31 July 2015

PANTERRA GOLD LIMITED

QUARTERLY REPORT TO 30 JUNE 2015

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LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

PRODUCTION

	June Quarter	Previous Quarter	YTD	Variance vs Previous Quarter
Plant throughput (t)	178,484	190,411	368,895	-6.3%
Average head grade (g/t)				
Gold	3.1	3.2	3.2	-2.8%
Silver	37.9	40.2	39.1	-5.6%
Recovery (%)				
Gold	45.3	46.7	45.9	-3.1%
Silver	30.1	26.9	28.3	11.8%
Production (oz)				
Gold	8,024	9,061	17,085	-11.4%
Silver	64,442	64,800	129,242	-0.6%
Sales (oz)				
Gold	8,031	9,576	17,607	-16.1%
Silver	64,072	68,157	132,229	-6.0%
Sales (US$m)	10.5	12.4	22.9	-15.3%
Sales (A$m)	*13.5	15.8	29.3	-14.5%

* Based on a quarterly average exchange rate of $0.78.

Gold production for the June 2015 Quarter was 11.4% lower than the previous Quarter, reflecting the mining of lower grade ore and plant throughput during the period.

Gold grades in July 2015 have averaged 3.6g/t (16% higher than June Quarter) and are expected to remain at around this level for the balance of the project.

PLANT THROUGHPUT

Average weekly production of 13,730 tonnes was 8% lower than the 15,000 tonnes target due to lower dredging production in constricted areas of the dam for some of the period. The remaining tailings deposit presents a broad open face which permits efficient dredging operations. The balance of the Las Lagunas Indicated Resource at 30 June 2015 was 3.25 million tonnes at 3.7g/t gold and 38.6g/t silver.

Dredging of coarser, higher grade ore resumed late in the Quarter which should result in increased gold recoveries and production going forward.

OPERATING COSTS

	June Quarter	
	US$ ('000)	**US$/oz (Gold Equiv. Production)**
Tailings Reclaim	484	54
Processing Consumables	2,472	276
Salaries	1,243	139
Grid Power	1,614	180
Processing Fuel	82	9
Spares, Repairs & Maintenance	1,241	139
Site & Camp Costs	509	57
Office Overheads	263	29
Insurance	243	27
TOTAL OPERATING COSTS (C1 Cash Costs)	8,152	910

Note: Total Operating Costs (C1 Cash Costs) are relatively stable ($8.4 million for the previous Quarter) and currently subject to a management drive for reduction to around US$7.5 million per Quarter.

At this level, with a near term Quarterly production target of 10,000 oz gold equivalent as a consequence of improving grades and plant throughput, C1 costs should be in the order of US$750 per oz gold equivalent. Improved recoveries could further reduce C1 production costs.

FINANCE

After continuous negotiations throughout the Quarter between Macquarie Bank Limited ("MBL") and a North American Fund which were aimed at the Fund acquiring MBL's outstanding loan to the Las Lagunas project of US$23 million, plus its 3.0% gold royalty, MBL terminated the negotiations on 30 July 2015.

The Company has subsequently received a proposal from MBL to close out the current hedge program and apply the proceeds to a reduction in the MBL loan. At a close out price of US$1100 per oz Au, net proceeds would be approximately US$8.5 million and the loan would be reduced to US$14.5 million.

This is to be followed by monthly loan repayments totalling approximately US$4.5 million between 30 September 2015 and 30 May 2016 and a balloon payment of approximately US$14.0 million including capitalised royalty payments to close out the loan on 30 June 2016.

Details of this proposal which is attractive for the Company, are currently being negotiated and are subject to documentation.

The Company and MBL will also co-operate with the objective of attracting alternative financiers for the Las Lagunas project and are confident that this will be achievable, particularly as the MBL loan continues to reduce.

HEDGING

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

When and if the MBL hedge program is closed out, PanTerra Gold may at its election hedge up to 35,000 oz Au over a rolling 24 month period with a weighting bias in the first six months, and an ability to replace deliveries with new hedge commitments within the forward 24 month period.

The program is available for the life of the Las Lagunas project subject to continuation of the existing refining contract. MKS's risks are not secured.

The MKS hedging arrangement provides flexibility for the Company and potential protection from falling gold prices.

SHAREHOLDER LOANS

In the event refinancing of the MBL project loan is effected, it is the intention of the Company to repay Shareholder Loans of AU$1,900,000 within 90 days of this occurring.

Shareholder Loans of AU$1,500,000 are expected to be converted to Shares by the end of 2015 at a price yet to be negotiated.

BUSINESS DEVELOPMENT

PanTerra Gold is actively pursuing opportunities to source suitable refractory concentrate for processing through its Albion/CIL plant in the Dominican Republic, prior to the current Las Lagunas tailings retreatment project being completed in mid-2019.

Identified opportunities are currently being assessed in Canada, Cuba and China.

The Company is primarily focussing on concentrates containing high gold, arsenic, and sulphide sulphur levels (typically 50g/t Au, 20% As and 25% S) as the competition for acquiring concentrates derived from arsenopyrite is relatively low due to increasing worldwide environmental standards restricting or prohibiting the processing of concentrates with high levels of arsenic.

Concentrates derived from pyrite ore with low levels of arsenic are readily processed through roasters installed in numerous countries including the US, Canada and China.

A formal proposal has been submitted to the Director General of Mines ("DGM") in the Dominican Republic to establish a 20 year lease over the Company's current Project Area covering its plant site, tailings dam (which has a 20 year surplus storage capacity) and limestone quarry. The Company has also sought in-principle approval to import arsenopyrite and pyrite concentrates for processing at Las Lagunas, subject to environmental approvals.

PanTerra Gold has appointed a World Bank accredited environmental consultant to confirm independently to the Dominican EPA during the approval process, that the Las Lagunas Albion/CIL process plant will convert arsenic (As) to ferric arsenate ($FeAsO_4$). Ferric arsenate has extremely low mobility and is non-soluble when disposed of as tailings, and will comply with World Bank standards for Toxicity Characteristic Leaching Procedure ("TCLP") limits.

At a recent meeting in Santo Domingo between the DGM, the Chairman of PanTerra Gold, and representatives of the Company's major shareholder, the Central American Mezzanine Infrastructure Fund LP ("CAMIF"), the DGM advised that he and his Department were fully supportive of the Company's intention to significantly extend the life of the Las Lagunas operations based on the importation of refractory concentrates. The DGM also advised that due to the sensitive issues relating to importation of toxic material, it was unlikely a formal approval in-principle would be forthcoming before mid-2016, and this would be followed by environmental approval.

It is expected the independent environmental consultant, who is monitoring the conversion of As to $FeAsO_4$ in the current Albion/CIL pilot plant testwork on New Polaris concentrate, will be able to sign off on the process meeting World Bank standards for TCLP limits within three months. This will reinforce the Company's representations to the Dominican Government on this issue.

As a consequence of these delays, the Company has advised Canarc Resource Corp., its potential joint venture partner in the proposed development of the New Polaris mine in British Columbia, that it will not commit to further expenditure on the project prior to at least receiving approval in-principle from the DGM.

The Company will complete the metallurgical test work currently being undertaken on New Polaris concentrate in order to establish expected recoveries and other parameters that will be important in assessing future processing costs.

In the interim period until approval is gained for the extension of the Las Lagunas project the Company will focus on negotiating supply contracts for a total of approximately 100,000tpa of high grade arsenopyrite concentrate that could be available from two mines, one in China, and the other in Cuba. During this period, the Company will also undertake relevant metallurgical test work and resolve logistics issues.

Neither of these sources would require capital expenditure by the Company and preliminary economic benefits look most encouraging.

PGI has identified widespread technical interest in China for the application of the Albion oxidation process where it has exclusive licencing arrangements for five years.

The Company has established a relationship with a group of investors through their special purpose company to spearhead the identification of sources of high-grade arsenopyrite concentrate, and prospects for joint ventures with mining companies controlling suitable refractory ore bodies.

A member of this group was one of China's most senior gold exploration managers, and he has nominated specific regional areas within the Country hosting over 100 active gold mines operating in refractory ore.

He has visited one of these mines for discussions on PanTerra Gold purchasing approximately 40,000 tpa of high grade arsenopyrite concentrate currently being produced but being treated as waste because of constraints on processing and lack of markets for concentrates with high arsenic levels.

The Company's CEO and Manager, Metallurgy are scheduled to visit this company in September 2015 to advance negotiations and arrange for testwork on concentrate samples.

In addition to the potential profitability from the continuation of the Las Lagunas project based on imported concentrate, the Consolidated Balance Sheet of the PanTerra Gold Group could be greatly enhanced by the potential reversal of up to US$60 million of prior depreciation of the Las Lagunas process plant.

MANAGEMENT

PanTerra Gold's Executive Chairman, Mr Brian Johnson, and Development Director, Mr James Tyers, have accepted offers to extend their Service Agreements until 30 June 2018, on the same terms as previously advised to the ASX.

EXPLORATION

Granted Tenements

Property	Area	Interest (%)
Fuerte (Dominican Republic)	7925ha	100
La Paciencia (Dominican Republic)	7150ha	100

Tenement Application

Property	Area	Interest (%)
La Perseverancia (Dominican Republic)	9875ha	100

The Company has been waiting for two years for the renewal of the La Perseverancia Concession, which is the most prospective of the three properties.

At a meeting with the Director General of Mines in the Dominican Republic in May 2015, the renewal was promised in the near term subject to excision of a small environmentally sensitive area from the Concession. The area has been surveyed and the application adjusted and resubmitted.

Exploration costs for the quarter were US$1,057.

About PanTerra Gold

PanTerra Gold is an Australian mining company producing gold and silver from refractory ore at Las Lagunas in the Dominican Republic, utilising Glencore Technology's patented Albion oxidation process in association with standard carbon-in-leach technology.

The Company's Las Lagunas Project reprocesses high grade sulphide tailings from historical production at the Pueblo Viejo mine in the Dominican Republic. The project represents the world's first utilisation of the Albion process for oxidation of refractory ore containing precious metals.

The Las Lagunas Project is exempted from income tax, with a 25% profit share to be paid to Government from CY2018 after recovery of approximately US$85 million of plant construction costs.

The Company is a pioneer in the utilisation of the Albion/CIL process for the extraction of precious metals from sulphidic refractory ore and has developed substantial Intellectual Property in relation to the process and has reached a stage where this can be applied to future growth.

Competent Person Statement
Las Lagunas, Dominican Republic

The information in this document that relates to Indicated Resources at the Las Lagunas project is based on information compiled by Rick Adams, BSc MAusIMM MAIG, Director Geological Resource Services for Cube Consulting, who is a consultant to PanTerra Gold Limited. Mr Adams is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Adams consents to the inclusion in the document of the matters based on information in the form and context in which it appears.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC 2012 on the basis that the information has not materially changed since it was last reported.