



Short term gold price protection

International commodity prices and exchange rates continue to be volatile. The US\$ gold price fell more than 25% in the 12 months to 30 September 2013 and the spot price has varied by more than 40% between its high and low points so far this calendar year.

The Company remains in a strong financial position, with \$106 million cash at bank (including \$12 million restricted cash) at 30 September 2013. However, cash margins continue to remain exposed to any further significant declines in the US\$ gold price during the current period of higher cash costs and additional investment in the Pacific Operations.

Accordingly 240,000 ounces of gold have been sold forward at A\$1,390 per ounce, comprising approximately 200,000 ounces across the remainder of the 2014 financial year and the balance in Q1 FY15. The forward gold sales (plus existing scheduled gold loan repayments) for FY14 represent approximately 71% of the forecast production for Q2, Q3 and Q4 FY14.

By protecting short term cash margins the Company can confidently complete the planned programs of capital investment into the Pacific Operations, to establish long life, lower cost, cash generative operations.

This is a short term measure to specifically manage financial risk and assure overall cash margins during a period of additional investment and production ramp up in our Pacific Operations.

Beyond the forward cover described above, and the scheduled repayment of an existing gold loan (which is extinguished by 1 December 2014), the Company has no intention of forward selling gold production in the ordinary course of its business. Accordingly, future production (as well as the balance of production not covered by this forward sale) will be fully exposed to the spot gold price.

As previously reported, the Company is continuing to invest in the Pacific Operations this financial year. Based on current US\$ gold prices, both operations are expected to be net cash flow positive by June 2014.



Tim Lehany
Managing Director and CEO