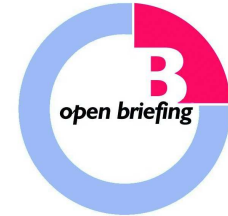


**Attention ASX Company Announcements Platform  
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**Title:** Open Briefing® . PanAust. MD Gives Corporate Update

**Record of interview:**

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Can you give an update as to how PanAust Limited's (ASX code – PNA) Phu Kham Copper-Gold Operation is performing in the prevailing commodity price environment?

**MD Gary Stafford**

Phu Kham is performing extremely well. The Operation attained nameplate throughput ahead of schedule in late July and during November was operating at annualised milling rates of 14 million tonnes, more than 15% above nameplate. Copper recoveries are higher than predicted for this stage of ramp-up, averaging over 65% in November. Copper recoveries are envisaged to reach steady state levels of around 73% for ores in the near-surface transitional zone by the end of the March 2009 quarter. We've announced to the market that production for 2009 is forecast to exceed 65,000 tonnes of copper in concentrate and there are early indications that we should be able to exceed this level.

The cost of key consumables – which include grinding steel and diesel – continue to fall and should, along with a number of cost control measures that have already been implemented, support a C1 cash cost forecast for 2009 of less than US\$0.90/lb assuming gold and silver credits at US\$700/oz and US\$10/oz respectively, well below prevailing gold and silver prices.

These competitive mine economics are fundamentally supported by Phu Kham's low strip ratio and attractive precious metal credit. In summary, Phu Kham,

PanAust's flagship project is well placed to weather the prevailing weak copper price environment.

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PanAust has announced that following a new sales agreement with a leading metals trader, the Company has now secured sales contracts for 90% of the Phu Kham copper-gold concentrate production to the end of 2009. Can you explain the significance of this transaction to PanAust?

**MD Gary Stafford**

This transaction, which was announced in early December, is of considerable strategic importance to PanAust as it increased the level of committed off-take to 90% of anticipated concentrate production to the end of 2009.

There is no longer a requirement for the Company to seek commitments for its production in the near-term, but it will continue to judiciously consider sales for the medium and longer term. Furthermore, concentrate sales have been established over the past 18-months thereby securing competitive terms for treatment and refining charges for the balance of 2008 and 2009.

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PanAust has an US\$80 million debt facility with Goldman Sachs JBWere falling due in 2009. How does the Company plan to repay this facility?

**MD Gary Stafford**

The US\$80 million facility with Goldman Sachs JBWere is fully subordinated to the Phu Kham Project senior debt facility. Goldman Sachs JBWere has been a fantastic supporter of PanAust over the years and we anticipate progressing constructive negotiations with the objective of reaching an agreement on rolling over the whole or part of the facility through into 2010.

In addition, PanAust has entered into discussions with other investors that have the capacity to make a significant contribution towards refinancing any part of the facility that is not rolled over and ensuring that PanAust has the capacity to progress its pipeline of growth projects in Laos and Thailand.

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PanAust has an impressive pipeline of growth projects. How does the Company plan to advance these projects in the current economic environment?

**MD Gary Stafford**

A cautious and responsible approach has been taken to discretionary expenditures for 2009 in light of the prevailing economic environment. That said, it is our view that potentially the biggest destroyer of value for a new mining project is time, if the project is delayed. Accordingly in 2009 it is planned to progress, albeit judiciously, all projects in PanAust's project pipeline: the Phu Kham expansion, the Ban Houayxai Gold Project, both in Laos, and the Puthep Copper Project in Thailand. PanAust remains committed to this growth path, supported by the Company's flagship project Phu Kham.

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Thank you Gary.

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For further information on PanAust please visit [www.panaust.com.au](http://www.panaust.com.au) or call:

Gary Stafford or Allan Ryan, Investor Relations Manager, or Pam Keenan, Communications Manager on (07) 3117 2000.

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