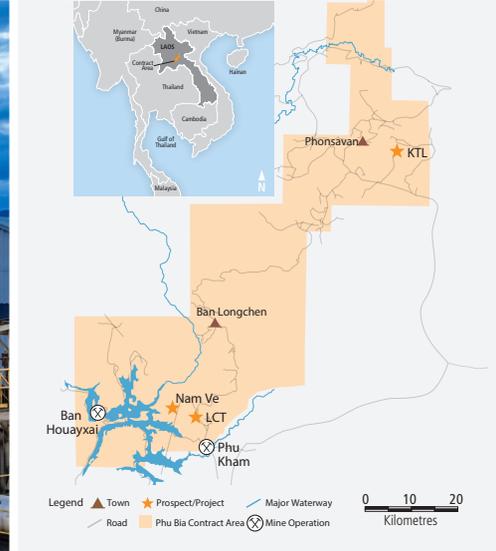


PHU KHAM COPPER-GOLD OPERATION, LAOS



The Phu Kham Copper-Gold Operation is PanAust's flagship operation. The significant cash flow it generates has supported PanAust's growth while contributing to a strong balance sheet.

Phu Kham is located within the Phu Bia Mining Contract Area in Laos approximately 140 kilometres from the capital city, Vientiane.

The Operation comprises an 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 concentrate contains between 23 and 25 per cent copper, up to 9 grams per tonne (g/t) gold and up to 60g/t silver. Eighty per cent of concentrate is trucked in covered containers to the ports of Vung Ang or Hon La in Vietnam (each approximately 650 kilometres from Phu Kham) and the remaining 20 per cent to Sriracha Harbour in the south of Thailand (approximately 1,000 kilometres from Phu Kham) for export to customer smelters mainly in Asia.

2016 PRODUCTION

The Phu Kham Operation achieved outstanding production and cost performances outcomes in 2016 with record annual copper in concentrate production of 89,187 tonnes (t) (2015: 78,449t).

In 2016, the C1ⁱ cost after precious metal credits was US\$1.10/lb copper and an all-in sustaining cost (AISCⁱⁱ) of US\$1.60/lb copper was achieved (2015: \$1.30/lb copper and US\$1.69/lb copper respectively).

In 2016 the Operation recorded its best ever open-pit material mined of 57 million tonnes (Mt) (2015: 55.8Mt) and copper recovery rate of 79.9 per cent (2015: 77.4 per cent).

Over 20Mt of copper-gold ore was mined. The average copper head grade was 0.58 per cent and the gold and silver head grades were 0.28 grams/t (g/t) and 2.20g/t respectively.

The Phu Kham plant set new records for availability, operating time and throughput rates in 2016 compared to all previous years of operation. In 2016, the plant milled 19.1Mt relative to a design throughput rate of 16 million tonnes per annum.

Sales of concentrate for the year totalled 377,641 dry metric tonnes (dmt) with a pay-metal content of 87,288t of copper; 88,487oz of gold and 548,007oz of silver.

PHU KHAM GROWTH

Annual copper in concentrate production at Phu Kham is expected to continue to rise steadily over the next several years as the average copper head grade increases and improving ore quality lead to further gains in metallurgical recovery rates. The annual production of copper in concentrate is expected to peak in 2016 and 2017, followed by several years of steady production of 75,000t per annum.

Gold in concentrate is expected to generally range between 70,000oz and 80,000oz per annum from 2016 onwards. No further development capital is currently expected for this targeted growth.

The current Phu Kham Ore Reserve supports a mine life of through to 2021 at the end of 2016.

For more information, visit www.panaust.com.au.

Photo captions: (L-R)

The process plant at PanAust's Phu Kham Copper-Gold Operation

A map of PanAust's Phu Bia Contract Area in Laos; Phu Kham is in the south of the Contract Area

ⁱ Brook Hunt convention for the reporting of direct costs comprising: mine site, product transportation and freight, treatment and refining charges and marketing costs; based on payable metal content after by-product credits

ⁱⁱ AISC reported are the C1 cost plus royalties, allocated corporate support charges, shared services costs, sustaining capital; lease principal and interest charges; and deferred mining and inventory adjustments capitalised