

ASX ANNOUNCEMENT
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Drilling extends Ban Houayxai gold-silver mineralisation

Latest results from the Ban Houayxai Gold-Silver Project (Figure 1) feasibility study drill program have extended the known mineralisation along strike and at depth to the northwest and to the south (Table 1 and Drill Plan 1).

The latest drill results in the northwest of the deposit include intersections of:

- HDD090: 8m at 5.5g/t gold and 51.2g/t silver from 36m; and 39m at 2.8g/t gold and 6.4g/t silver from 57m
- HDD084: 39m at 0.9g/t gold and 9.4g/t silver from 62m; and 22.7m at 1.8g/t gold and 10.9g/t silver from 106m
- HDD094: 17m at 3.3g/t gold and 27.5g/t silver from surface.

The objective of the drilling in the northwest is to follow up on high-grade, shallow gold intercepts in colluvium identified previously. These latest results extend this zone of mineralisation to the north and west, as well as to depths of over 100m into deeper primary material.


In the south of the deposit core hole HDD091 was drilled as a twin of previously announced reverse circulation hole HRC275 that intersected 84m at 0.9g/t gold and 6.5g/t silver from surface and extended the known mineralisation to the south in this area.

- HDD091: 24.4m at 0.4g/t gold and 3.7g/t silver from 1.6m; 87m at 1.1g/t gold and 6.0g/t silver from 35m; and 57m at 1.6g/t gold and 17.2g/t silver from 141m, including:
 - 7m at 6.0g/t gold and 25.8g/t silver from 143m

Further drill holes are planned in the vicinity of HDD091 as part of the feasibility study drilling. The aim of this 14,000-metre program, which commenced in February 2009, is to increase the size of the oxide-transitional Mineral Resource and to increase the proportion of mineralisation in the Measured and Indicated categories. Five drill rigs are currently in operation at Ban Houayxai and at the end of May the program was 70% complete and should be completed by the end of July 2009.

PanAust is undertaking a feasibility study focused on the initial open-pit mining and carbon-in-leach (CIL) processing of the outcropping oxide and near-surface transitional mineralisation. The feasibility study work is scheduled to be completed by the end of 2009 for reporting in the March quarter 2010.

The Ban Houayxai pre-feasibility study completed in October 2008 identified the potential to develop a low-cost operation with an annual production of 100,000oz to 130,000oz of gold and 700,000oz to 800,000oz of silver over a minimum six-year mine life.



These levels of production would result in PanAust's total annual gold production rising from the 2009 forecast of between 65,000oz and 75,000oz, to approximately 190,000oz and silver production rising to over 1,000,000oz. If PanAust commits to the development of Ban Houayxai, the Company's ratio of revenue from gold and silver to revenue from copper would be approximately 40:60 (assumes US\$1.75/lb copper, US\$900/oz gold and US\$12.5/oz silver).

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Table 1: Ban Houayxai significant drill results

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)	Comments
HDD077 92m -60 to 180	0.0	8.0	0.6	1.4	
HDD083 171m -60 to 180	51.0 84.0	27.0 11.0	0.9 0.5	7.1 2.8	
HDD084 225m -60 to 180	0.0 62.0 106.0 136.6 162.0 183.0	10.0 39.0 22.7 19.4 16.0 11.0	0.6 0.9 1.8 0.4 0.4 0.7	2.1 9.4 10.9 7.0 4.7 11.5	
HDD090 197m -60 to 180	0.0 36.0 57.0 102.0 121.0 133.0 145.0 164.0	14.0 8.0 39.0 7.0 2.0 7.0 9.0 8.0	0.5 5.5 2.8 0.4 1.1 0.7 0.4 1.9	3.4 51.2 6.4 1.7 2.9 2.8 3.8 10.6	
HDD091 238m -60 to 180	1.6 35.0 141.0	24.4 87.0 57.0	0.4 1.1 1.6	3.7 6.0 17.2	
HDD094 114m -60 to 180	0.0	17.0	3.3	27.5	
HRC272 68m -60 to 180	0.0	47.0	0.6	21.6	
HRC273 65m -60 to 180	58.0	3.0	2.1	7.4	
HRC274 90m -60 to 180	0.0	32.0	0.6	1.1	
HRC276 100m -60 to 180	30.0 42.0 61.0 74.0	4.0 2.0 7.0 3.0	0.9 0.4 0.5 0.7	1.1 0.5 0.8 0.7	
HRC279 57m -60 to 180	2.0	11.0	1.6	4.8	
HRC282 100m -60 to 180	12.0 45.0	2.0 7.0	1.3 0.6	2.6 0.9	

Hole No. Depth of hole Orientation	From (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)	Comments
HRC283 60m -60 to 180	38.0	22.0	1.0	16.7	Hole ended in >0.5g/t gold and > 3.0g/t silver mineralisation
HRC284 67m -60 to 180	6.0 23.0 63.0	8.0 13.0 4.0	0.6 0.6 0.6	1.2 9.5 2.9	Hole ended in >0.7g/t gold and > 2.0g/t silver mineralisation
HRC285 118m -60 to 180	0.0 111.0	6.0 7.0	0.5 0.9	0.1 30.8	
HRC286 85m -60 to 180	0.0 81.0	29.0 4.0	1.1 0.4	4.2 1.6	Hole ended in >0.5g/t gold and > 1.0g/t silver mineralisation
HRC290 60m -60 to 180	0.0 25.0	7.0 35.0	0.5 0.9	1.1 7.0	Hole ended in >0.7g/t gold and > 3.0g/t silver mineralisation
HRC298 50m -60 to 180	0.0	19.0	0.9	8.6	
HRC300 90m -60 to 180	0.0	10.0	1.3	4.3	
HRC306 90m -60 to 180	0.0 27.0	21.0 26.0	0.5 0.5	3.1 5.3	

Intersection grades are down-hole length weighted calculations using a cut-off grade of 0.3g/t gold.
Grades are rounded to one decimal place.

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 potential mineralisation, mineral resources, exploration results and future 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.

Competent Person Statement

The data and discussion in this report that relates to exploration results and the Mineral Resource for the Ban Houayxai gold-silver deposit are based on information reviewed by Mr Daniel 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 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 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 data and discussion that relates to the exploration results and Mineral Resource for the Ban Houayxai gold-silver deposit in the form and context in which it appears.

Drill Plan 1: Drill collar locations for significant intercepts from the latest drilling

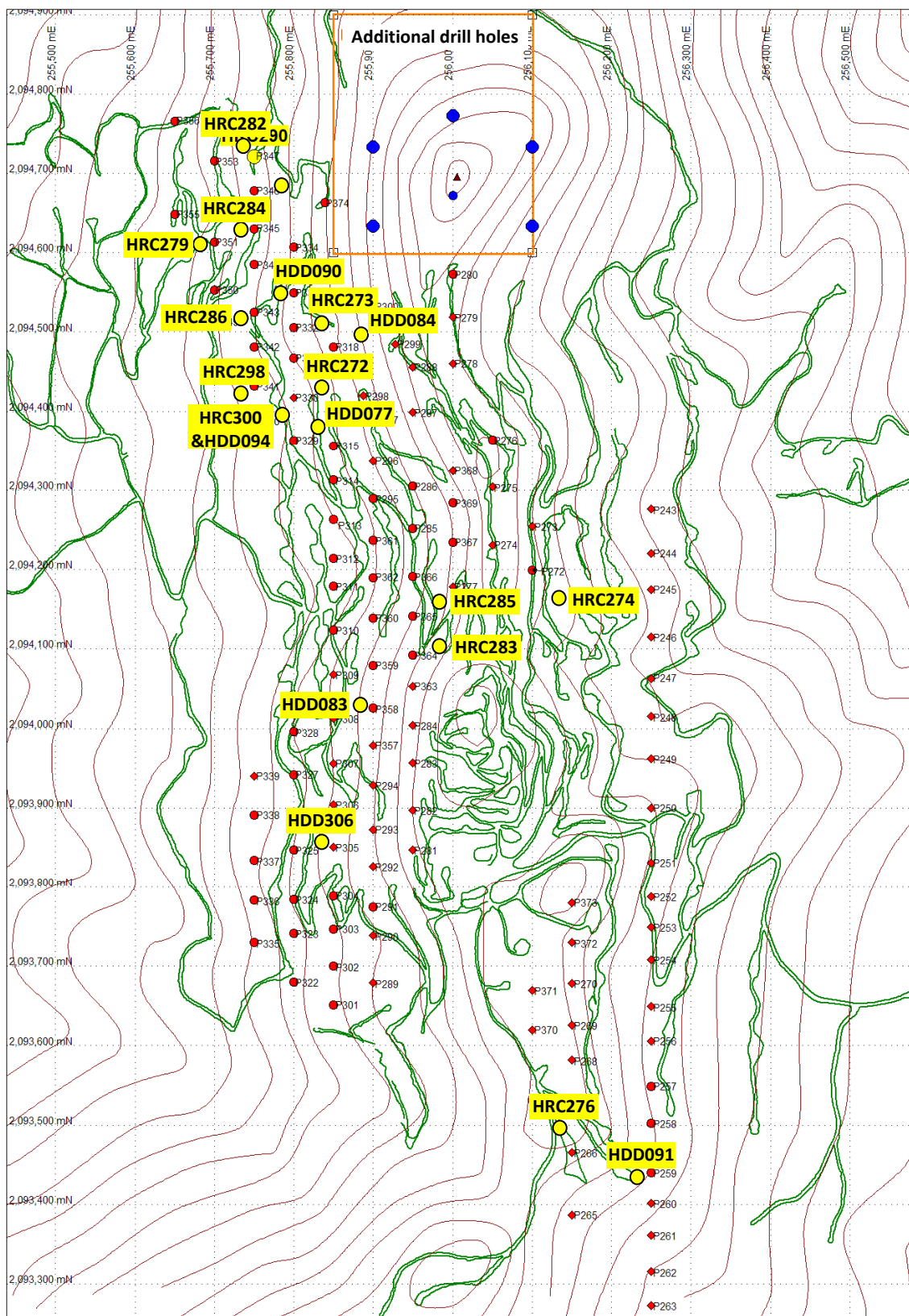


Figure 1: Location of the Ban Houayxai gold-silver deposit

