



ASX ANNOUNCEMENT

5 May 2015

First Supplementary Target's Statement

Pursuant to section 647(3)(b) of the *Corporations Act 2001* (Cth), enclosed is a copy of PanAust Limited's (**PanAust**) first supplementary target's statement dated 5 May 2015 in relation to the off-market takeover bid by Guangdong Rising H.K. (Holding) Limited, a wholly-owned subsidiary of Guangdong Rising Assets Management Co., Ltd (together, **GRAM**) for all the ordinary shares in PanAust.

A copy has also been provided to GRAM and a copy is being lodged with the Australian Securities and Investments Commission today.

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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





5 May 2015

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by PanAust Limited (ACN 011 065 160) (**PanAust**) in relation to the off-market takeover bid to acquire all the ordinary shares in PanAust by Guangdong Rising H.K. (Holding) Limited, a wholly-owned subsidiary of Guangdong Rising Assets Management Co., Ltd (together, **GRAM**). This First Supplementary Target's Statement supplements, and should be read together with, PanAust's target's statement dated 27 April 2015 (**Target's Statement**). This First Supplementary Target's Statement is dated 5 May 2015, which is the date it was lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents. This First Supplementary Target's Statement was approved by a resolution of the Independent PanAust Directors.

PanAust Shareholders should refer to the Target's Statement for detailed information on the GRAM Offer and why the Independent PanAust Directors recommend that PanAust Shareholders reject the GRAM Offer. If you are in any doubt as to the action which you should take in relation to the GRAM Offer, you should consult your legal, taxation or financial adviser. If you have any queries, please contact the PanAust Shareholder Information Line on 1800 990 363 (toll free within Australia) or +61 1800 990 363 (callers outside Australia). Further information in relation to the GRAM Offer can also be found on PanAust's website (www.panaust.com.au).

Unless the context otherwise requires, capitalised terms used in this First Supplementary Target's Statement but not defined have the same meaning given to them in the Target's Statement. The First Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement.

Dear fellow PanAust Shareholder,

You would have recently received from us a Target's Statement issued in response to GRAM's inadequate takeover offer of A\$1.71 per PanAust Share.

Please find attached a further communication from your Independent PanAust Directors for your consideration.

Your Independent PanAust Directors continue to recommend that you **REJECT** the GRAM Offer of A\$1.71 per PanAust Share.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Garry Hounsell".

Garry Hounsell
Chairman

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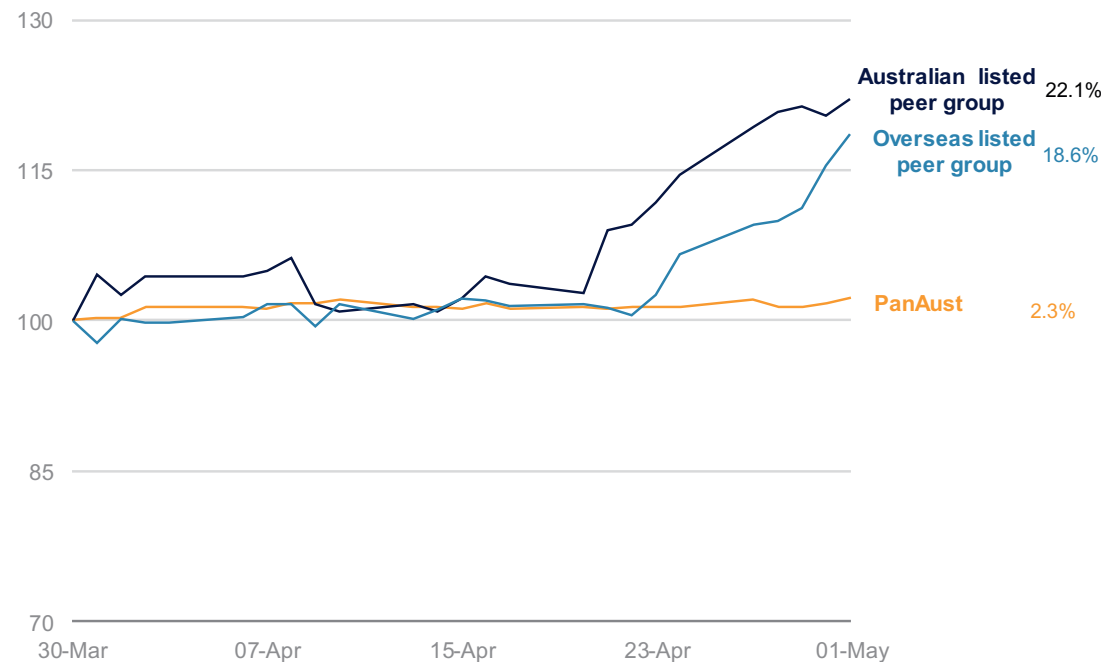
2011 WINNER
SOCIAL/COMMUNITY PRESENTED BY
ETHICAL INVESTOR



The share prices of other listed copper mining companies have increased significantly since the date of GRAM's Offer



Recent share price performance of other listed copper mining companies (rebased to 100)¹



Source: IRESS Market Data

Share prices of other listed copper mining companies have **increased by around 20%** since the date of GRAM's Offer¹.

However, over the same period the PanAust share price has increased by only 2.3%, as it has been linked closely to the GRAM Offer price.

As a PanAust Shareholder, you should also be benefiting from this positive change in sentiment towards copper mining companies.

GRAM SHOULD PAY MORE to acquire your PanAust Shares

Notes.

1. Companies included in the Australian and Overseas listed peer groups have been selected on the basis they are copper producing companies with market capitalisations between US\$100million and US\$5,000 million. Australian peers are Oz Minerals and Sandfire Resources. Overseas peers are Capstone Mining, Hudbay Minerals, Lundin Mining Corporation, Imperial Metals, Nevsun Resources, Katanga Mining, Central Asia Metals, Taseko Mines, Copper Mountain and KAZ Minerals. The relevant index has been calculated by taking the average daily performance of each individual company in local currency over the period from 30 March 2015 through to 1 May 2015. The minimum and maximum total performance for the Australian listed peer group over the period was 18.1% and 26.1% respectively. The minimum and maximum total performance for the Overseas listed peer group over the period was 3.6% and 33.3% respectively.

GRAM's Offer price of A\$1.71 per share is inadequate.

REJECT the GRAM Offer



The Independent Expert concluded that the GRAM Offer is neither fair nor reasonable.

GRAM timed its Offer at a low point in the commodities price cycle.

GRAM's Offer does not adequately recognise the long-term strategic value of the Frieda River Project.

PanAust has substantial exposure to the potentially attractive outlook for copper.

On 1 May 2015, the copper price reached a 2015 high of US\$2.89/lb. This represents an 18% increase from the 2015 low reached in late January 2015, and a 4% increase from when the GRAM Offer was announced.

Your Independent PanAust Directors continue to recommend that you REJECT the GRAM Offer of A\$1.71 per share