



ANNAMITE RESOURCES

A NEW JUNIOR EXPLORATION & MINING COMPANY IN LAOS **December 2020**

In May 2019, a group of experienced geology, exploration, mining and finance individuals (Lao, Australian, American and European) established Annamite Resources, a private junior company dedicated to exploration in Lao PDR. The group has a good working knowledge of the country.

Members of the group have worked with a number of companies in technical, management and financing capacities and as part of the World Bank Group (IFC) and, more recently, in junior and major miners private and listed companies including Gold Fields, Orano, Lydian International and Tethyan Resources and in Laos, Aurasian Minerals, Kingsgate and Mekong Minerals.

The definition of a “Junior Mining Company” or “Junior” is a company that is currently exploring for, developing or seeking to develop hard rock mineral deposits. After around 2-3 years of exploration activities to identify sites with a high chance of success, a successful Junior will commence a resource estimate and provide the results to shareholders and other potential financiers verifying the presence of a deposit of interest. This is a crucial milestone, since developing and mining mineral resources is highly capital-intensive. If the study provides positive results, the Junior company will either raise capital and expand its team, bring in a partner to develop the project or sell the project to a larger company, normally at considerable profit for those who risked the early venture capital. Junior companies have historically accounted for the majority of the new gold, precious and base metals discoveries.

Mineral exploration is a high risk but potentially high reward venture. Interpreting geological potential, especially at the early stages of work, is still an inexact science.

Junior companies need to raise funds in stages as they progress through the various phases of a project, based on positive results. This enables them to maintain the cash resources needed to establish a commercially viable project. Key requirements for raising capital regularly are security of tenure and quick turnaround of host country Government approvals, as well as positive results and realistic budgets. The flow of new capital is needed throughout the life cycle of the Junior and its projects, from early project screening and due diligence field work through to drilling towards a resource estimate.

It is a goal of most Junior explorers, as soon as they have an established base of exploration assets to list on an exchange heavily populated with mineral resource companies and with sophisticated investor bases, such as Sydney (ASX), Toronto (TSX-V) or London (AIM).

Lao PDR has the strong advantage of being under-explored, with many opportunities on projects which have been chronically underfunded and had poor technical work conducted. The result is that there are only few existing profitable mines in a country with excellent geological potential.

Annamite’s business model is to take advantage of this situation and become a Project Developer by sourcing and acquiring drill-ready or near drill-ready valuable assets which can be moved up the value chain within 2-3 years to a resource estimate followed soon thereafter with a Preliminary Economic Assessment (PEA). The project may then be moved on to a prefeasibility or feasibility study.



The under-exploration of Laos is in part explained by the lack of geological skills and exploration expertise in Lao private companies, coupled with a regulatory system which has, historically been difficult for international junior companies to navigate. The Lao government recognises the need to revitalise the sector and a new mineral law has recently been enacted. But a strong local presence, local partnerships and knowledge of the country remains essential for success.

Annamite has established this local presence and expertise over the last two years, based on its knowledge and country network which Annamite has built up over the last 5-6 years. Additionally, we have Lao investors amongst Annamite's main shareholders.

The exploration potential of Lao PDR, commodity price prospects and capital availability are now all favourable for developing a well-capitalised exploration company focussed on Laos and, potentially in the future, on neighbouring countries in the Indochina region.

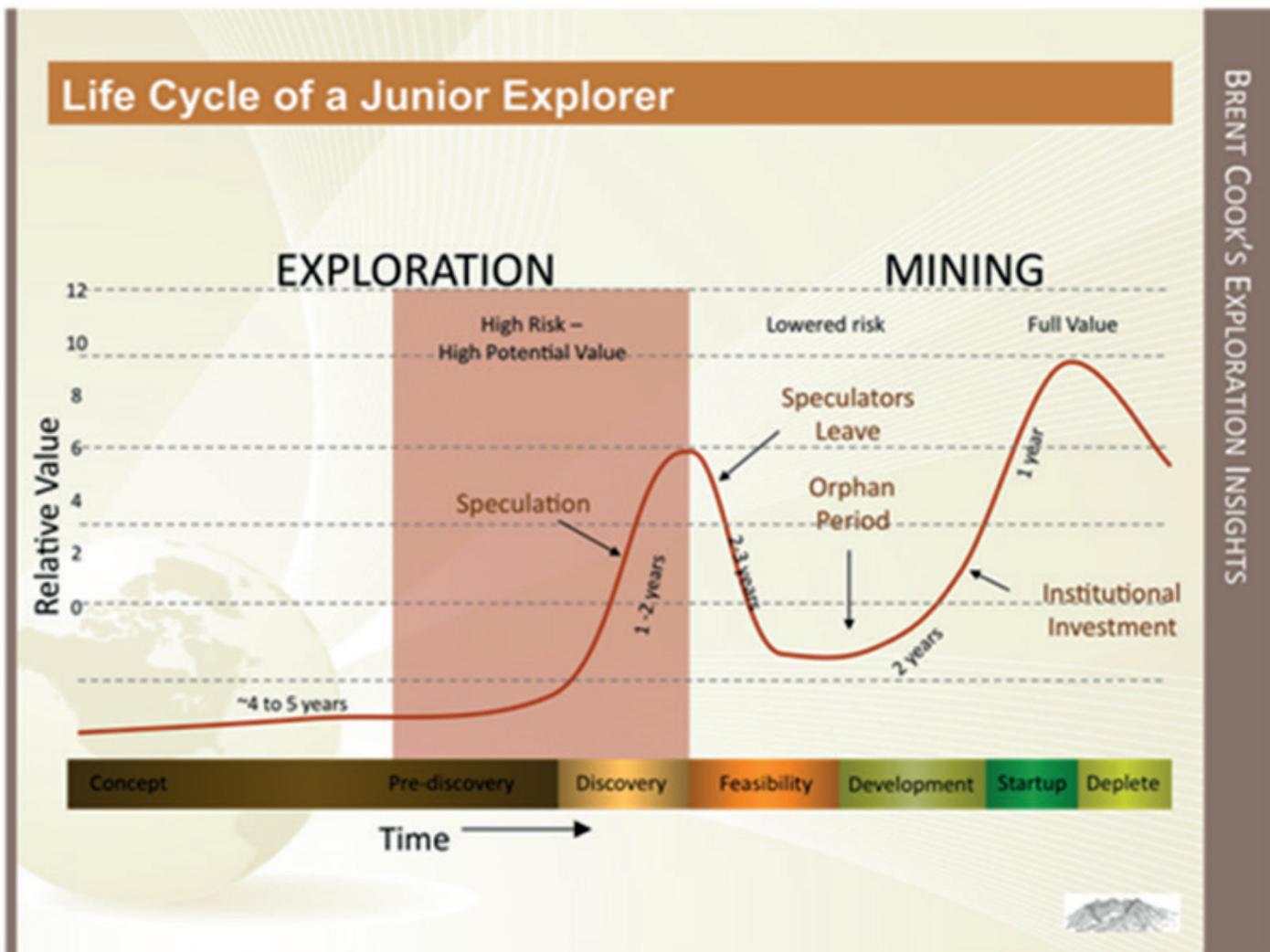
Over the last 18 months Annamite has conducted due diligence on more than 25 projects. Sokdee is the standout project because of its known mineralized porphyry, together with potential for epithermal and/or skarn mineralization. The Sakai area projects, where we have already conducted scout drilling, ranks our close second to Sokdee. This demonstrates that our Project Developer model is working.

With about 10 employees, we have the right mix of a local (90% Lao nationals) and foreign team. A local subsidiary Annamite Resources Laos Co. Ltd has been established. We have a permanent office in Vientiane, with all corporate functions in place.

Today with Sokdee as our flagship project, Annamite is well positioned to attract new shareholders and investors. We believe that in time, the Lao PDR Government will benefit through our endeavours which will improve the local investment climate and ultimately stimulate local businesses and employment and generating tax revenues.

From our experience with Au-Cu projects, we believe the cost of reaching the stage of a completed Feasibility Study is in the \$20-60 million range over 4-8 years. The actual cost to reach this stage is dependent on the type of deposit found: costs for a porphyry deposit (Sokdee), which is generally more continuous and easier to define, will be in the \$55- 60m range; a skarn close to \$60-65m, and a complex epithermal deposit (Sakai) possibly up to \$100m. To these costs one needs to add the capital cost (Capex) for construction, which could be anything between \$100 to 800m depending on the size and complexity of the deposit, plus initial operating costs (Opex).

The diagram below outlines the value curve through time of a typical successful Junior company and provides a roadmap of the enormous potential leverage that a Junior can provide for risk-tolerant investors.



Annamite Resources Holdings Pte. Ltd.
 (Singapore) - ARH
 Registration # 201915983C

90%

Annamite Resources Laos Co., Ltd.
 (Vientiane)- ARL
 Registration # 01-00024196

Above is our corporate structure. All investments are normally made into the holding entity in Singapore, but investment at the project level for particular projects can also be considered. Our office is housed in the office block alongside.



Our goals and values are summarized in the figure below.

- Local presence and joint ventures with reputable companies
- Experienced management with a proven track record of discovery and delivering shareholder value
- Leveraging our expertise in negotiation, exploration and early stage development to cover all aspects of the exploration spectrum including geology, mining, permitting and financial
- A strong focus on sustainability, stakeholder engagement and building good relationships with government and business



Annamite Board and Management has wide-ranging technical and financial expertise and a strong track record in the mineral resource sector. We have delivered our promise to find good projects when we set up our Junior company 18 month ago. Our aim is to become a successful Junior explorer in Lao PDR and to list on a stock exchange during 2022. By bringing in an experienced and nimble management team with a proven track record of delivering shareholder value, Annamite will enhance the prospects of identifying and advancing a set of already surfaced drill-ready or near drill-ready precious and/or base metals projects in Lao PDR. Our model will bring benefits to the Government and its people, and should encourage further investments in Lao PDR.



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