



# PLATSEARCH NL

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28 November 2013

## **Chairman's Address**

### **Annual General Meeting 2013**

Again, the past year has been one where all at Platsearch have had to demonstrate persistence in the face of continued pessimistic market conditions. However, there are signs that the prevailing pessimism and fear we have witnessed in the past two or three years is lifting. Investors seem to be getting tired of the derisory returns in a Zero Interest Rate Policy environment and looking to get higher yields – albeit at the cost of taking on additional risk.

The real economic growth rates reported in major economies, whilst not especially robust, are turning out to be much better than feared and leading indicators are suggesting this may continue. This will prove good for many commodity prices. The problems of very large Government deficits, continued rising aggregate debt levels and economic divergences within the Euro zone are all well known. Improvements and solutions maybe difficult to see but any ongoing period of real economic growth will greatly assist.

At Platsearch we have been making steady progress in executing our European strategy though our French subsidiary, Variscan Mines SAS (“Variscan”). Whilst the progress may be somewhat slower than we would all like, it is important to note that France has had a pause from mineral exploration for over 20 years despite having an excellent geological endowment. That is the opportunity that we identified that sets the scene for a significant gains to shareholders.

In particular we hope to acquire by application a number of deposits that have previously been mined, and in some cases have defined orebodies prior to the introduction of the JORC Code. Our investment of time – over three years - and capital – circa \$3 million - is beginning to show results.

We have been granted our first exploration licence (“PER”) at Tennie in Brittany, France and commenced auger geochemical sampling. We expect this program will generate targets for drilling during 2014.

In addition to Tennie, Variscan has a further seven PER applications in various stages of processing by the appropriate authorities. We anticipate some of these may be progressively granted through the coming year.

France meets the key criteria we have been using to evaluate potential targets:

- Excellent exploration/development potential that is under recognized due to a lack of modern exploration activity;
- A pathway to acquire tenements at “ground floor” entry costs – here we have a strong early mover advantage;
- Supportive Government policies to allow exploration and development;
- Strong legal systems and application of the rule of law; and
- A jurisdiction that will be well regarded by the investment community.

Whilst we read much about France’s economic issues it is worth noting that the French economy:

- is the 5<sup>th</sup> largest in the world with a GDP of US\$2.6 trillion;
- has a GDP per capita of US\$41,000 (2012 figures);
- France is the 4<sup>th</sup> wealthiest nation measured in aggregate household wealth;
- In terms of investment appeal - France had inwards Foreign Direct Investment of US\$45 billion - ranking 9<sup>th</sup> in the world, and 3<sup>rd</sup> in Europe (after Belgium and United Kingdom).

In summary, France is a good place to do business. We have a small but very capable team in place that will be able to deliver the outcomes that we are seeking. We have now done our apprenticeship and can look forward to acceleration in progress.

In our other activities, I will provide an overview and Greg Jones, our Managing Director, will provide a more detailed presentation.

Thomson Resources (“TMZ”) (Platsearch holds 25.7%) continues to explore in the Thomson and Lachlan Fold Belts in New South Wales. TMZ drill tested seven prospects over the past year. Importantly, TMZ now has clear evidence that the Thomson Fold Belt targets are previously unrecognized Intrusion Related Gold systems (“IRG”). In the Lachlan Fold Belt, TMZ has some excellent Cobar-type projects including its joint ventures with Platsearch. Although drill bit success has, to date, proven elusive for TMZ there remains excellent potential.

Eastern Iron Limited (“EFE”) (Platsearch holds 45.8%) has had an active year as it moves the Nowa Nowa magnetite project in Eastern Victoria towards development and future production. EFE completed a scoping study of the project and is now preparing a Definitive Feasibility Study (“DFS”) targeting a production level of around 800,000 tonnes of iron product for export per annum. The DFS is due to be completed by end 2013 and project approvals and permitting is expected to continue until mid 2014.

This is an exciting phase for EFE and Platsearch.

Silver City Minerals Limited (“SCI”) (Platsearch holds 14.6%) has had another active exploration year on its Broken Hill District tenements. The Razorback West Prospect has evolved as a likely northern extension of the lode rocks that host the massive Broken Hill deposit. The target horizon has a length of some five kilometres and drilling has established that the sulphide bearing Broken Hill Group rocks are present.

In addition, SCI has farmed into the Selheim Gold Prospect 140 kilometres south east of Charters Towers. Already SCI has some very interesting Induced Polarisation Survey results indicating copper-gold targets of significant scale. Drilling will commence after this year’s wet season.

Our wholly owned exploration portfolio activity was further reduced during the year as we focused our resources on Variscan. The appetite for large mineral companies to green fields exploration has remained very subdued and this limits the outlet for the results of any generative work.

At the Junction Dam and Mundi Plains tenements in the Curnamona Province/Broken Hill in New South Wales and South Australia our Farm-in partner, UXA Resources Ltd, was placed into administration and work has been stalled.

In recognition of the looming importance of our European activities, we are seeking Shareholder Approvals to change our name from Platsearch N.L. to Variscan Mines Limited. It is somewhat sad to lose the name and identity that Bob Richardson and Ray Soper created over 20 years ago. However, we are moving into a new era for the Company. Notwithstanding the change in name, the basic values of relentless focus on technical and financial rigour that Bob and Ray instilled at 80 Chandos Street remain at our core.

I would like to commend our small and dedicated teams in Sydney and Orleans, headed by Greg Jones, for their continued efforts against the background of less than buoyant economic and market conditions. We do have the capital, skills and motivation to deliver successful exploration and development outcomes that will reward shareholders.

Thank you for being part of the Platsearch journey as owners. I am confident that our European activities, Variscan, will provide significant valuation upside as we move forward. In addition, EFE moving through BFS and exploration outcomes by TMZ or SCI will be further catalysts to look forward to.

Pat Elliott  
Chairman