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PANAUST

ASX ANNOUNCEMENT
22 August 2013

Financial results for the six months to 30 June 2013

Highlights (reported on a consolidated basis unless otherwise stated)

- Profit after income tax for the June half of US$43.4 million.
- Profit after income tax attributable to PanAust Limited of US$38.9 million.
- EBITDA[1] of US$130.5 million.
- Sales revenue of US$326.1 million: precious metal sales were higher versus the previous corresponding period due to a full half year contribution from Ban Houayxai, which more than offset lower copper sales and lower realised commodity prices.
- Cash flow is expected to benefit during the December half of the year from: forecast increased metal production; the completion of all board approved capital developments in the June half; and a significant reduction in sustaining and discretionary capital.
- Interim dividend of A$0.03 per share payable in September 2013.
- The Company's 2012 Sustainability Report was released on 31 May 2013. This report met the requirements of Application Level A+ of the GRI reporting framework.
- The Company's safety record remains excellent. LTI frequency rate (per million man hours on an annual rolling average basis) at 30 June 2013 was 0.16 (30 June 2012: 0.14). On the same basis, the TRI frequency rate at 30 June 2013 was 1.62 (30 June 2012: 2.60).

Summary of results[2]

(US$ million)	6 months to 30 Jun 2013	6 months to 30 Jun 2012
Sales revenue	**326.1**	306.3
Sales revenue, derivative gains/losses and other income	**339.3**	303.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**130.5**	136.9
Profit after income tax	**43.4**	69.7
Profit after income tax, attributable to PanAust Limited	**38.9**	62.2
Basic earnings per share (US cents)	**6.5**	10.6
Dividend per share (Aust. cents)	**3**	3

This announcement is unaudited. Refer to page 6 for endnotes, including explanations of the non-IFRS measures used in the announcement and for reconciliation of non-IFRS data to IFRS data.

PanAust Managing Director, Gary Stafford, said that the Phu Kham and Ban Houayxai Operations both recovered from setbacks at the beginning of the year to record strong production and cost performance by the end of the June half.

"At Phu Kham, a requirement to change the mine plan to remediate an area of instability was successfully implemented with record mining rates achieved in May and June and Ban Houayxai has emerged as a low cost gold producer following the resolution of post commissioning milling issues in the March quarter.

"During the June half, the completion of the Increased Recovery Project signalled the completion of circa US$350 million of capital development projects over the past three years including the construction of the Ban Houayxai Gold-Silver Operation and the Phu Kham Upgrade," he said,

"PanAust remains well positioned to achieve full year production guidance for copper and gold. We expect to see an extra 10,000oz of gold produced at Ban Houayxai for a total of 110,000oz for the year, which should mean gold output will be at the top end of the guidance range."

"Cash flow from the business is expected to benefit during the December half commensurate with a scheduled increase in copper and precious metal production, and a reduction in sustaining and discretionary capital."

"The Directors declared an interim dividend of three cents per share."

Half-year production and financial results discussion

PanAust consolidated profit after income tax for the six-months to 30 June 2013 was US$43.4 million (June half 2012: US$69.7 million). Sales revenue increased by 6% to US$326.1 million with the commencement of gold-silver doré sales from the Ban Houayxai Gold-Silver Operation being the largest contributing factor to the increase.

Despite the higher sales revenue, profitability was adversely impacted by lower prices for all pay-metals and higher depreciation and amortisation charges. Depreciation and amortisation increased by US$25.5 million to US$54.6 million, with depreciation on Ban Houayxai adding US$15.6 million and the Phu Kham Upgrade adding approximately US$5 million.

Production summary (100% equity basis)	Units	**6 months to 30 Jun 2013**	6 months to 30 Jun 2012
Copper in concentrate	t	**29,236**	29,681
Gold in concentrate and doré	oz	**83,289**	41,587
Silver in concentrate and doré	oz	**425,216**	246,161

Pay-metal sales for the half-year were 27,070t of copper in concentrate, and 82,645oz of gold and 413,687oz of silver in concentrate and doré (June half 2012: 28,716t copper, 39,660oz gold and 222,929oz silver).

The average prices received, after realised hedging, for sales during the half-year were US$3.41/lb for copper, US$1,499/oz for gold and US$25.8/oz for silver (June half 2012: US$3.72/lb, US$1,611/oz and US$32.2/oz respectively).

EBITDA was US$130.5 million (June half 2012: US$136.9 million). The increase in mining operations costs and employee benefits reflect a full half year of operations at Ban Houayxai and a full half of expanded operations at Phu Kham following the completion of the Phu Kham Upgrade.

Operating cash flow decreased 63% compared to the corresponding period in 2012 to US$25.9 million in 2013. The decrease is largely a reflection of: lower realised copper, gold and silver prices; higher total costs associated with an increase in material mined and processed; and a US$17.6 million build-up of stores inventory to accommodate wet season demands. The stores inventory will be reduced during the December half 2013.

The cash costs for Phu Kham and Ban Houayxai remain competitive on both a C1[i] cash cost and total cash cost basis despite the impact of lower prices for precious metal credits.

Phu Kham achieved a C1 cash cost of US$1.37/lb copper after deducting precious metal credits (2012: US$1.03/lb copper), and a total cash cost of US$2.11/lb copper (2012: US$1.74/lb copper). Ban Houayxai achieved a C1 cash cost of US$637/oz after deducting silver credits, and a total cash cost of US$878/oz.

Capital and discretionary expenditures totalled US$113.2 million in the June half 2013 (broken down below) and are expected to fall to around US$45 million in the December half 2013. Capital expenditure on development projects during the June half totalled US$25.9 million. No development capital is scheduled for the current half year. Sustaining capital expenditure was US$54.4 million of which US$22.1 million was for the latest stages of construction of the tailings storage facilities (TSF's) at Phu Kham and Ban Houayxai. Sustaining capital is scheduled to be less than US$25 million during the December half.

Exploration and evaluation expenditure reduced to US$32.9 million. This expenditure will reduce further in the December half to approximately US$15 million with the conclusion of project evaluation and resource drilling at the Carmen deposit in Chile and the Phonsavan Copper Project in Laos.

During the June half 2013, PanAust's 90% owned subsidiary, Phu Bia Mining, paid to the Government of Laos US$22.5 million in royalty payments and a profits tax payment (paid in arrears for the 2012 year) of US$23.7 million. In addition, US$10.1 million in value added tax was paid, which is able to be offset against 2013 profits tax payable in 2014.

Corporate

At 30 June 2013, PanAust had cash of US$84.9 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$78.1 million.

In January 2013, PanAust announced that it has entered into loan agreements for debt facilities totalling US$275 million. The facilities comprise a four-year US$250 million revolving debt facility with a syndicate of seven banks led by ANZ Bank, and a US$25 million working capital facility with ANZ (Laos). The revolving debt facility replaced the previous US$100 million facility entered into in 2010, which was scheduled to mature in the September quarter 2013.

[i] 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.

Dividend

PanAust aims to create value from its assets and deliver enhanced returns to its shareholders versus its industry peers, in part through the payment of dividends.

The Board of Directors resolved today to pay an interim dividend for the June half-year of three cents (Australian) per share (unfranked). The interim dividend is to be paid on 25 September 2013 to shareholders on the register as at 7:00pm (AEST) on 5 September 2013 (the record date). The full amount of the interim dividend will be paid from conduit foreign income and accordingly, PanAust will not retain Australian withholding tax on distribution of dividend payments to non-resident shareholders. The financial impact of this interim dividend has not been recognised in the financial statements for the half-year ended 30 June 2013 and will be recognised in subsequent financial statements.

The Dividend Reinvestment Plan (DRP) will apply in relation to the interim dividend. The DRP provides eligible shareholders with the option of reinvesting all or part of their dividends in additional PanAust shares without paying any brokerage or other entry costs. Participation in the DRP is voluntary.

Eligible shareholders can elect to take up shares in the Company at a price determined by the arithmetic average of the daily volume weighted average price of shares traded on the Australian Securities Exchange over each of the five trading days commencing on 9 September 2013. No discount will apply to shares issued under the DRP for this interim dividend. Shares issued under the DRP will rank equally with existing ordinary fully paid shares.

Outlook

Production and Financial Guidance (consolidated basis)

PanAust is well positioned to achieve current full year production guidance of 62,000t to 65,000t copper in concentrate, and precious metal production in concentrate and doré of 160,000oz to 175,000oz of gold and approximately one million ounces of silver.

Production of gold is likely to be towards the top end of guidance following implementation of a revised life of mine plan at Ban Houayxai (based on the 2013 Ore Reserve estimate). The new schedule for 2013 full year gold production at Ban Houayxai is 110,000oz in doré, 10% higher than the assumption adopted for production guidance.

The cost structures at both mine sites are consistent with the aggregated operating costs that supported original C1 cash cost and EBITDA guidance at the beginning of 2013. However, commensurate with the fall in precious metal prices and copper price through the June half of 2013, the Company now revises its guidance.

The Company estimates that average C1 cash costs for the full 2013 year will be between US$1.25/lb and US$1.35/lb copper at Phu Kham and US$600/oz and US$650/oz gold at Ban Houayxai. These estimates are based on revised precious metal price assumptions for the December half of the year of US$1,300/oz gold and US$20/oz silver.

The Company estimates that full year EBITDA will be between US$260 million and US$300 million. This estimate assumes the same precious metal price assumptions adopted to estimate C1 cash costs above and a December half copper price range of US$3.10/lb to US$3.30/lb. .

Pre-development and exploration projects

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

Consistent with this strategy, the Company is progressing capital efficient organic growth opportunities close to existing assets in Laos; exploration and resource development in Laos and Chile; and is seeking strategic opportunities to acquire pre-development or producing copper assets that could provide production growth over the next five to ten years and also sustain the business in the longer term.

In Laos, work on the Phonsavan Copper-Gold Project pre-feasibility study is nearing completion. The study is evaluating the development of a five to seven million tonne integrated open pit mining and flotation processing operation at the KTL copper-gold deposit producing approximately 20,000-25,000tpa copper in concentrate with precious metal credits. An alternative development scenario for the deposit has been added to the scope of the study, whereby discrete high-grade copper-gold zones at the KTL deposit are mined and trucked to Phu Kham for processing. This low capital cost scenario contemplates the utilisation and improvement of established road infrastructure in the region.

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

In Chile, work continued on the extended Inca de Oro – Carmen feasibility study to evaluate the potential for existing oxide and additional sulphide resources to make a material contribution to the project. Study work indicates that the processing of Inca de Oro oxide mineralisation would provide a positive contribution to the project. Securing of competitively priced power is a key consideration for the Project. Several proposals for the supply of electrical power to the project have now been received and are currently being reviewed.

Sustainability

PanAust released its 2012 Sustainability Report on 31 May 2013. This report met the requirements of Application Level A+ of the Global Reporting Initiative (GRI) reporting framework.

The Company's safety record remains excellent by industry comparison. The Lost Time Injury (LTI) frequency rate (per million man hours on an annual rolling average basis) at 30 June 2013 was 0.16 (30 June 2012: 0.14). On the same basis, the Total Recordable Injury (TRI) frequency rate was 1.62 (30 June 2012: 2.60).

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Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralisation, resources and reserves, 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.

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[1] The measure earnings before interest, taxes, depreciation and amortisation (EBITDA) excludes from profit before income tax the effects of profit or loss items such as depreciation, amortisation and impairment, interest revenue and expense, and equity-settled share-based payments. Reconciliation of EBITDA to IFRS data is presented below.

Group Consolidated	6 months to 30 Jun 2013	6 months to 30 Jun 2012
	US$'000	**US$'000**
EBITDA	130,476	136,930
Interest expense (net of interest revenue) and finance charges	(10,720)	(7,945)
Put option premium expense	-	(710)
Depreciation and amortisation	(54,565)	(29,085)
Share-based payments	(2,399)	(1,180)
Generative exploration costs expensed[3]	(965)	(836)
Provision for rehabilitation expensed	(118)	-
Profit/(loss) before income tax	**61,709**	**97,174**

The EBITDA shown for the half-year ended 30 June 2012 of US$136.9 million differs from that announced on 23 August 2012 (US$140.1 million) due to a change in the accounting treatment of deferred capital (waste stripping), and share based payments that relate to employee share plans.

[2] PanAust's assets in Laos are held by Phu Bia Mining Limited (PBM). The Government of Laos (GoL) owns a 10% interest in PBM. Results referred to in this announcement reflect 100% ownership of PBM other than the "Net profit after tax attributable to PanAust Limited" which recognises the GoL minority interest.

[3] Exploration costs that were not attributable to a defined project.

Financial data for the 6-month period to 30 June 2013 presented in this announcement are sourced from the Financial Statements for the half year ended 30 June 2013 lodged by PanAust with the Australian Securities Exchange and it is recommended that this document be referenced to provide the appropriate form and context for such data.