

Ban Houayxai Project Approved – operation to produce over 100,000 ounces of gold and 700,000 ounces of silver per annum

PanAust is pleased to announce that the Board of Directors has approved the development of the Ban Houayxai Gold-Silver Project in Laos (Figure 1). The successful Feasibility Study was based on an open pit mining operation feeding ore to a conventional 4Mtpa Carbon In Leach (CIL) process plant to produce over 100,000 ounces of gold and 700,000 ounces of silver per annum.

The Mineral Resource (Table 1) has been estimated at 42.7Mt grading 1.1g/t gold and 8.0g/t silver for 1.6 million ounces of contained gold and 11 million ounces of silver. The total Ore Reserve (Table 2) has been estimated at 28Mt of ore grading 0.8g/t gold and 6.8g/t silver.

The Feasibility Study was used as a basis for an Investment Case mining schedule presented to the Board, based on a larger pit shell to the Ore Reserve, and comprising 32.4Mt grading 1.0g/t gold and 8.4g/t silver. The Investment Case pit shell includes higher grade primary inferred mineral resources for over one million ounces of contained gold and nearly nine million ounces of contained silver.

Under the Investment Case, no inferred mineral resources are scheduled to be mined in the first six years of the initial eight-year mine life. There is a high degree of confidence that an ongoing drill program will continue to identify additional resources and convert in-pit inferred mineral resources to the measured and indicated categories for inclusion in the Ore Reserve.

Ban Houayxai is owned by PanAust's 90% held subsidiary in Laos, Phu Bia Mining. Under the schedule for government approvals and construction, commissioning is targeted for the December quarter 2011 with steady state gold production in the March quarter of 2012.

Ban Houayxai Gold-Silver Project, key project parameters:

Investment Case	32.4Mt at 1.0g/t gold and 8.4g/t silver
Waste:Ore strip ratio	Less than 1.5:1, no pre-strip required
Process plant	Carbon in leach, 4Mtpa throughput capacity
Average annual production	Over 100,000oz gold and 700,000oz silver
Recovery rates	Gold: recovery range is 80% to 94% with an average of 87% over the life of the mine Silver: average recovery 70% with only minor variation across mineralisation types
Mine Life	Minimum 8 years, mineralisation is open at depth and to the west
Pre-development Capital	US\$16M, approved November 2009
Development Capital	US\$134M, includes 10% contingency
Cash Operating Cost ¹	Between US\$400/oz and US\$450/oz gold

¹ Before royalty, assumes silver by-product credit at US\$13/oz

Cash costs (net of silver by-product credit and excluding royalty) are expected to range between US\$400/oz and US\$450/oz of gold respectively. The development cost is estimated at circa US\$134M, subject to detailed design work, and includes a contingency of 10%. Pre-development capital of US\$16M was approved by the PanAust Board in November 2009, mainly for the establishment of a new access road to the Ban Houayxai site, plant site earthworks and construction camp.

PanAust Managing Director, Gary Stafford said “Development of Ban Houayxai is the next stage of growth for PanAust which has a pipeline of projects targeted at doubling production over the next five years.”

“We anticipate that at prevailing copper and gold prices the Ban Houayxai development can be funded through PanAust’s cash flow. In addition, the Company is in the process of negotiating US\$100 million of debt facilities for Phu Bia Mining, which will enhance funding flexibility across the PanAust Group.”



Major earth works at Ban Houayxai are well advanced; process plant area

The Project

The Ban Houayxai gold-silver deposit is located approximately 25km west of PanAust’s flagship Phu Kham Copper-Gold Operation in Laos.

Major earthworks, in preparation for camp construction and initial civil works, are underway at Ban Houayxai following Government of Laos approval for these works to be completed before the 2010 wet season. Major construction work and operations will be subject to Government of Laos acceptance of the Environmental and Social Impact Assessment (ESIA) which will be lodged in early April.

The deposit remains open at depth and to the west. Resource development drilling is continuing aimed at delineating both additional near surface oxide mineralisation and upgrading the resource categorisation of deeper primary mineralisation with the aim of extending mine life beyond 10 years.

The Ban Houayxai Gold-Silver Project will consist of an open pit mine supplying ore to a crushing and grinding (SAG and ball mill) circuit with gold recovery via a combined gravity and CIL process plant with nameplate throughput of 4Mtpa on a transitional/primary ore blend.

Inclusion of a 26 foot diameter 6.5MW high-aspect SAG mill represents the main design change to the process flow sheet during the feasibility study and is the main reason for the increase in development capital since the pre-feasibility study was completed. It is envisaged that on a blend of oxide/transitional ores that mill throughput rates of up to 5Mtpa will be attainable. However, the comminution circuit was sized to treat harder transitional and primary ores, which represents the bulk of the mill feed under the Investment Case schedule and supports PanAust's confidence in adding further primary mineralisation tonnes to the resource base.

The open pit mine will be a conventional truck and shovel operation. The life-of-mine strip ratio based on the current mine plan is less than 1.5:1. No pre-stripping of the deposit is required. The equipment fleet will consist of ten 92-tonne capacity dump trucks, two 100-tonne excavators and an associated ancillary fleet. The mining equipment will be similar to the existing fleet at Phu Kham to ensure standardisation of maintenance components and procedures between the two sites.

The grinding circuit includes a gravity concentrator to recover coarse gold. The amount of gold recovered in the gravity circuit varies by ore type but can be as high as 35% of the total gold recovery. The overall gold recovery is expected to average 87% over the life of the mine, with silver recovery averaging approximately 70%. Higher recoveries are envisaged when oxide ore is processed.

The Project development will include construction of a new access road and a power line spur connected to the grid near the town of Vang Vieng, approximately 30kms west of the project.

An accommodation camp will be constructed for the majority of the workforce, which is estimated to total 526 during steady state operations and up to 630 during construction.

Raw water for the process plant will be sourced from the adjacent Nam Ngum 2 reservoir.

Detailed engineering of the process plant and procurement including that for long lead equipment items will be undertaken by AMEC Minproc. Construction management of the process plant and all site works will be managed by PanAust.

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Table 1: Ban Houayxai Gold-Silver Mineral Resources²:

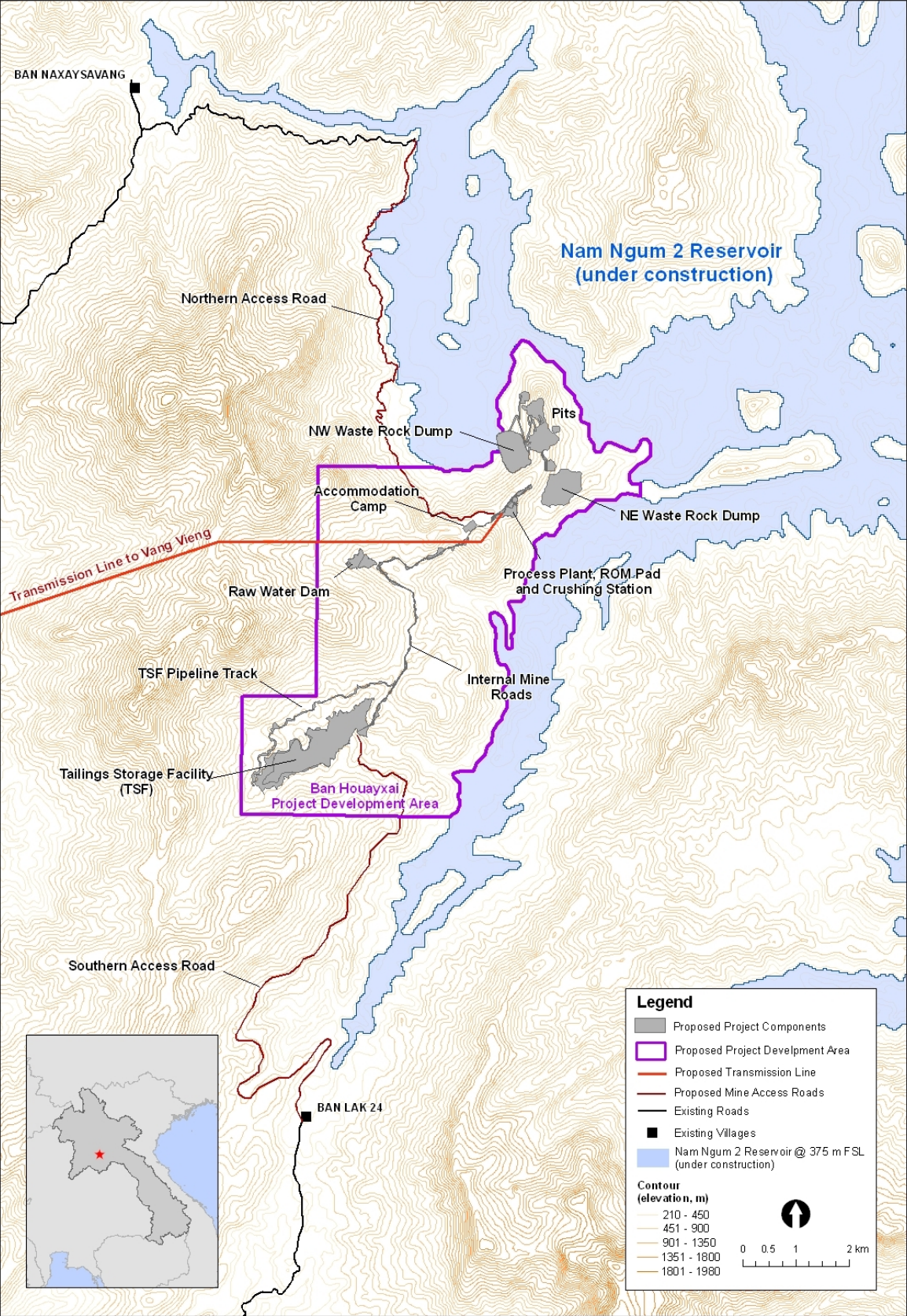
Mineral Resources	Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)	Gold in-situ (000oz)	Silver in-situ (000oz)
Oxide/Transitional @ 0.4g/t gold cut-off grade	Measured	5.7	1.05	5.54	190	1,020
	Indicated	15.5	0.91	7.05	450	3,520
	Inferred	1.7	0.82	4.80	40	260
	SUB-TOTAL	22.9	0.94	6.51	680	4,800
Primary @ 0.7g/t gold cut-off grade	Indicated	4.1	1.47	10.18	190	1,340
	Inferred	15.7	1.35	9.66	680	4,880
	SUB-TOTAL	19.8	1.37	9.77	870	6,220
Combined Oxide/Transitional/ Primary Resources	Measured	5.7	1.05	5.54	190	1,020
	Indicated	19.6	1.03	7.70	650	4,860
	Inferred	17.4	1.30	9.19	730	5,140
	TOTAL	42.7	1.14	8.02	1,570	11,020

Table 2: Ban Houayxai Gold-Silver Ore Reserves:

Ore Reserves	Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)	Cont. Gold (000oz)	Cont. Silver (000oz)
Price assumptions: Gold US\$900/oz Silver US\$13/oz	Proved	8	0.85	5.2	210	1,300
	Probable	20	0.80	7.4	520	4,800
	TOTAL	28	0.81	6.8	730	6,100

² The Mineral Resources were estimated using a geologically constrained model and indicator kriging at the stated cut-off grades. Grades and tonnes are rounded to one decimal place. Rounding may cause minor computational discrepancies. The Mineral Resources are reported on a 100% basis. PanAust has a 90% beneficial interest.

Figure 1: Ban Houayxai Project layout



Competent Person Statements

The data in this report that relates to Ban Houayxai Mineral Resources is based on information reviewed by Mr Dan Brost who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Brost is a full time employee of PanAust Limited. Mr Brost has sufficient experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Brost consents to the inclusion in the report of the Ban Houayxai gold-silver Mineral Resources in the form and context in which they appear.

The data in this report that relates to Ban Houayxai Ore Reserves is based on information compiled by Mr Chris Desoe who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Desoe is a full time employee of Australian Mine Design and Development Pty Ltd. Mr Desoe has sufficient experience relevant to the styles of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Mr Desoe consents to the inclusion in the report of the Ban Houayxai gold-silver Ore Reserves in the form and context in which they appear. Mr Desoe is not responsible for statements relating to the Investment Case adopted for the Project.

Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast production performances, potential mineralisation, resources and reserves, 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.