



PANTORO

2016 ANNUAL REPORT

CORPORATE DIRECTORY

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Paul Cmrlec (Managing Director)
Scott Huffadine (Operations Director)
David Osikore (Non-Executive Director)

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CHAIRMAN'S LETTER

Dear Shareholders

It is with pleasure that I, on behalf of the Board of Directors, present you the Annual Report for the year ending 30 June 2016.

The year past has been one of significant milestones for Pantoro as the full advance to gold producer occurred.

The Nicolsons Mine transitioned from development to production during the year, and is now approaching steady-state operations. It has become evident that the ore system is more consistent and significantly better endowed than predicted by drilling. Consequently the outputs and forward outlook for Pantoro has been enhanced.

The focus has now turned to adding longevity and growth within the Halls Creek tenure. A number of open pit opportunities have been added to the development pipeline with a proposed minor expansion to the plant to provide expanded capacity for processing. This will see higher outputs for the Halls Creek Project moving forward whilst the recently commenced underground drill programs are expected to provide extensions and provide an opportunity for increased production over time.

To summarise so succinctly what has been a good outcome for shareholders belies the immense effort put in by all our management in achieving this outcome in sometimes trying circumstances.

I also thank our minority partner Bulletin Resources Limited for seeing the logic and sense of consolidating ownership of this mine under one roof. Pantoro now goes forward as the sole owner of the Halls Creek Project and Nicolsons Mine with Bulletin and its shareholders participating through equity in Pantoro.

On behalf of shareholders and the Board I both congratulate and thank our Managing Director, Paul Cmrlec, and his team for what has been a successful year.

To our shareholders that have patiently and loyally stuck by us through the years, we thank you for your belief and trust in us. To our new shareholders I welcome you, and look forward to the company being able to reward you as Pantoro cements its position as a respected gold miner.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Cook', written in a cursive style.

Peter Cook
Chairman

MANAGING DIRECTOR'S REPORT

I am pleased to provide shareholders with an overview of Pantoro's excellent past year. With the successful development of the Nicolson's Mine near Halls Creek in Western Australia, Pantoro became a gold producer in September 2015 when it poured its first gold doré. Production continued to ramp up throughout the period, with output reaching feasibility study levels by the final quarter of the year. Plans for further increases in production are in place.

The year commenced with the issue of convertible notes along with a rights issue to existing shareholders, both of which allowed Pantoro to continue developing the Halls Creek Project through to production. The raisings were completed in a very difficult financial market, and I would like to thank both our shareholders, and our financier, the Commonwealth Bank of Australia, for their support in the difficult early development phase of the mine.

Development of the ore lodes at Nicolson's have revealed significant upside to the original mine plan which should bring substantial rewards to our shareholders as the mine progresses. Additional gold has been realised with development returning both higher grades and more gold metal than previously modelled. A number of additional high grade ore zones have been identified through underground drilling and development. We are rapidly advancing our knowledge of the geological and structural settings, and this should ultimately lead to additional ore discoveries both within the mine and in the wider tenement area as exploration progresses.

The processing plant refurbishment and ramp up to production has progressed smoothly, with excellent reliability and high gold recoveries achieved to date. The processing team has successfully installed redundancy at all critical points within the plant, ensuring that long term reliability is maintained. We are currently in the process of expanding plant throughput which should see the site production profile continue to grow.

Pantoro commenced development of the mine as the 80% owner and sole manager of the project. In May 2016, we reached agreement with our joint venture partner, and 20% owner of the project, Bulletin Resources Limited to acquire its remaining interest. Pantoro took full economic ownership of the mine on 1 May 2016, and following shareholder approval in July 2016 the acquisition was finalised subsequent to the end of the year. The majority of the 130 million shares that were paid to Bulletin as consideration for the acquisition were distributed in-species to their shareholders – we welcome our new shareholders to the company.

Taking full ownership of the Halls Creek Project has allowed Pantoro to progress the mine on all fronts, with plans to commence open pit mining in the near term, a processing plant capacity upgrade underway, and regional exploration now being advanced on our tenements outside the current Mineral Resources. I am confident that expansion of operations during the ensuing year will result in mine life, production and cost profiles that are attractive to investors and significant to the Australian gold industry. Production at Nicolson's is advancing at a time of renewed market interest in junior mining companies, and in particular junior gold companies. For the first time in a number of years, investing demand is high, as witnessed by the increased trading volumes and share price of Pantoro in recent months. The strong Australian dollar gold price combined with renewed investing sentiment should see this demand continuing throughout the coming year.

Operational results at Nicolson's are approaching planned levels, with an AISC of \$1,191 in the final quarter of the year. Costs are expected to reduce further during the ensuing year as production levels continue to improve. Pantoro is in a sound financial position with approximately \$9 million in cash and gold at the 31 August 2016. Outstanding debt of 8,180 ounces of gold is repayable between December 2016 and April 2018 and will be fulfilled from production during the same period.

Outside of the Halls Creek Project, we successfully consolidated the Garaina Project tenement areas in PNG through acquisition of an option to purchase 100% of EL9, which completes a contiguous area over all of the known prospects in the region. We will continue to seek partners to further develop our PNG projects during the next year as we believe that our own funds are better utilised to support growth initiatives at Halls Creek. In addition, the Pantoro management team will continue to assess additional assets which are either in production or are suitable for development into producing assets in the near term in order to maximise returns for our investors

I would like to take this opportunity to thank our operational team and our contractors and suppliers for working with us throughout the year to ensure a successful ramp up at the Halls Creek Project. In particular, our site team has worked in trying conditions and within tight budgets in order to progress the site to where it is today.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'P.M. Cmrlec', followed by a long, horizontal, slightly wavy line.

Paul Cmrlec
Managing Director

REVIEW OF OPERATIONS

The past year has seen Pantoro Limited (“Pantoro”) transition to producer status, which has resulted in a busy period at both corporate and operational level. The Halls Creek project is continuing to expand with increased production from underground and development of open pit mines planned for the ensuing year.

Gold production from Nicolson's Mine commenced in September 2015 following approximately six months of construction which involved commencement of a new underground mine the repair and refurbishment of an existing processing facility, and construction of various surface facilities including the tailings storage facility.

Production at the mine continued to ramp up during the remainder of the year, reaching levels predicted in pre-operational planning studies by the end of the period. Operations at Nicolson's have underpinned a re-rating of the company's valuation with the share price rising from 5.0 cps on July 1 2015 to 13.0 cps on June 30 2016.

Halls Creek, Western Australia (100%)

Halls Creek Mining Pty Ltd



Halls Creek Project Location

The Halls Creek Project includes the Nicolson's Mine, (35 km south west of Halls Creek) and a pipeline of exploration and development prospects located east of Halls Creek in the Kimberley Region of Western Australia.

Pantoro acquired the project during April 2014, and took possession of the site in May 2014 enacting its rapid development plan for the project.

The project currently has a Mineral Resource estimate of 1.04 million tonnes at 6.52 g/t Au containing approximately 218,000 ounces of gold. The Ore Reserve estimate is 0.52 million tonnes at 6.58 g/t Au containing approximately 109,000 ounces of gold.

Nicolson's Mine is well located, only 8 km from the Great Northern Highway, a fully sealed transport corridor connecting Perth and Darwin. The mine is only 45 km from the Town of Halls Creek, where extensive services, including camp accommodation and a fully sealed airstrip are utilised by the company, reducing overall capital and ongoing maintenance costs.

First gold production was achieved at Nicolson's in the September 2015 quarter following an aggressive project development phase which commenced immediately upon project acquisition. Operations 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.

REVIEW OF OPERATIONS (CONTINUED)

Operating Results

Operating results have continued to improve at Nicolson's as gold production has ramped up in accordance with the mine plan. Summary mine performance is set out in the table below. Operational and capital costs are expected to continue to decrease as production increases with additional ore sources available from underground and surface operations during the ensuing year. The majority of production to date has been from mine development activities and increased grade with decreased cost is expected as production stoping becomes the primary ore source from the mine.

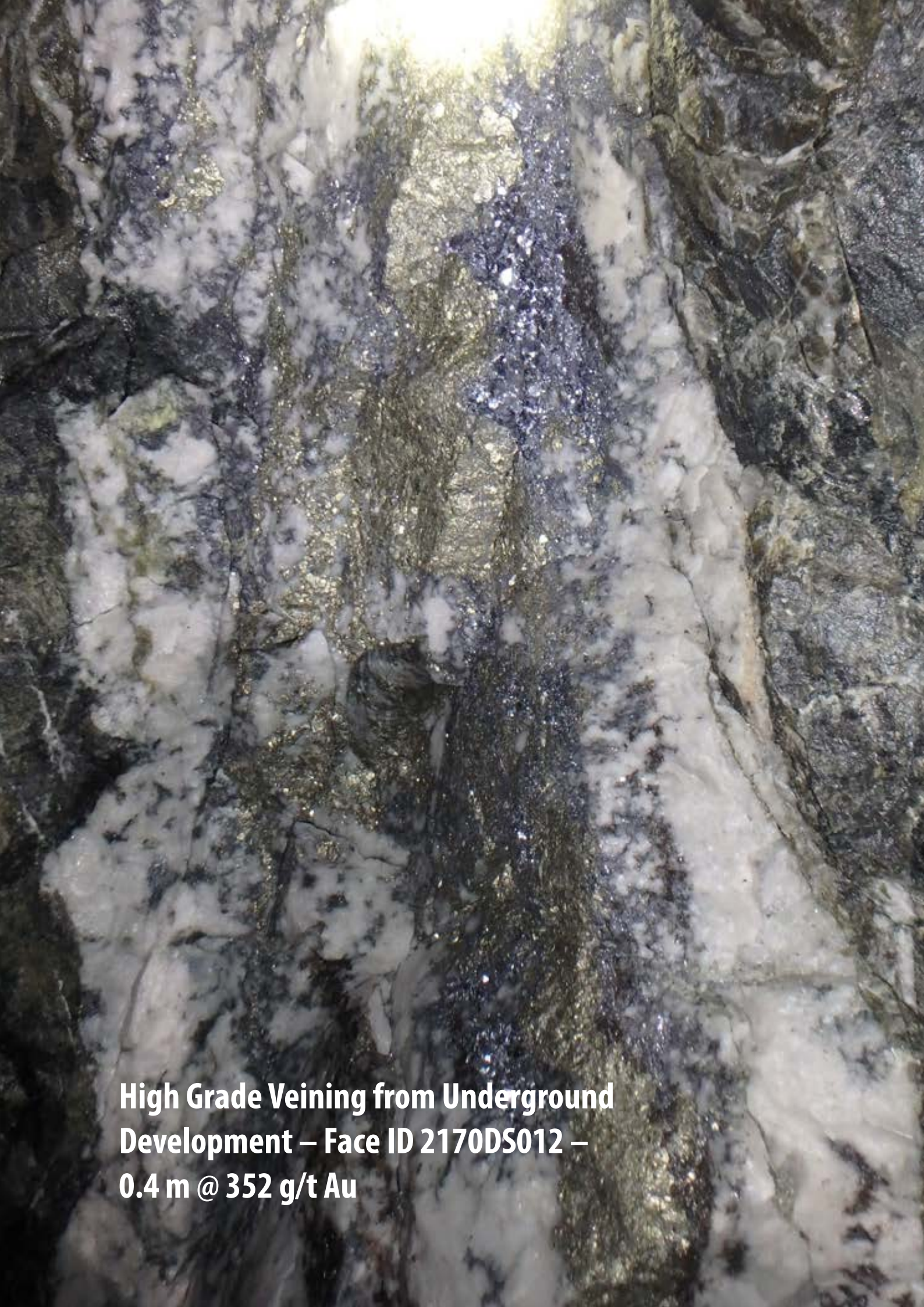
	FY 2016			
Physical Summary	Q1*	Q2	Q3	Q4
UG Ore Mined	8,270	17,217	22,792	28,358
UG Grade Mined	4.70	7.53	6.58	7.73
Ore Processed	7,645	20,861	23,893	26,331
Head Grade	4.18	6.71	6.33	8.12
Recovery	93.7%	92.7%	94.3%	97.1%
Gold Produced	963	4,180	4,582	6,673
C1 Cash Cost	\$-	\$1,194	\$1,199	\$993
Royalties	\$-	\$12	\$46	\$40
Marketing/Cost of sales	\$-	\$5	\$8	\$7
Sustaining Capital	\$-	\$277	\$336	\$130
Reclamation & other adj.	\$-	\$-	\$-	-
Corporate Costs	\$-	\$14	\$18	\$21
All-in Sustaining Costs	\$-	\$1,502	\$1,607	\$1,191
Major Project Capital	\$6,374	\$464	\$432	\$534
Exploration Cost	\$112	\$15	\$9	\$7
Project Capital	\$6,486	\$479	\$441	\$540

*Q1 only included production in September 2015, which was the initial plant start-up.

Exceptional Grades Result in Mineral Resource and Ore Reserve Upgrades

Development of the Hall Lode at Nicolson's has returned outstanding results with narrow quartz veins returning very high grades over a strike length of approximately 250 metres. Mining has revealed a system which is narrower, but substantially higher grade than indicated by historical resource drilling completed using RC methods. This has resulted in a large overcall to Mineral Resource ounces in the areas mined to date. The developed area of the mine was re-modelled in May 2016, revealing a Measured Mineral Resource grade of 17.3 g/t and Proven Ore Reserve of 10.4 g/t allowing for minimum mining width and dilution.

As a result of the development completed up to May 2016, the underground portion of the Mineral Resource was 171,581 ounces after mining depletion (approximately 12,159 ounces of depletion) and the Ore Reserve was upgraded to 96,551 ounces after mining depletion (approximately 12,159 ounces of depletion). The result of re-modelling the developed area of the mine was a 32% increase in the Ore Reserve, compared with the Ore Reserve stated at commencement of operations, demonstrating the potential for ongoing growth at the operation. To date Mineral Resource to Ore Reserve conversion has exceed 100% for levels already developed, indicating strong potential for further upgrades as mine development and exploration drilling progresses.

A close-up photograph of a rock face showing high-grade veining. The rock is dark and heavily fractured, with prominent, irregular veins of lighter, crystalline material (likely quartz or calcite) running through it. The veins vary in width and orientation, creating a complex, textured appearance. The lighting is bright, highlighting the mineral details and the rough surface of the rock.

**High Grade Veining from Underground
Development – Face ID 2170DS012 –
0.4 m @ 352 g/t Au**

REVIEW OF OPERATIONS (CONTINUED)

Additional Lodes

Part of the success at the mine has been attributable to discovery of additional ore zones at the mine. In particular, linking structures between the previously modelled foot wall (Anderson Lode) and hanging wall (Hall Lode) positions of the ore have revealed exceptional ore grades in very good quality host rock conditions. The first of these Lodes discovered was named the Mother Lode after a historical Halls Creek identity, and has contributed a large proportion of the gold mined and processed to date. The Mother Lode Mineral Resource grade to the 2160 mRL is 17.1 g/t, and depth extensions to the Mineral Resource are only limited by drilling. To date, underground diamond drilling has demonstrated the presence of the lode down to the 2100 mRL level, however the depth extension is yet to be re-modelled. Based on the indications from drilling to date, Pantoro believes that the Mother Lode has potential to deliver additional significant Mineral Resources and Ore Reserves as further work is undertaken.

In addition to the Mother Lode, Pantoro has recently defined a second linking structure, now named the Darcy Lode. The Darcy Lode has been developed on the 2170 Level with very high vein grades returned. In addition, the Darcy Lode has now been accessed on the 2185 and 2155 levels, demonstrating continuity, and additional target ounces in the mine.

Both the Mother and Darcy Lodes along with any additional lodes as they are delineated will be modelled at depth as sufficient data becomes available in order to add additional Ore Reserves at the mine.

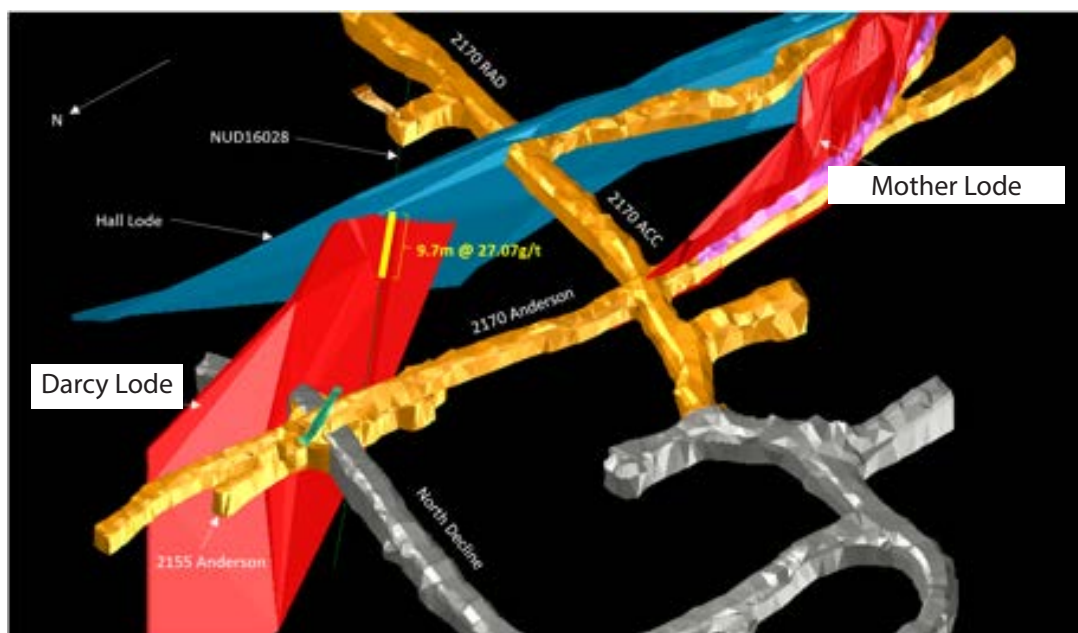


Figure 1 – Interpreted Darcy Lode Relative to the Mother Lode



REVIEW OF OPERATIONS (CONTINUED)

Developed Stocks and Exploration Results

As at 30 June 2016 Nicolson's Mine had a total of 62,400 tonnes @ 11.24 g/t for 22,550 ounces fully developed and awaiting production. The developed stocks represent approximately 8 months of production under the original feasibility modelling which predicted an annualised production of 30,000 ounces per annum.

Pantoro has commenced diamond drilling from underground platforms aimed at conversion of further existing known Mineral Resources to Ore Reserves, and discovery of new lodes capable of economic extraction. The drilling has so far revealed highly encouraging results in all known ore zones at Nicolson's, and has identified new zones such as the Darcy Lode. The best results reported so far include:

Diamond Drilling:

- 9.7 m @ 27.07 g/t Au discovery hole.

Development grades:

- 1.1 m @ 133 g/t (2170 Level).
- 0.5 m @ 227 g/t (2170 Level).
- 0.7 m @ 112.5 g/t (2170 Level).
- 0.6 m @ 66.2 g/t (2185 Level).
- 0.6 m @ 10.2 g/t (2185 Level).
- 2.0 m @ 17.42 g/t (2155 Level).

Refer to ASX Announcements released on 6 September 2016 and 27 July 2016 for full information.

Open Pit Mining

The Halls Creek Project includes the Rowdies and Wagtail Deposits, which lie approximately 1.5 km south of Nicolson's Mine. Pantoro resolved to commence open pit mining late in the financial year, with planning well advanced. As at the 31 August 2016, the first round of grade control drilling has been completed, with encouraging results. A number of high grade intersections outside of the current open pit designs have been noted.

Grade control drilling will be completed during September 2016, ahead of mining which is planned to commence in October. The open pit mining contract has been awarded and preparatory work is well under-way ahead of final environmental approval.

Plant Expansion

Recognising the exceptional results from development and exploration drilling of the known Mineralised zones to date, the planned commencement of open pit mining, and the excellent potential of other known prospects on the tenement package, Pantoro has resolved to expand processing operations for the current name plate capacity of 150,000 tonnes per annum to 200,000 – 220,000 tonnes per annum in the near term. It is expected that the expansion will result in annualised production in the order of 50,000 ounces in the near term.

Works on the expansion have commenced and include introduction of tertiary crushing, reconfiguration of the classification and gravity circuits, expansion of the gold room and review of the leaching circuit.

Papua New Guinea (PNG)

Pacific Niugini Minerals (PNG) Ltd ("PNM")

Operations in PNG have continued on the basis of completing minimum work requirements to maintain tenement holdings in good standing. Pantoro will continue to advance Nicolson's and assess other projects with immediate or near term production options in favour of longer term exploration assets. As such, Pantoro is seeking divestment or partnering opportunities for its PNG projects.

Garaina Project - EL1614 (100%), EL2013 (100%), EL 2321 (100%), and EL1629 (option to acquire 100%) – Morobe Province

The Garaina Project is an outstanding exploration target, 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.

Pantoro 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.

Activity during the year has been focused on consolidation of regional tenements, and consideration of joint venture opportunities for the project. Pantoro entered into an option agreement to acquire 100% of EL1629 during the period.

Under the terms of the agreement, PNM paid the initial annual option fee of A\$25,000. PNM is responsible for maintaining the tenement in good standing during the option period. PNM may elect to purchase 100% of EL1629 during the option period for a sum of A\$1 million.

Consolidation of the tenement package through the right to acquire EL1629 gives access to all of the known regional targets in the area and Pantoro believes that the tenement package provides excellent prospectivity for discovery of epithermal gold and copper-gold porphyry deposits.



REVIEW OF OPERATIONS (CONTINUED)

Bulolo Gold Project – Morobe Province ML457 (50%)

The Bulolo Project is focussed on recovery of gold from Alluvial Deposits from the Bulolo Valley in PNG. Bulolo was the site of PNG's first significant gold production, and was operated as a major dredging operation from the 1930's to the 1960's, with a short break during the second world war.

Following extensive work campaigns during 2011, 2012 and 2013, the company concluded that ML457, Widubosh was to be the initial focus for gold production for the company's alluvial assets in PNG and other alluvial prospects held by the company were relinquished. Pacific Niugini continues with PNG Forest Products ("PNGFP") in a 50/50 Joint venture over Widubosh (ML457). PNGFP is currently the key economic and operational entity in Bulolo with substantial agriculture, timber processing, and retail operations in the area with approximately 1200 people employed. PNGFP also bring substantial access to services to the mining projects through supply of hydro-electricity from the nearby Baiune Power Station (owned by PNGFP), expertise and ability in construction and operation of mine camps and facilities, and extensive industrial workshop facilities and personnel in operation at Bulolo.

A Proposal for Development was approved by the Mineral Resources Authority (MRA) in early 2014 after a long and protracted process. Given the current development status of the Halls Creek Project, the company does not have immediate plans for the development of Widubosh, and the company is assessing divestment options for the project.

Corporate

Change of Company Name

The company changed its name to Pantoro Limited (previously Pacific Limited) following share holder authorisation at the annual general meeting in November 2015. The name change reflected the company's focus moving from exploration in Papua New Guinea to its Australian production assets.

Capital Raising and Share Issues

The development of all mining projects are capital intensive in the early years. To fulfil the financial capacity required to develop the Nicolson's mine Pantoro needed to raise additional funds in July 2015 in order to ensure adequate funding and working capital to bring the Nicolson's mine to production. Additional funds were raised in two tranches being a \$3.3 million convertible note placement to sophisticated investors, followed by a rights issue to existing shareholders.

The convertible note issue was completed during July 2015, raising \$3.3 million dollars before costs. There were no advisory fees associated with the convertible notes. The notes were issued with a term of two years, an interest rate of 8% pa and a conversion price of 6 cents per share. One bonus option with an exercise price of 6 cents per share was issued per share converted if converted within the first year. All notes were converted during the first year, and the company does not hold any further debt in relation to this issue subsequent to the end of the period.

Pantoro initiated a Rights Issue in July 2015 on the basis of 1 new share for every 4 shares held at the record date, with an issue price of 5 cents per share, and one attaching 2 year option for every two new shares subscribed for, exercisable at 6 cents per share. The issue was fully subscribed, raising \$4.91 million before costs. The Company engaged GMP Securities Australia Pty Ltd as the Lead Manager to the Rights Issue.

Acquisition of 100% of the Halls Creek Project

Pantoro commenced operations at Halls Creek with 80% ownership of the project. In May 2016 the company announced that it had reached agreement to acquire the final 20% of the project from Bulletin Resources, taking full ownership. Under the terms of the deal, Pantoro took a 100% equity interest as of 1 May 2016. The acquisition was finalised subsequent to the end of the period with Pantoro assuming Bulletin's gold loan and gold hedging commitments and paying consideration of 130 million shares in Pantoro.

Full ownership of the asset has allowed Pantoro to advance operations without the complexity of joint venture operating and financing agreements. As a result a number of growth opportunities at the site have been able to be progressed, including planning for commencement of open pit mining, acceleration of exploration activities, and expansion of ore processing facilities.

Project Funding - Gold Pre-Pay Facility and Gold Hedging

Pantoro entered into a gold pre-payment facility with the Commonwealth Bank of Australia (CBA) during February 2015, through its wholly owned subsidiary Halls Creek mining Pty Ltd (HCM). The repayment schedule was modified in July 2015 at the time that the Rights Issue was completed, delaying the repayment period by two months, with adjusted delivery from January 2016 to October 2017.

A total of 1,619 ounces were repaid between January and June 2016. Subsequent to the end of the period, Pantoro assumed the gold loan and gold hedge obligations of Bulletin Resources Limited as part consideration for acquisition of the final 20% of the Halls Creek Project. As at 31 August 2016, Pantoro's gold pre-payment and gold hedge profiles are as follows:

	Ounces	Delivery	Average Delivery Price per ounce
Gold Pre-Payment	8,179.95	Dec 16 – Apr 18	N/A
Gold Hedge	16,531.22	Sep 16 – Nov 17	\$1570.46
Gold Hedge	5,000.00	Dec 17 – Apr 18	\$1,844.70

Employee Options/Performance Rights

The employee incentive scheme kicked in during the year with 1,300,000 performance rights vesting when first gold production milestone was achieved at Halls Creek

As the project matured and more key personnel came on board, the incentive programs expanded with a further 2,250,000 options and 500,000 performance rights issued to key management personnel in accordance with the company's employee existing incentive scheme.

A total of 2,000,000 options and 1,200,000 performance rights were cancelled when participants in the employee incentive scheme ceased working for the company.

REVIEW OF OPERATIONS (CONTINUED)

Corporate structure at 30 June 2016

Following the activity detailed above, the summarised company capital structure as at June 30 2106 is:

Fully Paid Ordinary Shares	565,312,188
Listed Options (PNRO)	48,942,491 (exercise price \$0.06, expiry 25/08/17)
Unlisted Options	35,000,002 (various conversions and expiry dates)
Unlisted Employee Options	6,900,000 (various conversions and expiry dates)
Unlisted Employee Performance Rights	2,500,000 (various hurdles and expiry dates)
Convertible Notes	100 (each with a face value of \$1,000)

Subsequent to the balance date (June 30 2016) Pantoro issued a further 130 million shares to the joint venture partner, Bulletin Resources Limited as consideration for the purchase of its 20% of the Halls Creek Project. The final \$0.1 million convertible notes in the company were converted to a further 1.66 million shares and 1.66 million options.

Since the balance date an additional 41,891,122 options have been exercised. For completeness this has resulted in a changed capital structure (as at 21 September 2016) as is tabulated below:

Shares on issue	738,869,977
Listed Options (PNRO)	35,718,037 (exercise price \$0.06, expiry 25/08/17)
Unlisted Options	8,500,001 (various conversions and expiry dates)
Unlisted Employee Options	6,400,000 (various conversions and expiry dates)
Unlisted Employee Performance Rights	2,500,000 (various hurdles and expiry dates)
Convertible Notes	Nil.

Liquidity

Cash on hand at 30 June 2016 was \$4,926,473 (2015: \$6,765,618).

The Company has borrowings by way of a gold prepayment facility totalling \$6,930,482 (2015 \$9,200,000) and current liabilities of \$13,121,303 (2015:\$7,261,243) representing normal trade creditors, other payables and the current portion of the gold prepayment facility (\$5,173,575).

MINERAL RESOURCES & ORE RESERVES

Halls Creek Tenements

Pantoro holds 100% of the Halls Creek Project. The total Mineral Resource and Ore Reserves for the Halls Creek Project are set out below.

Halls Creek Mineral Resources

Deposit	Tonnes	Grade (g/t)	Gold ounces
Nicolsons Mineral Resources			
Measured	46,186	17.38	25,660
Indicated	478,686	6.73	103,593
Inferred	195,042	6.75	42,328
Total	719,914	7.41	171,581
Wagtail/Wagtail North Mineral Resources			
Indicated	236,000	4.6	35,000
Inferred	17,000	3.4	2,000
Total	253,000	4.55	37,000
Rowdies Mineral Resources			
Indicated	52,000	4.4	7,000
Inferred	13,000	4.7	2,000
Total	65,000	4.31	9,000
Total Mineral Resources	1,037,914	6.52	217,581

Table 1 – Halls Creek Mineral Resources including the revised Nicolsons Mineral Resource at a cut-off grade of 2.5 g/t. Rowdies and Wagtail Mineral Resources have cut off grades of 0.6 g/t. Rounding errors may be included in the table.

Notes:

1. The Halls Creek Project Mineral Resource and Ore Reserve were calculated and reported to the ASX on 30 of May 2016.
2. JORC 2012 Table 1 declarations are contained in a separate section of this report (see index).

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Halls Creek Mineral Resource Adjustments

Re-modelling of the developed zone at Nicolson's was undertaken in May 2016. The remainder of the Nicolson's Mineral Resource outside of the developed areas remains unchanged. The changes to Mineral Resources at Nicolson's are attributable to Mining depletion (-12,159 ounces) and additional contained gold on developed levels (+3,701 ounces).

	Tonnes	Grade (g/t)	Ounces
2015 Nicolson's Mineral Resource			
Indicated	573,610	6.55	120,795
Inferred	195,042	6.75	42,328
Total	768,652	6.60	163,123
2016 Nicolson's Mineral Resource			
Measured	46,186	17.28	25,660
Indicated	478,686	6.73	103,593
Inferred	195,042	6.75	42,328
Total	719,914	7.41	171,581
Difference between 2015 and 2016 Mineral Resources			
Measured	46,186	17.28	25,660
Indicated	(94,924)	5.64	(17,202)
Inferred	-	-	-
Total	(48,738)		8,458

Rowdies and Wagtail Mineral Resources remained unchanged.

Halls Creek Ore Reserves

Deposit	Tonnes	Grade (g/t)	Gold ounces
Nicolson's Ore Reserve			
Proven	93,864	10.38	31,327
Probable	325,033	6.24	65,225
Total	418,897	7.17	96,551
Rowdies/Wagtail Ore Reserve			
Proven	-	-	-
Probable	96,500	5.55	17,219
Total	96,500	5.55	17,219
Total Ore Reserve	515,397	6.87	113,771
Total Ore Reserve (inc Metallurgical Recovery)	515,397	6.59	109,220

Halls Creek Ore Reserve Adjustments

Re-modelling of the developed zone at Nicolsons was undertaken in May 2016. The remainder of the Nicolsons Ore Reserve outside of the developed areas remains unchanged. The changes to the Ore Reserves at Nicolsons are attributable to Mining depletion (-12,159 ounces) and additional contained gold on developed levels (+22,348 ounces).

	Tonnes	Grade (g/t)	Ounces
2015 Nicolsons Ore Reserve			
Proven	-	-	-
Probable	435,455	6.17	86,362
Total	435,455	6.17	86,362
2016 Nicolsons Ore Reserve			
Proven	93,864	10.38	31,327
Probable	325,033	6.24	65,225
Total	418,897	7.17	96,551
Difference between 2015 and 2016 Ore Reserves			
Proven	93,864	10.38	31,327
Probable	(110,422)	5.95	(21,137)
Total	(16,558)		10,189

Rowdies and Wagtail did not have an Ore Reserve in 2015, and the current Ore Reserve was calculated during the 2016 period.

	Tonnes	Grade (g/t)	Ounces
2015 Rowdies/Wagtail Ore Reserve			
Proven	-	-	-
Probable	-	-	-
Total	-	-	-
2016 Rowdies/Wagtail Ore Reserve			
Proven	-	-	-
Probable	96,500	5.55	17,219
Total	96,500	5.55	17,219
Difference between 2015 and 2016 Ore Reserves			
Proven	-	-	-
Probable	96,500	5.55	17,219
Total	96,500	5.55	17,219

NB: Tables subject to rounding errors.

MINERAL RESOURCES & ORE RESERVES (CONTINUED)

Papua New Guinea

The company's exploration assets in Papua New Guinea are greenfields in nature, and are not adequately advanced for calculation of Mineral Resources or Ore Reserves in accordance with the JORC (2012) code.

While the company has completed extensive testing of its alluvial projects in PNG, it has not attempted to generate Mineral Resources or Ore Reserves in compliance with the JORC code at the projects, and does not intend to due to difficulties in dealing with alluvial deposits under the code.

Competent Persons Statements

Papua New Guinea Tenements – Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves

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

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

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

Halls Creek Tenements – Ore Reserves

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

Halls Creek Tenements – Mineral Resources and Ore Reserves

The information in this report that relates to Mineral Resources and Ore Reserves at the Halls Creek Project is extracted from the report entitled "Mineral Resource and Ore Reserve Upgrades Demonstrates Strong Growth Potential at Nicolsons" created on 30 May 2016 and is available to view on Pantoro's website (<http://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 Persons' findings are presented have not been materially modified from the original market announcement.

DIRECTORS' REPORT

Your directors present their report on the company, being Pantoro Limited (formerly Pacific Niugini Limited) ("the Company") and its controlled entities ("Group" or "the Consolidated Entity") for the financial year ended 30 June 2016.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are as follows. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Names, qualifications, experience and special responsibilities

Mr Peter Cook BSc Applied Geol, MSc (Min Econ), MAusIMM – Non-Executive Chairman

Mr Cook is a Geologist and a Mineral Economist. He has considerable experience in the fields of exploration and project and corporate management of mining companies.

During the past three years he has served as a director of the following public listed companies:

- Metals X Limited*
- Brainchip Holdings Limited (formerly Aziana Limited) (Resigned 10 September 2015).

Mr Paul Cmrlec BEng (Mining), Honours, MAusIMM – Managing Director

Mr Cmrlec holds a Bachelor of Mining Engineering degree from the University of South Australia. He has been the Managing Director of Pantoro Limited since 2011, and has extensive experience in feasibility studies, project development and operations. He has held a number of operational and planning roles at numerous Australian and international projects.

During the past three years he has served as a director of the following public listed companies:

- Metals X Limited*

Mr Scott Huffadine BSc., Honours, MAusIMM – Operations Director

Mr Huffadine is a Geologist with more than 20 years experience in the resource industry, specifically project management, geology and executive management. Mr Huffadine has held several key management positions ranging from operational start-ups involving open pit and underground mining projects, through to large integrated operations in gold and base metals operations.

During the past three years he has served as a director of the following public listed companies:

- Kingsrose Mining Limited (Resigned 15 January 2016)

Mr David Osikore BSc, MAusIMM – Non-Executive Director

Mr Osikore is a Geologist and has extensive exploration experience working for groups such as Bougainville Copper Limited, Placer Dome, Ingold (a subsidiary of INCO) and Renison Goldfields. In recent times he has been a Senior Geologist with Aurora Gold Limited, the Exploration Manager for Abelle Ltd responsible for their Wafi and Hidden Valley Projects and he was appointed the PNG Exploration Manager for Harmony Gold after their take-over of Abelle Ltd. David has considerable experience in dealing with all levels of PNG business, government, landowner communities and government agencies.

Mr Osikore has not held any other public company directorships in the past three years.

Mr Osikore is the Managing Director of the wholly owned PNG subsidiary.

* Denotes current directorship

DIRECTORS' REPORT (CONTINUED)

COMPANY SECRETARY

Mr David Okeby

Mr Okeby has extensive legal, contractual, administrative and corporate experience in the mining industry. Mr Okeby brings skills in governance, stakeholder relations and corporate activities including mergers, acquisitions and disposals to the Company.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year consisted of:

- Development of the Halls Creek project in Western Australia.
- Exploration for minerals in Papua New Guinea.

OPERATING RESULTS

The consolidated loss for the financial year after providing for income tax amounted to \$5,303,578 (2015: loss of \$3,706,115).

DIVIDENDS PAID OR RECOMMENDED

The directors recommend that no dividend be paid for the year ended 30 June 2016, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

REVIEW OF OPERATIONS

A full review of the operations of the consolidated entity during the year ended 30 June 2016 is included in this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year other than as disclosed in this report or the consolidated financial statements.

AFTER BALANCE DATE EVENTS

On 14 July 2016 the Company announced that it had completed the acquisition of the remaining 20% of the Halls Creek Project from Bulletin Resources Limited. Pantoro, through its wholly owned subsidiary Halls Creek Mining Ltd is now the owner of 100% of the Halls Creek Project. Consideration for the acquisition is 130,000,000 fully paid ordinary shares which were issued on this date.

On 29 July 2016 the Company announced that it had entered into hedge contracts with Commonwealth Bank of Australia (CBA) for a further 7,000 ounces of gold for delivery from December 2017 to April 2018 at a hedge price of approximately \$1,845 per ounce. CBA will convert 2,000 ounces of the hedged gold to a prepayment facility, realising a cash advance of \$3,200,000 after fees. In addition CBA has agreed to defer repayments due on the existing prepayment facility to accommodate the development of high grade Rowdies and Wagtail open pits and to provide Pantoro with working capital and operational flexibility.

There is no other matter or circumstance that has arisen since the end of the financial year to the date of this report, which has 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.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Business strategies and prospects for future financial years have been included in the review of operations.

ENVIRONMENTAL ISSUES

The Consolidated Entity's operations are subject to significant environmental regulations under the laws of Australia and Papua New Guinea.

In Australia these issues are dealt with by the Managing Director of the Company.

In PNG these issues are dealt with by the Managing Director of Pacific Niugini Minerals (PNG) Ltd, the operating entity in PNG.

The Consolidated Entity is not aware of any matter that requires disclosure with respect to any significant environmental regulation in respect of its activities.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director and other key management personnel of Pantoro Limited.

(A) Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of the Company has been designed to align director and other key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives via the issue of options and performance rights. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

During the year ended 30 June 2016, the economic entity did not have a separately established nomination or remuneration committee. Considering the size of the economic entity, the number of directors and the economic entity's stage of its development, the Board are of the view that these functions can be efficiently performed with full Board participation.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed and approved by the Board. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No advice was obtained during the reporting period. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and currently stands at \$250,000 pa. Fees for non-executive directors are not linked to the performance of the economic entity. The Directors are not required to hold any shares in the Company under the Constitution of the Company, however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Managing Director and Executive Remuneration Structure

Based on the current stage in the Company's development, its size, structure and strategies, the Board considers that the key performance indicator in assessing the performance of Executives and their contribution towards increasing shareholder value is share price performance over the review period. At present, remuneration is not impacted solely by the Company's share price performance but also other factors such as project identification, acquisition, development, exploration progress and results.

Individual and Company operating targets associated with traditional financial and non-financial measures are difficult to set given the small number of executives and the need to be flexible and multi-tasked, as the Company responds to a continually changing business environment. Consequently, a formal process of defining Key Performance Indicators (KPI's) and setting targets against the KPI's has not been adopted at the present time.

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration Long term incentives (LTI).

The proportion of fixed remuneration and variable remuneration is established for each executive by the Board.

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration industry and external advice. No external advice was obtained during the reporting period. Executives receive their fixed remuneration in cash.

Executive directors and other senior executives can be employed by the Company on a consultancy basis, on board approval, with remuneration and terms stipulated in individual consultancy agreements.

Variable Remuneration – Long Term Incentive (LTI)

The objective of the LTI plan is to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the seniority of the Executive and the responsibilities the Executive assumes in the Company and this is granted at the discretion of the Board.

LTI grants to Executives are delivered in the form of share options and performance rights. These options and rights are issued on terms determined by the Board at the time of issue. They are issued to align the Executives interests with that of the shareholders. The Company does have a formal employee Long Term Incentive Plan.

REMUNERATION REPORT (CONTINUED)

During the current and previous financial years the group has generated losses from its mining, exploration and evaluation activities. Given the nature of the group's activities and the consequential operating results, no dividends have been paid. There have been no returns of capital in the current or previous financial periods. The details of market year-end share price movements are as follows:

Year End	Share Price
30 June 2016	\$0.13
30 June 2015	\$0.05
30 June 2014	\$0.07
30 June 2013	\$0.10
30 June 2012	\$0.235
30 June 2011	\$0.38
30 June 2010	\$0.18

(B) Remuneration of Directors and other Key Management Personnel

Details of the remuneration of directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

The key management personnel of the Company and the Group include the directors and the following executive officers who have or did have authority and responsibility for planning, directing and controlling the activities of the entity:

- David Okeby – Company Secretary
- Scott Balloch – Chief Financial Officer

2016	Short Term		Post employment	Share-based Payment	Total	% Performance related
	Salary and Fees	Consultancy Agreement	Superannuation	Options/ Performance Rights		
Directors						
Peter Cook	48,333	-	4,592	-	52,925	-
Paul Cmrlec	-	385,000	-	16,535	401,535	4
Scott Huffadine ⁽¹⁾	134,263	-	12,755	55,236	202,254	-
David Osikore	40,000	36,417	-	-	76,417	-
	222,596	421,417	17,347	71,771	733,131	
Other key management personnel						
Scott Balloch ⁽²⁾	63,599	-	6,042	-	69,641	-
David Okeby ⁽²⁾	45,523	-	4,325	-	49,848	-
	109,122	-	10,367	-	119,489	
Total	331,718	421,417	27,714	71,771	852,620	

(1) Mr Huffadine commenced employment with Pantoro Ltd on 18 January 2016 and was appointed Operations Director on 15 March 2016.

(2) Mr Balloch and Mr Okeby are both employees of Metals X Ltd and their services are invoiced under a service agreement to Pantoro Ltd.

2015	Short Term		Post employment	Share-based Payment	Total	% Performance related
	Salary and Fees	Consultancy Agreement	Superannuation	Options/ Performance Rights		
Directors						
Peter Cook	40,000	-	3,767	-	43,767	-
Paul Cmrlec	-	365,640	-	4,701	370,341	-
David Osikore ⁽¹⁾	79,133	16,434	4,407	-	99,974	-
Sam Akoitai ⁽²⁾	13,200	-	-	-	13,200	-
	132,333	382,074	8,174	4,701	527,282	-
Other key management personnel						
Scott Balloch ⁽³⁾	40,630	-	3,860	9,779	54,269	-
David Okeby ⁽³⁾	16,107	-	1,530	9,779	27,416	-
Dennis Lovell ⁽⁴⁾	-	70,830	-	-	70,830	-
	56,737	70,830	5,390	19,558	152,515	-
Total	189,070	452,904	13,564	24,259	679,797	-

(1) Mr Oskiore changed from Executive Director to Non-Executive Director 31 October 2014.

(2) Mr Akoitai resigned 31 October 2014.

(3) Mr Balloch and Mr Okeby were both appointed 31 October 2014. They are both employees of Metals X Ltd and their services are invoiced under a service agreement to Pantoro Ltd.

(4) Mr Lovell resigned 10 March 2015.

(C) Compensation options/rights – Granted and vested during the year

During the 2016 financial year the following was granted as equity compensation benefits to key management personnel.

2016	Terms and Conditions of Each Grant					
	Granted Number	Grant Date	Value per Option/Right at Grant Date \$	Exercise Price \$	Vesting Date	Expiry Date
Directors and key management personnel						
P Cmrlec - Rights ⁽¹⁾	500,000	22 Nov 2013	0.071	nil	07 Dec 2015	21 Nov 2016
S Huffadine - Options	2,000,000	08 Feb 2016	0.0276	0.10	08 Feb 2016	30 Jan 2019

(1) 500,000 shares issued upon achievement of first hurdle of performance rights issued 22 November 2013. Refer section (F)(b) for details.

REMUNERATION REPORT (CONTINUED)

(D) Values of Options and Performance Rights Granted as Part of Remuneration

2015	Value of options/rights granted during the year	Value of options/rights exercised during the year	Value of options/rights lapsed during the year
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Directors and key management personnel

P Cmrlec – Performance Rights	-	35,500	-
S Huffadine – Options	55,236	-	-

There were no alterations to terms and conditions of options or rights granted as remuneration since their grant date.

- (a) The value of options granted in the 2016 year was determined by using a Black-Scholes pricing model that takes into account the share price at grant date, exercise price, expected volatility, option/rights life, expected dividends, the risk-free rate, and the fact that the options are not tradeable.

(E) Security Holdings of Directors and Key Management Personnel

(i) Option and performance right holdings

The numbers of options and performance rights over ordinary shares in the company held during the financial year by directors and other key management personnel, including their personally related parties, are set out below.

30 June 2016	Balance at beginning of year or on appointment	Granted during the year as Compensation	Issued under rights issue offer announced 14 July 2015	Expired during the year	Exercised during the year	Balance at end of year	Vested and exercisable at the end of the year
Peter Cook	-	-	2,353,407	-	-	2,353,407	2,353,407
Paul Cmrlec ⁽¹⁾	4,000,000	-	117,099	-	500,000	3,617,099	2,117,099
Scott Huffadine ⁽²⁾	57,577	2,000,000	-	-	-	2,057,577	2,057,577
David Osikore	-	-	-	-	-	-	-
Scott Balloch	500,000	-	-	-	-	500,000	500,000
David Okeby	500,000	-	-	-	-	500,000	500,000
Total	5,057,577	2,000,000	2,470,506	-	500,000	9,028,083	7,528,083

- (1) Comprises 2,000,000 options and 2,000,000 performance rights-see (f) below for details of performance right hurdles. Of these 500,000 performance rights vested 8 February 2016 after achievement of the first performance hurdle detailed in (f) below.

- (2) Mr Huffadine commenced employment with Pantoro Ltd on 18 January 2016 and was appointed Operations Director on 15 March 2016.

All options are vested and exercisable at the end of the year. No performance rights not exercised have vested at year end.

(ii) *Share holdings*

The numbers of shares in the company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below. No shares were granted as remuneration. No shares were issued on the exercise of remuneration options (2015: nil).

30 June 2016	Balance at start of year	Acquired during the year	Disposed during the year	Exercise of options / vesting of performance rights	Other changes during the year	Balance at the end of the year
Peter Cook	18,832,065	5,708,012	-	-	-	24,540,077
Paul Cmrlec	1,591,162	1,190,731	-	500,000	-	3,281,893
Scott Huffadine ⁽¹⁾	-	340,000	-	-	575,767	915,767
David Osikore	6,120,000	-	-	-	-	6,120,000
Scott Balloch	24,450	-	-	-	-	24,450
David Okeby	200,000	-	-	-	-	200,000
Total	26,767,677	7,238,743	-	500,000	575,767	35,082,187

(1) Mr Huffadine commenced employment with Pantoro Ltd on 18 January 2016 and was appointed Operations Director on 15 March 2016.

(F) **Employment Contracts of Directors and Senior Executives**

Mr Paul Cmrlec, Managing Director and CEO

Mr Cmrlec was appointed as Managing Director on 4th April 2011.

With effect from 1 April 2014 a renewed three year contract was entered into between Berrimil Services Pty Ltd (a company associated with Mr Cmrlec) and Pantoro Limited.

Under the contract Berrimil provides the services of Mr Cmrlec as Managing Director of PNR for a daily consulting fee based on an hourly rate of \$200 and capped to a maximum daily amount of \$1,600 per day. The fee is all inclusive, with no additional on-costs to be charged by Berrimil.

Mr Cmrlec's remuneration package includes the following incentives:-

- Two million options to acquire fully paid ordinary shares in PNR at an exercise price of \$0.09 expiring 21 November 2016.
- Two million performance rights to be allotted fully paid ordinary shares in PNR with the following terms and performance hurdles:
 - 500,000 shares when PNR records its first continuous and commercially viable gold production. This hurdle was met in December 2015 and the shares were issued by the Company.
 - 500,000 shares when PNR surpasses 50,000 ounces of gold production or an equivalent production of another metal or commodity in value.
 - 500,000 shares when PNR surpasses 100,000 ounces of gold production or equivalent production of another metal or commodity in value.
 - 500,000 shares if and when the market capitalisation of PNR surpasses AU\$150 million for a minimum period of 20 continuous ASX trading days.

DIRECTORS' REPORT (CONTINUED)

(F) Employment Contracts of Directors and Senior Executives (Continued)

The options and performance rights were issued under the terms of the Pantoro Limited's Long Term Incentive Plan and were approved by shareholders at a meeting held on 22 November 2013. The performance rights were issued on 22 November 2013 and expire on 21 November 2016. To exercise the performance rights, it is a requirement that Mr Cmrlec remains a consultant of the company until the vesting conditions are met. The above performance hurdles were chosen to align Mr Cmrlec's remuneration with the generation of shareholder wealth.

Mr Scott Huffadine, Operations Director

Mr Huffadine commenced employment with the Company on 18 January 2016 as Chief Operating Officer and was appointed as Operations Director on 15th March 2016. Mr Huffadine is employed under an annual salary employment contract and receives a fixed remuneration of \$295,000 (excluding superannuation). Either party may terminate the contract by giving three months' notice.

Mr David Osikore, Managing Director PNG and Non-Executive Director

Mr Osikore has no formal agreement between himself and the Company. He was paid a fixed non-executive directors' fee of \$40,000 per annum and a consulting fee for any additional time spent on Company business over and above the normal hours covered by the fixed directors' fee. Non-Executive Directors fees are paid in Australia in AUD and consulting fees paid in PNG Kina in PNG.

Mr Peter Cook, Non-Executive Chairman

Mr Cook has no formal agreement between himself and the Company. He was paid a fixed non-executive directors' fee of \$40,000 per annum plus superannuation up to 31 January 2016. From 1 February 2016 his non-executive directors' fee increased to \$60,000 per annum plus superannuation as he returned to the formal non-executive chairman fee following a voluntary reduction in his fixed directors' fee from \$60,000 to \$40,000 per annum between 1 June 2013 and 31 January 2016.

Mr David Okeby, Company Secretary

Mr Okeby has no formal agreement between himself and the Company. His remuneration is by way of a service agreement with Metals X Ltd for services provided to the Company invoiced on an hourly basis.

Mr Scott Balloch, CFO

Mr Balloch has no formal agreement between himself and the Company. His remuneration is by way of a service agreement with Metals X Ltd for services provided to the Company invoiced on an hourly basis.

(G) Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

MEETINGS OF DIRECTORS

During the financial year details of meetings of directors held and attendances by each director (while a director of the Company) during the year were as follows:

	Board Meetings	
	Attended	Held
Peter Cook	13	13
Paul Cmrlec	12	12
Scott Huffadine	3	3
David Osikore	13	13

INDEMNIFYING AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Company has paid premiums to insure the Directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company. The company has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance statement is available at the Company's website at <http://pantoro.com.au/Investors/Corporate-Governance/>

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Greenwich & Co. Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Greenwich & Co received or are due to receive the following amounts for the provision of non-audit services:

Tax compliance services	\$5,558
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The auditor's independence declaration for the year ended 30 June 2016 is on the following page and the declaration forms part of this directors' report.

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



Paul Cmrlec
Managing Director

Dated 23 September 2016



AUDITOR'S INDEPENDENCE DECLARATION



Greenwich & Co

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 455
Level 2, 35 Clutram Street, West Perth WA 6005
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Auditor's Independence Declaration

To those charged with governance of Pantoro Limited

As auditor for the audit of Pantoro Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

Perth

23 September 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 Jun 16 \$	30 Jun 15 \$
Revenue	4	19,805,828	-
Cost of sales	5(a)	(18,667,776)	-
Gross profit		1,138,052	-
Other income		100,603	108,822
Other expenses	5(b)	(1,571,387)	(1,509,998)
Fair value change in financial instruments	5(c)	(4,450,672)	(48,524)
Finance costs		(464,395)	(1,080)
Exploration and evaluation expenditure written off		(55,779)	(2,255,335)
Loss before income tax		(5,303,578)	(3,706,115)
Income tax expense	6	-	-
Loss after income tax		(5,303,578)	(3,706,115)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(553,846)	382,156
Other comprehensive profit / (loss) for the period, net of tax		(553,846)	382,156
Total comprehensive loss for the period, net of tax		(5,857,424)	(3,323,959)
Basic loss per share (cents per share)	9	(1.08)	(1.07)
Diluted loss per share (cents per share)	9	(1.08)	(1.07)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30 Jun 16 \$	30 Jun 15 \$
CURRENT ASSETS			
Cash and cash equivalents	10	4,926,473	6,765,618
Trade and other receivables	11	1,377,434	1,837,502
Financial assets at fair value through profit or loss	12	103,846	20,769
Inventories	13	2,219,744	52,073
Other assets	14	251,071	95,373
Total current assets		8,878,568	8,771,335
NON-CURRENT ASSETS			
Property, plant and equipment	15	8,186,063	7,957,009
Exploration and evaluation expenditure	16	5,789,346	5,933,690
Mine properties and development costs	17	15,244,010	6,778,618
Total non-current assets		29,219,419	20,669,317
TOTAL ASSETS		38,097,987	29,440,652
CURRENT LIABILITIES			
Trade and other payables	18	7,181,719	4,910,439
Unearned Income	19	5,173,575	2,269,518
Provisions	20	431,018	81,286
Interest-bearing loans and borrowings	21	75,411	-
Other financial liabilities	22	259,580	-
Total current liabilities		13,121,303	7,261,243
NON-CURRENT LIABILITIES			
Unearned Income	19	1,756,907	6,930,482
Provisions	20	1,373,840	1,368,375
Total non-current liabilities		3,130,747	8,298,857
TOTAL LIABILITIES		16,252,050	15,560,100
NET ASSETS		21,845,937	13,880,552
EQUITY			
Contributed equity	23	150,991,758	139,851,807
Reserves	24	5,540,020	3,411,008
Accumulated losses		(134,685,841)	(129,382,263)
TOTAL EQUITY		21,845,937	13,880,552

The above statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital	Options reserve	Share Based Payment Reserve	Accumulated losses	Foreign currency translation reserve	Total equity
2015	\$	\$	\$	\$	\$	\$
At 1 July 2014	136,030,386	1,727,125	1,466,422	(125,676,148)	(272,121)	13,275,664
Loss for the year	-	-	-	(3,706,115)	-	(3,706,115)
Other comprehensive loss	-	-	-	-	382,156	382,156
Total comprehensive income and expense for the year	-	-	-	(3,706,115)	382,156	(3,323,959)
Transactions with owners in their capacity as owners						
Shares issued during the year	3,924,539	-	-	-	-	3,924,539
Share issue costs	(103,118)	-	-	-	-	(103,118)
Share-based payments	-	-	107,426	-	-	107,426
At 30 June 2015	139,851,807	1,727,125	1,573,848	(129,382,263)	110,035	13,880,552

	Issued Capital	Options reserve	Share Based Payment Reserve	Accumulated losses	Foreign currency translation reserve	Total equity
2016	\$	\$	\$	\$	\$	\$
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	-	-	-	(5,303,578)	-	(5,303,578)
Other comprehensive loss	-	-	-	-	(553,846)	(553,846)
Total comprehensive income and expense for the year	-	-	-	(5,303,578)	(553,846)	(5,857,424)
Transactions with owners in their capacity as owners						
Shares issued during the year	4,905,674	-	-	-	-	4,905,674
Exercise of options	1,106,857	-	-	-	-	1,106,857
Performance rights vesting into shares	84,900	-	(84,900)	-	-	-
Convertible note conversions	5,095,833	2,653,500	-	-	-	7,749,333
Convertible note interest paid in shares	118,760	-	-	-	-	118,760
Share issue costs	(172,073)	-	-	-	-	(172,073)
Share-based payments	-	-	114,258	-	-	114,258
At 30 June 2016	150,991,758	4,380,625	1,603,206	(134,685,841)	(443,811)	21,845,938

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 Jun 16 \$	30 Jun 15 \$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from trade and other debtors		17,339,626	-
Payments to suppliers and employees		(14,784,090)	(1,372,960)
Interest paid		(46,255)	(1,080)
Interest received		83,954	105,223
Other income		16,649	10,904
Net cash flows used in operating activities	10	2,609,884	(1,257,913)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,049,230)	(3,330,409)
Payments for exploration and evaluation		(425,880)	(701,521)
Payments for mine properties and development		(10,180,451)	(3,750,872)
Proceeds from sale of property, plant and equipment		92,545	283,683
Proceeds from sale of Investments		-	1,087
Net cash flows used in investing activities		(13,563,016)	(7,498,032)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Gold Prepayment		(3)	9,200,000
Proceeds from Convertible Note		3,300,270	-
Proceeds from share issue	23	6,012,530	3,924,539
Transaction costs on issue of shares		(172,073)	(103,119)
Net cash flows from financing activities		9,140,724	13,021,420
Net increase/(decrease) in cash and cash equivalents		(1,812,408)	4,265,475
Net foreign exchange differences		(26,737)	(94,733)
Cash at the beginning of the financial period		6,765,618	2,594,876
Cash and cash equivalents at the end of the period	10	4,926,473	6,765,618

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. REPORTING ENTITY

Pantoro Limited (formerly known as Pacific Niugini Limited) (the “Company”) is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as “the Group” or “Consolidated Entity”).

Financial information for Pantoro Ltd as an individual entity is included in note 29.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB’s) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Compliance with AASB’s ensures the financial report also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements were approved by the Board of Directors on 23 September 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss which are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company’s functional currency. The functional currency of the Group’s Papua New Guinea subsidiary is the PNG Kina and the Mexican subsidiary is MXN Pesos.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Impairment

The consolidated group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions and estimations. Estimations are required of resource and development potential, future market prices, discount rate, exchange rates, rehabilitation, capital and production costs in order to assist in the judgement of the recoverable amount.

(d) Use of estimates and judgements (Continued)

(ii) Exploration and Evaluation

The consolidated group capitalises expenditure relating to exploration and evaluation costs where they are considered to be likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable Mineral Resources. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets.

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of Ore Reserves and Mineral Resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(iii) Development

Development activities commence after commercial viability and technical feasibility of a project is established. Judgement is applied in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions as to the future events.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable Mineral Resources or Ore Reserves.

(iv) Life of mine method of amortisation and depreciation

The Consolidated Entity applies the life of mine method of amortisation and depreciation to its mine specific plant and to mine properties and development based on ore tonnes mined. These calculations require the use of estimates and assumptions. Significant judgement is required in assessing the available reserves and the production capacity of the plants to be depreciated under this method. Factors that are considered in determining reserves and production capacity are the Consolidated Entity's history of converting resources to reserves and the relevant time frames, the complexity of metallurgy, markets and future developments. When these factors change or become known in the future, such differences will impact pre tax profit and carrying values of assets.

(v) Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of management and take into account the financial performance and position of the consolidated group as they pertain to current income tax legislation, and the managements understanding thereof. No adjustment has been made for pending or future taxation legislation.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (Continued)

(v) Taxation (Continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets, when recognised, are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are only recognised to the extent that it is probable that there are future taxable profits available against which deductible temporary differences can be utilised.

(vi) Rehabilitation Provision

The ultimate cost of rehabilitation is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new rehabilitation techniques or experience at other mine sites. The expected timing of expenditure can also change, for example in response to changes in Mineral Resources or to production rates. Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

In recognising the amount of rehabilitation obligation at each reporting date, judgement is made on the extent of rehabilitation that the consolidated group is responsible for at each reporting date.

(vii) Share Based Payments to employees

Share-based payment transactions, in the form of options, restricted share units and performance rights, are valued using the pricing models as outlined in Note 25. Models use assumptions and estimates as inputs.

(e) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

(f) Tax consolidation

Pantoro Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group has formed an income tax consolidated group. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

The financial report comprises financial statements for the consolidated entity consisting of the Company and its subsidiaries. The accounting policies set out below have been applied consistently to all the years presented in these consolidated financial statements, unless otherwise stated and have been applied consistently across the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are entities controlled by the Company. The Company has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. They are de-consolidated from the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries are consistent with the parent.

(iii) Investment in Associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounting investees). The consolidated financial statements include the Group's share of the results of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Joint Arrangements

Joint arrangements are arrangements in which one or more parties have joint control. Joint arrangements are classified as either joint operations or joint ventures.

Joint Operations

Joint arrangements are classified as joint operations where the parties to the joint arrangements have rights to the assets and obligations for the liabilities, rather than to the net assets, of the joint arrangements. The Group has recognised its direct right to, as well as its share of jointly held, assets, liabilities, revenues and expenses of joint operations which have been included in the financial statements under the appropriate headings.

Joint Ventures

Interests in joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method of accounting, the group's share of profits or losses of joint ventures are recognised in consolidated profit or loss and the group's share of the movements in other comprehensive income of joint ventures are recognised in consolidated other comprehensive income. The cumulative movements are adjusted against the carrying amount of the investment.

When the group's share of post-acquisition losses in a joint venture exceeds its interest in the joint venture (including any long term interests that form part of the group's net investment in the joint venture), the group does not recognise further losses unless it has obligations to, or has made payments, on behalf of the associate.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

(c) Financial Assets

Recognition

The group recognises receivables on the date that they originate. All other financial assets are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows such that substantially all the risks and rewards of ownership of the financial asset are transferred.

The group has the following financial assets:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that are intended to be sold in the near term.

Financial assets at fair value through profit or loss are measured initially at fair value. They are measured subsequently at fair value with movements in fair value being recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Derivative Financial Instruments

The Group occasionally uses derivative financial instruments such as gold options and gold forward contracts to manage the risks associated with commodity price.

The sale of gold under such hedge instruments is accounted for using the 'own use exemption' under AASB 139 Financial Instruments and as such all hedge revenue is recognised in the Profit and Loss and no fair value adjustments are subsequently made to sales yet to be delivered under the hedging program.

(d) Foreign Currency Transactions and Balances

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Pantoro Ltd's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies have been converted at rates of exchange ruling on the date of those transactions. At balance date, amounts receivable and payable in foreign currencies are translated at rates of exchange current at that date. Realised and unrealised gains and losses are brought to account in determining the profit or loss for the financial year.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign Currency Transactions and Balances (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Share capital, reserves and accumulated losses are converted at applicable historical rates;
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(e) Revenue Recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership. Revenue is measured at the fair value of the consideration received or receivable.

Interest income is recognised on a time proportion basis using the effective interest method.

(f) Income Tax

Income tax expense comprises current and deferred tax. Current tax for the period is the expected tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction. Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and unused tax losses.

Deferred tax is recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates, which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure deferred tax. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

(f) Income Tax (Continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income and directly in equity are also recognised in other comprehensive income and directly in equity respectively.

(g) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and Cash Equivalents

For statement of cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Financial instruments traded in active markets

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Fair Value Estimation (Continued)

Financial instruments not traded in active markets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location and is determined using the weighted average cost method.

(k) Property, Plant and Equipment

Recognition and measurement

Each class of property, plant and equipment is stated at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated using the straight line basis over the estimated useful life of the asset which ranges between 3 and 25 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Capital work in progress is not depreciated until it is ready for use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(l) Mineral Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest in accordance with AASB 6: Exploration and Evaluation Expenditure. These costs are only carried forward where the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development or sale of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable Ore Reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

(m) Mine properties and development

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised over the life of the area of interest to which such costs relate on a production output basis.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Impairment

The carrying value of capitalised mine properties and development expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Consolidated Entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Rehabilitation costs

The Group is required to decommission and rehabilitate mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities.

The expected cost of any approved decommissioning or rehabilitation programme, discounted to its net present value, is provided when the related environmental disturbance occurs. The cost is capitalised when it gives rise to future benefits, whether the rehabilitation activity is expected to occur over the life of the operation or at the time of closure. The capitalised cost is amortised over the life of the operation and the increase in the net present value of the provision for the expected cost is included in financing expenses. Expected decommissioning and rehabilitation costs are based on the discounted value of the estimated future cost of detailed plans prepared for each site. Where there is a change in the expected decommissioning and restoration costs, the value of the provision and any related asset are adjusted and the effect is recognised in profit or loss on a prospective basis over the remaining life of the operation.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Rehabilitation costs (Continued)

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by potential proceeds from the sale of assets or from plant clean up at closure.

(p) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefits assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss.

Non-current assets (or disposal groups) are presented separately from other assets or liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(t) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(ii) Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay when the liabilities are settled, including related on-costs, such as workers compensation insurance and payroll tax.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

(u) Share-based payment transactions

The fair value of employee share options and performance rights is measured using an options pricing model. Measurement inputs include share price on a measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) New Accounting Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2015.

The Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2015, adopted include the following. Adoption of these Standards and Interpretations did not have any effect on the financial position or the performance of the Consolidated Entity.

Reference	Summary	Application date of standard	Application date for Group*
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i> The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.	1 January 2015	1 July 2015
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i> The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 July 2015

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

The following standards and interpretations have been issued but are not yet effective for the year ending 30 June 2016. The standards that are effective from 1 July 2016 for the Consolidated Entity are not expected to materially impact the Consolidated Entity. Standards impacting the Consolidated Entity in future periods are still currently being assessed.

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p> <p>Classification and measurement</p> <p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.</p> <p>The main changes are described below.</p> <p>Financial assets</p> <ol style="list-style-type: none"> Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. <p>Financial liabilities</p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option.</p> <p>Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> The change attributable to changes in credit risk are presented in other comprehensive income (OCI) The remaining change is presented in profit or loss <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p>	1 January 2018	1 July 2018

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

Reference	Title	Summary	Application date of standard	Application date for Group*
		<p>Impairment</p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p>		
AASB 2014-3	<p>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</p> <p>[AASB 1 & AASB 11]</p>	<p>AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:</p> <p>(a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11</p> <p>(b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations</p> <p>This Standard also makes an editorial correction to AASB 11.</p>	1 January 2016	1 July 2016
AASB 2014-4	<p>Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)</p>	<p>AASB 116 Property Plant and Equipment and AASB 138 Intangible Assets both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.</p> <p>The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.</p> <p>The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.</p>	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 15	Revenue from Contracts with Customers	<p>AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).</p> <p>AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <ol style="list-style-type: none"> Step 1: Identify the contract(s) with a customer Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation <p>AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted.</p> <p>AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.</p> <p>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.</p>	1 January 2018	1 July 2018
AASB 1057	Application of Australian Accounting Standards	<p>This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible.</p> <p>The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.</p>	1 January 2016	1 July 2016

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	<p>The subjects of the principal amendments to the Standards are set out below:</p> <p>AASB 5 Non-current Assets Held for Sale and Discontinued Operations:</p> <ul style="list-style-type: none"> Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. <p>AASB 7 Financial Instruments: Disclosures:</p> <ul style="list-style-type: none"> Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. <p>AASB 119 Employee Benefits:</p> <ul style="list-style-type: none"> Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. <p>AASB 134 Interim Financial Reporting:</p> <ul style="list-style-type: none"> Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information. 	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	<p>The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.</p>	1 January 2016	1 July 2016

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 2015-9	Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]	This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.	1 January 2016	1 July 2016
AASB 16	Leases	<p>The key features of AASB 16 are as follows:</p> <p>Lessee accounting</p> <ul style="list-style-type: none"> • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. <p>Lessor accounting</p> <ul style="list-style-type: none"> • AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. <p>AASB 16 supersedes:</p> <p>(a) AASB 117 Leases</p> <p>(b) Interpretation 4 Determining whether an Arrangement contains a Lease</p> <p>(c) SIC-15 Operating Leases—Incentives</p> <p>(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease</p> <p>The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.</p>	1 January 2019	1 July 2019

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

Reference	Title	Summary	Application date of standard	Application date for Group*
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]	This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017
IFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]	<p>This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments Share-based payment transactions with a net settlement feature for withholding tax obligations A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled 	1 January 2018	1 July 2018

* Designates the beginning of the applicable annual reporting period unless otherwise stated

4. REVENUE AND INCOME

	2016 \$	2015 \$
Revenue from sale of gold	19,805,828	-
Total revenue	19,805,828	-
OTHER INCOME		
Interest received - other corporations	83,954	97,918
Other income	16,649	10,904
Total other income	100,603	108,822

5. ADMINISTRATION AND OTHER EXPENSES

	2016	2015
	\$	\$
(a) Cost of Sales		
Salaries, wages expense and other employee benefits	(5,279,868)	-
Other costs	(8,462,647)	-
Royalties	(459,500)	-
Write-down in value of inventories to estimated net realisable value	(104,336)	-
Depreciation and amortisation expense		
Depreciation of non-current assets		
Property, plant and equipment	(511,739)	-
Buildings	(27,462)	-
Amortisation of non-current assets		
Mine properties and development costs	(3,822,224)	-
Total cost of sales	(18,667,776)	-
(b) Other Expenses by function		
Administration Expenses		
Salaries, wages expense and other employee benefits	(148,231)	(171,308)
Directors' fees and other benefits	(94,850)	(83,610)
Share based payments	(114,258)	(107,426)
Consulting expenses	(503,688)	(609,208)
Travel and accommodation expenses	(26,462)	(21,566)
Administration costs	(598,049)	(469,025)
Depreciation expense		
Depreciation of non-current assets		
Property, plant and equipment	(23,771)	(69,022)
Total administration expenses	(1,509,309)	(1,531,165)
Other expenses		
Foreign exchange gain/(loss)	5,779	284
Profit/(loss) on disposal of property, plant and equipment	(67,857)	20,883
	(62,078)	21,167
Total other expenses by function	(1,571,387)	(1,509,998)
(c) Fair value change in financial instruments		
Available for sale financial assets - listed entities (Level 1)	83,077	(48,524)
Fair value change in derivatives (refer notes 21 and 22)	(4,533,749)	-
Total fair value change in financial instruments	(4,450,672)	(48,524)

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

6. INCOME TAX

	2016 \$	2015 \$
(a) Income Tax Expense		
Current tax	(5,045,486)	(432,229)
Deferred tax	4,814,907	(341,134)
Tax loss not recognised	644,444	555,653
(Under)/Over provision for prior years	(413,865)	217,710
Tax expense	-	-
(b) A reconciliation between tax expense and the production of accounting loss before income tax multiplied by the Consolidated Entity's applicable tax rate is as follows:		
Accounting loss before tax	(5,303,578)	(3,706,115)
At statutory income tax rate of 30% (2015: 30%)	(1,591,073)	(1,111,835)
Non-deductible items		
Other permanent differences	(33,908)	306,244
Share based payments	34,277	32,228
Convertible note expenses	1,360,125	-
Tax loss not recognised	644,444	555,653
(Under)/Over provision for prior years	(413,865)	217,710
Income tax expense/(benefit) reported in statement of comprehensive income	-	-
(c) Deferred tax asset		
Unused tax losses and other temporary differences not brought to account:		
-temporary differences	(691,485)	4,123,422
-tax losses:		
Domestic/foreign operating losses	12,576,066	7,479,704
capital losses	773,038	773,038
	12,657,619	12,376,164
(d) Deferred Tax Liability		
The balance comprises temporary differences attributable to:		
Exploration and evaluation assets	187,008	187,008
Total deferred tax liabilities	187,008	187,008

7. KEY MANAGEMENT PERSONNEL

	2016	2015
	\$	\$
Short-term employee benefits	753,135	641,974
Post-employment benefits	27,714	13,564
Share-based payments	71,771	24,259
	852,620	679,797

8. AUDITORS' REMUNERATION

	2016	2015
	\$	\$
Audit services:		
Amounts paid or payable for audit of the financial statements for the company or any entity in the Group.		
- Greenwich & Co	28,000	-
- Somes Cooke	10,000	32,500
- BDO Audit Pty Ltd	-	730
- Sinton Spence Chartered Accountants (PNG)	6,731	14,267
	44,731	47,497
Taxation services:		
Amounts paid or payable for taxation services performed for the company or any entity in the Group.		
- Greenwich & Co	5,558	-
- BDO Audit Pty Ltd	-	16,002
- Sinton Spence Chartered Accountants (PNG)	3,706	3,496
	9,264	19,498

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

9. EARNINGS PER SHARE

	2016 \$	2015 \$
Net loss attributable to ordinary equity holders	(5,303,578)	(3,706,115)
Net loss attributable to ordinary shareholders for diluted earnings per share	(5,303,578)	(3,706,115)
Basic loss per share (cents)	(1.08)	(1.07)
Fully diluted loss per share (cents)	(1.08)	(1.07)
Weighted average number of ordinary shares for basic earnings per share	490,998,106	345,574,496
Effect of dilution:		
Share options	-	-
	490,998,106	345,574,496
Weighted average number of ordinary shares adjusted for the effect of dilution	490,998,106	345,574,496

At 30 June 2016 90,842,493 (2015: 6,650,000) options, 2,500,000 performance rights (2015: 4,500,000) and 100 convertible notes (2015: nil) were outstanding which could potentially dilute basic earnings in the future. Because there is a loss these would have an anti-dilutive effect and therefore diluted earnings per share is the same as basic earnings per share.

10 CASH AND CASH EQUIVALENTS

	30 June 16	30 June 15
	\$	\$
Cash at bank and in hand	4,926,473	6,765,618
Total	4,926,473	6,765,618
Reconciliation of the net loss after tax to net cash flows from operations		
Loss after tax	(5,303,578)	(3,706,115)
Non-cash adjustment to reconcile loss before tax to net cash flows:		
Depreciation & Amortisation	4,385,196	69,022
Gold prepayment physical deliveries	(2,466,202)	-
Share based payments	114,257	107,426
Unrealised foreign exchange difference	(5,778)	(286)
Exploration and evaluation expenditure written off	55,779	2,255,335
Change in FV of financial instruments	(83,077)	48,524
Gain/Loss On Financial Instruments	4,533,749	-
Unrealised convertible note effective and real interest	418,140	-
(Profit)/loss on disposal of assets	67,857	(20,883)
Unwinding rehab provision	7,919	-
Working capital adjustments:		
(Increase)/decrease in operating receivables	(443,154)	7,305
(Increase)/decrease in operating assets	(2,167,671)	(46,023)
Increase/(decrease) in operating trade and other payables	2,756,166	16,086
Increase/(decrease) in provisions	740,281	11,696
Net cash from/(used in) operating activities	2,609,884	(1,257,913)

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

11 TRADE AND OTHER RECEIVABLES

	30 June 16	30 June 15
	\$	\$
Other receivables (i)	1,171,668	911,133
Bulletin Resources Limited (ii)	205,766	926,369
	1,377,434	1,837,502

- (i) Other receivables are non-interest bearing and are generally on 30-90 day terms.

The carrying amounts disclosed represent the fair value.

There are no past due nor impaired receivables at 30 June 2016.

The balance consists of GST Input Credits of \$772k, diesel rebate of \$213k and trade receivables of \$187k.

- (ii) The receivable relates to gold deliveries into Bulletin's gold prepayment facility pending the completion of the acquisition of their 20% in the Halls Creek project.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 16	30 June 15
	\$	\$
Financial assets at 30 June at fair value (current)	103,846	20,769

The financial assets at fair value are held for trading and comprise only equity investments quoted on ASX and have been valued at the market prices ruling on 30 June 2016.

13 INVENTORIES

	30 June 16	30 June 15
	\$	\$
Ore stocks at net realisable value	196,465	-
Gold in circuit at cost	1,234,782	-
Bars in Transit	649,455	-
Stores and spares at cost	139,042	52,073
	2,219,744	52,073

14 OTHER ASSETS

	30 June 16	30 June 15
	\$	\$
Current		
Prepayments	251,071	95,373

15 PROPERTY, PLANT AND EQUIPMENT

	30 June 16	30 June 15
	\$	\$
Plant and equipment		
At cost	7,348,321	2,182,562
Accumulated depreciation	(891,894)	(432,653)
Net carrying amount	6,456,427	1,749,909
Land and buildings		
At cost	396,960	-
Accumulated depreciation	(25,835)	-
Net carrying amount	371,125	-
Capital work in progress at cost	1,358,511	6,207,100
Total property, plant and equipment	8,186,063	7,957,009
Movement in plant and equipment		
At 1 July net of accumulated depreciation	1,749,909	2,073,197
Additions	5,396,844	2,577
Disposals	(184,847)	(266,086)
Depreciation charge for the year	(502,716)	(69,349)
Foreign exchange movements	(2,763)	9,570
At 30 June net of accumulated depreciation	6,456,427	1,749,909
Land and buildings		
At 1 July net of accumulated depreciation	-	-
Additions	396,960	-
Disposals	-	-
Depreciation charge for the year	(25,835)	-
At 30 June net of accumulated depreciation	371,125	-
Capital works in progress		
At 1 July net of accumulated depreciation	6,207,100	-
Additions	3,052,973	6,207,100
Transfer to mine property and development	(2,107,758)	-
Transfer to plant and equipment	(5,396,844)	-
Transfer to land and buildings	(396,960)	-
At 30 June net of accumulated depreciation	1,358,511	6,207,100

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

16 EXPLORATION AND EVALUATION ASSETS

	30 June 16	30 June 15
	\$	\$
Opening balance	5,933,690	8,971,230
Expenditure for the period	425,574	701,511
Exploration and evaluation expenditure written off	(50,176)	(2,255,324)
Transfer to mine property and development	-	(1,864,866)
Foreign exchange movements	(519,742)	381,139
Closing balance	5,789,346	5,933,690

The ultimate recoupment of costs carried forward in respect of areas of interest in the exploration and evaluation phases is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas. The Company has an interest in certain exploration licences and the amounts shown above include amounts expended to date in the acquisition and/or exploration of those tenements.

Impairment

Recovery of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. During the year, tenements which were or are to be relinquished or for which no substantial expenditure is planned, have been fully written off.

17 MINE PROPERTY AND DEVELOPMENT

	30 June 16	30 June 15
	\$	\$
Opening Balance	6,778,618	-
Expenditure for the period	10,179,858	4,913,752
Transfer from exploration and evaluation	-	1,864,866
Transfer from property, plant and equipment	2,107,758	-
Amortisation	(3,822,224)	-
Closing Balance	15,244,010	6,778,618

During the year the Company completed construction and development of its Hall Creeks gold project. The amounts above relate solely to this project.

18 TRADE AND OTHER PAYABLES

	30 June 16	30 June 15
	\$	\$
Trade payables (i)	5,470,764	4,475,243
Sundry payables and accrued expenses (ii)	1,659,050	410,277
Related party payables (refer note 32)	51,905	24,919
	7,181,719	4,910,439

(i) Trade payables are non-interest bearing and generally on 30 day terms.

(ii) Sundry payables and accruals are non-interest bearing and generally on 30 day terms.

Due to the short term nature of these payables, their carrying value approximates their fair value.

19 UNEARNED INCOME

	30 June 16	30 June 15
	\$	\$
Gold Prepayment (Current)	5,173,575	2,269,518
Gold Prepayment (Non-current)	1,756,907	6,930,482

In February 2015, subsidiary Halls Creek Mining Pty Ltd ("HCM") drew down on a newly established \$9,200,000 gold pre-pay facility with Commonwealth Bank of Australia ("CBA"). The loan is repayable in gold ounces over 22 instalments commencing 30 November 2015 and finishing 31 August 2017. During the period 1,619 ounces were delivered to CBA.

The loan has been classified as unearned revenue on the Statement of Financial Position as CBA has prepaid HCM 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.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

20 PROVISIONS

	30 June 16	30 June 15
	\$	\$
Current		
Provision for annual leave	430,933	80,783
Provision for fringe benefits tax payable	85	503
	431,018	81,286
Non-current		
Provision for long service leave	16,627	18,487
Provision for deferred tax liability (i)	187,008	187,008
Provision for rehabilitation (ii)	1,170,205	1,162,880
	1,373,840	1,368,375

(i) Deferred tax liability arising on the fair value adjustment of the PNG exploration and evaluation assets acquired in 2009.

(ii) Environmental obligations associated with the retirement or disposal of mining properties and/or of exploration activities are recognised when the disturbance occurs and are based on the extent of the damage incurred. The provision is measured as the present value of the future expenditure. The rehabilitation liability is remeasured at each reporting period in line with the change in the time value of money (recognised as an interest expense in the statement of comprehensive income and an increase in the provision), and additional disturbances/change in the rehabilitation cost are recognised as additions/changes to the corresponding asset and rehabilitation liability.

Movements in provisions

Opening balance	1,368,375	280,511
Arising during the year	5,465	1,181,367
Adjustment due to revised conditions	-	(93,503)
Closing balance	1,373,840	1,368,375

21 INTEREST-BEARING LOANS AND BORROWINGS

	30 June 16	30 June 15
	\$	\$
Current		
Convertible notes (i)	75,411	-
	75,411	-

(i) The Company issued convertible notes valued at a total of \$3,300,000 in July 2015, interest bearing at 8% and maturing 31 December 2017, as announced on the ASX 14 July 2015. The notes are convertible into fully paid ordinary shares at \$0.06 per share. If the notes are converted in the first year after issue one bonus option will be issued per share converted. If converted after the first year one bonus option will be issued per two shares converted. The options will have an exercise price of \$0.06 and expire two years from issue.

During the current year \$3,200,000 of convertible notes were converted into 53,333,344 shares and 53,333,344 unlisted options. As at 30 June 2016 there were \$100,000 of convertible notes outstanding.

22 OTHER FINANCIAL LIABILITIES

Current

Convertible note derivatives (ii)

30 June 16	30 June 15
\$	\$
259,580	-
259,580	-

(ii) The Company issued convertible notes (refer note 21) containing embedded derivatives. The embedded derivatives were valued on issue date and have been separated out from the convertible notes (refer note 21). The embedded derivatives are carried at fair value (level 2) through profit and loss (refer note 5(c)).

The derivatives relate to the convertible notes issued during the current period. There are two contained derivatives being the conversion feature of the notes and the bonus options. The bonus options fail the fixed for fixed test due to the interest being payable in a variable number of shares and therefore, do not meet the definition of equity. The fair values are determined using a Black & Scholes model, which takes into account factors including the exercise price, the volatility of the underlying share price, the risk-free interest rate, the market price of the underlying shares at the transaction date and the expected life of the notes. Below are the inputs used to value the derivative:

	Convertible Notes	Bonus Options
Expected volatility (%)	60%	60%
Risk-free interest rate (%)	1.93%	1.93%
Expected life (yrs)	2.48	2.00
Option exercise price (\$)	\$0.060	\$0.060
Share price at grant date (\$)	\$0.044	\$0.044
Maturity Date	31-Dec-17	N/A

The derivative was valued at \$605,000 on inception (14 July 2015) and at 30 June 2016 was revalued to \$128,333 post conversion of \$3,200,000 of notes during the period. The bonus options were valued at \$593,545 on inception (14 July 2015) and at 30 June 2016 were revalued to \$131,247 post conversion of \$3,200,000 of notes during the period. As the number of bonus options is variable depending on conversion date we have assumed that a rational noteholder will likely convert their convertible notes within the first year to maximize their return.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

23 ISSUED CAPITAL

	30 June 16	30 June 15
	\$	\$
(a) Ordinary Shares		
Issued and fully paid	150,991,758	139,851,807
(b) Movements in ordinary shares on issue		
	Number	\$
At 1 July 2014	313,963,139	136,030,386
Placement	78,490,785	3,924,539
Share issue costs	-	(103,118)
At 30 June 2015	392,453,924	139,851,807
Placement (i)	98,113,480	4,905,674
Exercise of options	18,447,621	1,106,857
Performance rights vesting into shares	1,300,000	84,900
Convertible note conversions	53,333,344	5,095,833
Convertible note interest paid in shares	1,663,819	118,760
Share issue costs	-	(172,073)
At 30 June 2016	565,312,188	150,991,758

(i) In August 2015 the Company completed a non-renounceable entitlements issue of 98,113,480 shares at an issue price of 5 cents per share. Costs of the issue amounted to \$172,073.

(c) **Terms and conditions of contributed equity**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up the Company the holders are entitled to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

(d) Options and performance rights outstanding

Type	Expiry Date	Exercise Price (\$)	2016 Number	2015 Number
Listed options	25/08/2017	0.06	48,942,491	-
Unlisted options	7/03/2016	0.17	-	150,000
Unlisted options	30/05/2016	0.185	-	500,000
Unlisted options	21/11/2016	0.09	2,000,000	2,000,000
Unlisted options	26/02/2018	0.06	4,833,334	-
Unlisted options	17/03/2018	0.06	1,500,000	-
Unlisted options	26/05/2018	0.06	12,000,001	-
Unlisted options	23/06/2018	0.06	16,666,667	-
Unlisted options	30/06/2018	0.10	2,650,000	4,000,000
Unlisted options	30/01/2019	0.10	2,250,000	-
Unlisted performance rights	21/11/2016	nil	1,500,000	2,000,000
Unlisted performance rights	30/01/2017	nil	500,000	2,500,000
Unlisted performance rights	30/01/2019	nil	500,000	-
Total			93,342,493	11,150,000

(e) Shares issued on exercise of options

Date of option conversion	Number of options	Price per option	Expiry date	Increase in contributed equity
26 October 2015	11,729	6 cents	25 Aug 17	704
26 November 2015	48,438	6 cents	25 Aug 17	2,906
26 February 2016	11,000	6 cents	25 Aug 17	660
9 March 2016	11,862	6 cents	25 Aug 17	712
19 January 2016	833,334	6 cents	30 Oct 17	50,000
9 March 2016	833,334	6 cents	30 Oct 17	50,000
15 March 2016	15,000,007	6 cents	30 Oct 17	900,000
15 March 2016	1,666,667	6 cents	26 Feb 18	100,000
27 June 2016	31,250	6 cents	30 Oct 17	1,875
Total	18,447,621			1,106,857

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

24 RESERVES

	30 June 16	30 June 15
	\$	\$
Options Reserve	4,380,625	1,727,125
Share Based Payment Reserve	1,603,206	1,573,848
Foreign Currency Translation Reserve	(443,811)	110,035
	5,540,020	3,411,008

(a) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiaries.

(b) Option reserve

The option reserve records items recognised as expenses on valuation of share options issued to third parties.

(c) Share based payment reserve

The share based payment reserve records items recognised as expenses on valuation of the options and performance rights issued to directors and employees.

25 SHARE BASED PAYMENTS

	2016	2015
	\$	\$
Share-based payment expenses recognised during the financial year		
Equity settled options/rights issued to directors	71,771	4,701
Equity settled options/rights issued to employees/consultants	50,457	102,725
Equity settled options/rights expired/did not vest	(7,970)	-
	114,258	107,426

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the financial year was 1.50 years (2015: 1.99 years)

Details of Share-based payments made during the 2016 financial year:

- (a) On 8 February 2016 2,250,000 options to acquire fully paid ordinary shares in PNR at an exercise price of \$0.10 expiring 30 January 2019 were issued to employees.
- (b) On 8 February 2016 500,000 performance rights to be allotted fully paid ordinary shares in PNR were issued to employees with the following performance hurdles:
 - 500,000 shares when PNR achieves positive net cash flow (all capital costs recovered) from the Nicholson's Project.

Details of Share-based payments made during the 2015 financial year:

- (a) On 6 February 2015 3,500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of \$0.10 expiring 30 June 2018 were issued to employees and consultants.
- (b) On 6 February 2015 1,800,000 performance rights to be allotted fully paid ordinary shares in PNR were issued to an employee and consultants with the following performance hurdles:
 - 800,000 shares when PNR achieves its first 2,000 ounces of gold produced from the Nicolson's Project attributable to the Company.
 - 500,000 shares when PNR achieves positive net cash flow (all capital costs recovered) from the Nicolson's Project.
 - 500,000 shares when PNR achieves its first 50,000 ounces of gold produced from the Nicolson's Project attributable to the Company.
- (c) On 17 April 2015 500,000 options to acquire fully paid ordinary shares in PNR at an exercise price of \$0.10 expiring 30 June 2018 were issued to a consultant.
- (d) On 17 April 2015 700,000 performance rights to be allotted fully paid ordinary shares in PNR were issued to a consultant with the following performance hurdles:
 - 200,000 shares when PNR achieves its first 2,000 ounces of gold produced from the Nicolson's Project attributable to the Company.
 - 250,000 shares when PNR achieves positive net cash flow (all capital costs recovered) from the Nicolson's Project.
 - 250,000 shares when PNR achieves its first 50,000 ounces of gold produced from the Nicolson's Project attributable to the Company.

Fair Value of Options and Rights Granted

The weighted average fair value of options and rights granted during the year was 8.2 cents (2015: 3.7 cents). The fair value at grant date is estimated using a Black & Scholes model that takes into account the share price at grant date, exercise price, expected volatility, option or right life, expected dividends, the risk free rate, and the fact that the options and rights are not tradeable. The pricing model and inputs used for the options and rights granted during the year ended 30 June 2016 are set out in the table below:

2016 Financial Year	Employee Options	Employee Performance Rights
Number of options/rights	2,250,000	500,000
Pricing model used to calculate fair value	Black-Scholes	10 day VWAP
Consideration	nil	nil
Expected life of instruments (yrs)	3.0	3.0
Exercise price	\$0.10	nil
Grant date	08-Feb-16	08-Feb-16
Vesting date	08-Feb-16	-
Expiry date	30-Jan-19	30-Jan-19
Share price at grant date (\$)	\$0.080	\$0.080
Fair value at grant date (\$)	\$0.028	\$0.078
Expected Volatility (%)	60%	N/A
Expected dividend yield %	nil	nil
Risk-free interest rate (%)	1.86%	N/A

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

25 SHARE BASED PAYMENTS (CONTINUED)

2015 Financial Year	Employee / Consultant Options	Employee / Consultant Performance Rights	Consultant Options	Consultant Performance Rights
Number of options/rights	3,500,000	1,800,000	500,000	700,000
Pricing model used to calculate fair value	Black-Scholes	10 day VWAP	Black-Scholes	10 day VWAP
Consideration	nil	nil	nil	nil
Expected life of instruments (yrs)	3.4	2.0	3.2	1.8
Exercise price	\$0.10	nil	\$0.10	nil
Grant date	06-Feb-15	03-Feb-15	17-Apr-15	17-Apr-15
Vesting date	06-Feb-15	-	17-Apr-15	-
Expiry date	30-Jun-18	30-Jan-17	30-Jun-18	30-Jan-17
Share price at grant date (\$)	\$0.056	\$0.057	\$0.075	\$0.076
Fair value at grant date (\$)	\$0.020	\$0.057	\$0.031	\$0.076
Expected Volatility (%)	70%	N/A	70%	N/A
Expected dividend yield %	nil	nil	nil	nil
Risk-free interest rate (%)	1.92%	N/A	1.78%	N/A

Summary of share-based payment option/rights issued

The following table illustrates the number and weighted average exercise prices (WAEP) of share-based payment options and rights issued during the financial year.

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at the beginning of the year	11,150,000	0.063	4,650,000	0.064
Expired during the year	(500,000)	0.185	-	-
Granted during the year	2,750,000	0.082	6,500,000	0.062
Forfeited during the year	(2,200,000)	0.073	-	-
Exercised during the year	(1,300,000)	0.071	-	-
Outstanding at the year end	9,900,000	0.068	11,150,000	0.063
Exercisable at the year end	6,900,000	0.097	6,650,000	0.105

26 COMMITMENTS

(a) Exploration commitments

In order to maintain current rights of tenure to exploration permits and licences, the entity has certain obligations to expend minimum amounts of money. The following exploration expenditure requirements have not been provided for in the financial report and are payable:

	2016 \$	2015 \$
Within one year	350,962	292,683
After one year but not more than five years	723,296	778,558
After more than five years	853,800	961,400
	<u>1,928,058</u>	<u>2,032,641</u>

27 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or contingent assets at balance date.

28 SUBSEQUENT EVENTS

On 14 July 2016 the Company announced that it had completed the acquisition of the remaining 20% of the Halls Creek Project from Bulletin Resources Limited. Pantoro, through its wholly owned subsidiary Halls Creek Mining Ltd is now the owner of 100% of the Halls Creek Project. Consideration for the acquisition is 130,000,000 fully paid ordinary shares which were issued on this date.

On 29 July 2016 the Company announced that it had entered into hedge contracts with Commonwealth Bank of Australia (CBA) for a further 7,000 ounces of gold for delivery from December 2017 to April 2018 at a hedge price of approximately \$1,845 per ounce. CBA will convert 2,000 ounces of the hedged gold to a prepayment facility, realising a cash advance of \$3,200,000 after fees. In addition CBA has agreed to defer repayments due on the existing prepayment facility to accommodate the development of high grade Rowdies and Wagtail open pits and to provide Pantoro with working capital and operational flexibility.

There are no other matters or circumstances that have arisen since the end of the financial year 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.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

29 PARENT ENTITY INFORMATION

The following information relates to the parent entity, Pantoro Ltd. The information presented here has been prepared using consistent accounting policies as presented in Note 3.

	2016	2015
	\$	\$
Current assets	2,199,022	1,217,747
Non-current assets	29,802,361	22,471,237
Total assets	32,001,383	23,688,984
Current liabilities	648,249	126,401
Non-current liabilities	-	-
Total liabilities	648,249	126,401
Net assets	31,353,134	23,562,583
Issued capital	150,991,759	139,851,808
Accumulated losses	(125,622,456)	(119,590,198)
Option premium reserve	4,380,625	1,727,125
Share-based payments reserve	1,603,206	1,573,848
Total shareholders' equity	31,353,134	23,562,583
Net loss of the parent entity	6,032,258	862,380
Other comprehensive income for the year	-	-
Total comprehensive income for the year	6,032,258	862,380

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Nil

Contingent liabilities of the parent entity

Nil

Contractual commitments by the parent entity for the acquisition of property, plant or equipment

Nil

Overview

This note presents information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables and cash held at financial institutions.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount	
		2016 \$	2015 \$
Cash and cash equivalents	10	4,926,473	6,765,618
Trade and other receivables	11	1,377,434	1,837,502

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. All cash is held with Westpac, Commonwealth and ANZ banks.

Trade and other receivables

As the Group operates primarily in gold mining and exploration activities, it does not have trade receivables and therefore is not exposed to credit risk in relation to trade receivables.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-5 years	5+ years
30 June 2016						
Trade and other payables	7,181,719	7,181,719	7,181,719	-	-	-
	7,181,719	7,181,719	7,181,719	-	-	-
30 June 2015						
Trade and other payables	4,910,439	4,910,439	4,910,439	-	-	-
	4,910,439	4,910,439	4,910,439	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's net income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Consolidated Entity is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the Consolidated Entity's functional and presentation currency. As a result of subsidiary companies having Papua New Guinea Kina (PGK) and Mexican Pesos (MEX) functional currencies, the Consolidated Entity's statement of financial position can be affected by movements in the AUD/PGK and AUD/MEX exchange rates. The Consolidated Entity's exposure to foreign currency is however not considered to be significant.

Interest rate risk

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value or future cash flows will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures. The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in short term deposits with reputable financial institutions at interest rates maturing over 90-180 day rolling periods or less.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying Amount	
	2016	2015
	\$	\$
Cash and cash equivalents	4,873,695	6,702,195
Cash at bank and on hand	52,778	63,423
Short term deposits	4,926,473	6,765,618

Sensitivity analysis

The Board has estimated that given market conditions a change of 100 basis points in interest rates is appropriate to assess the Group's sensitivity to variable rate instruments. A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

Group

	Profit/Equity	
	100bp increase	100bp decrease
	\$	\$
30 June 2016		
Variable rate instruments	49,265	(49,265)
30 June 2015		
Variable rate instruments	67,651	(67,651)

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

Equity Price Risk

Equity price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Group is exposed to equity price risk arising from its financial assets at fair value through profit or loss. With respect to the equity price risk arising from these financial assets, the maximum exposure is equal to the carrying amount of the financial assets at fair value through profit or loss which at reporting date is \$103,846 (2015 \$20,769).

Based on the equity investments held at the end of the financial year, had the Australian Securities Exchange strengthened/ weakened by 10% with all other variables held constant, the Group's pre-tax profit and equity would have been \$10,000 higher/lower (2015: \$2,000).

Commodity Price Risk

The Group is exposed to the risk of fluctuations in the prevailing market prices for the gold and silver currently produced from its operating mine. The Group manages this risk through the use of gold forward contracts. As at reporting date the Group has contractual sale commitments of 11,720 ounces of gold at an average price of A\$1,568 per ounce (2015: 15,037 ounces at A\$1,568 per ounce).

Fair values

The carrying amounts of financial assets and liabilities approximate fair value. The basis for determining fair values is disclosed in note 12.

Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity to fund exploration, evaluation and development activities. The Group monitors capital on the basis of the gearing ratio, however there are no external borrowings as at reporting date.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Capital comprises equity as disclosed in the statement of financial position.

31 OPERATING SEGMENTS

For management purposes, the Consolidated entity is organised into operating segments determined by location. The Consolidated Entity comprises the following reportable segments:

- **Nicolsons Project:** Mining, treatment, exploration and development of gold assets.
- **PNG Exploration:** Mineral exploration within PNG.

Executive management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

The following table presents revenue and profit information regarding the Consolidated Entity's operating segments for the years ended 30 June 2016 and 30 June 2015.

Year ended 30 June 2016	PNG Exploration	Nicolsons Gold Project	Total segments	Unallocated	Consolidated
External revenue					
Revenue from sale of gold	-	19,805,828	19,805,828	-	19,805,828
Interest received	358	54,391	54,749	29,205	83,954
Other income	-	-	-	16,649	16,649
Total revenue	358	19,860,219	19,860,577	45,854	19,906,431

Results

Segment profit/(loss)	(1,976,291)	854,279	(1,122,012)	(4,181,565)	(5,303,578)
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Year ended 30 June 2015	PNG Exploration	Nicolsons Gold Project	Total segments	Unallocated	Consolidated
External revenue					
Interest	-	47,920	47,920	49,998	97,918
Other revenue	5,540	-	5,540	5,364	10,904
Total revenue	5,540	47,920	53,460	55,362	108,822

Results

Segment (loss)/profit	(1,565,726)	(308,883)	(1,874,609)	(1,831,506)	(3,706,115)
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The following table presents segment assets and liabilities of the Consolidated Entity's operating segments as at 30 June 2016 and 30 June 2015.

	PNG Exploration	Nicolsons Gold Project	Total segments	Unallocated	Consolidated
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)
As at 30 June 2015					
Segment assets	5,886,108	21,949,794	27,835,902	1,604,750	29,440,652
Segment liabilities	(18,082,785)	(22,528,198)	(40,610,983)	25,050,883	(15,560,100)

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

31 OPERATING SEGMENTS (CONTINUED)

The following table presents segment capital expenditure of the Consolidated Entity's operating segments for the years ended 30 June 2016 and 30 June 2015.

	PNG Exploration	Nicolsons Gold Project	Total segments	Unallocated	Consolidated
Capital Expenditure					
30 June 2016	229,188	19,233,553	19,462,741	(10,532)	19,452,209
30 June 2015	180,072	10,566,584	10,746,656	8,908	10,755,564

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.

Reconciliation of Profit

Segment (loss)/profit

Corporate expenses	(1,157,135)	(568,204)
Loss on disposal of assets	-	(311,862)
Exploration and evaluation assets written off	9,867	(6,840)
Fair value change in financial instruments	(4,450,672)	-
Finance costs	(450,360)	-
Exchange differences on translation of foreign operations	1,866,735	(944,600)
Total consolidated loss before tax	(5,303,577)	(3,706,115)

30 Jun 16

\$

30 Jun 15

\$

Reconciliation of Assets

Segment operating assets

Unallocated cash and receivables	2,222,779	1,262,017
Unallocated plant and equipment	321,271	321,964
Unallocated financial assets	103,846	20,769
Group operating assets	38,097,987	29,440,652

30 Jun 16

\$

30 Jun 15

\$

	30 Jun 16	30 Jun 15
	\$	\$
Reconciliation of Liabilities		
Segment operating liabilities	(15,603,799)	(40,610,983)
Trade and other payables	(299,882)	25,056,051
Provision for employee benefits	(13,377)	(5,168)
Other financial liabilities	(334,991)	-
Group operating liabilities	(16,252,049)	(15,560,100)

32 RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Pantoro Limited and the subsidiaries listed in the following table:

Name	Country of incorporation	Percentage Owned	
		2016	2015
Pantoro Limited	Australia		
Subsidiaries and Associates of Pantoro Limited			
Chrome Holdings SA Pty Ltd	Australia	100%	100%
Halls Creek Mining Pty Ltd	Australia	100%	100%
Pacific Niugini Minerals Pty Ltd	Australia	100%	100%
Pacific Niugini Minerals (PNG) Ltd	PNG	100%	100%
Pacific Niugini Minerals (Bulolo) Ltd	PNG	100%	100%
Sonora Australia Mining SA DE CV	Mexico	100%	100%

(b) Ultimate Parent

The group ultimate parent company is Pantoro Limited.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in the remuneration report in the directors report.

NOTES TO THE CONSOLIDATED STATEMENTS (CONTINUED)

30 RELATED PARTY DISCLOSURES (CONTINUED)

(d) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances on related party payables at year-end, refer to note 18):

	Consolidated Entity			
	2016	2015	2016	2015
	Sales to related parties (inc. GST)		Purchases from related parties (inc. GST)	
Other related parties:				
Metals X Limited*	-	-	318,632	180,696

	Consolidated Entity			
	2016	2015	2016	2015
	Amounts owed by related parties (inc. GST)		Amounts owed to related parties (inc. GST)	
Other related parties:				
Metals X Limited*	-	-	51,905	24,919

* Metals X Limited has two common directors (Mr Paul Cmrlec and Mr Peter Cook) with Pantoro Limited and both the Company Secretary (Mr David Okeby) and CFO (Mr Scott Balloch) are employees of Metals X Limited.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2016

In the directors' opinion:

- (a) the financial statements comprising the consolidated statement of 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 and :
 - (i) comply with Accounting Standards and the Corporations Regulations 2001 and:
 - (ii) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated entity.
- (b) the consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (d) the remuneration disclosures set out in the Directors' Report as part of the audited Remuneration Report) for the year ended 30 June 2016 comply with section 300A of the Corporations Act 2001.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul Cmrlec
Managing Director

Dated 23 September 2016

INDEPENDENT AUDITOR'S REPORT



Greenwich & Co

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Independent Auditor's Report To the members of Pantoro Limited

Report on the Financial Report

We have audited the accompanying financial report of Pantoro Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

An independent member of Morison KSI | Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT

Opinion

In our opinion:

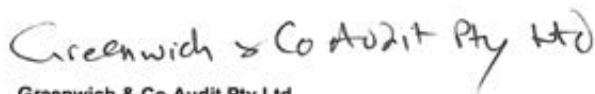
- (a) the financial report of Pantoro Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 27 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Pantoro Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.



Greenwich & Co Audit Pty Ltd



Nicholas Hollens
Managing Director
23 September 2016

JORC 2012 – TABLE 1 – HALLS CREEK

SECTION 1: SAMPLING TECHNIQUES AND DATA – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> The Nicolson's deposit has been sampled predominantly by RC and minor historical RAB about the Nicolson's open pit area. The current underground deposit is regularly sampled by face chip sampling. The Wagtails and Rowdies deposits were sampled mainly by RC with follow-up aircore. Holes were sampled on 1 m increments, or 3 m increments above the known mineralisation. Anomalous intercepts from the 3 m increments were re-split into 3 individual 1 m increments. Samples from the 2014 drill program are RC pre-collars with diamond drill tails. Face chip samples were taken in accordance with observed geological features and are considered representative of the development face. For RC drilling, measures taken to ensure sample representivity include the presence of a geologist at the rig whilst drilling, cleaning of the splitter at the end of every 3 m drill string, confirmation that drill depths match the accompanying sample interval with the drilling crew and the use of duplicate and lab/blank standards in the drilling programme. Face Sampling,, each development face / round is chip sampled perpendicular to mineralisation. The sampling intervals are dominated by geological constraints (e.g. rock type, veining and alteration / sulphidation etc.). The majority of exposures within the orebody are sampled For diamond drilling, measures taken include regular survey of drill holes, cutting of core along the orientation line where possible, and half core is submitted to an accredited laboratory. Industry standard blanks and standards are also submitted and reported by the laboratory. Drilling is completed in HQ3. HQ3 core is logged and sampled according to geology, with only selected samples assayed. Core is halved, with one side assayed, and the other half retained in core trays on site for further analysis. Samples are a maximum of 1m, with shorter intervals utilised according to geology.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> Diamond core and RC samples are dispatched to an external accredited laboratory where they are crushed and pulverized to a pulp (P90 75 micron) for fire assay (40g charge). RC samples 2-4kg samples are dispatched to an external accredited laboratory where they are crushed and pulverized to a pulp (P90 75 micron) for fire assay (40g charge). Face samples 2-3kg samples are prepared at the onsite laboratory and 500g pulp (P90 75 micron) is delivered to an accredited laboratory for fire assay (40g charge). Historical holes - RC and aircore drilling was used to obtain 1 m samples from which 2 - 3 kg was crushed and sub-split to yield 250 for pulverisation and then a 40 g aliquot for fire assay. Upper portions of deeper holes were composited to 3m sample intervals and sub-split to 1 m intervals for further assay if an anomalous composite assay result was returned. For later drilling programmes all intervals were assayed.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> RC drilling was completed with several rigs. All RC rigs used face sampling hammers with bit size of 140 – 146mm. Historical holes used a 130 mm bit size). Aircore drilling was completed by the RC rig with an aircore bit assembly. RAB drilling (20 holes only in the Nicolson's pit area) is historical and details are unknown. HQ 3 Diamond drilling was conducted for geotechnical and assay data. Holes from the 2014 diamond drilling program do not form part of the current resource estimate. Diamond holes were oriented using a Reflex orientation tool. Diamond holes were geologically and geotechnically logged.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> All holes were logged at site by an experienced geologist. Recovery and sample quality were visually observed and recorded. Recovery for older (pre 2011) holes is unknown. Diamond drilling practices result in high recovery in competent ground as part of the current drill program No significant core loss has been noted in fresh material. Good core recovery has generally been achieved in all sample types in the current drilling program. RC- recoveries are monitored by visual inspection of split reject and lab weight samples are recorded and reviewed.
Drill sample recovery (continued)		<ul style="list-style-type: none"> There is no known relationship between recovery and grade. Diamond drilling of oxide and transitional material in previous campaigns noted high core loss in mineralised zones. No core loss was noted in fresh material. Good core recovery has generally been achieved in all sample types in the current drilling program. RC drilling by previous operators to industry standard at the time
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Geological logging is undertaken by qualified geologist parameters captured include: depth from, depth to, condition, weathering, oxidation, lithology, texture, colour, alteration style, alteration intensity, alteration mineralogy, sulphide content and composition, quartz content, veining, and general comments. Underground development faces are mapped geologically. Geotechnical logging of diamond holes included the recording of recovery, RQD, structure type, dip, dip direction, alpha and beta angles, shape, roughness and fill material of fractures All drill chips were logged on 1 m intervals, the minimum sample size. A subset of all chip samples is kept on site for reference. Diamond drilling was logged to geological boundaries and is considered quantitative. Core was photographed. All drilling has been logged apart from diamond drill pre-collars.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • Core samples were sawn in half with one half used for assaying and the other half retained in core trays on site for future analysis. • RC drill chip samples were collected with either a three-tier, rotary or stationary cone splitter depending on the drill rig used. Aircore drill samples were subset using a 3 tier riffle splitter. Most (> 95%) of samples are recorded as being dry. • Face Chips samples are nominally chipped perpendicular to mineralisation across the face from left to right, and sub-set via geological features as appropriate • All RC and aircore sample splitting was to 12.5 % of original sample size or 2 – 3 kg, typical of standard industry practice. Samples greater than 3 kg were split on site before submission to the laboratory. • RC drilling by previous operators to industry standard at that time • For core samples, core was separated into sample intervals by geological domains and separately bagged for analysis at the certified laboratory. • The cyclone and splitter were cleaned every rod string and more frequently when requested by the geologist. In the case of spear sampling for re-splitting purposes, several spears through the entirety of the drill spoil bag were taken in a systematic manner to minimise bias. • Core was cut under the supervision of an experienced geologist, and as per procedure is cut on the orientation line. • Duplicate samples were taken every 20 m from a second cut of the splitter in the case of a cone splitter, or from a reject split in the case of a riffle splitter. Certified standards were inserted into the sample batch at a rate of 1 in 20 throughout all drilling programmes. • Gold at Hall's Creek is fine- to medium-grained and a sample size of 2 – 3 kg is considered appropriate. • Half core is considered appropriate for diamond drill samples. • All sample sizes are considered appropriate

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Post 2014 Diamond and face samples assays have been completed in a certified laboratory in Perth WA. Additionally face chip samples were completed at Pine Creek NT. Gold assays are determined using fire assay with 40g charge and AAS finish. Other elements were assayed using acid digest with ICP-MS finish. The methods used approach total mineral consumption and are typical of industry standard practice. No geophysical logging of drilling was performed. This is not relevant to the style of mineralisation under exploration. Lab standards, blanks and repeats are included as part of the QAQC system. In addition the laboratory had its own internal QAQC comprising standards, blanks and duplicates. Sample preparation checks of pulverising at the laboratory include tests to check that the standards of 90% passing 75 micron is being achieved. Follow-up re-assaying is performed by the laboratory upon company request following review of assay data. Acceptable bias and precision is noted in results given the nature of the deposit and the level of classification. Early drilling shows a pronounced negative bias with several of the external certified standards. RC and AC drill samples from previous owners is assumed to be fire assay with AAS finish. Review of historic records of received assays confirms this.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Significant intersections are noted in logging and checked with assay results by company personnel. Some significant intersections have been resampled and assayed to validate results. Diamond drilling confirms the width of the mineralised intersections. The current underground drill program includes holes testing the current Mineral Resource and twinning existing RC holes as shown on announcement Long Sections. All primary data is logged on paper and later entered into the database. Data is visually checked for errors before being sent to an external database manager for further validation and uploaded into an offsite database. Hard copies of original drill logs are kept both onsite and in the Perth office.

Criteria	JORC Code explanation	Commentary
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Drilling is surveyed using DGPS with accuracy of $\pm 0.3\text{m}$. Downhole surveys are conducted during drilling using single shot cameras at 10 m then every 30 m thereafter. Later drilling was downhole surveyed using a Reflex survey tool. Mine workings (open pits) were surveyed by external surveyors using RTK survey equipment. A subset of historical holes was surveyed to validate collar coordinates. All underground development is routinely picked up by conventional survey methods and faces referenced to this by measuring from underground survey stations prior to entry into the database The project lies in MGA 94, zone 52. Local coordinates are derived by conversion: $\text{GDA94_EAST} = \text{NIC_EAST} * 0.9983364 + \text{NIC_NORTH} * 0.05607807 + 315269.176$ $\text{GDA94_NORTH} = \text{NIC_EAST} * (-0.05607807) + \text{NIC_NORTH} * 0.9983364 + 7944798.421$ $\text{GDA94_RL} = \text{NIC_RL} + 101.799$ Topographic control uses DGPS collar pickups and external survey RTK data and is considered adequate for use. Pre Pantoro survey accuracy and quality assumed to industry standard
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Drill hole spacing at Nicolson's is generally between 10 m by 10 m and 30 m x 30 m in the upper areas of the deposits and extends to 50 m x 50 m at depths greater than 200 m. Face chip samples are typically taken every 3m along strike in the orezone The drill spacing at Wagtail and Rowdies is generally 20 m x 20 m with some areas of 10 m x 20 m infill. The Competent Person is of the view that the drill spacing, geological interpretation and grade continuity of the data supports the resource categories assigned. Previous operators composited samples to 3m occurred in holes above predicted mineralised zones. Composite samples were re-assayed in their 1 m increments if initial assay results were anomalous.

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> UG Drilling is generally perpendicular to the orebody other than the limitations introduced by the need to drill fans Wagtail and Rowdies drilling is predominantly at 270o to local grid at a dip of -60o. Local structures strike north-south on the local grid and dip at 60oE. No bias of sampling is believed to exist through the drilling orientation Underground development sampling is nominally undertaken normal to the various orebodies. No bias of sampling is believed to exist through the drilling orientation.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> The chain of custody is managed by Pantoro employees and consultants. Samples are stored on site and delivered in sealed boxes and bags to the lab in Perth or Pine Creek. Samples are tracked during shipping. Pre Pantoro operator sample security assumed to be consistent and adequate.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> A review of the Mineral Resource was carried out by an independent consultancy firm when the project was acquired from Bulletin.. No significant issues were noted.

SECTION 2: REPORTING OF EXPLORATION RESULTS – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Tenements containing Mineral Resources and Ore Reserves are 80% held by Pantoro subsidiary company Halls Creek Mining Pty Ltd. They are: M80/343, M80/355, M80/359, M80/503 and M80/471. M80/362 Tenement transfers to HCM are yet to occur as stamp duty assessments have not been completed by the office of state revenue. Pantoro recently announced an agreement to acquire 100% of the tenements, however the transaction is not yet complete. The tenements lie on a pastoral lease with access and mining agreements and predate native title claims.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The deposits were discovered by prospectors in the early 1990s. After an 8,500 m RC program, Precious Metals Australia mined 23 koz at an estimated 7.7g/t Au from Nicolson's Pit in 1995/96 before ceasing the operation. Rewah mined the Wagtail and Rowdy pits (5 koz at 2.7g/t Au) in 2002/3 before Terra Gold Mines (TGM) acquired the project, carried out 12,000 m of RC drilling and produced a 100 koz Mineral Resource estimate. GBS Gold acquired TGM and drilled 4,000 m before being placed in administration. Review of available reports show work to follow acceptable to standard industry practices. Bulletin Resources Ltd acquired the project from administrators and conducted exploration work focused on Nicolson's and the Wagtail Deposits and completed regional exploration drilling and evaluation and completed a Mining Study in 2012 prior to entering into a JV with PNR in 2014.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Gold mineralisation in the Nicolson's Find area is structurally controlled within the 400 m wide NNE trending dextral strike slip Nicolson's Find Shear Zone (NFSZ) and is hosted within folded and metamorphosed turbiditic greywackes, felsic volcanoclastics, mafic volcanics and laminated siltstones and mudstones. This zone forms part of a regional NE-trending strike slip fault system developed across the Halls Creek Orogen (HCO). The NFSZ comprises a NNE-trending anastomosing system of brittle-ductile shears, characterised by a predominantly dextral sense of movement. The principal shear structures trend NNE to N-S and are linked by NW, and to a lesser extent, by NE shears. Individual shears extend up to 500m along strike and overprint the earlier folding and penetrative cleavage of the HCO. The overall geometry of the system is characterized by right step-overs and bends/jogs in the shear traces, re-flecting refraction of the shears about the granite contact. Within this system, the NW-striking shears are interpreted as compressional structures and the NE-striking shears formed within extensional windows. Mineralisation is primarily focussed along NNE trending anastomosing systems of NNE-SSW, NW-SE and NE-SW oriented shears and splays. The NNE shears dip moderately to the east, while the NW set dips moderately to steeply to the NE. Both sets display variations in dip, with flattening and steepening which result in a complex pattern of shear intersections..

Criteria	JORC Code explanation	Commentary
Geology (continued)		<ul style="list-style-type: none"> Mineralisation is strongly correlated with discontinuous quartz veining and with Fe-Si-K alteration halos developed in the wall rocks to the veins. The NE shears are associated with broad zones of silicification and thicker quartz veining (typically white, massive quartz with less fracturing and brecciation); however, these are typically poorly mineralized. The NW-trending shears are mineralized, with the lodes most likely related to high fluid pressures with over-pressuring and failure leading to vein formation. Although the NE structures formed within the same shear system, the quartz veining is of a different generation to the mineralized veins. Individual shears within the system display an increase in strain towards their centres and comprise an anastomosing shear fabric reminiscent of the pattern on a larger scale.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> » easting and northing of the drill hole collar » elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar » dip and azimuth of the hole » down hole length and interception depth » hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Drillholes used in the global Nicolson's Mineral Resource estimate included 242 RC and 20 RAB holes for a total of 1,338m within the resource wireframes. The area of the updated Underground Mineral Resource is based on data from face rockchip samples only over the 4 fully developed levels of the mine 2220, 2210, 2200, 2185. Rowdies drilling included 36 RC and 2 aircore holes (AC) for a total of 241 m of intersection within the resource wireframes. Wagtail North comprised 84 RC and 6 AC holes for 553 m of intersection with the resource wireframes. Wagtail South comprised 23 RC and 20 AC holes for 203 m of intersection within the wireframes.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Drill results as reported are composited intersections within the interpreted mineralisation wireframes which form the basis of the resource. Intercepts are composited from 1 m sample increments and no weighting other than length is applied. The Lower cut-off grade is a nominal 0.5g/t Au with a minimum 2m downhole length above 200 mRL and a nominal 1.0g/t Au with a 1 m minimum downhole length below 200 mRL. Top cuts for Nicolson's lodes were 40 g/t and 45g/t Au for different domains dependent upon the lode grade distribution. Rowdies, Wagtail North and Wagtail South had top cuts of 20g/t, 45g/t and 50g/t Au respectively. All sample intervals within the interpreted wireframe shells were used in the grade estimation. No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> All drilling is predominantly at 270o to local grid at a dip of -60o. Local structures strike 0o to the local grid and dip at 60oE (i.e. having a 60o intersection angle to lode structures). Deeper holes have some drillhole deviation which decreases or increases the intersection angle, but not to a significant extent. Downhole lengths are reported and true widths are approximately 60 – 90% of down-hole length. True widths are calculated and reported for drill intersections which intersect the lodes obliquely.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Appropriate diagrams are included in the report.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Exploration results not reported.

Criteria	JORC Code explanation	Commentary
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Groundwater is largely confined to fault structures, typical of fracture rock systems with low yields and able to be controlled with air pressure while drilling. Metallurgical and geotechnical work studies have been completed as part of Feasibility Studies in support of Ore Reserves with no significant issues noted. No significant deleterious substances have been noted. Onsite milling has achieved recoveries of 94 to 96.5%project to date.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Underground mining has commenced and milling of this ore has produced gold at levels in line with local grade estimates.

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> Data input has been governed by lookup tables and programmed import of assay data from lab into database. The database has been checked against the original assay certificates and survey records for completeness and accuracy. Data was validated by the geologist after input. Data validation checks were carried out by an external database manager in liaison with Pantoro personnel. The database was further validated by external resource consultants prior to resource modelling. An extensive review of the data base was undertaken when Pantoro acquired the project, and external data review is ongoing.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> The Competent Person regularly visits the site and has a good appreciation of the mineralisation styles comprising the Mineral Resource.

Criteria	JORC Code explanation	Commentary
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> Confidence in the geological interpretation is generally proportional to the drill density. Surface mapping confirms some of the orientation data for the main mineralised structures. Data used for the geological interpretation includes surface, and pit mapping and drill logging data. nderground face sampling, face geology and backs mapping were also utilised from close spaced level development is also used where available. An alternative interpretation (steeper lodes) of deeper portions of the deposit was modeled and provides no material change to the resource estimate. In general the interpretation of the mineralised structures is clear. Geological interpretation of the data was used as a basis for the lodes which were then constrained by cut-off grades. Geology and grade continuity is cnstrained by quartz veining within the NFSZ and by parallel structures for the other prospects.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> The Nicolsons deposit is approximately 700m in strike length and generally 0.5 to 2m wide. The Rowdies and Wagtail deposits occur over a strike length of approximately 900m. Widths vary between 300mm and 4m.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	<ul style="list-style-type: none"> Separate block models were generated for Nicolson's, Rowdies and Wagtail North and South. Individual mineralised structures were domained separately. Models contain grade estimates and attributes for blocks within each domain only. Ordinary Kriging (OK) using Surpac software was used to generate the resource estimates. Variography of gold grades from drilling data provides a maximum grade continuity of 50 m down plane plunge, 20 m perpendicular to plunge and 5 m across plunge for Nicolson's Find; 90 m down plunge, 55 m perpendicular to plunge and 5 m across plunge for Nicolson's South and 20.5m down plunge, 14.5 m perpendicular to plunge and 12, across plane for Wagtail South. Rowdies and Wagtail North have a strike-dip control on mineralisation. Rowdies grade continuity was 60 m down-dip, 50 m along strike and 4 m across the plane. Wagtail North parameters were 50 m along strike, 30 m down-dip and 4 m across the plane. A number of Mineral Resource estimates by consultants, Optiro have been generated with previous Mineral Resource estimates reconciled to later upgrades. Reconciliation of the Nicolson's open pit resource model with mine records provides a difference of -6% in tonnes, +15% in grade and +9% in gold metal compared to the resource model; however, the open pit area is only a small proportion of the current resource extents. Production figures from Rowdies and Wagtails are low in confidence and have not reconciled to the Mineral Resource model. By products are not included in the Mineral Resource estimate. No deleterious elements have been estimated. Arsenic is known to be present, however metallurgical test work suggests that it does not adversely affect metallurgical recovery.

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques (continued)		<ul style="list-style-type: none"> Models were interpolated with a block model cell size of 10 mN x 5 mE x 5 mRL, with sub-celling for volume representation only to 0.3 m. Estimation used 4 passes at Nicolson's and 3 passes elsewhere. At Nicolson's Find, the 1st pass used a search radius of 50 m with a minimum of 8 and maximum of 32 samples. Nicolson's South estimation used a 90m radius for the 1st pass with a minimum of 4 and maximum of 12 samples. The search radius was increased by 1.5 for second pass and the minimum number of samples was decreased to 4 for the 3rd pass. The search radius was increased by a factor of 3 and the minimum number of samples decreased to 1 for the 4th pass at Nicolson's. The size of the blocks was determined by Kriging Neighbourhood Analysis in conjunction with the assumption of a relatively selective mining approach for both open pit and underground operations. Only gold has been estimated. Geological interpretation constrained initial resource wireframes; these were oriented along trends of grade continuity and were constrained further by cut-off grades. Grade distribution statistics were used to generate top cuts, along with the analysis of distribution graphs and disintegration analysis. Models were validated visually and by statistical comparison to input data both on a whole-of-domain and on a sectional basis using continuity or swathe plots
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content 	<ul style="list-style-type: none"> Tonnage was estimated on a dry basis.
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied 	<ul style="list-style-type: none"> Cut-off grades for reporting were based on notional mining cut-off grades for open pit (0.6 g/t Au) and underground operations (2.5 g/t Au).
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> An optimised pit shell was used to constrain material described as open pit with material outside this shell assigned to a potential underground operation. The minimum downhole intersection width of 2m for material above 200m and 1 m below 200m is considered to represent minimum mining widths for selective open pit and underground operations respectively.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	<ul style="list-style-type: none"> Metallurgical test work has shown acceptable (> 96%) gold recovery using CIP technology and is consistent with calculated recoveries from the current operating period from the Nicolson's underground mine. No factors from the metallurgy have been applied to the estimates.
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> The deposits are on granted mining leases with existing mining disturbance and infrastructure present.
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<p>Bulk density measurements of ore were calculated from drill core using the water displacement method and data from historical mining. Pit data provided 29 samples and drilling provided 91 samples.</p> <p>Bulk density estimates used were: Oxide All: 2.0 t/m³ Transitional All: 2.4t/m³</p> <p>Fresh Rowdies and Wagtails: 2.7t/m³ Fresh Nicolson's: 2.8t/m³</p> <p>Mother Lode (Nicolson's): 3.0t/m³</p>
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> Mineral Resources are classified in line with 2012 JORC Code guidelines utilising a combination of various estimation derived parameters, input data and geological / mining knowledge. This approach considers all relevant factors and reflects the Competent Person's view of the deposit.

Criteria	JORC Code explanation	Commentary
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates 	<ul style="list-style-type: none"> A review of the prior estimates estimate have been the subject of independent review. No significant issues were noted. The reported Mineral Resource has been reviewed internally and results are consistent with reconciled production results.
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code. The statement reflects local estimates at the block size. The resource model produced a 9% oz Au undercall against recorded production for the Nicolson's Find open pit. This amount is considered to be within acceptable limits for the classification of the resource. Moreover, the open pit mining represents a small fraction of the existing resource area. Current estimates on the whole are consistently lower than reconciled production from the underground mine.

SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES – HALLS CREEK

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<ul style="list-style-type: none"> Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves. 	<ul style="list-style-type: none"> The Ore Reserve was calculated using detailed mine designs applied to the current JORC Resource Estimate. The Mineral Resource Estimate was completed by highly experienced resource geologists, overseen by the Competent Person. The Mineral Resources Reported are inclusive of the Ore Reserve.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> The Competent Person has made a number of visits to the site and is heavily involved in preparation of the overall operations plans which are the basis for the Ore Reserve Estimate.

Criteria	JORC Code explanation	Commentary
Study status	<ul style="list-style-type: none"> The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered. 	<ul style="list-style-type: none"> The study completed to enable the estimation of the Reserve is considered to be a Feasibility level of study. Modification to estimates is undertaken during mining and Pantoro does not intend to complete further studies prior to a decision to mine. The mine planning process utilises functional mine designs and prevailing site costs for formulation of the estimate
Cut-off parameters	<ul style="list-style-type: none"> The basis of the cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> Nicolsons - The fully costed cut off grade is approximately 4 g/t. incremental cut off grades for necessary activities were calculated separately, and insitu stope grades (pre dilution) were cut off at 3.5 g/t for Nicolsons. Rowdies/Wagtail – Pits were designed using a 2.5g/t cut. Low grade Mineral Resource recovered below the cut-off grade have not been reported, but in practice would be a low grade source left on surface and of some value.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	<ul style="list-style-type: none"> • The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used. • The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods. 	<ul style="list-style-type: none"> • Nicolsons • For Nicolsons, Detailed ore stopes and development drives were designed using Surpac software. It was assumed that stopes in the Mother Lode would suffer 15% dilution at 0g/t and achieve 95% recovery of diluted tonnes. It was assumed that stopes in the Hall Lode would suffer 25% dilution at 0g/t and achieve 95% recovery of diluted tonnes Ore drives were designed on the basis that drives with less than 60% ore would be resue mined with 30% dilution at 0g/t and 100% recovery. Drives not resue mined were recovered with 0% dilution and 100% recovery. • For Nicolsons All Ore Reserve tonnes are extracted using underground methods. Uphole benching with rock fill is the primary mining method and is considered suitable for the type and geometry of the deposit. Geotechnical factors were estimated by expert geotechnical consultants. • Stopes are to be 30m along strike maximum. Where stopes are high grade they will be filled with loose waste to maximise extraction. In lower grade areas, pillars are left as necessary. • Stopes were designed with a minimum width of 1.5m. All dilution is assumed to have zero gold value. • Mining is by owner operator using leased equipment. Actual lease rates are utilized. • Nicolsons Underground • For development 100% of diluted ore mined is recovered. For stoping 95% of diluted ore is recovered. • The minimum mining width is 1.5m for stopes. • InferredMineral Resources were included in the full mine plan but are not stated in the Ore Reserve. • The costs used in the model include all required infrastructure including fixed plant, buildings and magazines, and mine excavations. • Rowdies/Wagtail • Mineral Resources were optimised using whittle 4D software, followed by detailed open pit design using Surpac software.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions (continued)		<ul style="list-style-type: none"> Key parameters used in optimization were sourced from prevailing site prices (fuel and consumables, milling cost and administration cost), recent contract pricing (mining) and prevailing market rates for general items. Final pit slopes are 43 degrees, in line with geotechnical studies completed by Bulletin Resources. Mining dilution of 15% and 100% recovery of diluted ore was utilised.
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. Any assumptions or allowances made for deleterious elements. The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications? 	<ul style="list-style-type: none"> The existing processing plant at Nicolsons uses a conventional CIP circuit, which is appropriate for the style of mineralisation. The CIP process is the conventional gold processing method in Western Australia and is well tested and proven. Metallurgical testwork has been completed for 6 fresh ore samples with varying characteristics. In all cases it is possible to achieve +96% recovery provided that a gravity recovery circuit is employed. A Knelson concentrator is included in the mine plan for that purpose. The recovery assumed is 96%. There are not any know deleterious elements The 96% recovery is consistent with calculated recoveries from the current operating period from the Nicolsons underground mine Not applicable
Infrastructure	<ul style="list-style-type: none"> The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed. 	<ul style="list-style-type: none"> The Nicolsons site has extensive existing infrastructure including a processing plant. The cost to bring all infrastructure back to operating status has been included in the Ore Reserve calculation. The site is near the town of Halls Creek, and availability of accommodation has been confirmed. Transportation costs have been included. Prevailing industry labour rates have been applied.

Criteria	JORC Code explanation	Commentary
Costs	<ul style="list-style-type: none"> The derivation of, or assumptions made, regarding projected capital costs in the study The methodology used to estimate operating costs. Allowances made for the content of deleterious elements. The source of exchange rates used in the study. Derivation of transportation charges. The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. The allowances made for royalties payable, both Government and private. 	<ul style="list-style-type: none"> Capital costs were estimated by identifying capital equipment items and estimating labour and equipment requirements for installation of capital equipment. Whenever possible quoted rates were used. Operating costs are calculated from first principles with quotations used when possible. Industry standard rates for labour and equipment were applied to a detailed mine schedule. There are no known deleterious elements and no adjustments have been made. All costs were estimated in Australian dollars, and a gold price of \$1400/Oz was utilised. Transport charges were based on quotation. Credit elements including silver were not attributed any value in the calculation and it is assumed that the silver credits received will cover refinement charges. A 2.5% state government royalty was assumed. It was also assumed that Bulletin Resources does not contribute its 20% and a 1% royalty payment to Bulletin was applied.
Revenue factors	<ul style="list-style-type: none"> The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products. 	<ul style="list-style-type: none"> Grade is scheduled monthly in a detailed mining schedule. Gold price was assumed to be A\$1,500 per ounce. No revenue from silver or any metals other than gold was assumed.
Market assessment	<ul style="list-style-type: none"> The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. A customer and competitor analysis along with the identification of likely market windows for the product. Price and volume forecasts and the basis for these forecasts. For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract. 	<ul style="list-style-type: none"> Gold prices can be volatile and there are many conflicting positions on the future price of Gold. Pantoro believes that A\$1,500 per ounce is a realistic forward price forecast for gold over the life of the proposed mine.

Criteria	JORC Code explanation	Commentary
Economic	<ul style="list-style-type: none"> The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs. 	<ul style="list-style-type: none"> Due to the short life of the proposed mine, inflation was not applied to costs or gold price.
Social	<ul style="list-style-type: none"> The status of agreements with key stakeholders and matters leading to social licence to operate. 	<ul style="list-style-type: none"> The project is on granted mining leases and the company has an access agreement with the pastoral lease owned by the registered native group.
Other	<ul style="list-style-type: none"> To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: Any identified material naturally occurring risks. The status of material legal agreements and marketing arrangements. The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent. 	<ul style="list-style-type: none"> Pantoro's is the 100% owner of the project Signed transfer documents for the tenements are held by Pantoro, however transfers have not occurred as the Department of State Revenue has not completed a Stamp Duty Assessment, and Stamp Duty must be paid prior to transfer of tenements. The Acquisition Agreement protects PNR's interest in the period prior to transfer. The Underground project is fully approved. PNR lodged its Mining Proposal and Closure Plan to the DMP in July 2016 in relation to the the Rowdies and Wagtail Pits and all final approvals are currently being finalised.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any). 	<ul style="list-style-type: none"> The Ore Reserve has been derived from Measured and Indicated Mineral Resources. Any Inferred Mineral Resource has been excluded from the reserve.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Ore Reserve estimates. 	<ul style="list-style-type: none"> The current Ore Reserves were reviewed as part of the restructure of the Commonwealth Bank gold pre pay facility in July 2016.

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> The Proven Ore Reserves are primarily based on close spaced underground development sampling on the currently developed areas of the mine. Probable Ore Reserve is primarily based on RC drilling. Recent diamond drilling and development indicates that ore may be narrower but higher grade. A comparison of gram metres in the model vs gram metres in drilling indicated that the total ounces in the Ore Reserve are reasonable and may be conservative. Given the lack of history of mining in the the project area and the ongoing evolution of the understanding of the mineralization and controls on mineralisation the Mineral Resource estimation is expected to evolve with this process. It is expected by a process of back analysis of the mine to mill reconciliations that the qualitative confidence in the estimation will improve with further mining and drilling feeding into an iterative feedback loop. No modifying factors apart from those set out in this Table 1 have been included. The current Ordinary Kriged estimation methodology utilized at Both the Nicolsons and the Rowdies Wagtail is considered an appropriate estimation technique for the Mineralisation at both deposits.

INTERESTS IN MINING TENEMENTS

AS AT 23 SEPTEMBER 2016

Halls Creek, Western Australia	Status	Interest %
E80/2394	Granted	100%
E80/2601	Granted	100%
E80/3861	Granted	100%
E80/4458	Granted	100%
E80/4459	Granted	100%
M80/0343	Granted	100%
M80/0355	Granted	100%
M80/0359	Granted	100%
M80/0362	Granted	100%
M80/0471	Granted	100%
M80/0503	Granted	100%
L80/0070	Granted	100%
L80/0071	Granted	100%

Papua New Guinea	Status	Interest %
EL 1614	Granted	100%
EL 1629	Granted	Option to acquire 100%
EL 2013	Granted	100%
EL 2321	Granted	100%
ML 457	Granted	50%

SECURITY HOLDER INFORMATION

AS AT 21 SEPTEMBER 2015

(a) Top 20 Quoted Shareholders

	Units	%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	97,691,015	13.22
CITICORP NOMINEES PTY LIMITED	66,848,566	9.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,032,581	5.69
J P MORGAN NOMINEES AUSTRALIA LIMITED	27,192,294	3.68
AJAVA HOLDINGS PTY LTD	24,540,057	3.32
BULLETIN RESOURCES LIMITED	24,353,436	3.30
MATSA RESOURCES LIMITED	17,000,000	2.30
FITEL NOMINEES LIMITED	16,666,667	2.26
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	14,186,262	1.92
GOLDFIRE ENTERPRISES PTY LTD	10,227,282	1.38
LIBERTY MANAGEMENT PTY LTD <LIBERTY SUPERANNUATION FUND>	9,920,000	1.34
ALL-STATES FINANCE PTY LTD	9,324,707	1.26
BOND STREET CUSTODIANS LTD <MACQUARIE SMALLER CO'S A/C>	8,527,769	1.15
JAMARI PTY LTD <JAMARI P/L STAFF SUPER A/C>	8,000,000	1.08
RELLAV PTY LTD	7,921,000	1.07
BRESRIM NOMINEES PTY LTD <DA HANNES SUPER FUND #2 A/C>	7,675,000	1.04
NATIONAL NOMINEES LIMITED	6,958,455	0.94
DAVID MIRINGTORO OSIKORE	6,120,000	0.83
SOUTHERN CROSS CAPITAL PTY LTD	6,050,000	0.82
TOPAZ PTY LTD	5,500,000	0.74
Total	416,735,091	56.40

(b) Distribution of quoted ordinary shares

Size of parcel	Number of share holders	Number of shares
1 - 1,000	183	48,965
1,001 - 5,000	222	783,012
5,001 - 10,000	256	2,046,038
10,001 - 100,000	1,033	44,419,340
100,001 -	533	691,572,622
Total	2,227	738,869,977

(c) Number of holders with less than a marketable parcel of ordinary shares

Minimum \$ 500.00 parcel at \$ 0.155 per unit (3,226 shares).

Number of share holders	Number of shares
271	253,406

(d) Substantial Shareholders

	Units	%
ROBMAR INVESTMENTS PTY LTD	93,222,479	12.9%

SECURITY HOLDER INFORMATION (CONTINUED)

(e) Top 20 Quoted Optionholders (expiry 25/08/2016, exercise \$0.06)

	Units	%
GREGORACH PTY LTD	4,041,131	11.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,703,751	7.57
AJAVA HOLDINGS PTY LTD	2,354,007	6.59
CITICORP NOMINEES PTY LIMITED	1,821,320	5.10
COL DU TOURMALET LIMITED	1,500,000	4.20
GOLDFIRE ENTERPRISES PTY LTD	1,192,890	3.34
LITTLEJOHN EMBREY ENGINEERING PTY LTD	1,100,734	3.08
MR COLIN ERIC GLOVER + MRS GLENDA JOAN GLOVER	1,100,000	3.08
SGIAN DUBH PTY LTD	875,000	2.45
MR JONATHAN JOSEPH MAXIME MARTIN	840,694	2.35
GREGORACH PTY LTD <GRIGOR SUPERFUND A/C>	750,000	2.10
J P MORGAN NOMINEES AUSTRALIA LIMITED	610,375	1.71
BRESRIM NOMINEES PTY LTD <DA HANNES SUPER FUND #2 A/C>	530,375	1.48
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	506,250	1.42
DBA CORP PTY LTD <DENNIS BRANDT FAMILY A/C>	500,000	1.40
EXPONENTIAL EQUITIES PTY LTD	500,000	1.40
MRS AMANDA JANE HEPBURN	500,000	1.40
MR D J LOVELL & J C LOVELL	500,000	1.40
MR RICHARD FREDERICK SIMON + MRS NARAWADEE SIMON	481,000	1.35
MR ROBERT JOHN WELLBY + MS NATALIE HELEN WELLBY	473,438	1.33
Total	22,880,965	64.06

(f) Distribution of quoted options (expiry 25/08/2016, exercise \$0.06)

Size of parcel	Number of option holders	Number of options
1 - 1,000	29	9,663
1,001 - 5,000	38	106,126
5,001 - 10,000	16	132,052
10,001 - 100,000	74	2,744,377
100,001 -	63	32,725,819
Total	220	35,718,037

(g) Voting Rights

The voting rights for each class of security on issue are:

Ordinary fully paid shares

Each ordinary shareholder is entitled to one vote for each share held.

Options Expiring 25/08/2017 - Exercise Price \$0.06

The holders of options have no rights to vote at a general meeting of the company.

Unquoted Options

The holders of options have no rights to vote at a general meeting of the company.

Unquoted Employee/Consultant Options

The holders of options have no rights to vote at a general meeting of the company.

Unquoted Performance Rights

The holders of performance rights have no rights to vote at a general meeting of the company.

(h) **Unquoted Equity Securities**

Unquoted Employee/ Consultant Options	Exercise Price	Expiry Date	Number of Holders
2,000,000	\$0.09	21/11/2016	1
2,150,000	\$0.10	30/06/2018	5
2,250,000	\$0.10	30/01/2019	2
6,400,000			8

Unquoted Performance Rights	Exercise Price	Expiry Date	Number of Holders
1,500,000	Nil	21/11/2016	1
500,000	Nil	30/01/2017	1
500,000	Nil	30/01/2019	2
2,500,000			4

Unquoted Options	Exercise Price	Maturity Date	Number of Holders
1,500,000	\$0.06	17/03/2018	1
5,333,334	\$0.06	26/05/2018	2
1,666,667	\$0.06	07/07/2018	1
8,500,001			4

(i) **Substantial Holders of Unquoted Securities (Above 20%)**

Unquoted Options, Exercise Price \$0.06, Expiring 17/03/2018

	Units	%
JETOSEA PTY LTD	1,500,000	100%

Unquoted Options, Exercise Price \$0.06, Expiring 26/05/2018

	Units	%
JETOSEA PTY LTD	3,666,667	68.75%
MR JONATHAN JOSEPH MAXIME MARTIN	1,666,667	31.25%

Unquoted Options, Exercise Price \$0.06, Expiring 07/07/2018

	Units	%
HANNES INVESTMENTS PTY LTD	1,500,000	100%

Unquoted employee/consultant options and performance rights are issued under an employee incentive scheme.

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