



ASX ANNOUNCEMENT

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Phu Kham Construction Update – 95% Complete

Pan Australian Resources Limited (ASX: PNA) is pleased to advise that construction of the Phu Kham Copper-Gold Mine is approximately 95% complete and wet commissioning has commenced at the processing plant in Laos.

The project is on track to start concentrate production in March, significantly ahead of the original mid-2008 schedule. The project remains within the US\$241 million capital budget.



Phu Kham Copper-Gold Mine processing plant

Water has been pumped from the tailings storage facility via the recently commissioned decant water pumping system in readiness for **wet commissioning of the flotation cells** to commence over the next few days. The compressed air and flotation blowers are being commissioned. The **SAG and ball mills are mechanically complete and wet commissioning of the SAG and ball mills will commence shortly.**

Several of the **electrical substations are operating** and **the processing plant is being progressively energised.** Structural steelwork for the one-kilometre long overland conveyor from the crusher to the intermediate stockpile is nearing completion and the conveyor belt installation has commenced. The reclaim system which transfers ore from the intermediate stockpile to the processing plant is mechanically complete.



Flotation circuit blowers have been commissioned



Primary crusher installed

Commissioning with copper-gold ore will occur in March with the crusher, grinding circuit and rougher flotation circuits commissioned first, followed by the cleaner flotation and concentrate circuits, and finally the balance of the process circuit. There is currently **over 390,000 tonnes of copper-gold ore** at a grade of 0.43% copper and 0.24g/t gold **stockpiled ready for processing.**

At full production, the plant is designed to process 12 million tonnes of ore per annum to produce over 200,000 tonnes of concentrate containing, on average, approximately 50,000 tonnes of copper, 50,000 ounces of gold and 400,000 ounces of silver.



Steel work for the one-kilometre overland conveyor is complete

Concentrate will be trucked from the mine to a port facility at Sri Ratcha in Thailand, approximately 120 kilometres south of Bangkok, for export to custom smelters. On the return leg of the journey, the otherwise empty trucks will be used to transport bulk commodities (e.g. coarse lime, grinding media and bulk explosives) and general freight to the mine site, generating significant savings on freight costs.

The delivery of prime movers for the haulage trucks commenced on schedule this month and the manufacture of the trailer units is well advanced with the first units already delivered.

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