end of the reporting date are significant and management is doubtful of the recoverability. Accordingly, for the purpose of impairment assessment of this receivables, the loss allowance is measured at the lifetime expected credit losses (ECL)-credit impaired of the amount receivable.

The movement in loss allowance for other receivables are as follows:

	Company	
	2022 US\$	2021 US\$
Beginning of the financial year	559,764	-
Add: Loss allowance	-	559,764
End of the financial year	<u>559,764</u>	<u>559,764</u>

Note 9. Plant and equipment

Consolidated	Office equipment US\$
Cost	
At 1 January 2021	79,526
Additions	30,352
Currency translation differences	(7,702)
At 31 December 2021	<u>102,176</u>
Additions	38,741
Currency translation differences	(2,451)
At 31 December 2022	<u>138,466</u>
Accumulated depreciation	
At 1 January 2021	9,393
Depreciation charge	18,127
Currency translation differences	(1,595)
At 31 December 2021	<u>25,925</u>
Depreciation charge	19,472
Currency translation differences	(470)
At 31 December 2022	<u>44,927</u>
Net carrying amount	
At 31 December 2021	<u>76,251</u>
At 31 December 2022	<u>93,539</u>

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 9. Plant and equipment (continued)

Company 2022	Office equipment US\$
Cost	
At 1 January 2021, 31 December 2021 and 31 December 2022	5,773
Accumulated depreciation	
At 1 January 2021	944
Depreciation charge for the year	1,475
At 31 December 2021	2,419
Depreciation charge for the year	559
At 31 December 2022	2,978
Net carrying amount	
At 31 December 2021	3,354
At 31 December 2022	2,795

Note 10. Leases

Nature of the Consolidated Entity's leasing activities – as a lessee

Leasehold properties

The Consolidated Entity leases office space for the purpose of back office operations.

There is no externally imposed covenant on the lease arrangements.

(a) *Carrying amounts*

ROU assets

	Consolidated	
	2022	2021
	US\$	US\$
Leasehold properties	72,036	24,804

(b) *Depreciation charged during the year*

	Consolidated	
	2022	2021
	US\$	US\$
Leasehold properties	24,804	30,100

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 10. Leases (continued)

Nature of the Consolidated Entity's leasing activities –as a lessee (continued)

(c) Interest expense

	Consolidated	
	2022	2021
	US\$	US\$
Interest expense on lease liabilities	637	2,048

(d) Lease expense not capitalised in lease liabilities

	Consolidated	
	2022	2021
	US\$	US\$
Lease expense – short-term leases	2,627	6,439

(e) Total cash outflow for the leases in 2022 is US\$ 26,805 (2021: US\$32,707).

(f) Carrying amounts of right-of-use assets

Consolidated	Leasehold properties US\$
At 1 January 2022	24,804
Addition	72,036
Depreciation for the financial year	(24,804)
At 31 December 2022	72,036
At 1 January 2021	54,904
Depreciation for the financial year	(30,100)
At 31 December 2021	24,804

(g) Lease liabilities

	2022 US\$	2021 US\$
Lease liabilities (secured):		
Current	22,298	26,168
Non-current	49,738	-
	72,036	26,168

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 10. Leases (continued)

Nature of the Consolidated Entity's leasing activities –as a lessee (continued)

(g) Lease liabilities (continued)

The reconciliation of movements of the Consolidated Entity's liabilities to the Consolidated Entity's cash flows arising from financing activities is presented below:

	At 1 January US\$	Addition US\$	Repayments US\$	Interest expense US\$	At 31 December US\$
<u>2022</u>					
Lease liabilities	26,168	72,036	(26,805)	637	72,036
<u>2021</u>					
Lease liabilities	56,827	-	(32,707)	2,048	26,168

(h) Future cash outflow which are not capitalised in lease liabilities

The lease of office premise contains extension period, for which the related lease payments had not been included in lease liabilities as the Consolidated Entity is not reasonably certain to exercise this extension option. The Consolidated Entity negotiates extension option to optimise operational flexibility in terms of managing the asset used in the Consolidated Entity's operations. The extension option is exercisable by the Consolidated Entity and not by the lessor.

Note 11. Exploration and evaluation assets

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Exploration and evaluation assets at cost	<u>9,686,898</u>	<u>7,464,621</u>	<u>-</u>	<u>-</u>

	Consolidated US\$	Company US\$
Balance at 1 January 2021	6,470,044	85,995
Expenditure during the year	1,171,671	-
Reclassification	-	(85,995)
Exchange differences	(177,094)	-
Balance at 31 December 2021	7,464,621	-
Expenditure during the year	2,420,214	-
Allowance for impairment loss	(23,207)	-
Exchange differences	(174,730)	-
Balance at 31 December 2022	<u>9,686,898</u>	<u>-</u>

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

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 11. Exploration and evaluation assets (continued)

The movement in loss allowance for exploration and evaluation assets are as follows:

	Consolidated	
	2022 US\$	2021 US\$
Beginning of the financial year	-	-
Add: Loss allowance	23,207	-
End of the financial year	<u>23,207</u>	<u>-</u>

Impairment loss of US\$23,207 on exploration and evaluation assets being recognised during the financial year for a discontinued project.

Note 12. Investments in subsidiaries

	Company	
	2022 US\$	2021 US\$
<i>Equity investments at cost</i>		
Beginning of the financial year	7,975,115	5,717,183
Add: addition	2,306,220	2,257,932
End of the financial year	<u>10,281,335</u>	<u>7,975,115</u>

The Consolidated Entity has the following subsidiaries as at 31 December 2022 and 2021:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Consolidated Entity	
			2022 %	2021 %
<u>Held by the Company</u>				
1 Pan Asia Metals (Thailand) Co. Ltd.	Investment holding	Thailand	100	100
2 Pan Asia Metals Pty. Ltd.	Minerals mining including exploration analysis and inspection	Australia	100	100
3 Pan Asia Metals (Malaysia) Sdn. Bhd.	Minerals mining including exploration analysis and inspection	Malaysia	100	100
4 New Energy Metals Pte Ltd (formerly known as Mandalay Mining and Metals Pte. Ltd).	Petroleum, mining and prospecting services	Singapore	100	100
5 Lithium Chemical Holdings Sdn. Bhd.	Minerals mining including exploration analysis and inspection	Malaysia	100	-
<u>Held by Pan Asia Metals (Thailand) Co. Ltd.</u>				
6 Pan Asia 1 Metals (Thailand) Co. Ltd.	Minerals mining including exploration analysis and inspection	Thailand	100	100
7 Pan Asia 2 Metals (Thailand) Co. Ltd.	Minerals mining including exploration analysis and inspection	Thailand	100	100
8 Pan Asia 3 Metals (Thailand) Co. Ltd.	Minerals mining including exploration analysis and inspection	Thailand	100	100

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 12. Investments in subsidiaries (continued)

	Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by Consolidated Entity	
				2022 %	2021 %
9	Pan Asia 4 Metals (Thailand) Co. Ltd	Minerals mining including exploration analysis and inspection	Thailand	100	100
10	Siam Industrial Metal Company Limited	Minerals mining including exploration analysis and inspection	Thailand	100	100
11	Thai Mineral Ventures Company Limited	Minerals mining including exploration analysis and inspection	Thailand	100	100
12	<u>Held by New Energy Metals Pte. Ltd.</u> First Light Mandalay Mining and Metals Company Limited	Minerals mining including exploration analysis and inspection	Myanmar	100	100

Note 13. Trade and other payables

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Trade payables	-	13,204	-	8,411
Other payables	136,076	89,469	59,746	-
	<u>136,076</u>	<u>102,673</u>	<u>59,746</u>	<u>8,411</u>

The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Accrued expenses

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<u>Current</u>				
Directors' fee	221,165	207,944	221,165	207,944
Professional fee	29,850	85,714	29,850	37,370
Other accrued expenses	175,722	13,015	-	-
	<u>426,737</u>	<u>306,673</u>	<u>251,015</u>	<u>245,314</u>
<u>Non-current</u>				
Provision of employee benefits	28,068	54,535	-	-
	<u>454,805</u>	<u>361,208</u>	<u>251,015</u>	<u>245,314</u>

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 15. Share capital

	Consolidated and Company			
	2022 Shares	2021 Shares	2022 US\$	2021 US\$
Ordinary shares	<u>146,855,590</u>	<u>146,593,992</u>	<u>13,072,507</u>	<u>12,974,382</u>

Movements in ordinary share capital

	No. of ordinary shares	Amount US\$
2022		
Beginning of financial year	146,593,992	12,974,382
Shares issued to directors	<u>261,598</u>	<u>98,125</u>
End of financial year	<u><u>146,855,590</u></u>	<u><u>13,072,507</u></u>
	No. of ordinary shares	Amount US\$
2021		
Beginning of financial year	126,010,288	7,412,600
Shares issued to investors	20,000,000	5,865,677
Shares issued to directors	583,704	60,082
Share issue expenses	<u>-</u>	<u>(363,977)</u>
End of financial year	<u><u>146,593,992</u></u>	<u><u>12,974,382</u></u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Capital risk management

The Consolidated Entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 16. Reserves

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Foreign currency translation reserve	<u>(151,038)</u>	<u>(54,022)</u>	<u>-</u>	<u>-</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.

Capital reserve

There was a capital reserve of US\$3,331,620 accounted as at 1 January 2021. 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 120,000,000 ordinary shares 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 2017. In 2019, 30,000,000 ordinary shares were issued under the 2nd tranche of the deferred contingent consideration shares. In 2020, the remaining 90,000,000 shares under the 3rd, 4th and 5th tranche of the deferred contingent consideration shares were cancelled. In 2021, the balance of US\$3,331,620 in the capital reserve were transferred to accumulated losses.

Note 17. Financial instruments

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity has exposure to fluctuations between Australian dollar, Singapore dollar and the Thai Baht.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 17. Financial instruments (continued)

Market risk (continued)

The carrying amount of the Consolidated Entity's and Company's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

2022					
Consolidated	United States Dollar	Thai Baht	Australian Dollar	Singapore Dollar	Total
Cash at banks and deposits	39,364	132,898	789,960	7,876	970,098
Other receivables – third parties	243	19,911	-	-	20,154
Trade and other payables	(8,453)	(450)	(117,079)	(10,094)	(136,076)
Lease liabilities	-	(72,036)	-	-	(72,036)
Accrued expenses	(49,115)	(203,790)	(172,050)	(29,850)	(454,805)
Net financial (liabilities)/assets	(17,961)	(123,467)	500,831	(32,068)	327,335
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency	17,961	123,467	30,179	-	171,607
Currency exposure	-	-	531,010	(32,068)	498,942

2022					
Company	United States Dollar	Thai Baht	Australian Dollar	Singapore Dollar	Total
Cash at banks and deposits	36,101	-	747,568	7,876	791,545
Other receivables	986,876	-	-	-	986,876
Trade and other payables	(5,144)	-	(44,508)	(10,094)	(59,746)
Accrued expenses	(49,115)	-	(172,050)	(29,850)	(251,015)
Net financial (liabilities)/assets	968,718	-	531,010	(32,068)	1,467,660
Less: Net financial liabilities/(assets) denominated in the respective entities functional currency	(968,718)	-	-	-	(968,718)
Currency exposure	-	-	531,010	(32,068)	498,942

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 17. Financial instruments (continued)

Market risk (continued)

2021

Consolidated	United States Dollar	Thai Baht	Australian Dollar	Singapore Dollar	Total
Cash at banks and deposits	81,007	187,109	5,003,250	3,421	5,274,787
Other receivables – third parties	243	49,970	-	-	50,213
Trade and other payables	(5,550)	(12,020)	(85,103)	-	(102,673)
Lease liabilities	-	(26,168)	-	-	(26,168)
Accrued expenses	(123,382)	(67,510)	(132,946)	(37,370)	(361,208)
Net financial (liabilities)/assets	(47,682)	131,381	4,785,201	(33,949)	4,834,951
Less: Net financial liabilities/(assets) denominated in the respective entities' functional currency	47,682	(131,381)	(24,371)	-	(108,070)
Currency exposure	-	-	4,760,830	(33,949)	4,726,881

Company	United States Dollar	Thai Baht	Australian Dollar	Singapore Dollar	Total
Cash at banks and deposits	77,743	-	4,957,849	3,421	5,039,013
Other receivables	618,153	-	-	-	618,153
Trade and other payables	(2,243)	-	(6,168)	-	(8,411)
Accrued expenses	(75,000)	-	(132,944)	(37,370)	(245,314)
Net financial (liabilities)/assets	618,653	-	4,818,737	(33,949)	5,403,441
Less: Net financial liabilities/(assets) denominated in the respective entities functional currency	(618,653)	-	-	-	(618,653)
Currency exposure	-	-	4,818,737	(33,949)	4,784,788

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 17. Financial instruments (continued)

A 5% strengthening of the United Dollar against the following foreign currencies at the statement of financial position date would increase/(decrease) net loss by the amounts shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant.

	Consolidated		Company	
	Increase/(Decrease) 2022 Net loss	Increase/(Decrease) 2021 Net loss	Increase/(Decrease) 2022 Net loss	Increase/(Decrease) 2021 Net loss
Australian Dollar				
- Strengthened	(22,037)	(197,574)	(22,037)	(199,978)
- Weakened	22,037	197,574	22,037	199,978
Singapore Dollar				
- Strengthened	1,331	1,409	1,331	1,409
- Weakened	(1,331)	(1,409)	(1,331)	(1,409)

A 5% weakening of the United States Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity adopts the policy of dealing only with high credit quality counterparties.

As the Consolidated Entity and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Consolidated Entity and the Company held cash and cash equivalents with banks with high credit ratings and are considered to have low credit risk. Other receivables and cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss unless otherwise stated.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 17. Financial instruments (continued)

Remaining contractual maturities

The table below analyses non-derivative financial liabilities of the Consolidated Entity and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	1 year or less US\$	Between 1 to 3 years US\$	Remaining contractual maturities US\$
Consolidated – 2022			
Trade and other payables	136,076	-	136,076
Accrued expenses	426,737	28,068	454,805
Lease liabilities	26,624	53,248	79,872
Total	589,437	81,316	670,753
Consolidated – 2021			
	1 year or less US\$	Between 1 to 2 years US\$	Remaining contractual maturities US\$
Trade and other payables	102,673	-	102,673
Accrued expenses	306,673	54,535	361,208
Lease liabilities	26,827	-	26,827
Total	436,173	54,535	490,708
Company – 2022			
	1 year or less US\$	Between 1 to 2 years US\$	Remaining contractual maturities US\$
Trade payables	59,746	-	59,746
Accrued expenses	251,015	-	251,015
Total	310,761	-	310,761
Company – 2021			
	1 year or less US\$	Between 1 to 2 years US\$	Remaining contractual maturities US\$
Trade payables	8,411	-	8,411
Accrued expenses	245,314	-	245,314
Total	253,725	-	253,725

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 17. Financial instruments (continued)

Fair value of financial instruments

The carrying amounts of financial assets and liabilities with maturities of less than one year approximate their respective fair values due to the relatively short-term maturities of these financial assets and liabilities except for lease liabilities as disclosed in the Note 10.

The Consolidated Entity and the Company assessed that any unadjusted fair value arising from non-current accrual would be immaterial as the carrying amount approximate their fair value.

Note 18. Financial Instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
Financial assets				
<i>At amortised cost</i>				
Cash at banks and deposits	970,098	5,274,787	791,545	5,039,013
Other receivables	20,154	50,213	986,876	618,153
	<u>990,252</u>	<u>5,325,000</u>	<u>1,778,421</u>	<u>5,657,166</u>
Financial liabilities				
<i>At amortised cost</i>				
Trade and other payables	136,076	102,673	59,746	8,411
Accrued expenses	454,805	361,208	251,015	245,314
Lease liabilities	72,036	26,168	-	-
	<u>662,917</u>	<u>490,049</u>	<u>310,761</u>	<u>253,725</u>

Note 19. Auditors remuneration

	Consolidated	
	2022 US\$	2021 US\$
Amounts paid to the auditors of the Consolidated Entity		
Audit services		
- PKF-CAP LLP	35,546	19,980
- Other PKF network firm	23,799	17,390
- William Buck Audit (Vic) Pty Ltd	-	15,762
- CH International	647	-
Total	<u>59,992</u>	<u>53,132</u>

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 20. Key management personnel disclosures

The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2022 US\$	2021 US\$
Short-term employee benefits	405,194	358,682
Post-employment benefits	35,933	30,788
Share-based payments*	118,270	60,082
	<u>559,397</u>	<u>449,552</u>

* Share based payments represents the component of directors' fee for the year ended 31 December 2022 that is paid or payable through the issue of the shares.

Note 21. Contingent liabilities

(a) 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.

(b) On 15 December 2021, the Company adopted the Bonus share plan for its employees. The scheme allows for the issue of 250,000 shares per year for the next 4 years. This is a discretionary scheme with the distribution to the staff based on the recommendation by management. As of 31 December 2022, there were 210,000 bonus shares issued to the staff, accordingly a bonus share expenses of US\$50,781 was included in employment expense as disclosed in Note 5.

Note 22. Related party transactions

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

(a) *Related party transactions:*

	Consolidated		Company	
	2022 US\$	2021 US\$	2022 US\$	2021 US\$
<u>Related parties</u>				
Office administration fee	<u>47,803</u>	<u>49,256</u>	<u>-</u>	<u>-</u>

PAN ASIA METALS LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

Note 23. Loss per share

	Consolidated	
	2022 US\$	2021 US\$
Loss after income tax attributable to the owners of Pan Asia Metals Limited	<u>(2,046,517)</u>	<u>(1,705,749)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	<u>146,726,583</u>	<u>131,842,889</u>
	Cent	Cent
Basic and diluted loss per share	<u>(1.39)</u>	<u>(1.29)</u>

Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to the owners of Pan Asia Metals Limited by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

There were no dilutive potential ordinary shares during the financial years ended 31 December 2022 and 2021.

Note 24. New or revised accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Consolidated Entity. These standards are not expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

Note 25. Events occurring after the reporting period

On 31 January 2023, the Company announced a fund raising of AU\$4,500,000 (before cost) via a private placement to institutional investors. The placement included 11,250,000 ordinary shares issued at a premium price of AU\$0.40 per share. Of this, on 9 March 2023, 8,250,000 ordinary shares were issued at a premium price of AU\$0.40 per share. The Company is expecting to issue the remaining 3,000,000 shares in near term. The directors are of the view that the Company has sufficient funding to continue operations in accordance with its business plan.

Note 26. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Pan Asia Metals Limited on 31 March 2023.

Tenement Schedule

The information set out below was applicable as at 31 March, 2023.

Tenement/ application	Holder/ applicant	% held	Granted	Term (years)	Area (km ²)	Country
Reung Kiet Lithium Project						
JSPL 1/2562	SIM	100	15-Feb-2019	5	12.3	Thailand
JSPL 2/2562	SIM	100	15-Feb-2019	5	12.7	Thailand
JSPL 3/2562	SIM	100	15-Feb-2019	5	11.9	Thailand
EPL 19/2565	SIM	100	01-Sep-2022	2	1.0	Thailand
Kata Thong Geothermal Lithium and Hard Rock Lithium/Tin Project						
DSPLA1	PAM2	100	Application	na	8.3	Thailand
DSPLA2	PAM2	100	Application	na	10.3	Thailand
DSPLA3	PAM2	100	Application	na	7.8	Thailand
DSPLA4	PAM2	100	Application	na	3.8	Thailand
DSPLA5	PAM2	100	Application	na	14.7	Thailand
Khao Soon Tungsten Project⁽ⁱ⁾						
TSPL 1/2563	TMV	100	14-May-2020	5	7.1	Thailand
TSPL 2/2563	TMV	100	20-Aug-2020	5	15.9	Thailand
TSPLA 1/2549	TMV	100	Application	na	11.0	Thailand

SIM: Siam Industrial Metal Co. Ltd.; PAM2: Pan Asia 2 Metals (Thailand) Co. Ltd.; TMV: Thai Mineral Ventures Co. Ltd. SIM, PAM2, and TMV are 100% held subsidiaries of the Company or a 100% held subsidiary of one of the Company's 100% held subsidiaries.

(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 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. David Docherty is a Director of Pan Asia Metals and TGF.

Shareholder Information

In accordance with ASX Listing Rule 4.10, the Directors provide the following information as at 15 March 2023.

Stock Exchange Quotation

The Company's shares are quoted on the Australian Securities Exchange (ASX) under the code PAM.

Securities

PAM has fully paid ordinary shares on issue. There are no other classes of shares on issue.

Top 20 largest shareholders

Rank	Name	Units	% of units
1	Mr Paul David Lock	42,099,750	27.14
2	Sydney Equities Pty Ltd <Superannuation Fund A/C>	16,521,440	10.65
3	Citicorp Nominees Pty Limited	11,295,654	7.28
4	Holicarl Pty Ltd <Dossor Children A/C>	6,976,744	4.5
5	Thai Goldfields NI	5,190,428	3.35
6	Mr David John Hobby	4,677,750	3.02
7	Bnp Paribas Noms Pty Ltd <Drp>	4,400,444	2.84
8	Mr Thanasak Chanyapoon	3,378,742	2.18
9	Jurrah Investments Pty Ltd <Rm Davis Family A/C>	1,181,111	0.76
10	I & B Mcdougall Pty Ltd <Ian Mcdougall Family A/C>	1,125,417	0.73
11	Tanamera Resources Pte Ltd	1,118,420	0.72
12	G J Investments Pty Ltd <C J Ransom Family A/C>	1,000,000	0.64
13	Mrs Soojung Yeo + Mr Brendan Cheng-Ji Lee	978,444	0.63
14	Primary Securities Ltd <Anadara Asx Sp Opp Fund A/C>	950,000	0.61
15	Intellsoft Services Pty Ltd <Intellsoft P/L S/F A/C>	905,500	0.58
16	Netwealth Investments Limited <Super Services A/C>	871,324	0.56
17	Bearay Pty Limited <Brian Clayton S/F A/C>	850,000	0.55
18	Hsbc Custody Nominees (Australia) Limited	768,931	0.5
19	Netwealth Investments Limited <Wrap Services A/C>	767,832	0.5
20	Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	765,354	0.49
Totals: Top 20 holders of PAM ORDINARY FULLY PAID		105,823,285	68.23
Total Remaining Holders Balance		49,282,305	31.77

Shareholder Information

Substantial Shareholders

A substantial shareholder is one who has a relevant interest in 5 per cent or more of the total issued shares in the Company.

Substantial shareholder	Number of shares	% of issued capital
Mr Paul David Lock	42,099,750	27.14
Sydney Equities Pty Ltd <Superannuation Fund A/C>	16,521,440	10.65
Citicorp Nominees Pty Limited	11,295,654	7.28

Voting Rights

Under the Company's Constitution, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hand unless before, or on declaration of the result of the show of hands, a poll is demanded by the Chairman, or a member or members with not less than 5% of total voting rights.

On a show of hands, each member present at a meeting in person or by proxy has one vote and, on a poll, each member (or proxy) has one vote for each share held.

Spread of holdings	Number of units	Number of holders	% of total issue capital
1 - 1000	130,285	182	0.08%
1001 - 5000	1,943,225	705	1.25%
5001 - 10000	3,022,342	366	1.95%
10001 - 100000	18,886,433	583	12.18%
100001 - 999999999999	131,123,305	122	84.54%
Total	155,105,590	1,958	100.00%

Unmarketable Parcel Holders

PAM has 301 shareholders holding less than a marketable parcel of 1,515 shares each (i.e. less than \$500 per parcel of shares) based on the closing price of AUD \$0.33 on 15 March 2023 representing a total of 274,645 shares.

On-Market Buy-Back

There is no current on-market buy-back of any securities.

Corporate Directory

In accordance with ASX Listing Rule 4.10, the Directors provide the following information as at 15 March 2023.

Directors	<p>Mr Paul Lock (Executive Chairman and Managing Director)</p> <p>Mr David Hobby (Executive Director and Technical Director)</p> <p>Mr David Docherty (Non-Executive Director)</p> <p>Mr Thanasak Chanyapoon (Non-Executive Director)</p> <p>Ms Supriya Sen (Non-Executive Director)</p>
Company Secretaries	<p>Ms Elissa Hansen (Australia)</p> <p>Ms Fiza Alwi (Singapore)</p>
Registered office	77 Robinson Road, #06-03, Robinson 77, Singapore 068896
Principal place of business	Level 23, 52 Thaniya Plaza, Zone B, Silom Road, Suriyawong, Bangkok Thailand 10500
Share register	Advanced Share Registry, 110 Stirling Highway, Nedlands WA 6009 Phone: +61 8 9389 8033
Accountants	Vistra Australia, Level 4, 100 Albert Road, Melbourne VIC 3205
Auditors	PKF-CAP LLP, 6 Shenton Way, OUE Downtown 1, #38-01, Singapore 068809
Solicitors	Ian B. Mitchell & Associates, Level 9, 19-29 Martin Place, Sydney NSW 2000 Phone: +61 2 9232 5444
Stock exchange listing	Pan Asia Metals Limited shares are listed on the Australian Securities Exchange (ASX code: PAM)
Website	www.panasiametals.com

PAN ASIA METALS

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