



ASX ANNOUNCEMENT

19 February 2015

2015 Mineral Resource and Ore Reserve estimates summary

PanAust today reported¹ the results of the 2015 Mineral Resource and Ore Reserve estimates as at 31 December 2014 under 'The JORC Code, 2012 Edition' for the Company's minerals assets in Laos, Chile and Papua New Guinea. In summary:

- **Frieda River Mineral Resources incorporated into the 2015 estimates (Appendix 1)**
 - **Horse-Ivaal-Trukai Mineral Resource estimate of 2.1 billion tonnes at an average grade of 0.44% copper and 0.22g/t gold (at a 0.2% copper cut-off); basis for the Frieda River Project study**
 - **Nena Mineral Resource estimate of 45 million tonnes at an average grade of 2.55% copper and 0.60g/t gold (at a 0.3% copper cut-off)**
- **The 2015 Phu Kham open-pit Ore Reserve contained copper and gold largely unchanged after accounting for depletion due to mining during 2014; higher grades offset lower ore tonnes**
- **The 2015 Ban Houayxai open-pit Ore Reserve estimate largely reflects the impact of depletion due to mining during 2014 and lower commodity price assumptions with additional factors including: a revised pit design; and updated metallurgical recovery and Mineral Resource models**

Phu Kham Copper Gold Operation

The total Phu Kham open pit Ore Reserve as at 31 December 2014 (Table 1) was estimated to be 130 million tonnes (Mt) grading 0.52% copper, 0.23g/t gold and 2.1g/t silver at a non-mining break-even cut-off value of US\$8.54/t processed subject to a minimum cut-off grade of 0.20% copper. This open-pit Ore Reserve supports a mine life of seven years assuming an average processing rate of 19.5 million tonnes per annum (Mtpa) on transitional ores and 18Mtpa on predominantly harder primary ore.

A number of inputs have been amended from the previous estimate based on production reconciliation performance and mine design activities. Of these, three are notable:

¹ Disclosure of the 2015 Mineral Resources and Ore Reserves under 'The JORC Code, 2012 Edition' was made in a separate announcement lodged with the Australian Securities Exchange today. This announcement summarises the estimates contained in that announcement. PanAust confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

2013 WINNER
PROJECT DEVELOPMENT
OF THE YEAR



2013 WINNER
SUSTAINABILITY LEADERSHIP
2010/2011 WINNERS
BEST COMMUNITY DEVELOPMENT



2011
LAO PDR LABOUR ORDER CLASS 1
BEST RURAL DEVELOPMENT



2011 WINNER
SOCIAL/COMMUNITY PRESENTED BY
ETHICAL INVESTOR



- Production reconciliation analysis has shown that modelled external dilution from adjacent blocks can be removed from the Ore Reserve estimate. This has resulted in an increase in copper (3%) and gold (<1%) grades and a modest 3Mt reduction in ore tonnes, and when coupled with revised metallurgical recovery models has resulted in a net-increase in contained copper and gold of 5,000 tonnes and 5,000 ounces respectively.
- An updated pit design has decreased the reported Ore Reserve by 5Mt relative to the previous estimate. The updated design is an evolution of prior pit designs but is shallower in the northern pit sector and maintains greater separation from the primary crusher. Subsequent engineering refinements or re-evaluation of risk criteria, particularly late in the mine life, may ultimately result in some of this material being mined.
- The revised pit design is more efficient with 15Mt less waste being mined after adjustment for depletion versus the previous estimate. The strip ratio over the remaining life-of-mine is now 1.5 to 1, which includes the Phu Kham quarry and approximately 2Mt of Inferred Mineral Resources that are assumed as mill feed for internal production planning purposes.

After depletion, Ore Reserve grades have increased 4% for copper and 5% for gold, and ore tonnes have reduced by 7% for minor net-reductions in contained copper and contained gold.

Table 1: Phu Kham 2015 Ore Reserve estimate (as at 31 December 2014)

Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Proved	85	0.55	0.24	1.9
Proved (stockpiles)	3	0.28	0.18	1.4
Probable	42	0.48	0.23	2.3
TOTAL	130	0.52	0.23	2.1

Other factors included in the new estimate include updated metallurgical recovery models based on recent operating experience and revised commodity price assumptions. The Phu Kham open-pit Ore Reserve is relatively insensitive to copper price with no material change to the estimated tonnage and grade at metal prices down to US\$2.75/lb and US\$1,200/oz, which approximates to the 0.2% copper non-mining breakeven cut-off grade that is applied. The Ore Reserve is estimated at a copper price of US\$3.00/lb and gold price of US\$1,200/oz (prior year estimate based on US\$3.20/lb copper and US\$1,300/oz gold).

In the context of commodity price assumptions it is important to note that none of the cost savings and productivity benefits from the recently announced business efficiency review have been incorporated in the latest Ore Reserve estimate.

No material changes are expected to the Phu Kham open-pit life-of-mine schedule that supports the reported Ore Reserve. Therefore production and cost guidance remain unchanged. Copper in concentrate production is expected to progressively increase over the next several years from between 73,000t and 76,000t in 2015 to peak levels of around 90,000 tonnes per year in 2018 and 2019 as copper head grade progressively rises through this period. Gold in concentrate production is expected to peak in 2015 at between 80,000oz and 83,000oz before falling back to historical levels consistent with the average Ore Reserve grade.

Peak life-of-mine material movements are expected to continue through 2015 with a waste to ore strip ratio of 1.9 to 1. Under the current mine plan the strip ratio is scheduled to pull back to approximately 1.7 to 1 in 2016 and 2017 before falling to around 1 to 1 for the balance of the mine life.

The increasing copper production together with a declining strip ratio from 2016 onwards will benefit cash flow.

The 31 December 2014 Ore Reserve excludes the KTL deposit, which was included as part of the Phu Kham Operations estimate at 31 December 2013 for the first time. KTL was planned to be developed as a satellite open-pit and provide approximately 8Mt of mill feed to the Phu Kham concentrator (equivalent to nearly six months of mill capacity). The KTL deposit was removed from the Ore Reserve because, at the time of reporting, production from the deposit was not reasonably justified under the revised commodity price assumptions.

The Mineral Resource estimate for Phu Kham totals 184Mt grading 0.49% copper, 0.22g/t gold and 2.1g/t silver (Appendix 1) at a cut-off grade of 0.2% copper.

Ban Houayxai Gold-Silver Operation

The total Ban Houayxai Ore Reserve as at 31 December 2014 (Table 2) was estimated to be 26Mt grading 0.87g/t gold and 9.2g/t silver at a non-mining break-even cut-off value of US\$12.75/t processed subject to a minimum cut-off grade of 0.30g/t gold. This Ore Reserve supports a mine life of approximately seven years assuming a nameplate processing rate of 4Mtpa on harder primary ore. However, higher processing rates are currently being achieved, albeit on predominantly softer ores.

Table 2: Ban Houayxai Gold-Silver 2015 Ore Reserve estimate (as at 31 December 2014)

Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)
Proved	11	0.92	10.9
Proved (stockpile)	1	0.46	6.7
Probable	14	0.87	8.0
TOTAL	26	0.87	9.2

Variances, aside from mining depletion during 2014, between the 31 December 2014 Ban Houayxai Ore Reserve and the previous estimate are largely a function of lower assumed commodity prices. The Ore Reserve was estimated at a gold price of US\$1,200/oz and silver price of US\$16/oz (prior year estimate based on US\$1,300/oz gold and US\$20/oz silver). The open-pit limit for Ban Houayxai is particularly sensitive to changes in gold prices below US\$1,200/oz and above US\$1,300/oz.

A smaller pit shell has been selected as a result of lower metal price assumptions. This has resulted in a smaller design pit which has reduced the Ore Reserve by nearly 3Mt versus the previous estimate. Lower metal price assumptions and updated metallurgical recovery models have caused a further 2Mt of stockpile to be removed from the Ore Reserve.

The revised open-pit design has resulted in a modest reduction in waste mining requirements with an average life-of-mine waste to ore ratio of 1.9 to 1. The proportion of higher confidence Proved Ore Reserve has increased significantly as a result of infill diamond drilling results. It is also noteworthy that the current Ore Reserve contains similar gold metal and more silver metal than the inaugural Ore Reserve reported for Ban Houayxai in March 2010.

As with Phu Kham, none of the cost savings and productivity benefits that are expected to result from the recently completed business efficiency review are incorporated in the latest Ore Reserve estimate. The envisaged cost savings coupled with a modest increase in the gold price could support a materially larger pit design.

The Mineral Resource estimate for Ban Houayxai totals 42Mt grading 0.85g/t gold and 8.2g/t silver (Appendix 2) at mixed gold cut-off grades (0.25g/t for Oxide material, 0.30g/t for Transitional material and 0.4g/t for Primary material). The reduction in Mineral Resources when compared with the previous estimate largely reflects the overlay, for the 31 December 2014 estimate, of a pit shell constraint based on implied economics at a gold price assumption of US\$1,600/oz together with depletion due to mining during 2014. The prior year estimate was constrained by applying a lower RL (350m) limit.

Frieda River Copper-Gold Mineral Resources

PanAust acquired an 80% interest in the Frieda River Copper-Gold Project in August 2014. The project is a joint venture with Highlands Pacific Limited. The Government of Papua New Guinea has a right to acquire, at sunk cost, up to a 30% interest in the Project, which if exercised to the fullest extent, would result in PanAust holding an ultimate 55% interest in the Project.

The Frieda River Project comprises several deposits and is one of the world's largest undeveloped copper resources. It offers excellent potential for the establishment of a long-life mining operation. PanAust is currently advancing a feasibility study based on a mid-sized starter project that is planned to mine and process the near surface higher grade core of the deposit. The study is expected to be completed in late 2015.

The Horse-Ivaal-Trukai (HIT) deposit is the focus for the feasibility study and contains a total combined Measured, Indicated and Inferred Mineral Resource (Appendix 1) of 2.1 billion tonnes at an average grade of 0.44% copper and 0.22g/t gold (at a 0.2% copper cut-off). The limit of mineralisation at the HIT deposit is not closed off by drilling with potential for extensions both laterally and at depth. The study concept is currently based on an open-pit feeding ore to a conventional flotation processing plant at an average processing rate of approximately 30Mtpa over a 20-year mine life to produce average annual copper and gold in concentrate of 125,000t and 200,000oz. This implied 600Mt mill feed inventory represents less than 30% of the currently identified HIT Mineral Resources. Production in the earlier years is expected to be above the average as softer mineralisation will lead to higher processing rates.

Several satellite deposits are also known including the high-grade Nena deposit which contains a total combined Indicated and Inferred Mineral Resource of 45Mt at an average grade of 2.55% copper and 0.60g/t gold (at a 0.3% copper cut-off).

KTL Copper-Gold Mineral Resource

No change to those reported as at 31 December 2013 (Appendix 1).

LCT Gold-Silver-Copper Mineral Resource

No change to those reported as at 31 December 2013 (Appendix 2).

Inca de Oro Copper-Gold Mineral Resource

No change to those reported as at 31 December 2013 (Appendix 1).

Carmen Copper-Gold Mineral Resource

No change to those reported as at 31 December 2013 (Appendix 1).

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Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding financial, production and cost performances, potential mineralisation, exploration results and future expansion plans and development objectives of PanAust Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Appendix

Appendix 1: 2014 Copper-Gold Mineral Resources (as at 31 December 2014)

Laos

MINERAL RESOURCES	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Phu Kham (0.2% copper cut-off)	Measured	100	0.54	0.23	1.9
	Measured (stockpiles)	3	0.28	0.18	1.4
	Indicated	70	0.45	0.21	2.3
	Total M+I	173	0.50	0.22	2.1
	Inferred	12	0.37	0.21	1.9
	TOTAL	184	0.49	0.22	2.1
MINERAL RESOURCES	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
KTL (0.5% copper cut-off)	Measured	9	1.13	0.57	3.4
	Indicated	10	0.78	0.27	3.9
	Total M+I	19	0.94	0.41	3.7
	Inferred	<1	0.52	0.02	0.3
	TOTAL	19	0.94	0.41	3.7

Papua New Guinea

MINERAL RESOURCES	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Horse-Ivaal-Trukai (0.2% copper cut-off)	Measured	780	0.51	0.28	-
	Indicated	410	0.44	0.20	-
	Total M+I	1,190	0.49	0.25	-
	Inferred	920	0.39	0.17	-
	TOTAL	2,110	0.44	0.22	-
MINERAL RESOURCES	Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Silver Grade (g/t)
Nena (0.3% copper cut-off)	Measured	-	-	-	-
	Indicated	33	2.81	0.65	-
	Total M+I	33	2.81	0.65	-
	Inferred	12	1.84	0.45	-
	TOTAL	45	2.55	0.60	-

Appendix 1 (cont.): 2014 Copper-Gold Mineral Resources (as at 31 December 2014)

Chile

MINERAL RESOURCES (heap leach)	Category	Tonnes (Mt)	Copper Grade Soluble (%)		
Inca de Oro Oxide and Mixed (0.25% copper cut-off)	Measured	11	0.22		
	Indicated	54	0.23		
	Total M+I	64	0.22		
	Inferred	7	0.14		
	TOTAL	71	0.20		
MINERAL RESOURCES (flotation)	Category	Tonnes (Mt)	Copper Grade Total (%)	Gold Grade (g/t)	Silver Grade (g/t)
Inca de Oro Supergene and Primary (0.25% copper cut-off)	Measured	186	0.44	0.13	2.0
	Indicated	126	0.35	0.08	1.7
	Total M+I	312	0.41	0.11	1.8
	Inferred	77	0.30	0.06	1.4
	TOTAL	389	0.39	0.10	1.7
Carmen Transitional and Primary (0.25% copper cut-off)	Measured	5	0.33	0.42	1.1
	Indicated	7	0.35	0.43	1.3
	Total M+I	12	0.34	0.43	1.2
	Inferred	34	0.34	0.31	1.0
	TOTAL	46	0.34	0.34	1.0

Appendix 2: 2014 Gold-Silver Mineral Resources (as at 31 December 2014)

Laos

MINERAL RESOURCES	Category	Tonnes (Mt)	Gold Grade (g/t)	Silver Grade (g/t)	Copper Grade (%)
Ban Houayxai Oxide (0.25g/t gold cut-off grade)	Measured	1	0.53	3.7	-
	Indicated	6	0.63	3.8	-
	Total M+I	6	0.62	3.8	-
	Inferred	<1	0.43	1.6	-
	Sub-total	7	0.61	3.7	-
Ban Houayxai Transitional (0.30g/t gold cut-off grade)	Measured	4	0.71	9.2	-
	Indicated	8	0.78	9.1	-
	Total M+I	12	0.76	9.2	-
	Inferred	<1	0.49	5.0	-
	Sub-total	12	0.76	9.1	-
Ban Houayxai Primary (0.40g/t gold cut-off grade)	Measured	7	1.06	11.5	-
	Indicated	14	1.05	9.1	-
	Total M+I	21	1.05	9.9	-
	Inferred	<1	0.84	3.1	-
	Sub-total	21	1.05	9.9	-
Total Ban Houayxai	Measured	12	0.91	10.2	-
	Measured (stockpiles)	3	0.37	3.9	-
	Indicated	27	0.88	8.0	-
	Total M+I	42	0.85	8.3	-
	Inferred	<1	0.47	2.2	-
	TOTAL	42	0.85	8.2	-
MINERAL RESOURCES	Category	Tonnes (Mt)	Gold Grade (g/t)	Silver Grade (g/t)	Copper Grade (%)
Long Chieng Track (LCT) (0.30g/t gold cut-off)	Measured	7	0.72	4.0	0.02
	Indicated	12	0.81	5.2	0.05
	Total M+I	19	0.78	4.7	0.04
	Inferred	11	0.72	2.4	0.15
	TOTAL	31	0.76	3.9	0.08

- This summary of the Ore Reserves and Mineral Resources should be read in conjunction with the comprehensive report '2015 Mineral Resource and Ore Reserve Statements' which was lodged by PanAust Limited with the Australian Securities Exchange on 19 February 2015.
- 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% beneficial interest in Frieda River; a 61.3% beneficial 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 and US\$1,200/oz gold and reflects the non-mining break-even value of US\$8.54/t processed subject to a minimum cut-off grade of 0.20% copper.
- The Ban Houayxai Ore Reserve is estimated at a gold price of US\$1,200/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.