



30 November 2017

Dear Shareholders,

The past twelve months has seen a dramatic shift in the approach to the development efforts of the Sihayo-Pungkut Project.

We have previously been focussed on an incremental optimisation of the 2014 Feasibility Study. This involved an assessment of each of the key assumptions made in the original study to understand where improvement could be made to deliver a better overall economic outcome.

Through the course of the re-optimisation process we were fortunate to be able to recruit Mr Malcolm Paterson to the position of Managing Director to lead the refresh of our economic study. I would like to introduce Malcolm to the shareholders and thank him for his efforts so far.

Malcolm is uniquely qualified to deliver on the development of the Sihayo-Pungkut Project due to his successful leadership of the development of the Mirah Gold Project in Central Kalimantan. This project had some challenges which Malcolm successfully navigated using an owners model to development that maximised the use of both local resources and innovative technical approaches tailored to the operation and its location in Indonesia. A more conventional approach would likely not have delivered such a favourable development outcome.

Instead of taking an incremental approach to the previous study, accepting broader limitations and assumptions, Malcolm has taken a new approach which utilises underlying study data but allows for new definitional assumptions to the project around size, mine scheduling, tailings disposal, operating and capital costs. On a directional basis, this is leading to a larger, more efficient project, but without significantly increased capital requirements. We expect economic returns to be substantially improved.

I am particularly pleased to see that Malcolm is putting together a development team within the Company capable of delivering on the execution of the project construction. This provides us with the flexibility to move quickly into the next phase if the feasibility study demonstrates a robust financial outcome and can be successfully financed.

On behalf of the board I would like to again thank our shareholders for their support of the last twelve months. I would also like to thank our employees and my fellow directors for their efforts.

Yours sincerely,

Misha Anthony Collins
Chairman