

ASX ANNOUNCEMENT

28 July 2008

Puthep Copper Project, Thailand

Pre-feasibility Study Mineral Resource Estimate

Supports goal to develop a 50,000t of copper/annum operation

PanAust Limited is pleased to announce a substantial increase in the estimated Mineral Resource (see Table 1) for the PUT 1 copper deposit in Thailand (Figure 1); one of two deposits that comprise the Puthep Project. The Project is a joint venture between PanAust and Padaeng Industry Public Company Limited (listed on the Stock Exchange of Thailand).

Preliminary engineering studies on the resource model and metallurgical test work indicate that the PUT 1 deposit is likely to support a bulk flotation operation, similar to the Company's Phu Kham Copper-Gold Operation in Laos. The joint venture goal is to complete a feasibility study to support the development of an operation with a capacity to process 10-12 million tonnes of ore per annum to produce 50,000 tonnes of copper (for a PanAust equity share of at least 30,000 tonnes) in concentrate.

The mineralisation commences close to surface and preliminary work indicates that a significant proportion of that mineralisation would require little or no blasting, which provides potential for the development of a low strip ratio and low operating cost mine.

The resources tabulated in Table 1 are presented at cut-off grades of 0.25% and 0.30% copper. Experience at the Phu Kham Copper-Gold Operation indicates that the likely economic cut-off grade will be within this range.

Table 1: PUT 1 Mineral Resources (100% equity basis), Puthep Copper Project, Thailand
(Estimated using a geologically constrained model, ordinary kriging at the indicated cut-off grades)

Copper cut-off grade (%)	Category	Tonnes (Mt)	Copper grade (%)	Gold grade (g/t)	Copper in-situ (000 t)	Gold in-situ 000 oz
0.25	Measured	18.6	0.47	0.11	87	65
	Indicated	90.9	0.45	0.12	408	354
	Inferred	154.7	0.41	0.13	640	663
	Total	264.2	0.43	0.13	1,135	1,081
0.30	Measured	14.2	0.53	0.11	75	51
	Indicated	64.1	0.52	0.13	335	267
	Inferred	104.7	0.48	0.13	503	454
	Total	183.0	0.50	0.13	913	771

The Puthep Copper Project is at the pre-feasibility stage with completion of the feasibility study scheduled for the first half of 2009.

Mineralisation at the PUT 1 deposit extends for a strike length of over three kilometres and a width of up to one kilometre. The new resource is based on intersection data from 261 drill holes, largely diamond core. The drilling program is ongoing and in excess of 100 additional holes (25-30,000m) are planned to be completed before the end of October.

Background

PanAust will earn a 51% interest in Puthep upon completing a feasibility study on the PUT 1 deposit and has further options to acquire a total 60-70% interest. Under the provisions of the Thailand-Australia Free Trade Agreement, Australian companies can own a 60% interest of a Thai mining company (and can own an interest above 60% with government approval).

The Project comprises two deposits, the PUT 1 and PUT 2 deposits, located 12 kilometres apart in north-east Thailand near the provincial centre of Loei (Figure 1). The feasibility study is based on the PUT 1 deposit. The Project is only three hours' drive from the Company's Vientiane office in Laos, and is approximately 750 kilometres by major roads to sea ports near Bangkok.

The PUT 1 deposit is a porphyry-style mineralisation system, consisting of a quartz diorite intrusive suite within a sequence of sedimentary rocks. Copper mineralisation is contained within a near-surface blanket of chalcocite transitional mineralisation; in sediment-hosted skarn primary mineralisation; and as stockwork-disseminated primary mineralisation within the intrusive rocks.

Preliminary locked cycle flotation test results indicate copper recovery rates in the range 68% to 88% for the transitional mineralisation (approx. 60% of the resource) and over 90% for primary mineralisation (approx. 32% of the resource).

Drilling at PUT 1 has also intersected significant intervals of zinc mineralisation.

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Competent Person Statement

The data in this report that relates to the PUT 1 Mineral Resource, Puthep Copper Project, Thailand, is based on information reviewed by Mr Daniel 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 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.

Mr Brost consents to the inclusion in the report of the PUT 1 Mineral Resource in the form and context in which it appears.

Note: Rounding may cause minor computational discrepancies.

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 cash flows 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.

Figure1: Location of the Puthep Copper Project

