



Adelaide Resources Limited

NOTICE OF ANNUAL GENERAL MEETING

ACN 061 503 375

NOTICE IS HEREBY GIVEN that the Annual General Meeting
of Shareholders of Adelaide Resources Limited

will be held in the Boulevard Room of the Stamford Plaza,
150 North Terrace, Adelaide, South Australia

on **Tuesday 25 November 2014** commencing at **11.00am**
(Adelaide time ACDT).

Ordinary Business

FINANCIAL REPORT

To receive and consider the Company's financial statements and independent audit report for the year ended 30 June 2014.

The 2014 Annual Report will be available to view online at www.adelaideresources.com.au and despatched to those Shareholders who have elected to receive a hard copy of the report.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2014

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That, for the purpose of Section 250R(2) of the Corporations Act, the Company adopt the Remuneration Report for the period ended 30 June 2014 as set out in the Directors' Report in the 2014 Annual Report.

Voting Exclusion Statement

The Company will disregard any votes cast (in any capacity) on Resolution 1 by any Key Management Personnel, the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the proxy form expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Company need not disregard a vote if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the stated voting intentions of the Chair of the Meeting.

RESOLUTION 2 – RE-ELECTION OF MR JONATHAN BUCKLEY AS A DIRECTOR

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr Jonathan Buckley, having retired as a Director in accordance with ASX Listing Rule 14.4 and clause 9.2 of the Company's Constitution and being eligible and having offered himself for re-election, is re-elected as a Director of the Company with immediate effect.

RESOLUTION 3 – RE-ELECTION OF MR MICHAEL HATCHER AS A DIRECTOR

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That Mr Michael Hatcher, having retired by rotation in accordance with ASX Listing Rule 14.4 and clause 6.1 of the Company's Constitution and being eligible and having offered himself for re-election, is re-elected as a Director of the Company with immediate effect.

RESOLUTION 4 – PARTICIPATION OF DIRECTORS IN SHORTFALL

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That, for the purpose of Listing Rule 10.11 and for all other purposes, Non-Executive Directors Mr Michael Hatcher and Mr Jonathan Buckley or their nominees, may subscribe for, and be issued with, Shares at an issue price of \$0.03 per Share and free attaching Options (each Option having an exercise price of \$0.05 and an expiry date of 30 September 2016) and otherwise on the terms and conditions set out in this Notice of Meeting.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 4 by Michael Hatcher and Jonathan Buckley and any of their associates. However the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolution 4 if:

- (a) the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the meeting at which the resolution is to be voted on; and
- the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES TO NON-EXECUTIVE DIRECTORS IN LIEU OF DIRECTOR FEES

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That, for the purpose of Listing Rule 10.11 and for all other purposes, the issue and allotment of 50,000 Adelaide Resources Limited Shares to each of the Company's Non-Executive Directors, Mr Michael Hatcher and Mr Jonathan Buckley or their nominees, in lieu of Director's fees for the month of December 2014.

Voting exclusion statement

The Company will disregard any votes cast on Resolution 5 by Michael Hatcher and Jonathan Buckley and any of their associates. However the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolution 5 if:

- (a) the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the meeting at which the resolution is to be voted on; and
- the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

RESOLUTION 6 – APPROVAL OF ISSUE OF SECURITIES TO MR CHRISTOPHER DROWN

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

That the granting of 750,000 Performance Rights to acquire fully paid ordinary shares in the capital of the Company and the issue of Shares on vesting of the Performance Rights to Mr Christopher Drown, in accordance with the Employee Performance Rights Plan and on the terms summarised in the Explanatory Memorandum accompanying this Notice of Meeting, is approved for all purposes including ASX Listing Rule 10.14.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by Christopher Drown or any of his associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- (a) the person is either:
 - a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the Company will not disregard a vote if:

- the person is the Chair of the meeting at which the resolution is to be voted on; and
- the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

Special Business

RESOLUTION 7 – APPROVAL OF 10% PLACEMENT FACILITY

To consider, and if thought fit, pass the following resolution as a special resolution:

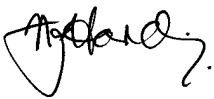
That, for the purposes of Listing Rule 7.1A and all other purposes, Shareholders authorise the Company to have the additional capacity to issue Equity Securities comprising up to 10% of the issued capital of the Company under Listing Rule 7.1A calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 7 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any of their associates. However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy form; or
- (b) it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board



N J Harding
Company Secretary

Dated this 16th day of October 2014

VOTING ENTITLEMENTS

For the purposes of ascertaining the voting entitlements for the Annual General Meeting, the shareholding of each Shareholder will be as it appears in the share register on Sunday 23 November 2014 at 11.00am (Adelaide time ACDT).

PROXIES

A Shareholder entitled to attend and vote at the meeting has the right to appoint a proxy, who need not be a Shareholder of the Company. If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. The Proxy form must be deposited at the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or at the Company's registered office, 69 King William Road, Unley, SA 5061, or by facsimile to Computershare on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia) or to the Company on +61 8 8271 0033, or by casting a vote online by visiting **www.investorvote.com.au** and by entering the Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed Proxy Form not later than 48 hours before the commencement of the meeting. For Intermediary Online subscribers only (custodians), please visit **www.intermediaryonline.com** to submit your voting intentions, which must be submitted by not later than 48 hours before the commencement of the meeting.

CORPORATE REPRESENTATIVE

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the meeting or handed in at the meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Shareholders in consideration of resolutions proposed for the Annual General Meeting of the Company to be held in the Boulevard Room of the Stamford Plaza, 150 North Terrace, Adelaide, South Australia on Tuesday 25 November 2014 commencing at 11.00am (Adelaide time ACDT).

It should be read in conjunction with the accompanying Notice of Annual General Meeting.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2014

In accordance with Section 250R(2) of the Corporations Act, Shareholders are required to vote on the Company's Remuneration Report for the year ended 30 June 2014.

The Remuneration Report is contained in the Directors' Report in the 2014 Annual Report, which will be available to view online at the Company's website www.adelaideresources.com.au and despatched to those Shareholders who have elected to receive a hard copy of the report.

The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives for the year ended 30 June 2014.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote at the Annual General Meeting of the Company. Members should note that the vote on Resolution 1 is not binding on the Company or the Directors.

Since 1 July 2011, if more than 25% of the votes cast on a resolution to adopt the Remuneration Report are against the adoption of the Remuneration Report for two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution ("Spill Resolution") that another meeting be held within 90 days, at which all of the Company's Directors must go up for re-election.

At the 2013 AGM, the Company's Remuneration Report for the year ended 30 June 2013 did not receive a 'no' vote of 25% or more.

The Directors recommend Shareholders vote in favour of Resolution 1. The Chair intends to vote undirected proxies in favour of Resolution 1.

Important information for Shareholders:

Please note, in accordance with sections 250R(4) and (5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to Resolution 1 unless the Shareholder expressly authorizes the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the Meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorize the Chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair. You should be aware that the Chair of the Meeting intends to vote undirected proxies in favour of the adoption of the Remuneration Report.

Alternatively, if you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

As a further alternative, Shareholders can nominate as their proxy for the purposes of Resolution 1, a proxy who is not a member of the Company's Key Management Personnel or any of their Closely Related Parties. That person would be permitted to vote undirected proxies (subject to the Listing Rules).

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1, noting that each Director has a material personal interest in his or her own remuneration from the Company.

RESOLUTION 2 – RE-ELECTION OF MR JONATHAN BUCKLEY AS A DIRECTOR

ASX Listing Rule 14.4 and clause 9.2 of the Company's Constitution require that any Director appointed by the Board, either to fill a casual vacancy or as an addition to the Board, must retire at the next Annual General Meeting following their appointment, but is eligible for re-election at that Annual General Meeting.

Mr Jonathan Buckley has been appointed as an addition to the Board since the Company's 2013 Annual General Meeting and retires as a Director pursuant to ASX Listing Rule 14.4 and clause 9.2 of the Company's Constitution. Mr Buckley is eligible for, and has offered himself for, re-election.

The resume of Mr Buckley is as follows:

Jonathan P Buckley BEc, SF Fin, GAICD

Jonathan Buckley is a corporate executive with extensive commercial and corporate finance experience spanning over 25 years in Australia and the UK. He was previously Group Managing Director for PhillipCapital Australia, part of a leading Asian financial group providing corporate finance, funds management, stockbroking and wealth management services in Australia. He has been a founding director of a number of fund management businesses in high growth sectors, including resources and healthcare.

Prior to establishing PhillipCapital Australia's corporate advisory business, Mr Buckley was Manager, Strategic Planning for Rothschild Asset Management UK based in London. He has also held roles with KPMG Management Consulting and Barclays de Zoete Wedd Securities in London.

The Directors (excluding Mr Buckley) unanimously recommend that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of Resolution 2.

RESOLUTION 3 – RE-ELECTION OF MR MICHAEL HATCHER AS A DIRECTOR

In accordance with Listing Rule 14.4 and clause 6.1 of the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for reelection. The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement. This rule does not apply to the Managing Director.

The Directors presently in office are Mr Michael Hatcher, Mr Christopher Drown, Mr John den Dryver and Mr Jonathan Buckley. Mr den Dryver has decided to retire from the Board at the Annual General Meeting.

Mr Hatcher has been longest in office since his last re-appointment and will retire by rotation at the Annual General Meeting. Mr Hatcher is eligible for, and has offered himself for, re-election.

The resume of Mr Hatcher is as follows:

Michael I Hatcher BSc (Hons), MAusIMM

Mike Hatcher is a geologist 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 a previous Non-Executive Director of ASX listed Outback Metals Limited and ERO Mining Limited.

The Directors (excluding Mr Hatcher) unanimously recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of Resolution 3.

RESOLUTION 4 – PARTICIPATION OF DIRECTORS IN SHORTFALL

On 29 September 2014, Adelaide Resources Limited announced a pro rata non-renounceable rights issue to Shareholders of 1 New Share for every 2 shares held on the record date of 7 October 2014 at an issue price of \$0.03 per share to raise approximately \$3.436 million before costs. In addition, 1 free attaching Option will be issued for every 2 New Shares issued under the offer with each Option exercisable at \$0.05 per share and having a 2-year term expiring 30 September 2016.

The net proceeds received from the Rights Issue will be principally used to complete drilling programs to advance the Company's exciting existing discoveries, and to test earlier stage highly regarded targets, as follows:

- Reverse circulation or diamond drilling on the Moonta Project to test for deeper mineralisation at two well defined mineralised zones at the Alford West copper-gold prospect;
- Also on the Moonta Project, aircore drilling at two recently discovered mineralised zones at Alford West and at the recently delineated Tomahawk copper soil geochemical anomaly;
- Further surface exploration on the Drummond Project and to assist in meeting the costs to undertake a QLD Government co-funded drilling program at the South West Limey Dam epithermal gold prospect;
- Drill testing of structural targets at existing gold deposits and trials to advance the application of ground breaking biogeochemical exploration research on the Eyre Peninsula Project;
- Geological modelling and re-evaluation of the Rover 4 and Rover 1 copper-gold deposits on the Rover Project to assist in delivering downstream value;
- Meeting on-going fixed exploration and working capital costs and the costs associated with the Offer.

Mr Michael Hatcher and Mr Jonathan Buckley are both Directors and Shareholders of the Company and each intends to subscribe for their full entitlement under the Rights Issue, which they are permitted to do without the need to obtain Shareholder approval as an exception to Listing Rule 10.11.

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes, to allow Mr Hatcher and Mr Buckley or their nominees, to participate in any shortfall resulting from the Rights Issue by subscribing for up to the amount of Shares and free attaching Options, with each Option having an exercise price of \$0.05 and an expiry date of 30 September 2016, as set out in the table below:

Name	Shares	Options
Michael Hatcher	350,000	175,000
Jonathan Buckley	455,000	227,500

The Company will issue the Shares and Options within one (1) month of the Annual General Meeting to Mr Hatcher and Mr Buckley or their nominees with an issue price of \$0.03 per New Share and with the free attaching Options issued for no consideration. A total of \$24,150 will be raised if all of the shares under consideration of this resolution are subscribed for by Mr Hatcher and Mr Buckley.

The Shares to be issued to Mr Hatcher and Mr Buckley or their nominees will be issued on the same terms as, and rank equally with, all other Shares on issue and application will be made for their quotation on the ASX. The Options to be issued are of the same class as those issued under the recent Adelaide Resources Limited Rights Issue.

A voting exclusion statement has been included in the Notice of the Annual General Meeting.

The Directors (excluding Mr Hatcher and Mr Buckley) unanimously recommend that Shareholders vote in favour of Resolution 4. The Chair intends to vote undirected proxies in favour of Resolution 4.

RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES TO NON-EXECUTIVE DIRECTORS IN LIEU OF DIRECTOR FEES

ASX Listing Rule 10.11 prohibits the issue of shares by the Company to any of its Directors without prior Shareholder approval.

In order to strengthen the alignment of Directors fees with the interests of Shareholders it is proposed that 50,000 Adelaide Resources shares be issued to each of the Company's Non-Executive Directors, Mr Michael Hatcher and Mr Jonathan Buckley, in part payment of their respective December 2014 Director fees. The value of the shares to be issued will form part of the aggregate remuneration entitlement of the Non-Executive Directors and will not require a change to the total pool of Director entitlements previously approved by Shareholders. Resolution 5 seeks the Shareholder approval required by Listing Rule 10.11 to allow the issue of Shares to occur.

The following information is provided in accordance with Listing Rule 10.13 for the purpose of the Shareholder approval sought pursuant to Listing Rule 10.11:

- (a) Both Mr Hatcher and Mr Buckley are Non-Executive Directors of Adelaide Resources Limited. The Shares issued under this resolution may be issued to a nominee of Mr Hatcher or Mr Buckley.
- (b) The maximum number of shares to be issued is 100,000 Shares, being 50,000 each to Mr Hatcher and Mr Buckley or their nominees.
- (c) The Shares to be issued to Mr Hatcher and Mr Buckley or their nominees will be issued within one (1) month of the Annual General Meeting. It is anticipated that this will be on or about 15 December 2014.
- (d) The Shares to be issued to Mr Hatcher and Mr Buckley or their nominees will be priced at the higher of the 5 day VWAP prior to the date of issue or \$0.03 per share, being the issue price of the recently completed Rights Issue.
- (e) The Shares to be issued to Mr Hatcher and Mr Buckley or their nominees will be issued on the same terms as, and rank equally with, all other Shares on issue and application will be made for their quotation on the ASX.
- (f) No funds will be raised by the issue of Shares to Mr Hatcher or Mr Buckley or their nominees although the Company's liability in regards to directors fees payable will be reduced by the value of the Shares issued, thus preserving the Company's cash to that extent.
- (g) A voting exclusion statement has been included in the Notice of the Annual General Meeting.

If approval is given under Listing Rule 10.11 then approval is not required under Listing Rule 7.1 and the Shares issued pursuant to this Resolution will not be included in the calculation of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The Directors (other than Mr Hatcher and Mr Buckley) recommend that Shareholders vote in favour of Resolution 5. The Chair intends to vote undirected proxies in favour of Resolution 5.

RESOLUTION 6 – APPROVAL OF ISSUE OF SECURITIES TO MR CHRISTOPHER DROWN

The Company's remuneration policy is to ensure that remuneration is competitive in attracting, motivating and retaining employees of high calibre and properly reflects the duties and responsibilities of each relevant employee.

The remuneration structure used by the Company to achieve these objectives includes the combination of fixed annual remuneration and performance related remuneration (including participation in the Performance Rights Plan, which is offered to employees who are able to influence the generation of shareholder wealth and therefore have a direct impact on the Company's performance).

At the 2013 Annual General Meeting, Shareholders approved the refreshing of the Company's Performance Rights Plan for a further 3 years under the same terms and conditions as the original plan approved by Shareholders at the 2010 Annual General Meeting for the grant of Performance Rights to executives of the Company as part of the executive remuneration structure.

To achieve the objectives of sustainable performance, 750,000 Performance Rights will vest, and the underlying Shares in the capital of the Company will be issued to Mr Drown, subject to Shareholders approving Resolution 6, on the performance of the Company against the following KPI's during the calendar year 2015:

- (a) the Company's share price outperforms the S&P/ASX Small Resources Index (in capital not accumulation terms);
- (b) the enterprise value growth from the base date (December 2014) exceeds the S&P/ASX Small Resources Index growth;
- (c) the enterprise value growth having a conversion of over 100% of total spend on exploration and administration. That is, every \$1.00 spent on exploration and administration results in an increase of more than \$1.00 in enterprise value.

The grant of the Performance Rights and the issue of Shares on the vesting of the Performance Rights are subject to Shareholders approving Resolution 6. Subject to receipt of Shareholder approval, the Board intends to grant the Performance Rights at the first Board meeting following the Annual General Meeting.

ASX Listing Rule 10.14 requires that an entity must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition.

The following information is provided to Shareholders for the purposes of Listing Rule 10.15A:

- (a) upon vesting of the Performance Rights, the underlying Shares will be issued to Mr Drown or an associate of Mr Drown nominated by him;
- (b) the maximum number of Shares to be issued to Mr Drown upon vesting of the Performance Rights is 750,000;
- (c) the Performance Rights will be granted for no cash consideration and the Shares to be issued upon vesting of the Performance Rights will be issued for non cash consideration;
- (d) Mr Drown was granted 2,000,000 Performance Rights under the Performance Rights Plan approved by Shareholders at the 2010 Annual General Meeting. Of the 2,000,000 Performance Rights granted in 2010, 1,000,000 have vested with the remaining 1,000,000 Performance Rights lapsing as the criteria for vesting was not met. At the 2012 Annual General Meeting Shareholders approved the granting of 1,500,000 Performance Rights to Mr Drown which may or may not vest subject to the achievement of a number of KPI's as determined by the Board. The Performance Rights were granted to Mr Drown for non cash consideration and the shares issued upon vesting of the Performance Rights were issued for non cash consideration. Other than Mr Drown, no person referred to in Listing Rule 10.14 has received any Performance Rights under the Plan to date;
- (e) the persons referred to in Listing Rule 10.14 entitled to participate in the Performance Rights Plan are Mr Christopher Drown;
- (f) there is no loan applicable to the grant of the Performance Rights or the issue of the Shares upon vesting of the Performance Rights;
- (g) details of any securities issued under the Performance Rights Plan will be published in each Annual Report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14;
- (h) any additional persons specified in Listing Rule 10.14 who become entitled to participate in the Performance Rights Plan after Resolution 6 is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14;
- (i) the shares to be issued upon the vesting of the Performance Rights will be issued not later than 20 November 2016; and
- (j) a voting exclusion statement has been included in the Notice of the Annual General Meeting.

The Directors (other than Mr Drown) recommend that Shareholders vote in favour of Resolution 6. The Chair intends to vote undirected proxies in favour of Resolution 6.

RESOLUTION 7 - APPROVAL OF 10% PLACEMENT FACILITY

Background to Resolution 7

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company's market capitalisation as at 16 October 2014 was \$6.9 million (229,079,813 issued shares at \$0.03 closing price per share). Further, the Company is not included in the S&P/ASX 300 Index, and is therefore an eligible entity for the purposes of ASX Listing Rule 7.1A.

The Company is now seeking Shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2. It is the Company's intention that funds received under the 10% Placement Facility will primarily be used to undertake further exploration activities within the Moonta and Eyre Peninsula Projects in South Australia, the Drummond Project in Northern Queensland and the Rover Project in the Northern Territory. Funds raised under the 10% Placement Facility may also be used to supplement the Company's working capital requirements and undertake further transactions to acquire new assets or investments should the Directors determine this to be in the best interests of the Company.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a Special Resolution at an Annual General Meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue two classes of Equity Securities being Listed Shares and Performance Rights.

(c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid shares that became fully paid in the 12 months;
- (3) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (4) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 229,079,813 Shares and therefore has a capacity to issue:

- (1) 34,361,971 Equity Securities under Listing Rule 7.1; and
- (2) subject to Shareholder approval being obtained under Resolution 22,907,981 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Facility as consideration for the acquisition of a new asset, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (1) the date that is 12 months after the Annual General Meeting at which the approval is obtained; or
- (2) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (10% Placement Period).

Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's placement capacity under Listing Rule 7.1.

Resolution 7 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
 - (1) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.
- (b) if Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders may be subject to both economic and voting power dilution. There is a risk that:
- (1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting;
 - (2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date; and
 - (3) the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

The table following shows the dilution of existing Shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice. The table also shows:

- (1) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or script issued under a takeover) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (2) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.015 50% decrease in issue price	\$0.03 Issue price	\$0.06 100% increase in issue price
Current Variable A 229,079,813 Shares	10% voting dilution	22,907,981 Shares	22,907,981 Shares	22,907,981 Shares
	Funds raised	\$343,620	\$687,239	\$1,374,479
50% increase in current Variable A 343,619,719 Shares	10% voting dilution	34,361,972 Shares	34,361,972 Shares	34,361,972 Shares
	Funds raised	\$515,430	\$1,030,859	\$2,061,718
100% increase in cur- rent Variable A 458,159,626 Shares	10% voting dilution	45,815,963 Shares	45,815,963 Shares	45,815,963 Shares
	Funds raised	\$687,239	\$1,374,479	\$2,748,958

The table has been prepared on the following assumptions:

- i the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
- ii no Unlisted Options (including any Unlisted Options issued under the 10% Placement Facility) or Performance Rights are exercised into Shares before the date of the issue of the Equity Securities;
- iii the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- iv the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the meeting;
- v the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Dilution experienced by Shareholders may be greater if issues have been made utilising the capacity in Listing Rule 7.1 as well;

- vi the issue of Equity Securities under the 10% Placement Facility consists only of Shares;
 - vii the issue price is \$0.03, being the closing price of the Shares on ASX on 16 October 2014.
- (c) the Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 7 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) the Company may seek to issue the Equity Securities for the following purposes:
- i non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - ii cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisitions or investments), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A (4) and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- i the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - ii the effect of the issue of the Equity Securities on the control of the Company;
 - iii the financial situation and solvency of the Company; and
 - iv advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets.

If Resolution 7 is approved by Shareholders, the Company may issue Equity Securities under the 10% Placement Facility during the Placement Period as and when the circumstances of the Company require.

- (f) the Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2013 Annual General Meeting. The following Equity Securities have been issued during the preceding 12 months:

Number Issued	Class of Security	Issued to	Price	Consideration	Comment
333,334	Ordinary Shares	Managing Director on vesting of Performance Rights	Nil	\$83,305 as per Black Scholes valuation method	Vesting of Performance Rights issued under the Company's Performance Rights Plan
1,550,000	Performance Rights	Qualifying ADN employees and contractors	Nil	\$97,566 as per Black Scholes valuation method	Issue of Performance Rights under the Company's Performance Rights Plan

- (g) No cash has been received through the issue of Equity Securities in the preceding 12 months since the 2013 Annual General Meeting.

- (h) a total of 333,334 Equity Securities have been issued in the 12 months preceding the date of the 2014 Annual General Meeting which represents 0.15% of the total number of Equity Securities on issue at the time of the previous Annual General Meeting.
- (i) a voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Board considers that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required. At the date of this Notice, the Company has no plans to use the Placement Facility should it be approved.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 7. The Chair intends to vote all undirected proxies in favour of Resolution 7.

GLOSSARY

In this Explanatory Memorandum, the following terms have the following unless the context otherwise requires:

"ASX" means ASX Limited ACN 008 624 691 or the securities exchange operated by ASX Limited (as the context requires);

"Board" means the Board of Directors from time to time.

"Closely Related Party" of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company that the member controls.

"Company" means Adelaide Resources Limited (ACN 061 503 375).

"Constitution" means the constitution of the Company from time to time.

"Corporations Act" means the Corporations Act 2001 (Cth).

"Directors" means the Directors of the Company from time to time and "Director" means any one of them.

"Equity Securities" has the meaning given to that term in the Listing Rules.

"Explanatory Memorandum" means this explanatory memorandum.

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any Director (whether executive or otherwise).

"Listing Rules" means the listing rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

"Option" means an option to subscribe for one fully paid ordinary share in the capital of the Company.

"Related party" has the meaning given to that term in Section 228 of the Corporations Act.

"Share" means a fully paid ordinary share in the capital of the Company.

"Shareholder" means a holder of Shares in the Company.

"Trading Day" means a day determined by ASX to be a trading day in accordance with the Listing Rules.

"VWAP" means Volume Weighted Average Price of the Company's ASX-listed Shares trading under the code ADN.



Adelaide Resources Limited

ABN 75 061 503 375

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:00am (Adelaide time) Sunday 23 November 2014

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form


Please mark  to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Adelaide Resources Limited hereby appoint

☐ the Chairman of the Meeting **OR**


 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Adelaide Resources Limited to be held in the Boulevard Room of the Stamford Plaza, 150 North Terrace, Adelaide, South Australia on Tuesday, 25 November 2014 at 11:00am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 4, 5 & 6** (except where I/we have indicated a different voting intention below) even though **Items 1, 4, 5 & 6** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 4, 5 & 6** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
1 Adoption of the Remuneration Report for the year ended 30 June 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Jonathan Buckley as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Michael Hatcher as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Participation of Directors in Shortfall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of issue of shares to Non-Executive Directors in lieu of Director fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of issue of securities to Mr Christopher Drown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

7 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date

/ /