



ASX Announcement

PanTerra Gold Limited

Macquarie Bank Replaced as Financier of Las Lagunas Project

PanTerra Gold Limited (ASX: PGI) (PanTerra Gold or the “Company”), is pleased to announce that a wholly-owned subsidiary of the Central American Mezzanine Infrastructure Fund II (“CAMIF II”) has completed the assignment of all funding facilities previously provided by Macquarie Bank Limited (“MBL”) to the PanTerra Gold Group.

CAMIF II is a private investment fund whose participants include a number of leading institutional investors. The fund focuses on private sector infrastructure and natural resource investments in Central America, Mexico, Columbia, and the Caribbean, and is managed by LAP Latin American Partners with offices in Washington, D.C., Mexico, and Central America.

Simultaneously with the assignment, MBL’s gold hedging program for the Las Lagunas gold silver project in the Dominican Republic was closed out with net proceeds of US\$3.014 million being applied to debt reduction. An unsecured hedging program for delivery over the next 12 months of 25,000 oz Au (approximately 60% of forecast 2016 production) at US\$1075 per oz Au has been put in place with Geneva-based MKS (Switzerland) SA (“MKS”). MKS is the parent of the company refining PanTerra Gold’s precious metal production.

Project debt now owed to CAMIF II stands at US\$10.98 million including capitalised royalties. Current terms require six monthly payments of US\$600,000 plus a balloon payment of US\$7.38 million on 30 June 2016.

The Company is seeking to extend the term of the loan with the aim of permitting surplus cash generated by the Las Lagunas project to be applied to new developments.

Central American Mezzanine Infrastructure Fund I (“CAMIF I”), a separate but related fund, is already a major stakeholder in the PanTerra Gold Group holding 11.75 million PGI shares (9.42%), and US\$10.0 million of Redeemable Preference Shares.

Mr Brian Johnson, Executive Chairman of PanTerra Gold, said he was pleased to see what could be the commencement of a new era for the Group with such substantial, supportive stakeholders.

ASX: PGI

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The Company is currently focussed on progressing two new potential developments:

- Construction of a 50,000tpa Albion/CIL plant in Guangxi Province, China, based on processing high-grade arsenopyrite concentrate purchased from a local mining company. This company has been prevented from selling the concentrate with high arsenic content which they produce to independent roasters due to increasing environmental constraints on metal extraction using this technology.

The prefeasibility study for the proposed project, which will be targeted at an annual production of 55,000 oz Au per year, is programmed for completion in mid-2016 and the definitive feasibility study by end of 2016.

- Phase II of the Las Lagunas project which will involve the purchase of refractory concentrate from identified potential sources in the Dominican Republic, Cuba, China and Canada.

The objective is to purchase approximately 150,000tpa of suitable concentrate commencing December 2018.

This quantity represents 75% of the Las Lagunas Albion/CIL process plant capacity and with anticipated concentrate grades of $\geq 40\text{g/t Au}$, and expected 85% gold recovery, the production target will be around 160,000 oz Au per year.

Negotiations with the Dominican Government on access to the surplus capacity in their Las Lagunas tailings dam, and environmental approvals, are expected to commence early next year.

The Company's involvement in the proposed New Polaris gold mine development in British Columbia is on hold while attempts are made to resolve a number of disputes that have arisen with the concession owner, Canarc Resource Corp. In the event the Company's intentions to participate in the development of the New Polaris gold mine are frustrated, attention will be shifted to a similar opportunity in Eastern Canada.

The Directors of PanTerra Gold are confident the Company can build a successful business based on extracting precious metals from refractory ores utilising the Albion/CIL process, having accumulated extensive Intellectual Property in relation to this technology over the past five years.

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