

Independent Assurance Report to PanAust Limited

PanAust Limited (PanAust) appointed ERM-Siam, Co Ltd (ERM) to provide independent assurance on selected sustainability performance indicators (data) presented in its Sustainability Report 2011 and to provide an independent review and assurance statement of the Sustainability Report 2011.

Our brief

ERM was asked to provide independent assurance and to assess the information in the Sustainability Report 2011 including the following data for the year ended 31 December 2011:

- Development and Impact of Infrastructure (EC8)
- Material Use (EN1)
- Direct Energy Consumption (EN3)
- Indirect Energy Consumption (EN4)
- Total Water Withdrawal by Source (EN8)
- Total Direct and Indirect Green-house Gas emission by Weight (EN16)
- Total Water Discharge (EN21)
- Total Weight of Waste by Type and Disposal Method (EN22)
- Safety Performance Rates (LA7)
- Training and Development (LA10)
- Amount of Land Disturbed or Rehabilitated (MM1)
- Nature Scope and effectiveness of programs and practices (SO1)

Our approach

Standards and criteria used

ERM assessed PanAust's status against the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and assessed the accuracy, materiality, completeness and responsiveness of the information and data contained in PanAust Sustainability Report 2011. The report review was informed by the G3 guidelines. ERM delivered the work in accordance with ERM's assurance methodology which is based on the international assurance and audit standards: ISAE 3000 and AA1000 AS.

ERM planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information and data set out in 'Our Brief' was appropriately reported, i.e. that nothing has come to our attention that causes us to believe that the subject matter of the report is not presented fairly, and calculated in all material respects in accordance with the 2011 scope of work for limited assurance.

If ERM had been asked to conclude on whether the reported subject matters were robust and to provide 'reasonable assurance', our scope would have needed to be broadened to conduct more detailed audit work at corporate and operational levels and to gather further evidence to support our assurance opinion.

The reliability of the reported information and data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

Our work

A multi-disciplinary team of mining and assurance specialists performed work at corporate level and in selected operating location.

As part of the review, ERM conducted face to face and telephone interviews at corporate and regional levels. A Site visit was also undertaken to PanAust's principal operating asset for the reporting year 2011, the Phu Kham Copper-Gold Operation, as well as the Ban Houayxai Gold-Silver Project.

During these interviews and facility visit, ERM sought to:

- Understand the logistics of the data collection and reporting process;
- Review the mechanisms for checking and verifying data at the facility and corporate level;
- Review how errors are communicated to the data providers and corrective action checked to ensure accuracy in the reported data;

- Review of the presentation of the selected data in the Sustainability Report 2011 related to 'Our Brief' to ensure consistency with our findings; and
- Discuss our assurance findings with management as they arose to provide them with the opportunity to address them prior to finalisation of our work.

Respective responsibilities and ERM's independence

PanAust's management is responsible for preparing the Sustainability Report and for the information in it. ERM's responsibility is to express our assurance conclusions on the agreed brief.

During 2011, ERM has not worked with PanAust on other consulting engagements. ERM conducts strict conflict checks and has confirmed its independence to PanAust for this assurance engagement.

Our assurance conclusions

Based on our limited assurance procedures as described in this statement, the subject matter as presented in the PanAust Sustainability Report 2011, is presented, in all material respects, in accordance with the criteria detailed above. In conducting this work, we have found nothing that came to our attention that caused us to believe that the subject matter of the report was not presented fairly, and calculated in all material respects in accordance with the scope of assurance.

ERM believes that the PanAust Sustainability Report 2011 reflects the sustainability issues and challenges facing PanAust. In addition, our review confirmed that the PanAust Sustainability Report 2011 meets the requirements of application level A+ of the GRI reporting framework.

Overall, PanAust shows strong corporate efforts to ensure that sustainability reporting is transparent and effective. These efforts represent the company's commitment to identify and understand its material social, environmental, and economic performance and impacts.

During the review period, ERM identified a number of issues that were discussed and subsequently addressed by PanAust in the Sustainability Report 2011. These issues and the associated recommendations have been formalised with PanAust.



ERM

ERM-Siam, Co Ltd (ERM)

Bangkok, Thailand

25 July 2012

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 5 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.