



PANTORO

Quarterly Report

Ending 31 December 2016

Key Highlights

Operations

- Record production in the quarter of 9,598 ounces of gold, a 30% increase quarter on quarter, and a 110% increase compared with the same period last year.
- Record production in the month of December of 4,623 ounces with 15,487 tonnes processed.
- AISC for the quarter was \$1,179 and with increased production in the month of December C1 and AISC reduced to C1 cost of \$759/oz and AISC of \$988/oz.
- Open pit mining at Rowdies and Wagtail established with surface stockpiles of high grade ore now accumulating.
- Processing plant upgrade showing benefits with 40,000 tonnes processed, a 39% quarter on quarter increase.

Exploration

Paddock Well

- Outstanding drill results from the first round of drilling at Paddock Well with assays including:
 - » 5 m @ 6.23 g/t Au from 55 m including 2 m @ 12.67 g/t Au from 58 m.
 - » 1 m @ 28.72 g/t Au from 72.6 m including 0.7 m @ 40.5 g/t Au.
 - » 1 m @ 7.77 g/t Au from 70 m.
 - » 2 m @ 5.46 g/t Au from surface.
- Mineralisation identified at Paddock Well appears to have similar widths and ore characteristics to ore being mined at Nicolson's and Wagtail.
- Follow up drill program approved and planned to commence during the current quarter.

Wagtail and Other Regional Targets

- Drilling beneath the Wagtail open pits to test for potential underground mining opportunities is underway.
- Detailed mapping and sampling in the Shifty's area was undertaken during the quarter with a number of additional structures identified. Mapping to be reviewed in conjunction with aeromagnetic survey data which has been acquired subsequent to the end of the quarter.
- The initial drilling program at Shifty's was approved during the period, and will commence during the current quarter.

Corporate

- Loan repayments to the CBA recommenced in December 2016, with a further 400 ounces repaid reducing total debt to 7,780 ounces.
- The company ended the quarter in a strong position with \$11.7 million in cash and gold available for sale.

Enquiries

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About Pantoro Limited

Pantoro is an Australian gold producer with its key operational focus being the Halls Creek Gold Project in the Kimberly Region of Western Australia. The project provides the company with a platform for growth through the operation of its first producing gold asset. The project includes underground and open pit mines and a modern CIP processing facility. Mineral Resource expansion and project scale exploration drilling is underway with outstanding results to date.

Pantoro commenced construction and refurbishment works at Nicolson's during February 2015 and commenced production in Q3 2015. To date gold production has exceeded the modelled Ore Reserve, providing additional upside to both the tonnage and grade potential of the mine.

The company is currently producing gold at levels exceeding its feasibility study targets and is in the process of expanding to a rate of 50,000 ounces per annum.

In addition to the Halls Creek Project, Pantoro's exploration portfolio in Papua New Guinea is highly prospective for the discovery of world-class gold and copper deposits. One of the Company's key discoveries is the Garaina Prospect in the Morobe Province. At Garaina, Pantoro has discovered a large surface copper and gold anomaly which has been further delineated by geophysical surveys, grid based geochemical assays, surface costean sampling and drilling. The discovery has potential to be developed into a large scale deposit through further exploration.



Activities Report

Halls Creek Project – Western Australia



The Halls Creek Project Location

The Halls Creek Project includes the Nicolsons and Wagtail Mines, 35 km south west of Halls Creek, and a pipeline of exploration and development prospects located east of Halls Creek in the Kimberley Region of Western Australia.

Pantoro acquired the project during April 2014, and took possession of the site in May 2014. Pantoro enacted its rapid development plan for the project achieving first gold production from the Nicolsons mine in the September 2015 quarter.

The project currently has a declared Mineral Resource of 218,000 ounces of gold. Nicolsons mine development and production to date has revealed a significant overcall to the feasibility Ore Reserve. An Ore Reserve upgrade was completed in May 2016, with further updates planned in the near term as underground drilling and development progresses.

Production activities have also resulted in silver production with approximately one ounce of silver recovered for every two ounces of gold produced.

The project region has been sporadically explored over a number of years. Prospecting has shown significant potential

in the immediate area, which remains sparsely explored with minimal drill testing of targets outside of the existing resources (beneath and immediately adjacent to the existing open pits).

Pantoro has a clear growth plan in place for Nicolsons which consists of:

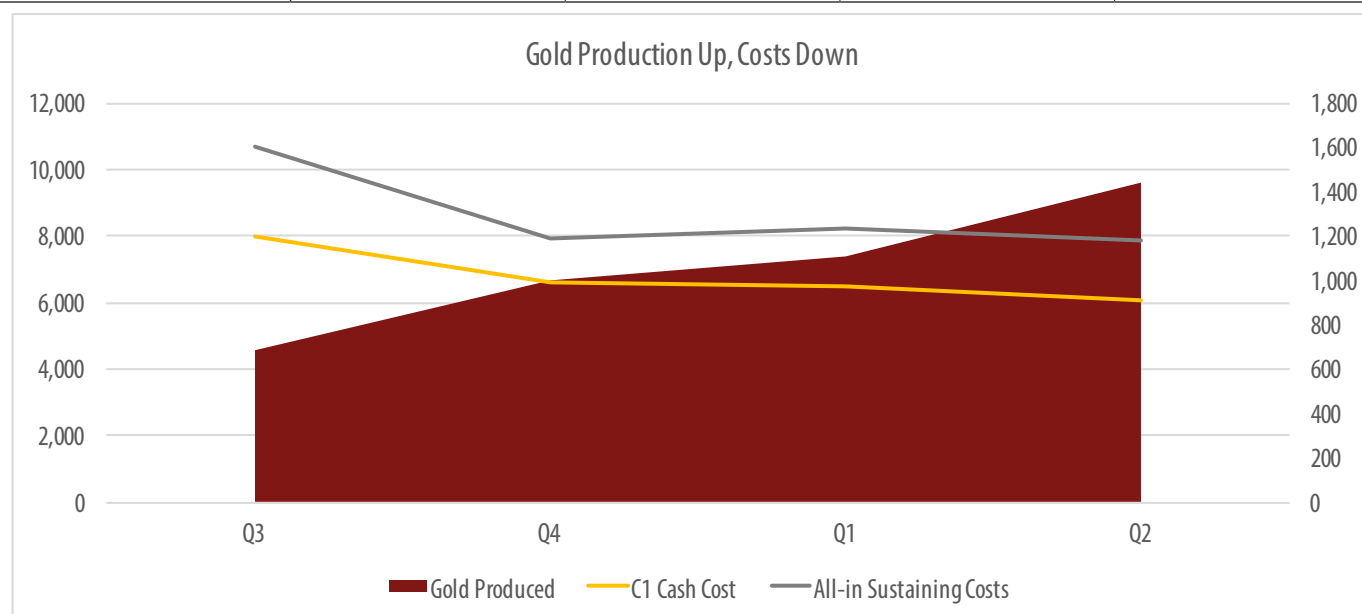
- Ramping up production to approximately 50,000 ounces per annum by taking advantage of the large Ore Reserve upgrades achieved in levels developed to date and the recent commencement of open pit mining at Rowdies and Wagtail.
- Expanding Mineral Resources and Ore Reserves through near mine exploration activities along strike of and beneath the existing Mineral Resources;
- Expanding processing plant capacity to +200 ktpa in the near term, with plant upgrade works underway. Further plant expansions to increase capacity beyond 200,000 tpa are currently under consideration.
- Advancing exploration beneath and along strike of the Rowdies and Wagtail deposits, and in drill ready targets including Paddock Well, Shifty's and Springvale Fault;
- Progressing regional exploration where a number of new and existing prospects are being advanced through detailed geological mapping and sampling.
- Continuing to build the tenure position in and around Halls Creek as areas of high exploration potential are identified and become available.

Quarterly Progress – Nicolsons Mine

The December quarter resulted in continued increases in mine production. Original feasibility stage production targets were exceeded, with a total of 9,598 ounces produced up from 7,372 ounces in the previous quarter, a further 30% increase for the period. Mine production has improved significantly in every quarter since the commencement of production in September 2015 and was 110% higher than the same period last year. It is expected that further improvements will continue with open pit ore stockpiles continuing to grow, and the initial processing plant upgrade nearing completion.

Key operating statistics for the quarter (FY2017 Q2) are set out in the table below:

	FY 2016		FY 2017	
Physical Summary	Q3	Q4	Q1	Current
UG Ore Mined	22,792	28,358	33,866	34,073
UG Grade Mined	6.58	7.73	7.28	8.74
OP BCM Mined	0	0	0	238,599
OP Ore Mined	0	0	0	11,633
OP Grade Mined	0.00	0.00	0.00	3.68
Ore Processed	23,893	26,331	29,035	40,379
Head Grade	6.33	8.12	8.06	7.62
Recovery	94.3%	97.1%	98.0%	97.3%
Gold Produced	4,582	6,673	7,375	9,598
Cost Summary (\$/oz)				
C1 Cash Cost	\$1,199	\$993	\$976	\$913
Royalties	\$46	\$40	\$31	\$12
Marketing/Cost of sales	\$8	\$7	\$6	\$4
Sustaining Capital	\$336	\$130	\$205	\$237
Reclamation & other adj.	\$-	-	\$-	\$-
Corporate Costs	\$18	\$21	\$17	\$12
All-in Sustaining Costs	\$1,607	\$1,191	\$1,235	\$1,179
Major Project Capital	\$432	\$534	\$415	\$462
Exploration Cost	\$9	\$7	\$25	\$15
Project Capital	\$441	\$540	\$441	\$477



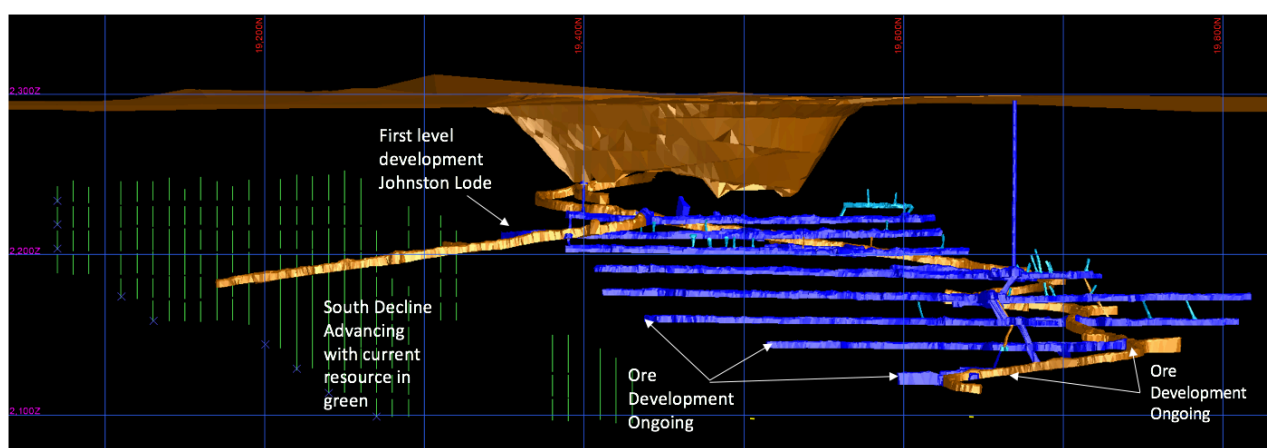
Mill throughput increased markedly in the month of December with a total of 4,627 ounces produced, C1 costs of \$759/ounces and AISC of \$988/oz for the month. Costs incurred during the quarter included substantial capital development costs for the three open pits now in production, the ongoing processing plant upgrade, and development of the Southern Decline at Nicolsons which is yet to commence production.

Nicolsons Mine

Development and production activities continued at Nicolsons both inside and outside of the current Ore Reserve. Mine production activities now account for approximately 50% of the plant ore feed with multiple stoping fronts available.

Decline development has now advanced below the 2125 mRL and the first ore has been mined from that level. Development on the 2140 mRL level above has continued to advance in high grade ore outside of the reserve in the Mother, Hall, and Anderson South Lodes.

In addition to developing the Northern Lodes, the Southern Decline which will access the Johnston Lode was advanced during the quarter. The focus of development to the south has been to develop the decline well ahead of ore development to allow access for additional diamond drilling aimed at increasing the Ore Reserve ahead of mining. Development of the first level access on the Johnston Lode (2215 mRL) was also progressed and the first ore development from the area is expected during the current quarter



Mineral Resource/Ore Reserve expansion drilling is continuing with approximately 2,400 metres drilled for the quarter, in addition to 1000 metres of geotechnical drilling and 800 metres of footwall exploration drilling. The main focus areas for Mineral Resource and Ore Reserve expansion are down dip of the Hall, Anderson, Mother and Darcy Lodes, and infilling gaps in the current Johnston Lode. Pantoro is planning to calculate an updated Mineral Resource and Ore Reserve estimate during the first half of 2017.

Open Pit Mining

Open pit mining commenced in Rowdies, Wagtail North and Wagtail South pits as planned in October 2016. First ore was mined from outside of the Ore Reserve late in November 2016 with scheduled production achieved in December 2016.

A total of 238,500 BCM's were excavated during the quarter, yielding 11,633 ore tonnes @ 3.68 g/t Au.

The small Rowdies open pit was a focus ahead of the wet season, and mining was completed during January 2017. The pit is now being prepared for use as a long-term water storage, and water collected during the remainder of the wet season will be utilised as process water during the ensuing months.

Wagtail North and South open pits are progressing in accordance with the plan. Zones of very high grade material have been returned from in-pit grade control in both pits, similar to the grades encountered in the very high grade zones of Nicolsons. Mining grades shown were established using bulldozer rip line sampling across the mineralised structure, assayed in the site laboratory using bulk leach extractable gold (BLEG) methods and are not utilised in the Mineral Resource.

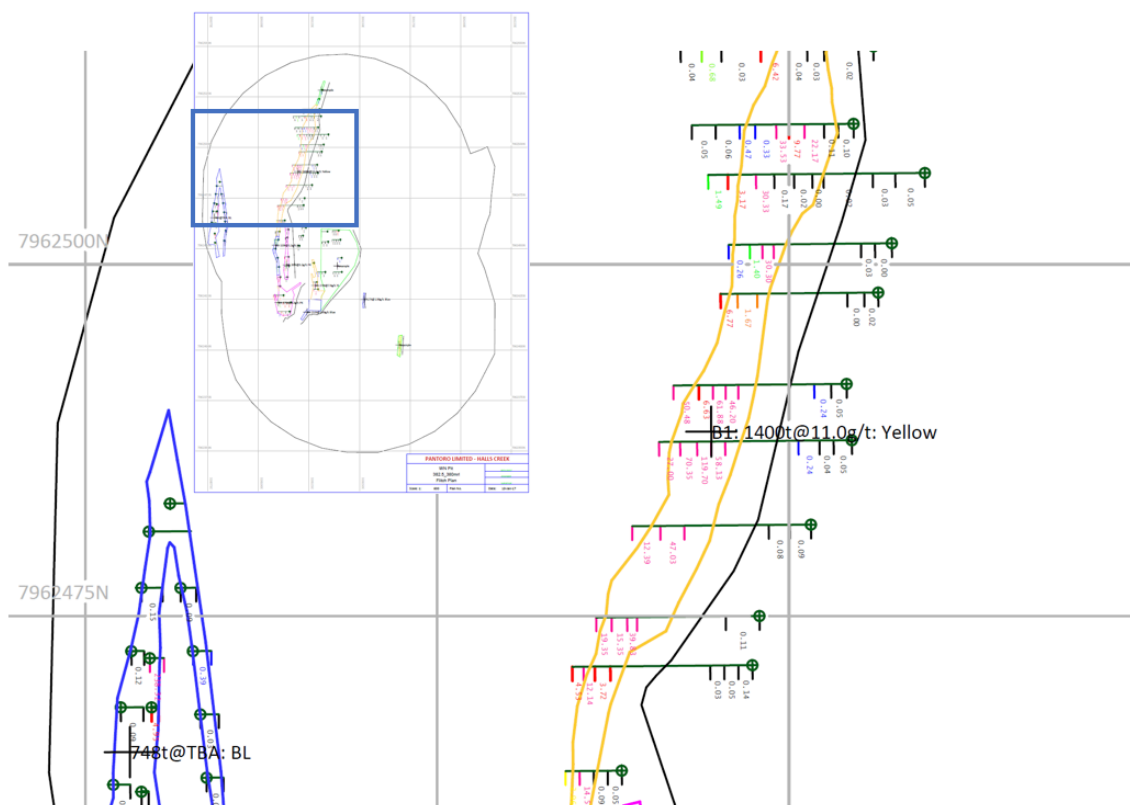


Figure: 382.5mRL flitch in Wagtail North Pit showing example of very high grade ore zone.

Excavation of the Wagtail pits is in the early stages, with high grade zones expected to continue at depth given the grade control drilling results received pre-mining. The ore flitches shown above are to be mined in January 2017.

Processing Plant

The processing plant continued to perform well during the quarter with a 39% increase in ore processed quarter on quarter. Importantly, the total recovery remained above 97% despite the increase in throughput, and remained above 96% in December where production was approaching the targeted steady state throughput expected upon completion of the current upgrade.

The fixed tertiary crusher required to complete the plant upgrade has landed in Perth and final engineering is underway. Current planning is for the fixed crusher to be installed late in late March/ early April 2017. Pantoro has now initiated crushing on both day and night shift to ensure adequate crushed stocks are available to maintain milling capacity during times that the crusher is unavailable due to the upgrade, and as such no production disruptions are expected to result.

Pantoro has engaged an external consultant to complete the planning for a further plant capacity increase which would see the site operate at 350,000 to 400,000 tonnes per annum. It is the company's intention to undertake a further upgrade once exploration efforts at Nicolson's and other prospects has provided sufficient confidence to commit to the construction.

Regional Exploration Update

Pantoro increased its regional exploration effort during the quarter. The commencement of regional exploration drilling was the final step in the original feasibility plan for the mine, which relied on cash generation from operations prior to commencement. Results from Paddock Well were outstanding with the initial eleven hole program returning results including (refer to ASX Announcement: 5/1/2017 – High Grade Drilling Results at Paddock Well):

- 5 m @ 6.23 g/t Au from 55 m including 2 m @ 12.67g/t Au from 58 m.
- 1 m @ 28.72 g/t Au from 72.6 m including 0.7 m @ 40.5 g/t Au.
- 1 m @ 7.77 g/t Au from 70 m.
- 2 m @ 5.46 g/t Au from surface.

The Paddock Well prospect, located approximately three kilometres south east of the Nicolsons processing plant is related to a separate mineralised structure from the Nicolsons mine trend. The Paddock Well trend is sub-parallel to Nicolsons, but located approximately one kilometre to the east. Local geology is characterised by the Halls Creek Group metasediment and volcanics which have been intruded by Lamboo Complex mafic and ultramafics and the Bow River Granite on the eastern margin. The focus of the current exploratory drilling program was focussed around an outcropping quartz vein and historical drilling which was limited to approximately 50 m depth.

Results from holes drilled at depth returned similar ore width, gold tenor, and mineralisation characteristics to those seen at Nicolsons and Wagtail. The new results confirm that high grade mineralisation occurs at depth in the project area outside of the currently defined Mineral Resource corridor. Follow up drilling at Paddock Well has been planned and approved to commence during the current quarter.

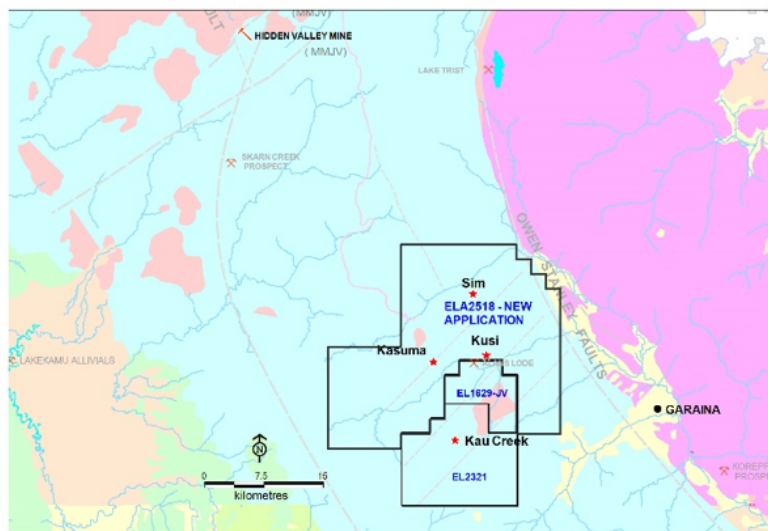
Forthcoming Quarter

Operations at Nicolsons are approaching steady state with underground mining, open pit mining, and exploration activities to continue in a similar fashion to the December quarter. Exploration drilling underground will continue to be focussed on preparing for the planned Mineral Resource and Ore Reserve update during the June 2017 quarter.

Completion of the processing plant upgrade will be the major project focus on site, while ensuring that production is maintained in the current quarter.

The region is experiencing an extreme wet season, which usually continues between the start of December and the end of March. Following the wet season, Pantoro expects to sustain its planned production increase to 50,000 to 60,000 ounces per annum in the long term.

Papua New Guinea Projects



Garaina Project (EL1614 and EL 2013), Morobe Province, Papua New Guinea (100%)

The Garaina Project is Pantoro's main exploration target in PNG. Garaina is located 100 km southeast of the Hidden Valley Mine and Wau Town in the Morobe province, covering an area of approximately 380 km². The tenement area covers the suture zone between the Owen Stanley Metamorphic thrust to the west and the Papuan Ultramafic to the east. Most of the EL is underlain by the Owen Stanley metamorphic complex, which is common to the majority of the known major mineral deposits in PNG.

PNR discovered significant surface mineralisation at the Kusi Prospect in January 2011 and since

that time has completed extensive exploration programs with exciting surface exploration and drilling results.

Field campaigns have identified mineralisation and alteration signatures similar to those seen at the Kusi Prospect as far north as the Sim Prospect, and as far west as the Kasuma Prospect.

Quarterly Activity

During December 2016, the PNG Mining Minister notified Pacific Niugini Minerals (PNG) Limited, that he had not renewed EL1614 or EL2013 due to reduced field activity in the area not meeting the activity level set out in the Company's approved program as submitted prior to reducing focus on PNG despite the required expenditure being met. Pantoro re-applied for the areas in accordance with the PNG Mining Act, and is the registered applicant in a single tenement numbered ELA2518. The company understands that it was the only applicant for the area and expects the tenement to be granted in the June 2017 quarter.

Pantoro commenced the planned sampling program in EL1629 and EL2312 during October 2016, clearing tracks and accessing areas for sampling. The sampling program will be undertaken in January 2017 as the first step in identifying drill targets in the area.

Widubosh Project, ML 457 – Morobe Province

The company holds ML457 in 50-50 joint venture with PNG Forest products (PNGFP), the dominant landowner and employer in the region. which sees PNR holding 50% ownership of the fully permitted Widubosh Project (ML 457). ML457 lies approximately 10 km north of the Bulolo township near the confluence of the Bulolo and Watut Rivers. The tenement has been the subject of extensive bulk sampling by Pantoro, and is available for development by the joint venture partners. Pantoro's focus will remain on the Halls Creek project for the foreseeable future and opportunities for Widubosh are being assessed.

Corporate Information

Company Structure

The company structure as at 31 December 2016 is provided in the table below.

Cash & Gold	\$11.7 million
Debt	7,780 ounces of gold and normal trade creditors
Ordinary Shares (PNR)	743,044,076
Listed Options (PNRO)	34,543,938 (exercisable at \$0.06, expiring 25/08/17)
Unlisted Options	8,500,001 (exercisable at \$0.06, various expiry dates)
Employee Options	18,850,000 (various exercise prices and expiry dates)
Performance Rights	5,000,000 (various expiry dates)
Options converted during the quarter	42,391,122

Compliance Statements

Halls Creek Project – Exploration Targets, Exploration Results and Mineral Resources

The information in this report that relates to Exploration Targets, Exploration Results and Mineral Resources is based on information compiled by Mr. Scott Huffadine B.Sc. (Hons) MAusIMM who is an employee of Pantoro Limited. Mr. Huffadine has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Huffadine consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr. Huffadine is eligible to participate in short and long term incentive plans of and holds shares and options in the Company as has been previously disclosed.

Halls Creek Project – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Mr. Paul Cmrlec (B. Eng (Mining) (Hons)), MAusIMM who is the Managing Director of Pantoro Limited. Mr. Cmrlec has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Cmrlec consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. Mr. Cmrlec is eligible to participate in short and long term incentive plans of and holds shares and options in the Company as has been previously disclosed.

Halls Creek Project – Mineral Resources & Ore Reserves

The information relating to Mineral Resources and Ore Reserves is extracted from Pantoro's 2016 Annual Report created on 23 September 2016 and is available to view on Pantoro's website (www.pantoro.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 1 – List of Drill Results Received at Paddock Well

Hole Number	Easting	Northing	RL	Dip (degrees)	Azimuth (degrees)	End of Hole Depth (m)	Downhole From (m)	Downhole To (m)	Downhole Intersection (m)	True Width (m)	Au gpt (uncut)
PWRC16001	327250.1	7960790.2	409.4	-60.0	280.0	30.0					NSA
PWRC16002	327265.1	7960790.9	410.5	-60.0	270.0	45.0					NSA
PWRC16004	327278.5	7960768.0	409.9	-60.0	270.0	60.0					NSA
PWRC16005	327278.5	7960767.9	409.9	-60.0	270.0	81.0	70.00	71.00	1.00	0.87	7.77
PWRC16005	327301.7	7960763.2	409.6	-60.0	270.0	81.0	74.00	75.00	1.00	0.87	2.55
PWRC16006	327244.1	7960751.9	410.0	-60.0	280.0	30.0	0.00	2.00	2.00	1.73	5.46
PWRC16006	Including 8.72 g/t over 1 m from 1 - 2 m										
PWRC16006	327244.1	7960751.9	410.0	-60.0	280.0	30.0	4.0	5.0	1.0	0.87	1.0
PWRC16006	327244.1	7960751.9	410.0	-60.0	280.0	30.0	6.0	7.0	1.0	0.87	3.9
PWRC16007	327295.7	7960752.1	409.0	-60.0	270.0	80.0	72.60	73.60	1.00	0.87	28.72
PWRC16007	Including 40.5 g/t over 0.7 m from 72.6 m										
PWRC16008	327240.4	7960730.5	410.5	-60.0	280.0	20.0	13.00	14.00	1.00	0.87	1.66
PWRC16009	327276.0	7960727.6	408.9	-60.0	250.0	95.0	55.00	60.00	5.00	4.30	6.23
PWRC16009	Including 12.67 g/t over 2 m from 58 - 60 m										
PWRC16010	327238.7	7960710.593	410.2	-60.0	275.0	35.0	10.00	11.00	1.00	0.87	2.15
PWRC16011	327264.3	7960709.1	409.3	-60.0	270.0	60.0	51.00	52.00	1.00	0.87	2.16
PWRC16012	327251.1	7960673.7	409.0	-60.0	260.0	61.0	57.00	58.00	1.00	0.87	2.79

Appendix 2 – JORC Code 2012 Edition Table 1

PADDOCK WELL SURFACE REVERSE CIRCULATION, DIAMOND DRILLING AND IN PIT GRADE CONTROL SAMPLING

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> This information in this release relates to results from Reverse Circulation (RC) and Diamond exploration drill sampling of the Paddock Well prospect and in pit rip line chip sampling in the Wagtail North pit at the Nicolson's gold project. RC – Rig-mounted static splitter used, with sample falling through a riffle splitter, splitting the sample in 87.5/12.5 ratio sampled every 1m RC samples 2-5kg samples are dispatched to an external accredited laboratory (BVA Perth) where they are crushed and pulverized to a pulp (P90 75 micron) for fire assay (40g charge). Diamond samples 2-5kg samples are dispatched to an external accredited laboratory (BVA Perth) where they are crushed and pulverized to a pulp (P90 75 micron) for fire assay (40g charge). Samples of approximately 2.5kg are assayed at the onsite lab with a 500g pulverized pulp (P90 75 micron) assay by BLEG (bulk leach extractable gold) methodology following procedures established by an external accredited laboratory. This method determines cyanide recoverable gold only. All core is logged and sampled according to geology, with only selected samples assayed. Core is halved, with RHS of cutting line assayed, and the other half retained in core trays on site for further analysis. Samples are a maximum of 1.2m, with shorter intervals utilised according to geology to a minimum interval of .3m. Core is aligned, measured and marked up in metre intervals referenced back to downhole core blocks . Visible gold is encountered at the project and where observed during logging, Screen Fire Assays are conducted In pit rip line samples, each level of the pit is mapped by a geologist following cleanup by a bulldozer. Ore is marked out by survey as per the grade control model previously defined by 10-20m line spaced reverse circulation grade control drilling. A 40cm deep rip line is cut at approximately 5m intervals across the strike of the mineralisation by a bulldozer. In pit rip lines are chip sampled across geologically defined intervals of generally 1m but to a minimum of 30cm in width. The sampling intervals are dominated by geological constraints (e.g. rock type, veining and alteration / sulphidation etc.) The data captured is indicative and used for refining the grade control model spatially and is not used in any Mineral Resource estimation. Historical holes - RC drilling was used to obtain 1 m samples from which 2 - 3 kg was crushed and sub-split to yield 250 for pulverisation and then a 40 g aliquot for fire assay.

Criteria	JORC Code explanation	Commentary
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> RC – Reverse circulation drilling was carried out using a face sampling hammer and a 130mm diameter bit DD – NQ2 diamond tail completed on PWRC16007 from 30.6m to 80m EOH DD - the single diamond tail in this program was not oriented
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> All holes were logged at site by an experienced geologist. Recovery and sample quality were visually observed and weights recorded at the laboratory RC- recoveries are monitored by visual inspection of split reject and lab weight samples are recorded and reviewed. RC drilling by previous operators is considered be to industry standard at the time DD – No significant core loss has been noted in fresh material. Good core recovery has generally been achieved in all sample types in the current drilling program.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Geological logging of RC and Diamond holes is completed by a qualified geologist and logging parameters include: depth from, depth to, condition, weathering, oxidation, lithology, texture, colour, alteration style, alteration intensity, alteration mineralogy, sulphide content and composition, quartz content, veining, and general comments. For in pit rip line chip sampling each level of the pit floor is mapped by a qualified geologist to validate the grade control model and identify any peripheral mineralisation. Parameter's captured include; weathering, oxidation, lithology alteration intensity, alteration mineralogy, sulphide content and composition, quartz content and veining. 100% of the holes are logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> All RC holes are sampled on 1m intervals. RC samples take of the rig splitter, generally dry. Core samples were sawn in half utilising an Almonte core-saw, with RHS of cutting line sent for assaying and the other half retained in core trays on site for future analysis. For core samples, core was separated into sample intervals and separately bagged for analysis at the certified laboratory. Core was cut under the supervision of an experienced geologist, it was routinely cut on the orientation line. In pit rip line chip samples are nominally chipped perpendicular to mineralisation across the rip line from left to right, and sub-set via geological features as appropriate All mineralised zones are sampled as well as material considered barren either side of the mineralised interval Field duplicates i.e. other half of core or ¼ core has not been routinely sampled Half core is considered appropriate for diamond drill samples. Sample sizes are considered appropriate for the material being sampled RC drilling by previous operators is considered to be to industry standard at that time.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> RC and diamond assays are completed in a certified laboratory in Perth BVA. Gold assays are determined using fire assay with 40g charge. Where other elements are assayed using either AAS base metal suite or acid digest with ICP-MS finish. The methods used approach total mineral consumption and are typical of industry standard practice. Rip line chip assays are completed at the HCM onsite lab utilizing procedures generated by an external certified laboratory. Gold assays are determined by BLEG bulk leach extractable gold using a 500g charge. Results represent cyanide recoverable gold only. Assays are utilised as a guide for mining and are not used in any Mineral Resource estimation. No geophysical logging of drilling was performed. Lab standards, blanks and repeats are included as part of the QAQC system. In addition the laboratory has its own internal QAQC comprising standards, blanks and duplicates. Sample preparation checks of pulverising at the laboratory include tests to check that the standards of 90% passing 75 micron is being achieved. Follow-up re-assaying is performed by the laboratory upon company request following review of assay data. Acceptable bias and precision is noted in results.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Significant intersections are noted in logging and checked with assay results by company personnel both on site and in Perth. There are no twinned holes drilled as part of these results All primary data is logged on paper and later entered into the SQL database. Data is visually checked for errors before being sent to an external database manager for further validation and uploaded into an offsite database. Hard copies of original drill logs are kept in onsite office. Visual checks of the data re completed in Surpac mining software No adjustments have been made to assay data unless in instances where standard tolerances are not met and re-assay is ordered.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> RC/DD drilling is downhole surveyed utilizing surveyed electronic single shot survey tool at collar, 10 metres then 30m thereafter. No Gyro DH surveys were undertaken on this program. Surface RC and Diamond drilling is marked out using GPS and final pickups using DGPS collar pickups The project lies in MGA 94, zone 52. Local coordinates are derived by conversion: $GDA94_EAST = NIC_EAST * 0.9983364 + NIC_NORTH * 0.05607807 + 315269.176$ $GDA94_NORTH = NIC_EAST * (-0.05607807) + NIC_NORTH * 0.9983364 + 7944798.421$ $GDA94_RL = NIC_RL + 2101.799$ Topographic control uses DGPS collar pickups and external survey RTK data and is considered adequate for use. Pre Pantoro survey accuracy and quality assumed to industry standard.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Drill spacing historically on the open for RC has been on 40 and 20m spacing on drill lines with the recent follow up drilling stepping out on the same line spacing. In pit rip line chip samples lines are located at an approximate 5m spacing along strike No compositing is applied to diamond drilling or RC sampling. Core samples are both sampled to geology of between 0.3 and 1.2m intervals. All RC samples are at 1m intervals.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> No bias of sampling is believed to exist through the drilling orientation Surface drilling is designed perpendicular to the interpreted orientation of the mineralisation. In pit rip line chip samples lines are perpendicular to the mapped strike orientation of the mineralisation.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The chain of custody is managed by Pantoro employees and contractors. Samples are stored on site and delivered in sealed boxes and bags to the lab in Perth Samples are tracked during shipping. Pre Pantoro operator sample security assumed to be consistent and adequate.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audit or reviews of sampling techniques have been undertaken however the data is managed by an offsite database consultant who has internal checks/protocols in place.

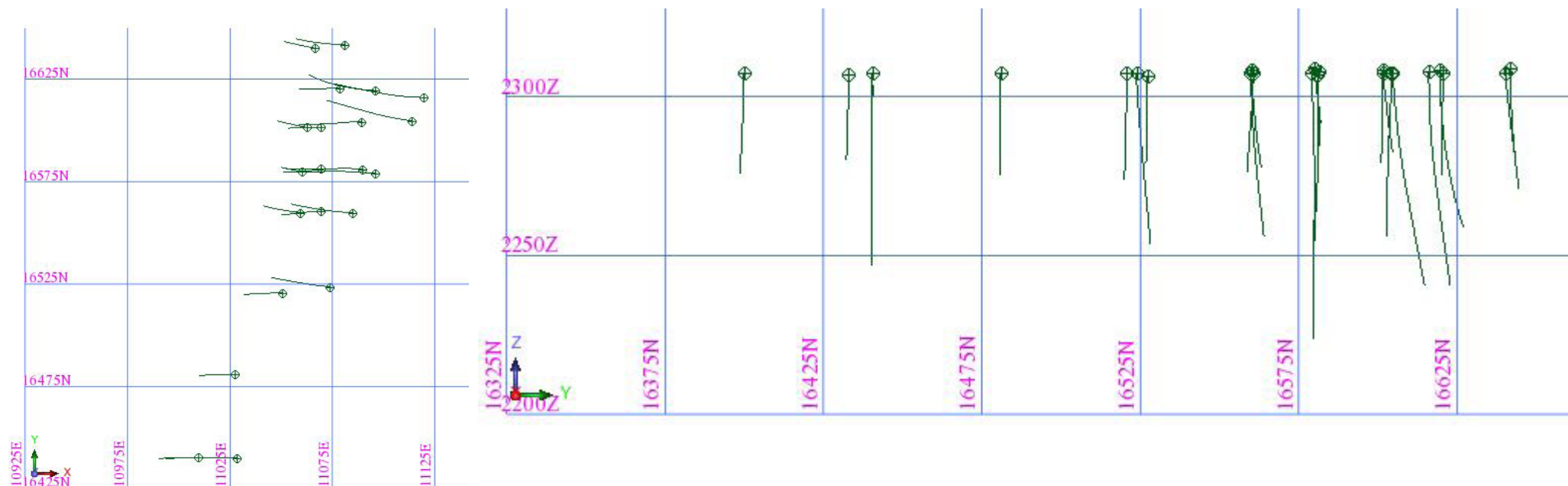
SECTION 2: REPORTING OF EXPLORATION RESULTS

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Tenements related to this report are 100% held by Pantoro subsidiary company Halls Creek Mining Pty Ltd. These are : E80/2601, M80/503. Tenement transfers to HCM are yet to occur as stamp duty assessments have not been completed by the office of state revenue. The tenements lie on a pastoral lease with access and mining agreements The tenements are in good standing and no known impediments exist.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration in the Paddock Well area includes work completed by: Money Mining conducted regional and prospect scale mapping and rock chip sampling in 1990. Anglo Australian Resources completed RAB and RC drilling in the area in 1996 and more Recently Bulletin Resources undertook prospect scale mapping and rock chip sampling including multi-element analysis with a shallow RC drilling program in 2012.

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Gold mineralisation in the Nicolson's Find area is structurally controlled within the 400 m wide NNE trending dextral strike slip Nicolson's Find Shear Zone (NFSZ) and is hosted within folded and metamorphosed turbiditic greywackes, felsic volcanoclastics, mafic volcanics and laminated siltstones and mudstones. This zone forms part of a regional NE-trending strike slip fault system developed across the Halls Creek Orogen (HCO). The NFSZ comprises a NNE-trending anastomosing system of brittle-ductile shears, characterised by a predominantly dextral sense of movement. The principal shear structures trend NNE to N-S and are linked by NW, and to a lesser extent, by NE shears. Individual shears extend up to 500m along strike and overprint the earlier folding and penetrative cleavage of the HCO. The overall geometry of the system is characterized by right step-overs and bends/jogs in the shear traces, reflecting refraction of the shears about the granite contact. Within this system, the NW-striking shears are interpreted as compressional structures and the NE-striking shears formed within extensional windows. Mineralisation is primarily focussed along NNE trending anastomosing systems of NNE-SSW, NW-SE and NE-SW oriented shears and splays. The NNE shears dip moderately to the east, while the NW set dips moderately to steeply to the NE. Both sets display variations in dip, with flattening and steepening which result in a complex pattern of shear intersections.. Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The NE shears are associated with broad zones of silicification and thicker quartz veining (typically white, massive quartz with less fracturing and brecciation); however, these are typically poorly mineralized. The NW-trending shears are mineralized, with the lodes most likely related to high fluid pressures with over-pressuring and failure leading to vein formation. Although the NE structures formed within the same shear system, the quartz veining is of a different generation to the mineralized veins. Individual shears within the system display an increase in strain towards their centres and comprise an anastomosing shear fabric reminiscent of the pattern on a larger scale.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> » easting and northing of the drill hole collar » elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar » dip and azimuth of the hole » down hole length and interception depth » hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> A table of drill hole data pertaining to this release is attached. All holes with results available from the last public announcement are reported.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Reported drill results are uncut All relevant intervals to the reported mineralised intercept are length weighted to determine the average grade for the reported intercept. All significant intersections are reported with a lower cut off of 1 g/t Au including a maximum of 2m of internal dilution. Individual intervals below this cut off are reported where they are considered to be required in the context of the presentation of results No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Surface DD/RC drilling is perpendicular to the interpreted strike of the mineralisation Downhole lengths are reported and true widths are calculated in both the section and plan view utilising a formulae in excel True widths are calculated and reported for drill intersections which intersect the lodes obliquely. Rip line chip samples are true width and perpendicular to the strike of the mineralisation
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Appropriate diagrams are included in the report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All holes available since the last report are included in the tables Diagrams show the location and tenor of both high and low grade samples.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> No other meaningful data to report.

Criteria	JORC Code explanation	Commentary
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> The current work program was preliminary in nature and designed to test the existing mineralisation at deeper levels and to complete a diamond drill to accurately assess the nature of the mineralisation at Paddock Well to compare it to that seen at the Nicolson and Wagtail mines. Follow up drilling has been planned to continue to test the extents of the mineralisation at depth and along strike.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pantoro Limited

ABN

30 003 207 467

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,730	23,209
1.2 Payments for		
(a) exploration & evaluation	(165)	(432)
(b) development	(5,485)	(9,283)
(c) production	(4,676)	(9,226)
(d) staff costs	(3,270)	(6,352)
(e) administration and corporate costs	(339)	(740)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	19
1.5 Interest and other costs of finance paid	(6)	(13)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,200)	(2,818)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(851)	(1,193)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	6
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(851)	(1,187)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	301	2,884
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	3,200
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	301	6,084

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,750	4,926
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,200)	(2,818)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(851)	(1,187)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	301	6,084
4.5	Effect of movement in exchange rates on cash held	1	(5)
4.6	Cash and cash equivalents at end of period	7,001	7,001

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	716	2,653
5.2 Call deposits	6,285	7,097
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,001	9,750

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

289

-

Total amounts paid to directors including salaries, directors fees, superannuation and consulting fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	11,302	10,130
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
8.1 – Gold prepayment facility with CBA		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	4,000
9.3 Production	5,850
9.4 Staff costs	3,250
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	13,500

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL1614, EL2013 (PNG)	100% Held previously, not renewed	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	ELA 2518 (PNG)	Application for Exploration Lease	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 29 January 2017

Print name: David Okeby

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.