

ASX ANNOUNCEMENT

20 February 2014

2014 Mineral Resource and Ore Resource Summary

PanAust today reported¹ the results of the 2014 Ore Reserve and Mineral Resource estimates as at 31 December 2013 under 'The JORC Code, 2012 Edition' for the Company's Phu Kham Copper-Gold and Ban Houayxai Gold-Silver Operations, Laos. In summary:

- **New high-grade KTL open-pit Ore Reserve estimate of 8 million tonnes grading 1.06% copper and 0.66g/t gold incorporated as a subset of the Phu Kham Ore Reserve**
- **The 2014 Phu Kham open-pit and Ban Houayxai open-pit Ore Reserve estimates largely reflect the impact of depletion due to mining during 2013**

Phu Kham Copper Gold Operations

The Phu Kham Ore Reserve (Table 1) incorporates the KTL deposit for the first time. KTL is planned to be developed as a satellite open pit providing ore feed to the Phu Kham concentrator. The total Phu Kham Ore Reserve (31 December 2013) stands at 165 million tonnes (Mt) grading 0.52% copper, 0.25g/t gold and 2.0g/t silver. This open pit Ore Reserve supports a mine life of over nine years assuming an average processing rate of 18 million tonnes per annum (Mtpa) is sustained. However, higher milling rates may be achieved when processing KTL ore which is planned to be fed directly onto the Phu Kham coarse ore stockpile, thereby bypassing the primary crusher and allowing latent mill capacity to be utilised.

The combined Mineral Resource estimate for Phu Kham and KTL totals 223 million tonnes grading 0.53% copper, 0.24g/t gold and 2.1g/t silver (Table 3) at cut-off grades of 0.2% copper for Phu Kham and 0.5% copper for KTL.

Phu Kham open pit

The Phu Kham open pit Ore Reserve is largely unchanged, after depletion from mining during 2013, when compared with the previous estimate (as at 31 December 2012). The final open-pit design is unchanged. The Ore Reserve includes approximately three million tonnes of lower grade stockpiled ore for processing either during periods of excess process plant capacity or at the end of mine life.

¹ Disclosure of the 2014 Mineral Resources and Ore Reserves under 'The JORC Code, 2012 Edition' was made in a separate announcement lodged with the Australian Securities Exchange today. This announcement summarises the estimates contained in that announcement. PanAust confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

2013 WINNER
PROJECT DEVELOPMENT
OF THE YEAR



2013 WINNER
SUSTAINABILITY LEADERSHIP
2010/2011 WINNERS
BEST COMMUNITY DEVELOPMENT



2011
LAO PDR LABOUR ORDER CLASS 1
BEST RURAL DEVELOPMENT



2011 WINNER
SOCIAL/COMMUNITY PRESENTED BY
ETHICAL INVESTOR



The Phu Kham open pit life of mine waste to ore ratio is less than 1.6 to 1 and includes approximately 15Mt of quarry material used for tailings storage facility (TSF) construction and road preparation that was excluded from previous estimates. The Ore Reserve is estimated at a copper price of US\$3.20/lb and gold price of US\$1,300/oz and is relatively insensitive to copper metal price with no change to the estimated tonnage and grade at prices down to \$2.75/lb.

No material changes are expected to the Phu Kham open-pit life-of-mine schedule (announced in October 2013) as a result of the new Ore Reserve. Under the October 2013 mine plan, over the period 2015 to 2019, scheduled head grade increases would lift copper in concentrate production to peak levels of around 90,000 tonnes per year in 2018 and 2019.

KTL satellite open pit

An Ore Reserve estimate at the KTL deposit has been reported as a subset of the total Phu Kham Operations Ore Reserve following the recent completion of a pre-feasibility study into a low capital cost option to truck high-grade copper-gold mineralisation from a satellite open-pit at the KTL deposit near Phonsavan to the Phu Kham concentrator for processing.

Under the trucking option, crushed ore from KTL will augment the feed to the Phu Kham SAG mill which has a nominal capacity of 20Mtpa. Currently, processing rates at Phu Kham are constrained by the primary crusher, which limits the plant capacity to 18Mtpa to 18.5Mtpa. Delivery of KTL crushed ore to the SAG mill will bypass the current processing constraint at Phu Kham and provide options for further increases to copper and gold production at Phu Kham from 2017. KTL ore mining rates are expected to range between 1.0Mtpa and 1.5Mtpa.

Approximately 7Mt of waste is planned to be mined (and capitalised) prior to the commencement of ore mining. Subsequently, an average waste to ore ratio of 6.8 to 1 is envisaged over the operating life of the mine.

The Ore Reserve is based on an open-pit design at copper and gold prices of US\$3.20/lb and US\$1,300/oz respectively.

Table 1: Phu Kham 2014 Ore Reserve estimate (as at 31 December 2013)

Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Phu Kham				
Proved	102	0.52	0.23	1.9
Proved (stockpile)	3	0.31	0.17	1.2
Probable	52	0.46	0.22	2.1
Sub-total	157	0.50	0.22	1.9
KTL				
Proved	7	1.09	0.70	3.2
Probable	1	0.94	0.46	5.2
Sub-total	8	1.06	0.66	3.5
Total Phu Kham Operations				
Proved	112	0.55	0.26	2.0
Probable	53	0.47	0.22	2.2
TOTAL	165	0.52	0.25	2.0

Ban Houayxai Gold-Silver Operation

Total Ban Houayxai Ore Reserve tonnes and grades (Table 2) are largely unchanged, after depletion from mining during 2013, when compared with the previous estimate (as at 31 December 2012). The impact on the 2014 Ore Reserve of lower revenue assumptions has been largely offset by the reduced unit operating cost. The Ore Reserve includes approximately two million tonnes of low-grade stockpiled ore for processing either during periods of excess process plant capacity or at the end of mine life. The Ore Reserve supports a mine life of approximately nine years assuming the nameplate processing rate of 4.0Mtpa on harder primary ore.

The ultimate open-pit design remains unchanged from the previous estimate. The average life-of-mine waste to ore ratio based on the 2014 Ore Reserve has risen to 1.9:1 due to the low levels of waste stripping required in 2013 and the application of higher breakeven cut-off grades within the ultimate open pit design.

Zones of high-grade gold-silver mineralisation extend beneath the current open pit design. These will be the subject of future studies to determine whether they could support a small underground operation that could augment production while processing low-grade stockpiled mineralisation after the open-pit is depleted. An underground development could also provide alternate access to part of the current ore reserve.

Table 2: Ban Houayxai Gold-Silver 2014 Ore Reserve estimate¹ (as at 31 December 2013)

Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)
Proved	4	0.79	9.5
Proved (stockpile)	2	0.36	2.3
Probable	30	0.85	8.3
TOTAL	36	0.81	8.0

KTL Copper-Gold Mineral Resources

With the change in focus from a standalone project to a low capital trucking option the cut-off grade for KTL Mineral Resource estimation was increased from 0.25% copper to 0.50% copper to be consistent with the pre-feasibility study outcomes. As a result the total Mineral Resource tonnes are stated as 19Mt (Table 3). While the contained copper and gold in the stated Mineral Resource have reduced average grades have increased materially.

LCT Gold-Silver-Copper Mineral Resources

Data from resource delineation drilling completed during 2013 led to an increase in resource classification confidence at the Long Chieng Track deposit (LCT). The combined Measured and Indicated Mineral Resources doubled to 19Mt (Table 4) when compared with the previous estimate (as at 31 December 2012). The total tonnes, including Inferred Resource, and gold grade remained broadly unchanged while the silver grade declined when compared with the previous estimate.

The results of a scoping study have been helpful in setting on-going exploration priorities and have confirmed the requirement for the identification of additional resources at LCT or the nearby Nam Ve prospect before further studies are warranted.

Inca de Oro Copper-Gold Mineral Resources

No change to those reported as at 31 December 2012.

Carmen Copper-Gold Mineral Resources

No change to those reported as at 31 December 2012. An updated Mineral Resource estimate is scheduled for completion during the June quarter 2014.

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Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding financial, production and cost performances, potential mineralisation, exploration results and future expansion plans and development objectives of PanAust Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Attachment

Table 3: 2014 Copper-Gold Mineral Resources (as at 31 December 2013)

Laos

MINERAL RESOURCES	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Phu Kham (0.2% copper cut-off)	Measured	118	0.53	0.23	1.9
	Measured (stockpiles)	3	0.31	0.17	1.2
	Indicated	72	0.46	0.21	2.3
	Total M+I	192	0.50	0.22	2.1
	Inferred	12	0.37	0.21	1.9
	TOTAL	204	0.49	0.22	2.0
KTL (0.5% copper cut-off)	Measured	9	1.13	0.57	3.4
	Indicated	10	0.78	0.27	3.9
	Total M+I	19	0.94	0.41	3.7
	Inferred	0	0.52	0.02	0.3
	TOTAL	19	0.94	0.41	3.7
Total Phu Kham and KTL (Various cut-offs)	Measured	127	0.57	0.25	2.0
	Measured (stockpiles)	3	0.31	0.17	1.2
	Indicated	82	0.50	0.22	2.5
	Total M+I	211	0.54	0.24	2.2
	Inferred	12	0.37	0.21	1.9
	TOTAL	223	0.53	0.24	2.1

Chile

MINERAL RESOURCES (heap leach)	Category	Tonnes (Mt)	Copper Grade Soluble (%)		
Inca de Oro Oxide and Mixed (0.25% copper cut-off)	Measured	11	0.22		
	Indicated	54	0.23		
	Total M+I	64	0.22		
	Inferred	7	0.14		
	TOTAL	71	0.20		
MINERAL RESOURCES (flotation)	Category	Tonnes (Mt)	Copper Grade Total (%)	Gold Grade (g/t)	Silver Grade (g/t)
Inca de Oro Supergene and Primary (0.25% copper cut-off)	Measured	186	0.44	0.13	2.0
	Indicated	126	0.35	0.08	1.7
	Total M+I	312	0.41	0.11	1.8
	Inferred	77	0.30	0.06	1.4
	TOTAL	389	0.39	0.10	1.7
Carmen Transitional and Primary (0.25% copper cut-off)	Measured	5	0.33	0.42	1.1
	Indicated	7	0.35	0.43	1.3
	Total M+I	12	0.34	0.43	1.2
	Inferred	34	0.34	0.31	1.0
	TOTAL	46	0.34	0.34	1.0

Table 4: 2014 Gold-Silver Mineral Resources (as at 31 December 2013)

Laos

MINERAL RESOURCES	Category	Tonnes (Mt)	Gold Grade (g/t)	Silver Grade (g/t)	Copper Grade (%)
Ban Houayxai Oxide (0.25g/t gold cut-off grade)	Measured	0	0.57	3.1	-
	Indicated	7	0.70	3.7	-
	Total M+I	7	0.70	3.7	-
	Inferred	1	0.38	1.7	-
	Sub-total	8	0.66	3.5	-
Ban Houayxai Transitional (0.30g/t gold cut-off grade)	Measured	3	0.83	10.6	-
	Indicated	14	0.83	9.0	-
	Total M+I	16	0.83	9.0	-
	Inferred	0	0.45	3.4	-
	Sub-total	17	0.82	9.1	-
Ban Houayxai Primary (0.40g/t gold cut-off grade)	Measured	1	1.10	10.3	-
	Indicated	30	1.04	7.6	-
	Total M+I	31	1.04	7.7	-
	Inferred	7	0.87	5.9	-
	Sub-total	37	1.01	7.4	-
Total Ban Houayxai	Measured	4	0.85	9.8	-
	Measured (stockpiles)	2	0.38	2.4	-
	Indicated	50	0.94	7.4	-
	Total M+I	56	0.91	7.4	-
	Inferred	8	0.80	5.4	-
	TOTAL	64	0.90	7.1	-
MINERAL RESOURCES	Category	Tonnes (Mt)	Gold Grade	Silver Grade	Copper Grade
Long Chieng Track (0.30g/t gold cut-off)	Measured	7	0.72	4.0	0.02
	Indicated	12	0.81	5.2	0.05
	Total M+I	19	0.78	4.7	0.04
	Inferred	11	0.72	2.4	0.15
	TOTAL	31	0.76	3.9	0.08

- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
- The Mineral Resources and Ore Reserves estimates are reported on a 100% ownership basis. PanAust has a 90% beneficial interest in Phu Kham, Ban Houayxai, KTL and LCT; a 60.45% beneficial interest in Inca de Oro; and a 100% interest in Carmen.
- 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.
- For further details on the estimates for Ore Reserves and Mineral Resources refer to the announcement '2014 Mineral Resource and Ore Reserve statements' which was lodged with the Australian Securities Exchange on 19 February 2014.

Competent Person Statements

Ore Reserves:

The data in this report that relate to Ore Reserves are based on information reviewed by Dr Peter Trout who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM).

Dr Trout is a full time employee of PanAust Limited. Dr Trout has sufficient experience relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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

Mineral Resources:

The data in this report that relate to Mineral Resources are based on information reviewed by r Daniel Brost who is a Member and Chartered Professional (Geology) of the Australasian Institute of Mining and Metallurgy (MAusIMM CP) and a Registered Member of the Society for Mining, Metallurgy & Exploration (SME).

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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Brost consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.