

2012

ANNUAL REPORT 2012



Adelaide Resources Limited

THE COMPANY

Profile

Adelaide Resources Limited is an Australian Securities Exchange listed minerals exploration company based in Adelaide, South Australia.

The Company's Board of Directors comprises a team of five individuals with years of experience in the minerals industry, and with a strongly complementary range of technical, financial, managerial and directorship skills relevant to the Company.

The Chairman, Andrew Brown, has extensive experience in the Australian equity market as a stockbroker, corporate investor, company director and funds manager.

Managing Director, Chris Drown is an exploration geologist who has searched for minerals predominantly in the terrains in which the Company's main exploration assets are located.

The Company's non-executive directors include John Horan, an accountant with a life long history of involvement in the minerals industry including holding numerous directorships with other exploration companies; John den Dryver, a mining engineer who has substantial expertise in corporate management, feasibility studies and mine development; and Mike Hatcher, a geologist with a glittering career in mineral exploration and mine development.

Senior Management positions are held by geologist Barbara Anderson (Exploration Manager) and accountant Nick Harding (Chief Financial Officer and Company Secretary), both of whom have long and successful careers in the resources industry. A small staff is engaged to undertake exploration and administrative functions.

Since its public listing in 1996, Adelaide Resources' exploration projects have been located in South Australia, the Northern Territory and Queensland. The Company focuses its efforts on the discovery of gold, copper and uranium deposits.

Adelaide Resources' vision is to be a sustainable minerals exploration company providing shareholders with risk managed discovery, development and mining opportunities.

Highlights

- In 2012 the company discovered the new Paskeville copper deposit on the Moonta Copper Gold Project located on the Yorke Peninsula in South Australia.
- By year end Paskeville had emerged as a shallow, coherent, low to moderate grade, copper-dominant body of mineralisation. It has a confirmed strike length of 300 metres and widths ranging from 15 metres to over 130 metres. The mineralisation remains open along strike and at depth presenting robust targets where future drilling has a good prospect of discovering additional metal.
- Drilling returned further intersections of copper and gold at the Willamulka deposit and at the Copper Hill East Prospect, both also located on the Moonta Copper Gold Project.
- At the Rover Gold Copper Project in the Northern Territory drilling intersected further mineralisation at the Rover 4 deposit and from the company's part of the Rover 1 deposit, and achieved the best intersections to date at the Rover 12 prospect.
- Geological modelling and ore resource estimation was undertaken for the Rover 4 deposit, and was underway at year end for the Rover 1 deposit. Results from the Rover 4 work suggest this deposit has potential to play a role as a secondary ore source for a broader Rover Field development, while the Rover 1 work is anticipated to deliver a similar result. Targets exist at both deposits where further exploration can deliver additional resources.
- Drilling on the Corrobinnie Uranium Joint Venture intersected strongly anomalous uranium interpreted to be of roll front style, the principal deposit style sought by the joint venture.
- The company remained in a sound financial position at year end with \$2.915 million in cash and liquid investments.

COMPANY INFORMATION

Directors

Andrew Brown Non-Executive Chairman
Chris Drown Managing Director
John Horan Non-Executive Director
John den Dryver Non-Executive Director
Michael Hatcher Non-Executive Director

Company Secretary

Nicholas Harding

Registered and Principal Office

69 King William Road
Unley, South Australia 5061

Contact details

Telephone: +61 8 8271 0600
Facsimile: +61 8 8271 0033
Postal: PO Box 1210 Unley BC SA 5061
Email: adres@adelaideresources.com.au
Website: www.adelaideresources.com.au

Share registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia 5000
GPO Box 1903, Adelaide SA 5000
Enquiries (within Australia): 1300 134 685
Enquiries (outside Australia): +61 3 9415 4617

Auditors

Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide, South Australia 5000

Solicitors

Kelly & Co. Lawyers
Level 17, Westpac House
91 King William Street
Adelaide, South Australia 5000

Bankers

BankSA
97 King William Street
Adelaide, South Australia 5000

Stock Exchange listing

Australian Stock Exchange Limited
Home Exchange: Adelaide
ASX code: ADN

ABN/ACN

75 061 503 375 / 061 503 375

Contents

Left	Profile
Left	Highlights
2	Chairman's Letter
3	Review of Operations
3	Project Locations
15	Schedule of Tenements
16	Corporate Governance
23	Statutory Reports
24	Directors' Report
36	Auditor's Independence Declaration
37	Consolidated Statement of Comprehensive Income
38	Consolidated Statement of Financial Position
39	Consolidated Statement of Changes in Equity
40	Consolidated Statement of Cash Flows
41	Notes to Financial Statements
66	Directors' Declaration
67	Independent Audit Report
69	Shareholder Information

CHAIRMAN'S LETTER

Fellow Shareholders,

As was the case in the 2011 financial year, Adelaide Resources was active on the exploration front in two main areas, the Rover Gold Copper Project near Tennant Creek in the Northern Territory, and the Moonta Copper Gold Project on Yorke Peninsula in South Australia. As was also the case in the prior year, we had encouraging discoveries of copper-gold on both projects.

Over the past few months we have moved to closely evaluate the results of our recent Rover Project discoveries, and are now close to concluding in-house (i.e. non-JORC compliant) resource estimates for both the Rover 1 and Rover 4 deposits. We see as likely a scenario whereby a single milling facility will be established in the Rover Field which will treat ores from several deposits. Our Rover 1 and Rover 4 deposits are valuable stores of copper and gold, but unless further exploration can increase their size, they appear more likely to play a role as secondary feed for such an eventual development in the region.

Australian dollar gold prices actually rose around 11% in the year to 30 June 2012, although their copper counterparts fell by around 14% to around A\$3.40/lb. With a number of major companies evaluating their Tennant Creek prospects amidst merger and change of corporate control or funding, we anticipate having a clearer picture of the Tennant Creek situation during the coming year. Your board still has a strong belief that the Rover Field can support a mining operation, despite its complex and occasionally frustrating geology, and cognisant of the depth at which the mineralisation occurs, and we anticipate returning to Rover with a highly focused program beyond the 2012/13 year.

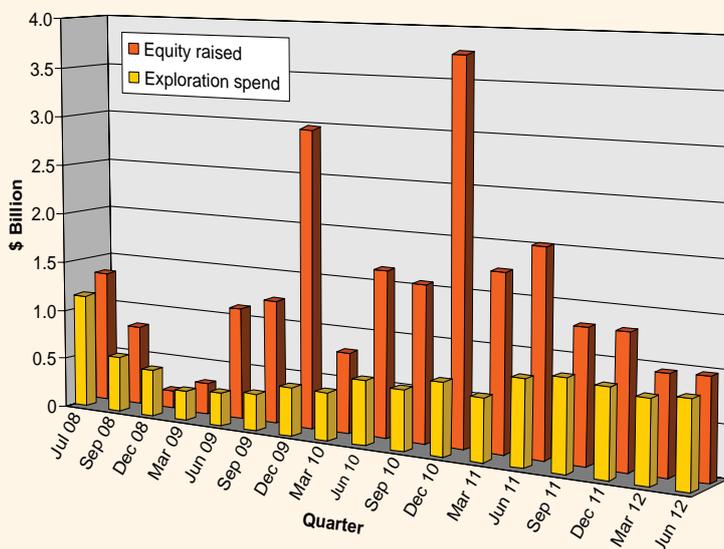
We are taking the same disciplined approach to the evaluation of our exciting discoveries on the Yorke Peninsula, most notably at Paskeville where we intend to conduct diamond drilling later in 2012. We are excited by the Paskeville find as it has a number of desirable geological features, shows good coherence, and commences at shallow depths. We aim to ascertain that the strike length is greater than presently delineated and that mineralisation persists at depth, which, if the case, will justify a higher exploration spend and a more detailed program in the area.

The necessity for a very disciplined approach to exploration spend is paramount, since the 2012 financial year has been one of the toughest for the resource exploration and development industry in some years. In the early part of 2011, access to capital started to dry up and, despite a rally in smaller resource share prices late in October 2011 and again in January 2012, over the course of the 2012 financial year the ASX Small Resources index fell by some 32.5%.

The general malaise in equity markets over the past two years has increasingly pushed domestic investors to become more risk averse and has seen the take up of several billion dollars worth of subordinated fixed interest

securities. Moreover, the trading patterns within the equity market and the continuing development of low cost direct market access mechanisms have tended to pressure the traditional advisory stockbroker. This has a potentially significant impact on the smaller resources market, since in the absence of exciting discovery news, the desire to follow smaller companies by the broking community appears much reduced. Of course, if this is the case, then access to capital for the industry becomes yet more difficult.

At the 2011 Annual General Meeting, we used a set of internally generated statistics compiled from 678 ASX listed explorer/developers, to compare ourselves and to illustrate trends within the exploration industry. This same database has been updated, and shows clearly the impact of investor risk aversion over the past six months in reducing the level of equity capital available to these companies (see graph).

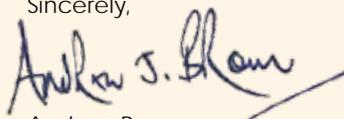


Source: IRESS, ASX, Adelaide Resources Limited compilation.

Of course, this may turn out to be a cyclical rather than a structural phenomenon. Smaller capitalised companies that make exciting discoveries still have the capacity to significantly reward patient shareholders. However, we cannot bank on the old-style typical explorer capital access model still working. Over the past few months, Adelaide Resources has embarked on a highly analytical assessment of each of our key assets, to ensure that they have the desired degree of prospectively and can justify our ownership, rather than that of an alternative party.

Despite the difficult environment, we believe we are better placed than many of our peers in terms of quality projects, funding and expertise. We thank you for your support during the 2012 financial year and we will do our utmost to justify your faith in the year ahead.

Sincerely,


 Andrew Brown
 Chairman

REVIEW OF OPERATIONS

Introduction

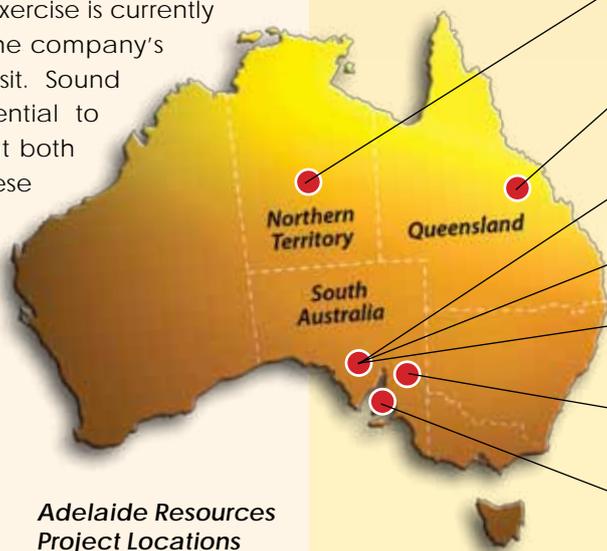
During the year Adelaide Resources maintained an active exploration program at projects located in South Australia and the Northern Territory. Direct exploration expenditure for the year totaled \$5.422 million with additional contributions of \$0.885 million from joint venturers earning an interest in certain joint ventures.

The company's objective is to discover economic mineral deposits that will result in a significant increase in the company's value. Adelaide Resources maintains a primary commodity focus on gold and copper, with uranium forming a secondary target that continues to be funded through joint venture.

During the year the company's exploration effort was rewarded with further positive exploration results at its Rover Gold-Copper Project in the Northern Territory and its Moonta Copper-Gold Project in South Australia.

The highlight of the year was undoubtedly the discovery of significant copper mineralisation at the new Paskeville Prospect on the Moonta Project. Aircore drilling at Paskeville returned broad intervals of mineralisation, confirming the presence of a shallow, copper-dominant mineralised body that remains open along strike and at depth presenting priority targets for further exploration.

Significant copper-gold drill intersections were also achieved at a number of prospects on the Rover Project. Work to establish a mineral inventory at the Rover 4 deposit had been completed, while a similar exercise is currently underway at year end for the company's part of the Rover 1 deposit. Sound exploration targets with potential to increase resources remain at both Rover 4 and Rover 1, with these deposits currently assessed as having value as likely sources of additional ore feed for a broader Rover Field development.



Adelaide Resources Project Locations

Strategy

To achieve the goal of growing shareholder wealth, Adelaide Resources' directors have formulated a strategy comprising the following key company principles:

- The company will maintain a strong commodity focus on gold and copper, with uranium remaining a secondary target. Directors believe the outlooks for gold and copper remain very positive and believe these are commodities well suited to Adelaide Resources, with the two metals occurring naturally together in several of the company's key projects. Uranium is considered to have a solid mid to long term future albeit under a more burdensome regulatory regime. The company's current portfolio of properties and expertise is well matched to this commodity focus.
- The company remains in a strong financial position allowing it to conduct financially prudent programs of work that can deliver value to shareholders. The company's Board believes it is in shareholders' best interests to retain maximum equity in its tier one projects and consequently seeks to self-fund exploration programs on these projects when equity markets allow. The company will also continue its strategy of using joint ventures to fund its search for uranium.
- The company will pursue opportunities which have potential to unlock value in its other tenement holdings, and maintains an active lookout for quality new gold and copper projects in Australia and overseas.



Moonta Copper Gold Project – SA

The Moonta Copper Gold Project is located on the Yorke Peninsula of South Australia at the southern end of the world class Olympic Copper Gold Province, and secures the historic “Copper Triangle” mining district near Moonta and Kadina (Figure 1). The world class Olympic Dam and Prominent Hill mining operations, and Rex Minerals Limited’s Hillside Prospect, also occur in the Olympic Copper Gold Province.

The majority of the project tenement, EL 3733, is owned 100% by Adelaide Resources. The company holds 90% equity in the smaller Moonta Porphyry Joint Venture area, with Breakaway Resources Limited holding the remaining 10%.

Exploration Program

The company actively explored a number of prospects during the year, with the highlight being the discovery of the new Paskeville copper-dominant deposit. Table 1 lists significant drill intersections achieved during the drilling program which comprised 170 aircore and five diamond drill holes completed at four prospects.

Paskeville Prospect

The Paskeville prospect is defined by a cluster of copper and gold geochemical anomalies confined to an area of about four kilometres by two kilometres. Prior to Adelaide Resources’ exploration, only one shallow historic diamond hole had been drilled in the area. Adelaide Resources significantly advanced the drill coverage and has

now completed 110 aircore holes and one diamond hole (Figures 2 and 3).

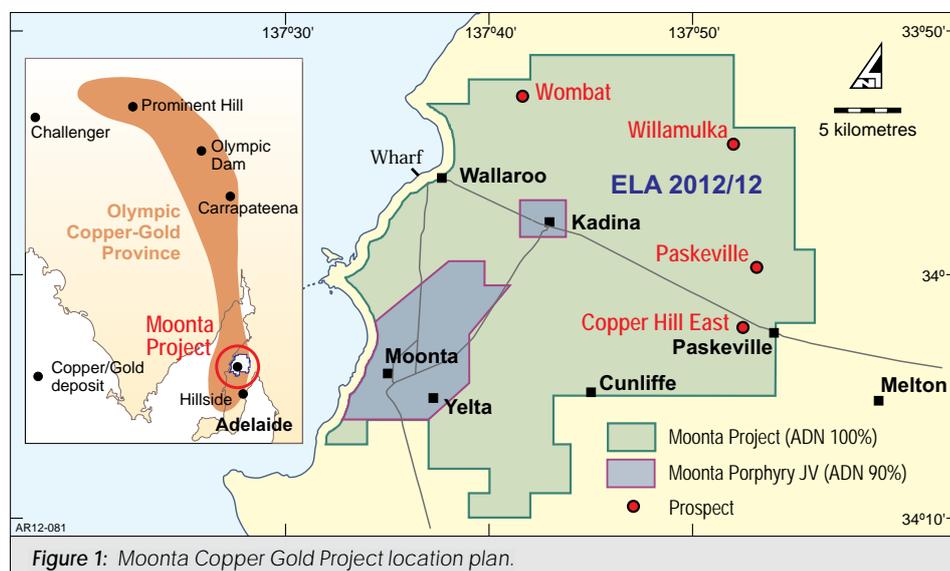
The discovery of significant mineralisation at Paskeville was announced on 19 March 2012 when the first hole intersected two zones of significant copper mineralisation. Further positive results followed around the initial intersection and drilling density is now high enough for confident interpretations of the deposit to be made in the discovery area.

Interpretation of all Paskeville drill data demonstrates that copper mineralisation is present on each of seven well drilled traverses. The mineralised zone (defined as zones greater than 0.1% copper) displays good continuity on and between each of these traverses (Figure 3). The strike length of the mineralised body is confirmed to be at least 300 metres, with the body interpreted to be displaced by cross cutting faults. Figure 3 shows the position of the interpreted primary mineralised zone at a depth of 80 metres below surface.

Mineralisation commences at shallow depths, in cases immediately beneath the cover sediments, and persists to the depth of current drilling on all traverses where the body has been intersected. The host rock is a variably altered metasediment which is weathered to depths varying from about 15 metres to over 100 metres below surface. The host rock is covered by a blanket of sand and clay sediments with an average thickness of about 8 metres.

The mineralised body is interpreted to dip at a moderate angle to the northeast. The interpreted true width of the body in the primary zone increases systematically from approximately 15 metres in the northwest to greater than 130 metres on the southeastern section.

The overall copper grade in that part of the deposit tested so far is low to moderate, while narrower internal zones of higher grade mineralisation are commonly present. The continuity of these higher grade internal zones remains to be



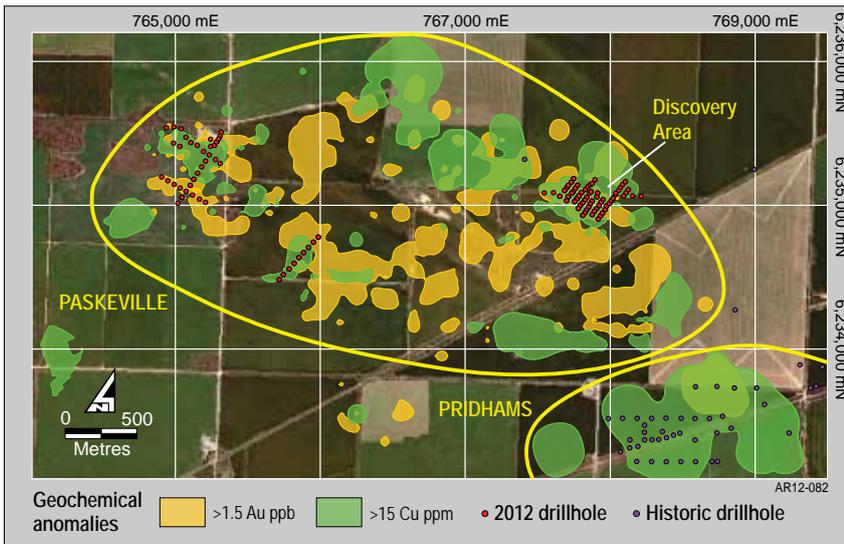


Figure 2: Plan of Paskeville Prospect showing drillhole locations.

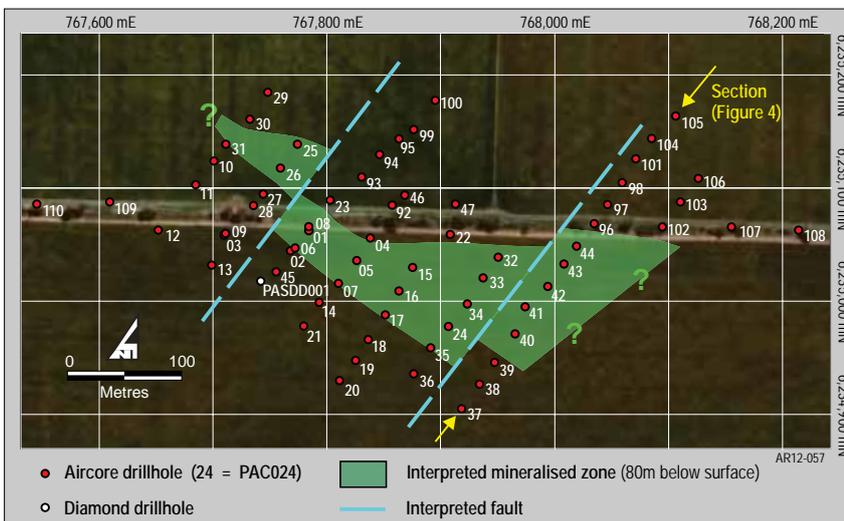


Figure 3: Paskeville Prospect Discovery Area summary plan.

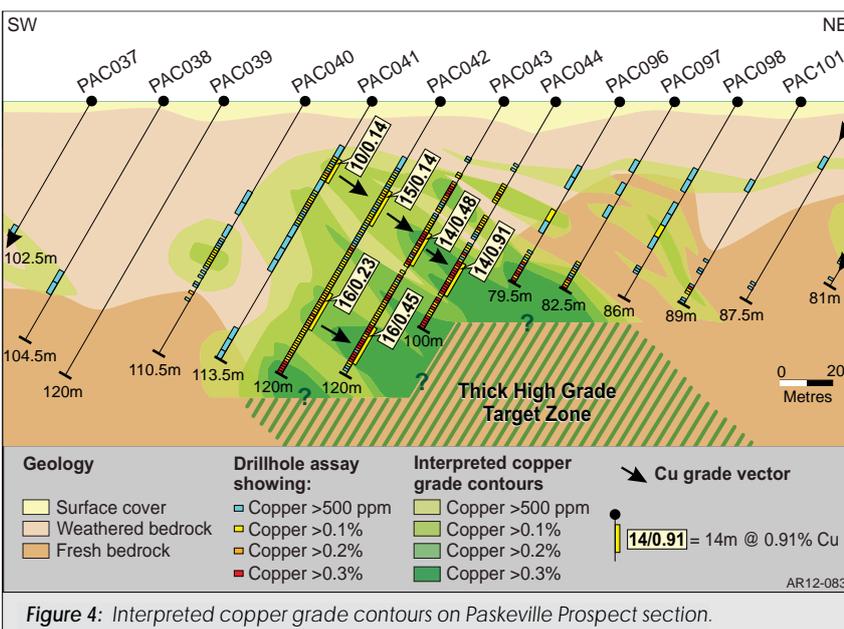


Figure 4: Interpreted copper grade contours on Paskeville Prospect section.

established but drill results suggest reasonable continuity is likely to exist.

The potential to increase the size of the Paskeville deposit through further drilling along strike is considered to be excellent. The deposit is thickest on the southeastern most drill traverse presenting a large, robust target zone along strike in that direction.

The mineralised body also remains open at depth along its currently defined strike length of 300 metres, and deeper drilling has a high potential of discovering further mineralisation beneath the depth tested by the aircore holes drilled so far.

Most significantly however, study of the copper grade distribution on the southeastern drill traverse reveals that the grade of the mineralised body is steadily increasing down dip (Figure 4), presenting a compelling target zone that clearly warrants further exploration.

Willamulka Prospect

The Willamulka deposit was discovered in 2011 by Adelaide Resources, with additional drilling completed during the year totalling 29 aircore holes and two diamond holes.

At Willamulka, copper-gold mineralisation (defined as samples assaying greater than 0.1% Cu or 0.1g/t Au) is continuous over 16 adjacent drill traverses indicating a total mineralised strike length of 1200 metres. A shoot of shallow copper and gold mineralisation (Shoot A) of significant thickness and moderate grade is present in the southwestern part of the mineralised zone (Figure 5). Shoot A has a confirmed strike length of

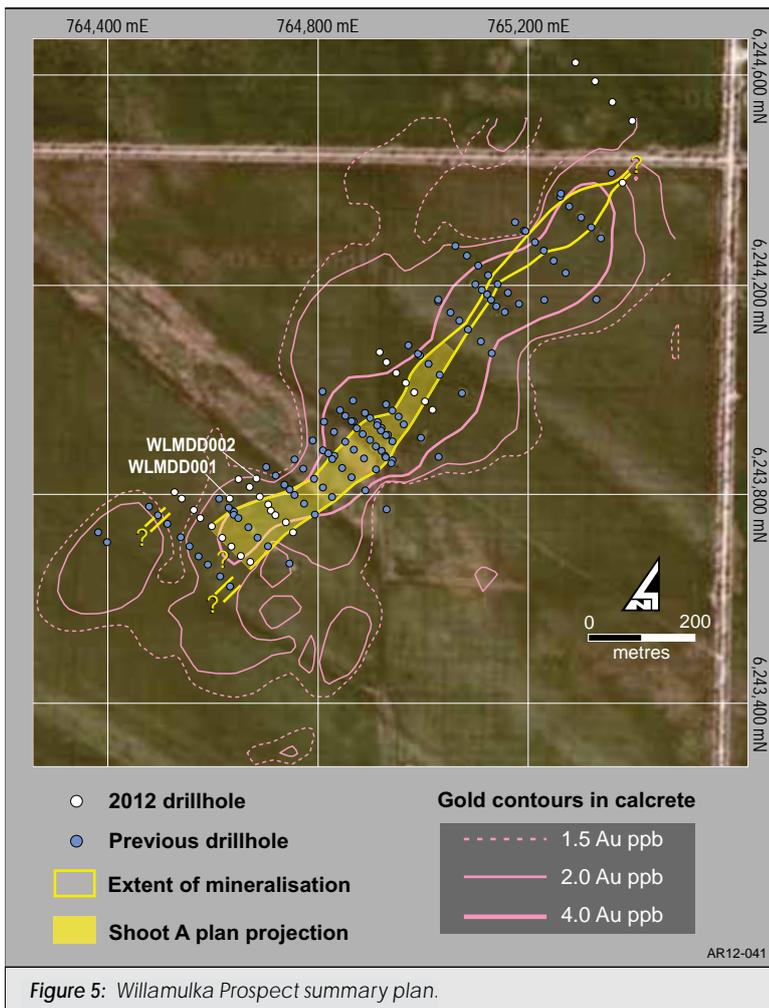


Figure 5: Willamulka Prospect summary plan.

550 metres and is interpreted to plunge to the south west at a shallow angle.

The two diamond holes tested Shoot A below the limit of past shallow drilling. Both holes intersected significant intervals of mineralisation confirming that the deposit persists to depth, however copper and gold grades are low.

Copper Hill East Prospect

The Copper Hill East Prospect is located in the eastern part of the project tenement (Figure 1). It is defined by a coherent high order copper and gold surface geochemical feature. Limited shallow historical drilling in the vicinity of the Copper Hill East anomaly intersected low grade copper and gold, and 31 aircore holes were drilled in 2012 to further investigate the prospect.

Interpretation of the Copper Hill East results reveals a coherent zone of low grade mineralisation that reaches a thickness of up to 20 metres and dips at a shallow angle towards the northwest (Figure 6). The impressive width and shallow dip of the mineralised zone are positive attributes, and further exploration directed towards delineating higher grades of copper or gold along strike, or down dip, from the area tested to date is warranted.

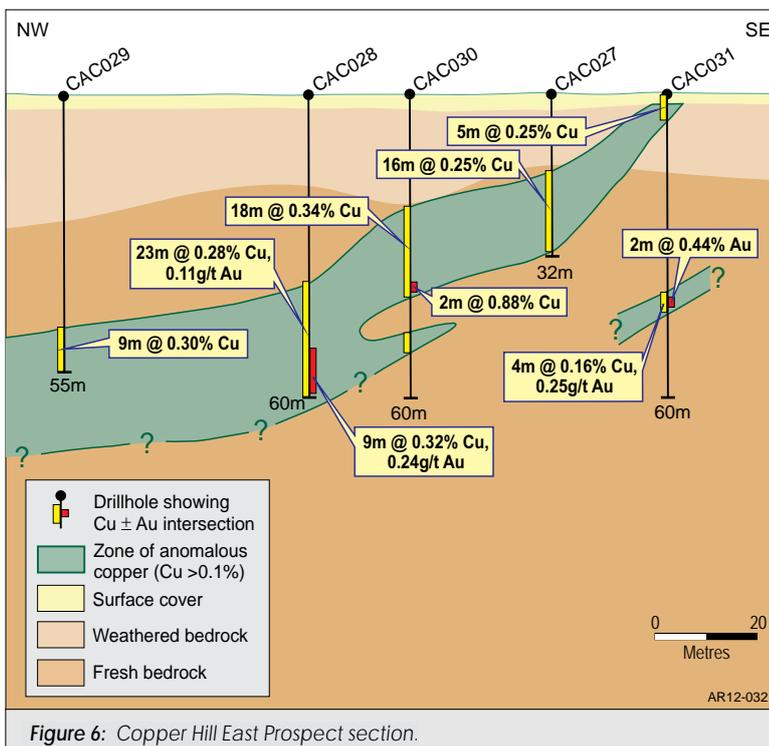


Figure 6: Copper Hill East Prospect section.

Table 1: Moonta Project significant drill intersections.

Prospect	Hole ID	Easting (mga94)	Northing (mga94)	Dip	Azimuth	Final Depth	From (m)	To (m)	Interval (m)	Cu %	Au g/t
Paskeville	PAC001	767783	6235063	-90	~	75	11	21	10	1.06	~
							58	67	9	1.27	0.06
	PAC005	767823	6235035	-90	~	85 <i>incl.</i>	32 58	84 65	52 7	0.40 1.16	0.06 0.13
	PAC006	767771	6235048	-70	035	98 <i>incl.</i> <i>incl.</i> <i>and</i>	30	98	68	0.76	0.07
							56	98	42	1.10	0.11
							62	67	5	2.93	0.21
							78	87	9	1.69	0.14
	PAC008	767785	6235066	-60	035	87	51	58	7	0.67	0.04
	PAC009	767711	6235060	-60	035	94 <i>incl.</i>	22	29	7	1.07	0.02
							25	26	1	4.43	0.07
	PAC013	767699	6235032	-60	035	77	74	76	2	1.02	0.06
	PAC014	767794	6234998	-60	035	99	43	49	6	0.63	0.07
							59	66	7	0.62	0.03
	PAC016	767861	6235008	-60	035	92.5 <i>incl.</i>	30	62	32	0.58	0.06
							49	56	7	1.40	0.26
							70	91	21	0.53	0.04
	PAC017	767850	6234990	-60	035	80 <i>incl.</i> <i>incl.</i> <i>and</i>	35	80	45	0.45	0.05
							48	58	10	0.82	0.08
							48	49	1	3.21	0.52
							71	80	9	0.70	0.07
PAC024	767906	6234978	-60	035	90 <i>incl.</i> <i>and</i>	32	63	31	0.51	0.03	
						38	43	5	1.05	0.06	
						50	60	10	0.73	0.04	
PAC028	767735	6235085	-60	035	102	70	73	3	1.36	0.15	
PAC034	767921	6235003	-60	035	110	48	52	4	0.79	0.07	
						67	76	9	0.82	0.06	
						106	110	4	1.07	0.10	
PAC035	767891	6234958	-60	035	111 <i>incl.</i>	57	111	54	0.42	0.09	
						77	84	7	0.96	0.06	
PAC043	768007	6235036	-60	215	120 <i>incl.</i>	58	61	3	1.12	0.02	
						77	117	40	0.38	0.02	
PAC044	768018	6235052	-60	215	100 <i>incl.</i>	64	100	36	0.55	0.08	
						80	85	5	1.88	0.25	
PAC092	767856	6235081	-60	216	91	67	70	3	1.36	0.06	
PAC093	767831	6235107	-60	213	114 <i>incl.</i>	99	114	15	0.34	0.03	
						112	114	2	1.05	0.08	
Willamulka	WAC135	764981	6243993	-60	135	93	15	25	10	0.70	0.04
	WAC136	764965	6244011	-60	135	81 <i>incl.</i>	30	44	14	1.04	0.32
							30	35	5	1.94	0.65
	WAC143	764703	6243779	-60	135	64 <i>incl.</i>	40 40	51 45	11 5	0.98 0.96	0.93 1.75
	WAC148	764616	6243715	-60	135	76	45	50	5	0.84	0.04
	WLMDD001	764633	6243790	-60	144	242.3 <i>incl.</i>	105	109	4	0.31	1.66
105							106	1	0.51	5.78	
WLMDD002	764681	6243828	-59	119	234.7 <i>incl.</i>	137	150	13	0.53	0.31	
						142	146	4	0.79	0.43	
Copper Hill East	CAC004	764733	6229354	-90	~	60	25	30	5	0.02	3.73
	CAC024	764516	6229290	-90	~	60 <i>incl.</i>	0	18	18	0.34	0.07
							13	17	4	0.78	0.03
CAC030	764519	6229363	-90	~	60	25	40	15	0.38	0.02	

Intersections calculated by averaging 1-metre or 5-metre composite samples. Copper determined by four acid digest followed by ICP-AES finish. Overrange copper (>1%) determined by AA finish. Gold determined by fire assay fusion followed by ICP-AES finish. Introduced QA/QC samples indicate acceptable analytical quality. Intersections are downhole lengths. True widths are unknown.

Rover Gold Copper Project – NT

Adelaide Resources holds a strategic ground position in the Rover Field located south west of Tennant Creek (Figure 7). The company's wholly owned Rover Gold Copper Project tenements cover an area of 287 km² and secure the majority of the area where "Tennant Creek style" iron-oxide hosted gold-copper systems are confirmed to be present.

Several of the historically mined gold and copper ore bodies at Tennant Creek were of exceptional grade, and deposits of "Tennant Creek" style represent very attractive exploration targets. Geologically analogous mineral systems located beneath cover sediments in the Rover Field present the opportunity of discovering a new high grade gold and copper mining district.

The broader Rover and Tennant Creek Fields have enjoyed a significant increase in exploration activity in recent years. This increased effort has principally been led by Adelaide Resources, Rover Field neighbour Westgold Resources Limited, and Emmerson Resources Limited which is exploring in the Tennant Creek Field. Each of these companies has achieved attractive drill intersections of copper and gold mineralisation at a number of different prospects.

The Rover 1 deposit straddles the tenement boundary between Adelaide Resources' tenements and tenements owned by Westgold Resources. Westgold has estimated a mineral resource of 6.8 million tonnes at 1.73g/t gold and 1.21% copper for that part of the Rover 1 deposit that falls in its tenement, and has completed a positive mine development scoping study. More recently Westgold has lodged an application with the Northern Territory Government to establish an exploration decline from which it can complete cost-efficient detailed drilling that will allow it to convert resources to reserves, define mining blocks and complete further exploration.

The likely mine development of the Rover 1

deposit is a significant positive factor for Adelaide Resources as it may allow the future exploitation of deposits in the district that are too small to develop as stand-alone operations.

Adelaide Resources acquired the Rover Project from Newmont Gold Exploration Pty Limited in 2005. In consideration for the purchase, Newmont was granted a net smelter return royalty ranging between 1.5% and 2.5% on gold production scaled to cumulative production and to the prevailing gold price. Where the product is other than gold, the royalty is 1.5%. By foregoing the royalty, Newmont could alternatively exercise a once only right to buy back a 70% interest in the project on pre-agreed terms in the event that 2 million or more ounces of gold are discovered. The buy back right cannot be triggered by the establishment of resources of copper or other metals. In February 2009, Newmont assigned its royalty/buy back interest to Franco-Nevada Australia Pty Ltd.

Exploration Program

Exploration during the year comprised diamond drilling programs at the Rover 1, Rover 4, Rover 11 East and Rover 12 prospects. Significant drill intersections returned from these targets are listed in Table 2.

Rover 1 Prospect

Limited drilling at Rover 1 confirmed that the prospective ironstone host rocks on Adelaide Resources' ground have a strike of at least 180 metres, while an intersection of 10 metres at 1.79% copper and 0.4g/t gold from 354 metres in hole R1ARD51 extended the known strike length of mineralisation hosted within the ironstone to about 135 metres (Figure 8).

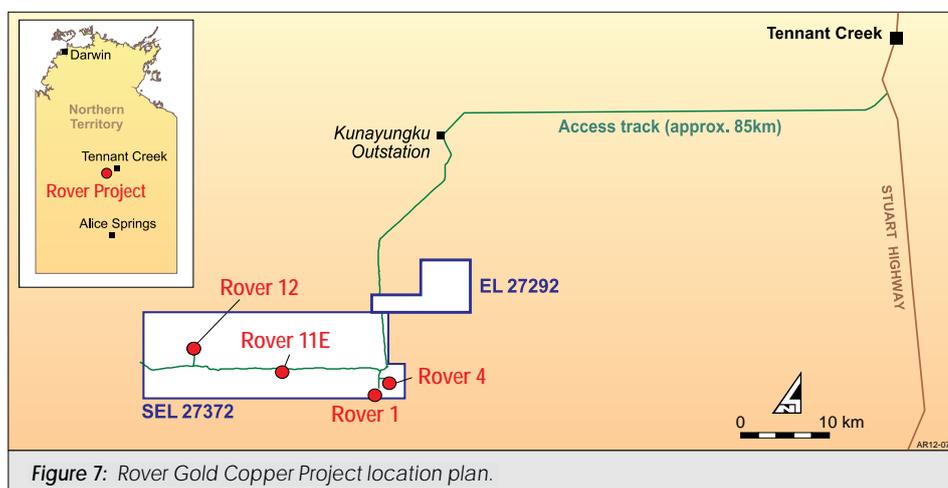


Figure 7: Rover Gold Copper Project location plan.

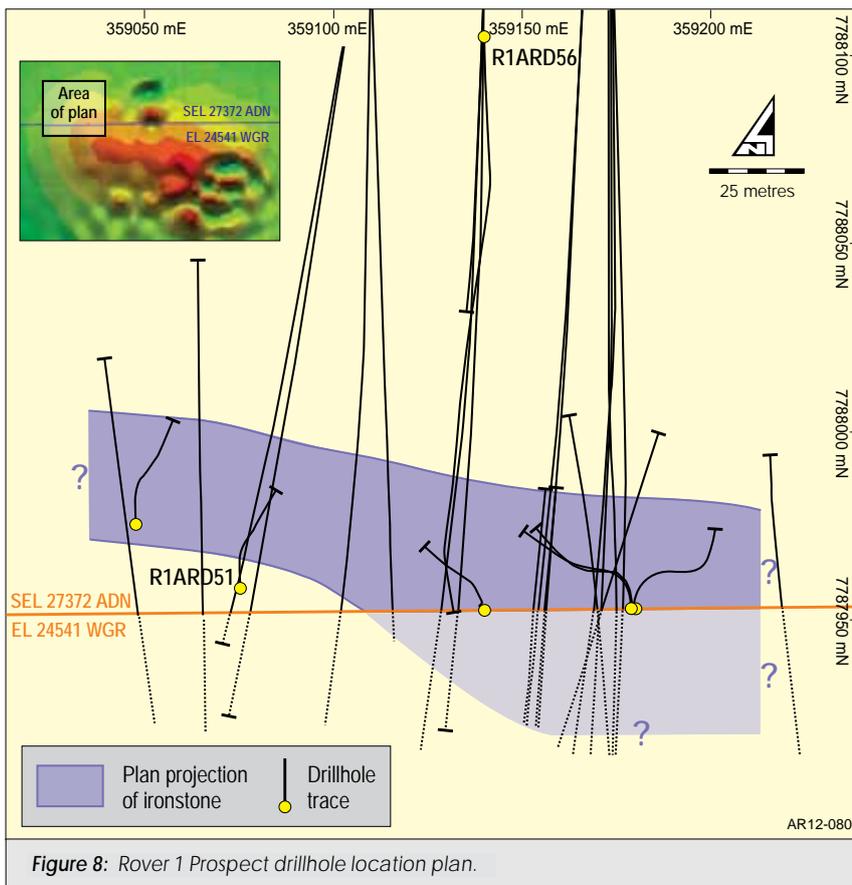


Figure 8: Rover 1 Prospect drillhole location plan.

modelling of the Rover 4 host geology (Figure 10), build a block model of the mineralised zones, and complete an estimate of the resource for in-house use.

At the time of reporting, a decision to commit extra funds to complete the additional work on the resource evaluation required to satisfy the requirements of the JORC Code had not been taken and consequently the results of the evaluation cannot be announced. However the study confirms that in terms of copper-gold deposits, Rover 4 currently ranks second behind Rover 1 in the broader Rover Field. While Rover 4 is considered to be too small to justify stand alone development, it shows strong potential to be mined as a satellite ore source should another deposit like Rover 1 warrant development of milling and surface infrastructure. The study also highlighted

Work to establish the mineral inventory for Adelaide Resources' part of the Rover 1 deposit was underway at the time of reporting. While the tonnage of mineralisation on Adelaide Resources' tenement is likely relatively modest, it has value as additional material that could be mined as part of any broader Rover 1 development.

exploration targets at Rover 4 that could deliver additional resources.

Rover 4 Prospect

Drilling further tested two main zones of mineralisation at the wholly owned Rover 4 deposit, located just 2.2 km northeast of Rover 1 (Figure 9). Copper and gold at Rover 4 is hosted in an ironstone-dolomite-jasper body, with additional mineralised intervals achieved in several of the holes drilled during the year.

Following the collation of all drilling data, an external consultant was engaged to complete 3-dimensional

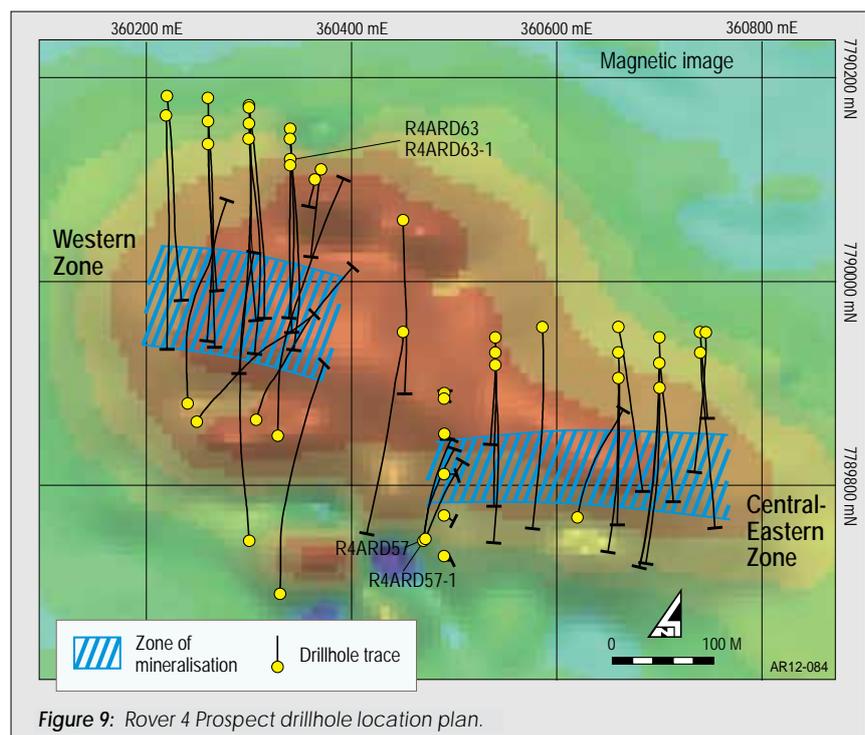
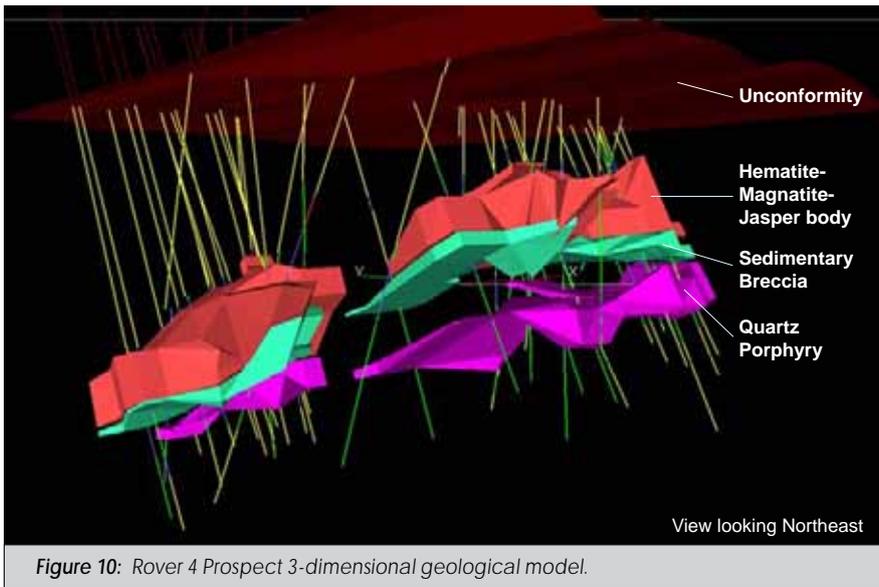


Figure 9: Rover 4 Prospect drillhole location plan.



Other Prospects

Exploratory drilling was also undertaken at Rover 12 and Rover 11 East, which are both earlier stage prospects than Rover 1 or Rover 4. The results of this drilling, particularly from Rover 12, were promising with a number of narrow but high grade copper and gold intersections achieved in one hole, and a broader lower grade copper intersection achieved in an adjacent hole. These intersections represent the best yet achieved at Rover 12 highlighting this prospect as one that deserves further exploration.

Table 2: Rover Project Significant Drill Intersections.

Drillhole Name	Hole ID	Easting (mga94)	Northing (mga94)	Dip	Azimuth	Final Depth	From (m)	To (m)	Interval (m)	Cu (%)	Au g/t)	
Rover 1	R1ARD51	359075	7787958	-87	356.8	675.6	333	334	1	2.24	0.77	
							354	364	10	1.79	0.4	
	R1ARD56	359140	7788103	-80	176.8	556.8	479	480	1	1.10	3.07	
Rover 4	R4ARD57	360470	7789745	-75	4.8	399.5	211	213	2	1.79	0.01	
							240	247	7	1.67	0.33	
	R4ARD57-1	360470	7789745	-75	4.8	372.3	192	194	2	1.25	0.30	
							296	299	3	1.46	0.04	
							35	352	2	2.46	0.75	
	R4ARD63	360340	7790120	-65	179	431.9	314	319	5	3.84	0.48	
							<i>incl.</i>	317	318	1	7.55	1.52
							<i>incl.</i>	369	407	38	0.53	0.19
							<i>and</i>	369	371	2	1.43	0.17
	R4ARD63-1	360340	7790120	-65	179	420.8	<i>and</i>	377	379	2	1.30	0.07
							403	407	4	1.52	0.81	
							316	318	2	1.30	0.29	
							343	345	2	0.28	1.04	
							370	375	5	1.70	0.43	
Rover 11 East	R11ARD65	349526	7790775	-78	185	337.9	292	293	1	0.24	1.04	
Rover 12	R12ARD59-1	339683	7793020	-71	342	560.3	417	434	17	0.76	0.02	
							<i>incl.</i>	426	429	3	1.16	0.03
	R12ARD59-2	339683	7793020	-71	342	620.9	<i>incl.</i>	405	409	4	1.22	5.57
								406	407	1	1.39	13.50
							<i>incl.</i>	414	416	2	5.08	0.35
							414	415	1	8.69	0.31	
R12ARD64-1	339850	7793425	-75	165	621.8	482	483	1	1.31	0.02		

Gold determined by fire assay with AA finish. Copper determined by mixed acid digest followed by ICP-AES or AA finish. Assays based on 1 metre cut half core samples of HQ or NQ2 core. Core recovery for reported intervals is very high. Intersections are downhole lengths with grades weighted for specific gravity. True widths are not known.

Eyre Peninsula Basement Project – SA

The Eyre Peninsula Basement Gold Project secures a total area of 2872 km² on the Northern Eyre Peninsula of South Australia (Figure 11). The palaeochannel uranium rights in the cover sediments for a sub area of 2042 km² are held by the Corrobinnie Uranium Joint Venture with the company holding 100% ownership of all basement mineral rights. The company holds rights to 100% of all minerals over a second 509 km² sub area, and rights to 90% of all minerals in two tenements totalling 321 km².

Geologically the basement rocks of the project largely fall in the Central Gawler Gold Province, a 450 km long arcuate belt which contains numerous mineral deposits and prospects which formed in the Proterozoic around 1590 million years ago (the same time as copper gold deposits like Olympic Dam and those in the company's Moonta Project were forming). Mineral deposits in the Central Gawler Gold Province are dominantly gold, with silver, base metals and basement hosted uranium also present.

The broader Eyre Peninsula region has delivered positive exploration results and excited investors in the past year. Investigator Resources Limited has discovered exceptionally high grades of silver mineralisation at its Paris Deposit located in a tenement that abuts the company's project (Figure 11), while a number of other companies have reported promising results from graphite exploration focused generally southeast of the company's project. The district has also seen an escalation in exploration activity targeting gold over the last 12 months.

Previous exploration by Adelaide Resources and its past joint venturers on the Eyre Peninsula Basement Project discovered significant gold mineralisation at the Barns, Baggy Green and White Tank deposits, and identified numerous other gold prospects and targets that remain to be evaluated. The company's previous gold exploration effort on this project effectively ceased in early 2005, a time when the gold price was approximately US\$600/ounce and significantly below the current price of about US\$1700/ounce.

At the Barns, Baggy Green and White Tank prospects, gold mineralisation is developed in shallow west to northwesterly dipping fault/share zones interpreted to be thrusts. Mineralisation reaches significant widths on occasion with estimated true widths at

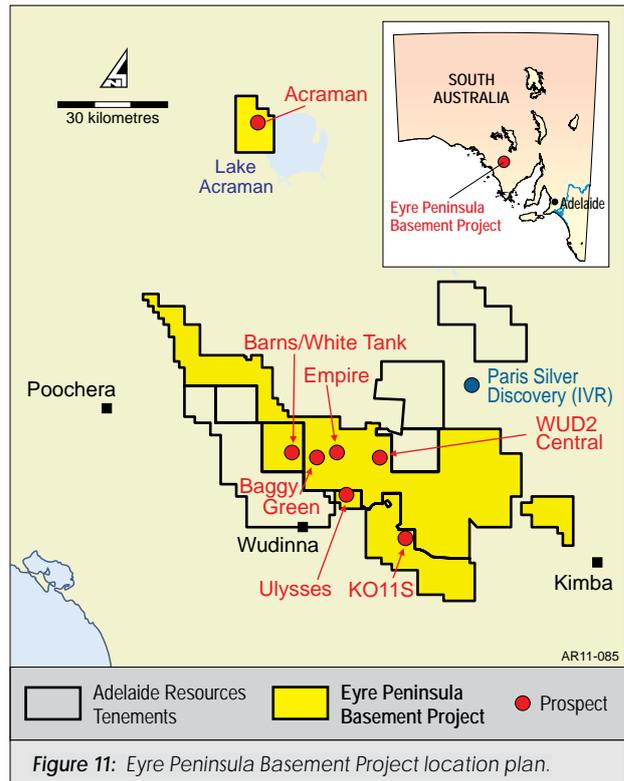


Figure 11: Eyre Peninsula Basement Project location plan.

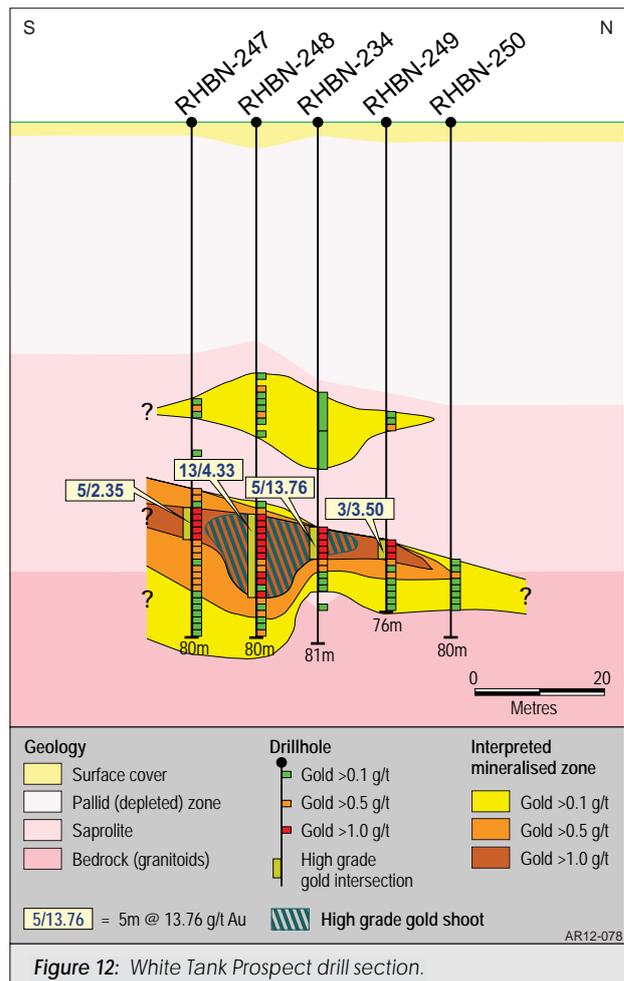


Figure 12: White Tank Prospect drill section.

Baggy Green often exceeding 25 metres, and widths of some zones at Barns in-excess of 100 metres.

Many structurally controlled gold deposits exhibit high grade shoots plunging within the plane of the mineralised structure, and the company believes that potential exists for such shoots at prospects such as Baggy Green and Barns. Direct evidence that the Eyre Peninsula prospects include high grade shoots exists at the White Tank prospect, where five closely spaced (10 metre) historic RAB holes appear to have intersected just such a shoot (Figure 12).

Using a 1.0g/t gold lower cut-off grade, drill intersections through the deeper mineralised zone in the holes shown on Figure 12 improve from 3 metres at 3.5g/t gold (RHBN-249) to 5 metres at 13.76g/t gold (RHBN-234) and 13 metres at 4.33g/t gold (RHBN-248) and then fall back to 5 metres at 2.35g/t gold (RHBN-247).

The presence of high grade shoots of gold mineralisation would play a critical role in the overall economic potential of the Eyre Peninsula deposits. The current drill hole spacing at Barns, and particularly at Baggy Green, is probably too coarse to delineate internal high grade shoots and consequently Adelaide Resources plans to complete a program of drilling to gather structural information from the gold mineralised zones in its search for such shoots.

Preliminary work seeking the required environmental approvals to complete drilling at the Baggy Green prospect, which is located in the Pinkawillinnie Conservation Park, and to satisfy Native Title legislative requirements, was underway at the time of reporting in preparation for this program.

Drummond Gold Project – Qld

The Drummond Basin in Queensland hosts a number of significant high grade epithermal gold deposits, the most notable being the ~3 million ounce Pajingo Field which includes the Vera Nancy lodes. In 2009, Adelaide Resources applied for an exploration tenement (EPM 18090 "Glenroy") to secure a 196 km² area in the northern Drummond Basin (Figure 13) with the tenement finally granted on 28 May 2012. The project's gross geological setting is similar to that of the Pajingo Field, located about 70 kilometres to the west of the Glenroy tenement.

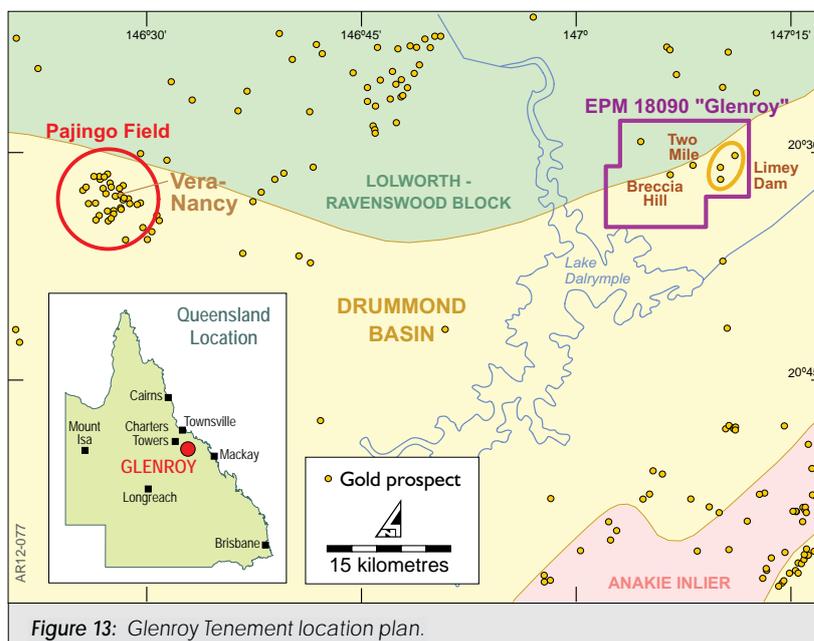


Figure 13: Glenroy Tenement location plan.

Previous exploration at Glenroy identified multiple gold systems associated with veined and brecciated colloform banded quartz veining typical of a low sulphidation, epithermal vein style.

Limited drilling at the Limey Dam prospect returned 40 metres at 0.19g/t gold from 23 metres and 12 metres at 0.48g/t gold, while Breccia Hill intersections included 17 metres at 0.26 g/t gold from 3 metres and 5 metres at 0.11g/t gold from 26 metres.

The company holds the view that these gold systems have not been adequately tested presenting a major discovery opportunity. Preliminary work to satisfy various statutory notification requirements and to compile a comprehensive project database were underway at year end in advance of design of an initial on-ground exploration program.

Corrobinnie Uranium JV – SA

(Adelaide Resources 32.54%; Quasar Resources increasing to 67.46%)

The Corrobinnie Uranium Joint Venture, between Adelaide Resources and Quasar Resources Pty Ltd (Quasar), is searching for uranium deposits on the Eyre Peninsula of South Australia. Quasar manage and operate the Joint Venture which is operated on a calendar year basis.

Adelaide Resources elected not to contribute to the exploration program and budget for 2011, but to dilute its interest in the Joint Venture, and at 31 December 2011 Adelaide Resources' equity was 32.54%. Importantly, Adelaide Resources' interest in the Joint Venture may not be diluted below 25%, at which time it would be free carried to a Decision to Mine.

The Joint Venture's goal is the discovery and delineation of "roll front" style deposits hosted in palaeochannel systems present on the project tenements, or of "hard rock" deposits of uranium or other minerals hosted in the basement rocks.

The Joint Venture covers a group of tenements that total 4143 km² in area. The Joint Venture has rights to both palaeochannel and basement hosted deposits over a sub area of 2101 km², and the rights to palaeochannel deposits hosted in the cover sequences over the remaining 2042 km² (Figure 14).

During the year the Corrobinnie Uranium Joint Venture completed an aircore drilling program totalling 162 holes for 7755 metres to explore for roll front style uranium deposits in the Narlaby and Thurlga Palaeochannels present on the project.

Gamma probe logging of the holes was completed using a portable slim-line logging system to test for radiogenic zones, drill samples were collected and scanned with a portable XRF instrument capable of directly detecting uranium, and chemical assays were completed for samples that the portable XRF instrument indicated contain anomalous uranium.

The gamma probe logging revealed radiogenic zones in several holes testing both the

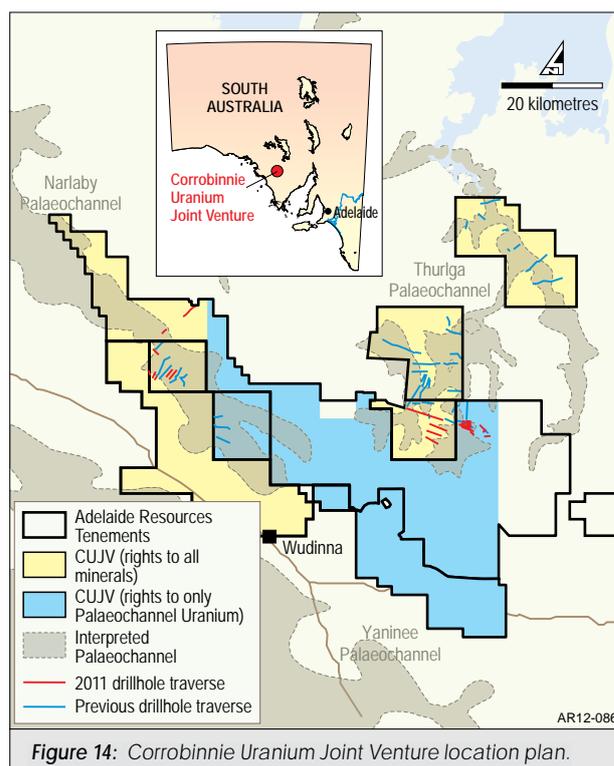


Figure 14: Corrobinnie Uranium Joint Venture location plan.

Narlaby and Thurlga Palaeochannels. Results in Narlaby Palaeochannel hole PDA098 in particular are seen as highly encouraging. PDA098 was drilled to a total depth of 96 metres (Figure 15). The hole passed through channel-fill sediments to a depth of 94 metres and then passed into weathered basement. Gamma logging was successfully completed to a depth of 93 metres.

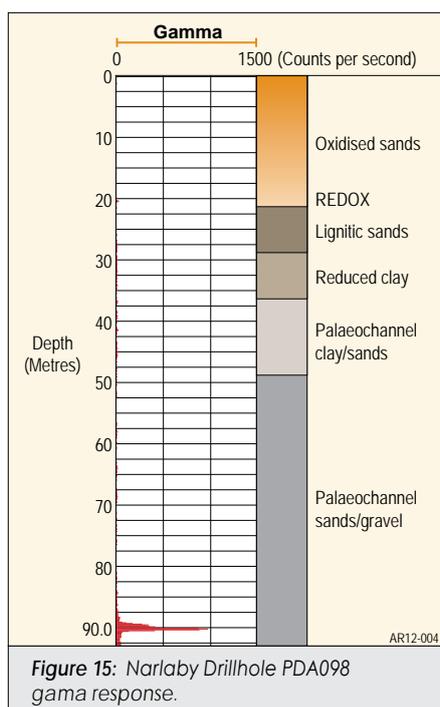


Figure 15: Narlaby Drillhole PDA098 gamma response.

An elevated gamma anomaly, peaking at 1200 counts per second, commences at a downhole depth of 89 metres (Figure 15). Portable XRF readings made on drill samples collected from the anomalous interval confirmed the presence of uranium, and chemical assay returned an intersection of 1 metre at 563ppm U₃O₈ from 91 metres downhole.

Following a detailed analysis of the 2011 drilling program results, Joint Venture manager Quasar is proposing an exploration program including aircore drilling to follow-up the positive Narlaby Palaeochannel results, and to test selected basement targets in the second half of 2012.

Anabama Copper/ Uranium/Gold – SA

(Adelaide Resources 100%)

ELA 2012/85 is a replacement licence application to EL 3816 which expired during the year. It is located south of Olary in eastern South Australia (Figure 16).

In 2007 Adelaide Resources discovered copper mineralisation at the Dark Horse Prospect located in the western block of the two block tenement. Intersections included 40 metres at 0.2% Cu, including 6 metres at 0.57% Cu and 0.25% Zn. Surficial gossanous material at Dark Horse can be traced for

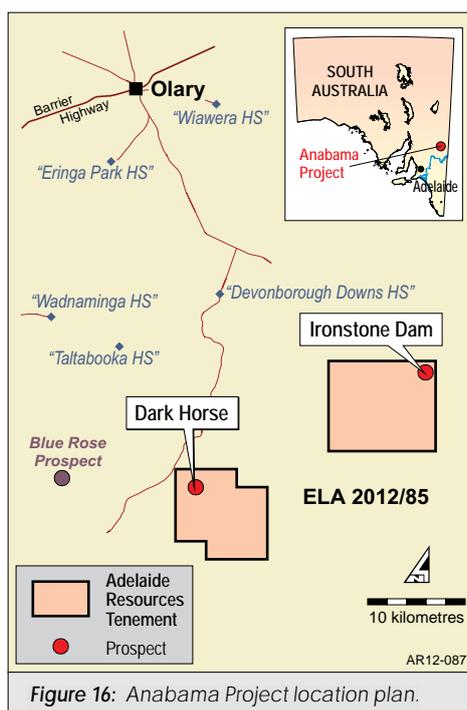


Figure 16: Anabama Project location plan.

over 3 kilometres indicating that a sizable sulphide bearing system is present.

Airborne magnetic data also shows that an approximately 2 km long strike length of the Braemar Iron Formation is secured by the tenement at Ironstone Dam. The iron ore (magnetite) potential of the Braemar Iron Formation is being investigated by a number of companies in the region.

The company is seeking to progress exploration of the Anabama Project through the involvement of a third party, with discussions with interested groups commencing after year end.

Yalanda Hill JV – SA

(Adelaide Resources 40%;
Investigator Resources 60%)

The Yalanda Hill Joint Venture with Investigator Resources Limited is exploring for gold, silver, uranium and other minerals on three tenements located on the eastern Eyre Peninsula of South Australia (Figure 17). Investigator Resources manages and operates the Joint Venture.

Reconnaissance soil sampling conducted by the Joint Venture in past years identified five anomalies warranting further investigation, however no on-ground work was completed during the year.

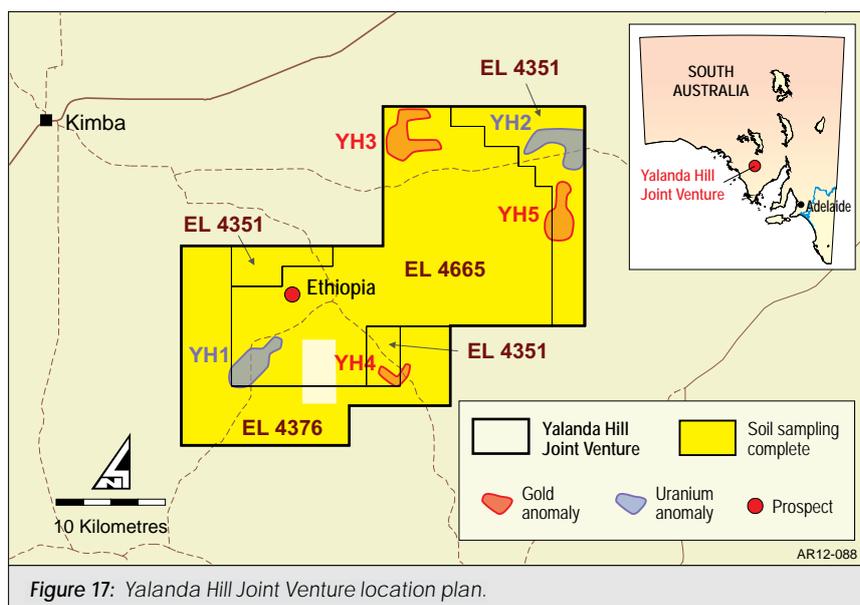


Figure 17: Yalanda Hill Joint Venture location plan.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, who is a Member of The Australasian Institute of Mining and Metallurgy and who consults to the company on a full time basis. Mr Drown has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

SCHEDULE OF TENEMENTS

AS AT 30 JUNE 2012

Project	Tenement	Tenement Name	Area km ²	Registered Holder or Applicant	Nature of Company's Interest %
South Australia					
Corrobinnie Uranium Joint Venture	EL 4145	Pildappa	139	Peninsula Resources Ltd	32.54% (Quasar Resources Pty Ltd 67.46%)
	EL 4214	Pinkawillinie	186	Peninsula Resources Ltd	32.54% (Quasar Resources Pty Ltd 67.46%)
	EL 4263	Thurliga	332	Peninsula Resources Ltd	32.54% (Quasar Resources Pty Ltd 67.46%)
	EL 4690	Yaninee	708	Peninsula Resources Ltd	32.54% (Quasar Resources Pty Ltd 67.46%)
	EL 4792	Mount Ive	394	Peninsula Resources Ltd	32.54% (Quasar Resources Pty Ltd 67.46%)
	ELA 2012/00090 (part)	Corrobinnie	342	Peninsula Resources Ltd	32.54% (Quasar Resources Pty Ltd 67.46%)
Corrobinnie Uranium Joint Venture – cover only Eyre Peninsula Basement Gold Project – basement only	EL 4459	Wudinna Hill	42	Peninsula Resources Ltd	Cover: 32.54% (Quasar Resources Pty Ltd 67.46%), Basement: 100%
	ELA 2012/00011	Minnipa	184	Peninsula Resources Ltd	Cover: 32.54% (Quasar Resources Pty Ltd 67.46%), Basement: 100%
	ELA 2011/00260	Waddikee Rocks	535	Peninsula Resources Ltd	Cover: 32.54% (Quasar Resources Pty Ltd 67.46%), Basement: 100%
	ELA 2012/00090 (part)	Corrobinnie	1281	Peninsula Resources Ltd	Cover: 32.54% (Quasar Resources Pty Ltd 67.46%), Basement: 100%
Eyre Peninsula Basement Gold Project	ELA 2012/00091	Verran	174	Peninsula Resources Ltd and Olliver Geological Services	90% – option to acquire 100% from Olliver Geological Services Pty Ltd
	EL 4186	Acraman	96	Peninsula Resources Ltd	100%
	EL 4781	Kimba	147	Peninsula Resources Ltd and Olliver Geological Services	90% – option to acquire 100% from Olliver Geological Services Pty Ltd
	ELA 2012/00090 (part)	Corrobinnie	413	Peninsula Resources Ltd	100%
Yalanda Hill Joint Venture	EL 4665	Yalanda Hill	425	Peninsula Resources Ltd	40% – Southern Uranium Limited 60%
	EL 4351	Yalanda East	144	Investigator Resources Limited	40% – Southern Uranium Limited 60%
	EL 4376	Carpie Puntha Hill	189	Investigator Resources Limited	40% – Southern Uranium Limited 60%
Moonta Copper Gold Project	ELA 2012/00012	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
	ELA 2012/00012	Moonta Porphyry	106	Peninsula Resources Ltd	90% – option to acquire 100% from Breakaway Resources Limited
Anabama Copper Project	ELA 2012/00085	Olary	133	Peninsula Resources Ltd	100%
Northern Territory					
Rover Project	EL 27292	Rover North	39	Adelaide Exploration Pty Ltd	100% (Franco-Nevada retain 70% buyback right)
	SEL 27372	Rover SEL	248	Adelaide Exploration Pty Ltd	100% (Franco-Nevada retain 70% buyback right)
Queensland					
Drummond Gold Project	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd	100%

¹ Peninsula Resources Limited (incorporated 18 May 2007) is a wholly-owned subsidiary of Adelaide Resources Limited.

² Adelaide Exploration Pty Ltd (incorporated 13 July 2001) is a wholly-owned subsidiary of Adelaide Resources Limited.

CORPORATE GOVERNANCE

Adelaide Resources Limited has consistently supported the principles of effective corporate governance since the company's inception and is committed to adopting the highest standards of performance and accountability, commensurate with the size of the company and its available resources.

The following statement outlines the principal governance practices which the company currently has established.

BOARD OF DIRECTORS

The Board of Directors has responsibility for the overall corporate governance of the company including strategic direction, establishment of goals for management, and monitoring the achievement of those goals.

The directors are aware of their duties and responsibilities and subscribe to the Code of Conduct of the Australian Institute of Company Directors (see www.companydirectors.com.au). They recognise that their primary responsibility is to the owners of the company, its shareholders, while simultaneously having regard for the interests of all stakeholders of the company and the broader community.

The Board's primary role is the protection and enhancement of long term shareholder value.

The Board's policy is to review its performance and composition on a regular basis to ensure that there is an appropriate balance of experience and skills to match the size, scope and nature of the company's activities. When a vacancy arises, for whatever reason, or where it is considered the Board would benefit from the appointment of a director with particular skills and experience, the Board's policy is to select potential candidates with advice from an external consultant if necessary. The most suitable candidate is then appointed, subject to election at the next general meeting of shareholders.

The Board currently aims to meet at least every two months. In addition, strategy meetings and special meetings are held at such other times as may be necessary to address specific significant matters that may arise.

The directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the company.

The Board as a whole addresses the governance aspects of the full scope of the company's activities to ensure that it adheres to appropriate ethical standards.

The Board of Directors recognises that the performance of the company depends on the quality of its directors and other key management personnel and, therefore, it must attract, motivate and retain appropriately qualified industry personnel.

Committees

The Board has chartered both an Audit Committee and a Remuneration Committee and directors are appointed to the Committees, from time to time, as the Board considers necessary. The Committees operate according to their own charters and provide recommendations for consideration of the full Board as required.

Independent Professional Advice

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the company's expense. Prior written approval of the chairman is required, which approval will not be unreasonably withheld.

SECURITIES TRADING

The company has a Securities Trading Policy which prohibits trading in its securities by directors, employees, contractors, or their close associates during defined periods related to the date of an announcement to the Australian Securities Exchange of any price sensitive information, and to the periods between the end of financial quarters and the release of quarterly activities and cash flow reports. This policy also requires directors, employees, contractors and their close associates not to trade in the company's securities when they are in possession of any relevant information that could affect the company's share price and which is not available to the investing public.

SHAREHOLDERS

The Board places a high priority on communicating effectively with the company's shareholders, and has a shareholder communication policy particularly for disclosure of information on important corporate activities or proposals.

This disclosure is through regular shareholder communications, including the annual and quarterly reports (mailed to shareholders when requested), the company's website and the distribution of specific announcements covering major transactions or events. Directors believe these arrangements are both effective and, importantly, flexible enough to meet shareholders' needs and expectations.

Shareholders are encouraged to exercise their right to vote, either by attending shareholders' meetings, or by lodging a proxy. The company's external auditors and legal advisors attend all shareholders' meetings.

CONTINUOUS DISCLOSURE

The Board is aware of the continuous disclosure regime and the company has a Continuous Disclosure Policy to address all necessary disclosure issues and adequate corporate compliance.

The policy, and accompanying procedures, covers the continuous disclosure requirements of the Australian Securities Exchange and the Australian Securities and Investments Commission in accordance with the Corporations Act 2001. It also includes the company's procedures on information disclosure to external parties including stockbrokers, analysts, the media and importantly, its shareholders.

BUSINESS RISK

Risk management is a high priority for the company and the Board of Directors requires management to design and implement a risk management and internal control system to manage the company's material business risks.

Whilst the full Board is ultimately responsible for identifying and managing areas of significant business risk, and ensuring that arrangements are in place to adequately manage these risks, the company's Audit Committee takes a lead role in this process.

Management, working with the Audit Committee, has identified Adelaide Resources' risk areas, and

specific risks within each area, and is developing a corporate risk register which lists and rates these risks.

The areas of risk that have been identified are:

- Statutory/regulatory
- Financial
- IT management
- Tenement management
- Community
- Asset management
- Corporate and strategic
- Environmental
- Personnel and safety

Management and the Audit Committee continue to evaluate the company's risks and develop specific cost-effective strategies and action plans for minimising and treating the risks. The current control measures, and improvement actions for minimising and treating each risk, are noted in detail in the company's corporate risk register.

The managing director is responsible for overseeing the establishment, implementation and review of the company's risk management process. He reports annually to the Audit Committee, at its meeting held to recommend approval of the annual accounts, on the effectiveness of the company's management of material business risks.

The Board requires management to report to it on whether the company's material business risks are being managed effectively, and management has reported to the Board as to the effectiveness of the company's management of those risks.

The Board has also received assurances from the managing director and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

A copy of the company's risk management policy is included on the company's website.

EXTERNAL AUDITORS

The company uses the services of a major audit firm, Deloitte Touche Tohmatsu. The auditors attend all shareholder meetings and have access to the company's directors at all times. Rotation of the external audit engagement partner occurs every five years.

CODE OF CONDUCT

The Board has established a Corporate Code of Conduct whereby all directors, employees and contractors are expected to observe the highest ethical standards and act with the utmost integrity and objectivity in their dealings with other parties. They are expected to strive at all times to enhance the reputation and performance of the company, particularly in the communities in which it operates.

INDIGENOUS PEOPLE

The company has an Indigenous Peoples Policy aimed at fostering a trusting, respectful and co-operative relationship with indigenous people who may have interests in areas where the company operates. In striving for this objective it endeavours to generate frank and open communication with indigenous people and their advisors.

ENVIRONMENT

The company recognises the importance of sound environmental practice. It has an Environmental Policy which promotes environmental awareness by all of its employees and contractors, with the

objective of achieving the highest standards of environmental management by complying with and, where possible, exceeding government requirements.

The Policy encourages transparency in regard to environmental performance and a commitment to continuous improvement of practices.

WEBSITE INFORMATION

A copy of the company's Corporate Governance Statement in the Annual Report, together with the company's policies on continuous disclosure, securities trading, shareholder communication, the environment, and indigenous people, is listed on the company's website.

The company's code of conduct and its audit committee and remuneration committee charters, and its risk management policy, are also disclosed on the website. Interested parties may refer to the website or, alternatively, request the same information by contacting the company.

Website: www.adelaideresources.com.au.

ASX Principles	Status	Reference/Comment
Principle 1: Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	adopted	Matters reserved to the board are included on the company's website.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	adopted	The process of evaluating the performance of senior executives is disclosed in the Corporate Governance Statement in the company's annual report and on the website.
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	adopted	
Principle 2: Structure the board to add value		
2.1 A majority of the board should be independent directors.	not adopted	The board comprises five directors, two of whom are independent.
2.2 The chair should be an independent director.	not adopted	The chair is a non-executive director but is not an independent director due to an association with a substantial shareholder of the company.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	adopted	The positions of chairman and managing director are held by separate persons.

ASX Principles	Status	Reference/Comment
Principle 2: Structure the board to add value (Cont.)		
2.4 The board should establish a nomination committee.	not adopted	The board has no formal nomination committee. In view of its size and the resources available to the company, the full board carries out the process of determining the need for screening and appointing new directors.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	adopted	Performance evaluation of the board, directors and key executives is the responsibility of the Remuneration Committee.
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	adopted	The skills and experience of directors are set out in the company's annual report and on its website.
Principle 3: Promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> the practices necessary to maintain confidence in the company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	adopted	The company has formulated a code of conduct which can be viewed on the company's website.
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	not adopted	The company has not established a policy concerning diversity. It selects personnel based upon an applicant's ability to fulfill the required role. While the company has no diversity policy, it considers itself to be an equal opportunity employer.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	not adopted	See comment to principle 3.2
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	adopted	At 30 June 2012 women held 36% of the positions in the company. One third of senior executive positions were held by women. No board positions were held by women.
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	partially adopted	The company's code of conduct can be viewed on the company's website.

ASX Principles	Status	Reference/Comment
Principle 4. Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	adopted	The company has established an audit committee.
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non- executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members. 	partially adopted	The audit committee comprises two non-executive directors, one of whom is an independent director. The chair is an independent director and is not chair of the board.
4.3 The audit committee should have a formal charter.	adopted	The company has formulated an audit committee charter which can be viewed on the company's website.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	adopted	

Principle 5: Make timely and balanced disclosure

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	adopted	The company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The board is aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	adopted	The board receives regular updates on the status of the company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each board meeting.

Principle 6: Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	adopted	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the company. This disclosure is through regular shareholder communications including annual reports, half-yearly reports, quarterly reports, the company website and the distribution of specific releases covering major transactions and events or other price sensitive information.
--	----------------	---

ASX Principles	Status	Reference/Comment
Principle 6: Respect the rights of shareholders (Cont.)		
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	adopted	The company has formulated a shareholder communication policy as part of the Corporate Governance Statement which can be viewed on the company's website.
Principle 7: Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	adopted	<p>Risk management is a high priority for the company and the board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing those risks.</p> <p>Control measures and improvement actions for minimising and treating risks are contained in the company's corporate risk register.</p> <p>The areas of risk that have been identified are:</p> <ul style="list-style-type: none"> • Statutory/regulatory • Financial • IT management • Tenement management • Community • Asset management • Corporate and strategic • Environmental • Personnel and safety
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	adopted	<p>The company has developed a risk management policy for the oversight and management of material business risks, which is available on the company's website.</p> <p>The board, with the assistance of its external auditors, has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with relevant laws and regulations.</p> <p>Additionally, the board receives regular assurances from the managing director on internal control and risk management, and a declaration in accordance with section 295A of the Corporations Act on the integrity of the company's financial statements.</p> <p>Risk management and internal control systems are reviewed by the audit committee prior to implementation by the board.</p>

ASX Principles	Status	Reference/Comment
Principle 7: Recognise and manage risk (Cont.)		
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	adopted	
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	adopted	
Principle 8: Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee.	adopted	The company has established a remuneration committee.
8.2 The remuneration committee should be structured so that it: <ul style="list-style-type: none"> • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members. 	not adopted	The remuneration committee comprises two non-executive directors, neither of whom are independent directors.
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	adopted	Refer to the remuneration policy (page 30).
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	adopted	Information is presented in the remuneration report incorporated into the company's annual report.

STATUTORY REPORTS

- 24 Directors' Report
- 36 Auditor's Independence Declaration
- 37 Consolidated Statement of Comprehensive Income
- 38 Consolidated Statement of Financial Position
- 39 Consolidated Statement of Changes in Equity
- 40 Consolidated Statement of Cash Flows
- 41 Notes to Financial Statements
- 66 Directors' Declaration
- 67 Independent Audit Report

Directors' Report

The Directors present this Directors' report and the attached annual financial report of Adelaide Resources Limited for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and details of the Directors of the company during or since the end of the financial year are:

Andrew J Brown BA Econ (Hons) – Non-Executive Chairman

Andrew Brown has an honours degree majoring in economics and econometrics from the University of Manchester, England. He has 30 years experience in the Australian equity market as a stockbroker, corporate investor, company director and funds manager including working in London and New York. Mr Brown's particular expertise is in the analysis of financial services companies.

In 1987, Mr Brown joined Natcorp Holdings Limited as Investment Manager, responsible for provision of detailed analysis pertaining to potential listed company acquisitions and investments.

From late 1988 until April 1994, Mr Brown returned to stockbroking with Baring Securities (Australia) Limited, later joining County NatWest Securities Australia Limited and ANZ McCaughan Securities. During this period, he was a highly rated banking and insurance analyst, as well as, latterly focusing on smaller company research.

In 1994 he joined AMP Investments Australia's Separately Managed Portfolio (SMP) team, helping to manage over \$2 billion of Australian equity investments.

In September 1997, he joined Rothschild Australia Asset Management Limited as Head of Equities and was responsible for a \$5 billion domestic portfolio. He helped engineer significant equity process and cultural change, resulting in a major improvement in investment performance until the middle of 2002.

Mr Brown is currently the largest shareholder and Managing Director of Tidewater Investments Limited, a strategic investment company.

He is Executive Director of the Cheviot Kirribilly Vineyard Property Group, Chairman of Merricks Capital Special Opportunity Fund Limited and is Chairman of Cheviot Bridge Limited.

Christopher G Drown BSc (Hons), MAusIMM, MAICD – Managing Director

Chris Drown is a geologist with over 25 years experience in the Australian exploration and mining industry. He is a member of the Australasian Institute of Mining and Metallurgy, a member of the Australian Institute of Company Directors, and a member of the Geological Society of Australia.

A graduate of the University of Tasmania, Mr Drown worked in underground nickel mines at Western Mining Corporation Limited's Kambalda operations in Western Australia, and filled mining geology roles at Aberfoyle Resources Limited's Hellyer lead-zinc-silver deposit in western Tasmania.

In 1991, he moved from mine geology into exploration searching for base metal and gold deposits in the Northern Territory and South Australia.

Mr Drown was appointed Exploration Manager of Adelaide Resources shortly after it listed on the ASX and has since played a major role in the company's activities. In March 2005 he accepted an invitation to join the Board of Adelaide Resources as an Executive Director and in November 2007 was appointed Managing Director.

John P Horan *FCPA, FCIS – Non-Executive Director*

John Horan is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Chartered Institute of Secretaries in Australia, a Member of the Finance and Treasury Association Limited, and a Member of the Australian Mining and Petroleum Law Association. He has many years experience in the financial, corporate, technical and management areas of the mining industry.

Mr Horan has been chairman and a director of a number of listed mining and exploration companies on the Australian Securities Exchange (ASX), the Alternative Investment Market (AIM) on the London Stock Exchange, the Toronto Stock Exchange (TSX) in Canada and the Port Moresby Stock Exchange (POMSoX) in Papua New Guinea. He is currently the Chairman of Marengo Mining Limited (listed on ASX, TSX and POMSoX).

Mr Horan was the Finance Director of Homestake Gold of Australia Limited, now Barrick Gold Corporation, one of Australia's largest gold producers, from 1987 until June 1993. He first joined Homestake in 1978 and was responsible for financial, commercial and corporate management functions prior to 1987 when he played a substantial role in the float of the Australian subsidiary. He also fulfilled key responsibilities in subsequent very large debt and equity capital raisings.

From the early 1960s until the second half of the 1970s he held various financial, accounting, corporate administrative and management positions in Poseidon Limited and CRA Limited, following initial technical experience in CRA's mining operations at Broken Hill.

John J den Dryver *BE (Mining), MSc, FAusIMM – Non-Executive Director (Chairman of Audit Committee)*

John den Dryver is a mining engineer with some 30 years experience in operational and corporate management as well as extensive experience in mining project studies and implementation.

In 1982, Mr den Dryver joined the junior explorer North Flinders Mines Limited as the company's mining engineer to become part of the small team that discovered the Granites gold mine in the Tanami Desert in the Northern Territory. He was Executive Director of North Flinders from 1988 to 1997.

In 1997, after Normandy Mining Limited gained control of North Flinders, Mr den Dryver joined Normandy as Executive General Manager – technical, leading a team of specialist geologists, mining engineers and metallurgists.

In 2003 he set up his own mining consultancy business and is currently a Non-Executive Director of Helix Resources Limited, Gascoyne Resources Limited and Centrex Metals Limited.

Michael I Hatcher *BSc (Hons), MAusIMM – Non-Executive Director (appointed 29 July 2011)*

Mike Hatcher has a geology degree from the University of Adelaide and has over 40 years experience in the resources industry during which time he has held a range of senior technical and managerial positions.

Mr Hatcher's career includes 16 years with the Newmont/Normandy Mining/North Flinders Mines corporate group. During this period he held positions including Director Geology – Ghana, and was Chief Geologist for Normandy/Newmont's many Australian mines (including Golden Grove, Tanami, Jundee and Pajingo) as well as its New Zealand (Waihi), Turkey (Ovacik) and USA (Midas) operations. His role included acting as the group's Competent Person responsible for the quality of mineral resource estimates.

Mr Hatcher's exploration roles include Exploration Manager for Greenbushes Mines; Exploration Manager and Director of Driffield Mining, a consortium of private exploration companies active in the Northern Territory; and Exploration Supervising Geologist with North Flinders Mines where he was responsible for that company's non-Tanami exploration projects. Mr Hatcher has extensive experience in the near mine exploration programs conducted at the many operations he has been involved with.

Mr Hatcher is a member of the Australasian Institute of Mining and Metallurgy, and is currently also a Non-Executive Director of ASX listed Outback Metals Limited and ASX listed ERO Mining Limited.

Company Secretary

Nicholas J Harding BA (Acc), Grad Dip (Acc), Grad Dip (Applied Finance), Grad Dip (Corp Governance), FCPA, F Fin, ACIS

Nick Harding is a qualified accountant and company secretary with over 25 years experience in the resources industry. He is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Financial Services Institute of Australasia and an Associate of the Chartered Secretaries of Australia and possesses qualifications in accounting, finance and corporate governance. He has established his own consulting business providing accounting, financial and company secretarial support to a number of ASX listed exploration companies including Adelaide Resources Limited.

Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
A J Brown	Continuation Investments Limited	From 2011 to 2012
	Cheviot Bridge Limited	Since 2003
	Cheviot Kirribilly Vineyard Property (Group)	Since 2008
	Equities and Freeholds Limited	From 2007 to 2010
	Merricks Capital Special Opportunity Fund Limited	Since 2005
	Tidewater Investments Limited	Since 2003
J J den Dryver	Helix Resources Limited	Since 2004
	Gascoyne Resources Limited	Since 2009
	Centrex Metals Limited	Since March 2011
J P Horan	Marengo Mining Limited	Since 2003
M I Hatcher	Outback Metals Limited	Since 2010
	ERO Mining Limited	Since June 2011

Principal Activities

The principal continuing activity of the Group is the exploration for gold, copper, uranium, and other economic mineral deposits.

Financial Results

The net result of operations for the year was a loss after income tax of \$980,480 (2011: loss of \$1,263,166).

Dividends

No dividends were paid or declared since the start of the financial year, and the Directors do not recommend the payment of dividends in respect of the financial year.

Review of Operations

(a) Overview

During the year the Group maintained an active exploration program with the objective of identifying economic mineral deposits. Exploration programs were completed at projects located in South Australia and the Northern Territory.

The company is principally targeting gold and copper deposits, with uranium forming a secondary target. In keeping with this commodity focus, Adelaide Resources maintained its strategy of self-funding its gold and copper search, and of funding its uranium search through joint ventures.

Adelaide Resources' 2011/12 efforts were rewarded with positive exploration results achieved at its Moonta Copper-Gold Project in South Australia, its Rover Gold-Copper Project in the Northern Territory, and at its Corrobinnie Uranium Joint Venture with Quasar Resources Pty Ltd in South Australia.

(b) Review of Operations

The Group maintained its active program during the year with exploration operations conducted in South Australia and the Northern Territory.

Direct exploration expenditure was \$5.422 million with additional contributions totalling \$0.885 million from parties earning an interest in two uranium joint ventures. The significant direct exploration spend reflects the continuation of an aggressive program of work to progress the Moonta and Rover Copper-Gold projects, both of which continue to deliver exciting results.

The Company holds 100% of the majority of the Moonta Project on Yorke Peninsula in South Australia and a significant program of aircore and diamond drilling was completed in early 2012 to test a number of targets.

Drilling at the Paskeville Prospect, a previously untested cluster of surface geochemical copper and gold anomalies, discovered highly significant intersections of copper mineralisation, including:

- 10 metres at 1.06% copper from 11 metres in hole PAC001,
- 9 metres at 1.27% copper from 58 metres in hole PAC001,
- 7 metres at 1.16% copper from 58 metres in hole PAC005,
- 42 metres at 1.10% copper from 56 metres in hole PAC006,
- 7 metres at 1.07% copper from 22 metres in hole PAC009,
- 7 metres at 1.40% copper from 49 metres in hole PAC016,
- 5 metres at 1.05% copper from 38 metres in hole PAC024,
- 7 metres at 0.96% copper from 77 metres in hole PAC035.

An interpretation of the Paskeville data reveals a coherent body of shallow, low to moderate grade, copper-dominant mineralisation with an unclosed strike length of 300 metres. The mineralised zone dips northeast and the width of the mineralised system increases towards the southeast, being greatest on the southeastern drill traverse where its true width is estimated to be over 130 metres.

Study of the metal distribution in the Paskeville mineralised system confirms that copper grade is increasing down dip on the southeastern drill traverse, presenting a highly compelling, large and high grade target zone.

Drilling at the Willamulka Prospect returned several further significant intersections including:

- 14 metres at 1.04% copper and 0.32g/t gold from 30 metres in hole WAC136, including
- 5 metres at 1.94% copper and 0.65g/t gold from 30 metres in hole WAC136,
- 11 metres at 0.98% copper and 0.93g/t gold from 40 metres in hole WAC143,
- 4 metres at 0.31% copper and 1.66g/t gold from 105 metres in diamond drillhole WLMDD001.

Copper-gold mineralisation is present over a strike length of 1200 metres at Willamulka. This mineralised zone includes a shallowly plunging shoot of higher grade, thicker mineralisation called "Shoot A" which extends for at least 550 metres and remains open at depth and down plunge.

Drilling at the Copper Hill East Prospect also intersected encouraging mineralisation including:

- 5 metres at 3.73g/t gold from 25 metres in hole CAC004,
- 18 metres at 0.34% copper from surface in hole CAC024,
- 15 metres at 0.38% copper from 25 metres in hole CAC030.

Mineralisation at Copper Hill East takes the form of a shallowly northwest dipping zone with widths in excess of 20 metres.

At the wholly owned Rover Gold-Copper Project near Tennant Creek in the Northern Territory, further diamond drilling was undertaken at the Rover 1, Rover 4, Rover 11 East and Rover 12 prospects, with significant copper and gold mineralisation intersected at several prospects including:

Rover 1:

- 10 metres at 0.40g/t gold and 1.79% copper from 354 metres in hole R1ARD51

Rover 4:

- 7 metres at 0.33g/t gold and 1.67% copper from 240 metres in hole R4ARD57,
- 5 metres at 0.48g/t gold and 3.84% copper from 314 metres in hole R4ARD63
- 38 metres at 0.19g/t gold and 0.53% copper from 369 metres in hole R4ARD63, and
- 5 metres at 0.43% gold and 1.70% copper from 370 metres in hole R4ARD63-1.

Rover 12:

- 4 metres at 5.57g/t gold and 1.22% copper from 405 metres in hole R12ARD59-2,
- 2 metres at 5.08% copper from 414 metres in hole R12ARD59-2.

3-dimensional geological modelling and resource evaluation work was underway for Rover 4 at the end of the year and, together with the results of an assessment of the Rover 1 and Rover 12 data, will be used to design further exploration on the project.

The Corrobinnie Uranium Joint Venture between Adelaide Resources and Quasar Resources Pty Ltd is searching for "roll front" style uranium deposits in ancient drainage systems on Eyre Peninsula. Adelaide Resources' equity in the joint venture was 32.46% as of 31 December 2011.

Drilling programs completed by the Corrobinnie Uranium Joint Venture during the year tested the Thurlga and Narlaby palaeochannels, with the most encouraging results returned from the Narlaby. Hole PDA098 intersected 1 metre at 568ppm U_3O_8 from 91 metres, PDA079 intersected 2 metres at 287ppm U_3O_8 , and CBA073 intersected 3 metres at 124ppm U_3O_8 .

The Corrobinnie Uranium Joint Venture is planning exploration in the second half of 2012.

Changes in State of Affairs

During the financial year there was no significant change in the state of affairs of the Group.

Subsequent Events

The Company issued 18,599,955 ordinary shares on 15 August 2012 as a result of a Share Purchase Plan. The issue of shares raised \$837,000 and the costs associated with the issue were \$61,540.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental Developments

The Group carries out exploration activities on its properties in South Australia and in the Northern Territory. No mining activity has been conducted by the Group on its properties.

The Group's exploration operations are subject to environmental regulations under the various laws of South Australia, the Northern Territory, and the Commonwealth. While its exploration activities to date have had a low level of environmental impact, the Group has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

Future Developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Remuneration Report

This report outlines the remuneration arrangements in place for Directors and Other Key Management Personnel of the Company and its wholly owned subsidiaries.

Where this report refers to the 'Date of Grant' of performance rights or options, the date mentioned is the date on which those performance rights or options were agreed to be issued (whether conditionally or otherwise).

Director and Other Key Management Personnel Details

The following persons acted as Key Management Personnel of the Company during or since the end of the financial year:

Directors

A J Brown (Non-Executive Chairman)
C G Drown (Managing Director)
J P Horan (Non-Executive Director)
J J den Dryver (Non-Executive Director)
M I Hatcher (Non-Executive Director) – appointed 29 July 2011

Other Key Management Personnel

N J Harding (Chief Financial Officer and Company Secretary)
B E Anderson (Exploration Manager)

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to June 2012:

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Revenue	321,529	466,956	399,903	315,712	307,538
Net profit/(loss) before tax	(945,235)	(1,207,388)	(605,701)	4,038,576	(881,666)
Net profit/(loss) after tax	(980,480)	(1,263,166)	(644,187)	4,038,576	(887,701)

	30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Share price at beginning of the year	\$0.10	\$0.14	\$0.09	\$0.16	\$0.54
Share price at end of year	\$0.05	\$0.10	\$0.14	\$0.09	\$0.16
Basic earnings per share	\$(0.0068)	\$(0.0098)	\$(0.0063)	\$0.0485	\$(0.0110)
Diluted earnings per share	\$(0.0068)	\$(0.0098)	\$(0.0063)	\$0.0462	\$(0.0110)

No dividends have been declared during the five years ended 30 June 2012 and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2012.

There is no link between the Company's performance and the setting of remuneration except as discussed below in relation to performance rights and options for Key Management Personnel.

Remuneration Philosophy

The performance of the Group depends on the quality of its Directors and Other Key Management Personnel and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre directors and other key management personnel;
- link executive rewards to shareholder value (by the granting of performance rights);
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

Remuneration Policy

The Company has established a Remuneration Committee to assist the Board in discharging its responsibilities relating to the remuneration of Directors and Other Key Management Personnel. The Committee makes recommendations on all remuneration matters for consideration by the Board.

The Committee assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and Other Key Management Personnel. External advice on remuneration matters is sought whenever the Committee deems it necessary.

The remuneration of the Directors and Other Key Management Personnel is not dependent on the satisfaction of a performance condition. Share options have been issued to Key Management Personnel in prior years. These options do not have any performance conditions. The Directors have decided that the exclusion of performance conditions was appropriate, after consideration of industry practice.

During the current year, performance rights were issued to the Managing Director. Some of these performance rights have performance conditions as set out below. The Directors have decided that the exclusion of performance conditions on the other performance rights is appropriate, after consideration of industry practice.

Non-Executive Director Remuneration

The Remuneration Committee seeks to set remuneration of Non-Executive Directors at a level which provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development.

Currently, the Non-Executive Chairman is entitled to receive \$62,500 (2011 \$62,500) per annum inclusive of the statutory superannuation. The Non-Executive Directors are each entitled to receive \$38,150 (2011 \$38,150) per annum inclusive of the statutory superannuation.

In addition, Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors.

Managing Director Remuneration

The Company aims to reward the Managing Director with a level and mix of remuneration commensurate with his position and responsibilities within the Company to:

- align the interests of the Managing Director with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Currently the Company has a services agreement with an entity associated with C G Drown, details of which are set out on pages 31 and 32.

Other Key Management Personnel Remuneration

The Company aims to remunerate Other Key Management Personnel at a level commensurate with their position and responsibility within the Company.

Currently the Company has service agreements with entities associated with N J Harding and B E Anderson, details of which are set out on pages 31 and 32.

Summary of amounts paid to Key Management Personnel

The table below discloses the compensation of the Key Management Personnel of the Group during the year.

2012	Short-term employee benefits Salary & Fees (i)	Post employment superannuation	Sub total	Performance rights (ii)	Total	Percentage of total remuneration for the year that consists of options
	\$	\$	\$		\$	%
Directors						
A J Brown	62,500	-	62,500	-	62,500	-
C G Drown	243,925	-	243,925	227,604	471,529	48.3
J P Horan	35,000	3,150	38,150	-	38,150	-
J J den Dryver	35,000	3,150	38,150	-	38,150	-
M I Hatcher	32,083	2,888	34,971	-	34,971	-
Other Key Management Personnel						
N J Harding	140,610	-	140,610	14,567	155,177	9.4
B E Anderson	295,133	-	295,133	14,567	309,700	4.7
2012 Total	844,251	9,188	853,439	256,738	1,110,177	

(i) Includes consulting fees paid.

(ii) Performance rights do not represent cash payments to Key Management Personnel and performance rights granted may or may not ultimately vest.

2011	Short-term employee benefits Salary & Fees (i)	Post employment superannuation	Sub total	Share-based payments options (ii)	Total	Percentage of total remuneration for the year that consists of options
	\$	\$	\$	\$	\$	%
Directors						
A J Brown	58,630	3,870	62,500	-	62,500	-
C G Drown	259,113	-	259,113	175,125	434,238	40.3
J P Horan	82,760	3,150	85,910	-	85,910	-
J J den Dryver	35,000	3,150	38,150	-	38,150	-
K R Yates	7,486	674	8,160	-	8,160	-
Other Key Management Personnel						
N J Harding	67,410	-	67,410	-	67,410	-
B E Anderson	267,972	-	267,972	-	267,972	-
2011 Total	778,371	10,844	789,215	175,125	964,340	

(i) Includes consulting fees paid.

(ii) Performance rights do not represent cash payments to Key Management Personnel and performance rights granted may or may not ultimately vest.

No Key Management Personnel appointed during the year received a payment as part of his/her consideration for agreeing to hold the position.

Service Agreements

The Group entered into service agreements with an entity associated with C G Drown for a term of three years from 5 November 2010. The Group also entered into service agreements with an entity associated with

N J Harding for a term of two years from 17 November 2010 and an entity associated with B E Anderson for a term of one year, extendable by a further twelve months, from 12 February 2011.

For the year ended 30 June 2012 the Group had service agreements with entities associated with C G Drown, N J Harding and B E Anderson.

Should any of the above agreements be terminated by the company earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. The entities associated with C G Drown, N J Harding and B E Anderson may terminate their agreements with three months notice. As at 30 June 2012, the Group had a contingent liability in relation to these agreements of \$340,570 (2011: \$512,738). Details of the current services and consultancy agreements are set out below:

2012

Key Management Personnel	Terms
C G Drown	Daily rate of \$1,100 for a minimum of 210 days per annum
N J Harding	Daily rate of \$960 for a minimum of 60 days per annum
B E Anderson	Daily rate of \$975

2011

Key Management Personnel	Terms
C G Drown	Daily rate of \$1,100 for a minimum of 210 days per annum
J P Horan	Daily rate of \$960 for a minimum of 90 days per annum (the service agreement was cancelled on the 17 November 2010)
N J Harding	Daily rate of \$960 for a minimum of 60 days per annum
B E Anderson	Daily rate of \$975

Share Options held by Key Management Personnel

During the financial year, the following share options were on issue:

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
ESOP March 2008	31 March 2008	30 March 2013	\$0.1156	31 March 2008

"ESOP" means share options issued under the employee share option plan.

During the year ended 30 June 2012 no share options were granted to Key Management Personnel or exercised by Key Management Personnel.

Value of options – basis of calculation

- Value of options granted at grant date is calculated by multiplying the fair value of options at grant date by the number of options granted during the financial year.
- Value of options exercised at exercise date is calculated by multiplying the fair value of options at the time they are exercised (calculated as the difference between exercise price and the Australian Securities Exchange last sale price on the day that the options were exercised) by the number of options exercised during the financial year.
- Value of options lapsed at the lapsed/cancelled date is calculated by multiplying the fair value of options at the time they lapsed/cancelled multiplied by the number of options lapsed/cancelled during the financial year.

The total value of options included in compensation for the financial year is calculated in accordance with Accounting Standard AASB 2 "Share-based Payment". Options granted during the financial year are recognised in compensation over their vesting period.

Performance Rights held by Key Management Personnel

At the Annual General Meeting held on the 16 November 2010, the shareholder's approved the granting of 2,000,000 performance rights for no consideration to the Managing Director under the Adelaide Resources Limited Performance Rights Plan. Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest as follows as long as the holder remains as the Managing Director of the Company at the relevant vesting dates:

- 1,000,000 performance rights in 3 tranches, vesting as follows:
 - 333,333 performance rights vesting on 5 November 2011;
 - 333,333 performance rights vesting on 5 November 2012;
 - 333,334 performance rights vesting on 5 November 2013.
- 1,000,000 performance rights vest on the delineation of a JORC compliant resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 5 November 2012 or by satisfactory monetisation by that date of all or part of the Rover project to the Board's satisfaction.

During the year 333,333 of the above performance rights vested and none of the above performance rights lapsed or were cancelled.

600,000 performance rights were issued to Key Management Personnel during the year under the Adelaide Resources Limited Performance Rights Plan.

The performance rights vest as follows as long as the holder remains employed by the Company at the relevant vesting dates:

- 300,000 performance rights in 2 tranches, vesting as follows:
 - 150,000 performance rights vesting on 19 August 2012;
 - 150,000 performance rights vesting on 19 August 2013.
- 300,000 performance rights vest on the delineation of a JORC compliant resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 19 August 2013.

The value of performance rights granted during the year was \$53,945.

Value of performance rights – basis of calculation

- Value of performance rights granted at grant date is calculated by multiplying the fair value of performance rights at grant date by the number of performance rights granted during the financial year.
- Value of performance rights vested is calculated by multiplying the fair value of performance rights at the time they vest (calculated as the difference between consideration paid and the Australian Securities Exchange last sale price on the day that the performance rights vested) by the number of performance rights vested during the financial year.
- Value of performance rights lapsed/cancelled at the lapsed date is calculated by multiplying the fair value of performance rights at the time they lapsed/cancelled multiplied by the number of performance rights lapsed/cancelled during the financial year.

The total value of performance rights included in compensation for the financial year is calculated in accordance with Accounting Standard AASB 2 "Share-based Payment". Performance rights granted during the financial year are recognised in compensation over their vesting period.

Directors' Shareholdings

The following table sets out each Director's relevant interest in shares in the Company as at the date of this report.

Directors	Fully paid ordinary shares	Options to acquire ordinary shares	Performance Rights
	Number	Number	Number
A J Brown	14,526,990	-	-
CG Drown	1,640,824	-	1,666,667
J P Horan	2,261,491	-	-
J J den Dryver	50,000	-	-
M I Hatcher	-	-	-
	18,479,305	-	1,666,667

The above table includes shares held by related parties of directors.

Meetings of Directors

The number of meetings of the Company's Board of Directors attended by each director during the year ended 30 June 2012 was:

2012	Meetings held while in office	Meetings attended
A J Brown	8	8
C G Drown	8	8
J P Horan	8	8
J J den Dryver	8	7
M I Hatcher	8	8

The Company held two meetings of the Audit Committee during the year ended 30 June 2012. The members of this committee comprise J J den Dryver (Chairman) and A J Brown and both attended the two meetings.

The Company has a Remuneration Committee of two members being A J Brown (Chairman) and J P Horan. One meeting of this committee was held during the year ended 30 June 2012 and both members attended.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 18 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 18 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Shares under option or issued on exercise of options

Details of unissued shares under option as at the date of this report were:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of option
Adelaide Resources Limited	50,000	Ordinary	\$0.35	19 December 2012

Details of unissued shares under performance rights as at the date of this report were:

Issuing entity	Number of shares under performance rights	Class of shares	Exercise price of performance rights	Expiry date of performance rights
Adelaide Resources Limited	217,500	Ordinary	\$0.00	19 August 2012
Adelaide Resources Limited	12,500	Ordinary	\$0.00	1 September 2012
Adelaide Resources Limited	1,333,333	Ordinary	\$0.00	5 November 2012
Adelaide Resources Limited	717,500	Ordinary	\$0.00	19 August 2013
Adelaide Resources Limited	37,500	Ordinary	\$0.00	1 September 2013
Adelaide Resources Limited	333,333	Ordinary	\$0.00	5 November 2013

Details of shares issued during or since the end of the financial year as result of exercise of an option or vesting of a performance right are:

Issuing entity	Number of shares under option	Class of shares	Amount paid for shares	Amount unpaid on shares
Adelaide Resources Limited	333,333	Ordinary	\$0.00	\$nil

Auditors Independence Declaration

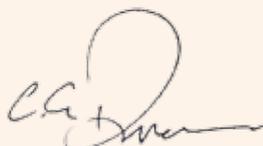
The auditor's independence declaration is included on page 36 of this annual report.

Indemnification of Officers and Auditors

During the year the Company arranged insurance cover and paid a premium for Directors in respect of indemnity against third party liability. At the Annual General Meeting of the company held on 17 November 1997 shareholders resolved to extend the indemnification for a period of seven years after a director ceases to hold office. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, as is permitted under Section 300 (9) of the Corporations Act 2001.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred by an officer or auditor.

Signed at Adelaide this 25th day of September 2012 in accordance with a resolution of the Directors.



C G Drown
Managing Director



A J Brown
Chairman

The Board of Directors
Adelaide Resources Limited
69 King William Road
UNLEY SA 5061

25 September 2012

Dear Board Members

Adelaide Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Adelaide Resources Limited.

As lead audit partner for the audit of the financial statements of Adelaide Resources Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Stephen Harvey
Partner
Chartered Accountants

Consolidated Statement of Comprehensive Income for the Year ended 30 June 2012

	Note	Year Ended 30/06/12 \$	Year Ended 30/06/11 \$
Revenue	4(a)	321,529	466,956
Other income	4(b)	55,199	-
Exploration expense written off	8	(37,980)	(76,085)
Administration expenses		(396,003)	(867,635)
Corporate consulting expenses		(194,176)	(153,757)
Company promotion		(68,600)	(73,365)
Salaries and wages		(117,856)	(118,074)
Directors fees		(164,583)	(136,116)
Occupancy expenses		(77,873)	(74,187)
Share based remuneration		(264,892)	(175,125)
Loss before income tax	4(b)	(945,235)	(1,207,388)
Tax expense	5	(35,245)	(55,778)
Loss for the period		(980,480)	(1,263,166)
Other comprehensive income			
Net gain on available-for-sale investments taken to equity		-	65,252
Transfer on sale of investments		(117,483)	-
Income tax relating to components of other comprehensive income		35,245	(19,575)
Total other comprehensive income		(82,238)	45,677
Total comprehensive income for the period		(1,062,718)	(1,217,489)
Earnings per share			
Basic (cents per share) – (Loss)/profit	24	(0.68)	(0.98)
Diluted (cents per share) – (Loss)/profit	24	(0.68)	(0.98)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2012

	Note	30/06/12 \$	30/06/11 \$
CURRENT ASSETS			
Cash and cash equivalents		2,915,127	8,381,277
Trade and other receivables	6	53,997	155,665
Other financial assets	7	-	221,622
TOTAL CURRENT ASSETS		2,969,124	8,758,564
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	17,603,691	12,219,646
Shares in Iron Road Limited		-	177,026
Plant and equipment	9	315,196	309,140
TOTAL NON-CURRENT ASSETS		17,918,887	12,705,812
TOTAL ASSETS		20,888,011	21,464,376
CURRENT LIABILITIES			
Trade and other payables	10	704,537	478,145
Provisions	11	12,856	15,440
TOTAL CURRENT LIABILITIES		717,393	493,585
NON-CURRENT LIABILITIES			
Provisions	12	16,643	18,990
Other liabilities	13	129,357	129,357
TOTAL NON-CURRENT LIABILITIES		146,000	148,347
TOTAL LIABILITIES		863,393	641,932
NET ASSETS		20,024,618	20,822,444
EQUITY			
Issued capital	14	29,194,147	29,110,847
Reserves	15	1,438,914	1,339,560
Accumulated losses		(10,608,443)	(9,627,963)
TOTAL EQUITY		20,024,618	20,822,444

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the Year ended 30 June 2012

	Issued capital	Employee Equity-Settled Benefits	Performance Rights	Available for Sale Revaluation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	23,104,640	1,084,728	-	36,561	(8,364,797)	15,861,132
Loss attributable to the period	-	-	-	-	(1,263,166)	(1,263,166)
Valuation gain – other financial assets	-	-	-	65,252	-	65,252
Related income tax	-	-	-	(19,575)	-	(19,575)
Total comprehensive income for the period	-	-	-	45,677	(1,263,166)	(1,217,489)
Issue of share capital through a share placement at 18.5 cents	3,052,500	-	-	-	-	3,052,500
Issue of share capital through a share purchase plan at 18.5 cents	3,124,000	-	-	-	-	3,124,000
Costs associated with the issue of shares	(251,177)	-	-	-	-	(251,177)
Related income tax	75,353	-	-	-	-	75,353
Fair value of performance rights issued to employees	-	-	175,125	-	-	175,125
Conversion of employee options at 4 cents	3,000	-	-	-	-	3,000
Transfer to issued capital of employee options transferred from employee equity-settled benefits reserve on conversion of employee share options	2,531	(2,531)	-	-	-	-
Balance at 30 June 2011	29,110,847	1,082,197	175,125	82,238	(9,627,963)	20,822,444
Loss attributable to the period	-	-	-	-	(980,480)	(980,480)
Transfer on sale of investments	-	-	-	(117,483)	-	(117,483)
Related income tax	-	-	-	35,245	-	35,245
Total comprehensive income for the period	-	-	-	(82,238)	(980,480)	(1,062,718)
Fair value of performance rights issued to employees	-	-	264,892	-	-	264,892
Shares issued as a result of the vesting of performance rights	83,300	-	(83,300)	-	-	-
Balance at 30 June 2012	29,194,147	1,082,197	356,717	-	(10,608,443)	20,024,618

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows for the Year ended 30 June 2012

	Inflows/(Outflows)	
	Year Ended 30/06/12 \$	Year Ended 30/06/11 \$
Cash flows relating to operating activities		
Payments to suppliers and employees	(863,696)	(1,194,123)
Other receipts	-	-
Net operating cash flows (Note (a))	(863,696)	(1,194,123)
Cash flows relating to investing activities		
Interest received	356,521	441,805
Payments for exploration and evaluation expenditure	(5,193,945)	(4,228,496)
Proceeds from the sale of other financial assets	335,400	-
Payments for plant and equipment	(100,430)	(127,075)
Net investing cash flows	(4,602,454)	(3,913,766)
Cash flows relating to financing activities		
Proceeds from share issues	-	6,179,500
Payments for capital raising costs	-	(251,177)
Net financing cash flows	-	5,928,323
Net increase in cash	(5,466,150)	820,434
Cash at beginning of financial year	8,381,277	7,560,843
Cash at end of financial year	2,915,127	8,381,277
Note (a): Reconciliation of loss for the period to net cash flow from operating activities.		
Loss for the period	(980,480)	(1,263,166)
Interest revenue	(321,529)	(466,956)
Share based remuneration	264,892	175,125
Depreciation	106,374	78,514
Loss on sale of other financial assets	63,248	
Transfer from available for sale revaluation reserve on sale of other financial assets	(117,483)	-
Exploration written off	37,980	76,085
(Increase) decrease in receivables	66,676	79,479
(Increase) decrease in deferred tax asset	35,245	55,778
Increase/(decrease) in payables	(13,688)	48,820
Increase/(decrease) in provisions	(4,931)	22,198
Net operating cash flows	(863,696)	(1,194,123)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Financial Year ended 30 June 2012

1. General information

Adelaide Resources Limited (the company) is a listed public company, incorporated in Australia and operating in Australia.

Adelaide Resources Limited's registered office and its principal place of business are as follows:

Registered office

69 King William Road
Unley
South Australia 5061

Principal place of business

69 King William Road
Unley
South Australia 5061

2. Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations do not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially effect the amounts recognised in the financial statements of the Company or the Group but may change the disclosure presently made in the financial statements of the Company or the Group.

3. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated statements of the Group. For the purpose of preparing the consolidated financial statements, the Company is a profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 25th September 2012.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

(b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to accumulated benefit superannuation plans are expensed when incurred.

(c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest, are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale:
or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

(d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories; financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit and loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined based on quoted market prices. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly on the profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payment is established.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or:
- (ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Impairment of assets (other than exploration and evaluation)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the

deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entity are part of a tax-consolidated group under Australian taxation law. Adelaide Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

(h) *Joint ventures*

Interests in jointly controlled assets and operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

(i) *Financial instruments issued by the company*

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(j) *Plant and equipment*

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment – at cost 3-5 years

(k) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

(l) Revenue

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(m) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that vest on or after 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(n) Government grants

Government grants are assistance by government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income

in the balance sheet and recognised as income on a systematic basis when the related exploration and evaluation is written off.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which it becomes receivable.

(o) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of their fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 "Income Taxes" and AASB 119 "Employee Benefits" respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 "Share-based Payment"; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

4. LOSS FROM OPERATIONS

	Year Ended 30/06/12 \$	Year Ended 30/06/11 \$
a) Revenue from continuing operations consisted of the following items		
Interest income:		
Bank deposits	315,017	449,896
Income securities	6,512	17,060
	<u>321,529</u>	<u>466,956</u>
b) Loss for the year includes the following gains and losses		
Other income		
Loss on sale of investments	(63,248)	-
Transfer from available for sale revaluation reserve on sale of investments	117,483	
Other	964	-
	<u>55,199</u>	
Other expenses		
Depreciation of plant and equipment	106,374	78,514
Operating lease rental expenses	77,873	74,187
Costs associated with the proposed listing of Peninsula Resources Limited	13,760	459,163
Employee benefit expense:		
Post employment benefits:		
Accumulated benefit superannuation plans	56,882	51,050
Share based payments:		
Equity settled share-based payments (i)	264,892	175,125
Other employee benefits	1,348,713	1,206,727
	<u>1,670,487</u>	<u>1,432,902</u>
Less amounts capitalised in exploration and evaluation expenditure	(924,693)	(927,041)
	<u>745,794</u>	<u>505,861</u>

- (i) Share based payments relate to performance rights granted during the year to employees. Performance rights do not represent cash payments to employees and are converted into fully paid ordinary shares of the Company on the meeting of specific measures of performance.

5. INCOME TAX

	Year Ended 30/06/12 \$	Year Ended 30/06/11 \$
(a) Income tax recognised in profit or loss		
Current tax expense	-	-
Deferred tax expense relating to the origination and reversal of temporary differences and tax losses	35,245	55,778
Total tax expense	35,245	55,778

The prima facie income tax expense on the loss before income tax reconciles to the tax expense in the financial statements as follows:

Loss from continuing operations	(945,235)	(1,207,388)
Income tax income calculated at 30%	(283,571)	(362,216)
Share based payments	79,468	52,538
Other	1,451	14,331
Prior year tax losses recognised	(1,601,909)	(1,089,340)
Current year tax losses not recognised	1,839,806	1,440,465
Tax expense	35,245	55,778

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30/06/12 \$	30/06/11 \$
Trade and other receivables	(4,805)	(15,303)
Exploration and evaluation expenditure	(5,281,107)	(3,665,894)
Investments	-	(35,245)
IPO costs	89,280	109,766
Capital raising costs	66,873	93,981
Trade and other payables	74,576	57,942
Employee benefits	8,850	10,329
Other liabilities	38,807	38,807
	(5,007,526)	(3,405,617)
Tax value of losses carried forward	5,007,526	3,405,617
Net deferred tax assets / (liabilities)	-	-

(c) Unrecognised deferred tax assets:

A deferred tax asset has not been recognised in respect of the following item:

	30/06/12	30/06/11
	\$	\$
Tax losses-revenue	2,526,286	2,288,389

A deferred tax asset has not been recognised in respect of the above tax losses because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefit.

(d) Movement in recognised temporary differences and tax losses

	30/06/12	30/06/11
	\$	\$
Opening balance	-	-
Recognised in equity	35,245	55,778
Recognised in income	(35,245)	(55,778)
Closing balance	-	-

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The company and its wholly-owned Australian resident entities are in a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Adelaide Resources Limited.

Nature of tax funding arrangement

Entities within the tax-consolidated group have entered into a tax funding arrangement with the head entity. Under the terms of the tax funding arrangement, Adelaide Resources Limited and its wholly owned Australian resident entities have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the-consolidated group.

6. CURRENT TRADE AND OTHER RECEIVABLES

	30/06/12	30/06/11
	\$	\$
Interest receivable	16,018	51,009
Other receivables	37,979	104,656
	53,997	155,665

7. OTHER CURRENT FINANCIAL ASSETS

Available for sale at fair value

Income securities	-	221,622
-------------------	---	---------

8. EXPLORATION AND EVALUATION EXPENDITURE

	30/06/12	30/06/11
	\$	\$
Costs brought forward	12,219,646	8,158,880
Expenditure incurred during the year	5,422,025	4,136,851
	17,641,671	12,295,731
Expenditure written off	(37,980)	(76,085)
	17,603,691	12,219,646

Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered \$37,980 (2011: \$76,085).

The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. PLANT AND EQUIPMENT

	30/06/12	30/06/11
	\$	\$
Gross carrying amount		
Balance at beginning of financial year	565,282	438,207
Additions	112,430	127,075
Disposals and write offs	-	-
Balance at end of financial year	677,712	565,282
Accumulated depreciation		
Balance at beginning of financial year	(256,142)	(177,628)
Depreciation for year	(106,374)	(78,514)
Disposals and write offs	-	-
Balance at end of financial year	(362,516)	(256,142)
Net book value at beginning of financial year	309,142	260,579
Net book value at end of financial year	315,196	309,140

10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables and accruals	704,537	478,145
-----------------------------	---------	---------

11. CURRENT LIABILITIES – PROVISIONS

Employee benefits	12,856	15,440
-------------------	--------	--------

12. NON-CURRENT LIABILITIES - PROVISIONS

Employee benefits	16,643	18,990
-------------------	--------	--------

13. NON-CURRENT LIABILITIES – OTHER

Deferred income (government grant)	129,357	129,357
------------------------------------	---------	---------

14. ISSUED CAPITAL

	30/06/12	30/06/11
	\$	\$
144,998,701 fully paid ordinary shares (2011: 144,665,368)	29,194,147	29,110,847

Movement in issued shares for the year:

	Number	Year Ended 30/06/12 \$	Number	Year Ended 30/06/11 \$
Balance at beginning of financial year	144,665,368	29,110,847	111,204,040	23,104,640
Conversion of options at 4 cents	-	-	75,000	3,000
Transfer from employee equity-benefits settled reserve	-	-	-	2,531
Placement at 18.5 cents	-	-	16,500,000	3,052,500
Share Purchase Plan at 18.5 cents	-	-	16,886,328	3,124,000
Conversion of performance rights	333,333	83,300	-	-
Costs associated with the issue of shares	-	-	-	(251,177)
Related income tax	-	-	-	75,353
Balance at end of financial year	144,998,701	29,194,147	144,665,368	29,110,847

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid shares carry one vote per share and carry the right to dividends.

15. RESERVES

	30/06/12	30/06/11
	\$	\$
Employee equity-settled benefits	1,082,197	1,082,197
Performance rights	356,717	175,125
Available-for-sale revaluation	-	82,238
	1,438,914	1,339,560

The employee equity-settled benefits reserve arises on the grant of share options to employees, consultants and executives under the Employee Share Option Plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share based payments made under the plan are shown in note 16 to the financial statements.

The performance rights reserve arises on the grant of performance rights to employees, consultants and executives under the Employee Performance Rights Plan. Amounts are transferred out of the reserve and into issued capital when the performance rights are exercised. Further information about share based payments made under the plan are shown in note 16 to the financial statements.

The available-for-sale revaluation reserve arises on the revaluation of the available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

16. SHARE OPTION AND PERFORMANCE RIGHTS PLANS

During the previous year, the Group replaced the Employee Share Option Plan with the Adelaide Resources Limited Performance Rights Plan. Details about these plans are set out below:

Share Option Plan

The Group had an ownership-based compensation plan for executives, employees and consultants. In accordance with the provisions of the Employee Share Option Plan, which was approved by shareholders at an annual general meeting, Directors issued options to purchase shares in the company to executives, employees, and consultants, at an issue price determined by the market price of ordinary shares at the time the option was granted. No Directors participated in the Employee Share Option Plan.

In accordance with the terms of the Employee Share Option Plan, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry.

Share options are not listed, carry no rights to dividends and no voting rights.

The following share option share based payment arrangements were in existence during the financial year.

Options – Series	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date
Employee Share Option Plan					
December 2007	50,000	20/12/2007	19/12/2012	\$0.35	\$0.1993
March 2008	500,000	31/03/2008	30/03/2013	\$0.30	\$0.1156

No options were granted during the year (2011: nil).

The following reconciles the outstanding share options granted under the Plan at the beginning and end of the financial year:

Share Option Plan	30/06/12		30/06/11	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	550,000	0.305	3,925,000	0.506
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	(75,000)	(0.04)
Lapsed during the financial year	(50,000)	0.35	(3,300,000)	(0.55)
Balance at end of the financial year (i)	500,000	0.30	550,000	0.305

(i) Options outstanding at end of the financial year

The share options outstanding at the end of the financial year had an average exercise price of \$0.30 (2011: \$0.305) and a weighted average remaining contractual life of 273 days (2011: 630 days).

Performance Rights Plan

At the Annual General Meeting held on the 16 November 2010, the shareholder's approved the granting of 2,000,000 performance rights for no consideration to the Managing Director under the Adelaide Resources Limited Performance Rights Plan. Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest as follows as long as the holder remains as the Managing Director of the Company at the relevant vesting dates:

- 1,000,000 performance rights in 3 tranches, vesting as follows:
 - 333,333 performance rights vesting on 5 November 2011;
 - 333,333 performance rights vesting on 5 November 2012;
 - 333,334 performance rights vesting on 5 November 2013.
- 1,000,000 performance rights vest on the delineation of a JORC compliant resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 5 November 2012 or by satisfactory monetisation by that date of all or part of the Rover project to the Board's satisfaction.

The Group has an ownership-based compensation plan for executives, employees and consultants. In accordance with the provisions of the Adelaide Resources Limited Performance Rights Plan (PRP), Directors may issue performance rights to the company executives, employees and consultants. The performance rights are granted for no consideration and entitle the holder to be issued one fully paid ordinary share per performance right upon vesting.

During the year 920,000 performance rights were issued under this plan (870,000 during August 2011 and 50,000 during September 2011). The performance rights vest as follows as long as the holder remains employed at the relevant vesting dates:

- 435,000 performance rights in 2 tranches, vesting as follows:
 - 217,500 performance rights vesting on 19 August 2012;
 - 217,500 performance rights vesting on 19 August 2013;
- 435,000 performance rights vest on the delineation of a JORC compliant resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 19 August 2013.
- 25,000 performance rights in 2 tranches, vesting as follows:
 - 12,500 performance rights vesting on 1 September 2012;
 - 12,500 performance rights vesting on 1 September 2013;
- 25,000 performance rights vest on the delineation of a JORC compliant resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 1 September 2013.

On 12 January 2012 150,000 of the performance rights issued during August 2011 were cancelled as the recipient left the employment of the Company.

The performance rights are not listed, carry no rights to dividends and no voting rights.

The following performance rights were in existence during the financial year:

Rights - Series	Number	Grant Date	Vesting Date	Fair value at grant date
November 2010	2,000,000	16/10/2010	As described above	\$0.25
August 2011	870,000	19/8/2011	As described above	\$0.09
September 2011	50,000	1/9/2011	As described above	\$0.09

The weighted average fair value of the performance rights granted during the financial year is \$0.09.

Performance rights granted during 2012 were fair valued using a Black-Scholes pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimates for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the right), and behavioural considerations.

Inputs into the 2012 performance right pricing model:

	August 2011	September 2011
Grant date share price	\$0.09	\$0.09
Exercise price	\$0.00	\$0.00
Expected volatility	100.3%	100.7%
Performance rights expiry	Up to 2 years	Up to 2 years

The following reconciles the performance rights granted under the Plan at the beginning and end of the financial year:

Performance Rights Plan	30/06/12		30/06/11	
	Number of performance rights	Weighted average exercise price \$	Number of performance rights	Weighted average exercise price \$
Balance at beginning of financial year	2,000,000	0.00	2,000,000	0.00
Granted during the financial year	920,000	0.00	-	-
Vested during the financial year	(333,333)	0.00	-	-
Cancelled during the financial year	(150,000)	0.00	-	-
Balance at end of the financial year (i)	2,436,667	0.00	2,000,000	0.00

(i) Performance rights outstanding at end of the financial year

The performance rights outstanding at the end of the financial year had an average exercise price of \$0.00 (2011: \$0.00) and a weighted average remaining contractual life of 240 days (2011: 494 days).

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of Adelaide Resources Limited during the year were:

Directors

- A J Brown (Non-Executive Chairman)
- C G Drown (Managing Director)
- J P Horan (Non-Executive Director)
- J J den Dryver (Non-Executive Director)
- M I Hatcher (Non-Executive Director) – appointed 29 July 2011

Other Key Management Personnel

- N J Harding (Chief Financial Officer and Company Secretary)
- B Anderson (Exploration Manager)

The aggregate compensation of Key Management Personnel of the Group is set out below:

	Year Ended 30/06/12 \$	Year Ended 30/06/11 \$
Short-term employee benefits	844,251	778,371
Post employment benefits	9,188	10,844
Share-based payments (i)	256,738	175,125
	1,110,177	964,340

- (i) Share based payments relate to performance rights granted during the year to employees. Performance rights do not represent cash payments to employees and are converted into fully paid ordinary shares of the Company on the meeting of specific measures of performance.

18. REMUNERATION OF AUDITORS

	30/06/12 \$	30/06/11 \$
Audit or Review of the Company's financial report	34,050	29,800
Audit or Review of Peninsula Resources Limited financial reports	3,500	14,000
Peninsula Resources Limited Independent Accountants Report	-	18,600
Training	3,000	-
Tax return preparation and advice	7,650	70,302
	48,200	132,702

The auditor of Adelaide Resources Limited is Deloitte Touche Tohmatsu.

19. RELATED PARTY DISCLOSURES

- a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Interests in joint ventures

Details of interests in joint ventures are disclosed in Note 20 to the financial statements.

- b) Key Management Personnel compensation

Details of key management personnel compensation are disclosed in Note 17.

- c) Transactions with Key Management Personnel

Other than as disclosed in Note 16 and Note 21(d), there were no transactions with key management personnel or their personally related entities during the year ended 30 June 2012 (2011: NIL).

- d) Transactions within wholly owned group

The ultimate parent entity in the wholly-owned group is Adelaide Resources Limited. During the financial year Adelaide Resources Limited provided accounting and administrative services at no cost to the controlled entities and the advancement of interest free advances. Tax losses have been transferred to Adelaide Resources Limited for no consideration.

e) Equity holdings of Key Management Personnel

(i) Fully paid ordinary shares issued by Adelaide Resources Limited

2012	Balance 01/07/11	Net Changes	Balance 30/06/12	Balance held Nominally
Directors				
A J Brown	12,883,559	976,765	13,860,324	-
C G Drown	974,158	333,333*	1,307,491	-
J P Horan	1,928,158	-	1,928,158	-
J J den Dryver	-	-	-	-
M I Hatcher	-	-	-	-
Other Key Management Personnel				
N J Harding	115,642	-	115,642	-
B E Anderson	203,947	-	203,947	-

* C G Drown's movement relates to performance rights vesting

2011	Balance 01/07/10	Net Changes	Balance 30/06/11	Balance held Nominally
Directors				
A J Brown	11,584,866	1,298,693	12,883,559	-
C G Drown	893,077	81,081	974,158	-
J P Horan	1,847,077	81,081	1,928,158	-
J J den Dryver	-	-	-	-
Other Key Management Personnel				
N J Harding	-	115,642	115,642	-
B E Anderson	-	203,947	203,947	-

(ii) Options to acquire fully paid ordinary shares issued by Adelaide Resources Limited

2012	Balance 01/07/11	Granted	Cancelled/ Lapsed	Balance 30/06/12	Balance held Nominally	Vested and exercisable
Directors						
	-	-	-	-	-	-
Other Key Management Personnel						
B E Anderson	500,000	-	-	500,000	-	500,000

2011	Balance 01/07/10	Granted	Lapsed	Balance 30/06/11	Balance held Nominally	Vested and exercisable
Directors						
C G Drown	400,000	-	400,000	-	-	-
J P Horan	1,000,000	-	1,000,000	-	-	-
J J den Dryver	400,000	-	400,000	-	-	-
P J Dowd	500,000	-	500,000	-	-	-
K R Yates	1,000,000	-	1,000,000	-	-	-
Other Key Management Personnel						
B E Anderson	500,000	-	-	500,000	-	500,000

(iii) Performance rights issued by Adelaide Resources Limited

2012	Balance 01/07/11	Granted	Exercised	Balance 30/06/12	Balance held Nominally	Vested and exercisable
Directors						
C G Drown	2,000,000	-	333,333	1,666,667	1,666,667	See note 16 for details
Other Key Management Personnel						
N J Harding	-	300,000	-	300,000	300,000	See note 16 for details
B E Anderson	-	300,000	-	300,000	300,000	See note 16 for details
2011						
2011	Balance 01/07/10	Granted	Exercised	Balance 30/06/11	Balance held Nominally	Vested and exercisable
Directors						
C G Drown	-	2,000,000	-	2,000,000	2,000,000	See note 16 for details

20. JOINTLY CONTROLLED ASSETS

The Group had interests in unincorporated joint ventures at 30 June 2012 as follows:

South Australia	Percentage Interest 2012	Percentage Interest 2011
Moonta Porphyry Joint Venture (Note a) – Copper/Gold Exploration	90%	90%
Kimba-Verran Joint Venture (Note a) – Copper/Gold Exploration	90%	90%
Eyre Peninsula Uranium Joint Venture (Note b,c) – Uranium Exploration	32.54%	40%
Yalanda Hill Joint Venture (Note d) – Uranium Exploration	40%	40%

Notes:

- (a) The Group has an option to purchase the remaining 10% at any time for a consideration of \$200,000 cash or the equivalent of \$200,000 in Adelaide Resources Limited shares.
- (b) Under the terms of this joint venture agreement, Quasar Resources Pty Ltd is required to spend \$3,000,000 over four years commencing 1 January 2007 to earn a 60% interest, with a minimum of \$750,000 to be spent per year over the term of the joint venture. The \$3,000,000 expenditure obligation by Quasar Resources was met and announced to the market on 28 October 2010 whereby the Group's interest under the joint venture reverted to 40%.
- (c) After Quasar Resources Pty Ltd earned its 60% interest, the Group could elect to either contribute and hold its equity position, contribute or dilute on a program by program basis, or immediately revert to a 25% equity in the joint venture, free carried to a decision to mine. If the Group chose the dilution path, its interest could not be diluted below 25%, at which time the interest will be free carried through to a decision to mine. If the Group elects not to contribute to mine development, it can opt to sell or revert to a 2% revenue based royalty. On 10 March 2011 the Group elected not to contribute to the cost of the 2011 program and dilute its interest but retained the option to contribute to future programs.

- (d) A joint venture between 100% owned subsidiary Peninsula Resources Limited (formerly Eyre Energy Limited) and Investigator Resources Limited (IVR) (formerly Southern Uranium Limited) to explore for uranium on three Eyre Peninsula tenements. IVR could increase its equity to 60% through the expenditure of \$250,000 by September 2011, which was achieved on 10 February 2011. Thereafter each party may contribute to ongoing expenditure in respect of their joint venture holding or else elect to dilute.

The amount included in mining tenements, exploration and evaluation (Note 8) includes \$400,789 (2011: \$382,667) relating to the above joint ventures.

21. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

(a) *Exploration Expenditure Commitments*

The Group has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the company.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	2012 \$	2011 \$
Not later than one year:	1,335,000	929,000
Later than one year but not later than two years:	1,385,000	1,104,000
Later than two years but not later than five years:	4,055,000	3,212,000

(b) *Rover Project – Northern Territory*

Under an agreement entered into with Newmont Gold Exploration Pty Ltd (“Newmont”) on 28 February 2005, Adelaide Exploration Limited acquired a 100% interest in the Rover Project (Exploration Licences 7739, 8921, and Exploration Licence Application 25512) located near Tennant Creek, Northern Territory, on the following terms:

- A minimum of \$400,000 to be spent on exploration activities within 18 months of approval being received from the Central Land Council. This obligation had been met by December 2005.
- A net smelter return royalty to Newmont ranging from 1.5% to 2.5% after production, and
- The grant of a once only option to Newmont to buy back a 70% interest should a resource of more than 2 million gold ounces be discovered, by paying Adelaide Exploration Limited the lesser of \$A20 million or three times the expenditure by Adelaide Exploration Limited from the date of execution of the agreement.

Under an agreement entered into with Adelaide Exploration Limited, Adelaide Resources Limited and Franco-Nevada Australia Pty Ltd (“Franco”) dated 11 February 2009, Newmont assigned its interest in the royalty buy back to Franco.

(c) *Newcrest Mining Royalty Deed*

By a Royalty Deed dated 13 February 2002 the Group is obliged to pay to Newcrest Mining Limited a royalty of 1.5% of the gross proceeds received from the sale of refined minerals, less allowable deductions, mined from certain tenements on the Eyre Peninsula, South Australia.

(d) Service Agreements

The Group entered into service agreements with an entity associated with C G Drown for a term of three years from 16 November 2010. The Group also entered into service agreements with an entity associated with N J Harding for a term of two years from 17 November 2010 and an entity associated with B E Anderson for a term of one year, extendable by a further twelve months, from 12 February 2011.

For the year ended 30 June 2012 the Group had service agreements with entities associated with C G Drown, N J Harding and B E Anderson.

Should any of the above agreements be terminated by the company earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. The entities associated with C G Drown, N J Harding and B E Anderson may terminate their agreements with three months notice. As at 30 June 2012, the Group had a contingent liability in relation to these agreements of \$340,570 (2011: \$512,738).

Details of the current services and consultancy agreements are set out below:

2012

Key Management Personnel	Terms
C G Drown	Daily rate of \$1,100 for a minimum of 210 days per annum
N J Harding	Daily rate of \$960 for a minimum of 60 days per annum
B E Anderson	Daily rate of \$975

2011

Key Management Personnel	Terms
C G Drown	Daily rate of \$1,100 for a minimum of 210 days per annum
J P Horan	Daily rate of \$960 for a minimum of 90 days per annum (the service agreement was cancelled on the 17 November 2010)
N J Harding	Daily rate of \$960 for a minimum of 60 days per annum
B E Anderson	Daily rate of \$975

The Group also entered into a consultancy agreement with J J den Dryver on 28 May 2008 to provide consulting services on an as needs basis at the rate of \$1,300 per day (previously the rate was \$1,000 per day).

(e) Native Title

Native Title claims have been made with respect to tenements in South Australia and Queensland in which Adelaide Resources Limited has interests. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the company or its projects.

(f) Bank Guarantees

As at 30 June 2012, the Group had given a bank guarantee of \$50,000 (2011: \$50,000) to the Central Land Council, Northern Territory, as a performance bond.

As at 30 June 2012, the Group had given a bank guarantee of \$10,000 (2011: \$10,000) to the Minister for Mineral Resources Development, South Australia, for an environmental bond.

As at 30 June 2012, the Group had given a bank guarantee of \$32,500 (2011: \$32,500) to Pink Pumpkin Pty Ltd for a rent guarantee.

The above bank guarantees are secured by a restricted cash deposit of \$92,500.

(g) Operating Lease

Operating lease relates to the lease of office space which expires on 31 July 2014 (2011 : 31 July 2012)
The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable operating lease commitments

	2012 \$	2011 \$
Not longer than 1 year	80,930	77,873
Longer than 1 year and not longer than 5 years	91,065	6,515
Longer than 5 years	-	-
	171,995	84,388

22. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

Due to the nature of the Group's activities (exploration) the Directors believe that the most advantageous way to fund activities is through equity and strategic joint venture arrangements. The Group's exploration activities are monitored to ensure that adequate funds are available.

Categories of financial instruments

	2012 \$	2011 \$
Financial assets		
Cash and cash equivalents	2,915,127	8,381,277
Loans and receivables	53,997	155,665
Available-for-sale financial assets	-	221,622
Shares in Iron Road Limited	-	177,026
Financial liabilities		
Amortised cost	704,537	478,145

Interest rate risk management

The company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and company's net profit would increase/decrease by \$28,241 (2011: increase/decrease by \$39,855). This is mainly attributable to interest rates on bank deposits.

The Group's sensitivity to interest rates has decreased due to the decrease in the current holding in cash compared to the prior year.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than one year \$
2012		
Non-interest bearing	-	704,537
2011		
Non-interest bearing	-	478,145

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

23. SEGMENT INFORMATION

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the

Group effectively operates as one segment, being exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group

24. EARNINGS PER SHARE

	Year Ended 30/06/12 Cents per share	Year Ended 30/06/11 Cents per share
Basic earnings per share – Profit/(loss)	(0.68)	(0.98)
Diluted earnings per share – Profit/(loss)	(0.68)	(0.98)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	\$	\$
- Earnings	(980,480)	(1,263,166)
	Number	Number
- Weighted average number of ordinary shares	144,863,911	129,181,980

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	\$	\$
- Earnings	(980,480)	(1,263,166)
	Number	Number
- Weighted average number of ordinary shares	144,863,911	129,181,980

25. CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest	
		2012 %	2011 %
Parent Entity			
Adelaide Resources Limited (i)	Australia	100%	100%
Subsidiaries			
Adelaide Exploration Pty Ltd (ii)	Australia	100%	100%
Peninsula Resources Limited (formerly Eyre Energy Pty Ltd) (ii)	Australia	100%	100%

(i) Head entity in tax consolidated group

(ii) Members of tax consolidated group

26. PARENT ENTITY DISCLOSURES

	30/06/12 \$	30/06/11 \$
Financial Position		
Assets		
Current assets	2,907,145	8,680,080
Non-current assets	19,367,006	12,807,585
Total assets	22,274,151	21,487,665
Liabilities		
Current liabilities	717,395	493,587
Non-current liabilities	16,643	18,990
Total liabilities	734,038	512,577
Equity		
Issued capital	29,194,147	29,110,846
Accumulated losses	(9,092,948)	(9,475,318)
Reserves	1,438,914	1,339,560
Total equity	21,540,113	20,975,088
	Year Ended 30/06/12 \$	Year Ended 30/06/11 \$
Financial Performance		
Profit/(loss) for the year	382,370	(1,056,779)
Other comprehensive income	(82,238)	45,677
Total comprehensive income	300,132	(1,011,102)

Commitment for expenditure and contingent liabilities if the parent entity

Note 21 to the financial statements discloses the Group's commitments for expenditure and contingent liabilities. Of the items disclosed in that note the following relate to the parent entity:

- service agreements
- bank guarantees
- operating leases

Letter of Support

The Company has provided a financial letter of support to Peninsula Resources Limited to enable Peninsula Resources Limited to pay its debts as and when they fall due.

27. SUBSEQUENT EVENT

The Company issued 18,599,955 ordinary shares on 15 August 2012 as a result of a Share Purchase Plan. The issue of shares raised \$837,000 and the costs associated with the issue were \$61,540.

Other than the above, there were no other matters or circumstances occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Directors' Declaration

The directors declare that:

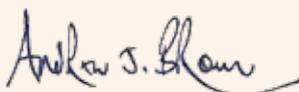
- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) In the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;
- (c) In the directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and consolidated entity; and
- (d) The directors have been given the declaration required by Section 295A of the Corporation Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the directors



C G Drown
Managing Director



A J Brown
Chairman

Adelaide, South Australia
25th September 2012

Independent Auditor's Report to the Members of Adelaide Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Adelaide Resources Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 37 to 66.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 3, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Adelaide Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Adelaide Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 33 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Adelaide Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



DELOITTE TOUCHE TOHMATSU



Stephen Harvey
Partner
Chartered Accountants
Adelaide, 25 September 2012

SHAREHOLDER INFORMATION

Substantial Shareholders

The names of substantial shareholders shown in the company's share register are:

Shareholder	Number of Shares
Loftus Lane Investments	13,783,657

Distribution of Shareholders

Number of ordinary shares held	No. of Holders	Ordinary shares
1-1000	308	95,966
1,001- 5,000	427	1,300,478
5,001-10,000	378	3,287,553
10,001-100,000	833	33,859,707
100,001-1,000,000+	307	125,247,452
	2,253	163,791,156

All ordinary shares carry one vote per share without restriction.

At the closing price on SEATS at 25 September 2012 there were 930 shareholders with less than a marketable parcel of 9616 shares.

Top 20 Shareholders of ordinary shares

Issued	Shares	% Shares
Loftus Lane Investments	13,783,657	8.42
Buratu Pty Ltd <Connolly Super Fund A/C>	4,918,000	3.00
Keith Yates & Assoc P/L <Yates Family Super Fund A/C>	3,451,158	2.11
HS Superannuation Pty Ltd <HS Superannuation Fund A/C>	2,500,000	1.53
Mr Keith Robert Yates	2,427,278	1.48
Ariki Investments Pty Limited	2,000,000	1.22
Navigator Australia Ltd <MLC Investment Sett A/C>	1,973,031	1.20
Howard-Smith Investments Pty Ltd	1,831,081	1.12
South Nominees Pty Ltd <JP & C Horan Super Fund A/C>	1,661,491	1.01
Diamond Jay M/Ment Services Pty Limited <DJMS Super Fund A/C>	1,583,333	0.97
Mr James Robert Fraser	1,548,361	0.95
Peninsula Exploration Pty Ltd	1,450,000	0.89
Pershing Australia Nominees Pty Ltd <Argonaut Account>	1,333,333	0.81
Weldbank Pty Ltd	1,266,774	0.77
Mr Chris Drown & Mrs Lynette Drown <C&L Drown Family A/c>	1,251,694	0.76
Bell Potter Nominees Ltd <BB Nominees A/C>	1,133,303	0.69
HSBC Custody Nominees (Australia) Limited	1,120,412	0.68
Valui Pty Ltd <Fortis Super Fund A/C>	1,095,879	0.67
Bond Street Custodians Limited <STX - V13903 A/C>	1,000,000	0.61
Crenson Holdings Pty Ltd	1,000,000	0.61
Total of top 20 holdings	51,572,670	35.65
Other holdings	93,092,698	64.35
Total fully paid shares issued	144,665,368	100.00

Options

There are 500,000 unlisted options held by employees under the Company's Employee Share Option Plan and 2,244,167 performance rights held by the Managing Director and other company personnel under the Company's Employee Performance Rights Plan.



Adelaide Resources Limited

Registered and Principal Office

69 King William Road
Unley, South Australia 5061

Telephone: +61 8 8271 0600
Facsimile: +61 8 8271 0033
Postal: PO Box 1210 Unley BC SA 5061
Email: adres@adelaideresources.com.au
Website: www.adelaideresources.com.au



- ROVER
Gold-Copper
- GLENROY
Gold
- EYRE PENINSULA
Gold
- CORROBINNIE
Uranium
- YALANDA HILL
Gold-Silver-Uranium
- ANABAMA
Copper-Gold-Iron Ore
- MOONTA
Copper-Gold

