20 May 2020

ASX Announcement

PanTerra Gold Limited

ASX: PGI

PANTERRA GOLD TO ENTER INTO JOINT VENTURE TO DEVELOP THE LA DEMAJAGUA GOLD/SILVER DEPOSIT IN CUBA

PanTerra Gold Limited **(ASX: PGI)** (**PanTerra Gold** or **Company**) is pleased to advise that the Cuban Government has approved the proposed Joint Venture between its mining company, Geo Minera SA ("GMSA") and PanTerra Gold Investments Limited ("PGIL") to develop GMSA's La Demajagua refractory gold/silver deposit on the Isle of Youth in SW Cuba. PGIL is a Cayman Islands registered wholly owned subsidiary of the Company.

The development will be undertaken by a Cuban registered company, Minera La Victoria SA ("MLV") in which a GMSA subsidiary will hold a 51% shareholding, and PGIL 49%.
The incorporation of MLV and registration of the Joint Venture Agreement is expected to occur by 30 June 2020.

Subject to the success of feasibility studies, MLV intends to develop an open pit mine to produce approximately 60,000 tpa of concentrate expected to grade around 47g/t Au and 380g/t Ag based on historical metallurgical test work. PanTerra Gold's mining consultants have completed a detailed review of the 55,000 m of drilling at La Demajagua which was primarily undertaken by Canadian exploration companies but not to JORC standards, and as a result their estimated resource cannot be reported to ASX.

The mine life for the open pit operation is expected to be approximately six years, and this could be followed by an underground operation for a further ten years.

The consultants have recommended a 5,000m drilling program during the Pre-feasibility Study ("PFS") to establish a JORC Inferred Resource and preliminary mine plan, followed by a 20,000m program during the Definitive Feasibility Study ("DFS") which should improve the resource category, and permit the finalisation of the mine design.

As soon as the Covid-19 pandemic permits, MLV will commence the PFS at an anticipated cost of US$1.2 million over a 10 to 12 month period. Funding for the PFS will be provided by PGIL as part of its equity contribution to MLV.

Over a two-year period, PGIL will contribute a total of US$6.0 million for the two studies and subject to a development decision, will subscribe a further US$7.0 million of equity in MLV to establish its 49% shareholding. The US$7.0 million will be spent on infrastructure associated with the mine development.

GMSA's subsidiary will be credited with US$13.5 million of share capital in MLV (51%) for the transfer to MLV of GMSA's mining concession for the open pit operation.

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The PFS will determine whether MLV's best option is to sell the concentrate it produces, or to process it on site through an Albion/CIL process plant to produce dore for refining. PanTerra Gold has completed a Preliminary Economic Assessment ("PEA") for both options.

Total development costs for the Concentrate Option have been assessed at approximately US$60 million including the cost of feasibility studies, infrastructure, mine design and development, and interest during construction, and the resultant financial model is quite robust. The cost of this development concept will be much easier to fund while US sanctions remain against financial institutions supporting projects in Cuba.

The development costs for the Dore Option have been assessed at US$130 million which would be more difficult to finance but both options will be studied to assess comparative returns.

Financing is likely to be sourced from a combination of cash reserves, equipment supplier credit, loans, future share issues by PanTerra Gold Limited, or by PGIL to partners or strategic investors.

This announcement has been authorised for release by the Board of PanTerra Gold Limited.

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