

September Quarter 2014 Review*

30 October 2014



*This presentation should be read in conjunction with the September quarter 2014 activities report

Key points

Production:

- Consolidated September quarter 2014 production of 16,562t copper, 36,448oz gold and 290,186oz silver
- Copper and gold production for 2014 on track to be at the upper end of guidance ranges

Corporate:

- Acquisition of an 80% interest in the Frieda River Copper-Gold Project in Papua New Guinea was completed on 25 August 2014
- Cash balance at 30 September 2014 of US\$88.0M after payment of the initial consideration for the Frieda River Project interest of approximately US\$29M; a A\$5M share placement to Highlands Pacific Limited. Finished product inventory increased quarter-on-quarter due to the timing of sales shipments

Phu Kham Operations

- Copper in concentrate production of 16,562t at an average C1 cash costⁱ of US\$1.69/lb copper; all-in sustaining costs reduced q-on-q to US\$2.41/lb copper
- Record quarterly copper and gold recovery rates achieved as ore quality improved
- Year to date C1 costs lower than guidance; September quarter result reflects seasonal impacts on mining and concentrate transport costs and a reduction in the deferred mining costs; all-in sustaining cost reduced q-on-q
- Higher copper and gold grades are scheduled for the December quarter



i: Based on invoiced pricing for gold and silver.
Data shown on a 100% equity basis.

Ban Houayxai Gold-Silver Operation

- Quarterly gold in doré production of 22,541oz at an average C1 cash costⁱ of US\$748/oz gold after silver credits; all-in sustaining costⁱ of US\$1,095/oz
- Monthly record for ore mined achieved in September; ore processing rate maintained at 4.3Mtpa rate despite unplanned maintenance
- Scheduled lower gold and silver head grades led to lower q-on-q metal production and directly impacted the per ounce cash costs
- Scheduled higher gold and silver head grades and recovery rates during the December quarter are expected to lift production, reduce cash cost per ounce and enable full year guidance to be achieved

i: Based on invoiced pricing for silver.
Data shown on a 100% equity basis.



Frieda River Copper-Gold Project, PNG

- Acquisition of an 80% interest in the Project completed on 25 August 2014
- On 2 September 2014, a progress update on the development concept for the Frieda River Copper-Gold Project was announced by the joint venture partners
- Preliminary economic analysis indicates that the feasibility study development concept is robust at a copper price of US\$2.80/lb and a gold price of US\$1,300/oz
- Targeting completion of the feasibility study and lodgement of the application for a Special Mining Licence before November 2015



PanAust feasibility study concept

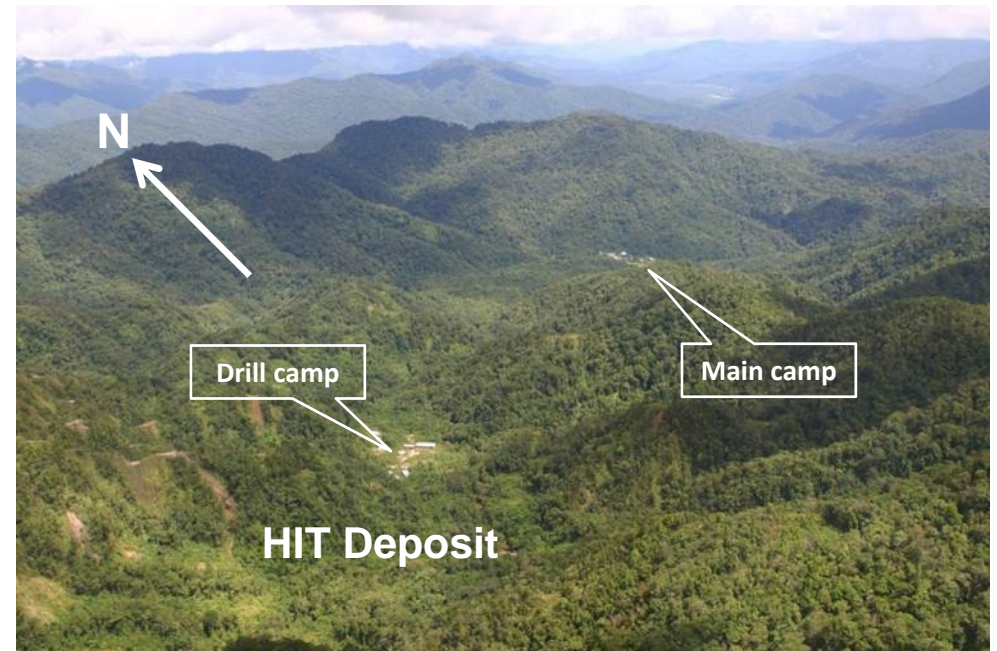
- Single process plant module; similar configuration to Phu Kham, small footprint
- Mill feed of c. 600M tonnes grading 0.5% copper and 0.3g/t gold for an 20-year mine life; represents less than 30% of the total HIT mineral resource tonnes
- Average annual production of 125,000t copper and 200,000oz gold in concentrate at a C1 cash cost of between US\$1.30/lb and US\$1.40/lb after gold credits*. The all-in sustaining cost is estimated to be between US\$1.60/lb and US\$1.70/lb.
- Open pit mine: low waste:ore strip ratio of 0.7:1 (Inferred Resource may reduce this)
- Development capital estimate**: US\$1.7Bn; competitive capital intensity
- The likely timing for implementation of PanAust's development concept for Frieda River coincides with rising production levels scheduled for Phu Kham

*Gold credit estimated at US\$1,300/oz

**2013 dollars including 15% contingency on direct development costs; excludes mining fleet and power station (leased costs included in all-in sustaining costs) and assumes power is supplied by intermediate fuel oil generators

Trade-off studies

- Potential to reduce opex and initial capex will be evaluated with trade-off studies as part of the feasibility study
- A staged development approach will be considered which would require lower initial capex; subsequent capital expansion in years 3 to 5
- A hydro-power option may enhance the Project economics through lower operating costs
- Utilises the positive water balance within the TSF catchment to generate low-cost renewable power; augment IFO generated power



Outlook



- On track to achieve the upper end of 2014 Group production guidance
- Phu Kham: copper in concentrate production is expected to be at the upper of the guidance range of 65,000t to 70,000t at an average C1 cash cost of between US\$1.50/lb to US\$1.60/lb copper
- Ban Houayxai: gold production is expected to be approximately 100,000oz at an average C1 cash cost between US\$650/oz and US\$700/oz gold

GRAM indicative proposal

Background:

- Confidential, non-binding, indicative and incomplete proposal received in April 2014 from GRAM, the Company's largest shareholder, to acquire all of the shares in the Company by way of an off-market takeover; initial cash consideration of A\$2.20/share subsequently raised to A\$2.30/share; the Board of PanAust informed GRAM that the offer was materially below the level that the Board would be prepared to recommend to PanAust shareholders

Status:

- GRAM has not presented a revised takeover proposal and the matter has not materially progressed during the quarter
- The Company will inform the market of any change to these circumstances
- The Company is focused on its strategy of optimising the performance of its operating assets and completing the feasibility study for the Frieda River Project

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