

ASX Announcement

PANTERRA GOLD LIMITED QUARTERLY REPORT TO 30 JUNE 2017

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HIGHLIGHTS

LAS LAGUNAS GOLD/SILVER PROJECT, DOMINICAN REPUBLIC

- **Gold production for Quarter was 10.4% lower than previous Quarter, and sales revenue decreased by 8.8% due primarily to plant shut downs in June for planned maintenance**
- **Operating costs of US\$689 per ounce Au equivalent for Quarter, were maintained at the same level as the previous Quarter**
- **Doré sales for Quarter were US\$13.2 million and operating costs were US\$7.5 million**
- **Operating profit for the project was US\$4.6 million for the Quarter and US\$10.8 million for the Half Year, which were both ahead of budget**

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

	June Quarter	Previous Quarter	Variance vs Previous Quarter	YTD
Plant Throughput (t)	168,486	177,131	-4.9%	345,617
Average head grade (g/t)				
Gold	3.83	3.88	-1.3%	3.84
Silver	38.1	38.6	-1.3%	38.4
Recovery (%)				
Gold	49.0	51.5	-4.9%	50.1
Silver	16.4	22.5	-27.1%	19.7
Production (oz)				
Gold	10,157	11,337	-10.4%	21,494
Silver	33,956	49,510	-31.4%	83,467
Sales (oz)				
Gold	10,379	11,516	-9.9%	21,895
Silver	38,270	47,932	-20.2%	86,202
Sales (US\$m)	13.2	14.5	-8.8%	27.7
Sales (A\$m)*	17.6	19.1	-7.9%	36.7

* Based on average exchange rate for the Quarter.

Gold production for the June 2017 Quarter was 10.4% lower than the previous Quarter, and doré sales decreased by 8.8% to US\$13.2 million.

OPERATING COSTS

	June Quarter		Previous Quarter	
	US\$ ('000)	US\$/oz (Gold Equiv. Production)	US\$ ('000)	US\$/oz (Gold Equiv. Production)
Tailings Reclaim	421	39	315	26
Processing Consumables	2,088	192	2,444	201
Salaries	1,449	133	1,506	124
Grid Power	1,494	137	1,733	142
Processing Fuel	48	4	104	9
Spares, Repairs & Maintenance	1,149	105	1,361	112
Site & Camp Costs	480	44	565	46
Office Overheads	228	21	233	20
Insurance	150	14	139	11
TOTAL OPERATING COSTS (C1 Cash Costs)	7,507	689	8,400	691

Notes: Gold equivalent production 10,896oz for the Quarter, based on 74oz silver equalling one ounce gold.

Total Operating Costs (C1 Cash Costs) of US\$7.5 million down 10.6% on previous Quarter.

Operating Costs of US\$689 per ounce Au equivalent production down 0.3% on previous Quarter.

PLANT THROUGHPUT

Average plant throughput of 12,960 tonnes per week was below the 13,439 tonnes per week target for 2017.

CASH BALANCE

Available Group funds as at 30 June 2017 were US\$5.2 million (A\$6.8 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 June 2017 was US\$4,512,670 which is being reduced by US\$752,112 per quarter, with the final payment scheduled for 31 December 2018, and may be paid out six months ahead of schedule without penalty.

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\$2.8 million of the RPS with the balance to be redeemed in accordance with the following schedule:

	US\$
30 September 2017	700,000
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>7,200,000</u>

BANRESERVAS

Dominican Government-owned BanReservas has provided US\$7.5 million of unsecured loans to the Las Lagunas project. These loans are subordinated to ALCIP but provision has been made in a Variation to the Facilities Agreement to repay the Bank in accordance with the following schedule:

	US\$
20 July 2017	1,000,000
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\$1,247 per ounce and finished at ~US\$1,242 per ounce, with a period high of ~US\$1,293 on 6 June 2017.

The hedge commitment at the end of the quarter was 20,832oz at an average price of US\$1,230per ounce, with 8,724oz delivered into the hedge over the period.

A total of 1,315oz 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 is expected in August 2017.
- Actively pursuing opportunities to source suitable refractory concentrate for blending and for processing at the proposed Facility.
- Negotiations progressing on possible participation in development of 50,000tpa Albion/CIL process plant in China.