



# PLATSEARCH NL

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## Chairman's Address Annual General Meeting 2011

Platsearch has continued to make good progress through the past year. Your company is in excellent financial shape with cash and deposits at 22 November of \$13.5 million or 7 cents per share. In addition, we have investments with a current market value of \$9 million or 5 cents per share.

This is a marked improvement on our position a year ago and is due to several factors:

- Receipt of the capital return and dividend from WPG Resources Limited;
- The sale of our Chesser Resources shareholding for a return of more than 10 times the original investment;
- The successful initial public offerings by Thomson Resources Limited and Silver City Minerals Limited; and
- Significant gains in the value of other investments.

Our current good fortune is a result of our successful strategy of creating focussed exploration companies in which Platsearch retains a significant shareholding. This approach has the effect of minimising Platsearch's direct funding costs whilst, at the same time, ensuring we have a significant share of the upside that arises from exploration success. This strategy uses the combination of geological and corporate finance skillsets that we have in the executive and board.

Unfortunately, this improved financial position has not been reflected in the Platsearch share price. The performance of our share price has more to do with the uncertain financial market conditions that have prevailed since early 2011 when investors worldwide started to develop an increased aversion to financial risk. In addition, commodity prices, including those of direct interest to Platsearch – gold; silver; copper; lead/zinc; and iron ore - have all come off their respective highs.

We read much about the possibility of severe economic contraction, especially in Europe, where many governments and households wrestle with the unpleasant effects of too much debt. However, we do not see this as a need for pessimism, rather the opposite.

As mentioned last year, we have been seeking to acquire advanced resource development assets that can provide positive cash flows once they are brought into production. We are much more likely to find the value we are seeking now we have greater cash balances and price expectations of vendors are reduced. We will, of course, remain methodical and cautious in our approach.

During the year we have defined and begun to implement a strategy for entry into some severely underexplored parts of Europe and North Africa. Our key criteria include:

- Excellent exploration potential that is under recognised due to a lack of modern exploration activity;
- Strong legal systems and application of rule of law;
- Jurisdictions which we believe will be well regarded by investors.

We have identified a range of advanced and brownfield opportunities and progressed substantial evaluation work. To do this we have incorporated a wholly owned European subsidiary and employed a team of experienced and highly regarded European geologists to assist in this work. It is early days but we are expecting to report on significant progress through the coming year.

Greg Jones, our Managing Director, will later provide a review of operations for 2011. However, I will provide a quick snapshot of the key milestones during the year.

WPG Resources ("WPG") sold its iron ore assets to One Steel Limited and made a capital return and dividend payment of \$1.05 per share. Platsearch has received a total of \$10.9 million. After providing for tax our net proceeds are expected to be approximately \$9 million. In addition, we continue to hold 10.4 million WPG shares with a market value of \$1 million. This is a big gain on our total cost of \$1.9 million and a return of over six times the original investment.

Thomson Resources Limited ("TMZ") completed its IPO during the year raising \$4.6 million. TMZ has set out about implementing its exploration program in the Thomson Fold Belt in North West New South Wales. We see the early results as very encouraging.

Silver City Minerals Limited ("SCI") also completed its IPO during the year and raised \$9.8 million. SCI is currently drilling a number of its more advanced prospects around Broken Hill. Again, we see the initial results as very encouraging.

Eastern Iron Limited ("EFE") has drilled the Eulogie iron ore prospect in Queensland and announced an initial JORC compliant inferred resource of 452 million tonnes at 14 % fe. EFE has completed additional drilling at the Hawkwood magnetite iron prospect and is expecting to have a JORC compliant resource early next year. In addition, EFE has secured an option to purchase a 100% interest in the Nowa Nowa iron deposit in Victoria where the possibility of an attractive development exists due to its high grade, simple geometry and good location to transport infrastructure.

With respect to our current wholly owned exploration portfolio we have had a somewhat quiet year. We have commenced on our key properties and may fast track additional expenditures as some of them become drill ready – then the decision will be whether Platsearch funds further work or do we find joint venture partners.

We are conscious that our pipeline of new properties and geological concepts within Eastern Australia is more modest than it has been in recent years. This is a direct result of our new focus into advanced project generation in Europe and Africa, the management demands of finalising two IPOs over the last 12 months and the extremely tight ground positions now clearly evident within the major metallogenic regions of Australia.

In closing, I would like to commend Greg Jones and his small team for delivering an excellent improvement in Platsearch's financial position and for generating the

exciting new thrust into Europe and Africa. It is now up to us to make sure we use our balance sheet and skills to deliver further gains in the company's fortunes.

I would also like to welcome Alan Breen who has joined us as a non-executive director. Alan brings a wealth of international experience in operation and project delivery which will be essential as we focus on more advanced assets. I have no doubt that Alan will be an invaluable addition to the Platsearch team.

I thank you for participating in the Platsearch journey which I am confident will be suitably rewarded in our share price as we make further progress.

Pat Elliott  
Chairman