

ASX ANNOUNCEMENT  
29 September 2009

## Drilling results indicate likely increase to Mineral Resource at the Phu Kham Operation, Laos

PanAust Limited is pleased to announce that infill drilling within the south area of the Phu Kham copper-gold open pit has intersected broad zones of copper-gold mineralisation from near-surface to a depth of up to 150 metres beneath the existing open pit design (Figure 1 and 2).

The infill drilling is over a 400 metre strike length of the deposit where the open-pit is relatively shallow (less than 150 metres from surface) and previous resource drilling was widely spaced. Several intersections returned grades of plus 0.8% copper over significant intervals extending beneath the open pit design including<sup>1</sup>:

- **GRD293 intersected 104m @ 0.9% copper, 0.5g/t gold and 2g/t silver from 83m**
- **GRD294 intersected 90m @ 0.9% copper, 0.5g/t gold and 6g/t silver from 80m**

The 7,500-metre drill program is currently 75% complete and is designed to upgrade the mineral resource confidence by reducing the pattern to 50-metre centres and confirming continuity of previously identified mineralised zones beneath the existing open pit design.

Mr Stafford, the Managing Director, said “confirming the continuity of mineralisation will lead to an upgrade in the Mineral Resource and, subject to mine design work, extension of mine life.”

The drill results will be incorporated in a new Mineral Resource estimate for release in early 2010. A similar infill drill program completed in 2007 in the north pit area led to an extension of the open pit and consequent increase in the Phu Kham Ore Reserve through improved definition of the mineralised system.

PanAust’s geological team is implementing a program of work with the objective of defining additional resources for the Phu Kham Operation. The goal is to maintain a 10-year mine life through all phases of production. In addition, nearby prospects will be included in programs that have the goal of extending mine life or identifying additional resources that could underpin future expansion of the Phu Kham Operation above and beyond the scheduled expansion of throughput from 12 million tonnes per annum (Mtpa) currently, to 16 Mtpa in 2012.

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<sup>1</sup> Details of these intersections are included in Table 1

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 potential mineralisation, resources and reserves 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.

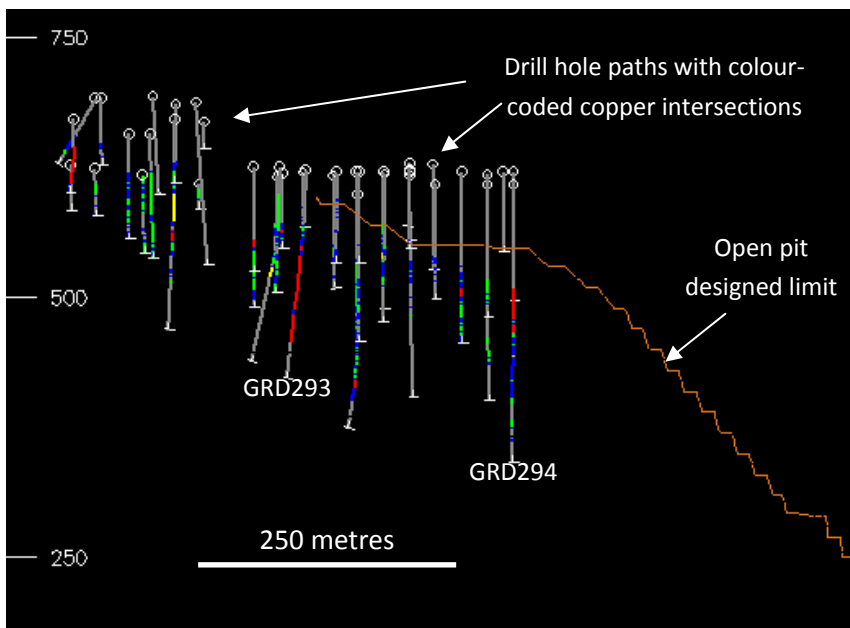
Competent Person Statements

The data and discussion in this report that relates to drill results and Mineral Resources for the Phu Kham Copper-Gold Operation is based on information reviewed by Mr Dan 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 styles of mineralisation and type of deposits 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.

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

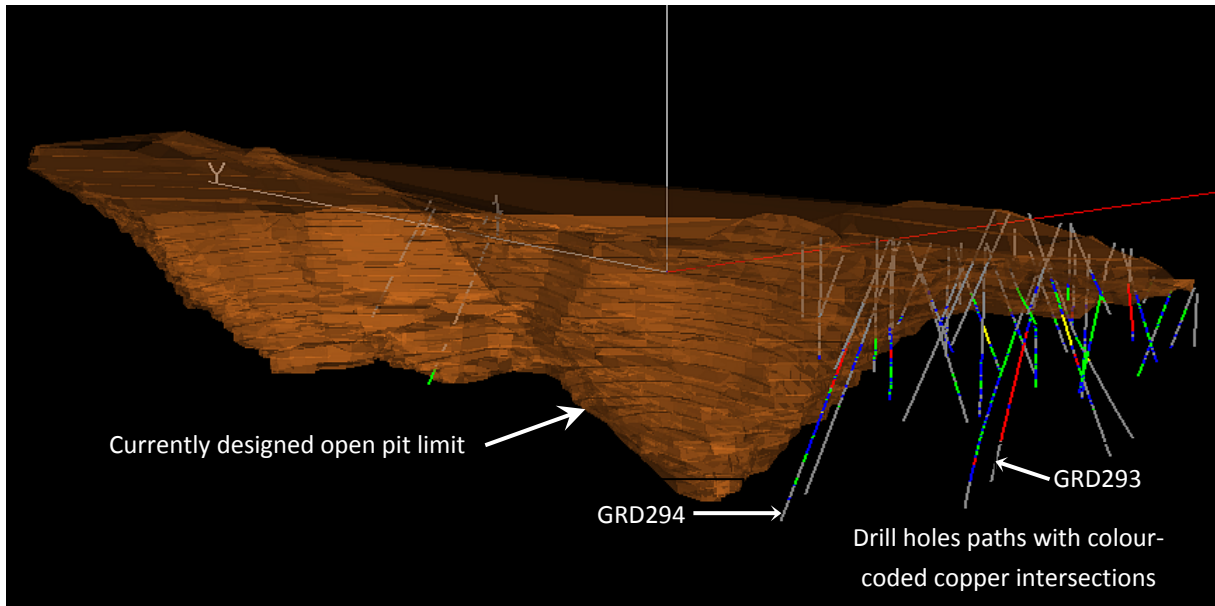
**Figure 1:** Cross section of the south pit area looking west, showing the open pit design outline (orange) and significant intercepts that lie beneath the designed pit shell



Copper intersection colour codes; copper percent

CU	FROM	TO	Color
	0.0	0.1	Grey
	0.1	0.3	Blue
	0.3	0.7	Green
	0.7	0.8	Yellow
	0.8	1.5	Red

**Figure 2:** Isometric view of the Phu Kham open pit design looking towards the northeast showing significant drill intercepts from the south infill drill program



**Table 1:** Details of intersections for identified drill holes

Hole No.	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)	Comments
<b>GRD293</b> 225.2m -60 to 270	12.0	28.0	0.4	0.1	5	Intersected the open pit designed limit at a depth of approx. 60m
	62.0	11.0	0.3	0.1	5	
	83.0	104.0	0.9	0.5	2	
<b>GRD294</b> 306.1m -60 to 270	4.0	16.0	0.4	0.2	3	Intersected the open pit designed limit at a depth of approx. 115m
	26.0	16.0	0.4	0.2	2	
	80.0	90.0	0.9	0.5	6	
	236.0	8.0	0.6	0.2	3	
	260.0	8.0	0.7	0.2	4	

Intersection grades are down-hole length weighted calculations using a cut-off grade of 0.3% copper. Grades are rounded to one decimal place.