



Australian Securities Exchange Announcement

Chairman's Address

**Delivered at the 2007 Annual General Meeting
Monday 5 November 2007
Stamford Plaza Adelaide
150 North Terrace, Adelaide**

Dear Shareholders

My fellow directors and I are pleased to report to you on a year which saw significant progress on the prefeasibility study for the Tripitaka zircon project and exploration results for copper-gold and uranium which warrant substantial follow-up drilling in 2008.

Direct exploration expenditure for the year was a solid \$2 million, a rate which is expected to escalate with increasing expenditure on Tripitaka feasibility studies and drilling on a range of promising projects.

Tripitaka Zircon Project

In joint venture with Iluka Resources Limited, the Tripitaka zircon project in the Eucla Basin near Ceduna, South Australia progressed from scoping studies to a prefeasibility study (PFS). This study is proceeding smoothly and on track for completion in the first quarter of 2008. The budget for this work is \$3.5 million of which the company's share is \$1.1 million.

Subject to a satisfactory outcome of this study the joint venture parties will make a decision on the ensuing definitive feasibility (DFS) stage of the project. The prefeasibility study manager, Parsons Brinckerhoff, will present a program, schedule and budget for the DFS as part of this process.

Important project milestones achieved in the PFS to date include success in the location of a likely underground water supply for a mining operation, and negotiation by Iluka of an in-principle agreement with the Far West Coast Native Title group in relation to the development of Tripitaka. We look forward to working co-operatively with this group of people as the project progresses.

The zircon market remains positive buoyed by strong demand from rapidly expanding construction in countries such as China and India.

The Eucla Basin has emerged as potentially the world's foremost source of zircon and Adelaide Resources is fortunate to hold a strategic land position in the heartland of this province where exceptionally zircon rich deposits occur. Exploration is at an early stage and there is high potential for further discoveries within the extensive joint venture tenements. The discovery by Iluka of the Typhoon Prospect in close proximity to the joint venture area is a clear indication.

Tripitaka is a world class mineral sand deposit and the 49% Colona Joint Venture interest is clearly an important asset of the company. We are intent on maximising the potential benefit it offers.

Exploration Activities

Adelaide Resources' exploration over the past year has been directed to the search for copper-gold and uranium in South Australia and the Northern Territory with drilling programs in four individual project areas. In each of these areas results were encouraging with all four warranting follow-up drilling. These results prompted a resolution to increase the overall level of drilling activity in 2008 on both the copper-gold and uranium fronts in addition to ongoing mineral sand activities in the Eucla Basin.

Uranium

Shareholders will be aware of the recent decision to retain our uranium interests in Adelaide Resources rather than to proceed with the originally planned float of Eyre Energy Limited. This float was earlier postponed in adverse market conditions on 17 August 2007. The decision was made after consideration of the prevailing market conditions and Board approval of a revised strategy which will result in the parent company undertaking

the proposed uranium exploration either through self-funding or joint venture.

The company holds substantial interests in over 9,000 sq km of licences prospective for uranium on the Gawler Craton, which is widely perceived as one of the world's premier uranium provinces. These holdings are of course in South Australia, the nation's most uranium supportive jurisdiction. The individual projects have high potential for the discovery of a range of uranium deposit styles and are thus deserving of the exploration proposed for next year and beyond.

Already Quasar Resources Pty Ltd, in joint venture with Adelaide Resources, is to commence a substantial rotary drilling program this month on the Eyre Peninsula, SA in the search for palaeochannel hosted uranium. The total budget for this work is \$750,000 scheduled to be spent before year end.

We value our relationship with Quasar, a very successful uranium explorer with access to advanced detection technology.

Copper-Gold

Adelaide Resources has wholly owned copper-gold projects at Rover in the Northern Territory and Anabama in South Australia. Drilling took place on both these projects in 2007 as will be the case in the year ahead.

Recent drilling at Rover 4 intersected a promising copper-gold intersection of 15 metres at 2.07% copper and 0.15 g/t gold with values up to 4.45% copper. This intersection is a significant result and typical of deposits in the nearby Tennant Creek Field, a number of which were developed as high grade, profitable, underground copper-gold mines. Their uniquely high grade makes such deposits desirable targets.

An expanded drilling program to assess the economic significance of this find is planned to commence early in the 2008 field season.

Early stage drilling at Anabama showed relatively wide zones of low grade copper at the Dark Horse prospect south of Olary SA. With the objective of locating higher grade copper mineralisation an expanded program of reconnaissance drilling is proposed.

The Year Ahead

In summary, we can look forward next year to a decision on the feasibility of Tripitaka and to an aggressive drilling dominated exploration program on a range of prospects for both uranium and copper-gold. With the pronounced resurgence in the gold price a regenerated search for gold only deposits is likely. In this context the Rover and Eyre Peninsula projects have clearly demonstrated their gold potential, while new project generation is ongoing.

My decision to retire from an executive role was announced to the ASX on 30 October along with the appointment of Chris Drown as Managing Director and Paul Dowd as Chairman. I am extremely pleased with these two appointments. Both of these people are experienced and capable and I am confident that they will ably guide the company through the next stage of its growth. Subject to my re-election I will be proud to continue in a non-executive capacity.

In closing I would like to thank our small team of staff and consultants for their dedicated effort over the past year and my fellow directors for their commitment.

Thanks, as always, must go to our shareholders for their continuing support.

We look forward with enthusiasm to a year of diverse and exciting developments.

A handwritten signature in black ink that reads "Keith Yates". The signature is written in a cursive style with a large, stylized 'K' and 'Y'.

Keith Yates
Executive Chairman.