

22 April 2010

Quarterly Report for the three months ending 31 March 2010

Phu Kham Copper-Gold Operations, Laos

- March quarter production was 64,931dmt of concentrate containing 16,005t of copper at an average C1¹ cash cost of US\$0.80/lb of copper after precious metal credits from 16,098oz of gold and 118,119oz of silver
- Record monthly copper production of 5,904t achieved in January

Growth Projects

Ban Houayxai Gold-Silver Project, Laos

- PanAust's Board of Directors approved the development of the Ban Houayxai Gold-Silver Project subject to Government of Laos approvals; the successful Feasibility Study was based on an operation producing over 100,000oz of gold and 700,000oz of silver per annum over a minimum eight-year mine life

Inca de Oro Copper-Gold Project, Chile

- PanAust has made a binding offer to Codelco to acquire a majority interest in the Inca de Oro Copper-Gold Project in Chile. The Board of directors of Codelco has passed a resolution recommending the acceptance of PanAust's offer, subject to approval by Presidential Decree.

Exploration

- Drilling continued at high priority targets in Laos: Phonsavan Copper Project and Ban Phonxai copper-gold prospect

Corporate

- At 31 March 2010, PanAust had cash of US\$91.5 million, project debt of US\$53.7 million and a mobile equipment lease facility of US\$36.9 million
- PanAust received the 2010 award for Best Community Development Initiative at the Asia Mining Congress in Singapore

¹ Brook Hunt convention for reporting direct cash costs comprising: mine site, concentrate transportation and freight, treatment and refining charges and marketing costs. Based on payable copper in concentrate produced.

Phu Kham Operations, Laos

Introduction

Strong production and cost performances continued in the March quarter 2010. For the second successive quarter, the Phu Kham Operation produced over 16,000t of copper at an average C1 cash cost of US\$0.80/lb copper (after precious metal credits) despite a scheduled five-day shutdown in March and lower gold production (compared to the December quarter). Notably, the March quarter included record monthly copper production of 5,904t in January.

Table 1: Production and cost summary

Phu Kham Operations Production summary	Units	3 months to 31 Mar 2010
Copper in concentrate	t	16,005
Gold in concentrate	oz	13,704
Silver in concentrate	oz	118,119
Gold in doré (Heap Leach)	oz	2,394
C1 cash cost after precious metal credits ²	US\$/lb Cu	0.80

Further details of the production and cost performances are contained in Table 2 and Table 3 of this report

Production Performance

Design mill throughput of three million tonnes of ore was achieved during the quarter. During March, there was a planned five-day maintenance shutdown to undertake a complete reline of the ball mill and a partial reline of the SAG mill. The next major maintenance shutdown is scheduled for the September quarter.

The average copper grade for the quarter was 0.79% and the average copper recovery was 68%, reflecting the mix of ore types processed. The elevated copper head grades processed over the past six months were largely a function of a significant component of mill feed being sourced from a high-grade stage of the open-pit, which was depleted in early April. The average copper grade scheduled for 2010 is 0.7%.

Mining posted a quarterly record of nearly 6.7 million tonnes of material moved. Further mining capacity is scheduled to be added mid-year with the commissioning of a fifth shovel.

Phu Kham remains on track to achieve target concentrate production for the 2010 year in the range of 240,000dmt and 260,000dmt containing between 60,000t and 63,000t copper, and more than 40,000oz gold and 300,000oz silver at an average C1 cash cost of between US\$0.95/lb and US\$1.05/lb copper after precious metal credits³.

At the Heap Leach Gold Operation, irrigation of the leach pads ended in March 2010 and gold recovery from solution ceased on 1 April 2010. Between November 2005 and April 2010, the Operation produced nearly three tonnes of gold and played an important role in the initial development of PanAust's operating presence in Laos. After closure activities are completed, the workforce will be redeployed to duties at Phu Kham and the Ban Houayxai Gold-Silver Project.

² Based on invoiced pricing for gold and silver

³ Assumes gold and silver prices of US\$1,000/oz and US\$16/oz respectively and US\$0.78/litre diesel fuel cost

Pay metal in concentrate sales during the March quarter totalled 13,919t of copper and 15,564oz of gold. The average copper and gold prices realised (after hedging) were US\$3.23/lb and US\$957/oz respectively.

Resource extension

North pit area - Resource drilling within the north pit area of Phu Kham continued during the quarter. The 3,600m program will test the northern and north-eastern limit of the Phu Kham copper-gold deposit where mineralisation remains open both laterally and at depth. Initial drill results at the north-east of the deposit have extended the interpreted limit of mineralisation.

A revised mineral resource estimate which incorporates results from the southern pit area resource extension drilling completed in 2009 is now being finalised and will form the basis for a revised ore reserve estimate.

Growth

PanAust has a corporate strategy focused on growth by discovery, acquisition and development.

Key components of this strategy are: a commitment to progressing capital efficient organic growth opportunities; the acquisition of producing or pre-development copper assets that could support annual production of 50,000t of copper or copper equivalent; and, pursuit of an active exploration and resource development program in Laos.

Ban Houayxai Gold-Silver Project, Laos

In March, PanAust announced that the Board of Directors had approved the development of the Ban Houayxai Gold-Silver Project. The decision followed the successful conclusion of the project feasibility study which was based on an open pit mining operation feeding ore to a conventional 4Mtpa Carbon In Leach (CIL) process plant to produce over 100,000oz of gold and 700,000oz of silver per annum.

Key project parameters from the feasibility study:

Average annual production	Over 100,000oz gold and 700,000oz silver
Recovery rates	Gold: recovery range is 80% to 94% with an average of 87% over the life of the mine Silver: average recovery 70% with only minor variation across mineralisation types
Mine Life	Minimum eight years. Mineralisation is open at depth and to the west
Waste : Ore strip ratio	Less than 1.5:1, no pre-strip required
Process plant	Carbon in leach, 4Mtpa throughput capacity
Pre-development Capital	US\$16M, approved November 2009
Development Capital	US\$134M, includes 10% contingency
Cash Operating Cost ⁴	Between US\$400/oz and US\$450/oz gold

⁴ Before royalty, assumes silver by-product credit at US\$13/oz

The Ban Houayxai gold-silver deposit is located approximately 25km west of the Phu Kham Copper-Gold Operation and the mining equipment will be similar to the existing fleet at Phu Kham ensuring standardisation of maintenance components and procedures between the two sites.

Major earthworks, in preparation for camp construction and initial civil works, are underway at Ban Houayxai following Government of Laos approval for these works to be completed before onset of the 2010 wet season. At the end of the quarter, construction of the new northern access road and site works for the process plant and camp site were all more than 60% complete. Commencement of major construction work and operations is subject to Government of Laos acceptance of the Environmental and Social Impact Assessment (ESIA). The draft ESIA is scheduled to be lodged in April.

The Ban Houayxai deposit remains open at depth and to the west. Further resource development drilling is aimed at delineating additional near surface oxide mineralisation, and upgrading the resource categorisation of deeper primary mineralisation with the target of extending the mine life beyond ten years. Significant intersections from the current drill program are included in Table 4 and included:

- Drill hole HDD143 intersected 52m at 2.0g/t gold and 3.9g/t silver from surface, and 4m at 6.1g/t gold and 9.5g/t silver from 189m
- Drill hole HDD147 intersected 5m at 19.5g/t gold and 16.4g/t silver from 165m
- Drill hole HDD156 intersected 51m at 1.7g/t gold and 53.5g/t silver from 98m
- Drill hole HDD158 intersected 31m at 2.7g/t gold and 72.1g/t silver from 141m

Phu Kham Operations, Laos

During 2010, PanAust will commence a review of the Phu Kham Copper-Gold Operation to determine the optimum approach to expanding production. The review will be based on operating experience to date and will consider previous studies to expand processing rates from 12Mtpa to 16Mtpa and options to recover additional copper and gold from further processing of the existing tailings stream. The review will have the objective of maintaining annual copper production as ore head grades decline (identified as commencing in 2012 under the current mine plan).

Inca de Oro Copper-Gold Project, Chile

PanAust has made a binding offer to Corporación Nacional del Cobre de Chile (“Codelco”) for PanAust to acquire a majority interest in the Chilean registered company Inca de Oro S.A., which, following a re-structure of Codelco subsidiaries will own the Inca de Oro Copper-Gold Project. The Project includes an estimated total combined Indicated and Inferred sulphide Mineral Resource of 259 million tonnes grading 0.46% copper and 0.13g/t gold (Table 5). The acquisition will fit well with PanAust’s corporate strategy for growth and represents an excellent opportunity to establish a business in one of the world’s most attractive copper mining regions.

The Board of directors of Codelco has passed a resolution recommending the acceptance of PanAust’s offer. Under Chilean law, the offer is subject to approval by Presidential Decree and it is anticipated that the President of the Republic of Chile will consider the proposal during the next few months.

The Inca de Oro pre-feasibility study, scheduled for completion in mid-2010, has confirmed the potential for a conventional open-pit mining and flotation operation to support annual production of approximately 50,000t of copper and 40,000oz of gold in concentrate at a competitive cash cost and over a plus ten-year mine life. In addition, the pre-feasibility study is evaluating the potential of oxide mineralisation that overlays the sulphide resource to support a heap leach SX-EW operation, and will also evaluate the potential to produce a molybdenum concentrate.

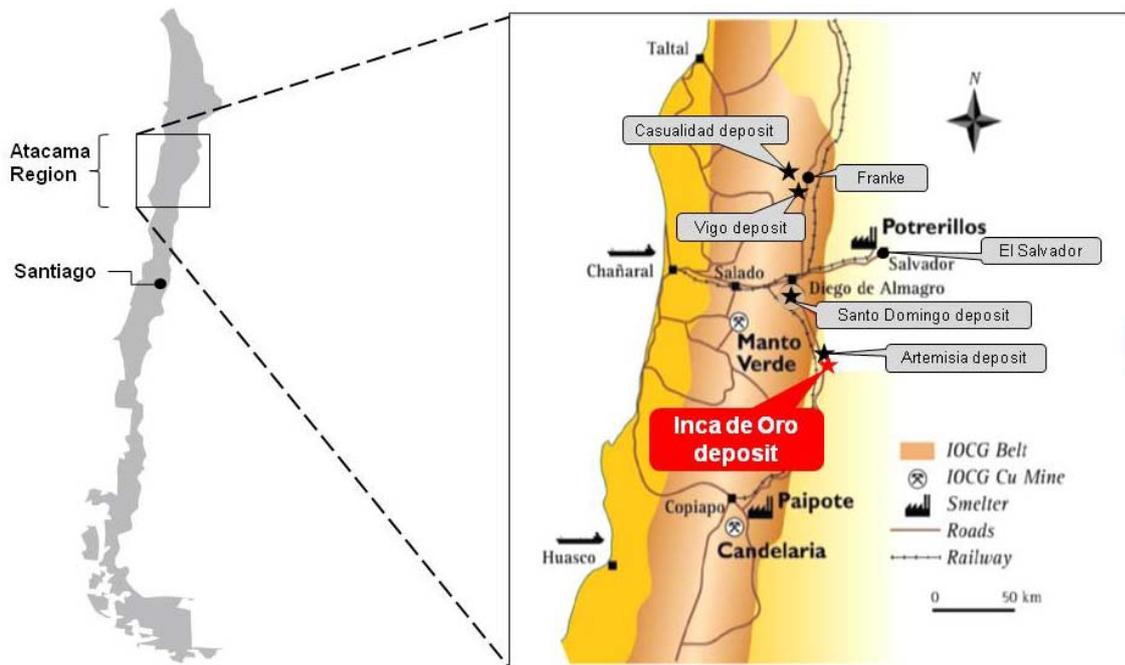
Once the pre-feasibility study results have been reviewed, the focus for Inca de Oro S.A. will be the completion of a feasibility study on the Project over the following 12 to 18 months.

The Inca de Oro deposit is a typical oxide-transitional-primary zoned Andean style porphyry copper-gold deposit and is located near the town of Inca de Oro (“gold of the Incas”, population of approximately 500), in the province of Chañaral, Region III of Atacama, Chile (Figure 1).

PanAust’s interest in Inca de Oro S.A. will be held through a 90% interest in PanAust Minera, the remaining 10% being held by an independent Australian private company, The Minera Group. PanAust Minera will hold a 66% interest in Inca de Oro S.A. (giving PanAust a 59.4% beneficial interest) and Codelco will retain a 34% interest.

PanAust Minera will initially invest US\$45 million of equity into Inca de Oro S.A. to acquire 66% of the company of which: US\$23 million will be paid to acquire study data and the majority interest; US\$10 million will be allocated to fund a feasibility study on the Inca de Oro Project; and US\$12 million will be retained as cash to support growth initiatives and initial development costs for the Project. Inca de Oro S.A. will evaluate other copper mining assets in Chile for acquisition, including copper assets currently owned by Codelco.

Figure 1: Location of Inca de Oro



Puthep Copper Project, Thailand⁵

The feasibility study continued during the quarter. Preliminary leach test work has confirmed copper vat leaching as the preferred processing option for near-surface chalcocite mineralisation. PanAust is targeting a project with an annual production rate of 25,000t to 30,000t of cathode copper over an eight-year mine life. It is anticipated that further copper leach test work will be undertaken in 2010.

Exploration

Regional exploration activities during the quarter comprised reconnaissance work and soil sampling at various prospects within the Company's 2,636km² Contract Area in Laos. The Contract Area is under-explored and is highly prospective for copper and gold, offering excellent potential for the discovery of significant new resources as the basis for organic growth.

Drilling programs continued during the quarter at high priority targets: the Phonsavan Copper Project in the northern part of the Contract Area, and the Ban Phonxai prospect located approximately 25km northwest of Phu Kham.

The **Phonsavan Copper Project** comprises three discrete deposits – KTL, Tharkhek and Bohr Thong – located within 10km of each other and close to existing road and power infrastructure. A two-year resource development program, which will be completed in several phases, is underway with an initial focus on the KTL and Tharkhek deposits. At Tharkhek, a 4,850m drill program commenced during the quarter aimed at extending the limit of known mineralisation and the testing of soil geochemistry and geophysical targets in areas with where has been no previous drilling. Drilling at the KTL deposit continued through the quarter as part of a 6,750m drill program. At the end of March, both drill programs were nearing completion and planning for follow-up drill programs was underway. Significant intersections during the quarter are presented in Table 6 and included:

KTL

- Drill hole KDD040 intersected 42m at 0.69% copper, 0.19g/t gold, 3.5g/t silver and 0.006% molybdenum from a depth of 160m
- Drill hole KDD044 intersected 50m at 0.95% copper, 0.38g/t gold and 2.8g/t silver from a depth of 146m

Tharkhek

- Drill hole TKD020 intersected 20m at 1.30% copper, 0.03g/t gold and 11.3g/t silver from a depth of 284m

The **Ban Phonxai Copper-Gold Prospect** is defined by the largest (6km x 3km) soil anomaly discovered to date in the Contract Area. The anomaly represents an excellent target for porphyry style mineralisation. Scout drilling continued during the quarter with a 3,400m program focused in the northern area of the copper in soil anomaly and to provide baseline geological interpretation data.

⁵ 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

There were no Lost Time Injuries (LTI) recorded during the quarter. The LTI frequency rate (LTI's per million man-hours) on a 12-month rolling average basis at 31 March 2010 was 0.3.

Environment

There were no reportable environmental incidents during the quarter.

Training

An important milestone was achieved during the quarter with the first group of Phu Kham trade trainees successfully passing the Lao Ministry of Education practical and theory examinations, a recognised qualification in Laos, 12 months after entering the workforce.

Economic and social contribution

PanAust is committed to the highest standards of corporate citizenship through contributing to the future socio-economic success of Laos, and in particular, ongoing development in the communities within which the Company operates.

At the Annual Sustainability Awards of the 2010 Asia Mining Congress in Singapore, PanAust received the award for Best Community Development Initiative. The award was in recognition of PanAust's Livelihood Improvement Program which is designed to assist the sustainable development of the communities around the Phu Kham Operation in Laos through training of local villagers and micro-financing village-based agricultural businesses that now supply 40% of the food requirements of the Phu Kham camp and provide cash income and diet diversification for local villages.

The direct economic value generated through PanAust's operations includes employee wages and benefits, payments to local suppliers, taxes, royalties and community investments through a Community Development Fund.

Local Community Projects, Laos

In the vicinity of Phu Kham, PanAust continues to advance a number of community development projects mainly in the neighbouring villages of Nam Mo and Nam Gnone. Education, health, infrastructure and business development are the main focus, with projects progressed in full consultation with local community and government.

Activities for the quarter included:

- Construction of a community centre at the Nam Gnone village was completed
- Preparations were finalised for the construction of a community centre at the Nam Mo village
- Sealing of the access road through all villages along the concentrate haulage route commenced

Corporate

At 31 March 2010, the Company had cash of US\$91.5 million, project debt of US\$53.7 million and a mobile equipment lease facility of US\$36.9 million.

Copper price exposure

PanAust's current hedging policy seeks to maximise the Company's exposure to the prevailing copper price but protect the Company against near-term sharp falls in the copper price and revenue loss over the quotation period on provisionally priced shipments.

The Company manages the copper provisional price risk on sales contracts (over the quotational period) with bank hedging facilities and near-term production (up to 12 months) with a mixture of fixed price agreements established last year with copper trading companies and put options.

At the date of this report, PanAust has 8,000t of copper under fixed price agreements, of which, 6,000t at an average price of US\$6,156/t (US\$2.79/lb) is due for settlement in the current quarter, with the remaining 2,000t at US\$7,438 (US\$3.37) due to be executed in July.

PanAust also has put options (as protection against potential downside copper price risk on future production) over 2,500t of copper executable each month to March 2011 at an average strike of US\$5,543/t (US\$2.51/lb).

Gold price hedging

PanAust has a limited amount of gold hedging in place. Gold price hedging was a requirement under the terms of the Phu Kham project debt facility. The following gold hedging positions remained at 31 March 2010:

- Gold forward sales totalling 48,319oz between 2010 and 2013 at escalating prices between US\$771/oz and US\$858/oz
- Gold put options purchased on a deferred premium basis covering 65,675oz of gold at a strike price of US\$700/oz and executable between 2010 and 2013.

Committed gold hedges represent less than 25% of the anticipated Phu Kham gold production over that period.

Issued Capital

The issued capital of the Company at 31 March 2010 comprised:

2,933,053,479	Ordinary fully paid shares
36,580,000	Unlisted options
19,414,305	Unlisted share rights

Proposed 2010 reporting calendar:

- 22 Jul 2010 June quarter 2010 report
- 27 Aug 2010 June half 2010 financial results
- 27 Oct 2010 September quarter 2010 report

Dates are provisional and remain subject to confirmation.

Appendix 5B reporting

In April 2010, ASX confirmed that the PanAust industry classification for reporting purposes had been amended to Mining/Oil Production Company with effect from 1 April 2010. The classification better reflects PanAust's status as a significant copper and gold producer.

Accordingly, PanAust will no longer be required to provide an Appendix 5B (Mining exploration entity quarterly report) as required under ASX listing rule 5.3. The accompanying Appendix 5B for the quarter ended 31 March 2010 will be the final one provided to the market.

PanAust will continue to report its activities quarterly and financial results on a half-year and full-year basis.

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
Zezhong Li	Non-executive Director

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Securities Exchange Listing

Australian Securities Exchange Code: PNA
PanAust is a constituent of the S&P/ASX 200 Index.

Competent Person Statement

The data in this report that relates to exploration results for the Ban Houayxai and Phonsavan Projects in Laos, and the Mineral Resources for the Inca de Oro Copper-Gold Project in Chile are based on information reviewed by Mr Daniel 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 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. Mr Brost consents to the inclusion in the report of the exploration results and Mineral Resources 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 production and cost performances, potential mineralisation, mineral resources, 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.

Attachment

Table 2: Production statistics

Phu Kham Operations	Units	3 months to 31 Mar 2010
Total material mined	t	6,664,205
Copper-gold ore mined	t	2,506,714
Ore milled	t	2,985,348
Copper head grade	%	0.79
Gold head grade	g/t	0.34
Silver head grade	g/t	4.00
Concentrate produced	dmt	64,931
Copper in concentrate	t	16,005
Gold in concentrate	oz	13,704
Silver in concentrate	oz	118,119
Gold in doré (Heap Leach)	oz	2,394
Copper recovery	%	68.0

Table 3: Production costs (US\$/lb copper)

Phu Kham Copper-Gold Operation	3 months to 31 Mar 2010
Mining cost	0.36
Processing cost	0.48
General & Administration	0.20
Total on-site operating costs	1.04
Transport handling and marketing	0.25
Concentrate treatment and refining	0.10
Total off-site operating costs	0.35
Deduct precious metal credits	0.59
Total direct operating costs (C1 cash cost)	0.80
Royalty	0.18
Depreciation and amortisation	0.38
Total costs	1.36
Average copper price realised for sales during the period (after hedging)	3.23

Notes:

Costs are based on payable copper in concentrate produced

May include minor computational discrepancies due to rounding

Table 4: Ban Houayxai Gold-Silver Project; drill intersections from resource extension and infill program

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)	Comments
HDD142 204.7m -60 to 180	0.0	3.0	0.4	0.3	
	20.0	51.0	0.6	3.2	
	80.0	8.0	0.3	11.4	
	149.0	4.0	0.3	4.3	
	161.0	5.0	0.7	3.1	
	193.0	3.0	0.3	1.0	
HDD143 206.6m -60 to 180	0.0	52.0	2.0	3.9	
	68.0	17.0	0.8	9.4	
	116.0	4.0	0.4	6.3	
	125.0	3.0	0.4	3.5	
	189.0	4.0	6.1	9.5	
HDD147 197.3m -60 to 180	165.0	5.0	19.5	16.4	Hole ended in mineralisation
	175.0	22.3	0.6	6.7	
HDD148 219.3m -60 to 180	0.0	8.0	0.6	1.3	
	14.0	31.0	0.4	2.8	
	50.0	5.0	0.3	9.1	
	72.0	8.0	0.7	8.1	
	85.0	3.0	0.4	5.1	
	112.0	16.0	0.4	2.2	
	144.0	4.0	0.4	1.7	
HDD150 224.5m -60 to 180	38.0	7.0	0.6	0.3	
	89.0	12.0	1.2	26.6	
HDD156 354.4m -60 to 180	15.0	13.0	0.3	1.1	
	33.0	3.0	0.4	1.1	
	42.0	8.0	0.5	2.1	
	56.0	16.0	0.9	8.8	
	98.0	51.0	1.7	53.5	
	167.0	9.0	0.5	5.4	
	254.0	10.0	0.3	21.0	
HDD158 302.2m -60 to 180	11.0	21.0	0.4	0.8	
	56.0	16.0	0.4	2.4	
	93.0	5.0	0.8	13.9	
	141.0	31.0	2.7	72.1	
	238.0	7.0	0.8	2.0	

Intersection grades are down-hole length weighted calculations using a 0.3g/t gold cut-off and a maximum sub-grade interval of 4m.

Table 5: Inca de Oro sulphide Mineral Resources (0.3% copper cut-off)

Category		Mt	Copper (%)	Gold (g/t)	Molybdenum (%)
Supergene	Inferred	10.2	1.33	0.13	0.005
Primary	Indicated	180.5	0.45	0.15	0.012
	Inferred	68.3	0.35	0.09	0.010
	Sub total	248.8	0.42	0.13	0.011
Combined	TOTAL	259.0	0.46	0.13	0.011

Table 6: Phonsavan Copper Project; significant drill intersections

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)	Molybdenum Grade (%)
KTL deposit:						
KDD003 235.9m -60 to 360	75.6	16.4	0.54	0.33	8.3	
	104.0	12.0	0.34	0.06	1.7	
	124.0	6.0	0.30	0.10	1.7	
KDD004 236.0m -60 to 360	44.0	12.0	0.36	0.14	2.9	
KDD030 203.2m -70 to 360	144.0	14.0	0.40	0.13	2.6	-
KDD040 261.7m -55 to 360	80.0	8.0	0.30	0.27	1.9	-
	96.0	6.0	0.43	0.39	3.4	-
	146.0	50.0	0.95	0.38	2.8	-
KDD042 397.2m -65 to 360	52.0	40.0	0.38	0.19	2.9	0.009
	160.0	42.0	0.69	0.19	3.5	0.006
KDD044 215.7m -60 to 360	46.0	16.0	0.44	0.2	2.1	0.010
	86.0	10.0	0.41	0.4	2.8	0.012
Tharkhek deposit:						
TKD020 436.4m -60 to 180	284.0	20.0	1.30	0.03	11.3	-

Intersection grades are down-hole length weighted calculations using a 0.3% copper cut-off and a maximum sub-grade interval of 4m.

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 2010

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 ¹ and related debtors	122,630	122,630
1.2 Payments for (a) exploration and evaluation	(4,387)	(4,387)
(b) development/tailings storage	(17,738)	(17,738)
(c) production ²	(57,391)	(57,391)
(d) administration ³	(11,709)	(11,709)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	63	63
1.5 Interest and other costs of finance paid ⁴	(7,617)	(7,617)
1.6 Income taxes paid	-	-
1.7 Other deposits	-	-
Net Operating Cash Flows	23,851	23,851
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	(186)	(186)
(c) other fixed assets	(4,104)	(4,104)
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)	(5,000)	(5,000)-
Net investing cash flows	(9,290)	(9,290)

¹ Paymental basis

² Includes treatment and refining charges

³ Includes royalties

⁴ Includes put option premium payments

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	14,560	14,560
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(11,235)	(11,235)
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	(11,235)	(11,235)
	Net increase (decrease) in cash held	3,325	3,325
1.20	Cash at beginning of quarter/year to date	88,203	88,203
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	91,528	91,528

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	772
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 1.12 relates to the initial deposit of US\$5m in relation to the binding offer to Corporación Nacional del Cobre de Chile ("Codelco") for PanAust to acquire a majority interest in the Chilean registered company Inca de Oro S.A.

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

Amounts recorded under section 1.17 for the quarter ended represent the Project Facility repayments (US\$9.3 million) and the quarterly finance lease repayment (US\$1.930 million).

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	\$53,695	\$53,695
	(b) Equipment Lease Facilities	\$36,918	\$36,918
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		US\$'000
4.1	Exploration and evaluation	4,000
4.2	Development	27,000
Total		31,000

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	61,491	48,203
5.2	Deposits at call	30,037	40,000
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		91,528	88,203

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				

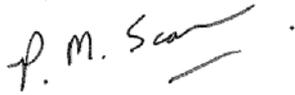
Issued and quoted securities at end of current quarter

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	2,933,053,479	2,933,053,479	NA	NA
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	533,240	533,240	Nil	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>	55,994,305	0	<i>Exercise price</i> See Attached	<i>Expiry date</i> See Attached
7.8 Issued during quarter	1,814,895	0	See Attached	See Attached
7.9 Exercised during quarter	533,240	0	As per 7.4	As per 7.4
7.10 Expired during quarter	1,447,337	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: 22 April 2010
(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 2010**

**ISSUED OPTIONS
AT 31 MARCH 2010**

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
With Outstanding Performance Conditions		
750,000	81.00	07/10/2012
1,980,000	88.00	31/12/2012
4,400,000	88.00	31/12/2012
4,200,000	30.50	31/12/2013
17,200,000	42.12	31/12/2013
With No Outstanding Performance Conditions		
8,050,000	38.00	29/02/2012
36,580,000		

**ISSUED EMPLOYEE SHARE RIGHTS
AT 31 MARCH 2010**

NUMBER ISSUED	EXERCISE PRICE CENTS	EXPIRY DATE
With Performance Conditions		
1,625,000	NIL	31/03/2017
1,845,000	NIL	31/12/2017
29,000	NIL	30/06/2018
202,703	NIL	30/09/2018
10,180,000	NIL	31/12/2018
218,447	NIL	01/09/2019
With No Performance Conditions		
5,314,155	NIL	Various 2012 -2019
19,414,305		