

ASX/Media Release

16 July 2012

PANTERRA GOLD ARRANGES ADDITIONAL WORKING CAPITAL

PanTerra Gold Limited (**ASX: PGI**) (**PanTerra Gold** or the “**Company**”), advised on 4 July 2012 that the Company was arranging access to additional working capital as it enters the production phase of its Las Lagunas gold and silver project in the Dominican Republic.

It is now advised that agreement has been reached to place \$3.0 million of the Company's shares with New York based, the Australian Special Opportunity Fund, on the following terms:

- i) shares will be issued in three equal tranches over a two month period commencing around 12 August 2012;
- ii) the issue price for each tranche will be at a 7.5% discount to the average of the five lowest consecutive daily volume weighted average prices, in the 20 day trading period prior to the issue;
- iii) a commitment fee of \$150,000 will be paid by the issue of 1.0 million PGI shares, in addition to the issue of 2.0 million unlisted PGI Share Options exercisable at 17.5 cents each on or before 31 December 2014;
- iv) the Fund will be restricted from selling placement shares in excess of the greater of A\$150,000 or 20% of the trading volume on any one trading day;
- v) the Fund will be issued 2.5 million PGI shares as collateral or security for the Company meeting its obligations to issue the placement shares. The collateral shares will be set off against the third tranche share issue.

Shareholder approval of the proposed placement under ASX Listing Rule 7.1 is not required.

In addition, the Company has finalised arrangements to issue \$2.5 million of unsecured Loan Notes to nominees of five existing Shareholders. The Notes, with a coupon rate of 10% pa paid monthly, will mature on 31 December 2014.

The Loan Notes incorporate unattached options to subscribe for PGI shares to the value of the Notes, at 17.5 cents each on or before 31 December 2014.

A twelve month standby facility of US\$2.5 million for the PanTerra Gold Group has also been approved by the Credit Committee of the Dominican State-owned Bank, Banco de Reservas.

As a result, the Company now has access to an additional \$8.0 million of working capital during the ramp-up period of its Las Lagunas gold and silver project in the Dominican Republic.

End

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