

ASX Announcement  
20 November 2017

## **2017 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS TO SHAREHOLDERS**

Please find attached a copy of the address Kingsrose Chairman, Mr. Roderick McIlree will give to Shareholders at the Company's Annual General Meeting to be held today at 11 am at The Sage Hotel, Walsh Room, 1309 Hay Street, West Perth WA 6005.

**-ENDS-**

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Dear Shareholders,

It is my pleasure to report to you on what has been a challenging but ultimately highly constructive financial year for the company.

I am sure you would all agree that being a shareholder in a company which is in administration is extremely stressful for all concerned. Not knowing what will happen to your investment is a difficult and emotional situation.

It is also very challenging for those that are trying to maximise value for shareholders whilst at the same time managing the legal aspects of the administration process. Complete loss of value for investors is the normal outcome in a vast majority of these types of situations. However, I am extremely pleased to be able to stand here today and tell you that fortunately this is not a normal administrative outcome. Remarkably shareholder value has been maintained here but only through the hard work of a number of key people who committed to sticking it out during a very difficult and trying time.

I'm delighted to say that the persistence and vision of a number of stakeholders resulted in your company emerging from external administration well placed to leverage off the work and vision of these stakeholders at its Way Linggo gold-silver mine in Indonesia. I'm pleased to advise the company has been returned to profitability and continues to produce gold at the site.

I would like to take this opportunity to thank everyone involved for their hard work through this very difficult time in the Company's history. Firstly, Michael Ryan from FTI Consulting did a remarkable job in conjunction with Bob Catto of Hobart Capital in London and some of the larger long-term shareholders to ensure the continued viability of the Company moving forward. The way was not always clear and their vision in my opinion is why we are all here today.

Secondly and more importantly, the Indonesian team on site have continued to work hard through what has been a very difficult and uncertain time. This team has been hand-picked and trained over more than a decade and is actually the best asset the company has. Without this human resource, it would be difficult to see a way forward and it's my privilege to be on working with such a skilled group. The mine site team is competently led by Mike McCracken and Chas Murcott.

And last but certainly not least to Director John Morris, Company Secretary Joanna Kiernan and Group Financial Controller, Chloe Lam, who stayed the course under incredible strain during the administrative process to ensure value was retained for the benefit of all shareholders, without these key employees I can tell you now, you would have no investment worth talking about so please when you have the opportunity to speak to them today make sure you show your gratitude. People who dig in when things get difficult instead of running are rare indeed. On behalf of shareholders I would like to personally thank you for your hard work.

What is clear is that we now have in place a team of highly motivated professionals hardened by adversity who have come out stronger for the experience and I can confirm these people can be relied on. The fact that



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we have potentially one of the world's lowest cost producing gold mines is a mere bonus because it's not the Mineral Resource that makes the company it's the human resource and we are very fortunate in this regard.

Your company has made significant financial and operational progress in recent months. This has in turn demonstrated the highly promising future which awaits us as we implement our strategy to grow production, mine life and cash flow.

Some of recent achievements include:

- Total production for the September 2017 Quarter was 8,791 ounces of gold, representing a 74% increase on the June 2017 Quarter. Cash costs were just US\$311/oz.
- The Way Linggo open pit mine is now consistently producing high-grade, low-cost gold and silver.
- To ensure Kingsrose capitalises on this outstanding opportunity, it is undertaking a study to explore the possibility of further expanding the existing open pit beyond the currently planned cutback to recover the ore body down to the 3 Level.
- At the Talang Santo mine, operations have been suspended in light of ongoing water inflow problems. However, Kingsrose is firmly of the view that significant potential remains at Talang Santo and therefore it has commenced a scoping study to consider options to re-engineer the current underground mine. This would involve modern mechanised underground mining methods which would result in far greater rates of production and lower costs.
- In parallel with the underground scoping study, Kingsrose is in the process of completing a feasibility study on an open pit operation at Talang Santo, where, similar to the Way Linggo Mine, there is a significant high-grade portion of the Resource remaining in the upper levels of the mine. This was unable to be extracted via the current underground mining method.

Our over-arching strategy is aimed at establishing two production sources using a combination of open cut and underground methods while pursuing the highly promising exploration potential of the broader Way Linggo Project.

In parallel with this operations strategy, we are moving to satisfy the outstanding conditions required by ASX to facilitate trading of the company's securities on the ASX. We will continue to keep Shareholders updated on our progress on this front.

I would like to finish by thanking our Shareholders for your strong support of the company over the past year and ask for your continued backing as we work to achieve our objectives.

Thank you for attending and I look forward to updating you regularly as we continue on our journey.