ADELAIDE RESOURCES LIMITED

CHAIRMAN'S ADRESS TO THE ANNUAL GENERAL MEETING
20 November 2013

Ladies and Gentlemen,

I suspect that many of you are unaware of my background as I only joined the Adelaide Resources Board just over two years ago and became Chairman when Andrew Brown retired midyear.

I graduated from Adelaide University with an Honours degree in Geology in 1970 and have spent the time since in exploration, as a mine geologist, and in company management mainly in Western Australia, Queensland, the Northern Territory, and overseas.

I was employed by Normandy/Newmont for a total of 16 years which included six years as Chief Operations Geologist responsible for minesite geological functions – exploration, reserve definition and grade control. Those minesites included Newmont's interest in Boddington and KCGM, Golden Grove, Wiluna, Jundee, Bronzewing, The Granites, Tennant Creek, Woodcutters, Pajingo, Mt Leyshon, Waihi (NZ) and Midas (Nevada USA).

In 2004 Newmont appointed me Director of Geology – Ghana. I was based in Africa for almost five years and was involved in the development of the 500,000 ounce per annum Ahafo Gold Project in Ghana, and of projects in Mali, Tanzania and South Africa.

Since returning to Australia I have held three board positions and undertaken consulting work in Africa, Australia, Mongolia and Argentina. In summary, I am a geologist with extensive management and practical experience in exploration, mine development and mine production.

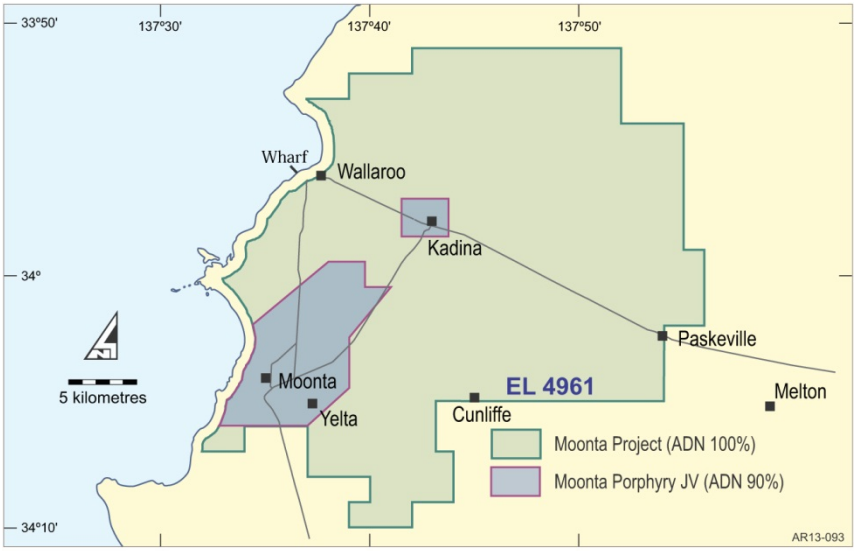

Figure 1: Moonta Copper-Gold Project location plan.

Early in the year I travelled with the exploration team to Moonta to look at the Project area and I would like to share some of my observations with you. Adelaide Resources has a large, 819 sq. km. licence area surrounding the Copper Triangle, most of which is owned 100% (Figure 1).

Considering that a wombat made the original discovery at Moonta, it might be reasonable to expect that university educated geologists could make further discoveries with ease.

However, the first thing that strikes you about the Moonta Project area is the lack of outcrop (Figure 2).

It is flat, covered with sand and soil, and the only place you see bedrock is on the coast at low tide (Figure 3), or in deep excavations such as the Poona open pit (Figure 4).

Figure 2: Moonta Project terrain.

Figure 3: Bedrock outrcrop at low tide.

As you can see the Moonta Project terrain does not make the task of exploration easy. I make this point because the district has a significant early mining history from deposits at Moonta and Kadina, and was explored from the 1960's to 2010 by companies including Western Mining Corporation, North Broken Hill, Mt Isa Mines and Phelps Dodge. It might be wrongly concluded this is a mature exploration area that has been thoroughly picked over.

We have seen that the Company does have a large tenement area at Moonta, but that the thin but ubiquitous cover makes exploration difficult. However, in 2013 there

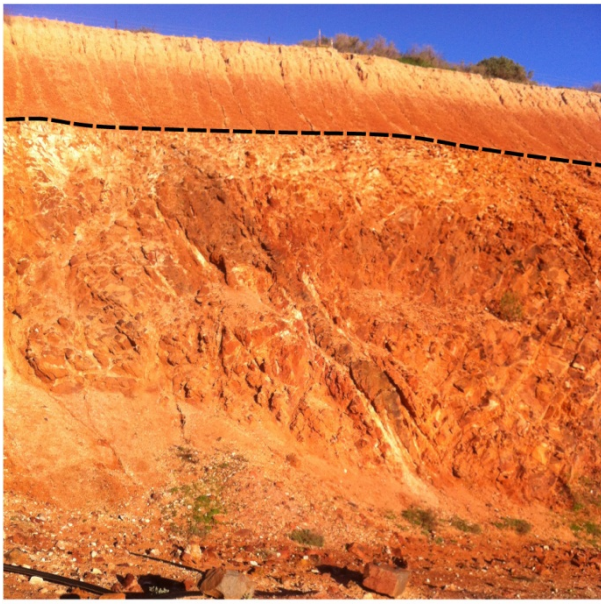

Figure 4: Poona Pit cover rocks over bedrock.

exists an array of sensitive geochemical and geophysical techniques, not available to previous explorers, that can help us look through the cover, and our search effort benefits from the results of those who have gone before us.

Adelaide Resources' low level calcrete geochemistry led to the discovery of previously unknown copper and gold mineralisation at the Willamulka and Paskeville prospects. The large exploration database produced by past explorers is being digitised so that information can be manipulated and analysed in 3D. It was this data that was used to direct the successful Alford West drilling program earlier this year.

The second observation that I make about the Moonta area is that we are in one of South Australia's prime grain producing areas (Figure 5), and building relationships with local farmers has been fundamental to gaining ongoing access to land for exploration.

Figure 5: Grain crop in the Moonta area.

Often this requires we confine our activities to periods when the land is fallow, sacrificing exploration in winter and spring when the crops are growing in recognition of all stakeholders needs. This results in a hiatus in exploration results and over the last few years after exploration success at Willamulka, Paskeville and Alford West we have seen our share price slide when the window for fieldwork, and in particular drilling, is closed.

In 2012, the early Paskeville drill results produced an increase in share price (Figure 6), but a drop off in field activity because of farmer requirements saw the share price slide until field work recommenced towards the end of the second quarter of 2012/13.

Figure 6: Adelaide Resources 2012 share price.

In 2013 (Figure 7) reporting of positive drill results from the Alford West drill program carried out in the third quarter of 2012/13 produced a material increase in share price, but the inability to rapidly follow up those results saw the share price drift lower.

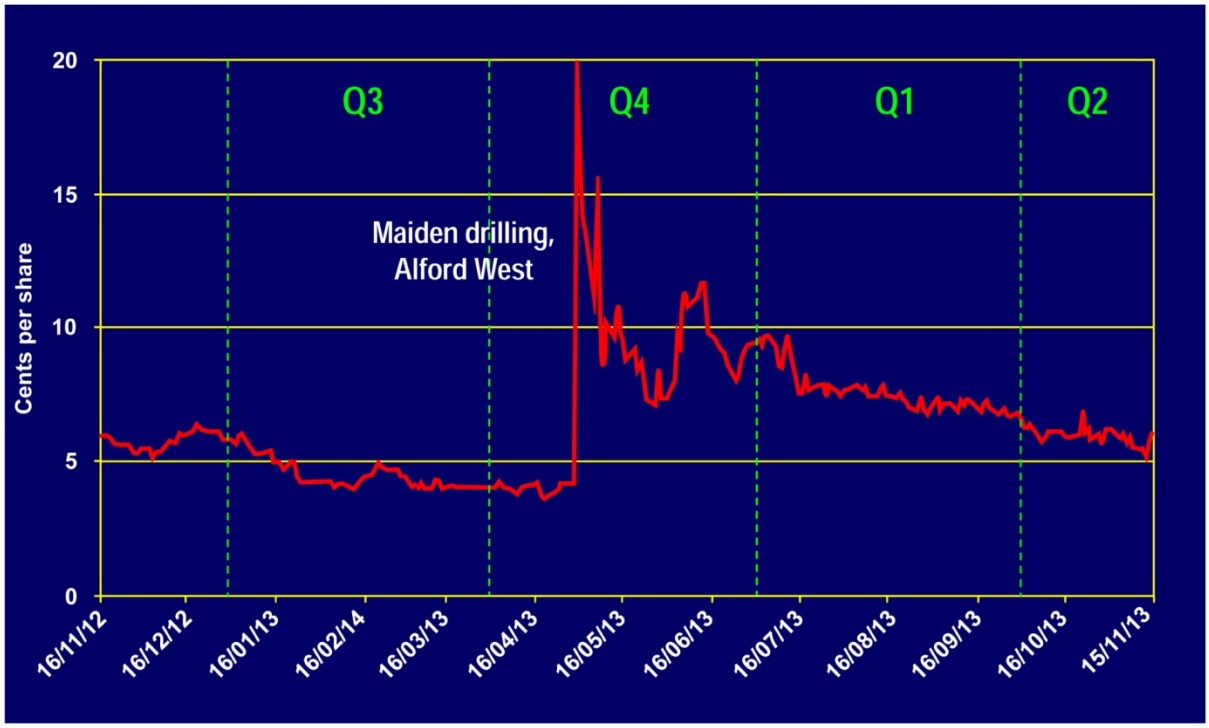

Figure 7: Adelaide Resources 2013 share price.

Chris Drown will talk about work we have been doing on other projects during this hiatus at Moonta, most recently Glenroy, but the need to work with stakeholders is a major factor in our ability to advance the Moonta Project rapidly.

Taking into account the difficult terrain for exploration and the competing land uses, it might be asked if Moonta is the right project for Adelaide Resources to explore.

I believe the Moonta Project area displays many of the factors allowing for a significant copper-gold discovery.

1. The Moonta Project is in the world class Olympic Copper-Gold Province (Figure 8) and the world's major explorers are here with us, because it is elephant country.

2. At Moonta there are large scale structures (> 30kms long) tapping deep into the crust and acting as a plumbing system to bring

Figure 8: Olympic Dam Copper-Gold Province.

mineralised fluids near the surface (Figures 9 and 10).

3. The geology is complex including Hiltaba Age intrusives and structures with flexures that are potential dilation sites (Figures 9 and 10).

4. There are multiple occurrences of copper-gold mineralisation, with associated molybdenum and cobalt, scattered over 20 kilometres along the structurally complex Alford Copper Belt (Figure 11).

We are in elephant country. We are armed with a large historic database and the best available geochemical and geophysical techniques. Over the last three years at Paskeville, Willamulka and Alford West, we are seeing signs suggesting there may be an elephant in our area. As you will see in Chris Drown's presentation, we have come a long way in our understanding of this mineral system in the last 12 months. However, we believe the results from Alford West are only the beginning of an emerging exploration story for the Alford Copper Belt.

To finish, I would like to thank my fellow directors and the staff of Adelaide Resources for their efforts during the year, and I assure Shareholders that while the market since we last met has been another particularly challenging one, the quality of your Company's exploration assets leaves it well positioned to benefit when the inevitable upturn in sentiment happens.

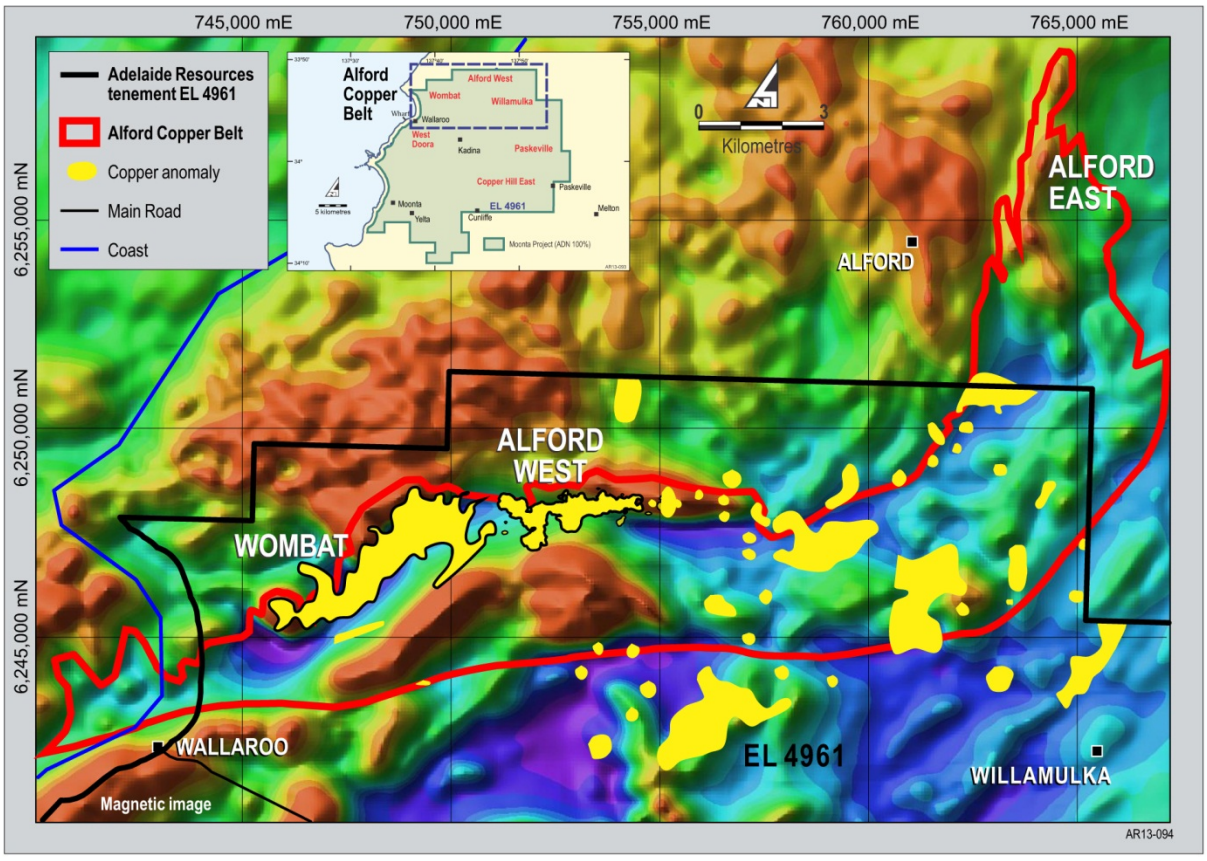

Figure 9: Alford Copper Belt.

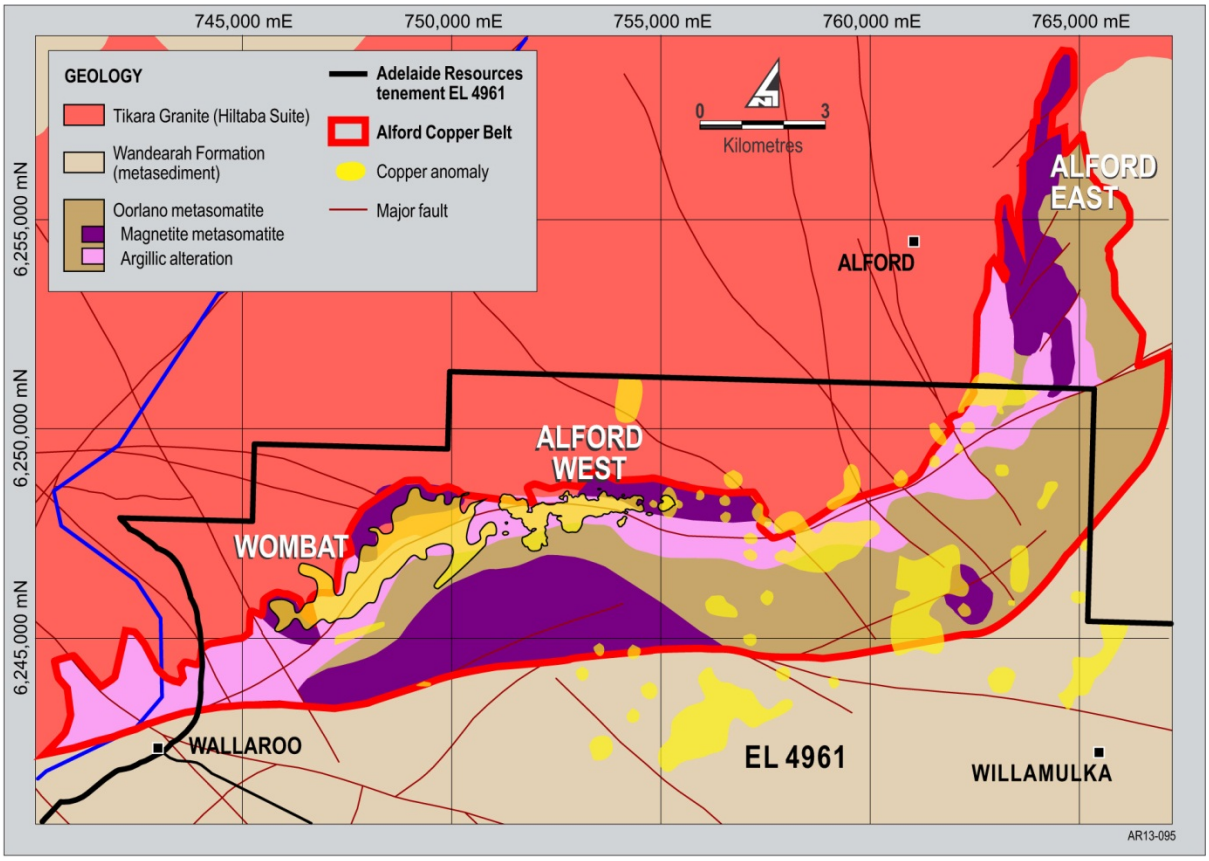

Figure 10: Interpreted basement geology.

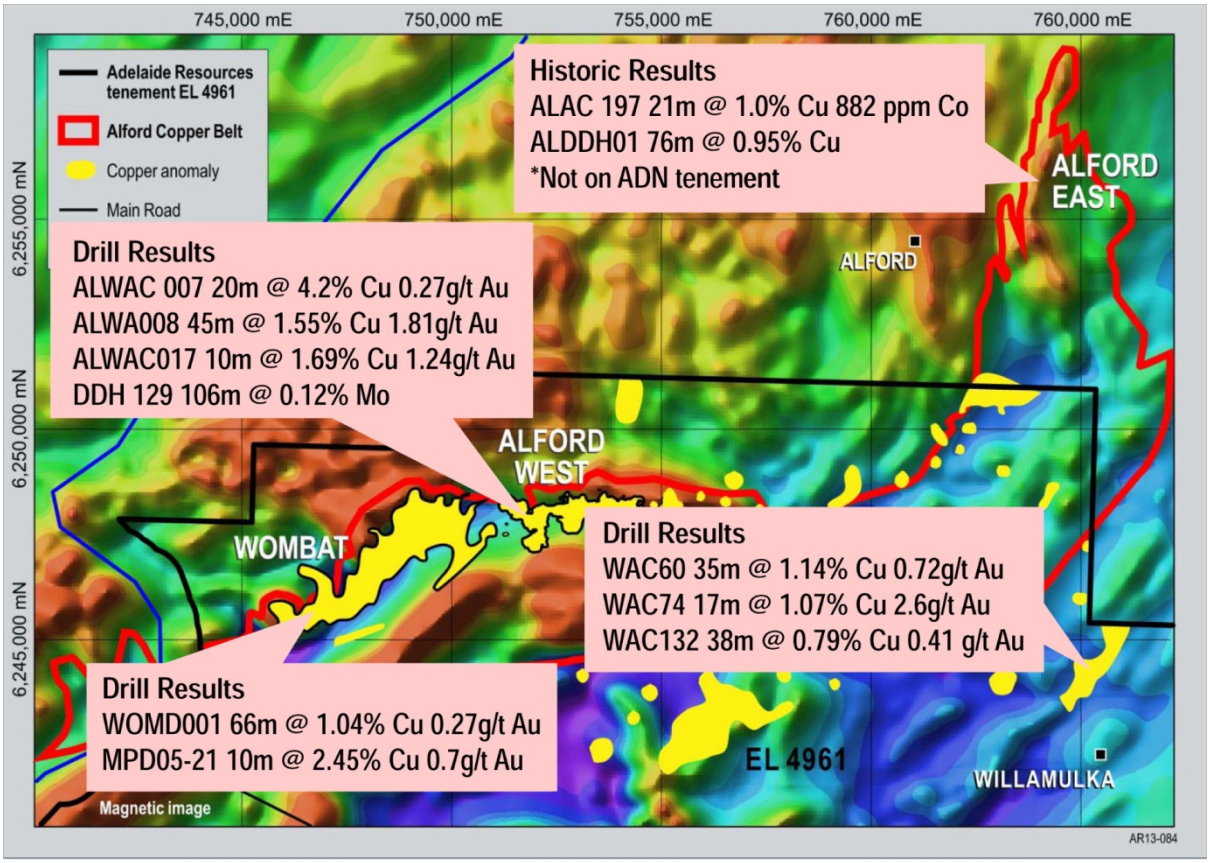

Figure 11: Copper-Gold (-Molybdenum-Colbalt) mineralisation, Alford Copper Belt.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Michael Hatcher, who is a Member of The Australasian Institute of Mining and Metallurgy and is Chairman of the Company. Mr Hatcher has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hatcher consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.