

# **ADELAIDE RESOURCES LIMITED**

## **CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING**

**30 November 2016**

A number of achievements are worthy of noting when reflecting on the twelve months since our last Annual General Meeting. In particular, the Company:

- Declared an inaugural metal Mineral Resource at the Barns gold deposit – in fact, the first in the Company's twenty year history. Appropriately, this was at the 100% owned Eyre Peninsula gold project justifying its priority status in our portfolio. Recent drilling has delivered high grades at the nearby Baggy Green prospect, and our preliminary assessment is that Baggy Green shows excellent potential to contribute to the growing local resource base on Eyre Peninsula. Further work is clearly warranted. Preliminary metallurgical test work has commenced.
- A Farm-In and Joint Venture agreement was consummated at the 100% owned Rover gold-copper project which will now see the first on-ground exploration expenditure in five years. Our partner is a dynamic explorer well established in the nearby Tennant Creek Field and can deliver a high in-ground to administration-logistics spend ratio.
- The Drummond Basin tenement package was tripled with the grant of two additional tenements making the Company one of the largest ground holders in this very prospective gold domain.
- The tenement package was also refreshed with the addition of a number of hard rock and lake tenements conceptually prospective for lithium. However, as forewarned in the Annual Report, a number of these have now been relinquished. This commodity space has seen a fair number of potentially viable developments announced increasing the threshold for economic relevance.  
One tenement has been advanced to granted status but with the focus on tungsten rather than lithium, following tungsten ore grades being recorded during surface sampling. Whether we pursue this in our own right or with a qualified partner is yet to be determined.
- Successfully participated to the extent of 100% of submitted eligible exploration expenditures in the inaugural Federal Government Exploration Development Incentive (EDI) scheme. Tax credits aggregating \$379,476 were distributed to the benefit of shareholders.

One key objective has not however been delivered.

- The Company determined that the 100% owned Moonta copper project, which was integral to the Company formation twenty years ago, deserves an annual exploration budget well beyond our current treasury capacity. Accordingly, the Company has sought to joint venture or even pursue a sale to restore momentum for the benefit of all stakeholders. The Company has provided comprehensive data under Confidentiality Agreements, hosted site visits and in one instance even drafted Heads of Agreement legal documents. It should be noted that the copper endowment has not been disputed by any of the parties with whom we engaged. Maybe the recent copper price rise will spur revised interest.

And, it should be noted that these achievements and endeavours have been delivered with fewer staff than last year.

Overhead costs have similarly been addressed during the year to retain maximum exploration impact with the risk dollars entrusted to the Company.

In keeping with this theme, Resolution 7 before shareholders today seeks to make a modest change to the constitution. This change would make the purchase of unmarketable share parcels more practical. At the moment, 57% of the shareholders on the register hold less than a cumulative 3% of the outstanding capital – a statistic not uncommon for many of our peer group. Regulatory requirements demand that every shareholder, including unmarketable parcel shareholders, must still be sent certain documents even if, previous documents have been returned addressee unknown. Printing and ever increasing postage cost is an impost to the Company that is in the tens of thousands of dollars each year. Resolution 7 therefore seeks to reduce the number of shareholders with unmarketable holdings who are a disproportional cost to the Company relative to their equity raising potential. As an example the EDI tax credit was communicated to all shareholders with in many instances the cost of the communication to the Company exceeding the benefit to the shareholder. Accordingly, a process which allows small and uncontactable shareholders to be paid out and removed from the register will result in an overall lower cost in future periods.

In recent months, with the refocused exploration and development priorities clear, management has embarked on directing more time and energy into Investor Relations activity. The objectives include establishing a permanent broker relationship, refreshing the shareholder base and establishing more substantive funding opportunities to advance the portfolio more rapidly than in the past.

As part of this package, Resolution 9 today, seeks shareholder approval to change the name of the Company to Andromeda Metals Limited. The name change reflects a new exploration portfolio focus not limited by any perceived historical association with its origins. The name Andromeda comes from the Andromeda Galaxy, being the closest to our own Milky Way Galaxy, and considered to comprise a core of metal rich stars. If the Resolution is passed, it is intended to offer shareholders a loyalty option, at no cost, and with an exercise price that will create a near in-the-money valuation. Specific details will be advised in the near future.

In conclusion, my appreciation goes to our small but dedicated team of explorers and to a core of committed shareholders who continue to show faith in that team to deliver rewards commensurate with the risks taken.