

10 June 2020

PanAust quarterly activities report for the three months to 31 March 2020

Highlights

- **Safety performance**

- Group total recordable injury frequency rate (TRIFR) remained favourable at 0.49 per million hours worked.
- A lost time injury frequency rate (LTIFR) of 0.21 was achieved.
- A significant amount of health controls and measures were implemented across all Operations during the quarter to limit and stop the potential spread of COVID-19.

- **March quarter production and cost performance**

- The Phu Kham Copper-Gold Operation produced 15,326 tonnes (t) of copper in concentrate at a C1ⁱ cost of US\$0.99/lb after precious metal credits from 13,722 ounces (oz) of gold and 92,968oz silver. An all-in sustaining costⁱⁱ (AISC) of US\$1.81/lb copper was realised.
- The Ban Houayxai Gold-Silver Operation poured 20,128oz of gold and 150,204oz of silver at a C1 cost of US\$995/oz after silver credits. An AISC of US\$1,364/oz gold was achieved.
- Logistics self-perform haulage commenced in February and the strategic sourcing team prepared multiple agreements and orders to ensure the support of the logistics department during this critical phase.

- **Sustainability and external affairs**

- On February 12, the Company was presented with a certificate of appreciation from the Xaisomboun Provincial Government for its economic contribution to the Province.

2019 WINNER
AUSTMINE MINER
INNOVATION
AWARD



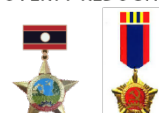
2018 WINNER
FRIEND OF LAOS
2018 WINNER
FRIEND OF ASEAN
AWARDS



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



Executive Chairman and Chief Executive Officer's overview

The Company achieved budget production and solid safety metrics despite facing challenges during the March 2020 quarter arising from the unprecedented COVID-19 pandemic.

Early in the June quarter, the Company announced two employees from its Phu Kham Copper-Gold Operation in Laos had tested positive for COVID-19.

Following this announcement, the Company's operating sites in Laos went into lockdown and production was suspended from 5 April to 28 April. This cessation of operations was in line with industry-wide lockdown orders from the Central and Provincial Lao Government. The employees who contracted the virus in April have subsequently recovered.

Throughout the pandemic the Company has remained committed to protecting the health, safety and well-being of its workforce. Given the seriousness of the situation, PanAust continues to implement a cautious approach to managing COVID-19 and has implemented strict social distancing and personal hygiene measures at all of its operating sites and offices.

During the June quarter, PanAust will focus on ramping up to full production at its Operations in Laos to ensure its business remains operationally viable and financially sustainable.

PanAust Executive Chairman and Chief Executive Officer, Dr Qun Yang spoke of his confidence in the Company's ability to navigate the significant challenges the COVID-19 pandemic presents the mining industry.

"The challenges this pandemic presents are not unique to PanAust. Many mining companies across the globe are dealing with similar operational challenges.

"In the face of adversity is when we are tested however I am confident that our Company – through its strong leaders and its clear vision for the future – will weather this storm," 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 March quarter totalled 15,326t. A C1 cost of US\$0.99/lb copper was realised.

Table 1

Phu Kham Copper-Gold Operation <i>Production summary (100% equity basis)</i>	Units	3 months to 31 Mar 2020
Copper in concentrate	t	15,326
Gold in concentrate	oz	13,722
Silver in concentrate	oz	92,968
C1 cost after precious metal credits	US\$/lb Cu	0.99
AISC	US\$/lb Cu	1.81

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

Phu Kham production performance

More than 11.8 million tonnes (Mt) of ex-pit material was mined during the quarter which included 3.1Mt of copper-gold ore.

Copper, gold and silver head grades averaged 0.57 per cent, 0.24 grams/t (g/t) and 1.93g/t respectively. An overall copper recovery rate of over 84 per cent was achieved.

Quarterly concentrate sales totalled 10,363t of copper, 9,698oz of gold and 55,243oz of silver.



Above: Mining of high grade ores in the Phu Kham Copper-Gold Operation open-pit bottom stage 6

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 March quarter, the Ban Houayxai Operation poured 20,128oz of gold and 150,204oz of silver in doré. A C1 cost of US\$995/oz gold was realised.

Table 2

Ban Houayxai Gold-Silver Operation <i>Production summary (100% equity basis)</i>	Units	3 months to 31 Mar 2020
Gold poured	oz	20,128
Silver poured	oz	150,204
C1 cost after precious metal credits	US\$/oz	995
AISC	US\$/oz	1,364

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 3.7Mt of ex-pit material during the quarter. Mined material included 1Mt of gold-silver ore. Over 1.2Mt of ore was processed.

Gold and silver head grades averaged 0.66g/t and 7.70g/t respectively. A gold recovery of over 75 per cent was achieved.

Gold and silver in doré sold during the quarter totalled 20,737oz and 156,493oz respectively.



Above: An aerial view of the Ban Houayxai Gold-Silver Operation showing the Colluvium North, Colluvium South and open-pits

Pre-development and exploration projects

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

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

In the March quarter, the Company continued to provide emergency medical support and educational assistance to the communities close to its exploration site. FRL continues to progress environmental permitting for the Project.

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 1,500 square-kilometres in Myanmar's Sagaing region.

In May, the Company announced it had been awarded an additional Exploration Licence in Myanmar. The Wuntho 3 Licence is the culmination of a 20-month collaboration between the Company, the Government of the Republic of the Union of Myanmar and local stakeholders in the Sagaing Region. The block represents a 750 square-kilometre area in the highly prospective Wuntho Massif region.

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.

Certificate of appreciation from Xaisomboun Provincial Government

On 12 February, representatives from the Company's Lao-subsiary, Phu Bia Mining (PBM) were presented with a certificate of appreciation from the Xaisomboun Provincial Government for its economic contribution to the Province.

The ceremony was presided over by the Vice Governor of Xaisomboun province, H.E. Mr Poykham Houngbounyoung. PBM Community Superintendent, Lone Phonephakdy represented the Company, receiving the certificate from the Head of Xaisomboun Finance Department, Mr Souksavad Vongphoumlek.

In 2019, PBM paid US\$2.9 million in salary taxes to the Province.



Above: PBM Community Superintendent, Lone Phonephakdy (in PBM orange uniform) receives a certificate of appreciation next to other Government and company representatives

The Company's Trades Training Apprenticeship Program recommences

During the quarter, the Company recommenced its Trades Training Apprenticeship Program in Laos.

Forty-four apprentices – 17 of whom are female – commenced the program on 17 January. The successful students were selected from a pool of 3,150 applicants. They will undertake a three-year trades training program in either electrical, heavy-duty mechanical, welding, automotive electrical or fitting. The apprentices come from all over Laos including provinces and districts close to the Company's Operations.

The three-year Program is delivered in partnership with the Lao German Technical College in Laos. At its conclusion, successful apprentices will obtain an Australian Certificate III in their trade discipline and a High Diploma from the Lao Ministry of Education and Sport.



Above: The 2020 intake of Trades Training Apprentices with Trade Training Superintendent, Craig Splitt (top row, second from the right) in front of the Lao Ministry of Education and Sport and Department of Technical and Vocational Education, Vientiane

Commitment to developing Lao-national workforce

During the quarter, 139 PBM employees graduated from the Company's Supervisory Skills Development Program. A ceremony marking their completion was held at the Crowne Plaza Hotel in Vientiane on 24 January.

The Supervisory Skills Development Program is aimed at providing supervisors, team leaders or potential leaders with the necessary skills, knowledge and behaviours in four key management leadership areas: problem solving, leadership, planning and organising and interpersonal skills.

Since the Program's inception ten years ago, 789 employees have graduated from the Program including 189 females.



Above: Supervisory Skills Training Program graduates celebrate their successful completion of the Program at a ceremony held in their honour at the Crowne Plaza Hotel in Vientiane, Laos

PanAust Group production and sales statistics for the March quarter 2020

Table 3

Phu Kham Copper-Gold Operation	Units	3 months to 31 Mar 2020
Total material mined	t	11,830,127
Copper-gold ore mined	t	3,097,835
Process plant available time	%	95.0
Process plant operating time	%	94.9
Ore milled	t	3,214,249
Copper head grade	%	0.57
Gold head grade	g/t	0.24
Silver head grade	g/t	1.93
Concentrate produced	dmt	67,119
Copper in concentrate	t	15,326
Gold in concentrate	oz	13,722
Silver in concentrate	oz	92,968
Copper recovery	%	84.11
Concentrate sales	dmt	47,346
Copper in concentrate sold	t	10,363
Gold in concentrate sold	oz	9,698
Silver in concentrate sold	oz	55,243
Ban Houayxai Gold-Silver Operation	Units	3 months to 31 Mar 2020
Total material mined	t	3,755,118
Gold-silver ore mined	t	1,022,616
Process plant available time	%	97.2
Process plant operating time	%	96.7
Ore milled	t	1,277,459
Gold head grade	g/t	0.66
Silver head grade	g/t	7.70
Gold in doré	oz	20,128
Silver in doré	oz	150,204
Gold recovery	%	75.12
Gold in doré sold	oz	20,737
Silver in doré sold	oz	156,493

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 Mar 2020
Mining cost	0.93
Deferred mining and inventory adjustments capitalised	-0.39
Processing cost	0.56
General and administration (site support)	0.22
Total on-site operating costs	1.32
Transport handling and marketing	0.22
Concentrate treatment and refining	0.20
Total off-site operating costs	1.74
Deduct precious metal credits	-0.76
Total direct operating costs (C1 cost)	0.98
Royalty	0.16
Sustaining capital (includes TSF)	0.16
Rehabilitation and closure	0.00
Corporate support and shared services costs	0.11
Lease principal and interest charges	0.01
Deferred mining and inventory adjustment capitalised	0.39
All-in sustaining costs	1.81

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 Mar 2020
Mining cost	530
Deferred mining and inventory adjustments capitalised	-89
Processing cost	537
General and administration (site support)	136
Total on-site operating costs	1,114
Total off-site operating costs (freight, refining)	9
Deduct silver credit	-129
Total direct operating costs (C1 cost)	994
Royalty	101
Sustaining capital (includes TSF)	124
Rehabilitation and closure	3
Corporate support and shared services costs	52
Lease principal and interest charges	1
Deferred mining and inventory adjustment capitalised	89
All-in sustaining costs	1,364

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

For further information contact:

Ms Kate Horan

T +61 7 3117 2089

E kate.horan@panaust.com.au

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