



MARKET RELEASE

26 May 2009

PanAust Limited

TRADING HALT (2+2)

The securities of PanAust Limited (the "Company") will be placed in pre-open at the request of the Company, pending the release of an announcement by the Company. Unless ASX decides otherwise, the securities will remain in pre-open until the earlier of the commencement of normal trading on Monday, 1 June 2009 or when the announcement is released to the market.

Security Code: PNA

A handwritten signature in black ink, appearing to read 'Rohan', is positioned above the name of the adviser.

Rohan Abeyewardene
Adviser, Issuers (Brisbane)

26 May 2009

Rohan Abeyewardene
Adviser, Issuers (Brisbane)
ASX Limited
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Dear Rohan

PanAust Limited - request for trading halt

PanAust requests a back to back trading halt (2 days + 2 days) prior to commencement of trading on Tuesday 26 May 2009.

In accordance with Listing Rule 17.1, PanAust provides the following information:

- (a) PanAust intends to undertake a material capital raising by way of an accelerated non-renounceable entitlements offer of shares (on a 2 for 9 basis), in conjunction with a placement of 100 million shares to sophisticated and institutional shareholders.

In addition, PanAust will announce the entry overnight into an agreement with a cornerstone investor who will acquire a 19.9% interest in PanAust (subject to certain conditions precedent).

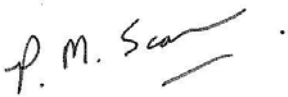
Given the materiality of the capital raising and the announcement, PanAust considers it appropriate that it enter into a trading halt to enable the efficient conduct of the capital raising and to ensure that the market can trade on fully informed basis upon recommencement of trading.

- (b) PanAust requests that the trading halt continue until the opening of trading on Monday, 1 June 2009.
- (c) PanAust is not aware of any reason why the trading halt should not be granted.

- (d) PanAust is not aware of any other information necessary to inform the market about the trading halt.

Thank you for your assistance.

Yours faithfully

A handwritten signature in black ink that reads "P. M. Scarr". The signature is written in a cursive style with a horizontal line underneath the name.

Paul Scarr
Company Secretary & General Counsel