

**ASX ANNOUNCEMENT**  
**25 June 2009**

## **A\$69 million Retail Entitlements Offer oversubscribed**

PanAust is pleased to announce that its Retail Entitlements Offer (the "Retail Offer") closed heavily oversubscribed. The total value of applications received was approximately A\$120 million compared to the A\$69 million worth of shares available under the Retail Offer.

Over 60% of eligible retail shareholders took up their entitlements, which represented over 86% of available shares under the Retail Offer. Approximately 38% of retail applications included requests for additional shares under a top up arrangement ("top up shares").

The Retail Offer is the final tranche of the Equity Offer that the Company announced to the ASX on 26 May 2009. The Equity Offer raised a total of A\$143 million at an issue price of A\$0.28 per share and comprised an institutional placement and a non-renounceable entitlements offer. The Equity Offer was underwritten by ABN AMRO Morgans Corporate Limited.

Applications for top up shares under the Retail Offer will be scaled back by capping the maximum allocation of top up shares to approximately 50% of each applicant's entitlement.

PanAust Managing Director, Gary Stafford, said: "The response from retail shareholders to the entitlements offer is outstanding with one of the highest levels of shareholder participation when compared to similar issues by other companies over the last 12 months."

Funds from the Retail Offer will enable PanAust to repay the remaining balance of the Company's US\$80 million<sup>1</sup> Goldman Sachs JBWere subordinated debt facility and provide working capital.

In addition to the Equity Offer, Guangdong Rising Assets Management (GRAM) will invest a total of A\$216 million through a cornerstone investment of A\$180 million at A\$0.395 per share and top up investment of A\$35 million at A\$0.28 per share to acquire a 19.9% interest in PanAust. The investment by GRAM is subject to PanAust shareholder approval and approvals from Australian and Chinese government regulators. Approval from PanAust shareholders for the GRAM investment will be sought at an Extraordinary General Meeting on 8 July 2009.

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<sup>1</sup> Amount excludes capitalised interest since late February 2009 roll-over date and redemption fee