



PAN AUSTRALIAN
RESOURCES LIMITED

ABN 17 011 065 160

Quarterly Report for the three months ending 31 March 2007

Phu Kham Copper-Gold Project

- The projected date for initial concentrate production is running ahead of the scheduled mid-2008 start-up date. The project remains within the \$241 million capital budget.
- All foundry work on the mills and crusher was completed in early April and delivery of the mills to site is on schedule for September quarter this year.
- Waste mining for the Phu Kham copper-gold mine Stage 1 pit started in the quarter following the integration of mining activities with those for the Phu Bia Gold Mine.

Phu Bia Gold Mine

- A gold production record of 10,510 ounces was achieved in the March 2007 quarter. In February a major milestone was achieved when the cumulative production of gold passed the one tonne mark.
- Cash operating costs for the quarter were US\$399/oz and provided an operating margin of US\$256/oz on gold sales of 11,146oz.

Puthep Feasibility Study

- Drilling started at the Puthep Copper Project in Thailand in March, marking the start of the feasibility study.

Exploration

- Further drilling at Ban Houayxai extended down-dip the previously identified broad zone of stockwork gold-silver mineralisation with the best interval being:
 - 36 metres at 3.2g/t gold equivalent from 54 metres, including**
 - **10 metres at a gold equivalent grade of 10.6g/t (10.3g/t gold and 13.4g/t silver) from a depth of 54 metres.**
- Highly anomalous copper values were returned in channel samples taken from within the large, four kilometre by two kilometre, Pha Nai anomaly.

Corporate

- A revised tax and royalty regime for the Phu Bia Contract Area was finalised in April and Pan Australian's rights to retain an area of 2,637km² for at least 30 years were confirmed.
- At 31 March, Pan Australian had cash of US\$53 million and no debt.

Phu Kham Copper-Gold Project, Laos

Development

Continued good progress with capital works, and equipment procurement and fabrication meant that at the end of the March 2007 quarter, the Project was running ahead of the scheduled target date for first concentrate production in mid-2008 (see Table 1).

At the end of March 2007, project commitments totalled US\$106 million. This expenditure includes all critical path and long lead items and represents 44% of the overall budget. On current projections, the Project is expected to be completed within the US\$241 million capital budget.

Fabrication and delivery of the two mills remains on schedule for pre-commissioning to start in December 2007. By early April all mill and crusher castings had been completed thereby eliminating foundry fabrication risk from the development. At the time of writing these components are being, or are awaiting, machining. These works are scheduled for completion by the end of the June 2007 quarter.

Table 1: Development and commissioning milestones

Event	Scheduled	Status
First concrete pour	December 2006	Achieved
Start structural steel work	March 2007	Achieved
Complete critical concrete works	June 2007	On schedule
All major mill components on site	September 2007	On schedule
Commissioning	March Qtr 2008	On schedule
First production	Mid-2008	On schedule

Site Works

Civil construction works in the process plant area have progressed well and erection of first structural steel in the workshop area commenced during the quarter. Plant site building and construction of the permanent camp are progressing well with the first three blocks already occupied.

Earthworks for the crusher were completed in January and the largest two concrete pours of the development, the SAG mill foundation at 690m³ and ball mill foundation at 890m³, were successfully undertaken in between late March and early April. All wet season critical concrete works remain on schedule for completion ahead of the onset of the wet season.

Excellent progress was made during the quarter on the tailing storage facility, with the first stage completed ahead of the May schedule.

Construction of the Phu Kham high-voltage electrical substation started in March. All power related activities remain on schedule for delivering power from the new 115kV line to the plant site by the end of October 2007.

Mining

On 1 January 2007, the first complement of owner-operated mining equipment was commissioned, comprising eight CAT 777D trucks and two O&K RH40 excavators. Other mining fleet equipment delivered to site and commissioned during the quarter included two D10 CAT dozers, two CAT 16H graders, one loader and one service truck.

Recruitment and Training

At the end of March, recruitment of managerial positions continued to run ahead of schedule. During the quarter an apprenticeship training scheme for Lao nationals to learn trade skills received its first intake of 30 students.

Metallurgical & Mineral Resource Drilling

For most of the quarter, up to three drill rigs were deployed on the Phu Kham deposit. In February, a 1,330 metre metallurgical diamond core program was completed. The purpose of this drilling is to provide additional core samples that are representative of ore scheduled to be mined during the first three and a half years of production. The core will be used for metallurgical testwork designed to optimise the reagent suite and reagent addition rates in order to further improve both copper concentrate grade and recovery.

The north mine area infill drill program started immediately following the metallurgical drilling. At the end of March, 11 of the 54 planned holes had been drilled, representing 27% of the total 9,935 metres (see Table 2 for drill assay results returned to mid-April).

The current 100 metre spaced grid that covers the northern most 400 metres of strike of the copper-gold deposit is being infilled to 50 metre line spacing, with holes at 50 metre intervals on existing lines and 100 metre intervals on new lines. The program is designed to upgrade existing Indicated/Inferred mineral resources into the Measured/Indicated categories.

Background

The Phu Kham Copper-Gold Project represents the second and major phase of the initial development of the Company's Lao assets following the commissioning of the Phu Bia Gold Mine in 2005.

The development of the fully funded Phu Kham Project commenced after the completion of a Feasibility Study in March 2006; the results of the Study were announced to the ASX on 3 April 2006. The Study was based on a low strip ratio open pit mining operation delivering ore to a conventional copper flotation plant, to produce a copper-gold-silver concentrate for export and custom smelting. Following due diligence to support equity and debt fund raising in May 2006, extra contingency of US\$9 million was added to the feasibility study

capital forecast of US\$232 million for a total capital budget of US\$241 million.

At full production, the 12 million tonne per annum Phu Kham copper-gold concentrator is scheduled to produce more than 200,000 dry metric tonnes of concentrate per year containing on average 50,000 tonnes copper, 50,000 ounces gold and 400,000 ounces silver.

Phu Bia Gold Mine

The turnaround in heap leach operating performance that started in November 2006 was sustained throughout the March 2007 quarter. As a result, a new quarterly gold production record of 10,510 ounces was achieved (Table 3).

Gold sold for the quarter was also a record at 11,146 ounces. Cash operating costs after inventory adjustment and royalties were US\$399/oz (Table 4). The average realised gold price for the quarter was US\$655/oz, which compared favourably with an average spot price of US\$652/oz and provided a cash margin of US\$256/oz.

Increased primary sizer ("crusher") throughput rates allowed a record tonnage of ore to be stacked during the quarter. This, in conjunction with additional irrigation piping arriving on site, allowed more than 50,000 square metres of leach pad area to be under irrigation at any one time, for most of the quarter.

Table 2: Drill results received during the quarter from the Phu Kham copper-gold deposit infill drill program

Hole No. (hole depth)	Interval (m)	Depth From (m)	Copper Grade (%)	Gold Grade (g/t)	Peak copper-gold (Cu-Au) interval
GDD216 (350m)	293	45	0.5	0.1	86m at 0.7% Cu and 0.2g/t Au from 166m
GDD217 (117m)	44	23	0.4	0.2	
GDD218 (260m)	136	18	0.7	0.3	91m at 1.0% Cu and 0.4g/t Au from 63m
GDD219 (135m)	72	34	0.6	0.3	42m at 0.7% Cu and 0.4g/t Au from 64m
GDD221 (190m)	32	16	0.6	0.3	16m at 1.0% Cu and 0.4g/t Au from 32m
	10	73	0.5	0.7	
	8	138	1.0	0.3	
GDD222 (300m)	10	12	0.7	0.5	Results pending below 60m

All holes drilled at 60° from horizontal

As a result of the first consignment of owner mining equipment becoming operational at the beginning of the quarter and the integration of gold and copper-gold mining activities, material movement rates increased dramatically, with record ore mining rates being achieved. With the larger scale fleet and its increased mining capability, waste mining was accelerated. From early in the March quarter, mining of waste to pre-strip the copper-gold deposit commenced with benches being developed out to the final limits for the copper-gold Stage 1 pit.

Production Outlook

Gold production at the heap leach mine is anticipated to be maintained at around 3,000 ounces per month during the dry season. In April, it is planned to complete the stacking of the second lift of the heap leach and move the stacker to start the third lift, the surface preparation for which started in March 2007.

In May, irrigation activities will be suspended and the stacked ore that contains recoverable gold in the heap will be covered with a low density plastic “raincoat” to protect the surface agglomerates from wet season rain damage. During the wet season mining operations will be directed largely towards Phu Kham Copper-Gold Project activities and will be accounted for accordingly. Some gold ore mining may be undertaken as permitted to ensure a substantial inventory of agglomerated ore is available to come under irrigation with the onset of the next dry season, anticipated in early October.

Table 4: Quarterly gold mine costs

	March 07 Qtr Cost US\$/Oz Gold
Direct Mining Expense	473
Gold Inventory Adjustment	(119)
Refining & Transport	4
By-product Credit	(1)
Royalty	42
Cash Operating Cost	399
Depreciation & Amortisation	103
Total Production Cost	502

The down-scaling of gold activities will allow skilled staff and unskilled labour to move over onto Phu Kham Project duties under a mine integration plan. Accordingly the fixed cost base for the Phu Bia Gold Mine will be lowered considerably, such that the mine is expected to continue to provide a meaningful cash flow contribution over the course of the year; covering the costs of all general and administrative expenses and providing a contribution to the funding of exploration activities.

Safety and Environment

Three lost time injuries occurred during the quarter. In February, an operator fell from a platform at the agglomerator, injuring her leg. A

Table 3: Quarterly Production Statistics

Phu Bia Gold Mine	Units	March Quarter 2006	June Quarter 2006	September Quarter 2006	December Quarter 2006	March Quarter 2007	Project to-date
Waste Mined	Tonnes	13,968	28,612	94,007	339,262	775,568	1,259,346
Ore Mined	Tonnes	449,497	319,068	180,453	330,735	539,286	2,222,138
Waste: Ore Ratio		0.0	0.1	0.5	1.0	1.4	0.6
Ore Stacked	tonnes	433,428	297,503	183,582	411,196	509,668	2,217,500
Gold Head Grade	g/t	1.3	1.0	0.9	1.0	0.8	1.1
Gold Poured	Ounces	9,449	6,125	1,300	4,683	10,510	35,485
Gold Sold	Ounces	8,684	7,773	1,054	3,439	11,146	34,192

modified stand area has since been constructed. In March, a local contract worker suffered a broken nose as a result of a fall while clearing bamboo. Later that month a truck driver fell from a container fracturing his arm. In all cases these incidents have been investigated and relevant work practice improvements have been implemented.

There were no reportable environmental incidents during the quarter.

Puthep Copper Project, Thailand

Puthep is a joint venture between Pan Australian (currently 20.66%) and Padaeng Industry Public Company, where Pan Australian can retain a 60% interest after exercising its earn-in and acquisition options. The Puthep Project is located in north-east Thailand near the provincial centre of Loei. The Project is also within a few hours' drive of the Company's Vientiane office in Laos.

Site preparation started early in the year at the PUT1 deposit and by the end of the March 2007 quarter 19 drill pads were completed and the temporary core logging facility had been built.

The feasibility study will be conducted in two phases and commenced in the March 2007 quarter. The first phase will be designed to test the overall economics and potential of the project and will allow accurate planning for the potential second phase. The second more detailed phase will be dependent on a positive outcome to the first phase and is currently scheduled to be completed by the end of 2008.

The Phase 1 drill program started in March with the mobilisation of two drill rigs to site. By the end of the month, one drill hole had been completed, one drill hole had been abandoned prior to reaching target depth and two drill holes were in progress. First assay results are scheduled to be received in the June 2007 quarter.

Exploration, Laos

Early exploration success was delivered during the December 2006 quarter at the Pha Nai and Tharkhek prospects (Figure 1), along with further positive drill results from Ban Houayxai. Such encouraging results from multiple targets support the US\$13 million exploration and evaluation budget for the 15 months to December 2007.

Ban Houayxai

Two drill holes (HDD012 and HDD013) to test the down-dip potential of primary mineralisation were completed during the March 2007 quarter. These holes were located at the western end of the two fences of deeper drill holes reported on the previous quarter, which intersected broad zones of primary gold-silver stockwork mineralisation with significant high-grade intervals. The assays from the first of these holes were received in early April:

Hole HDD012;

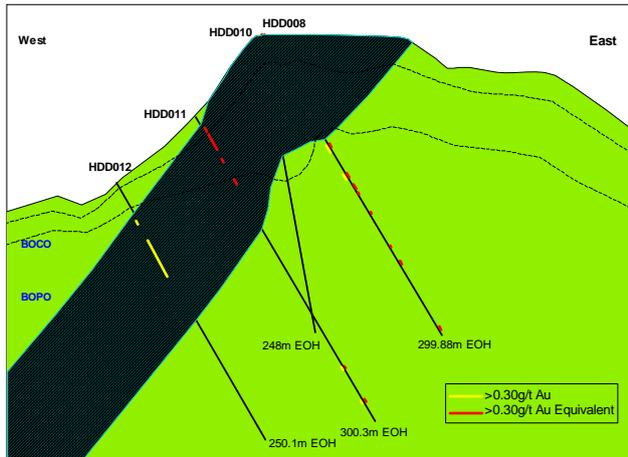
- **36 metres at a gold equivalent¹ grade of 3.2g/t (3.0g/t gold and 6.9g/t silver) from 54 metres, including**
 - **10 metres at a gold equivalent¹ grade of 10.6g/t (10.3g/t gold and 13.4g/t silver) from a depth of 54 metres**

These results occurred within a broad 94 metre mineralised halo grading 1.3g/t gold and 3.9g/t silver (1.4g/t gold equivalent). The result from HDD012 demonstrates that the excellent grades previously encountered extend the mineralised envelope down-dip below 200 metres from surface (Section 1). Assays for HDD013 were pending at the time of writing.

Drilling at Ban Houayxai was interrupted on 24 March as a result of two related security incidents that occurred more than 10 kilometres away from the Ban Houayxai camp. As a precautionary measure to ensure the safety of Company staff and contractors, work was temporarily suspended.

¹ Assumed gold to silver price ratio of 50 to 1.

Section 1: Ban Houayxai Gold Deposit – Schematic Section



Work at Ban Houayxai resumed on 2 April with one rig operation. A second rig is scheduled to assist in the drill effort in the June 2007 quarter.

Pha Nai

First results from channel samples in trenches were received during the quarter from the Pha Nai Prospect (Figure 1) – located 20 kilometres north of the Company’s Phu Kham copper-gold deposit – within the four kilometre long and up to two kilometre wide copper anomaly defined in the December 2006 quarter. Best results were received from Trench 7 and included:

- 33m at 0.23% copper,**
- 10m at 0.54% copper,**
- 5m at 0.76% copper and**
- 10m at 0.37% copper.**

These results occurred within a skarn/gossan unit. A peak copper value of 0.87% (8,700ppm) was recorded along with molybdenum grades ranging between 70ppm to 150ppm.

Several copper values in soils have exceeded 0.1% copper with the highest value being 0.18% copper. Assays of surface outcrop have returned values of up to 0.73% copper. There is also elevated molybdenum in the centre of the main copper anomaly, as reported the December quarter.

The work program at Pha Nai to the end of March 2007 was focused on trenching to better define priority targets locations within the anomalous area for drilling. An initial drill program is scheduled for mid-2007 once all trenching and associated channel sample assays have been returned.

Ban Phonxai

The first drill program conducted by the Company (to follow up on scout drill results from the 1990’s) was undertaken during the March 2007 quarter (Table 5). Silver grades in excess of 60g/t with elevated gold associated were returned over substantial widths in the northwest of the prospect area – drill holes XRC008 to XRC010. In the southeast of the prospect a 12 metre interval grading 2.6g/t gold from 34 metres depth was recorded in XRC003.

Table 5: Drill results received during the quarter from the Ban Phonxai gold-silver deposit

Hole No. (hole depth)	Interval (m)	Depth From (m)	Gold Grade (g/t)	Silver Grade (g/t)	Gold Eq Grade* (g/t)	Peak gold equivalent interval
XRC003^ (100m)	12	34	2.6	0.6	2.6	
XRC007 (100m)	38	62	1.2	47	2.1	18m at 3.9g/t Au equivalent from 82m
XRC008 (77m)	35	42	0.5	64	1.7	
XRC009^ (140m)	96	44	0.2	68	1.6	8m at 3.0g/t Au equivalent from 120m
XRC010 (100m)	8	32	0.6	38	1.4	

* Gold-silver price ratio 50 to 1

^ Drilled at 90° from horizontal all other holes 60°

Tharkhek

A drill program was designed for the Tharkhek Prospect (located near the regional capital Phonsavan) during the March 2007 quarter. This is to follow up on initial scout drilling results from this copper-gold prospect, reported in the September 2006 quarterly: 167 metres grading 0.3% copper from surface to end of hole. This program will commence in the June 2007 quarter when two further drill rigs are scheduled to be mobilised.

Community Affairs, Laos

The Company continued to contribute to the development of essential regional services. The total committed cost of this direct assistance to the community in the 12 months to December 2007 is budgeted to be US\$200,000.

A draft community trust fund management committee and strategy document has been prepared by the Company. Advancement of the proposals for the structure and administration of a Community Fund are pending government consultation and approval of documentation.

Community affairs activities during the quarter continued to focus on consultation with provincial and district government bodies with regards to the infrastructure requirements of the Phu Kham Copper-Gold Project.

Corporate

In April 2007, Pan Australian's Lao subsidiary, Phu Bia Mining Limited (PBM) and the Government of Laos signed an amendment to the Mineral Exploration and Production Agreement (MEPA) between the parties.

The MEPA regulates exploration and mining activities within the Phu Bia Contract Area (Figure 1) and defines the fiscal terms that apply to those activities.

The Contract Area is highly prospective for gold, copper and other base metals and is host to the Company's Phu Kham Copper-Gold Project and Phu Bia Gold Mine. At over 2,600 square kilometres, the Phu Bia Contract Area is

twice the size of any other contract area or exploration/mining tenement in Laos.

Importantly, the amendment to the MEPA clarifies the Company's rights to maintain the full size of the Contract Area through the operating life of any mine that is developed within it. The operating period for any mine can be up to 30 years with extensions as may be agreed with the Government.

The fiscal terms under which PBM operates have been revised to embrace a more equitable return to the Company and the Government over the life of the Phu Kham Copper-Gold Mine and will benefit the Company as subsequent mines are developed. These changes include an internationally competitive flat corporate tax rate of 25% from the first year of profit paid one-year in arrears and a royalty regime scaled to commodity prices that ranges between 3% (below US\$1.35/lb copper and US\$450/oz gold) and 6% (above US\$2.25/lb copper and US\$600/oz gold), payable on revenue receipts net of concentrate or metal transport (trucking and shipping), smelting and refining charges.

The Government has also exercised its option to acquire 10% of the shares in PBM, paid for by way of its share of future dividends from PBM. Pan Australian does not anticipate that this will impact earnings until 2011 or later in the event that a further capital investment is made in a new mine development.

Share Capital and Cash Position

At 31 March 2007, the Company had cash and equivalents of US\$53 million and no debt.

Debt facilities underwritten by ANZ Investment Bank at the end of the quarter totalled US\$243 million, including a US\$35 million lease facility for the Phu Kham Copper-Gold Project mining fleet. Of this, a US\$160 million term facility is expected to complete the bank syndication process the June quarter 2007. First debt draw-down for the Phu Kham copper-gold development is not anticipated to be required until mid-2007. A further US\$10 million unsecured loan facility from Sempra remains subject to finalisation of documentation.

The issued capital of the Company at 2 April 2007 comprised:

1,411,209,179	Ordinary fully paid shares
36,311,649	Unlisted options
2,025,000	Unlisted share rights

Hedging

At 31 March 2007, Pan Australian had no outstanding hedge positions.

Corporate Information

Directors

Robert Bryan.....Non-executive Chairman
Gary Stafford.....Managing Director
Nerolie Withnall.....Non-executive Director
Andrew Daley.....Non-executive Director
Geoff Handley.....Non-executive Director

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Stock Exchange Listing

Australian Stock Exchange Code: PNA

Indexation

Pan Australian is a constituent of the S&P/ASX 300 Index.

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Shareholder Enquiries to:

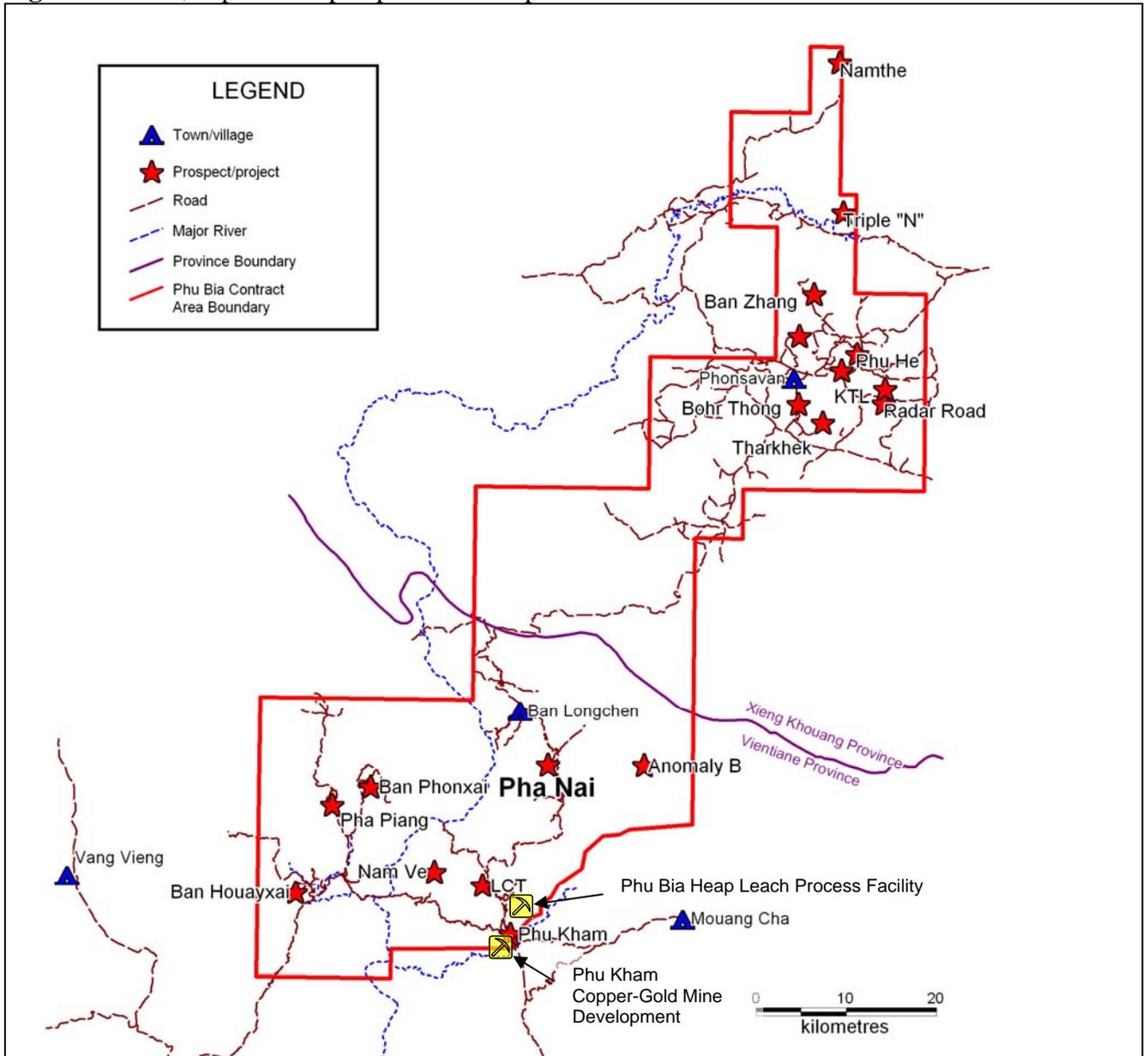
Computershare Registry Services
PO Box 523, Brisbane Qld 4001
Telephone: 1300 552 270
Facsimile: (07) 3229 9860
Website: www.computershare.com.au

The data in this report that relates to Exploration Results are based on information evaluated by Dr. Ralph Child who is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Dr. Ralph Child is a full-time employee of Pan Australian Resources Limited and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralisation, resources and reserves, exploration results and future plans and objectives of Pan Australian Resources Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Figure 1. Mine, deposit and prospect location plan within the Phu Bia Contract Area



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

PAN AUSTRALIAN RESOURCES LIMITED

ACN or ARBN

011 065 160

Quarter ended ("current quarter")

MARCH 2007

Consolidated statement of cash flows

	Current quarter US\$'000	Year to date (3 months) US\$'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	5,056	5,056
1.2 Payments for (a) exploration and evaluation	(1,413)	(1,413)
(b) development	(23,647)	(23,647)
(c) production	(5,369)	(5,369)
(d) administration	(1,570)	(1,570)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	839	839
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(26,104)	(26,104)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	(269)	(269)
(c) other fixed assets	(1,349)	(1,349)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1,618)	(1,618)
1.13 Total operating and investing cash flows (carried forward)	(27,722)	(27,722)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(27,722)	(27,722)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	388	388
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	388	388
	Net increase (decrease) in cash held	(27,334)	(27,334)
1.20	Cash at beginning of quarter/year to date	80,271	80,271
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	52,937	52,937

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter US\$'000
1.23	Aggregate amount of payments to the parties included in item 1.2	166
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities [^] [^] Excludes underwritten facilities of US\$243 million	10,000	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	2,500
4.2 Development	46,000
Total	48,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	18,296	13,539
5.2 Deposits at call	34,641	66,732
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	52,937	80,271

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	1,411,209,179	1,411,209,179	NA	NA
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,000,000 1,400,000	2,000,000 1,400,000	12 cents 18 cents	12 cents 18 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	31,761,649	0	<i>Exercise price</i> See Attached	<i>Expiry date</i> See Attached
7.8 Issued during quarter	0	0		
7.9 Exercised during quarter	2,000,000 1,400,000	0 0	12 cents 18 cents	
7.10 Expired during quarter	0	0		
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 19 April 2007
(Company Secretary)

Print name:Paul Scarr.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**PAN AUSTRALIAN RESOURCES LIMITED
QUARTERLY REPORT
FOR THE QUARTER ENDING 31 MARCH 2007**

ISSUED OPTIONS AT 31 MARCH 2007

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
7,000,000	12.00	01/07/2007
1,000,000	12.00	01/10/2007
500,000	22.00	02/02/2007
7,000,000	18.00	13/10/2008
1,000,000	18.00	15/03/2009
600,000	18.00	27/03/2009
11,661,649	64.00	19/05/2008
2,000,000	32.00	06/04/2009
1,000,000	32.00	13/09/2009
31,761,649		