

Exploring and Developing Mineral Deposits in Northern Laos - The Ban Houayxai Gold-Silver Deposit.

Presented by

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Abstract

The Ban Houayxai Project is a vein hosted, structurally controlled gold-silver deposit of Permo-Carboniferous age (285Ma) in the north of the Lao People's Democratic Republic. Mineralised veins are predominantly hosted within intermediate volcanics which have been subject to greenschist facies metamorphism and structurally juxtaposed against a siliciclastic package of lower metamorphic grade. The siliciclastic package contains mineralisation hosted within bodies of volcanoclastic siltstone and volcanogenic sandstone. The gold tenor of mineralised veins (quartz + pyrite ± carbonate ± base metals) within the Ban Houayxai deposit improves with increasing intensity of deformation. Mineralised veins are sparsely distributed, very rare in outcrop and occur within defined zones which, at times, are difficult to identify in drill core due to the subtlety of alteration. Measured, indicated and inferred resources are shown below.

	Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)	In situ Gold (000oz)	In situ Silver (000oz)
Oxide @ 0.2g/t gold cut-off grade	Measured	5	0.77	2.4	120	370
	Indicated	12	0.57	3.1	220	1,180
	Inferred	1	0.45	1.9	20	70
	SUB TOTAL	18	0.61	2.8	350	1,620
Transitional @ 0.3g/t gold cut-off grade	Measured	4	0.82	8.7	100	1,100
	Indicated	14	0.75	8.3	330	3,590
	Inferred	0.4	0.74	3.0	10	40
	SUB TOTAL	18	0.76	8.2	440	4,730
Primary @ 0.4g/t gold cut-off grade	Measured	0.1	1.04	5.3	4	20
	Indicated	20	0.99	9.2	620	5,770
	Inferred	21	0.89	7.6	590	4,980
	SUB TOTAL	40	0.94	8.4	1,210	10,770
Combined Oxide/Transitional/ Primary Resources	Measured	9	0.79	5.2	230	1,490
	Indicated	45	0.81	7.3	1,160	10,550
	Inferred	22	0.87	7.2	610	5,090
	TOTAL	76	0.82	7.0	2,000	17,130

Table 1 - 2011 Ban Houayxai Mineral Resource Estimate

The Ban Houayxai gold-silver deposit was first identified as a gold prospect during regional stream sediment sampling and follow up surface soil geochemistry in the mid 1990s. The nature of the mineralisation and the complexity of the structure controlling the mineralisation were not established for some time because the initial drilling was largely shallow reverse circulation drilling. As a result, a non optimal drilling orientation was selected which now accounts for approximately 25% of the diamond drill hole dataset. Primary mineralisation below the oxide and transition zones was not investigated until late 2006 but has since been shown to be extremely prospective.

Current 2011 ore reserves contain over 0.9 Moz of gold and 8.5Moz of silver. Estimated mine life is 9 years and projected to go beyond 10 years based on exploration results and an updated mineral resource estimate anticipated by the end of the year. The Ban Houayxai project is the third mineral resource that has been defined within the Contract Area currently held by Phu Bia Mining Ltd in the Lao People's Democratic Republic. The Ban Houayxai mine is presently under construction and is scheduled to commence commercial production in early 2012. The mine is scheduled to produce over 100,000oz of gold per annum, in addition to silver credits, from the oxide, transition and primary mineralisation over life of the mine. Present ore reserves are shown below in Figure 2.

Category	Tonnes (Mt)	Gold grade (g/t)	Silver grade (g/t)	Cont. Gold (000oz)	Cont. Silver (000oz)
Proved	9	0.77	5.6	220	1,600
Probable	27	0.77	8.0	660	6,900
TOTAL	36	0.77	7.4	880	8,500

Table 2 – 2011 Ban Houayxai Ore Reserve (using price assumptions of US\$1,100/oz gold and US\$18/oz silver)

The Lao People's Democratic Republic remains relatively unexplored for mineral deposits using modern exploration techniques. The lack of exploration combined with the presence of known resources and deposits, particularly copper and gold is why Lao People's Democratic Republic is regarded as one of the most prospective countries for mineral prospective countries in Southeast Asia.

Introduction

The Ban Houayxai Gold – Silver deposit (18°55'N Lat and 102°40'E Long, 750m Elevation) is located in the Lao People's Democratic Republic (Lao PDR), Southeast Asia. Located approximately 100km north of the capital Vientiane (220km by road), the project is 25km west of the Phu Kham copper-gold mine, owned and operated by Phu Bia Mining Limited (PBM) Figure 1. PBM takes its name from the highest mountain in Lao PDR, Phu Bia, while the Ban Houayxai deposit is named after a village near the project.

The Ban Houayxai deposit was discovered in the period between 1994 and 1997 by PBM in what was then a joint venture between Normandy Mining Ltd and Anglo American Asian Pty Ltd. Prior to 1994 very little mineral exploration had been undertaken within Lao PDR, including the existing PBM Contract Area. Mineral exploration appears to have been limited to minor copper and tin extraction by the French during colonial rule, and regional mapping campaigns by the British Geological Survey and the Vietnamese Geological Survey in the 1980s and early 1990s. The Government of Lao PDR and Department of Geology and Mines, created a department called the Special Enterprise Centre, which during the early 1980s created a 1:500 000 geological map of Lao PDR and investigated several gold anomalies.

PanAust Limited, an Australian publicly listed company, currently owns 90% of the shares in the Lao-registered company PBM while the Government of Lao PDR has recently exercised its option to acquire a 10% interest. PBM has a Mineral Exploration and Production Agreement (MEPA) with the Government of Lao PDR which permits the company to explore for, develop and mine mineral deposits, within the 2,606km² PBM Contract Area, currently the largest metals exploration lease in Lao PDR. The initial PBM Contract Area, which originally covered 5000km², was granted to PBM by the Government of Lao PDR on the 26th January 1994.

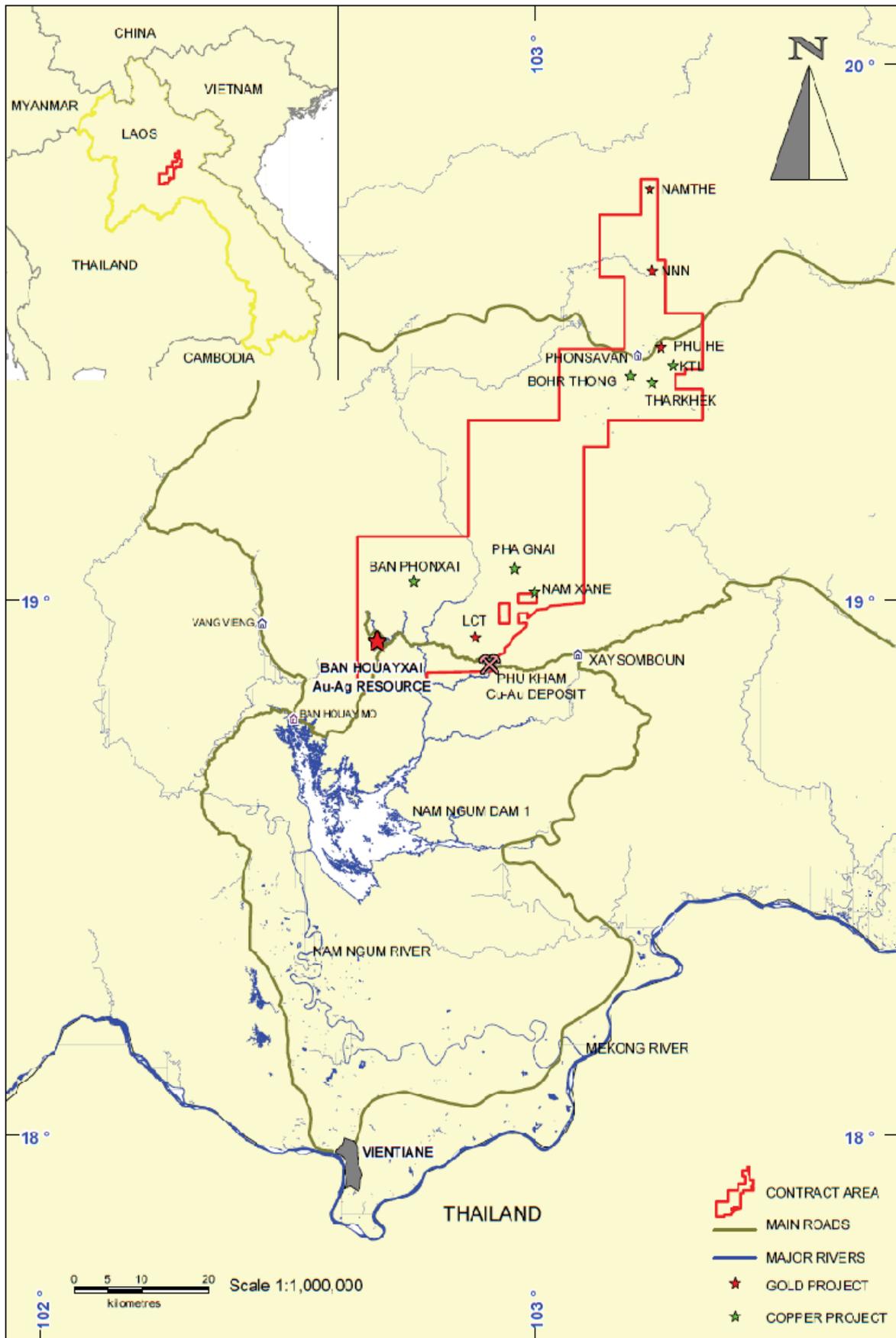


Figure 1 Location Map showing the Ban Houayxai Deposit and PBM Contract Area.