

ASX ANNOUNCEMENT
18 September 2009

Completion of GRAM's 19.9% cornerstone investment in PanAust

PanAust Limited is pleased to announce that Guangdong Rising Assets Management (GRAM) has received the final Chinese Government regulatory approval to acquire its cornerstone investment in PanAust. PanAust will today issue shares to GRAM representing a 19.9% shareholding in PanAust. GRAM has invested a total of approximately A\$216 million to acquire its 19.9% cornerstone investment.

The investment is pursuant to a placement agreement between PanAust and GRAM announced to the ASX on 26 May 2009 and approved by PanAust shareholders on 8 July 2009.

The GRAM investment will provide PanAust with the flexibility to progress growth projects and will enable the Company to repay a significant part of the project debt for the Phu Kham Copper-Gold Operation in Laos.

PanAust will apply US\$100 million of the proceeds to reduce the Company's project debt facility, leaving an outstanding project debt balance of less than US\$80 million.

GRAM is a diverse investment group and its investment in PanAust creates a strategic alliance through the introduction of a financially strong and strategically committed cornerstone investor to support PanAust's ambitions to grow its business.

About GRAM

Incorporated in 1999, GRAM is a wholly State-owned investment group, under the supervision of the Guangdong Provincial Government's arm of the State-Owned Assets Supervision and Administration Commission. GRAM holds investments in a variety of listed and unlisted entities across a wide range of sectors including nonferrous metals, technology, hotels and construction in China.

GRAM has a significant investment in the mining sector, with a focus on non-ferrous metals. GRAM's investments in the mining sector contributed about 66% of GRAM's revenue for the 2009 year. Its mining interests are mainly carried out through the following affiliates and subsidiaries:

- Shenzhen Zhongjin Lingnan Nonferrous Metal Co Ltd (Zhongjin Lingnan), a company listed on the Shenzhen Stock Exchange (ticker:000060) and chiefly engaged in the mining and processing of lead, zinc and other nonferrous metals (GRAM holds approximately 31.73%). Zhongjin Lingnan presently owns a 50.1% interest in ASX listed Perilya Limited;

- Guangdong Rising Nonferrous Metals Co., Ltd, a company listed on the Shanghai Stock Exchange (ticker:600259) and chiefly engaged in the mining and processing of tungsten, rare earths, copper, silver and tin (GRAM holds approximately 50.02%);
- Guangdong Guangsheng Metallurgy Co., Ltd, a company chiefly engaged in the mining of iron and rare earths and the production of various alloys and crystals (GRAM holds 100%);
- Guangdong Dabaoshan Mine Co., Ltd., a company chiefly engaged in the mining and dressing of iron ore and copper-sulphur ore (GRAM holds 100%); and
- Guangdong Rising Mining Investment Co., Ltd (GRAM holds 100%).

As at 31 December 2008, GRAM had consolidated total assets of RMB 43.4 billion (approximately US\$6.4 billion), and recorded a net profit for the year ending 31 December 2008 of RMB 613.4 million (approximately US\$90 million).

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