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ASX ANNOUNCEMENT
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High-grade zone delineated at the Phonsavan Copper-Gold Project, Laos

Scope defined for the pre-feasibility study

PanAust is pleased to report the latest drill results confirm a relatively high-grade zone within the resource envelope at the Phonsavan Copper-Gold Project in northern Laos (Figure 1). Significant intersections are tabulated below:

Table 1

Hole No.	From (m)	Interval (m)	Copper (%)	Gold (g/t)	Silver (g/t)
KDD190	34	**36**	**0.95**	**0.18**	**18.9**
KDD194	12	**14**	**1.31**	**1.24**	**11.9**
KDD195	32	**10**	**0.98**	**0.36**	**7.3**
KDD196	186	**32**	**0.99**	**0.27**	**3.3**
KDD200	118	**10**	**1.23**	**0.82**	**7.7**
	140	**16**	**1.08**	**0.47**	**7.9**
KDD204	54	**24**	**0.82**	**0.35**	**10.8**
KDD205	140	**22**	**1.01**	**0.20**	**3.0**
KDD207	160	**34**	**1.05**	**0.46**	**2.9**
KDD209	130	**36**	**1.56**	**0.96**	**3.3**

A complete tabulation of the latest drill intersections at KTL and Tharkhek are in Table 2 at the end of this report.

The drill program is part of a pre-feasibility study program aimed at infilling and extending the identified mineral resource at the KTL deposit and defining an initial resource at the nearby Tharkhek deposit.

Scope of the pre-feasibility study

The Project is focused on the KTL copper-gold deposit (Figure 2) which is located approximately 6 kilometres from the town of Phonsavan in the northern part of the Company's prospective 2,600 square kilometre Contract Area in Laos. KTL contains an estimated Indicated and Inferred Mineral Resource of 89 million tonnes grading 0.44% copper, 0.18g/t gold and 1.7g/t silver (Table 3). The recent results will be incorporated into an updated geological resource model which is due to be completed during the March quarter 2013.

A pre-feasibility study commenced in the June quarter 2012 with completion scheduled for the June quarter 2013. The scope of the study is for the development of an open pit mining operation feeding ore to a conventional milling and flotation process plant with an annual processing capacity of between six and seven million tonnes and output of approximately 25,000tpa copper and 20,000ozpa of gold in concentrate over a mine life of approximately 10 years. The higher grade zone may provide an opportunity for increased metal production rates during the early part of the mine schedule.

Subject to ongoing success with drilling and evaluations, a full feasibility study is expected to be completed in the second half of 2013. The studies will consider the potential to add further mineralisation sourced from deposits in the area including the Tharkhek copper-gold and gold deposits. Subject to a successful outcome to the feasibility study and a two-year construction phase, commissioning and production could commence in late 2015.

The strata-bound mineralisation at KTL occurs close to surface, extends over a strike length of over two kilometres and dips to the south at approximately 40 degrees. This is expected to result in a waste to ore strip ratio of less than 2:1.

Based on PanAust's experience in developing operations in Laos, it is expected that the capital cost for developing the Phonsavan Project will be very competitive compared to industry norms and within a range of US$200 million to US$300 million.

The majority (85%) of the stated Mineral Resource is primary mineralisation and preliminary metallurgical test work indicates that recoveries of 80% to 85% for copper and 50% for both gold and silver can be achieved.

The Project benefits from access to existing infrastructure including grid power and sealed roads. The nearby town of Phonsavan (population approximately 55,000) is expected to be able to provide a workforce. The potential route for export of concentrate is by road to the coast in Vietnam, approximately 250 kilometres to the east. PanAust recently successfully trialled export of concentrate from its Phu Kham Copper-Gold Operation via a port in Vietnam as an alternative export route for that Operation.

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Figure 1: Phonsavan Copper-Gold Project location

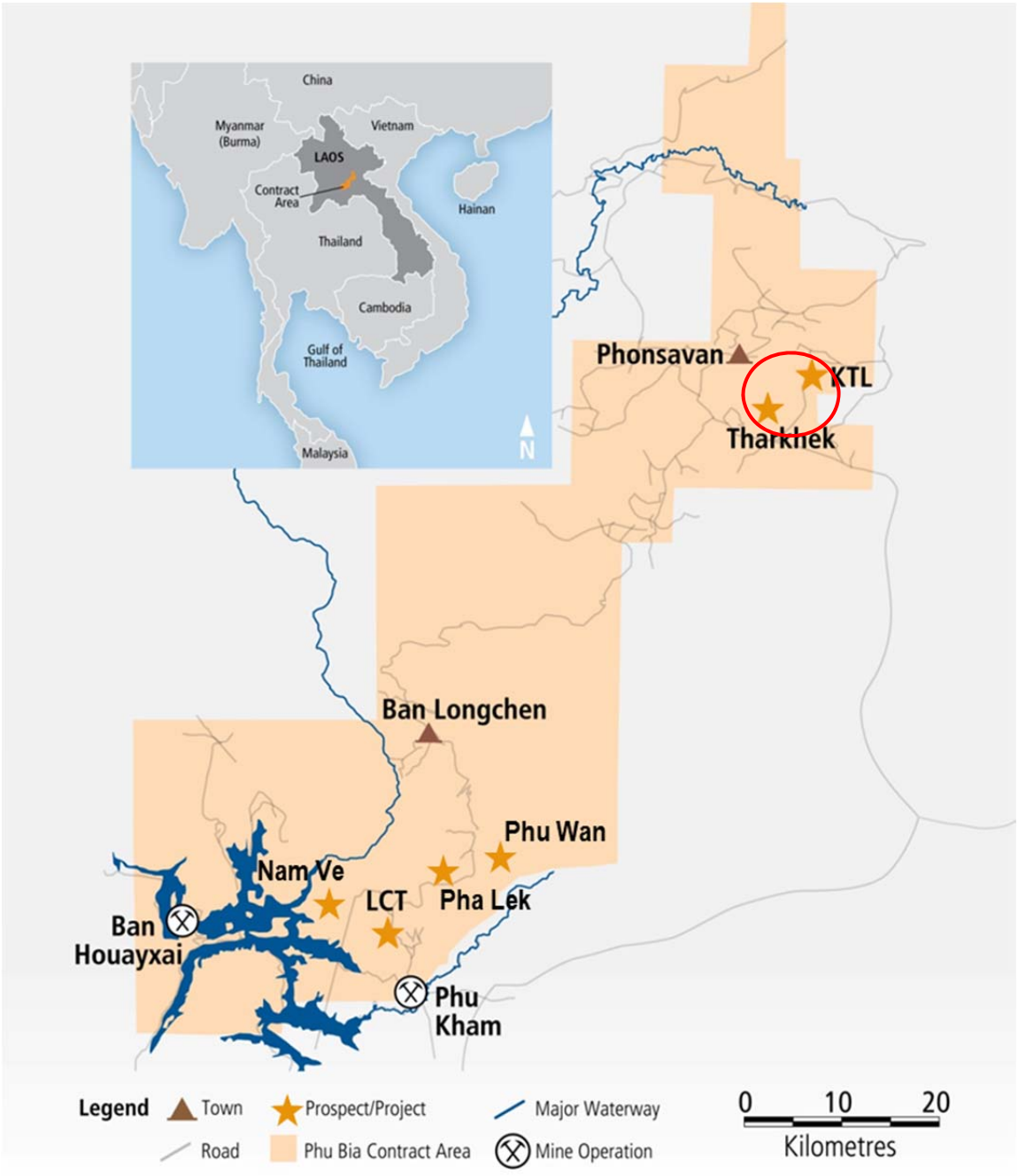

Figure 2: Aerial photograph of the KTL deposit

Table 2: Phonsavan Copper Project; significant drill intersections

Hole No.	Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
KTL copper-gold deposit:								
KDD180	397.5m -60 to 000	320302	2149497	184.0 196.0	8.0 6.0	0.31 0.36	0.06 0.13	2.0 1.8
KDD181	188.0m -60 to 000	320550	2149984	44.0	54.0	1.11	0.75	2.0
KDD182	272.0m -60 to 000	320455	2149954	66.0 92.0	16.0 38.0	0.48 1.08	0.16 0.35	3.3 2.7
KDD184	114.5m -60 to 000	319254	2150098	38.0	22.0	0.98	0.19	5.7
KDD185	226.8m -60 to 000	320051	2149867	2.0	10.0	0.51	0.17	0.9
KDD186	84.0m -60 to 000	319351	2150144	0.0 24.0	10.0 20.0	0.45 0.57	0.27 0.05	1.9 0.7
KDD187	101.7m -60 to 000	319454	2150086	0.0 18.0 38.0	10.0 14.0 12.0	0.33 1.12 1.17	0.33 0.73 0.03	0.2 1.0 1.2
KDD188	303.2m -60 to 000	319953	2149703	48.0 102.0 149.0	40.0 12.0 50.0	0.41 0.33 0.67	0.23 0.15 0.04	3.5 2.8 1.9
KDD189	127.5m -60 to 000	319451	2149989	24.0	40.0	0.44	0.10	2.0
KDD190	117.3m -60 to 000	319056	2150042	34.0	36.0	0.95	0.18	18.9

Hole No.	Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
KDD191	78.0m -60 to 000	319549	2150052	0.0 18.0	10.0 22.0	0.22 0.61	0.34 0.01	0.4 0.2
KDD192	162.0m -60 to 000	319107	2149996	20.0 112.0	6.0 8.0	0.42 0.36	0.13 0.07	4.5 0.9
KDD193	60.0m -60 to 000	318955	2150075	10.0	8.0	0.41	0.06	0.5
KDD194	185.5m -60 to 000	320149	2149707	12.0 86.0 116.0 126.0	14.0 8.0 4.0 4.0	1.31 0.43 0.38 0.34	1.24 0.23 0.23 0.09	11.9 3.0 1.9 1.4
KDD195	123.3m -60 to 000	318953	2149989	32.0	10.0	0.98	0.36	7.3
KDD196	351.8m -60 to 000	320655	2149853	116.0 166.0 186.0 218.0	6.0 10.0 32.0 14.0	0.78 0.52 0.99 0.16	0.67 0.33 0.27 0.41	4.6 4.4 3.3 1.0
KDD197	137.5m -60 to 000	320149	2149798	24.0 62.0	4.0 10.0	0.33 0.42	0.13 0.12	2.1 2.3
KDD199	300.6m -60 to 000	320852	2149716	56.0 88.0 140.0 212.0 254.0	8.0 4.0 6.0 8.0 22.0	0.55 0.44 0.44 1.01 0.36	0.15 0.14 0.11 0.18 0.73	2.1 0.9 2.9 3.0 1.1
KDD200	319.7m -60 to 000	320753	2149809	118.0 140.0 172.0 196.0 232.0	10.0 16.0 4.0 8.0 12.0	1.23 1.08 0.43 0.57 0.85	0.82 0.47 0.94 0.17 0.45	7.7 7.9 3.3 2.3 2.5
KDD201	319m -60 to 000	320750	2149712	24.0 42.0 136.0 174.0 186.0 256.0	6.0 12.0 6.0 6.0 12.0 8.0	0.52 0.43 0.32 0.65 0.40 0.32	0.04 0.18 0.03 0.28 0.13 0.15	1.5 3.9 2.3 4.0 2.5 2.4
KDD202	133.1m -60 to 000	319546	2149947	18.0 82.0	28.0 4.0	0.43 0.40	0.38 0.03	2.4 3.7
KDD203	277m -60 to 000	320650	2149771	142.0 192.0 212.0	8.0 14.0 12.0	0.73 0.39 0.72	0.48 0.61 3.19	4.9 3.5 4.3
KDD204	164m -60 to 000	319254	2149991	54.0	24.0	0.82	0.35	10.8
KDD205	323m -60 to 000	320450	2149796	140.0	22.0	1.01	0.20	3.0
KDD206	196m -60 to 000	320051	2149740	20.0 102.0	10.0 14.0	0.43 0.50	0.12 0.13	4.0 2.7

Hole No.	Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
KDD207	308.3m	320558	2149795	64.0	18.0	0.53	0.25	4.0
	-60 to 000			88.0	4.0	0.31	0.18	2.7
				98.0	16.0	0.31	0.16	2.4
				160.0	34.0	1.05	0.46	2.9
				Incl.:				
				160.0	10.0	1.55	0.56	5.1
				176.0	16.0	0.85	0.53	2.2
				278.0	6.0	0.42	0.01	2.6
KDD208	188.8m	319943	2149837	34.0	5.0	0.69	0.05	2.3
	-60 to 000			48.0	14.0	0.50	0.43	1.7
KDD209	291.4m	320457	2149875	130.0	36.0	1.56	0.96	3.3
	-60 to 000			Incl.:				
				130.0	22.0	2.18	1.34	4.7
				158.0	18.0	0.52	0.86	1.3
				Incl.:				
				172.0	4.0	0.49	1.10	1.8
KDD210	159.6m	319355	2149940	90.0	8.0	0.99	0.39	5.5
	-60 to 000			104.0	34.0	0.45	0.12	2.2
KDD211	167.9m	320255	2150007	6.0	12.0	1.40	0.66	5.2
	-60 to 000							
KDD212	139.5m	320355	2149993	2.0	4.0	0.41	0.01	0.2
	-60 to 000			12.0	4.0	0.52	0.10	1.1
				50.0	4.0	1.59	0.84	4.0
KDD213	297.0m	319448	2149876	122.0	18.0	0.35	0.11	1.4
	-60 to 000			150.0	6.0	0.33	0.03	2.8
				246.0	12.0	0.43	0.05	4.0
KDD215	170.9m	320452	2150022	12.0	50.0	0.81	0.26	2.3
	-60 to 000			Incl.:				
				36.0	14.6	1.27	0.65	3.1
				82.0	4.0	0.54	0.01	3.0
KDD218	172.8m	320502	2150016	16.0	6.0	0.59	0.05	3.7
	-60 to 000			34.0	22.0	1.08	0.27	4.9
				64.0	4.0	0.21	0.34	0.3
				104.0	6.0	0.66	0.14	3.5
KDD220	254.6m	319749	2149716	96.0	12.0	0.31	0.13	2.4
	-60 to 000							
KDD223	114.0m	320902	2149875	30.0	4.0	1.04	0.29	3.8
	-60 to 000			64.0	4.0	1.05	8.93	3.0
KDD224	182.9m	320799	2149889	22.0	8.0	1.13	0.92	9.6
	-60 to 000			56.0	8.0	0.49	0.24	2.2
				76.0	12.0	1.01	0.47	5.1
				148.0	4.0	1.97	0.40	4.3
KDD226	129.0m	320147	2149992	76.0	14.0	0.47	0.01	10.2
	-60 to 000							
KDD227	106.6m	320150	2149897	4.0	6.0	0.33	0.24	2.0
	-60 to 000			28.0	11.0	0.58	0.17	1.9
				50.0	16.0	0.75	0.20	4.0

Hole No.	Depth of hole Orientation	Easting WGS84 (m)	Northing WGS84 (m)	From (m)	Interval (m)	Copper grade (%)	Gold grade (g/t)	Silver grade (g/t)
Tharkhek copper-gold:								
TDK137	130m -60 to 000	315051	2147398	45.0 65.0	12.0 14.0	1.08 0.59	0.19 0.03	5.2 3.2
TDK138	220m -60 to 000	315102	2147355	89.0 105.0	10.0 18.0	1.15 0.41	0.26 0.05	4.3 1.4
TDK139	256m -60 to 000	315149	2147343	158.0	7.0	0.36	0.02	2.4
TDK140	203m -60 to 000	315148	2147394	86.0	13.0	0.53	0.14	2.3
TDK141	123m -60 to 000	315103	2147463	8.0	14.0	0.54	0.09	2.1
TDK143	147m -60 to 000	315150	2147463	10.0	38.0	0.87	0.16	5.2
Tharkhek gold:								
TDK144	196m -60 to 180	314703	2147405	113.0	9.0	0.01	2.89	0.5
TDK146	188m -60 to 180	314679	2147384	110.0	4.0	0.06	1.41	0.4

Intersection grades are down-hole length weighted calculations using a 0.3% copper or 0.3g/t cut-off and a maximum sub-grade interval of 4m.

Table 3: KTL Mineral Resources (0.25% copper cut-off)

Category	Tonnes (Mt)	Copper Grade (%)	Gold Grade (g/t)	Ag Grade (g/t)
Indicated	77	0.46	0.19	1.7
Inferred	12	0.34	0.12	1.3
TOTAL	**89**	**0.44**	**0.18**	**1.7**

Reported on a 100% equity basis. PanAust has a 90% beneficial interest in KTL.

Notes for drill hole data

Drill directions are nominally orientated for true width intersection of target mineralisation. Mineralised intercepts are approximately true width unless otherwise noted.

Diamond drill core samples submitted for analysis are typically taken at nominal two metre intervals. However, sample boundaries may be adjusted for changes in the oxidation tenor, lithology or core size. All DD samples are collected as half core unless otherwise stated. A field duplicate is obtained for a pre-nominated sample by quarter coring the designated half core sample to be submitted for assay. All DD sampling is undertaken using the triple tube method. Matrix matched standard reference material is submitted every 20 samples. All samples were prepared at ALS Vientiane (Prep-31), analysed for gold by 50g Fire Assay (Au-AA26) at ALS in Vientiane or Brisbane and subject to an aqua regia digest with ICP-AES finish for all other elements at ALS Perth or Brisbane (ME-ICP41).

Competent Person Statement

The data in this report that relates to Phonsavan drilling results are based on information reviewed by Mr Dan Brost who is a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy (MAusIMM(CP)). 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 Phonsavan drilling results in the form and context in which they appear.

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 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.