



ASX Announcement

PanTerra Gold Limited

Albion/CIL Demonstration Plant, Guangxi Province, China

ASX: PGI

PanTerra Gold Limited (ASX: PGI) (PanTerra Gold or the “Company”), advises that Mr Ruoshui Wang, a non-executive director of PanTerra Gold Limited and the nominee of the Company’s largest shareholder, Mercury Connection International Co Limited (15.9%), participated as the Group’s representative in a formal meeting on 13 April 2016 with senior executives of a major Chinese gold producer’s regional subsidiary, which reached agreement in principle to jointly construct a 25,000tpa Albion/CIL demonstration plant in Guangxi Province for the processing of arsenopyrite ores.

Understanding was reached on the following:

- The Guangxi Gold Company (“GGC”) manages the operation of a number of gold mines in Guangxi Province and wishes to develop extensions to two of these mines, Jinya and Nalin, where oxide resources are nearing depletion.
- The remaining resources of arsenopyrite ore at the two mines will produce a concentrate with an arsenic content higher than traditional roasters are now permitted to process under China’s improving environmental regulations.
- Blending options will possibly allow the concentrate to be sold but at a price significantly below concentrates with low arsenic content.
- GGC’s proposal to jointly construct and operate a demonstration plant at one of the mines to process their arsenopyrite refractory concentrate has been accepted by PanTerra Gold Technologies (“PGT”).
- Based on drill core and ore samples to be provided by GGC, PGT will produce a representative concentrate and undertake sufficient metallurgical test work to determine likely gold recoveries.
- PGT will establish a preliminary design and costings for a modular 25,000tpa Albion/CIL plant that could be expanded to a more efficient 50,000tpa size and be operated at this level for 15 to 20 years based on the reported refractory resources of the two mines.
- The development concept is for GGC to establish and operate the mines at its cost and deliver ore to stockpiles from where it can be blended by PGT to provide predictable sulphide levels in feed to the process plant.
- Subject to technical and economic viability, PGT will design and construct a modular 25,000tpa Albion/CIL plant adjacent to the larger mine which could be expanded in stages to 50,000tpa or 75,000tpa.

ABN: 48 008 031 034

Registered Office:

55 Kirkham Road
Bowral NSW 2576 Australia
PO Box 846
Bowral NSW 2576 Australia
T: +61 2 4861 1740
Email: admin@panterragold.com

Project Offices:

DOMINICAN REPUBLIC
Calle Mayaguano No. 2
Los Cacicazgos,
Santo Domingo,
Distrito Nacional
T: +1 809 482 0876

CANADA
880 – 580 Hornby Street
Vancouver, BC, V6C 3B6
T: +1 604 806 0626

- If construction proceeds, GGC will provide a suitable site, infrastructure, and tailings dam storage for the demonstration plant.
- PGT will be responsible for management of any development and for operation of the plant which is targeted to produce a minimum of 25,000 oz Au per year for each stage of installation.
- GGC and PGT will share the costs for construction and operation of the demonstration plant if it proceeds, in a structure to be determined.
- The joint venture will purchase the mined ore based on its gold content and be responsible for milling, production of concentrate and processing through the Albion/CIL plant to produce doré for gold refining and sale.
- The objective is to complete the technical and economic evaluation for the demonstration plant by mid-2017 with construction and commissioning within 12 months of a decision to proceed with the development.
- It is expected by both parties that successful operation of the demonstration plant will result in GGC's parent company providing significant opportunities for future application of Albion/CIL technology on stranded arsenopyrite ore bodies they control.

End