

ASX Announcement

15 May 2015

Third 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**) third supplementary target's statement dated 15 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



THIRD SUPPLEMENTARY TARGET'S STATEMENT

1 Introduction

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the third supplementary target's statement (**Third Supplementary Target's Statement**) issued by PanAust Limited (ACN 011 065 160) (**PanAust**) in relation to the off-market takeover bid made by Guangdong Rising H.K. (Holding) Limited (**GRHK**), a wholly-owned subsidiary of Guangdong Rising Assets Management Co., Ltd (together, for the purposes of this Third Supplementary Target's Statement, **GRAM**), for all the ordinary shares in PanAust.

This Third Supplementary Target's Statement supplements, and should be read together with, PanAust's target's statement dated 27 April 2015 (**Original Target's Statement**), the first supplementary target's statement dated 5 May 2015 (**First Supplementary Target's Statement**) and the second supplementary target's statement dated 8 May 2015 (**Second Supplementary Target's Statement**).

2 GRAM Offer update

Please see the attached ASX announcement which contains an update on the GRAM Offer.

3 Other notices

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

This Third Supplementary Target's Statement is dated 15 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 Third Supplementary Target's Statement was approved by a resolution of the Independent PanAust Directors.

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GRAM holds a 70.433% controlling interest in PanAust

PanAust has been advised that, as at Friday 15 May 2015, GRAM's interest in PanAust had increased to 70.433%. By acquiring an interest of more than 50% of the shares in PanAust, the Offer period has been automatically extended so that it is now currently scheduled to close at 7pm Sydney time on Wednesday 27 May 2015 (unless further extended).

GRAM has declared its Offer to be best and final, subject to no competing proposal emerging. The effect of this is that unless a competing proposal emerges, GRAM is not able to increase the offer price.

The Independent PanAust Directors continue to unanimously recommend that all PanAust shareholders accept the GRAM Offer, in the absence of a superior proposal.

If a shareholder elects to accept the Offer, GRAM has indicated that the shareholder will receive payment within 7 business days of their valid acceptance being received.

In the PanAust Target's Statement (despatched to shareholders on 30 April 2015) the Independent PanAust Directors provided commentary (Section 7.6) on the consequences of minority ownership should shareholders wish to reject the GRAM Offer:

If GRAM acquires more than 50% but less than 90% of the PanAust Shares then GRAM will acquire a majority shareholding in PanAust but will not be entitled to acquire the PanAust Shares that have not been accepted into the Offer. In this situation, PanAust Shareholders who do not accept the Offer will become minority PanAust Shareholders. This has a number of possible implications, including:

- GRAM will be in a position to cast the majority of votes at a general meeting of PanAust. This will enable GRAM to control the composition of PanAust's board of directors and senior management and control the strategic direction of the businesses of PanAust and its Subsidiaries;
- the price of PanAust Shares may fall immediately following the end of the Offer Period;
- the liquidity of PanAust Shares may be lower than at present, and there is a risk that PanAust could be fully or partially removed from certain S&P/ASX indices due to lack of free float and/or liquidity;
- there may be limited institutional shareholder support for PanAust Shares;
- there may be fewer analysts providing research coverage of PanAust Shares; and
- GRAM has stated in the Bidder's Statement that, based on the information currently available to GRAM, it intends to cause PanAust to apply for removal from the official list of the ASX in accordance with the policies and processes set out in Guidance Note 33 and subject to the limitations referred to in section 4.5(f) of the Bidder's Statement (such as approval of minority PanAust Shareholders) (see section 7.7 of PanAust's Target's Statement for further details).

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If GRAM acquires more than 75% but less than 90% of the PanAust Shares all of the minority ownership consequences outlined above will apply. In addition, if GRAM acquires at least 75% of the PanAust Shares it will be able to pass a special resolution of PanAust. This will enable GRAM to, among other things, change PanAust's constitution.

If GRAM acquires more than 90% of the PanAust Shares, GRAM will be entitled to compulsorily acquire any PanAust Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer. GRAM has indicated in section 4.4(a) of its Bidder's Statement that, if it acquires more than 90% of the PanAust Shares, it intends to compulsorily acquire any outstanding PanAust Shares.

All the Independent PanAust Directors have accepted or intend to accept the GRAM Offer and all remaining PanAust shareholders are also encouraged to do so.

PanAust shareholders who require a replacement acceptance form are encouraged to contact the GRAM offer information line on: 1300 150 131 (toll free within Australia) or +61 2 9098 9225 (International). Please note that if shares are held in a CHESS holding the shareholder may, as an alternative to returning a signed form, instruct their broker to initiate acceptance of the offer.

Shareholders that are in any doubt as to the action which you should take in relation to the GRAM Offer should consult their legal, taxation or financial adviser. Updates in relation to the GRAM Offer will be posted on PanAust's website (www.panaust.com.au).

For further information please contact

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