



19 July 2012

Quarterly Report for the three months to 30 June 2012

Production Summary and Outlook

- Consolidated year to date copper production of 29,681t, 41,587oz of gold and 246,161oz of silver puts the Company in good shape to meet full year production guidance of approximately 64,000t copper, 135,000oz gold and 650,000oz silver.
- Phu Kham soon to operate at expanded processing rates to deliver approximately 34,000t of copper and 30,000oz of gold in the December half of 2012. Full year C1 cash cost guidance is maintained at between US\$1.05/lb and US\$1.15/lb copper.
- Ban Houayxai ramped up and expected to deliver over 65,000oz of gold in the December half of 2012 at a C1 cash cost of approximately US\$500/oz.
- Phu Kham Upgrade running within the US\$95 million budget and commissioning commenced. Increased Recovery Project capital estimate revised down by 30% to US\$45 million (includes 20% contingency).
- Ban Houayxai Project completed on-schedule and within 5% of the US\$200 million capital budget.

Pre-development and exploration projects

- **Inca de Oro Copper-Gold Project, Chile:** feasibility study completed; study scope extended to incorporate the processing of Inca de Oro oxide and detailed assessment of the mineral resource potential of the nearby Carmen and Artemisa deposits.
- **Phonsavan Copper-Gold Project:** Pre-feasibility study underway with a view to completing a feasibility study in mid-2013 focusing on the KTL deposit.
- **Nam San underground:** Engineering design nearing completion for the establishment of a decline to access the Nam San deposit and mineral resource blocks beneath the design base of the Phu Kham open pit by 2015.
- **Phu Kham district exploration:** drilling at the LCT deposit confirmed the continuity of high-grade copper-gold mineralisation.

Corporate

- At 30 June 2012 the Company had cash of US\$107 million and debt (non-current) of US\$85.0 million (excluding equipment lease facilities).

2011 WINNER – SOCIAL/COMMUNITY
PRESENTED BY ETHICAL INVESTOR



2010 and 2011 WINNERS
BEST COMMUNITY DEVELOPMENT INITIATIVE AWARD



2011 LABOUR ORDER CLASS 1 MEDAL
BEST DEVELOPMENT IN A RURAL AREA
PRESENTED BY THE GOVERNMENT OF LAO PDR



Phu Kham Operation, Laos (PanAust 90%)

Introduction

Copper in concentrate production for the quarter was 13,908t at an average C1 cash cost¹ of US\$1.15/lb (Table 1) after precious metal credits totalling US\$0.89/lb copper. For the half year Phu Kham produced 29,681t of copper in concentrate at an average C1 cash cost of US\$1.03/lb after precious metal credits.

Table 1: Production and cost summary

Phu Kham Operation <i>Production summary (100% equity basis)</i>	Units	3 months to 30 Jun 2012	6 months to 30 Jun 2012
Copper in concentrate	t	13,908	29,681
Gold in concentrate	oz	14,263	28,923
Silver in concentrate	oz	97,269	236,087
C1 cash cost after precious metal credits ²	US\$/lb Cu	1.15	1.03

Further details of the production and cost performances are contained in Table 7 and Table 8 of this report

Production Performance

The Operation continued to process ore at a rate above the plant nameplate capacity of 12Mtpa (million tonnes per annum) with an annualised rate of over 14Mt achieved during the quarter. The quarterly copper production and cash cost performances reflect the scheduled lower average copper head grade for the quarter (0.54% compared with 0.64% for the March quarter 2012) partly offset by a higher average copper recovery rate which increased to 72.6%.

Pay-metal in concentrate sales during the June quarter totalled 13,205t of copper, 14,595oz of gold and 90,813oz of silver. The average copper, gold and silver prices realised (after hedging) were US\$3.45/lb, US\$1,577/oz and US\$30.5/oz respectively.

Phu Kham 2012 production and cost guidance³

Scheduled 2012 copper production is strongly skewed to the December half and in particular to the December quarter as throughput rates increase following the commissioning of the Upgrade Project. Copper head grade is also scheduled to rise in the December half of 2012 versus the June quarter. Production and cost guidance for Phu Kham during 2012 is between 63,000t and 65,000t of copper in concentrate at an average C1 cash cost of between US\$1.05/lb and US\$1.15/lb copper after precious metal credits from approximately 55,000oz to 60,000oz gold and 400,000oz to 450,000oz⁴ silver.

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 Based on invoiced pricing for gold and silver.

³ Cash cost guidance assumes by-product credits based on average gold and silver prices for 2012 of US\$1,600/oz and US\$30/oz respectively.

⁴ Forecast gold and silver production has been amended to reflect year to date performance and current mine schedule grades.

Rising copper production planned for Phu Kham

Copper production at Phu Kham is expected to progressively increase over the next three years following completion of the Phu Kham Upgrade Project this year, the Increased Recovery Project in the September quarter 2013 and a likely commitment to develop an underground operation to access the adjacent and relatively high-grade Nam San copper-gold deposit.

Production is expected to rise to between 65,000t and 70,000t in 2013 to reflect a full year of expanded throughput rates as a consequence of the Upgrade Project and to between 70,000t and 75,000t in 2014 as a consequence of the Increased Recovery Project. Gold and silver production is also expected to rise as a consequence of these initiatives.

The discovery of the Nam San deposit last year and the studies to date indicate the potential for further increases in copper production beyond 2014 (refer to pre-development and exploration projects section below).

Phu Kham Upgrade Project

Commissioning has commenced with the cleaner circuit scheduled to be on-line at the end of July and ball mill and rougher circuit commissioned during August. Construction work is expected to be completed within the US\$95 million budget.

The Phu Kham Upgrade Project is designed to increase ore processing rates from 12Mtpa to 16Mtpa and improve metal recoveries through an increase in grinding and flotation capacity and will add to copper production capacity while timed to compensate for a scheduled fall in head grade as the open pit moves through the course of 2012 from predominantly enriched transitional ore to predominantly lower grade primary ore.

Phu Kham Increased Recovery Project

The Increased Recovery Project is expected to increase the average annual copper and gold production by approximately 5,000t and 7,500oz respectively. The C1 cash operating cost is expected to reduce by more than 5% as the quantum of increased metal production more than offsets the relatively modest increase in unit process costs.

Following detailed design work (to a feasibility study level) the previously estimated capital cost of the Project has been reduced by 30% to US\$45 million (includes a 20% contingency). An order for the key long lead item, a 3MW regrind mill, has already been placed. Construction is scheduled to commence in the December quarter 2012 and be completed during the September quarter 2013.

The Project stems from a two-year evaluation of various methods to improve metallurgical recoveries at Phu Kham. Plant-scale test work (four separate trials) has confirmed that by incorporating a strategy of less selective rougher flotation in combination with additional regrind and cleaner flotation capacity, life of mine recovery rates for both copper and gold could be increased by more than six percentage points to at least 83% and 53% respectively.

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

Introduction

The Operation achieved practical completion in mid-April and the first gold-silver doré was poured on 1 May 2012. Commercial production was declared from 1 June 2012. The Project was completed within 5% of the US\$200 million capital budget.

Gold and silver doré poured for the quarter was 12,664oz and 10,074oz respectively (Table 2). Production for June was 9,257oz of gold at a cash cost of US\$514/oz (Table 9) after a credit from 7,367oz of silver⁵. The low cash cost reflects relatively low unit milling costs on softer oxide ores.

Table 2: Production summary

Ban Houayxai Operation Production summary (100% equity basis)	Units	3 months to 30 Jun 2012	6 months to 30 Jun 2012
Gold poured	oz	12,664	12,664
Silver poured	oz	10,074	10,074

Further details of the production and June cost performances are contained in Table 7 and Table 9 of this Report.

Target gold recovery rates for oxide ore were quickly attained with an average for the quarter of 92.6% achieved. Silver recovery rates are ramping up and are expected to increase to target rates in the mid to high 50's (percentage) for oxide ores as plant optimisation progresses in line with increasing silver grades. Later in the year silver recoveries should rise towards 70% as the first higher-grade transitional ore is scheduled to be processed.

The Ban Houayxai gold-silver deposit is located approximately 25 kilometres west of Phu Kham and comprises an open pit mine feeding ore to a conventional 4Mtpa Carbon in Leach (CIL) process plant. PanAust is targeting annual production of approximately 100,000oz of gold and 700,000oz of silver. The oxide ore that is scheduled to be mined in the first year is partly silver depleted and will result in initial silver production being below the life of mine average.

Ban Houayxai production and cost guidance⁶

To reflect the actual ramp-up rate and cost performances during the June quarter, and an updated production schedule, the estimated 2012 full year production at Ban Houayxai has been amended to approximately 80,000oz of gold at a cash cost of approximately US\$500/oz after a credit from between 200,000oz and 250,000oz of silver.

⁵ Based on invoiced pricing for silver.

⁶ Cash cost guidance assumes bi-product credit based on an average silver price for 2012 of US\$30/oz.

Pre-development and exploration projects

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

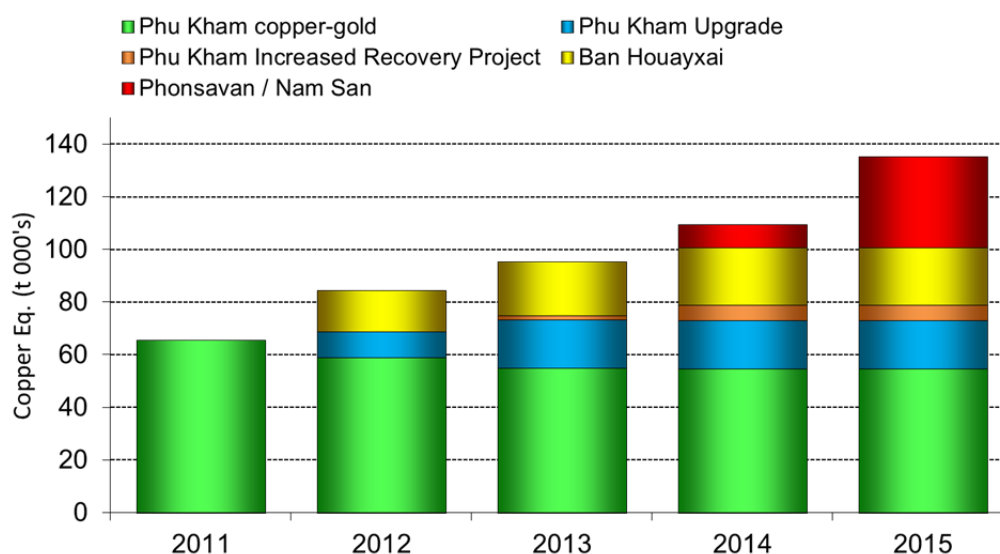
Key components of this strategy are: a commitment to progressing capital efficient organic growth opportunities; the acquisition of producing or pre-development copper assets; and, pursuit of an active exploration and resource development program in Laos and Chile.

Ban Houayxai and the Phu Kham Upgrade and Increased Recovery Projects are the platform for a pipeline of pre-development and exploration projects that should maintain a strong growth profile for the Company over the medium to long-term (Figure 1).

During the June quarter, PanAust completed the Inca de Oro feasibility study (joint venture with Codelco in Chile) and progressed studies for the development of an underground operation at the Nam San deposit (adjacent to the Phu Kham Operation in Laos) and the Phonsavan Copper-Gold Project in Laos.

The Inca de Oro feasibility study focused on the sulphide (supergene and primary) mineral resource and concluded that the Project would not provide a sufficient return at a US\$3.00/lb copper price. The joint venture partners agree that there is significant potential to improve the robustness of the Project through the exploitation of the oxide resources at Inca de Oro and the definition and incorporation of mineralisation from nearby deposits into the development plan.

Figure 1: Growth pipeline: projects competing for capital



Notes for chart:

PanAust Limited share of production. Future projects are subject to feasibility study and project approvals.

Assumes implementation of the Phu Kham Upgrade from September quarter 2012 with a mid-point of the expanded annual copper production capacity range of 65kt-70kt.

Assumes implementation of the Phu Kham Increased Recovery Project December quarter 2013 with an incremental annual production increase (100% equity basis) of 5,000t copper and 7,500oz gold.

Copper equivalent assumptions: copper US\$3.50/lb, gold US\$1,600/oz, silver US\$30/oz.

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

The Phu Kham district is a high priority target for exploration and resource development. At the end of the quarter five diamond core rigs were undertaking resource drilling at the higher-grade Nam San deposit, adjacent to the Phu Kham deposit; and step-out drilling was continuing at LCT, targeting strike extensions of this copper-gold deposit.

Nam San – seeking a step increase in copper production at Phu Kham

Engineering design work is nearing completion for the establishment of a decline to access the Nam San deposit and mineral resource blocks beneath the design base of the Phu Kham open pit by 2015.

Studies have also commenced to identify the requirements to achieve further increases in the capacity of the process plant at Phu Kham so that it can receive an additional circa 2-3Mtpa of crushed mill feed (running at circa 1% copper) from the proposed underground operation supplementing the scheduled 16Mtpa mill feed from the open pit. Success with these studies and successful implementation of the plans from these studies would see a substantial increase in copper production at Phu Kham from levels of 70,000 to 75,000tpa anticipated in 2013 (following implementation of the Increased Recovery Project) to +90,000tpa.

Drilling at Nam San is aimed at defining an inaugural mineral resource in the December half of 2012.

LCT – a new focus within 6km of Phu Kham

Results received during the quarter from diamond core hole LDD022 confirmed the continuity of a broad zone of high-grade copper-gold mineralisation over at least 200 metres of strike within a broader envelope of primary gold and copper-gold mineralisation with a strike length of over 400 metres. LDD022 intersected three intervals of copper-rich porphyry mineralisation:

- 90 metres at 0.97% copper, 3.05g/t gold and 33g/t silver from a depth of 142 metres
- 12 metres at 0.51% copper, 0.31g/t gold and 51g/t silver from a depth of 238 metres
- 12 metres at 1.04% copper, 0.36g/t gold and 63g/t silver from a depth of 261 metres

Below a depth of 474 metres LDD022 also intersected multiple intervals of copper-gold mineralisation where gold values are elevated (Table 11). Other significant results from LCT received during the quarter included those from drill hole LDD031:

- 39 metres at 1.15g/t gold and 4g/t silver from 71 metres, and
72 metres at 0.74% copper, 1.49g/t gold and 11g/t silver from 189 metres, including:
33 metres at 1.57% copper, 2.24g/t gold and 20g/t silver from 212 metres

The LCT deposit is located approximately six kilometres northwest of the Phu Kham Operation and may represent an opportunity to develop new process facilities subject to further exploration success.

Phonsavan Copper-Gold Project – potentially the next green-field development in Laos (90% PanAust)

A pre-feasibility study is underway at the Phonsavan Copper-Gold Project with a view to completing a feasibility study in mid-2013. The studies will focus on a project centred on the KTL copper-gold deposit and will consider the potential to add further mineralisation sourced from deposits in the area including the Tharkhek copper-gold and gold deposits. Significant drill assay results from the current program are presented in Table 13.

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

The Inca de Oro Copper-Gold Project feasibility study on the sulphide mineral resources was completed during the quarter.

A revised Inca de Oro mineral resource estimate is summarised in Table 3.

Table 3: Estimated Inca de Oro Sulphide Mineral Resources⁷

Mineralisation Type	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Supergene 0.25% copper cut-off	Measured	0.8	0.99	0.12	3.7
	Indicated	3.5	1.53	0.14	2.6
	Inferred	1.4	1.02	0.05	1.5
	SUB-TOTAL	5.7	1.33	0.11	2.5
Primary 0.25% copper cut-off	Measured	185.2	0.44	0.13	2.0
	Indicated	122.4	0.32	0.08	1.5
	Inferred	75.6	0.29	0.06	1.4
	SUB-TOTAL	383.2	0.37	0.10	1.7
Combined Supergene and Primary	TOTAL	388.9	0.38	0.10	1.7

Study Results

The Inca de Oro feasibility study focused on the sulphide (supergene and primary) mineral resource and the development of a 12Mtpa open pit and flotation process operation. The study assumed US\$3.00/lb for copper, US\$1,600/oz for gold and US\$30/oz for silver and at these commodity prices the study concluded that the Project would not provide a sufficient return.

The study identified the following key project parameters:

- The pit design is relatively insensitive to different cost and revenue factors.
- The mining and processing schedule comprises 180Mt of mill feed mined at an average waste:ore strip ratio of 1.9:1 (including pre-strip and assuming oxide mineralisation is mined as waste) at an average head grade of 0.43% copper and 0.12g/t gold.
- Flotation test work confirmed that a conventional flotation circuit using rougher flotation, regrinding of rougher concentrate followed by three stages of cleaner flotation, produces a high quality concentrate (free of deleterious elements) at an average life-of-mine recovery for copper of 87% and for gold of 70%.

During the first ten years of production, the study identified that 121Mt of mill feed would be processed at an average grade of 0.50% copper and 0.14g/t gold at C1 cash costs after precious metal credits of US\$1.43/lb (for average annual copper production of 60,000t in concentrate) for the first five years, and US\$2.28/lb for the second five years. The cost profile after the first five years of production needs to be reduced for the Project to be robust.

The study concluded that:

- (a) Project economics would be materially enhanced by the delineation of additional mineral resources and the processing of Inca de Oro oxide mineralisation, and

⁷ Details of the Mineral Resource are included in Table 10 and associated notes at the end of this report.

- (b) Entering into a commitment for the supply of power at a competitive life-of-mine tariff will not be possible before next year after proposed new base load power generators clear all development hurdles.

Capital Costs

The feasibility study estimate for the pre-production plant and infrastructure capital costs is a competitive (for operations of similar scale) US\$635 million, which includes a 14% contingency (US\$79 million). An additional estimated US\$107 million is required for the pre-strip.

Infrastructure

Inca de Oro benefits from access to existing established infrastructure including power, road and rail, smelter and port facilities. Like other projects in the region, the development of Inca de Oro depends upon access to competitively priced water and power.

The joint venture intends to enter into a memorandum of understanding with Codelco for Codelco's El Salvador Division to provide access to process water from the El Salvador tailings storage facility until such time as that water is required by Codelco for other purposes (thereby deferring capital expenditure on a new pipeline from the sea) and provide access to El Salvador's SX-EW (solvent extraction and electro-winning) process plant facilities to process liquor from Inca de Oro's proposed oxide heap leach operation.

In relation to electricity, while the existing power line crosses the project area, the cost of power over the short to medium term is expected to be high (+21 cents/kWhr) with power providers meeting the power requirements of new customers by deploying diesel fired generators. It is anticipated that following the resolution of the current issues that are preventing the construction of new base load power stations within the region, that the Inca de Oro Project will be able to negotiate a competitively priced life-of-mine base load power agreement.

Project strategy

PanAust is confident that the incorporation into the mining schedule of higher value (through a higher gold grade) mineralisation from PanAust's wholly owned and nearby Carmen copper-gold deposit will substantially improve the operating cost profile during the second five years of the mine life and thereby improve the robustness of the Project. Carmen is approximately 14 kilometres southwest of Inca de Oro. Resource extension and infill drilling will be completed at Carmen over the next 12 months aimed at lifting the largely Inferred Mineral Resource into Measured and Indicated categories.

Drilling has already commenced at the Artemisa copper-gold prospect, five kilometres north of Inca de Oro (Figure 2) and part of the Inca de Oro joint venture, where previous drilling by Codelco intersected broad zones of copper-gold mineralisation. The objective of drilling at Artemisa over the next 6-12 months will be to identify an initial resource estimate for that deposit.

The feasibility study also indicated the significant economic benefits and improvement in production profile from recovering copper from some of the Inca de Oro acid soluble (predominantly oxide) mineralisation (mined during the sulphide pre-strip). The development concept for oxide processing is to produce a copper sulphate intermediate product from heap leaching at Inca de Oro, which would be transported to Codelco's El Salvador SX-EW facility for recovery to copper cathode.

Studies to date, indicate that approximately 16 million tonnes of oxide resource at 0.7% total copper could be amenable to heap leaching and SX-EW processing. However, further studies are

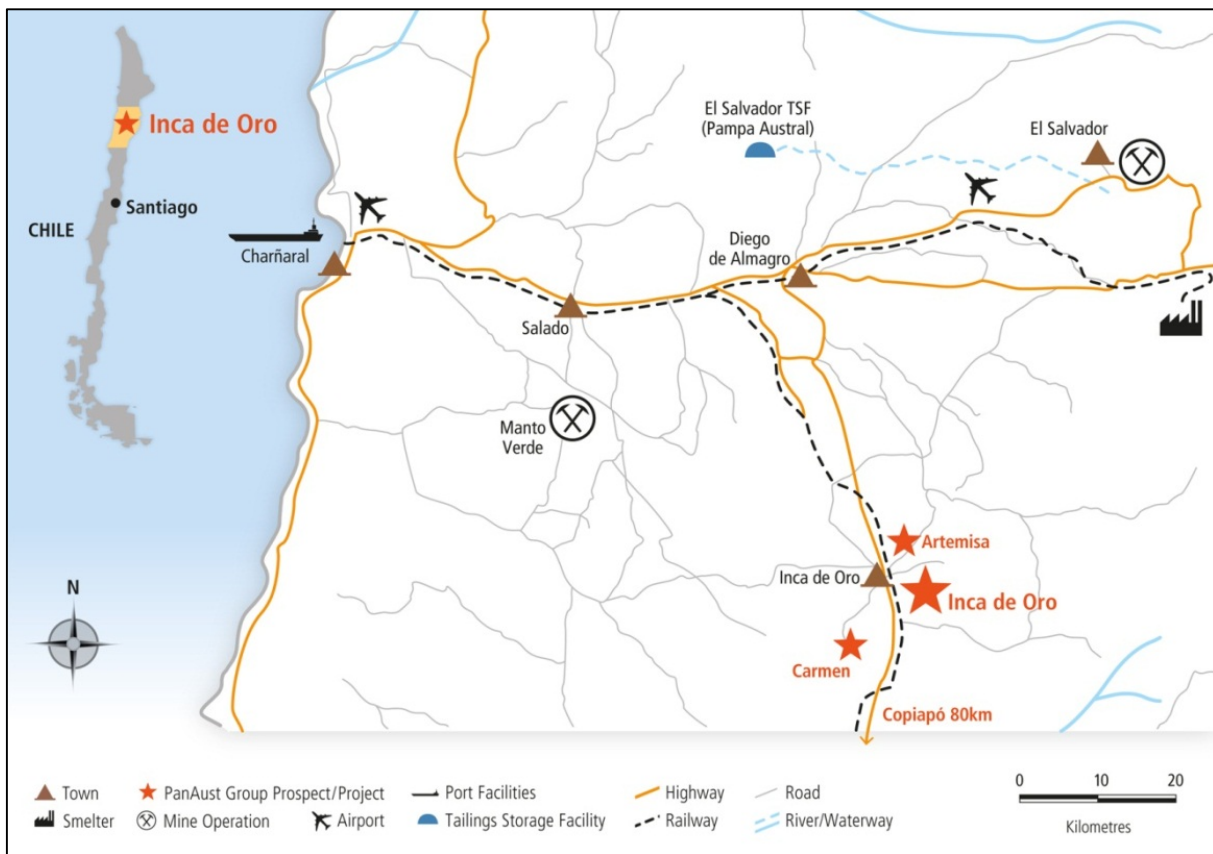
required to optimise the processing and materials handling concepts and to test the potential of the lower soluble copper grade mineralisation.

Table 4: Summary of estimated Inca de Oro acid soluble Mineral Resources⁸

Mineralisation type 0.25% copper cut-off	Tonnes (Mt)	Total copper grade (%)	Acid soluble copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
Black oxide	65.8	0.50	0.18	0.12	0.9
Green oxide	1.9	1.20	0.96	0.34	1.6
Mixed: Oxide dominant	2.8	0.83	0.18	0.13	2.3
Mixed: Sulphide dominant	0.6	1.26	0.39	0.09	3.1
Total Oxide and Mixed Resources	71.1	0.54	0.20	0.13	1.0

The studies required to assess the opportunities for enhancing the Project economics coupled with negotiations to secure a life-of-mine power tariff for the Project are expected to be completed in late 2013.

Figure 2: Inca de Oro location map



Regional Exploration, Laos (90% PanAust)

PanAust is undertaking regional exploration activities at several prospects within the Company’s 2,636km² Contract Area in Laos. The Contract Area remains under-explored and is highly

⁸ Details of the Mineral Resource are included in Table 10 and associated notes at the end of this Report.

prospective for copper and gold, offering excellent potential for the discovery of significant new resources as the basis for organic growth of the business.

Scout drilling was completed during the quarter at the Phu Wan and Pha Lek prospects which are in the southern part of the Contract Area. The targets incorporate several zones of hematite and magnetite skarn which host sulphide mineralisation. Drilling at Phu Wan intersected elevated copper and gold grades (Table 14), including:

- WDD001 26 metres at 0.26% copper, 0.60g/t gold and 15.7g/t silver from 120 metres

Sustainability

Safety

A single lost time injury (LTI) occurred during the quarter when a fitter received a knee injury caused by a fragment of metal that had split from a hard face steel hammer. An investigation found that an inappropriate tool had been used and the use of established procedures and appropriate protective equipment / tooling was reinforced.

The LTI frequency rate (LTI's per million man-hours) on a 12-month rolling average basis at 30 June 2012 was 0.14.

Environment

There were no reportable environmental incidents during the June 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 30 June 2012, the Company had cash of US\$107 million, debt of US\$85.0 million (non-current), undrawn debt facilities of US\$15.0 million, and mobile equipment lease facilities drawn to a total of US\$78.1 million.

Puthep Copper-Gold Project, Thailand

PanAust has commenced a trade sale process for the Puthep Copper-Gold Project on behalf of the joint venture. PanAust holds a 49% beneficial interest in the Project.

Copper price exposure

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. Protection against potential downside copper price risk on future production is currently provided predominantly by

put options and to a lesser degree by swaps over the next two years. These strategies are consistent with the hedging protocol stipulated under the Company's bank loan agreements.

At the time of this Report, 7,350t (68%) of PanAust's copper sales from shipments for the period from April to June 2012, that are currently subject to provisional pricing, are covered by hedging and fixed price agreements at an average copper price of US\$3.47/lb.

PanAust's copper hedging positions and fixed price agreements as at the date of this Report are summarised in Tables 5 and 6.

Table 5: Hedging and fixed price agreements on provisional invoicing

Settlement period	Tonnes	Average Price US\$/lb
Sept Qtr 2012	7,350	3.47

**Table 6: Strategic hedging:
Copper Put Options**

Settlement period	Tonnes	Average Strike Price US\$/lb	Premium payable US\$
Copper Put Options:			
December half 2012	7,563	2.25	3,348,882
June half 2013	6,237	2.37	1,533,959
December half 2013	2,985	2.25	1,410,654
June half 2014	2,346	2.25	709,719
Total	19,131	2.28	7,003,214
Copper Swaps:			
Settlement period	Tonnes	Average Price US\$/lb	
December Qtr 2013	2,500	3.65	-
June Qtr 2014	2,680	3.18	-
Total	5,180	3.41	-

Gold/Silver price hedging

PanAust currently has no gold or silver hedging in place but may consider hedging part of future gold and silver production.

Issued Capital

The issued capital of the Company at 30 June 2012 comprised:

604,599,995	Ordinary fully paid shares
5,305,796	Unlisted options
754,529	Unlisted share rights

Proposed 2012 reporting calendar:

- 23 August 2012 Interim financial result
- 30 October 2012 September quarter 2012 report

Dates are provisional and remain subject to confirmation.

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Securities Exchange Listing

Australian Securities Exchange Code: PNA
PanAust is a constituent of the S&P/ASX 100
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Website: www.computershare.com.au

Directors

Garry Hounsell	Non-executive Chairman
Gary Stafford	Managing Director
Nerolie Withnall	Non-executive Director
Geoff Handley	Non-executive Director
Andrew Daley ⁱ	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 ⁱⁱ	Non-executive Director

ⁱ retired from the Board 18 May 2012

ⁱⁱ appointed 1 July 2012

Attachment

Table 7: Production and sales statistics

Phu Kham Copper-Gold Operation	Units	3 months to 30 Jun 2012	6 months to 30 Jun 2012
Total material mined	t	8,647,131	17,267,845
Copper-gold ore mined	t	3,438,871	6,572,762
Ore milled	t	3,547,547	7,001,904
Copper head grade	%	0.54	0.59
Gold head grade	g/t	0.29	0.30
Silver head grade	g/t	2.11	2.83
Concentrate produced	dmt	57,402	124,023
Copper in concentrate	t	13,908	29,681
Gold in concentrate	oz	14,263	28,923
Silver in concentrate	oz	97,269	236,087
Copper recovery	%	72.5	71.8
Concentrate sales	dmt	57,992	127,102
Payable copper in concentrate sold	t	13,205	28,716
Payable gold in concentrate sold	oz	14,595	30,108
Payable silver in concentrate sold	oz	90,813	215,885
Average copper price realised (copper revenue recognised / sales) after realised hedging	US\$/lb	3.45	3.72
Average gold price realised (gold revenue recognised / sales) after realised hedging	US\$/oz	1,577	1,624
Average silver price realised (silver revenue recognised / sales) after realised hedging	US\$/oz	30.5	32.4
Ban Houayxai Gold-Silver Operation			
Total material mined	t	1,026,444	1,615,820
Gold-silver ore mined	t	595,971	832,398
Ore milled	t	530,896	534,586
Gold head grade	g/t	1.03	1.03
Silver head grade	g/t	1.80	1.80
Gold in doré	oz	12,664	12,664
Silver in doré	oz	10,074	10,074
Gold recovery	%	92.6	92.6
Payable gold in doré sold	oz	9,552	9,552
Payable silver in doré sold	oz	7,044	7,044
Average gold price realised (gold revenue recognised / sales) after realised hedging	US\$/oz	1,569	1,569
Average silver price realised (silver revenue recognised / sales) after realised hedging	US\$/oz	26.8	26.8

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

Table 8: Phu Kham Copper-Gold Operation production costs (US\$/lb copper)

	3 months to 30 Jun 2012	6 months to 30 Jun 2012
Mining cost	0.65	0.59
Processing cost	0.70	0.64
General and administration	0.24	0.21
Total on-site operating costs	1.58	1.45
Transport handling and marketing	0.31	0.31
Concentrate treatment and refining	0.15	0.15
Total off-site operating costs	0.46	0.46
Deduct precious metal credits	(0.89)	(0.88)
Total direct operating costs (C1 cash cost)	1.15	1.03
Royalty	0.26	0.26
Depreciation and amortisation	0.39	0.38
Total costs	1.80	1.67

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

Table 9: Ban Houayxai Gold-Silver Operation production costs (US\$/oz gold)

	June 2012
Mining cost	144
Processing cost	235
General and administration	148
Total on-site operating costs	527
Total off-site operating costs (freight, refining)	7
Deduct silver credit	(20)
Total direct operating costs (C1 cash cost)	514
Royalty	100
Depreciation and amortisation	370
Total costs	982

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

Table 10: Inca de Oro Mineral Resource estimate

Mineralisation 0.25% copper cut-off grade	Category	Tonnes (Mt)	Total copper grade (%)	Acid soluble copper grade (%)	Gold grade (g/t)	Silver grade (g/t)	Mo grade (%)
Black oxide	Measured	10.5	0.56	0.22	0.18	1.2	0.0054
	Indicated	50.0	0.49	0.18	0.11	0.9	0.0047
	Inferred	5.3	0.39	0.11	0.06	0.05	0.0035
	SUB-TOTAL	65.8	0.50	0.18	0.12	0.9	0.0047
Green oxide	Measured	-	-	-	-	-	-
	Indicated	1.8	1.21	0.96	0.34	1.6	0.0054
	Inferred	0.2	1.12	0.9	0.28	1.1	0.0066
	SUB-TOTAL	1.9	1.20	0.96	0.34	1.6	0.0055
Mixed: Oxide dominant	Measured	-	-	-	-	-	-
	Indicated	1.5	1.03	0.21	0.11	2.4	0.0046
	Inferred	1.3	0.6	0.15	0.15	2.2	0.0053
	SUB-TOTAL	2.8	0.83	0.18	0.13	2.3	0.0049
Mixed: Sulphide dominant	Measured	0.0	1.13	0.18	0.11	3.4	0.0059
	Indicated	0.4	1.61	0.55	0.09	3.3	0.0060
	Inferred	0.2	0.63	0.11	0.09	2.7	0.0067
	SUB-TOTAL	0.6	1.26	0.39	0.09	3.1	0.0062
Supergene	Measured	0.8	0.99	0.16	0.12	3.7	0.0067
	Indicated	3.5	1.53	0.35	0.14	2.6	0.0057
	Inferred	1.4	1.02	0.21	0.05	1.5	0.0056
	SUB-TOTAL	5.7	1.33	0.29	0.11	2.5	0.0058
Primary	Measured	185.2	0.44	0.02	0.13	2.0	0.0112
	Indicated	122.4	0.32	0.01	0.08	1.5	0.0132
	Inferred	75.6	0.29	0.01	0.06	1.4	0.0107
	SUB-TOTAL	383.2	0.37	0.01	0.10	1.7	0.0117
Total Resources	TOTAL	460.1	0.41	0.05	0.10	1.6	0.0106

Notes for Mineral Resource Table 10

The Mineral Resources are reported on a 100% basis; PanAust has a 59.4% beneficial interest in Inca de Oro.

The Mineral Resources estimates for Inca de Oro are based on an ordinary kriged model constrained by weathering and geological boundaries at a 0.25% copper cut-off.

The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.

Resource and exploration drilling results

Table 11: Phu Kham district; significant drill intersections

Hole No. Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
LCT copper-gold prospect:							
LDD022 603m -60 to 180	276,769	2,094,386	142.0	90.0	0.97	3.05	33
			including:				
			155.0	7.0	1.96	2.37	61
			183.0	6.0	4.55	38.02	113
			195.0	28.0	1.33	0.41	37
			and:				
			238.0	12.0	0.51	0.31	51
			261.0	12.0	1.04	0.36	63
			474.0	4.0	0.16	1.18	6
			492.0	6.0	0.15	0.66	3
			504.0	15.0	0.10	0.31	2
530.0	10.0	0.28	1.29	3			
553.0	4.0	0.24	2.27	4			
LDD023 480m -60 to 180	277,098	2,094,539	51.0	46.0	0.01	0.70	2
			104.0	5.0	0.02	0.36	2
LDD024 444m -60 to 180	277,385	2,095,180	158.0	19.0	0.63	0.09	7
LDD025 561m -60 to 180	276,955	2,094,498	44.0	5.0	0.02	0.48	2
			71.0	30.0	0.03	1.09	2
			108.0	27.0	0.04	0.75	2
			309.0	17.0	0.34	0.50	8
			369.0	3.0	0.11	0.96	5
			432.0	41.0	0.06	0.78	5
			478.0	18.0	0.28	1.25	11
LDD027 405m -60 to 180	276,851	2,094,565	206.0	6.0	<0.01	0.39	1
			288.0	33.0	0.21	0.79	11
			327.0	20.0	0.04	0.48	2
LDD028 405m -60 to 180	276,667	2,094,228	214.0	4.0	<0.01	5.19	7
			230.0	10.0	0.58	<0.01	12
			244.0	5.0	<0.01	0.35	<1
			249.0	6.0	0.39	0.12	4
LDD030 423m -60 to 180	277753	2096127	143.0	4.0	0.01	3.82	11
			159.0	5.0	0.01	2.20	2
			219.0	11.0	0.02	0.45	3
			272.0	5.0	0.07	5.24	19

Hole No. Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
LDD031 657m -60 to 180	276939	2094577	71.0	39.0	0.07	1.15	4
			189.0	72.0	0.74	1.49	11
			including: 212.0	33.0	1.57	2.24	20
			and: 305.0	5.0	0.01	0.49	1
			406.0	5.0	0.60	0.48	7
			425.0	9.0	0.34	0.38	7
			530.0	9.0	0.08	0.41	3
			551.0	12.0	0.10	0.85	3
LDD032 665m -60 to 180	276514	2094077	288.0	7.0	0.05	1.15	4
			415.0	15.0	0.12	0.49	11

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

Hole No. Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Gold grade (g/t)	Silver grade (g/t)
HDD181 333m -60 to 180	255700	2094660	6.0	30.0	0.80	5.3
			58.0	15.0	0.61	37.7
			87.0	7.0	2.84	12.5
			184.0	30.0	1.58	60.6
HDD243 293m -60 to 180	256200	2093879	23.0	18.0	0.60	12.2
			131.0	10.0	1.12	61.2
HDD263 288m -60 to 180	255800	2093965	45.0	4.0	2.32	14.5
			85.0	9.0	0.33	3.2
HDD265 299m -60 to 180	255950	2094286	222.0	15.0	0.79	10.3
HDD267 318m -60 to 180	255950	2094176	105.0	12.0	0.33	2.0
			129.0	5.0	1.80	9.2
HDD273 174m -60 to 180	255801	2094503	0.0	13.0	0.60	4.4
			24.0	15.0	0.46	7.8
			46.0	25.0	1.20	18.8
			84.0	18.0	0.36	9.1
HRC290 330m -60 to 180	255750	2094723	0.0	7.0	0.52	1.1
			25.0	36.0	0.86	6.9
			175.0	26.0	0.88	1.7
			206.0	10.0	0.47	1.6
			231.0	13.0	0.37	1.5
			277.0	54.0	1.60	20.9

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 13: Phonsavan Copper Project; significant drill intersections

Hole No. Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
KTL copper-gold deposit:							
KDD156 294m -60 to 000	319304	2149830	168.0	26.0	0.36	0.10	3.8
KDD159 299m -60 to 000	319703	2149715	100.0 290.0	16.0 4.0	0.72 0.46	0.39 0.01	6.1 5.7
KDD163 169m -60 to 000	320098	2149893	0.0	46.0	0.47	0.26	2.3
KDD164 176m -60 to 000	319207	2150095	52.0	24.0	1.28	2.35	12.3
KDD169 375m -60 to 000	320499	2149620	130.0 222.0 338.0	12.0 14.0 12.0	0.42 0.38 0.45	0.09 0.12 0.09	2.4 3.3 1.4
KDD170 687m -60 to 000	320101	2146451	228.0	10.0	0.40	0.08	2.5
KDD171 240m -60 to 000	320200	2149900	24.0	8.0	1.20	0.21	5.3
KDD172 309m -60 to 000	319503	2150098	8.0	30.0	0.58	0.21	0.8
KDD173 253m -60 to 000	320099	2149942	0.0	20.0	1.54	0.95	4.8
KDD174 180m -60 to 000	319400	2150144	0.0	12.0	0.71	0.28	1.0
KDD175 153m -60 to 000	319356	2150037	24.0 52.0	18.0 8.0	0.42 0.83	0.08 0.23	2.3 3.5
KDD177 331m -60 to 000	319309	2149882	132.0 148.0 194.0	6.0 22.0 4.0	0.38 0.44 0.34	0.19 0.09 0.03	5.0 2.1 1.6
KDD178 316m -60 to 000	319100	2149949	40.0 70.0	6.0 8.0	0.44 0.66	0.09 1.52	3.3 3.7
KDD179 158m -60 to 000	319250	2150156	130.0	22.0	0.73	0.96	8.5
Tharkhek gold							
TKD120 205m -60 to 180	314697	2147447	111.0	12.0	0.03	2.20	0.2

Hole No. Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
TKD131 246m -60 to 180	314756	2147423	143.0	11.0	0.01	0.78	0.1
TKD132 293 -60 to 1803m	314729	2147494	121.0	4.0	0.02	0.68	0.2
TKD133 267m -60 to 180	314722	2147438	121.0	26.0	0.01	10.72	0.2
TKD134 278m -60 to 180	314751	2147466	139.0	10.0	0.04	3.48	0.1

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

Table 14: Phu Wan copper-gold prospect; significant drill intersections

Hole No. Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
WDD001 240m -60 to 000	288370	2103590	120.0 172.0	26.0 6.0	0.26 0.04	0.60 0.57	15.7 4.2

Intersection grades are down-hole length weighted calculations using a 0.3% copper or 0.3g/t cut-off and a maximum sub-grade interval of 4m. The orientation of the mineralisation has not been determined and the mineralised intercept report may not indicate true width.

Notes for drill hole data

Drill directions are nominally orientated for true width intersection of target mineralisation. Mineralised intercepts are approximately true width unless otherwise noted.

Diamond drill core samples submitted for analysis are typically taken at nominal two metre intervals. However, sample boundaries may be adjusted for changes in the oxidation tenor, lithology or core size. All DD samples are collected as half core unless otherwise stated. A field duplicate is obtained for a pre-nominated sample by quarter coring the designated half core sample to be submitted for assay. All DD sampling is undertaken using the triple tube method. Matrix matched standard reference material is submitted every 20 samples. All samples were prepared at ALS Vientiane (Prep-31), analysed for gold by 50g Fire Assay (Au-AA26) at ALS in Vientiane or Brisbane and subject to an aqua regia digest with ICP-AES finish for all other elements at ALS Perth or Brisbane (ME-ICP41).

Competent Person Statements

The data in this report that relate to exploration results and Mineral Resources are 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).

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.

The data in this report that relate to the Inca de Oro feasibility study are based on information reviewed by Mr Peter Walker who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Walker is a full time employee of PanAust Limited. Mr Walker has sufficient experience relevant 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 Walker consents to the inclusion in the report of the data that relates to the Inca de Oro feasibility study 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.