20 July 2016

ASX Announcement

PANTERRA GOLD LIMITED
QUARTERLY REPORT TO 30 JUNE 2016

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HIGHLIGHTS

LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

- **Gold production for Quarter 4.0% higher than previous Quarter, reflecting improved head grades of plant feed, and recoveries**
- **Operating costs of US$651 per oz Au equivalent for Quarter were 3.7% lower than previous Quarter**
- **Dredging currently in coarse, high grade material which results in reduced throughput but increased recovery and gold production**

BUSINESS DEVELOPMENT

- **Negotiations continuing with Dominican Government for permission to import suitable high grade concentrate in the near term to blend with lower grade Las Lagunas concentrate, and to establish a precious metals Processing Facility on completion of the Las Lagunas project, utilising the existing Albion/CIL plant and infrastructure**
- **Actively pursuing opportunities to source suitable refractory concentrate for near term blending and for processing at the proposed Facility**
- **Negotiations progressing with Guangxi Gold Company in China on potential joint development of 50,000tpa Albion/CIL process plant**

LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

PRODUCTION

	June Quarter	Previous Quarter	Variance vs Previous Quarter	YTD
Plant Throughput (t)	185,782	190,053	-2.2%	375,835
Average head grade (g/t)				
Gold	3.97	3.92	1.3%	3.95
Silver	39.9	38.9	2.6%	39.5
Recovery (%)				
Gold	51.0	47.8	6.9%	49.4
Silver	28.2	22.8	23.7%	25.5
Production (oz)				
Gold	12,116	11,440	5.9%	23,556
Silver	67,312	53,978	24.7%	121,290
Sales (oz)				
Gold	11,953	11,485	4.1%	23,438
Silver	65,353	51,126	27.8%	116,479
Sales (US$m)	14.0	13.1	6.5%	27.1
Sales (A$m)*	18.7	18.1	3.3%	36.9

* Based on average exchange rate for the Quarter.

Gold production for the June 2016 Quarter was 5.9% higher than the previous Quarter, reflecting improved head grades of plant feed, and recoveries.

OPERATING COSTS

	June Quarter		Previous Quarter	
	US$ ('000)	US$/oz (Gold Equiv. Production)	US$ ('000)	US$/oz (Gold Equiv. Production)
Tailings Reclaim	330	25	299	25
Processing Consumables	2,793	214	2,701	222
Salaries	1,346	103	1,350	111
Grid Power	1,594	122	1,596	131
Processing Fuel	116	9	115	9
Spares, Repairs & Maintenance	1,270	98	1,187	98
Site & Camp Costs	572	44	554	46
Office Overheads	256	20	219	18
Insurance	205	16	206	17
TOTAL OPERATING COSTS (C1 Cash Costs)	8,482	651	8,227	677

Notes: Gold equivalent production 13,025 oz for the Quarter, based on 74 oz silver equalling one oz gold.

Total Operating Costs (C1 Cash Costs) of US$8.5 million up 3.1% on previous Quarter.

Operating Costs of US$651 per oz Au equivalent production down 3.7% on previous Quarter.

PLANT THROUGHPUT AND PRODUCTION TRENDS

Average plant throughput of 14,291 tonnes per week was close to the 14,830 tonnes per week target.

The balance of the Las Lagunas Indicated Resource at 30 June 2016 was 2.512 million tonnes at 3.7g/t gold and 38.6g/t silver.

Dredging currently in coarse, higher grade material which should be typical for the balance of the resource.

Gold recoveries in the coarser material were 51.0% for the Quarter and improving.

CASH BALANCE

Available Group funds as at 30 June 2016 were US$4,098,960 (A$5,526,220).

FINANCE

Project Loan – Las Lagunas

On 9 December 2015, ALCIP Capital LLC ("ALCIP"), a wholly-owned subsidiary of the Central American Infrastructure Fund II ("CAMIF II"), accepted an assignment of Macquarie Bank Limited's ("MBL") outstanding loan to the Las Lagunas gold project, and two royalty streams ("the Facilities").

The total amount owed to ALCIP as at 30 June 2016 was US$9.5 million.

Terms of a conditional Restructuring Agreement have been settled allowing ALCIP to be repaid in quarterly instalments of US$1.055 million commencing 31 December 2016 with the final payment on 31 December 2018.

The loan may be repaid earlier without penalty.

The interest rate from 1 July 2016 will be 7%pa plus LIBOR, an increase of 3%pa on that previously applicable.

Redeemable Preference Shares

PanTerra Gold Limited ("PGL") issued US$10.0 million of unsecured Redeemable Preference Shares ("RPS") to the Central American Mezzanine Infrastructure Fund I ("CAMIF I") in August 2013.

The Company redeemed US$500,000 of the RPS on 30 June 2016 and has reached conditional agreement with CAMIF I for the balance to be redeemed in accordance with the following schedule:

	US$
30 September 2016	200,000
31 December 2016	700,000
31 March 2017	700,000
30 June 2017	700,000
30 September 2017	700,000
31 December 2017	1,300,000
31 March 2018	1,300,000
30 June 2018	1,300,000
30 September 2018	1,300,000
31 December 2018	1,300,000
	9,500,000

The effective interest rate remains at 7%pa plus LIBOR, plus 0.9% royalty on net gold sales.

As part of the conditional Restructuring Agreement, the Company has waived its right to issue CAMIF I with approximately 73.0 million PGL shares in lieu of a total of US$4.0 million of RPS dividends and redemptions due in October 2015 and April 2016, in order to avoid excessive dilution.

The Company will pay CAMIF I a restructuring fee of US$500,000 on 30 September 2016.

Conditional Restructuring Agreement – ALCIP and CAMIF I

As preconditions to the extension of the Project Loan from 30 June 2016 to 31 December 2018, ALCIP demanded that the Company issue ALCIP or its nominees, 40 million listed PGI share options exercisable at A$0.15 each on or before 31 December 2018, and, prior to 30 September 2016, Shareholders approve the conversion of these options that could see ALCIP and associates ultimately increase their holding in PGL to a maximum of 33.5%.

A Notice of Meeting in relation to this matter must be dispatched to Shareholders by no later than 31 August 2016, with the Meeting scheduled for 30 September 2016.

To allow sufficient time for an Independent Expert's Report to be finalised and review of the Notice by ASIC and ASX, all formal documentation between the parties will need to be completed by 28 July 2016. To date ALCIP have not provided drafts of the required documentation to the Company, and therefore an extension to the Meeting date will probably be necessary.

BanReservas

Dominican Government-owned BanReservas has provided US$7.5 million of unsecured loans to the Las Lagunas project. These loans are subordinated to ALCIP but provision has been made in the conditional Restructuring Agreement to repay the Bank with four amounts of US$1.0 million at six monthly intervals commencing 30 June 2017, with a balloon payment of US$3.5 million on 30 June 2019.

Shareholder Loans

Shareholders with loans totalling A$3.3 million have been granted the right for their loans to be converted to Shares and Options in the Company by 31 December 2016 on the same terms as the September 2015 Rights Issue - 10 cents per share with a free attaching listed Option exercisable at 15 cents each on or before 31 December 2018.

These loans are subordinated to the Las Lagunas project loan.

Accelerated Debt Reduction

Assuming Shareholders' approve ALCIP's demand for the issue and conversion of PGL options, and the proposed restructuring is effected, the Group's focus will be on repaying all project and corporate debt as soon as possible. Based on current production and gold prices, this could be achieved within two years from cash flows generated by the Las Lagunas project.

Hedging

The Company has negotiated 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).

PanTerra Gold may at its election, hedge up to 35,000 oz Au with MKS over a rolling 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 risk is not secured.

The current hedge program provides a floor to falling gold prices, but with current rising gold prices, forward commitments will be replaced at higher prices following deliveries into the program. The approximate average delivery prices for the 3,600oz Au expected to be delivered each month for the next six months to meet current hedging commitments of approximately 22,000 oz Au, are:

Month	Approximate Average Price US$/oz Au
July 2016	1116
August 2016	1235
September 2016	1224
October 2016	1236
November 2016	1199
December 2016	1321

BUSINESS DEVELOPMENT

Precious Metals Processing Facility – Dominican Republic

Negotiations with the Ministry of Energy and Mining, and the Ministry of Environment are ongoing and based on encouraging discussions to date the Group will now seek to gain approval for:

i) early importation of high grade (≈50g/t Au) refractory concentrate sourced from pyrite ore (low arsenic content) to blend with low grade pyrite concentrate (11g/t Au) produced from the Las Lagunas tailings.

   The current project could be extended to approximately December 2020 with 50,000tpa of imported concentrate substituted for the same amount of existing feed from early next year, which would also add approximately 40,000oz Au production per year for up to four years.

   It is anticipated that the Government will require payment of a 25% share of additional operating profits generated from imported concentrate as will apply to the current Las Lagunas project after recovery of the cost of its Albion/CIL plant.

   Negotiations for supply of 50,000tpa of pyrite concentrate are focussed on existing producers in China and Chile;

ii) future importation of high grade concentrate produced from both pyrite and arsenopyrite ore for feed to the proposed precious metals Processing Facility to be established when the current tailings retreatment project is completed.

   Negotiations for supply of 100,000tpa of arsenopyrite concentrate are focussed on projects in Cuba, China, and Canada.

China

The Company has established a written understanding with Guangxi Gold Company ("GGC") in China which is expected to translate to a formal joint venture agreement for the construction of a 50,000tpa Albion/CIL processing plant adjacent to GGC's Nalin mine, with the objective of producing approximately 50,000oz Au per year based on refractory concentrate produced from GGC's mining operations.

- GGC expect to receive by December 2016, all approvals necessary to develop and expand the existing underground workings at Nalin, including the construction of a 700,000tpa flotation circuit aimed at producing the volume of concentrate required as feed for the proposed process plant.
- Additional submissions will be made by GGC in the near future to expand the approvals to permit the construction and operation of the Albion/CIL facilities;

- The proposed processing facility will consist of a crushing and milling circuit, flotation circuit for producing concentrate, ultrafine grinding mill, Albion reactors, oxygen plant, CIL circuit, and elution circuit for the production of doré bars;
- The existing Nalin mine incorporates high quality infrastructure, including access roads, high voltage power, water supply, and land available for both the process plant and tailings storage;
- The life of the Nalin underground mine is currently anticipated by GGC to be approximately 15 years, and possibly longer as a consequence of its location within a highly prospective geological setting;
- PanTerra Gold Technologies (PGT) has completed a preliminary design for the proposed Albion/CIL plant which is currently being refined in order to establish estimated capital and operating costs prior to the next project meeting at the end of August 2016;
- GGC are assisting PGT with procurement enquiries to various construction subcontractors and equipment and consumables suppliers;
- GGC are also assisting PGT to acquire the Nalin Reserves data and historical metallurgical test work, which will be verified by additional test work undertaken by PGT;
- At the next project meeting, negotiations will commence for the commercial and management terms of a 50:50 joint venture between PGT and GGC for the development of the proposed Albion/CIL plant. The joint venture will purchase mined ore from GGC at a cost based on an agreed percentage of the market value of contained gold in the ore;
- PGT will act as project managers and operators for the joint venture for which it expects to receive fees, in addition to those for IP transfer;
- Pre-feasibility level economics for the project, which is expected to require modest capital contributions by the joint venture partners and show a robust return on capital employed, are expected to be completed in August 2016;
- It is intended by both GGC and PGT that a development decision be made in early 2017 with the aim of production commencement by the end of 2017.

Cuba

The Company is in early discussions with Empresa Mixta Isla Dorada SA ("EMID"), a Cuban company intending to re-open the Delita mine (now called Damajagua) on the Isle of Youth in Western Cuba in 2019.

EMID is considering PGT's preliminary offer to purchase 50,000tpa to 60,000tpa of refractory concentrate for up to 15 years, with grades of around 40g/t Au, 22% As (arsenic) and 25% S (sulphide sulphur) . This would be ideal feed for the Processing Facility in the Dominican Republic due to its high gold content and proximity for shipping.

The majority shareholder of EMID is a State-owned mining company, GeoMinera SA. Its foreign partner is a highly experienced and substantial group which has given PGT confidence that the open-cut mine, which closed in 1975, will be re-opened as proposed, and that the supply of concentrate to the Dominican Facility is a real prospect.

In addition to the prospect of sourcing high-grade concentrate for the Dominican Processing Facility, PGT has advised EMID that it is prepared to investigate the viability of constructing and operating a 50,000tpa Albion/CIL processing plant adjacent to the Damajagua mine when it opens, either in a joint venture arrangement or in its own right.

New Polaris Mine – British Columbia

Agreement has not yet been reached between PanTerra Gold (British Columbia) Limited ("PGBC") and Vancouver-based Canarc Resource Corp ("Canarc") with respect to PGBC's request for a delay to the date by which PGBC must decide to proceed with Stage 2 of its Joint Venture and Earn-In Agreement (the "Agreement") with Canarc.

The request was based on the delayed approval process for the importation and processing of New Polaris arsenopyrite concentrate in the Dominican Republic and the uncertainty associated with the process. Canarc has not responded positively to this request for a delay which is permitted under the Agreement.

PGBC's decision has also been delayed due to Canarc contravening sections of the Agreement.

PGBC has notified Canarc of events of force majeure and the existence of disputes in accordance with the terms of the Agreement, and will seek to protect its interests if the various issues, including accommodation of delays by authorities, cannot be resolved by the parties.

PGBC has lodged a formal Notice of Dispute with Canarc which will result in independent Mediation followed, if necessary, by litigation on the matters disputed by PGBC.

The development of the New Polaris mine remains an objective of PGBC and a cornerstone of the Company's aim to control the production of at least a reasonable proportion of concentrate feed to be supplied to the Dominican Processing Facility in the future.

EXPLORATION

Granted Concessions

Property	Area	Interest (%)
Fuerte (Dominican Republic)	7925ha	100
La Paciencia (Dominican Republic)	7150ha	100
La Perseverancia (Dominican Republic)	9000ha	100

A detailed review of the Fuerte prospect has revealed that the most prospective area within the Concession has been excised for tourism purposes and as a consequence the prospect will be relinquished.

The La Perseverancia Concession has recently been renewed following a delay of over three years. Based on prospecting work undertaken by previous owners, and its proximity along strike from the existing Cerro de Maimon copper/gold mine, this Concession may have value.

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 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 reached a stage where this experience and 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.