

PHU KHAM COPPER-GOLD OPERATION, LAOS



The Phu Kham Copper-Gold Operation is located within PanAust's 2,600 square-kilometre Phu Bia Contract Area in northern Laos approximately 140 kilometres from the capital city, Vientiane. Phu Kham is PanAust's flagship Operation. The significant cash flow it generates has supported PanAust's growth while contributing to a strong balance sheet.

The Operation comprises an open-pit mine feeding ore to a process plant with recovery of copper and precious metals into a saleable concentrate using conventional flotation technology. The concentrate contains approximately 23 per cent copper and up to 9 grams per tonne (g/t) of gold and 60g/t of silver.

Eighty per cent of Phu Kham's concentrate is trucked in covered containers to the ports of Vung Ang or Hon La in Vietnam (each approximately 650 kilometres from Phu Kham). The remaining 20 per cent is trucked to the Sriracha Harbour in southern Thailand (approximately 1,000 kilometres from Phu Kham) for export to smelters mainly in Asia.

2017 PERFORMANCE

The Phu Kham Copper-Gold Operation recorded outstanding production and cost performances outcomes in 2017. A record annual copper in concentrate production of 90,363 tonnes (t) (2016: 89,187t) was achieved.

The 2017 C1* cost after precious metal credits was US\$1.18/lb copper. An all-in sustaining cost (AISC**) of US\$1.68/lb copper was achieved.

Mining operations performed well as ore continued to harden with the multi-stage deepening of the open-pit. Ex-pit material mined totalled 55.5 million tonnes (Mt) and included 19Mt of ore. Over 18.5Mt of ore was milled – 15 per cent above nameplate capacity.

Copper recovery averaged a record 81.5 per cent (2016: 79.9 per cent). The achievement was attributable to improved grade and ore quality, in conjunction with further advances in automated process control and operating practices within the grinding and flotation circuits.

The average copper ahead grade was 0.60 per cent, with gold and silver head grades averaging 0.28 grams/t (g/t) and 2.20g/t respectively.

PHU KHAM GROWTH

Annual copper in concentrate production at Phu Kham is expected to peak in 2018 and 2019 before subsequently declining with ore grade. No further development capital is currently expected to maintain these production levels.

Gold in concentrate is expected to range between 70,000oz and 80,000oz per annum.

The Phu Kham Ore Reserve supports a mine life of approximately four years from the end of 2017.

For more information, visit www.panaust.com.au.

Photo captions: (L-R)

The Phu Kham Copper-Gold Operation open-pit

A map of PanAust's Phu Bia Contract Area in Laos; Phu Kham is in the south of the Contract Area

* Brook Hunt convention for the reporting of direct costs comprising: mine site, product transportation and freight, treatment and refining charges and marketing costs; based on payable metal content after by-product credits

** AISC reported are the C1 cost plus royalties, allocated corporate support charges, shared services costs, sustaining capital, lease principal and interest charges; and deferred mining and inventory adjustments capitalised