



PANAUST

25 July 2011

Quarterly Report for the three months ending 30 June 2011

Phu Kham Copper-Gold Operation, Laos

- Quarterly copper in concentrate production of 15,184t at an average C1¹ cash cost of US\$1.04/lb copper (after gold and silver credits).
- New Phu Kham Ore Reserve estimate; mine life extended to over 14 years.
- Discovery of fault-displaced extension to Phu Kham mineralisation and continuous zone of gold and gold-copper mineralisation at the Long Chieng Track (LCT) Prospect, six kilometres northwest of Phu Kham.

Growth Projects

Ban Houayxai Gold-Silver Project, Laos

- Construction activities continued; on track for commissioning in late 2011.
- New Ore Reserve estimate; supports a nine-year mine life.

Phu Kham Upgrade Project, Laos

- Project running ahead of schedule and below budget with commissioning scheduled for the second quarter of 2012.

Inca de Oro Copper-Gold Project, Chile

- Feasibility study continued; on track for completion during June quarter 2012.
- Revised Mineral Resource estimate; incorporates near surface oxide and mixed (oxide and supergene) mineralisation.

Phonsavan Copper-Gold Project, Laos

- Resource drilling programs continued at KTL and Tharkhek copper-gold deposits; drilling commenced on Tharkek high-grade gold prospect.

Corporate

- At 30 June 2011 the Company had a net cash balance (total cash balance less drawn debt facilities) of US\$126.4 million.
- 1 for 5 share consolidation approved by shareholders at the 20 May 2011 Annual General Meeting and completed on 6 June 2011.

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 Operation, Laos (PanAust 90%)

Introduction

Phu Kham achieved copper in concentrate production for the quarter of 15,184t at an average C1 cash cost of US\$1.04/lb after precious metal credits (Table 1). The increase in cash cost compared with the March quarter 2011 (amended from the previously reported US\$0.90/lb to US\$0.93/lb after adjusting for a reallocation of capitalised waste) reflects: the impact of increased wet season costs (tyre change out); higher diesel fuel costs; and, the effect of a stronger A\$ on salary costs, partly offset by higher precious metal credits. Precious metal credits for the quarter averaged US\$0.82/lb copper.

Table 1: Production and cost summary

Phu Kham Operations Production summary (100% equity basis)	Units	3 months to 30 Jun 2011	6 months to 30 Jun 2011
Copper in concentrate	t	15,184	30,213
Gold in concentrate	oz	13,976	27,268
Silver in concentrate	oz	136,666	257,885
C1 cash cost after precious metal credits ²	US\$/lb Cu	1.04	0.99

Further details of the production and cost performances are contained in Table 4 and Table 5 of this report

Production Performance

The Operation processed ore at an annualised rate of nearly 13.7Mt, above the nameplate capacity of 12Mtpa (million tonnes per annum). Copper recovery averaged 70% reflecting the mix of ore types processed.

The copper head-grade of ore mined in the June quarter was 0.63%, which was in line with the schedule. Precious metal production continues to exceed the mine schedule consistent with the year-to-date positive reconciliation of the head-grade compared to the Ore Reserve.

Pay-metal in concentrate sales during the June quarter totalled 13,760t of copper, 12,889oz of gold and 110,444oz of silver. The average copper, gold and silver prices realised (after hedging) were US\$4.07/lb, US\$1,434/oz and US\$43/oz respectively.

The Phu Kham Operation recorded two 1-in-50 year rainfall events within a seven-day period in late June / early July. Production was interrupted during these severe rainfall events and resulted in the loss of approximately two days of concentrate production in June and a further three days, subsequent to the end of the quarter, in July.

Site facilities were not significantly damaged by the rainfall events and all water management systems are operating effectively. However, regional road infrastructure was significantly impacted with the main access road to the site closed for several days triggering contingency plans for helicopter support so that work place rosters and routine supplies could be maintained. The access road has been re-opened to the extent that the supply of bulk consumables can be maintained but normal levels of concentrate movement are not expected to resume until the end of July in time to meet August shipping commitments. There is sufficient concentrate in transit and stockpiled at the port to meet the needs for planned shipments before the end of July.

² Based on invoiced pricing for gold and silver

Although the open pit design incorporates a sump during the wet season, net inflows from the high rainfall have flooded the deepest area of the pit, preventing access to relatively high-grade ore in the pit floor. Normal mining operations are unaffected but access to high-grade ore will not resume until September, coinciding with the start of the dry season, and the copper head grade is scheduled to rise to 0.7% in the December quarter. These factors are expected to result in below budget copper production in July and possibly August with an anticipated rise in copper production and reduction in C1 costs during September and through the December quarter.

Production and cost guidance

2011 production and cost guidance for Phu Kham remains unchanged at between 62,000t and 65,000t of copper in concentrate at an average C1 cash cost of between US\$0.95/lb and US\$1.05/lb copper after precious metal credits³ from 50,000oz to 55,000oz gold and 450,000oz to 500,000oz silver.

However, wet season impacts on production to date have been greater than were anticipated in operating schedules for 2011 and accordingly, the Company notes that it is likely that full year copper production will be towards the lower end of the guidance range but that full year gold and silver production are likely to be towards the upper end of the guidance range as a consequence of a positive reconciliation during the first half of the year for both precious metals.

Ore Reserve upgrade

During the quarter, PanAust announced updated Mineral Resources and Ore Reserves for Phu Kham. The total Phu Kham Ore Reserve tonnes (Table 10) increased by 37% and contained copper, gold and silver increased by 20%, 38% and 55% respectively when compared with the previous 2010 Ore Reserve estimate (based on data at 31 December 2009) after being adjusted for mining depletion during the 2010 year. Further details were included in the announcement "Increased Ore Reserves at Phu Kham and Ban Houayxai" which was released to the ASX on 4 May 2011. The new Ore Reserve supports a mine life of over 14 years, incorporating an increase in the current ore processing rate of 12Mtpa to 16Mtpa from mid-2012 following implementation of the Phu Kham Upgrade Project.

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

Following commissioning and ramp-up of the Phu Kham Upgrade and Ban Houayxai Gold-Silver Projects during 2012, combined annualised production (100% equity basis) from these two operations will be 65,000t to 70,000t of copper and more than 150,000oz gold and 1,000,000oz silver. At current commodity prices of approximately US\$4.40/lb copper, US\$1,600/oz gold and US\$40/oz silver, precious metals would account for approximately 30% of revenue.

³ Assumes gold and silver prices of US\$1,350/oz and US\$28.00/oz respectively and US\$0.85/litre diesel fuel cost

Phu Kham Upgrade Project

Implementation of the Phu Kham Upgrade Project will increase ore processing rates (from 12Mtpa to 16Mtpa) and improve metal recoveries (through an increase in grinding and flotation capacity) and is timed to coincide with a scheduled decline in ore head grade.

Detailed engineering, procurement and off-site fabrication of long lead items are all running ahead of schedule and capital costs are tracking significantly below the US\$110 million budget. Commissioning is likely to commence in the June quarter of 2012.

Phu Kham district incorporating Long Chieng Track (LCT)

PanAust has established a brown-fields exploration team to investigate potential extensions to the Phu Kham mineral resource envelope and repeats of Phu Kham-style mineralisation along a highly prospective corridor, which runs at least seven kilometres due north and along strike of the northern boundary of the Phu Kham deposit.

Resource extension drilling continued during the quarter to test the northern and north-western limit of the Phu Kham copper-gold deposit and to test deep geophysical survey targets outside of the current planned pit boundary. Intersections from the drill program are detailed in Table 6.

In early July 2011, PanAust reported that a discrete zone of high-grade copper-gold mineralisation had been intersected approximately 200 metres north of the Phu Kham deposit.

The mineralisation coincided with a deep geophysical target and is contained within a sequence of volcanic rocks similar to those which host the Phu Kham orebody. The new zone is interpreted as a fault-displaced extension of the Phu Kham deposit covered by a sequence of limestone and granite. The discovery hole, GDD1120, intersected:

- 78 metres at 1.51% copper, 0.31g/t gold and 2g/t silver from 336 metres, including 22 metres at 3.37% copper, 0.33g/t gold and 4g/t silver from 340 metres.

The geophysical survey indicates the main target area extends to the east of GDD1120 and follow-up drilling will test the extent of the new zone of mineralisation.

In May 2011, PanAust announced a potential new discovery at the LCT Prospect, approximately six kilometres northwest of Phu Kham, where drilling intersected gold and copper-gold mineralisation beneath previously identified oxide and primary gold mineralisation.

Mineralisation has been traced over an east-west strike length of approximately 500 metres, extending 200 metres down dip to the north with a true thickness of 90 metres.

Drilling intersected zones of high-grade copper-gold and gold mineralisation (Table 7) including:

- Drill hole LDD004 intersected 18 metres at 1.01% copper, 3.42g/t gold and 94.9g/t silver from a depth of 91 metres, including 6 metres at 2.96% copper, 9.40g/t gold and 273.4g/t silver from 100 metres.
- Drill hole LDD006 intersected 4 metres at 35.9g/t gold and 10.8g/t silver from 212 metres.

Both the discovery of primary mineralisation at LCT and the discovery of the fault displaced extension of the Phu Kham deposit will influence the exploration and development strategy for the Phu Kham district. Should sufficient inferred resources be identified during 2012,

then PanAust will commence a scoping study to investigate opportunities for increasing copper and gold production from the Phu Kham district.

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

The Ban Houayxai gold-silver deposit is located approximately 25 kilometres west of the Phu Kham Copper-Gold Operation. The Project, which is currently under construction, will comprise an open pit mine feeding ore to a conventional 4Mtpa Carbon In Leach (CIL) process plant capable of producing over 100,000oz of gold and 700,000oz of silver per annum.

The Project is on schedule for commissioning to commence in late 2011 with steady state production attained during the March quarter 2012.

Erosion of the starter embankment for the tailings storage facility caused by the rain events in late June / early July will require remedial work but is not expected to materially impact on overall project timing.

At the end of the quarter, Project expenditure and commitments totalled approximately US\$118 million. The late delivery of detailed engineering drawings from the contractor has hampered a pending review of the total capital cost for the Project, previously estimated at approximately US\$175 million, which is now scheduled for completion and approval in August.

Ban Houayxai Ore Reserve upgrade

During the quarter, PanAust announced updated Mineral Resource and Ore Reserves estimates for Ban Houayxai. The total Ban Houayxai Ore Reserve tonnes (Table 11) increased by 29% and contained gold and silver increased by 21% and 39% respectively when compared with the 2010 estimate (based on data at 31 December 2009). At the current design ore processing rate of 4Mtpa, the Ore Reserve supports a mine life of nine years. Further details were included in the announcement "Increased Ore Reserves at Phu Kham and Ban Houayxai" which was released to the ASX on 4 May 2011.

Resource development drilling continued during the quarter. The purpose of the drilling program is to define a pervasive, relatively high-grade, gold-silver zone that extends from surface through the oxide and primary zones of the deposit. It is anticipated that the definition of this zone will lead to improved resource definition and a revised resource estimate.

Significant intersections from recent drilling are presented in Table 8 and include:

- HDD234 17 metres at 3.58g/t gold and 5.7g/t silver from 332 metres
- HDD235 34 metres at 1.05g/t gold and 29.1g/t silver from 220 metres
- HDD240 21 metres at 1.54g/t gold and 11.2g/t silver from surface, and 47 metres at 1.40g/t gold and 4.4g/t silver from 30 metres

Inca de Oro Copper-Gold Project, Chile (59.4% PanAust)

PanAust is managing the feasibility study for the Inca de Oro Project, with the objective of completing an interim report in late 2011 to allow placing of orders for long lead items in early 2012. The feasibility study final report is scheduled to be completed by mid-2012.

A program of drilling comprising three core rigs is underway to provide additional data for incorporating into the feasibility study.

During the quarter, a revised Mineral Resource estimate was announced (Table 12) which, for the first time, incorporated near-surface oxide (high solubility), and mixed oxide and supergene (moderate to low solubility) mineralisation. The estimate was based on a 0.2% copper cut-off to reflect the likely economic cut-off for the deposit.

Phonsavan Copper-Gold Project, Laos (90% PanAust)

The Project comprises two copper-gold deposits: KTL and Tharkhek, located five kilometres apart and close to existing road and power infrastructure. Resource drilling programs are underway at both deposits with the aim of defining sufficient resources to justify the development of a copper-gold operation. At the end of the quarter, eight drill rigs were in operation. Significant drill assay results from the current program are presented in Table 9.

A scoping study has commenced on the development concept for the Project which contemplates two open pit mines (KTL and Tharkhek) feeding a central processing plant.

Resource drilling at KTL focused on infill and down-dip extensions to mineralisation. Mineralisation dips moderately to the south at between 30 degrees and 40 degrees and has a strike length of two kilometres.

Resource drilling continued at the Tharkhek copper-gold deposit where drilling has intersected broad zones of skarn mineralisation in a structurally complex setting. In July, drilling commenced to test for extensions to the high-grade gold skarn discovery at Tharkhek (announced in June 2010), which is adjacent to the copper-gold deposit.

The scoping study has identified several suitable sites for tailings storage and water supply. The preferred processing option and infrastructure layout will be determined once inaugural resource estimates for Tharkek copper-gold and gold prospects have been completed in mid-2012. Strategically, PanAust aims to develop projects that deliver at least 30,000tpa of copper equivalent metal. It is possible that the Tharkek high-grade gold discovery will lead to the development of a project that incorporates a relatively high gold credit (compared to Phu Kham) or separate gold stream.

Puthep Copper Project, Thailand (49% PanAust)⁴

The development concept being evaluated for Puthep is an open-pit mine and leaching process to produce 25,000t to 30,000t of cathode copper per annum over an eight-year mine life. Work during the quarter has focused on reviewing the relative merits of different leach processing options. During the September quarter, the joint venture between PanAust and Padaeng Industry Public Company Limited will formally consider the review and determine the preferred development and ownership structure going forward.

Regional Exploration, Laos (90% PanAust)

PanAust is undertaking regional exploration activities at several identified 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 of the business.

⁴ PanAust can earn a 51% interest in the Puthep Company 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's) recorded during the June quarter. The LTI frequency rate (LTI's per million man-hours) on a 12-month rolling average basis at 30 June 2011 was 0.30.

At the end of June Phu Kham Operations had recorded 364 LTI-free days (almost 7.6 million man hours) and the Ban Houayxai Project had achieved 606 LTI-free days, with no LTI since development of the Project commenced.

It is with regret that the Company reports the off-site fatality of Mr Somebath Bounyavong, an excavator operator employed by a contractor engaged by the Company for road maintenance activities. On 1 July, Mr Bounyavong was working on clearing a slip from the main access road to Phu Kham, which was caused by the late June / early July heavy rainfall, when a landslide swept his excavator away.

In May, PanAust reported that a security incident had occurred close to the Company's former heap leach operation, and approximately six kilometres from the Phu Kham Copper-Gold Operation. The incident involved a Company security vehicle which was fired upon by unknown assailants. No personnel were injured and the Phu Kham processing operations were not impacted.

PanAust also advised that there had been a number of sporadic security incidents within the Contract Area in Laos over the course of the previous 12 months. While these incidents have generally not impacted activities, the Company has implemented enhanced security protocols to protect its employees and contractors.

Environment

There were no reportable environmental incidents during the June quarter.

Phu Kham is designed to withstand high rainfall events and as a result the integrity of the Operation was not compromised by the exceptional rain events referred to above and elsewhere in this report in and there were no breaches of environmental compliance guidelines.

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 Ban Nam Mo and Ban Nam Gnone. Education, health, infrastructure and business development are the main focus, with projects progressed in full consultation with local community and government.

The severe rainfall events in late June caused significant but localised damage to roads and other infrastructure and impacted communities in the Phu Kham area. PanAust has provided assistance where possible to help the local communities recover from this natural disaster and is repairing bridges and roads.

In addition to ongoing infrastructure repair and assistance to local communities, PanAust has provided financial support to victims of the storms and associated flooding via a donation package totalling US\$160,000 across national, provincial and district levels.

Activities and achievements for the quarter included:

- Livestock vaccination program completed at five local villages in response to reports of a high incidence of disease.

- Microfinance project expanded with the establishment of village savings and credit funds in three villages in the Hom district.
- A summer school program organised in two local villages was attended by approximately 300 children.
- Community development: training courses aimed at increasing agriculture productivity including vegetable planting during the rainy season; alternative methods for rice seed propagation; using natural insecticides made from local herbs.
- Community Education: 25 adults, mostly women, graduated from adult literacy and numeracy courses held in Nam Gnone. This is part of a regular program organised in cooperation with the District Education Authority.

Local Community Projects, Thailand

PanAust has been building a community relations program at the Puthep project in Loei Province of Thailand, in association with the ongoing ESIA work being conducted by Kasetsart University. Community presentations which commenced during the quarter have been well received and are being progressed village by village in the communities local to the proposed project.

Corporate

At 30 June 2011, the Company had cash of US\$171.4 million, debt of US\$45 million, undrawn debt facilities of US\$55 million, and mobile equipment lease facilities drawn to a total of US\$51.4 million.

Copper price exposure

PanAust's current hedging policy seeks to maintain a significant exposure to the prevailing copper price while protecting 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 short-term and provisional price risk (over the quotational period) on copper sales through swaps and fixed price agreements with customers. Protection against potential downside copper price risk on future production is currently provided by put options over the next two years. These strategies are consistent with the hedging protocol stipulated under the Company's bank loan agreements.

PanAust's copper hedging positions at 30 June 2011 are summarised in Tables 2 and 3.

Table 2: Copper swaps

Settlement Period	Tonnes	Average Price US\$/lb
December half 2011	10,175	4.09

Table 3: Strategic hedging: Copper Put Options

Settlement Period	Tonnes	Average Strike Price US\$/lb	Premium payable US\$
December half 2011	16,311	2.70	4,645,113
June half 2012	6,093	2.25	2,321,108
December half 2012	7,563	2.25	3,002,024
June half 2013	6,237	2.37	1,533,959
Total	36,204	2.47	11,502,205

Gold price hedging

PanAust has no committed gold hedging following the close out, in the September quarter 2010, of gold forwards which the Company had entered into during 2007 under the original terms of the Phu Kham Project Finance Facilities.

Whilst the cash-flow impact of the close-out was incurred during the December half 2010, the charge to the profit and loss account will be amortised over the original hedge profile through to December 2013 (refer to the 2010 Annual Report).

The Company may consider hedging part of future gold and silver production.

Issued Capital

The issued capital of the Company at 30 June 2011* comprised:

593,651,483	Ordinary fully paid shares
6,625,796	Unlisted options
2,689,435	Unlisted share rights

* At the Annual General Meeting on 20 May 2011, shareholders approved a 1 for 5 consolidation of PanAust shares. The consolidation was completed on 6 June 2011.

Proposed 2011 reporting calendar:

- 25 Aug 2011 Interim Financial Result
- 27 Oct 2011 September quarter 2011 report

Dates are provisional and remain subject to confirmation.

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
John Crofts	Non-executive Director

Registered and principal office

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Securities Exchange Listing

Australian Securities Exchange Code: PNA
PanAust is a constituent of the S&P/ASX 100 Index.

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Attachment

Table 4: Production and sales statistics

Phu Kham Operations	Units	3 months to 30 Jun 2011	6 months to 30 Jun 2011
Total material mined	t	6,571,602	15,367,903
Copper-gold ore mined	t	2,877,082	6,002,772
Ore milled	t	3,423,828	6,493,197
Copper head grade	%	0.63	0.65
Gold head grade	g/t	0.33	0.32
Silver head grade	g/t	3.85	3.85
Concentrate produced	dmt	64,240	124,438
Copper in concentrate	t	15,184	30,213
Gold in concentrate	oz	13,976	27,268
Silver in concentrate	oz	136,666	257,885
Copper recovery	%	70.1	71.8
Concentrate sales	dmt	61,258	123,788
Payable copper in concentrate sold	t	13,760	28,361
Payable gold in concentrate sold	oz	12,889	25,967
Average copper price realised (copper revenue recognised / sales) after realised hedging	US\$/lb	4.07	4.24
Average gold price realised (gold revenue recognised / sales) after realised hedging	US\$/oz	1,433.78	1,331.52

Table 5: Production costs (US\$/lb copper)

Phu Kham Copper-Gold Operation	3 months to 30 Jun 2011	6 months to 30 Jun 2011
Mining cost ⁵	0.60	0.55
Processing cost	0.52	0.52
General & Administration ⁶	0.25	0.21
Total on-site operating costs	1.37	1.28
Transport handling and marketing	0.36	0.33
Concentrate treatment and refining	0.13	0.12
Total off-site operating costs	0.49	0.45
Deduct precious metal credits	(0.82)	(0.74)
Total direct operating costs (C1 cash cost)	1.04	0.99
Royalty	0.30	0.30
Depreciation and amortisation	0.35	0.36
Total costs	1.68	1.65

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

⁵ Mining costs increased by US\$0.13/lb quarter on quarter largely due to lower ore tonnes mined, increased tyre costs (change out for wet season operations) and increased diesel fuel costs.

⁶ G&A costs increased by US\$0.07/lb quarter on quarter largely due to the impact of a stronger A\$/US\$ exchange rate on expatriate salaries and a redistribution of costs from Vientiane office to the operation.

Table 6: Phu Kham resource extension and deep mineralised zone discovery

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
GDD1114 323m -60 to 270	250.0	10.0	0.30	0.12	1
	270.0	8.0	0.38	0.34	1
	284.0	12.0	0.42	0.16	2
GDD1115 219m -60 to 090	122.0	8.0	0.44	0.24	2
	136.0	4.0	0.40	0.07	2
GDD1117 351m -60 to 090	314.0	12.0	0.62	0.62	4
	334.0	8.0	0.43	0.21	2
GDD1119 450m -60 to 090	12.0	24.0	0.71	0.73	13
	56.0	12.0	0.55	0.57	7
	88.0	106.0	0.59	0.31	4
GDD1120 572m -60 to 000	6.0	4.0	0.43	0.16	3
	126.0	4.0	0.60	0.09	1
	336.0	78.0	1.51	0.31	2
	Including:				
	340.0	22.0	3.37	0.33	4
	430.0	36.0	0.42	0.17	1
486.0	46.0	0.63	0.14	2	

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

Table 7: LCT Copper-Gold Prospect; significant drill intersections

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
LDD004 321.9m -60 to 180	91.0	18.0	1.01	3.42	94.9
	Incl.:				
	100.0	6.0	2.96	9.40	273.4
	113.0	20.0	0.10	0.55	8.6
LDD005 231.1m -60 to 000	124.0	18.0	0.08	0.45	37.6
LDD006 404.9m -60 to 180	0.0	5.0	0.01	0.91	0.9
	10.0	9.0	0.02	0.71	1.5
	25.0	4.0	0.14	0.78	11.6
	158.0	4.0	0.10	0.94	5.8
	212.0	4.0	0.00	35.91	10.8
	345.0	4.0	0.41	0.20	3.2
LDD007 465m -60 to 180	350.0	57.0	0.04	0.46	2.8
	414.0	9.0	0.01	0.40	1.8
	459.0	6.0	0.01	0.37	1.0
LDD009 444m -60 to 180	180.0	2.0	<0.01	3.40	1.6
	269.0	24.0	0.02	0.83	1.2
	291.0	10.0	0.05	0.44	2.2
		5.0	0.02	0.36	0.6

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

Table 8: 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)
HDD222 525m -60 to 180	167.0 247.0	44.0 16.0	0.56 0.42	5.9 4.5
HDD224 180m -60 to 180	133.0	27.0	0.88	16.2
HDD227 400m -60 to 180	4.0	12.0	0.37	1.2
HDD234 543m -60 to 180	332.0 357.0 403.0	17.0 28.0 64.0	3.58 0.54 0.62	5.7 7.7 14.6
HDD235 341m -60 to 180	105.0 220.0	26.0 34.0	0.42 1.05	1.3 29.1
HDD240 156m -60 to 180	0.0 30.0 82.0	21.0 47.0 28.0	1.54 1.40 0.61	11.2 4.4 2.4

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 9: 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)
KTL deposit:					
KDD101 337m -60 to 000	194.0	8.0	0.80	0.28	6.6
KDD106 798m -60 to 000	542.0 586.0	22.0 10.0	0.79 0.59	0.03 0.02	3.1 3.5
Tharkhek deposit:					
TKD037 369m -60 to 000	186.0 206.0 230.0	6.0 18.0 16.0	1.00 0.59 0.71	0.06 0.03 0.05	1.5 0.9 1.5
TKD038 319m -60 to 000	124.0	4.0	0.39	5.36	0.9
TKD042 315m -60 to 000	140.0	10.0	0.40	0.01	1.0

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

Table 10: Phu Kham Copper-Gold Ore Reserves as at 1 January 2011

Commodity price assumptions: Copper US\$2.50/lb Gold US\$1,100/oz Silver US\$18/oz	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Copper (000t)	Contained Gold (000oz)	Contained Silver (000oz)
Proved	160	0.56	0.25	2.1	900	1,300	11,000
Probable	50	0.45	0.21	2.3	230	340	4,000
Total	210	0.53	0.24	2.1	1,120	1,630	14,000

Reported on a 100% equity basis. PanAust has a 90% interest in Phu Kham.

Table 11: Ban Houayxai Gold-Silver Ore Reserves as at 1 January 2011

Ore Reserves	Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)	Cont. Gold (000oz)	Cont. Silver (000oz)
Price assumptions: Gold US\$1,100/oz Silver US\$18/oz	Proved	9	0.77	5.6	220	1,600
	Probable	27	0.77	8.0	660	6,900
	TOTAL	36	0.77	7.4	880	8,500

Reported on a 100% equity basis. PanAust has a 90% interest in Ban Houayxai.

Table 12: Inca de Oro Mineral Resources (0.2% copper cut-off)

	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Mo Grade (%)
Oxide	Indicated	65	0.49	0.14	0.004
	Inferred	13.3	0.35	0.08	0.003
Mixed	Indicated	-	-	-	-
	Inferred	8.2	0.89	0.14	0.004
Combined Oxide-Mixed	SUB TOTAL	86.5	0.63	0.13	0.004
Supergene	Indicated	-	-	-	-
	Inferred	10.4	1.31	0.13	0.005
Primary	Indicated	373.8	0.34	0.11	0.010
	Inferred	299.0	0.27	0.07	0.010
Combined Supergene-Primary	SUB TOTAL	683.2	0.32	0.09	0.010
TOTAL RESOURCES		769.7	0.36	0.10	0.010

Reported on a 100% equity basis. PanAust has a 59.4% interest in Inca de Oro.

Forward-Looking Statement

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.

Competent Person Statements

Mineral Resources and exploration results:

The data in this report that relates to exploration results and Mineral Resources 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.

Phu Kham copper-gold Ore Reserves:

The data in this report that relates to Ore Reserves are based on information reviewed by Dr Jon Gaunt who is a Member of the Australasian Institute of Mining and Metallurgy.

Dr Gaunt is a full time employee of PanAust Limited. Dr Gaunt 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 (JORC Code).

Dr Gaunt consents to the inclusion in the report of the Ore Reserves in the form and context in which they appear.

Ban Houayxai gold-silver Ore Reserves:

The data in this report that relates to Ore Reserves are based on information reviewed by Mr David Reid who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Reid is a full time employee of PanAust Limited. Mr Reid 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 (JORC Code).

Mr Reid consents to the inclusion in the report of the Ore Reserves in the form and context in which they appear.