



GROWTH: DISCOVERY,
ACQUISITION & DEVELOPMENT

ANNUAL REVIEW 2011



PANAUSTRAL

COMPANY PROFILE

PanAust Limited ('PanAust', 'the Company') is a leading copper and gold producer in Southeast Asia and has a portfolio of organic growth projects in both commodities in Laos and Chile.

PanAust's key producing assets are the flagship Phu Kham Copper-Gold Operation and the Ban Houayxai Gold-Silver Operation (production commenced at Ban Houayxai in April 2012); both are located within the Company's highly prospective 2,636 square-kilometre Contract Area in Laos.

Ore processing rates at Phu Kham will increase following implementation of the Phu Kham Upgrade Project, which is scheduled for completion in the June quarter 2012. The timing for implementing the Project coincides with a scheduled decline in ore head grades as mining progresses into the deeper primary copper mineralisation at Phu Kham. The Phu Kham Increased Recovery Project is expected to result in increases to annual copper and gold production from the second half of 2013. Following drilling successes within the Phu Kham district, a brown-fields exploration team is investigating potential repeats of Phu Kham-style mineralisation along a highly prospective corridor which extends at least seven kilometres due north and along strike of the northern boundary of the Phu Kham deposit.

In March 2011, the Company acquired a majority interest in the Inca de Oro Copper-Gold Project in Chile from Corporación Nacional del Cobre de Chile (Codelco), the world's largest copper company. This provides PanAust with geographic diversity and a base for establishing a copper business in South America; the world's most prolific copper producing region.

The Phonsavan Copper-Gold Project in Laos is PanAust's most advanced pre-development project and comprises two copper-gold deposits that are five kilometres apart: KTL and Tharkhek. Scoping studies have commenced on the development concept for the Project with an overall objective of completing a feasibility study by mid-2013. The Project is located in the north of the Contract Area.

PanAust shares are listed on the Australian Securities Exchange (ASX:PNA) and the Company is a constituent of the benchmark S&P/ASX 100 Index. The Company's head office is located in Brisbane, Australia.

Company structure

PanAust has three business units: PanAust Asia, PanAust South America, and PanAust Project Development. PanAust's corporate office in Brisbane provides leadership and support across the Group in relation to growth, financial management, commercial and technical services, risk management, corporate communication, human resources, and governance and public reporting.

PanAust Asia

PanAust Asia has responsibility for existing operations in Laos and supporting the implementation of business development strategies within the region.

Corporate structure in Laos

PanAust owns a 90 per cent interest in the Lao-registered Company, Phu Bia Mining Limited (Phu Bia Mining), through the Company's wholly owned subsidiary, Pan Mekong Exploration Pty Ltd. In May 2011, the Government of Laos exercised its option to take up a 10 per cent share in Phu Bia Mining. Although the transfer of shares is yet to be completed, the interest is recognised in the Company's accounts.

Phu Bia Mining has a Mineral Exploration and Production Agreement with the Government of Laos. This agreement regulates the taxation and royalty regime, as well as the exploration, development and mining activities within the Company's Lao Contract Area.

Corporate structure in Thailand

In Thailand, PanAust holds a shareholding interest of 49 per cent in the Thai-registered company, Puthep Company Limited (Puthep). A publicly listed Thai entity, Padaeng Industry Public Company Limited (Padaeng) owns the other 51 per cent interest. Puthep has a concession agreement with the Government of Thailand covering two deposits (PUT1 and PUT2) that comprise the Puthep Copper Project.

The joint venture is undertaking a strategic review of the Puthep Copper Project including investigating the potential for selling the asset. From PanAust's perspective, the Project does not rank as highly as other growth opportunities the Company has in its pre-development portfolio.

PanAust South America

PanAust South America is responsible for supporting the development of the Inca de Oro Copper-Gold Project in Chile and growing the PanAust business in the region.

Corporate structure in Chile

PanAust holds a majority interest in Inca de Oro S.A., the owner of the Inca de Oro Copper-Gold Project in Chile. PanAust's interest in Inca de Oro S.A. is held through a 90 per cent interest in PanAust Minera which holds a 66 per cent interest in Inca de Oro S.A. (giving PanAust a 59.4 per cent interest). Codelco holds the remaining 34 per cent interest.

PanAust Project Development

PanAust Project Development is responsible for the Company's development and operational improvement projects. It comprises two teams: Technical Studies and Project Implementation that, together, deliver capital and time-efficient project development and strategic improvement initiatives.

PanAust Limited, its subsidiaries and business units are collectively referred to as the 'PanAust Group' or 'the Group'.

Cover image: The open pit at PanAust's flagship Phu Kham Copper-Gold Operation in Laos.

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Directors

Garry Hounsell (Chairman)
 Gary Stafford (Managing Director)
 Nerolie Withnall
 Andrew Daley
 Geoff Handley
 Geoff Billard
 Zezhong Li
 John Crofts
 Ken Pickering

Company Secretary

Paul Scarr

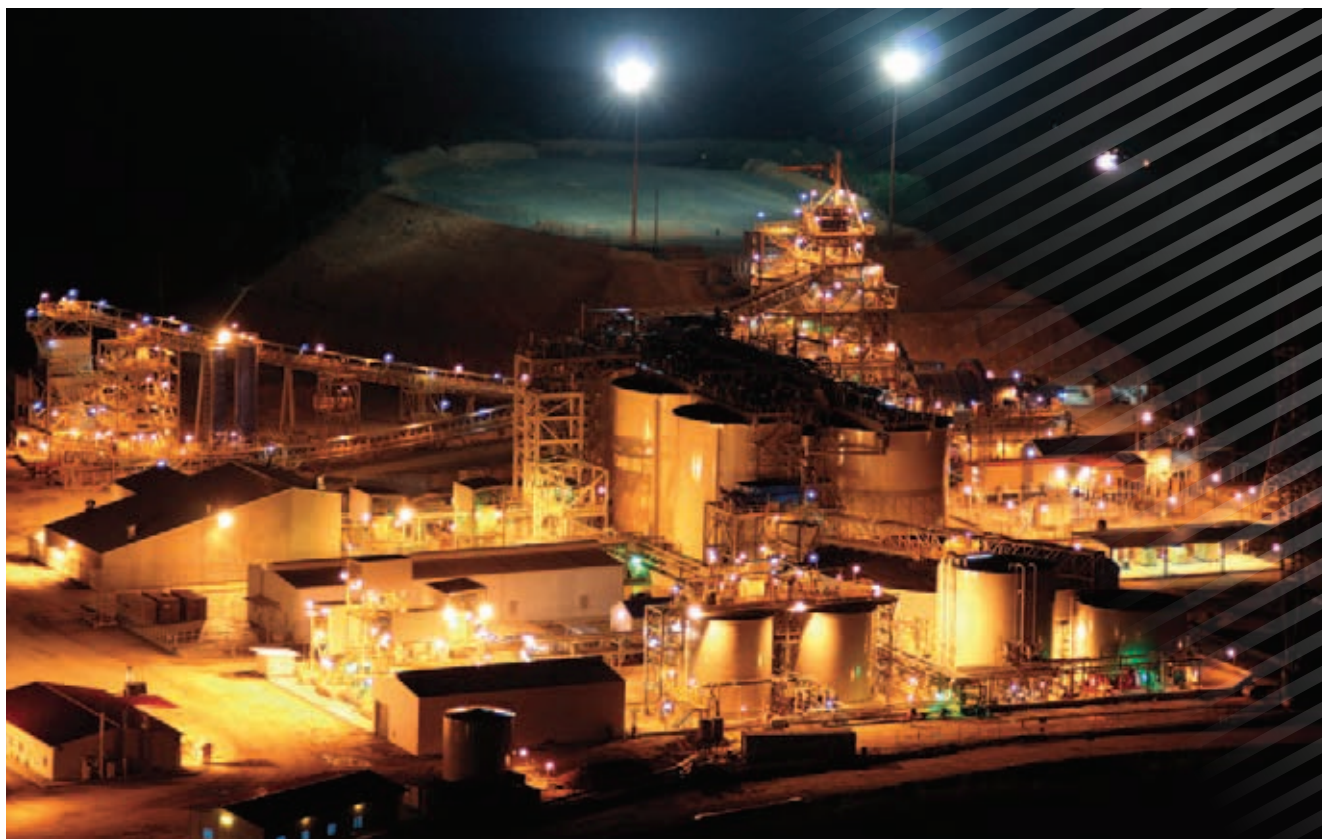
Auditors

PricewaterhouseCoopers
 Riverside Centre
 123 Eagle Street
 Brisbane QLD 4000

Bankers

ANZ Banking Group Limited
 324 Queen Street
 Brisbane QLD 4000

Image: The Ban Houayxai Gold-Silver Operation process plant.



We look to the future with optimism and confidence and thank our employees and everyone concerned with PanAust for their contribution over the course of 2011.

VISION

PanAust is a growth-oriented mining company determined to excel.

PanAust will outperform its competitors through:

- ▶ growth by discovery, acquisition, and development, and operations that consistently meet performance targets;
- ▶ optimising returns on capital; and
- ▶ adherence to core values.

VALUES

- ▶ **High performance outcomes** in all that we do.
 - Our employees are performance-focused with clear task definition, measurement and accountability. We constantly seek to improve performance and are committed to supporting employee development. Individual results and merit form the basis for performance-based pay and promotion.
- ▶ **Respect for people.**
 - Respect through our commitment to our employees' health and safety through our Zero Harm safety objective and treating employees with consistency and fairness.
 - Respect for the environment through best practice environmental performance that reflects the expectations of the communities in which we operate and promotes an internal culture of environmental and social awareness.
 - Respect in the way we manage our daily business activities for the people and cultures of our host countries.
- ▶ **Integrity** in all of our dealings with employees, communities, government, suppliers and shareholders.
- ▶ **Excellence in communications** with all stakeholders but especially with our employees. We seek fair, honest and transparent dealings with our employees and stakeholders through open, two-way communication.
- ▶ Recruitment of **high-calibre people**, recognising the key to our success will be leaders who earn the authority of their position by gaining the respect of their team. We offer an encouraging and stimulating work environment, providing the necessary individual training and development to enable all employees to operate effectively.
- ▶ **Alignment of employees** to Company objectives through good leadership and systems that drive the right behaviour.

Image: Mine Geology Field Supervisor, Mr Sengaloun Sisomvang, in the open pit at the Phu Kham Copper-Gold Operation.



CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

2011 was a year of significant progress and accomplishments in laying the foundation for the sustainable growth of PanAust. Strong cash flow generated by the Phu Kham Copper-Gold Operation in Laos funded the capital required for the development of the Ban Houayxai and the Phu Kham Upgrade Projects and exploration activities, without the need to draw down debt facilities.

In addition to the progress made in Laos, PanAust completed the acquisition of a controlling interest in the Inca de Oro Copper-Gold Project in Chile in March 2011.

In 2011, the Phu Kham Copper-Gold Operation produced nearly 60,000 tonnes (t) of copper in concentrate at an average C1¹ cash cost of US\$1.01 per pound (lb) after precious metal credits. The average copper price realised for sales was US\$3.98/lb.

In late June and early July, the Phu Kham Operation and construction of Ban Houayxai were significantly hampered by two 1-in-50-year rainfall events only days apart. The extreme weather caused widespread flooding and extensive damage to farmlands, infrastructure and homes across the region, as well as disruption to day-to-day life. Due to the impacts of these rainfall events, Phu Kham's copper production for the year was lower than the original guidance provided to the market at the start of 2011. Though the Operation lost only four days of production, the impact was longer lasting with excess water in the open pit postponing access to higher grade ore in the lower benches. Production returned to normal levels in November 2011.

The consolidated Group net profit after tax (NPAT) for the 12 months to 31 December 2011 was US\$146.6 million. The Company's progress was reflected by the graduation of PanAust into the S&P/ASX 100 Index in April 2011.

At year end, the Company had net cash of approximately US\$111 million and was in a strong financial position to fund anticipated major cash commitments relating to Ban Houayxai, the Phu Kham Upgrade, and a tax payment to the Government of Laos during the first half of 2012. The PanAust Group consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) for the year were US\$284.2 million and includes one-off costs relating to recovery work following the mid-2011 extreme rainfall events.

Despite the weather-related setbacks, the full-year profit result reflects a solid performance at the Phu Kham Operation which ended the year on a high with record production during December, illustrating the underlying strength of the Phu Kham Operation.

Capital investment initiatives at Phu Kham will see copper production progressively increase over the next three years following completion of the Phu Kham Upgrade Project in 2012 (expansion of ore processing rates by 33 per cent) and the recently announced Increased Recovery Project in the second half of 2013.

Current 2012 production guidance for Phu Kham is for between 63,000t and 65,000t copper and 50,000 ounces (oz) to 55,000oz of gold. Copper production is expected to rise to between 65,000t and 70,000t in 2013 and between 70,000t and 75,000t in 2014. Gold and silver production is also expected to rise as a consequence of these initiatives.

PanAust will receive a significant earnings boost in 2012 with initial production from the Ban Houayxai Gold-Silver Operation. The project was largely completed during 2011 and in April 2012, production of gold-silver doré commenced. Production is scheduled to ramp up to steady-state levels in the June quarter 2012. The current estimate for 2012 production at Ban Houayxai is approximately 85,000oz of gold at a cash cost of between US\$550/oz and US\$600/oz after a credit from approximately 200,000oz of silver. The oxide ore that is scheduled to be mined in the first year is partly silver depleted and will result in silver production below the life of mine average. Silver head grades are scheduled to rise quarter-on-quarter throughout 2012 and increase more significantly during 2013 as transitional ore becomes a greater proportion of the mill feed.

A key to sustainable growth of the business is exploration and the identification of new development projects. In terms of priorities, better returns are usually realised from brown-field development close to existing operations and infrastructure. Accordingly, the Phu Kham district became a priority focus for exploration activities during 2010 and this initiative led to the discovery of the Nam San copper-gold deposit and the discovery of significant gold and gold-copper mineralisation at the Long Chieng Track (LCT) deposit in 2011.

*Chairman, Garry Hounsell (left)
Managing Director, Gary Stafford (right)*



The Nam San deposit is adjacent to Phu Kham and comprises relatively (to Phu Kham) higher grade copper-gold mineralisation commencing at an average depth of 400 metres below surface. Studies have commenced to scope the design of underground access to the deposit, initially for the purpose of detailed resource drilling, but with a view to future mining of the deposit should feasibility studies confirm the viability of the deposit to support underground mining methods. The LCT deposit is seven kilometres north of Phu Kham and is one of several targets within the Phu Kham district that will be advanced during 2012.

Elsewhere in the north of the Company's Contract Area in Laos, the Phonsavan Copper-Gold Project was the subject of a scoping study based on an inaugural mineral resource estimate for the KTL copper-gold deposit. The project will proceed to the pre-feasibility study phase in mid-2012 once an updated mineral resource has been estimated for KTL and inaugural resource models/estimates have been completed for the nearby Tharkhek copper-gold and gold prospects.

In March 2011, PanAust formalised an alliance with the world's largest copper mining company, Codelco, to develop the Inca de Oro Copper-Gold Project in Chile. This project represents a significant geographical diversification for PanAust into one of the world's richest copper mining regions. PanAust is managing the project feasibility study which is scheduled for completion in mid-2012 for consideration by the Boards of the joint venture and PanAust in the September quarter 2012. The Inca de Oro pre-feasibility study, completed by Codelco, indicated the potential for a conventional open-pit mining and flotation operation to support annual production of approximately 50,000t of copper and 40,000oz of gold in concentrate at a competitive cash cost and over a plus ten-year mine life. A new regional office was established in Santiago, Chile to support the Inca de Oro Project.

PanAust's commitment to sustainable development continues to be a key consideration in the way the Company plans and undertakes its business activities.

Following the extreme rainfall events in mid-2011, the Company responded rapidly to alleviate logistical issues on site and worked with local villages and government agencies to provide recovery aid to communities including labour, equipment, and US\$86,000 to re-build the Nam Mo Village Bridge. A further US\$160,000 was donated to assist authorities at the national, provincial and local levels for natural disaster relief.

The Government of Laos reported that up to 430,000 people from 1,790 villages were adversely affected by the storms and 30 lives were lost including a contractor employee working on the public access road to Phu Kham.

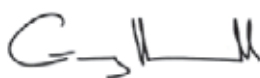
The Company's Livelihood Improvement Program in Laos involves Company community officers working with village and government representatives to build economic capacity within communities around Phu Kham. Rural villagers are realising income-generating opportunities which are both substantial and sustainable.

PanAust's sustainable development outcomes received international recognition during 2011 with the receipt of three separate awards. In April, PanAust received the Award for Best Community Development Initiative in the Southeast Asia category at the Asia Mining Congress in Singapore. The award recognised the positive social and economic contribution that PanAust's Technical Trades Training Program makes to local communities and the greater Lao economy. This is the second consecutive year that PanAust has received the award with the Company's Livelihood Improvement Program receiving the award for the same category in 2010.

The Livelihood Improvement Program was again recognised in December 2011 when the Company received the category award for 'Social – Community' at the Ethical Investor magazine's 11th Australian Sustainability Awards.

Also in December, PanAust was presented with the Labour Order Class 1 medal for 'Best Development in a Rural Area' from the Government of Laos in recognition of the "outstanding contribution to rural socio-economic development and poverty eradication between 2006 and 2010".

These achievements are a result of the combined efforts of PanAust's people whose professionalism and commitment to high-performance outcomes, zero harm, and world-class sustainability standards, are key enduring factors in PanAust's successful growth into a leading copper and gold mining business. We look to the future with optimism and confidence and thank our employees and everyone concerned with PanAust for their contribution over the course of 2011.



Chairman, Garry Hounsell



Managing Director, Gary Stafford

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

BOARD OF DIRECTORS



MR GARRY HOUNSELL

BBus (Accounting) FCA CPA FAICD

Chairman

Non-Executive Director

Mr Hounsell is an accountant with significant experience as a director of large listed public companies. He is a Fellow of The Institute of Chartered Accountants in Australia and a Fellow of The Australian Institute of Company Directors. Prior to accepting positions as a public company director, Mr Hounsell was a senior partner of Ernst & Young and Country Managing Partner and Chief Executive Officer of Arthur Andersen. He was the 'signing partner' for the audit of BHP Billiton Limited from 2000 to 2002. From 2005 to 2007, he was an executive of Investec Bank (Australia) Limited.

During the past three years, Mr Hounsell has also been a Director of the following ASX listed companies:

- Qantas Airways Limited*
- Orica Limited*
- Dulux Group Limited*
- Nufarm Limited*
- Mitchell Communications Group Limited.

Appointed Director and Chairman of PanAust on 1 July 2008, Mr Hounsell was also appointed as Chairman of the Remuneration Committee and the Nominations Committee. He is also a member of the Audit Committee.

MR GARY STAFFORD

BSc (Hons, Mining Engineering)
MAusIMM

Managing Director

Mr Stafford is a mining engineer with 30 years' experience in the mining industry, initially in engineering and management positions at coal and gold mines with CRA, BHP and Barrack Mine Management before moving into company management with Saracen Minerals Limited (a subsidiary of Crusader Limited) and then PanAust. Gary Stafford has been Managing Director since 7 March 1996 and has presided over the Company's growth from a junior exploration company to an S&P/ASX 100 mining company.

Mr Stafford is also a member of the Nominations Committee.

MRS NEROLIE WITHNALL

BA, LLB FAICD

Non-Executive Director

Mrs Withnall is a former commercial lawyer with specialist skills in the areas of corporate advice, capital raisings, securities and corporate trusts. Mrs Withnall is a former partner of the national law firm Minter Ellison. Mrs Withnall has previously served as a member of the Takeovers Panel and the Corporations and Markets Advisory Committee. Mrs Withnall is also a former member of the Senate of the University of Queensland.

During the past three years, Mrs Withnall has also served as a Director of the following ASX listed companies:

- Campbell Brothers Limited*
- Alchemia Limited*
- Computershare Limited*
- Redcape Property Fund Limited (formerly Hedley Leisure & Gaming Property Partners Limited).

Appointed Director on 21 May 1996, Mrs Withnall is also the Chairman of the Audit Committee and is a member of the Remuneration Committee and the Nominations Committee.

MR ANDREW DALEY

BSc (Hons, Mining Engineering)
FAusIMM

Non-Executive Director

Mr Daley is a Chartered Engineer (UK) and a Member of IOM3. Mr Daley commenced his career on the Zambian Copperbelt with Anglo American and subsequently worked with Rio Tinto and Conoco Minerals in Africa, before relocating to Australia with Fluor Australia in early 1981. Since late 1983, Mr Daley has primarily worked in the resource finance sector, initially with National Australia Bank, then Chase Manhattan and as a director of Barclays Capital mining team in London and Sydney. Returning to Australia in early 2003, Mr Daley became a director of Investor Resources Finance Pty Ltd, a company based in Melbourne that provided financial and corporate advisory services to the global resource industry.

During the past three years, Mr Daley has also served as a Director of the following listed companies:

- Kentor Gold Limited* (listed on the ASX)
- Dragon Mining Ltd
- Minerva Resources plc
- Uranex NL.

Appointed Director on 3 August 2004, Mr Daley is also a member of the Audit Committee.

*Denotes current directorship.

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



MR GEOFF HANDLEY

BSc (Hons, Geology and Chemistry)
MAusIMM FAICD

Non-Executive Director

Mr Handley is a geologist with over 30 years' experience in the mining industry. Mr Handley worked as a geologist for BHP Exploration Ltd., as a chemist and geologist for Placer Exploration Ltd. and as an analyst for the AMP Society. In 1981, he joined Placer Pacific Ltd. as a senior geologist and was responsible for the exploration and feasibility work at the Porgera, Granny Smith, Osborne and Big Bell mines. Most recently, Mr Handley was Executive Vice President, Strategic Development with Placer Dome where he was responsible for global exploration, acquisitions, research and development and strategic planning.

During the past three years, Mr Handley has also served as a Director of the following listed companies:

- Eldorado Gold Corp. * (listed on the TSX, NYSE and the ASX)
- Endeavour Silver Corp. * (listed on the TSX and the NYSE)
- Mirabela Nickel Limited (appointed Chairman with effect from 1 January 2012 having been first appointed as a Director in 2011)* (listed on the ASX and the TSX)

Appointed Director on 29 September 2006, Mr Handley is also the Chairman of the Sustainability Committee.

MR GEOFF BILLARD

BEcon, BCom (Hons, Economics)
FCPA FAICD

Non-Executive Director

Mr Billard is an economist who has achieved wide career experience in the mining industry. This included some 20 years with CRA (now Rio Tinto) at Bougainville Copper, Argyle Diamonds and as Managing Director (Group Financial Services) before taking up senior executive positions with Pasminco and M.I.M. Holdings Limited in operational, marketing, finance, new project development and technology roles. From 1998 until 2008, Mr Billard operated his own consulting business providing specialist advisory services on strategic projects for both corporate and government clients. In this capacity, he has previously assisted PanAust in forming and implementing corporate strategy and organisational change.

Mr Billard previously served as a Director of the following ASX listed companies:

- Bougainville Copper Limited
- Metal Manufacturers Limited

Appointed Director on 1 July 2008, Mr Billard is also a member of the Sustainability and Remuneration Committees.

MR ZEZHONG LI

MLaws, MPublic Administration in
International Development

Non-Executive Director

Mr Zezhong Li is the Vice President of Guangdong Rising Assets Management (GRAM), a position which he has held since November 2008. Mr Zezhong Li is GRAM's nominee Director on the Board of PanAust. GRAM is a cornerstone investor in PanAust. Mr Zezhong Li joined the Board following the completion of the share placement to GRAM in September 2009.

Prior to joining GRAM, Mr Zezhong Li worked for the Poverty Alleviation Office of the State Council and was a consultant to the United Nations Development Program.

During the past four years, Mr Zezhong Li has also served as a Director of the following Shenzhen Stock Exchange listed company:

- Shenzhen Zhongjin Lingnan Nonferrous Metal Co. *

Shenzhen Zhongjin Lingnan Nonferrous Metal Co. is China's third-largest zinc producer.

Appointed Director on 18 September 2009, Mr Zezhong Li is also a member of the Sustainability Committee.

MR JOHN CROFTS

BBus (Transport, Economics and
Accounting)

Non-Executive Director

Mr Crofts has over 20 years' experience in the resources industry and in-depth knowledge of the global copper sector. Mr Crofts worked with BHP / BHP Billiton from 1987 to 2010 holding senior roles in marketing and business development across copper, lead, zinc, gold, silver, nickel and uranium. He has diverse geographical experience including ten years based in Chile, four years in The Hague and in Singapore since 2005.

Mr Crofts served as an invited Director to the London Metal Exchange from 2007 to 2011. From 2000 to 2007, Mr Crofts was an Advisory Committee Member for the International Copper Association and Chairman of the European Copper Institute from 2003 to 2006.

Appointed Director on 17 September 2010, Mr Crofts is also a member of the Sustainability Committee.

MR KEN PICKERING

BA Science (Mineral Engineering)

Non-Executive Director

Mr Pickering, a Mining Engineer from the University of British Columbia, Canada, has 35 years' experience in the resources industry in Canada, Chile, Australia, Peru and the United States of America, with particular skills in major project development and mine management. He has held senior executive positions with BHP Billiton Base Metals in Chile from 1995 to 2010, including North American base metal activities from 2004.

Mr Pickering was intimately involved in the development, operation and expansion of the Escondida Copper Mine, in Chile, serving at various times as Mine Development Manager, Mine General Manager, the President of the Escondida Joint Venture, the Executive Chairman of the Escondida Joint Venture, and President Major Projects, Business Development and Corporate Affairs (Chile). He is a member of the Association of Professional Engineers of British Columbia and the Institute of Engineers of Chile.

Mr Pickering currently serves as a non-executive Director of the following listed companies:

- Enaex S.A. * (listed on the SSE)
- THEMAC Resources Group Ltd. * (listed on the TSX)

Appointed Director of PanAust on 28 October 2011, Mr Pickering is also a member of the Sustainability and Remuneration Committees.

EXECUTIVE MANAGEMENT TEAM



DR FRED HESS

BSc (Hons), PhD Metallurgy, MAusIMM

**Executive General Manager
Project Development and
Operational Improvement**

Fred is responsible for the Company's growth projects.

Fred is a metallurgist with more than 30 years' experience. Prior to joining PanAust he managed the Macreas Gold Mine in New Zealand and the Mt Gordon Copper Mine in Australia following a career with WMC Resources and Bougainville Copper. He commenced employment with PanAust in October 2005.



DAVID HAIRSINE

MFTA (Senior)

Chief Financial Officer

David joined PanAust in September 2004 and is responsible for the management of all Group financial and administrative requirements and concentrates marketing.

Prior to joining PanAust, David gained broad financial experience with M.I.M. Holdings Limited in a number of senior commercial, project development and treasury roles.



ROB USHER

BEng Mining (Hons), MAusIMM

**Executive General Manager
PanAust Asia**

Rob is responsible for the management of existing and new operations in Asia. He commenced employment with PanAust in September 2006.

Rob is a mining engineer with more than 20 years' experience in the international mining industry. Prior to joining PanAust, he worked in various mining engineering and management roles with Placer Dome in Australia, Papua New Guinea, the Philippines, United States of America, Canada and Tanzania.



FRANCISCO TOMIC

Infrastructure and Planning, with Graduate Studies in Economics and Civil Engineering

**President and Executive
General Manager PanAust
South America**

Francisco is responsible for the Company's business in South America. He is an economist with more than 20 years' experience. He joined PanAust in August 2010 as the President and Executive General Manager, PanAust South America and has excellent experience in Chile.

Francisco's most recent role was with Codelco as its Chief Financial Officer and Human Development Vice President, and before that he held senior roles with BHP Billiton and was the President of Cyprus Amax Chile. Francisco was founding president of the Mining Council of Chile.



JOE WALSH

BEng (Hons, Mining Engineering)
MSc Geophysics

**General Manager
Corporate Development**

Joe is responsible for the Company's mergers and acquisitions capability, equity financing, investor relations, and development of corporate strategies for PanAust's future growth. He joined the Company in July 2004.

Joe is a mining engineer and geophysicist with more than 20 years' experience in the minerals and financial services industries in Australia, Europe and Africa for companies including Royal Bank of Canada and Hartley Poynton, and as an independent mining consultant.



PAUL SCARR

BCom, LLB (Hons), Grad Dip. App.Corp.
Gov. ACIS

**Company Secretary
and General Counsel**

Paul is responsible for the Company's secretarial function and management of the corporate governance and legal processes.

Paul has more than 20 years' experience as a lawyer and is a Chartered Secretary and associate member of the Chartered Secretaries Institute of Australia. Prior to joining PanAust, he worked in private practice with Allens Arthur Robinson and Mallesons Stephen Jacques. During that period, he advised publicly listed companies in relation to their obligations under the Corporations Act and the ASX Listing Rules. Paul has particular expertise in advising clients in the mining industry in Australia, Papua New Guinea and Southeast Asia.

Paul commenced with PanAust in February 2007.



DAN BROST

BSc Economic Geology, MAusIMM, SEG, SME

General Manager Geology

Dan is responsible for managing PanAust's geological program, including the exploration of new targets and the resource development of existing mineral assets, as well as resource evaluation and contributing to corporate evaluations.

Dan is a geologist with more than 20 years' experience in the minerals industry, specialising in base and precious metals, mainly in North America, South America and Australasia. Prior to joining PanAust in August 2007, he was involved in exploration, project development and mine operations with Cyprus Minerals and BHP Billiton.



ADRIAN BELL

BBus, MBA

**General Manager Human
Resources and Risk
Management**

Adrian is responsible for managing the Company's human resources, risk management and sustainability functions.

Adrian has more than 25 years' experience in human resources and community relations in the mining industry and prior to joining PanAust worked with BHP Billiton, Xstrata and M.I.M. Holdings Limited in Australia and South America. Adrian commenced employment with PanAust in March 2006.

FINANCIAL PERFORMANCE

PanAust's consolidated Group NPAT for the year ended 31 December 2011 was US\$146.6 million and the consolidated EBITDA was US\$284.2 million, which includes one-off costs relating to recovery work following the mid-year severe rainfall events.

The effects of lower production levels for copper and gold during 2011 were offset by higher prices for all commodities than those received in 2010. This resulted in sales revenue, after derivative gains and other income, rising nearly four per cent in 2011 to US\$598 million. This revenue included realised and unrealised hedge gains of US\$16.1 million and US\$4 million respectively.

Operating costs increased in 2011 with the most notable variance being US\$8.4 million of non-recurring recovery and repair expenses following the mid-year severe rainfall events, and the expensing of US\$7.4 million of capitalised exploration costs.

Underlying NPAT from ordinary activities, attributable to PanAust, of US\$137.6 million excludes the effect of a non-recurring, non-cash share-based payment expense of US\$5.5 million relating to the acquisition of a majority interest in Inca de Oro S.A., which owns the Inca de Oro Copper-Gold Project in Chile.

The average prices received for sales during 2011 (after realised hedging) were US\$3.98/lb for copper, US\$1,470/oz for gold, and US\$35.1/oz for silver (2010: US\$3.44/lb, US\$1,148/oz and US\$15.5/oz respectively).

Earnings before interest and taxes (EBIT) of US\$224.7 million provided a healthy operating profit margin of 38 per cent and was achieved despite continued inflationary pressures on salaries and certain consumables such as fuel, and lower production volumes.

Net cash-flow from operating activities was US\$239.1 million and was sufficient to fund all capital programs during the year and maintain a significant cash reserve at year end.

Development projects expenditure included commitments to the Ban Houayxai Gold-Silver and the Phu Kham Upgrade Projects totalling US\$173 million (2010: S\$53.6 million). Sustaining capital expenditure was US\$59.2 million, of which US\$29.2 million was for the Ban Houayxai mining fleet and expanding that of Phu Kham's to provide for increased mining volumes, and US\$20 million was for the progressive construction of the Tailings Storage Facility (TSF) at Phu Kham. Exploration and evaluation expenditure was US\$41.6 million and included feasibility study work for the Inca de Oro Copper-Gold Project.



GEOFF KERNICK

BEC, MBA, CPA

General Manager Commercial PanAust Asia

Geoff joined the Company in January 2011 and is responsible for PanAust's shared services, including financial control, commercial, supply and logistics, human resources and training functions in Asia, which are essential for managing a multi-operational environment.

Geoff has significant experience in senior commercial roles, most recently with Ausreco in Sydney. He also spent many years with BHP in its manganese, transport and iron ore businesses, eventually moving to Bluescope Steel in Thailand where he managed its transition to shared services.

Capital demands will substantially reduce through the June half of 2012 with the completion of construction of the Ban Houayxai and Phu Kham Upgrade Projects. Thereafter, cash-flow will increase as design production levels are ramped up through the June and September quarters.

Financial position

At 31 December 2011, PanAust had cash of US\$156 million, debt of US\$45 million (non-current), undrawn debt facilities of US\$55 million, and mobile equipment lease facilities drawn to a total of US\$64 million. No non-lease debt was drawn down during the year.

PanAust's cash balance coupled with strong cash-flow from Phu Kham, modest gearing, and existing undrawn facilities mean that the Company is well placed to meet its remaining capital commitments during the first half of 2012. Commitments include the balance of project expenditure for Ban Houayxai and the Phu Kham Upgrade, and an estimated net tax payment of approximately US\$30 million to the Government of Laos for the 2011 tax year.

Financial outlook

PanAust Group EBITDA for the 2012 year is expected to be between US\$340 million and US\$400 million, assuming copper prices between US\$3.50/lb and US\$4.00/lb.

OPERATIONAL REVIEW

Phu Kham Copper-Gold Operation, Laos

PanAust's flagship Phu Kham Copper-Gold Operation generates strong cash-flow to support the Company's growth strategy.

The Operation comprises a large open-pit mine feeding ore to a process plant with recovery of copper and precious metals into a saleable concentrate using conventional flotation technology. The process plant, which has a design capacity of 12 million tonnes per annum (Mtpa) of ore, comprises a SAG mill and ball mill grinding circuit, each rated at 13 MegaWatts (MW).

The final product is a copper-gold concentrate, grading approximately 25 per cent copper, 7 grams per tonne (g/t) gold, and 60g/t silver.

Concentrate is trucked approximately 1,000 kilometres in covered containers to Sriracha Harbour, south of Bangkok in Thailand, for shipment to smelters in Asia.

Mining and processing

Phu Kham recorded a solid production performance for 2011 and ended the year on a high after managing a difficult period mid-year caused by extreme weather events.

Open-pit material movements totalled nearly 30 million tonnes and approximately 13 million tonnes of ore was processed (nine per cent above design capacity). The Operation produced a total of 250,154 dry metric tonnes (dmt) of concentrate containing 59,897t of copper, 53,590oz of gold, and 538,123oz of silver. The average C1 cash cost for the year was US\$1.01/lb copper after precious metal credits, placing Phu Kham in a competitive, second quartile position on the global copper mine cost curve.

Production of copper and gold in concentrate was lower than planned for the year due to the mid-year impact of the extreme weather event. The open pit incorporates a sump to collect water during the wet season; however, excessive inflows flooded the lower benches of the pit and prevented access to relatively high-grade ore. Although only four days of production were lost, the postponement of access to higher grade ore meant that the grades and quality of ore mined were poorer than scheduled.

Phu Kham returned to normal production levels in November as access to higher grade ore in the lower benches of the open-pit was re-established. The Operation ended the year on a high with a monthly copper production record set in December 2011.



DR JON GAUNT

BSc (Hons) Geology, MSc Mining Geology, PhD Geology

General Manager Phu Kham Copper-Gold Operation

Jon is responsible for the management of the Phu Kham Copper-Gold Operation.

Jon is a geologist by profession and has been with the Company since April 2008.

Jon has more than 15 years' experience in the international mining industry, largely gained across Africa, and has worked in various exploration, mineral resource evaluation, mining and management roles with Gold Fields of South Africa, AngloGold Ashanti and Anglo American.

Sales of concentrate for the year totalled 256,347dmt with a payable content of 57,858t of copper, 53,582oz of gold, and 479,983oz of silver.

In January 2012, PanAust announced Phu Kham guidance for 2012 with expected production of between 63,000t and 65,000t of copper in concentrate at an average C1 cash cost of between US\$1.05 and US\$1.15/lb copper after precious metal credits from 50,000 to 55,000oz of gold, and 550,000 to 600,000oz of silver.

Phu Kham Copper-Gold Operation production statistics

	12 MONTHS TO 31 DEC 2011	12 MONTHS TO 31 DEC 2010
Ore milled	13,119,382t	12,856,720t
Copper grade	0.65%	0.75%
Gold grade	0.32g/t	0.33g/t
Silver grade	4.10g/t	3.79g/t
Concentrate produced	250,154dmt	274,907dmt
Copper in concentrate	59,897t	67,806t
Gold in concentrate	53,590oz	58,152oz
Silver in concentrate	538,123oz	507,590oz
Gold in doré (Heap Leach)*	-	2,490oz

* Production at the Phu Kham Heap Leach Gold Operation ceased in April 2010.

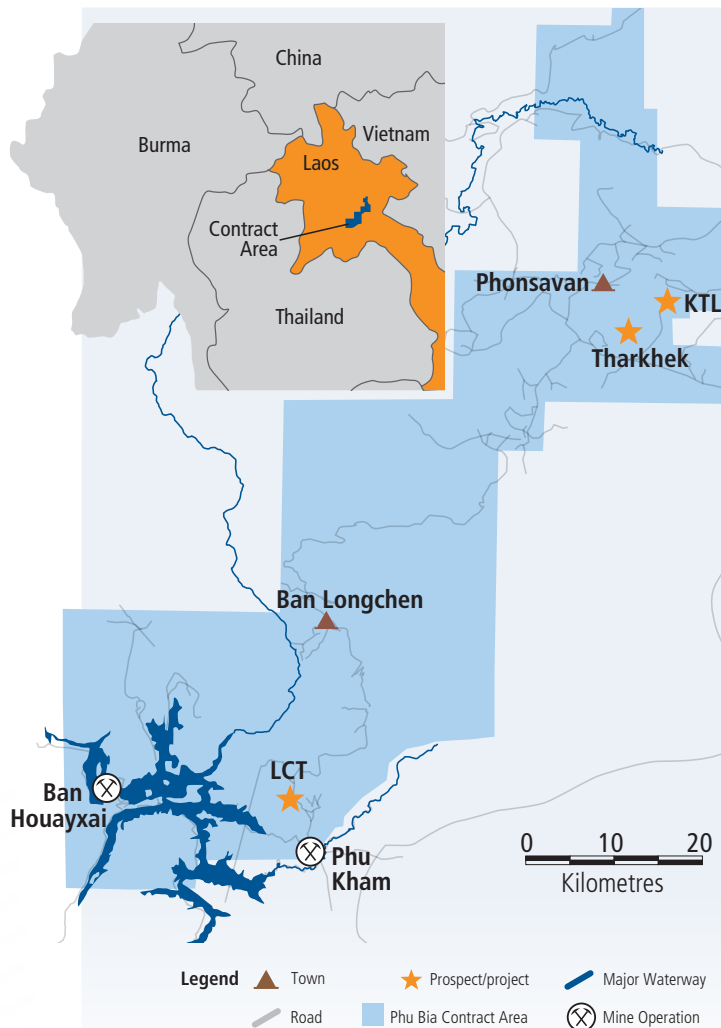
Image: The Phu Kham Copper-Gold Operation coarse ore stockpile in the foreground, foundations for the Phu Kham Upgrade ball mill and the Operation's processing plant in the mid-ground, and the maintenance workshop and warehouse in the background.

The Phu Kham Copper-Gold Operation generates strong cash-flow to support PanAust's growth strategy.



OPERATIONAL REVIEW continued...

Phu Bia Contract Area



DAVID REID

BEng Mining (First Class Hons), WA First Class Mine Manager's Certificate of Competency

General Manager Ban Houayxai Gold-Silver Operation

David is responsible for the management of the Ban Houayxai Gold-Silver Operation.

David is a mining engineer with 16 years' experience in the mining industry in both open-pit and underground operations, largely in gold, copper and iron ore. Prior to joining PanAust, he held positions in management, mine planning and production engineering roles for Plutonic Resources, Homestake Mining, Barrick Gold and BHP Billiton.

David graduated with First Class Honours as a mining engineer and joined PanAust in November 2005 as the Mining Manager for the Phu Kham Operation and was promoted to General Manager during 2010.

Ban Houayxai Gold-Silver Operation, Laos

Following a 15-month construction and commissioning phase, the Ban Houayxai Operation commenced production of gold-silver doré in April 2012.

Ban Houayxai is located approximately 25 kilometres west of the Phu Kham Copper-Gold Operation and comprises an open-pit mine feeding ore to a conventional 4Mtpa carbon in leach process plant with a nominal production capacity of 100,000oz of gold and 700,000oz of silver per annum. Based on the current ore reserve, the Operation has a mine life of approximately nine years.

The total capital cost of construction is expected to be approximately US\$195 million. A further US\$5 million will be required to fund the second lift of the TSF later in 2012.

The guidance for 2012 production at Ban Houayxai is approximately 85,000oz of gold at a cash cost of between US\$550/oz and US\$600/oz after a credit from approximately 200,000oz of silver. The oxide ore that is scheduled to be mined in the first year is partly silver depleted and will result in silver production below the life of mine average. The silver grade of ore processed, and hence silver production, is scheduled to increase over the following two years as transitional ore becomes a greater proportion of the mill feed. The resultant increase in silver credit is expected to materially reduce the cash cost for gold production.

As a measure of PanAust's commitment to managing its environmental performance, in January 2012, the International Cyanide Management Institute announced that Ban Houayxai had been pre-operationally certified in compliance with the International Cyanide Management Code. The Code is a voluntary industry program for companies involved in the production of gold using cyanide, and companies producing and transporting cyanide. It is intended to complement the legal and regulatory obligations of companies' operating environments.

Image: PanAust's second operation in Laos, the Ban Houayxai Gold-Silver Operation, commenced production in April 2012.

The Ban Houayxai Gold-Silver Operation in Laos commenced production in April 2012 providing product diversity for the Company and a significant boost to cash-flow.



GROWTH

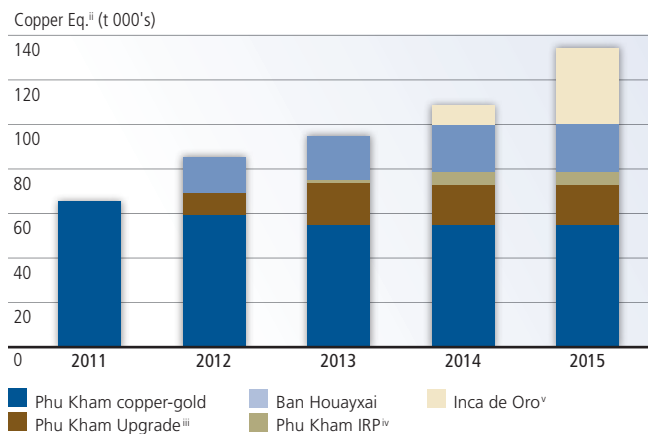
Corporate strategy

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

The Ban Houayxai Gold-Silver Operation, which commenced production in April 2012, together with the Phu Kham Upgrade Project which will be completed by mid-2012, are the platform for a pipeline of pre-development and exploration projects that will maintain a strong growth profile for the Company over the medium to long term.

Pipeline for Growth: Projects (PanAust shareⁱ)



i: PanAust Limited share of production: 90 per cent share of Phu Kham and Ban Houayxai, 59.4 per cent share of Inca de Oro.

ii: Copper equivalent assumptions: copper US\$3.80/lb, gold US\$1,700/oz, silver US\$30/oz.

iii: Incorporates implementation of the Phu Kham Upgrade from July 2012 with a mid-point of the expanded annual copper production capacity range of 65kt-70kt.

iv: Incorporates implementation of the Phu Kham Increased Recovery Project December quarter 2013 and assumes an annual production increase (100 per cent equity basis) of 5,000t copper and 7,500oz gold.

v: Subject to feasibility study and project approvals; assumes December half 2014 start-up and an average annual production rate of 50kt copper and 40koz gold.

Phu Kham Upgrade Project, Laos

Completion of the Phu Kham Upgrade Project in mid-2012 will allow design ore processing rates to increase from 12Mtpa to 16Mtpa and lead to improved metal recoveries through an increase in grinding and flotation capacity. The Upgrade is timed to coincide with a scheduled decline in ore head grade during 2012.

Commissioning of the Upgrade is scheduled for the June quarter 2012 with ramp-up to continue into the following quarter.

The estimated capital cost for the Phu Kham Upgrade Project is US\$95 million.

Phonsavan Copper-Gold Project, Laos

Status: Scoping study in progress; resource drilling ongoing.

The most advanced of PanAust's exploration projects, the Phonsavan Copper-Gold Project, lies in the northern part of the Company's Contract Area in Laos. The Project comprises two copper-gold deposits, KTL and Tharkhek, located five kilometres apart. The Project is close to existing road and power infrastructure, and the nearby town of Phonsavan will provide a source of labour. The Vietnamese coast is approximately 250 kilometres to the east by sealed road and provides a potential export route for concentrate product.

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

Drilling at the Tharkhek copper-gold deposit has intersected broad zones of skarn mineralisation in a structurally complex setting. Drilling at Tharkhek is also testing extensions to a high-grade gold skarn which was discovered in mid-2010 adjacent to the copper-gold deposit.

A scoping study is underway on the development concept for the Project which contemplates two open-pit mines (KTL and Tharkhek) feeding a central processing plant. The preferred processing option and infrastructure layout will be determined once inaugural resource estimates for Tharkhek copper-gold and gold prospects have been completed in mid-2012.

Resource drilling at KTL has established an estimated Mineral Resource of 89 million tonnes (Mt) at 0.44 per cent copper and 0.18g/t gold containing approximately 392,000t of copper and 520,000oz of gold.

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



PETER WALKER

BSc (Hons, Mineral Technology), MAusIMM, MIMM, CEng

General Manager Technical Services

Peter is responsible for feasibility studies and providing technical support to the Company's operations in Asia and South America.

Peter is a metallurgist with more than 30 years' experience in the mining industry, largely in the commodities of nickel, copper and gold. Prior to joining PanAust in February 2008, he held positions in engineering and management roles for Aditya Birla, Resolute Limited, WMC Resources and Rio Tinto.

Inca de Oro Copper-Gold Project, Chile

Status: Feasibility study in progress.

In March 2011, PanAust acquired a majority interest in the Chilean registered company, Inca de Oro S.A., which owns the Inca de Oro Copper-Gold Project, from Codelco, the world's largest copper company. Inca de Oro is a porphyry copper-gold deposit and is located near the town of Inca de Oro in the province of Chañaral, Region III of Atacama in Chile. The Project benefits from existing infrastructure such as roads, rail, power and smelters.

This joint venture with Codelco provides the Company with geographic diversity and a base for growing the business in South America; the world's most prolific copper-producing region.

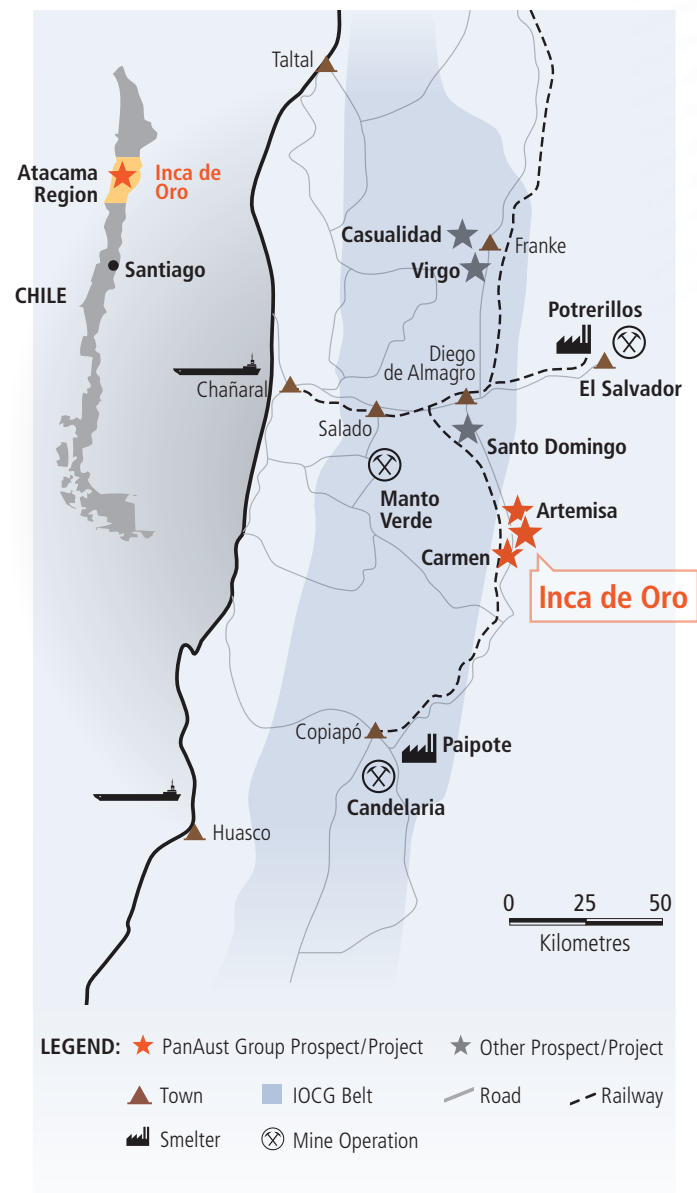
PanAust is managing the feasibility study for the Inca de Oro Copper-Gold Project. The study is scheduled for completion during the June quarter 2012 for consideration by the Boards of the joint venture and PanAust during the September quarter 2012.

The Inca de Oro pre-feasibility study, completed by Codelco, indicated the potential for a conventional open-pit mining and flotation operation to support annual production of approximately 50,000t of copper and 40,000oz of gold in concentrate over a plus ten-year mine life.

Study work to date indicates that higher grade supergene mineralisation may support elevated copper production during the first few years of any mine development before grades and consequent copper production declines. The development concept contemplates the deferred processing of oxide mineralisation, mined and stockpiled during the pre-strip, through a heap leach and SXEW operation to produce copper cathode that will offset the decline in copper in concentrate production.

Subject to a successful feasibility study, a possible two-year construction program would see initial production at Inca de Oro commence in the second half of 2014.

Inca de Oro Copper-Gold Project



GROWTH continued...

Phu Kham district incorporating the Nam San and Long Chieng Track (LCT) deposits, Laos

Status: Exploration and resource definition drilling programs in progress.

In early July 2011, PanAust reported the discovery of a discrete zone of copper-gold mineralisation approximately 200 metres north of the Phu Kham copper-gold deposit. Subsequent drilling confirmed the discovery of the high-grade Nam San copper-gold deposit. To date, the lateral continuity of mineralisation has been confirmed over at least 500 metres and the zone remains open to the east, northwest and at depth.

The mineralisation coincides with a deep geophysical target and is contained within a sequence of volcanic rocks similar to those which host the Phu Kham ore-body. Nam San is covered by a sequence of limestone and granite, and is interpreted as a fault-displaced extension of the Phu Kham deposit.

The early objective of drilling at the Nam San deposit is to provide sufficient data to provide the basis for defining an initial inferred mineral resource estimate during the second half of 2012. In parallel with this work, conceptual studies have commenced to investigate possible portal locations for underground access for exploration drilling, mining methods, and mining rates.

The discovery earlier in 2011 of primary mineralisation approximately seven kilometres northwest of Phu Kham at LCT, together with the Nam San deposit, will influence the exploration and development strategy for the Phu Kham district. PanAust has established a brown-fields exploration team to investigate potential repeats of Phu Kham-style mineralisation along a highly prospective corridor which extends at least seven kilometres to the north and along strike of the Phu Kham deposit.

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. This could be achieved by either blending high-grade feed from the newly discovered Nam San deposit with ore from the current open pit, or the development of new processing facilities.

Image: Geological Technician, Ms Soukphavanh Phongmavong, carrying out drill core sampling at the Phonsavan Copper-Gold Project core shed.



HERMAN DITTMAR

B.Tech

General Manager Project Implementation

Herman is responsible for all activities relating to the implementation phase of projects for PanAust. He commenced employment with PanAust in May 2011.

Herman is an Electronics Engineering Technologist with more than 25 years' experience in the international mining and construction industries. Prior to joining PanAust, he worked in various executive project management and corporate development roles for MWH, Compania Minera Antamina and BHP Billiton with a significant focus on projects and operations based in South America.

Phu Kham Increased Recovery Project, Laos

Status: Board approved; design work underway.

In February 2012, the PanAust Board approved the Phu Kham Increased Recovery Project that, once implemented in the second half of 2013, is expected to result in increases in annual copper and gold production of approximately 5,000t and 7,500oz respectively.

The Project stems from a two-year evaluation of various technologies to improve metallurgical recoveries at Phu Kham. Plant-scale test work confirmed that a strategy of less selective rougher flotation, together with increased regrind, cleaner flotation and concentrate handling capacity, recovery rates for both copper and gold could be increased by more than six percentage points. Cash operating cost per pound of copper would correspondingly reduce by more than five per cent. The preliminary capital estimate for the Project is US\$65 million. On that basis, and assuming a US\$3.80/lb copper price and US\$1,700/oz gold price, the payback period will be less than 18 months.

Following design work that is scheduled to be completed in June 2012, a detailed capital cost estimate will be defined. A fast-track project management approach is expected to enable project commissioning to commence in the second half of 2013.

Exploration, Laos

PanAust is undertaking regional exploration activities at several identified prospects within the Company's 2,636 square-kilometre Contract Area in Laos. The Contract Area remains 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.

Puthep Copper Project, Thailand

The Puthep joint venture is undertaking a strategic review of the Puthep Copper Project in Thailand including investigating the potential for selling the asset. From PanAust's perspective, the Project does not rank as highly as other growth opportunities the Company has in its pre-development portfolio.

A scoping study is underway for the development concept for PanAust's most advanced exploration project, the Phonsavan Copper-Gold Project.



SUSTAINABILITY

PanAust's sustainability credentials²

PanAust recognises that sustainable business development is essential for its ongoing success particularly as a company with a significant presence in a developing country such as Laos. This includes taking on a leadership role to improve the living standards of current and future generations.

PanAust's approach to sustainability is derived from a strong ethical foundation outlined in its Vision and Values, and high standards of corporate governance. The Company has a well-established sustainability framework that fosters an environment to continually improve its performance within this sphere. The Sustainability Committee, a sub-committee of the PanAust Board, provides oversight for sustainability. Measurable objectives form part of the Company's Five-year Strategic Plan and each executive's critical tasks.

The sustainability framework includes an overarching Sustainability Policy and support systems including an integrated Enterprise Risk Management system to identify material risks, and ensure control measures are in place to reduce risks to as low as reasonably practical.

Fourteen Sustainability Standards – relating to leadership, legal requirements, planning, risk, health and hygiene, environment, community, training, communication, supplier management, incident management, crises, auditing, and stakeholder engagement – have been developed to ensure consistent implementation of sustainability outcomes across the Group.

PanAust measures its sustainability performance against the International Finance Corporation's (IFC) Performance Standards on Social and Environmental Sustainability for operating projects. External standards, systems and principles provided by the ASX, the Minerals Council of Australia, the International Council on Mining and Metals, and the International Cyanide Management Institute are also applied by the Company.

PanAust adheres to the standards inherent in the Voluntary Principles of Security and Human Rights, an internationally recognised industry initiative. In 2012, PanAust will be working to become a full signatory to the Voluntary Principles.

Each year, PanAust reports the Global Reporting Initiative (GRI) indicators that are material to its business (as determined through its risk management approach and feedback from stakeholders) in a Sustainability Report. In 2011, the Company achieved a GRI B+ rating which involved external verification.



ALISTAIR MACLEAN

BA (Hons) LLM (International)

General Manager External Affairs, PanAust Asia

Alistair has responsibility for PanAust's operating and social licences to operate in Asia, specifically covering external relations – in particular governments – sustainability, safety and security issues.

Before joining PanAust, Alistair had a 20-year career with the Australian foreign service, including postings to Bangkok, Washington DC and as Ambassador to Laos from 2004 to 2007. Much of his foreign service career was in international trade and investment policy. In 2007 he was a senior advisor in the office of Australian Prime Minister, Mr John Howard, working on energy, resources and environment issues. Based in Vientiane, Alistair has been with PanAust since 2008.

Environment

The challenges for PanAust's mining operations and exploration activity – particularly in the mountainous, high rainfall setting of Laos – are significant. The Company is committed to minimising impacts to the natural landscape, waterways, and flora and fauna in a manner consistent with international best practices and continuous improvement.

The key environmental risks for PanAust's operations in Laos are water management and sediment control, and, at the Phu Kham Copper-Gold Operation, acid rock drainage (ARD).

Managing ARD involves strict engineering and process controls, which are externally audited twice each year to monitor and review performance, and enable continual improvement. PanAust's ARD management has been recognised internationally as industry-leading practice.

In late June and early July 2011, the Phu Kham Operation recorded two 1-in-50 year rainfall events within a seven-day period. These events triggered a review of the Company's water management assumptions and strategy for the TSF at Phu Kham. The Company sought and received Government of Laos approval to discharge excess water from the TSF. The discharge commenced in August 2011 and is monitored by the Company's environmental team in close liaison with site-based representatives of the Ministry of Natural Resources and Environment. To date, all parameters for water discharged from the TSF have been within IFC guidelines.

² For comprehensive coverage of PanAust's sustainability framework and performance, refer to the 2011 Sustainability Report (published in June 2012).

Image: Environmental Assistant, Mr Sith Southavong, tending seedlings at the Ban Houayxai plant nursery. The trees, locally known as mai-teen-ped, will be used in the Operation's vegetation rehabilitation program.

PanAust's commitment to sustainable development continues to be a key consideration in the way the Company plans and undertakes its business activities.



SUSTAINABILITY continued...

The Phu Kham Copper-Gold Operation and Ban Houayxai Gold-Silver Project underwent independent auditing against the IFC's Performance Standards on Social and Environmental Sustainability during 2011. The audits found that both sites continue to improve their environmental and social performance.

Construction of the Ban Houayxai Gold-Silver Project, which was nearly completed by the end of 2011, was consistent with the construction-phase Environmental and Social Monitoring and Management Plan (ESMMP) for the Project approved by the Government of Laos as part of an Environmental Compliance Certificate issued in March 2011.

In January 2012, the International Cyanide Management Institute announced that Ban Houayxai was pre-operationally certified in compliance with the International Cyanide Management Code.

A gap analysis for PanAust's exploration activities was conducted against the 'e3 Plus: A Framework for Responsible Exploration'³ in 2011. From 2012, the exploration group's performance against the e3 standards will be independently audited.

PanAust will also commence a process for accreditation against ISO 14001 environmental performance standards in 2012.

PanAust had no reportable environmental incidents during 2011.

Community

In the vicinities of Phu Kham, Ban Houayxai and Phonsavan, PanAust continues to advance a number of community development projects within the focus areas of education, health, agriculture, infrastructure, and micro-finance and small business development.

Community development priorities are informed by grass-roots consultation with villagers and baseline data from local socio-economic surveys, and are aligned with Government of Laos and aid agency programs.

In 2011, the Community Development Fund (CDF) budget allowed for US\$300,000 to villages impacted by the Phu Kham Operation, and US\$80,000 each for villages affected by the Ban Houayxai Project, and exploration activities at Phonsavan. During the year, the Phu Kham community program extended beyond the two villages adjacent to the Operation to include villages along the haulage route.

Education programs funded primary schools in Nam Mo and Nam Pho villages, and a summer school program organised in two villages was attended by approximately 300 children.

Various health initiatives were delivered throughout the year including the opening of Health Clinics in Nam Mo and Nam Gnone, and an ambulance supplied to the Xaysomboun District Hospital. Two hundred and seventy-two families received assistance to construct household latrines, and health and wellbeing awareness sessions were delivered. Road sealing in all villages along the concentrate haulage route was completed in 2011; providing improved public infrastructure through dust reduction and improved drainage.

The Village Savings and Credit Fund (VS&CF) continued to empower local villagers to develop their own businesses. Membership grew from 217 at the start of 2011 to 615 at year end. Local women comprise 97 per cent of VS&CF membership.

Throughout 2011, PanAust spent almost US\$360,000 purchasing locally produced fruit and vegetables, fish, drinking water and geological sample bags from small businesses established through the Company's community development programs. PanAust is now seeking to develop the capacity of new-found entrepreneurs to develop and supply markets elsewhere.

The extreme rainfall events in late June/early July 2011 caused extensive disruption to communities and significant damage to local roads and other infrastructure close to the Phu Kham Operation. This included the 'washing away' of sections of the Nam Mo Village Bridge rendering it unusable. PanAust spent US\$86,000 plus labour costs to repair the bridge. The Company also provided financial support to victims of the natural disaster via a donation package totalling US\$160,000.

In late September, the Company, together with the World Bank and the Government of Laos Ministry of Energy and Mines, hosted a community development workshop in Nam Mo Village where PanAust and local people showcased various community projects.

Community development awards 2011

For the second year in succession, PanAust received the award for 'Best Community Development Initiative' in the Southeast Asia category at the Asia Mining Congress Global Mining Sustainability Awards in Singapore. The award recognised the positive contribution that PanAust's Technical Trades Training Program is making to local communities.

In December 2011, PanAust's Livelihood Improvement Program received the Ethical Investor magazine's 11th Australian Sustainability Award within the 'Social and Community' category. The program builds long-term economic capacity within communities by providing training and micro-financing to enable the establishment and development of small businesses.

³ The Prospectors and Developers Association of Canada developed e3 Plus: A Framework for Responsible Exploration in order to help exploration companies continually improve their social, environmental, and health and safety performance, and to comprehensively integrate these three aspects into their exploration programs.

Image: The Nam Mo Village Health Clinic was opened by the Company during 2011. Photograph shows Dr Thanouphet and Nurse Phonemany with Nam Mo village resident, Ms Meena, and her baby daughter, Linda.

PanAust continues to advance a number of community development projects within the focus areas of education, health, agriculture, infrastructure, and micro-finance and small business development.



SUSTAINABILITY continued...

In December 2011, the Government of Laos presented PanAust the Labour Order Class 1 medal for 'Best Development in a Rural Area'. The award is presented once every five years and recognised the Company's outstanding contribution to rural socio-economic development and poverty eradication in Laos between 2006 and 2010. The award was presented by Vice-President, Bounnhang Vorachit.

Health and safety

PanAust reported a strong safety performance in 2011. A report completed by Citigroup in January 2012, which analysed the safety performance of ASX100 Companies (based on 2011 data), ranked PanAust third out of the 81 participating companies for Lost Time Injury Frequency Rate (LTIFR). This achievement highlights PanAust's ongoing commitment to Zero Harm safety objectives.

Throughout 2011, particular focus was given to the recruitment of operational personnel for Ban Houayxai to enable the proactive development of safety systems and programs prior to the commencement of operations.

2011 PanAust Group reportable incidents*

HOURS	FATAL INJURY FREQUENCY RATE	LOST TIME INJURY FREQUENCY RATE	DAYS AWAY RESTRICTED TIME	TOTAL RECORDABLE INJURY FREQUENCY RATE
16,072,278	0.00	0.06	0.31	2.80

* See PanAust's 2011 Sustainability Report (published June 2012) to review reportable incident data from 2009-2011.

During 2011, one Lost Time Injury (LTI) was recorded on controlled worksites across the PanAust Group ending the year with an LTIFR of 0.06, down from 0.47 in 2010. The injury related to a contractor employee working at the Ban Houayxai Project under the supervision of the Projects Implementation Team.

Employees

During 2011, PanAust's workforce in Laos grew by 49 per cent to 3,312 employees at year end compared with the previous year's 2,219. The construction and development of Ban Houayxai and engagement of a permanent workforce for training ahead of time, represents a significant proportion of the growth, along with upgrade activities at Phu Kham, and the maturing of the shared service function for the Asia region to support a multi-operational environment. Wherever possible, new roles at Ban Houayxai were filled by skilled employees from the Phu Kham Operation or from recruitment targeting local communities.

PanAust promotes and encourages diversity by engaging people from different backgrounds to bring a variety of perspectives and a broad combination of skills and experiences to the Company. Of the total full-time staff in Laos, 2,732 are Lao nationals, 433 are expatriates from countries mainly within the Southeast Asia region and less developed countries, and 147 are expatriates from Australia and other Western economies.

In 2011, employee numbers in Chile and Brisbane grew primarily in the technical area to support projects and improvement activities across the business and to ready the Company for further growth. At year end, the Company had nine full-time employees located in Thailand, 13 in Chile, and 39 in the Brisbane office.

Of the total PanAust workforce at year end 2011, 15 per cent were women with 25 of those being in management roles; representing 9.9 per cent of management. Within the Lao-based workforce, 15 per cent were women, of these 14 were in management roles, 50 in supervisory/professional roles, and 61 in traditionally male operator-type roles.

Voluntary turnover, which was already low by industry commute roster standards in 2010, reduced from 9 per cent in 2010 to 6.9 per cent in 2011 for Lao employees, and from 15 to 13.5 per cent for expatriates. Retention of employees at all levels of the organisation has been enabled by strategies to develop a pipeline of future talent including external training co-operatives, a Lao-graduate development program, use of internal promotions and transfers, salary benchmarking, succession planning, targeted recruitment activities, and rewarding high performance against agreed goals and behaviours.

PanAust lost no time due to labour disputes during 2011. A Workplace Representative Committee was elected and ratified by the Union Federation of Laos in 2011. The committee meets on a regular basis to raise and discuss matters which may affect employees. Work and employment matters are also discussed at regular meetings with local authorities, and in direct two-way communication between managers and employees.

Two groups comprising 40 trainees graduated from the Company's in-house award-winning Technical Trades Training Program. The Graduates were offered permanent employment as junior-level technicians with the Company in Laos. The Program underwent a restructure during 2011 to a one-year pre-vocational program, followed by a four-year apprenticeship in a specific trade and will be inaugurated in 2012. A partnership with a training facility in Laos ensures quality training and a nationally recognised qualification at the end of the course.

PanAust has an Employee Awards Program to reward outstanding contributions to safety, sustainability and production. Award winners are recognised in an awards ceremony and participate in a study tour to best-practice mines in Southeast Asia and Australia. The program fosters a culture of continual improvement and promotes activities that are critical to the Company's success.

FINANCIAL SUMMARY

Net cash-flow from operating activities for 2011 was US\$239.1 million which was sufficient to fund all capital programs during the year and maintain a significant cash reserve at year end.

Summary of financial results for the 12 months to 31 December 2011

	12 MONTHS TO 31 DEC 2011 US\$ MILLION	12 MONTHS TO 31 DEC 2010 US\$ MILLION
Sales revenue	575.7	591.2
Sales revenue, derivative gains/losses and other income	598.0	575.4
EBITDA	284.2	300.1
EBIT	224.7	245.8
Statutory consolidated NPAT	146.6	160.1
NPAT attributable to PanAust Limited	132.1	143.4
Underlying net profit from ordinary activities after tax attributable to PanAust Limited	137.7	143.4
Basic earnings per share (US cents)*	22.5	24.5

* The comparative basic earnings per share has been adjusted to take into account the 1-for-5 share consolidation completed in May 2011.

Image: The Inca de Oro deposit, in Chile, overlooking the Project area and the town of Inca de Oro.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

Note that the following statements and tabulations are extracted from PanAust's 2011 Annual Report. Refer to the 2011 Annual Report for the Directors' Report (including the Remuneration Report), Financial Report, Auditor's Report, Corporate Governance Statement and full set of statutory accounts for 2011.

	NOTES*	31 DECEMBER 2011 US\$'000	31 DECEMBER 2010 US\$'000
Sales revenue	5	575,678	591,166
Derivative gains/(losses)	5	20,144	(17,205)
Other income	5	2,176	1,394
Changes in inventories of finished goods and work in progress		(2,587)	722
Mining operations costs		(155,628)	(128,908)
Employee benefits expense		(55,703)	(44,310)
Royalties		(33,904)	(30,112)
Concentrate haulage		(28,601)	(30,752)
Treatment and refining charges		(15,391)	(13,922)
Marketing and realisation costs		(12,987)	(12,371)
Other expenses		(7,556)	(14,515)
		285,641	301,187
Interest and finance charges	6	(13,808)	(13,968)
Share based payment expense from acquisition	6	(5,530)	-
Put option premium expense	6	(2,955)	(16,947)
Depreciation, amortisation expense, and impairment	6	(59,532)	(54,285)
Profit before income tax		203,816	215,987
Income tax expense	7	(57,254)	(55,890)
Profit for the year		146,562	160,097
Other comprehensive income			
Cash flow hedges, net of tax		14,248	(8,250)
Total comprehensive income for the year		160,810	151,847
Profit is attributable to:			
Owners of PanAust Limited		132,121	143,353
Non-controlling interests		14,441	16,744
		146,562	160,097
Total comprehensive income for the year is attributable to:			
Owners of PanAust Limited		144,944	135,928
Non-controlling interests		15,866	15,919
		160,810	151,847

	NOTES*	CENTS	CENTS
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share	39	22.47	24.47
Diluted earnings per share	39	22.28	24.32

The comparative earnings per share have been restated to take into account the 1-for-5 share consolidation completed in May 2011. The comparative financial information has been reclassified to improve the comparability of operating costs.

* The above consolidated statement of comprehensive income should be read in conjunction with the PanAust 2011 Annual Report accompanying notes.

BALANCE SHEET

AS AT 31 DECEMBER 2011

	NOTES*	31 DECEMBER 2011 US\$'000	31 DECEMBER 2010 US\$'000
ASSETS			
Current assets			
Cash and cash equivalents	8	155,525	184,759
Receivables and other assets	9	15,668	32,822
Inventories	10	56,279	45,903
Derivative financial instruments	11	4,248	1,442
Total current assets		231,720	264,926
Non-current assets			
Receivables and other assets	12	56,311	34,927
Investments accounted for using the equity method	13	20,289	6,021
Other financial assets	14	-	13,572
Property, plant and equipment	15	525,264	414,429
Exploration, evaluation, and mine development	16	342,871	139,828
Intangible assets	18	13,965	5,380
Derivative financial instruments	11	2,431	1,234
Total non-current assets		961,131	615,391
Total assets		1,192,851	880,317
LIABILITIES			
Current liabilities			
Trade and other payables	19	84,495	53,187
Lease liabilities	20	14,961	7,721
Provisions	21	13,564	9,975
Current tax liabilities	22	30,418	18,268
Derivative financial instruments	11	-	10,019
Total current liabilities		143,438	99,170
Non-current liabilities			
Trade and other payables	23	3,334	5,953
Borrowings	24	92,019	65,682
Deferred tax liabilities	25	25,645	15,633
Provisions	26	34,426	16,058
Total non-current liabilities		155,424	103,326
Total liabilities		298,862	202,496
Net assets		893,989	677,821
EQUITY			
Contributed equity	27	542,617	541,232
Reserves	28(a)	21,941	5,134
Accumulated gains	28(b)	213,119	80,998
Capital and reserves attributable to owners of PanAust Limited		777,677	627,364
Non-controlling interests		116,312	50,457
Total equity		893,989	677,821

* The above balance sheet should be read in conjunction with the PanAust 2011 Annual Report accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

		ATTRIBUTABLE TO OWNERS OF PANAUST LIMITED					
CONSOLIDATED ENTITY	NOTES*	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000	NON- CONTROLLING INTERESTS \$'000	TOTAL EQUITY \$'000
Balance at 1 January 2010		540,948	8,761	(62,355)	487,354	34,816	522,170
Profit for the year		-	-	143,353	143,353	16,744	160,097
Changes in fair value of cash flow hedges, net of tax		-	(7,425)	-	(7,425)	(825)	(8,250)
Total comprehensive income for the year		-	(7,425)	143,353	135,928	15,919	151,847
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs		284	-	-	284	-	284
Transactions with non-controlling interests		-	-	-	-	(278)	(278)
Employee share based payments	28	-	3,798	-	3,798	-	3,798
		284	3,798	-	4,082	(278)	3,804
Balance at 31 December 2010		541,232	5,134	80,998	627,364	50,457	677,821
Balance as at 1 January 2011		541,232	5,134	80,998	627,364	50,457	677,821
Profit for the year		-	-	132,121	132,121	14,441	146,562
Changes in fair value of cash flow hedges, net of tax		-	12,823	-	12,823	1,425	14,248
Total comprehensive income for the year		-	12,823	132,121	144,944	15,866	160,810
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs	27	1,385	-	-	1,385	-	1,385
Total changes in non-controlling interests		-	-	-	-	20,375	20,375
Non-controlling interest from acquisition		-	-	-	-	24,084	24,084
Share based payment expense from acquisition	6	-	-	-	-	5,530	5,530
Employee share based payment	28	-	3,984	-	3,984	-	3,984
		1,385	3,984	-	5,369	49,989	55,358
Balance at 31 December 2011		542,617	21,941	213,119	777,677	116,312	893,989

* The above statement of changes in equity should be read in conjunction with the PanAust 2011 Annual Report accompanying notes.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES*	31 DECEMBER 2011 US\$'000	31 DECEMBER 2010 US\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		583,521	605,961
Payments to suppliers and employees (inclusive of goods and services tax)		(304,753)	(274,313)
Receipts (payments) for derivatives		13,967	(22,298)
Payments for income tax		(36,486)	(6,498)
		256,249	302,852
Interest and fees paid (inclusive of hedge premium payments)		(18,438)	(14,446)
Interest received		1,331	457
Gold forward contract closed out		-	(23,615)
Net cash inflow from operating activities	38	239,142	265,248
Cash flows from investing activities			
Payments for property, plant and equipment		(59,172)	(57,622)
Payment of development costs		(173,012)	(53,578)
Payments of exploration and evaluation costs		(41,633)	(26,255)
Payments for investment in associate		(688)	(800)
Payments for investment in subsidiary, net of cash acquired		(27,461)	(5,000)
Net cash outflow from investing activities		(301,966)	(143,255)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		1,385	284
Proceeds from borrowings		43,338	45,000
Repayment of borrowings		-	(63,000)
Finance lease payments		(10,521)	(7,721)
Net cash inflow (outflow) from financing activities		34,202	(25,437)
Net increase (decrease) in cash and cash equivalents		(28,622)	96,556
Cash and cash equivalents at the beginning of the financial year		184,759	88,203
Effects of exchange rate changes on cash and cash equivalents		(612)	-
Cash and cash equivalents at end of year	8	155,525	184,759

* The above cash flow statement should be read in conjunction with the PanAust 2011 Annual Report accompanying notes.

MINERAL RESOURCES AND ORE RESERVES^{1,2,3}

SOUTHEAST ASIA

MINERAL RESOURCES	MEASURED				INDICATED				INFERRED				TOTAL			
Copper-Gold	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t
Phu Kham ⁴ (0.25% Cu cut-off)	146	0.58	0.25	2.2	64	0.49	0.21	2.4	16	0.43	0.20	2.1	224	0.54	0.23	2.1
CTL ⁵ (0.25% Cu cut-off)	-	-	-	-	77	0.46	0.19	1.7	12	0.34	0.12	1.3	89	0.44	0.18	1.7
PUT 1 ⁶ (0.3% Cu cut-off)	41	0.58	0.08	-	64	0.51	0.10	-	59	0.50	0.10	-	164	0.53	0.09	-
PUT 2 ⁶ (0.1% Cu cut-off)	-	-	-	-	-	-	-	-	36	0.42	-	-	36	0.42	-	-

MINERAL RESOURCES	MEASURED			INDICATED			INFERRED			TOTAL		
Gold	Tonnes Mt	Au g/t	Ag g/t	Tonnes Mt	Au g/t	Ag g/t	Tonnes Mt	Au g/t	Ag g/t	Tonnes Mt	Au g/t	Ag g/t
Ban Houayxai Oxide (0.2g/t Au cut-off)	5	0.77	2.4	12	0.57	3.1	1	0.45	1.9	18	0.61	2.8
Ban Houayxai Transitional (0.3g/t Au cut-off)	4	0.82	8.7	14	0.75	8.3	0.4	0.74	3.0	18	0.76	8.2
Ban Houayxai Primary (0.4g/t Au cut-off)	0.1	1.04	5.3	20	0.99	9.2	21	0.89	7.6	40	0.94	8.4
Total Ban Houayxai ⁶	9	0.79	5.2	45	0.81	7.3	22	0.87	7.2	76	0.82	7.0

ORE RESERVES	PROVED				PROBABLE				TOTAL			
Copper-Gold	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Au g/t	Ag g/t
Phu Kham ⁷	146	0.55	0.24	2.0	48	0.46	0.21	2.5	194	0.52	0.24	2.0

ORE RESERVES	PROVED			PROBABLE			TOTAL		
Gold	Tonnes Mt	Au g/t	Ag g/t	Tonnes Mt	Au g/t	Ag g/t	Tonnes Mt	Au g/t	Ag g/t
Ban Houayxai ⁸	9	0.77	5.6	27	0.77	8.0	36	0.77	7.4

SOUTH AMERICA

MINERAL RESOURCES	MEASURED					INDICATED					INFERRED					TOTAL				
Copper-Gold	Tonnes Mt	Cu %	Cu Sol %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Cu Sol %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Cu Sol %	Au g/t	Ag g/t	Tonnes Mt	Cu %	Cu Sol %	Au g/t	Ag g/t
Inca de Oro ⁹ Combined Oxide-Mixed (0.2% Cu cut-off)	-	-	-	-	-	57	0.52	0.23	0.16	0.20	26	0.43	0.13	0.07	0.6	83	0.49	0.20	0.14	0.3
Inca de Oro ⁹ Combined Supergene-Primary (0.3% Cu cut-off)	139	0.48	-	0.17	2.1	70	0.45	-	0.10	1.8	26	0.45	-	0.07	1.6	235	0.47	-	0.14	2.0
Carmen (Chile) ¹⁰ (0.25% Cu cut-off)	4	0.33	-	0.39	1.1	6	0.34	-	0.40	1.0	29	0.34	-	0.31	0.9	39	0.34	-	0.33	0.9



PANAUST

Notes

1. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
2. All Mineral Resource and Ore Reserve estimates in the tabulation are reported on a 100% ownership basis. Resources and Reserves ownership is outlined in the 'Company Profile' on page i.
3. 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.
4. The Mineral Resource estimates for the Phu Kham Copper-Gold Operation are based on a geologically constrained ordinary kriged model using a 0.25 per cent copper cut-off grade. The difference when compared with the data reported in the *2010 Annual Review* data reflects depletion due to mining during 2011. A new Mineral Resource estimate will be prepared during 2012 to incorporate drilling results received since 1 January 2011, and will include an inaugural estimate for the Nam San deposit.
5. The Mineral Resource estimates for the KTL copper-gold deposit are based on an ordinary kriged model constrained by weathering and geological boundaries using a 0.25% copper cut-off.
6. The Mineral Resource estimates for PUT 1, PUT 2, and the Ban Houayxai Gold-Silver Operation remain unchanged from those presented in the *2010 Annual Review*.
7. The Ore Reserve estimates for the Phu Kham Copper-Gold Operation are based on commodity price assumptions of US\$2.50/lb copper, US\$1,100/oz gold and US\$18/oz silver. The difference when compared with the data reported in the *2010 Annual Review* reflects depletion due to mining during 2011.
8. The Ore Reserve estimates for the Ban Houayxai Gold-Silver Operation are based on commodity price assumptions of US\$1,100/oz gold and US\$18/oz silver.
9. The Mineral Resource estimates for Inca de Oro copper-gold deposit are based on an ordinary kriged model constrained by weathering and geological boundaries at the stated cut-off.
10. The Mineral Resource estimate for Carmen copper-gold deposit are based on an ordinary kriged model constrained by weathering and mineralisation domains.

Competent Person Statements

The data in this report that relates to Exploration Results and Mineral Resources is 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 (JORC Code). 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 information in this report that relates to the Phu Kham Ore Reserves is 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 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 Phu Kham Ore Reserves in the form and context in which it appears.

The information in this report that relates to the Ban Houayxai Ore Reserves is 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 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 Ban Houayxai Ore Reserves in the form and context in which it appears.

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Stock Exchange Listing

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