
PANTERRA GOLD LIMITED

ACN 008 031 034

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11am (AEDT)

DATE: 25 October 2019

PLACE: Boardroom Pty Limited offices
Level 12, 225 George Street, Sydney NSW 2000

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of the Resolutions to the non-associated Shareholders in the Company. The Independent Expert has determined that the transaction is **fair and reasonable** to the non-associated Shareholders in the Company.

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

If you are unable to attend the Meeting, please complete the proxy form enclosed and return it in accordance with the accompanying instructions.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEST) on 23 October 2019.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – SELECTIVE SHARE BUY-BACK - CENTRAL AMERICAN MEZZANINE INFRASTRUCTURE FUND LP

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to the passing of Resolution 2, for the purposes of Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to selectively buy-back and cancel 11,745,036 Shares currently held by Central American Mezzanine Infrastructure Fund LP on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company has entered into an agreement with Central American Mezzanine Infrastructure Fund LP for the buy-back and cancellation of 11,745,036 Shares held by Central American Mezzanine Infrastructure Fund LP. The agreement is conditional on obtaining a special resolution of Shareholders to approve the buy-back. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any person whose Shares are proposed to be bought back and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined that the transaction is **fair and reasonable** to the non-associated Shareholders in the Company.

2. RESOLUTION 2 – SELECTIVE SHARE BUY-BACK - ARGIA INVESTMENTS LLC

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, subject to the passing of Resolution 1, for the purposes of Section 257D of the Corporations Act and for all other purposes, approval is given for the Company to selectively buy-back and cancel 4,014,641 Shares currently held by Argia Investments LLC on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company has entered into an agreement with Argia Investments LLC for the buy-back and cancellation of 4,014,641 Shares held by Argia Investments LLC. The agreement is conditional on obtaining a special resolution of Shareholders to approve the buy-back. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any person whose Shares are proposed to be bought back and any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or if it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined that the transaction is **fair and reasonable** to the non-associated Shareholders in the Company.

Dated: 24 September 2019

By order of the Board

Angela Pankhurst
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting by corporate representative

A corporate Shareholder or corporate proxy wishing to appoint a person to act as its representative at the meeting may do so by providing that person with the following documents, which the representative should bring to the meeting:

- a letter executed in accordance with the Shareholder's or proxy's constitution and the Corporations Act authorising that person as the corporate Shareholder's or proxy's representative at the meeting; or
- a copy of the resolution appointing the person as the corporate Shareholder's or proxy's representative at the meeting, certified by the company secretary or a director of the corporate Shareholder or proxy.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 (0)412-022-039.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding how to vote on the Resolutions.

1. RESOLUTIONS 1 & 2 – SELECTIVE BUY-BACK OF SHARES FROM SUBSTANTIAL HOLDERS

1.1 Overview/Background

As announced on 18 July 2019 and 26 July 2019, the Company has entered into a conditional buy-back agreement with two of its shareholders, Central American Mezzanine Infrastructure Fund LP (**CAMIF**) and Argia Investments LLC (**Argia**) (**Agreement**), whereby the Company will buy back the entire remaining shareholding of CAMIF and Argia in the Company being:

- (a) 11,745,036 Shares held by CAMIF; and
 - (b) 4,014,641 Shares held by Argia,
- (together, the **Sale Shares**).

The terms of the Agreement are summarised in Section 1.2 below.

CAMIF's charter limits its investments, or financing of companies and projects, to a limited number of Latin American countries, including the Dominican Republic. As the Company's Las Lagunas project is nearing completion, and possible future projects are unlikely to occur within CAMIF's approved countries, CAMIF and Argia intend to dispose of their shareholdings before the end of December 2019.

Accordingly, the purpose of the proposed buy-back of the Sale Shares (**Buy-Back**) is to allow CAMIF and Argia to sell their shares in the near term, as is their intention, without an overhang on the market as they exit the Company's share register.

Resolutions 1 and 2 seek the approval of Shareholders to enable the Company to buy back and cancel the Shares held by CAMIF and Argia. Resolutions 1 and 2 are special resolutions. Accordingly, at least 75% of votes cast by Shareholders entitled to vote on Resolutions 1 and 2 must be in favour of Resolutions 1 and 2 for it to be passed.

1.2 Terms of Agreement

The Agreement contains the following material terms and conditions:

- (a) (**Sale and Buy-Back**): subject to the satisfaction of the conditions precedent in (b) below, CAMIF and Argia have agreed to enter into an agreement to sell their respective Sale Shares to the Company and the Company has agreed to purchase the Sale Shares from CAMIF and Argia for \$0.015 per Share (**Purchase Price**) free from all encumbrances and with all rights attaching to them;
- (b) (**Call and Put Option**): the sale and purchase of the Sale Shares is subject to the Company exercising the call option under the Agreement or CAMIF and Argia exercising their put option under the

Agreement. The call option or put option must be exercised on or before 30 November 2019;

- (c) **(Conditions Precedent)**: Completion of the Buy-Back, and exercise of the call option and put option, are conditional upon the satisfaction (or waiver) of the following conditions precedent **(Conditions)**:
- (i) the Company receiving all requisite Shareholder approvals required for the acquisition under the Corporations Act and the ASX Listing Rules;
 - (ii) the Company lodging the documents required under sections 257D(3) and 257E of the Corporations Act with the ASIC in respect of the transactions contemplated by the Agreement;
 - (iii) the 14 day waiting period required under section 257F of the Corporations Act after the relevant documents have been lodged with the ASIC expires;
 - (iv) the Company receives a report from an independent expert appointed by the Company advising that in the expert's opinion that the transaction contemplated by the Agreement is "fair and reasonable" to all non-associated Shareholders of the Company;
 - (v) the Company not undertaking a capital reduction prior to completion of the Buy-Back; and
 - (vi) there being no takeover offer for the Company prior to completion of the Buy-Back.

The Conditions in paragraphs (c)(i), (c)(ii) and (c)(iii) above cannot be waived.

- (d) **(Completion)**: Subject to the valid exercise of the call option or put option, completion of the Buy-Back **(Completion)** will occur at 10:00am on the date that is 5 business days after the satisfaction of the Conditions (or such other time as the parties agree). At Completion of the Agreement:
- (i) CAMIF and Argia must deliver or cause to be delivered to the Company a duly completed share transfer form in respect of their Sale Shares in favour of the Company, together with a copy of CAMIF and Argia's holding statements in respect of their Sale Shares; and
 - (ii) the Company must pay the Purchase Price to CAMIF and Argia in immediately available funds, execute and register the transfer of the Sale Shares, cancel the Sale Shares and notify the cancellation of the Sale Shares to ASX and ASIC.

1.3 Section 257D of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to Section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders.

The phrase "no votes being cast" is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the ASX Listing Rules.

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on Resolutions 1 and 2. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

Section 257H(3) of the Corporations Act provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.

ASIC Regulatory Guide 110 sets out what ASIC expects a company to provide when disclosing such information to shareholders with a notice of meeting. This information is set out below.

1.4 Impact of Buy-Back on the capital structure of the Company

The effect of the proposed Buy-Back on the Company will be to reduce the total number of Shares on issue by 15,759,677, amounting to 7.47% of the issued capital of the Company.

The overall effect of the Buy-Back on the capital structure of the Company is as follows:

Event	Shares
Securities on issue as at the date of this notice	210,901,326
Less Shares subject to selective buy-back and cancellation	15,759,677
Shares on issue at Completion of the Transaction	195,142,000

1.5 Effect of the Buy-Back on control of the Company

If Resolutions 1 and 2 are passed, it is not expected that the Buy-Back will give rise to any change in the control of the Company.

However, the Buy-Back will increase the Shareholding and voting power of the Company's substantial shareholders as follows:

Substantial Shareholder	Number of Shares held	% Voting power before Buy-Back	% Voting power post Buy-Back
Brian Johnson	64,511,454 ¹	30.6%	33.1%
Mercury Connection International Co Limited	20,000,000	9.5%	10.2%

Notes:

1. 54,511,454 Shares held indirectly by Moonstar Investments Pty Ltd and 10,000,000 Shares held indirectly by Hawthorne Pty Ltd.

Sections 609(4) and 611 of the Corporations Act provide exemptions for acquisitions of relevant interests in a company's voting shares. A shareholder in a company is permitted to increase its shareholding as a result of a permitted buy-back authorised under Section 257A of the Corporations Act by any percentage, therefore additional approval for the increase in voting power for Mr Johnson is not required.

1.6 Source of funding of the Buy-Back

The funding for the Buy-Back will come from the Company's existing cash assets, meaning that no funds will need to be raised or borrowed to enable the Buy-Back to be completed.

1.7 Financial effect of the Buy-Back on the Company

The consideration payable to CAMIF and Argia for the proposed Buy-Back is a total of \$236,395, which has been determined by multiplying the number of Sale Shares by the Purchase Price, being 15,759,677 Shares at \$0.015.

The financial effect on the Company of the Buy-Back will be to reduce Shareholders' funds (net assets) by \$236,395.

1.8 Share trading price

The highest, lowest and last trading price of Shares on ASX over the 3 months prior to the date of this Notice is set out below:

	Price	Date
Highest	\$0.043	31 July 2019
Lowest	\$0.014	20 June 2019
Last	\$0.027	30 August 2019

1.9 Advantages and disadvantages of the Buy-Back

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on proposed Resolutions 1 and 2:

- (a) there will be a lesser number of Shares on issue, consequently the ownership interest in the Company of each Shareholder will increase; and
- (b) the Independent Expert has determined that the Buy-Back is **fair and reasonable** to the non-associated Shareholders of the Company.

The Board believes the disadvantage to Shareholders of the Buy-Back is the reduction in Shareholders' funds as described in Section 1.7 above, however the Directors believe the Buy-Back will not prejudice the Company's ability to pay its creditors or the interests of Shareholders generally, based on the Company having repaid all loans, and on a detailed future cashflow analysis which shows an increasing cash position resulting from operations which will continue to the end of 2019.

1.10 Independent Expert's Report

The Independent Expert's Report prepared by HLB Mann Judd (a copy of which is attached as Annexure A to this Explanatory Statement) assesses whether the transaction contemplated by Resolutions 1 and 2 is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the transaction contemplated by Resolutions 1 and 2 is **fair and reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

1.11 The Company's current business plan

The Buy-Back is considered by the Directors to have no effect on the Company's business activities and plan going forward which remains to use the intellectual property gained in the design, construction and operation of the Albion/CIL process used on the Las Lagunas project to progress opportunities the Company has been pursuing in China and Cuba. Details of the business operations, results and the ongoing business plan are set out in the Company's ASX announcements available from the ASX website at www.asx.com.au.

Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Independent Expert's Report, all of the Directors consider that the Buy-Back the subject of Resolutions 1 and 2 is in the best interests of the Company.

The Directors strongly recommend that Shareholders vote in favour of Resolutions 1 and 2. The Directors confirm that they intend to vote in favour of Resolutions 1 and 2 in relation to all votes that they control. No Director has an interest in the Buy-Back other than as holders of securities in the Company.

The Chair intends to vote all available proxies in favour of Resolutions 1 and 2.

There is no other information material to the making of a decision by Shareholders whether or not to vote in favour of Resolutions 1 and 2, being information that is known to the Directors, which has not previously been disclosed to Shareholders, other than as set out in this Notice.

Pursuant to Section 257H(3) of the Corporations Act, immediately after the registration of the transfer to the Company of the Shares bought back pursuant to Resolutions 1 and 2, those Shares will be cancelled.

GLOSSARY

\$ means Australian dollars.

Agreement means the buy-back agreement dated 16 July 2019 between the Company, CAMIF and Argia whereby the Company has conditionally agreed to buy back the Sale Shares held by CAMIF and Argia, and any amendments to that agreement.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Buy-Back means the buy-back of the Sale Shares by the Company the subject of Resolutions 1 and 2.

Chair means the chair of the Meeting.

Company means PanTerra Gold Limited (ACN 008 031 034).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Sale Shares means 15,759,677 Shares held by CAMIF and Argia.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

INDEPENDENT EXPERT'S REPORT

Panterra Gold Limited

Opinion: Fair and reasonable



30 August 2019

The Directors
PanTerra Gold Limited
55 Kirkham Road
BOWRAL NSW 2576

Dear Board Members

INDEPENDENT EXPERT'S REPORT

INTRODUCTION

On 18 July 2019, PanTerra Gold Limited ("PanTerra" or "the Company") announced that it had reached agreement with Central American Mezzanine Infrastructure Fund LP ("CAMIF") and its associate, Argia Investments LLC ("Argia"), pursuant to which the Company would buy back and then cancel a total of 15,759,677 PanTerra shares representing 7.47% of PanTerra shares on issue, subject to the satisfaction of certain conditions ("Buy-Back"). The Company further announced on 26 July 2019 that the Buy-Back would be conducted for consideration of A\$0.015 per share ("Consideration").

CAMIF's charter limits its investments, or financing of companies and projects, to a limited number of Latin American countries, including the Dominican Republic. As the Company's Las Lagunas project is nearing completion, and possible future projects are unlikely to occur within CAMIF's approved countries, CAMIF and Argia intend to dispose of their shareholdings before the end of December 2019. Accordingly, the purpose of the Buy-Back is to allow CAMIF and Argia to sell their shares in the near term, as is their intention, without an overhang on the market as they exit the Company's share register.

This Independent Expert's Report ("Report") has been prepared to accompany a Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders of PanTerra for a general meeting to be held on 25 October 2019 for the purposes of obtaining shareholder approval for the Buy-Back. The Directors of PanTerra have requested that HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") prepare this Report to express an opinion as to whether the Buy-Back is fair and reasonable to shareholders not associated with the Buy-Back ("Non-Associated Shareholders"). Resolutions 1 and 2 of the Notice seek this shareholder approval in respect of the buy-back of shares held by CAMIF and Argia respectively.

STRUCTURE OF REPORT

This Report has been divided into the following sections:

1. Summary and opinion
2. Purpose of the Report
3. Key components of the Buy-Back
4. Economic analysis
5. Industry analysis - PanTerra
6. Adopted basis of evaluation
7. Profile of PanTerra
8. Valuation of PanTerra prior to the Buy-Back
9. Fair value of consideration for the Buy-Back
10. Assessment of whether the Buy-Back is fair
11. Assessment of whether the Buy-Back is reasonable
12. Sources of information
13. Qualifications, Declarations and Consents

Appendix 1 – Valuation of the Las Lagunas Project

Appendix 2 – Glossary of Terms

Appendix 3 – Financial Services Guide

hlb.com.au

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 / AFSL 250903

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1. SUMMARY AND OPINION

1.1 Fairness

In considering whether the Buy-Back is “fair” to the Non-Associated Shareholders, we have assessed and compared the following:

- The fair value of a PanTerra share; with
- The fair value of the Consideration.

Set out in the table below is a comparison of our assessment of the fair market value of a PanTerra share prior to the Buy-Back on a minority interest basis with the fair value of the Consideration.

	Report Reference	Low \$	Preferred \$	High \$
Value of a PanTerra share pre-Buy-Back (US\$)	8.3.1	US\$0.036	US\$0.044	US\$0.053
Value of a PanTerra share pre-Buy-Back (A\$)	8.3.1	A\$0.053	A\$0.065	A\$0.078
Fair value of Consideration	9	A\$0.015	A\$0.015	A\$0.015

As the preferred value of a PanTerra share pre-Buy-Back on a minority basis is greater than the fair value of the Consideration, it is our opinion that the Buy-Back is **fair**.

1.2 Reasonableness

We have considered the analysis in Section 11 of this Report, in terms of both the advantages and disadvantages of the Buy-Back and the position of the Non-Associated Shareholders of PanTerra if the Buy-Back was to proceed.

In our opinion, the position of the Non-Associated Shareholders of PanTerra if the Buy-Back was to proceed is more advantageous than if the Buy-Back was not approved by the Non-Associated Shareholders.

1.3 Opinion

We are of the opinion that the Buy-Back is fair and reasonable to the Non-Associated Shareholders of PanTerra.

2. PURPOSE OF THE REPORT

2.1 General

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- addressing the risk of the transaction leading to the company's solvency;
- seeking to ensure fairness between the shareholders of the company; and
- requiring the company to disclose all material information.

In particular, Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- the buy-back does not materially prejudice the company's ability to pay its creditors; and
- the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to Section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- a resolution agreed to, at a general meeting by all ordinary shareholders.

The phrase “no votes being cast” is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the ASX Listing Rules.

Pursuant to Section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on Resolutions 1 and 2. However, the Company does not have to disclose information if it

would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

Section 257H(3) of the Corporations Act provides that immediately after the registration of the transfer to a company of shares bought back, the shares are cancelled.

ASIC Regulatory Guide 110 sets out what ASIC expects a company to provide when disclosing such information to shareholders with a notice of meeting. This information is set out in the Notice.

The Directors of PanTerra have requested that HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") provide an independent expert's report ("Report") advising whether, in our opinion, the Buy-Back is fair and reasonable to holders of the Company's ordinary shares whose votes are not to be regarded ("Non-Associated Shareholders").

This Report has been prepared to assist shareholders in their decision whether to vote for or against the resolution giving effect to the Buy-Back.

2.2 Regulatory Guidance

This Report is to be included in the Notice for the meeting to be held on 25 October 2019 ("General Meeting") to consider the resolutions giving effect to the Buy-Back, for the purpose of assisting shareholders in their consideration of those resolutions. This Report should not be used for any other purpose.

We have prepared this Report having regard to the relevant Australian Securities and Investments Commission ("ASIC") releases. ASIC Regulatory Guide 74 "*Acquisitions approved by members*" suggests that the obligation to supply shareholders with all information that is material to the decision on how to vote on the resolutions giving effect to the Buy-Back can be satisfied by the non-associated directors of PanTerra, by either:

- (a) undertaking a detailed examination of the Buy-Back themselves, if they consider that they have sufficient expertise; or
- (b) commissioning an independent expert's report.

The directors of PanTerra have commissioned this Report to satisfy this obligation.

In determining the fairness and reasonableness of the Buy-Back, we have had regard to ASIC Regulatory Guide 111 "Content of expert reports" ("RG 111"), which states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price or consideration and the value of the securities the subject of the offer (**fairness**) and an examination to determine whether there are sufficient reasons for security holders to accept the offer despite an offer not being fair (**reasonableness**).

The concept of **fairness** is taken to be the value of the offer price, or the consideration, being equal to or less than the value of the asset proposed to be acquired. Furthermore, this comparison should be made assuming 100% ownership of the "target" (in this case, 100% of PanTerra) and irrespective of whether the consideration is scrip or cash.

RG 111 states that an offer is reasonable if it is fair. An offer may also be reasonable, if despite it not being fair, there are significant factors which in the expert's opinion shareholders should consider in accepting the offer.

RG 111 also suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction, rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis that is consistent with a takeover bid.

The shares to be bought back by PanTerra will be cancelled in accordance with the Corporations Act. Therefore, the Buy-Back is not a control transaction (as there is no acquisition of, or increase in, a controlling stake in the Company) and there is no requirement to value PanTerra assuming 100% ownership. We have therefore assessed whether the Buy-Back is fair to the Non-Associated Shareholders of PanTerra by comparing our assessment of the fair market value of a PanTerra share prior to the Buy-Back on a minority interest basis with the fair value of the Consideration.

We have also had regard to ASIC Regulatory Guide 112 "Independence of experts".

2.3 Compliance with APES 225 Valuation Services

This Report has been prepared in accordance with the requirements of the professional standard APES 225 *Valuation Services* ("APES 225") as issued by the Accounting Professional & Ethical Standards Board.

In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation

Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

3. KEY COMPONENTS OF THE BUY-BACK

The Buy-Back is based on a Share Buy Back Offer Agreement dated 16 July 2019 (and amendment) between the Company, CAMIF and Argia ("Agreement"). The key terms of the Agreement are as follows:

- (a) Subject to the satisfaction of the conditions precedent in (c) below, CAMIF and Argia have agreed to enter into an agreement to sell their respective shares to the Company and the Company has agreed to purchase the shares from CAMIF and Argia for A\$0.015 per Share free from all encumbrances and with all rights attaching to them;
- (b) The sale and purchase of the shares is subject to the Company exercising the call option under the Agreement or CAMIF and Argia exercising their put option under the Agreement. The call option or put option must be exercised on or before 30 November 2019;
- (c) Completion of the Buy-Back, and exercise of the call option and put option, are conditional upon the satisfaction (or waiver) of the following conditions precedent ("Conditions"):
 - (i) the Company receiving all requisite shareholder approvals required for the acquisition under the Corporations Act and the ASX Listing Rules;
 - (ii) the Company lodging the documents required under sections 257D(3) and 257E of the Corporations Act with ASIC in respect of the transactions contemplated by the Agreement;
 - (iii) the 14 day waiting period required under section 257F of the Corporations Act after the relevant documents have been lodged with ASIC expires;
 - (iv) the Company receives a report from an independent expert appointed by the Company advising that in the expert's opinion the transaction contemplated by the Agreement is "fair and reasonable" to all Non-Associated Shareholders of the Company;
 - (v) the Company not undertaking a capital reduction prior to completion of the Buy-Back; and
 - (vi) there being no takeover offer for the Company prior to completion of the Buy-Back.

The conditions in (i), (ii) and (iii) above cannot be waived.

4. ECONOMIC ANALYSIS

At its meeting on 6 August 2019 the Reserve Bank of Australia Board ("Board") decided to leave the cash rate unchanged at 1 per cent. In support of this decision, the Board provided commentary including the following:

"The outlook for the global economy remains reasonable. However, the increased uncertainty generated by the trade and technology disputes is affecting investment and means that the risks to the global economy remain tilted to the downside. In most advanced economies, unemployment rates are low and wages growth has picked up, although inflation remains low. The slowdown in global trade has contributed to slower growth in Asia. In China, the authorities have taken steps to support the economy, while continuing to address risks in the financial system.

Global financial conditions remain accommodative. The persistent downside risks to the global economy combined with subdued inflation have led a number of central banks to reduce interest rates this year and further monetary easing is widely expected. Long-term government bond yields have declined further and are at record lows in many countries, including Australia. Borrowing rates for both businesses and households are also at historically low levels. The Australian dollar is at its lowest level of recent times".

Source: www.rba.gov.au Statement by Philip Lowe, Governor: Monetary Policy Decision 6 August 2019

5. INDUSTRY ANALYSIS - PANTERRA

The following analysis is provided in respect of PanTerra's business.

5.1 PanTerra background

PanTerra 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 Las Lagunas Project reprocesses high grade sulphide tailings from historical production at the Pueblo Viejo mine in the Dominican Republic between 1992 and 1997, prior to Albion oxidation of the concentrate and gold and silver extraction utilising Carbon-in-Leach technology. The Project represents the world's first utilisation of the Albion process for oxidation of refractory ore containing precious metals. 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 experience can be applied to future growth.

The Las Lagunas project will be completed in December 2019 after which the Albion/CIL process plant will be dismantled. The Company may either retain major plant items such as the oxygen plant and ultrafine grinding mill for incorporation in an Albion/CIL plant constructed for a future project, or sell the major items individually together with minor items.

5.2 PanTerra's recent results

Recent results of PanTerra's Las Lagunas Project can be found in the Company's Quarterly Report to 30 June 2019 which was lodged with ASX on 26 July 2019.

Highlights from that report are as follows:

1. Gold production for the quarter ended 30 June 2019 was 32.4% higher than the previous quarter.
2. Operating costs of US\$736 per oz AU equivalent for the quarter ended 30 June 2019 were 15.5% lower than the previous quarter.
3. The Company is currently advancing plans to commence dismantling the plant in January 2020 with saleable items to be stored on site prior to disposal.
4. The Company has submitted a formal claim to the Dominican Government for costs relating to its failure at the commencement of the project to provide a suitable site for constructing a dam for the storage of tailings from the Las Lagunas Albion/CIL plant after processing. The provision of the dam site was an obligation of the Government under the Special Contract with the Company's subsidiary, EnviroGold (Las Lagunas) Limited. The inability to construct a new storage dam resulted in the processed tailings having to be redeposited into the same storage facility from which they were mined, and also prohibited blending of the feed to the flotation circuit, which resulted in additional direct costs and inefficiencies in the operation of the plant.

Source: ASX announcement by PanTerra 26 July 2019

The Company also lodged its reviewed financial report for the half-year ended 30 June 2019, on 30 August 2019.

6. ADOPTED BASIS OF EVALUATION

6.1 Fairness

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities the subject of the offer. The comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities the subject of the offer in a control transaction, the expert should consider the value inclusive of a control premium. The shares to be bought back by PanTerra will be cancelled in accordance with the Corporations Act. Therefore, the Buy-Back is not a control transaction (as there is no acquisition of, or increase in, a controlling stake in the Company) and there is no requirement to value PanTerra assuming 100% ownership. We have therefore assessed whether the Buy-Back is fair to the Non-Associated Shareholders of PanTerra by comparing our assessment of the fair market value of a PanTerra share prior to the Buy-Back on a minority interest basis with the fair value of the Consideration.

6.2 Reasonableness

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite it being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of a higher bid. We have assessed the reasonableness of the Buy-Back by

considering other advantages and disadvantages of the Buy-Back to the Non-Associated Shareholders of PanTerra.

6.3 Our approach

Having regard to the matters in Sections 6.1 and 6.2 above, we have completed our comparison on the following basis:

- A comparison between the value of a PanTerra share on a minority interest basis prior to incorporating the effects of the Buy-Back, and the value of the Consideration for the Buy-Back, being A\$0.015 per share (see Section 10); and
- An investigation into other significant factors to which shareholders might give consideration, prior to approving the Buy-Back, after reference to the value derived above (see Section 11).

6.4 Individual circumstances

We have evaluated the Buy-Back for PanTerra shareholders as a whole. We have not considered the effect of the Buy-Back on the particular circumstances of individual shareholders. Due to their particular circumstances, individual shareholders may place a different emphasis on various aspects of the Buy-Back from those adopted in this Report. Accordingly, individual shareholders may reach different conclusions to ours on whether the Buy-Back is fair and reasonable. If in doubt, shareholders should consult an independent adviser.

6.5 Limitations and Reliance on Information

HLB's opinion is based on economic, share market, business trading and other conditions and expectations prevailing at the date of this Report. These conditions can change significantly over relatively short periods of time. If these conditions did change materially the valuations and opinions could be different in these changed circumstances.

This Report is also based upon financial information and other information provided by PanTerra. HLB has considered and relied upon this information. HLB has no reason to believe that any material facts have been withheld. The information provided to HLB has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Buy-Back is fair and reasonable. However, in preparing reports such as this, time is limited and HLB does not warrant that its enquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to fairness and reasonableness is more in the nature of an overall review rather than a detailed audit or investigation.

An important part of the information used in forming an opinion of the kind expressed in this Report is comprised of the opinions and judgment of management. This type of information was also evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or valuation.

Preparation of this Report does not imply that HLB has audited in any way the records of PanTerra for the purposes of this Report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years except as otherwise noted.

The information provided to HLB included historical financial information for PanTerra. PanTerra is responsible for this information. HLB has used and relied on this information for the purpose of analysis. HLB has assumed that this information was prepared appropriately and accurately based on the information available to management at the time and within the practical constraints and limitations of such information. HLB has assumed that this information does not reflect any material bias, either positive or negative. HLB has no reason to believe otherwise.

7. PROFILE OF PANTERRA

7.1 Company History

PanTerra was registered on 9 February 1984 and is listed on the ASX.

PanTerra 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 Las Lagunas Project reprocesses high grade sulphide tailings from historical production at the Pueblo Viejo mine in the Dominican Republic between 1992 and 1997, prior to Albion oxidation of the concentrate and gold and silver extraction utilising Carbon-in-Leach technology. The Project represents the world's first utilisation of the Albion process for oxidation of refractory ore containing precious metals. 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 experience can be applied to future growth.

7.2 Legal Structure

PanTerra is a public company incorporated and domiciled in Australia. PanTerra has the following subsidiaries, which are all wholly-owned:

<u>Name</u>	<u>Country of incorporation</u>
PanTerra Gold Technologies Pty Ltd	Australia
EnviroGold (Las Lagunas) Limited ⁽¹⁾	Vanuatu
PanTerra Gold (Dominicana) S.A. ⁽²⁾	Dominican Republic
PanTerra Mining Finance Inc	BVI
PanTerra Gold Inc	BVI
PanTerra Gold (Latin America) Inc ⁽³⁾	BVI

⁽¹⁾ Investment held by PanTerra Gold Technologies Pty Ltd

⁽²⁾ Investment held by PanTerra Gold (Latin America) Inc

⁽³⁾ Investment held by PanTerra Gold Inc

The financial position of PanTerra at 30 June 2019 and its results for the half-year then ended are shown in Sections 7.6 and 7.7 of this Report.

7.3 Management and Personnel

The Company's current directors are:

Mr Brian Johnson	Chairman and Chief Executive Officer
Mr James Tyers	Executive Director
Mr Ugo Cario	Non-Executive Director
Ms Angela Pankhurst	Non-Executive Director

The Company Secretary is Ms Angela Pankhurst.

7.4 Capital Structure and Shareholders

At the date of this Report, PanTerra had the following securities on issue:

Fully Paid Shares:

	Number
Balance at 31 December 2017	128,829,011
Vesting of performance share rights approved by shareholders on 30 November 2010	1,033,334
Rights issue allotments	81,038,844
Exercise of listed options at AUD 15 cents	137
Balance at 31 December 2018	210,901,326
Balance at the date of this Report	210,901,326

Top 20 shareholders

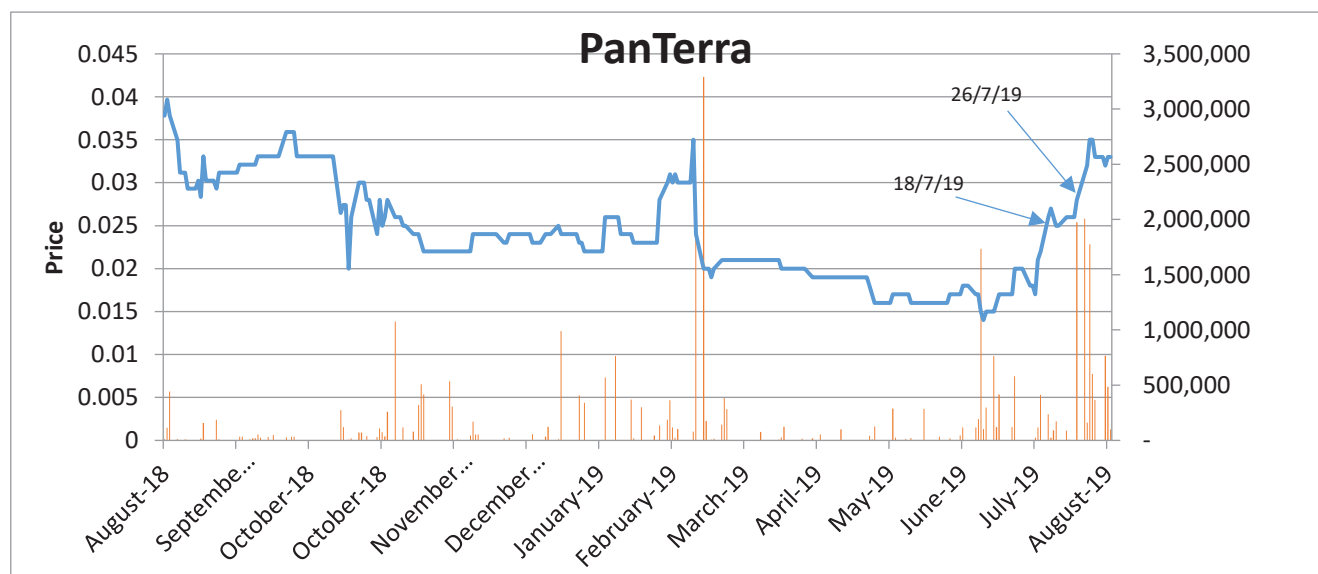
The top 20 shareholders as at 30 June 2019 are set out below.

Shareholder	Number of Shares	% of total shares on issue
Moonstar Investments Pty Ltd (The Pemberley A/C)	54,511,454	25.85
Mercury Connection International Co Limited	20,000,000	9.48
Central American Mezzanine Infrastructure Fund LP	11,745,036	5.57
Hawthorne Pty Ltd <BGJ Super Fund A/C>	10,000,000	4.74
Mr Erle Edwinston	8,594,859	4.08
Mr Erle Ryan Edwinston	6,132,228	2.91
BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	5,530,158	2.62

Shareholder	Number of Shares	% of total shares on issue
Argia Investments LLC	4,014,641	1.90
JP Morgan Nominees Australia Pty Ltd	3,786,837	1.80
Mrs Elizabeth Ingenetta Bonker <Panterra A/C>	3,379,686	1.60
Armco Barriers Pty Ltd	3,000,000	1.42
Mr Robert Neil Catterall	2,985,000	1.42
Mr Yung Wing Ho & Mrs Katherine Kam Ling Ho (Vic & Kathy Super Fund A/C)	2,840,008	1.35
Tod James Mcelroy	2,800,000	1.33
Mrs Anna Vorontsova	2,745,709	1.30
Citicorp Nominees Pty Ltd	2,742,536	1.30
Christian Bruce Mcelroy	2,400,000	1.14
Mr Christopher Edward Gittens	1,697,071	0.80
Mr Allen Douglas Bowie	1,600,000	0.76
Bryan Welch Pty Ltd (Bryan Welch S/F A/C)	1,600,000	0.76
Total Top 20 shareholders	152,105,223	72.12
Total remaining shareholders	58,796,103	27.88
	210,901,326	100.00

7.5 Share Price Performance

PanTerra's share price movements (in A\$) for the 12 months to August 2019 together with volumes traded are presented in the graph below:



PanTerra's share price on 18 July 2019 (the date of the announcement of the Buy-Back) was A\$0.025 and its share price on 26 July 2019 (the date of the announcement of the Buy-Back price) was A\$0.028.

The following facts are worthy of note:

- During the 12 months up to the announcement of the Buy-Back price (26 July 2019), the PanTerra closing share price fluctuated from a low of A\$0.014 to a high of A\$0.04.
- Following the announcement on 26 July 2019, the Company's closing share price ranged from A\$0.026 to A\$0.035. The price as at the date of this Report is A\$0.027.

7.6 Financial Performance

Extracts of the Company's reviewed consolidated financial results for the half-year ended 30 June 2019 and audited consolidated financial results for the year ended 31 December 2018 are set out below:

	Reviewed Half-year to 30 June 2019 US\$	Audited Year to 31 Dec 2018 US\$ Restated
<i>Revenue</i>		
Net sales	21,036,194	55,486,648
Interest received	12,793	21,974
Net gain/(loss) on adjustment to carrying amount of financial liability	682,384	(840,012)
Foreign currency gain	51,917	-
Insurance claim received	-	111,312
Other	13,257	1,706
Total revenue	21,796,545	54,781,628
<i>Cost of sales</i>		
Cost of sales	12,639,025	30,902,545
Royalties	671,245	1,991,053
Total cost of sales	13,310,270	32,893,598
Gross profit	8,486,275	21,888,030
<i>Indirect costs</i>		
Insurance	321,982	797,767
ASX/ASIC fees	29,628	51,032
Directors' fees	249,131	529,106
Legal and professional fees	136,319	347,952
Employee expenses	465,501	1,170,693
Occupancy expenses	41,431	124,290
Other overheads	97,657	920,700
Project costs	318,895	346,453
Impairment – exploration costs	-	11,776,780
Plant closure costs	4,670	-
Loss on investments	3,902	220,204
Government profit share	1,439,047	2,250,041
Foreign currency loss	-	100,884
Exploration expenses written off	-	450,556
	3,108,164	19,086,458
<i>Finance charges, depreciation and amortisation</i>		
Interest	1,611,050	2,173,316
Depreciation and amortisation	2,226,499	9,181,274
	3,837,549	11,354,590
Profit/(loss) before income tax	1,540,562	(8,553,018)
Income tax expense	-	-
Profit/(loss) after income tax	1,540,562	(8,553,018)

7.7 Financial Position

Extracts of the Company's reviewed consolidated financial position as at 30 June 2019 and audited consolidated financial position as at 31 December 2018 are set out below:

	Reviewed 30 June 2019 US\$	Audited 31 Dec 2018 US\$ Restated
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	8,889,452	7,777,792
Trade and other receivables	1,087,171	1,355,402
Prepayments and deposits	82,135	1,392,718
Inventories	2,475,097	1,987,411
Total Current Assets	12,533,855	12,513,323
<i>Non-Current Assets</i>		
<u>Las Lagunas project:</u>		
Property, plant and equipment	2,879,946	4,907,515
Development costs	5,043,133	5,217,501
Total costs – Las Lagunas project	7,923,079	10,125,016
Right of use assets	50,942	-
Deposits/bonds	1,000,000	1,000,000
Other financial assets	223,734	228,442
Total Non-Current Assets	9,197,755	11,353,459
TOTAL ASSETS	21,731,610	23,866,782
LIABILITIES		
<i>Current Liabilities</i>		
Trade, other payables and unearned income	6,017,421	8,955,721
Provisions	5,421,710	1,581,391
Lease liabilities	52,374	-
<u>Borrowings</u>		
ALCIP Capital loan facility	993,849	1,676,234
BanReservas project loan & line of credit	2,000,000	3,750,000
Shareholder loans	2,244,352	2,250,304
Total borrowings	5,238,201	7,676,538
Total Current Liabilities	16,729,706	18,213,650
<i>Non-Current Liabilities</i>		
Provisions	688,153	2,879,292
Total Non-Current Liabilities	688,153	2,879,292
TOTAL LIABILITIES	17,417,859	21,092,942
NET ASSETS	4,313,751	2,773,840
EQUITY		
Issued capital	79,754,021	79,754,021
Reserves	(2,465,217)	(2,464,566)
Accumulated losses	(72,975,053)	(74,515,615)
TOTAL EQUITY	4,313,751	2,773,840

7.8 Tax Losses

At 31 December 2018, the Group has estimated carried forward revenue losses of US\$32.8 million and carried forward capital losses of US\$3.2 million which have not been recognised as a deferred tax asset as there is uncertainty that future taxable profits will be available against which the losses can be utilised. This potential asset is not included in the statement of financial position in Section 7.7 of this Report.

8. VALUATION OF PANTERRA PRIOR TO THE BUY-BACK

8.1 Valuation Summary

HLB has assessed the fair market value of PanTerra prior to the Buy-Back to be US\$0.044 per share. This is based on our assessment of the fair market value on a minority interest basis prior to incorporating the effects of the Buy-Back.

In determining this amount, we assessed the fair market value of PanTerra after considering the various valuation methods, which are discussed in further detail at Section 8.2 of this Report.

8.2 Valuation Methodology

Methodologies commonly used for valuing assets and businesses are as follows:

8.2.1 Capitalisation of future maintainable earnings ("FME")

This method places a value on a business by estimating the likely future maintainable earnings, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

We do not consider this method to be appropriate for use in valuing PanTerra as it does not fit with PanTerra's profile.

8.2.2 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present values at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate. DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

We consider the DCF methodology to be appropriate to use in the valuation of the Las Lagunas Project which is a major part of the Company's assets, as the project has a history of cash flows and has a robust cash flow forecast in place.

8.2.3 Net asset value

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The *orderly realisation of assets method* estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The *liquidation method* is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Where wind up or liquidation of the entity is not being contemplated, these methods in their strictest form are generally not appropriate.

The *net assets on a going concern method* estimates the market values of the net assets of an entity but does not take into account any realisation costs.

The *net assets on a going concern method* is usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall net assets on a going concern basis.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

We believe this method is appropriate for use in valuing PanTerra.

8.2.4 Quoted Market Price Basis

Another valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security. We have considered this method as a comparison to the preferred method below (Section 8.3.2).

8.2.5 Methodology Adopted

We consider that the most appropriate methods for the valuation of PanTerra shares are the DCF method and the quoted market price basis. We have used the DCF method for the valuation of the Las Lagunas Project on a pre-financing basis and have incorporated this valuation in the Company's Statement of Financial Position. We have then assessed the valuation of the Company's other assets and liabilities using the net assets on a going concern method. We then assessed whether the quoted market price basis would provide a reasonable comparison to this method.

8.3 Valuation of PanTerra Shares

8.3.1 DCF method applied to the Las Lagunas Project, together with our valuation of other assets and liabilities (prior to incorporating the effects of the Buy-Back)

Our valuation of PanTerra is set out in our valuation calculations below. We have assessed the valuation of PanTerra prior to incorporating the effects of the Buy-Back and after incorporating certain valuation adjustments to the carrying value of the assets and liabilities of PanTerra as at 30 June 2019.

		Reviewed 30 June 2019	Valuation Low	Valuation Preferred	Valuation High
Statement of Financial Position	Note	US\$	US\$	US\$	US\$
<u>Las Lagunas Project CGU</u>					
<i>Current Assets</i>					
Trade and other receivables		1,087,171			
Prepayments and deposits		82,135			
Inventories		2,475,097			
		<u>3,644,403</u>			
<i>Non-Current Assets</i>					
Property, plant and equipment		2,879,946			
Development costs		5,043,133			
Right of use assets		50,942			
		<u>7,974,021</u>			
Total Assets		<u>11,618,424</u>			

		Reviewed 30 June 2019 US\$	Valuation Low US\$	Valuation Preferred US\$	Valuation High US\$
Statement of Financial Position	Note				
<i>Current Liabilities</i>					
Trade, other payables and unearned income		5,527,421			
Provisions		5,369,260			
Lease liabilities		52,374			
		10,949,055			
<i>Non-Current Liabilities</i>					
Provisions		646,120			
		646,120			
Total Liabilities		11,595,175			
Net Assets – Las Lagunas Project CGU	1	23,249	5,260,000	6,930,000	8,620,000
<u>Other Assets and Liabilities</u>					
<i>Current Assets</i>					
Cash and cash equivalents		8,889,452	8,889,452	8,889,452	8,889,452
		8,889,452	8,889,452	8,889,452	8,889,452
<i>Non-Current Assets</i>					
Deposits/bonds		1,000,000	1,000,000	1,000,000	1,000,000
Other financial assets		223,734	223,734	223,734	223,734
		1,223,734	1,223,734	1,223,734	1,223,734
Total Assets		10,113,186	10,113,186	10,113,186	10,113,186
Current Liabilities					
<i>Borrowings:</i>					
ALCIP Capital loan facility		993,849	993,849	993,849	993,849
BanReservas project loan & line of credit		2,000,000	2,000,000	2,000,000	2,000,000
Shareholder loans		2,244,352	2,244,352	2,244,352	2,244,352
Total borrowings - current		5,238,201	5,238,201	5,238,201	5,238,201
Trade, other payables and unearned income		490,000	490,000	490,000	490,000
Provisions		52,450	52,450	52,450	52,450
		5,780,651	5,780,651	5,780,651	5,780,651
<i>Non-Current Liabilities</i>					
Provisions		42,033	42,033	42,033	42,033
		42,033	42,033	42,033	42,033
Total Liabilities		5,822,684	5,822,684	5,822,684	5,822,684
Net Assets - Other		4,290,502	4,290,502	4,290,502	4,290,502
Total Net Assets		4,313,751	9,550,502	11,220,502	12,9210,502
Shares on issue		210,901,326	210,901,326	210,901,326	210,901,326

Statement of Financial Position	Note	Reviewed 30 June 2019	Valuation Low	Valuation Preferred	Valuation High
		US\$	US\$	US\$	US\$
Value per share			US\$0.045	US\$0.053	US\$0.061
Minority interest discount (%)	3		20%	17%	13%
Minority value per share (US\$)			US\$0.036	US\$0.044	US\$0.053
US\$/A\$ exchange rate			1.4796	1.4796	1.4796
Minority value per share (A\$)			A\$0.053	A\$0.065	A\$0.078

We have made the following adjustments to the net assets of PanTerra as at 30 June 2019 in determining our valuation. These adjustments relate to matters which have effect prior to the effects of the Buy-Back.

Valuation Adjustments above:

For the purposes of our valuation, we have assessed the carrying values of all assets and liabilities at 30 June 2019 and note the following:

1. Las Lagunas Project

The Las Lagunas Project has been treated as a Cash Generating Unit ("CGU") for the purposes of impairment testing in relation to the Company's financial reporting and for the purposes of our valuation. The carrying value of the Las Lagunas Project in the Company's Statement of Financial Position comprises development costs, mine buildings, mine plant and equipment, mine leasehold improvements, inventories, and other assets and liabilities directly related to the Project. We have undertaken a valuation of the Project as set out in Appendix 1 of this Report and have determined that certain valuation adjustments are required to be made to the carrying value of the net assets of the Project for the purposes of our Report. We have made certain assumptions in arriving at our valuation and have applied certain sensitivities to those assumptions to arrive at a range of values (high and low), together with a preferred valuation. Full details are contained in Appendix 1 of this Report.

We have not considered it necessary to commission a separate independent technical specialist report to value the Las Lagunas Project for the following reasons:

- (a) The Las Lagunas Project involves the reprocessing of high grade gold/silver refractory tailings from the Pueblo Viejo mine located approximately 105km to the north of Santo Domingo, the capital of the Dominican Republic in the Caribbean. The tailings were derived from open pit operations at the mine between 1992 and 1999, and are impounded in a purpose-built valley-catchment dam.

The tailings were originally generated through the processing of refractory ores by Rosario Dominicana S.A, a State owned mining corporation. The refractory nature and metallurgical complexity of the ore resulted in poor recoveries (<30%) of gold and silver when treated by the conventional carbon-in-leach/cyanidation process plant in place for oxide ore that had been mined earlier. This resulted in significant tonnages of refractory tailings with +3.5g/t gold being deposited in the Las Lagunas dam.

PanTerra Gold's subsidiary, EnviroGold (Las Lagunas) Limited, was successful in an international tender and signed a Contract with the Dominican State in 2004 granting it the right to reprocess the tailings under a profit sharing arrangement with the Government.

The Project involves the reclamation of the existing tailings by dredging, ultrafine grinding, concentration of gold bearing sulphides through flotation, followed by sulphide oxidation using the Albion process, prior to extraction of gold and silver utilising standard carbon-in-leach cyanidation.

- (b) The Company commissioned Cube Consulting, geological and mine engineering consultants, of Perth Western Australia ("Cube") to interrogate the resource block model created in August 2005 and to report the tonnes and grade of the material remaining within that block model on areas that were still to be mined. Cube also reported on material that was outside the original block model, which constituted material that was previously mined and stockpiled on top of the insitu tailings or fill material that had washed down from stockpiles onto areas that from earlier surveys were known to have been previously mined. Cube's reporting of the tonnes and grade of this material was carried out in accordance

with The Australian Code for Reporting of Exploration, Mineral Resources and Ore Reserves ("JORC").

- (c) At each six-monthly period thereafter, Cube has provided the Company with reports reconciling the amount that has been dredged and the tonnes and grade of material that remains. This information which was obtained for financial reporting purposes as at 31 December 2018 has been incorporated into the valuation model.
- (d) The Las Lagunas project will be completed in December 2019 after which the Albion/CIL process plant will be dismantled. The Company may either retain major plant items such as the oxygen plant and ultrafine grinding mill for incorporation in an Albion/CIL plant constructed for a future project, or sell the major items individually together with minor items. During November 2018, the Company arranged for an independent valuer, Black Canoe Consulting Services ("BCCS"), to undertake a review of probable salvage values of the Albion/CIL process plant. BCCS carried out a site inspection and produced a report setting out the value of the equipment based on a comparison of other similar items in the used equipment market or equipment recently sold. The report also considered such factors as economic obsolescence, functional obsolescence and physical deterioration. The report also included the value and costs associated with components to be scrapped, including non-salvageable fixed equipment, structural steel, plate, pipe and related materials.
- (e) The operations of the Las Lagunas Project are in a steady state in terms of gold and silver recoveries, operating costs and indirect costs. In addition, the other key inputs into the valuation model are inputs that are readily obtainable from external independent sources (such as the gold and silver prices).

We have taken the above matters into account in concluding that it is not necessary to commission a separate independent technical specialist report to value the Las Lagunas Project.

2. Other Assets and Liabilities

In separating the Company's assets and liabilities into CGUs, we have determined that other than the assets and liabilities pertaining to the Las Lagunas Project CGU, the remaining assets and liabilities of the Company do not relate to any specific CGU. These assets and liabilities have therefore been assessed from a valuation point of view based on what we believe to be their fair values. We make the following specific comments in relation to the major components of these other assets and liabilities:

(a) Cash and cash equivalents

We consider that the Company's cash balances to be surplus assets and not related to any specific CGU. As a result, cash balances have been valued at their carrying amounts.

(b) Deposits/bonds

This balance relates to an AES bond which is due to be refunded to the Company in 2020. The bond has been valued at its carrying amount.

(c) Other financial assets

The Company has an investment in an ASX listed company, Black Dragon Gold Corp. The Company's accounting policy is to state this investment at fair value through profit and loss. As a result, the fair value of this investment equates to its carrying value.

(d) Borrowings and other liabilities

All other liabilities, comprising borrowings and creditors and provisions not relating directly to the Las Lagunas Project have been stated at their carrying values.

3. Minority interest discount

The above values per share have been determined on a controlling interest basis. As previously discussed, we believe that the assessment of the value of a PanTerra share prior to the Buy-Back needs to be done on a minority interest basis. An appropriate premium for control range would be from 15% to 25%. A minority interest discount would be the inverse of a premium for control, therefore an appropriate minority interest discount would be in the range of 13% to 20% with a preferred discount of 17%.

Other matters:

1. We have not taken into account the potential income tax effect of the uplift in valuation of the Las Lagunas Project above due to the availability of income tax losses to offset any such uplift in value, as discussed in Section 7.8 of this Report.

2. As noted in Section 5.2 of this Report, the Company has submitted a formal claim to the Dominican Government for costs relating to its failure at the commencement of the project to provide a suitable site for constructing a dam for the storage of tailings from the Las Lagunas Albion/CIL plant after processing. The provision of the dam site was an obligation of the Government under the Special Contract with the Company's subsidiary, EnviroGold (Las Lagunas) Limited. The inability to construct a new storage dam resulted in the processed tailings having to be redeposited into the same storage facility from which they were mined, and also prohibited blending of the feed to the flotation circuit, which resulted in additional direct costs and inefficiencies in the operation of the plant. At the date of this Report, it is not possible to ascertain the likelihood of the success of this claim, and therefore for the purposes of this Report, we have not included any value for this potential asset.

8.3.2 Quoted Market Price Basis - Shares

To provide a comparison to our valuation of PanTerra in Section 8.3.1, we have also assessed the value of PanTerra on the quoted market price basis.

The quoted market value of a company's shares is reflective of its value on a minority interest basis. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

In order to provide a proper comparison to the fair market value of a PanTerra on a minority interest basis using the method explained in Section 8.3.1 of this Report, we have provided commentary below on the suitability of using quoted market prices as a basis for our valuation.

Minority interest value

A chart of the share price movements of PanTerra for the period 8 August 2018 to 26 July 2019 is included in Section 7.5 of this Report.

For the 12 months prior to the date of the announcement of the Buy-Back (26 July 2019), the PanTerra closing share price fluctuated from a low of \$A0.014 to a high of A\$0.04.

To provide further analysis of the market prices for a PanTerra share, we have also calculated the volume weighted average market price for 10, 30, 60 and 90 trading day periods prior to 26 July 2019 as follows:

	26 July 2019 A\$	10 Days \$A	30 Days A\$	60 Days A\$	90 Days A\$
Closing price	0.028				
Volume weighted average		0.038	0.035	0.035	0.030

For the quoted market price basis to be reliable there needs to be an adequately liquid and active market for the securities. We consider the following characteristics to be representative of a liquid and active or "deep" market:

- Regular trading in a company's securities;
- At least 50% of a company's securities are traded on an annual basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant and unexplained movements in the company's share price.

A company's shares should meet all of the above criteria to be considered as trading in a "deep" market, however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares determined on this basis cannot be considered relevant.

An analysis of the volume of trading in PanTerra shares for the 12 months prior to 26 July 2019 is set out below:

	Low A\$	High A\$	Cumulative Volume Traded No	As a % of issued capital as at 30 June 2019
10 days	0.029	0.040	594,537	0.28%
30 days	0.028	0.040	1,039,699	0.49%
60 days	0.028	0.040	1,334,394	0.63%
90 days	0.020	0.040	3,637,476	1.72%
180 days	0.020	0.040	10,173,210	4.82%
365 days	0.014	0.040	26,699,180	12.66%

This table indicates that the Company's shares display a low level of liquidity, with only 12.66% of the Company's issued capital at 30 June 2019 being traded in the 12 month period to 26 July 2019 and only 1.72% over the last 90 days. We do not consider this level of trading in the Company's shares to be sufficiently adequate and to otherwise meet the criteria in order for the trading in the Company's shares to be considered as "deep".

Notwithstanding our opinion that the quoted market price basis is not a reliable valuation basis for our assessment, for the purpose of comparison, in our opinion a range of values for PanTerra shares based on market pricing, after disregarding post-announcement pricing, is between A\$0.014 and A\$0.04 per share, with a preferred pricing at the midway point of A\$0.027 per share.

Control Premium

Share prices from share market trading do not reflect the market value for control of a company as they are in respect of minority interest holdings. Traditionally, the premiums required to obtain control of companies range between 15% and 25% of the minority interest values.

However, we have not considered applying a control premium to the quoted market prices above, as our valuation of a PanTerra share in Section 8.3.1 of this Report has been carried out on a minority interest basis.

8.3.3 Assessment on the Fair Market Value of a PanTerra Share

The results of the net asset and quoted market price valuations performed are summarised in the table below:

	Low US\$	Preferred US\$	High US\$
DCF method applied to the Las Lagunas Project, together with our valuation of other assets and liabilities (Section 8.3.1)	0.036	0.044	0.053
Quoted market price (Section 8.3.2)	0.014	0.027	0.04

As it is our opinion that the trading in PanTerra shares is illiquid, we believe the most appropriate method of valuation of PanTerra shares in accordance with RG 111 is the DCF method applied to the Las Lagunas Project, together with our valuation of other assets and liabilities on a net assets on a going concern method.

Based on the results above we consider the preferred value of a PanTerra share to be US\$0.044.

9. FAIR VALUE OF CONSIDERATION FOR THE BUY-BACK

The Consideration for the Buy-Back is A\$0.015 per share.

10. ASSESSMENT OF WHETHER THE BUY-BACK IS FAIR

RG 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer.

Set out in the table below is a comparison of our assessment of the fair market value of a PanTerra share prior to the Buy-Back on a minority interest basis with the fair value of the Consideration.

	Report Reference	Low \$	Preferred \$	High \$
Value of a PanTerra share pre-Buy-Back (US\$)	8.3.1	US\$0.036	US\$0.044	US\$0.053
Value of a PanTerra share pre-Buy-Back (A\$)	8.3.1	A\$0.053	A\$0.065	A\$0.078
Fair value of Consideration	9	A\$0.015	A\$0.015	A\$0.015

As the preferred value of a PanTerra share pre-Buy-Back on a minority basis is greater than the fair value of the Consideration, it is our opinion that the Buy-Back is **fair**.

11. CONSIDERATION WHETHER THE BUY-BACK IS REASONABLE

In accordance with RG 111, an offer can be reasonable even though it is not fair. In determining whether the Buy-Back is reasonable, we have also considered the advantages and disadvantages of the Buy-Back, as follows:

Advantages

- The Buy-Back is fair.
- The Buy-Back is being completed at a significant discount to the current quoted market price of the Company's shares.
- There will be a lesser number of shares on issue, consequently the ownership interest in the Company of each shareholder will increase.
- The Buy-Back will allow CAMIF and Argia to sell their shares in the near term, as is their intention, without an overhang in the market as they exit the Company's share register.

Disadvantages

- The opportunity for buying back shares is not available to all shareholders.
- The Buy-Back will result in a reduction in shareholders' funds.

We have considered the above factors. We consider that, on balance, the advantages of the Buy-Back outweigh the disadvantages. We are therefore of the view that the position of non-associated shareholders if the resolution giving rise to the Buy-Back is passed, would be more advantageous than if the resolution was not passed.

Accordingly, we are of the opinion that the Buy-Back is **reasonable** to the non-associated shareholders.

12. SOURCES OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Draft Notice of General Meeting and Explanatory Memorandum concerning the Buy-Back;
- PanTerra's reviewed financial report for the half-year ended 30 June 2019;
- PanTerra's audited financial report for the year ended 31 December 2018;
- Discussions with officers of PanTerra;
- Publicly available information;
- Share registry information; and
- ASX Announcements concerning the Buy-Back.

13. QUALIFICATIONS, DECLARATIONS AND CONSENTS

HLB, which is a wholly owned entity of HLB Mann Judd Chartered Accountants, is a Licensed Investment Adviser and holder of an Australian Financial Services Licence under the Act and its authorised representatives are qualified to provide this Report. The authorised representative of HLB responsible for this Report has not provided financial advice to PanTerra.

The author of this Report is Lucio Di Giallonardo. He is a Fellow of Chartered Accountants Australia and New Zealand, holds a Bachelor of Business, and has considerable experience in the

preparation of independent expert reports and valuations of business entities in a wide range of industry sectors.

Prior to accepting this engagement, HLB considered its independence with respect to PanTerra with reference to ASIC Regulatory Guide 112 and APES 225. In HLB's opinion, it is independent of PanTerra.

This Report has been prepared specifically for the shareholders of PanTerra. It is not intended that this Report be used for any other purpose other than to accompany the Notice of General Meeting to be sent to the PanTerra shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of the opinion as to whether or not the Buy-Back is fair and reasonable to the non-associated shareholders of PanTerra. HLB disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HLB has relied on and considered information believed, after due inquiry, to be reliable and accurate. HLB has no reason to believe that any information supplied to it was false or that any material information has been withheld.

HLB has evaluated the information provided to it by PanTerra and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially misstated or would not provide a reasonable basis for this Report. HLB has not, nor does it imply that it has, audited or in any way verified any of the information provided to it for the purposes of the preparation of this Report.

In accordance with the Corporations Act 2001, HLB provides the following information and disclosures:

- HLB will be paid its usual professional fee based on time involvement at normal professional rates, for the preparation of this Report. This fee, estimated not to exceed \$20,000 excluding GST, is not contingent on the conclusion, content or future use of this Report.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- HLB and its directors and associates do not have any interest in PanTerra.
- HLB and its directors and associates do not have any relationship with PanTerra or any associate of PanTerra, other than HLB Mann Judd being recently appointed as the Company's auditors.

Yours faithfully

HLB MANN JUDD CORPORATE (WA) PTY LTD

Licensed Investment Advisor (AFSL Licence number 250903)



L DI GIALLONARDO

Authorised Representative

APPENDIX 1

Valuation of the Las Lagunas Project**1. Background**

The Las Lagunas project involves the reprocessing of high grade gold/silver refractory tailings from the Pueblo Viejo mine located approximately 105km to the north of Santo Domingo, the capital of the Dominican Republic in the Caribbean. The tailings were derived from open pit operations at the mine between 1992 and 1999, and are impounded in a purpose-built valley-catchment dam.

The tailings were originally generated through the processing of refractory ores by Rosario Dominicana S.A, a State owned mining corporation. The refractory nature and metallurgical complexity of the ore resulted in poor recoveries (<30%) of gold and silver when treated by the conventional carbon-in-leach/cyanidation process plant in place for oxide ore that had been mined earlier. This resulted in significant tonnages of refractory tailings with +3.5g/t gold being deposited in the Las Lagunas dam.

PanTerra Gold's subsidiary, EnviroGold (Las Lagunas) Limited, was successful in an international tender and signed a Contract with the Dominican State in 2004 granting it the right to reprocess the tailings under a profit sharing arrangement with the Government.

The project involves the reclamation of the existing tailings by dredging, ultrafine grinding, concentration of gold bearing sulphides through flotation, followed by sulphide oxidation using the Albion process, prior to extraction of gold and silver utilising standard carbon-in-leach cyanidation.

The Company commissioned Cube Consulting, geological and mine engineering consultants, of Perth Western Australia ("Cube") to interrogate the resource block model created in August 2005 and to report the tonnes and grade of the material remaining within that block model on areas that were still to be mined. Cube also reported on material that was outside the original block model, which constituted material that was previously mined and stockpiled on top of the insitu tailings or fill material that had washed down from stockpiles onto areas that from earlier surveys were known to have been previously mined. Cube's reporting of the tonnes and grade of this material was carried out in accordance with The Australian Code for Reporting of Exploration, Mineral Resources and Ore Reserves ("JORC").

At each six-monthly period thereafter, Cube has provided the Company with reports reconciling the amount that has been dredged and the tonnes and grade of material that remains. This information which was obtained for financial reporting purposes as at 31 December 2018 has been incorporated into the valuation model.

The operations of the Las Lagunas Project are in a steady state in terms of gold and silver recoveries, operating costs and indirect costs. In addition, the other key inputs into the valuation model are inputs that are readily obtainable from external independent sources (such as the gold and silver prices).

2. Approach

In valuing the Las Lagunas Project, we have reviewed the Company's financial model which has been utilised in the past to assess the value of the Project and for impairment testing for financial reporting purposes. The financial model incorporates the following major statistics and assumptions (as at 1 July 2019):

Remaining project life (to December 2019)	6 months
Average gold grade	3.4 g/t
Average gold recovery	50.4%
Remaining project gold production	16,894 oz
Average gold price per oz (non-hedged)	US\$1,250
Average silver grade	37.9 g/t
Silver recovery	16%
Remaining project silver production	57,283 oz
Average silver price per oz (non-hedged)	US\$15
Discount rate	10%

We have not considered it necessary to commission a separate independent technical specialist report to value the Las Lagunas Project as we believe that the approach adopted above is appropriate in determining a valuation of the Las Lagunas Project for the purposes of our Report.

The following valuation methods have been adopted:

- We have adopted a set of cash flow forecasts for the period 1 July 2019 to the anticipated end of the Project's life (December 2019).

- We have performed a discounted cash flow calculation based on the anticipated cash flows at an appropriate discount rate to calculate the Net Present Value ("NPV") of the Project.

3. Cash Flows

The cash flows utilised in the NPV valuation (for the remaining life of the Project) are summarised as follows:

	US\$ (million)
Total revenue (net of refining costs)	22.3
Direct operating costs	(14.0)
Indirect operating costs	(0.4)
Government royalty	(0.8)
Government PUN	(2.9)
Salvage value of plant	4.8
Plant closure costs	(3.0)
Other	(0.6)
Total net cash flows (prior to financing)	5.4

These cash flows are based on the statistics and assumptions noted above. In addition, the following matters are also considered to be relevant to the valuation:

- Plant closure costs – we have reviewed management's calculations in relation to plant closure costs and have discussed how these calculations were derived. We are satisfied that these calculations are satisfactory for the purposes of our valuation.
- Salvage value of plant - the Las Lagunas project will be completed in December 2019 after which the Albion/CIL process plant will be dismantled. The Company may either retain major plant items such as the oxygen plant and ultrafine grinding mill for incorporation in an Albion/CIL plant constructed for a future project, or sell the major items individually together with minor items. During November 2018, the Company arranged for an independent valuer, Black Canoe Consulting Services ("BCCS"), to undertake a review of probable salvage values of the Albion/CIL process plant. BCCS carried out a site inspection and produced a report setting out the value of the equipment based on a comparison of other similar items in the used equipment market or equipment recently sold. The report also considered such factors as economic obsolescence, functional obsolescence and physical deterioration. The report also included the value and costs associated with components to be scrapped, including non-salvageable fixed equipment, structural steel, plate, pipe and related materials. We are satisfied that these costs are satisfactory for the purposes of our valuation.

4. Prices of Gold and Silver

As noted above, the valuation of the Las Lagunas Project has assumed the following prices for gold and silver:

Gold	US\$1,250/oz
Silver	US\$15/oz

We consider these assumptions to be reasonable for the purposes of our valuation, however due to the recent volatility in global markets which has seen the spot price of gold and silver increase significantly, we have applied a sensitivity factor to the remaining gold and silver production. The following tables set out the movement in gold and silver prices over the last 12 months up to 19 August 2019:

Gold prices:**Silver prices:**

Source: www.goldprice.org

We consider the above price assumptions to be reasonable for the purposes of our valuation, however we have applied certain sensitivities to these prices to determine a high, low and preferred valuation for the Las Lagunas Project.

5. Discount rate

The discount rate used in the above model to discount the future cash flows to present values is 10%. This discount rate has been based on the following:

- A risk free rate of return – typically based on a long-term government bond rate.
- A beta of the asset being valued, being the sensitivity of its returns to the returns generated by the market.
- The expected return on the market.
- A specific risk premium, reflecting factors not captured by the beta.

We consider the discount rate of 10% to be reasonable for the purposes of our valuation. This discount rate has been applied consistently to the Las Lagunas Project in the past, especially when assessing impairment for financial reporting purposes. Whilst we would normally consider conducting a sensitivity

analysis on this discount rate, given the project's short remaining life, the impact of the use of a discount rate would be immaterial.

6. NPV calculation

The NPV calculation of the value of the Las Lagunas Project using the above assumptions is US\$5.26m.

7. Sensitivity analysis

As the above valuation is highly sensitive to changes in certain key assumptions, we have considered it necessary to review the impact that these changes would have on our valuation. We consider that the most sensitive of the assumptions made above relate to the gold and silver prices. We have calculated the effect on our valuation using the following ranges:

- Gold price (per oz) US\$1,250 - US\$1,500
- Silver price (per oz) US\$15 – US\$16.50

The combination of the above sensitivities that result in high and low valuations is as follows:

- Low valuation Gold price of US\$1,250/oz and silver price of \$15/oz US\$5.26m
- High valuation Gold price of US\$1,500/oz and silver price of \$16.50/oz US\$8.62m

We consider the mid-point of the above ranges, namely a gold price of US\$1,375/oz and silver price of US\$15.75/oz, to be the basis for the preferred valuation of the Las Lagunas Project.

As a result, our preferred valuation of the Project is US\$6.93m.

8. Allocation of valuations (high, low and preferred) to components of the Project's assets

Our valuation of the Las Lagunas Project has been incorporated into the valuation of the CGU in Section 8.3.1 of this Report. In doing so, we have made an assessment of the net assets of the Company that are able to be allocated directly to the CGU.

APPENDIX 2***Glossary of Terms***

TERM	DEFINITION
Argia	Argia Investments LLC
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
CAMIF	Central American Mezzanine Infrastructure Fund LP
DCF	Discounted cash flows
Directors	Directors of PanTerra
EBIT	Earnings before Interest and Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
FME	Future maintainable earnings
HLB	HLB Mann Judd Corporate (WA) Pty Ltd
PanTerra or the Company	PanTerra Gold Limited
Notice of General Meeting	The Notice of General Meeting and Explanatory Memorandum for the meeting to be held on 25 October 2019
Buy-Back	The buy-back and then cancellation of a total of 15,759,677 PanTerra shares from CAMIF and Argia as outlined in Section 3 of this Report
Report	Independent expert's report prepared by HLB
Non-Associated Shareholders	Existing shareholders in PanTerra who are not associated with CAMIF and Argia

APPENDIX 3

FINANCIAL SERVICES GUIDE

Dated 30 August 2019

1. **HLB Mann Judd Corporate (WA) Pty Ltd**

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 (“HLB Mann Judd Corporate” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No. 250903**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks or bonds issued or proposed to be issued by a government.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General financial product advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

hlb.com.au

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 / AFSL 250903

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate or HLB Mann Judd (WA Partnership) may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("**FOS**"). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

PanTerra Gold Limited

ABN 48 008 031 034



PGI

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 11am (AEDT) Wednesday 23 October 2019.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a security holder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the security holder must sign.

Joint Holding: Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Panterra Gold Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Panterra Gold Limited to be held at Boardroom Pty Limited offices, Level 12, 225 George Street, Sydney NSW 2000 on Friday, 25 October 2019 at 11am (AEDT) and at any adjournment or postponement of that meeting.

Step 2

Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Selective Share Buy-Back - Central American Mezzanine Infrastructure Fund LP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Selective Share Buy-Back - Argia Investments LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

PGI

999999A



Computershare

