PanTerra Gold
Limited

Appendix 4D

Half-year report

for the half-year ended 30 June 2016

Expressed in ***United States dollars*** *unless otherwise stated*

Results for announcement to the market

This information should be read in conjunction with the attached consolidated financial report for the half-year ended 30 June 2016 of PanTerra Gold Limited

	Consolidated Six months 30 June 2016 US$	Consolidated Six months 30 June 2015 US$	Percentage increase/ (decrease)
Revenues from ordinary activities	**26,873,195**	22,909,656	17.3%
Loss from ordinary activities after tax attributable to the owners of PanTerra Gold Limited	**(1,852,622)**	(4,399,964)	57.9%
Net Loss for the year attributable to the owners of PanTerra Gold Limited	**(1,852,622)**	(4,399,964)	57.9%
EBITDA	**8,863,127**	5,486,159	61.6%
NET TANGIBLE ASSETS			
Net tangible assets per ordinary share	**0.07**	(0.21)	133.3%
EARNINGS PER SHARE			
Basic loss cents per share	**(1.48)**	(5.19)	71.5%
Diluted loss cents per share	**(1.48)**	(5.19)	71.5%

DIVIDEND INFORMATION

There were no dividends paid, recommended or declared during the current financial period.
There were no dividends paid, recommended or declared during the previous financial period.

Explanation of Results

Please refer to the commentary included in the Directors' Report and accompanying Australian Securities Exchange ("ASX") releases for an explanation of results.

PanTerra Gold Limited

ABN 48 008 031 034

Financial Report

for the half-year ended

30 June 2016

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2016

CORPORATE INFORMATION

ABN 48 008 031 034

DIRECTORS
Brian Johnson *Executive Chairman*
James Tyers *Executive Director*
Ugo Cario
Angela Pankhurst
Ruoshui Wang

COMPANY SECRETARY
Pamela Bardsley

REGISTERED OFFICE
55 Kirkham Road
Bowral NSW 2576
AUSTRALIA

PRINCIPAL PLACE OF BUSINESS
55 Kirkham Road
Bowral NSW 2576
AUSTRALIA

Phone: +61 2 4861 1740

SHARE REGISTER
Computershare Investor Services Pty Ltd
Level 4, 60 Carrington Street
SYDNEY NSW 2000

Phone: 1300 855 080

PanTerra Gold Limited shares are listed on the Australian Securities Exchange.

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of PanTerra Gold Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2016.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Brian Johnson	Executive Chairman
James Tyers	Executive Director
Ugo Cario	Non Executive Director
Angela Pankhurst	Non Executive Director
Ruoshui Wang	Non Executive Director

PRINCIPAL ACTIVITIES & REVIEW OF OPERATIONS

The principal activities of the PanTerra Gold group involve project development, and operation of projects aimed at the extraction of precious metals from refractory ore. Current activities involve the operation of a process plant at Las Lagunas in the Dominican Republic to extract gold and silver from Government owned high grade refractory tailings from the Pueblo Viejo mine. Full details of this and other activities undertaken by the consolidated entity during the period ended 30 June 2016 are included in the Review of Operations section of this report.

OPERATING RESULTS

Metal sales for the period from the Las Lagunas gold/silver project were US$26,869,181 [2015: US$22,904,858].

Net cash inflows from operations were US$3,519,678 [2015: US$1,590,472].

Operating profits before interest, depreciation and amortisation (EBITDA) for the half year were US$8,863,127 [2015: US$5,486,159]. The consolidated net loss for the period was (US$1,852,622) [2015: (US$4,399,964)].

The net assets of the consolidated entity at balance date were US$26,745,818 [31 December 2015: US$28,495,590].

Cash and cash equivalents as at the balance date were US$3,998,901 [31 December 2015: US$4,087,264]. External borrowings (undiscounted principal) as at the balance date were:

	30 Jun 2016 **US$**	31 Dec 2015 US$	
ALCIP Capital LLC	**8,788,759**	10,378,166	Secured Project loan
BanReservas	**2,500,000**	2,500,000	Unsecured Project loan
BanReservas	**5,000,000**	5,000,000	Unsecured Credit facility
Shareholders	**2,447,709**	2,477,750	Unsecured loans
Central American Mezzanine Infrastructure Fund ("CAMIF")	**9,500,000**	10,000,000	Redeemable Preference Shares

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS

LAS LAGUNAS GOLD TAILINGS PROJECT

The Las Lagunas gold tailings project is located approximately 105km to the north of Santo Domingo, the capital of the Dominican Republic. The Dominican Republic occupies the eastern two-thirds of Hispaniola, a Caribbean island of the Greater Antilles arc lying between Cuba to the west and Puerto Rico to the east.

The Las Lagunas tailings were generated between 1992 and 1999 through the processing of refractory ores from the Pueblo Viejo mine when owned and operated by Rosario Dominicana S.A, a State owned mining company. The refractory nature and metallurgical complexity of the ore resulted in poor recoveries of gold and silver when treated by conventional carbon in leach/cyanidation methods, resulting in significant tonnages of +3g/t Au material reporting to the Las Lagunas tailings storage facility.

The low recoveries and depressed gold price at the time resulted in the operations at Pueblo Viejo being closed in 1999 when the mine was placed on care and maintenance.

The Dominican State called international tenders for the evaluation and exploitation of the Las Lagunas tailings in October 2003 and a consortium of investors, PanTerra Gold Technologies Pty Ltd (formerly EnviroGold Holdings Pty Ltd), Nanking Holdings Limited, and Grimston World Inc, established EnviroGold (Las Lagunas) Limited (formerly Las Lagunas Limited) to bid. The consortium's bid was based on the use of Xstrata Technology's patented Albion Process to oxidise the refractory tailings prior to conventional cyanide leaching.

EnviroGold (Las Lagunas) Limited was declared the successful bidder for the project on 12 March 2004 and a Development Agreement with the Government was signed on 28 April 2004. Since then, PanTerra Gold Technologies Pty Ltd has acquired the minority shareholdings and now holds 100% of the issued shares of EnviroGold (Las Lagunas) Limited, which is currently undertaking the Las Lagunas gold/silver project.

The Agreement with the Dominican State grants EnviroGold (Las Lagunas) Limited the right to retreat the refractory tailings contained within the Las Lagunas dam, and retain profits after the payment to the Government of royalties, and a 25% share of cash flow once the Project has recouped all construction costs.

Operations

The Company is utilizing Glencore Technologies' patented Albion process to oxidise concentrated refractory tailings at Las Lagunas before extracting precious metals through a standard carbon in leach ("CIL") circuit.

The Las Lagunas Albion/CIL process plant is a world first application and has encountered problems with design and equipment since construction was completed in 2012. Plant modifications since then have resulted in improving gold and silver recoveries.

Plant feed for the period was 375,835mt. As at 30 June 2016, 2.456mt of tailings remained to be treated over a period of approximately three years.

COMPETENT PERSON STATEMENT

Las Lagunas, Dominican Republic

The Indicated Resource for the Las Lagunas project was based on, and fairly represents, information and supporting documentation compiled by Rick Adams, BSc MAusIMM MAIG, Director Geological Resource Services 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 of the matters in the report based on information in the form and context in which it appears.

DIRECTORS' REPORT (CONTINUED)

CHANGE IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

SUBSEQUENT EVENTS

Pursuant to the terms of an Extension Letter dated 22 June 2016 between ALCIP, CAMIF and the Company, the Company agreed to forego the issue of PanTerra Gold Shares to CAMIF in lieu of cash payments for the October 2015 and April 2016 dividends and redemptions (which is permitted under the terms of the current agreement). As a consequence, payment to CAMIF of US$500,000 for the redemption of 250,000 redeemable preference shares was made on 30 June 2016, and US$1,113,978 for the past due dividends was made on 1 July 2016. Future redemption and dividends are to be paid quarterly commencing 30 September 2016.

Conversion of A$100,000 of shareholder loans. The loan payment was effected by the issue of 1,000,000 Shares at 10 cents per Share and 1,000,000 free attaching listed Options exercisable at 15 cents each on or before 31 December 2018. The offer to convert unsecured shareholder loans has been made to all shareholder lenders (A$3.3 million outstanding) on the same basis as the September 2015 Rights Issue and has been extended to 30 June 2017.

The renegotiated loan documents with ALCIP and CAMIF are in agreed form and are in the process of being signed and dated 31 August 2016 in accordance with the terms of the Extension Letter dated 22 June 2016.

AUDITORS' INDEPENDENCE DECLARATION

In accordance with the Audit Independence requirements of the *Corporations Act* 2001, the Directors have received and are satisfied with the "Auditors' Independence Declaration" provided by the Company's external auditors BDO East Coast Partnership. The Auditors' Independence Declaration has been attached immediately after the Directors' Report.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3)(a) of the *Corporations Act* 2001.

Brian Johnson
Executive Chairman
31 August 2016

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF PANTERRA GOLD LIMITED

As lead auditor for the review of PanTerra Gold Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PanTerra Gold Limited and the entities it controlled during the period.

Gareth Few

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 31 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Note	**30 Jun 2016 US$**	30 Jun 2015 US$
Revenue	3	**26,873,195**	22,909,656
Other income	4	**1,005,634**	2,082,398
Changes in metal inventories		**297,071**	(340,134)
Mining and mill feed costs		**(629,175)**	(874,139)
Consumables		**(5,725,032)**	(5,132,379)
Grid power		**(3,189,584)**	(3,355,364)
Equipment spares and maintenance		**(2,454,705)**	(2,400,540)
Direct labour costs		**(3,066,976)**	(2,691,184)
Site and camp costs		**(1,114,508)**	(1,140,494)
Royalties		**(752,147)**	(728,420)
Employee benefits – non-direct	5	**(737,018)**	(839,317)
Insurance costs		**(451,210)**	(544,955)
Occupancy costs		**(87,994)**	(57,060)
Legal and professional costs		**(189,401)**	(202,657)
Exploration and evaluation expenses		**(375)**	-
Depreciation and amortisation expense	11 & 12	**(7,148,192)**	(5,042,618)
Finance costs	6	**(3,495,946)**	(5,050,919)
Foreign exchange (loss)/gain		**(75,625)**	202,616
Other expenses		**(910,634)**	(1,194,454)
Loss before income tax expense		**(1,852,622)**	(4,399,964)
Income tax benefit / (expense)		**-**	-
Loss for the period from continuing operations		**(1,852,622)**	(4,399,964)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Total other comprehensive income net of tax for the half-year		**-**	-
Total comprehensive income for the half-year		**(1,852,622)**	(4,399,964)
Attributable to: Owners of the Parent		**(1,852,622)**	(4,399,964)
Total comprehensive income for the half-year attributable to members of the parent		**(1,852,622)**	(4,399,964)
		Cents	Cents
Basic (loss) per share (cents per share)		**(1.48)**	(5.19)
Diluted (loss) per share (cents per share)		**(1.48)**	(5.19)

The above Consolidated Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	**30 Jun 2016 US$**	31 Dec 2015 US$
CURRENT ASSETS			
Cash and cash equivalents	7	**3,998,901**	4,087,264
Trade and other receivables	8	**1,129,452**	318,748
Prepayments and deposits	9	**393,487**	799,543
Inventories	10	**7,770,752**	6,627,648
TOTAL CURRENT ASSETS		**13,292,592**	11,833,203
NON – CURRENT ASSETS			
Property, plant and equipment	11	**41,561,159**	44,680,130
Intangible assets	12	**17,679,881**	19,966,073
TOTAL NON – CURRENT ASSETS		**59,241,040**	64,646,203
TOTAL ASSETS		**72,533,632**	76,479,406
CURRENT LIABILITIES			
Trade and other payables	13	**8,193,792**	7,793,722
Employee benefits and provisions	14	**402,571**	275,607
Borrowings	15	**22,466,195**	26,230,112
TOTAL CURRENT LIABILITIES		**31,062,558**	34,299,441
NON – CURRENT LIABILITIES			
Employee benefits and provisions	16	**1,383,683**	1,249,506
Borrowings	17	**13,341,573**	12,434,869
TOTAL NON – CURRENT LIABILITIES		**14,725,256**	13,684,375
TOTAL LIABILITIES		**45,787,814**	47,983,816
NET ASSETS		**26,745,818**	28,495,590
EQUITY			
Contributed equity	18	**78,330,497**	78,293,962
Reserves	19	**(2,542,147)**	(2,608,463)
Accumulated losses		**(49,042,532)**	(47,189,909)
TOTAL EQUITY		**26,745,818**	28,495,590

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Ordinary Shares $US	Equity Reserve $US	Options Reserve $US	Performance Rights Reserve $US	Foreign Currency Translation Reserve $US	Accumulated Losses $US	Total $US
Balance as at 1 January 2016	**78,293,962**	**(11,773,880)**	**3,920,449**	**1,254,177**	**3,990,791**	**(47,189,910)**	**28,495,589**
(Loss) for the period	**-**	**-**	**-**	**-**	**-**	**(1,852,622)**	**(1,852,622)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(1,852,622)**	**(1,852,622)**
Transactions with owners in their capacity as owners:							
Shares Issued	**76,058**	**-**	**-**	**-**	**-**	**-**	**76,058**
Transaction costs on share issue	**(39,523)**	**-**	**-**	**-**	**-**	**-**	**(39,523)**
Share based payment	**-**	**-**	**-**	**66,316**	**-**	**-**	**66,316**
Balance as at 30 June 2016	**78,330,497**	**(11,773,880)**	**3,920,449**	**1,320,493**	**3,990,791**	**(49,042,532)**	**26,745,818**
Balance as at 1 January 2015	75,473,206	(11,773,880)	3,920,449	1,240,261	3,972,924	(67,756,183)	5,076,777
(Loss) for the period	-	-	-	-	-	(4,399,964)	(4,399,964)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(4,399,964)	(4,399,964)
Transactions with owners in their capacity as owners:							
Transaction costs on share issue	(58,025)	-	-	-	-	-	(58,025)
Share based payment	100,000	-	-	6,958	-	-	106,958
Balance as at 30 June 2015	75,515,181	(11,773,880)	3,920,449	1,247,219	3,972,924	(72,156,147)	725,746

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2016

	30 Jun 2016 US$	30 Jun 2015 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from metal sales	**26,058,476**	22,469,841
Receipts from insurance claims	**-**	48,042
Payments to suppliers and employees	**(18,361,294)**	(16,917,435)
Payments for exploration and evaluation activities	**(473,419)**	(1,228,688)
Interest received	**4,014**	4,798
Interest paid	**(3,708,099)**	(2,786,086)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,519,678**	1,590,472
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(1,713,722)**	(2,608,298)
Proceeds from sale of property, plant and equipment	**11,000**	-
NET CASH USED IN INVESTING ACTIVITIES	**(1,702,722)**	(2,608,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	**82**	-
Payments for share issue costs	**(39,523)**	(58,026)
Proceeds from borrowings	**-**	-
Repayment of borrowings	**(1,865,878)**	(728,300)
NET CASH USED IN FINANCING ACTIVITIES	**(1,905,319)**	(786,326)
NET DECREASE IN CASH HELD	**(88,363)**	(1,804,152)
Cash at the beginning of the financial period	**4,087,264**	2,558,128
CASH AT THE END OF FINANCIAL PERIOD	**3,998,901**	753,976

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

REPORTING ENTITY

PanTerra Gold Limited (the 'Company') is a public company, listed on the Australian Securities Exchange, incorporated and domiciled in Australia. The address of the Company's registered office is 55 Kirkham Road, Bowral 2576. This half-year financial report covers the consolidated financial statements of the Company as at and for the half-year ended 30 June 2016 comprising the Company and its subsidiaries (the 'consolidated entity'). The half-year financial report is presented in US dollars, which is the Consolidated Entity's functional and presentational currency.

(a) Basis of preparation

These general purpose financial statements for the half-year ended 30 June 2016 have been prepared in accordance with the requirements of AASB 134 *Interim Financial Reporting* and the *Corporations Act* 2001.

The half-year financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements.

It is recommended that the half-year financial statements be read in conjunction with the annual report for the year ended 31 December 2015 and considered together with any public announcements made by PanTerra Gold Limited during the half-year ended 30 June 2016 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

(b) Significant accounting policies

The accounting policies applied by the consolidated entity in these consolidated financial statements are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 31 December 2015, unless otherwise stated.

New and amended standards adopted by the consolidated entity

A number of new or amended standards became applicable for the current reporting period, however, the consolidated entity did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 31 December 2016 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

AASB 9: Financial Instruments

Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets:

- Amortised cost
- Fair value through profit or loss
- Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9:

- Classification and measurement of financial liabilities; and
- Derecognition requirements for financial assets and liabilities.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

Adoption of AASB 9 is only mandatory for the year ending 31 December 2018. The entity has not yet made an assessment of the impact of these amendments.

AASB 15 - Revenue from Contracts with Customers

An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

The entity has not yet made a detailed assessment of the impact of this standard.

(c) Going concern

The consolidated entity made a loss of $1,852,622 for the half-year ended 30 June 2016 [2015: Loss $4,399,964], and had net cash inflows from operations of $3,519,678 [2015: $1,590,472]. As at 30 June 2016, the consolidated entity's current liabilities exceeded its current assets by $17,769,966 [2015: $22,466,238], largely due to project loan repayments currently required to be made to ALCIP by 14 October 2016.

The Company entered into a non-binding loan extension letter with ALCIP and CAMIF on 22 June 2016 (Extension Letter). Under the terms of the Extension Letter various conditions have to be met by 14 October 2016 before project loan repayments may be formally extended to 31 December 2018. The terms include, but are not limited to, execution of revised project loan documentation on 31 August 2016, and shareholders' approval at the general meeting (which must be held by 14 October 2016) of the issue of 40,000,000 listed options to ALCIP, the subsequent issue of shares if ALCIP were to exercise the options, an increase in the combined voting power of ALCIP and its associates and approval of the amended and restated Agreement to Issue Redeemable Preference Shares between the Company and Central American Mezzanine Infrastructure Fund LP (CAMIF) dated 16 August 2013.

On satisfaction of these conditions, the ALCIP project loan repayments will be formally extended thus reducing current liabilities by $14,355,527, due to the timing of cash flows and the reclassification of subordinated borrowings. However because there is uncertainty that shareholders will approve the option issue, these conditions give rise to a material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

Notwithstanding the above, the financial statements have been prepared on a going concern basis as the consolidated entity's cash flow forecasts indicate it will remain cash positive until the end of August 2017 (being 12 months from the date of this report) based on the assumptions that the following events will take place:

- Approval by shareholders of the issue of 40 million options to ALCIP and their exercise in accordance with the terms of the Extension Letter.
- Approval by shareholders of the amended and restated Agreement to Issue Redeemable Preference Shares between the Company and CAMIF.
- Gold prices remain higher than US$1,250 per ounce until August 2017.

The Directors have reviewed the business outlook and cash flow forecasts after taking into account the above matters and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the consolidated entity will achieve the matters set out above and be able to pay its debts as and when they fall due.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(d) Earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued for no consideration in relation to dilutive potential ordinary shares issued during the year.

Diluted earnings per share adjusts the figures in the determination of basic earnings per share by taking into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. SEGMENT REPORTING

The Company has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segment is identified by management by project – discrete financial information about this operating segment is reported to the executive management team on at least a monthly basis.

Management has identified the Las Lagunas project as the group's main operating segment. Other segment information comprises a variety of projects that do not meet the definition of an operating segment on a quantitative basis.

The following table presents revenue and profit information for business segments for the half year ended 30 June 2016 and 30 June 2015:

Information about reportable segments

	LAS LAGUNAS PROJECT		**OTHERS**		**CONSOLIDATED**	
	30 Jun 2016 US$	30 Jun 2015 US$	**30 Jun 2016 US$**	30 Jun 2015 US$	**30 Jun 2016 US$**	30 Jun 2015 US$
External Revenue	**26,869,181**	22,904,858	**-**	-	**26,869,181**	22,904,858
Inter segment revenue		-		-		-
Interest revenue	**1,057**	2,102	**2,957**	2,696	**4,014**	4,798
Interest expense	**(1,622,348)**	(3,992,850)	**(1,873,598)**	(1,058,069)	**(3,495,946)**	(5,050,919)
Depreciation and amortisation	**(4,851,843)**	(5,026,696)	**(2,296,349)**	(15,923)	**(7,148,192)**	(5,042,618)
Other Income	**506,859**	2,082,398	**498,776**	-	**1,005,634**	2,082,398
Reportable segment profit/ (loss) before income tax	3,364,938	(2,941,728)	**(5,217,560)**	(1,458,236)	**(1,852,622)**	(4,399,964)
Other material non-cash items						
Foreign exchange gain/(loss)	**(16,632)**	49,471	**(58,994)**	153,145	**(75,625)**	202,161
Share based payments	**-**	-	**-**	100,000	**-**	100,000

2. SEGMENT REPORTING (CONTINUED)

	LAS LAGUNAS PROJECT		OTHERS		CONSOLIDATED	
	30 Jun 2016 US$	31 Dec 2015 US$	**30 Jun 2016 US$**	31 Dec 2015 US$	**30 Jun 2016 US$**	31 Dec 2015 US$
Segment assets	**53,469,309**	61,652,637	**110,753,639**	115,670,769	**164,222,948**	177,323,406
Capital expenditure	**1,728,486**	3,830,396	**-**	776,622	**1,728,486**	4,607,018
Segment liabilities	**54,850,256**	60,707,502	**67,085,537**	68,756,140	**121,935,793**	129,463,642

Revenue	**30 Jun 2016 US$**	30 Jun 2015 US$
Total revenue for reportable segments	**26,869,181**	22,904,858
Consolidated revenue	**26,869,181**	22,904,858

All revenue originates out of the Dominican Republic and is sold to MKS.

	30 Jun 2016 US$	31 Dec 2015 US$
Assets		
Total Assets for reportable segments	**164,222,948**	177,323,406
Elimination of investments in subsidiaries	**(18,128,449)**	(18,087,449)
Elimination of intercompany balances	**(73,560,867)**	(82,756,551)
Consolidated total assets	**72,533,632**	76,479,406
Liabilities		
Total liabilities for reportable segments	**121,935,793**	129,463,642
Elimination of intercompany loans and interest	**(76,147,979)**	(81,479,826)
Consolidated total liabilities	**45,787,814**	47,983,816

Geographical Information

	GEOGRAPHICAL NON-CURRENT ASSETS	
	30 Jun 2016 US$	31 Dec 2015 US$
Dominican Republic	**41,551,911**	44,660,390
Canada	**405,600**	405,600
Australia	**14,695,928**	19,580,213
	56,653,439	64,646,203

3. REVENUE

	30 Jun 2016 US$	30 Jun 2015 US$
Revenue from continuing operations		
Sales revenue		
Sales of gold	**25,187,174**	20,949,902
Sales of silver	**1,883,553**	2,180,994
Less: Refinery and freight costs	**(201,546)**	(226,038)
	26,869,181	22,904,858
Other revenue		
Interest received	**4,014**	4,798
	26,873,195	22,909,656

4. OTHER INCOME

		30 Jun 2016 US$	30 Jun 2015 US$
Net gain on adjustment to carrying amount of financial liability	(i)	**1,005,255**	2,034,356
Proceeds from sale of assets		**379**	-
Insurance claim received		**-**	48,042
		1,005,634	2,082,398

(i) PanTerra Gold Limited and its wholly owned subsidiaries, EnviroGold (Las Lagunas) Limited and PanTerra Gold Technologies Pty Ltd, have a loan facility in place with ALCIP Capital LLC ("ALCIP loan facility"). Under the loan agreement there are several elements which have been grouped together for the purpose of accounting as required by Australian Accounting Standard ***AASB 139 Financial Instruments: Recognition and Measurement***. The following elements were included in the original effective interest rate calculation at the inception date of the facility (12 March 2010):

- Principal and projected interest
- Projected royalty payments
- Projected price participation payments ("PPP")

The impact of changes in production estimates and forecast metal prices on the projected future royalty and PPP payments over the remaining life of the loan has been assessed as at the date of this report. The change in forecasted future cash flows resulting from a change in estimated gold and silver prices, together with revised production estimates has resulted in a gain of US$1,005,255 [2015: US$2,034,356]. This gain has been recognised as other income in the Statement of Profit or Loss and Other Comprehensive Income in accordance with AASB 139.

5. LOSS BEFORE TAX

	30 Jun 2016 US$	30 Jun 2015 US$
Loss includes, amongst others, the following:		
Employee costs - salaries	**579,402**	676,529
Employee costs – superannuation	**36,551**	54,355
Employee costs – other	**46,357**	86,660
Payroll tax	**8,392**	14,815
Equity settled share-based payments	**66,316**	6,958
	737,018	839,317

6. FINANCE COSTS

		30 Jun 2016 US$	30 Jun 2015 US$
Interest on loan borrowings	(i)	**2,673,201**	3,101,761
Interest on letter of credit facility		**36,004**	40,560
Macquarie Bank non-compliance fee		**-**	1,000,000
Other borrowing costs		**783,439**	897,974
Finance lease costs	(ii)	**3,302**	10,624
		3,495,946	5,505,919

(i) Included in interest on loan borrowings is $285,223 [2015: $684,008] relating to effective interest rate adjustments.

(ii) Other borrowing costs include the dividends paid, in relation to the Redeemable Preference Shares Agreement as described in note 17.

7. CASH AND CASH EQUIVALENTS

For the purpose of the half-year Statement of Cash Flows, cash and cash equivalents are comprised of the following:

	30 Jun 2016 US$	31 Dec 2015 US$
Cash at bank and in hand	**3,958,106**	4,047,183
Cash on deposit	**40,795**	40,081
	3,998,901	4,087,264

8. TRADE AND OTHER RECEIVABLES (CURRENT)

	30 Jun 2016 US$	31 Dec 2015 US$
Trade receivables	**1,102,782**	292,078
Other receivables	**26,670**	26,670
	1,129,452	318,748

9. PREPAYMENTS & DEPOSITS

	30 Jun 2016 US$	31 Dec 2015 US$
Prepayments and bonds	**111,424**	478,629
Deposits on equipment	**282,063**	320,914
	393,487	799,543

10. INVENTORIES

	30 Jun 2016 US$	31 Dec 2015 US$
Metal on hand and in circuit	**1,012,714**	715,642
Processing consumables	**2,582,459**	1,890,758
Maintenance spares	**4,175,579**	4,021,248
	7,770,752	6,627,648

11. PROPERTY, PLANT & EQUIPMENT

	Mine Buildings and Plant US$	**Leasehold Improvements US$**	**Plant and Equipment US$**	**Total US$**
30 June 2016				
Cost				
Balance 31 December 2015	64,292,865	79,419	11,453,032	75,825,316
Disposal	-	-	(25,500)	(25,500)
Additions	1,006,794	-	747,193	1,753,987
Balance 30 June 2016	**65,299,659**	**79,419**	**12,174,725**	**77,553,803**
Accumulated Depreciation				
Balance 31 December 2015	(22,227,630)	(79,419)	(5,082,909)	(27,389,958)
Disposal	-	-	14,339	14,339
Depreciation expense	(3,792,472)	-	(1,069,325)	(4,861,797)
Balance 30 June 2016	**(26,020,102)**	**(79,419)**	**(6,137,895)**	**(32,237,416)**
Impairment				
Balance 31 December 2015	(3,755,228)	-	-	(3,755,228)
Balance 30 June 2016	(3,755,228)	-	-	(3,755,228)
Carrying Value 30 June 2016	**35,524,329**	**-**	**6,036,830**	**41,561,159**

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Mine Buildings and Plant	Leasehold Improvements	Plant and Equipment	Total
	US$	US$	US$	US$
31 December 2015				
Cost				
Balance 31 December 2014	62,636,829	79,419	9,276,074	71,992,322
Additions	1,656,036	-	2,176,958	3,832,994
Balance 31 December 2015	64,292,865	79,419	11,453,032	75,825,316
Accumulated Depreciation				
Balance 31 December 2014	(18,060,891)	(79,419)	(3,229,364)	(21,369,674)
Depreciation expense	(4,166,739)	-	(1,853,545)	(6,020,284)
Balance 31 December 2015	(22,227,630)	(79,419)	(5,082,909)	(27,389,958)
Impairment				
Balance 31 December 2014	(18,005,000)	-	-	(18,005,000)
Impairment reversal	14,249,772	-	-	14,249,772
Balance 31 December 2015	(3,755,228)	-	-	(3,755,228)
Carrying Value 31 December 2015	**38,310,007**	**-**	**6,370,123**	**44,680,130**

12. INTANGIBLE ASSETS

	30 Jun 2016 US$	31 Dec 2015 US$
(a) Development costs		
Las Lagunas project (Dominican Republic)		
Balance at the beginning of the period	**19,347,760**	15,775,119
Amortisation expense	**(2,286,395)**	(2,824,899)
Impairment adjustment	**-**	6,397,540
Closing balance	**17,061,365**	19,347,760
(b) Exploration and evaluation costs		
Balance at the beginning of the period	**618,313**	3,782,315
Current year costs	**203**	618,313
Impairment adjustment	**-**	(3,782,315)
Closing balance	**618,516**	618,313
Total intangible assets	**17,679,881**	19,966,073

The expenditure which was capitalised in exploration and evaluation costs during the reporting period related to the New Polaris project and Las Lagunas Extension Project.

12. INTANGIBLE ASSETS (CONTINUED)

The expected remaining period for amortisation of the Las Lagunas project development costs is equal to the remaining life of the project. On this basis, the asset is expected to be fully amortised by the second half of 2019.

13. TRADE & OTHER PAYABLES (CURRENT)

	30 Jun 2016 US$	31 Dec 2015 US$
Trade Creditors		
Other corporations	**5,121,949**	5,095,374
Director related entities	**83,760**	49,389
Accruals	**2,988,083**	2,648,959
	8,193,792	7,793,722

14. PROVISIONS (CURRENT)

	30 Jun 2016 US$	31 Dec 2015 US$
Employee benefits	**402,571**	275,607
	402,571	275,607

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those employees who are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	30 Jun 2016 US$	31 Dec 2015 US$
Employee benefits obligation expected to be settled after 12 months	**-**	-
	-	-

15. LOANS & BORROWINGS (CURRENT)

		30 Jun 2016 US$	31 Dec 2015 US$
ALCIP Capital loan facility	17	**11,330,477**	14,429,356
BanReservas line of credit		**5,000,000**	5,000,000
Shareholder loans		**2,447,709**	2,477,750
CAMIF redeemable preference shares		**3,649,305**	4,285,714
Finance leases		**38,704**	37,292
		22,466,195	26,230,112

16. PROVISIONS (NON-CURRENT)

	30 Jun 2016 US$	31 Dec 2015 US$
Site restoration and rehabilitation	**246,480**	236,210
Employee benefits	**1,137,203**	1,013,296
	1,383,683	1,249,506
Movements of restoration provision:		
Carrying amount at the start of the year	**236,210**	215,670
Provisions recognised during the period	**10,270**	20,540
Carrying amount at the end of the period	**246,480**	236,210

17. LOANS & BORROWINGS (NON-CURRENT)

		30 Jun 2016 US$	31 Dec 2015 US$
ALCIP Capital facility loan	(a)	**4,599,252**	3,847,206
BanReservas project loan		**2,500,000**	2,500,000
Shareholder loans		**-**	-
CAMIF redeemable preference shares		**6,221,297**	6,047,494
Finance leases		**21,024**	40,169
		13,341,573	12,434,869

(a) The total carrying amount of the ALCIP Capital loan facility (as described in note 4) was estimated at 30 June 2016 as US$16.7 million [December 2015: US$18.3 million] using the effective interest rate method. The annual effective interest rate is calculated at 29% after all of the components of the loan as described in note 4 have been fair valued.

The total carrying amount of the loan is calculated as follows:

	Current US$	**Non-Current US$**
Scheduled quarterly repayments	**8,788,759**	-
Cumulative effective interest rate adjustments (PPP)	**1,519,126**	1,961,621
Cumulative effective interest rate adjustments (Royalty)	**1,800,573**	2,637,631

18. CONTRIBUTED EQUITY

	30 Jun 2016 US$	**31 Dec 2015 US$**
(A) Paid Up Capital		
Ordinary shares fully paid	**78,330,494**	78,293,959
Non-redeemable preference shares	**3**	3
	78,330,497	78,293,962

18. CONTRIBUTED EQUITY (CONTINUED)

	30 Jun 2016		31 Dec 2015	
	No. of Shares	**US$**	**No. of Shares**	**US$**
(B) Movements in ordinary shares on issue				
Beginning of the financial period	**124,681,610**	**78,293,959**	846,215,609	75,473,203
Issued at nil consideration (employee performance rights)	**40,000**	**-**	1,400,000	-
Issued at A$18.95 cents (US$ - 19,663 cents) (share based payment)	**-**	**-**	508,559	100,000
Balance post 16 February 2015 1 for 10 Share Consolidation			84,812,417	-
Rounding Differences	**-**	**-**	303	-
Post Consolidation Balance			84,812,720	75,515,178
Issued at A$ 14.33 cents (US$ - 11.441 cents) (share based payment)	**-**	**-**	4,769,622	545,698
Issued at A$ 10 cents (US$ - 7.013 cents) (rights issue)	**-**	**-**	34,874,060	2,445,857
Issued at A$ 10 cents (US$ - 7.075 cents) (rights issue shortfall shares)	**-**	**-**	222,008	15,707
Issued at A$ 15 cents (US$ - 10.871 cents) (option conversion)	**-**	**-**	1,200	130
Issued at A$ 15 cents (US$ - 10.848 cents) (option conversion)	**-**	**-**	2,000	217
Issued at A$ 10 cents (US$ - 7.598 cents) (unsecured loan conversion)	**1,000,000**	**75,976**	-	-
Issued at A$15 cents (US$ - 11.174 cents) (option conversion)	**735**	**82**	-	-
Issued at nil consideration (vesting of Performance Share Rights)	**933,332**	**-**	-	-
Capital raising costs	**-**	**(39,523)**	-	(286,853)
Balance	**126,655,677**	**78,330,494**	124,681,610	78,293,959

(C) Terms and Conditions of Contributed Equity

Ordinary shares have no par value. Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote either in person or by proxy, at a meeting of the Company.

19. RESERVES

Foreign currency translation reserve

Exchange differences arising on translation of the Australian Parent Entity (PanTerra Gold Limited) and Australian Subsidiary (EnviroGold Technologies Pty Ltd) are taken to the foreign currency translation reserve.

Option reserve

The option reserve records the following items:

i) Directors and employees options granted and recognised as expenses;
ii) Options granted to Macquarie Bank Limited under the terms of its funding agreement with the Consolidated Entity;

19. RESERVES (CONTINUED)

iii) Proceeds received by PanTerra Gold Limited from a non-renounceable rights issue in January 2010;
iv) Options granted under the terms of shareholder loan agreements.

Fair value of options granted in items i) and ii) is independently determined using the Black Scholes option valuation methodology which takes into account the risk free interest rate and share price volatility.

Performance rights reserve

The performance rights reserve is used to recognise the fair value of performance rights issued to employees.

Equity reserve

The Equity reserve of $11,773,880 is a consequence of the Consolidated Entity acquiring 30% of the shares in EnviroGold (Las Lagunas) from Grimston World Inc. on 3 December 2010. The increase in ownership from 70% to 100% was accounted for as an equity transaction.

20. COMMITMENTS FOR EXPENDITURE

	30 Jun 2016 US$	31 Dec 2015 US$
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities payable:		
Within one year	**125,013**	114,335
One to five years	**-**	7,956
Total lease commitments	**125,013**	122,291

21. LITIGATION AND CONTINGENT LIABILITIES

<u>EVGLL v Gruas Liriano</u>

EVGLL filed a lawsuit in the Dominican Republic against crane operator, Gruas Liriano, for damages caused to one of its dredges. The amount claimed is approximately US$1.9 million being the out of pocket costs of recovering the damaged dredge, the costs of a replacement dredge (including shipping), and compensation for loss of revenue as a direct result of the loss of the dredge. Gruas Liriano has lodged a counter-claim against EVGLL for unpaid invoices to the value of approximately US$38,000.

22. EARNINGS PER SHARE

	30 Jun 2016 US$	30 Jun 2015 US$
Numerator used for basic and diluted EPS:		
Loss after tax attributable to the owners of PanTerra Gold Limited	**(1,479,622)**	(4,399,964)

	Number of shares	
Weighted average number of ordinary shares outstanding during the year used in calculating the basic EPS	**125,276,285**	84,803,227

23. FINANCIAL INSTRUMENTS

The Consolidated Entity has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments at 30 June 2016:

	CARRYING AMOUNT	FAIR VALUE	DISCOUNT RATE
	US$	US$	US$
ALCIP Capital facility loan	16,707,711	21,109,471	29%

The fair values of the above borrowings are based on discounted cash flows using the rates disclosed in the table above. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including credit risk.

24. EVENTS SUBSEQUENT TO REPORTING DATE

Pursuant to the terms of an Extension Letter dated 22 June 2016 between ALCIP, CAMIF and the Company, the Company agreed to forego the issue of PanTerra Gold Shares to CAMIF in lieu of cash payments for the October 2015 and April 2016 dividends and redemptions (which is permitted under the terms of the current agreement). As a consequence, payment to CAMIF of US$500,000 for the redemption of 250,000 redeemable preference shares was made on 30 June 2016, and US$1,113,978 for the past due dividends was made on 1 July 2016. Future redemption and dividends are to be paid quarterly commencing 30 September 2016.

Conversion of A$100,000 of shareholder loans. The loan payment was effected by the issue of 1,000,000 Shares at 10 cents per Share and 1,000,000 free attaching listed Options exercisable at 15 cents each on or before 31 December 2018. The offer to convert unsecured shareholder loans has been made to all shareholder lenders (A$3.3 million outstanding) on the same basis as the September 2015 Rights Issue and has been extended to 30 June 2017.

The renegotiated loan documents with ALCIP and CAMIF are in agreed form and are in the process of being signed and dated 31 August 2016 in accordance with the terms of the Extension Letter dated 22 June 2016.

DIRECTOR'S DECLARATION
FOR THE HALF-YEAR ENDED 30 JUNE 2016

In accordance with a resolution for the Directors of PanTerra Gold Limited, I state that:

In the opinion of the Directors:

a. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act* 2001, including:

   (i) giving a true and fair view of the financial position as at 30 June 2016 and the performance of the half year ending on that date of the consolidated entity; and

   (ii) Complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, the *Corporations Regulations* 2001 and other mandatory professional requirements; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to S303(5)(a) of the *Corporations Act* 2001.

On behalf of the Board,

Brian Johnson
Executive Chairman
31 August 2016

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of PanTerra Gold Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PanTerra Gold Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of PanTerra Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of PanTerra Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PanTerra Gold Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1(c) in the financial statements, which states that the consolidated entity made a loss of $1,479,622 for the half year and the consolidated entity's current liabilities exceeded its current assets by $16,604,804.

The ability of the consolidated entity to continue as a going concern is dependent upon the successful execution of loan documentation which extends the ALCIP loan to 31 December 2018 which is subject to a number of conditions. These conditions, along with other matters as set out in Note 1(c), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 31 August 2016