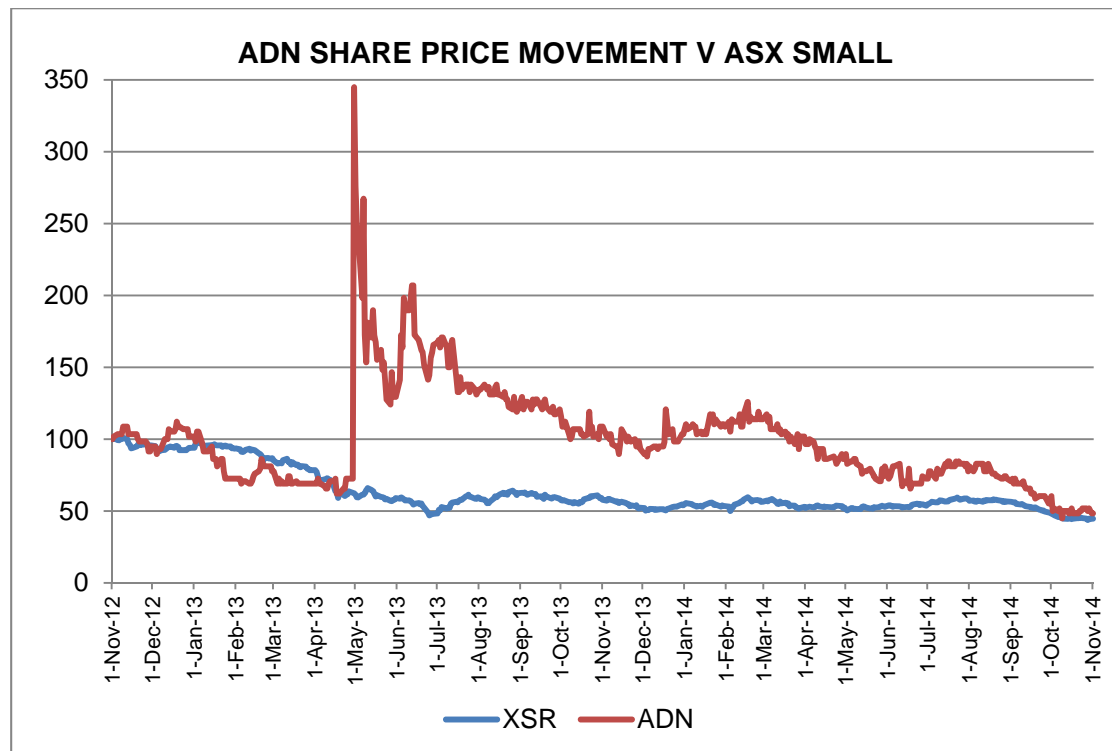


ADELAIDE RESOURCES LIMITED

CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING 25 November 2014

Fellow Shareholders,

The appetite for high risk exploration stocks continued to decline in 2014 and although ADN's performance has been marginally better than the average over the last two years as represented by the ASX Small Resources Index (fig 1.) the company is disappointed by this performance.



This is not a local phenomenon. In 2014 SNL Metals & Mining ⁽¹⁾ reported a 29% decline in 2013 estimated worldwide non-ferrous metals exploration budgets compared with 2012. This rapid decline occurred in all regions and was attributed to junior companies' inability to raise equity funding in poor market conditions, lack of investor interest in the sector and a pullback on exploration by producing companies to improve their margins. Reduced exploration expenditure means reduced drilling metres and ultimately reduced future mineral resources and reserves available for development. The impact of reduced exploration expenditure on greenfields exploration, the front end of the mineral resources pipeline will be greater as junior explorers focus on flagship assets and producers retreat to defining brownfields resources. As mine production relentlessly depletes mineral reserves and the mine life of current assets, the industry recognises there is a long-term need to discover and develop new, large scale deposits to replace production and consumption growth. BHP's President of Marketing Mike Henry was reported in the Australian (18th November) as predicting demand for copper would rise from the current annual consumption of 27m tonnes to 40m tonnes by 2030.

Some analysts believe investment in the exploration industry has hit bottom, but the timing and strength of a recovery is unpredictable. What we do know is investment in exploration is cyclical and largely driven by metal price. A key to being part of a leaner and stronger junior sector that emerges from the current down cycle in exploration investment is the quality of the company's exploration portfolio. Adelaide Resources has a strong foundation of four largely 100% owned strategically located exploration assets.

The Company's flagship project is the 819 sqr kms Moonta Project, which covers the historic "Copper Triangle" of Moonta-Wallaroo-Kadina. The Moonta region is part of the world class Olympic Dam Iron Oxide Copper Gold (IOCG) Province. Moonta is an extensively mineralized district and the mineral systems persist to depth. Nearly 100 years ago miners were extracting high grade copper/gold ore from more than 900m from surface at Kadina.

At Adelaide Resources' most recent acquisition the Drummond Gold Project in Queensland we have identified a substantial epithermal gold system approximately 70 kms east of the >3million ozs Pajingo high grade gold/silver epithermal deposit. The quality of this target was validated by a \$100,000 grant from the Queensland Government Collaborative Drilling Initiative, which is designed to encourage the testing of new exploration concepts with economic and technical merit by directly supporting companies to drill high quality exploration targets.

The Rover Project in the Northern Territory covers approximately 287 kms² on the southeast extension of the Tennant Creek Goldfield, which has produced more than 5m ounces of gold and 500,000 tonnes of copper. Exploration to date has identified Tennant Creek style copper/gold mineralization at Rover1, Rover 4 and Rover 12 immediately adjacent to MetalsX Limited's 1.22MozAu Eq⁽²⁾ JORC Resource at their Rover 1 Project.

The South Australian Eyre Peninsula Project covers approximately 4,415 km² from the graphite prospects near Cleve in the southeast to the recently Joint Ventured Thurlga tenement adjacent to Investigator Resources Paris Silver Project in the east to the Baggy Green, Barnes Gold Prospects in the west.

These are all advanced exploration projects on large tenement packages and each project has multiple clearly identified mineralized exploration targets. The continued support of shareholders will be necessary to maintain and realize the value of these assets and ensure Adelaide Resources emerges from the current downturn ready to take advantage of the next exploration cycle.

On behalf of the Board I would like to thank our management team for their efforts during another tough year and shareholders particularly those that supported the Company in the recent capital raise for your support during 2013/14. We will do our utmost to reward this support in the year ahead.

Mike Hatcher
Chairman

(1) World Exploration Trends 2014 A Special Report from SNL Metals & Mining for the PDAC International Convention.

(2)..Rover 1 Approval Granted for Exploration Decline and Bunk Sample MetalsX Limited ASX Release 11th April 2013.