PANAUST LIMITED ABN 17 011 065 160
Level 1, 15 James Street, Fortitude Valley, Brisbane | QLD | 4006 | Australia
PO Box 2297, Fortitude Valley Business Centre | QLD | 4006
T: +61 7 3117 2000 | F: +61 7 3846 4899 | E: info@panaust.com.au

ASX ANNOUNCEMENT
19 February 2015

2015 Mineral Resource and Ore Reserve statements

Following are the PanAust Limited statements of Mineral Resources and Ore Reserves for material projects as at 31 December 2014, reported under The JORC Code, 2012 Edition.

For further discussion on the Mineral Resources and Ore Reserves contained within this report, please refer to the announcement 2015 Mineral Resource and Ore Reserve Summary released to ASX on 19 February 2015.

For further information contact:

Investors:
Dr Fred Hess
Managing Director
PanAust Limited

Mr Allan Ryan
Investor Relations Manager

Tel: +61 7 3117 2000
Email: info@panaust.com.au
Website: www.panaust.com.au

SUMMARY OF MINERAL RESOURCES AND ORE RESERVES

Material changes to the Mineral Resource estimate for Ban Houayxai, and to the Ore Reserve estimates for Phu Kham and Ban Houayxai when compared with the estimates as at 31 December 2013 are discussed in the respective Table 1 reports later in this document. There were no other material changes to the Mineral Resource estimates.

Mineral Resources

Phu Kham, Laos

Phu Kham (0.2% copper cut-off)	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	100	0.54	0.23	1.9	118	0.53	0.23	1.9
Measured (stockpiles)	3	0.28	0.18	1.4	3	0.31	0.17	1.2
Indicated	70	0.45	0.21	2.3	72	0.46	0.21	2.3
Sub-total (M+I)	**173**	**0.50**	**0.22**	**2.1**	**192**	**0.50**	**0.22**	**2.0**
Inferred	12	0.37	0.21	1.9	12	0.37	0.21	1.9
Total Phu Kham	**184**	**0.49**	**0.22**	**2.1**	**204**	**0.49**	**0.22**	**2.0**

Ban Houayxai, Laos

Ban Houayxai	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Oxide (0.25g/t gold cut-off)								
Measured	1	-	0.53	3.7	0	-	0.57	3.1
Indicated	6	-	0.63	3.8	7	-	0.70	3.7
Sub-total (M+I)	**6**	**-**	**0.62**	**3.8**	**7**	**-**	**0.70**	**3.7**
Inferred	0	-	0.43	1.6	1	-	0.38	1.7
Sub-total (Oxide)	**7**	**-**	**0.61**	**3.7**	**8**	**-**	**0.66**	**3.5**
Transitional (0.30g/t gold cut-off)								
Measured	4	-	0.71	9.2	3	-	0.83	10.6
Indicated	8	-	0.78	9.1	14	-	0.83	9.0
Sub-total (M+I)	**12**	**-**	**0.76**	**9.2**	**16**	**-**	**0.83**	**9.3**
Inferred	0	-	0.49	5.0	0	-	0.45	3.4
Sub-total (Transitional)	**12**	**-**	**0.76**	**9.1**	**17**	**-**	**0.82**	**9.1**
Primary (0.40g/t gold cut-off)								
Measured	7	-	1.06	11.5	1	-	1.10	10.3
Indicated	14	-	1.05	9.1	30	-	1.04	7.6
Sub-total (M+I)	**21**	**-**	**1.05**	**9.9**	**31**	**-**	**1.04**	**7.7**
Inferred	0	-	0.84	3.1	7	-	0.87	5.9
Sub-total (Primary)	**21**	**-**	**1.05**	**9.9**	**37**	**-**	**1.01**	**7.4**
Combined Oxide, Transitional, Primary								
Measured	12	-	0.91	10.2	4	-	0.85	9.8
Measured (stockpiles)	3	-	0.37	3.9	2	-	0.38	2.4
Indicated	27	-	0.88	8.0	50	-	0.94	7.4
Sub-total (M+I)	**42**	**-**	**0.85**	**8.3**	**56**	**-**	**0.91**	**7.4**
Inferred	0	-	0.47	2.2	8	-	0.80	5.4
TOTAL	**42**	**-**	**0.85**	**8.2**	**64**	**-**	**0.90**	**7.1**

Mineral Resources (cont.)

KTL, Laos

KTL (0.5% copper cut-off))	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	9	1.13	0.57	3.4	9	1.13	0.57	3.4
Indicated	10	0.78	0.27	3.9	10	0.78	0.27	3.9
Sub-total (M+I)	**19**	**0.94**	**0.41**	**3.7**	**19**	**0.94**	**0.41**	**3.7**
Inferred	0	0.52	0.02	0.3	0	0.52	0.02	0.3
Total KTL	**19**	**0.94**	**0.41**	**3.7**	**19**	**0.94**	**0.41**	**3.7**

Long Chieng Track (LCT), Laos

Long Chieng Track (0.3g/t gold cut-off)	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	7	0.02	0.72	4.0	7	0.02	0.72	4.0
Indicated	12	0.05	0.81	5.2	12	0.05	0.81	5.2
Sub-total (M+I)	**19**	**0.04**	**0.78**	**4.7**	**19**	**0.04**	**0.78**	**4.7**
Inferred	11	0.15	0.72	2.4	11	0.15	0.72	2.4
TOTAL	**31**	**0.08**	**0.76**	**3.9**	**31**	**0.08**	**0.76**	**3.9**

Frieda River, Papua New Guinea

Horse-Ivaal-Trukai (HIT) (0.2g/t copper cut-off)	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	780	0.51	0.28	-	780	0.51	0.28	-
Indicated	410	0.44	0.2	-	410	0.44	0.2	-
Sub-total (M+I)	**1,190**	**0.49**	**0.25**	**-**	**1,190**	**0.49**	**0.25**	**-**
Inferred	920	0.39	0.17	-	920	0.39	0.17	-
TOTAL	**2,110**	**0.44**	**0.22**	**-**	**2,110**	**0.44**	**0.22**	**-**

Nena (0.3g/t copper cut-off)	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	-	-	-	-	-	-	-	-
Indicated	33	2.81	0.65	-	33	2.81	0.65	-
Sub-total (M+I)	**33**	**2.81**	**0.65**	**-**	**33**	**2.81**	**0.65**	**-**
Inferred	12	1.84	0.45	-	12	1.84	0.45	-
TOTAL	**45**	**2.55**	**0.60**	**-**	**45**	**2.55**	**0.60**	**-**

Mineral Resources (cont.)

Inca de Oro and Carmen, Chile

Inca de Oro	31 December 2014				31 December 2013			
Heap leach								
Inca de Oro Oxide and Mixed (0.25% copper cut-off)[1]								
Class	**Tonnes (Mt)**	**Cu Soluble (%)**			**Tonnes (Mt)**	**Cu Soluble (%)**		
Measured	11	0.22			11	0.22		
Indicated	54	0.23			54	0.23		
Sub-total (M+I)	**64**	**0.22**			**64**	**0.22**		
Inferred	7	0.14			7	0.14		
TOTAL	**71**	**0.20**			**71**	**0.20**		
Flotation								
Inca de Oro Supergene and Primary (0.25% copper cut-off)								
Class	**Tonnes (Mt)**	**Cu Total (%)**	**Au (g/t)**	**Ag (g/t)**	**Tonnes (Mt)**	**Cu Total (%)**	**Au (g/t)**	**Ag (g/t)**
Measured	186	0.44	0.13	2.0	186	0.44	0.13	2.0
Indicated	126	0.35	0.08	1.7	126	0.35	0.08	1.7
Sub-total (M+I)	**312**	**0.41**	**0.11**	**1.8**	**312**	**0.41**	**0.11**	**1.8**
Inferred	77	0.30	0.06	1.4	77	0.30	0.06	1.4
TOTAL	**389**	**0.39**	**0.10**	**1.7**	**389**	**0.39**	**0.10**	**1.7**
Carmen Transitional and Primary (0.25% copper cut-off)	**31 December 2013**				**31 December 2012**			
Class	**Tonnes (Mt)**	**Cu Total (%)**	**Au (g/t)**	**Ag (g/t)**	**Tonnes (Mt)**	**Cu Total (%)**	**Au (g/t)**	**Ag (g/t)**
Measured	5	0.33	0.42	1.1	5	0.33	0.42	1.1
Indicated	7	0.35	0.43	1.3	7	0.35	0.43	1.3
Sub-total (M+I)	**12**	**0.34**	**0.43**	**1.2**	**12**	**0.34**	**0.43**	**1.2**
Inferred	34	0.34	0.31	1.0	34	0.34	0.31	1.0
TOTAL	**46**	**0.34**	**0.34**	**1.0**	**46**	**0.34**	**0.34**	**1.0**

[1] The Inca de Oro oxide and mixed Mineral Resource estimate was based on a total copper cut-off. The likely process route for this mineralisation is heap leach and as such only the soluble copper component of the Mineral Resource estimate has been included in this table.

Ore Reserves

Phu Kham, Laos

Phu Kham	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Proved	85	0.55	0.24	1.9	102	0.52	0.23	1.9
Proved (stockpiles)	3	0.28	0.18	1.4	3	0.31	0.17	1.2
Probable	42	0.48	0.23	2.3	52	0.46	0.22	2.1
Sub-total	**130**	**0.52**	**0.23**	**2.1**	**157**	**0.50**	**0.22**	**1.9**
KTL								
Proved	-	-	-	-	7	1.09	0.70	3.2
Probable	-	-	-	-	1	0.94	0.46	5.2
Sub-total	**-**	**-**	**-**	**-**	**8**	**1.06**	**0.66**	**3.5**
Total Phu Kham Operations								
Proved	88	0.54	0.24	1.9	112	0.55	0.26	2.0
Probable	42	0.48	0.23	2.3	53	0.47	0.22	2.2
TOTAL	**130**	**0.52**	**0.23**	**2.1**	**165**	**0.52**	**0.25**	**2.0**

Ban Houayxai, Laos

Ban Houayxai	31 December 2014				31 December 2013			
Class	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)	Tonnes (Mt)	Cu (%)	Au (g/t)	Ag (g/t)
Proved	11	-	0.92	10.9	4	-	0.79	9.5
Proved (stockpiles)	1	-	0.46	6.7	2	-	0.36	2.3
Probable	14	-	0.87	8.0	30	-	0.85	8.3
TOTAL	**26**	**-**	**0.87**	**9.2**	**36**	**-**	**0.81**	**8.0**

General notes

- The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves.
- The Mineral Resources and Ore Reserves estimates are reported on a 100% ownership basis. PanAust has a 90% beneficial interest in Phu Kham, Ban Houayxai, KTL and LCT; an 80% interest in Frieda River (HIT and Nena); a 61.3% interest in Inca de Oro; and a 100% interest in Carmen.
- The tonnes and grades are stated to a number of significant digits reflecting the confidence of the estimate. Since each number and total is rounded individually, the table may show apparent inconsistencies between the sum of rounded components and the corresponding rounded total.
- The Phu Kham Ore Reserve is estimated at commodity prices of US$3.00/lb copper (prior year US$3.20/lb) and US$1,200/oz gold (prior year US$1,300/oz) and reflects the non-mining break-even value of US$8.54/t processed (prior year US$8.73/t) subject to a minimum cut-off grade of 0.20% copper (unchanged).
- The Ban Houayxai Ore Reserve is estimated at a gold price of US$1,200/oz (prior year US$1,300/oz) and reflects the average non-mining break-even value of US$12.75/t processed subject to a minimum cut-off grade of 0.30g/t gold.

Competent Person Statements

- **Mineral Resources**

The data in this report that relate to Mineral Resources for Phu Kham and Ban Houayxai are based on information reviewed by Mr Shaun Versace who is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Versace is a full time employee of PanAust Limited. Mr Versace 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Versace consents to the inclusion in the report of the Mineral Resources in the form and context in which they appear.

The data in this report that relate to Mineral Resources for KTL, LCT, HIT, Nena, Inca de Oro and Carmen are based on information reviewed by Mr Daniel Brost who is a Member and Chartered Professional (Geology) of the Australasian Institute of Mining and Metallurgy (MAusIMM CP) and a Registered Member of the Society for Mining, Metallurgy & Exploration (SME).

Mr Brost was a full time employee of PanAust Limited at the date of the estimate. 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 2012 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 KTL, LCT, HIT, Nena, Inca de Oro and Carmen Mineral Resources.

- **Ore Reserves**

The data in this report that relate to Ore Reserves are based on information reviewed by Dr Peter Trout who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM).

Dr Trout is a full time employee of PanAust Limited. Dr Trout has sufficient experience relevant to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Dr Trout consents to the inclusion in the report of the Ore Reserves in the form and context in which they appear.

JORC 2012 Edition Table 1 Reporting for Mineral Resources

Ban Houayxai

Section 1. Sampling Techniques and Data

Criteria	Commentary
Sampling techniques	A total of 742 holes for 124,271m have been drilled from surface for the Ban Houayxai deposit with approximately 77% of the samples from diamond drilling and the remaining 23% from reverse circulation drilling. The majority (80%) of samples for this project are 1m in length; however, sample length range from 0.2m through to 5m for samples outside the mineralised zone. QAQC samples consisting of field duplicates (additional split from reverse circulation drilling or a quarter core samples from diamond drilling), standards and blank material were included at the rate of 1 in 30. The half core samples from diamond drilling averaged 5kg in weight, the reverse circulation samples averaged 27kg. All of these samples were sent to ALS Perth (Australia) for analysis. Recent sample preparation was completed in ALS Vientiane, and ALS Perth prior. The complete data set includes 105,093 gold samples and consists of diamond and reverse circulation samples.
Drilling techniques	Approximately 23% of the samples were from reverse circulation drilling (RC drilling), with the majority being short holes, measuring less than 100m in length. Six of these holes were pre-collars for diamond tails, the RC portion was up to 84m in depth in 5 holes, one hole had a 200m pre-collar. The RC drilling consisted of a down the hole hammer and face sampling bit that was 146mm in diameter. Diamond drill holes were drilled using triple tube in two major sizes, PQ (83.1mm) and HQ (61.1mm) with minor amounts of NQ (45.1mm) samples. The average step down depth from PQ to HQ is 50m and from HQ to NQ is 170m down hole. Most of the diamond hole core is orientated using a long, thin, tapered steel rod (spear) with either a tungsten spike or RED “Chinagraph” pencil inserted in the end. The spear, which will naturally reside on the bottom side of the hole under gravity, is lowered slowly down an inclined drill hole to mark the lower edge of the core stub that will be retrieved in the following core run. Recent diamond drilling has been orientated using a Reflex ACT II RD tool. The Reflex ACT II RD is a digital core orientation device which comprises two components, one residing within the inner tube and backend assembly and the other as a core barrel extension. Accuracy is reportedly better than 1° while orientation can be still achieved in drill holes up to an inclination of -88°.
Drill sample recovery	RC sample recoveries are calculated from estimation of the theoretical weight of the material collected compared with the actual weight. The theoretical weight is estimated using the following calculation – *RC Sample Recovery can be calculated by dividing the measured mass (kg) by the theoretical mass (kg) using the following formulas:* *Theoretical Volume = π × ((drill bit diameter + 4mm)/2)^2 × h* *Theoretical Mass = (Density × 1000) × Theoretical Volume* *Where:* • *Drill Bit Diameter = Measured in millimetres at the start of hole,*

Criteria	Commentary
	every change of bit and at the end of the hole. The diameter must be converted to metres for the calculation. • *4mm = a constant and allows for 2mm hole over break either side of the drill bit. The over break must be converted to metres for the calculation.* • *h = Sample interval in metres* • *Density = Nominated value in grams/cubic cm* Diamond core recovery is calculated by geo-technicians by measuring the length of the recovered core and comparing this with the sample length. Any over or under run is carried to subsequent samples to account for minor core block errors or stick up. The recoveries and geo-technicians mark ups are checked by the site geologist during logging. Any loss of core is assigned to either core loss due to drilling error, bad ground (fault material) or voids. An analysis of the assay data does not indicate that there is any correlation of core loss to high or low grade intervals. The lithologies within the mineralised zone are competent and this is reflected in the good recoveries achieved. The average recovery from all drilling programs exceeded 98%.
Logging	Geologists inspect the core at the drill site and identify the major zones and lithologies. The core is then transported to the core yard using specifically designed cages to ensure the security of the samples. Once at the core yard the core is cleaned and checked for completeness and to ensure that all core block depths are correct and consistent with the daily drilling sheets. Reverse circulation chips are logged by a geologist at the drill rig during drilling. No geotechnical logging is possible on reverse circulation samples. In the core yard, geo-technicians start to geotechnically log the core applying a standard set of criteria to a high standard and level of detail. This data is recorded, validated and entered into the acQuire database. The geotechnical logging captures rock quality designation (RQD) data, core run details (core recovery, core loss type, length of core within run), material properties (strength, consistency) and structures. In addition, point load testing was completed on each dry bulk density sample (cylinder); the majority of point load testing is diametrical. If axial point load testing is required, guidance is sought from the supervising geologist at the start of the drilling programme. Once the geotechnical logging is completed, site geologists log the geology, mineralisation and alteration in detail using standard logging sheets and well defined look up tables to ensure that all data is collected consistently. This data is logged onto paper forms or entered directly into the acQuire database using tablet computers. All paper forms are entered into the acQuire database by data entry staff and then validated by the logging geologist. A summary of the drill hole, including logging, is produced on finalisation of the assay data. • There are separate logging sheets to capture: • Bulk density

Criteria	Commentary
	• Orientation data • Geotechnical data • Weathering (oxidation state) • Lithology • Alteration • Veining • Mineralisation • Structure • Magnetic Susceptibility On completion of mark up and geotechnical and geological logging, all core was photographed before sampling. Core was photographed wet and in direct sunlight. The photographs were downloaded onto the site server and are available for checking and validation.
Sub-sampling techniques and sample preparation	RC chip samples were collected from each sampling interval from the rig mounted cyclone. This sample was riffle split to produce a sample that represents 12.5% of the initial sample collected. Another 25% sample is retained as a reference sample and when required (1 in 30) another 12.5% sample was collected as a field duplicate. Any wet RC chip samples were allowed to dry before sampling using the riffle splitter was attempted. Only a very small number of RC samples were wet (1%). Wet samples were dealt with via a specific sampling protocol to meet quality assurance. All diamond drill holes were logged and photographed in the core yard before sampling. The site geologists oversee all sampling and ensured that representative samples are collected by defining the cutting line on the core. Sampling consisted of cutting the core lengthways using a diamond core saw along the predetermined line to generate two halves of core. Where the core was not solid, a divider is placed along the centre of the broken core to equally separate the material. Once cut or separated, the left hand side of the core or material for the selected intervals is placed into a pre-numbered calico bag. Where a field duplicate sample was collected (approximately 1 in 30), the half core for assaying was cut again to produce two quarters. The left side was sent for assay and the right side was sent as the duplicate sample. Sample preparation was done at ALS Vientiane as follows: • All samples were dried at 110^0C in LPG gas ovens controlled by thermostat. • All RC and core samples were crushed to better than 70% passing 2mm using Rocklabs Boyd crushers with a rotary sample divider attached. More than 5% of the samples are quality control tested to ensure sizing conformance. • Samples received with a weight greater than 1.2kg were split to 1-1.2kg using the adjustable rotary sample divider. • The samples were pulverised using Labtech ESSA LM2 pulverising mills to better than 85% passing 75µm.
Quality of assay data and laboratory tests	All the analytical techniques used are considered total through four acid digestion or sample fusion. Gold was analysed by ALS at Perth (Australia) using the Au-AA26 fire assay with Atomic Absorption Spectroscopy (AAS) method with a 50g sample charge. This method has a lower detection limit of 0.01g/t and upper detection limit of 100g/t. When gold is greater than 100g/t the Au-DIL (gold by dilution) method is used (lower detection of 1g/t).

Criteria	Commentary
	A cyanide leach analysis for gold is triggered by a gold result that is greater than 0.10g/t. Before 2009 the ALS method AA13 (cyanide leach AAS) was performed by ALS Perth (30g charge). AA15ve accelerated cyanide leach was used with a 200g sample charge after 2009. The lower detection limit for the AA15ve method for gold and copper is 0.02g/t and 0.1g/t while the upper detection limits are 300g/t and 20% respectively. Base metals were analysed in Perth by ME-ICP41 aqua-regia acid digestion with Inductively Coupled Plasma (ICP) method with a sample charge of 20g. The lower detection limit for silver and copper are 0.2g/t and 1g/t while the upper detection limits are 100g/t and 1% respectively. ME-OG62 (four acid digest analysed by ICP - atomic emission spectroscopy) was used to analyse higher grade copper, lead and zinc (greater than 100g/t) for better accuracy and precision. The lower detection limit for copper, lead and zinc are all 0.001% while the upper detection limits are 40%, 20% and 30% respectively. The Ban Houayxai analysis suite includes ALS methods Au-AA26 for gold and ME-ICP41 (aqua-regia acid digestion inductively coupled plasma - atomic emission spectroscopy (ICP-AES)) for silver, arsenic, copper, mercury, lead, sulphur, antimony and zinc. A trigger of gold greater than 0.10g/t is used to select samples for AA15ve and AA15ve. The company inserted certified field duplicates, blanks and standards every 30m (10%) in that order. Three types of blanks have been used since 2006, Mekong sand, Moungcha limestone and Vang Vieng limestone. Blank samples are inserted to check for contamination in field sampling, laboratory sample preparation and analysis. The result of the blank material should be below detection limits. The gold and base metal standards were sourced from Geostats Pty Ltd and Gannet Holdings with gold certified values ranging between 0.21g/t and 1.94g/t. Standard reference materials are used to check accuracy and bias of the analytical method. The results should be very similar to the standard concentration for the specific standard. QAQC samples were monitored on a batch-by-batch basis. An assay batch is accepted if the blank samples are within the acceptable limits (5 times the lower detection limit) and the standards are within the $\pm$ 3SD (standard deviations). One failed standard can cause rejection if the results around the failed standard are not in the normal grade range. A batch is also re-assayed when assay results from two or more standards are outside the acceptable limits. The inserted blank materials did not show any consistent issues with sample contamination. 97% of the gold standards assays were within acceptable limits with a slight bias low. 38% of the most frequently used gold standards show a low bias though they are within the acceptable limits. Preliminary investigations from ALS identify the cause of the low bias to be related to the flux being used, type of cupels or the determination of the standard actual values. The low bias issue is being addressed by ALS. 99% of the base metal standards performed well with results within the expected limits. The performance of field duplicates in core samples is generally reasonable and the variations are related to the style of mineralisation. In 2009, ALS conducted test work on the low precision of the gold duplicates and found that the deposit contained coarse gold that may explain the variance in duplicates assays. A QAQC review by AMC Consultants Pty Ltd (AMC) also confirmed the presence of

Criteria	Commentary
	coarse gold and suggested that changes to the sub-sampling processes would improve the results achieved. A study of the fundamental sampling error (FSE) is in progress to determine the recommended size of sample for the deposit and thereby improve repeatability. In November 2014,samples were dispatched to Geostats, Perth for the analysis. The ALS laboratory also inserted QAQC samples to internally test the quality of the analysis. These results are received with the assay results in each batch. The ALS QAQC included standards, blanks and duplicates for independent quality control. The results of the lab standards were also monitored on a batch to batch basis by the Data and Resources geologist. The results did not show any issues with the laboratory.
Verification of sampling and assaying	Round Robin analysis for 490 samples assayed between 2011 and 2012 was conducted in 2013. Check pulps were submitted to ALS Perth, SGS Perth, Intertek Indonesia and Standard Reference Lab Perth. The pulps were analysed for gold with fire assays and copper using the same or similar analytical methods as the initial ALS laboratory (MEI-CP41 and ME-OG62). Correlation for gold ranged between 0.96 and 0.97 while copper had correlation between 0.93 and 0.99. The check samples and the original did not show any bias though an improvement in pulp splitting and sample preparation was recommended for better precision. Portions of 11 reverse circulation and diamond drill holes were twinned. The comparison of the assays between these holes showed the similar trends with no major down hole differences in grade variation. Five holes were selected for half core repeat comparisons. Four were in high grade zones in historical holes while one hole plotted adjacent to a historical hole which had high grades. The original half core assay results were compared with half core duplicates (total core consumed) to check for grade variance between original assays and duplicate values to determine if the sample size is sufficient for the style of mineralisation. The log correlation coefficient of the original and half core duplicates is 0.94 which suggest that the results generally illustrate a fair repeatability. However, variances in grade were noted and related to mineralisation style (veining). A fundamental sampling error analysis is in progress to determine the most appropriate size of sample for the deposit. All assay data was accepted into the database as supplied by the laboratory. Where a duplicate sample was taken (quarter core), the original and duplicate assays were averaged to maintain the sample support of half core.
Location of data points	Before 2009, drill hole collars were set-up using Garmin 76CS. A Garmin 60CSx was subsequently adopted using WGS84 UTM Zone 48N. Drill hole collars were surveyed on completion using differential GPS (DGPS). For recent holes, collar pick-up was completed by the mine surveyors using DGPS Trimble R8 GNSS on WGS84 datum, UTM Zone 48N. Approximately 176 collar locations were validated by AAM (Thailand) Co. Ltd. during a 2009 topographical survey. A number of inconsistencies were identified with the survey of these holes. These locations and the process deficiencies were corrected. A down hole survey was completed every 30 m using a Reflex single shot camera, Eastman single shot camera, Proshot or a Simple Shot camera. The majority of the surveys were completed using a Reflex single shot camera which was used exclusively for diamond holes. RC holes were generally surveyed with a Simple Shot camera. The down hole surveys were collected and examined each day by the site geologist. Any

Criteria	Commentary
	surveys that were spurious were retaken. Once validated the surveys were entered into the acQuire data base by data entry personnel. All down hole cameras were tested weekly in the presence of a geologist during the drilling programme using an on-site reliability jig.
Data spacing and distribution	The majority of the drill holes are spaced on a 50x50m grid. The spacing reduces to 25x25m in some areas, particularly in the upper zones. The drill hole spacing adequately enables the estimation of the Mineral Resource on a medium scale; there will be small scale variability that the drilling will not identify, however close spaced grade control drilling (5x10m) to date has indicated that the Mineral Resource model is a fair representation. The classification of the Mineral Resource model reflects the variability of the drill hole spacing at Ban Houayxai. Sample data was composited to 2m for estimation. The mean raw sample length was 1.3m. A 2m composite was considered appropriate for the raw sample length and the mineralisation style.
Orientation of data in relation to geological structure	60% of the holes were drilled at an inclination of -60° drilled to the south (180°). These holes were designed to best capture the interpreted dip and strike of the mineralisation. Diamond drilling is orientated perpendicular to the trend of lithology and structure to, as much as possible, obtain true width samples. Drilling before 2009 was in various directions due to uncertainty in the orientation of the mineralisation and structures. In 2009 an update and review of the geology, mineralisation and structures was completed that enabled the current (optimum) drilling direction to be determined. Structural measurements from the orientated core enabled an analysis of the controls of mineralisation and structures to continuously evaluate the direction of drilling to ensure that it was optimal.
Sample security	Drill core and reverse circulation samples were collected from the drill site on a daily basis and transported to the core yard. The geologist recorded the collected intervals of core and prepared brief notes on the main features before the core was moved from the rig. Core received at the core yard is cleaned and checked for completeness. The core yard is a fully fenced and secure location for all core storage. This facility is under 24 hour security surveillance. All logging and sampling of diamond drill core was completed in the core yard while RC logging is completed at the rig and samples are bagged in the field and delivered to the core yard. All samples to be dispatched were packed in rice bags, clearly labelled with a submission number, project and prospect number, sample type and date of dispatch. The sample dispatches were accompanied by supporting documentation signed by the geologist and showing the sample submission number, analysis suite and number of samples. ALS employees collect samples from the core yard and transport the samples to the Vientiane laboratory for sample preparation. On site, prior to dispatch, a log book is signed by an ALS representative and the site geological technicians. Supporting dispatch documentation is emailed to ALS. When the samples were received at the laboratory, a receipt notification was sent to the database administrator confirming the number of samples. The chain of custody is maintained by ALS once the samples are collected from site and a full audit trail for every sample is available through the ALS' Webtrieve application. Assay results are emailed to the database administrators in Vientiane and loaded into

Criteria	Commentary
	acQuire through an automated process. QAQC on import is completed before the results are finalised.
Audits or reviews	The sampling process is fully documented as a standard company process and has been reviewed previously for other projects. AMC reviewed the Ban Houayxai QAQC data in January 2010. Their recommendations included reviewing the procedures for sub-sampling. H&S has reviewed the data as part of the preparation steps for Mineral Resource estimation. Any discrepancies were corrected within the acQuire database.

Section 2. Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	PanAust owns a 90 per cent interest in the Lao-registered company, Phu Bia Mining Limited ('Phu Bia Mining'). In August 2012, the Company signed an agreement which completed the transfer of 10 per cent ownership of Phu Bia Mining to the Government of Laos. Phu Bia Mining has a 2,600 km^2 Mineral Exploration and Production Agreement (MEPA) with the Government of Laos which regulates exploration, development and mining activities within the Contract Area, and sets out the tax and royalty obligations. PBM's Mineral Exploration and Production Agreement was signed on 26 January 1994 between the Government of Laos and Normandy Anglo Asian Pty Ltd ('NAAL'). Phu Bia Mining Limited ('PBM') was established shortly thereafter and, pursuant to the terms of the MEPA, the rights and obligations of NAAL under the MEPA were assigned to PBM. There have been three amendments to the MEPA since 1994. These include Amendment No. 1 signed on 17 July 1996; Amendment No. 2 signed on 4 April 2002 and Amendment No.3 signed on 9 April 2007. Individual Mining Areas within the MEPA Contract Area are given a 20-year Operating Period (or possibly longer depending on the specific approval for a Mining Area) plus a ten year extension if requested by PBM. There is potentially no limit to the number of Mining Areas that can be commenced under the MEPA or that can be in operation at any given time. The MEPA remains valid and in force until the expiration of the Operating Period for the last Mining Area in the Contract Area.
Exploration done by other parties	No significant exploration has been completed by other companies on the Ban Houayxai project area. The prospect was discovered between 1994 and 1997 by Phu Bia Mining (PBM), a Laos registered company owned by Pan Mekong Exploration Pty Ltd (80%) and Newmont Australia Ltd (20%) which has been 90% owned by PanAust since 2001.
Geology	The Ban Houayxai deposit is a narrow vein, structurally controlled gold-silver deposit of Permo-Carboniferous age (285Ma). Mineralised veins are predominantly hosted within intermediate volcanics which have been subject to greenschist facies metamorphism and structurally juxtaposed against a siliciclastic package that is probably of lower metamorphic grade. The siliciclastic package contains mineralisation hosted within bodies of volcaniclastic siltstone and volcanogenic sandstone.
Drill hole	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant.

Criteria	Commentary
Information	Comments relating to drill hole information relevant to the Mineral Resource estimate are provided in Section1-"Sampling techniques", "Drilling techniques" and "Drill sample recovery".
Data aggregation methods	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant. Comments relating to drill hole information relevant to the Mineral Resource estimate are provided in Section1-"Sampling techniques", "Drilling techniques" and "Drill sample recovery".
Relationship between mineralisation widths and intercept lengths	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant. Comments relating to drill hole information relevant to the Mineral Resource estimate are provided in Section1-"Orientation of data in relation to geological structure".
Diagram*s*	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant.
Balanced reporting	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant.
Other substantive exploration data	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant.
Further work	No exploration results are included in this release. All information relates to the Mineral Resource and, as such, this section is not relevant.

Section3. Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	The AcQuire database, using Microsoft SQL Server 2005 to run the acQuire data model (3500), is used for storing all drill hole data. The central database is located in PanAust's Vientiane office. The latest database audit was completed in July 2013 by acQuire Technology solutions. No potential risks with the database structure or application were reported. Historical data (approximately 7% of the data set) was manually entered using an acQuire data entry form and validated by site geologists, senior geologists and database administrators. The rest of the data capture was completed electronically using Motion computing tablets computers with acQuire offline data entry forms. The logging data was electronically transferred to the site server and validated by the geologists. After validation on site, data was routinely synchronised with the central acQuire database in Vientiane. Assay results were sent electronically from the laboratory directly to the Database Administrator in Vientiane for validation and loading into acQuire. No manual data entry or intervention is required. The Data and Resources Geologist checks the QAQC of

Criteria	Commentary
	the received assays and advises the Database Administrator to accept or reject the batch depending on the QAQC performance. Any concerns with the QAQC results are reviewed by the site geologists, Data and Resources Geologist and, if required, queries are made with ALS. After a batch of results was accepted in the database, significant intercept tables were produced and distributed. These are reviewed and considered in relation to other intercepts and the logged geology as a further confirmation. All significant intercepts start and end on a grade interval (0.3g/t gold) with a minimum length of 4m, a total grade of or greater than 0.3g/t gold, and a maximum continuous internal waste interval of 4m. Gold intercepts may be reported down to 2m if the gold grade is significant. Once finalised, the accepted assays were transferred to the acQuire database on site. The site geologists reviewed the QAQC data and the received assays against the logging intervals. The received assays were reviewed to ensure they match the drill hole logging and the geological and mineralisation interpretation. Reconciliation of the new assays and the neighbouring holes on section was performed to ascertain the results. Once validated, the QAQC data along with the logged data was reported in a drill hole report. All the validated holes on the site server were then locked to disable further editing. The locked drill hole data was synchronised with the central database in Vientiane. Only the database administrator can unlock the drill holes if any modifications are required. Checking of assay data within the acQuire database indicate that there are no systematic issues with the importing, storage or extraction of assay data from the acQuire database. In October 2013, the highest 50 gold and 50 silver results from the Ban Houayxai project were extracted from the acQuire database and compared against the original ALS laboratory data. The gold results were from 5 reverse circulation holes and 28 diamond drill holes dispatched in 33 batches between 2006 and 2013. The silver results were selected from 1 reverse circulation hole and 38 diamond drill holes dispatched in 39 batches between 2006 and 2013. This analysis indicated that all assays for gold and silver had been imported correctly and that the export process correctly exports the data without error. Some differences were observed in the export for minor elements at low levels. This was caused by rounding of data on export. The down hole surveys from 863 holes were checked for completeness and for excessive deviation (greater than 10°). The, analysis does not indicate any material concerns. Less than 0.5% of the records deviated more than 10° in azimuth and dip. The excessive deviations (greater than 10°) were associated with hard volcanic crystal tuff. The site server and the Vientiane server are automatically backed up on daily basis with the process being overseen by the company's IT department.
Site visits	The project site and the core processing areas are regularly visited by the Competent Person. Site processes, QAQC and geological interpretation are reviewed and guidance given on future programs or developments. The frequency of these visits varies and would average at least one visit every quarter.

Criteria	Commentary
Geological interpretation	The geology model has evolved over multiple drilling programs and has been completed to a high standard. A high degree of confidence in the geological interpretation can be gained by the minor adjustments required by subsequent drilling programs. The latest drilling program completed in 2013 resulted in very minor changed to the geology model. Additional support is gained from mining operations, grade control drilling and in-pit mapping. Site geologists developed a sectional interpretation every 25m for the major lithologies. Alteration, structure, surface mapping, mineralisation style and the assay values were used to guide the generation of the major lithological domains. The sections are confirmed using plan and long section interpretations. The sectional interpretations along with structural information were used to generate a 3D solid model. Site geologists generate a series of surfaces to represent the weathering profile as the base of complete oxidation (BOCO) and base of partial oxidation (BOPO). These surfaces define the Oxide, Transitional and Primary zones. BOCO and BOPO surfaces were produced using drill hole logging information and then refined using sulphur and zinc assays where available. Within the BOCO, zones of elevated sulphur and/or zinc were generally excluded, and zones of very low sulphur and/or zinc were sometimes included, depending on lithology. Gold occurs in narrow veins and is structurally controlled. Mineralisation is predominantly contained within sparsely distributed east-west striking moderate north dipping quartz-carbonate-sulphide veins. The grade of mineralised veins (quartz pyrite ± carbonate ± base metals ± electrum ± native silver) and the mineralised volcaniclastic siltstone generally increase with deformation intensity. Mineralisation solids were developed using the major lithological domains and sample grades. The Mineral Resource estimate used a combination of the mineralisation and weathering zones as domains to control the estimation.
Dimensions	The main mineralised zones (northern and southern zones) are approximately 1,200m long striking in a north-south direction, vary in width from 20m to 300m and steeply dip to approximately 350m below the surface. The northern mineralised zone is generally deeper than the southern mineralised zone. The Mineral Resource has been reported beneath the end of 2014 surveyed surface and within an optimised pit based on a gold price of $1,600/oz. This pit is considered to be the limit for eventual economic extraction of mineralisation. Only material within the $1,600/oz Au pit shell was reported as Mineral Resource.
Estimation and modelling techniques	The Mineral Resource estimate was completed within CAE Studio 3 (Datamine) software. Multiple indicator kriging (MIK) was used for gold and silver utilising the H&S GS3 software while the Ordinary Kriging (OK) method was used for copper, lead, sulphur, zinc and gold in the colluvium using the Datamine software. The MIK estimates generated by H&S GS3 software were converted to Datamine blocks and combined with the OK model for validation and reporting. Geological modelling was completed by site geologists and reviewed by H&S. QAQC and data validation was completed by the Data and Resource Geologists along with preliminary data analysis. H&S reviewed this work and used this data to complete geostatistical analysis and Mineral Resource estimation. Multiple domains were used to control the estimation and account for different grade distribution and mineralisation characteristics. Sample data was composited to 2m for

Criteria	Commentary
	estimation. No top caps were applied to any of the data sets used for estimation. Mineralisation solids were generated by combining lithology solids that had similar geostatistical characteristics. A total of eight zones were defined. These solids were combined with the weathering surfaces to produce 25 estimation domains. The domains used for estimation are a combination of soft and hard boundaries. For gold and copper estimation, boundaries between Oxides and Transitional and Primary surfaces were soft while the boundaries between ore and waste domains were hard. Silver was estimated in the same manner as gold using soft oxidation boundaries. For sulphur, lead and zinc estimation, the Oxide-Transitional and ore and waste boundaries were considered hard while the Transition-Primary boundary was soft. Some of the variograms were shared between domains due to data distribution or similarities however the domains restricted the samples available for estimation. The Mineral Resource model covers the mineralised zone and extends to include waste material that may be included in a pit shell. The model consists of 30x15x10m (X, Y, Z) blocks that are sub-blocked to 10x5x2.5m (X, Y, Z) on the mineralisation solid boundaries. The block model was regularised to 7.5x3.75x2.5m (X, Y, Z) for mine planning purposes. Variogram maps of gold for the main north and south mineralised zones indicate a relatively steep northerly dipping trend supporting the geologically interpreted trend of the mineralisation. The variogram is a measure of variability; it increases as samples become more dissimilar. Sets of gold and silver indicator variograms were modelled in the main mineralised domains and applied to other mineralised zones. Oxidation zones were combined for gold and silver variography. An average nugget of 15% was used for mineralisation zone 1 and 20% for mineralisation zones 4 and 5. The nugget represents the geological microstructure and measurement error within the data. The ranges for the shortest and longest structures varied between 25m and 300m. Search distances and directions applied during estimation vary for each domain. They range in maximum values between 35m to 140m in the major search direction, and 10m to 40m along the short axis. The orientation and dip of the gold searches are: • Mineralisation zones 1, 3 and 9: 50° north • Mineralisation zone 2: 80° north • Mineralisation zone 4-7: 70° north-east • Colluvium: 20° west The estimation of gold and silver only considered mineralisation zones while estimation for lead, zinc and sulphur considered weathering zones and were broken into east, central (easterly dipping), central (flat lying) and western (westerly dipping) zones. The number of samples used to inform a block estimate ranged from 8 to 48 for MIK and 8 to 32 for OK. The estimate was completed using OK and MIK in four separate estimation passes. Each pass used larger searches and more relaxed minimum/maximum sample numbers. This was done to ensure that distal blocks were estimated. Comparisons of the model with the previous (2012) model indicates an increase in tonnes (15%) and a decrease in gold grade (7%) resulting in an increase in gold metal of 6% for the Mineral Resource. The model was validated in section by visually comparing the block grades with the sample grades. The other major validation tool was the use of SWATH plots. These are plots of the average block and sample grades for a slice through the mineralisation. These slices are usually in the same orientation as the major search direction. Both validation tools indicated that the Mineral Resource

Criteria	Commentary
	estimate was a fair representation of the sample grades, given the estimation process and the distribution of samples.
Moisture	All tonnages are stated as dry metric tonnes. These are based on density determinations completed on dry samples. No moisture content estimates have been completed.
Cut-off parameters	The cut-off grades used for reporting were selected on the basis of economic factors and mining recoveries for the Oxide, Transition and Primary weathering zones. They also broadly represent the mining cut-off values used in the past 12 months. In 2014, mining operations used a gold equivalent cut-off of 0.23g/t for Oxides and Transitional materials in January and 0.25g/t from February to March. Between April and June gold equivalent cut-offs of 0.25g/t for Oxides, 0.30g/t for Transitional and 0.40g/t for Primary material were used while gold equivalent cut-offs of 0.32g/t for Oxides, 0.40g/t for Transitional and 0.44g/t for Primary material were used for the last six months of 2014.
Mining factors or assumptions	The deposit is mined by a selective open pit method where the ore is defined before mining using grade control drilling and mark out. Pit slope parameters have been derived from recommendations by the company's geotechnical engineers. Dilution and mining control have been derived from industry standards, taking into consideration the mining performance to date. Pit shells that have been generated on the Mineral Resource model were used to guide the consideration of prospects for eventual economic extraction. The Mineral Resource is reported within the pit shell generated at a gold price of $1,600/oz which is considered to be reasonable for eventual economic extraction. Project to date reconciliation indicates that the process plant (including stockpile adjustment) is achieving less tonnage (5%) and higher grades (10%) compared with the Mineral Resource model depletions. These are within the expected limitations of a comparison between production results and the Mineral Resource model.
Metallurgical factors or assumptions	Metallurgical test work has been completed on samples of the mineralised zone at the Feasibility stage of the project. In 2014, with a change in feed to include more Primary ore, the BHX recovery model was reviewed. The review established fixed gold recoveries of 93%, 83% and 78.1% for Oxide, Transitional and Primary ores, and silver recoveries of 55%, 60.3% and 74.8% (Oxide, Transitional and Primary ores). The ore is processed using a conventional crush, grind and carbon in leach (CIL) processes to recover gold and silver to a dore product that is exported for refining into fine gold and silver.
Environmental factors or assumptions	Existing governmental approvals and infrastructure at the Ban Houayxai Operation accommodates the planned volumes of waste rock and tailings from mining and processing activities.
Bulk density	Bulk density determinations were undertaken at three separate points; complete core tray determination, calliper measurements and water immersion by ALS. Each method provides a different set of data that had its own bias. The least bias data set is considered to be the ALS water immersion. Approximately 22% of the samples were selected for ALS bulk density value testing. Density measurements were made on each sample for the entire selected hole. The ALS method (OA-GRA08) consists of:

Criteria	Commentary
	• Sample was dried • Placed into a stocking • Weighed in air • Weighed in water No waxing was undertaken due to the issues with sample preparation and assaying waxed samples. If the method was completed efficiently, the amount of water adsorbed is minimal. Average ALS bulk density values for eight lithology units, that were further broken up by the three weathering zones, were determined and assigned to corresponding blocks in the Mineral Resource model. Any extreme and unrealistic values were not used to generate the average value.
Classification	Solids were generated to represent Measured, Indicated and Inferred zones based on drill hole spacing, geological confidence and estimation pass. Measured zones consist of 75% blocks that were estimated in the first pass with the remainder estimated in pass 2 and centred around the region of drilling that was generally 25m to 25m spacing. Indicated blocks were mostly pass 1 and pass 2 and outside the Measured zone with an approximate drill hole spacing of 50m. Blocks supported by a drill hole spacing of 100m were generally classified as Inferred. Nearly all of these blocks were estimated in the third pass. The majority of Measured and Indicated material is contained within the primary zone (60% and 50% respectively) and the bulk of the Inferred material being within the oxide zone. The Mineral Resource classification results appropriately reflect the Competent Person's view of the deposit.
Audits or reviews	The Mineral Resource estimate has been completed by Hellman & Schofield Consultants Pty Ltd of Sydney. The Mineral Resource estimation process and results have been audited and verified by PanAust personnel. In 2013 BDA Minerals Industry Consultants completed an independent audit of the Phu Kham and Ban Houayxai projects. This high level review was a post completion technical audit for the Ban Houayxai project and the report included commentary on the confidence in the geology and estimation.
Discussion of relative accuracy/ confidence	The nature of bulk density samples introduces a risk to the estimated tonnages. The three methods used to determine bulk density values all have an implied bias with the ALS data set considered to provide the best representation. The actual results and the assignment of bulk density to the classified mineralisation have an associated risk. Mining data to date does not suggest any significant issues with this data set. The estimation parameters used for the domains with limited data were derived from similar neighbouring domains. This was a fair application however local variability may occur. Additional data from infill drilling could improve estimation in these domains. The majority of the mineralised material within the current pit shell is well supported by drilling so any changes in the mineralisation or lithology solids should only have a localised impact and not alter the overall Mineral Resource.

JORC 2012 Edition Table 1 Reporting for Ore Reserves

Phu Kham

Section 4. Estimation and Reporting of Ore Reserves

Criteria	Explanation
Mineral Resource estimate for conversion to Ore Reserves	The Phu Kham Ore Reserve estimate is based on the 31 December 2014 Mineral Resource estimate. Shaun Versace is the Competent Person responsible for the Mineral Resource estimate. The Mineral Resource estimate is derived from a model prepared by AMC Consultants Pty Ltd (AMC). PanAust geology staff familiar with the deposit were responsible for providing guidance to the geological interpretation and domain wireframe generation used in the creation of the model. The Mineral Resource estimate has changed from the previous estimate as a result of depletion from mining during 2014. The Mineral Resource model is an Ordinary Kriged model having a parent block size of 20 m x 20 m x 10 m (East x North x RL) with regular sub-blocks of 5 m x 5 m x 5 m at domain boundaries. Densities are assigned by domain using the mean value in each respective lithology/oxide combination. The Mineral Resource model is re-blocked at 10 m x 10 m x 10 m dimensions for use in the Ore Reserve model. Material with Black Shale lithology is not considered to be Mineral Resource. Although it can contain copper and gold mineralisation, the recovery of metal from this material is very low which prevents it from being economic. The Mineral Resource estimate is reported inclusive of the Ore Reserve estimate.
Site visits	PanAust staff responsible for the preparation of the Ore Reserve estimate have made several visits to the Phu Kham Mine. The Competent Person has visited the Phu Kham Mine on several occasions.
Study / Project Status	Phu Kham is an active mining operation. Mining of the gold enriched, copper depleted cap to the deposit commenced in 2005 followed by mining from the copper–gold pit in 2006. Excavation of the open pit has progressed to 390 mRL with most mining activity occurring at the base of the open pit and along the south and west pit walls during 2014. The copper–gold ore processing plant has operated since March 2008 at rates that have risen from 12 Mtpa to 18.6 Mtpa in 2014. Plant modifications have enabled the capacity increase with higher metallurgical recovery since mid-2013. The Ore Reserve estimate is supported by an open pit design, detailed budget estimate, life of mine (LOM) plan, cashflow model and operational history that exceed the level of detail and precision found in a Feasibility Study.
Cut-off parameters	The economic cut-off was determined from the non-mining breakeven value for those Ore Reserve model blocks having a minimum 0.2% Cu grade. Test work has demonstrated that the metallurgical recovery model is unreliable below 0.2% Cu and blocks below this grade are therefore excluded from the Ore Reserve. The non-mining breakeven value was calculated for each block in the Ore Reserve model and incorporates metal price, selling cost, product transport cost, ore processing cost, tailings storage facility (TSF) construction cost and site administration cost. Revenue from copper and gold is considered in this calculation. Only blocks having a positive value and a minimum grade of 0.2% Cu are reported in the Ore

Criteria	Explanation
	Reserve. This is consistent with mine operating practice. Mining costs are not considered in the cut-off grade criteria. The impact of mining costs is accounted for in the calculation of the optimal pit shell including differences between ore and waste mining due to drill and blast practices and haul distances.
Mining factors or assumptions	The Phu Kham open pit is mined as a conventional truck and shovel operation with 10m high benches. The majority of the ore and waste material is drilled and blasted before being excavated by hydraulic shovels and excavators. There has been no change to mining practice since the previous Ore Reserve estimate. Mining practices are well established and appropriate to the style of deposit. Slope design recommendations for the final pit walls have been provided by the Company's technical staff. Slope design parameters are based on drill hole information, mapping, observation and site experience with pit wall behaviour. A revised set of slope design parameters was applied to the pit optimisation and design used for this Ore Reserve estimate. The Mineral Resource model is converted to an Ore Reserve model as part of the Ore Reserve estimation process. The Mineral Resource model is re-blocked at 10 m x 10 m x 10 m to align with the chosen SMU and mining bench height. Internal dilution is included in the Ore Reserve estimate through the interpolation and re-blocking process. External (edge) dilution applied to the previous Ore Reserve model was removed to align more closely with reconciled production results. The external dilution model redistributed higher grades to adjacent lower grade blocks which had the effect of elevating some lower grade blocks to economic status. This change reduced the Ore Reserve by 3 Mt. The Ore Reserve is not modified to account for ore loss. The ore zones are generally broad and well defined by close spaced grade control drilling prior to mining. Ore loss is minimal given the ore zone geometry. Production reconciliation data supports this approach. The Ore Reserve is estimated within a new pit design prepared by PanAust's Mining Technical Services group in 2014. Optimisation of the pit limits was completed using the Lerchs Grossman algorithm as implemented in Geovia's Whittle software. The pit optimisation process used only Measured and Indicated Mineral Resource classifications. Optimisation considered a range of metal prices. A multi-criteria decision analysis methodology was applied to select the pit shell used for design. The optimal pit shell selected for pit design corresponds to a copper price of $3.20/lb. The pit optimisation process showed that the mill feed quantity is relatively insensitive to metal price changes above $2.80/lb Cu. A detailed open pit design was prepared from the selected pit shell and used for Ore Reserve estimation. The pit design includes ramps and safety berms on the pit walls. The 2014 design is an evolution of prior pit designs but is shallower in the northern pit sector and maintains a 40 m separation distance from the primary crusher. The Ore Reserve was estimated from the design open pit using the surveyed topographical surface as at 31 December 2014 to account for 18 Mt of mining depletion during 2014. The new pit design accounts for a further 5 Mt reduction in the reported Ore Reserve relative to the estimate at 31 December 2013. The contained copper quantity has reduced by 15kt after mining depletion during 2014. A LOM production schedule was prepared during 2014 using the open pit design and

Criteria	Explanation
	Ore Reserve model that forms the basis for the current Ore Reserve estimate. The production schedule demonstrates that ore can be delivered to the processing plant in sufficient quantity for each year of the mine life to satisfy the assumptions associated with the costs used in the Ore Reserve estimate. The waste movement required to extract the Ore Reserve is 199 Mt inclusive of 12 Mt of waste rock from the Phu Kham quarry. The Inferred Mineral Resource is not considered for conversion to Ore Reserve. The pit design contains approximately 2 Mt of Inferred Mineral Resource and this small quantity has no significant impact on pit design. Infrastructure exists at the Phu Kham site to support the open pit mining operation and includes maintenance workshops, refuelling facilities, an engineered TSF, waste dumps and ore stockpiles.
Metallurgical factors or assumptions	The Phu Kham ore treatment plant commenced operation in 2008 and uses a conventional crush, grind and flotation process to recover a saleable copper concentrate that contains payable copper, gold and silver. The concentrate typically grades 23% copper. The Phu Kham ore contains arsenic as the major deleterious element. Ore and concentrate blending has successfully controlled the arsenic grade in copper concentrate below contractual penalty levels. Hence no arsenic penalty was assumed for the Ore Reserve estimate. The ore processing circuit has been designed and progressively enhanced to suit the characteristics of the Phu Kham deposit. The processing plant was upgraded in 2012 and has a nominal capacity of 16 Mtpa on hard ores. Higher throughput rates are being achieved on softer ores and a rate of 18.6 Mtpa was achieved in 2014. Approaches to offset the expected lower throughput rate on hard ore have been identified and include higher plant utilisation and finer blast fragmentation. New metallurgical recovery relationships have been used to prepare the Ore Reserve estimate. Copper metal recovery to copper concentrate is calculated by a formula that uses copper grade, copper in concentrate grade and the sulphur to copper ratio in the ore with an upper limit of 85% copper recovery. Gold recovery is modelled as a function of gold, copper and sulphur feed grades. These recovery relationships were developed from metallurgical test work and plant performance data. The data does not support extrapolation of the metal recovery relationships below 0.2% Cu.
Environmental	The Phu Kham Operation has been approved by the Government of Laos and has obtained the necessary environmental licences and permits. Tailings from ore processing are permanently stored in an engineered TSF. The TSF is a valley fill behind an earthen embankment. Tailings are deposited into the valley and stored under water to prevent acid rock generation. The TSF embankment is raised progressively in advance of the impoundment fill rate. Waste mined from the pit is classified into several categories according to the rock's potential acid rock forming character. Based on these categories, waste rock is disposed in different ways to manage potential environmental impacts and satisfy mine closure requirements. Waste rock with the potential to generate acid rock drainage (ARD) is either encapsulated within benign waste rock or placed sub-aqueously within the TSF. Non-ARD waste rock is placed in conventional dumps. The Phu Kham Operation has a positive water balance. Water management practices

Criteria	Explanation
	are applied to use water efficiently, maintain appropriate water holdings and discharge water in a controlled manner throughout the year. Plans are in place to reclaim and progressively rehabilitate land to a standard which aims to minimise environmental impact and maximise land use during and after mining and ore processing.
Infrastructure	All necessary supporting infrastructure is in place to support the Phu Kham Operation. No significant additional infrastructure is required to enable mining of the Ore Reserve.
Costs	Phu Kham is an operating mine with no major planned expansionary capital expenditure. Hence no allowance is included for expansionary capital expenditure and the Ore Reserve estimate does not depend on any such projects. Sustaining capital will be required on a regular basis for the replacement of mining fleet, minor infrastructure works and maintenance of the ore processing plant. A sustaining capital allowance of $0.151/t ore and $0.145/t waste was included in the pit optimisation. Operating costs have been estimated through a combination of historical performance and planned expenditure at a long term ore processing rate of 19.5 Mtpa. An average LOM mining operating unit cost of $2.50/t mined was calculated for open pit optimisation. An average LOM ore processing operating cost of $6.45/t processed was applied on the basis of actual and planned performance. The progressive construction of the TSF embankment was estimated at $0.68/t of ore processed over the remaining ore tonnage. General and Administration costs were estimated at $1.50/t processed based on actual and planned performance. Off-site administration and corporate costs were not included. Selling costs inclusive of deleterious element penalties and smelting and refining charges were derived from existing sales contract terms. Concentrate transport charges were derived from calculated costs and the intended distribution of concentrate volumes through ports in Thailand and Vietnam. A net smelter return (NSR) royalty of 6% of net revenue after transport, smelting, refining and selling costs is paid to the Government of Laos.
Revenue factors	Revenue calculations were based on the Ore Reserve block model grades, long term metal prices for copper and gold, and contractual terms for treatment charges and metal payability. These values were incorporated into the NSR calculation used to determine the economically mineable portion of the deposit. Copper ($3.00/lb) and gold ($1,200/oz) prices based on PanAust's assessment of long term market conditions were used to prepare the Ore Reserve estimate. These price assumptions are lower than the metal prices of $3.20/lb Cu and $1,300/oz Au used in the previous Ore Reserve estimate. Silver provides a negligible contribution to revenue and was excluded from the revenue calculation. The Ore Reserve is relatively insensitive to copper metal price above $2.75/lb Cu. Smelting and refining charges assumed in the Ore Reserve estimate were based on existing contract terms and PanAust's assessment of future copper concentrate sale

<table>
<tr><th>Criteria</th><th colspan="3">Explanation</th></tr>
<tr><td></td><td colspan="3">terms.</td></tr>
<tr><td>Market assessment</td><td colspan="3">Copper concentrate is widely traded in international markets. PanAust has long term sales contracts in place for Phu Kham's copper concentrate. There is strong demand for the Phu Kham copper concentrate in the Asian region and PanAust expects this demand to remain for the life of the mine.</td></tr>
<tr><td>Economic</td><td colspan="3">All costs and revenues were prepared on a US dollar basis with no exchange rate assumption and no escalation.

PanAust maintains a commercial model that is used to estimate the value of the Phu Kham Operation. The model shows a net present value that exceeds that carrying value of the asset.</td></tr>
<tr><td>Social</td><td colspan="3">The company maintains a social license to operate through sustainable development programs and government and community consultation forums. There are no known social issues that threaten the license to operate.</td></tr>
<tr><td>Other</td><td colspan="3">PanAust owns a 90% interest in the Lao-registered company, Phu Bia Mining Limited (PBM). The Government of the Lao PDR holds a 10% interest in PBM.

PBM's Mineral Exploration and Production Agreement (MEPA) was signed on 26 January 1994 and has been amended three times: in 1996, 2002, and 2007. The MEPA, as amended, defines a Contract Area of more than 2,600 km^2, regulates exploration, development and mining activities within the Contract Area and sets out tax and royalty obligations.

The validity and effectiveness of the MEPA is extended for each additional approved mining operation and the MEPA continues in force until the expiration of the Operating Period for the last Mining Area in the Contract Area. There is potentially no limit to the number of Mining Areas that can be commenced under the MEPA or that can be in operation at any given time.</td></tr>
<tr><td>Classification</td><td colspan="3">All critical assumptions applied to mining, ore processing, tailings and waste rock storage, cost and revenue are generally considered to be at a level of confidence appropriate for an Ore Reserve estimate. The confidence classification is therefore dependent on the category of the Mineral Resource estimate.

• The Proved Ore Reserve estimate is the economically mineable part of the Measured Mineral Resource Estimate.
• The Probable Ore Reserve estimate is the economically mineable part of the Indicated Mineral Resource Estimate.

These classifications appropriately reflect the Competent Person's understanding of the deposit.</td></tr>
<tr><td>Audits or reviews</td><td colspan="3">The Ore Reserve estimate has been prepared internally by PanAust. No external audit has been performed.

There is no information that contradicts any of the assumptions or models used in the preparation of the estimate or indicate any significant errors in the estimation process.</td></tr>
<tr><td rowspan="2">Discussion of relative accuracy / confidence.</td><td>Criteria</td><td>Risk Rating</td><td>Comment on Uncertainty and Controls</td></tr>
<tr><td>Mineral Resource</td><td>2</td><td>The Mineral Resource model reconciles well against the principal payable metals with a slight overestimation of ore quantity and underestimation</td></tr>
</table>

Criteria	Explanation		
Rated between 1 and 5 with 1 being the highest level of accuracy / confidence.			of copper grade. Close spaced grade control drilling and sampling is used to provide ore and waste delineation prior to mining.
	Project Status	1	The Phu Kham Operation has been operating for more than eight years.
	Cut-off Parameters	2	The cut-off grade equates to a copper price that is below the value assumed for the Ore Reserve estimate. Pit optimisation and cashflow modelling have demonstrated that the project is robust over a reasonable range of metal prices.
	Mining Factors	2	The risk of dilution and ore loss is considered to be low due to the ore zone geometry and production reconciliation data. The geotechnical stability of the west and south pit walls represents a moderate residual uncertainty for the continued mining of ore in the lower open pit benches.
	Metallurgy Factors	2	The ore processing plant has operated for several years and the metallurgical models used to inform the Ore Reserve estimate are based on plant performance data. Measures to offset the reduced milling rate for hard ores have been identified but not demonstrated at a plant scale. Uncertainty associated with metallurgical recovery below 0.2% Cu has been removed by applying a minimum copper grade criteria to the selection of mineralised rock reported in the Ore Reserve.
	Environmental	2	Tailings, ARD waste rock and water management are considered to be of a high standard. A residual uncertainty remains for the environmental impact attributable to open pit closure and post mine management of the TSF. Closure plans are being refined to address this risk.
	Infrastructure	1	The infrastructure required to operate the mine is well established.
	Cost Estimates	2	Cost estimates are considered reliable based on historical performance. Some uncertainty exists with the estimation of future costs however this risk is considered to be consistent with industry standards and market-related price movements for goods and consumables.
	Revenue	3	The forecasting of long term copper and gold prices

Criteria	Explanation		
	Factors		represents a residual uncertainty.
	Market assessment	1	The copper concentrate market was assessed as being low risk. Movements in the copper concentrate supply and demand balance are likely to affect price rather than volume. Arsenic and other impurities have been successfully blended below contract limits for several years and any future issues are expected to be of a short duration.
	Economic	2	The Phu Kham Operation does not require further major expansionary capital. The operation remains cashflow positive at copper prices lower than those assumed for the Ore Reserve estimate.
	Social	1	No known issues.
	Classification	1	The Ore Reserve classification reflects the level of confidence in the Modifying Factors and is based on the underlying Mineral Resource classification.

Ban Houayxai Gold-Silver

Section 4. Estimation and Reporting of Ore Reserves

Criteria	Discussion
Mineral Resource estimate for conversion to Ore Reserves	The Ore Reserve Estimate is based on the 31 December 2014 Mineral Resource estimate. Shaun Versace is the Competent Person responsible for the Mineral Resource estimate. The Mineral Resource estimate is based on a geologically domained model prepared by H&SC (H&S Consultants Pty Ltd). PanAust geology staff familiar with the deposit were responsible for providing guidance to the geological interpretation and domain wireframe generation used in the creation of the model. The Mineral Resource estimate has changed from the previous estimate as a result of updated geological interpretation, re-estimation, depletion due to mining in 2014 and the application of a $1,600/oz pit shell to constrain the reported estimate. The Mineral Resource model was developed using Multiple Indicator Kriged (MIK) estimation with gold and silver as indicator metals. The block model has parent block size of 30 m x 15 m x 10 m (East x North x RL) with regular sub-blocks of 10 m x 5 m x 2.5 m at mineralised boundaries. The Mineral Resource model is re-blocked at 7.5 m by 3.75 m by 2.5 m dimensions for use in the Ore Reserve model. The Mineral Resource estimate is reported inclusive of the Ore Reserve estimate.

Criteria	Discussion
Site visits	PanAust staff responsible for the preparation of the Ore Reserve estimate have made several visits to the Ban Houayxai Operation. The Competent Person has visited the Ban Houayxai Operation on several occasions.
Study / Project Status	The Ban Houayxai pit is an active mining operation. Mining commenced at the beginning of 2012 and ore processing commenced in the second quarter of 2012. Most assumptions relevant to the Ore Reserve estimation are supported by operating experience since the commencement of operations. The Ore Reserve estimate is supported by an open pit design, detailed budget estimate, LOM plan, cashflow model and operational history that exceeds the level of detail and precision found in a Feasibility Study.
Cut-off parameters	The economic cut-off was determined from the non-mining breakeven value calculated for each block in the Ore Reserve model. Average gold and silver block grades were calculated by weighting the grade in each MIK grade bin above 0.3 g/t Au by the proportion of tonnage in the corresponding grade bin. External dilution and ore loss was then applied prior to calculating metallurgical recoveries. The non-mining breakeven cut-off value varies for each block because the gold recovery model is dependent upon the gold to silver ratio within each block. The ore processing cost and silver metallurgical recovery also vary with oxidation state (material type). Gold and silver revenue was included in the breakeven value calculation. The marginal cut-off values were developed at a gold price of $1,200/oz and silver price of $16/oz. The open pit optimisation process used a similar methodology to that applied in the final Ore Reserve estimate. The breakeven value calculation used in the pit optimisation process included the incremental mining cost difference between processing a block as ore compared with handling a block as waste. The mill feed calculated by the pit optimisation process will not be the same as the Ore Reserve due to the difference in calculation methodologies and the use of a design pit for Ore Reserve reporting. The operating mill feed cut-off grade in 2014 was higher than that used in the 31 December 2013 Ore Reserve estimate. This approach was applied to maximise mill feed grade during a period where mined ore quantities exceeded the ore processing rate. The low grade untreated ore was sent to stockpile for treatment at a later time.

Criteria	Discussion
Mining factors or assumptions	Selective open pit mining techniques are applied at the Ban Houayxai Operation. Ore and waste are drilled and blasted on 10 m high benches before mining in four flitches. Loading and hauling is performed with a conventional truck and backhoe excavator fleet that comprises two Komatsu PC1250 excavators, a Caterpillar 990 front end loader and seven Caterpillar 777 haul trucks. Grade control drilling and detailed geological modelling is carried out before mining to identify and define ore blocks. Blast movement is measured so that the location of ore blocks is adjusted for blast movement prior to excavation. Ore mining is carried out under geological control to minimise external dilution. The harder primary ore requires higher blast powder factors and more dilution is expected due to blast movement. The primary ore zones are also narrower than the oxide and transitional ore zones hence greater dilution and ore loss is assumed for primary ore mining. Dilution and ore loss is included in the Ore Reserve estimate through two mechanisms. • An allowance for internal dilution and ore loss is incorporated through the block grade estimate in the Ore Reserve model. Average block grades are calculated for the rock above the 0.3 g/t Au grade bin which allows for higher internal dilution across the oxide, transitional and primary ore zones. • External dilution and ore loss factors are applied to account for the losses at the edge of mining blocks following blasting and losses from mining practices. These factors are a simple percentage change in grade and tonnes applied across all ore blocks on the basis of oxidation state (material type). For the oxide material type, no additional dilution factor was applied and 1% ore loss factor was applied. Dilution of 3% and ore loss of 2% were applied to the transitional material type. In the primary material type, external dilution was assumed to be 10% and ore loss 5%. Dilution was applied prior to the ore loss adjustment. No gold or silver grade was assigned to the diluting waste. This approach is considered conservative for the Ban Houayxai deposit as the diluting material is likely to contain gold and silver grade. The dilution and ore loss factors require ongoing assessment through the production reconciliation process especially as higher proportions of more structurally controlled primary ore are mined. Slope design recommendations for the final pit walls have been provided by the Company's technical staff. Slope design parameters are based on drill hole information, mapping, observation and site experience with pit wall behaviour. There is limited exposure of interim and final pit walls from mining. A revised set of slope design parameters were applied to the pit optimisation and design used for this Ore Reserve estimate. The Ore Reserve is estimated within a new pit design prepared by PanAust's Mining Technical Services group. Optimisation of the pit shape was completed using the Lerchs Grossman algorithm as implemented in Geovia's Whittle software. The pit optimisation process used only Measured and Indicated Mineral Resource classifications. Optimisation considered a range of metal prices. A multi-criteria decision analysis methodology was applied to select the pit shell used for design. The optimal pit shell at a gold price of $1,250/oz was selected for pit design. The pit optimisation process showed that the mill feed quantity is sensitive to price changes below $1,170/oz Au and above $1,325/oz Au.

Criteria	Discussion
Mining factors or assumptions **(Continued)**	The final pit shell was selected from the optimisation analysis and used as the basis for detailed open pit design. The Ore Reserve was estimated from the design open pit using the surveyed topographical surface as at 31 December 2014 to account for 5 Mt of mining depletion during 2014. Changes to the Mineral Resource model, pit design, cut-off methodology, metallurgical recovery model and metal prices account for an 8 Mt reduction in Ore Reserve relative to the previous estimate. The inclusion of silver revenue has increased the Ore Reserve by 2Mt. The contained gold quantity has reduced by 73 koz after mining depletion during 2014. A LOM production schedule was prepared during 2014 using the open pit design and Ore Reserve model that forms the basis for the current Ore Reserve estimate. The production schedule demonstrates that ore can be presented to the processing plant in sufficient quantity in each year of the mine life to satisfy the assumptions associated with the costs used in the Ore Reserve estimate. Stocks of low grade ore are scheduled to accumulate during mining for treatment late in the mine life. Mining of 48 Mt of waste rock is required to extract the material reported in the Ore Reserve estimate. The Inferred Mineral Resource was not considered for conversion to Ore Reserve. Infrastructure exists at the Ban Houayxai site to support the open pit mining operation and includes maintenance workshops, refuelling facilities, an engineered TSF, waste dumps and ore stockpiles.
Metallurgical factors or assumptions	The Ban Houayxai gold ore treatment plant uses conventional crush, grind, gravity separation and carbon in leach (CIL) processes to recover gold and silver to a doré product that is exported for refining into fine gold and silver. New metallurgical recovery relationships have been used to prepare the Ore Reserve estimate. Gold metal recovery was calculated using a formula that considers both the gold grade and the gold to silver ratio with an upper limit of 93% gold recovery. Silver recovery was modelled as a function of silver grade and grind size. The silver recovery model does not support extrapolation of the model below 3.0 g/t Ag for oxide ore, 2.0 g/t Ag for transitional ore and 2.3 g/t Ag for primary ore. The grind size is a function of material type with the softer oxide ore having a finer grind size than transitional and primary ores. Metallurgical recovery estimates are based on test work and plant operating experience since 2012. Processing rates vary with ore type. The processing plant has a capacity of 3.4 Mtpa to 5.4 Mtpa depending on the relative proportions of harder primary ore and softer oxide ore. Processing unit costs per tonne are adjusted by ore type to reflect the change in processing rate.

Criteria	Discussion
Environmental	The Ban Houayxai Operation has been approved by the Government of Laos. The Operation has implemented an environmental and social management and monitoring plan for the site and there are no factors that are likely to materially impact the Ore Reserve estimate. PanAust, of which PBM is a subsidiary, is signatory to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold (Cyanide Code) and the Ban Houayxai facility has been designed, constructed and operated in accordance with the guidelines contained in the Cyanide Code. Ore processing tailings are retained in a TSF. The TSF is a valley fill behind an engineered embankment with tailings being deposited into the valley impoundment and stored under water. Waste mined from the pit is placed into a valley fill dump site located to the east of the open pits. Some waste rock has the potential to generate ARD under certain conditions and is encapsulated by non-ARD waste rock within the dump. Low grade ore is stored adjacent to the waste dump where it is available to be reclaimed for treatment late in the mine life.
Infrastructure	All necessary supporting infrastructure is in place to support the Ban Houayxai Operation. No significant additional infrastructure is required to enable mining of the Ore Reserve.
Costs	Ban Houayxai is an operating mine with no major planned expansionary capital expenditure. No allowance is included for expansionary capital expenditure and the Ore Reserve estimate does not depend on such projects. Mine operating costs have been estimated with a combination of first principle calculations, historical data and budget estimates for the years 2014 to 2016. Mining costs vary with open pit depth and the ore and waste rock classification. Ore has a higher blasting cost, higher grade control charges and higher loading cost that is partly offset by a lower haulage cost compared to waste rock. The unit mining cost averages $2.90/t mined. Ore processing unit operating costs vary with the processing rate which is a function of ore hardness. Processing fixed costs are distributed over the range of processing throughput rates for the purposes of estimating the $9.80/t unit processing cost. General and Administration unit costs for the site are estimated at $2.91/t of ore processed. Cost of major consumables (fuel, electrical power, tyres, steel, chemicals) are based on assumptions in the 2014 operations budget that are in turn based on a combination of supplier contracts and market information. Gold-silver doré refining cost, transport and royalty charges are based on the current contract rates and realised costs. A royalty of 6% of revenue is paid to the Government of Laos.
Revenue factors	A long term gold price of $1,200/oz and silver price of $16/oz was used to prepare the Ore Reserve estimate compared to $1,300/oz Au in the previous Ore Reserve estimate.

Criteria	Discussion
Market assessment	There is no market limit for sales of gold and silver from the Ban Houayxai Operation.
Economic	All costs and revenues were prepared on a US dollar basis with no exchange rate assumption and no escalation. PanAust maintains a commercial cashflow model that is used to calculate the value of the Ban Houayxai Operation. The model shows a positive net present value of the operation at the Ore Reserve metal price assumptions.
Social	The company maintains a social license to operate through sustainable development programs and government and community consultation forums. There are no known social issues that threaten the license to operate
Other	PanAust owns a 90% interest in the Lao-registered company, Phu Bia Mining Limited (PBM). The Government of the Lao PDR holds a 10 % interest in PBM. PBM's Mineral Exploration and Production Agreement (MEPA) was signed on 26 January 1994 and has been amended three times: in 1996, 2002, and 2007. The MEPA, as amended, defines a Contract Area of more than 2,600 km^2, regulates exploration, development and mining activities within the Contract Area and sets out tax and royalty obligations. The validity and effectiveness of the MEPA is extended for each additional approved mining operation, and the MEPA continues in force until the expiration of the Operating Period for the last Mining Area in the Contract Area. There is potentially no limit to the number of Mining Areas that can be commenced under the MEPA or that can be in operation at any given time.
Classification	All critical assumptions relevant to mining, ore processing, tailings and waste rock disposal, cost and revenue are generally considered at a level of confidence appropriate for Ore Reserve Estimation. The confidence classification is therefore predominately dependent on the category of the Mineral Resource Estimate. • The Proved Ore Reserve estimate is the economically mineable part of the Measured Mineral Resource Estimate. • The Probable Ore Reserve estimate is the economically mineable part of the Indicated Mineral Resource Estimate. These classifications appropriately reflect the Competent Person's understanding of the deposit.
Audits or reviews	The Ore Reserve estimate has been prepared internally by PanAust. No external audits have been performed. There is no information that contradicts any of the assumptions or models used in the preparation of the estimate or indicate any significant errors in the estimation process.

Criteria	Discussion		
Discussion of relative accuracy / confidence. **Rated between 1 and 5 with 1 being the highest level of accuracy / confidence.**	**Criteria**	**Risk Rating**	**Comment on Uncertainty and Controls**
	Mineral Resource	2	The Mineral Resource model provides an acceptable reconciliation against the principal payable metals with a slight overestimation of ore quantity and underestimation of gold grade. The nature of the mineralisation and the estimation method are expected to cause local tonnage and grade variability. Close spaced grade control drilling and sampling is used to improve ore and waste delineation prior to mining.
	Project Status	1	The Ban Houayxai Operation has been operating for more than three years.
	Cut-off Parameters	3	The cut-off value for the Ore Reserve estimate is most sensitive to gold price. Initiatives have been implemented to reduce the unit operating cost to lessen the potential impact of a lower gold price.
	Mining Factors	2	The Ore Reserve includes an allowance for dilution and ore loss. Production reconciliation is acceptable. Primary ore mining and increased blast bench height have greater dilution and ore loss risk which has been incorporated through higher assumed dilution and ore loss values.
	Metallurgy Factors	2	Plant throughput rates have been demonstrated for all ore types and metallurgical recovery models have been updated to reflect plant performance data.
	Environmental	2	No material environmental issues have been identified. Cyanide, tailings and waste rock controls and practices are of a high standard.
	Infrastructure	1	All required infrastructure is in place.
	Cost Estimates	2	Mine operating experience provides confidence in the cost estimates.
	Revenue Factors	4	Metal price represents a significant uncertainty given the sensitivity of the Ore Reserve to gold price. Stockpiled low grade ore within the Ore Reserve may not be processed later in the mine life if the gold price at the time is materially lower than assumed.
	Market assessment	1	No material risk.
	Economic	3	The project is constructed with no further significant capital expenditure. The primary uncertainty relates to downward metal price movement.
	Social	1	No known issues.
	Classification	1	The Ore Reserve classification reflects the level of confidence in the Modifying Factors and is based on the underlying Mineral Resource classification.