

# ABM Resources NL - Chairman's Address to Shareholders

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Perth, Australia - I am very pleased to report that [ABM Resources NL](#) (ASX:ABU) has made excellent progress in the past year as it moves down the path to mining and gold production.

- During the first half of the 2013-14 year, the focus was on the trial mining and processing at the Old Pirate high-grade gold deposit, part of our Twin Bonanza Gold Project in the Northern Territory. Mining took place to depths of up to 5 metres in 13 separate test pits across the deposit, with over 8,000 tonnes being processed to produce 3,454 ounces of gold at a calculated head-grade of 15.4 g/t and a recovery of 86% from the gravity plant.

- These results were in line with our expectations and detailed surface sampling carried out during the previous year. Importantly, it confirmed that careful mining to geological boundaries could provide very effective grade control. The processing also confirmed that high recoveries could be achieved from a simple gravity plant, but also provided some important lessons on geology and scale ahead of moving to full-scale mining.

- In March, the Company announced a strategic placement to Pacific Road Capital, raising almost \$20M in two tranches, and introducing a highly respected specialist resources fund to its register. This also brought substantial technical and operational expertise in the appointment of Mr Louis Rozman as a director and the establishment of a Technical Advisory Committee with significant Pacific Road involvement.

- Permitting for the Old Pirate project made good progress through the year. The Mineral Lease was granted, landholder agreements were signed with the Central Land Council and the Traditional Owners, and the EIS was approved. All that remains is for the Mine Management Plan to be finalised, submitted and approved.

- Following a thorough review of all of the options available for the development of the Old Pirate deposit, the Company reached agreement in July with Tanami Gold NL ("Tanami") for a lease and option-to-purchase of Tanami's Coyote processing plant. This agreement, which has a number of conditions precedent, will enable the Company to follow a lower risk and lower capital cost path to the development of the Old Pirate gold deposit, with the option to treat other, less gravity intensive ore types should they become available.

- Shareholders approved a one for fifteen share consolidation in June. The Company is now well positioned with a strong balance sheet, a supportive major shareholder and a more manageable share register to move into production during the coming year.

During what has been another difficult year in the markets for gold companies, ABM made very good progress in its transition from explorer to producer. Despite the focus on planning and permitting for mining at Old Pirate, the Company has continued to have exploration success in the project area, with the announcement of high-grade surface and drill assays at the Vampire and Old Glory prospects respectively. These exploration results provide us with confidence that the scale at the wider Twin Bonanza Project will continue to grow.

Since year-end we have taken a number of initiatives to position the company for production and growth.

- We have added two new directors who bring key skills in project development and production (Richard Procter) and in corporate management / governance and Northern Territory (NT) government and commercial relations (Helen Garnett), respectively. Louis Rozman, the CEO of Pacific Road Capital, our largest shareholder, joined the board for a key period during which we finalised plans for the Old Pirate development and undertook the director search. With the new directors in place, Lou stepped down from the board. I thank him very much for his key contributions.

- We have strengthened the executive team with the appointment of Craig Dawson to the key position of General Manager, Operations. Darren Holden will introduce Craig and provide more information on his background during his presentation.

- We have developed a very productive dialogue with the Northern Territory government, at both the ministerial and departmental levels. Old Pirate is an unusual project, with no formal feasibility study, no

Mining Reserve and a forecast production estimate for only the first year of production.

Further, the NT is the only Australian jurisdiction with a net profits royalty rather than a production royalty and achieving an appreciation for the rationale of transporting the ore across the NT boundary into Western Australia has taken time. ABM is committed to developing and growing its business in the Northern Territory, and we look forward to building on our already fruitful relationship with the government, the local businesses and communities.

Your management and the whole team have worked extremely hard to position the Company for commencement of mining and production during the year ahead, and they are to be commended for their energy, capability and innovation. In February, a long standing director and former Managing Director, Mr Imants Kins resigned from the board to pursue an executive opportunity elsewhere. We thank Imants and make special note of his contribution when the Company was restructured and repositioned in 2009.

On behalf of my fellow directors, I welcome you to this Annual General Meeting of ABM Resources, and we look forward with confidence to the commencement of commercial gold production during FY 2015.

Signed  
Chairman of the Board

#### **About ABM Resources NL:**

ABM Resources (ASX:ABU) is an exploration Company developing several gold discoveries in the Central Desert region of the Northern Territory of Australia. The Company has a multi-tiered approach to exploration and development with a combination of high-grade potentially short-term production scenarios such as the Old Pirate high-grade gold project, large scale discoveries such as Buccaneer, and regional exploration discoveries such as the Hyperion gold project.

In addition, ABM is committed to regional exploration programs throughout its extensive holdings including the alliance with [Independence Group NL](#) at the regional Lake Mackay Project, and the recently announced proposed divestment of the North Arunta projects to Clancy Exploration Ltd.

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