

24 April 2009

Quarterly Report for the three months ending 31 March 2009

Phu Kham Copper-Gold Operation, Laos

- US\$33.2 million¹ EBITDA for the March quarter 2009
- Phu Kham Operations produced 51,644t of concentrate containing 13,150t copper, 10,446oz gold and 87,022oz silver, and 5,890oz of gold in doré
- Average cash operating cost (C1) of US\$0.70/lb after precious metal credits; **guidance for average 2009 cash costs revised down from US\$0.90/lb of copper to US\$0.80/lb of copper**
- Sales totalled 54,288dmt of copper-gold concentrate and 7,301oz of gold in doré
- New total material mined monthly record in February of 2.4 million tonnes
- Outstanding safety performance continued at the Phu Kham Operations - 285 days lost time injury free achieved to date

Growth Projects

Ban Houayxai Gold-Silver Project, Laos

- Final program of feasibility drilling commenced, initial results have confirmed the low-grade disseminated mineralisation style with frequent high-grade peak intervals including:
 - HRC271: 70m at 1.4g/t gold and 13.7g/t silver from surface, including 5m at 11.8g/t gold and 68.5g/t silver from 50m
 - HRC275: 84m at 0.9g/t gold and 6.5g/t silver from surface, including 4m at 4.8g/t gold and 8.4g/t silver from 56m
 - HRC281: 1m at 104g/t gold and 101g/t silver from 10m

Corporate

- PanAust Group March quarter 2009 net profit before tax of US\$13.5 million¹
- Successful share placement (January) and shareholder Share Purchase Plan (February) raised approximately A\$48 million, providing additional working capital and funding for feasibility/exploration activities during 2009

¹ Unaudited financial results

Phu Kham Operations, Laos

The outstanding safety performance at the Phu Kham Operations continued and at the time of this report over 285 days lost time injury free has been achieved.

Table 1: March quarter 2009 production statistics

Phu Kham Operations Production summary	Units	3 months to 31 Mar 2009
Total material mined	t	6,590,953
Copper-gold ore mined	t	2,836,921
Copper head grade	%	0.76
Gold head grade	g/t	0.32
Silver head grade	g/t	3.49
Ore milled	t	2,789,286
Concentrate produced	dmt	51,644
Copper in concentrate	t	13,150
Gold in concentrate	oz	10,446
Silver in concentrate	oz	87,022
Gold in doré (Heap Leach)	oz	5,890

Production performance

Ramp-up of the operation continued with a focus on optimising throughput and copper recovery rates. A new monthly record of 2.4 million tonnes (Mt) for total material mined was achieved in February and included a daily record of over 96,000t.

The scheduled mill throughput of 3Mt of ore incorporated the planned mill reline shutdowns in early January (SAG mill) and early March (ball mill). Actual performance of 2.8Mt exceeded expectation given the unscheduled stoppages caused by a faulty mill motor which needed to be replaced. The mix of ore types processed during the quarter, which included transitional ores with a high pyrite and high clay content, resulted in copper recovery rates that were lower than the average scheduled for 2009.

With scheduled improvements in the copper recovery rates through the remainder of the year the Operation remains on track to achieve production for 2009 of over 65,000t of copper, 65,000oz to 75,000oz² of gold and between 400,000oz and 600,000oz of silver.

Cost performance

The average cash cost (C1³) for the March quarter was US\$0.70/lb of copper after precious metal credits⁴. This positions Phu Kham as a very competitive copper producer in global terms and was achieved despite the scheduled shutdowns and unscheduled stoppages during the quarter.

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

³ Brook Hunt convention for reporting direct cash costs comprising: mine site, concentrate transportation and freight, treatment and refining charges and marketing costs

⁴ Based on invoiced pricing for gold and silver through the quarter

The cash operating cost performance at Phu Kham improved strongly during the quarter due to a proactive approach to cost management, scheduled higher average copper grades of ore processed and increased gold credits at a higher gold price from the seasonal heap leach operation.

Total gold credits will reduce between May and September with the suspension of gold doré production from the seasonal heap leach gold operation. Transition to wet season mode at the heap leach operation has commenced.

Following a review of the Operation's cost and production performances to date, PanAust has revised its cash cost guidance for 2009 to an average of US\$0.80/lb of copper after precious metal credits⁵.



The first 15 students of the Operation's technical traineeship program graduated in March

Expansion of Phu Kham Copper-Gold Operation

PanAust plans to expand the Phu Kham process plant by 33% to a processing rate of 16 million tonnes per annum (Mtpa). The purpose of the expansion is to enable the Operation to achieve annual copper production levels of above 70,000t through the mine life and periods of lower grade ore feed.

The expansion is the subject of a review to incorporate changed market conditions experienced over the last six months. Encouragingly, recent ore reserve and scheduling work, adopting a life-of-mine copper price of US\$1.75/lb, has identified opportunities to maintain annual copper production at circa 65,000t to 70,000t into 2011. These opportunities will be investigated as part of the review with the objective of deferring the commencement of construction until mid-2010 with commissioning of the expanded plant by the end of 2011.

⁵ Assumes a gold price of US\$900/oz and a silver price of US\$12.5/oz

Growth Strategy

PanAust is 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. The Company will apply a cautious and responsible approach to discretionary expenditures including decisions on the timing of capital development commitments and exploration.

During 2009, it is planned to progress PanAust's most advanced projects: the Ban Houayxai Gold Project in Laos and the Puthep Copper Project in Thailand.

Ban Houayxai Gold-Silver Project, Laos

The final program of feasibility study drilling commenced at the Ban Houayxai Project. The aim of the 14,000-metre program is to increase the size of the oxide-transitional Mineral Resource (refer table below) and to increase the proportion of mineralisation in the Measured and Indicated categories. At the end of March there were five drill rigs in operation with a view to completing the reverse circulation part of the drill program before the start of the wet season in May. Initial drill results (Appendix I) have confirmed the low-grade disseminated mineralisation style with frequent high-grade peak intervals and include:

- HRC271: 70m at 1.4g/t gold and 13.7g/t silver from surface, including 5m at 11.8g/t gold and 68.5g/t silver from 50m
- HRC275: 84m at 0.9g/t gold and 6.5g/t silver from surface, including 4m at 4.8g/t gold and 8.4g/t silver from 56m
- HRC281: 1m at 104g/t gold and 101g/t silver from 10m

PanAust is undertaking 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 feasibility study work is scheduled to be completed at the end of 2009 for reporting in the March quarter 2010.

The Ban Houayxai pre-feasibility study completed in October 2008 identified the potential to develop a low-cost operation by late 2011 with an annual production of 100,000oz to 130,000oz of gold and 700,000oz to 800,000oz of silver over a minimum six-year mine life.

These levels of production would result in PanAust's total annual gold production rising from the 2009 forecast of 65,000oz to approximately 190,000oz and silver production rising from 360,000oz to over 1,000,000oz. If PanAust commits to the development of Ban Houayxai, the Company's ratio of revenue from gold and silver to revenue from copper would be approximately 40:60 (assumes US\$1.75/lb copper, US\$900/oz gold and US\$12.5/oz silver).

Oxide-Transitional Mineral Resource (0.4g/t gold cut-off grade)	Tonnes (Mt)	Gold (g/t)	Silver (g/t)	Gold In-Situ (oz)	Silver In-Situ (oz)
Measured	6.0	1.0	6.1	190,000	1,200,000
Indicated	10.7	1.0	8.2	340,000	2,800,000
Inferred	5.6	1.1	4.4	190,000	800,000
Total	22.3	1.0	6.7	740,000	4,800,000



The final program of feasibility drilling at Ban Houayxai commenced in March

Puthep Copper Project, Thailand⁶

The final assay results from the 2008 infill drill program were received during the quarter and significant intersections were detailed in a 17 March 2009 announcement to ASX. Data from the 59,000-metre drill program will be incorporated into 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 the development of a 50,000tpa copper project of which PanAust's equity share would be at least 30,000tpa. Mineralisation at the PUT1 deposit extends for a strike length of over three kilometres and a width of up to one kilometre.

Exploration

Regional exploration in Laos during the quarter comprised reconnaissance work and soil sampling at various prospects within the Contract Area in Laos.

⁶ 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

Sustainability

Safety

The excellent safety performance at the Phu Kham Operation continued during the quarter. At the time of this report the total number of days free from lost time injury had exceeded 285.

Environment

There were no reportable environmental incidents during the quarter.

Local Community Projects, Laos

A number of community development projects in the neighbouring villages of Nam Mo and Nam Gnone have been progressed in the areas of education, infrastructure and business development.

Highlights for the quarter included:

- Support to the local communities farmers' cooperative led to the commencement of fresh produce supply to the Phu Kham accommodation camp – in March, 31% of vegetables purchased were grown locally
- Construction of a three room extension to the Nam Gnone village primary school was completed, including provision of furniture and teaching materials
- Upgrade of water supply to the Nam Mo village commenced to provide the village with a reliable source of water



Daily purchase of vegetables from the village cooperative

Corporate Information

Financial performance

The Phu Kham Operation contributed US\$33.2 million in EBITDA⁷ to PanAust's net profit before tax for the March quarter 2009 of US\$13.5 million. In 2009, PanAust will not be liable to remit any income tax.

In the 2008 Annual Report, the Company recognised a liability of US\$40 million at 31 December 2008 in relation to final settlement and mark to market adjustment (assuming a copper price of US\$1.33/lb) of provisional invoices⁸ for the initial shipments of concentrate delivered by the Phu Kham Operation between July and December 2008.

By the end of the March quarter 2009, this liability had reduced to less than US\$19 million as a consequence of the improvement in the copper price and progressive repayment (through additional sales of concentrate) and is expected to be paid out by July 2009 at the current copper price (approximately US\$2.00/lb).

Cash and debt position

At 31 March 2009, the Company had cash of US\$19.8 million and debt of US\$275.1 million (excludes equipment lease facilities). The debt comprises US\$185 million of long-term (six years) and working capital Project facilities with a syndicate of Project finance banks and US\$80 million of short-term (March 2010) subordinated debt with Goldman Sachs JBWere.

At the beginning of the year, PanAust commenced a process to refinance the short-term subordinated debt through the Company's advisor Rothschild Australia. The process identified a significant number of strategic and industry investors that have conducted initial due diligence and tabled proposals.

The rapid and welcome recovery in the copper price and in turn the PanAust's share price from early January lows has required some parties to reevaluate original proposals and has also presented a number of additional refinancing opportunities for the Company to consider. The process has progressed through this changed environment so that there is now a short list of potential participants and funding options to work through to a final solution. The Company is confident that the refinancing will be completed during the June quarter.

⁷ Earnings before interest, tax, depreciation and amortisation

⁸ PanAust delivers concentrate to copper traders on an industry standard basis whereby, at the time of shipment, the trader makes a provisional payment to PanAust, by way of a provisional invoice, for the contained copper in the shipment at the prevailing London Metal Exchange (LME) copper price. Final settlement of the payment is based on the average LME copper price over a subsequent pricing period specified by the terms of the sale contract. That pricing period can be a few days or one month and can commence up to three months after the shipment date. The period commencing on the date of shipment to the end of the pricing period is known as the Quotational Period (QP).

The pricing methodology is normal for the industry and the QP often reflects the average time to elapse between the date of shipment and the date of processing by the smelter at the final destination.

Issued capital

The issued capital of the Company at 31 March 2009 comprised:

1,763,554,530	Ordinary fully paid shares
28,544,000	Unlisted options
8,244,764	Unlisted share rights

On 15 April 2009, 75 million options were issued to Goldman Sachs JBWere Capital Markets Limited as part of the arrangements under the agreement to extend the maturity date of the fully subordinated debt facility of approximately US\$80 million (including capitalised interest) to 31 March 2010.

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

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.

Figure 1: Location of PanAust Projects



Appendix I: Ban Houayxai drill results

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)	Comments
HRC271 70m -60 to 180	4.0	34.0	0.7	10.2	Bulk intersection, no cut-off applied
	43.0	27.0	2.7	21.3	
	Including: 50.0	5.0	11.8	68.5	
	0.0	70.0	1.4	13.7	
HRC272 68m -60 to 180	0.0	47.0	0.6	21.6	
HRC273 65m -60 to 180	58.0	3.0	2.1	7.4	
HRC274 90m -60 to 180	0.0	32.0	0.6	1.1	
HRC275 84m -60 to 180	0.0	84.0	0.9	6.5	Hole ended in >2g/t gold mineralisation
	Including: 56.0	4.0	4.8	8.4	
HRC279 57m -60 to 180	2.0	11.0	1.6	4.8	
HRC281 90m -60 to 180	0.0	3.0	0.3	1.0	Hole ended in >0.3g/t gold mineralisation
	8.0	16.0	6.9	10.0	
	Including: 10.0	1.0	104.0	101.0	
	30.0	21.0	0.5	5.4	
	67.0	8.0	1.2	6.6	
86.0	4.0	0.4	1.8		

Intersection grades are down-hole length weighted calculations using a cut-off grade of 0.3g/t gold.
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")

MARCH 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (3 months) US\$'000
1.1 Receipts from product sales and related debtors	74,236	74,236
1.2 Payments for (a) exploration and evaluation	(1,590)	(1,590)
(b) development/tailings storage	(6,625)	(6,625)
(c) production	(60,869)	(60,869)
(d) administration	(6,043)	(6,043)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	14
1.5 Interest and other costs of finance paid	(4,829)	(4,829)
1.6 Income taxes paid	-	-
1.7 Other deposits	-	-
Net Operating Cash Flows	(5,706)	(5,706)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	(2,018)	(2,018)
(c) other fixed assets	(7,254)	(7,254)
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	(9,272)	(9,272)
1.13 Total operating and investing cash flows (carried forward)	(14,977)	(14,977)

1.13	Total operating and investing cash flows (brought forward)	(14,977)	(14,977)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	30,472	30,472
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1,930)	(1,930)
1.18	Dividends paid	-	-
1.19	Other	-	-
Net financing cash flows		28,542	28,542
Net increase (decrease) in cash held		13,565	13,565
1.20	Cash at beginning of quarter/year to date	6,245	6,245
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	19,810	19,810

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	218
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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 lease repayments are recorded under 1.17.

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	\$275,100
	(b) Equipment Lease Facilities	\$44,639	\$44,639
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		US\$'000
4.1	Exploration and evaluation	1,900
4.2	Development	5,100
Total		7,000

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	15,580	6,245
5.2	Deposits at call	4,230	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		19,810	6,245

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	1,763,554,530	1,763,554,530	NA	NA
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	176,019,477 147,065,717 401,454	176,019,477 147,065,717 401,454	14.985 cents 15 cents Nil	14.985 cents 15 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>	36,788,764	0	<i>Exercise price</i> See Attached	<i>Expiry date</i> See Attached
7.8 Issued during quarter	1,292,713	0	See Attached	See Attached
7.9 Exercised during quarter	401,454	0	As per 7.4	As per 7.4
7.10 Expired during quarter	7,813,625	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: 24 April 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 MARCH 2009**

ISSUED OPTIONS AT 31 MARCH 2009

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
2,000,000	32.00	13/04/2009
1,000,000	32.00	13/09/2009
8,050,000	40.00	29/02/2012
750,000	83.00	07/10/2012
1,980,000	90.00	31/12/2012
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
28,544,000		

ISSUED EMPLOYEE SHARE RIGHTS AT 31 MARCH 2009

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
Performance Conditions		
1,875,000	NIL	31/03/2017
1,970,000	NIL	31/12/2017
214,000	NIL	30/06/2018
202,703	NIL	31/12/2019
No Performance Conditions		
3,983,061	NIL	Various 2017 -2019
8,244,764		