26 October 2015

ASX Announcement

PANTERRA GOLD LIMITED

QUARTERLY REPORT TO 30 SEPTEMBER 2015

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HIGHLIGHTS – LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

- **Gold production for Quarter 21% higher than previous Quarter, reflecting improved head grades of plant feed**
- **Operating costs of US$753 per oz Au equivalent for Quarter 16% lower than previous Quarter**
- **Dredging now in coarse, higher grade material impacting positively on gold recoveries from flotation circuit – average recoveries for October 2015 80% (target 79%)**
- **Actively pursuing opportunities to source suitable refractory concentrate for processing through Las Lagunas plant**
- **Potential sources of high-grade concentrate identified in Canada, Cuba, China, and the Dominican Republic currently being assessed**
- **Negotiations commenced for 20 year lease over Las Lagunas project area, including tailings dam and limestone quarry**
- **Hedge program closed out and US$9.3 million proceeds applied to reducing project debt**
- **A$3.5 million raised in partially underwritten Rights Issue to increase working capital**

LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

PRODUCTION

	September Quarter	Previous Quarter	YTD	Variance vs Previous Quarter
Plant throughput (t)	185,511	178,484	554,406	3.9%
Average head grade (g/t)				
Gold	3.6	3.1	3.3	16.1%
Silver	36.4	37.9	38.2	-3.9%
Overall Recovery (%)				
Gold	45.4	45.3	45.7	Steady
Silver	27.9	30.1	28.2	-7.3%
Production (oz)				
Gold	9,707	8,024	26,792	21.0%
Silver	60,144	64,442	189,386	-6.7%
Sales (oz)				
Gold	9,066	8,031	26,673	12.9%
Silver	63,437	64,072	195,666	-1.0%
Metal Sales ($m)				
US$	11.4	10.5	34.3	8.6%
A$*	15.8	13.5	45.1	17.0%

* Based on Q3 average exchange rate.

Gold production for the September 2015 Quarter was 21.0% higher than the previous Quarter, reflecting improved head grades of plant feed.

OPERATING COSTS

	September Quarter		Previous Quarter	
	US$ ('000)	US$/oz (Gold Equiv. Production)	US$ ('000)	US$/oz (Gold Equiv. Production)
Tailings Reclaim	371	35	484	54
Processing Consumables	2,268	216	2,472	276
Salaries	1,348	128	1,243	139
Grid Power	1,697	161	1,614	180
Processing Fuel	70	7	82	9
Spares, Repairs & Maintenance	1,090	104	1,241	139
Site & Camp Costs	597	57	509	57
Office Overheads	261	25	263	29
Insurance	206	20	243	27
TOTAL OPERATING COSTS (C1 Cash Costs)	7,908	753	8,152	910

Notes: Gold equivalent production 10,509 oz for the Quarter.

Total Operating Costs (C1 Cash Costs) of US$7.9 million down 3% on previous Quarter.

Operating Costs of US$753 per oz Au equivalent production down 17% on previous Quarter.

PLANT THROUGHPUT AND PRODUCTION TRENDS

Average weekly plant throughput of 14,270 tonnes was 5% lower than the 15,000 tonnes target due to dredging in constricted areas of the dam during July 2015. The remaining tailings deposit now presents a broad open face which permits efficient dredging operations.

The balance of the Las Lagunas Indicated Resource at 30 September 2015 was 3.04 million tonnes at 3.7g/t gold and 38.6g/t silver.

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

The coarser feed has a positive impact on gold recoveries from the flotation circuit which have increased from an average of 74.5% for the Quarter to 80.0% in October 2015 following improvement in feed quality (target 79.0%).

During September and October 2015, plant throughput has been reduced as a result of the IsaMill ultrafine grinding unit having difficulties handling the coarser feed in its current configuration. Modifications to the Mill to accommodate the coarse feed will be completed within two weeks and should permit grind size to be reduced which will lead to improved oxidation in the Albion circuit and increased recovery in the CIL circuit. Throughput should also return to target.

CIL gold recovery is currently around 60% (target 63%), and despite the IsaMill and oxidation issues, overall gold recoveries have increased from an average of 45.5% for the Quarter to 48.0% in October 2015 (target 49.8%).

Production for Q4 2015 is expected to be higher than Q3.

CASH BALANCE

Available Group funds as at 30 September 2015 were US$3,458,000 (A$4,940,000).

FINANCE

Negotiations between Macquarie Bank Limited ("MBL") and a North American Fund, aimed at the Fund acquiring MBL's outstanding loan to the Las Lagunas project and associated royalties, were terminated on 30 July 2015.

The Company subsequently partially closed out its hedge program and applied the US$9.3 million proceeds to a reduction in the MBL project loan.

The project loan as at 30 September 2015 was US$14.6 million and is being reduced by US$600,000 per month from 31 October 2015, with a final balloon payment of US$9.8 million due on 30 June 2016.

MBL has been capitalising royalty streams since 1 July 2015 which will total approximately US$2.4 million when paid on 30 June 2016.

The Company is currently negotiating with the Dominican State Bank, BanReservas, which is an existing unsecured lender to the Las Lagunas project (US$7.5 million), for it to participate with a third party in replacing all of PanTerra Gold's obligations to MBL with three year term loans. A proposal is expected from BanReservas in Q4 2015 following completion of their current due diligence review.

The Company intends to appoint BanReservas as advisors to explore the possibility of the subsidiary which holds the Las Lagunas project, EnviroGold (Las Lagunas) Limited ("EVGLL"), issuing 15% to 20% of its shares in the second half of 2016 to a strategic Dominican investor.

The aim is to test this proposition around mid-2016 when the potential value of future earnings from the proposed extension of the Las Lagunas project and the residual value of the process plant will be able to be better determined.

Any additional capital flowing into EVGLL will be used to accelerate debt reduction.

In September 2015, the Company raised approximately A$3.5 million before costs in a partially underwritten Rights Issue to Shareholders. Directors retain the right to issue a further 18.9 million shortfall shares from the Issue prior to 21 December 2015 at 10 cents each with a free attaching listed option exercisable at 15 cents on or before 31 December 2018. If these shortfall shares are issued, Directors will give priority in the placement to potential strategic or long-term shareholders.

REDEEMABLE PREFERENCE SHARES

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

Biannual dividends and redemptions of the RPS cannot be paid in cash under CAMIF's Subordination Agreement with MBL while any component of the existing MBL Facility Agreement with the PanTerra Gold Group remains on foot.

PanTerra Gold is obliged to issue shares in lieu of cash to CAMIF when dividends and redemptions fall due at the end of March and October each year. This obligation will cease on the earlier of the RPS being fully redeemed in October 2018, or all elements of MBL's Facilities to the Group being fully extinguished.

SHAREHOLDER LOANS

In the event MBL's project loan and other facilities are fully refinanced by third parties, the Company will repay three unsecured Shareholder Loans totalling A$1.35 million within 90 days of this occurring. Until then, these loans which are subject to a formal Subordination Agreement with MBL, cannot be repaid.

Six Shareholders with loans totalling A$2.05 million have been granted the right for their loans to be converted to Shares and Options in the Company by 31 March 2016 on the same terms as the recent Rights Issue, being 10 cents per share with free attaching Options convertible on or before 31 December at 15 cents each. All of these Shareholders are expected to convert their loans.

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.), but the arrangement is on hold as a consequence of MBL wishing to continue providing hedging while they remain the major lender to the Las Lagunas project.

When and if the existing MBL hedge program is closed out, 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 risks will not be secured.

The MKS hedging arrangement will provide flexibility for the Company and potential protection from falling gold prices.

The Las Lagunas project currently has 17,600 oz Au committed for forward delivery at the rate of 6,000 oz per Quarter at US$1,090 per oz. This program was arranged to put a floor under revenue for a relatively short period when the original hedge program was partially closed out at around this price in August 2015.

In addition, 36,000 oz of spot deferred contracts have been subsequently put in place as the gold price has risen. These deliveries can be made at any time with an existing average gold price of US$1157 per oz. The Company is also replacing weekly forward deliveries with higher value spot deferred contracts so as to maintain its overall level of hedging and increase the average delivery price going forward.

BUSINESS DEVELOPMENT

EXTENSION OF LAS LAGUNAS PROJECT (PHASE II)

PanTerra Gold is actively pursuing opportunities to source suitable refractory concentrate for processing at its Albion/CIL plant in the Dominican Republic, prior to the current Las Lagunas tailings retreatment being completed in September 2019.

Identified opportunities in Canada, Cuba, China, and the Dominican Republic are currently being assessed.

The Company is focussing primarily on concentrates containing high gold, arsenic, and sulphide sulphur levels (typically 50g/t Au, 20% As and 25% S) as the competition for acquiring concentrates derived from arsenopyrite is relatively low due to increasing worldwide environmental standards restricting or prohibiting the processing of concentrates with high levels of arsenic.

Concentrates derived from pyrite ore with low levels of arsenic are readily processed through roasters installed in numerous countries including the US, Canada and China.

Negotiations have commenced with the Director General of Mines (“DGM”) in the Dominican Republic to establish a 20 year lease over the Company’s current Project Area covering its plant site, tailings dam (which has a 20 year surplus storage capacity) and limestone quarry.

Preparation of submissions for environmental approval for processing concentrates produced by Dominican mines will commence in November 2015 and take until around March 2016 to submit.

PanTerra Gold has appointed a World Bank accredited environmental consultant to confirm independently to the Dominican EPA during the approval process, that the Las Lagunas Albion/CIL process plant converts any arsenic (As) contained in concentrate to ferric arsenate ($FeAsO_4$), as is already occurring with concentrate being produced from the Las Lagunas tailings. Ferric arsenate has extremely low mobility and is non-soluble when disposed of as tailings, complying with World Bank standards for Toxicity Characteristic Leaching Procedure (“TCLP”) limits.

A separate second application will be made around Q4 2016 for the importation and processing of concentrate, with approval anticipated by the end of 2017.

The two-stage approval strategy has been developed in consultation with the DGM based on social and political sensitivities of importing toxic material from foreign mines.

The DGM has advised that he and his Department are fully supportive of the Company’s intention to significantly extend the life of the Las Lagunas operation, but ultimate approval must come from the Minister for the Environment.

The Las Lagunas plant has the capacity for treating 180,000tpa of concentrate, and could produce over 200,000 oz Au per year provided the average feed grade is 50g/t Au or more.

China

A recent visit to the Tianzhu region of SE China by the Company's CEO and its Chief Metallurgist has reinforced confidence in the validity and substance of the Letter of Intent received in September 2015 from Provincial Government-controlled Guangxi DiRun Mining Investment Co. Ltd ("GDMI"), to supply approximately 50,000tpa of ≥50g/t Au of concentrate from within the Tianzhu region to Las Lagunas from mid-2017, at a cost of around 50% of the value of contained gold.

The visit revealed that material described as "concentrate" by GDMI is not actually flotation concentrate but residual milled ore following extraction of free milling gold by gravity separation.

The material that could be sourced from the Tianzhu region is reported to have a gold content ranging from 50g/t Au to over 100g/t Au, and is likely to be a suitable feed for the Las Lagunas plant.

Test work will be required to confirm the amenability of the Tianzhu "concentrate" to the Albion/CIL technology and to determine gold recoveries, which are expected to exceed 85%.

Meetings are ongoing with mining companies in six Provinces (Guizhou, Guangxi, Yunnan, Qinghai, Gansu and Sichuan) which are operating in refractory ore, in order to establish sources of high-grade arsenopyrite flotation concentrates.

The aim is to have formal contracts for the supply of at least 50,000tpa of suitable concentrates from China in place by the end of 2016, for delivery late 2017.

Operating costs for concentrate sourced from China, including its purchase price at current gold prices, transport, and processing, are expected to be less than US$800 per oz Au produced.

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 2017/18.

The aim of EMID as advised to the Company, is to produce 50,000tpa to 60,000tpa of refractory concentrate for approximately 15 years, with grades of around 40g/t Au, 22% As (arsenic) and 25%S (sulphide sulphur) which could be ideal feed for the Las Lagunas plant due to its grades and proximity.

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

Following an invitation from EMID, PanTerra Gold has submitted a proposal to carry out metallurgical test work on concentrate produced from new drill cores, in order to establish likely gold recoveries at Las Lagunas, prior to commencing commercial negotiations.

In addition to the introduction to EMID, GeoMinera SA invited the Company to submit applications for three exploration areas prospective for refractory gold in the Camaguey region of Central Cuba. Applications were made in September 2015 for:

- Guaimaro Jobabo 958ha
- El Pilar 178ha
- La Purísima 660ha

The Guaimaro Jobabo concession is currently considered most prospective with one small operating gold mine and three planned in the oxide cap overlaying known and extensive mineralised refractory ore that has been subjected to previous drilling.

Exploration results will not be made available to the Company until the concessions have been granted, which is expected before the end of the year.

New Polaris Mine – British Columbia

Agreement has not 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 any approval process.

Canarc has not responded positively to this request and in PGBC’s opinion has also contravened sections of the Agreement which has had the effect of delaying metallurgical test work on the New Polaris concentrate.

PGBC has notified Canarc of an event of force majeure 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.

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 Las Lagunas plant in the future.

INVESTIGATION OF POSSIBLE ALBION/CIL PLANT IN CHINA

The Company has initiated discussions with a mid-sized mining company in Guangxi Province interested in joint development of a 50,000tpa Albion/CIL plant to process its flotation concentrate, with an annual production target of 75,000oz Au.

Preliminary estimates indicate the proposed plant will cost around US$30 million and require an equity contribution by the Company of US$5 million to US$10 million for a 50% interest. It is expected financing will be provided by Chinese Banks introduced by the mining company.

Detailed negotiations on the Company’s role as project manager, plant designer, and operations manager of the proposed process plant, are expected to take place in Q4 2015.

MANAGEMENT

PanTerra Gold Technologies Pty Ltd ("PGT"), which holds a licence for the Albion oxidation process, and provides technical support for the Group, has engaged two consultants in China for an initial period of one year. The consultants will work on a full time basis promoting the Group's interest in sourcing refractory concentrate for Las Lagunas and on the possible joint venture to develop a standalone 50,000tpa Albion/CIL process plant in Guanxi Province.

Mr Li Qiangzhi is a recently retired, highly experienced gold exploration geologist who has already identified mining companies operating in refractory ore with whom PanTerra Gold should engage.

Mr Li is a substantial shareholder in Mercury Connection International Co Limited, which recently took up a 16% shareholding in the Company through an underwriting of the September 2015 Rights Issue.

Mr Xing Xing is a very experienced Engineer who is also proficient in English. He has been nominated by Mercury Connection to coordinate the Company's engagement with potential suppliers of concentrate to Las Lagunas.

Both of these consultants will report to Dean Young, the Company's Chief Metallurgist, who has recently been appointed a Director of PGT.

The Company intends to appoint an experienced Exploration Manager to oversee an active program in both the Dominican Republic and Cuba which is expected to commence early 2016.

EXPLORATION

Granted Tenements

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

Tenement Application

Property	Area	Interest (%)
La Perseverancia (Dominican Republic)	9875ha	100

No exploration was undertaken during the Quarter.

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 Las Lagunas Project is exempted from income tax, with a 25% profit share to be paid to Government from CY2018 after recovery of approximately US$85 million of plant construction costs.

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 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.