

**ASX ANNOUNCEMENT**  
**2 October 2009**

## **High-grade gold-silver intercepts identify potential extension of the Ban Houayxai deposit, Laos**

The discovery of high-grade gold-silver mineralised zones in the southwest of the Ban Houayxai gold-silver deposit has identified the potential for extensions to the deposit through an area that has previously been subject to only a limited amount of drilling. Drill hole HDD131 (Table 1 and Figure 1) intersected several zones of primary mineralisation including:

- **10 metres at 8.7g/t gold and 13.5g/t silver from a depth of 67 metres**
- **3 metres at 4.9g/t gold and 7.9g/t silver from a depth of 91 metres**

HDD131 ended in 6g/t gold mineralisation.

These intercepts indicate the potential for gold-silver mineralisation within the host sequence of volcanic rocks which extend a further 200 metres west of the current resource drilling grid to a barren limestone.

In other results, infill drill holes HDD128 and HDD138 confirmed the continuity of near-surface oxide/transitional gold-silver mineralisation and further highlighted the potential of the deeper primary mineralisation. The deposit remains open to the east and west of HDD138. Best results include:

- **74 metres at 4.1g/t gold and 17.5g/t silver from a depth of 82 metres in HDD128**
- **106 metres at 2.2g/t gold and 34.6g/t silver from a depth of 96 metres in HDD138**

The data from the drill program will be incorporated into the feasibility study resource estimate which is scheduled to be completed during the December quarter.

For further information contact:

Mr Gary Stafford  
Managing Director  
PanAust Limited

Mr Allan Ryan  
Investor Relations Manager

Tel: +61 7 3117 2000

Email: [info@panaust.com.au](mailto:info@panaust.com.au)

Website: [www.panaust.com.au](http://www.panaust.com.au)

## Background

PanAust is undertaking a feasibility study at Ban Houayxai focused on initial open-pit mining and carbon-in-leach (CIL) processing of the outcropping oxide and near-surface transitional gold-silver 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. Once the viability of exploiting the oxide-transitional mineralisation is established, the Company will commence evaluation of the primary mineralisation with a view to extending mine life beyond ten years.

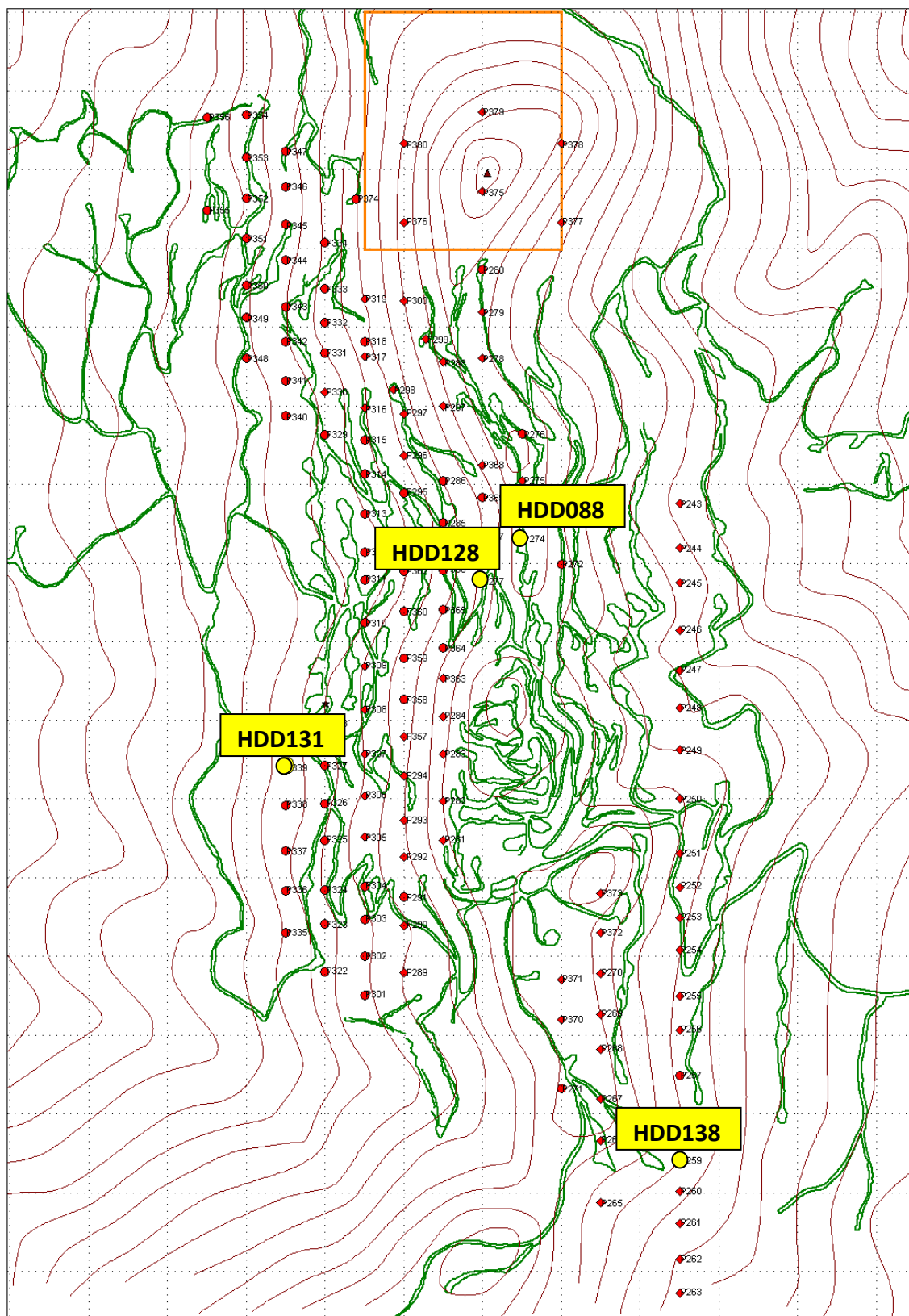
**Table 1: Ban Houayxai significant drill results**

Hole No. Depth of hole	From (m)	Interval (m)	Gold Grade (g/t)	Silver Grade (g/t)	Comments
<b>HDD088</b> 139.9m	0.0 57.0	51.0 13.0	1.2 0.4	2.5 3.6	
<b>HDD128</b> 169.5m	82.0	74.0	4.1	17.5	Includes 2m at 116.6g/t gold and 147.5g/t silver from 139m
<b>HDD131</b> 112.3m  Hole ended in 6g/t gold mineralisation	3.0 67.0  91.0 111.0	4.0 10.0  3.0 1.3	0.5 8.7  4.9 6.0	3.0 13.5  7.9 12.3	Includes 1m at 78.8g/t gold and 68.8g/t silver from 68.5m
<b>HDD138</b> 265.9m	6.0 13.0 53.0 66.0 96.0 232.0	2.0 26.0 7.0 21.0 106.0 2.0	0.3 0.5 1.0 2.0 2.2 1.1	0.4 2.3 4.5 12.1 34.6 10.6	

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

Grades are rounded to one decimal place. All drill holes were orientated at -60deg to an azimuth of 180deg.

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



**Figure 2: Location of the Ban Houayxai gold-silver deposit**



#### 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 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 Statements

*The data in this report that relates to Exploration Results for the Ban Houayxai gold-silver deposit 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 Exploration Results in the form and context in which they appear.*