



**ASX ANNOUNCEMENT**  
**8 July 2009**

## **Chairman's Address to the Extraordinary General Meeting**

Attached is the Chairman's address to be given at the Extraordinary General Meeting of PanAust Limited being held at 10am today.

For further information contact:

Mr Gary Stafford  
Managing Director  
PanAust Limited

Mr Joe Walsh  
GM – Corporate Development

Tel: +61 7 3117 2000  
Email: [info@panaust.com.au](mailto:info@panaust.com.au)  
Website: [www.panaust.com.au](http://www.panaust.com.au)

## CHAIRMAN'S ADDRESS

Ladies and Gentlemen,

The two resolutions you are being asked to consider today mark the near-end of a six month process, initially focussed on raising US\$100 million to retire the Goldman Sachs JBWere subordinated debt and provide some working capital, but culminating in the raising of over US\$280 million, which will enable the Company to pay down all or some of the Phu Kham Project debt.

The process of searching for investors to meet our initial finance objectives was managed by Rothschild Australia. The process led to discussions with over 30 groups over a period of five months. Many of the initial groups that management held discussions with were counter cyclical investors that saw an opportunity early in the year while copper prices were weak and our share price traded in a low price range. Other investors were more interested in our copper-gold product than in the strategic direction of the Company.

Guangdong Rising Assets Management (or GRAM) stood out as an investor that shares the same growth aspirations for PanAust as the Company's Board and management and that was prepared to pay a fair market price in the knowledge that the Company wanted to proceed with a discounted equity offer to existing shareholders supported by a placement to institutions.


The recent equity offer and the finalisation of GRAM's cornerstone investment will **release the shackles of debt** so that **the Company can re-focus on growing the business.**

The first resolution to make a placement of 19.9% of PanAust's shares to GRAM will comprise the issue of 456,791,804 shares at 39.5 cents (\$A) per share, a 41% premium to the recent shareholder entitlements offer price, and 126,725,548 top-up shares at 28 cents (\$A) per share, the same price as the shareholder entitlements offer price.

The directors recommend the approval of the 19.9% placement of PanAust shares to GRAM the subject of the first resolution. Foreign Investment Review Board approval for the placement has been received and the last Chinese regulatory approval is anticipated within the next couple of weeks. The placement will enable the Company to execute its plan to replace the Phu Kham Project debt with a smaller more flexible debt facility that will support the Company's growth ambitions.

We are delighted that a delegation from GRAM led by the Chairman, Mr Jinming Li, is here to meet shareholders and celebrate the transaction with the Board and management of PanAust. After consideration of the resolution, Mr Zezhong Li, Deputy President of GRAM and its nominee to the PanAust Board, will make a short presentation to introduce GRAM to shareholders and explain the rationale for their investment decision.

The second resolution is to ratify the placement of 100 million shares in PanAust at 28 cents (\$A) per share to institutions and eligible investors in June 2009. As you are aware, all shareholders had



the opportunity to subscribe for shares at the same price as the placement under the subsequent 2 for 9 entitlements offer.

The significant demand for the placement and the accelerated institutional component of the entitlements offer gave the Company and the market confidence that sufficient funds would be raised to retire the Goldman Sachs JBWere facility and led to ABN Amro Morgans Corporate Limited underwriting the whole of the A\$142 million equity offer comprising the placement and entitlements offer.

The response to the entitlements offer by institutional and retail shareholders has had few precedents in the Australian market with approximately 90% of available shares under the entitlements offer taken up and all components of the equity offer heavily over-subscribed through top up applications.

The ratification of the issue of the placement shares will give the Company funding flexibility within the limitations of the ASX Listing Rules and, accordingly, the directors recommend the approval of the second resolution.

Following the formal business of the meeting, the Managing Director will make a short presentation on the Company's growth strategy.

On behalf of the Board, I thank our shareholders for their support of the funding initiatives and we look forward to a future focus on the growth of PanAust.

*[Chairman's address ends]*

**Garry Hounsell**

**Chairman**