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23 January 2014

Quarterly Report for the three months to 31 December 2013

Production and costs

- Full-year copper production rose 2.5% to 64,885t, while production of 183,769oz gold and 955,357oz silver represent increases of 35% and 55% respectively over the prior year.
- Consolidated 2013 production was towards the upper end of guidance (62,000t to 65,000t) for copper in concentrate and above guidance (160,000oz to 175,000oz) for gold in concentrate and doré.
- 2014 guidance is for further growth in copper production to 65,000t to 70,000t.
- Strong December quarter production and cash cost performances:
  - Phu Kham production of 18,524t of copper in concentrate at a C1[1] cash cost of US$1.15/lb copper; all-in sustaining costs[2] of US$2.08/lb. Quarterly records achieved for ore processed and total material moved.
  - Ban Houayxai produced 32,933oz of gold at a C1 cash cost of US$533/oz. All-in sustaining costs were US$828/oz.

Pre-development and exploration projects

- **KTL (formerly Phonsavan) Copper-Gold Project:** study largely completed on the low capital cost option of trucking high-grade copper mineralisation to Phu Kham for processing.
- **Inca de Oro Copper-Gold Project:** a scheduled review is underway following the completion of resource drilling at the Carmen deposit (PanAust 100%) and after identifying the potential for lower cost options for the provision of power and water.
- **Frieda River Copper-Gold Project:** in November PanAust entered into an agreement to acquire a majority interest in the Frieda River Copper-Gold Project in Papua New Guinea.

Corporate

- At 31 December 2013, the Company had cash of US$130.3 million, debt of US$162.0 million (excluding equipment lease facilities) and undrawn facilities of US$113.0 million. When taking equipment leases into account net-debt reduced by US$53 million over the quarter.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) for the 2013 year were in line with guidance at US$271 million (unaudited).

[1] Brook Hunt convention for the reporting of direct cash costs comprising: mine site, product transportation and freight, treatment and refining charges and marketing costs. Based on payable metal content after by-product credits.
[2] All-in sustaining costs reported are: the C1 cash cost plus royalties; corporate support and shared services costs; sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised.

Phu Kham Operation, Laos (PanAust 90%)

Introduction

Phu Kham ended the year with strong December quarter production and cost performances. Copper in concentrate production increased by 9% quarter-on-quarter to 18,524t at a C1 cash cost of US$1.15/lb copper (Tables 1 and 6).

All-in sustaining costs at Phu Kham fell to US$2.08/lb copper, in part reflecting significantly lower sustaining capital expenditure, as foreshadowed earlier last year.

All-in sustaining costs (Tables 1 and 6) include: indirect costs (an allocation of corporate support and shared services costs); royalties; sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised. This definition of all-in sustaining cost represents the sum of all cash flow payments allocated to the mining operation.

Copper in concentrate production for the full year of 64,885t was at the upper end of the guidance range (62,000t to 65,000t) and gold in concentrate production of 71,223oz was higher than scheduled. Weaker precious metal prices (than those assumed for guidance) during the quarter resulted in full year C1 cash costs of US$1.36/lb which was just above the guidance range.

Table 1: Production and cost summary

Phu Kham Operation ***Production summary (100% equity basis)***	Units	**3 months to 31 Dec 2013**	12 months to 31 Dec 2013
Copper in concentrate	t	**18,524**	64,885
Gold in concentrate	oz	**20,360**	71,223
Silver in concentrate	oz	**75,530**	317,754
C1 cash cost after precious metal credits[3]	US$/lb Cu	**1.15**	1.36
All-in sustaining costs[3]	US$/lb Cu	**2.08**	2.37

Further details of the production and cost performances are contained in Table 5 and Table 6 of this report

Production Performance

The Operation achieved a quarterly record for ore processed of over 5Mt, equivalent to an annualised rate of over 20Mt, despite reduced operating time in October for a SAG mill reline.

Quarterly records were also achieved for total material mined (12.7Mt) and ore mined (6.8Mt) as material movements increased. Mining levels are scheduled to remain high with peak life-of-mine material movement scheduled during 2014 and 2015 (refer to Outlook section later in this report).

The improved recovery rates which were achieved during the September quarter following commissioning of the Increased Recovery Project were maintained during the December quarter with recovery rates consistent with the mix of transitional ores processed. The average copper recovery was 74.9% and gold recovery was 49.8%.

Pay-metal in concentrate sales during the quarter totalled 17,831t of copper, 19,957oz of gold and 58,466oz of silver. The average copper, gold and silver prices realised (after hedging) were US$3.24/lb, US$1,228/oz and US$19.9/oz respectively.

[3] Based on invoiced pricing for gold and silver.

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

Introduction

The Operation achieved record quarterly gold production of 32,933oz in doré at an average C1 cash cost of US$533/oz after silver credits (Tables 2 and 7). The higher average silver head grade led to record quarterly silver production of 226,151oz.

All-in sustaining costs were US$828/oz gold (Tables 2 and 7). As for Phu Kham (refer to Page 2), all-in sustaining cost represents the sum of all cash flow payments allocated to the mining operation.

Gold in doré production for the full year was 112,546oz, exceeding amended (revised upwards by 10% mid-year to 110,000oz) guidance. Full year C1 cash costs averaged US$611/oz which was at the low end of the guidance range despite lower than forecast silver grades in the first half of the year.

Table 2: Production summary

Ban Houayxai Operation ***Production summary (100% equity basis)***	Units	**3 months to 31 Dec 2013**	12 months to 31 Dec 2013
Gold poured	oz	**32,933**	112,546
Silver poured	oz	**226,151**	637,603
C1 cash cost after precious metal credits[4]	US$/oz	**533**	611
All-in sustaining costs[4]	US$/oz	**828**	964

Further details of the production and June cost performances are contained in Table 5 and Table 7 of this Report.

Production Performance

Processing rates for the quarter continued to exceed nameplate of 4.0Mtpa (4.7Mt rate achieved) despite a greater proportion of hard transitional ore being milled. As scheduled, gold and silver grades of ore processed increased quarter-on-quarter by 27% and 48% respectively leading to record production performances.

Gold and silver recoveries were 87.5% and 56.8% respectively, consistent with ore blend fed to the mill.

Sales during the quarter totalled 31,596oz of gold and 204,436oz of silver. Average realised gold and silver prices were US$1,255/oz and US$20.10/oz respectively.

[4] Based on invoiced pricing for silver.

Outlook

2014 Group production and EBITDA[5] guidance

As previously advised in December 2013, PanAust estimates consolidated 2014 production of 65,000t to 70,000t copper in concentrate, and precious metal production in concentrate and doré of 160,000oz to 165,000oz gold and approximately 1.2Moz of silver.

EBITDA for the 2014 year is expected to be between US$200 million and US$225 million assuming an average copper price of between US$3.20/lb and US$3.40/lb.

At Phu Kham, copper production is expected to rise to between 65,000t and 70,000t at an average C1 cash cost of between US$1.50/lb to US$1.60/lb copper reflecting increased year-on-year open pit waste strip requirements, higher benchmark TC/RC charges and scheduled lower copper and gold grades. Peak life-of-mine material movements in the open pit are scheduled for 2014 with 52 million tonnes mined (waste to ore ratio 1.7 to 1 versus 1.0 to 1 in 2013). Approximately 30% of total material mined will be capitalised as deferred waste and low grade ore stocks. The mill is scheduled to process 18.5Mt of ore.

At Ban Houayxai, gold production is expected to be approximately 100,000oz at an average C1 cash cost between US$650/oz and US$700/oz gold. Mill throughput is scheduled to be 4.8Mt in 2014, 20% above design, despite harder transitional ores being scheduled and the benefits of higher silver head grade should largely offset the effect of the increased power draw on operating costs.

Longer term production set to rise at Phu Kham

In October 2013, PanAust announced that a revised life-of-mine plan had been developed for the Phu Kham Operation based on a new resource model and the additional processing capacity and improved recovery performance provided by the Upgrade (expansion) completed in 2012 and the Increased Recovery Project completed in 2013. Over the period 2015 to 2019, scheduled increases to head grade will lift copper in concentrate production to peak levels of around 90,000 tonnes per year in 2018 and 2019.

Gold grades are forecast to be variable for production in the range of 60,000oz to 80,000oz of gold in concentrate through to the end of this decade.

Further upside to production levels and mine life at Phu Kham could be realised from resource development programs underway within the vicinity of the Phu Kham processing plant; evaluation of the recovery performance of lower grade mineralisation at Phu Kham; and a study which is evaluating the potential for trucking of high-grade ore from the KTL deposit for processing at Phu Kham.

[5] C1 cash cost and EBITDA guidance assumes average by-product prices of US$1,300/oz for gold and US$22/oz for silver.

Pre-development and exploration projects

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; and, pursuit of an active exploration and resource development program in Laos and Chile.

KTL (formerly Phonsavan) Copper-Gold Project (PanAust 90%)

An options analysis for the KTL Copper-Gold Project has demonstrated that the economics favour a low-capital option whereby discrete high-grade copper-gold zones at the KTL deposit are mined, crushed and trucked to Phu Kham for processing. The study and an inaugural ore reserve estimate will be completed during the March 2014 quarter. The ore reserve estimate for the KTL deposit will be reported as a subset of the aggregated ore reserves for the Phu Kham Operations.

Under the trucking option, high-grade KTL copper mineralisation will augment the feed to the Phu Kham SAG mill which has a nominal capacity of 20Mtpa. Currently, processing rates at Phu Kham are constrained by the primary crusher, which limits the plant capacity to 18 to 18.5Mtpa. Delivery of KTL crushed ore to the SAG mill will bypass the current processing constraint at Phu Kham and provide options for further increases to copper and gold production at Phu Kham from 2017 for a four to seven-year period either through additional processing rates and/or deferral of lower grade feed.

No further work is planned on the development of a stand-alone open pit mining and flotation processing operation at the KTL deposit.

Phu Kham district incorporating Long Chieng Track (LCT), Nam Ve and Nam San, Laos
(PanAust 90%)

The Phu Kham district is a high priority target for exploration and resource development. Several exploration targets have been identified in a corridor, which includes the LCT deposit and stretches northwest of Phu Kham for at least 13 kilometres to the Nam Ve prospect.

<u>LCT</u>

The LCT deposit outcrops and extends over a strike length of approximately 450 metres in a northeast-southwest direction, dipping steeply to the northwest and remains open down-dip and along strike.

The deposit comprises two broad zones of poly-metallic mineralisation associated with a silicified breccia complex that hosts a series of porphyritic intrusions. An upper zone is gold and silver rich while the lower zone contains base metals together with gold and silver.

The results of a scoping study have been helpful in setting on-going exploration priorities and have confirmed the requirement for the identification of additional resources at LCT or the nearby Nam Ve prospect before further studies are warranted.

<u>Nam Ve</u>

Exploration drilling is targeting zones of high-grade gold mineralisation and copper-gold mineralisation. The mineralisation is hosted in quartz veins / lodes and is similar to the quartz veins present at the LCT deposit.

Core Shed and Nam Wai

Scout drilling commenced at the Core Shed copper-molybdenum and Nam Wai gold prospects which are located 5km and 10km respectively northeast of Phu Kham.

Inca de Oro Copper-Gold Project, Chile (60.45% PanAust, joint venture with CODELCO)

Over the next few months, the joint venture will conduct a review of the Inca de Oro Project in Chile following the completion of resource drilling at the Carmen deposit and after identifying the potential for the provision of more competitively priced power and a low cost solution to the supply of water to site.

The extended Inca de Oro feasibility study has been evaluating the potential for existing oxide and additional sulphide resources to make a material contribution to the Project. The joint venture will consider an analysis of different options for project scale from a down-scaled higher grade 9Mtpa processing rate to an expanded 18Mtpa processing rate. Initial evaluations favour the smaller, higher grade approach, which should provide improved operating costs over the first ten years of project life.

With the completion of resource drilling and the commencement of the joint venture review, expenditure on the Project will be significantly reduced over the first half of 2014. Once the preferred development option is selected, forward evaluation expenditure will be limited to definitive engineering studies and documentation.

Background

The Inca de Oro sulphide feasibility study, which was completed in 2012, considered a 12Mtpa open pit and flotation processing operation. The study concluded that the cost profile after the first five years of production needed to be improved for the Inca de Oro Project to be economically robust.

The joint venture partners agreed that there was significant potential to improve the Project through evaluation of the oxide resources at Inca de Oro and the definition and the potential identification and incorporation of higher value mineralisation from nearby deposits into the development plan.

Carmen Copper-Gold Deposit, Chile (100% PanAust)

A program of resource definition and infill drilling continued during the quarter at the Carmen deposit which is situated approximately 14 kilometres southwest of Inca de Oro. This drill program will conclude in January 2014.

Interpretation of drill data has identified two phases of mineralisation: an iron oxide copper-gold phase overprinted by later porphyry-style mineralisation. A revised Mineral Resource estimate is currently being finalised and on track for being reported upon in February.

Agreement to acquire the Frieda River Copper-Gold Deposit, PNG

On 1 November 2013, PanAust announced that it had entered into a share sale and purchase agreement with a subsidiary of Glencore Xstrata plc ("Glencore") for PanAust to acquire an 80% interest in the Frieda River Copper-Gold Project in Papua New Guinea.

Also on 1 November 2013, PanAust entered into an agreement with Highlands Pacific Limited ("Highlands") which has the minority interest in the Frieda River Project (the "PanAust Highlands

Agreement”). PanAust took an initial placement of ordinary shares in Highlands equating to 7.5% of the issued share capital for the consideration of A$5 million. Subject to completion of the PanAust Glencore Agreement, the PanAust Highlands Agreement provides the framework for the future relationship between PanAust and Highlands in relation to further equity support and the Frieda River Joint Venture.

The PanAust Glencore Agreement is subject to a condition precedent relating to all applicable regulatory approvals. These approvals include Glencore satisfaction of the conditional approval given by the Ministry of Commerce, People’s Republic of China to the merger between Glencore International plc and Xstrata plc and the approval of the Investment Promotion Authority of Papua New Guinea.

The initial consideration[6] comprises US$75 million in two instalments. The first instalment will be US$25 million upon transaction close. The second instalment of US$50 million will be made on 31 December 2015. In addition, on successful completion of a development at Frieda River, Glencore will receive a 2% net smelter return royalty (on PanAust’s interest in the Project) to a total aggregate amount of US$50 million.

The Government of PNG has a right to acquire, at cost, up to a 30% interest in the Frieda River Project which, if exercised in full, would reduce PanAust’s holding to 55%.

The Frieda River Project is located on the border of the Sandaun (formerly West Sepik) and East Sepik provinces in Papua New Guinea (Figure 1) and is one of the largest undeveloped copper and gold deposits in the world. It is approximately 200 kilometres from the northern coastline of Papua New Guinea and 70 kilometres from the Sepik River. The Project site is located in the foothills of the Schattenberg Range at elevations ranging from 300mRL to 800mRL.

The planned acquisition of Frieda River is consistent with PanAust’s strategy to ensure that it has access to sufficient mineral resources to secure the Company’s sustainable growth beyond the life of its Phu Kham Operation in Laos. The likely timing for implementation of PanAust’s development concept for Frieda River coincides with rising production levels scheduled for Phu Kham.

As part of its due diligence, PanAust completed a scoping study based on a circa 24 million tonne per annum conventional open pit and flotation operation producing a copper-gold concentrate for export to custom smelters.

The scoping study assumed mill feed sourced from the HIT deposit of 430 million tonnes grading 0.54% copper and 0.3g/t gold and provided average annual production (100% basis) of over 100,000 tonnes of copper and 160,000 ounces of gold in concentrate at a competitive cash cost of approximately US$1.25/lb (after gold credits) over a plus 18-year mine life. The economics are in large part driven by the low strip ratio (less than 0.6:1 including pre-strip).

Development capital estimated to be in a range of US$1.5 billion to US$1.8 billion (100% basis, 2013 dollars) which would equate to a competitive capital intensity of less than US$13,000/t of annual copper equivalent production.

[6] Consideration excluding the first instalment is subject to consumer price index (“CPI”) escalation between the date of signing and on a quarterly basis each year prior to payment

Figure 1: Location of Frieda River Project

Sustainability

Safety

A single lost time injury (LTI) occurred during the December quarter.

- An employee was injured in the arm by a metal shard that split from a rock breaker moil while removing hardened steel liners at the Phu Kham primary crusher.

The LTI frequency rate on a 12-month rolling average basis at 31 December 2013 was 0.31 per million man-hours.

The TRI (Total Recordable Injury) frequency rate on a 12-month rolling average basis at 31 December 2013 was 1.72 per million man-hours.

Environment

There were no reportable environmental incidents during the December quarter.

Local Community Projects, Laos

In the vicinity of Phu Kham, Ban Houayxai and Phonsavan, PanAust continues to advance a number of community development projects with a focus on agriculture, education, health, infrastructure and small business development.

Corporate

At 31 December 2013, the Company had cash of US$130.3 million, debt of US$162.0 million, undrawn debt facilities of US$113.0 million, and mobile equipment lease facilities drawn to a total of US$67.7 million. Net-debt reduced by US$53 million over the quarter after lease repayment.

For the 2013 year, EBITDA were in line with guidance at US$271 million (unaudited).

One of the mining equipment lease facilities (entered into on 26 June 2007 with a limit of US$48.5 million) matured on 31 December 2013 with a residual payment due of US$7 million rolled over into a new facility for US$23.5 million, which also covers additional equipment for the Lao operations to be purchased in 2014 as a result of the increase in tonnes being mined.

Group exploration expenditure (unaudited) for the December quarter and 2013 full year were US$3.1 million and US$21.3 million respectively.

Copper price exposure

PanAust's copper hedging positions and fixed price agreements as at 31 December 2013 are summarised in Tables 3 to 5.

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

The Company manages short-term and provisional price risk (over the quotational period) on copper sales through swaps and fixed price agreements with customers.

As at 31 December 2013, a total of 12,725t (72%) of PanAust's copper sales from shipments for the period from September 2013 to December 2013, that are currently subject to provisional pricing, are covered by hedging and fixed price agreements at an average copper price of US$3.25/lb.

Strategic hedging covering 2014 production was undertaken in December 2013 with a total of 10,200t (approx. 15% of the mid-point for 2014 production guidance) at an average copper price of US$3.29/lb.

Table 3: Hedging and fixed price agreements on provisional invoicing

Settlement period	Tonnes	Average Price US$/lb
Mar Qtr 2014	9,425	3.24
Jun Qtr 2014	3,300	3.29

Table 4: Remnant mandatory hedging

Settlement period	Tonnes	Average Strike Price US$/lb	Premium payable US$
Copper Put Options:			
Jun half 2014	2,346	2.25	605,668
Dec half 2014	2,346	2.25	587,080

Table 5: Strategic hedging

Settlement period	Tonnes	Average Price US$/lb
Copper Swaps:		
Mar Qtr 2014	4,500	3.28
Jun Qtr 2014	2,050	3.31
Sep Qtr 2014	1,750	3.31
Dec Qtr 2014	1,900	3.30

Gold/Silver price hedging

PanAust currently has no gold or silver hedging in place.

Issued Capital

The issued capital of the Company at 31 December 2013 comprised:

619,765,589	Ordinary fully paid shares
3,120,000	Unlisted options
1,099,743	Unlisted share rights

Proposed 2014 reporting calendar:

- 20 February 2014 — FY2013 Financial results
- 29 April 2014 — March quarter 2014 report
- 30 May 2014 — Annual General Meeting
- 24 July 2014 — June quarter 2014 report
- 21 August 2014 — June half 2014 Financial results
- 28 October 2014 — September quarter 2014 report

Dates are provisional and remain subject to confirmation.

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Directors

Garry Hounsell	Chairman
Gary Stafford	Managing Director
Nerolie Withnall	Non-executive Director
Geoff Handley	Non-executive Director
Geoff Billard	Non-executive Director
Zezhong Li	Non-executive Director
John Crofts	Non-executive Director
Ken Pickering	Non-executive Director
Annabelle Chaplain	Non-executive Director

Attachments

Table 5: Production and sales statistics

Phu Kham Copper-Gold Operation	Units	**3 months to 31 Dec 2013**	12 months to 31 Dec 2013
Total material mined	t	**12,699,257**	42,842,720
Copper-gold ore mined	t	**6,842,475**	21,018,966
Ore milled	t	**5,013,807**	18,286,148
Copper head grade	%	**0.49**	0.49
Gold head grade	g/t	**0.25**	0.26
Silver head grade	g/t	**1.30**	1.53
Concentrate produced	dmt	**80,216**	283,818
Copper in concentrate	t	**18,524**	64,885
Gold in concentrate	oz	**20,360**	71,223
Silver in concentrate	oz	**75,530**	317,754
Copper recovery	%	**74.9**	73.1
Concentrate sales	dmt	**81,398**	289,116
Payable copper in concentrate sold	t	**17,831**	62,611
Payable gold in concentrate sold	oz	**19,957**	71,919
Payable silver in concentrate sold	oz	**58,466**	304,185
Average copper price realised (copper revenue recognised / sales) after realised hedging	US$/lb	**3.24**	3.34
Average gold price realised (gold revenue recognised / sales) after realised hedging	US$/oz	**1,228**	1,347
Average silver price realised (silver revenue recognised / sales) after realised hedging	US$/oz	**19.9**	22.9
Ban Houayxai Gold-Silver Operation			
Total material mined	t	**2,206,676**	7,999,010
Gold-silver ore mined	t	**1,349,035**	5,243,062
Ore milled	t	**1,165,742**	4,454,449
Gold head grade	g/t	**1.00**	0.89
Silver head grade	g/t	**10.46**	7.77
Gold in doré	oz	**32,933**	112,546
Silver in doré	oz	**226,151**	637,603
Gold recovery	%	**87.5**	87.4
Payable gold in doré sold	oz	**31,596**	112,418
Payable silver in doré sold	oz	**204,436**	618,782
Average gold price realised (gold revenue recognised / sales) after realised hedging	US$/oz	**1,255**	1,398
Average silver price realised (silver revenue recognised / sales) after realised hedging	US$/oz	**20.1**	22.8

Cumulative data may incorporate post reporting period adjustments to prior periods.

Table 6: Phu Kham Copper-Gold Operation production costs (US$/lb copper)

	3 months to 31 Dec 2013	12 months to 31 Dec 2013
Mining cost	0.73	0.79
Deferred mining and inventory adjustments	(0.34)	(0.24)
Processing cost	0.76	0.84
General and administration	0.16	0.22
Total on-site operating costs	**1.31**	**1.60**
Transport handling and marketing	0.26	0.30
Concentrate treatment and refining	0.22	0.21
Total off-site operating costs	**0.48**	**0.51**
Deduct precious metal credits	(0.64)	(0.75)
Total direct operating costs (C1 cash cost)	**1.15**	**1.36**
Royalty	0.21	0.22
Sustaining capital (includes TSF)	0.13	0.27
Indirect costs	0.10	0.13
Lease principal and interest charges	0.15	0.16
Deferred mining and inventory adjustment capitalised	0.34	0.24
All-in sustaining costs	**2.08**	**2.37**

Notes: Costs are based on payable copper in concentrate produced. May include minor computational discrepancies due to rounding.

Table 7: Ban Houayxai Gold-Silver Operation production costs (US$/oz gold)

	3 months to 31 Dec 2013	12 months to 31 Dec 2013
Mining cost	235	263
Deferred mining and inventory adjustments	(44)	(55)
Processing cost	346	383
General and administration	112	135
Total on-site operating costs	**649**	**726**
Total off-site operating costs (freight, refining)	12	11
Deduct silver credit	(128)	(126)
Total direct operating costs (C1 cash cost)	**533**	**611**
Royalty	79	91
Sustaining capital (includes TSF)	63	72
Indirect costs	67	89
Lease principal and interest charges	41	46
Deferred mining and inventory adjustment capitalised	44	55
All-in sustaining costs	**828**	**964**

Notes: Costs are based on payable gold produced. May include minor computational discrepancies due to rounding.

Competent Person Statements

Discussion in this report that relates to exploration activities is based on information reviewed by Mr Daniel Brost who is a Member and Chartered Professional (Geology) of the Australasian Institute of Mining and Metallurgy (MAusIMM CP) and a Registered Member of the Society for Mining, Metallurgy & Exploration (SME).

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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Brost consents to the inclusion in this report the discussion of exploration 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 financial, production and cost performances, potential mineralisation, 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.