

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

PANAUST LIMITED

ABN

17 011 065 160

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | (A) Ordinary shares
(B) Ordinary shares
(C) Unlisted Executive Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (A) 600,000
(B) 13,000
(C) 4,400,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (A) Fully paid ordinary shares
(B) Fully paid ordinary shares
(C) Exercise price: \$0.90
Term: 4 years 6 months, 26 days
Vesting Date: Subject to satisfaction of performance conditions, 31 December 2010
Expiry date: 31 December 2012
For performance conditions: refer to the Schedule. |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(A) Yes (B) Yes (C) Unlisted executive options do not rank equally with ordinary shares (fully paid). Executive options have no voting rights or dividend rights.</p>										
<p>5 Issue price or consideration</p>	<p>(A) 18 cents per ordinary share (B) Nil (C) Nil</p>										
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(A) Shares issued upon exercise of options under the Executives' Option Plan. (B) Shares issued upon exercise of share rights without performance conditions. (C) Executive options issued under the Executives' Option Plan and approved at the last Annual General Meeting of the Company.</p>										
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>4 June 2008</p>										
<p>8 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="716 1272 997 1306">Number</th> <th data-bbox="1002 1272 1266 1306">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 1312 997 1346">1,436,852,830</td> <td data-bbox="1002 1312 1266 1373">Ordinary Shares fully paid</td> </tr> </tbody> </table>	Number	+Class	1,436,852,830	Ordinary Shares fully paid						
Number	+Class										
1,436,852,830	Ordinary Shares fully paid										
<p>9 Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="716 1430 938 1463">Number</th> <th data-bbox="943 1430 1266 1463">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 1472 938 1505">21,260,000</td> <td data-bbox="943 1472 1266 1505">Unlisted executive options</td> </tr> <tr> <td data-bbox="716 1505 938 1539">10,000,000</td> <td data-bbox="943 1505 1266 1539">Unlisted options</td> </tr> <tr> <td data-bbox="716 1539 938 1583">3,808,223</td> <td data-bbox="943 1539 1266 1625">Unlisted share rights without performance conditions</td> </tr> <tr> <td data-bbox="716 1625 938 1659">5,460,000</td> <td data-bbox="943 1625 1266 1686">Unlisted share rights with performance conditions</td> </tr> </tbody> </table>	Number	+Class	21,260,000	Unlisted executive options	10,000,000	Unlisted options	3,808,223	Unlisted share rights without performance conditions	5,460,000	Unlisted share rights with performance conditions
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+ See chapter 19 for defined terms.

- | | | |
|----|--|---|
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | (A) Ordinary shares have full dividend rights
(B) Ordinary shares have full dividend rights
(C) Executive options have no dividend rights |
|----|--|---|

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7. | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |

+ See chapter 19 for defined terms.

- | | | |
|----|---|--|
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do +security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | +Despatch date | |

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

(now go to 43)

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period
(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

All entities

Fees

43 Payment method (tick one)

Cheque attached

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

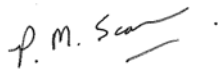
Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company Secretary

Date: 4 June 2008.

Print name: Paul Martin Scarr

+ See chapter 19 for defined terms.

Schedule – Performance conditions for executive options

Total Shareholder Return (“TSR”) of Company is measured against the ASX 300 Metals and Mining Index (excluding the Company) over a performance period commencing on 1 January 2008 and ending on a Testing Date. If the TSR Ranking of the Company is:

- (a) equal to or less than the 50th percentile, the number of options that vest is nil;
- (b) equal to the 51st percentile, the number of options that vest is 50% of the total;
- (c) equal to or greater than the 75th percentile, the number of options that vest is 100% of the total;
- (d) higher than the 51st percentile but less than the 75th percentile, the number of options that vest increases on a straight line basis from 50% to 100%.

Testing of TSR occurs on each of 31 March 2010, 30 June 2010, 30 September 2010 and 31 December 2010 (“Testing Dates”). If performance conditions are met on a Testing Date, the relevant number of Options will vest on the vesting date. To the extent performance conditions are not met with respect to Options, that number of Options is carried forward for re-testing on the next Testing Date.

+ See chapter 19 for defined terms.