



PLATSEARCH NL

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Chairman's Address

Annual General Meeting 2012

The past year has been an example of having to do the “hard yards” and persist through adverse market conditions. The background for small resources companies has been extremely tough. We have faced a downturn in many commodity prices; a drying up of capital markets; sluggish economic growth and significant uncertainties as the aftermath of the GFC continues to ricochet through economies and Governments.

But, the world of Platsearch is far from negative. We see the current conditions as creating significant opportunity to achieve our objective of acquiring an advanced resource development asset that can provide positive cash flows once they are brought into production. Achieving this, to date, has proved elusive. However, we have been active and investigated many potential opportunities. So far these have not met our standards in terms of scale, commodity and risk, both technical and financial. Mineral exploration and development requires substantial persistence and longer time horizons than many in the investment and financial communities possess. We are resolute that we will succeed in our objective – we just cannot predict when, what or how. Needless to say, our cautious and methodical approach has meant that we are seeing much better value than last year.

In these times it is very easy to fall into line with the prevailing pessimism and forget that economies and commodity prices are by their very nature highly cyclical. The GFC and its ongoing consequences have changed the rules for everyone. To move through this era we need to have the flexibility of thought and approach so that we consciously seek opportunity while others are bleating about the obvious problems.

Whilst we all read about the headwinds against decent levels of economic growth (e.g. European debt issues, deleveraging, US Fiscal “cliff” etc.) we should not be oblivious to the longer term positives:

- Money creation by Central Banks has avoided a financial disaster;
- There is little sign that inflation is or will break out (yet);
- Interest rates are extremely low reflecting investor fears and sluggish loan demand – but how long before investors get sick of derisory returns on sovereign debt and chase yield and higher risk?

- US banks, corporates and households are already well down the deleveraging curve – of course, the US Governments at all levels is another question;
- The trends to urbanization and increased consumption in China and India as incomes rise are still with us – just there is a temporary glut in capacity in many commodities and products. That will ease as Economics 101 kicks in. As an example, if China's GDP per capita rises over the next 15 years to \$10,000 then their car population can be expected to rise to 250 per 1,000 people (vs. 800 in US) – think about the metals demand from 400 Million cars over that period!
- The EU Sovereign debt issues are well known and priced into markets – who is left to discover that the Greek Government is on financial life support and can never hope to repay its debts? – I would argue we are into the end game through the next year or so.

PlatSearch is well positioned compared to many of our peers:

- Our Cash and Investments (at market value) of \$14.7 million (at 30 September) provide the capital without resort to raisings in the current poor market conditions;
- We have a strong, well-credentialed management team with deep geological and financial skillsets
- We have investments in a range of commodities and regions that provide a flow of information and possible opportunities.

Throughout the year, we have continued to work on implementing our strategy for entry into some severely underexplored parts of Europe and North Africa. Needless to say, political developments in some countries in North Africa have made them off limits for us! We are not about to risk our capital or our people in such jurisdictions. Despite this, there are a number of countries where we have been developing our knowledge and local capabilities. Our key criteria remain:

- Excellent exploration/development potential that is under recognized due to a lack of modern exploration activity;
- Strong legal systems and application of the rule of law (even if it is quite complex); and
- Jurisdictions which we believe will be well regarded by investors (e.g. we are not thinking of North Korea!)

Our European team has identified a range of advanced and green field opportunities. Our evaluation work through the year has led us to make a number of applications that are being taken through the necessary regulatory approval processes. We have made a lot of progress and are hopeful that we will have something to announce in the coming year. As part of this, we have entered into a Memorandum of Understanding with Eramet, a large French metals producer to assess and assist in project development issues. We see this as the beginning of a long and fruitful working relationship with Eramet.

Greg Jones, our Managing Director, will later provide a detailed review of operations for 2012. However, I will provide a quick overview of the key milestones during the year.

Thomson Resources Limited (“TMZ”) (Platsearch holds 25.7%) undertook a number of drilling programs as it implemented its exploration strategy. Unfortunately, the results of those programs, whilst technically encouraging, indicated that the major target styles were not as clear cut as had been considered previously. This has resulted in the TMZ share price declining. Such are the vagaries of mineral exploration. The Directors of TMZ are revisiting the Company’s exploration strategy in light of these results.

Eastern Iron Limited (“EFE”) (Platsearch holds 45.8%) has made good progress through the year only to be buffeted by the sharp downturn in iron ore prices – reported by Fortescue Metals Group – as much as 36% in as many days. EFE has defined magnetite significant resources at Eulogie and Hawkwood in Queensland, but the costs of proceeding to more detailed feasibility work is beyond EFE’s capability so Joint Venture partners are being sought. At the Nowa Nowa iron ore deposit in Victoria work has progressed significantly through the year. Whilst small in size it offers the promise of sound economics. EFE has raised additional capital to fund feasibility work in the coming months. Platsearch participated in that issue and invested a further \$1.16 Million in EFE.

Silver City Minerals Limited (“SCI”) (Platsearch holds 14.6%) has been very active in drilling a number of its various Broken Hill Block prospects. There have been encouraging results but the big success has yet to be demonstrated. Needless to say, the SCI share price has suffered like many others even though the Company is well funded and actively drilling some top quality prospects.

WPG Resources Limited (“WPG”) (Platsearch holds 4.0%) is progressing work on its Mt Giffen iron deposit in South Australia. The company is trying to emulate its success at Peculiar Knob which returned \$10.9 million to PlatSearch last year.

Our wholly owned exploration portfolio activity has been reduced through the year. The background conditions have not been conducive to identifying large companies with appetite for green fields Joint Ventures so we have limited our expenditures on generative work in Australia. Our technical focus has been on the European and North African opportunities I have previously outlined. In terms of activity during the year we have been encouraged by the results achieved in the Junction Dam Joint Venture and at the Polygonum prospect at Mundi Plains. Further drilling is planned by our Joint Venture partners on both these targets.

I would like to commend Greg Jones and his team for their efforts through the year and, in particular showing the persistence and fortitude not to be stifled by the tough background economic and market conditions. We have the capital and skills to deliver major gains in the Company’s value and are relentlessly focused on doing so.

Thank you for being part of the Platsearch journey as owners and I am confident that as we achieve our strategic objectives we will all be suitably rewarded by a share price that reflects our own efforts as well as better times.

Pat Elliott

Chairman