



COMPANY ANNOUNCEMENT

21 December 2016

Environmental Impact Statement lodged for the Frieda River Copper-Gold Project, PNG

PanAust Limited ('PanAust') is pleased to announce that the Environmental Impact Statement ('EIS') for the Frieda River Copper-Gold Project (Project) has been completed and an electronic copy of the document lodged on 20 December with the Conservation and Environment Protection Authority ('CEPA') of Papua New Guinea ('PNG'). Hard copies of the document will be provided to satisfy CEPA's EIS submission requirements in January 2017.

The Frieda River Copper-Gold Project is held by the Frieda River Joint Venture, an unincorporated joint venture between Frieda River Limited ('FRL'), a PanAust subsidiary company, and Highlands Frieda Limited, a subsidiary of Highlands Pacific Limited. Frieda River Limited manages the Project and holds an 80 per cent interest; Highlands Pacific hold the remaining 20 per cent.

The EIS was prepared by Coffey Environment Australia Pty Ltd for FRL in its capacity as Manager of the Frieda River Joint Venture and on behalf of the joint venture participants. The Statement is the statutory basis for the environmental assessment of the Project. It is consistent with the Project feasibility study which accompanied the application for a Special Mining Lease (SML) which was registered with the Mineral Resources Authority of PNG on 24 June 2016.

Copper mineralisation was first discovered in the Frieda River area in the mid-1960s. Baseline environmental and social investigations for the Project began in 1979 and have continued intermittently over subsequent years providing an extensive database. The EIS incorporates the results of numerous surveys covering both social and environmental aspects of the Project, including what is arguably the single most intensive biodiversity survey ever undertaken in PNG; a significant addition to the existing scientific body of work on PNG biodiversity.

PanAust Managing Director, Dr Fred Hess said the Frieda River Copper-Gold Project EIS highlights the Company's world-class, best-practice environmental management standards, and is indicative of the Company's ongoing commitment to respecting the natural environments in which it operates.

"PanAust is an internationally recognised leader in environmental management and sustainability, with well-established, proven Group environmental management standards.

"We recognise the importance of the Sepik River basin to PNG, both from an environmental perspective and the valuable contribution it makes to peoples' lives and livelihoods.

<p>2015 WINNER AUSTRALIAN CLIMATE LEADERSHIP AWARDS MOST PROFITABLE CARBON REDUCTION ACTIVITY</p> 	<p>2013 WINNER PROJECT DEVELOPMENT OF THE YEAR</p> 	<p>2013 WINNER SUSTAINABILITY LEADERSHIP 2010/11 WINNERS BEST COMMUNITY DEVELOPMENT</p> 	<p>2011 LAO PDR LABOUR ORDER CLASS 1 BEST RURAL DEVELOPMENT</p> 	<p>2011 WINNER SOCIAL/COMMUNITY PRESENTED BY ETHICAL INVESTOR</p> 
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“PanAust’s proven excellence in the management of tailings and waste rock in similar conditions in Laos will guide the Company’s environmental management programs at Frieda River, ensuring that impacts to natural environments, including local waterways, are minimised,” Dr Hess said.

About the Project

The Frieda River Copper-Gold Project represents one of the largest known undeveloped copper-gold deposits in the world. The Horse-Ivaal-Trukai, Ekwei and Koki (HITEK) global Mineral Resource is estimated at over 2.7 billion tonnes of mineralisation at an average grade of 0.42 per cent copper and 0.23g/t gold and contains approximately 12 million tonnes (Mt) of copper and 19 million ounces (Moz) of gold. PanAust considers that the optimum approach to this substantial resource is via a multi-staged development that involves an initial Project stage that will form a platform for subsequent phases of exploration, resource definition and development.

The initial Project, based on the HITEK copper-gold porphyry deposits, comprises a large-scale, open-pit mining operation feeding ore to a conventional process plant nominally rated at 40Mtpa. Average annual metal in concentrate production is 175,000t copper and 250,000oz gold. The initial mine life is estimated at 17 years with 700Mt of mill feed.

The Project is located in the northern foothills of the New Guinea Highlands (Central Range) in Sandaun Province, with key infrastructure and transport corridors located in the East Sepik Province (Figure 1). The Project lies in a remote area approximately 200 kilometres (km) from the northern coast and 70 km from the closest navigable point on the Sepik River (approximately 110km by planned road).

Figure 1: Frieda River Copper-Gold Project location



Key milestones

The future development of the Project will ultimately be subject to a final investment decision (FID) by the Project proponents, the grant of an SML and all necessary permits, approvals and agreements required from the Government of PNG, landowners and other stakeholders, including with respect to such matters as government infrastructure support and the declaration of the Government’s intention with respect to its

level of ownership in the Project. In addition to all such requisite approvals, FID will require a supportive commodity price outlook, secure finance, and legal and regulatory certainty.

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