



50-58F, The Pinnacle Plaza, 17 Zhujiang West Road
Tianhe District, Guangzhou, The People's Republic of China

7 April 2015

Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

By facsimile 1300 135 638

Dear Sir/Madam

GRAM – Takeover bid for PanAust Limited – Replacement Bidder's Statement

This notice relates to Guangdong Rising H.K. (Holding) Limited's (ARBN 148 961 344) ("**GRAM HK**"), a wholly-owned subsidiary of Guangdong Rising Assets Management Co., Ltd., unconditional off-market takeover bid for all the ordinary shares in PanAust Limited (ABN 17 011 065 160).

Further to GRAM HK's announcement today of its first supplementary bidder's statement, we attach a clean version of the replacement bidder's statement.

PanAust has agreed to provide its written consent in accordance with CO 13/528 to the dispatch of the replacement bidder's statement on 13 April 2015.

Yours sincerely



Zezhong Li

DIRECTOR

Encl 1

WHY YOU SHOULD ACCEPT THE UNCONDITIONAL ALL CASH OFFER

1. The Offer Price represents a **SIGNIFICANT PREMIUM** to recent trading levels.
2. The Offer is an **ALL CASH** Offer and provides certain and immediate value
3. The Offer **REMOVES SIGNIFICANT RISKS**
4. The Offer is **UNCONDITIONAL** and payment will be made promptly
5. The **SHARE PRICE MAY FALL** after the close of the Offer

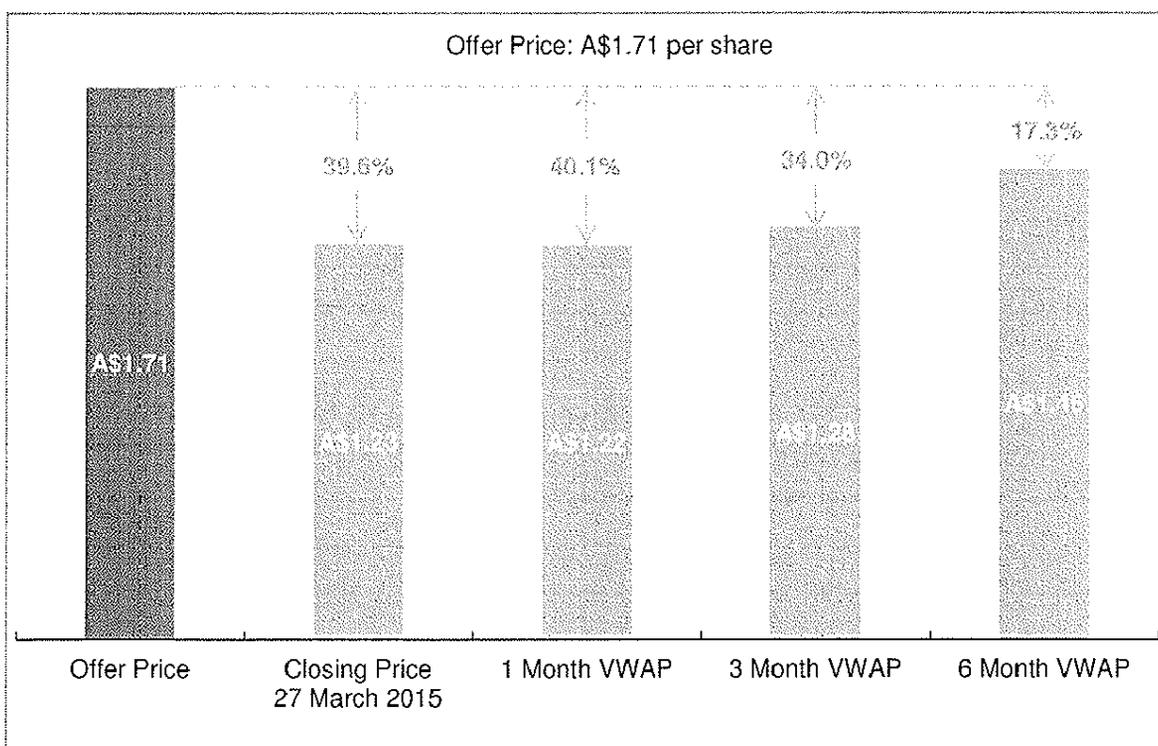
ACCEPT THE OFFER

1. The Offer Price represents a **SIGNIFICANT PREMIUM** to recent trading levels.

The Offer Price of A\$1.71, as illustrated below, represents a significant premium to the levels at which PanAust Shares were trading up to and including 27 March 2015, the last trading day prior to the announcement of the Offer.

Based on the price of PanAust Shares up to and including 27 March 2015, the Offer Price represents a **premium** of:

- **39.6%** to the closing price of PanAust Shares on the ASX on 27 March 2015 of A\$1.23;
- **40.1%** to the 1 month VWAP of PanAust Shares of A\$1.22;
- **34.0%** to the 3 month VWAP of PanAust Shares of A\$1.28; and
- **17.3%** to the 6 month VWAP of PanAust Shares of A\$1.46.³



The A\$1.71 Offer Price implies a market capitalisation of approximately A\$1,108 million for PanAust.

2. The Offer is an **ALL CASH** Offer and provides certain and immediate value.

The Offer is 100% cash for your PanAust Shares.

If you accept the Offer:

- you will be paid **A\$1.71 CASH** for each of your PanAust Shares;
- you should not incur any brokerage fees or stamp duty on the acceptance of the Offer; and

³ VWAP trading data sourced from Bloomberg (without the consent of Bloomberg to use of the data, as permitted by ASIC Class Order 07/249).

- your payment cheque will be despatched on or before 7 Business Days after your valid acceptance is received.

3. The Offer REMOVES SIGNIFICANT RISKS.

If you accept the Offer, you will be paid cash for your PanAust Shares and will no longer be exposed to external and company-specific risks that PanAust may be subject to and which may adversely affect the trading price of PanAust Shares.

PanAust's pre-development project at Frieda River in Papua New Guinea will require significant future capital expenditure in order to get to production.

Future development costs may give rise to a significant funding requirement for PanAust. PanAust may seek to raise funds through raising equity capital, for example through rights issues or placements to third parties. These capital raisings could result in dilution of existing PanAust Shareholders.

There is a risk that the requirement for substantial amounts of development capital may negatively impact the share price of PanAust Shares in the future.

In addition, there are inherent risks in holding shares in a listed entity such as PanAust.

These risks include but are not limited to:

- commodity price risk;
- foreign exchange risk;
- operational and development risk;
- regulatory risk;
- equity market risk; and
- general economic conditions.

4. The Offer is UNCONDITIONAL and payment will be made promptly.

The Offer is unconditional. Your payment cheque will be despatched on or before 7 Business Days after your valid acceptance is received.

5. The SHARE PRICE MAY FALL after the close of the Offer.

Depending on the level of acceptances that GRHK receives under the Offer, the market for your PanAust Shares may become less liquid or less active after the close of the Offer than the current market. This may have an adverse impact on the trading price for PanAust Shares.

GRAM already has a relevant interest in approximately 22.5%⁴ of the issued shares of PanAust. If GRAM and its Associates own more than 50% of PanAust, they will control the company. If GRAM and its Associates control PanAust, you will become a minority shareholder which may have a number of adverse implications for you as a PanAust Shareholder and the market for your PanAust Shares.

⁴ This holding was correct as at the date this Bidder's Statement was lodged with ASIC (30 March 2015). It has subsequently increased due to on-market purchasing.

1 Overview of the Offer

Set out below is a summary of the Offer. Further information about the Offer can be found throughout this Bidder's Statement. You should read the entire Bidder's Statement before deciding whether to accept the Offer.

Bidder	<p>The Offer is made by Guangdong Rising H.K. (Holding) Limited ("GRHK").</p> <p>GRHK is a directly wholly owned Subsidiary of Guangdong Rising Assets Management Co., Ltd ("GRAM").</p>
Unconditional Offer	<p>GRHK offers to acquire all PanAust Shares for A\$1.71 cash per PanAust Share on the Offer Terms set out in Appendix 1 to this Bidder's Statement.</p> <p>The Offer relates to PanAust Shares that exist or will exist as at the Register Date.</p> <p>The Offer will not extend to the acquisition of any PanAust Share Rights. However, it will extend to all PanAust Shares that are issued and listed for quotation on the ASX at any time during the Offer Period:</p> <ul style="list-style-type: none"> • as a result of exercise of the PanAust Share Rights; or • in connection with the vesting of outstanding Long Term Share Plan shares.
Conditions	<p>The Offer is unconditional.</p>
Offer Period	<p>The Offer is scheduled to close at 7.00pm (Sydney time) on 15 May 2015 (but it may be extended).</p>
Payment date	<p>If you accept the Offer, your payment cheque will be despatched on or before 7 Business Days after your valid acceptance is received.</p>
How to accept the Offer	<p>The Offer may only be accepted for all of your PanAust Shares.</p> <p>How you accept the Offer depends on whether your PanAust Shares are in an Issuer Sponsored Holding or a CHESS Holding.</p> <p>Issuer Sponsored Holding</p> <p>If you hold your PanAust Shares in an Issuer Sponsored Holding (your SRN starts with an "I"), to accept the Offer you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it and return it to the address indicated on the form (and set out below) before the end of the Offer Period.</p> <p>CHESS Holding</p> <p>If you hold your PanAust Shares in a CHESS Holding (your HIN starts with an "X"), to accept the Offer you must either:</p> <ol style="list-style-type: none"> (a) instruct your Controlling Participant (for example, your broker) to initiate acceptance of the Offer before the end of the Offer Period; or (b) complete the accompanying Acceptance Form and send the completed Acceptance Form (together with all other documents required by the instructions on the form) directly to your broker or other Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf before the end of the Offer Period; or (c) complete, sign and return the Acceptance Form in accordance with

the instructions on it and lodge it by returning it to the address indicated on the form (and set out below) so that your acceptance is received before 7.00pm on the second last Business Day in Sydney of the Offer Period. This will authorise GRHK to instruct your broker or other Controlling Participant to initiate acceptance of the Offer on your behalf.

If you are a Broker or an ASX Settlement Participant, to accept the Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.

If some of your PanAust Shares are in an Issuer Sponsored Holding and some in a CHES Holding, please read clause 4.3(d) of the Offer Terms in Appendix 1 to this Bidder's Statement for how to accept the Offer.

The postal and delivery addresses for completed Acceptance Forms are as follows.

The postal address is:

Boardroom Pty Limited
GRAM Offer
GPO Box 3993
Sydney NSW 2001
Australia

The transmission of the Acceptance Form and other documents is at your own risk.

You may deliver the Acceptance Form and any associated documents in person to:

Boardroom Pty Limited
GRAM Offer
Level 7, 207 Kent Street
Sydney NSW 2000

For full details see clause 4 of the Offer Terms in Appendix 1 to this Bidder's Statement.

2 Information on GRHK and GRAM

2.1 Corporate information

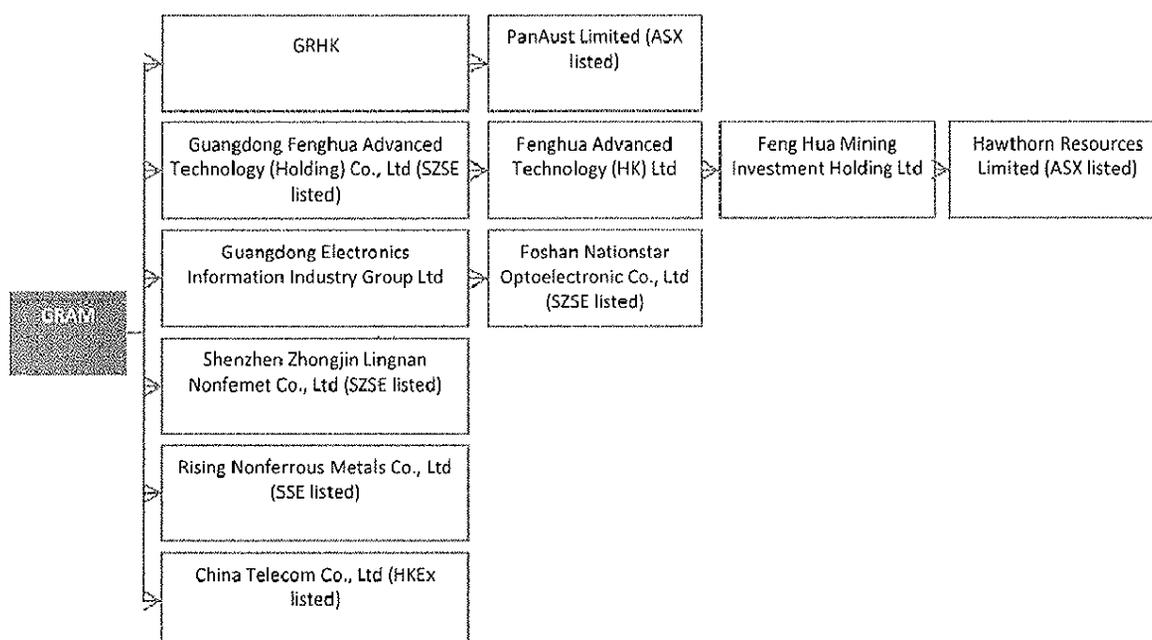
GRHK is directly wholly owned by GRAM. GRHK is a Hong Kong incorporated entity that is an expansion vehicle for its parent company, GRAM, including facilitating and implementing overseas projects and investments in overseas mining companies and assets.

GRAM is a Chinese State-owned company regulated under the State-owned Assets Supervision and Administration Commission, the People's Government of the Guangdong Province.

2.2 Overview of GRHK and GRAM and their principal activities

GRAM and its Subsidiaries including GRHK operate a diversified portfolio of businesses centred on investments in the mining and production of non-ferrous metals including lead-zinc, copper, gold, tungsten and rare earth. Besides mining, GRAM also has other support industries including electronics, real estate and finance.

GRAM is the second largest shareholder of China Telecom Co., Ltd, and the controlling shareholder of listed companies including Shenzhen Zhongjin Lingnan Nonfermet Co., Ltd, Guangdong Fenghua Advanced Technology (Holding) Co., Ltd, Rising Nonferrous Metals Co., Ltd and Foshan Nationstar Optoelectronic Co., Ltd.



GRAM has direct and indirect investments in 2 listed companies outside of China. GRAM's mining assets are located across 5 continents.

Currently, mining is GRAM's primary business and it is focused on strategic diversification. GRAM applies its unique strength, financial network, technical capabilities and management experience to advance its current mining projects and invests in other companies and projects with potential for value and growth, with the view of creating a diversified, global mining group which is internationally competitive.

This Offer is consistent with GRAM and its Subsidiaries' ongoing strategy to identify and develop high-quality non-ferrous metals projects globally.

2.3 History of GRHK and GRAM

(a) History of GRHK

GRHK was incorporated in 2009 in Hong Kong. On 18 September 2009 it acquired a 19.9% interest in PanAust as a cornerstone investor. Since then, GRHK has made several purchases which has taken its current holding in PanAust to approximately 22.5%.⁵ It was registered in Australia as a foreign company on 27 January 2011. Other than holding its position in the PanAust Shares, GRHK does not currently undertake any other business activities.

(b) History of GRAM

GRAM was founded on 30 December 1999 by the approval of the government of Guangdong Province. It is one of the largest state-owned enterprises supervised by the State-owned Assets Supervision and Administration Commission, the People's Government Guangdong Province. Over 15 years of development GRAM has achieved a successful track record and presented unique opportunities and significant value for its shareholder. At the end of 2013, GRHK had total assets of RMB2,544 million and GRAM has consolidated assets of RMB88,049 million.

In 2011, GRAM acquired Caledon Resources PLC, an Australian coal producer and explorer based in the Bowen Basin of Queensland. GRAM also has interests in Perilya Limited, an Australian base metals mining and exploration company. GRAM holds its interests in Perilya through direct and indirect investments in Shenzhen Zhongjin Lingnan Nonfermet Co., Ltd, a listed company on the Shenzhen Stock Exchange.

2.4 Directors

(a) Directors of GRHK

As at the date of this Bidder's Statement the directors of GRHK are:

- Director – Hongqun Weng. Mr Weng holds a bachelor's degree in mechanical and electrical engineering from South China University of Technology. Since stepping into non-ferrous metal industry in 1978, Mr Weng has gained extensive experience in management and knowledge of mining. Mr Weng joined GRAM in 2002 and was appointed as director of GRHK in July 2009. Mr Weng is Chairman of Guangdong Rising Mining Investment Co., Ltd.
- Director – Lixin Wang. Mr Wang holds a PhD degree in accounting from Sun Yat-sen University. Mr Wang has extensive experience in finance, accounting, audit and taxation. Mr Wang worked for the Finance department of the provincial government and also served as lecturer at Sun Yat-sen University for nearly 10 years. Since joining GRAM in 2005, Mr Wang has successively served as the General Manager of the Financial Settlement Center, the Capital Operation Department and the Planning and Finance Department. Mr Wang was appointed as director of GRHK in July 2009.
- Director – Zhensheng Liu. Mr Liu graduated from Southeast University (previously named Nanjing Geology Institute) and completed postgraduate program of resources economy at Sun Yat-Sen University. Mr Liu is currently a Committee Member of Shanghai Gold Exchange Credentials Committee, China Gold Industry Standard Committee and Guangdong Precious Metal Standard Committee. Mr Liu also holds professional titles of Senior Geologist and Beneficiation Engineer. Prior to joining GRAM, Mr Liu held several mining-related managerial roles including the Vice General Manager of Hetai Gold Mine and the Managing Director of Guangdong Jin Ding Gold Co., Ltd. Mr Liu is Vice-President of Guangdong Rising Mining Investment Co., Ltd and was appointed as director of GRHK in December 2014.

⁵ This holding was correct as at the date this Bidder's Statement was lodged with ASIC (30 March 2015). It has subsequently increased due to on-market purchasing.

(b) Directors of GRAM

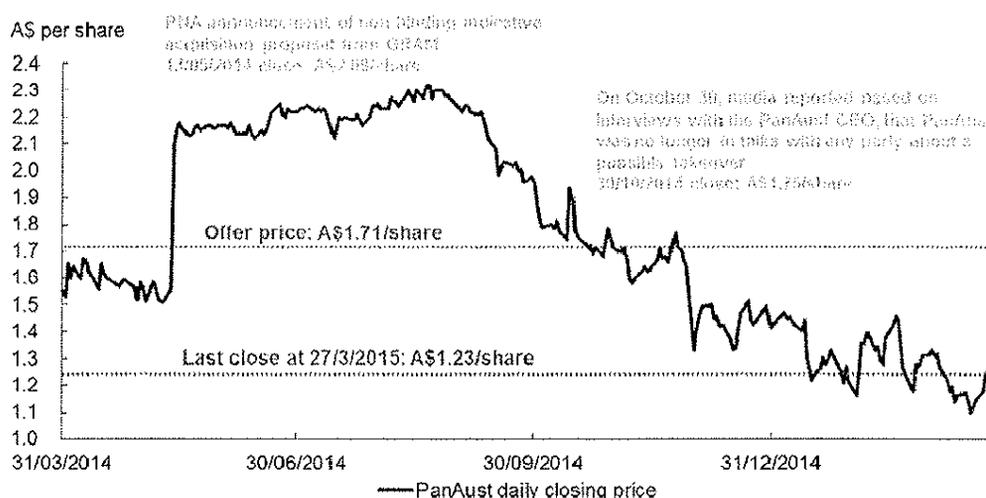
As at the date of this Bidder's Statement the directors of GRAM are:

- Chairman - Wei Zhu. Mr Zhu holds a master's degree in political economics from Jinan University. Mr Zhu has 20 years' experience in the financial sector including at the People's Bank of China, several venture capital investment companies and China Banking Regulatory Commission and has extensive experience in corporate governance and capital operation. Mr Zhu has held various senior managerial roles before being appointed as Chairman of GRAM in May 2013. Mr Zhu is also Vice-President of the Association of China Rare Earth Industry, Chairman of Shenzhen Zhongjin Lingnan Nonfermet Co., Ltd (a Shenzhen Stock Exchange listed company) and Guangdong Rare Earths Industry Group.
- Director, President - Zezhong Li. Mr Li holds master's degrees in politics from Peking University and public administration from Harvard University. Mr Li worked for the State Council and was a consultant to the United Nations Development Program. Since joining GRAM in 2006, Mr Li has been leading GRAM on multiple overseas asset acquisitions and project management. Mr Li was appointed as President and director of GRAM in April 2013. Mr Li is GRHK's nominee director on the board of PanAust. Mr Li joined the board of PanAust following the completion of the share placement to GRHK in September 2009. Mr Li is also Vice-President of China Nonferrous Metals Industry Association, Chairman of Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. (a Shenzhen Stock Exchange listed company) and Guangdong Rising (Australia) Pty Ltd.
- Director - Jinxian Deng. Mr Deng holds a master's degree in economics management and received an EMBA degree from Sun Yat-sen University and holds a professional title of Senior Economist. Mr Deng joined GRAM in 2000 and has since held several management and committee positions. Mr Deng has extensive experience in human resource management. Mr Deng was appointed as a director of GRAM in May 2005 and was a director of Rising Nonferrous Metals Co., Ltd (a Shanghai Stock Exchange listed company) from 2009 to 2013.

3 Information on PanAust

3.1 Recent PanAust share price performance⁶

The graph below shows PanAust's share price for the 12 months to 27 March 2015.



Source: Bloomberg

As at 27 March 2015, being the last day on which PanAust Shares traded prior to the announcement of GRHK's offer:

- the last recorded trading price of PanAust Shares was A\$1.225;
- the 10 day VWAP of PanAust Shares was A\$1.20;
- the highest recorded trading price of PanAust Shares in the previous three months was A\$1.50; and
- the lowest recorded trading price of PanAust Shares in the previous three months was A\$1.10.

3.2 Disclaimer

The following information on PanAust has been prepared by GRHK using publicly available information, and has not been independently verified. Accordingly, GRHK does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on PanAust in this Bidder's Statement should not be considered comprehensive.

In addition, the Corporations Act requires the directors of PanAust to provide a Target's Statement to PanAust Shareholders in response to this Bidder's Statement, setting out certain material information concerning PanAust.

⁶ This section 3.1 contains various references to trading data sourced from Bloomberg (which has not consented to such use of references to that trading data, as permitted by ASIC Class Order 07/249).

3.3 Overview of PanAust and its principal activities

(a) Overview of PanAust's business

PanAust is listed on the ASX (ASX: PNA). PanAust's head office is located in Brisbane, Australia.

PanAust is a copper and gold producer with a portfolio of projects in Laos, Chile and Papua New Guinea.

PanAust's producing assets are the Phu Kham Copper-Gold Operation and the Ban Houayxai Gold-Silver Operation. Both are located in PanAust's prospective 2,600 square-kilometre Phu Bia contract area in Laos.

In Papua New Guinea, PanAust holds an 80% interest in the Frieda River Copper-Gold Project, an undeveloped copper and gold project located on the border of the Sandaun and East Sepik provinces of Papua New Guinea. The remaining 20% interest is held by Highlands Pacific Limited.

(b) History of PanAust

PanAust was incorporated in 1983 and listed on the ASX in 1987. In 2001, PanAust acquired an interest in the Phu Bia Contract Area in Laos. Between 2002 to 2004, PanAust conducted feasibility studies and metallurgical tests at both Phu Kham and Ban Houayxai. In 2005 PanAust gained 'producer' status following the first gold pour at the Phu Kham Heap Leach Gold Operation. In 2007, PanAust entered the S&P/ASX 200 Index and the first Phu Kham copper-gold ore was mined and stockpiled and Phu Kham Copper-Gold Operation commissioning commenced.

In August 2014, PanAust acquired an 80% interest in the Frieda River Copper-Gold Project in Papua New Guinea. The remaining 20% is held by Highlands Pacific Limited. Upon the grant of a special mining lease or a mining lease the government of Papua New Guinea has a right to acquire up to a 30% interest in the Frieda River Project.

On 29 January 2015 PanAust announced that no material expenditures are budgeted for 2015 for the KTL (formerly Phonsavan) Copper-Gold Project in Laos and no site activities are planned for 2015 for the Carmen deposit or the Inca de Oro Copper-Gold Project in Chile. PanAust subsequently announced a corresponding write down in the value of those assets.

(c) PanAust's Board of Directors

As at the date of this Bidder's Statement the directors of PanAust are:

- Mr Garry Arthur Hounsell;
- Dr Frederick Hess;
- Mrs Nerolie Phyllis Withnall;
- Mr Geoffrey Arthur Handley;
- Mr Geoffrey Billard;
- Mr Zezhong Li (alternate Mr Qian Deng);
- Mr John Phillip Crofts;

- Mr Kenneth William Pickering; and
- Ms Annabelle Sally Chaplain.

3.4 Substantial shareholders

Based on material lodged with ASX prior to the date of this Bidder's Statement each of the following persons (on behalf of itself and its related bodies corporate) had the following substantial shareholdings in the issued ordinary share capital of PanAust.

PanAust Shareholder	PanAust Shares	% of issued ordinary share capital of PanAust
GRHK and GRAM	145,734,849 ⁷	22.5%

Source: ASX

3.5 Publicly available information

PanAust is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX. PanAust's annual report for the year ended 31 December 2014 was given to ASX on 19 February 2015.

⁷ 580,000 PanAust Shares are held indirectly through GRHK's broker BMO Nesbitt Burns Inc.

4 GRHK's intentions

4.1 Introduction

This section sets out GRHK's intentions, on the basis of the facts and information concerning PanAust which are known to it and the existing circumstances affecting the business of PanAust, in relation to the following:

- (a) the continuation of the business of PanAust;
- (b) any major changes to be made to the business of PanAust, including any redeployment of the fixed assets of PanAust; and
- (c) the future employment of the present employees of PanAust.

GRHK is a wholly owned Subsidiary of GRAM. Accordingly, GRAM has the same intentions as GRHK in relation to these matters.

The intentions of GRHK have been formed on the basis of material information concerning PanAust, and the general business environment, which are known at the time of preparing this Bidder's Statement. Certain of that information was received during the limited due diligence conducted prior to 9 October 2014 (see section 8.2). Final decisions regarding these matters will only be reached by GRHK in light of material information and circumstances at the relevant time. Accordingly, the statements in this Bidder's Statement may vary as new information becomes available or circumstances change.

4.2 Operational review

GRHK and its advisers have reviewed information that has been publicly released on PanAust, its current activities and its plans for the future, have had limited discussions with PanAust in relation to its businesses and conducted limited due diligence prior to 9 October 2014 (see section 8.2). However, GRHK does not currently have knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, taxation and financial implications of its current intentions. Consequently, final decisions on these matters have not been made.

Following the close of the Offer, GRHK will, to the extent that information is available to it, conduct a review of the operations, assets, structure and employees of PanAust in light of that information. Final decisions will only be reached after that review and in light of all material facts and circumstances. As such, statements set out in this section 4 are statements of current intention only which may change as new information becomes available or circumstances change. The statements in this section 4 should be read in this context.

GRHK is PanAust's largest shareholder with a relevant interest in approximately 22.5%⁸ of the issued capital. GRHK's intention is to increase its shareholding in PanAust and to increase its involvement in the development of Frieda River and the continued management of PanAust's other operating assets.

4.3 Specific intentions – PanAust Share Rights

GRHK is not offering to acquire any PanAust Share Rights. GRHK encourages holders of PanAust Share Rights to exercise their PanAust Share Rights, to the extent that they are entitled to do so under the PanAust Share Rights Plan, and accept the Offer in respect of the PanAust Shares issued on exercise if they wish to participate in the Offer.

⁸ This holding was correct as at the date this Bidder's Statement was lodged with ASIC (30 March 2015). It has subsequently increased due to on-market purchasing.

4.4 Intentions upon acquisition of 90% or more of PanAust Shares

This section sets out GRHK's current intentions if it acquires a relevant interest in 90% or more of the PanAust Shares and is entitled to proceed to compulsory acquisition of the outstanding PanAust Shares.

(a) Compulsory acquisition

If it becomes entitled to do so under the Corporations Act, GRHK intends to:

- (i) give notices to compulsorily acquire any outstanding PanAust Shares in accordance with section 661B of the Corporations Act; and
- (ii) give notices to holders of PanAust Share Rights to compulsorily acquire any outstanding PanAust Shares and PanAust Share Rights in accordance with section 664C of the Corporations Act.

If it is required to do so under section 662A and 663A of the Corporations Act, GRHK intends to give notices to PanAust Shareholders offering to acquire their PanAust Shares and PanAust Share Rights in accordance with section 662B, 663B and 664C of the Corporations Act.

(b) ASX Listing

At the conclusion of the compulsory acquisition process, GRHK intends to arrange for PanAust to be removed from the official list of the ASX.

(c) Directors

GRHK will replace the majority of the members of the board of directors of PanAust with its own nominees which may include existing PanAust directors. Replacement board members have not been identified by GRHK and their identity may depend on the circumstances at the relevant time.

(d) Operations and assets

Following the close of the Offer, GRHK intends to conduct a broad based review of PanAust's operations on a strategic, functional and financial level to evaluate PanAust's performance, profitability and prospects.

GRHK intends to continue the growth and development of PanAust's resource assets through sound and responsible business practices and operational efficiency enhancements.

GRHK also intends to maintain positive relationships with the local communities and government authorities in the areas in which PanAust has projects and operations.

GRHK intends to continue carrying on the proposed feasibility study in relation to Frieda River.

Final decisions as to the operations and assets of PanAust will only be reached after the review and in light of all the material facts and circumstances. As such the statements in this section 4 should be read in this context.

(e) Employees

As outlined above, GRHK will conduct a review of the operations, assets, strategy and employees of PanAust. In this process GRHK may identify some synergies in relation to some corporate, managerial and operational functions across GRAM and PanAust and GRHK may make adjustments over time when allowed by the law.

Where possible GRHK will seek to minimise job losses and leverage the experience and skills of existing employees. GRHK also expects to retain substantially all the staff and employees of the

PanAust Group. However, this is subject to some changes to employment positions in the transition period as GRAM and PanAust's businesses are combined and subject to normal performance management objectives which will be conducted in compliance with local labour law requirements.

GRHK intends to review the existing employee performance-based incentive plan and following its review may continue the existing plans, replace the plans or terminate the existing plans. Final decisions regarding the Long Term Share Plan and PanAust Share Rights Plan will only be reached after GRHK's review.

4.5 Intentions upon acquisition of less than 90% of PanAust Shares

This section sets out GRHK's intentions if GRHK were to gain effective control of PanAust although not becoming entitled to compulsorily acquire the outstanding PanAust Shares.

(a) ASX Listing

If GRHK gains control of PanAust without becoming entitled to compulsorily acquire the outstanding PanAust Shares, then based on the information currently available to it, GRHK 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 ASX Listing Rule Guidance Note 33. Any such action by GRHK will be subject to the limitations referred to in section 4.5(f) below.

(b) Directors

Subject to the Corporations Act and PanAust's constitution, GRHK intends to procure the appointment of its nominees as a majority of the board of directors of PanAust after gaining effective control of PanAust (and to requisition a meeting of PanAust for that purpose if necessary), which may include existing PanAust directors.

Replacement board members have not been identified by GRHK and their identity may depend on the circumstances at the relevant time. However, it is expected that the majority of the replacement board members will be persons with appropriate experience, qualifications and skills for PanAust and its business, which may include members of GRAM or its affiliate companies' management teams.

(c) Operations, assets and employees

If, following the close of the Offer, PanAust becomes a controlled entity but not a wholly owned Subsidiary of GRHK, it is the present intention of GRHK to attempt to procure that PanAust's board implements the objectives and goals outlined in section 4.4 to the extent possible and appropriate.

As set out in section 4.4, following the close of the Offer, GRHK through its nominees on the PanAust board intends to conduct a broad based review of PanAust's operations on both a strategic and financial level to evaluate PanAust's performance, profitability and prospects.

(d) Employee performance-based share plans

If after the Offer Period, PanAust is removed from the official list of the ASX, then GRHK will review, through its nominees on the board of PanAust the existing incentive and performance based incentive plans and consider replacing these plans with a suitable replacement plan for a company that is not listed.

(e) Dividend policy

The payment of dividends by PanAust will be at the discretion of the board of directors of PanAust, the majority of which would comprise GRHK nominees. PanAust Shareholders should be aware that PanAust may not declare a dividend in the future and may opt to retain cash in the company to fund the business and repay debt.

As set out in section 8.2(b) if GRHK were to gain effective control of PanAust, certain PanAust Subsidiaries may be required to repay certain of their existing debt facilities. PanAust and the relevant PanAust Subsidiaries may not be in a position to fund those repayments, refinance the facilities or procure alternative funding.

The extent of funding required may be significant. The detail is not known to GRHK with any certainty at this time. Any decisions regarding the most appropriate capital structure, and any additional funding requirements, will be made by the then PanAust board of directors. If PanAust were to meet its funding needs by raising equity capital, any shareholders in PanAust who do not participate, will have their shareholdings diluted.

(f) Limitations on intentions

To the extent that PanAust does not become a wholly owned Subsidiary of GRHK and there are minority PanAust Shareholders, GRHK intends that the directors of PanAust appointed by it will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

Those requirements may require the approval of minority PanAust Shareholders to the implementation of any particular objective.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority PanAust Shareholder approval may prevent the particular objective being achieved.

It should be noted that GRHK has not currently identified any particular initiative where these considerations may be relevant.

The extent to which GRHK's intentions for PanAust described in this section 4.5 of this Bidder's Statement will be realised if PanAust is a partly owned Subsidiary of GRHK, will be subject to:

- the law and ASX Listing Rules, particularly in relation to related party transactions and conflicts of interest; and
- the legal obligation of the then PanAust board of directors to act for a proper purpose and in the best interests of the PanAust Shareholders as a whole.

4.6 Intentions generally

Except for the changes and intentions set out in this section 4, GRHK intends, based on the information presently known to it:

- (a) to continue the business of PanAust;
- (b) not to make any major changes to the business of PanAust or the deployment of PanAust's assets; and
- (c) to continue the employment of PanAust's employees.

5 Share capital information

5.1 Capital structure

According to documents lodged by PanAust with ASX and ASIC as at the date of this Bidder's Statement, the total number of PanAust Shares as at the date of this Bidder's Statement is 647,862,526.

In addition there are 848,126 unlisted PanAust Share Rights without performance conditions outstanding pursuant to the PanAust Share Rights Plan. As described in section 8.2(a)(i), these rights will vest on a change in control of PanAust and each holder of the PanAust Share Rights has the right to be issued one PanAust Share for each PanAust Share Right.

5.2 Details of relevant interests in PanAust securities

Details of GRHK's relevant interests in the securities of PanAust on the date of this Bidder's Statement are set out in the table below:

Class of securities	Total number in class	Relevant interest of GRHK immediately before Bidder's Statement lodged with ASIC	Relevant interest of GRHK immediately before first Offer sent
Ordinary Shares	647,862,526	145,734,849 (22.495%)	156,319,644 (24.129%)

5.3 Details of voting power in PanAust

GRHK's voting power in PanAust as at the date of this Bidder's Statement is 22.495%

GRHK's voting power in PanAust as at the date immediately before the first Offer is sent is 24.129%.

5.4 Consideration provided for PanAust securities during previous four months

On 30 March 2015, GRAM acquired 10,584,795 PanAust Shares on market at a price of A\$1.71 per PanAust Share for a total consideration of A\$18,099,999.45.

Except as set out above GRHK and its Associates have not acquired or disposed of PanAust Shares during the period of four months including on the day immediately before the date of the Offer.

5.5 Inducing benefits given during previous four months

Neither GRHK nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (a) accept an Offer; or
- (b) dispose of PanAust Shares,

which benefit was not offered to all holders of PanAust Shares under the Offer.

6 Funding

6.1 Overview

The consideration for the acquisition of PanAust Shares to which the Offer relates will be satisfied wholly in cash. If the Offer is accepted in respect of all the PanAust Shares (other than PanAust Shares in which GRHK and its Associates already have a relevant interest as at the date of this Bidder's Statement, but including PanAust Shares that are issued and listed for quotation on the ASX at any time during the Offer Period as a result of the exercise of the PanAust Share Rights), the consideration will be approximately A\$861 million.

The funds available to GRHK are sufficient to fund the maximum consideration payable pursuant to the Offer and are also sufficient to fund the consideration payable to the PanAust Shareholders who exercise their rights pursuant to the terms of the Long Term Share Plan and the PanAust Share Rights Plan to accept the Offer.

6.2 Sources of funding

The consideration set out in section 6.1 will be funded through a combination of internal equity and external debt funding arrangements that have been put in place by GRHK. The internal equity funding will fund approximately 15% of the total consideration, and the external debt facility will fund approximately 85% of the total consideration.

All equity funding will be made available in a mixture of Australian and US dollars and debt funding will be provided in US dollars. These funds will be paid into bank accounts held at the Sydney Branch of the Bank of China Limited ("**Disbursement Account**") and any US dollars held will be converted into Australian dollars before payment to the PanAust Shareholders who have accepted the Offer. Utilisation of the loan facility will not be subject to receipt of acceptance of the Offer but withdrawals from the bank account will be. This arrangement allows GRHK the flexibility of pre-positioning funds in Australia should it choose to do so.

GRHK considers the size of the US dollar equity and external debt funding is more than adequate to cover any reasonably expected appreciation of the Australian dollar against the US dollar and as a result no hedging arrangements have been put in place. In any case, GRHK has negotiated the ability to convert US dollar drawings to Australian dollars in advance of its purchases. This enables GRHK to further manage the exchange risk.

6.3 Equity funding

GRHK executed an equity commitment letter agreement with GRAM on 26 March 2015. Under the agreement, GRAM agrees to provide funding by way of subscription of additional shares to be issued by GRHK to fund up to 15% of the aggregate acquisition price of the PanAust Shares to be acquired by GRHK. GRAM has agreed to pay the subscription consideration as and when those payments are due to be made by GRHK under the Offer. The money will be provided in whatever form and manner GRHK requires.

As at the date of this Bidder's Statement, GRHK is holding in Australia A\$18,000,000.

GRAM currently has funds of at least RMB539 million held in accounts in major commercial banks in China. GRAM has confirmed that:

- (a) such funds are immediately available and are not subject to security interests or rights of set off and are not required for other arrangements; and
- (b) no regulatory approvals are required to transfer those funds to the Disbursement Account.

6.4 Funding from external debt facility

GRHK executed a term loan facility agreement on 28 March 2015 with Bank of China Limited and China Development Bank Corporation. The Sydney Branch of Bank of China Limited will act as agent for the lenders ("**Agent**"). Under the facility agreement, the lenders agree to provide a term loan facility to fund up to 85% of the aggregate acquisition price of the PanAust Shares to be acquired by GRHK. Subject to satisfaction of the conditions to funding, GRHK may draw at least the US\$ equivalent of A\$732 million, based on the current exchange rate, to fund the Offer.

The proportion of loan funding for each of the lenders is 60% Bank of China Limited and 40% China Development Bank Corporation.

Additional details of the debt facility are discussed below.

(a) Availability period

The loans under the loan facility will remain drawable for a period ("**Availability Period**") until the earlier of:

- (i) the date on which all PanAust Shares which are not currently held by GRHK have been acquired by GRHK; and
- (ii) a date falling after the last day of the Offer Period.

(b) Conditions precedent to initial drawdown

There are a number of pre-conditions to the initial drawdown confirmation under the loan facility. As of the date of this Bidder's Statement, the Agent has issued a confirmation to GRHK, confirming that all such conditions have been satisfied.

(c) Conditions precedent to each drawdown (including initial drawdown)

The lenders are not obliged to participate in a drawdown if any of the following happens or is continuing in respect of GRAM and/or GRHK (but not including PanAust and its Subsidiaries). As at the date of this Bidder Statement, GRHK is not aware of the occurrence or continuance of any of the following, nor is it aware of any reason why any of the following will occur or continue:

(i) Major Event of Default

- (A) (**non-payment**) Non-payment of any money owing by GRHK or GRAM under any finance document, to the extent not cured within the applicable cure period;
- (B) (**major breach**) any of the following undertakings in the facility agreement in respect of GRHK is breached and not cured within any applicable remedy period (if any):
 - (aa) not to create or permit to exist any security interest or quasi-security over its assets except as permitted under the facility agreement;
 - (ab) not to sell, transfer or dispose of non-current assets having a value of more than US\$50,000,000, any exploration or mining rights or any shares, except as permitted under the facility agreement;
 - (ac) not to enter into any amalgamation, demerger, merger or corporate reconstruction;

- (ad) to procure no change in the business of GRAM or itself;
 - (ae) not to acquire any company, business, assets or undertaking or make any investment except as permitted under the facility agreement;
 - (af) not to give any guarantees, except as permitted under the facility agreement;
 - (ag) not to incur financial indebtedness except as permitted under the facility agreement;
 - (ah) not to declare dividends or make distributions; and
 - (ai) not to use the loan proceeds for purposes not allowed under anti-corruption laws, and to comply with anti-corruption laws and policies;
- (C) (**major misrepresentation**) a representation in the facility agreement with respect to the valid incorporation and existence, power and authority to own assets and carry on business and to enter into and comply with the finance documents, non-contravention of laws, constitution or agreements, attainment of all required authorisations, validity of choice of law under, and recognition of judgments obtained under, the finance documents, or no immunity is untrue ("**Major Misrepresentation**") in any material respect and is not cured in any applicable remedy period;
- (D) (**insolvency**) insolvency or insolvency proceedings in respect of GRAM or GRHK or any of GRHK's material subsidiaries (a material subsidiary being one which contributes 10% or more to the consolidated net asset, profit or revenue of GRHK);
- (E) (**creditor's process**) creditor's process against GRAM, GRHK or any of GRHK's subsidiaries where the amount is more than US\$20,000,000 and it is not discharged within 10 business days;
- (F) (**unlawfulness**) it is unlawful for GRAM or GRHK to perform its obligations under a finance document;
- (G) (**repudiation**) GRAM or GRHK repudiates its obligations under a finance document; or
- (H) (**cessation of business**) all or a material part of the business of GRAM, or of GRHK and its subsidiaries (taken as a whole), is suspended or ceases.

(ii) **Major misrepresentation**

A Major Misrepresentation is untrue in any material respect or would become so as a result of the drawdown.

(iii) **Illegality**

It is unlawful for a lender to perform its obligations or fund or maintain its funding in any loan.

(iv) Corresponding equity amount

For each debt utilisation, the borrower has not deposited an equity contribution equal to 15% of the total funding (equity plus debt from the total drawdown) into the Disbursement Account.

(d) Events of default

The loan facility will be subject to the events of default which are customary for transactions of this nature. However, during the Availability Period the only events of default that would allow the Agent and the lenders to refuse to respond to valid utilisation request are those set out in paragraph 6.4(c)(i) above.

(e) Representations, warranties and undertakings

The representations, warranties and undertakings in the facility agreement are customary for transactions of this nature in respect of GRHK, its subsidiaries (excluding PanAust and its subsidiaries until GRHK has had control of PanAust) and GRAM. However, during the Availability Period the only breaches of representations, warranties or undertakings that would allow the Agent and the lenders to refuse to respond to a valid utilisation request are those set out in paragraph 6.4(c) above.

(f) Illegality

As is customary, the lenders are not obliged to respond to a valid utilisation request if it is, or becomes, unlawful to do so or it is otherwise unlawful for a lender to perform its obligations under the finance documents.

(g) Corresponding equity amount

The ability to draw will be subject to the borrower providing equity contributions into the Disbursement Account as outlined above.

(h) Loan Repayment

Loans drawn under the loan facility will be repaid over an 8 year term with the first repayment being 12 months after the first utilisation date, and thereafter each repayment shall be 6 months after the preceding repayment date. The repayment profile is such that approximately US\$50 million is repaid in the first 3.5 years, US\$200 million is repaid in the next 4 years and the balance on the expiry date.

(i) Interest

Interest will accrue on loans on a daily basis on the loan at the rate per annum of 3-months LIBOR plus a margin, and will be payable at the end of each 3-month interest period. The margin varies according to financier and is commercially sensitive, but the margin is considered by GRAM and GRHK to be reasonable and commercial for a leveraged takeover financing of this nature.

(j) Security

Repayment of the loans will be:

- (i) in the case of the loans provided by the four branches of the Bank of China Limited, secured by an indemnity provided by the Yuexiu Branch of the Bank of China Limited in China; and

- (ii) in the case of loans provided by China Development Bank Corporation, Hong Kong Branch, guaranteed by an on-demand guarantee given by the Guangdong Branch of China Development Bank Corporation in China.
- (iii) GRHK is not providing any security for the loans. However GRAM will provide:
 - (A) a counter-guarantee; and
 - (B) certain China mortgages and pledges;as security for the bank indemnity and guarantee grantors in China by 30 June 2015;
- (iv) GRHK will, after the expiry of the Availability Period, provide security over all GRHK shares, and PanAust Shares it then holds, in favour of the bank guarantors in China, as security for GRAM's counter-guarantee obligations; and
- (v) GRAM will, after the expiry of the Availability Period, provide security over all GRHK shares, in favour of the bank guarantors in China, as security for GRAM's counter-guarantee obligations.
- (vi) It is expressly acknowledged that the banks in China may not take action against GRAM in China in a manner which is contrary to the certain funds regime described in paragraph 6.4.

6.5 Funds disbursement

Loan proceeds upon drawing will be first credited to a US dollar Disbursement Account. GRAM may transfer funds from the US dollar Disbursement Account to the Australian dollar disbursement account, and such transfers need not be linked to any specific purchase. GRHK may, by submitting a share registry report of the valid acceptances of the Offer, request withdrawals from the Australian dollar Disbursement Account to pay the relevant PanAust Shareholders. The Agent may validly refuse to effect such a withdrawal request only if:

- (a) the circumstances referred to in paragraphs 6.4(c)(i) to 6.4(c)(iii) are continuing; and/or
- (b) GRHK fails to provide the relevant share registry report; and/or
- (c) as a result of such withdrawal the proportion of equity funds to loan proceeds would be less than 15:85.

The form of the share registry report GRHK is required to provide has been agreed.

7 Taxation considerations

7.1 Introduction

The following is a brief outline of the principal Australian income tax, stamp duty and goods and services tax ("GST") consequences generally applicable to a PanAust Shareholder who disposes of PanAust Shares in return for cash under the Offer. It is based on the current Australian tax laws as at the date of this Bidder's Statement, taking into account GRHK's understanding of the current administrative practices of the Australian Taxation Office and any other Australian taxation authority. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

The following outline is not exhaustive of all possible Australian income tax, stamp duty and GST considerations that could apply to PanAust Shareholders. In particular, the summary is only relevant to those PanAust Shareholders who hold their shares on capital account for Australian tax purposes. In addition, the outline does not apply to PanAust Shareholders who:

- buy and sell (or trade) shares in the ordinary course of business, or acquired the shares for resale at a profit or otherwise hold their PanAust Shares on revenue account or as trading stock;
- may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds or dealers in securities;
- hold the PanAust Shares as part of an employee share or option plan including the PanAust Share Rights Plan or the Long Term Share Plan;
- acquired (or are taken to have acquired for Australian income tax purposes) their PanAust Shares before 20 September 1985;
- are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997 (Cth)*;
- are non-residents of Australia for tax purposes and currently hold, or have held, at any time PanAust Shares through a permanent establishment in Australia; or
- are temporary residents.

This outline does not constitute tax advice and should not be relied upon as such. Given the general nature of these comments and the complexity of the Australian tax laws which are subject to change periodically, it is recommended that each PanAust Shareholder should consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their PanAust Shares having regard to current tax laws and their particular circumstances.

Additionally, employees or eligible executives who are issued PanAust Shares or rights in accordance with the terms of the PanAust Share Rights Plan or the Long Term Share Plan should seek their own tax advice on the implications of shares or rights (as the case may be) being issued pursuant to these plans, and the employee or eligible executive accepting the Offer.

7.2 Taxation on the disposal of PanAust Shares

If you accept the Offer, you will be treated as having disposed of your PanAust Shares for Australian income tax purposes by way of disposal of your PanAust Shares to GRHK. The disposal of a PanAust Share will constitute a capital gains tax event.

However, if you do not ultimately dispose of your PanAust Shares (eg, the Offer lapses) then no capital gains tax event should happen to your PanAust Shares.

7.3 Australian resident PanAust Shareholders

You will realise a capital gain in connection with the disposal of a PanAust Share to the extent that the amount you receive (or will receive) for the disposal of that PanAust Share is more than the cost base of that PanAust Share. You will realise a capital loss to the extent that the amount you receive (or will receive) is less than the reduced cost base of the PanAust Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years (subject to satisfying certain loss recoupment tests where applicable).

The cost base of a PanAust Share should generally include the total amount you paid (or deemed to be paid) for the PanAust Share, your acquisition costs and other costs relating to the holding and disposal of the PanAust Share, to the extent to which you have not claimed an income tax deduction for such costs. The reduced cost base of a PanAust Share is usually determined in a similar, but not identical, manner. There are a number of circumstances which may result in your cost base or reduced cost base being calculated in a different manner to that outlined above. We recommend that you consult your tax adviser to confirm the cost base or reduced cost base of your PanAust Shares.

Any net capital gain should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year will be calculated by aggregating all of your capital gains realised in that income year and reducing that amount by your capital losses realised in that income year and any available net capital losses from prior years (subject to satisfying certain loss recoupment tests where applicable).

PanAust Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of a PanAust Share if they have held that PanAust Share for at least 12 months before disposal (excluding the date of acquisition and the date of disposal) and did not choose to index the cost base of that PanAust Share (if applicable). Companies are not eligible for discount capital gains treatment. We recommend that you consult your tax adviser as to your eligibility for discount capital gains treatment.

7.4 Non-resident PanAust Shareholders

If you are not a resident of Australia for income tax purposes and hold your shares in PanAust on capital account, you will generally not be subject to Australian income tax on any capital gain when you dispose of your PanAust Shares, unless both of the following requirements are satisfied:

- (a) you hold a "non-portfolio interest" in PanAust which will be the case if you (together with your associates) hold at the time of disposal (for capital gains tax purposes), or held, throughout as 12 month period during the two years preceding the time of disposal (for capital gains tax purposes) of your PanAust Shares, 10% or more of (broadly) all of the shares in PanAust); and
- (b) the PanAust Shares pass the "principal asset test", broadly if the market value of PanAust's direct and indirect interests in taxable Australian real property (including land, leases and mining rights) is more than the market value of its other assets at the time of disposal (for capital gains tax purposes).

If either element is absent, any capital gain made on the disposal of your PanAust Shares should not be subject to income tax in Australia and if you make a capital loss on the disposal it is disregarded.

A non-resident PanAust Shareholder who is subject to a capital gain on disposal of their PanAust Shares may be partially eligible for discount capital gains treatment depending on their specific circumstances. If you are a non-resident PanAust Shareholder you should seek your own tax advice to determine whether discount capital gains treatment is available and if so, the extent to which it is available.

The Australian income tax consequences arising from the disposal of PanAust Shares if you are a non-resident PanAust Shareholder will depend on your particular circumstances including whether the PanAust Shares are held on capital or revenue account, whether the above requirements are satisfied and the provisions under any double tax treaty that Australia has concluded with your country of residence. Accordingly, you should seek advice from your tax adviser as to the taxation implications of accepting the Offer in Australia and in your country of residence.

7.5 Stamp duty

Any stamp duty payable on the transfer of PanAust Shares to GRHK pursuant to the Offer will be paid by GRHK.

7.6 GST

In General, where the PanAust Shareholder is resident in Australia the supply of shares would be an input taxed financial supply for GST purposes. Where the PanAust Shareholder is a non-resident of Australia the supply would be outside the scope of Australian GST. As such, PanAust Shareholders will not be required to charge GST on the disposal of PanAust Shares.

PanAust Shareholders should seek their own tax advice to determine whether any GST incurred on costs (for example third party advisers) in relation to the disposal of their PanAust Shares is recoverable.

8 Additional information

8.1 Regulatory matters

(a) ASIC modifications and exemptions

ASIC has granted a number of "Class Order" relief instruments providing for modifications and exemptions that apply generally to all persons, including GRHK, in relation to the operation of Chapter 6 of the Corporations Act.

(b) FIRB

GRHK is a foreign person for the purposes of the Foreign Acquisitions and Takeovers Act. As GRHK has more than 15% of PanAust, PanAust is similarly treated as a foreign person for purposes of the Foreign Acquisitions and Takeovers Act.

On 21 August 2014, GRHK obtained a statement of no objections to the Offer from the Treasurer of the Commonwealth of Australia under the Australian Foreign Investment Policy.

(c) PRC regulatory matters

The Offer is not conditional on any PRC or other government approvals or filings.

(d) Other regulatory approvals

On the basis of the limited due diligence conducted by GRHK prior to 9 October 2014 (referred to in section 8.2), GRHK is not presently aware of any formal regulatory approvals required for the Offer in Laos, Chile or Papua New Guinea (except as set out below).

In Papua New Guinea upon a change in control of PanAust, Frieda River Limited (which is a PanAust Subsidiary) must apply to the Investment Promotion Authority of Papua New Guinea for certification in relation to its activities and operations in Papua New Guinea. This certification is not a condition to this Offer. GRHK has no reason to believe that the approval of Frieda River Limited's application will not be forthcoming upon a change in control of PanAust. The consequences if Frieda River Limited's application is not approved are unclear. There is a risk that a court in Papua New Guinea could conclude that upon refusal of the recertification application, Frieda River Limited's existing certification lapses and if so it would commit an offence in Papua New Guinea if it carried on business without a valid certificate.

8.2 Due diligence

For the purpose of confirming its assessment whether or not to acquire all of the PanAust Shares, GRHK was given access by PanAust to certain information concerning the PanAust Group which has not been disclosed generally to PanAust Shareholders. GRHK's access to this information terminated on 9 October 2014. Except as set out in this section 8.2, none of the information to which GRHK was given access is, in the opinion of GRHK, of such a nature and quality which, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of PanAust Shares or, in the opinion of GRHK and except as disclosed in this Bidder's Statement, would otherwise be material to a decision by a PanAust Shareholder whether or not to accept the Offer. However, the fact that GRHK's decision to make the Offer was confirmed by its review of the information to which it had access may itself be regarded as information material to the decision of a PanAust Shareholder whether or not to accept the Offer.

(a) **Effect of Offer on Long Term Share Plan and PanAust Share Rights Plan**

GRHK was given access by PanAust to certain information concerning the PanAust Group which has not been generally disclosed to PanAust Shareholders in the due diligence process.

(i) **PanAust Share Rights Plan**

PanAust has in place an employee share plan under which eligible employees who are selected by the board of directors of PanAust, can receive an offer for rights to be issued ordinary shares upon certain performance conditions being met ("**PanAust Share Rights Plan**"). The rights under the PanAust Share Rights Plan vest based on terms of employment of up to three years. Vested share rights are exercisable for a period of 10 years from the grant date.

If there is a change in control in PanAust, notwithstanding any vesting conditions which are yet to be fulfilled, all the rights vest. In this context a change in control occurs if a person obtains 50% of the voting rights, rights to 50% of the distributions or the right to appoint 50% of the board of directors.

PanAust has disclosed to the ASX that there are presently 848,126 PanAust Share Rights and that there is no exercise price for holders of PanAust Share Rights to be issued PanAust Shares under these rights.

The Offer extends to the PanAust Shares issued or transferred to the relevant employees pursuant to the terms of the PanAust Share Rights Plan on the terms and conditions set out in this Bidder's Statement.

(ii) **Long Term Share Plan**

Separately to the PanAust Share Rights Plan, PanAust also has in place an incentive plan for eligible executives of PanAust, selected by the board of directors of PanAust to be issued shares in PanAust ("**Long Term Share Plan**").

The Long Term Share Plan is a loan backed share plan where the PanAust Group issues shares, or a trustee transfers shares, to the executive at market value. The purchase price of each share is funded by a loan from the PanAust Group.

The shares issued under the Long Term Share Plan vest on the fulfilment of certain performance conditions.

On a change in control all the Long Term Share Plan shares vest and the loan accelerates, becoming payable within 5 days. In this context a change in control occurs if a person obtains 50% of the voting rights, rights to 50% of the distributions or the right to appoint 50% of the board or directors.

The Offer extends to any PanAust Shares (both vested and unvested) issued as part of the Long Term Share Plan on the terms and conditions set out in this Bidder's Statement.

(b) **Existing funding arrangements**

Due diligence established that certain debt facilities and equipment lease arrangements exist in relation to PanAust's Laos operations (collectively "**Existing Funding Arrangements**").

Under the Debt Facility between Phu Bia Mining Limited (a PanAust Subsidiary) and its lenders, a change in control in respect of PanAust will constitute an event requiring review and the parties must consult with each other with a view to establishing the impact of the change in control and a

remedial action plan for a period of 60 days from the date of the change in control. If the change in control is still unacceptable to any of the lenders, then that lender may require its portion of the outstanding amounts to be repaid in full no later than 90 days after the relevant lender gives notice of repayment and any undrawn commitment and hedging transactions with that lender will be cancelled. In this context a change in control occurs if a person obtains 50% of the eligible voting rights at a meeting of shareholders, acquires the right to appoint or remove directors representing 50% of the votes exercisable by directors or obtains an interest in 50% or more of the profits or distributions of PanAust.

Under the equipment lease arrangements, the lessor may require repayment of all outstanding amounts within 30 days of providing notice to the lessee, following a change in control event. The lessor can also require repayment of all outstanding amounts within 3 days providing notice to the lessee if the debt facility is accelerated.

PanAust reported to the ASX in its most recent Annual Report that it had drawn down US\$130 million under the Debt Facility as at 31 December 2014 and there were three equipment lease facilities with a total outstanding balance of US\$57.1 million.

At the date of this Bidder's Statement, GRHK is not aware whether the financiers or the lessors will waive their rights under these provisions or consent to the potential change in control which may arise as a result of the Offer.

As such, there is a risk that if these consents are not obtained, the borrower would be obligated to repay the outstanding amounts to the relevant financier or lessor (as the case may be) if they exercise their rights and provide notice that the outstanding amounts are due and payable.

If GRHK gains effective control of PanAust, but does not become entitled to compulsorily acquire the outstanding PanAust Shares and GRHK becomes aware of any financiers or lessors intending to exercise their rights explained in this section 8.2(b), GRHK will provide supplementary disclosure at that time. The supplementary disclosure will include all relevant information known to GRHK at the time about the continuance of the Existing Funding Arrangements and the funding required should the Existing Funding Arrangements be required to be repaid (if any).

Refinancing of the facilities discussed in this section 8.2(b) will require consent from the Central Bank of Laos. However, GRHK has no reason to believe that this consent will not be forthcoming.

8.3 Consents

(a) Consenting parties

Each of the parties named in the table below as consenting parties:

- (i) has given, and has not, before the date of this Bidder's Statement, withdrawn its written consent to be named in this Bidder's Statement in the form and context in which it is named;
- (ii) does not make, or purport to make, any statements in this Bidder's Statement other than those statements referred to below in respect of that party's name (and consented to by that party); and
- (iii) to the maximum extent permitted by law, expressly disclaims makes no representation regarding and takes no responsibility for any statements in or omissions from this Bidder's Statement other than any reference to its name.

Consenting party	Statement
China International Capital Corporation Hong Kong Securities Limited	Role as financial adviser
JB North & Co Pty Ltd	Role as financial adviser
BOCI Asia Limited	Role as financial adviser
Boardroom Pty Limited	Share registry
King & Wood Mallesons	Role as legal adviser

(b) Statements based on documents announced by PanAust to the ASX

This Bidder's Statement includes statements which are made in, or based on statements made in, documents announced on the company announcements platform of ASX and documents lodged with ASIC by PanAust.

No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included.

If you would like to receive a copy of any of these documents or publications, please contact:

Boardroom Pty Limited
GRAM Offer
GPO box 3993
Sydney NSW 2001

Toll-free within Australia: 1300 150 131
From outside Australia: +61 2 9098 9225

8.4 Other material information

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- (a) material to the making of a decision by a PanAust Shareholder whether or not to accept the Offer; and
- (b) known to GRHK, and has not previously been disclosed to the PanAust Shareholders.

9 Glossary

9.1 Definitions

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Acceptance Form means the form of acceptance and transfer accompanying the Offer or any replacement or substitute acceptance form provided by or on behalf of GRHK.

Agent is defined in section 6.4.

Announcement Date means 30 March 2015, being the date of announcement of the Offer.

ASIC means Australian Securities and Investments Commission.

Associate means an associate as that term is defined in the Corporations Act.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHES system in Australia.

ASX Settlement Participant means a participant under the ASX Settlement Operating Rules.

ASX Settlement Operating Rules means the settlement rules of ASX Settlement.

ASX means ASX Limited or Australian Securities Exchange, as appropriate.

Availability Period is defined in section 6.4.

Bidder's Statement means this document, being the statement of GRHK under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Broker means a person who is a share broker and a participant in CHES.

Business Day means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).

CHES means the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.

CHES Holding means a holding of PanAust Shares on the CHES subregister of PanAust.

Chile means the Republic of Chile.

Controlling Participant means the Broker or ASX Settlement Participant who is designated as the controlling participant for shares in a CHES Holding in accordance with the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Debt Facility means the Amended and Restated Facilities Agreement dated 22 January 2013 which facilities comprise a US\$250 million Revolving Cash Advance Facility between a syndicate of seven lenders and Phu Bia Mining Limited and a US\$25 million working capital facility.

Disbursement Account is defined in section 6.2.

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, option, right of pre-emption, power, title retention, or flawed deposit arrangement; or

- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or
- (c) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or
- (d) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

Existing Funding Arrangements is defined in section 8.2.

Foreign Acquisitions and Takeovers Act means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

GRAM means Guangdong Rising Assets Management Co., Ltd, a company incorporated in PRC.

GRHK means Guangdong Rising H.K. (Holding) Limited (company number 1352915), a company incorporated in Hong Kong and a foreign registered company in Australia (ARBN 148 961 344).

GRHK's Takeover Transferee Holding means the holding of PanAust Shares on the CHES subregister of GRHK established for the purposes of the Offer.

GST is defined in section 7.1.

HIN means a Holder Identification Number, which is the number that starts with an "X", allocated by your Controlling Participant, to identify a PanAust Shareholder with a CHES Holding.

Hong Kong means Hong Kong Special Administrative Region of the People's Republic of China.

Issuer Sponsored Holding means a holding of PanAust Shares on PanAust's issuer sponsored subregister.

Laos means the People's Democratic Republic of Lao.

Long Term Share Plan means the loan share plan whereby PanAust issues shares or a trustee transfers shares to relevant executives of PanAust at market value, approved by PanAust Shareholders in 2010.

Major Misrepresentation is defined in section 6.4.

Offer means the offer by GRHK on the Offer Terms to acquire PanAust Shares (and for the avoidance of doubt includes each such offer made to an individual PanAust Shareholder pursuant to that offer).

Offer Period means the period commencing on **13 April** 2015 and ending on **15 May** 2015, or such later date to which the Offer has been extended.

Offer Price means A\$1.71 per PanAust Share.

Offer Terms means the terms and conditions of the Offer set out in Appendix 1 to this Bidder's Statement.

PanAust means PanAust Limited (ABN 17 011 065 160), a company incorporated in Australia.

PanAust Group means PanAust and each of its Subsidiaries, and **PanAust Group Member** means any one of these entities.

PanAust Shares means fully paid ordinary shares in the capital of PanAust.

PanAust Share Rights Plan means the plan established in 2007 under which eligible employees may be offered rights to be issued ordinary shares in PanAust provided certain conditions are met.

PanAust Share Rights means any such rights granted to eligible employees under the PanAust Share Rights Plan to be issued PanAust Shares upon certain conditions being met.

PanAust Shareholders means holders of PanAust Shares.

Papua New Guinea means the Independent State of Papua New Guinea.

PRC means People's Republic of China.

Register Date means 2 April 2015.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from PanAust Shares directly or indirectly after the date of this Bidder's Statement, including but not limited to all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares, stock units, notes, bonds, options or other securities, declared, paid or made by PanAust or a PanAust Subsidiary.

SRN means a Securityholder Reference Number, which is the number which starts with an "I", allocated by PanAust to identify a PanAust Shareholder with an Issuer Sponsored Holding.

Subsidiary means a subsidiary as that term is defined in the Corporations Act, and **PanAust Subsidiary** means a subsidiary of PanAust.

VWAP means the volume weighted average price.

9.2 General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) A reference to time is a reference to Sydney, New South Wales, Australia time.
- (b) Headings are for convenience only and do not affect interpretation.
- (c) The singular includes the plural and conversely.
- (d) A reference to a section is to a section of this Bidder's Statement.
- (e) A gender includes all genders.
- (f) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (g) A\$, or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- (h) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (i) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.

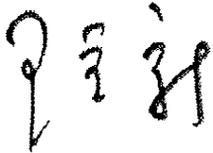
Bidder's Statement

- (j) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (k) A reference to any instrument or document includes any variation or replacement of it.
- (l) A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be.
- (m) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.
- (n) A reference to you is to a person to whom the Offer is made under Appendix 1 to this Bidder's Statement.

10 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of GRHK on 26 March 2015.

Signed by Lixin Wang of GRHK in accordance with section 351 of the Corporations Act.



Lixin Wang

Director

7 April 2015

Appendix 1 – Formal terms of the Offer

1 Offer

GRHK offers to acquire all of your PanAust Shares, together with all Rights attaching to them, on the following terms and conditions. This Offer relates to PanAust Shares that exist or will exist at the Register Date. The Offer will not extend to the acquisition of any PanAust Share Rights. However, it will extend to all PanAust Shares that are issued and listed for quotation on the ASX at any time during the Offer Period:

- as a result of exercise of the PanAust Share Rights; or
- in connection with the vesting of outstanding Long Term Share Plan shares.

You may only accept this Offer for all of your PanAust Shares.

By accepting this Offer, you undertake to transfer to GRHK not only the PanAust Shares to which this Offer relates but also all Rights attached to those PanAust Shares (see clauses 5.4 and 5.5).

2 Consideration

The consideration offered for each PanAust Share is A\$1.71 cash.

3 Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being **13 April** 2015, and ending at 7.00pm (Sydney time) on:

- (a) **15 May** 2015; or
- (b) any date to which the period of this Offer is extended in accordance with the Corporations Act,

whichever is the later.

4 How to accept this Offer

4.1 Acceptance Forms

Acceptances must be received in the manner specified below prior to the close of the Offer Period at 7.00pm Sydney time on 15 May 2015, unless extended (and in the case of any acceptance in respect of a CHESS Holding, lodged at or sent to an addresses as indicated under clause 4.3(e) before 7.00pm on the second last Business Day in Sydney of the Offer Period in accordance with clause 4.3(a)(iii)).

4.2 All of your holding

This Offer is for all of your PanAust Shares.

4.3 Acceptance procedure for PanAust Shareholders

How you accept this Offer depends on whether your PanAust Shares are held in a CHESS Holding or an Issuer Sponsored Holding (the Acceptance Form outlines which type of holding you have):

- (a) **If you hold your PanAust Shares in a CHESS Holding** (your HIN starts with an "X") you must comply with the ASX Settlement Operating Rules.

If you hold your PanAust Shares in a CHESS Holding, to accept this Offer you must either:

- (i) instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period; or
 - (ii) complete and sign the Acceptance Form and send the completed Acceptance Form (together with all other documents required by the instructions on the form) directly to your Controlling Participant (usually your broker) in sufficient time for this Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
 - (iii) complete and sign the Acceptance Form and lodge it by returning it to an address as indicated under clause 4.3(e) so that your acceptance is received before 7.00p.m. on the second last Business Day in Sydney of the Offer Period. This will authorise GRHK to instruct your Controlling Participant (usually your broker) to initiate acceptance of this Offer on your behalf.
- (b) **If you are a Broker or an ASX Settlement Participant**, to accept this Offer you must initiate acceptance in accordance with the requirements of the ASX Settlement Operating Rules before the end of the Offer Period.
- (c) **If you hold your PanAust Shares in an Issuer Sponsored Holding** (your SRN starts with an "I"), if your PanAust Shares are in an Issuer Sponsored Holding, to accept this Offer you must **complete and sign** the Acceptance Form in accordance with the instructions on it and lodge it by returning it (together with all other documents required by the instructions on the Acceptance Form) to an address as indicated under clause 4.3(e) so that your acceptance is received before the end of the Offer Period.
- (d) **If some of your PanAust Shares are held in a number of forms**, if some of your PanAust Shares are in different holdings, your acceptance of this Offer will require action under clauses 4.3(a) and 4.3(c) in relation to the separate portions of your PanAust Shares.
- (e) **Postal and delivery addresses**

The postal and delivery addresses for completed Acceptance Forms are as follows.

The postal address is:

Boardroom Pty Limited
GRAM Offer
GPO Box 3993
Sydney NSW 2001
Australia

Alternatively you may deliver the Acceptance Form and any associated documents in person to:

Boardroom Pty Limited
GRAM Offer
Level 7, 207 Kent Street
Sydney NSW 2000

If you hold your PanAust Shares in an Issuer Sponsored Holding, a reply paid envelope (not able to be used by PanAust Shareholders outside Australia) is enclosed for your convenience.

If you are a PanAust Shareholder within Australia a reply paid envelope is enclosed for your convenience.

The transmission of the Acceptance Form and other documents is at your own risk.

(f) Acceptance Form

The Acceptance Form which accompanies this Offer forms part of it. Subject to clause 4.5, the requirements on the Acceptance Form must be observed in accepting this Offer in respect of your PanAust Shares.

4.4 Power of attorney, deceased estate

When accepting this Offer, you should also forward for inspection:

- (a) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
- (b) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased PanAust Shareholder, a certified copy of the relevant grant of probate or letters of administration.

4.5 When acceptance is complete

Acceptance of this Offer will not be complete until the completed Acceptance Form has been received at one of the addresses set out in clause 4.3(e) and the requirements of clause 4 have otherwise been met, provided that:

- (a) GRHK may in its sole discretion and without notice to you waive any or all of those requirements at any time (including but not limited to requirements in relation to the manner or method of acceptance, or the deadline for receipt of acceptances specified under clause 4.3(a)(iii)); and
- (b) where such requirements have been complied with in respect of some but not all of your PanAust Shares, GRHK may, in its sole discretion, deem your acceptance of this Offer complete in respect of those PanAust Shares for which the requirements have been complied with but not in respect of the remainder (unless GRHK waives those requirements in accordance with clause 4.5(a)).

Where GRHK elects to waive any requirement of clause 4, your acceptance of this Offer will be complete regardless of any failure by you to comply with the waived requirement.

5 Payment for your shares

5.1 How payment for your shares will be made

The consideration payable by GRHK to you in respect of your PanAust Shares will be paid to you by cheque in Australian currency.

5.2 When consideration is paid

Subject to clause 5.3, GRHK will despatch a cheque for the consideration to which you are entitled on acceptance of this Offer on or before 7 Business Days after your valid acceptance is received.

5.3 Where additional documents are required

Where the Acceptance Form or any subsequent request from GRHK requires additional documents to be given with your acceptance (such as a certified copy of any of a power of attorney, grant of probate or letters of administration, or any other document reasonably requested by GRHK to give better effect to your acceptance):

- (a) if the documents are given with your acceptance, GRHK will provide the consideration in accordance with clause 5.2; or
- (b) if the documents are given after acceptance and before the end of the Offer Period, GRHK will despatch a cheque for the consideration by the end of whichever of the following periods ends earlier:
 - (i) one month after GRHK is given the documents; and
 - (ii) 7 Business Days after the end of the Offer Period; or
- (c) if the documents are given after the end of the Offer Period, GRHK will despatch a cheque for the consideration within 7 Business Days after the documents are given.

If you do not provide GRHK with the required additional documents within one month after the end of the Offer Period, GRHK may, in its sole discretion, rescind the contract resulting from your acceptance of this Offer.

5.4 Where GRHK is entitled to any Rights

If GRHK becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give GRHK all documents necessary to vest those Rights in GRHK or otherwise to give GRHK the benefit or value of those Rights. If you do not give those documents to GRHK, or if you have received the benefit of those Rights, then GRHK may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by GRHK) of those Rights in accordance with clause 5.5.

5.5 Rights generally

If:

- (a) you have (or any previous holder of your PanAust Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise); or
- (b) you are (or any previous holder of your PanAust Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous

holder of your PanAust Shares is) the registered holder of the share at the specified time for determining those entitled to the dividend); or

- (c) your PanAust Shares were issued (or otherwise came into existence) on or after the specified time for determining entitlements in respect of any Rights to PanAust Shareholders, then:
 - (i) in the case of Rights to non-cash benefits, GRHK may deduct the value (as reasonably assessed by GRHK) of such Rights from any consideration otherwise payable to you; or
 - (ii) in the case of Rights to cash benefits, GRHK may deduct the amount of such Rights from any consideration otherwise payable to you.

If GRHK does not, or cannot, make such a deduction, you must pay such value or amount to GRHK.

5.6 Manner of payment

Payment of the cash amount to which you are entitled will be mailed by cheque (or otherwise as determined by GRHK) in Australian currency. Cheques will be sent to the address on the Acceptance Form or such other address as you may notify in writing to GRHK, by pre-paid ordinary mail or, if you have an overseas address, by pre-paid airmail.

5.7 Clearances for offshore residents

If, at the time of acceptance of this Offer, any consent, authority or clearance is required for you to receive any consideration under this Offer including, but not limited to consent, authority or clearance of:

- (a) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945 (Cth)*, the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002* or any other regulations made thereunder, or otherwise);
- (b) the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959 (Cth)* or otherwise); or
- (c) the Australian Taxation Office,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) any consideration under this Offer unless and until all such consents, authorities or clearances have been obtained by GRHK.

6 Conditions of this Offer

This Offer and the contract that results from acceptance of this Offer are unconditional.

7 Effect of Acceptance

7.1 Revocation of acceptance

Once you have accepted this Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your PanAust Shares.

7.2 Your agreement

By signing and returning the Acceptance Form, or otherwise accepting this Offer you will be deemed to have:

- (a) irrevocably authorised GRHK to alter the Acceptance Form on your behalf by:
 - (i) inserting correct details of your PanAust Shares (including details of a parcel of PanAust Shares required by clause 10.4(b));
 - (ii) filling in any blanks remaining on the Acceptance Form; and
 - (iii) rectifying any errors in, and omissions from, the Acceptance Form,

as may be necessary to make the Acceptance Form a valid acceptance of this Offer and to enable registration of the transfer of your PanAust Shares to GRHK, and agreed to provide any document reasonably requested by GRHK to make the Acceptance Form a valid acceptance of this Offer or to otherwise give better effect to your acceptance;
- (b) if any of your PanAust Shares are in a CHESS Holding, irrevocably authorised GRHK to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such PanAust Shares in accordance with the ASX Settlement Operating Rules; and
 - (ii) give any other instructions in relation to those PanAust Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant;
- (c) agreed to indemnify GRHK in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your PanAust Shares to GRHK being registered by PanAust without production of your HIN or SRN;
- (d) irrevocably accepted this Offer in respect of all your PanAust Shares despite any difference between that number and the number of PanAust Shares shown on the Acceptance Form;
- (e) agreed to the terms and conditions of this Offer and, agreed to transfer (or consented to the transfer in accordance with the ASX Settlement Operating Rules) to GRHK of your PanAust Shares;
- (f) represented and warranted to GRHK, as a fundamental condition of the contract resulting from your acceptance of this Offer, that at the time of acceptance and at the time of transfer of your PanAust Shares to GRHK:
 - (i) you have paid to PanAust all amounts which are due for payment in respect of your PanAust Shares (other than amounts which may be owing by you to PanAust under the Long Term Share Plan);
 - (ii) all of your PanAust Shares are fully paid and free from all Encumbrances and restrictions on transfer of any nature (other than any Encumbrances or restrictions as may be contemplated under the PanAust Long Term Share Plan); and

(iii) you have full power and capacity to sell and transfer those PanAust Shares (other than any restrictions contemplated under the PanAust Long Term Share Plan);

(g) on acceptance of this Offer:

(i) irrevocably appointed GRHK and each of its directors from time to time individually as your agent and attorney on your behalf to:

(A) attend and vote in respect of your PanAust Shares at all general meetings of PanAust;

(B) receive from PanAust or any other party, and retain, any share certificates which were held by PanAust, or any other party, whether pursuant to the terms of any employee incentive scheme (including, without limitation, any employee share scheme) or otherwise; and

(C) sign all documents (including an instrument appointing one of GRHK's directors as a proxy in respect of any or all of your PanAust Shares and any application to PanAust for a replacement certificate in respect of any share certificate which has been lost or destroyed) and resolutions relating to your PanAust Shares, and generally to exercise all powers and rights which you may have as a PanAust Shareholder and perform such actions as may be appropriate in order to vest good title in your PanAust Shares in GRHK, and to have agreed that, in exercising such powers, any such director is entitled to act in GRHK's interests as the beneficial owner and intended registered holder of your PanAust Shares;

(ii) agreed not to vote in person at any general meeting of PanAust or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on the directors of GRHK by clause 7.2(g)(i);

(iii) irrevocably authorised and directed GRHK to direct PanAust to pay to GRHK, or to account to GRHK for, all Rights in respect of your PanAust Shares, subject to GRHK accounting to you for any such Rights received by GRHK if this Offer is withdrawn or any contract resulting from your acceptance to this Offer is rescinded or rendered void;

(iv) irrevocably authorised GRHK to notify PanAust on your behalf that your place of address for the purposes of serving notices upon you in respect of your PanAust Shares is the address specified by GRHK in the notification;

(v) where, at that time, you have a right to be registered as a holder of the PanAust Shares the subject of your acceptance as the result of an on-market purchase (but are not a PanAust Shareholder):

(A) agreed to use reasonable endeavours to procure the delivery of the PanAust Shares the subject of your acceptance to GRHK in accordance with your acceptance (including giving GRHK all documents necessary to vest those PanAust Shares in GRHK or otherwise to give GRHK the benefit or value of those PanAust Shares);

(B) agreed not to do or omit to do anything which may frustrate your acceptance of this Offer, or otherwise obstruct registration of the transfer of the PanAust Shares the subject of your acceptance to GRHK;

(C) irrevocably assigned to GRHK all contractual rights and recourse against the vendor in respect of your on-market purchase which contractual rights

and recourse may arise by reason of that person's failure to complete that trade;

- (D) agreed to assign to GRHK (without any further action being required) all rights in respect of your on-market purchase immediately on any failure by you to complete that trade, including irrevocably assigning to GRHK the right to (at GRHK's ultimate discretion) complete that trade on your behalf, and agreed that GRHK may deduct from the consideration otherwise payable to you (pursuant to a valid acceptance of this Offer and the delivery of the PanAust Shares the subject of that acceptance) any amount paid by GRHK in order to settle that on-market purchase on your behalf. If GRHK does not, or cannot, make such a deduction, you must pay such amount to GRHK; and
- (E) agreed that if you are unable to assign to GRHK any of the rights and recourse specified under clauses 7.2(g)(v)(C) and 7.2(g)(v)(D), you will assign such rights and recourse as soon as you are legally able to;
- (h) if at the time of acceptance of this Offer your PanAust Shares are in a CHES Holding, authorised, with effect from the date that this Offer or any contract resulting from acceptance of this Offer, GRHK to cause a message to be transmitted to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Operating Rules so as to transfer all of your PanAust Shares to the GRHK's Takeover Transferee Holding. GRHK will be so authorised even though at the time of such transfer it has not provided the consideration due to you under this Offer; and
- (i) authorised and directed GRHK to pay to PanAust so much of the consideration otherwise payable to you as is require to discharge any outstanding debt owing by you to PanAust (if any) under the terms of any employee incentive scheme.

By accepting this Offer you will be deemed to have agreed to the matters set out in clauses 7.2(a) to (i) (as applicable), notwithstanding where this Offer has been caused to be accepted in accordance with the ASX Settlement Operating Rules.

Except in relation to PanAust Shares in a CHES Holding, GRHK may at any time deem the receipt of a signed Acceptance Form to be a valid acceptance of this Offer even though you omit to include your share certificate(s) (if any) or there is non-compliance with any one or more of the other requirements for acceptance but, if GRHK does so, GRHK is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

8 Withdrawal

GRHK may withdraw unaccepted Offers at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

9 Variation

GRHK may vary this Offer in accordance with the Corporations Act.

10 Acceptances by transferees and nominees

10.1 Who may accept this Offer

During the Offer Period:

- (a) any person who is able to give good title to a parcel of your PanAust Shares may accept this Offer (if they have not already accepted an offer in the form of this Offer) as if an offer on terms identical with this Offer has been made to them; and

- (b) any person who holds one or more parcels of PanAust Shares as trustee, nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:
 - (i) each of those parcels; and
 - (ii) any parcel they hold in their own right.

10.2 Holding shares

- (a) A person is taken to hold PanAust Shares if the person is, or has a right to be registered as, the holder of those PanAust Shares.
- (b) A person who has a right to be registered as a holder of PanAust Shares may accept this Offer by completing and signing the Acceptance Form in accordance with the instructions on it and lodging it by returning it (together with all other documents required by the instructions on the Acceptance Form) to an address indicated under clause 4.3(e) so that the acceptance is received before the end of the Offer Period.

10.3 Holding shares on trust or as a nominee

A person is taken to hold PanAust Shares on trust for, as nominee for, or on account of, another person if they:

- (a) are entitled to be registered as the holder of particular PanAust Shares; and
- (b) hold their interest in the PanAust Shares on trust for, as nominee for, or on account of, that other person.

10.4 Effective acceptance

An acceptance of an offer under clause 10.1(b) is ineffective unless:

- (a) the person who holds on account of another person, gives GRHK a notice stating that the PanAust Shares consist of a separate parcel; and
- (b) the acceptance specifies the number of PanAust Shares in that parcel.

References in this Offer to your PanAust Shares will be treated to relate to that separate parcel.

10.5 Notice of acceptance

A notice under clause 10.4(a) of these terms must be made:

- (a) if it relates to PanAust Shares entered on an ASX Settlement subregister - in an electronic form approved by the ASX Settlement Operating Rules; or
- (b) otherwise - in writing.

A person may, at the one time, accept for two or more parcels under this clause as if there had been a single offer for a separate parcel consisting of those parcels.

11 Other matters

11.1 Notices and other communications

Subject to the Corporations Act, a notice or other communication given by GRHK to you in connection with this Offer shall be deemed to be duly given if it is in writing and:

- (a) is delivered at your address as recorded on the register of members of PanAust or the address shown in the Acceptance Form; or
- (b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

11.2 Return of documents

If:

- (a) this Offer is withdrawn after your Acceptance Form has been sent to GRHK, but before it has been received; or
- (b) for any other reason GRHK does not acquire the PanAust Shares to which your Acceptance Form relates,

you may request GRHK by notice in writing to despatch (at your risk) your Acceptance Form together with all other documents forwarded by you, to such address as you nominate. Where such address is inside Australia, the documents will be despatched by pre-paid ordinary mail. Where such address is outside Australia, the documents will be despatched by pre-paid airmail.

11.3 Costs and expenses

All costs and expenses of the preparation, despatch and circulation of the Bidder's Statement and this Offer and all stamp duty payable in respect of a transfer of PanAust Shares in respect of which Offers are accepted, will be paid by GRHK.

11.4 Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

11.5 Governing law

This Offer and any contract resulting from acceptance of it is governed by the law in force in Queensland, Australia.

Corporate Directory

Registered Office of GRHK

Room 1206, 12F Bank of America Tower
12 Harcourt Road
Admiralty Hong Kong

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000

Financial Advisers



CICC
中金香港证券

China International Capital Corporation Hong Kong Securities Limited

NORTH

JB North & Co Pty Ltd



BOCI ASIA LIMITED

BOCI Asia Limited

Legal Adviser

KING & WOOD
MALLESONS
金杜律师事务所
King & Wood

ACCEPTANCE AND TRANSFER FORM

in respect of the Offer by Guangdong Rising H.K. (Holding) Limited Hong Kong company number 1352915 and ARBN 148 961 344, (GRHK) a wholly owned subsidiary of Guangdong Rising Assets Management Co., Ltd to acquire all of your ordinary shares in PanAust Limited ABN 17 011 065 160 (PanAust).

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

IF YOU DO NOT UNDERSTAND IT PLEASE CONSULT YOUR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY

STEP 1 – Check your details below (see over)

DPID	Number of PanAust Shares you hold	<input type="text"/>
Name & Address	HIN / SRN*	<input type="text"/>
Name & Address	(*A new SRN may be allocated to you solely for the purpose of this offer)	
Name & Address	Sub-register	<input type="text"/>
Name & Address		
Name & Address		
Name & Address		<input type="text"/>
Name & Address		Barcode

Use this Acceptance Form to accept the Offer by GRHK for your PanAust Shares on the terms set out in the Bidder's Statement. You should read the Bidder's Statement which accompanies this Acceptance Form. Capitalised terms used in this Acceptance Form have the same meaning as in the Bidder's Statement unless otherwise defined. By accepting the Offer, you are accepting for ALL of your PanAust Shares (even if different to the number of shares stated above). You cannot accept for only part of your PanAust Shares.

If you need help completing this Acceptance Form, please contact the GRAM Offer Information Line during business hours on 1300 150 131 (within Australia) or +61 2 9098 9225 (from outside Australia), which is available Monday to Friday between 8.30am and 5pm (Sydney time).

STEP 2 – For Issuer Sponsored Holdings only

If your PanAust Shares are held on the Issuer Sponsored Sub-register (see "Sub-register" above) or if at the time of your acceptance you are entitled to be (but are not yet) registered as a holder of your PanAust Shares, to accept the Offer you must sign below and return this form.

STEP 3 – For CHES Holdings only

If your PanAust Shares are held on the CHES Sub-register (see "Sub-register" above) to accept the Offer you can either:

- Contact your Controlling Participant – normally your broker – and instruct them to accept the Offer on your behalf (If you do that, you do not need to complete and return this Acceptance Form);

OR

- If you want GRHK to contact your Controlling Participant on your behalf, write their details here and sign and return this form. By doing so you authorise GRHK to instruct your Controlling Participant to initiate acceptance of the Offer in accordance with the ASX Settlement Operating Rules.

OFFER CONSIDERATION

\$ Amount will print here
(A\$1.71 Cash for each PanAust Share, unless the Offer is varied to increase the price)

BROKER DETAILS (CHES HOLDINGS ONLY)

Your Broker's Name:

Your Broker's Address:

Your Broker's Telephone Number:

STEP 4 – Sign as indicated below

I/We, the securityholder(s) named above, being the holder(s) of PanAust Shares:

- ACCEPT the Offer in respect of ALL of my/our PanAust Shares;
- AGREE TO TRANSFER my/our PanAust Shares to GRHK for the consideration specified in the Offer, and in accordance with the terms of the Offer;
- AUTHORISE GRHK, its officers and their agents to correct any errors in or omissions from this Acceptance Form to make it an effective acceptance of the Offer and enable registration of the transfer of the PanAust Shares to GRHK; and
- AGREE to be bound by the terms of the Offer.

Please refer overleaf for further instructions on how to complete this form

If this form is signed under power of attorney, the attorney declares that they have no notice of the revocation of the power of attorney.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary (delete one)

Please enter your telephone number where you may be contacted during business hours

Dated ___/___/2015

Telephone number: _____

Your acceptance must be received BEFORE the Offer Period ends. If the Acceptance Form is sent by mail, you may use the enclosed reply paid envelope. Your acceptance of the Offer must be received before 7pm (Sydney time) on [•] May 2015 (unless the Offer is withdrawn or extended).

How to complete this Acceptance Form and ACCEPT the Offer

1. Your Name & Address details

Your pre-printed name and address is as it appears on the share register of PanAust. If you are Issuer Sponsored and this information is incorrect, please make the correction on this form and initial the correction. Securityholders sponsored by a broker on the CHESSE Sub-register should advise their broker of any changes.

2. Issuer Sponsored Holdings

(as indicated by "Issuer Sponsored" appearing next to "Sub-register" on this Acceptance Form)

If your PanAust Shares are in an Issuer Sponsored Holding, or if you are not yet registered as the holder of your PanAust Shares, then to accept the Offer, **you must fill out this Acceptance Form overleaf and return it to one of the addresses shown below.**

3. CHESSE Holdings

(as indicated by "CHESSE" appearing next to "Sub-register" on this Acceptance Form)

If your PanAust Shares are in a CHESSE Holding, you do not need to complete and return this Acceptance Form to accept the Offer. You can contact your Controlling Participant, normally your broker, and instruct them to accept the Offer on your behalf. If you decide to use this Acceptance Form, follow the instructions below.

It is the responsibility of the eligible securityholder to allow sufficient time for their Controlling Participant to initiate acceptance on their behalf in accordance with ASX Settlement Operating Rule 14.14. You must ensure that this form is received by your Controlling Participant in sufficient time before the end of the Offer Period to enable your Controlling Participant to effect acceptance on CHESSE during business hours.

If your holding is CHESSE sponsored and you send your Acceptance Form to Boardroom Pty Limited, we will send the relevant acceptance message to CHESSE for forwarding to your Controlling Participant for acknowledgement. Neither GRHK nor Boardroom Pty Limited will be responsible for any delays incurred by this process.

4. Signature(s)

You must sign the form as follows in the space provided overleaf:

Joint Holding:	Where the securityholding is in more than one name all of the PanAust Securityholders must sign.	Deceased Estate:	All executors must sign and, if not already noted by the PanAust registry, attach a certified copy of probate, letters of administration or grant accompanied (where required by law for the purpose of the transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.
Power of Attorney:	To sign under power of attorney, you must attach an original certified copy of the power of attorney to this form when you return it. By signing this form under a power of attorney, you will have declared that you have no notice of revocation of the power and are able to further delegate power under it under the Bidder's Statement.	Companies:	This form must be signed by either 2 directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Delete titles as applicable.

Additional Notes

- Sold all your PanAust Shares** – If you have sold all of your PanAust Shares, please send this form and your Bidder's Statement to the stockbroker who acted on your behalf.
- Recently bought or sold PanAust Shares** – If you have recently bought or sold any PanAust Shares, your holding may differ from that shown on the front of this form. If so, please alter the number of PanAust Shares shown as your registered holding on the front of this form to the number of PanAust Shares you now hold (including any PanAust Shares of which you are entitled to become registered as holder), initial the alteration and indicate the name of the stockbroker who acted for you.

Information you supply on this Acceptance Form will be used by GRHK, and Boardroom Pty Limited for the primary purpose of processing your acceptance of the Offer and to provide you with the consideration payable under the Offer. This information may be disclosed to GRHK's and GRHK professional advisers, securities brokers, printing and mailing providers and other third parties in connection with the Offer. If you do not supply this information, your acceptance may not be processed and you may not receive the consideration payable. You may have rights to access the personal information you have supplied. Please see Boardroom Pty Limited's privacy policy on its website www.boardroomlimited.com.au.

If you deliver this Acceptance Form in person, it must be received at the delivery address shown below before the end of the Offer Period.

Postal address
Boardroom Pty Limited
GRAM Offer
GPO Box 3993
Sydney NSW 2001

Delivery in person
Boardroom Pty Limited
GRAM Offer
Level 7, 207 Kent Street
SYDNEY NSW 2000

If the Acceptance Form is sent by mail, you may also use the enclosed reply paid envelope.