



ASX Announcement

PanTerra Gold Limited Financing Documentation Signed

ASX: PGI

PanTerra Gold Limited (ASX: PGI) (PanTerra Gold or the “Company”), advises that documentation establishing future financing arrangements between Central American Mezzanine Infrastructure Fund (“CAMIF”) and its associate, ALCIP Capital LLC (“ALCIP”), and the PanTerra Gold Group was signed on 31 August 2016.

FINANCING ARRANGEMENTS

Subject to the Shareholders’ approvals noted below:

1. Project Loan

A secured loan of US\$9,661,864 originally provided by Macquarie Bank Limited (“MBL”) to the Las Lagunas project and acquired by ALCIP on 9 December 2015 was initially due for repayment on 30 June 2016 but will now be repaid by nine quarterly instalments of US\$1,073,541 commencing on 31 December 2016 and finishing on 31 December 2018:

- i) applicable interest will be increased from 4.2% pa plus LIBOR to 7.0% pa plus LIBOR and paid quarterly;
- ii) the Company may repay the project loan earlier without penalty;
- iii) US\$7.5 million of unsecured project loans from Dominican Government-owned BanReservas, which are subordinated to ALCIP, will be permitted to be repaid according to the following schedule, subject to the Group not being in default:

Payment Date	Amount (USD)
20 July 2017	1,000,000
20 January 2018	1,250,000
20 July 2018	1,500,000
20 January 2019	1,750,000
20 July 2019	2,000,000
Total	7,500,000

- iv) Unsecured loans to the Company from Shareholders of A\$3.3 million, which are subordinated to ALCIP, will not be permitted to be repaid prior to 20 July 2019 other than from A\$1.5 million of share issues by the Company, or their conversion to PGI shares prior to 30 June 2017.

2. Redeemable Preference Shares

Unsecured Redeemable Preference Shares (“RPS”) issued to CAMIF by the Company in 2013 with an outstanding balance of US\$9.5 million will now be redeemed by a payment of US\$200,000 on 14 October 2016, followed by five quarterly payments of US\$700,000

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

commencing 31 December 2016, and five quarterly payments of US\$1.3 million commencing 31 December 2017 and finishing 31 December 2018:

- i) RPS dividends calculated at 7% pa plus LIBOR and 0.9% of nett gold sales will be paid quarterly other than that due on 30 September 2016 which will be deferred until 14 October 2016;
- ii) the Company may redeem up to US\$4.0 million of RPS at any time from share issues to third parties;
- iii) the Company may also redeem up to US\$4.0 million of RPS at any time from surplus cash flow or any other source, provided an equal amount is simultaneously paid off the project loan provided by ALCIP;
- iv) the Company has foregone the opportunity to issue approximately 73 million shares at around A\$0.08 each as payment for a total of US\$4.0 million of past dividends and redemptions and will only pay cash in the future for dividends and redemptions in order to avoid dilution;
- v) a refinancing fee of US\$500,000 will be paid to CAMIF on 14 October 2016.

3. Price Participation

ALCIP acquired from MBL an obligation of the Las Lagunas project to pay a portion of project revenue based on a formula that equates to approximately 2.5% of gold sales.

4. Gold and Silver Royalty

ALCIP also acquired from MBL a 3.2% gold and silver royalty ("GSR") based on Las Lagunas production, for which MBL originally paid the Group US\$7.5 million to meet development costs.

SHAREHOLDERS' APPROVAL

The above arrangements are subject to two resolutions being approved by Shareholders at a Meeting to be held on 14 October 2016:

- 1. The issue to ALCIP of 40 million listed share options exercisable at A\$0.15 each on or before 31 December 2018 and approval for ALCIP to exercise these options.
- 2. Variations to the terms of the RPS and provision of additional corporate guarantors of the Company's obligations.

A Notice of Meeting incorporating an Independent Expert's Report on whether the transaction contemplated by Resolution 1 is Fair and Reasonable for Shareholders, will be despatched to Shareholders around 14 September 2016.

Shareholders will be updated prior to the Notice of Meeting on the performance of the Las Lagunas project and its potential to repay the project loan and RPS prior to 31 December 2018, as currently scheduled.

End