

30 April 2018

PanAust Quarterly Report for the three months to 31 March 2018

Highlights

- **Very strong 12-month rolling safety metrics recorded**
 - Total recordable injury frequency rate (TRIFR) – 1.01
 - Lost time injury frequency rate (LTIFR) – 0.07
- **Solid quarterly production and cost outcomes achieved**
 - The Phu Kham Copper-Gold Operation produced 19,459 tonnes (t) of copper in concentrate at a C1ⁱ cost of US\$1.42/lb after precious metal credits from 15,958 ounces (oz) of gold and 124,037oz silver. An all-in sustaining costⁱⁱ (AISC) of US\$1.88/lb copper was realised.
 - The Ban Houayxai Gold-Silver Operation recorded production of 21,965oz of gold and 136,836oz of silver at a C1 cost of US\$892/oz after silver credits. An AISC of US\$1,201/oz gold was achieved, which included capital expenditure in relation to planned construction works at the Tailings Storage Facility.
 - The Ban Houayxai process plant achieved a new quarterly throughput record of 1.31Mt, including a new monthly throughput record of over 481,000t in March.
- **TSF stewardship**
 - Major construction programs for the Phu Kham and Ban Houayxai Tailings Storage Facilities (TSF) and associated infrastructure advanced during the quarter and are nearing completion.
 - Annual Tailings Independent Review Panel site visits and comprehensive dam safety reviews were completed during the quarter.
- **Sustainability driving business excellence**
 - On 9 February, 164 employees graduated from the Company's Supervisory Skills Training Program. A ceremony celebrating their completion of the Program was held at the Crowne Plaza in Vientiane, Laos.
 - On 7 March 2018, earlier than ever before, PanAust published its 2017 Business Review and Sustainability Report.
 - On 3 April, PanAust's sustained focus on safety performance was recognised at the ASEAN Occupational Safety and Health Network (OSHNET) Conference in Siem Reap, Cambodia where its Lao-registered Company, Phu Bia Mining, won the Excellence Award.

2018 WINNER
ASEAN OSHNET
EXCELLENCE AWARD
OHS MANAGEMENT



2017
LAO PDR LABOUR ORDER MEDAL
2011
LAO PDR LABOUR ORDER
MEDAL CLASS 1



2015 WINNER
AUSTRALIAN CLIMATE
LEADERSHIP AWARDS
MOST PROFITABLE
CARBON REDUCTION
ACTIVITY



2013 WINNER
PROJECT
DEVELOPMENT
OF THE YEAR



2013 WINNER
SUSTAINABILITY LEADERSHIP
2010/11 WINNERS
BEST COMMUNITY
DEVELOPMENT



Business overview

Building on the Company's 2017 safety, production and cost outcomes, PanAust recorded solid performances across all business metrics during the March 2018 quarter.

Operating as a private company for approaching three years now, PanAust continues to maintain its discipline of transparent, regular and open communication with its stakeholders. This commitment was amply demonstrated during the quarter with the publication of the Company's 2017 Business Review and Sustainability Report.

"The 2017 Business Review and Sustainability Report is the twelfth instalment of our annual consolidated reporting on sustainability issues and third as a private company.

"Highlighting PanAust's commitment to excellence in timely communications, the 2017 Report was published two and a half months earlier than in previous years," Dr Hess said.

On 3 April, PanAust received the Excellence Award at the 19th Annual ASEAN Occupational Safety and Health Network in Siem Reap, Cambodia.

"We were very pleased to receive the Award for our excellence in occupational safety and health management and will remain focused on our safety performance. We are confident that our program of deep dive safety audits, incident and near-miss investigations, and safety awareness programs will continue to deliver strong safety outcomes," Dr Hess added.

While the Company's operating assets in Laos continue to support the business through strong production outcomes, PanAust's priority focus in 2018 will be to actively identify growth opportunities that will sustain the business in the long-term.

Operations overview

Phu Kham Copper-Gold Operation, Laos (PanAust 90 per cent)

Production of copper in concentrate at the Phu Kham Copper-Gold Operation totalled 19,459t during the quarter. A C1 cost of US\$1.42/lb copper was realised.

Table 1

Phu Kham Copper-Gold Operation <i>Production summary (100% equity basis)</i>	Units	3 months to 31 Mar 2018
Copper in concentrate	t	19,459
Gold in concentrate	oz	15,958
Silver in concentrate	oz	124,037
C1 cost after precious metal credits	US\$/lb Cu	1.42
AISC	US\$/lb Cu	1.88

Further details of the production and cost performances are contained in Tables 3 and 4 of this report

Phu Kham production performance

A total of 14 million tonnes (Mt) of expit material was mined during the quarter which included 4.8Mt of ore.

Copper, gold and silver head grades averaged 0.51 per cent, 0.21 grams/t (g/t) and 2.01g/t respectively. An overall copper recovery rate of more than 80 per cent was realised.

Quarterly pay-metal in concentrate sales totalled 20,106t of copper, 16,510oz of gold and 150,901oz of silver.

Ban Houayxai Gold-Silver Operation, Laos (PanAust 90 per cent)

The Ban Houayxai Gold-Silver Operation poured 21,965oz of gold and 136,836oz of silver in doré during the March 2018 quarter. A C1 cost of US\$892/oz gold was realised.

Table 2

Ban Houayxai Gold-Silver Operation Production summary (100% equity basis)	Units	3 months to 31 Mar 2018
Gold poured	oz	21,965
Silver poured	oz	136,836
C1 cost after precious metal credits	US\$/oz	892
AISC	US\$/oz	1,201

Further details of the production and cost performances are contained in Tables 3 and 5 of this report

Ban Houayxai production performance

Total material mined at Ban Houayxai during the quarter totalled 3.8Mt with 1.4Mt of ore processed.

The process plant achieved a new quarterly mill throughput record of 1.3Mt. The previous record was achieved in the March 2017 quarter.

Gold and silver head grades averaged 0.67g/t and 6.59g/t respectively. A gold recovery percentage of over 76 was achieved.

Payable gold and silver in doré sold during the quarter totalled 21,471oz and 134,331oz respectively.

Pre-development and exploration projects overview

Frieda River Copper-Gold Project, PNG (PanAust 80 per cent)

In Papua New Guinea, PanAust holds an 80 per cent interest in the Frieda River Copper-Gold Project.

PanAust continues to liaise with PNG authorities on the Frieda River Project following lodgement of a Special Mining Lease (SML) application and Environmental Impact Statement (EIS) with the Mineral Resources Authority (MRA) of PNG and the Conservation and Environment Protection Authority (CEPA) of PNG, respectively in 2016.

The overall approval and permitting process for the SML application and other permits and approvals is now being coordinated by a government appointed State Negotiating Team, chaired by the Department of Mineral Policy and Geohazards Management.

PanAust is investigating opportunities to increase the value of the Project and access alternative development pathways to decrease capital expenditure and reduce the overall Project risk profile. Study work has identified a preferred pathway for value enhancement. Engineering, cost estimation and implementation planning for the selected scenario was undertaken during the quarter.

High-level discussions regarding the Project between Government of PNG leaders and officials and PanAust executives were held in Port Moresby during the quarter. The meetings confirmed the Government of PNG's continuing commitment to the Project as a national priority.

Escalation of a local labour dispute led to the temporary suspension of site-based activities in late-March. The Company is working with relevant stakeholders to resolve the situation. Work continues at other locations in PNG and in Brisbane to advance the Project, including updating the Project's Feasibility Study and Environmental Impact Assessment that supports the nation-building Sepik Development Project.

PanAust welcomed the outcome of interim arbitration proceedings with its joint venture partner in the Frieda River Project, Highlands Pacific (Highlands). The Arbitrator found in favour of PanAust, agreeing that Highlands had an obligation to contribute to the costs of the Project from the date of lodgement of the application for a Special Mining Lease which occurred on 23 June 2016. It is PanAust's position that Highlands has an obligation to either contribute to the costs of the Frieda River Project or to dilute its interest.

Myanmar Exploration Licences, Myanmar (PanAust 80 per cent)

In Myanmar, PanAust holds an 80 per cent interest in Wuntho Resources Company Limited (WRCL) and has established a joint venture with Myanmar Energy Resources Group International Company Limited (MERG), a Myanmar-based company which holds the remaining 20 per cent of WRCL.

The joint venture holds three Exploration Licences within a 213 square-kilometre contract area in the Sagaing Region of northern Myanmar. The Exploration Licences comprise three tenement blocks: Hel Chain, Pin Hin Hka and Nam Awl. WRCL has applied for additional Exploration Licences in the same Region.

Also in Myanmar, PanAust has a farm-in agreement with Metro Mining Limited (an Australian ASX-listed company) for the Mahar San Exploration Project.

During the quarter, a program of geochemical sampling and mapping of prospective areas within the WRCL Exploration Licences continued. Diamond drilling resumed at the Mahar San Project, results of which are expected to be available in late April/early May.

Inca de Oro Copper-Gold Project, Chile (PanAust 66 per cent)

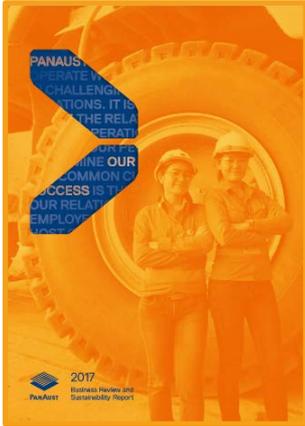
PanAust completed a feasibility study on the Inca de Oro Copper-Gold Project in 2014. No material site activities are currently being undertaken or are planned.

In January 2018, PanAust announced it was commencing a process for the sale of the Inca de Oro Project and nearby Carmen deposit.

Sustainability

PanAust is committed to ensuring its presence positively impacts host communities and countries in which it operates. The Company achieves this by meeting the demand for resources in a socially responsible way, ensuring the supporting traditional rights and values, and respecting cultural heritage.

Public reporting of sustainability performance



On 7 March, PanAust released its 2017 Business Review and Sustainability Report for the year ending 2017. The Report was independently assured and prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, including the Mining and Metals Supplement.

The Report is PanAust's twelfth instalment of its annual consolidated reporting on the Company's sustainability performance. It provides a balanced and comprehensive overview of PanAust's 2017 performance in six core business elements: governance, economic, social, environmental, and health and safety performance, and employees. The Report is accessible via the 'Annual Reports' page on the Company's website.

Above: PanAust's 2017 Business Review and Sustainability Report

Commitment to fostering a local workforce in Laos



On 9 February, the most recent graduates of the Company's Supervisory Skills Training Program were recognised at a ceremony held at the Crowne Plaza Hotel in Vientiane, Laos.

Now in its eighth year, the Program offers to high-potential employees in Laos, training that will facilitate success in frontline leadership roles. An essential element to leadership development in the Company, the program comprises 10 modules that develop employees' skills with regard to human relations in the workplace.

The Program supports PanAust's commitment to localisation. In 2017, 91 per cent the Company's workforce in Laos was comprised of Lao-national employees. This benchmark was set in 2016 and is expected to increase to 93 per cent in 2018. Localisation represents a positive and enduring legacy of PanAust's contribution to Laos.

Above: Supervisory Skills Training Program graduates celebrate their successful completion of the Program at a ceremony at the Crowne Plaza Hotel in Vientiane, 9 February

PanAust Way Ahead in safety



On 3 April, PanAust’s outstanding safety performance was recognised at the 19th Annual ASEAN Occupational Safety and Health Network (OSHNET) Conference in Siem Reap, Cambodia where it’s Lao-registered Company, Phu Bia Mining won the Excellence Award.

The ASEAN OSHNET Awards recognise companies based in ASEAN countries for excellence in occupational safety and health management.

The Award is the first time the Company has been formally recognised for its safety outcomes. It affirms that PanAust’s safety performance is at an international level, is best-practice, and demonstrates the success of the Company’s targeted safety programs that focus on hot spots and lead indicators. It also shows the maturing PanAust’s positive and proactive safety culture; a culture that was cultivated not simply to achieve minimum compliance, but as a reflection of its Values.

Above: Phu Bia Mining representatives receive the ASEAN OSHNET Excellence Award at the 19th Annual ASEAN OSHNET Conference in Siem Reap, Cambodia

PanAust Group production and sales statistics for the March 2018 quarter

Table 3

Phu Kham Copper-Gold Operation	Units	3 months to 31 Mar 2018
Total material mined	t	14,024,708
Copper-gold ore mined	t	4,824,654
Process plant available time	%	95.4%
Process plant operating time	%	95.1%
Ore milled	t	4,709,074
Copper head grade	%	0.51
Gold head grade	g/t	0.21
Silver head grade	g/t	2.01
Concentrate produced	dmt	82,964
Copper in concentrate	t	19,459
Gold in concentrate	oz	15,958
Silver in concentrate	oz	124,037
Copper recovery	%	80.77
Concentrate sales	dmt	86,247
Payable copper in concentrate sold	t	20,106
Payable gold in concentrate sold	oz	16,510
Payable silver in concentrate sold	oz	150,901
Ban Houayxai Gold-Silver Operation		3 months to 31 Mar 2018
Total material mined	t	3,820,853
Gold-silver ore mined	t	1,436,342
Process plant available time	%	97.7%
Process plant operating time	%	97.6%
Ore milled	t	1,310,488
Gold head grade	g/t	0.67
Silver head grade	g/t	6.59
Gold in doré	oz	21,965
Silver in doré	oz	136,836
Gold recovery	%	76.16
Payable gold in doré sold	oz	21,471
Payable silver in doré sold	oz	134,331

Cumulative data may incorporate post reporting period adjustments to prior periods

Table 4

Phu Kham Copper-gold Operation production costs US\$/lb copper	3 months to 31 Mar 2018
Mining cost	0.73
Deferred mining and inventory adjustments capitalised	-0.02
Processing cost	0.65
General and administration (site support)	0.16
Total on-site operating costs	1.51
Transport handling and marketing	0.21
Concentrate treatment and refining	0.24
Total off-site operating costs	1.96
Deduct precious metal credits	-0.54
Total direct operating costs (C1 cost)	1.42
Royalty	0.19
Sustaining capital (includes TSF)	0.15
Rehabilitation and closure	0.00
Corporate support and shared services costs	0.11
Lease principal and interest charges	0.00
Deferred mining and inventory adjustment capitalised	0.02
All-in sustaining costs	1.88

Notes: costs are based on payable copper in concentrate produced; may include minor computational discrepancies due to rounding

Table 5

Ban Houayxai Gold-Silver Operation production costs US\$/oz gold	3 months to 31 Mar 2018
Mining cost	456
Deferred mining and inventory adjustments capitalised	-7
Processing cost	430
General and administration (site support)	113
Total on-site operating costs	991
Total off-site operating costs (freight, refining)	6
Deduct silver credit	-105
Total direct operating costs (C1 cost)	892
Royalty	88
Sustaining capital (includes TSF)	162
Rehabilitation and closure	2
Corporate support and shared services costs	50
Lease principal and interest charges	0
Deferred mining and inventory adjustment capitalised	7
All-in sustaining costs	1,201

Notes: costs are based on payable copper in concentrate produced; may include minor computational discrepancies due to rounding

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ⁱ Brook Hunt convention for the reporting of direct costs comprising: mine site, product transportation and freight, treatment and refining charges and marketing costs; based on payable metal content after by-product credits

ⁱⁱ AISC reported are the C1 cost plus royalties, allocated corporate support charges, shared services costs, sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised