

2016 Annual General Meeting Chairman's Address

I'm pleased to report that the very difficult market conditions I discussed at last years AGM have abated somewhat, with a significant early year rally in the gold sector and an improvement in both the gold price and sentiment towards the sector generally.

In addition, your company has made significant progress in finalising the Indonesian permitting process. Although the process has been particularly protracted, the timeframes experienced are not dissimilar to other Indonesian mining projects. We expect to be in receipt of final project approvals in the near term.

I'm also particularly encouraged by some more recent positive developments in terms of metallurgical recoveries and COW exploration potential.

Whilst metallurgical work remains at an early stage, the recovery improvement we have seen to date in testing has the potential to significantly improve the economics of the Sihayo-Pungkut project. This is a very exciting potential development as the underlying project fundamentals such as strip ratio and gold grade are favourable, supporting low production costs. Low gold recovery assumed in the feasibility study offsets these more favourable factors to a degree, thereby elevating assumed production costs in the feasibility study. If recovery can be improved, the positive underlying fundamentals should be reflected in very competitive production costs and favourable project economics.

We have also restarted limited field activities after receipt of a favourable exploration review by an independent geologist. I strongly believe in the exploration potential of the Sihayo COW and see great potential for further discoveries.

In addition to the specific program in terms of metallurgical recovery, work has commenced on a broad refresh of the 2014 feasibility study. In the early review process, we are seeing a number of avenues for positive improvement. This is encouraging. We remain optimistic on the potential for grid power to the Sihayo-Pungkut project and this also has the potential to reduce costs and improve returns over that assumed in the feasibility study.

With the gold market on the improve and the Sihayo-Pungkut project showing good potential for reducing production costs and improving returns, 2017 is looking to be an exciting year for the company.

I wish to thank shareholders for their continued support and our employees and fellow directors for their efforts. In particular, I would like to thank Stuart Gula for his service as Managing Director and look forward to his input as a non-executive director when he finishes his executive duties early next year.

Yours sincerely,

Misha Anthony Collins
Chairman