

ADELAIDE RESOURCES LIMITED

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING

30 November 2015

Since shareholders last met at an Annual General Meeting, the Company has achieved a sustained and active field exploration programme, across most of the portfolio. This is in contrast to many of our peer group who have not been able to mount any meaningful exploration activity due to finance limitations. Some of the peer group have subsequently delisted, changed their primary business or fallen into administration.

The decline in resource industry investment is well demonstrated by the recent aggregate market value of the entire global mining industry, as measured by the 2,684 stock exchange listed companies, falling below the combined value of just Google plus Apple. This presents a particularly difficult environment in which to attract sufficient risk capital to mount adequate exploration programmes.

The last twelve months has seen Adelaide Resources mount four field campaigns including deep reverse circulation and diamond drilling, for a total of 97 holes. Whilst the exploration results have been acceptable in the context of the risk associated with exploration, they have not been outstanding. In short, the results did not constitute the instant gratification sought by today's investor with the inevitable consequence resulting in a weak share price.

At Moonta in South Australia, drilling at Alford West delivered further modest grade copper intersections; however exploratory holes at the attractive Tomahawk geochemical target proved disappointing. Adelaide Resources (and previous explorers) have discovered multiple coherent bodies of copper-gold mineralisation on the project tenement, whilst interrogation of the vast Moonta database has recently highlighted additional targets. Most of these prospects remain open at depth and it is becoming obvious that a much larger budget is necessary to achieve meaningful success.

On the Eyre Peninsula, also in South Australia, we have announced Exploration Targets for Barns and Baggy Green that we are confident can be achieved. Diamond drilling at Barns and Baggy Green was conducted for the first time in ten years, with gold intersected in every hole including one intersection of 16.1 metres at 3.10 g/t gold. We are completing a first pass scoping study at Barns to determine if a potentially economic operation might be possible and to highlight the sensitivities of the project to determine where focused work might improve the outcome. The next exploration phase will likely be infill drilling at Baggy Green, while nearby Barns West, Barns South and Baggy Green North have recorded previous potential economic intersections (7 metres at 2.2 g/t gold, 8 metres at 1.8 g/t gold and 10 metres at 2.6 g/t gold respectively) which were not pursued.

The Drummond tenements were pegged as the ground was viewed as prospective to host epithermal gold deposits similar to the plus 3 million ounce Pajingo Mine. High grade gold surface samples and an inaugural 25 hole shallow diamond drill programme at South West Limey Dam has confirmed this potential beyond reasonable doubt. More recently, surface exploration has

delineated the Bunyip prospect nearby and which is likely to be drilled in the next programme. It is now a game of persistence.

Financing during this period included the proceeds from successful applications for grants from the South Australian PACE programme and the Queensland Collaborative Drilling Initiative programme. The Company gratefully acknowledges these initiatives. The Company also made a successful Federal Government Research and Development claim. In aggregate, the grants and refund claim totalled just over \$400,000 which was an important part of the exploration spend commitment.

The Company has also submitted to the Australian Tax Department, a claim under the new Federal Government Exploration Development Incentive Scheme for 2014/15 eligible expenditures. The Scheme is open to all junior exploration companies with no income and is limited to greenfields mineral exploration in Australia. The outcome is scheduled to be advised in February 2016 and is in the form of a tax credit to Australian resident shareholders. The cost to the Company to administer the Scheme is yet to be determined.

The Company cash position today, post last month's Share Purchase Plan, is \$0.94 million. The exploration budget for this year, as currently envisaged, does not allow for significant exploration activity at either Moonta or Rover. Accordingly and as previously advised, the Company will seek to maintain the momentum on these valuable tenements by seeking to attract partners.

A consequence of the current cash position is that expenditures will have to be modified. The executive directors have already agreed to significantly reduced cash remuneration levels. Other changes are also likely.

Whilst the odds against an exploration discovery advancing to a sustained profitable business are high, the potential rewards can compensate.