

**CHAIRMAN'S ADDRESS TO ANNUAL GENERAL MEETING OF
ADELAIDE RESOURCES LIMITED**

27 NOVEMBER 2012

The environment for decision making by executives and Directors of smaller resource exploration companies was once again particularly tough in 2012. Whilst we don't pretend to have judged everything to perfection, I do believe the Directors of your Company have, over the past year, made some generally sound decisions and added some intrinsic value to the Company.

As we all know, exploration companies live or die by their ability to raise capital and then allocate it effectively to their exploration targets. However, in the past year, it has become far harder to raise any equity capital at all. There are structural features at work, which we discussed at this meeting last year, such as the decline of advisory stockbroking and electronic direct access technology. The key negative features would, however, appear to be more cyclical in nature, with risk aversion the major dampening factor. This can be seen through investors flocking to hybrid securities, with little regard for the relative pricing of credit risk, and the continued disinterest in new issuance. However, there has been notable enthusiasm for companies who made good discoveries during the year.

Since the last AGM, the S&P/ASX Small Resources index has fallen from 5279 at 31 October 2011 to 4074 at end October 2012 – a 23% decline, which at its nadir in late July 2012 was actually close to 35%. This index is now back at the levels of July 2009.

The impact of this risk aversion can be seen most clearly in the market for initial public offerings in the smaller resources area. In the first eleven months of the 2012 calendar year, only 22 new resources floatations focussed on minerals (as opposed to oil, gas or energy) have actually occurred on the Australian Securities Exchange, raising a total of just \$96.5million. The average offering size was \$4.4million, and 9 of the 22 companies raised \$3million or less. To compound the misery, half of the 22 securities now trade below their offer price.

With capital in such short supply, the Directors have tried to ensure that we have been prudent with respect to costs, whilst ensuring as active a program as possible.

As Chris Drown will discuss, our main work in the Northern Territory since the cessation of the 2011 drilling season has been to evaluate the drilling results we have obtained over the previous two years in the Rover field. This has led to the selective use of outside consultants to assist with the building of 3D resource models, which we believe, in tandem with other information, will provide a stronger basis to evaluate both the quantum and method of unlocking the inherent value of the Rover discovery. We believe that we have two solid assets at Rover, being our wholly owned Rover 4 deposit and our share of the Rover 1 deposit, that, together with this project's excellent prospectivity, can ultimately deliver value to the company's shareholders.

Our main energies in the field this year have been directed towards the Yorke Peninsula. The shallower target depths for copper and gold mineralisation, allied to closer proximity of infrastructure means the cost of drilling is far lower than at Tennant Creek. Moreover, in the past two seasons we have made discoveries or returned very promising drill intersections at four locations across the "Moonta" tenement – Willamulka in the north-east of the tenement in 2011,

and in 2012 at Copper Hill East (in the south-east), the exciting Paskeville Prospect (east), and at Wombat, in the north-west of the tenement with those results announced just yesterday morning.

Whilst having four discoveries inevitably brings forth the issue of resource allocation, we believe it shows the area to be highly prospective for our preferred targets of copper and gold. It is also worth noting that the decision made four years ago to focus on these metals seems vindicated by their relative price action over the past twelve months.

In 2013, we aim to reinvigorate our exploration effort on the Eyre Peninsula; we highlight in the 2012 Annual Report the highly attractive and prospective nature of the tenements, where our neighbours have seen significant discoveries of silver and graphite during the 2012 year.

With the capital raising scene so moribund, it is not surprising that we are starting to see the first signs of consolidation and deal doing within the junior sector. We have received a number of approaches for certain of our tenements from other companies who perceive them as being attractive additions to their portfolio, and which vindicate our decisions to have held such assets. It is accepted, that during 2013 shareholders may well see some reconfiguration of our portfolio if your Directors judge it to be in your best interests.

Despite a negative financial market environment the company has been able to successfully complete some recent capital raisings. Whilst the Directors are disappointed that the pricing of new equity was not at a higher level to limit dilution, the combination of the share purchase plan and placement meant that only the very largest shareholders in the company – such as my own interests – were diluted to any great extent.

The placement has brought a significant number of new and supportive shareholders onto the Adelaide Resources share register, including a new substantial holder, and reinforced a longstanding relationship with certain broking advisers – a necessity in the prevailing environment.

This funding ensures our capability to advance our exploration programs at Paskeville and elsewhere in 2013. We are excited by the emerging size and potential length of the mineralised zone at Paskeville. Together with our efforts elsewhere on the Yorke and Eyre Peninsulas, we believe this will provide increasing interest by investors in the assets and efforts of the Company during 2013.