

**PAN AUSTRALIAN
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The Manager
Company Announcements Office
Australian Securities Exchange

**Phu Kham Copper-Gold Operation, Laos
Official Opening Ceremony
Friday, 9 May 2008**

The Phu Kham Copper-Gold Operation in Laos was officially opened on Friday, 9 May, marking another milestone in a landmark year for Pan Australian. The Operation is owned by Phu Bia Mining Limited, a Lao-registered company and 90%-owned subsidiary of Pan Australian with the Government of Laos holding the 10% balance.

The ceremony was attended by Pan Australian's Chairman, Robert Bryan; and Managing Director, Gary Stafford; and, a number of Lao government officials headed by Deputy Prime Minister, His Excellency Douangchai Pichit; Vice-Minister for Mines and Energy, His Excellency Somboun Rasasombath; and Governor of Vientiane Province, His Excellency Khammeung Phongthady. The Australian Ambassador to Laos, Her Excellency Dr Michele Forster, was also in attendance.

Photos of the event and a copy of Mr Bryan's speech given at the official opening are attached to this release.

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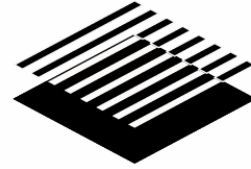
Phu Kham Copper-Gold Operation Official Opening: From left Mr Gary Stafford, Managing Director of Pan Australian Resources; Mr Robert Bryan, Chairman of Pan Australian Resources; Vice-Minister for Mines and Energy, His Excellency Somboun Rasasombath; Governor of Vientiane Province, His Excellency Khammeung Phongthady; Mr. Chanpheng Bounnaphol, Chairman of Phu Bia Mining; Deputy Prime Minister, His Excellency Douangchai Pichit.



Mr Robert Bryan, Chairman of Pan Australian Resources and the Australian Ambassador to Laos, Her Excellency Dr Michele Forster



Sampling of concentrate from the Phu Kham Copper-Gold Operation



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Chairman's Address

*His Excellency Douangchai Pichit, His Excellency Vice-Minister Somboun Rasasombath,
Her Excellency Dr Michele Forster, Ladies and Gentlemen,*

Today, we see Phu Bia Mining transform itself from a mineral explorer into a leading copper-gold producer within the Southeast Asia region; and in the process Laos acquires another world-class mining operation that will effectively double the country's production of copper.

This comes after 15 years of patience by local communities and government. But I should emphasise that things only really started moving after Pan Australian took over Phu Bia Mining and in the space of just six years we have developed two mines and we have an eye on the potential for development of further mines at Ban Houayxai and Phonsavan.

Phu Bia Mining is proud to have out-performed the majority of its competitors in the broader resource market by delivering Phu Kham ahead of schedule and within the US\$241 million capital budget. This is especially impressive, given the chronic shortage of manpower and the ever extending delivery dates for equipment that have plagued the industry in recent years.

The Phu Kham Copper-Gold Operation comes on line at a time of historically high prices for copper, gold and silver; and given the very strong demand for copper in Asia and especially China, the Phu Kham mining operation should bring handsome profits to Phu Bia Mining and to Laos for years to come. This will reinforce the emergence of Laos as a growth economy in the region underpinned by a government that supports investment in the resource sector.

The Phu Kham Copper-Gold Operation will ramp up to full production through 2008 – and is likely to produce about 30,000 tonnes of copper over the balance of this year. At full production, and using the current process plant configuration, Phu Kham will have an ore throughput of 12 million tonnes per annum. However, the company is already committed to expand this throughput to 16 million tonnes per annum by the start of 2010.

As a further boost to production at Phu Kham, the Company has recently announced increased Mineral Resource and Ore Reserve estimates for Phu Kham. The contained copper in the new 2008 Ore Reserve has increased by 25 percent through a 14 percent increase in ore grade and an 11 percent increase in total tonnes.

Through a combination of an increased rate of mining and the increased head grade, we anticipate copper production at Phu Kham increasing to 60,000 tonnes in our first full production year in 2009 and to 75,000 tonnes in 2010 after the plant expansion.

Phu Bia Mining will also be a significant producer of gold and silver from the integrated Phu Kham Copper-Gold and Phu Kham Heap Leach Operations. It is anticipated that gold production from the integrated operations will increase from a record annual heap leach output of 31,380 ounces in 2007, to nearly 60,000 ounces in 2008 and 80,000 ounces in 2009 before stabilising at about 65,000 ounces in 2010 after heap leach gold reserves are exhausted. Silver production will exceed 300,000 ounces in 2008 increasing to 600,000 ounces in 2009 and 2010, and that level is likely to be sustained.

In addition to the planned expansion of production at Phu Kham, we are progressing a number of new copper-gold and gold opportunities in Laos.

Advanced exploration and a pre-feasibility study is also underway at the Ban Houayxai Gold-Silver Project, which is approximately 25 kilometres west of Phu Kham. There, Phu Bia Mining is working to identify a mineral resource that would result in another open pit development with first production by 2011. The target is gold and silver, with annual production in excess of 100,000 ounces of gold.

Advanced exploration continues at the Phonsavan Copper Project in the northern part of our Contract Area in Laos, where we are hopeful of further mine development.

This year, Phu Bia Mining will spend US\$25 million on exploration and project evaluation within Laos including the biggest airborne geophysical survey ever undertaken in the country. This will help us to identify new prospects and enable us to modify the boundaries of the Contract Area in accordance with our Mineral Exploration and Production Agreement.

Finally, on behalf of the Company, the Board of Directors and the Executive Team, we extend our thanks to our employees and our contractors for the enormous effort they have put in, delivering the Phu Kham development. We would also like to thank the Villagers, the District and Provincial Governments and the National Government in Vientiane for their guidance and support.

We look forward to building on the Phu Kham development to the benefit of all concerned; and we are excited by the opportunities and challenges ahead for Phu Bia Mining as it enters a new phase as a major producer of copper and gold in Laos.

Thank you very much.