

ASX Announcement

PANTERRA GOLD LIMITED QUARTERLY REPORT TO 30 SEPTEMBER 2017

ABN: 48 008 031 034

Registered Office:

55 Kirkham Road
Bowral NSW 2576 Australia
PO Box 846
Bowral NSW 2576 Australia
T: 61 2 4861 1740
Email: admin@panterragold.com

Project Offices

DOMINICAN REPUBLIC
Calle Mayaguano No. 2
Los Cacicazgos,
Santo Domingo,
Distrito Nacional
T: +1 809 482 0876

CANADA
880 – 580 Hornby Street
Vancouver, BC, V6C 3B6
T: +1 604 806 0626



HIGHLIGHTS

LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

- Gold production for Quarter was 4.7% higher than previous Quarter, and sales revenue was maintained at the same level as the previous Quarter
- Operating costs of US\$737 per ounce Au equivalent for Quarter, a 7% increase on the previous Quarter
- Doré sales for Quarter were US\$13.1 million and operating costs were US\$7.9 million
- Operating profit for the project was US\$4.1 million for the Quarter, and US\$14.7 million for the Year to Date which is ahead of budget.

LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC**PRODUCTION**

| | September Quarter | Previous Quarter | Variance vs Previous Quarter | YTD |
|---------------------------------|-------------------|------------------|------------------------------|---------|
| Plant Throughput (t) | 158,664 | 168,486 | -5.8% | 504,282 |
| Average head grade (g/t) | | | | |
| Gold | 3.94 | 3.83 | 2.9% | 3.88 |
| Silver | 38.5 | 38.1 | 1.0% | 38.4 |
| Recovery (%) | | | | |
| Gold | 53.0 | 49.0 | 8.2% | 51.1 |
| Silver | 14.4 | 16.4 | -12.2% | 17.9 |
| Production (oz) | | | | |
| Gold | 10,630 | 10,157 | 4.7% | 32,124 |
| Silver | 28,056 | 33,956 | -17.4% | 111,522 |
| Sales (oz) | | | | |
| Gold | 10,464 | 10,379 | 0.8% | 32,359 |
| Silver | 25,045 | 38,270 | -34.6% | 111,247 |
| Sales (US\$m) | 13.1 | 13.2 | -0.7% | 40.8 |
| Sales (A\$m)* | 16.6 | 17.6 | -5.5% | 53.3 |

* Based on average exchange rate for the Quarter.

Gold production for the September 2017 Quarter was 4.7% higher than the previous Quarter, and doré sales decreased by 0.7% to US\$13.1 million.

OPERATING COSTS

| | September Quarter | | Previous Quarter | |
|--|-------------------|----------------------------------|------------------|----------------------------------|
| | US\$ ('000) | US\$/oz (Gold Equiv. Production) | US\$ ('000) | US\$/oz (Gold Equiv. Production) |
| Tailings Reclaim | 359 | 34 | 421 | 39 |
| Processing Consumables | 2,086 | 194 | 2,088 | 192 |
| Salaries | 1,672 | 155 | 1,449 | 133 |
| Grid Power | 1,715 | 159 | 1,494 | 137 |
| Processing Fuel | 53 | 5 | 48 | 4 |
| Spares, Repairs & Maintenance | 1,093 | 101 | 1,149 | 105 |
| Site & Camp Costs | 558 | 52 | 480 | 44 |
| Office Overheads | 231 | 21 | 228 | 21 |
| Insurance | 169 | 16 | 150 | 14 |
| TOTAL OPERATING COSTS (C1 Cash Costs) | 7,936 | 737 | 7,507 | 689 |

Notes: Gold equivalent production 11,009oz for the Quarter, based on 74oz silver equalling one ounce gold.

Total Operating Costs (C1 Cash Costs) of US\$7.9 million up 5.7% on previous Quarter.

Operating Costs of US\$737 per ounce Au equivalent production up 7.0% on previous Quarter.

PLANT THROUGHPUT

Average plant throughput of 12,205 tonnes per week was below the 13,439 tonnes per week target for 2017. Throughput was impacted by two hurricanes that went through the region during the period. The plant was shut down for 38 hours as a precaution when Hurricane Irma passed through, and throughput rates were reduced with only a skeleton staff on-site when Hurricane José passed the island the following week. No damage to the plant was sustained from either hurricane.

CASH BALANCE

Available Group funds as at 30 September 2017 were US\$3.7 million (A\$4.7 million).

An additional US\$1.0 million is on deposit with the project's power supplier as a performance bond, and US\$1.0 million is in an escrow account with CAMIF 1. Both amounts should be returned to the Company on completion of the Las Lagunas project.

FINANCE**PROJECT LOAN – LAS LAGUNAS**

The outstanding secured project loan from ALCIP Capital LLC ("ALCIP") as at 30 September 2017 was US\$3,760,558 which is being reduced by US\$752,112 per quarter, with the final payment scheduled for 31 December 2018.

REDEEMABLE PREFERENCE SHARES

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

The Company has redeemed US\$3.5 million of the RPS with the balance to be redeemed in accordance with the following schedule:

| | US\$ |
|-------------------|------------------|
| 31 December 2017 | 1,300,000 |
| 31 March 2018 | 1,300,000 |
| 30 June 2018 | 1,300,000 |
| 30 September 2018 | 1,300,000 |
| 31 December 2018 | <u>1,300,000</u> |
| | <u>6,500,000</u> |

BANRESERVAS

Dominican Government-owned BanReservas has provided US\$7.5 million of unsecured loans to the Las Lagunas project, of which US\$1.0 million was repaid during the Quarter.

These loans are subordinated to ALCIP but provision has been made in a Variation to the Facilities Agreement to repay the balance of the loan in accordance with the following schedule:

| | US\$ |
|-----------------|-------------|
| 20 January 2018 | 1,250,000 |
| 20 July 2018 | 1,500,000 |
| 20 January 2019 | 1,750,000 |
| 15 July 2019 | 2,000,000 |

SHAREHOLDER LOANS

Certain Shareholders have provided loans totalling A\$3.2 million to PanTerra Gold Limited.

These unsecured loans are subordinated to the Las Lagunas project loan from ALCIP which has prohibited repayment before 15 July 2019.

HEDGING

The Company has negotiated a hedging agreement with MKS (Switzerland) S.A., which is the parent company of PanTerra Gold's refiner, Produits Artistiques Metaux Precieux (PAMP).

The spot price for the quarter opened at ~US\$1,229 per ounce and finished at ~US\$1,283 per ounce, with a period high of ~US\$1,346 on 8 September 2017.

The hedge commitment at the end of the quarter was 17,232oz at an average price of US\$1,257 per ounce, with 8,390oz delivered into the hedge over the period.

A total of 1,465oz were also sold into the spot market during the quarter to take advantage of higher prices when possible.

BUSINESS DEVELOPMENT

- Negotiations with the Dominican Government to establish a precious metals processing facility on completion of the Las Lagunas project in Q3 2019 utilising the existing Albion/CIL plant, have been suspended pending approval from the holder of the concession on which the plant is located, to leave it in place for up to 15 years. Advice in this regard has not yet been received.
- Pursuing potential source of refractory concentrate for processing at the proposed facility.
- Recently appointed Business Development Manager in China is reviewing opportunities for the application of the Albion oxidation process.