



ASX Announcement

ASX: PGI

PanTerra Gold Limited

Appendix 4E Unaudited Preliminary Final Report

REPORTING PERIOD:

Current period: Year ended 31 December 2019

Previous Period: Year ended 31 December 2018

Expressed in United States dollars unless otherwise stated

RESULTS FOR ANNOUNCEMENT TO THE MARKET:

	Consolidated Year ended US\$ 31 Dec 2019	Consolidated Year ended US\$ 31 Dec 2018 *Restated	Percentage increase/ (decrease)
Revenues from ordinary activities	43,914,603	55,508,622	(20.9%)
Profit/(Loss) from ordinary activities after tax attributable to the owners of PanTerra Gold Limited	5,131,098	(9,146,905)	156.1%
Net Profit/(Loss) for the year attributable to the owners of PanTerra Gold Limited	5,128,679	(8,934,151)	157.4%
EBITDA	12,066,266	13,984,465	(13.7%)
NET TANGIBLE ASSETS			
Net tangible assets per ordinary share	0.012	(0.014)	185.7%
EARNINGS PER SHARE			
Basic profit / (loss) cents per share	2.46	(6.58)	137.4%
Diluted profit / (loss) cents per share	2.46	(6.58)	137.4%

*Certain amounts shown here do not correspond to the 31 December 2018 financial statements and reflect adjustments made – refer to Note 24 of the 31 December 2019 Unaudited Preliminary Financial Statements.

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ABBREVIATED EXPLANATION OF RESULTS:**CONSOLIDATED CASH POSITION**

Available Group funds as at 31 December 2019 were US\$6.9 million (A\$9.9 million).

US\$5.5 million (A\$7.9 million) of receipts from deferred gold sales was banked in January 2020 and added to available funds.

An additional US\$1.0 million (A\$1.4 million) on deposit with the project's power supplier as a performance bond was returned to the Company in early February 2020.

LAS LAGUNAS PROJECT**PRODUCTION**

2019	Plant Feed	Grade	Recovery	Production
	(t)	(g/t Au)	(%)	(oz Au)
Q1	94,579	4.05	55.8	6,863
Q2	149,585	3.53	53.5	9,083
Q3	176,511	3.25	49.4	9,092
Q4	153,998	3.2	50.5	8,004

Production from the project is now complete with final feed being delivered to the plant on 28 December 2019. All the tailings which could be recovered from the Las Lagunas dam have been processed.

DISMANTLING OF PLANT AND SITE REHABILITATION

Dismantling of the Albion/CIL process commenced in January 2020 with saleable items to be stored on site prior to disposal. Cost of the dismantling, project closure, and ongoing administration in the Dominican Republic for 2020 is estimated at approximately US\$2.5 million.

It is expected that these costs and an estimated US\$300,000 to be spent during 2020 on removal of concrete foundations and general site remediation, will be offset by plant and equipment sales.

DISPUTES WITH DOMINICAN GOVERNMENT

The Company's rights and obligations in relation to the Las Lagunas Project are governed by the "Special Contract" it signed with the Dominican Government.

As outlined below, a number of disputes with the Government will be submitted in the near future for arbitration under the rules of the International Centre for Settlement of Investment Disputes (ICSID) in Washington DC.

The London office of Swiss law firm, Lalive, has been retained to submit the application to ICSID for arbitration. Lalive specialises in, and has extensive experience handling disputes between investors and State entities.

Tailings Dam Site

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 depositing of tailings from the Las Lagunas Albion/CIL plant after re-processing. The provision of the dam site was an obligation of the Government under the Special Contract.

The inability of EVGLL to construct a new storage dam resulted in the re-processed tailings having to be deposited back 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.

The Claim, which has been rejected by the Government, was prepared by independent consultants and will be submitted for arbitration.

The Claim for costs to 30 June 2019 amounted to US\$16,551,290. A further US\$400,000 of related costs were incurred to the end of operations in December 2019 and will be added to the Claim.

Additionally, an estimated US\$700,000 will be spent by June 2020 sluicing stacked reprocessed tailings back behind the Las Lagunas dam wall to improve the stability of the internal rock retaining walls that were constructed to allow deposition after processing. This amount will be also added to the Claim which will ultimately total approximately US\$18 million plus costs.

Taxation Matters

Despite very clear documentation in the Special Contract that EVGLL will benefit from an "exemption from any type of tax, fee, duty, national or municipal", the Dominican Government has repeatedly submitted assessments to EVGLL for 'asset tax' and 'income tax', which have had to be defended in the Courts.

As advised to the ASX on 17 December 2019 the Supreme Court of the Dominican Republic has ruled in favour of EVGLL's interpretation of the Special Contract.

The Government has recently decided to challenge the Supreme Court decision in the Constitutional Court. EVGLL's legal counsel has advised that such challenge is highly unlikely to succeed as it was a condition precedent to the validity of the Special Contract providing exemptions on taxation, that such exemptions be approved by Congress in the Dominican

Republic within 90 days of the signing of the Special Contract. The Special Contract was approved by the Dominican Congress as required, and officially gazetted on 5 August 2004.

Resolution of this dispute will be included as a subject matter for arbitration.

EVGLL also disputes the Governments' interpretation of the Special Contract that its share of cash flow after recovery of the project investment ("PUN") and Royalties payable to the Government are taxes and as such interest and penalties should apply under the Tax Code for any late payments even in the event of delays in payments occasioned by disagreement and resolution of applicable amounts.

EVGLL will seek declaratory relief with regards to this matter in the application for arbitration and will also seek to recover approximately US\$500,000 of legal costs incurred defending its position against tax assessments, and US\$350,000 levied as penalties and interest for late payments of royalties in 2015 and 2016.

Share of Cash Flow (PUN)

The Dominican Government does not agree with the amount of PUN paid by EVGLL for 2018 and is likely to dispute the provision for 2019. As a consequence, this matter will probably be added to the matters to be arbitrated.

COST & TIMETABLE FOR ARBITRATION

Lalive has presented a detailed plan, timetable, and budget for the conduct of the arbitration which indicates that this cost will be in the order of US\$1.5 million spread over twenty four months, with a decision six months later.

FUTURE ACTIVITIES

LA DEMAJAGUA PROJECT CUBA

The Company was selected in October 2018 by the Cuban Government's mining company, GeoMinera S.A., as its proposed 49% joint venture partner for the development of their La Demajagua refractory gold deposit on the Isle of Youth in Southwest Cuba.

The joint venture company for undertaking the La Demajagua Project, Minera La Victoria SA ("MLV"), is expected to be incorporated in Cuba in late March or early April 2020 and the formal Joint Venture Agreement signed at the same time.

The first stage of the proposed project is planned as an open pit mining operation for a period of five to six years, followed by a second stage underground operation for around 10 years. The deposit has been extensively drilled (>50,000m) but will require further exploration of both the open pit and underground targets to define JORC compliant resources. Both stages will require successful Definitive Feasibility Studies to be undertaken prior to development.

MLV will proceed with a Pre-Feasibility Study ("PFS") over the next twelve months which will review the viability of developing an open pit mine to produce approximately 60,000tpa of refractory concentrate at a grade of around 45g/t Au. The concentrate could then be either treated through an Albion/CIL plant to produce doré containing approximately 80,000oz Au per year, or alternatively, exported to an overseas smelter for processing.

The Albion/CIL plant may be able to utilise major equipment from the Las Lagunas project in the Dominican Republic after refurbishment.

PanTerra Gold Technologies Pty Ltd (“PGT”) has completed a detailed Preliminary Economic Assessment (“PEA”) for the first stage of the project which has indicated the technical and commercial viability of producing doré.

The PFS will include a 5,000m drilling program to add to and confirm the previous exploration results and assist in the establishment of JORC resources, together with metallurgical test work to confirm applicability of the Albion process for oxidising the La Demajagua arsenopyrite ore.

The US\$1.0 million cost of the PFS will be provided by the PanTerra Gold Group as part of its equity contribution for the Project.

KUNLUN PROJECT, CHINA

A major Chinese gold mining company is showing interest in the application of the Albion process for oxidising refractory concentrate, particularly when sourced from arsenopyrite ore.

Following an invitation from the mining company, PGT negotiated the terms of a non-binding Memorandum of Understanding (“MOU”) setting out in detail the mutual intent of the parties to conduct a feasibility study prior to the joint construction of a 75,000 tpa Albion/CIL plant near Kunlun in NW China.

The concept established in the MOU was for the plant to process arsenopyrite concentrate with a grade of approximately 36g/t Au purchased from the mining company, with the aim of producing 80,000oz gold per year for a minimum of 15 years. This MOU was signed by both parties in May 2019.

In November 2019, senior technical staff of the mining company visited the Ararat Albion/CIL plant in Armenia in the company of representatives of PGT and Glencore Technology which holds the Albion Oxidation Process patents.

The visit was aimed at confirming the 95% to 97% recovery of gold from the refractory concentrate being processed at the Armenian plant, and reviewing the neutralisation of arsenic in the plant tailings.

PGT has tested the Kunlun concentrate and achieved a 95% gold recovery.

Following the successful visit, PGT was requested by the mining company to revise the Preliminary Economic Assessment (PEA) for the proposed Kunlun project to increase plant capacity to 100,000 tpa with a targeted production of 110,000 oz Au per year.

This has been completed and recently submitted to the company for their review prior to them determining if they and PGT should proceed with a Definitive Feasibility Study (DFS) for the project.

PGT has an agreement with Glencore Technology which grants PGT exclusive rights to utilise the Albion technology in China for a minimum period of 10 years from 2017, and the Kunlun project could prove to be the cornerstone for a viable business opportunity in China.

POTENTIAL OF ALBION/CIL PROCESS

Despite the disappointing financial performance of the Las Lagunas project, due primarily to the poor gold recovery from the low-grade (10g/t Au) metallurgically complex concentrate that could be produced from the refractory tailings, the Company is confident that a clean concentrate from mined sulphide ore will normally have a gold grade in excess of 40g/t with the potential for +90% recovery, as is occurring at the Ararat project in Armenia.

PanTerra Gold has accumulated significant intellectual property in relation to the utilisation of the Albion oxidation process and will continue with its objective of establishing a profitable business based on extraction of precious metals from refractory ores.

OTHER PROSPECTS

As the Company's only commitment for project expenditure in 2020 is currently the La Demajagua PFS, it is reviewing several investment opportunities in mining prospects that could lead to near term operations and cash flows.

DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

During the year no subsidiaries were established or sold. PanTerra Gold (Peru) S.A. was liquidated on 4 February 2019.

DIVIDENDS

No dividends were declared or paid for the year ended 31 December 2019 (2018:\$Nil).

STATUS OF AUDIT

The financial statements are unaudited and are currently in the process of being audited by HLB Mann Judd. It is expected that the audit opinion when completed will contain an emphasis of matter in relation to going concern, as the future of the Company in 2020 will be dependent on establishing new projects following completion of the Las Lagunas operations in December 2019, and on the nett amount received from the orderly liquidation of various items of plant and equipment from this project, or credited as equity by their transfer to a new project, and the amount that may be received from the Tailing Dam Claim against the Dominican Republic Government.

OTHER INFORMATION REQUIRED BY LISTING RULE 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the accompanying Preliminary Financial Statements.

End

PANTERRA GOLD LIMITED

ABN: 48 008 031 034

UNAUDITED PRELIMINARY FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 DECEMBER 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019	Year ended 31 December 2018 *Restated
	Note	US\$	US\$
Revenue	2	43,914,603	55,508,622
Other Income	3	13,952	(726,994)
Changes in inventories		1,864,773	(484,193)
Mining and mill feed costs		(1,744,026)	(1,623,799)
Consumables		(7,550,556)	(8,599,294)
Grid power		(6,660,291)	(7,620,093)
Equipment spares and maintenance		(3,343,669)	(3,980,594)
Written off spares		202,526	(1,523,427)
Direct labour costs		(5,138,288)	(5,382,055)
Site and camp costs		(1,625,531)	(1,689,090)
Royalties		(1,459,810)	(1,991,053)
Employee benefits – other than direct	4	(835,696)	(1,170,693)
Insurance costs		(426,197)	(803,967)
Occupancy costs		(76,135)	(118,090)
Legal and professional costs		(354,708)	(347,952)
Exploration and evaluation activities		(395,303)	(450,556)
Depreciation and amortisation expense	15 & 17	(5,256,122)	(9,181,274)
Depreciation – right of use assets	16	(48,370)	-
Finance costs	6	(1,630,677)	(2,173,316)
Impairment	5	-	(11,776,780)
Foreign exchange gain / (loss)		39,452	(100,884)
Loss on Investments		(19,921)	(220,204)
Government share of cash flow (PUN)	7	(3,151,110)	(2,843,928)
Other expenses		(1,187,798)	(1,847,291)
Profit / (Loss) before income tax expense		5,131,098	(9,146,905)
Income tax expense	8	-	-
Profit / (Loss) after income tax		5,131,098	(9,146,905)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation movement (net of income tax)		(2,419)	212,754
Total other comprehensive income net of tax for the year		(2,419)	212,754
Total comprehensive income for the year		5,128,679	(8,934,151)
Attributable to:			
Owners of the Parent Entity		5,128,679	(8,934,151)
Total comprehensive income for the year		5,128,679	(8,934,151)

Earnings / (Loss) per share for the year attributable to the members of PanTerra Gold Ltd

	Cents	Cents *Restated
Basic earnings / (loss) per share (cents per share)	2.46	(6.58)
Diluted earnings / (loss) per share (cents per share)	2.46	(6.58)

*Certain amounts shown here do not correspond to the 2018 financial statements and reflect adjustments made – refer to Note 24

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		2019	2018
	Note	US\$	*Restated US\$
CURRENT ASSETS			
Cash and cash equivalents	9	6,904,666	7,777,792
Trade and other receivables	10	119,186	1,355,402
Prepayments and deposits	11	1,195,726	1,392,718
Inventories	12	2,543,305	1,987,411
TOTAL CURRENT ASSETS		10,762,883	12,513,323
NON-CURRENT ASSETS			
Other financial assets	14	-	1,000,000
Property, plant and equipment	15	12,148	4,907,515
Right-of-use assets	16	47,383	-
Intangible assets	17	4,856,746	5,217,501
Investments	18	205,154	228,443
TOTAL NON-CURRENT ASSETS		5,121,431	11,353,459
TOTAL ASSETS		15,884,314	23,866,782
CURRENT LIABILITIES			
Trade and other payables	19	1,373,729	6,705,680
Provisions	20	7,316,008	4,425,319
Borrowings	21	-	7,676,538
Lease liabilities	16	35,102	-
TOTAL CURRENT LIABILITIES		8,724,839	18,807,537
NON-CURRENT LIABILITIES			
Provisions	22	-	2,879,292
Lease liabilities	16	14,641	-
TOTAL NON-CURRENT LIABILITIES		14,641	2,879,292
TOTAL LIABILITIES		8,739,480	21,686,829
NET ASSETS		7,144,834	2,179,953
EQUITY			
Contributed equity	23	79,590,223	79,754,021
Reserves		(2,466,985)	(2,464,566)
Accumulated losses		(69,978,404)	(75,109,502)
TOTAL EQUITY		7,144,834	2,179,953

*Certain amounts shown here do not correspond to the 2018 financial statements and reflect adjustments made – refer to Note 24

The above consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Ordinary Shares US\$	Equity Reserve US\$	Options Reserve US\$	Performance Rights Reserve US\$	Foreign Currency Translation Reserve US\$	Accumulated Losses US\$	Total US\$
Balance as at 1 January 2018	78,406,299	(11,773,880)	3,920,449	1,378,768	3,789,148	(64,085,762)	11,635,022
Adjustments on correction of errors (Note 24)	-	-	-	-	-	(1,876,835)	(1,876,835)
At 1 January 2018 (restated*)	78,406,299	(11,773,880)	3,920,449	1,378,768	3,789,148	(65,962,597)	9,758,187
Loss for the year	-	-	-	-	-	(8,915,516)	(8,915,516)
Adjustments on correction of errors (Note 24)	-	-	-	-	-	(231,389)	(231,389)
Restated loss for the year	-	-	-	-	-	(9,146,905)	(9,146,905)
Other comprehensive income	-	-	-	-	212,754	-	212,754
Total comprehensive income for the year (restated*)	-	-	-	-	212,754	(9,146,905)	(8,934,151)
Transactions with owners in their capacity as owners:							
Shares issued	1,458,102	-	-	-	-	-	1,458,102
Transaction costs on share issue	(110,380)	-	-	-	-	-	(110,380)
Share based payment	-	-	-	8,195	-	-	8,195
Balance as at 31 December 2018 (restated*)	79,754,021	(11,773,880)	3,920,449	1,386,963	4,001,902	(75,109,502)	2,179,953

*Certain amounts shown here do not correspond to the 2018 financial statements and reflect adjustments made – refer to Note 24

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Ordinary Shares US\$	Equity Reserve US\$	Options Reserve US\$	Performance Rights Reserve US\$	Foreign Currency Translation Reserve US\$	Accumulated Losses US\$	Total US\$
Balance as at 1 January 2019	79,754,021	(11,773,880)	3,920,449	1,386,963	4,001,902	(73,001,278)	4,288,177
Adjustments on correction of errors (Note 24)	-	-	-	-	-	(2,108,224)	(2,108,224)
Balance as at 1 January 2019 (restated*)	79,754,021	(11,773,880)	3,920,449	1,386,963	4,001,902	(75,109,502)	2,179,953
Profit for the year	-	-	-	-	-	5,131,098	5,131,098
Other comprehensive income	-	-	-	-	(2,419)	-	(2,419)
Total comprehensive income for the year	-	-	-	-	(2,419)	5,131,098	5,128,679
Transactions with owners in their capacity as owners:							
Shares cancelled	(163,798)	-	-	-	-	-	(163,798)
Balance as at 31 December 2019	79,590,223	(11,773,880)	3,920,449	1,386,963	3,999,483	(69,978,404)	7,144,834

*Certain amounts shown here do not correspond to the 2018 financial statements and reflect adjustments made – refer to Note 24

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019	Year ended 31 December 2018
Note	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	45,146,176	55,406,279
Receipts from insurance claims	-	230,993
Payments to suppliers and employees	(31,898,908)	(36,907,141)
Payments for projects, exploration and evaluation activities	(395,303)	(450,556)
Interest received	18,611	21,974
Interest paid	(5,689,660)	(4,675,257)
Payments of Government profit share	(2,843,928)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,336,987	13,626,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(389,039)
Proceeds from sale of property, plant and equipment	-	274
Receipts from redeemed term deposits	1,000,000	-
NET CASH USED IN INVESTING ACTIVITIES	1,000,000	(388,765)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,458,102
Payment of share issue costs	-	(110,380)
Payment for cancelled shares	23 (163,798)	-
Repayment of borrowings	(6,000,304)	(10,958,447)
Lease payments	16 (46,011)	-
NET CASH USED IN FINANCING ACTIVITIES	(6,210,113)	(9,610,725)
NET (DECREASE) / INCREASE IN CASH HELD	(873,126)	3,626,802
Cash at the beginning of the financial year	7,777,792	4,150,990
CASH AT THE END OF FINANCIAL YEAR	6,904,666	7,777,792

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the Consolidated Group consisting of PanTerra Gold Limited and its subsidiaries for the year ended 31 December 2019.

(a) Reporting Entity

PanTerra Gold Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity. The address of the Company's registered office is 55 Kirkham Road, Bowral, NSW, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" or "Consolidated Group" and individually as "Group Entities"). The financial report is presented in US dollars, which is the Consolidated Group's functional and presentational currency.

2. REVENUE

	2019 US\$	2018 US\$
Revenue from continuing operations		
<i>Sales revenue</i>		
Sales of gold	42,966,651	53,838,113
Sales of silver	1,403,929	2,054,766
Less: Refinery and freight costs	(523,992)	(406,231)
	<u>43,846,588</u>	<u>55,486,648</u>
<i>Other revenue</i>		
Interest received	68,015	21,974
	<u>43,914,603</u>	<u>55,508,622</u>

3. OTHER INCOME

	2019 US\$	2018 US\$
Net gain / (loss) on adjustment to carrying amount of financial liability	-	(840,012)
Proceeds from sale of scrap	13,952	1,432
Proceeds from sales of assets	-	274
Insurance claim received	-	111,312
	<u>13,952</u>	<u>(726,994)</u>

4. PROFIT / (LOSS) BEFORE TAX

Profit / (Loss) includes:

	2019 US\$	2018 US\$
Employee costs - salaries	771,272	1,043,551
Employee costs – superannuation	53,815	68,722
Employee costs – other	5,786	38,079
Payroll tax	4,823	12,146
Equity settled share-based payments	-	8,195
	<u>835,696</u>	<u>1,170,693</u>

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

5. IMPAIRMENT OF ASSETS

	2019 US\$	2018 US\$
Impairment		
Mine, buildings and plant	-	11,776,780
	<u>-</u>	<u>11,776,780</u>

6. FINANCE COSTS

	2019 US\$	2018 US\$
Interest on loan borrowings	1,624,199	1,261,481
Other borrowing costs	3,029	911,835
Lease interest	3,449	-
	<u>1,630,677</u>	<u>2,173,316</u>

7. GOVERNMENT SHARE OF CASH FLOW (PUN)

	2019 US\$	2018 (Restated) US\$
Net cumulative cash flow subject to PUN	12,604,439	11,375,711
PUN Payment @ 25%	<u>3,151,110</u>	<u>2,843,928</u>

8. INCOME TAX

Numerical reconciliation of income tax expense to prima facie tax payable

	2019 US\$	2018 (Restated) US\$
Profit/(loss) before income tax	5,131,078	(9,146,905)
Tax at the Australian tax rate of 30% (2018 - 30%)	1,539,323	(2,744,072)
Tax effect of amounts which are not deductible in calculating taxable income	-	-
Tax losses not brought to account	(1,539,323)	2,744,072
Income tax expense	<u>-</u>	<u>-</u>

9. CASH AND CASH EQUIVALENTS

	2019 US\$	2018 US\$
Cash at bank and on hand	6,866,199	7,739,115
Cash on deposit	38,467	38,677
	<u>6,904,666</u>	<u>7,777,792</u>

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

10. TRADE AND OTHER RECEIVABLES (CURRENT)

	2019 US\$	2018 US\$
Trade receivables	69,781	1,355,402
Other receivables	49,405	-
	119,186	1,355,402

11. PREPAYMENTS AND DEPOSITS (CURRENT)

	2019 US\$	2018 US\$
Prepayments and bonds	195,726	392,718
Term deposit	1,000,000	1,000,000
	1,195,726	1,392,718

12. INVENTORIES

	2019 US\$	2018 US\$
Metal on hand and in circuit at cost	2,485,162	620,389
Processing consumables	58,143	1,255,022
Maintenance spares	-	112,000
	2,543,305	1,987,411

13. SUBSIDIARIES

Name	Country of Incorporation	Percentage of equity interest held by the Consolidated Group	
		2019 %	2018 %
PanTerra Gold Technologies Pty Ltd	Australia	100	100
EnviroGold (Las Lagunas) Limited ⁽¹⁾	Vanuatu	100	100
PanTerra Gold Investments Limited ⁽¹⁾	Cayman Islands	100	100
PanTerra Mining Finance Inc.	BVI	100	100
PanTerra Gold Inc.	BVI	100	100
PanTerra Gold Investments Inc. ⁽²⁾	BVI	100	100
PanTerra Gold (Dominicana) S.A. ^{50% (2) & 50% (3)}	Dominican Republic	100	100
PanTerra Gold (Peru) S.A. (Liquidated 4 Feb 2019)	Peru	-	100

⁽¹⁾ Investment held by PanTerra Gold Technologies Pty Ltd

⁽²⁾ Investment held by PanTerra Gold Inc. (BVI)

⁽³⁾ Investment held by PanTerra Gold Investments Inc. (BVI)

⁽⁴⁾ Name changed from PanTerra Gold (Latin America) Inc. to PanTerra Gold Investments Limited (BVI)

14. DEPOSITS (NON-CURRENT)

		2019 US\$	2018 US\$
Utility Deposit	(i)	-	1,000,000
		-	1,000,000

(i) Deposit with electricity provider to replace Macquarie Letter of Credit.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

15. PROPERTY, PLANT & EQUIPMENT

2019	Mine Buildings and Plant US\$	Plant & Equipment US\$	Total US\$
Cost			
Balance 1 January 2019	67,512,011	9,864,041	77,376,052
Additions	-	-	-
Balance 31 December 2019	67,512,011	9,864,041	77,376,052
Accumulated Depreciation			
Balance 1 January 2019	(42,974,056)	(9,636,150)	(52,610,206)
Depreciation expense	(4,679,624)	(215,743)	(4,895,367)
Balance 31 December 2019	(47,653,680)	(9,851,893)	(57,505,573)
Impairment			
Balance 1 January 2019	(19,858,331)	-	(19,858,331)
Impairment	-	-	-
Balance 31 December 2019	(19,858,331)	-	(19,858,331)
Carrying Value 31 December 2019	-	12,148	12,148

2018	Mine Buildings and Plant US\$	Plant & Equipment US\$	Total US\$
Cost			
Balance 1 January 2018	67,124,823	9,864,189	76,989,012
Additions	387,188	1,915	389,103
Sale or Disposal	-	(2,063)	(2,063)
Balance 31 December 2018	67,512,011	9,864,041	77,376,052
Accumulated Depreciation			
Balance 1 January 2018	(37,430,701)	(8,135,760)	(45,566,461)
Depreciation expense	(5,543,355)	(1,502,389)	(7,045,744)
Sale or Disposal	-	1,999	1,999
Balance 31 December 2018	(42,974,056)	(9,636,150)	(52,610,206)
Impairment			
Balance 1 January 2018	(8,081,551)	-	(8,081,551)
Impairment	(11,776,780)	-	(11,776,780)
Balance 31 December 2018	(19,858,331)	-	(19,858,331)
Carrying Value 31 December 2018	4,679,624	227,891	4,907,515

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

16. LEASE ASSETS AND LIABILITIES

The Group leases office premises in Bowral (Australia) and residential premises in Santo Domingo (Dominican Republic) for expatriate manager housing. Information about leases for which the Group is a lessee is presented below.

Right-of-use lease assets

	Office Premises US\$	Residential Premises US\$	Total US\$
2019			
Balance at 1 January 2019	34,782	40,914	75,696
Additions – exercise of option to extend lease	20,057	-	20,057
Depreciation charge for the year	(21,094)	(27,276)	(48,370)
Balance at 31 December 2019	33,745	13,638	47,383

Lease liabilities

	2019 US\$
Maturity analysis – contractual undiscounted cash flows	
Less than one year	36,382
One to five years	14,826
More than five years	
Total undiscounted lease liabilities at 31 December 2019	51,208
Lease liabilities included in the statement of financial position at 31 December 2019	
Current	35,102
Non-current	14,641

Amounts recognised in profit or loss

	2019 US\$
Interest on lease liabilities	3,449
Expenses relating to short-term leases	107,471

Amounts recognised in the statement of cash flows

	2019 US\$
Total cash outflow for leases	46,011

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2019

17. INTANGIBLE ASSETS

	2019 US\$	2018 US\$
(a) Development costs		
Las Lagunas project (Dominican Republic)		
Balance at the beginning of the year	5,217,501	7,353,031
Amortisation expense	(360,755)	(2,135,530)
Closing balance	4,856,746	5,217,501
Total intangible assets	4,856,746	5,217,501

18. INVESTMENTS

	2019 US\$	2018 US\$
Shares Black Dragon Gold Corp	205,154	228,443
	205,154	228,443

The Group subscribed for 11,000,000 shares in TSX Listed Black Dragon Gold Corp to assist in funding exploration of a Spanish gold prospect of interest to the company. The shares are shown at fair value through the profit or loss. Unlisted warrants attached to the shares have been valued and determined to be immaterial.

19. TRADE & OTHER PAYABLES

	2019 US\$	2018 (Restated) US\$
Current		
Trade creditors		
Other corporations	403,422	2,934,796
Director related entities	42,764	49,714
Accruals	927,543	3,721,170
	1,373,729	6,705,680

20. PROVISIONS (CURRENT)

	2019 US\$	2018 (Restated) US\$
Site restoration and rehabilitation	2,863,180	-
Employee benefits (expected to be settled within 12 months)	1,301,718	1,581,391
Government profit share	3,151,110	2,843,928
	7,316,008	4,425,319
Movements of restoration provision:		
Carrying amount at the start of the year	2,605,624	-
Provisions recognised during the year	257,556	-
Carrying amount at the end of the year	2,863,180	-

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

21. BORROWINGS (CURRENT)

	2019 US\$	2018 US\$
ALCIP Capital facility loan	-	1,676,234
BanReservas	-	3,750,000
Shareholder Loans	-	2,250,304
	-	7,676,538

22. PROVISIONS (NON-CURRENT)

	Note	2019 US\$	2018 (Restated) US\$
Site restoration and rehabilitation		-	2,605,624
Employee benefits		-	273,668
		-	2,879,292
Movements of restoration provision:			
Carrying amount at the start of the year		-	277,290
Provisions recognised during the year		-	20,540
Adjustment on correction of error	24	-	2,307,794
Carrying amount at the end of the year		-	2,605,624

23. CONTRIBUTED EQUITY

	2019 US\$	2018 US\$
Issued and paid up capital		
Ordinary shares fully paid	79,590,220	79,754,018
Preference shares fully paid	3	3
	79,590,223	79,754,021

Movements in ordinary shares on issue

	2019	
	Number	US\$
Balance 31 December 2018	210,901,326	79,754,018
Cancellation of shares from share buy-back approved by shareholders 23 October 2019	(15,759,677)	(163,798)
Balance 31 December 2019	195,141,649	79,590,220

Movements in ordinary shares on issue

	2018	
	Number	US\$
Balance 31 December 2017	128,829,011	78,406,296
Vesting of performance share rights approved by shareholders 30 November 2010	1,033,334	-
Rights issue allotments	81,038,844	1,458,087
Exercise listed Options at AUD 15 cents	137	15
Capital raising costs	-	(110,380)
Balance 31 December 2018	210,901,326	79,754,018

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

23. CONTRIBUTED EQUITY (CONTINUED)

Terms and conditions of contributed equity

Ordinary shares have no par value. Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote either in person or by proxy, at a meeting of the Company.

The five non-redeemable preference shares were issued to Balmoral Corporation Limited following approval by the members of an ultimately failed merger proposal. The dividend on these shares is 5% per annum and is cumulative.

All listed and unlisted options were expired at the end of the reporting period.

24. CORRECTION OF ERRORS

During the course of the 2019 financial year, the Group identified the following errors which have had a material impact on its prior year reported results:

1. *Understatement of the rehabilitation provision for the Las Lagunas Gold Tailings Project.* The project came to an end on 28 December 2019 and as a consequence, a detailed analysis has been conducted to estimate the projected costs likely to be incurred for closure of the mining operation and rehabilitation and restoration of the mine site. As a result, the Group has identified that the rehabilitation provision that was calculated at the commencement of the project in 2012 is significantly lower than the projected costs. Therefore an adjustment has been processed to increase the cumulative value of the provision.
2. *Overstatement of accrued expenses.* During the period between 2016 and 2018 a number of large accruals were made, pending receipt of invoices for closed purchase orders and for estimated costs that were based on prior period charges. These accruals have been carried forward as a liability of the Group. Management has conducted a complete review of these accruals and has ascertained that the costs were overstated during the prior periods. Therefore an adjustment has been processed to decrease the carrying value of the accruals liability as at the reporting date.
3. *Understatement of Dominican Government Profit Share (PUN).* Following a review by the Dominican Government of the Group's calculation of the 2018 Government Profit Share (PUN), it was discovered that a number of errors had been made in the calculation resulting in an understatement of the expense and corresponding provision.

As a consequence of these errors, certain line items have been amended in the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and the related notes to the financial statements. The following table summarises the impacts on the Group's financial statements for prior periods.

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

24. CORRECTION OF ERRORS (CONTINUED)

i. Statement of profit or loss and other comprehensive income

For the comparative period ended 31 December 2018 In US Dollars	Impact of correction of error		
	As previously reported	Adjustments	As restated
Mining and mill feed costs	(1,628,759)	4,960	(1,623,799)
Consumables	(8,840,527)	241,233	(8,599,294)
Equipment spares and maintenance	(4,097,118)	116,524	(3,980,594)
Site and camp costs	(1,619,733)	(69,357)	(1,689,090)
Occupancy costs	(124,290)	6,200	(118,090)
Legal and professional expenses	(410,747)	62,795	(347,952)
DR Government profit share (PUN)	(2,250,041)	(593,887)	(2,843,928)
Other expenses	(1,847,434)	143	(1,847,291)
Profit/(Loss) from continuing operations	(8,915,516)	(231,389)	(9,146,905)
Total comprehensive income	(8,702,762)	(231,389)	(8,934,151)

ii. Statement of financial position

For the comparative year ended 31 December 2018 In US Dollars	Impact of correction of error		
	As previously reported	Adjustments	As restated
Trade and other payables	9,749,178	(3,043,498)	6,705,680
Provisions (current)	1,581,391	2,843,928	4,425,319
Total current liabilities	19,007,107	(199,570)	18,807,537
Provisions (non-current)	571,498	2,307,794	2,879,292
Total non-current liabilities	571,498	2,307,794	2,879,292
Total liabilities	19,578,605	2,108,224	21,686,829
Net assets	4,288,177	(2,108,224)	2,179,953
Accumulated losses	(73,001,278)	(2,108,224)	(75,109,502)
TOTAL EQUITY	4,288,177	(2,108,224)	2,179,953

NOTES TO THE PRELIMINARY FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

24. CORRECTION OF ERRORS (CONTINUED)

iii. Statement of changes in equity

For the comparative period ended 31 December 2018 In US Dollars	Impact of correction of error		
	As previously reported	Adjustments	As restated
Accumulated losses as at 1 January 2018	(64,085,762)	(1,876,835)	(65,962,597)
Total equity as at 1 January 2018	11,635,022	(1,876,835)	9,758,187
Loss for the period as reported in the 31 December 2018 financial statements	(8,915,516)	(231,389)	(9,146,905)
Total comprehensive income for the period to 31 December 2018	(8,702,762)	(231,389)	(8,934,151)
Accumulated losses as at 31 December 2018	(73,001,278)	(2,108,224)	(75,109,502)
Total equity as at 31 December 2018	4,288,177	(2,108,224)	2,179,953

iv. Earnings per share

For the comparative period ended 31 December 2018 In US Dollars	Impact of correction of error		
	As previously reported Cents	Adjustments Cents	As restated Cents
Basic earnings / (loss) per share (cents per share)	(6.41)	(0.17)	(6.58)
Diluted earnings / (loss) per share (cents per share)	(6.41)	(0.17)	(6.58)

The changes did not have an impact on the Group's operating, investing and financing cash flows.