PANTORO LIMITED

ABN 30 003 207 467

HALF-YEAR FINANCIAL REPORT

FOR THE PERIOD ENDED

31 DECEMBER 2018

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

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Perth WA 6000
Code: **PNR**

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DIRECTORS' REPORT

Your directors present their report together with the consolidated financial report of Pantoro Limited (Pantoro or PNR or the Company) for the half-year ended 31 December 2018.

DIRECTORS

The directors of the Company at any time during or since the end of the half-year period are:

Michael Jefferies – Non-Executive Chairman

Paul Cmrlec – Managing Director

Scott Huffadine – Operations Director

Kyle Edwards – Non-Executive Director

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

- Consolidated profit after tax - $169,830 (2017: $9,326,311);
- Total consolidated revenue - $39,060,249 (2017: $44,504,885);
- Total cost of sales - $37,718,356 (2017: $34,031,333);
- Cash flows from operating activities - $5,927,201 (2017: $14,141,363);
- Cash flows used in investing activities - $12,010,745 (2017: $12,552,555);
- Cash flow from financing activities - $12,607,515 (2017: $1,306,630).

Corporate

As at 31 December 2018, Pantoro had 858,680,144 ordinary shares on issue with approximately $18.28 million in cash and cash equivalents and 226 ounces of gold at the Perth Mint. The full company structure at the end of the period is set out in the table below.

Ordinary Shares (PNR)	858,680,144
Employee Options	16,075,000 (various exercise prices and expiry dates)
Performance Rights	2,000,000 (expiring 29 November 2019)
Options converted during the half-year	280,000

During the period, Pantoro completed a share placement of 65,000,000 ordinary shares at $0.20 per share raising $13,000,000 before costs and completed a share purchase plan issuing 3,525,000 ordinary shares at $0.20 per share raising $705,000 before costs. In addition, 280,000 options were exercised during the period resulting in cashflow of $30,700 for the Company.

Halls Creek Project

Pantoro has continued to focus on the growth of the Halls Creek project with several major capital projects completed during the period. Major projects undertaken during the period include the installation, commissioning and operation of ore sorting, and commencement of underground mining at Wagtail North. A significant exploration effort was also employed at both Grants Creek and Mary River, and exciting results from both sites hold the project in good standing for continuing growth in the future. While the upgrade projects affected the financial result for the company during the period, the site is now well placed to achieve continued production upgrades during the coming 12 month period.

The installation of the Steinert Multi-Sensor ore sorter has substantially increased production capacity at the site. Without ore sorting, the processing plant has a nominal capacity of 250,000 tonnes per annum, however operation of the ore sorter has demonstrated that 30 – 50% of the crusher feed as waste. The removal of waste upgrades the mill feed grade, effectively increasing production capacity by 30 – 50%. The degree of the upgrade achieved is dependent on the amount of dilution in crusher feed ore. The ore sorter has performed to expectation during the period with excellent rates of waste rejection and gold recovery. Nicolsons is currently mine constrained, however as production from Wagtail increases and crushing is operating at full capacity, the full benefit of the ore sorter will be realised.

Development at Wagtail has progressed as expected throughout the period. In general, ground conditions are good, and the ore mined to date has exceeded expectation in terms of mined grades achieved. Ore development and production from Wagtail will continue to grow throughout the coming 12 months and are ultimately expected to reach production levels similar to those being achieved at Nicolsons.

Nicolsons underground mine was the sole production source for the operation during the majority of the period, with some minor stockpiled material also processed. Nicolsons has continued to deliver strong results, however as documented during the September 2018 quarter, mine production was affected by unexpected dilution and flattening of the ore zone for a period of time. The issues were immediately addressed by the site operations team, as reflected in the December 2018 quarterly result. Exploration during the last half of the period identified continuing high grade mineralisation at depth of up to 450 metres below surface, while development was approximately 300m below surface at the end of the period. The orebody remains open at depth.

Drilling during the period below the Rowdies orebody, at the north end of the Wagtail mine has continued to produce outstanding results, with very high grade mineralisation identified to a depth of 220m below surface. The Wagtail orebodies appear to be part of the same mineralised system at Nicolsons and remain completely open at depth and along strike.

Costs at the site were impacted by a lower production result during September as a result of the issues encountered during the period, and the work effort placed in undertaking site capital upgrades. The loss during the September quarter (gross loss $2,713,963) was fully recovered during the December 2018 quarter with a gross profit of $4,055,856 giving an overall gross profit of $1,341,893 for the half year. The production capacity improvements made at the site during this period will ultimately provide Pantoro with the opportunity to substantially increase both production and profitability during the coming years.

PNG Operations

Pantoro has continued to focus on its Australian operations during the period, with projects in PNG now limited to the Garaina Project.

The Garaina Project is considered 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 project given the company’s focus on its Australian production assets.

AUDITOR'S INDEPENDENCE

The auditor's independence declaration is included on page 16.

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

Paul Cmrlec
Managing Director

13 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	31 Dec 18 $	31 Dec 17 $
Revenue	3	39,060,249	44,504,885
Cost of sales	4	(37,718,356)	(34,031,333)
Gross profit		1,341,893	10,473,552
Other income		44,500	274,094
Other expenses		(1,108,788)	(1,404,510)
Finance costs		(19,216)	(7,281)
Exploration and evaluation expenditure written off		(87,989)	-
Profit before income tax		170,400	9,335,855
Income tax expense	5	-	-
Profit after income tax		170,400	9,335,855
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(570)	(16,467)
Net fair value changes in available-for-sale financial assets		-	6,923
Other comprehensive loss for the period, net of tax		(570)	(9,544)
Total comprehensive profit for the period, net of tax		169,830	9,326,311
Earnings per share attributable to the ordinary equity holders of the parent (cents per share)			
Basic profit per share (cents per share)		0.02	1.20
Diluted profit per share (cents per share)		0.02	1.19

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 Dec 18 $	30 Jun 18 $
CURRENT ASSETS			
Cash and cash equivalents		18,282,045	11,758,532
Trade and other receivables		780,377	1,215,012
Inventories	6	3,950,710	4,397,691
Prepayments		272,859	628,240
Total current assets		23,285,991	17,999,475
NON-CURRENT ASSETS			
Property, plant and equipment	7	15,546,793	17,179,148
Exploration and evaluation expenditure	8	3,495,078	2,159,094
Mine properties and development costs	9	29,927,665	25,997,825
Total non-current assets		48,969,536	45,336,067
TOTAL ASSETS		72,255,527	63,335,542
CURRENT LIABILITIES			
Trade and other payables		9,133,454	13,525,556
Provisions		1,401,300	1,097,633
Interest-bearing loans and borrowings		264,206	595,705
Total current liabilities		10,798,960	15,218,894
NON-CURRENT LIABILITIES			
Provisions		2,776,275	2,696,188
Interest-bearing loans and borrowings		16,000	25,333
Total non-current liabilities		2,792,275	2,721,521
TOTAL LIABILITIES		13,591,235	17,940,415
NET ASSETS		58,664,292	45,395,127
EQUITY			
Issued capital	10	188,015,799	174,992,952
Reserves		7,150,810	7,074,892
Accumulated losses		(136,502,317)	(136,672,717)
TOTAL EQUITY		58,664,292	45,395,127

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Issued capital	Options reserve	Share-based payments reserve	Fair value reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	$	$	$	$	$	$	$
At 1 July 2017	173,379,286	4,513,958	2,225,647	-	(150,422,806)	(437,290)	29,258,795
Loss for the period	-	-	-	-	9,335,855	-	9,335,855
Other comprehensive income, net of tax	-	-	-	6,923	-	(16,467)	(9,544)
Total comprehensive profit/(loss) for the period	**-**	**-**	**-**	**6,923**	**9,335,855**	**(16,467)**	**9,326,311**
Exercise of options	1,334,416	-	-	-	-	-	1,334,416
Share-based payments	-	-	501,835	-	-	-	501,835
At 31 December 2017	174,713,702	4,513,958	2,727,482	6,923	(141,086,951)	(453,757)	40,421,357

	Issued capital	Options reserve	Share-based payments reserve	Fair value reserve	Accumulated losses	Foreign currency translation reserve	Total equity
	$	$	$	$	$	$	$
At 1 July 2018	174,992,952	4,513,958	3,001,650	-	(136,672,717)	(440,716)	45,395,127
Profit for the period	-	-	-	-	170,400	-	170,400
Other comprehensive loss, net of tax	-	-	-	-	-	(570)	(570)
Total comprehensive profit/(loss) for the period	**-**	**-**	**-**	**-**	**170,400**	**(570)**	**169,830**
Shares issued during the period	13,705,000	-	-	-	-	-	13,705,000
Exercise of options	30,700	-	-	-	-	-	30,700
Share issue costs	(712,853)	-	-	-	-	-	(712,853)
Share-based payments	-	-	76,488	-	-	-	76,488
At 31 December 2018	188,015,799	4,513,958	3,078,138	-	(136,502,317)	(441,286)	58,664,292

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	31 Dec 18 $	31 Dec 17 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	39,060,249	40,299,468
Payments to suppliers and employees	(33,158,332)	(26,196,054)
Interest paid	(19,216)	(7,281)
Interest received	42,000	34,521
Other income	2,500	-
Proceeds from security deposits	-	10,709
Net cash flows from operating activities	5,927,201	14,141,363
CASH FLOWS USED IN INVESTING ACTIVITIES		
Payments for property, plant and equipment	(1,586,777)	(3,124,108)
Payments for exploration and evaluation	(1,424,567)	(2,081,180)
Payments for mine properties and development	(8,999,401)	(7,347,267)
Net cash flows used in investing activities	(12,010,745)	(12,552,555)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease liabilities	(415,332)	-
Proceeds from share issues	13,705,000	-
Proceeds from exercise of options	30,700	1,306,630
Transaction costs on issue of shares	(712,853)	-
Net cash flows from financing activities	12,607,515	1,306,630
Net increase in cash and cash equivalents held	6,523,971	2,895,438
Net foreign exchange differences	(458)	(11,137)
Cash and cash equivalents at the beginning of the financial period	11,758,532	9,672,046
Cash and cash equivalents at the end of the financial period	18,282,045	12,556,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

The financial report of Pantoro Limited ("Pantoro" or "PNR" or "the Company") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 11 March 2019.

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 principal activities of the Company 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 report

This general purpose condensed consolidated financial report for the half-year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all the information required for full annual financial statements, and should be read in conjunction with the annual report of Pantoro for the year ended 30 June 2018 and any public announcements made by the Company during the half-year reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

b) Basis of consolidation

The half-year report is comprised of the financial statements of Pantoro (the "parent company") 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.

Controlled entities are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Where there is loss of control of a controlled entity, the consolidated financial statements include the results for the part of the reporting period during which the Company has control.

c) New and amended accounting standards and interpretations

A number of new or amended standards became applicable for the current reporting period. The Group was not required to make any retrospective adjustments however had to change its accounting policies as a result of adopting these standards:

- AASB 9 *Financial Instruments*, and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below.

Several other standards and interpretations applied for the first time for annual reporting periods beginning 1 July 2018. Adoption of these Standards and interpretations did not have an impact on the consolidated financial statements of the Group and, hence, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

d) Changes in accounting policies

The impact of the adoption of AASB 9 *Financial* Instruments ("AASB 9") and AASB 15 *Revenue from Contracts with Customers* ("AASB 15") on the Group's financial statements is explained below. The Group adopted both AASB 9 and AASB 15 using the modified retrospective method of adoption from 1 July 2018. The new accounting policies that have been applied from 1 July 2018 have also been disclosed where they vary to those applied in prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) **Changes in accounting policies (continued)**

(i) *AASB 9 Financial Instruments*

AASB 9 replaces parts of AASB 139 bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

AASB 9 introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and are solely payments of principal and interest (SPPI). All other financial instrument assets are to be classified and measured at fair value through profit or loss (FVTPL) unless the entity makes an irrevocable election on initial recognition to present fair value gains and losses on equity instruments (that are not held-for trading) in other comprehensive income (OCI).

Impairment requirements use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment is measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

Classification and measurement

Trade and other receivables - previously classified as Loans and receivables. These were assessed as being held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as Debt instruments at amortised cost.

Financial liabilities - There are no changes in classification and measurement for the Group's financial liabilities.

Classification of financial assets and financial liabilities on the date of initial application of AASB 9

The following table shows the original measurement categories under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets and financial liabilities as at 1 July 2018.

	Measurement category		**Carrying amount**	
Financial assets	**Original (AASB 139)**	**New (AASB 9)**	**Original $**	**New $**
Cash and cash equivalents	Loans and receivables	Amortised cost	11,758,532	11,758,532
Trade and other receivables	Loans and receivables	Amortised cost	216,009	216,009
Trade and other payables	Loans and receivables	Amortised cost	13,525,556	13,525,556
Interest-bearing loans and borrowings	Loans and receivables	Amortised cost	621,038	621,038

Impairment

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking ECL approach. AASB 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) **Changes in accounting policies (continued)**

(i) *AASB 9 Financial Instruments (continued)*

Revised accounting policy – Financial assets

Initial recognition and measurement

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment referred to as the SPPI test is performed at an instrument level.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments); or
- Financial assets at fair value through profit or loss (equity instruments).

The Group's financial assets comprise of only debt financial assets at amortised cost.

Financial assets at amortised cost (debt instruments)

The Group classifies and measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the Consolidated Statement of Comprehensive Income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) **Changes in accounting policies (continued)**

(i) *AASB 9 Financial Instruments (continued)*

Revised accounting policy – Financial assets (continued)

Impairment

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by AASB 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL when there has not been a significant increase in credit risk since origination. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date.

d) **Changes in accounting policies (continued)**

(ii) *AASB 15 Revenue from Contracts with Customers*

AASB 15 and its related amendments supersedes AASB 18 Revenue and related Interpretations. It applies to all revenue arising from contracts with its customers and establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognised when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group's revenue from contracts with customers comprises of the sale of gold and silver bullions. The Group undertook a comprehensive analysis of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue stream with the primary focus being to understand whether the timing and amount of revenue recognised could differ under AASB 15.

The Group has not applied any practical expedients in adopting the standard and no adjustments were required as a result of adopting the new standard.

Revised accounting policy – Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group primarily generates revenue from the sale of gold and silver bullion. The Group delivers dore bars to a refiner, who refines the dore for a fee and credits the Group's metal account with the contained ounces of gold and silver. Control does not pass to the refiner, it is simply providing processing services to the Group which are accounted for as cost of production in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group subsequently sells gold and silver to either to the refinery or third parties (financial institutions).

Revenue from the sale of gold and silver is recognised when control over the inventory has transferred to the customer. Control is generally considered to have passed when the metal credits transfer from the Group's metal account to the customer.

Transaction prices for the sale of gold and silver bullion are determined on deal confirmation and there are no further adjustments to the price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

d) **Changes in accounting policies (continued)**

(ii) *AASB 15 Revenue from Contracts with Customers (continued)*

Revised accounting policy – Revenue Recognition (continued)

Fair values

The carrying values of the balances disclosed in the financial statements approximates their fair values unless otherwise disclosed within the financial statements.

3. Revenue

	2018	2017
	$	$
Revenue from sale of gold	38,883,357	44,333,458
Revenue from sale of silver	176,892	171,427
Total revenue from contracts with customers	39,060,249	44,504,885

The prior year comparatives have not been restated for the requirements of AASB 15, refer to Note 2 (d) for the Group's transition method adopted.

4. Cost of sales

Salaries, wages expense and other employee benefits	(8,981,372)	(7,319,287)
Operating lease rentals	(2,742,559)	(2,095,221)
Other production costs	(16,896,918)	(13,396,283)
Royalties	(827,514)	(975,275)
Reversal of write down in value of inventories to estimated net realisable value	59,739	160,689
Depreciation and amortisation expense		
Depreciation of non-current assets:		
Property, plant and equipment	(1,075,132)	(595,615)
Buildings	(37,852)	(34,332)
Amortisation of non-current assets:		
Mine properties and development costs	(7,216,748)	(9,776,009)
Total cost of sales	(37,718,356)	(34,031,333)

5. Income tax

No income tax expense was recognised during the period as the Company has sufficient unrecognised tax losses to offset the taxable income for the period.

6. Inventories

	31 Dec 18	30 Jun 18
	$	$
Ore stocks at net realisable value	861,716	945,353
Gold in circuit at cost	1,492,451	2,507,750
Bars in transit at cost	236,685	-
Metals account	59,576	-
Stores and spares at cost	1,314,407	949,652
Provision for obsolete stores and spares	(14,125)	(5,064)
	3,950,710	4,397,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Property, plant and equipment

During the half-year ended 31 December 2018, the Group paid $1,586,777 (2017: 3,124,108) in relation to property, plant and equipment acquisitions.

8. Exploration and evaluation expenditure

During the half-year ended 31 December 2018, the Group paid $1,424,567 (2017: $2,081,180) 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, no areas of interest were determined to have impairment indicators (2017: Nil).

9. Mine properties and development

During the half-year ended 31 December 2018, the Group paid $8,999,401 (2017: $7,347,267) in relation to mine properties and developments costs. This amount relates to the Nicolsons and Wagtail undergrounds and tails dam lift at the Halls Creek Project.

10. Contributed equity

	31 Dec 18 $	30 Jun 18 $
Ordinary shares		
Issued and fully paid	188,015,799	174,992,952

Movements in ordinary shares on issue

	Number	$
At 1 July 2017	**761,659,872**	**173,379,286**
Exercise of options	21,906,938	1,334,416
Performance rights vested	500,000	-
At 31 December 2017	**784,066,810**	**174,713,702**
At 1 July 2018	789,375,144	174,992,952
Placement (1)	65,000,000	13,000,000
Share Purchase Plan (2)	3,525,000	705,000
Exercise of options	280,000	30,700
Performance rights vested	500,000	-
Share issue costs	-	(712,853)
At 31 December 2018	**858,680,144**	**188,015,799**

(1) On 12 September 2018, the Company completed a share placement of 65,000,000 shares at an issue price of $0.20 per share. Costs of the issue amounted to $674,593.

(2) On 5 October 2018, the Company issued 3,525,000 shares unders a share purchase plan at an issue price of $0.20 per share. Costs of the issue amounted to $38,262.

11. Segment information

During the period, the Group has determined that it operates in one operating segment, being the Halls Creek Project, and this is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources in the Group. Accordingly, the financial results of the segment are equivalent to the financial statements of the Group as a whole.

The corporate head office and the PNG exploration do not engage in business activities from which they generate or earn revenues. As a result, the corporate head office and the PNG exploration do not represent operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. Commitments and contingencies

Commitments

At 31 December 2018, the Group had the following commitments:

- lease expenditure commitments of $10,207,726 relating to commercial leases on power generation facilities, accommodation facilities, underground mobile equipment and tenements on which mining and exploration operations are located (30 June 2018: $7,953,048); and
- capital expenditure commitments of $43,137 principally relating to plant and equipment upgrades and replacements at the Halls Creek Project (30 June 2018: $674,133).

Contingencies

Since the last annual reporting date, there has been no material change in any other commitments or contingencies of the Group.

13. Subsequent events

There are no 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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

14. Dividends

No dividends were provided for or paid during the half-year or up to the date of this report.

15. Related party transactions

No additional significant related party transactions have taken place during the financial period other than those disclosed within the financial statements ended 30 June 2018,

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pantoro Limited (the Company), I state that:

In the opinion of the directors:

a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year 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.

On behalf of the Board

P.M.

Paul Cmrlec
Managing Director

13 March 2019

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

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Auditor's Independence Declaration to the Directors of Pantoro Limited

As lead auditor for the review of the half-year financial report of Pantoro Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pantoro Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

Philip Teale
Partner
13 March 2019

PT:CT:PANTORO:018

INDEPENDENT REVIEW REPORT

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Independent auditor's review report to the members of Pantoro Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Pantoro Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2018, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial 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 the Group, 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.

PT:CT:PANTORO:017

INDEPENDENT REVIEW REPORT

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Philip Teale
Partner
Perth
13 March 2019

PT:CT:PANTORO:017