

# ASX Announcement

## PANTERRA GOLD LIMITED QUARTERLY REPORT TO 31 MARCH 2017

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### HIGHLIGHTS

#### LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

- Gold production for Quarter was 3.3% higher than previous Quarter, and sales revenue increased by 4.3%
- Operating costs for Quarter of US\$691 per ounce Au equivalent, 4.7% lower than previous Quarter

**LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC****PRODUCTION**

	March Quarter	Previous Quarter	Variance vs Previous Quarter	YTD
Plant Throughput (t)	177,131	173,369	2.2%	177,131
<b>Average head grade (g/t)</b>				
Gold	3.88	3.89	-0.3%	3.88
Silver	38.6	38.8	-0.5%	38.6
<b>Recovery (%)</b>				
Gold	51.5	50.6	1.8%	51.5
Silver	22.5	26.2	-14.1%	22.5
<b>Production (oz)</b>				
Gold	11,337	10,977	3.3%	11,337
Silver	49,510	56,558	-12.5%	49,510
<b>Sales (oz)</b>				
Gold	11,516	10,610	8.5%	11,516
Silver	47,932	57,434	-16.5%	47,932
Sales (US\$m)	14.5	13.9	4.3%	14.5
Sales (A\$m)*	19.1	18.5	3.2%	19.1

\* Based on average exchange rate for the Quarter.

Gold production for the March 2017 Quarter was 3.3% higher than the previous Quarter, and doré sales increased by 4.3% to US\$14.5 million.

**OPERATING COSTS**

	March Quarter		Previous Quarter	
	US\$ ('000)	US\$/oz (Gold Equiv. Production)	US\$ ('000)	US\$/oz (Gold Equiv. Production)
Tailings Reclaim	315	26	480	41
Processing Consumables	2,444	201	2,382	203
Salaries	1,506	124	1,515	130
Grid Power	1,733	142	1,713	146
Processing Fuel	104	9	115	10
Spares, Repairs & Maintenance	1,361	112	1,384	118
Site & Camp Costs	565	46	561	48
Office Overheads	233	20	267	23
Insurance	139	11	70	6
<b>TOTAL OPERATING COSTS (C1 Cash Costs)</b>	<b>8,400</b>	<b>691</b>	<b>8,486</b>	<b>725</b>

Notes: Gold equivalent production 12,164oz for the Quarter, based on 74oz silver equalling one ounce gold.

Total Operating Costs (C1 Cash Costs) of US\$8.4 million down 1.0% on previous Quarter.

Operating Costs of US\$691 per ounce Au equivalent production down 4.7% on previous Quarter.

**PLANT THROUGHPUT**

Average plant throughput of 13,625 tonnes per week was slightly above the 13,439 tonnes per week target for 2017.

**CASH BALANCE**

Available Group funds as at 31 March 2017 were US\$5.5 million (A\$7.5 million).

**FINANCE****PROJECT LOAN – LAS LAGUNAS**

The outstanding secured project loan from ALCIP Capital LLC (“ALCIP”) as at 31 March 2017 was US\$5,264,782 which is being reduced by approximately US\$1.1 per quarter with the final payment currently scheduled for 30 June 2018, six months ahead of the contractual repayment date.

**REDEEMABLE PREFERENCE SHARES**

PanTerra Gold Limited (“PGL”) issued US\$10.0 million of unsecured Redeemable Preference Shares (“RPS”) to the Central American Mezzanine Infrastructure Fund I (“CAMIF I”) in August 2013.

The Company has redeemed US\$2.1 million of the RPS with the balance to be redeemed in accordance with the following schedule:

	<b>US\$</b>
30 June 2017	700,000
30 September 2017	700,000
31 December 2017	1,300,000
31 March 2018	1,300,000
30 June 2018	1,300,000
30 September 2018	1,300,000
31 December 2018	<u>1,300,000</u>
	<u>7,900,000</u>

**BANRESERVAS**

Dominican Government-owned BanReservas has provided US\$7.5 million of unsecured loans to the Las Lagunas project. These loans are subordinated to ALCIP but provision has been made in a Variation to the Facilities Agreement to repay the Bank in accordance with the following schedule:

	<b>US\$</b>
20 July 2017	1,000,000
20 January 2018	1,250,000
20 July 2018	1,500,000
20 January 2019	1,750,000
15 July 2019	2,000,000

## SHAREHOLDER LOANS

Certain Shareholders have provided loans totalling A\$3.2 million to PanTerra Gold Limited.

These unsecured loans are subordinated to the Las Lagunas project loan from ALCIP which has prohibited repayment before 15 July 2019.

## HEDGING

The Company has negotiated a hedging agreement with MKS (Switzerland) S.A., which is the parent company of PanTerra Gold's refiner, Produits Artistiques Metaux Precieux (PAMP).

It was a positive quarter for gold, with the spot price opening at ~US\$1,151 per ounce (also the quarter low) and finishing at ~US\$1,247 per ounce at the end of March 2017, with a period high of ~US\$1,258 on 27 March 2017.

The hedge commitment at the end of the quarter was 22,060oz with an average price of US\$1,207 per ounce, 8,840oz delivered into the hedge over the period.

A total of 1,863oz were also sold into the spot market during the quarter to take advantage of higher prices when possible.

The Company continues to deliver into next date hedge positions and enter into new replacement positions at higher gold prices to increase the average hedge facility price.

## BUSINESS DEVELOPMENT

- Negotiations continuing with Dominican Government for permission to import suitable high grade concentrate to blend with lower grade Las Lagunas concentrate, and to establish a precious metals Processing Facility on completion of the Las Lagunas project in Q3 2019, utilising the existing Albion/CIL plant and infrastructure.
- Actively pursuing opportunities to source suitable refractory concentrate for blending and for processing at the proposed Facility.
- Negotiations progressing on possible participation in development of 50,000tpa Albion/CIL process plant in China.