



14th November 2014

Australian Securities Exchange Limited
Company Announcements Office

Chairman's Address – Annual General Meeting 14th November 2014

Good morning ladies and gentlemen. It is my pleasure to welcome you, as Executive Chairman of the Company, to the Annual General Meeting for 2014.

The Company made important progress at Fifield NSW pursuing the dual strategy in both expanding the Sorpresa Gold and Silver project area and accelerating the regional gold and base metal prospects within 6km radius of Sorpresa.

This time last year I was able to report 3D shapes of the various parts of the Sorpresa mineralization were being modelled moving towards resource definition as discovery extension grew. Today we are pleased to announce that the Company will begin to release *maiden mineral resource* figures expected in the next few weeks, which should include the finalisation of indicated and measured categories (the highest levels of geological confidence) to be reported shortly thereafter. Once reviewed, the Company will consider to move parts of the resource further down the economic pathway.

At the regional level, important advances in the Company's prospect portfolio have occurred in the period, in particular at Carlisle, Yoes Lookout, Eclipse Trend, Golden Green Group and Roseneath areas. The profiles of these five areas could be considered comparable to Sorpresa, when it was at a similar early stage of exploration.

The Board has been planning succession for some time, and was very pleased to announce the appointment of Mr John Gillett as an independent Director midyear. Mr Gillett's depth of project management knowledge, business development expertise, resource industry experience, strong commercial skills and an extremely wide range of senior contacts in the relevant industries provides a valuable addition of skills to the Board.

Mr Gillett has developed a solid understanding of the Company and its project areas, having undertaken a workshop review of the Company opportunities, operations and strategy during the period, which generated important outcomes for the Company.

Mr Gillett is very well credentialed to assume the role of Chairman of the Board, and will do so in the next 4 months. The Board continues to assess its needs, and seeks appropriate advice as the Company moves its business further along the path as an advanced explorer. I will continue in the role as Managing Director at that time of transition.

The results for the last 12 months and prior 4 years in the Fifield district continue to support the Company's opinion that we are witnessing a new emerging gold district of considerable potential and that there is the potential for this wider 35km² area to host multi-million ounces of gold equivalent mineralisation.

Accordingly, the Board has advanced your Company considerably in the last year, building on the discovery of the greenfields Sorpresa Gold and Silver System in late 2010.

- ❑ Expansion of the discovery at Sorpresa to an approximate 1.5km x 0.4km and open system
- ❑ Establishing good metallurgical recoveries in early oxide zone tests

- ❑ Digital compilation and 3D modelling of the mineralisation, defining multiple discovery growth targets
- ❑ Successful step out drilling of these targets, especially at Roadside, shows the robustness of Sorpresa system
- ❑ Considerable advancement in the approximate 25 Regional Prospects within 6km of Sorpresa
- ❑ Prioritising these Regional opportunities into a “Prospect Pyramid” with appropriate testing underway
- ❑ High grade outcropping mineralisation up to 23g/t Au and 13.75g/t Au (Carlisle), again illustrating the underexplored nature and exciting potential of the Fifield District.
- ❑ Furthering the credibility that the Company may be uncovering a new gold district of significance at Fifield
- ❑ Moving to a **Maiden Resource** at Sorpresa in 2014, and likely to “measured” status in parts, January 2015

Shareholder funds have been well deployed in achieving these outcomes and improving the Company. The 2014 activities followed the strategic plan which in turn has borne the results, as described above. The major accelerated programs designed to achieve the noted milestones have now been conducted. Accordingly, a slower cashburn can be expected in 2015, with a focus on the following, some of which are already well underway, with considerable newsflow to follow:

- ❑ Sorpresa maiden resource definition and completion progress
 - Inferred and Indicated await supplementary results and calculation, due shortly
 - 8 Twin Holes have commenced drilling (400m) should allow migration to measured status in parts
- ❑ Discovery Growth with extensions at Sorpresa – it still has room to grow
 - Drilling is underway, in the “Gap” north of Trench 31
 - Areas to the south and east remain open
- ❑ Priorities within the regional portfolio of more advanced prospects will be tested shortly
 - Carlisle, with upto 23g/t Au rockchips has a drill program (approx. 400m) commencing December
 - Additional programs have permitting established at Yoes Lookout and Eclipse and are drill ready

When I commenced in this current role in 2005, the ASX market Capitalisation of the Company was approx. \$2.5M, with time devoted to exploration for Platinum at Fifield and Diamonds at Bingara. Good progress was made, but much has changed since then.

The discovery of the Sorpresa Gold and Silver system subsequently led to a market capitalization high of \$50M in late 2012 due to exceptional drill results at that time, before global market corrections and less spectacular results (but still highly creditable), have seen the market value in the range \$15M to \$20M for much of 2014.

In extremely difficult financial markets for junior resource companies, this is a very reasonable performance well recognised as such by industry analysts and peers.

Current shareholder angst concerns the more recent performance of the Company share price. The Board, as both Directors and significant shareholders have our interests strongly aligned with all shareholders. Accordingly, the Board and the Company places its best endeavours to improve the standing of the Company at every opportunity, and in a responsible manner.

The Board sincerely appreciates shareholder concern on the company performance, and is listening. The Board would urge a constructive approach be adopted, conducted in an appropriate way that properly portrays the Company progress being made and the underlying positive contributions that have led to this progress. The Company also seeks regular input, beyond the Board from a range of industry professionals, so feels well advised.

The record needs to be corrected and constructive questions asked, which I intend to do at this point.

- ❑ Board and management are in the lowest quartile for remuneration costs in the industry sector

- ❑ The global economic environment is a key factor over which the Company has no controlling influence
 - This includes much lower commodity prices, particularly gold and silver as stated
 - The retreat of speculative and high risk capital
 - A particularly difficult time for junior exploration companies at present
- ❑ The Board strategy to advance Sorpresa and the regional prospect portfolio makes the Company more robust.

This needs to be fully appreciated, with the prospective nature of Fifield now well established, as a potential new gold province, leading to a sustainable and viable Company in the long term.

- ❑ Advocating for a removal of the Board, and offering no alternative directors leaves the Company without management, and is hard to understand as a strategy
- ❑ Similarly, advocating for a control change of the Company, without paying a premium should not be supported

In the last 3~4 years the Company share price has outperformed its peers in the Resources Sector and general market as represented by the Sector Indices on the ASX. The global economic outlook still remains volatile. The Directors have been mindful of this in developing suitable strategies for the Company going forward.

In 2014, the global financial markets have continued to be extremely challenging, and this is reflected by subsequent reduction in the availability of risk capital in the sector as a whole. With the gold and silver prices trading at below USD\$1,150/oz and USD16/oz respectively in the last month, this has placed strong pressure on the resource sector share prices including established gold producers. It is difficult to determine whether the sentiment towards the exploration sector may have bottomed in the financial markets, although it is hard to envisage continued major downside risk.

The decision by the Company to adopt a strategy to conduct more field work in tougher times, including the regional activities, has been well justified as the newsflow generated has been an important contributor to the Company maintaining its better position compared with many other junior explorers and we have more newsflow to come over the next 3 months.

Liquidity in most junior stocks is thin, and share price volatility remains high. Sustained selling can damage share prices. Markets will stabilise, risk capital is looking for opportunities and better returns and the discerning investors will be well rewarded.

Numerous site visits were conducted at Fifield, introducing a range of interested observers to the multiple opportunities that exist within the Company's prospect portfolio. The circumstance may exist to joint venture aspects of the Company's portfolio, and due consideration is being given to this, in terms of shareholder benefit and accelerated outcomes in exploration.

The Company successfully gained access to new non-dilutive cash sources including the NSW Government sponsored co-operative drilling funds (\$175,000) and the AusIndustry R & D program (\$1.1M). A new Ausindustry proposal is expected to yield up to \$0.9M.

It is still prudent to ensure the Company has adequate funding for its needs in 2015. Accordingly, I announce today, that the Company has lodged a Prospectus with ASIC, for a rights issue, the first such issue since 2010.

Key points to the issue are as follows:

- ❑ One new share for each six shares held, priced at 2.0 cents per share, to raise gross proceeds up to \$2.29M.
- ❑ Over entitlement applications will be allowed

- ❑ One free option attached to each new share, a strike price of 5 cents and expiry date of 15 December 2015
- ❑ Directors have indicated they will participate to approx. \$220,000 in the issue (almost 10%)
- ❑ The record date will be 21st November 2014
- ❑ Funds will be used to further the work programs at Fifield, looking to:
 - Provide additional discovery growth at Sorpresa gold and silver area
 - Investigate any technical and economic studies on Sorpresa, considered worthy of pursuit
 - Test the advanced regional prospects identified within 6km radius of Sorpresa
 - Maintain sufficient working capital

A separate ASX announcement has been posted today, providing the full timetable and more details.

Despite negative perceptions by some, the Company has actually performed better than its industry peers in most respects, with a strong project base at Fifield, located within the prized Lachlan Transverse Zone (LTZ) in NSW.

Our market capitalization (at around \$15M, 10/11/2014) has been well above average on the ASX in this industry sector (Mining/Metal/Mineral listed on the ASX, by market capitalisation). Someone said to me earlier in the year “sideways is the new up!”, that is, simply maintaining a company’s standing in the market, has been a challenge for all companies.

Today’s meeting is also about potential control of your Company. As the meeting is aware, Pacific Nominees has activated against the Company and its Board, based on a platform of an “underperforming share price” and “underperforming and overpaid Directors who have no strategy”.

The Board and the Company does not get everything right, despite best efforts. It is fair criticism, that our newsflow could have been more frequent in the first 6 months of 2014, however, this work program gap was later bridged with subsequent better implementation, and a stronger share price followed. The Platina Lead, approximately 4~5km in length which was Australia’s largest platinum producing paleo-channel, was delayed for bulk sampling as originally foreshadowed, but remains an important component in Company portfolio, as a potential cash target.

The Markets are expecting more and more, but they are giving announcements and reports shorter currency, whilst ignoring good performances that are not constantly re-inforced. This is extremely challenging for any company, but particularly for junior explorers.

I believe the Board has outlined clearly its well-reasoned performance and implemented a strategy suited to the market environment and the Company’s opportunities. The disruptive nature of the activities has been an influence on negative sentiment towards the Company over the last 12 months, affecting its share price. I would urge a few things. Re-appraise the performance of the Company with an industry appropriate context, and:

- ❑ Do not support Pacific Nominees “Against Vote”
- ❑ Ask Pacific Nominees to have a constructive dialogue with the Company
- ❑ Determine what expertise Pacific Nominees has, to claim to be an informed commentator

It should be recognised that ultimately all the work undertaken is beholden to “what’s in the ground”, so good results can never be guaranteed and are not without risk. Management is charged with the responsibility to mitigate such risk, to the best of its ability under the circumstances, and in this regard the Board has done an exceptional job in overseeing this approach to date, by developing a robust portfolio approach to its prospect opportunities.

Following this address, a short industry presentation focused on exploration will be presented by Mr Richard Schodde. Subsequently, a presentation will be provided by myself and Darren Glover on the Company activities.

Conclusion

The Company's soon to be announced maiden mineral resource at Sorpresa is an important milestone and forms part of an ongoing dynamic process with the Company looking to achieve discovery growth within, and adjacent to the Sorpresa mineralisation.

As it was for Trench 31, which led to the Sorpresa system establishment, "discovery" is the value creator for the Company, so the regional work remains a critical component of the strategy. Given the district surrounding Fifield has good access to infrastructure and skills suitable for any possible mining, this re-inforces the merits of the district focus we have adopted.

Shareholders should be encouraged by the results achieved this year and in the prior years. We maintain the belief that a Company Making opportunity exists within the 6km radius of Sorpresa incorporating the regional prospects, and remains an aspiration for the Company.

The vision is to continue to build suitable resource mineralisation inventory, through well executed programs across this array of opportunities in a systematic manner, with Sorpresa as a starting point already well underway. There can be no guarantees, this is a high risk business, but there is a solid track record of discovery and prospect development that points to the worthwhile nature of the pursuit.

Whilst there are many practical hurdles to overcome for the Company to achieve its Vision of establishing, in a reasonable time frame, an open cut grade mining operation at Fifield, this is the goal and the imminent maiden mineral resource definition and accompanying exploration effort is firmly focused with this in mind.

The Company achieves outcomes with the skill and guidance of many people. Recognition and thanks is provided for the contributions of my fellow Directors, the exploration team, staff, stakeholders and consultants, who have all helped to achieve the results for the Company and shareholders this year.

Most importantly, the Board of Directors expresses its sincere appreciation to all shareholders for their support, particularly in another difficult year for investors in the exploration industry. We encourage that such support should continue based on the merits of our case, including today's announced rights issue.

Finally, can I suggest that there are three key pieces of information to watch, when following the Company progress.

- ❑ The **regional map** highlighting the area within 6km radius of Sorpresa project area
- ❑ The **prioritised prospect pyramid** of relative development of the Company portfolio
- ❑ The **table of comparisons to Sorpresa**, for more advanced prospects

During 2015 the Company will be endeavouring to keep all shareholders and stakeholders informed of its progress as the Maiden Mineral Resource is established, discovery programs are implemented and the Company looks to realise its vision assembling a multi-million ounce gold equivalent portfolio at Fifield NSW.

Sincerely



JOHN KAMINSKY
Executive Chairman