

03 March 2020

PanAust quarterly activities report for the three months to 31 December 2019

Highlights

- Exceptional annual safety performance reflects PanAust's commitment to safety outcomes**
 - Group total recordable injury frequency rate (TRIFR) of 0.43 per million hours worked; a 30 per cent improvement on the 2018 safety metrics.
 - A lost time injury frequency rate (LTIFR) of 0.21 was achieved.
 - The Caterpillar Driver Safety Fatigue Management Intervention System was implemented in all 100 tonne (t) rigid body dump trucks at the Operations in Laos.
- December quarter production and cost performance highlights**
 - The Phu Kham Copper-Gold Operation produced 15,452t of copper in concentrate at a C1ⁱ cost of US\$1.29/lb after precious metal credits from 12,743 ounces (oz) of gold and 82,683oz silver. An all-in sustaining costⁱⁱ (AISC) of US\$1.97/lb copper was realised.
 - The Ban Houayxai Gold-Silver Operation recorded production of 21,793oz of gold and 139,240oz of silver at a C1 cost of US\$890/oz after silver credits. An AISC of US\$1,195/oz gold was achieved.
 - Both the Phu Kham and Ban Houayxai Operations retained the externally audited Caterpillar Star Contamination accreditations for the sixth and seventh consecutive years respectively.
 - Significant resource development drilling to evaluate life of mine extensions at the Phu Kham and Ban Houayxai Operations was completed in 2019. This work will continue in 2020 at elevated levels.
- Sustainability and external affairs**
 - During October, PanAust's month-long breast cancer awareness campaign successfully raised over US\$100,000. The funds will be used to establish a program that will subsidise mammograms costs for disadvantaged patients in Laos.
 - PanAust's Lao-registered Company, Phu Bia Mining received runner-up in the 'Best Practices in Sustainable Minerals Development – Metallic Mineral Processing' at the second annual ASEAN Minerals Awards gala event held in Bangkok, Thailand.

2019 WINNER
AUSTMINE MINER
INNOVATION
AWARD



2018 WINNER
FRIEND OF LAOS
2018 WINNER
FRIEND OF ASEAN
AWARDS



2018 WINNER
ASEAN OSHNET
EXCELLENCE AWARD
OHS MANAGEMENT



2017
LAO PDR LABOUR ORDER MEDAL
2011
LAO PDR LABOUR ORDER
MEDAL CLASS 1
POVERTY REDUCTION



2015 WINNER
AUSTRALIAN CLIMATE
LEADERSHIP AWARDS
MOST PROFITABLE CARBON
REDUCTION ACTIVITY



- Preparations for the next intake trades training apprentices was completed during the quarter. In 2020, 44 apprentices will commence their apprenticeships as part of the Company's Trades Training Program which is delivered in conjunction with the Lao-German Technical College in Vientiane, Laos.

Executive Chairman's overview

PanAust is pleased to announce it recorded a strong end to 2019. The year was underpinned by outstanding safety performance across the Group.

PanAust Executive Chairman, Dr Qun Yang spoke of how the Company's commitment to safety highlights its mission, vision, values and The PanAust Way.

"At PanAust, safety is paramount. Our commitment to our Zero Harm safety objectives not only ensures that our people go home safe every day. It also makes good business sense. As we look to maximise production at our Lao Operations to support the growth of the Company, safety continues to be our number one priority.

"While we are proud of our improved safety performance in 2019, we will collectively work to continuously improve our stretch safety targets in 2020," Dr Yang said.

Demonstrating this commitment to keeping its people safe, the Company held an inaugural Safety Summit in Vientiane, Laos during the quarter. Representatives from across the Group came together to discuss safety priorities for the year ahead.

"A reinvigorated safety plan for 2020 was developed during the Safety Summit and the Company has already begun addressing actions that will support this plan," Dr Yang added.

In 2020, PanAust will prioritise work streams to delivery its strategy.

"Our vision is anchored around three pillars. Firstly, we will seek to sustain the business in the short term through the extension of mine life at our Operations in Laos. We will then look to grow our business organically through our targeted exploration activities in Laos and Myanmar. Finally, we will look to acquire operating assets to secure the future of our business.

"I am confident that stabilising production and cashflow based on the extension of mine life at our Operations in Laos and acquiring a new asset will ensure the sustainability of our business," Dr Yang concluded.

Operations overview

Phu Kham Copper-Gold Operation, Laos (PanAust 90 per cent ownership)

The Phu Kham Copper-Gold Operation is located within PanAust's 2,600 square-kilometre Contract Area in northern Laos, approximately 140 kilometres from the capital city, Vientiane. Phu Kham is PanAust's flagship Operation.

Production of copper in concentrate at Phu Kham during the December quarter totalled 15,452t. A C1 cost of US\$1.29/lb copper was realised.

Table 1

Phu Kham Copper-Gold Operation <i>Production summary (100% equity basis)</i>	Units	3 months to 31 Dec 2019	12 months to 31 Dec 2019
Copper in concentrate	t	15,452	69,284
Gold in concentrate	oz	12,743	64,128
Silver in concentrate	oz	82,683	377,017
C1 cost after precious metal credits	US\$/lb Cu	1.29	1.19
AISC	US\$/lb Cu	1.97	1.73

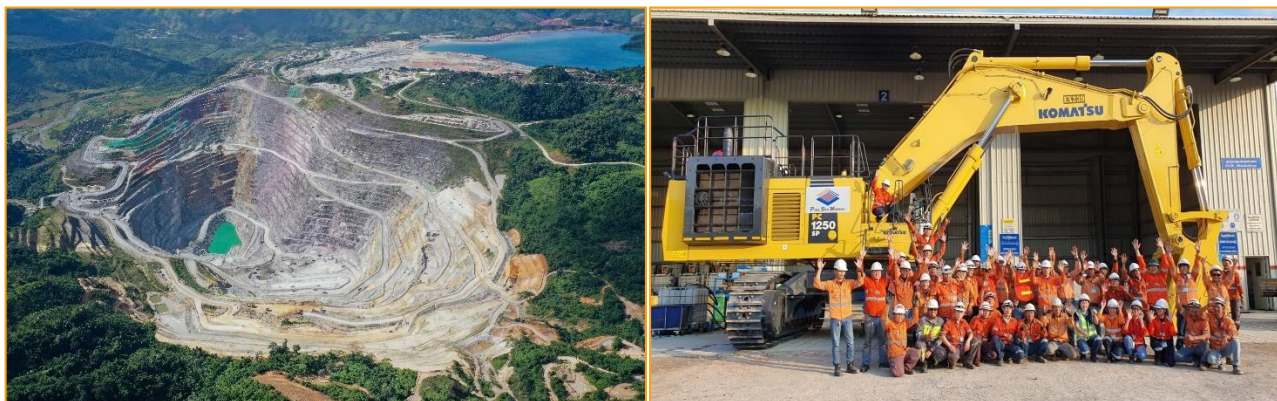
Further details of the production and cost performances are contained in Tables 3 and 4 of this report

Phu Kham production performance

More than 12.3 million tonnes (Mt) of ex-pit material was mined during the quarter which included 3.4Mt of copper-gold ore.

Copper, gold and silver head grades averaged 0.53 per cent, 0.22 grams/t (g/t) and 1.68g/t respectively. An overall copper recovery rate of 82 per cent was achieved.

Quarterly concentrate sales totalled 14,457t of copper, 11,787oz of gold and 74,607oz of silver.



Above: (left to right) The Phu Kham open-pit; newly commissioned Komatsu PC1250 excavator to support open-pit cutback mine development works

Ban Houayxai Gold-Silver Operation, Laos (PanAust 90 per cent ownership)

The Ban Houayxai Gold-Silver Operation is located approximately 25 kilometres west of the Phu Kham Operation in the Company's Contract Area in northern Laos.

During the December quarter, the Ban Houayxai Operation poured 21,793oz of gold and 139,240oz of silver in doré. A C1 cost of US\$890/oz gold was realised.

Table 2

Ban Houayxai Gold-Silver Operation <i>Production summary (100% equity basis)</i>	Units	3 months to 31 Dec 2019	12 months to 31 Dec 2019
Gold poured	oz	21,793	103,289
Silver poured	oz	139,240	730,344
C1 cost after precious metal credits	US\$/oz	890	720
AISC	US\$/oz	1,195	919

Further details of the production and cost performances are contained in Tables 3 and 5 of this report

Ban Houayxai production performance

The Operation mined 3.5Mt of ex-pit material during the quarter. Mined material included 1.2Mt of gold-silver ore. Over 1.3Mt of ore was processed.

Gold and silver head grades averaged 0.80g/t and 6.80g/t respectively. A gold recovery of over 65 per cent was achieved.

Gold and silver in doré sold during the quarter totalled 20,050oz and 134,903oz respectively.



Above: (left to right) The Ban Houayxai North pit cutback stage 2 and 3; The Ban Houayxai Operation's first waste dump nears completion along with advancing rehabilitation works

Pre-development and exploration projects

Frieda River Project, Papua New Guinea (PanAust 100 per cent ownership)

In Papua New Guinea – through its wholly owned subsidiary, Frieda River Limited – PanAust owns the world-class Frieda River Project.

Throughout 2019, Frieda River site operations team delivered a number of safety improvement projects injury and incident free. The team also provided life-saving medical support and made improvements to educational facilities in local communities.

PanAust continues to progress Project permitting. Phase one of the Conservation and Environment Protection Authority (CEPA) statutory awareness campaign was completed on 11 November. The second and final phase is planned for the first half of 2020. CEPA is also independently reviewing the Project Environmental Impact Statement (EIS) and the integrity of the proposed dam.

In December, PanAust General Manager – Technical Services, Scott Cowie presented at the PNG Chamber of Mines and Petroleum’s Conference and Exhibition in Port Moresby. The presentation provided an update on Project permitting and PanAust’s community support programs.

Exploration Licences, Myanmar (PanAust 90 per cent ownership)

In Myanmar, PanAust holds a 90 per cent interest in Wuntho Resources Company Limited (WRCL) with joint venture partner Myanmar Energy Resources Group International Company Limited (MERG), a Myanmar-based company which holds the remaining 10 per cent of WRCL.

WRCL holds tenements covering roughly 775 square-kilometres in Myanmar’s Sagaing region and has applied for additional Exploration Licences in the same Region.

An airborne electro-magnetic survey of the Company’s tenements is proposed for early 2020.

KTL Copper-Gold Project, Laos (PanAust 90 per cent ownership)

The KTL pre-feasibility study report was completed during the December quarter. The Project is currently on hold.

Inca de Oro Copper-Gold Project, Chile (PanAust 66 per cent ownership)

PanAust completed a feasibility study on the Inca de Oro Copper-Gold Project in 2014. No material site activities are currently being undertaken or are planned.

Sustainability

PanAust is committed to ensuring its presence positively impacts the host communities and countries in which it operates. The Company’s way of doing business, the PanAust Way, is a modern approach to mining that measures success not merely by production volumes but also by the sustainability of its interaction with its people, host communities, governments and the environment.

PanAust raises over US\$100,000 to support breast cancer patients in Laos

During the quarter, PanAust’s month-long breast cancer awareness campaign raised over US\$100,000 to support underprivileged patients in Laos.

Breast cancer is the second most common cancer affecting women in Laos. Access to regular mammograms increases early detection rates and successful treatment. Unfortunately, this is not an option for many poorer patients battling the disease.

From mid-October, PanAust employees, contractors and suppliers were encouraged to make a donation to the campaign. All money raised was matched by PanAust. The Company will use the funds to establish a program that will subsidise the cost of mammograms in Laos.

The commitment of the workforce to support the campaign demonstrates the Company's respect for the Government and people of Laos and the Company's resolve to leave a lasting positive legacy by increases access to quality healthcare.



Above: Employees from the Phu Kham Copper-Gold Operation mobile maintenance department, stand in front of a 777D truck that was painted pink to celebrate the Company's 2019 breast cancer awareness campaign

Award recognises sustainable practices in minerals processing

In December, PanAust's Lao-registered company, Phu Bia Mining received the runner-up award for 'Best Practices in Mineral Development (Metallic Mineral Process)' at the second annual ASEAN Minerals Award.

The Awards gala event was held during the seventh ASEAN Ministers Meeting on Minerals in Bangkok. Following a rigorous evaluation process of more than 20 entrants, Phu Bia Mining was shortlisted to the top three and asked to present to the ASEAN Minerals Award Board of Judges.

The ASEAN Mineral Awards recognise ASEAN mining companies who have made a significant contribution to the promotion of sustainable mineral development in the Asian region. Phu Bia Mining was acknowledged for its ongoing commitment to achieving best practice and maintaining high mineral processing standards at the Phu Kham Copper-Gold Operation.



Above: (left to right) Phu Bia Mining Chairman, Mr Chanpheng Bounnaphol and Senior Government Affairs Advisor, Ms Vannaly Phounsavath accept the runner-up award for 'Best Practices in Minerals Development (Metallic Mineral Processing)' at the second annual ASEAN Mineral Awards from the Thailand Vice Minister of Industry, His Excellency Dheerayut Varnitshang in Bangkok, 13 December 2019

PanAust Group production and sales statistics for the December quarter 2019

Table 3

Phu Kham Copper-Gold Operation	Units	3 months to 31 Dec 2019	12 months to 31 Dec 2019
Total material mined	t	12,286,084	47,217,232
Copper-gold ore mined	t	3,442,318	16,823,662
Process plant available time	%	97.3	95.9
Process plant operating time	%	96.8	95.5
Ore milled	t	3,572,563	18,254,200
Copper head grade	%	0.53	0.47
Gold head grade	g/t	0.22	0.22
Silver head grade	g/t	1.68	1.61
Concentrate produced	dmt	67,204	296,085
Copper in concentrate	t	15,452	69,284
Gold in concentrate	oz	12,743	64,128
Silver in concentrate	oz	82,683	377,017
Copper recovery	%	81.91	80.63
Concentrate sales	dmt	65,744	295,858
Copper in concentrate sold	t	14,457	66,241
Gold in concentrate sold	oz	11,787	61,730
Silver in concentrate sold	oz	74,607	343,080
Ban Houayxai Gold-Silver Operation	Units	3 months to 31 Dec 2019	12 months to 31 Dec 2019
Total material mined	t	3,527,018	14,548,838
Gold-silver ore mined	t	1,216,142	4,869,313
Process plant available time	%	99.0	97.3
Process plant operating time	%	98.1	95.6
Ore milled	t	1,344,039	5,096,338
Gold head grade	g/t	0.80	0.83
Silver head grade	g/t	6.80	8.38
Gold in doré	oz	21,793	103,289
Silver in doré	oz	139,240	730,344
Gold recovery	%	64.80	75.93
Gold in doré sold	oz	20,050	99,222
Silver in doré sold	oz	134,903	701,333

Cumulative data may incorporate post reporting period adjustments to prior periods

Table 4

Phu Kham Copper-gold Operation production costs US\$/lb copper	3 months to 31 Dec 2019	12 months to 31 Dec 2019
Mining cost	0.85	0.78
Deferred mining and inventory adjustments capitalised	-0.18	-0.17
Processing cost	0.59	0.63
General and administration (site support)	0.22	0.19
Total on-site operating costs	1.47	1.42
Transport handling and marketing	0.22	0.20
Concentrate treatment and refining	0.20	0.21
Total off-site operating costs	1.89	1.84
Deduct precious metal credits	-0.61	-0.66
Total direct operating costs (C1 cost)	1.29	1.19
Royalty	0.18	0.18
Sustaining capital (includes TSF)	0.19	0.10
Rehabilitation and closure	0.01	0.01
Corporate support and shared services costs	0.10	0.08
Lease principal and interest charges	0.02	0.01
Deferred mining and inventory adjustment capitalised	0.18	0.17
All-in sustaining costs	1.97	1.73

Notes: costs are based on payable copper in concentrate produced; may include minor computational discrepancies due to rounding

Table 5

Ban Houayxai Gold-Silver Operation production costs US\$/oz gold	3 months to 31 Dec 2019	12 months to 31 Dec 2019
Mining cost	429	346
Deferred mining and inventory adjustments capitalised	3	4
Processing cost	433	371
General and administration (site support)	135	104
Total on-site operating costs	1,000	826
Total off-site operating costs (freight, refining)	7	8
Deduct silver credit	-117	-113
Total direct operating costs (C1 cost)	890	720
Royalty	96	90
Sustaining capital (includes TSF)	164	77
Rehabilitation and closure	10	3
Corporate support and shared services costs	37	33
Lease principal and interest charges	2	1
Deferred mining and inventory adjustment capitalised	-3	-4
All-in sustaining costs	1,195	919

Notes: costs are based on payable copper in concentrate produced; may include minor computational discrepancies due to rounding

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ⁱ 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

ⁱⁱ 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