



PANTORO

Quarterly Report

Ending 30 September 2017

Key Highlights

Operations

- Record production of 13,282 ounces produced compared with 11,828 ounces in the June quarter, a 12% increase. Production at Nicolsons has increased in every quarter since the first gold pour in September 2015.
- The Nicolsons Processing plant treated 58,723 tonnes @ 7.60 g/t. A run rate of approximately 230,000 tonnes per annum has now been achieved consistently for the past six months.
- Surface stockpiles of ore at the end of quarter of 14,010 tonnes @ 6.99 g/t Au, and a further 57,452 tonnes @ 2.15 g/t of low grade material for a total of 71,462 tonnes @ 3.10 g/t for 7,122 ounces available for processing.
- Production and project development achieved at a C1 cash cost of \$853/oz and an AISC of \$1,019/oz.

Resource Development & Exploration

Nicolsons Underground

- Drilling at Nicolsons has further extended the known strike length of the Johnston Lode at depth beyond the recent Mineral Resource limits and additional high grade results also from the Anderson lode including[^]:
 - » 2.0 m @ 26 g/t Au from 47 m.
 - » 1.1 m @ 31.24 g/t Au from 108.9 m.
 - » 0.9 m @ 37.4 g/t Au from 139.5 m.
 - » 1.93 m @ 7.67 g/t Au from 53 m.
 - » 0.75 m @ 18.4 g/t Au from 168.55 m.

Wagtail Underground Target

- Drilling on a continuous day/night shift basis commenced during the quarter and has demonstrated the continuity below the base of the current designed pits . Best results included[^]:
 - » 1.25 m @ 11.13 g/t Au from 138.3 m – including 0.3 m @ 38.6 g/t Au.
 - » 2.75 m @ 10.31 g/t Au from 141.15 m – including 1.25 m @ 22 g/t Au.
 - » 2.55 m @ 15.61g/t Au from 80.35 m – including 0.85 m @ 41.7 g/t Au.
 - » 1.4 m @ 20.48 g/t Au from 102.7 m – including 0.5 m @ 37.8 g/t Au.
 - » 0.85 m @ 13.35 g/t Au from 107.85 m.

Acquisition of Grants Creek Project

- Subsequent to the end of the quarter, Pantoro announced that agreement had been reached to acquire the Grants Creek Project north of Halls Creek. Grants Creek has been drilled a number of times during the 1980's, 1990's and 2000's with high grade results similar to those seen at Nicolsons achieved in a number of programs. Grants Creek effectively doubles the company's landholding in the area and provides excellent near term potential to provide supplementary ore feed for the Nicolsons processing plant.

Corporate

- A further 1,500 ounces were repaid to CBA during the quarter reducing total debt to 3,500 ounces.
- The company ended the quarter with \$14.6 million in cash and gold after loan repayments.

Enquiries

Paul Cmrlec – Managing Director | Ph: +61 8 6263 1110 | Email: admin@pantoro.com.au

[^] Full details were reported in an ASX release on 31 July 2017 titled "Nicolsons Project Exploration Update".

Pantoro Limited
ABN 30 003 207 467

T: +61 8 6263 1110 | E: admin@pantoro.com.au | W: www.pantoro.com.au
PO Box 1353 West Perth WA 6872 | 1187 Hay Street, West Perth WA 6005

About Pantoro Limited

Pantoro is an Australian gold producer with its 100% owned Halls Creek Gold Project in the Kimberly Region of Western Australia being the key operational focus. The project provides the company with a platform for growth through the operation of its first producing gold asset, which 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 Nicolsons during February 2015 and commenced production in Q3 2015. The Mineral Resource and Ore Reserves have been significantly upgraded since operations commenced, with both higher grades, and additional Ore Lodes identified during mining. The Mineral Resource is open at depth and along strike.

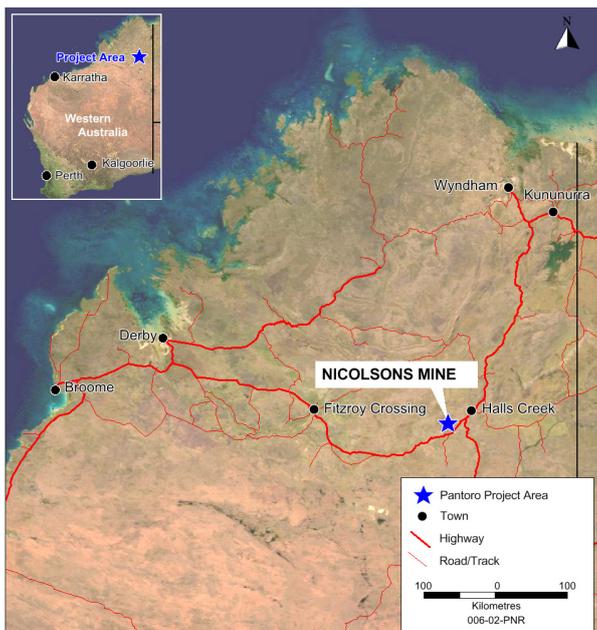
The company is currently producing gold at levels exceeding its feasibility study targets and has expanded to a production rate of 50,000 ounces per annum.

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, where 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, however Halls Creek remains as Pantoro's sole focus at the present time.



Activities Report

Halls Creek Project – Western Australia



The Halls Creek Project Location

The Halls Creek Project includes the Nicolson and Wagtail Mines, (35 km south west of Halls Creek) and a pipeline of exploration and development prospects located south-west 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 enacting its rapid development plan for the project. First production was achieved at Nicolson in the September 2015 quarter. The mine was developed with a strategy to minimize pre-production capital and to aggressively grow production and the mine Mineral Resource base utilizing early cashflows. The growth phase of the operation is now well underway.

The project currently has a declared Mineral Resource of 376,000 ounces of gold. Mine development and production to date has revealed a significant overcall to the feasibility Ore Reserve. An Ore Reserve upgrade was completed in May 2017, with further ongoing updates planned as 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 to date.

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). Early exploration by Pantoro has been highly successful in identifying additional mineralisation.

Pantoro has rapidly grown its production profile at Nicolson, and is increasing its exploration effort in order to secure further growth. The company is actively drilling depth extensions at Nicolson, underground mining targets at Wagtail, and a number of regional exploration targets. The company strategy is to continue profitable production while substantially growing the Ore Reserve to facilitate further growth at the operation.



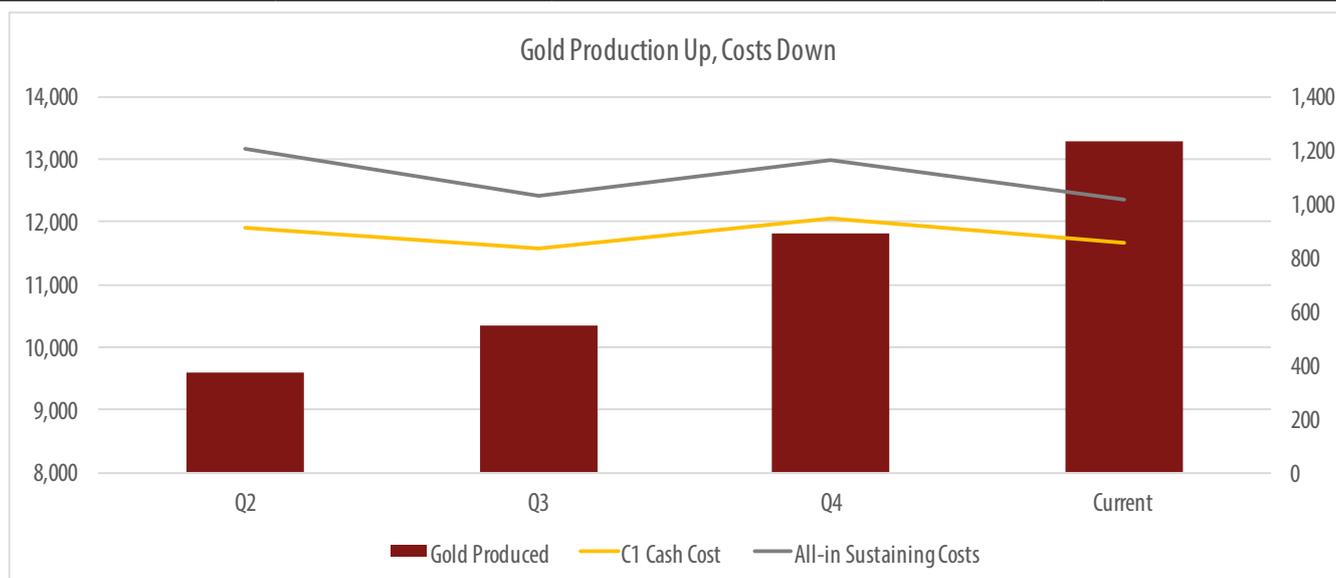
Quarterly Progress – Nicolsons Mine

The September quarter resulted in continued increases in mine production. Record production of 13,282 ounces produced compared with 11,828 ounces in the June quarter, representing a 12% increase. Production at Nicolsons has increased in every quarter since the first gold pour in September 2015.

C1 cash cost and AISC reduced compared with the previous quarter as set out in the table below. Pantoro continues to target AISC of below \$1,000 per ounce at Nicolsons and expects further cost improvements as a number of small improvement projects within the site infrastructure reach their conclusion. Open pit operations area also expected to be completed by the end of the December 2017 quarter with a further reduction in AISC as the underground production further increases to fulfil the full milling capacity.

Major project capital of \$223 per ounce was inclusive of the construction of a second tailings storage cell for the site. Key operating statistics for the September quarter (FY2018 Q1) are set out in the table below:

Physical Summary	FY 2017			FY 2018
	Q2	Q3	Q4	Q1
UG Ore Mined	34,073	42,243	40,446	43,904
UG Grade Mined	8.74	7.04	7.22	7.77
OP BCM Mined	238,599	264,392	316,916	205,862
OP Ore Mined	11,633	26,274	31,980	29,385
OP Grade Mined	3.68	4.16	4.18	5.28
Ore Processed	40,379	42,317	55,425	58,723
Head Grade	7.62	7.86	7.06	7.60
Recovery	97.3%	96.8%	94.1%	92.5%
Gold Produced	9,598	10,348	11,828	13,282
Cost Summary (\$/oz)				
C1 Cash Cost	\$913	\$832	\$944	\$853
Royalties	\$38	\$37	\$45	\$30
Marketing/Cost of sales	\$4	\$5	\$5	\$4
Sustaining Capital	\$237	\$144	\$164	\$123
Corporate Costs	\$12	\$11	\$10	\$9
All-in Sustaining Costs	\$1,205	\$1,028	\$1,165	\$1,019
Major Project Capital	\$462	\$317	\$213	\$223
Exploration Cost	\$15	\$37	\$38	\$125
Project Capital	\$477	\$354	\$251	\$348



Nicolsons Underground Mine

Nicolsons underground mine continues to be the primary ore source for the operation. Significantly, ore produced from the underground mine was approaching full mill capacity in the month of September, with scheduled output forecast to increase during the coming quarter. Ore from Nicolsons is expected to meet the full processing plant demand after Wagtail open pit mining is completed in December 2017.



Airleg stope completed on the 2125 Darcy Lode

Production for the quarter was 39,143 tonnes @ 8.44 g/t plus 4,761 tonnes @ 2.29 g/t of low grade material stockpiled for processing at a later date.

Ore development has progressed in the Johnston Lode from the south decline and has identified higher grades than anticipated in the Mineral Resource model in a number of zones. In addition to the existing 2215 and 2200 levels in development from the South Decline, it is expected that the ore zone will be developed on the 2180 and 2160 levels during the ensuing quarter.

In the North Decline, development of the Hall and Anderson Lodes has reached the 2065 level, with the decline advanced to approximately 2050 mRL, 250 m below surface. The stoping front in the Hall Lode is currently active on the 2185, 2170, and 2155 levels. It is anticipated that stoping activities will commence on an additional four completed levels between the 2140 and 2085 during the next four months, significantly increasing the number of working faces as production ramps up further.

Ongoing diamond drilling from underground mine positions was significantly boosted during the quarter with a new Atlas Copco mobile diamond drilling rig mobilised to site. Two drill rigs are now active underground with three drilling shifts per day. Significant intersections returned during the quarter included:

- 2.0 m @ 26 g/t Au from 47 m.
- 1.1 m @ 31.24 g/t Au from 108.9 m.

- 0.9 m @ 37.4 g/t Au from 139.5 m.
- 1.93 m @ 7.67 g/t Au from 53 m.
- 0.75 m @ 18.4 g/t Au from 168.55 m.

Drilling at Nicolson's has further extended the known strike length of the Johnston Lode at depth.

Full details were reported in an ASX release on 31 July 2017 titled "Nicolson's Project Exploration Update".

Wagtail Open Pit Mines

Open pit mining continued to deliver high grade ore to the processing plant, with surface ore stockpiles continuing to build on site. Both Wagtail North and Wagtail South were mined during the quarter delivering production for the period of 25,183 tonnes mined at a grade of 5.97 g/t Au, plus 4,201 tonnes of low grade material stockpiled separately. Given the large surface stockpiles building at Nicolson's, it was decided to deploy part of the open pit mining fleet to construction of the new tailings storage cell, which is now complete. As a result, open pit mining volumes were reduced to 205,862 BCM for the quarter.



Mining in Wagtail South

It is planned to complete the current phase of open pit mining in December 2017. The development focus for Wagtail is now commencement of underground mining following completion of the open pits. Drilling of underground targets is now being undertaken 24 hours per day with an objective to drill the zone between the base of the open pits and 200 metres below surface while completing open pit mining. Drilling to date has returned numerous high grade intersections similar in nature to Nicolson's intercepts. Significant results returned during the quarter included:

- 1.25 m @ 11.13 g/t Au from 138.3 m – including 0.3 m @ 38.6 g/t Au.
- 2.75 m @ 10.31 g/t Au from 141.15 m – including 1.25 m @ 22 g/t Au.
- 2.55 m @ 15.61 g/t Au from 80.35 m – including 0.85 m @ 41.7 g/t Au.
- 1.4 m @ 20.48 g/t Au from 102.7 m – including 0.5 m @ 37.8 g/t Au.
- 0.85 m @ 13.35 g/t Au from 107.85 m.
- 4 m @ 8.5 g/t Au from 20 m (composite assay).
- 1.8 m @ 5.76 g/t Au from 40.6 m.

Full details were reported in an ASX release on 31 July 2017 titled "Nicolson's Project Exploration Update".

Processing Plant

The processing plant operated at a nominal 230,000 tonne per annum run rate for a second consecutive quarter with a total throughput of 58,723t @ 7.60g/t. Recovery was 92.5%, primarily due to the higher throughput rate reducing mill residence time. Engineering work for the installation of additional leaching tanks has commenced.

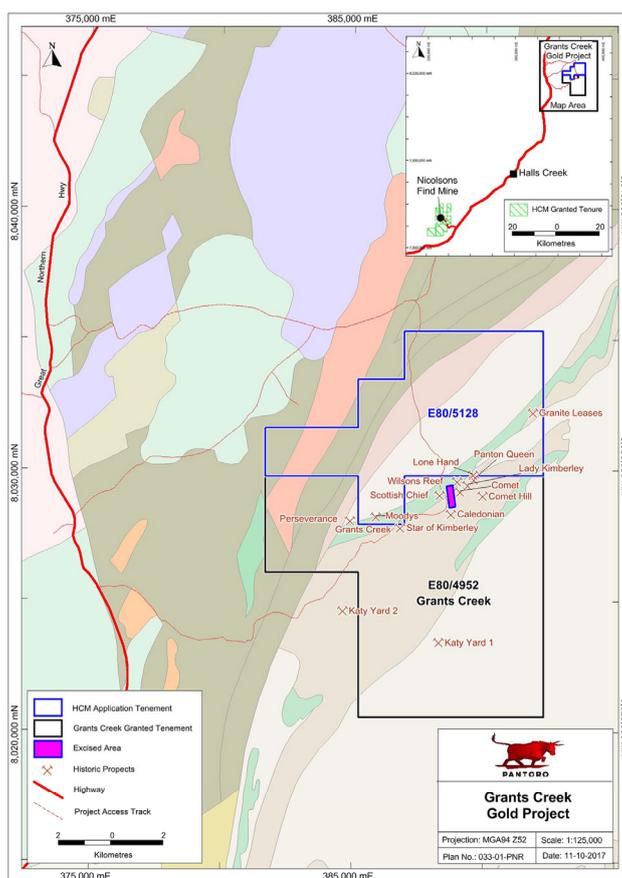
The processing plant has operated with excellent reliability. Availability for the quarter exceeded 98% and total utilization exceeded 94% inclusive of planned shut downs during the quarter.

Pantoro remains focused on further increasing production output from the operation with both surface stockpiles and underground developed stocks continuing to grow. The operation has a clear strategy of increasing Ore Reserves through the expanded exploration effort on site ahead of undertaking plant upgrade works designed to increase production to between 80,00 and 100,000 ounces per annum in the near term. Metallurgical test work and engineering scoping studies have been completed for the upgrade.

Acquisition of the Grants Creek Project

Subsequent to the end of the quarter, Pantoro advised that it has entered into a binding agreement to acquire the Grants Creek Gold Project (E80/4952) near Halls Creek in Western Australia through its wholly owned subsidiary, Halls Creek Mining (HCM). Consideration for the Acquisition is \$50,000. In addition, HCM has applied for a new exploration lease for the area to the north of E80/4952 which will consolidate the remainder of the historical Grants Patch goldfield.

Grants Creek, located approximately 60 km north of Halls Creek includes a number of advanced prospects with first mining recorded during the 1880's. Review of open file data on the Department of Mines WAMEX database dating back to 1984 confirms that at least three of the prospects – Perseverance, Star of the Kimberley, and Wilsons Reef had high grade, but non-JORC compliant resources stated during the 1990's. Precious Metals Australia also lodged a Notice of Intent to mine in 1996, however their operations in the region ceased prior to mining commencing.



Full details were reported in an ASX release on 16 October 2017 titled "Pantoro Acquires Grants Creek Project Near Halls Creek".

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, 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.

Pantoro did not complete additional field work for the quarter as it awaits final assays from recent field activities. The company is continuing to consider options for partnering on the Project to facilitate future works.

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 intends to exit from the Widubosh project in the near term.

Corporate Information

Company Structure

Listed options in Pantoro were due to expire during August 2017. The majority of options were exercised prior to expiry, with a total of 16,240,271 options exercised during the quarter. A further 5,166,667 unlisted options and 500,000 unlisted employee options were exercised during the quarter.

The company structure as at 30 September 2017 is provided in the table below.

Cash & Gold	\$14.6 million [^]
Debt	3,500 ounces of gold and normal trade creditors
Ordinary Shares (PNR)	783,566,810
Unlisted Options	3,333,334 (exercisable at \$0.06, various expiry dates)
Employee Options	17,610,000 (various exercise prices and expiry dates)
Performance Rights	4,250,000 (various expiry dates)

[^] Includes \$10.62M cash, 879 ounces in gold at mint, 782 ounces in dore for shipment and 754 ounces in gold in circuit at a closing gold price of \$1,637/oz.

Compliance Statements

Halls Creek Project - Mineral Resources & Ore Reserves

The information relating to Mineral Resources and Ore Reserves is extracted from a report entitled 'Nicolsons Project Mineral Resource and Ore Reserve Update' created on 1 June 2017 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.

Nicolsons Underground & Wagtail Drilling Results

The information relating to drilling results at Nicolsons is extracted from reports entitled 'Nicolsons Exploration Update' created on 31 July 2017 and 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. 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.

Forward Looking Statements

Certain statements in this report relate to the future, including forward looking statements relating to Pantoro's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Pantoro to be materially different from future results, performance or achievements expressed or implied by such statements. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Other than required by law, neither Pantoro, their officers nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements will actually occur. You are cautioned not to place undue reliance on those statements.

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")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17,954	17,954
1.2 Payments for		
(a) exploration & evaluation	(1,690)	(1,690)
(b) development	(2,476)	(2,476)
(c) production	(8,484)	(8,484)
(d) staff costs	(3,576)	(3,576)
(e) administration and corporate costs	(295)	(295)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	13
1.5 Interest and other costs of finance paid	(18)	(18)
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	1,428	1,428

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1,790)	(1,790)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(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)	1	1
2.6	Net cash from / (used in) investing activities	(1,789)	(1,789)

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	1,307	1,307
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
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	1,307	1,307

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,672	9,672
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,428	1,428
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,789)	(1,789)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,307	1,307
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	10,616	10,616

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	7,616	1,335
5.2 Call deposits	3,000	8,337
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)	10,616	9,672

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**

272

-

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**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

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	5,303	5,303
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	930
9.2 Development	3,690
9.3 Production	7,635
9.4 Staff costs	3,600
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	16,155

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				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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: 26 October 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.