

**ASX ANNOUNCEMENT**  
**31 July 2009**

## **Record monthly copper production at Phu Kham**

### **Financing update**

#### **Production record**

PanAust Limited is pleased to announce that in July the Company's Phu Kham Copper-Gold Operation in Laos will produce approximately 5,000t of copper in concentrate, a record for the Operation.

The record production resulted largely from an increased copper recovery rate following the successful implementation of a number of recovery improvement initiatives. Process plant throughput for July was at an annualised rate of over 12Mt with an average copper recovery rate of approximately 62% compared to 56% in the June quarter. PanAust anticipates that recoveries will continue to improve as the Operation implements further measures to improve recovery from processing the complex transitional mineralisation and as the proportion of primary mineralisation increases. The target recovery rates for the remainder of 2009 are expected to range between 65% and 70%.

Production at Phu Kham for 2009 is expected to be approximately 60,000t ( $\pm 5\%$ ) of copper, 50,000oz to 60,000oz of gold<sup>1</sup> and 300,000oz to 400,000oz of silver. Cash costs in 2009 are expected to average approximately US\$0.85/lb of copper after precious metal credits<sup>2</sup> which positions Phu Kham as a competitive copper producer in global terms.

#### **Finance update**

The Company has advised the Agent, acting for the syndicate of banks to the finance facilities, that the requisite number of banks have voted to accept the Company's proposal to deem satisfaction of the completion test and amend the commercial terms of the facilities.

As part of the agreement with the banks, PanAust has agreed to an increase in interest margins and to reduce Project debt by US\$100 million upon receipt of the investment funds from the placement agreement the Company has entered into with Guangdong Rising Assets Management (GRAM).

For further information contact:

Mr Gary Stafford  
Managing Director  
PanAust Limited

Mr Allan Ryan  
Investor Relations Manager

Tel: +61 7 3117 2000

Email: [info@panaust.com.au](mailto:info@panaust.com.au)

Website: [www.panaust.com.au](http://www.panaust.com.au)

<sup>1</sup> Assumes 15,000oz of gold in heap leach doré

<sup>2</sup> Assumes a gold price of US\$900/oz and a silver price of US\$12.5/oz

### Background

*Under the project financing facilities, there are three levels of “completion”; namely, mechanical completion (satisfied by completion of various construction milestones, production of concentrate and entry into key project agreements), economic completion (satisfied when cash available for debt service during a quarter exceeds finance costs) and final completion (satisfied after the Operation meets a number of performance tests). All three tests have now been satisfied or deemed satisfied.*

*Under the placement agreement referred to above, GRAM will invest a total of approximately A\$216 million (approximately US\$170 million) through a cornerstone investment of A\$180 million at A\$0.395 per share and top up investment of A\$35 million at A\$0.28 per share to acquire a 19.9% interest in PanAust.*

*The investment by GRAM has received Foreign Investment Review Board (FIRB) approval and was approved by PanAust shareholders at an Extraordinary General Meeting held on 8 July 2009. GRAM has also received Chinese provincial government and foreign exchange approvals for the investment and has progressed submissions required for the final two Chinese regulatory approvals required before it can proceed with its investment in PanAust.*

### 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 forecast production performances, potential mineralisation, resources and reserves, 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.*