



ASX ANNOUNCEMENT

11 March 2015

Issue of Shares under the Executive Long-Term Share Plan

Following completion of annual performance and remuneration reviews, PanAust announces that it has made offers under its Executive Long-Term Share Plan ("LTSP") to the Managing Director and other senior executives.

The LTSP is a loan backed share plan introduced by PanAust in 2010. It is the vehicle used to provide long term incentives to the Managing Director and other senior executives.

An offer of 2,707,444 shares under the LTSP has been made to the Managing Director. The Managing Director has accepted the offer. Prior to vesting, performance conditions must be satisfied. In conjunction with the issue of shares, a loan will be advanced under the LTSP. The issue of shares and the advance of the loan to the Managing Director are subject to shareholder approval. A resolution will be put to the Annual General Meeting of the Company to be held on 22 May 2015. The explanatory statement accompanying the notice of meeting will provide further details.

In addition to the offer made to the Managing Director, a total of 10,791,200 shares have been awarded under the LTSP to senior executives. In accordance with the LTSP, a loan has been advanced to each executive. Given that the shares awarded under the LTSP are not acquired by the Company on market, the loan amount is not required to be advanced in cash by the Company to the senior executives. For the executive to receive a benefit from an award under the LTSP the performance conditions must be met and the value of the shares must exceed the outstanding loan amount at the time of sale of the shares.

In conjunction with the award under the LTSP, the Company is making offers under its Share Rights Plan to other employees. The vesting of the share rights is not subject to performance conditions. However, the employee must continue to be employed by the Company as at the vesting date to obtain the benefit of the share rights. The issue of these share rights will occur in the near future.

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