



ASX Announcement
28 August 2018

Halls Creek Operations Update

Pantoro Limited (**ASX:PNR**) (**Pantoro**) provides the following update on operations at Halls Creek.

Operations Update

Stoping operations at the Nicolsons Underground Mine during the quarter to date have resulted in lower gold production than scheduled, primarily due to the transition from long hole stoping to flat-back and rescue stoping taking longer than anticipated.

Since commencement of operations in 2015, the Nicolsons Underground Mine has reconciled very well to, and often overcalled, the Mineral Resource model. However, a number of factors have contributed to lower production during July and August. During the previous quarter, Pantoro advised it was transitioning stoping methods as dilution had adversely affected the grade achieved from some areas of the mine. During the current quarter while mine schedules have generally been achieved in terms of tonnes mined, total gold extracted from the mine has been below expectation due to the dilution issues during the transition. A total of 3,225 ounces was produced in July, with a similar production now expected during August. Production for the September quarter is expected to be 10,000 to 11,000 ounces.

Pantoro is continuing the transition toward increased flat-back stoping which provides greater control to maximise mined grades.

Short term production has also been affected by lower than expected grades and ore widths on the current bottom level of the Hall and Anderson Lodes, the 2005 level which is approximately 300 metres below surface. The ore structure has been present over the entire level, however for much of the level the width and grade of ore was inconsistent and below expectation. The final 80 metres in the north of the level was consistent with width and grade on previous levels.

Previous drilling beneath the 2005 level (Refer to ASX Announcement entitled 'Consistent Production at Nicolsons Ahead of Further Upgrades' released on 10 April 2018), down to the 1900 level has returned a number of high grade intersections in the expected locations, supporting the presence of mineralisation at depth. While both high and low grade intersections occur beneath the 2005 level, results are consistent with pre-development drilling results returned from higher grade levels above the 2005 level. Pantoro has established additional drilling platforms at and below the 2005 level in order to achieve greater drilling density over the coming three levels.

Commenting on the operational update, Managing Director Paul Cmrlec said:

"While these short term production issues at Nicolsons are disappointing, the mine has the required development in place to deliver the targeted production profile moving forward. We have seen very high grades developed in the Johnston lode to date, and stoping of those areas will provide a solid base for production. The stoping sequence using flat back and rescue stoping in the Anderson and Hall lodes in the northern part of the mine is also now in place and will provide ongoing ore feed to the mill. Pantoro holds the only commercial scale gold processing plant in the Halls Creek region, and the land package acquired during the past few years holds excellent potential for discovery of multiple high grade ore bodies to continue the growth of the project."

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Forward production

Ore from the upper Johnston Lode combined with flat-back stoping in the Hall and Anderson Lodes, and development of the lower levels in the Johnston Lode is expected to result in production of approximately 4,000 to 4,500 ounces per month from the Nicolsons Mine from September 2018 onwards. As at 31 May 2018, approximately 75,000 ounces of Proven Ore Reserves were in place at Nicolsons at a grade of 11.8 g/t Au (Refer to ASX Announcement entitled 'Nicolsons Project Mineral Resource & Ore Reserve Update' released on 2 August 2018). A large proportion of the Proven Reserve lies in the upper levels of the southern Johnston Lode, where stoping has now commenced.

Development at Wagtail has continued to progress, with approximately 250 metres of development required to commence production on the first ore level. Wagtail is expected to produce ore from development during the December 2018 quarter and is an important addition to the ore profile growth targeted by Pantoro.

Infrastructure to accommodate the additional ore from Wagtail is substantially in place, with the ore sorter operational and a recently completed tailings facility upgrade providing an additional twelve to fifteen months of tailings placement capacity.

The benefit of the ore sorting will be fully realised once ore delivered from Wagtail and Nicolsons to the ROM exceeds the mill capacity. With both mines operating production is scheduled to reach an annualised run rate of 80,000 ounces during the first half of next calendar year.

Exploration

Pantoro recently finalised access for drilling at Grants Creek with all required Government, native title and landholder consents in place to commence work. Clearing of drill pads is planned for the first week of September, with drilling to commence shortly afterwards at Star of Kimberley, Perseverance and Wilsons prospects.

As previously reported, prospects at Grants Creek were drilled during the 1980's, 1990's and 2000's, and were subject of a Notice of Intent to mine by Precious Metals Australia (**PMA**) during the 1990's. PMA ceased its operations in the area before commencing work at Grants Creek. Pantoro believes that there is strong potential for delineation of mineralisation at Grants Creek to provide additional ore feed at Nicolsons, and initial exploration activity will be focussed on the known advanced targets in the area.

Pantoro recently announced (Refer to ASX Announcement entitled 'Initial Results from Mary River Gold Project Drilling' released on 7 August 2018) results from its first drilling program at the Mary River Project, located approximately 25 km from Nicolsons. Drilling revealed a broad zone of mineralisation with potential for discovery of a large near surface ore system.

- 31.65 m @ 1.78 g/t Au inc. 12.95 m @ 1.88 g/t from 35 m and 10.7 m @ 2.56 g/t from 53.3 m.
- 8 m @ 1.2 g/t Au.
- 8 m @ 1.65 g/t Au (hole ended in mineralisation).

Enquiries

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Appendix 1 – Mineral Resource & Ore Reserve

For full details refer to the ASX Announcement entitled 'Nicolsons Project Mineral Resource & Ore Reserve Update' released on 2 August 2018.

Key Mineral Resource details as of 31 May 2018 are set out in the table below:

	Measured			Indicated			Inferred			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Nicolsons Underground	155,000	17.4	86,000	285,000	8.8	80,000	116,000	10.7	40,000	556,000	11.5	206,000
Nicolsons Open Pits	67,000	11.5	25,000	147,000	5.0	24,000	47,000	4.6	7,000	261,000	6.7	56,000
Wagtail (inc. Rowdies)	-	-	-	450,000	6.8	98,000	124,000	7.0	28,000	574,000	6.8	126,000
Low Grade Stockpiles	81,000	2.10	5,000	-	-	-	-	-	-	81,000	2.1	5,000
Total	303,000	11.9	116,000	882,000	7.1	202,000	287,000	8.1	75,000	1,472,000	8.3	393,000

Key Ore Reserve details as of 31 May 2018 are set out in the table below:

	Proven			Probable			Total		
	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces	Tonnes	Grade	Ounces
Nicolsons Underground	198,000	11.8	75,000	275,000	6.5	58,000	473,000	8.8	133,000
Nicolsons Open Pits	31,000	12.4	12,000	23,000	8.4	6,000	54,000	10.7	19,000
Wagtail (inc. Rowdies)	-	-	-	356,000	5.4	62,000	356,000	5.4	62,000
Low Grade Stockpiles	81,000	2.1	5,000	-	-	-	81,000	2.1	5,000
Total	310,000	9.2	92,000	654,000	6.0	126,000	964,000	7.1	219,000

Nicolsons Underground Drilling

The information is extracted from the report entitled 'Consistent Production at Nicolsons Ahead of Further Upgrades' created on 10 April 2018 and is available to view on Pantoro's website (www.pantoro.com.au) and the ASX (www.asx.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.

Mary River Gold Project

The information is extracted from the report entitled 'Initial Results from Mary River Gold Project Drilling' created on 7 August 2018 and is available to view on Pantoro's website (www.pantoro.com.au) and the ASX (www.asx.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.

Mineral Resources or Ore Reserves

The information is extracted from the report entitled 'Nicolsons Project Mineral Resource & Ore Reserve Update' created on 2 August 2018 and is available to view on Pantoro's website (www.pantoro.com.au) and the ASX (www.asx.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward Looking Statements

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