

PanAust Ltd

15:00 25 Aug 2014

PanAust increases holdings in PNG explorer Highlands Pacific

PanAust (ASX:PNA) is pleased to announce that it has exercised its option under a previous share placement agreement to subscribe for a further 64,432,990 shares in Highlands Pacific (ASX:HIG) at \$0.0776/share, following the placement on equivalent terms in November 2013.

This is a vote of confidence in Highlands, and in exploration projects in Papua New Guinea; notable especially because of the material premium PanAust is paying to Highland's market price of around \$0.065.

PanAust is capitalised at \$1.4 billion - and could this be the beginning of a trend towards larger companies increasing stakes in mineral rich PNG?

It will take PanAust's shareholding in Highlands to 14%, with placement scheduled to take place on 1 September 2014.

The agreement with Highlands related to PanAust's agreement with Glencore to acquire Glencore's interest in the Frieda River Copper?Gold Project, a joint venture with Highlands.

The Frieda River transaction was completed today.

PanAust and Highlands will now respectively hold 80% and 20% interest in the Frieda River Joint Venture.

Under the terms of the Agreement, should the Government of PNG elect to take up its right to 30% of the project, PanAust will sell down the first 20% of its joint venture interest and thereafter the parties will sell down in equal amounts.

Where the Government of PNG elects to take up its maximum 30% of the project, the respective joint venture interests would

be PanAust 55%, the Government of PNG 30% and Highlands 15%.

PanAust will be responsible for 100% of the costs incurred by the Frieda River Joint Venture to finalise the definitive feasibility study.

PanAust will also be responsible for 100% of the costs to maintain the Frieda River project site, assets and community relations programs up to the time of lodgement of the Mining Lease or Special Mining Lease application.

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Share Information

Code: PNA

Listing: ASX

Sector: Mining

Website: www.panaust.com.au

Company Synopsis:

PanAust (ASX: PNA) is a copper and gold producer in Southeast Asia and has a portfolio of organic growth projects in Laos and Chile.

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