



ASX ANNOUNCEMENT
30 June 2010

**Increased Ore Reserve at the
 Phu Kham Copper-Gold Operation, Laos**

PanAust Limited is pleased to announce the results of the 2010 Ore Reserve and Mineral Resource estimates for the Company's Phu Kham Copper-Gold Operation, Laos.

Compared with the previous estimate, the total **Phu Kham Ore Reserve has increased by 17%**. At the current design ore processing rate of 12 million tonnes per annum (Mtpa), this would extend the mine life by over two years to 14 years.

The new estimates incorporate data from the 2009 south pit area infill and resource extension drill program and supercede the estimates that were published in the Annual Review 2009. Further increases to the Mineral Resource are anticipated from a resource extension drill program which is currently underway immediately to the north and north east of the current pit. Data from the 2010 drill program will be incorporated in the 2011 estimate.

Ore Reserve and Mineral Resource estimates as at 1 January 2010¹

Table 1: Phu Kham Ore Reserve (US\$2.25/lb copper price, US\$900/oz gold and US\$13/oz silver)

Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Copper (000 t)	Contained Gold (000 oz)	Contained Silver (000 oz)
Proved	124	0.63	0.25	2.0	776	1,005	7,905
Probable	44	0.60	0.22	1.7	267	313	2,409
Total	168	0.62	0.24	1.9	1,043	1,318	10,314

Table 2: Phu Kham Mineral Resources (0.25% copper cut-off)

Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)	Copper In-Situ (000 t)	Gold In-Situ (000 oz)	Silver In-situ (000 oz)
Measured	140	0.61	0.24	2.0	854	1,076	8,837
Indicated	69	0.57	0.19	1.7	394	432	3,813
Inferred	18	0.53	0.15	1.6	96	89	923
Total	227	0.59	0.22	1.9	1,344	1,598	13,582

¹ Refer to the notes on page 4 of this report.

Recent drill results outside of the 2010 Ore Reserve envelope in the north of the deposit and not included in the current resource estimate are summarised in Table 3 and include:

- GDD1072: 64 metres at 0.60% copper, 0.79g/t gold and 7g/t silver from 50 metres
86.3 metres at 0.80% copper, 0.74g/t gold and 3g/t silver from 158 metres,
including: 16.3 metres at 1.38% copper and 2.46g/t gold from 228 metres
- GDD313: 86 metres at 0.50% copper, 0.16g/t gold and 2g/t silver from 142 metres
- GDD318: 24 metres at 1.37% copper, 0.46g/t gold and 1g/t silver from 320 metres
- GDD315: 46 metres at 0.68% copper, 0.14g/t gold and 2g/t silver from 288 metres
- GDD321: 70 metres at 0.44% copper, 0.20g/t gold and 1g/t silver from 314 metres

In addition to the ongoing resource extension program at Phu Kham, wide intervals of copper-gold mineralisation have previously been intersected in scout drilling over an area extending up to 1 kilometre to the northwest of the Phu Kham deposit pit perimeter. This target provides further upside potential for resource extension in the medium term.

Phu Kham production outlook and planned expansion

Strong production performances are continuing at Phu Kham and the Operation remains on track to achieve its 2010 production and cost guidance of 60,000t to 63,000t of copper at an average C1² cash cost of US\$0.95/lb copper to US\$1.05/lb copper after precious metal credits³ from 43,000oz of gold and 400,000oz of silver.

The latest increase in the Ore Reserve together and the potential for further increases following the 2010 resource extension drilling program supports PanAust's plan to expand throughput at the Phu Kham Operation. Timed to coincide with a scheduled decline in ore grades as mine production moves from near-surface transition ore to a higher proportion of primary ore, the expansion is aimed at maintaining or increasing copper production. The expansion is currently the subject of a design review which is scheduled to be completed during the September quarter 2010, for announcement in the December quarter 2010. Implementing an expansion to 16Mtpa during 2012 would see the 2010 Ore Reserve support a mine life of 11 years.

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² Brook Hunt convention for reporting direct cash costs comprising: mine site, concentrate transportation and freight, treatment and refining charges and marketing costs. Based on payable copper in concentrate produced.

³ Assumes gold and silver prices of US\$1,000/oz and US\$16/oz respectively and US\$0.78/litre diesel fuel cost.

Table 3: Summary of Phu Kham resource extension drill intersections

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
GDD313 361.1m -60 to 270	67.4	8.8	0.59	0.26	8
	142.0	86.0	0.50	0.16	2
	234.0	3.7	0.40	0.12	2
GDD314 438.2m -60 to 270	15.3	5.2	0.68	0.04	3
	108.0	6.0	0.64	0.54	4
	144.0	32.0	0.43	0.14	1
	205.5	44.5	0.58	0.19	1
	256.0	36.0	0.79	0.14	1
GDD315 556.6m -60 to 270	9.2	4.8	0.36	0.05	1
	208.0	22.0	0.53	0.32	1
	238.0	14.0	0.40	0.16	1
	276.0	6.0	0.44	0.19	1
	288.0	46.0	0.68	0.14	2
GDD318 438.4m -60 to 270	144.0	8.0	0.60	0.59	5
	162.0	8.0	1.08	1.49	4
	182.0	12.0	0.36	0.17	2
	202.0	54.0	0.39	0.14	1
	268.0	38.0	0.47	0.22	1
	320.0	24.0	1.37	0.46	1
GDD321 451.9m -60 to 090	4.0	24.0	0.33	0.21	3
	72.0	46.0	0.40	0.17	2
	130.0	40.0	0.43	0.04	1
	226.0	40.0	0.43	0.14	2
	314.0	70.0	0.44	0.20	1
GDD1071 521.5m -60 to 270	80.0	12.0	0.62	1.04	4
	182.0	24.0	0.44	0.14	4
	218.0	12.0	0.57	0.17	3
	242.0	48.0	0.50	0.16	3
	298.0	38.0	0.46	0.12	2
GDD1072 348.0m -72 to 090	0.0	10.0	1.31	0.16	4
	50.0	64.0	0.60	0.79	7
	138.0	8.0	0.52	0.53	7
	158.0	86.3	0.80	0.74	3
	Including: 228.0	16.3	1.38	2.46	-

Intersection grades are down-hole length weighted calculations using a cut-off grade of 0.3% copper and a maximum sub-grade interval of 4m.

Notes for the Ore Reserve and Mineral Resource estimates:

1. The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
2. The Mineral Resources and Ore Reserves estimates are reported on a 100% ownership basis. PanAust has a 90% beneficial interest.
3. Rounding may lead to minor computational errors.
4. The Phu Kham Mineral Resource estimate is based on a geologically constrained multiple indicator kriging model using a 0.25% copper cut-off grade.
5. The Phu Kham Ore Reserve estimate is based on commodity price assumptions of US\$2.25/lb copper, US\$900/oz gold and US\$13/oz silver.

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 forecast production performances, potential mineralisation, resources and reserves, and future expansion plans and development objectives of PanAust Limited 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 in this report that relates to Phu Kham Mineral Resources and exploration results are 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 Phu Kham Mineral Resources in the form and context in which they appear.

The data in this report that relates to Phu Kham Ore Reserves are based on information reviewed by Mr Rob Usher who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Usher is a full time employee of PanAust Limited.

Mr Usher 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 Usher consents to the inclusion in the report of the Phu Kham Ore Reserves in the form and context in which they appear.