



ASX Announcement

PanTerra Gold Limited

LAS LAGUNAS PROJECT TO PURSUE DAMAGES CLAIM

ASX: PGI

PanTerra Gold Limited (ASX: PGI) (“PanTerra Gold” or the “Company”), advises that its subsidiary, EnviroGold (Las Lagunas) Limited (“EVGLL”) has informed the Dominican Government that it has a potential claim under the Special Contract for the Evaluation, Exploitation and Profit from the Las Lagunas Tailings Dam (“Special Contract”).

The basis of the claim is that the Government failed to meet its contractual obligation to provide a suitable dam site for the storage of reprocessed tailings.

As a result, EVGLL was required to replace the reprocessed tailings behind the Las Lagunas dam from where they had been dredged prior to processing. This involved the dredging of voids in the original deposit which were later refilled behind rock bund walls which had to be constructed to avoid contamination of gold bearing sulphide material with the processed oxide slurry being stored.

Apart from the cost of rock walls and material double-handling, this dredging method did not permit blending of the highly variable in situ tailings before processing, resulting in reduced performance of the flotation and Albion oxidation circuits of the processing plant, and reduced gold recoveries.

The Government has not reacted to the communication delivered by EVGLL concerning the potential claim of US\$25 million and the accompanying report detailing its basis.

EVGLL has instructed its legal counsel to submit a formal notification of a Dispute as defined in the Special Contract to the Minister for Energy and Mines, which if not settled by negotiation will proceed to arbitration in Washington DC under the Additional Facility Rules of the International Centre for the Settlement of Investment Disputes between States and Nationals.

Progress on this matter will be advised to the ASX as appropriate.

End

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