



ASX Announcement

PanTerra Gold Limited

ASX: PGI

Working Capital Increased as Plant Upgrade Nears Completion

PanTerra Gold Limited (ASX: PGI) (PanTerra Gold or the “Company”), advises that it has effectively fulfilled a commitment to its lenders to increase working capital by A\$5.0 million while process plant upgrades continue at the Las Lagunas gold/silver project in the Dominican Republic.

This has been achieved by a combination of proceeds received from settlement of claims against design engineers for project delays in 2009, and the impending placement of up to 50.0 million PGI shares to a limited number of sophisticated investors at A\$0.035 each, a discount of 10% to today’s opening price. This includes 16,563,725 shares to be issued at the same price to the Central American Mezzanine Infrastructure Fund LP (“CAMIF”) in lieu of dividend payments due from Redeemable Preference Shares held by CAMIF.

The balance of the project loan has been reduced to US\$30 million during Q2 2014, and is expected to be repaid by the end of 2015.

Current income from the project of around US\$1.0 million per week is expected to increase when oxidation of the refractory ore being processed at Las Lagunas improves through increased residence time in the Albion oxidation circuit. Operating costs remain steady at approximately US\$600,000 per week.

Following advice from the oxidation technology provider in late 2013 that targeted oxidation efficiency, and gold and silver recoveries, could only be achieved with increased residence time, an additional Albion reactor is being installed and is programmed to come on line at the end of July 2014.

If recoveries improve sufficiently in August/September 2014, the Company intends to issue a US\$40 million high yield five year Note to a client or clients of a major US Investment Bank to pay out and consolidate existing Group debt, other than the Redeemable Preference Shares held by CAMIF. A Mandate Agreement for the Note issue is currently being negotiated.

In the event the Las Lagunas project is refinanced with no principal repayments for five years, Shareholder approval will be sought to implement a share buyback scheme that would be funded from retained earnings and assist in the restoration of share value.

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The proceeds from precious metal recovered from the Las Lagunas operations since construction was completed in mid-2012, is significantly less than could have been expected based on pilot plant testwork for the project, and on volumes, grades, and sulphide levels of concentrate actually delivered to the Albion/CIL process plant.

It is the view of the Company that the majority of the shortfall in revenue has arisen as a consequence of deficiencies in design and equipment supplied to the oxidation circuit. Following the implementation of the latest design change, the Company will assess the magnitude and probability of success of potential claims on engineers and suppliers.

On a positive note, encouraging discussions are continuing with the Dominican Government to allow the import of high grade refractory concentrate from identified potential sources in North America that could be processed at the Las Lagunas plant, and utilise surplus tailings dam capacity for at least 15 years.

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