

**ASX ANNOUNCEMENT****27 February 2009****Share Purchase Plan Raises Over A\$26 million**

PanAust Limited has received applications for over A\$26 million worth of new shares under the Company's Share Purchase Plan (SPP).

Managing Director, Gary Stafford said, "over the last two months PanAust has raised over A\$48 million through the SPP and an earlier private placement to institutional and eligible investors,

"The support of shareholders through the placement and the SPP has been particularly gratifying. It has enabled PanAust to bolster the Company's working capital position and it will provide funding for the completion of feasibility studies at the Ban Houayxai Gold-Silver and Puthep Copper Projects," he said.

Cash costs (C1) at the Company's 90% owned flagship Phu Kham Copper-Gold Operation in Laos fell to US\$0.68/lb<sup>1</sup> copper in January 2009. Operating performance at Phu Kham has been outstanding. Cash costs in January tumbled as scheduled higher grade ore was mined, while prices for key consumables fell and the price of gold rose.

Mr Stafford said, "the Operation is on track to achieve target production for 2009 of more than 65,000t copper; between 70,000oz and 80,000oz of gold; and between 400,000oz and 600,000oz of silver at an extremely competitive cash cost."


PanAust aims to expand its gold business and recently announced the resumption of feasibility study resource drilling at the Ban Houayxai gold-silver deposit, which is approximately 25km west of the Phu Kham Operations. The Ban Houayxai pre-feasibility, which was completed in October last year, identified the potential for a low-cost operation with annual production of 100,000oz to 130,000oz of gold and 700,000oz to 800,000oz of silver over a minimum six-year mine life.

The Ban Houayxai feasibility study is scheduled to be complete at the end of this year for a cost of approximately US\$6.5 million with drilling and assaying accounting for more than half of the cost. Subject to a successful feasibility study and funding, it is estimated that detailed engineering and construction would take 18 months with first gold pour scheduled for the second half of 2011.

At the Puthep Copper Project in Thailand, PanAust will spend US\$2.5 million to complete the feasibility study with the aim of defining an ore reserve that will support a 50,000t per annum copper in concentrate project for a PanAust equity share of at least 60%. Subject to the success of that study, PanAust will then proceed with the formal approval process.

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<sup>1</sup> After precious metal credits at average prices for gold of US\$895/oz and silver of US\$10.40/oz.



Under the SPP, eligible shareholders<sup>2</sup> were entitled to apply for up to A\$10,000 worth of new shares. The SPP closed on 23 February 2009 and applications are currently being collated in preparation for the issue date<sup>3</sup>. The price of shares to be issued under the SPP will be the lesser of:

- a) a 7.5% discount to the to the average of the closing prices of PanAust shares over the last five trading days on ASX before the issue date; and
- b) A\$0.15/share

The lead manager for the SPP was ABN AMRO Morgans Limited.

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#### 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 potential mineralisation, resources and reserves, exploration results 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.*

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<sup>2</sup> Participation in the SPP was optional and open to all persons registered as a PanAust shareholder at any time during the eligibility period (from 30 January 2009 to 23 February 2009), with a registered address in Australia or New Zealand (eligible shareholders).

<sup>3</sup> The issue date under the SPP is 5 March 2009. This date is indicative and may be varied by PanAust.