

ASX ANNOUNCEMENT

13 May 2014

Receipt of non-binding indicative proposal

The Board of PanAust Limited (“the Company”) would like to clarify certain matters which are the subject of media speculation.

On 10 April 2014, the Board of PanAust received a confidential, non-binding, indicative and incomplete proposal from Guangdong Rising Assets Management (“GRAM”) to acquire all of the shares in the Company by way of an off-market takeover offer (“the Proposal”).

Under the Proposal, GRAM would provide cash consideration of \$2.20 cash per share (inclusive of any dividends paid or payable after the date of the Proposal). The Proposal included a number of conditions including Chinese and Australian regulatory approvals and 50.1% minimum acceptance. A pre-condition of the Proposal was completion of satisfactory due diligence. In subsequent discussions, GRAM has proposed a revised indicative offer price of \$2.30 cash per share.

The Company has considered the Proposal and the revised indicative offer price of \$2.30 per share. Mr Zezhong Li, the GRAM Board nominee was excluded from all deliberations in respect of the Proposal. On behalf of the PanAust Board, the Chairman has written to GRAM advising that this price remains materially below the level at which the Board would be prepared to recommend a takeover offer to its shareholders. The Company has agreed to permit GRAM access to due diligence information (upon execution of an appropriate confidentiality agreement), to assist it to materially improve its indicative offer price.

At this stage, there is no takeover offer from GRAM that is capable of acceptance by the Company’s shareholders and there is no certainty that one shall eventuate. The Company shall continue to keep the market updated as appropriate.

GRAM is a significant shareholder in the Company with a relevant interest of 23%.

The Company is being advised by Rothschild and Herbert Smith Freehills.

2013 WINNER
PROJECT DEVELOPMENT
OF THE YEAR



2013 WINNER
SUSTAINABILITY LEADERSHIP
2010/2011 WINNERS
BEST COMMUNITY DEVELOPMENT



2011
LAO PDR LABOUR ORDER CLASS 1
BEST RURAL DEVELOPMENT



2011 WINNER
SOCIAL/COMMUNITY PRESENTED BY
ETHICAL INVESTOR



For further information please contact

Investors:

Mr Gary Stafford
Managing Director
PanAust Limited

Mr Allan Ryan
Investor Relations Manager

Tel: +61 7 3117 2000

Email: info@panaust.com.au

Website: www.panaust.com.au

Media:

Mr Matthew Gerber or Mr Garry Nickson
Magnus
Tel: +61 2 8999 1010