

14 December 2016

Metro Mining Agreement with PanAust

Please see attached Release/Announcement that has been distributed by PanAust regarding the Mahar San project in Myanmar.



COMPANY ANNOUNCEMENT

14 December 2016

PanAust adds Mahar San to its Myanmar Exploration Program

PanAust Limited (PanAust) is pleased to announce that it has entered into a farm-in agreement in relation to the Mahar San Exploration Project in Myanmar. PanAust has worked closely with Project owner Metro Mining Limited (Metro) to develop an initial scout drilling program of 1,000 metres which will commence early in 2017. The scout program will target six anomalies generated through ground electromagnetic surveys conducted by Metro.

The Mahar San Project is in the Sagaing Region of northern Myanmar, approximately 220 kilometres north-northwest of Mandalay. The Project lies at the southern extension of PanAust's Wuntho Resources Company Limited (WCRL) Joint-Venture. It lies within the Mesozoic to Tertiary Central Volcanic Magmatic Arc and is prospective for various styles of copper, gold and base metal mineralisation.

PanAust first visited the Project in 2013 where small-scale mining activity was taking place. The prospectivity of the region was further developed through PanAust's in-house exploration team and culminated in the decision to apply for large-scale exploration areas in the Wuntho Massif. The opportunity to farm-in to the Mahar San Project presents an accretive value proposition for PanAust.

PanAust Myanmar Director, Richard Taylor said "We look forward to working with Metro and welcome the opportunity to support exploration at Mahar San. The project shares synergies with PanAust's other tenements in the Sagaing Region of Myanmar. As an emerging mining jurisdiction, Myanmar represents a great opportunity for the industry."

The farm-in agreement provides for PanAust to progressively earn an interest in Metro's Myanmar company which has the interest in the Mahar San Project by the phased funding of exploration.

Stage description

- PanAust has the exclusive option to explore the Project for one year in exchange for funding all operating costs including an agreed drilling program.
- PanAust has the option to acquire 63.75% of Metro's interest in the Project for a further US\$3 million expenditure on agreed exploration programs plus reimbursement of US\$500,000 of Metro's historical costs.
- PanAust has the option to acquire an additional 18.75% of Metro's interest in the project for a further US\$5 million expenditure on exploration.

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DEVELOPMENT



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ETHICAL INVESTOR



- PanAust has the option to purchase Metro's remaining 17.5% of Metro's interest in the project for US\$9.5 million. If PanAust does not exercise the option Metro may elect to either contribute to its share of project expenditure or convert its interest to a 2% Net Smelter Royalty over production. This phase must be completed within 10 ½ years of the date of execution of the agreement.

About Metro Mining Limited

Metro Mining Limited is an Australian exploration and mining company based in Brisbane, Australia. Metro holds major bauxite projects in Cape York and one of Australia's largest thermal coal resources, in Queensland's Surat Basin. The Company's immediate focus is on the Bauxite Hills Project in Western Cape York. Metro Mining controls approximately 1,300 square kilometres of exploration tenements in western Cape York.

For further information contact:

Ms Kate Horan

T +61 7 3117 2089

E kate.horan@panaust.com.au