

16 January 2009

## Quarterly Report for the three months ending 31 December 2008

### Phu Kham Copper-Gold Operation, Laos

- Excellent operating performances continue as production ramps-up to design levels
- 51,621 dry metric tonnes (dmt) of concentrate containing 13,077t copper, 10,413oz gold and 81,211oz silver was produced in the quarter
  - Milestone 100,000dmt of copper-gold concentrate produced to date containing 25,000t copper, 25,000oz gold and 160,000oz silver
- Design production levels of copper concentrate equivalent to a rate of 260,000dmt per annum attained in October
- The Operation remained cash flow positive through the quarter. Cash costs (C1) after precious metal credits<sup>1</sup> fell through the quarter to US\$1.07/lb copper in December and are on track to fall below US\$0.90/lb in 2009 on lower prices for consumables and a 17% higher copper head-grade
- Positive reconciliation for ore mined and processed versus ore reserve
- Spot and long-term markets secured for 90% of Phu Kham's copper-gold concentrate production to the end of 2009 at competitive TC/RC's below the current benchmark

### Growth Projects

#### Ban Houayxai Gold-Silver Project, Laos

- Pre-feasibility study identified the potential for a low-cost operation producing annually 100,000oz to 130,000oz of gold and 700,000oz to 800,000oz of silver over a minimum six-year mine life

#### Puthep Copper Project, Thailand

- Infill resource drilling completed during the quarter. Significant intersections included:
  - **46 metres at 1.5% copper from 46 metres**
  - **24 metres at 2.3% copper from 26 metres**
  - **110 metres at 0.6% copper from 84 metres**
  - **30 metres at 1.0% copper from 70 metres**

### Corporate

- Terms agreed for the rollover of the Goldman Sachs JBWere US\$80M subordinated debt facility to a new maturity date of 31 March 2010
- New US\$8.1M working capital facility secured.

<sup>1</sup> Gold and silver prices US\$700/oz and US\$12/oz respectively

## Phu Kham Operations, Laos

### Production performance

During the quarter, Phu Kham reached the production milestone of 100,000dmt of copper-gold concentrate produced since first commercial production commenced in June 2008, with total contained metal of approximately 25,000t of copper, 25,000oz of gold and 160,000oz of silver.

In 2009, the Operation is scheduled to produce over 65,000t of copper, 70,000oz to 80,000oz<sup>2</sup> of gold and between 400,000oz and 600,000oz of silver. The production rate necessary to achieve this target was reached during the last two weeks of October with several production records set in November ahead of a scheduled mill shutdown in late December. Production records included:

- Record monthly total material mined of 2.4Mt
- Record monthly crusher throughput of 1.2Mt
- Record monthly ore milled of 1.2Mt
- Record monthly concentrate production of 18,608dmt

**Table 1:** December quarter and FY2008 production statistics

<b>Phu Kham Operations Production summary</b>	Units	<b>3 months to 31 Dec 2008</b>	<b>12 months to 31 Dec 2008</b>
Total material mined	t	<b>6,230,533</b>	<b>18,673,473</b>
Copper-gold ore mined	t	<b>2,723,029</b>	<b>6,662,144</b>
Copper head grade	%	<b>0.67</b>	<b>0.60</b>
Gold head grade	g/t	<b>0.31</b>	<b>0.36</b>
Silver head grade	g/t	<b>2.83</b>	<b>2.87</b>
Ore milled	t	<b>2,899,869</b>	<b>6,859,716</b>
Concentrate produced	dmt	<b>51,621</b>	<b>100,899</b>
Copper in concentrate	t	<b>13,077</b>	<b>24,929</b>
Gold in concentrate	oz	<b>10,413</b>	<b>25,261</b>
Silver in concentrate	oz	<b>81,211</b>	<b>159,676</b>
Gold in doré (Heap Leach)	oz	<b>5,598</b>	<b>20,961</b>

### Safety performance

The safety performance of the Phu Kham Operations has also been outstanding with a record 188 days free of lost time injury achieved at the time of this report.

<sup>2</sup> Assumes 15,000oz of gold in doré from the Phu Kham Heap Leach Operation

## Cost performance

The Operation remained cash flow positive through the quarter. Cash costs (C1) after precious metal credits<sup>3</sup> fell through the quarter to US\$1.07/lb copper in December as the Operation ramped-up to design ore throughput rates, despite four days production being lost in December to a scheduled mill shutdown.

2009 is scheduled to be a high-grade year with a forecast head grade of 0.75% copper, 17% above the average life of mine ore grade of 0.64%. As a result, copper production is expected to exceed 65,000t at a cash cost (C1) after precious metal credits<sup>3</sup> of less than US\$0.90/lb.

Cash costs will benefit from both higher levels of metal output and lower input prices for some major consumables, for example: grinding media charges were US\$1.64 per tonne of ore milled in December 2008 and will fall by around 35% in the March 2009 quarter, a 16% saving on cash costs. The price of diesel fuel delivered to site fell by 56% over the December quarter and has continued to decline in January 2009.

Mill throughput is likely to exceed nameplate of 12Mtpa as a result of processing predominantly softer transitional ores.



Several monthly production records were set during the quarter, including total material mined

## Positive Ore Reserve Reconciliation and Improving Recoveries

The reconciliation between the ore milled and the Phu Kham Ore Reserve estimate has been excellent. During the December quarter, 2% more ore tonnes than forecast were realised with an 8.7% higher copper grade, 20% higher gold grade and 68% higher silver grade.

The average copper recovery rate for the quarter was 67.5%, which was above the budgeted 67% recovery target to be achieved by the end of December. Further improvement is anticipated through the current March 2009 quarter with a target of 73% for the transitional

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<sup>3</sup> Gold and silver prices US\$700/oz and US\$12/oz respectively

ores which form the majority of ore that is scheduled to be mined and processed during the early production years.



The first reline of the SAG mill was completed successfully in late December/early January.

### **Concentrate sales and marketing**

By the end of December, 91,852dmt of Phu Kham copper-gold concentrate had been shipped to custom smelters in Southeast Asia.

PanAust has now secured spot and long-term markets for 90% of Phu Kham's copper-gold concentrate production to the end of 2009 at competitive TC/RC's below the current benchmark. This followed an agreement, concluded in December, with a leading metals trader to deliver on spot market terms 110,000 dry metric tonnes of concentrate containing over 27,000t of copper and nearly 30,000oz of gold. Shipments under this agreement commenced in December and will continue through 2009. In addition to the spot sales contract, PanAust will enter into a long-term frame contract with the trader to deliver 70,000dmt/annum of concentrate from 2010 onwards.

### **Growth Strategy**

Until stability returns to global markets, PanAust will apply a cautious and responsible approach to discretionary expenditures including decisions on the timing of capital development commitments and exploration.

Ongoing exploration drilling activities were suspended during the quarter and the focus of activities moved to data compilation following the large amount of drilling undertaken earlier in the year.

PanAust remains committed to progressing capital efficient organic growth opportunities (within the Company's Contract Area in Laos and at Puthep in Thailand), supported by the Company's flagship Phu Kham Operation.

Accordingly, in 2009 it is planned to progress all projects in PanAust's project pipeline: the Phu Kham expansion, the Ban Houayxai Gold Project, both in Laos, and the Puthep Copper Project in Thailand.

### **Expansion of Phu Kham Copper-Gold Operation**

PanAust plans to expand the Phu Kham plant by 33% to a processing rate of 16Mtpa.

Subject to a commitment to proceed being made before June 2009, it is anticipated that expansion to 16Mtpa rates could be implemented in 2010. Annual production rates will then increase to an average rate of 75,000t of copper, 65,000oz of gold and 600,000oz of silver.

PanAust is also pursuing conceptual studies to expand copper production still further. These studies have identified opportunities to improve copper and gold recoveries by treating the tailings output from the cleaner flotation cells. The currently planned life-of-mine average recoveries for copper and gold are around 77% and 50% respectively and increasing metallurgical recoveries offers a significant, and potentially very capital efficient, value-add opportunity.

### **Ban Houayxai Gold-Silver Project, Laos**

In October, PanAust announced the positive outcome of the Ban Houayxai pre-feasibility study, which identified the potential to develop a low-cost gold-silver operation producing between 100,000oz and 130,000oz of gold per annum and between 700,000oz and 800,000oz of silver per annum over a minimum six-year mine life.

PanAust will undertake a feasibility study focused on the initial open-pit mining and carbon-in-leach (CIL) processing of the outcropping oxide and near-surface transitional mineralisation. The objectives of the feasibility study will be to identify the optimum throughput and plant configuration, elevate the confidence in the currently identified oxide/transitional mineral resource and confirm the potential to significantly increase the size of that resource. The feasibility study is scheduled to be completed during the December quarter of 2009.

Assay results received during the quarter are detailed in Appendix I.

### **Puthep Copper Project, Thailand<sup>4</sup>**

Infill resource drilling was completed during the quarter. Details of drill-hole intersections from results received during the quarter are tabulated in Appendix II.

The infill drilling was focused on increasing the confidence of the mineral resource categorisation for the feasibility study resource estimate, which is scheduled to be completed in the June quarter 2009.

The program of drilling has provided confidence that the size of the already large copper-gold mineral resource identified at Puthep can be increased and that the feasibility study will support

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<sup>4</sup> PanAust will earn a 51% interest in Puthep upon completing a feasibility study on the PUT1 deposit and has further options to acquire a total 60% to 70% interest

the development of a 50,000tpa copper project of which PanAust's equity share would be at least 30,000tpa.

**Figure 1: Location of PanAust Projects**



### Advanced Exploration

#### ***Phonsavan Copper Project, Laos – Tharkhek, Bohr Thong and KTL deposits***

The deposits are located near the town of Phonsavan in the north of the Contract Area (Figure 1).

Previous drilling at Tharkhek has identified several zones of copper-gold, copper-silver and molybdenum mineralisation.

At the KTL deposit, results from a gradient array IP/Resistivity survey has identified two target zones of possible mineralisation.

At Tharkhek, a 3-D IP survey was completed during the quarter and will assist with targeting of further exploration activities.

## Sustainability

### Safety and Environment

Safety performance at the Phu Kham Operation has been excellent with no lost time injury (LTI) during the December quarter. At the time of this report the total number of days free from lost time injury had reached 188.

One LTI occurred during construction activities at the Ban Phonxai exploration camp. The incident has been investigated and relevant work practice improvements have been implemented.

### Environment

There were no reportable environmental incidents during the quarter.

### Local Community Projects, Laos

A number of community development projects have been progressed in the areas of education, infrastructure and business development.

Projects progressed during the quarter included:

- A program of veterinary training and livestock vaccination.
- Construction of a replacement middle grade high school was completed at Ban Nam Mo and tenders have been called for the construction of a new sports area.
- At Ban Nam Gnone, a three room extension will be constructed at the existing primary school to assist in providing adequate facilities for the large number of students.

In December, PanAust arranged for the supply, transportation and installation of surplus medical equipment from the Mater Hospital in Brisbane to the hospital in Phonsavan in the north of the Company's Contract Area in Laos (Figure 1). The donated equipment, which had a total estimated value of US\$250,000, was put to immediate use and has allowed the hospital to improve the quality and range of services that it provides.



Phu Bia Mining employees assisting with the unloading of medical equipment at the Phonsavan hospital

## Corporate Information

### *Cash and debt position*

At 31 December 2008, the Company had cash and equivalents of US\$6.3 million and debt of US\$270.2 million (excludes equipment lease facilities).

In early January 2009, PanAust announced that it had agreed terms with Goldman Sachs JBWere for the rollover of its US\$80 million subordinated debt facility by more than one year to a new maturity date of 31 March 2010. The Company also announced that it had secured an US\$8.1 million revolving working capital facility with a group of three banks. The facility replaces the previously undrawn US\$20 million facility.

### *Issued capital*

The issued capital of the Company at 31 December 2008 comprised:

1,440,067,882	Ordinary fully paid shares
33,874,000	Unlisted options
9,837,130	Unlisted share rights

### *Directors*

Garry Hounsell	Non-executive Chairman
Gary Stafford	Managing Director
Geoff Billard	Non-executive Director
Andrew Daley	Non-executive Director
Geoff Handley	Non-executive Director
Nerolie Withnall	Non-executive Director

### *Registered & principal office*

PO Box 3468, South Brisbane Qld 4101  
Telephone: (07) 3117 2000  
Facsimile: (07) 3846 4899

### *Securities Exchange Listing*

Australian Securities Exchange Code: PNA

### *Indexation*

PanAust is a constituent of the S&P/ASX 200 Index.

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### Competent Person Statement

The data in this report that relates to Exploration Results and Mineral Resources is based on information reviewed by Mr Dan Brost who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Brost is a full time employee of PanAust Limited.

Mr Brost has sufficient experience relevant to the styles of mineralisation and type of deposits 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.

Mr Brost 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 forecast cash flows and potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of PanAust 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.

### Appendix I: Selected Ban Houayxai Drill Results received during the quarter

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)
<b>HDD068</b> 431.8m -60 to 180	40.0	8.0	0.4	4.0
	346.0	4.0	0.3	4.1
HDD070 400.0m -60 to 180	324.0	2.0	1.3	8.9
	333.0	1.0	5.1	23.8
	314.0	45.0	0.3	3.7

Intersection grades are down-hole length weighted calculations. Grades are rounded to one decimal place.

### Appendix II: Selected Puthep Drill Results received during the quarter

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Zinc Grade (%)	Comments
<b>PRD136</b> 405m -60 to 090	4.0	22.0	0.4	0.1	-	
	86.0	10.0	0.4	0.1	-	
	144.0	4.0	0.3	0.1	-	
<b>PRD144</b> 207.5m -60 to 090	20.0	4.0	0.3	-	-	
	42.0	18.0	0.2	0.1	0.5	
<b>PRD160</b> 201.3m -60 to 090	148.0	4.0	-	0.4	-	

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Zinc Grade (%)	Comments
<b>PRD161</b> 276.1m -60 to 090	36.0	4.0	0.3	-	-	
	80.0	6.0	0.5	-	-	
	94.0	6.0	0.4	-	-	
	216.0	4.0	0.3	-	0.9	
	260.0	4.0	0.4	-	-	
<b>PRD162</b> 272.5m -60 to 090	36.0	6.0	1.2	0.1	-	
	70.0	30.0	1.0	-	-	
	124.0	4.0	0.3	0.1	0.1	
	154.0	26.0	0.4	-	0.1	
	190.0	14.0	0.6	-	0.6	
<b>PRD163</b> 281.0 -60 to 090	46.0	46.0	1.5	-	-	
	100.0	4.0	0.3	-	-	
	122.0	20.0	0.8	0.1	0.1	
	148.0	10.0	0.2	-	1.5	
	158.0	20.0	0.5	-	0.3	
	188.0	4.0	0.6	0.2	0.3	2.5g/t Ag
	218.0	6.0	0.6	0.2	-	8.3g/t Ag
<b>PRD164</b> 196.0m -60 to 090	6.0	26.0	0.6	0.1	-	
	38.0	14.0	0.6	0.1	-	
	62.0	4.0	0.8	0.1	-	
	84.0	18.0	0.9	0.1	-	
	102.0	6.0	-	-	0.7	
<b>PRD165</b> 284.1m -60 to 090	14.0	26.0	0.4	0.1	-	
<b>PDD169</b> 221.0m -60 to 090	84.0	110.0	0.6	-	-	
	214.0	4.0	0.5	-	-	
<b>PDD177</b> 404.0m -60 to 090	8.0	14.0	0.7	0.1	-	
	88.0	4.0	0.5	0.1	-	
	128.0	22.0	0.6	0.2	-	3.4g/t Ag
<b>PDD178</b> 282.6m -60 to 090	0.0	6.0	0.2	0.3	-	19.7g/t Ag
	22.0	48.0	0.4	0.1	-	
	132.0	6.0	0.4	0.2	-	550ppm Mo
	208.0	4.0	0.4	0.1	-	
<b>PRC181</b> 150.0m -60 to 090	26.0	4.0	0.4	-	-	
	48.0	4.0	1.2	-	-	
<b>PRC184</b> 150.0m -60 to 090	174.0	8.0	0.3	0.1	5.0	26.7g/t Ag
	192.0	8.0	0.5	0.2	0.2	1.6g/t Ag
<b>PRC186</b> 200.0m -60 to 090	132.0	10.0	0.2	0.1	0.6	
<b>PDD187</b> 183.9m -60 to 090	46.0	4.0	0.7	-	-	
	74.0	6.0	1.2	-	-	4.0g/t Ag
	168.0	14.0	-	-	0.6	
<b>PDD189</b> 124.8m -60 to 090	46.0	6.0	-	0.3	-	
	64.0	4.0	0.5	-	-	

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Zinc Grade (%)	Comments
<b>PDD190</b> 150.8m -60 to 090	86.0	6.0	0.8	0.9	-	2.7g/t Ag
<b>PDD191</b> 140.5m -60 to 090	64.0 82.0	4.0 14.0	0.7 0.9	- -	- -	
<b>PRD193</b> 295.8m -60 to 090	0.0 96.0 258.0	24.0 4.0 37.8	0.4 0.3 0.6	0.1 0.1 0.2	- - -	Ends in mineralisation
<b>PRD194</b> 380.2m -60 to 090	190.0 206.0 244.0 312.0	10.0 12.0 4.0 24.0	0.5 0.4 0.3 0.5	0.2 0.2 0.1 0.2	- - - -	
<b>PRD195</b> 280.0m -60 to 090	110.0 122.0 134.0 204.0	4.0 6.0 6.0 4.0	0.8 0.4 0.6 0.4	0.2 0.1 0.1 0.1	- - - -	
<b>PRD198</b> 200.0m -60 to 090	26.0 48.0 116.0 124.0	24.0 34.0 6.0 6.0	2.3 - 0.5 0.3	- - - -	- 1.0 - 1.1	
<b>PRD201</b> 355.0m -60 to 090	22.0 288.0 318.0	6.0 4.0 10.0	0.3 0.7 0.4	- 0.2 -	- - -	
<b>PRD202</b> 223.5m -60 to 090	180.0	4.0	0.8	-	-	
<b>PRC207</b> 200.0m -60 to 090	72.0 110.0	32.0 10.0	0.4 0.3	- -	- -	
<b>PRD209</b> 197.0m -60 to 090	6.0 18.0 30.0 52.0 160.0	4.0 6.0 4.0 6.0 32.0	- - - - -	- 0.4 0.4 - -	0.7 - 0.5 1.1 0.4	
<b>PRC210</b> 204.0m -60 to 090	50.0 66.0	10.0 4.0	0.5 0.3	- -	- -	
<b>PRC212</b> 150.0m -60 to 090	26.0	8.0	0.3	-	-	
<b>PRD213</b> 160.0m -60 to 090	38.0	4.0	0.7	0.1	-	
<b>PRD221</b> 134.3m -60 to 090	42.0 50.0 74.0	4.0 34.0 24.0	0.6 0.4 -	- - -	- - 0.9	
<b>PRC222</b> 132.0m -60 to 090	24.0 70.0	12.0 12.0	- 0.7	0.6 2.2	- -	5.5g/t Ag

Intersection grades are down-hole length weighted calculations. Grades are rounded to one decimal place.

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

PANAUST LIMITED

ACN or ARBN

011 065 160

Quarter ended ("current quarter")

DECEMBER 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (12 months) US\$'000
1.1 Receipts from product sales and related debtors	37,398	138,249
1.2 Payments for		
(a) exploration and evaluation	(3,503)	(22,801)
(b) development/tailings storage	(8,624)	(98,007)
(c) production	(28,022)	(99,680)
(d) administration	(4,872)	(18,432)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10.0	282
1.5 Interest and other costs of finance paid	(2,037)	(12,061)
1.6 Income taxes paid	-	-
1.7 Other deposits	-	-
<b>Net Operating Cash Flows</b>	<b>(9,650)</b>	<b>(112,450)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	(1,409)	(9,479)
(c) other fixed assets	(5,667)	(34,107)
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)	-	-
<b>Net investing cash flows</b>	<b>(7,076)</b>	<b>(43,586)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(16,726)</b>	<b>(156,036)</b>

1.13	Total operating and investing cash flows (brought forward)	(16,726)	(156,036)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	91	951
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	8,745	136,917
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	<b>8,836</b>	<b>137,868</b>
	<b>Net increase (decrease) in cash held</b>	<b>(7,890)</b>	<b>(18,168)</b>
1.20	Cash at beginning of quarter/year to date	14,135	24,414
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	6,245	6,245

**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	360
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1. Amounts represented in 1.8(b) relate to the exploration & evaluation of the Puthep deposit.

**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

Finance leases have been included in cash flows, as the outflow of cash on other fixed assets has occurred prior to the reimbursent of this cash at a later date from the finance lease facility. Cash outflow is recorded under 1.8(c) and the subsequent cash inflow recorded under 1.16.

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

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

		Amount available US\$'000	Amount used US\$'000
3.1	(a) Loan facilities	\$275,100	\$273,100
	(b) Equipment Lease Facilities	\$48,500	\$48,500
3.2	Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

		US\$'000
4.1	Exploration and evaluation	4,600
4.2	Development	
<b>Total</b>		

### 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	6,245	14,106
5.2	Deposits at call	-	30
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		6,245	14,136

### 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		

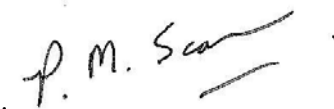
### Issued and quoted securities at end of current quarter

*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	1,440,067,882	1,440,067,882	NA	NA
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	750,000 140,000	750,000 140,000	18 cents Nil	18 cents Nil
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/Share Rights <i>(description and conversion factor)</i>	43,711,130	0	<i>Exercise price</i> See Attached	<i>Expiry date</i> See Attached
7.8 Issued during quarter	967,690	0	See Attached	See Attached
7.9 Exercised during quarter	890,000	0	As per 7.4	As per 7.4
7.10 Expired during quarter	320,162	0		
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

## 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: 16 January 2009  
(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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**PANAUST LIMITED  
QUARTERLY REPORT  
FOR THE QUARTER ENDING 31 DECEMBER 2008**

**ISSUED OPTIONS AT 31 DECEMBER 2008**

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
2,000,000	32.00	06/04/2009
1,000,000	32.00	13/09/2009
8,050,000	40.00	29/02/2012
750,000	83.00	07/10/2012
2,310,000	90.00	31/12/2012
5,000,000	114.50	05/03/2009
5,000,000	133.00	24/04/2009
4,400,000	90.00	31/12/2012
5,000,000	107.50	16/06/2009
364,000	80.00	30/06/2013
<b>33,874,000</b>		

**ISSUED EMPLOYEE SHARE RIGHTS AT 31 DECEMBER  
2008**

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
Performance Conditions		
3,075,000	NIL	31/03/2017
2,385,000	NIL	31/12/2017
214,000	NIL	30/06/2018
No Performance Conditions		
4,163,130	NIL	Various in 2017 & 2018
<b>9,837,130</b>		