



PAN AUSTRALIAN
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ASX ANNOUNCEMENT
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Heap leach gold production ramps up to record levels
Resource drilling commences at the Ban Houayxai gold-silver deposit

Production at the Company's Phu Kham Heap Leach Gold Operation (formerly known as the Phu Bia Gold Mine) in Laos has ramped-up and reached record levels. Gold shipments for October will total over 4,400 oz.

The strong production performance highlights the success of the strategy of seasonal operation and production of gold during the dry season months (October through to April). During the balance of the year irrigation is suspended and the heap leach pads are covered with plastic. The leaching process actually continues during this period resulting in a surge in gold production once irrigation is resumed. Maintenance work completed during the planned shutdown period has also resulted in significantly improved in-circuit recoveries.

Pan Australian Managing Director, Mr Gary Stafford, said that under this new leaching regime, heap leach gold production is expected to out-perform previous estimates of 3,000 oz per month between October and April.

Pan Australian plans to further grow its gold production over the next several years focussing on organic growth within the Phu Bia Contract Area in Laos.

At Ban Houayxai, approximately 25km west of the Phu Kham Operations (Figure 1), Pan Australian is targeting the establishment of an ore reserve that could support a stand-alone project producing greater than 100,000 oz of gold per year with a target for first gold pour in 2011.

Drilling at Ban Houayxai earlier this year identified broad, high-grade primary gold-silver mineralisation beneath a zone of oxide gold mineralisation (Figure 2).

In late September, an infill drilling program commenced at Ban Houayxai. The drilling program is targeting a steeply-dipping zone of primary gold-silver mineralisation over a strike length of approximately one kilometre. The program comprises 20 diamond core holes totalling approximately 6,000 metres and will infill existing drilling to a spacing of 100 metres x 100 metres.

The data will provide the basis for a resource estimate which is expected to be completed during the March quarter 2008. Two drill rigs are currently on site with a third rig soon to be mobilised. This program is scheduled to be completed by the end of this year.

For further information contact:

Mr. Gary Stafford
Managing Director

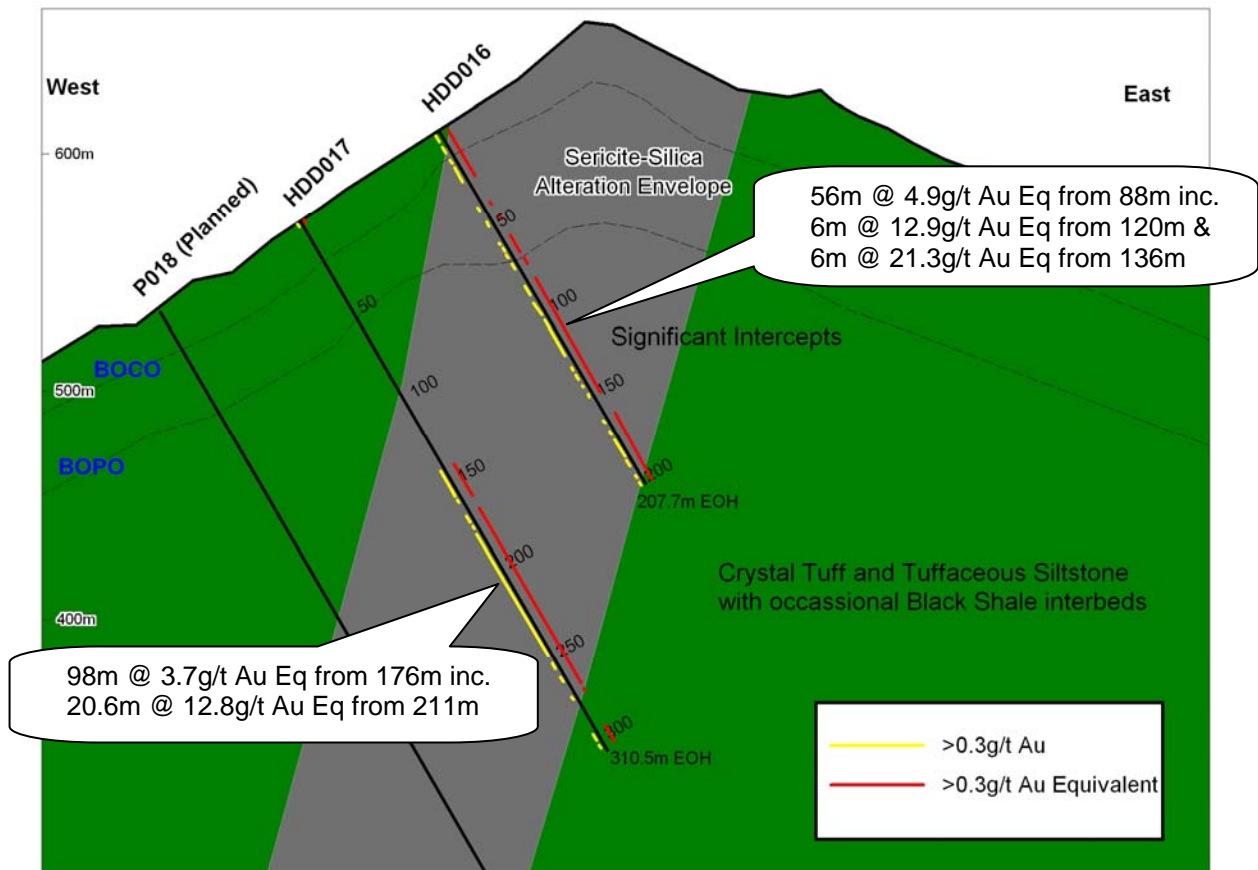
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Figure 1: Phu Bia Contract Area



Figure 2: Ban Houayxai Gold-Silver Deposit – north zone cross section



The data in this report that relates to Exploration Results are based on information evaluated by Mr. Richard Hague who is a Member of The Australian Institute of Geoscientists (MAIG) and who 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 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr. Hague is a full-time employee of Pan Australian Resources Limited and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

Calculation of Gold Equivalent Grades

Gold equivalent grades were calculated in this report by applying a gold:silver price ratio of 50:1 to gold and silver assay results. The ratio was derived by assuming a gold price of US\$650/oz and a silver price of US\$13/oz. The gold equivalent grades stated in this report are therefore calculated by the following formula:

$$\text{Gold Equivalent Grade} = \text{Gold Grade} + \frac{\text{Silver Grade}}{50}$$

For example, an intercept with a gold grade of 3.3g/t and silver grade of 18.4g/t will convert to a gold equivalent grade of:

$$3.3 + \frac{18.4}{50} = 3.7\text{g/t gold equivalent}$$

Gold, silver and gold equivalent grades in this report are rounded to one decimal place.

It is the Company's opinion that the gold and silver included in the metal equivalent calculation have a reasonable potential to be recovered as indicated by preliminary metallurgical test work.