

ASX/Media Release

3 January 2012

OPTION CONVERSIONS

PanTerra Gold Limited (**ASX: PGI**) (**PanTerra Gold** or the "**Company**"), advises that between 1 and 31 December 2011, the Company received applications for the conversion of approximately 24.5 million of its Listed Options at 15 cents each, resulting in the raising of approximately \$3.7 million.

The Company will have approximately 592 million Shares on issue following expiry of the Options on 31 December 2011, and completion of associated new issues by the Registrar within the next few days.

The Company will also issue 33.3 million Shares at 15 cents each to underwriters in January 2012 to raise \$5,000,000.

Mr Brian Johnson, Executive Chairman of PanTerra Gold, said that he was comfortable that a large number of Options had not been converted as the Company had no immediate need for additional funding, and dilution of around 17% had been avoided.

Additionally, cash flow from the Las Lagunas gold tailings project was expected to commence in April 2012. If a gold price of US\$1500 per ounce is maintained through to end 2013, the Company expects to repay its US\$37.5 million project loan and generate over US\$80 million of free cash during the same period. Project life will be approximately seven years.

Commissioning of the Las Lagunas process plant will commence on 15 January 2012 and continue for approximately 10 weeks before gold and silver production in April 2012.

Ends

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