



# ASX Announcement

## PanTerra Gold Limited

**ASX: PGI**

### UPDATE ON FINANCING AND PRODUCTION

PanTerra Gold Limited (ASX: PGI) (PanTerra Gold or the “Company”) sets out below an update on financing and production for its Las Lagunas gold/silver project in the Dominican Republic.

#### FINANCING

The Company has reached a stage in its development where it needs to strengthen its Balance Sheet in order to pursue a second project. It is advanced in its investigation of the potential to develop a mine in North America (probably in joint venture) with the ability to produce high grade refractory concentrate that could be shipped to the Las Lagunas plant in the Dominican Republic for processing. This could extend the life of the existing project by up to 15 years, and substantially increase its value.

In order to provide additional funding that could be applied to continuing due diligence on the prospective project, and also act as an operating contingency for the Las Lagunas operations, the Company intends to place approximately \$10 million of its Shares with either a strategic cornerstone investor or sophisticated investors, as outlined below.

The principal lender to the Las Lagunas project, Macquarie Bank Limited, is also requiring the same increase in working capital as a prerequisite to establishing a realistic repayment schedule for their project loan, now that plant performance and gold and silver recoveries have improved and are more predictable. Negotiations with the Bank in relation to the scheduling of loan repayments and timing of the proposed raising have not yet been concluded.

The Company confirms that, as highlighted in its Half Yearly Report dated 28 August 2014, it has commenced the following Funding Initiatives:

- Negotiations are progressing with Macquarie Bank to reschedule repayment of the outstanding project loan (US\$29.2 million) so that reductions may be better accommodated by forecast cash flows from the Las Lagunas operations following recent process plant modifications.

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The Company has proposed that the outstanding loan be repaid in five quarterly instalments of US\$5.0 million between 31 December 2014 and 31 December 2015 and the final balance of US\$4.2 million on 31 March 2016, and has committed to effecting one of the following prior to 30 November 2014:

- i) Pay out the Macquarie Bank loan from the proceeds of an issue of secured Notes.
    - A mandate has been formalised with a US Investment Bank to issue US\$35.0 million of first lien senior secured Notes maturing in five years, with the funds to be used to pay out Macquarie Bank and US\$3.1 million of shareholders loans. The US Bank has commenced its due diligence investigations and has provided a Financing Timeline with closure targeted for around the end of November 2014.
  - ii) Placement of 15% of the Company's shares with a strategic shareholder to strengthen its level of working capital.
    - Negotiations have commenced with a substantial Chinese group to subscribe for 15% of PanTerra Gold Limited's issued shares, at a premium to their current market price.
  - iii) Placement of A\$10 million of the Company's shares to a number of existing and new investors to strengthen its level of working capital.
    - Discussions have commenced with stockbroking firms interested in managing a share placement by the Company, in the event either item i) or item ii) is not concluded in the near term.
- The Dominican State Bank, BanReservas, has proposed that its US\$5.0 million Credit Facility which is currently renewable on an annual review basis, be converted to an amortising loan with US\$2.5 million to be repaid on 31 August 2015, and the balance on 31 August 2016. This proposal has been accepted by the Company.
  - Of the funds received from CAMIF in the second half of 2013 under a Redeemable Preference Share Agreement, approximately US\$2.5 million was reserved for exploration expenditure on the Company's concessions in the Dominican Republic. The Company has now received the consent of CAMIF for the release of A\$2.0 million of these funds for general working capital.

In order to release the A\$2.0 million, CAMIF required the issue of 15 million PGI unlisted Options, exercisable at A\$0.065 each on or before 31 December 2017. These Options have been issued to CAMIF.

A Meeting of Shareholders will be called for late October 2014 to approve the issue of 150 million PGI shares within the following three months, in order to accommodate the placement envisaged in either items ii) or iii) above.

**PRODUCTION**

Overall gold recovery for Q3 2014 will be approximately 47% as predicted in earlier Production Guidance. This is a 17.5% increase over actual recoveries in Q2 2014 (40%) which is attributable to improvement in the second half of Q3 2014, and subsequent to plant modifications.

However, it is appropriate to advise Shareholders that Production Guidance for Q3 2014 will not be met due primarily to reduced throughput, which will be down 16% on that of Q2 2014.

Plant feed for Q3 2014 is expected to be around 150,000 tonnes (Q2 2014, 179,000 tonnes) with the reduction due to longer than expected downtime when cutting-in an additional Albion reactor in August 2014, which was followed by a six week ramp-up to the nameplate feed rate of 100tph, at which the plant is now operating.

Production is likely to be in the order of 8,000 oz Au and 64,000 oz Ag, slightly above Q2 2014 despite the lower throughput confirming improved recoveries after installation of the additional oxidation reactor.

Production Guidance for Q4 2014 will be updated around the end of October 2014.

**End**