

**Not for release in the United States**

**ASX ANNOUNCEMENT**

21 January 2009

**Share Placement Over-Subscribed  
Timetable for Share Purchase Plan**

**Share Placement**

PanAust Limited is pleased to announce that it has successfully completed a share placement to eligible investors of 147 million new fully paid ordinary shares at A\$0.15 per share to raise approximately A\$21 million or US\$14 million (after the costs of the issue). The share placement was heavily over-subscribed.

Gary Stafford, the Managing Director of PanAust said: "We received strong support from eligible shareholders and the oversubscription represents a vote of confidence in the quality of the Phu Kham Copper Gold Operation and the future of PanAust."

The issue price was at a 19% discount to the closing price for PanAust shares of A\$0.185 per share on 16 January 2009 (the last trading day prior to the Trading Halt).

Settlement is scheduled to take place on 27 January 2009. The shares will be allotted and quoted on the ASX on or about 28 January 2009. The share placement is fully underwritten by ABN AMRO Morgans Limited who are acting as lead manager for both the share placement and the Share Purchase Plan (SPP).

PanAust aims to raise a total of between US\$35 million and US\$40 million (A\$50 million and A\$57 million) under the share placement and SPP. These funds will provide a significant working capital buffer and will be used to progress organic growth opportunities

PanAust will seek subsequent approval of shareholders later this year to the issue of shares under the share placement for the purpose of refreshing its ability to issue capital in accordance with Listing Rule 7.1 (the 15% rule).

**Share Purchase Plan**

The shareholder SPP will have a goal of raising between US\$20 million to US\$25million (A\$29 million and A\$36 million)<sup>i</sup>.

Subject to receiving the necessary waivers<sup>ii</sup> from the ASX, it is proposed that shareholders with Australian and New Zealand registered addresses will be offered up to A\$10,000 of new fully paid ordinary shares at an offer price of A\$0.15 per share (the same price as the share placement).

The provisional timetable for the SPP is:

Event	Date
Record date for entitlement to participate	30 January 2009
Despatch of Share Purchase Plan offer	4 February 2009
Opening date for receipt of acceptances	4 February 2009
Closing Date for receipt of acceptances	25 February 2009
Issue of shares under the Share Purchase Plan	4 March 2009
ASX quotation of Share Purchase Plan shares commences	10 March 2009

A further announcement will be made to the market once the results of PanAust's applications for waivers from ASX have been received.

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<sup>i</sup> The maximum amount of shares that can be issued under an SPP, without shareholder approval, is 30% of the issued capital of the company. Subject to the 30% maximum, the Board of PanAust will exercise its discretion in terms of accepting applications that exceed a total value of US\$25 million.

<sup>ii</sup> PanAust has received a waiver from ASIC to offer up to A\$10,000 worth of shares and the Company is now seeking a similar waiver from ASX. In the absence of a waiver, the maximum value of shares that can be issued to each shareholder under an SPP is A\$5,000.

Without an additional waiver from the ASX, the maximum discount that can be offered under an SPP is 20% of the average market price (being the closing price on ITS) over the last five trading days either before the day on which the issue was announced or before the day on which the issue was made. If the waiver is not granted then the SPP will proceed with a maximum issue price of A\$0.155 per share.