



ASX Announcement
14 March 2017

Half Year Financial Report

Pantoro Limited (**ASX:PNR**) (**Pantoro**) is pleased to provide a summary of its Half Year Financial Report for the period ending 31 December 2016 which follows this cover page:

Key Outcomes

- Sales Revenue of \$23.8M up \$18.9M (2015: \$4.9M).
- EBITDA of \$9.0M up \$8.2M (2015: \$0.8M).
- 16,973 ounces of gold produced and 14,327 ounces of gold sold at an average price of A\$1,645 ounces.
- Strong performance of the Nicolson's Project with EBITDA of \$10.0M up \$8.6M (2015: \$1.4M) and NPAT of \$3.2M up \$3.0M (2015: \$0.2M).
- Reported net loss after tax of \$18.6M is inclusive of a \$16.1M accounting loss on the acquisition of the final 20% of the Halls Creek Project through the issue of 130 million Pantoro shares, and \$4.6M of write downs on non-core PNG exploration assets.

Managing Director Paul Cmrlec said:

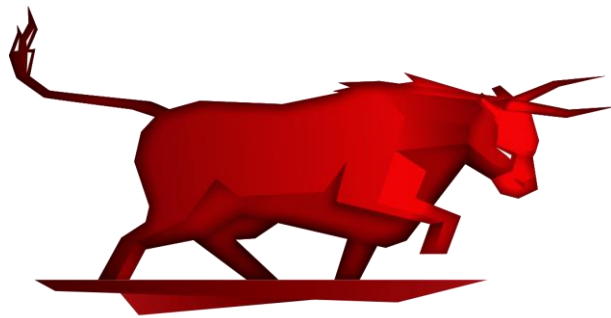
"The Board is delighted with the positive result at Nicolson's especially considering the significant reinvestment into project infrastructure, commissioning of open pit mining and increased exploration during the period. Production rates have already exceeded the expectations set by the mine feasibility study, and the operations team continues to work towards further upgrades. Exploration results reported during the period have continued to provide strong encouragement for continued project growth."

Enquiries

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ABN 30 003 207 467

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PO Box 1353 West Perth WA 6872 | 1187 Hay Street, West Perth WA 6005



PANTORO LIMITED

ABN 30 003 207 467

**HALF-YEAR FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
31 DECEMBER 2016**

CORPORATE DIRECTORY

Board of Directors

Michael Jefferies - Non-Executive Chairman
Paul Cmrlec - Managing Director
Scott Huffadine - Operations Director
Kyle Edwards - Non-Executive Director

Company Secretary

David Okeby

Registered Office

1187 Hay Street
West Perth WA 6005
Telephone: +61 8 6263 1110
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Postal Address

PO Box 1353, West Perth WA 6872

Website

<http://www.pantoro.com.au>

Auditors

Greenwich & Co Audit Pty Ltd
35 Outram Street, West Perth WA 6005
Telephone: +61 8 9426 4500
Facsimile: +61 8 9481 5645

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Tce
Perth WA 6000
GPO Box 2975 Melbourne VIC 3001
Telephone: (within Australia) 1300 850 505
Telephone: (outside Australia) +61 3 9415 4000
Facsimile: +61 3 9473 2500

Securities Exchange

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade, Perth WA 6000

ASX Codes: PNR, PNRO

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DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Pantoro Limited ("PNR" or "the Company") for the six months ended 31 December 2016.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Michael Jefferies – Non-Executive Chairman (Appointed 5 October 2016)

Peter Cook – Non-Executive Chairman (Resigned 5 October 2016)

Paul Cmrlec – Managing Director

Scott Huffadine – Operations Director

Kyle Edwards – Non-Executive Director (Appointed 5 October 2016)

David Osikore – Non-Executive Director (Resigned 5 October 2016)

Unless otherwise indicated all directors were in office from the beginning of the financial period until the date of this report.

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity recorded a loss after tax of \$18,550,173 for the half-year ended 31 December 2016 (2015: loss after tax \$2,144,969). The loss after tax is distorted by a \$16.1M accounting loss on the acquisition of the final 20% of the Halls Creek Project and \$4.6M of write down on PNG exploration assets.

Corporate

As at the 31st of December 2016, Pantoro had 743,044,076 ordinary shares on issue with approximately \$6.93 million in cash and 2,977 ounces of gold at the Perth Mint. The full company structure at the end of the period is set out in the table below.

| | |
|-----------------------|---|
| 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) |

Pantoro did not complete any new capital raising during the period, however a total of 46,065,221 options were exercised, resulting in an additional \$2,883,913 cashflow for the company.

Shareholders approved the issue of 130 million ordinary shares in Pantoro to Bulletin Resources Limited for the acquisition of the final 20% of the Halls Creek project during July 2016, taking full ownership. Settlement was completed in July 2016.

Pantoro extended its gold prepayment facility with the Commonwealth Bank of Australia ("CBA") by 2000 Oz during July 2016. The additional funds were utilised for development of open pit mines commencing in September 2016, ongoing upgrade of the processing plant facility and commencement of regional exploration activities outside of the existing known Mineral

Resources. The CBA gold pre-payment facility had 7,780 ounces outstanding for repayment at the end of the period.

Halls Creek Project

The Halls Creek Project has continued to deliver outstanding growth of Pantoro and its stakeholders. Production levels met feasibility expectations during the September 2016 quarter and were substantially increased again during the December 2016 quarter for record production of 9,598 Oz for the quarter. Total production for the half year period was 16,973 Oz. Pantoro is now focussed on continued growth from the operation with production rates of 50,000 – 60,000 Oz per annum targets to commence from the June 2017 quarter.

All in sustaining costs for the half year were \$1,203 per ounce with production from both underground and open pit mine sources. Open pit mining commenced during September 2016, with first ore processed during November 2016. The current open pit mines are planned to be in production until late CY 2017, with significant ore stockpiles developed during mining to be used in a blended mill feed throughout the 2018 calendar year. Early results from the open pits have been positive, with continuous high grade mineralisation encountered in both Wagtail South and Wagtail North pits.

Underground mine production from Nicolson's Mine continues to provide the primary mill feed with development to the 2125 level, approximately 175m below surface. High grades similar to those encountered in the upper levels of the mine continuing at depth. Capital development for the Johnston Lode at the Southern end of the mine was substantially progressed during the period, with first ore production from the area planned during the current financial year. The simultaneous operation of the southern and Northern ends of the mine will facilitate production increases from the mine as the number of working areas increases.

Exploration from underground has continued throughout the period, with work focussed on near mine reserve expansion, extending all currently known lodes at the mine. A Mineral Resource and Ore Reserve update is expected to be completed during the current financial year. Surface exploration has also been advanced, with drilling undertaken beneath the Wagtail open pits, at Paddock Well and Shifty's deposits. Current exploration programs are aimed at further expansion of Ore Reserves to underpin the ongoing production growth at the mine.

PNG Operations

Pantoro has continued to focus on its Australian operations during the period, with works in PNG limited to surface exploration programs at the Garaina Project. The Company held ML457 – Widubosh (PNR 50%), and the Garaina Project (PNR 100%) at the end of the period. During December 2016, the PNG Mining Minister advised that EL1614 and EL2013 had not been renewed, however subsidiary company Pacific Niugini Minerals (PNG) Limited re-applied for the areas and was understood to be the only applicant. The new application is held in ELA 2518.

The Garaina Project provides substantial upside potential for the company being highly prospective for discovery of copper-gold porphyry and epithermal gold deposits. Works completed to date support this prospectively. Pantoro continues to consider partnering and divestment options for its PNG operations given the company's focus on its Australian production assets.

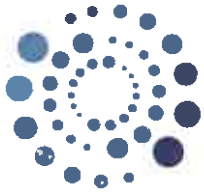
AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on the next page and forms part of the directors' report for the six months ended 31 December 2016.

Signed in accordance with a resolution of the Board of Directors.



Paul Cmrlec
Managing Director
Perth, Western Australia
Date: 14 March 2017



Greenwich & Co

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Auditor's Independence Declaration

To those charged with governance of Pantoro Limited

As auditor for the review of Pantoro Limited for the year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

14 March 2017

Perth

PANTORO LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

| | Note | 31 Dec 16 \$ | 31 Dec 15 \$ |
|---|------|----------------------------|---------------------------|
| Revenue | | 23,770,157 | 4,949,284 |
| Cost of sales | | (20,282,651) | (4,634,701) |
| Gross profit | | <u>3,487,506</u> | <u>314,583</u> |
| Other income | | 23,895 | 68,977 |
| Other expenses | | (1,314,320) | (706,270) |
| Fair value change in financial instruments | | (14,473) | (1,550,071) |
| Loss on acquisition of remaining Interest | 10 | (16,117,421) | - |
| Finance costs | | (14,162) | (266,323) |
| Exploration and evaluation expenditure written off | | (4,601,198) | (5,865) |
| Loss before income tax | | <u>(18,550,173)</u> | <u>(2,144,969)</u> |
| Income tax expense | | - | - |
| Loss after income tax | | <u>(18,550,173)</u> | <u>(2,144,969)</u> |
| Other comprehensive income / (loss) | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | 35,839 | (212,271) |
| Other comprehensive profit / (loss) for the period, net of tax | | <u>35,839</u> | <u>(212,271)</u> |
| Total comprehensive loss for the period, net of tax | | <u><u>(18,514,334)</u></u> | <u><u>(2,357,240)</u></u> |
| Basic loss per share (cents per share) | | (2.59) | (0.46) |
| Diluted loss per share (cents per share) | | (2.59) | (0.46) |

PANTORO LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

| | Note | As at 31 December 2016 \$ | As at 30 June 2016 \$ |
|---|------|------------------------------------|-----------------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 6,933,174 | 4,926,473 |
| Trade and other receivables | | 1,081,138 | 1,377,434 |
| Financial assets at fair value through profit or loss | | 103,846 | 103,846 |
| Inventories | 3 | 5,895,856 | 2,219,744 |
| Other assets | | 91,315 | 251,071 |
| Total current assets | | <u>14,105,329</u> | <u>8,878,568</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 9,201,878 | 8,186,063 |
| Exploration and evaluation expenditure | 5 | 1,714,059 | 5,789,346 |
| Mine properties and development costs | 6 | 23,875,215 | 15,244,010 |
| Total non-current assets | | <u>34,791,152</u> | <u>29,219,419</u> |
| TOTAL ASSETS | | <u>48,896,481</u> | <u>38,097,987</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 10,129,059 | 7,181,719 |
| Unearned Income | 7 | 8,102,367 | 5,173,575 |
| Provisions | | 666,937 | 431,018 |
| Interest-bearing loans and borrowings | | - | 75,411 |
| Other financial liabilities | | - | 259,580 |
| Total current liabilities | | <u>18,898,363</u> | <u>13,121,303</u> |
| NON-CURRENT LIABILITIES | | | |
| Unearned Income | 7 | 3,200,000 | 1,756,907 |
| Provisions | | 1,945,450 | 1,373,840 |
| Total non-current liabilities | | <u>5,145,450</u> | <u>3,130,747</u> |
| TOTAL LIABILITIES | | <u>24,043,813</u> | <u>16,252,050</u> |
| NET ASSETS | | <u>24,852,668</u> | <u>21,845,937</u> |
| EQUITY | | | |
| Contributed equity | 8 | 172,292,338 | 150,991,758 |
| Reserves | | 5,796,344 | 5,540,020 |
| Accumulated losses | | (153,236,014) | (134,685,841) |
| TOTAL EQUITY | | <u>24,852,668</u> | <u>21,845,937</u> |

PANTORO LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

| | Issued Capital \$ | Options reserve \$ | Share Based Payments Reserve \$ | Accumulated losses \$ | Foreign currency translation reserve \$ | Total equity \$ |
|---|-------------------------|--------------------------|---|-----------------------------|---|--------------------|
| At 1 July 2015 | 139,851,807 | 1,727,125 | 1,573,848 | (129,382,263) | 110,035 | 13,880,552 |
| Loss for the year | - | - | - | (2,144,969) | - | (2,144,969) |
| Other comprehensive loss | - | - | - | - | (212,271) | (212,271) |
| Total comprehensive income and expense for the year | - | - | - | (2,144,969) | (212,271) | (2,357,240) |
| Transactions with owners in their capacity as owners | | | | | | |
| Shares issued during the year | 4,905,674 | - | - | - | - | 4,905,674 |
| Exercise of options | 3,609 | - | - | - | - | 3,609 |
| Performance rights vesting into shares | 84,900 | - | (84,900) | - | - | - |
| Convertible note conversions | 1,155,834 | 459,167 | - | - | - | 1,615,001 |
| Convertible note interest paid in shares | 22,853 | - | - | - | - | 22,853 |
| Share issue costs | (172,073) | - | - | - | - | (172,073) |
| Share-based payments | - | - | 60,966 | - | - | 60,966 |
| At 31 December 2015 | 145,852,604 | 2,186,292 | 1,549,914 | (131,527,232) | (102,236) | 17,959,342 |
| | | | | | | |
| | Issued Capital \$ | Options reserve \$ | Share Based Payments Reserve \$ | Accumulated losses \$ | Foreign currency translation reserve \$ | Total equity \$ |
| At 1 July 2016 | 150,991,758 | 4,380,625 | 1,603,206 | (134,685,841) | (443,811) | 21,845,937 |
| Loss for the year | - | - | - | (18,550,173) | - | (18,550,173) |
| Other comprehensive loss | - | - | - | - | 35,839 | 35,839 |
| Total comprehensive income and expense for the year | - | - | - | (18,550,173) | 35,839 | (18,514,334) |
| Transactions with owners in their capacity as owners | | | | | | |
| Exercise of options | 2,883,913 | - | - | - | - | 2,883,913 |
| Convertible note conversions | 216,667 | 133,333 | - | - | - | 350,000 |
| Acquisition of remaining interest in project | 18,200,000 | - | - | - | - | 18,200,000 |
| Share-based payments | - | - | 87,152 | - | - | 87,152 |
| At 31 December 2016 | 172,292,338 | 4,513,958 | 1,690,358 | (153,236,014) | (407,972) | 24,852,668 |

PANTORO LIMITED
AND ITS CONTROLLED ENTITIES
ABN 30 003 207 467

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

| | Note | 31 Dec 16 \$ | 31 Dec 15 \$ |
|---|------|-------------------------|-------------------------|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | |
| Receipts from trade and other debtors | | 23,209,437 | 4,949,284 |
| Payments to suppliers and employees | | (15,584,072) | (5,834,604) |
| Interest paid | | (12,969) | (3,799) |
| Interest received | | 18,556 | 52,477 |
| Other income | | 5,339 | 16,500 |
| Net cash flows provided by/(used in) operating activities | | <u>7,636,291</u> | <u>(820,142)</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | | |
| Payments for property, plant and equipment | | (1,194,289) | (1,145,918) |
| Payments for exploration and evaluation | | (432,248) | (249,002) |
| Payments for mine properties and development | | (10,090,661) | (5,480,882) |
| Proceeds from sale of property, plant and equipment | | 5,500 | 92,545 |
| Net cash flows used in investing activities | | <u>(11,711,698)</u> | <u>(6,783,257)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from Gold Prepayment | | 3,200,000 | - |
| Proceeds from Convertible Note | | - | 3,300,000 |
| Proceeds from share issue | | 2,883,913 | 4,909,283 |
| Transaction costs on issue of shares | | - | (172,073) |
| Net cash flows provided by financing activities | | <u>6,083,913</u> | <u>8,037,210</u> |
| Net increase in cash and cash equivalents | | 2,008,506 | 433,811 |
| Net foreign exchange differences | | (1,805) | (8,712) |
| Cash at the beginning of the financial period | | 4,926,473 | 6,765,618 |
| Cash and cash equivalents at the end of the period | | <u><u>6,933,174</u></u> | <u><u>7,190,717</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The financial report of Pantoro Limited ("Pantoro" or the "Company") for the half-year ended 31 December 2016 was authorised in accordance with a resolution of the directors on 14 March 2017.

Pantoro is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principle activities of the Company and are described in the Directors' Report.

The address of the registered office is 1187 Hay Street, West Perth WA 6005.

2. Summary of accounting policies

a) Basis of preparation of the half-year financial statements

The consolidated financial statements for the half-year ended 31 December 2016 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

b) Basis of consolidation

The half-year report is comprised of the financial statements of Pantoro and its controlled entities (together referred to as the "Group").

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

c) New and amended accounting standards and interpretations

Since 1 July 2016, the Group has adopted all Accounting Standards and Interpretations mandatory to annual periods beginning on or after 1 July 2016. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group. The accounting policies adopted in the preparation of the half-year report are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2016. The Consolidated Entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Inventories

| | 31 Dec 16 | 30 Jun 16 |
|------------------------------------|------------------|------------------|
| | \$ | \$ |
| Ore stocks at net realisable value | 616,428 | 196,465 |
| Gold in circuit at cost | 1,375,239 | 1,234,782 |
| Bars in Transit | - | 649,455 |
| Metals Account | 3,781,151 | |
| Stores and spares at cost | 123,038 | 139,042 |
| | <u>5,895,856</u> | <u>2,219,744</u> |

4. Property, Plant and Equipment

During the half-year ended 31 December 2016 the Group paid \$1,194,289 (2015: \$1,145,918) in relation to property, plant and equipment acquisitions.

5. Exploration and Evaluation Expenditure

During the half-year ended 31 December 2016 the Group paid \$432,248 (2015: \$249,002) in relation to exploration and evaluation expenditure.

During the current period a review was undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. As a result, exploration and evaluation expenditure of \$4,601,198 (2015: \$5,865) was written off to the profit and loss. This write down relates to PNG tenements EL1614 and EL2013 that the PNG Mining Minister advised had not been renewed.

6. Mine Properties and Development

During the half-year ended 31 December 2016 the Group paid \$10,090,661 (2015: \$5,480,882) in relation to mine properties and developments costs. This amount relates to Nicolsons underground and the open pits at the Halls Creek Project.

7. Unearned Income

In February 2015, subsidiary Halls Creek Mining Pty Ltd ("HCM") drew down on a \$9,200,000 gold pre-pay facility with Commonwealth Bank of Australia ("CBA"). As a result of delays caused by poor ground conditions in the upper levels of the underground the facility was restructured to delay the start of the repayments. In July 2016 CBA agreed to defer repayments due on this prepayment facility to accommodate development of the high grade Rowdies and Wagtail open pits and to provide Pantoro with working capital and operational flexibility. Repayments recommenced on December 2016 and will finish in December 2017.

On 14 July 2016, upon completion of the acquisition of the remaining 20% of the Halls Creek Project from Bulletin Resources Limited (Bulletin), the outstanding portion of the Bulletin gold pre-pay facility with CBA was assigned to HCM with a loan value of \$1,732,601 as at that date. Repayments commenced on December 2016 and will finish in December 2017.

In July 2016 HCM drew down an additional \$3,200,000 on a second gold pre-pay facility with CBA. The loan is repayable in gold ounces in four equal instalments of 500 ounces per month between January and April 2018 inclusive.

These loans have been classified as unearned revenue on the Statement of Financial Position as CBA has prepaid HCM \$14,132,601 for a fixed quantity of gold ounces. HCM now has a legal obligation to deliver gold ounces, and will subsequently recognise revenue as and when it makes the repayment in gold ounces. HCM will measure revenue based on the allocation of nominal amounts of advance payments corresponding to the gold ounces delivered.

During the period 400 ounces were delivered to CBA (2015: nil). At the end of the period the number of ounces repayable under all pre-pay facilities was 7,779.95 for a value of \$11,302,367.35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Contributed Equity

| | 31 Dec 16 | 30 Jun 16 |
|---|---------------|-------------|
| | \$ | \$ |
| Ordinary Shares | | |
| Issued and fully paid | 172,292,338 | 150,991,758 |
| | <hr/> | <hr/> |
| Movements in ordinary shares on issue | | |
| | Number | \$ |
| At 1 July 2015 | 392,453,924 | 139,851,807 |
| Placement | 98,113,480 | 4,905,674 |
| Exercise of options | 60,167 | 3,609 |
| Performance rights vesting into shares | 1,300,000 | 84,900 |
| Convertible note conversions | 16,666,675 | 1,155,834 |
| Convertible note interest paid in shares | 400,926 | 22,853 |
| Share issue costs | - | (172,073) |
| At 31 December 2015 | 508,995,172 | 145,852,604 |
| | <hr/> | <hr/> |
| At 1 July 2016 | 565,312,188 | 150,991,758 |
| Exercise of options | 46,065,221 | 2,883,913 |
| Convertible note conversions | 1,666,667 | 216,667 |
| Acquisition of minority interest in subsidiary (see Note 9) | 130,000,000 | 18,200,000 |
| At 31 December 2016 | 743,044,076 | 172,292,338 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Segment Information

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the years ended 31 December 2016 and 31 December 2015.

| Half-year ended 31 December 2016 | PNG Exploration | Nicolsons Gold Project | Total segments | Unallocated | Consolidated |
|---|----------------------------|-----------------------------------|---------------------------|--------------------|---------------------|
| External revenue | | | | | |
| Revenue from sale of gold | - | 23,770,157 | 23,770,157 | - | 23,770,157 |
| Interest received | - | 10,712 | 10,712 | 7,844 | 18,556 |
| Other income | - | 5,339 | 5,339 | - | 5,339 |
| Total revenue | - | 23,786,208 | 23,786,208 | 7,844 | 23,794,052 |

Results

| | | | | | |
|-----------------------|-------------|-----------|-----------|--------------|--------------|
| Segment profit/(loss) | (4,189,458) | 3,248,733 | (940,725) | (17,609,448) | (18,550,173) |
|-----------------------|-------------|-----------|-----------|--------------|--------------|

| Half-year ended 31 December 2015 | PNG Exploration | Nicolsons Gold Project | Total segments | Unallocated | Consolidated |
|---|----------------------------|-----------------------------------|---------------------------|--------------------|---------------------|
| External revenue | | | | | |
| Revenue from sale of gold | - | 4,949,284 | 4,949,284 | - | 4,949,284 |
| Interest received | 263 | 36,586 | 36,849 | 15,628 | 52,477 |
| Other revenue | - | - | - | 16,500 | 16,500 |
| Total revenue | 263 | 4,985,870 | 4,986,133 | 32,128 | 5,018,261 |

Results

| | | | | | |
|-----------------------|-----------|---------|-----------|-------------|-------------|
| Segment (loss)/profit | (704,966) | 240,696 | (464,270) | (1,680,699) | (2,144,969) |
|-----------------------|-----------|---------|-----------|-------------|-------------|

The following table presents segment assets and liabilities of the Consolidated Entity's operating segments as at 31 December 2016 and 30 June 2016.

| | PNG Exploration | Nicolsons Gold Project | Total segments | Unallocated | Consolidated |
|-------------------------------|----------------------------|-----------------------------------|---------------------------|--------------------|---------------------|
| As at 31 December 2016 | | | | | |
| Segment assets | 1,058,130 | 43,813,134 | 44,871,264 | 4,025,217 | 48,896,481 |
| Segment liabilities | (241,192) | (22,624,383) | (22,865,575) | (1,178,238) | (24,043,813) |
| As at 30 June 2016 | | | | | |
| Segment assets | 5,507,808 | 29,942,283 | 35,450,091 | 2,647,896 | 38,097,987 |
| Segment liabilities | (321,640) | (15,282,159) | (15,603,799) | (648,251) | (16,252,050) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Segment Information (continued)

The following table presents segment capital expenditure of the Consolidated Entity's operating segments for the years ended 31 December 2016 and 30 June 2016.

| | PNG Exploration | Nicolsons Gold Project | Total segments | Unallocated | Consolidated |
|----------------------------|----------------------------|-----------------------------------|---------------------------|--------------------|---------------------|
| Capital Expenditure | | | | | |
| 31 December 2016 | 105,059 | 15,850,906 | 15,955,965 | 2,042 | 15,958,007 |
| 30 June 2016 | 229,188 | 19,233,553 | 19,462,741 | (10,532) | 19,452,209 |

Unallocated

Corporate income and expenses are not allocated to individual segments.

Taxes and certain financial assets and liabilities are not allocated to segments as they are managed on a group basis.

| | 31 Dec 16 \$ | 31 Dec 15 \$ |
|---|-------------------------|-------------------------|
| Reconciliation of Profit | | |
| Segment (loss)/profit | (940,725) | (464,271) |
| Corporate expenses | (1,734,811) | (573,949) |
| Loss on disposal of assets | - | (65,162) |
| Loss on Acquisition of Minority Interest | (16,117,421) | |
| Exploration and evaluation assets written off | - | (5,865) |
| Fair value change in financial instruments | (14,473) | (1,550,071) |
| Finance costs | (1,232) | (266,323) |
| Exchange differences on translation of foreign operations | 258,489 | 780,672 |
| Total consolidated loss before tax | (18,550,173) | (2,144,969) |

| | 31 Dec 16 \$ | 30 Jun 16 \$ |
|----------------------------------|-------------------------|-------------------------|
| Reconciliation of Assets | | |
| Segment operating assets | 44,871,264 | 35,450,091 |
| Unallocated cash and receivables | 3,598,575 | 2,222,779 |
| Unallocated plant and equipment | 322,796 | 321,271 |
| Unallocated financial assets | 103,846 | 103,846 |
| Group operating assets | 48,896,481 | 38,097,987 |

| | 31 Dec 16 \$ | 30 Jun 16 \$ |
|--------------------------------------|-------------------------|-------------------------|
| Reconciliation of Liabilities | | |
| Segment operating liabilities | (22,865,575) | (15,603,799) |
| Trade and other payables | (1,158,088) | (299,883) |
| Provision for employee benefits | (20,150) | (13,377) |
| Other financial liabilities | - | (334,991) |
| Group operating liabilities | (24,043,813) | (16,252,050) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Asset Acquisition

On 14 July 2016 Pantoro completed the acquisition of the remaining 20% of the Halls Creek Project from Bulletin Resources Limited (Bulletin). Pantoro through its wholly owned subsidiary Halls Creek Mining Pty Ltd now has 100% of the Halls Creek Project. Consideration for the acquisition was 130,000,000 fully paid ordinary shares in Pantoro. From 1 May 2016 Pantoro was responsible for 100% of the costs and revenues in relation to the project.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition are:

| Assets | \$ |
|--|-----------------------------|
| Property, plant and equipment | 1,565,378 |
| Exploration and evaluation expenditure | 56,060 |
| Mine properties and development costs | 3,292,688 |
| | <u>4,914,126</u> |
| Liabilities | |
| Trade and other payables | 9,079 |
| Unearned income | 1,732,601 |
| Provisions | 292,552 |
| | <u>2,034,232</u> |
| Net assets acquired | <u>2,879,894</u> |
| Cost of the acquisition | |
| Shares issued at fair value | (18,200,000) |
| Stamp duty assessed on transaction | (797,315) |
| Loss on acquisition of remaining interest in project | 16,117,421 |
| | <u>(2,879,894)</u> |

11. Contingent Liabilities and Contingent Assets

The Group has no contingent liabilities and contingent assets at reporting date.

12. Subsequent Events

On 18 January 2017, the company issued 500,000 shares for conversion of performance rights on the successful meeting of performance hurdle.

On 10 February 2017, 500,000 listed options (PNRO) with an exercise price of \$0.06 and expiry date of 25 August 2017 were exercised.

On 15 February 2017, 47,500 listed options (PNRO) with an exercise price of \$0.06 and expiry date of 25 August 2017 were exercised.

There are no other matters or circumstances which have arisen since the end of the financial period to the date of this report, which have significantly affected, or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

13. Dividends

No dividends were provided for or paid during the half-year.

DIRECTORS' DECLARATION

In the opinion of the directors of Pantoro Limited ("the Company"):

- a) the financial statements comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Paul Cmrlec
Managing Director

Perth, Western Australia
Date: 14 March 2017



Independent Auditor's Review Report

To the members of Pantoro Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pantoro Limited, which comprises the condensed statement of financial position as at 31 December 2016, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies statement or description of accounting policies as required by AASB 134 and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Pantoro Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pantoro Limited is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens

14 March 2017

Perth