

ASX ANNOUNCEMENT

11 August 2014

Frieda River transaction unconditional

PanAust is pleased to announce that the condition precedent has been satisfied under a share sale and purchase agreement for PanAust to acquire Glencore’s interest in the Frieda River Copper-Gold Project in Papua New Guinea (PNG). The transaction is scheduled to close on 25 August 2014.

Following completion of the transaction, PanAust will have an 80% interest in the Project and Highlands Pacific Limited will hold 20%. The Government of PNG has a right to acquire up to a 30% interest in the Project which, if exercised to its full extent, would reduce PanAust’s interest to 55%.

Under the PanAust Glencore Agreement, PanAust will pay the initial consideration of US\$25 million on transaction completion and reimburse Glencore for its expenditures on the Project since 1 November 2013, the date of the Agreement. A further payment of US\$50 million¹ is scheduled to be paid to Glencore on 31 December 2015. In addition, on successful completion of a mining operation at Frieda River, Glencore will receive a 2% net smelter return royalty (on PanAust’s interest in the Project) to a total aggregate amount of US\$50 million¹.

The Frieda River Project is located on the border of the Sandaun (formerly West Sepik) and East Sepik provinces in PNG (Figure 1) and is one of the largest undeveloped copper and gold deposits in the world. The Project site is located in the foothills of the Schattenberg Range at elevations ranging from 300mRL to 800mRL and is approximately 18 kilometres from the Frieda River.

The Frieda River acquisition is consistent with PanAust’s strategy to ensure that it has access to sufficient mineral resources to secure the Company’s sustainable growth beyond the life of its Phu Kham Operation in Laos. The likely timing for implementation of PanAust’s development concept for Frieda River coincides with rising production levels scheduled for Phu Kham.

¹ subject to consumer price index (“CPI”) escalation between the date of signing (1 Nov 2013) and on a quarterly basis each year prior to payment

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



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Forward-Looking Statements

This announcement includes certain "Forward-Looking Statements". All statements, other than statements of historical fact, included herein, including without limitation, statements regarding financial, production and cost performances, potential mineralisation, exploration results and future expansion plans and development objectives of PanAust Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Figure 1: Location of the Frieda River Copper-Gold Project

