Adelaide Resources Limited
69 King William Road Unley SA 5061 * PO Box 1210 Unley BC SA 5061
61 8 8271 0600 tel
61 8 8271 0033 fax
adres@adelaideresources.com.au email
www.adelaideresources.com.au web
75 061 503 375 ABN

Australian Securities Exchange Announcement

# Chairman's Address

**Annual General Meeting**
**Stamford Plaza Adelaide, 150 North Terrace, Adelaide**
**Tuesday 17 November 2009**

This time last year I completed my address to you with the following words:-
*"....the current balance of funds is the largest "war chest" the company has amassed in its operating life and we intend to utilise these funds wisely to position Adelaide Resources in an even stronger position."*

Well, the "war chest" has increased significantly, and your company is now in one of the strongest positions since its inception, despite the crippling Global Financial Crisis (GFC) that we appear now to have weathered.

Despite the gloom of the GFC, your company has been successful in forging a "New Direction", with initial results that are highly encouraging.

Let me take a moment to reflect on decisions that have propelled the company towards this new direction and possibly a more promising future for shareholders.

Amidst the despondency of the GFC we were able to negotiate an exit from the Tripitaka Project. This exit rescued our investment in a joint venture in which the major partner had absolute control over any development decision and, indeed, had advised that it did not intend to proceed with development of the Tripitaka deposit in the foreseeable future.

In recent months the world has eagerly grasped the possible economic recovery. Several commodities have already rebounded, and several more are now the subject of analyst's projections of near-term prices to rival the historical peaks of the boom which was ended by the GFC. This has *not* been the case for zircon and other mineral sand products.

Whilst, we did not enjoy the "David and Goliath" struggle to obtain a reasonable value for the sale of Tripitaka, in hind sight we achieved an acceptable price and strategically exited an industry that is both volatile and has proved difficult for smaller companies to succeed in.

The resultant injection of funds allowed the board and management to reassess the strategic direction of the company, and this year has been about the successful execution of that "New Direction" to increase shareholders' value.

As part of the "New Direction", we have determined that our principle commodity focus will be gold and copper. The outlook for both these commodities appears to be very positive.

Gold has recently pushed through the US$1,100 level and many believe this may be the new "floor". Gold is a commodity that only a few years ago was rated by some as a "dead metal", along with lead and a few other commodities. Indeed at the height of the "dot.com" bubble, many well-respected analysts and economists referred to gold miners as “dinosaurs”. Gold is not the commodity it once was – one dependent almost entirely on volatility and traders to sustain the metal at attractive levels.

Gold now conforms much more to the supply/demand pressures of other commodities and indeed, it is the supply side that possibly creates the greatest pressure for sustained higher prices.

As an industry we have failed to replace depleted reserves of gold and this has been in an environment of increased demand – both as a “consumable” commodity and as an alternative currency.

With the rapidly depreciating US dollar the once-safe haven it provided is being usurped by gold.

As China, and to a growing extent India, continue their inexorable drive to become sustainable developed economies, their dependence upon iron ore, coal and copper becomes ever more apparent. Unlike other Asian nations before them, however, the populations of China and India demand far greater quantities of these commodities than any other developing nation in history. The future price for copper therefore appears to be very positive.

The focus on gold and copper prompted a re-evaluation of the Rover Project in the Northern Territory, and its selection as the project which would become our “Flagship” project post mineral sands. We are now satisfied that we chose wisely, and I will leave the details of the years’ exploration successes at Rover for discussion by Chris Drown, your Managing Director.

I do, however, want to congratulate management for their foresight, diligence and perseverance with Rover. Deposits in the Tennant Creek area have been “company-makers” in the past, but the district has only rewarded those who have the confidence of geological theory and experience, and who persevere in often harsh conditions.

What we currently observe from our Rover 4 and Rover 1 prospects, as well as numerous other Rover targets, is the potential for a significant mineral endowment. The success of the first hole into Rover 1 looks likely to provide a great deal of confidence for the future.

Recently we completed a “two pronged” capital raising initiative, with the goal of ensuring the company was in the financial position to fund an aggressive Rover exploration programme going forward.

- The first “prong” of this initiative was a placement to raise $2.3M and this was strongly over-subscribed.
- The second “prong” was a Shareholder Share Purchase Plan to raise $3M and this also was strongly over-subscribed.

We have never previously enjoyed a cash balance of greater than $10M, and we are now in a very strong position to continue to explore to test the real potential of the Rover field. Consequently, we do not envisage any further short-term capital raisings to complete the next phase of exploration at Rover.

Within this year we also completed the Iron Road transaction and provided the full benefits to you, our shareholders. The after-tax effect of that arrangement was to provide a return of capital better than most mining producer’s “dividends” and we are pleased to have been able to create this additional value for shareholders.
For comparison purposes, let me use 1 July 2008, the start of the financial year, as the base point. At that time the company’s share price was $0.17, Iron Road Limited had just listed on

the Australian Securities Exchange, and Adelaide Resources was holding its Iron Road securities as an investment.

On 2 December 2008, the company distributed almost its entire holding of Iron Road Limited securities to shareholders.

With yesterday's closing share prices of Adelaide Resources at $0.29, Iron Road fully paid shares at $0.545 and Iron Road Options at $0.29, the Iron Road transaction has succeeded in the creation and distribution of significant tax-effective value and placed it into the hands of shareholders.

Your board has not neglected its corporate governance responsibilities. During the year, the board completed an internal questionnaire to test our understanding of, and need for, continuous improvements in corporate governance. The results of the questionnaire were analysed and highlighted several areas where we believe we can improve. A plan of action has been prepared to address these areas, which includes the business of risk management. This is one of the ways in which the board conducts itself to ensure that it is abreast of legislative changes and other requirements, as well as providing appropriate governance to assist management and maximise shareholder value.

We have an extraordinarily capable and experienced board and with the recent addition of Andrew Brown, an investment industry professional, to the board, that capability and experience has further increased. Andrew's corporate and financial expertise, and his contacts within the investment and banking area, allows Adelaide Resources to approach future opportunities with even greater confidence.

Finally, I would like to thank my fellow board members for their wise council over the past year, and our small but very capable team of explorers whose efforts during 2009 leave us all very excited about the year to come as we attempt to create further value for shareholders.

Thank you.

**Paul J Dowd**
Chairman