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 2015. 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:

Colin G Jackson
MSc, BSc (Hons), DIC, Grad Dip Bus Admin – Non-Executive Chairman (appointed 23 February 2015)

Colin Jackson is a metallurgist and mineral process design engineer graduate of Birmingham University and Royal School of Mines, Imperial College, London University. He has over 40 years of industry experience and brings to the Company a strong technical background and extensive copper-gold knowledge. In addition he has substantial global financial market experience and has guided a number of companies from the exploration phase into production.

After ten years mine design and operating experience with Selection Trust Limited and RGC Limited, Mr Jackson became a Director of Research and Corporate for McIntosh Securities Ltd (now Bank of America Merrill Lynch) where he raised equity for a significant number of gold companies including Kidston Gold Mines and Placer Pacific Limited's IPO over a 12 year period. His next 8 years were dedicated to communication and investor relations roles at Newcrest Mining Limited and Normandy Mining Limited where he was Group Executive Corporate.

More recently Mr Jackson has held Non-executive Director positions with Terramin Australia Limited, Intrepid Mines Limited and Red 5 Limited where he helped guide the financing and development of the Angas zinc mine in South Australia, the Paulsens underground gold mine in Western Australia, and the Siana open pit gold mine on the island of Mindanao in the Philippines.

Mr Jackson is the Chairman of the Remuneration Committee and a member of the Audit and Risk Committee.

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.

Nicholas J Harding
BA (Acc), Grad Dip (Acc), Grad Dip (App Fin), Grad Dip (Corp Gov), FCPA, F Fin, AGIA, ACIS
Executive Director and Company Secretary (appointed 23 February 2015)

Nick Harding is a qualified accountant and company secretary with over 25 years experience in the resources industry. He is a Fellow of CPA Australia, a Fellow of the Financial Services Institute of Australasia and a member of the Governance Institute of Australia and possesses qualifications in accounting, finance and corporate governance.

Mr Harding has held various senior roles with WMC Resources Limited, Normandy Mining Limited and Newmont Australia Limited. At WMC Resources over a period of 14 years to 1999 he held a number of senior management roles at both minesites and regional offices in Western Australia and South Australia including five years as Chief Financial Officer for Olympic Dam Operations, and four years as Chief Accountant and Business Planning Manager for the Copper Uranium Division.

In eight years from 1999 to 2006 at Normandy Mining and then Newmont Australia following the takeover by Newmont of Normandy, Mr Harding held the positions of General Manager Operations Finance and General Manager Planning and Analysis which respectively had responsibilities for accounting, finance and budgeting for 14 mining operations in Australia and overseas.

Jonathan P Buckley
B Ec, SF Fin, GAICD **–** *Non-Executive Director (Chairman of Audit and Risk Committee)*

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.

Mr Buckley is the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Michael I Hatcher
BSc (Hons), MAusIMM – Non-Executive Chairman (resigned 23 February 2015)

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 Tin 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.

John J den Dryver
BE (Mining), MSc, FAusIMM – Non-Executive Director (resigned 25 November 2014)

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 Gascoyne Resources Limited and is a previous Non-executive Director of Helix Resources Limited and

Centrex Metals Limited.

Directorships of other listed companies

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

Name	Company	Period of Directorship
C G Jackson	Intrepid Mines Limited	From 2003 to 2014
	Red5 Limited	From 2003 to 2013

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

Operating and Financial Review

<u>Strategy</u>

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

- The Company will maintain a strong commodity focus on gold and copper. Directors believe the outlook for these metals remains positive, and believe these are commodities well suited to our expertise and capabilities. The two metals occur naturally together in several of the Company's key projects, and the capital cost of developing a gold or copper mine of a size that would transform the Company is within its financing capacity.

- 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 Board will contemplate third party investment in a tier one project if it believes the consequent loss of shareholder equity is more than compensated by increased financial certainty and project de-risking that may accrue.

- The Company will pursue opportunities which have potential to unlock value in its other mineral assets, and will maintain an active lookout for quality new gold and copper projects.

- The Company will build shareholder wealth while adhering to principles of good corporate governance, caring for its employees, conducting its operations in an environmentally sensitive manner, and maintaining respect for other stakeholders and for the communities in which it operates.

<u>Financial Results</u>

The net result of operations for the year was a loss after income tax of $1,189,928 (2014: loss of $6,684,454).

Exploration expenditure for the year was $1,688,326 (2014: $1,972,926) with funds directed principally to the Moonta Copper, Eyre Peninsula Gold and Drummond Epithermal Gold projects. Net operating cash outflows for the year totalled $950,734 (2014: $1,064,574). At the 30 June 2015 the Company held cash and cash equivalents totalling $1,603,699 (2014: 1,376,050).

During the 2014/15 financial year the Company completed a Rights Issue (for shares and share options) and subsequent placement of shortfall shares and share options. The new shares were issued at 3.0 cents each and the share options were issued for no consideration resulting in raising a total of $2,235,259 before costs.

Exploration Activities

Over the 2014/15 financial year Adelaide Resources completed exploration programs on the Drummond Epithermal Gold Project in North Queensland, the Eyre Peninsula Gold Project on South Australia's northern Eyre Peninsula, and the Moonta Copper Project on South Australia's Yorke Peninsula, each of which is 100% owned.

The Company also entered into a joint venture, the Thurlga Joint Venture, with Investigator Resources Limited to explore one of the Company's Eyre Peninsula tenements.

Drummond Epithermal Gold Project

The Drummond Epithermal Gold Project is located in Queensland's Drummond Basin. The project is prospective for high grade gold deposits of epithermal style similar to the Pajingo Field which is located 70 kilometres to the west and which has produced in excess of 3 million ounces of gold. A second project tenement, adjacent to the original tenement, was granted in May 2015 increasing the size of the Company's Drummond ground holdings to 270km^2.

Exploration on the Drummond Project included prospecting, surface rock chip sampling and FPXRF soil geochemistry with the work focused largely on the South West Limey Dam prospect, and led to the inaugural drill programme post year end.

Rock chip assays recorded significant grades of gold in outcropping quartz veins in the northern part of the South West Limey Dam prospect. Stand-out rock chip results include gold assays of 51.5g/t, 34.2g/t, 31.0g/t, 26.9g/t, 21.7g/t 7.99g/t and 6.93g/t.

The FPXRF soil geochemistry survey defined a large, high magnitude arsenic (gold pathfinder metal) anomaly in the topographically higher southern part of the prospect.

The surface rock chip and FPXRF survey results are consistent with an epithermal gold system model where a large gold target is preserved at depth below the pathfinder metal (arsenic) soil anomaly in the south, and is nearer to the surface on lower ground to the north.

The Company commenced its first drilling program at the South West Limey Dam prospect after the end of the financial year, with the program to be partly funded through a grant of up to $100,000 awarded through the Queensland Government's Collaborative Drilling Initiative.

Eyre Peninsula Gold Project

The last significant gold exploration program undertaken by the Company on the Eyre Peninsula tenements was completed over ten years ago. At the time gold was trading at about A$550 per ounce compared with recent levels that have commonly been in excess of A$1,500 per ounce.

The significant increase in the gold price, coupled with renewed market interest in gold, prompted the Company to reassess historical exploration data from the 100% owned Barns and Baggy Green prospects, which are located approximately 5 kms apart.

Mineralisation at both Barns and Baggy Green is constrained within bounding "envelopes" that capture multiple mineralised lodes separated by intervals of altered but only weakly or un-mineralised rock.

In May 2015, following 3-D modelling of historical drill data, the Company announced a combined Exploration Target ranging from 20 to 40 million tonnes at a grade ranging from 0.4g/t gold to 0.6g/t gold to a depth of 200 metres below surface within the broad mineralised envelopes that enclose gold mineralisation at Barns and Baggy Green. Multiple lodes of narrower but higher grade mineralisation occur within the broad mineralised envelopes at both prospects, and these higher grade zones may allow the future estimation of lower tonnage but higher grade resources.

As a first step to test the validity of the Exploration Target, a diamond drilling programme targeting both Barns and Baggy Green was completed during the year. Seven holes for 1,287 metres were drilled in total, with four holes completed at Barns and three at Baggy Green.

Results of the drilling, announced after year end, confirmed that all seven holes intersected gold mineralisation. Results from Barns included 16.1 metres at 3.06g/t gold, 15 metres at 1.25g/t gold, 15 metres at 0.75g/t gold and 7 metres at 1.1g/t gold. At Baggy Green results include 11 metres at 1.87g/t gold contained within a broader zone assaying 30 metres at 0.86g/t gold, and 8 metres at 1.22g/t gold.

The Company also completed a successful orientation survey over Baggy Green that confirmed that the analysis of gold in the leaves of Mallee eucalypt trees can define biogeochemical anomalies that could assist in future exploration.

Thurlga Joint Venture

On 18 August 2014 the Company announced it had entered into a Farm-in and Joint Venture Agreement (the Thurlga Joint Venture) with Investigator Resources Limited to explore one of the Eyre Peninsula tenements. The Thurlga Joint Venture tenement secures 333 km^2 of ground on the northern Eyre Peninsula and is adjacent to the licence upon which the partner's Paris silver deposit is located.

The terms of the Thurlga Joint Venture allow Investigator to earn a 75% equity interest through the expenditure of $750,000 by 30 June 2017. Once Investigator has earned a 75% equity interest, further Joint Venture expenditure contributions will be pro-rata, or else a non-contributing party's equity will be diluted using the standard industry dilution formula. Should a party's equity in the Joint Venture fall to 5%, its share will be automatically acquired by the other party in exchange for a 1% NSR royalty. Investigator will manage the Joint Venture during the earn-in stage, and while ever it holds majority equity.

Exploration completed to the end of the year included a tenement-wide airborne magnetic and radiometric survey, aerial photography, ground based gravity surveying, and first-pass soil geochemistry.

The active program of exploration has generated eleven new gold, copper and silver target zones, six of which are of similar size and geological position to the nearby Paris silver deposit and represent high priority targets.

Moonta Copper Gold Project

Exploration activities in 2014/15 were focussed on the Alford West prospect and followed on from excellent results achieved at the prospect in the previous two financial years. Work included the completion of two aircore drill programs, followed by a program of deeper reverse circulation drilling.

Further notable copper intersections were achieved. The Bruce Zone recorded intersections including 18 metres at 1.14% copper, 15 metres at 1.00% copper, 10 metres at 1.24% copper, 20 metres at 0.56% copper and 0.11g/t gold, and 9 metres at 1.01% copper.

Larwood Zone hits included 17 metres at 0.41% copper and 0.19g/t gold and 11 metres at 0.54% copper and 0.12g/t gold.

The Six Ways Zone recorded a hit of 25 metres at 1.12% copper starting at a vertical depth of just 4 metres below surface. Sub-zones within the 25 metre hit include 4 metres at 2.82% copper and 5 metres at 2.17% copper.

The mineralisation model of the Alford West lodes has been updated to incorporate the new drilling results and in-house mineral inventory modelling was undertaken. Alford West deserves further substantial drilling and the Company is assessing the various options available to fund this work.

Aircore drilling was also completed at the Tomahawk target, a large and high magnitude copper soil geochemical anomaly defined using FPXRF soil geochemistry in 2013/14. While weak copper and gold mineralisation was encountered in the aircore holes, the grades were not high enough to warrant further exploration at this time.

The digital capture of extensive historical exploration data continued during the year. A number of prospects where past explorers had achieved potentially economic drill intersections were identified in the data, with the West Doora, Doora and Vulcan prospects the most notable.

Rover Gold Copper Project

Work on the Rover Project, located in the Tennant Creek district of the Northern Territory included office based assessment of historical exploration data and in-house mineral inventory modelling. At this point, delivering shareholder value through third party involvement is under consideration.

Outlook and Future Developments

The planned exploration program for the 2015/16 financial year includes:

- Continued diamond drilling at the South West Limey Dam prospect on the Drummond Epithermal Gold Project in northern Queensland;
- Rock chip sampling and systematic FPXRF soil geochemistry to identify further worthy drill targets on the Drummond Epithermal Gold Project tenements;
- Reverse circulation or diamond drilling at the Baggy Green gold prospect on the Eyre Peninsula Gold Project;
- Mineral inventory modelling potentially leading to resource definition reverse circulation or diamond drilling at the Barns gold prospect on the Eyre Peninsula;
- Further development of the biogeochemical sampling method on the Eyre Peninsula Gold Project;
- Complete follow-up exploration, potentially leading to drilling of targets identified to date under the Thurlga Joint Venture;
- Mineral inventory modelling of the Alford West copper prospect and assessment of the various options available to fund future work at the prospect; and
- Continued focus to deliver value from the Rover Gold Copper Project in the Northern Territory.

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.

Changes in State of Affairs

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

Subsequent Events

On 24 September 2015 the Company announced a fully underwritten Share Purchase Plan to raise $900,000 before costs to advance ongoing exploration field work and assist in meeting general working capital requirements. The issue price will be determined at the issue date of the New Shares under the Plan based on a 20% discount to the volume weighted average price of the Company's shares traded on the ASX during the 5 days immediately prior to the issue date of the New Shares.

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, Queensland 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, Queensland 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.

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:

C G Jackson (Non-Executive Chairman) – appointed 23 February 2015
C G Drown (Managing Director)
N J Harding (Executive Director and Company Secretary) – appointed 23 February 2015
J P Buckley (Non-Executive Director)
M I Hatcher (Non-Executive Chairman) – resigned 23 February 2015
J J den Dryver (Non-Executive Director) - resigned 25 November 2014
M A Manly (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 2015:

	30 June 2015	**30 June 2014**	**30 June 2013**	**30 June 2012**	**30 June 2011**
Revenue	47,327	96,474	122,941	321,529	466,956
Net profit / (loss) before tax	(1,140,160)	(6,660,624)	(6,409,519)	(945,235)	(1,207,388)
Net profit / (loss) after tax	(1,189,928)	(6,684,454)	(6,486,545)	(980,480)	(1,263,166)

	30 June 2015	**30 June 2014**	**30 June 2013**	**30 June 2012**	**30 June 2011**
Share price at beginning of the year	$0.04	$0.10	$0.05	$0.10	$0.14
Share price at end of year	$0.02	$0.04	$0.10	$0.05	$0.10
Basic earnings per share	$(0.0044)	$(0.0296)	$(0.0363)	$(0.0068)	$(0.0098)
Diluted earnings per share	$(0.0044)	$(0.0296)	$(0.0363)	$(0.0068)	$(0.0098)

No dividends have been declared during the five years ended 30 June 2015 and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015.

There is no link between the Company's performance and the setting of remuneration except as discussed below in relation to performance rights 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 reinstated the Remuneration Committee from 12 March 2015 to assist the Board in discharging its responsibilities relating to the remuneration of directors and other key management personnel. Prior to that date, for the financial year 2014/15 the full Board addressed the remuneration issues of the Company. The Committee now 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 (no advice was obtained during the year ended 30 June 2015).

The remuneration of the directors and other key management personnel is not dependent on the satisfaction of a performance condition, other than the performance rights discussed below.

Non-Executive Director Remuneration

The Board of Directors 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 (2014: $62,500) per annum inclusive of the statutory superannuation. The Non-executive Directors are each entitled to receive $38,150 (2014: $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 service agreement with an entity associated with C G Drown, details of which are set out below.

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 a service agreement with an entity associated with N J Harding, details of which are set out below.

M A Manly was appointed as Exploration Manager of the Company on 18 February 2013 on a full time basis on an annual salary of $210,000 per annum plus statutory superannuation contributions.

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.

2015	Short-term employee benefits Salary & Fees (i) $	Post employment superannuation $	Shares issued in lieu of director fees $	Sub total $	Performance rights (ii)	Total $
C G Jackson	20,258	1,925	-	22,183	-	22,183
C G Drown	281,125	-	-	281,125	(65,317)	215,808
N J Harding	224,175	-	-	224,175	(31,615)	192,560
J P Buckley	33,420	3,175	1,500	38,095	-	38,095
M I Hatcher	26,389	2,507	1,500	30,396	-	30,396
J J den Dryver	11,931	1,133	-	13,064	-	13,064
M A Manly	187,923	17,853	-	205,776	1,602	207,378
2015 Total	785,221	26,593	3,000	814,814	(95,330)	719,484

(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. The amounts include a negative adjustment for performance rights granted in prior years that forfeited during the year due to not meeting the performance conditions (C G Drown $89,858, N J Harding $44,929 and M A Manly $15,736).

2014	Short-term employee benefits Salary & Fees (i) $	Post employment superannuation $	Sub total $	Performance rights (ii)	Total $
M I Hatcher	57,208	5,292	62,500	-	62,500
C G Drown	272,635	-	272,635	60,443	333,078
J J den Dryver	34,920	3,230	38,150	-	38,150
J P Buckley	8,148	754	8,902	-	8,902
J P Horan	13,580	1,256	14,836	-	14,836
N J Harding	218,468	-	218,468	21,132	239,600
M A Manly	210,000	19,425	229,425	14,135	243,560
2014 Total	814,959	29,957	844,916	95,710	940,626

(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. The amounts include a negative adjustment for performance rights that forfeited due to not meeting the performance conditions (N J Harding $11,250).

No key management personnel appointed during the year received a payment as part of his consideration for agreeing to hold the position.

Service Agreements

The Group entered into a service agreement with an entity associated with C G Drown for a term of one year until 16 November 2014. The service agreement was extended until 30 June 2015 and is now currently being extended until a new service agreement is formalised. The Group also entered into a service agreement with an entity associated with N J Harding for a term of two years from 17 November 2013.

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

2015

Key Management Personnel	Terms
C G Drown	Daily rate of $1,250 for a minimum of 210 days per annum
N J Harding	Daily rate of $1,050 for a minimum of 40 hours per month

2014

Key Management Personnel	Terms
C G Drown	Daily rate of $1,250 for a minimum of 210 days per annum
N J Harding	Daily rate of $1,050 for a minimum of 40 hours per month

The Company may terminate any of the above agreements by giving three months and six months notice to the entities associated with C D Drown and N J Harding respectively. The entities associated with the key management personnel may terminate their agreements with three months notice. The Group has a contingent liability of $128,625 (2014: $128,625) in relation to these agreements, where the employee is not required to work out the notice period.

In addition, if the Company terminates any of the above agreements within six months of a change of control of the Company, then the Company must pay an amount equivalent to the total fees paid under the service agreement by the Company during the preceding twelve months.

The Group entered into a consultancy agreement with J P Buckley on 7 April 2014 to provide consulting services on an as needs basis at the rate of $2,000 per day. There were no payments made under this agreement during the year (2014: $nil).

Payments under the above service agreements are included in the remuneration table.

Performance Rights held by Key Management Personnel

The Company issues performance rights to key management personnel for no consideration Each performance right entitles the holder to one fully paid ordinary share in the Company upon vesting, as long as the holder remains employed by the Company.

At the Annual General Meeting held on the 27 November 2012, the shareholder's approved the granting of 1,500,000 performance rights to the Managing Director under the Adelaide Resources Limited Performance Rights Plan (the value of these performance rights were $89,858). The performance rights vest on the achievement of all of the KPIs, set out below, by 30 September 2014.

750,000 performance rights were issued to key management personnel (N J Harding) during the year ended 30 June 2013 under the Adelaide Resources Limited Performance Rights Plan (the value of these performance rights were $44,929). The performance rights vest on the achievement of a number of KPI's, as set out below, by 30 September 2014.

Performance rights issued during the year ended 30 June 2013 (covering performance rights issued to the Managing Director and N J Harding) vest on the achievement of all of the following KPI's:

- the Company's Share price outperforms the S&P/ASX Small Resources Index (In capital not accumulation terms);
- the enterprise value growth from the base date (1 October 2012) exceeds the S&P/ASX Small Resources Index growth; and
- the enterprise value growth having a conversion of over 100% of total spend on exploration and administration.

As the above conditions were not met by 30 September 2014 the 1,500,000 performance rights issued to the Managing Director and 750,000 performance rights issued to N J Harding forfeited. The value of performance rights forfeited was $134,787.

During the year ended 30 June 2014, 700,000 performance rights were issued to key management personnel under the Adelaide Resources Limited Performance Rights Plan (the value of these performance rights were $47,250). The performance rights will vest on the achievement of a number of KPI's, as set out below, on 31 December 2014.

Performance rights issued during the year ended 30 June 2014 vest on the achievement of as follow:

- 250,000 performance rights (issued to M A Manly) on the achievement of all of the following conditions
    - the Company's share price outperforms the S&P/ASX Small Resources Index (In capital not accumulation terms);
    - the enterprise value growth from the base date (1 January 2014) exceeds the S&P/ASX Small Resources Index growth; and
    - the enterprise value growth having a conversion of over 100% of total spend on exploration and administration.

- Up to 450,000 performance rights (200,000 issued to N J Harding and 250,000 issued to M A Manly) on the achievement of role specific personal performance elements relating to their job, covering such matters as, safety, statutory compliance, corporate and finance, maintenance of exploration asset and intellectual property, and exploration programme. Each of the specific performance elements has a weighting and the overall personal performance is measured as the simple average of the person achieving the specific element.

As the above conditions relating to the 250,000 performance rights were not met by 31 December 2014 the performance rights forfeited. As the above conditions relating to the 450,000 performance rights were met by 31 December 2014, 450,000 shares were issued (200,000 issued to N J Harding and 250,000 issued to M A Manly). The value of performance rights vested and forfeited were $28,325 and $15,736 respectively.

At the Annual General Meeting held on the 25 November 2014, the shareholder's approved the granting of 750,000 performance rights to the Managing Director under the Adelaide Resources Limited Performance Rights Plan (the value of these performance rights were $18,677). The performance rights vest on the achievement of all of the KPI's, set out below, by 31 December 2015.

- the Company's Share price outperforms the S&P/ASX Small Resources Index (In capital not accumulation terms);
- the enterprise value growth from the base date (December 2014) exceeds the S&P/ASX Small Resources Index growth; and
- the enterprise value growth having a conversion of over 100% of total spend on exploration and administration.

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 forfeited/cancelled at the lapsed date is calculated by multiplying the fair value of performance rights at the time they forfeited/cancelled multiplied by the number of performance rights forfeited/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.

Equity holdings of Key Management Personnel as at 30 June 2015

Fully paid ordinary shares issued by Adelaide Resources Limited

	Balance 01/07/14	Issued in lieu of director fees	Issued as result of rights issue	Issued on vesting of performance rights	Other Changes	Balance 30/06/15
C G Jackson	-	-	-	-	-	-
C G Drown	2,507,491	-	1,253,746	-	-	3,761,237
N J Harding	343,553	-	171,777	200,000	-	715,330
J P Buckley	-	50,000	455,000	-	45,000	550,000
M I Hatcher (resigned)	100,000	50,000	400,000		(550,000)	-
J J den Dryver (resigned)	76,667	-	38,334	-	(115,001)	-
M A Manly	100,000	-	-	250,000	-	350,000

Listed options issued by Adelaide Resources Limited

	Balance 01/07/14	Granted	Exercised	Forfeited/ Cancelled	Balance 30/06/15	Vested and exercisable
Directors						
C G Drown	-	626,873	-	-	626,873	See note 14 for details
N J Harding	-	85,889	-	-	85,889	See note 14 for details
J P Buckley	-	227,500	-	-	227,500	See note 14 for details

Performance rights issued by Adelaide Resources Limited

	Balance 01/07/14	Granted	Exercised	Forfeited/ Cancelled	Balance 30/06/15	Vested and exercisable
C G Drown	1,500,000	750,000	-	1,500,000	750,000	See note 16 for details
N J Harding	950,000	-	200,000	750,000	-	See note 16 for details
M A Manly	500,000	-	250,000	250,000	-	See note 16 for details

Meetings of Directors

The number of meetings of the Company's Board of Directors attended by each director during the year ended 30 June 2015 was:

	Meetings held while in office	Meetings attended
C G Jackson	3	3
C G Drown	9	9
N J Harding	9	9
J P Buckley	9	8
M I Hatcher	6	5
J J den Dryver	5	5

The Company held two meetings of the Audit and Risk Committee during the year ended 30 June 2015. The members of this committee comprise J P Buckley (Chairman) and C G Jackson. J J den Dryver resigned from the committee on 25 November 2014. J P Buckley attended two meetings and C G Jackson and J J den Dryver each attended one meeting.

There was one meeting held by the Remuneration Committee during the year. The members of this committee comprise C G Jackson (Chairman) and J P Buckley.

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 performance rights or issued on vesting of performance rights

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	750,000	Ordinary	$0.00	31 December 2015

Details of shares issued during or since the end of the financial year as result of the vesting of performance rights are:

Issuing entity	Number of shares under performance rights	Class of shares	Amount paid for shares	Amount unpaid on shares
Adelaide Resources Limited	825,000	Ordinary	$0.00	$nil

Shares under share options or issued on exercising of share options

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

Issuing entity	Number of shares under share options	Class of shares	Exercise price of share options	Expiry date of performance rights
Adelaide Resources Limited	37,222,104	Ordinary	$0.05	30 September 2016

Details of shares issued during or since the end of the financial year as result of the vesting of share options are:

Issuing entity	Number of shares under share option	Class of shares	Amount paid for shares	Amount unpaid on shares
Adelaide Resources Limited	32,250	Ordinary	$0.05	$nil

Auditors Independence Declaration

The auditor's independence declaration is included on page 15 of the financial 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.

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 Number	Options to acquire ordinary shares Number	Performance Rights Number
C G Jackson	-	-	-
C G Drown	3,761,237	626,873	750,000
N J Harding	715,330	85,889	-
J P Buckley	550,000	227,500	-
	5,026,567	940,262	750,000

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

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 24th day of September 2015 in accordance with a resolution of the Directors.

C G Drown
Managing Director

J P Buckley
Non-executive Director

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

24 September 2015

Dear Board Members

Re: 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 2015, 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 faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year ended 30 June 2015

	Note	Year Ended 30/06/15 $	Year Ended 30/06/14 $
Revenue	**4(a)**	47,327	96,474
Other income	**4(b)**	127,453	250
Impairment of exploration expenditure	**8**	-	(5,206,692)
Exploration expense written off	**8**	(407,239)	(206,905)
Administration expenses		(389,353)	(493,667)
Corporate consulting expenses		(338,567)	(249,145)
Company promotion		(44,075)	(117,624)
Salaries and wages		(51,871)	(153,306)
Directors fees		(94,998)	(113,856)
Occupancy expenses		(84,591)	(84,307)
Share based remuneration		95,754	(131,846)
Loss before income tax	**4(b)**	(1,140,160)	(6,660,624)
Tax expense	**5**	(49,768)	(23,830)
Loss for the period		(1,189,928)	(6,684,454)
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		**(1,189,928)**	**(6,684,454)**
Earnings Per Share			
Basic (cents per share) – (Loss)/profit	**24**	(0.44)	(2.96)
Diluted (cents per share) – (Loss)/profit	**24**	(0.44)	(2.96)

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 2015

	Note	30/06/15 $	30/06/14 $
CURRENT ASSETS			
Cash and cash equivalents		1,603,699	1,376,050
Trade and other receivables	**6**	45,911	209,042
TOTAL CURRENT ASSETS		1,649,610	1,585,092
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	**8**	11,759,726	10,478,639
Plant and equipment	**9**	68,853	177,347
Other financial assets	**7**	100,171	103,000
TOTAL NON-CURRENT ASSETS		11,928,750	10,758,986
TOTAL ASSETS		13,578,360	12,344,078
CURRENT LIABILITIES			
Trade and other payables	**10**	387,011	195,507
Provisions	**11**	24,825	38,447
TOTAL CURRENT LIABILITIES		411,836	233,954
NON-CURRENT LIABILITIES			
Provisions	**12**	35,272	47,975
Other liabilities	**13**	501,783	270,744
TOTAL NON-CURRENT LIABILITIES		537,055	318,719
TOTAL LIABILITIES		948,891	552,673
NET ASSETS		12,629,469	11,791,405
EQUITY			
Issued capital	**14**	36,233,820	34,058,144
Reserves	**15**	11,784	1,512,703
Accumulated losses		(23,616,135)	(23,779,442)
TOTAL EQUITY		12,629,469	11,791,405

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 2015

	Issued capital $	Employee Equity-Settled Benefits Options $	Employee Equity-Settled Benefits Performance Rights $	Accumulated losses $	Total $
Balance at 1 July 2013	32,259,378	1,082,197	392,529	(17,094,988)	16,639,116
Loss attributable to the period	-	-	-	(6,684,454)	(6,684,454)
Total comprehensive income for the period	-	-	-	(6,684,454)	(6,684,454)
Issue of share capital through a share purchase plan at 7.5 cents	1,760,500	-	-	-	1,760,500
Costs associated with the issue of shares	(79,433)	-	-	-	(79,433)
Related income tax	23,830	-		-	23,830
Fair value of performance rights issued to employees	-	-	131,846	-	131,846
Shares issued as a result of the vesting of performance rights	93,869	-	(93,869)	-	-
Balance at 30 June 2014	34,058,144	1,082,197	430,506	(23,779,442)	11,791,405
Loss attributable to the period	-	-	-	(1,189,928)	(1,189,928)
Total comprehensive income for the period	-	-	-	(1,189,928)	(1,189,928)
Issue of share capital through a rights issue at 3.0 cents	2,235,259	-	-	-	2,235,259
Costs associated with the issue of shares	(165,893)	-	-	-	(165,893)
Related income tax	49,768	-		-	49,768
Fair value of performance rights issued to employees	-	-	84,669	-	84,669
Performance rights forfeited as conditions not achieved	-	-	(180,423)	-	(180,423)
Shares issued in lieu of director fees	3,000	-	-	-	3,000
Shares issued on the exercise of listed options	1,612	-	-	-	1,612
Shares issued as a result of the vesting of performance rights	51,930	-	(51,930)	-	-
Transfer of cancelled or forfeited employee share options	-	(1,082,197)	-	1,082,197	-
Transfer of cancelled or forfeited employee performance rights	-	-	(271,038)	271,038	-
Balance at 30 June 2015	36,233,820	-	11,784	(23,616,135)	12,629,469

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 2015

	Inflows/(Outflows)	
	Year Ended 30/06/15 $	Year Ended 30/06/14 $
Cash flows relating to operating activities		
Payments to suppliers and employees	(950,734)	(1,064,574)
Net operating cash flows (Note (a))	(950,734)	(1,064,574)
Cash flows relating to investing activities		
Interest received	52,262	97,388
Part refund of environmental bonds	2,829	-
Research and development grants received	393,006	-
Payments for exploration and evaluation expenditure	(1,487,881)	(2,069,570)
Proceeds from the sale of plant and equipment	150,000	-
Payments for plant and equipment	(973)	(24,091)
Net investing cash flows	(890,757)	(1,996,273)
Cash flows relating to financing activities		
Proceeds from share issues	2,236,871	1,760,500
Payments for capital raising costs	(167,731)	(94,949)
Net financing cash flows	2,069,140	1,665,551
Net increase in cash	227,649	(1,395,296)
Cash at beginning of financial year	1,376,050	2,771,346
Cash at end of financial year	1,603,699	1,376,050

Note (a): Reconciliation of loss for the period to net cash flow from operating activities.

Loss for the period	(1,189,928)	(6,684,454)
Interest revenue	(47,327)	(96,474)
Share based remuneration	(95,754)	131,846
Shares issued in lieu of director fees	3,000	-
Depreciation	86,045	146,699
Gain on sale of plant and equipment	(126,578)	-
Exploration written off or impaired	407,239	5,413,597
(Increase) decrease in receivables	(9,484)	13,006
(Increase) decrease in deferred tax asset	49,768	23,830
Increase/(decrease) in payables	(1,391)	(48,250)
Increase/(decrease) in provisions	(26,324)	35,626
Net operating cash flows	(950,734)	(1,064,574)

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 2015

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	Principal place of business
69 King William Road	69 King William Road
Unley	Unley
South Australia 5061	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, resulting in no accounting policy changes and no changes to recognition and measurement.

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 affect the amounts recognised in the financial statements of the Group but may change the disclosure presently made in the financial statements of 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 24th September 2015.

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.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Exploration and evaluation expenditure
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploration or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Impairment
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Ore reserve and resource estimates
The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources (the JORC Code). Reserves determined in this way are taken into account in the calculation of impairment expenditure.

Going Concern

The financial report has been prepared on the going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's exploration expenditure commitments, being the minimum work requirements under exploration permits as set out in Note 21(a).

For the year ended 30 June 2015 the Group incurred a net loss of $1,189,928 (30 June 2014 $6,684,454) and had a net cash outflow from operating activities of $950,734 (30 June 2014 $1,064,574). At 30 June 2015, the Group has cash reserves of $1,603,699 (30 June 2014:$1,376,050).

In order to meet the Group's exploration commitments, and continue to pay its debts as and when they fall due and payable, the Group is dependent on achieving the following:

- Being successful by 31 March 2016 in the recently announced underwritten share purchase plan, see Note 27 for further details;
- Meeting its additional exploration commitment obligations by either farm-out or partial sale of the Group's exploration interests; and
- Raising further capital by one of a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding share options, and/or further issue of shares to the public.

If the Company and the Group are unable to successfully complete the above steps, there is significant uncertainty as to whether the Company and the Group will continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts and the amount and classification of liabilities that might be necessary should the Company and the Group not continue as going concerns

Accounting Policies

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'.

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.

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.

e) Goods and service 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 enacting 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 operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint arrangements, the share of liabilities incurred in relation to the joint arrangements and the share of any expenses incurred in relation to the joint arrangements 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 structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 16.

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 Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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 30/06/15 $	Year Ended 30/06/14 $
a) Revenue from continuing operations consisted of the following items		
Interest income:		
Bank deposits	47,327	96,474
b) Loss for the year includes the following gains and losses		
Other income		
Gain on sale of plant and equipment	126,578	-
Other	875	250
	127,453	250
Other expenses		
Employee benefit expense:		
Post employment benefits:		
Accumulated benefit superannuation plans	66,249	81,223
Share based payments:		
Equity settled share-based payments (performance rights) (i)	84,669	131,846
Shares issued in lieu of director fees	3,000	-
Other employee benefits	1,221,741	1,371,343
	1,375,659	1,584,412
Less amounts capitalised in exploration and evaluation expenditure	(825,306)	(845,258)
	550,353	739,154
Share based remuneration (performance rights) (i):		
Current year amortisation of performance rights	84,669	143,096
Performance rights forfeited as conditions not achieved	(180,423)	(11,250)
	(95,754)	131,846
Depreciation of plant and equipment	86,045	146,699
Operating lease rental expenses	84,591	84,307

(i) Share based payments relate to the amortisation of performance rights granted 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 30/06/15 $	Year Ended 30/06/14 $
(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	49,768	23,830
Total tax expense	49,768	23,830

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

	Year Ended 30/06/15 $	Year Ended 30/06/14 $
Loss from continuing operations	(1,140,160)	(6,660,624)
Income tax income calculated at 30%	(342,048)	(1,998,187)
Share based payments	(28,726)	39,554
Other	615	838
Prior year tax losses now recognised	(410,697)	-
Tax losses previously recognised now not recognised	-	987,689
Current year tax losses not recognised	830,624	993,936
Tax expense	49,768	23,830

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:

	30/06/15 $	30/06/14 $
Trade and other receivables	(294)	(1,774)
Exploration and evaluation expenditure	(3,527,918)	(3,143,592)
IPO costs	1,658	30,865
Capital raising costs	84,923	80,351
Trade and other payables	16,012	11,331
Employee benefits	18,029	25,927
Other liabilities	32,633	32,633
	(3,374,957)	(2,964,259)
Tax value of losses carried forward	(3,374,957)	(2,964,259)
Net deferred tax assets / (liabilities)	-	-

(c) Unrecognised deferred tax assets:

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

	30/06/15 $	30/06/14 $
Tax losses-revenue	6,584,797	6,164,870

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

	30/06/15 $	30/06/14 $
Opening balance	-	-
Recognised in equity	49,768	23,830
Recognised in income	(49,768)	(23,830)
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

	30/06/15 $	30/06/14 $
Interest receivable	979	5,914
Other receivables	44,932	203,128
	45,911	209,042

7. OTHER NON-CURRENT FINANCIAL ASSETS

At amortised cost:

Bank deposits (Note 21 (e))	92,500	92,500
Environmental bonds	7,671	10,500
	100,171	103,000

8. EXPLORATION AND EVALUATION EXPENDITURE

	30/06/15 $	30/06/14 $
Costs brought forward	10,478,639	13,919,310
Expenditure incurred during the year	1,688,326	1,972,926
	12,166,965	15,892,236
Expenditure impaired	-	(5,206,692)
Expenditure written off	(407,239)	(206,905)
	11,759,726	10,478,639

The impairment write-down adjusts the carrying value of a number of tenements to their fair value that the Directors would be prepared to accept under a sales transaction of those tenements.

Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered $407,239 (2014: $206,905).

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

	30/06/15 $	30/06/14 $
Gross carrying amount		
Balance at beginning of financial year	711,584	721,651
Additions	973	24,091
Disposals and write offs	(289,308)	(34,158)
Balance at end of financial year	423,249	711,584
Accumulated depreciation		
Balance at beginning of financial year	(534,237)	(421,696)
Depreciation for year	(86,045)	(146,699)
Disposals and write offs	265,886	34,158
Balance at end of financial year	(354,396)	(534,237)
Net book value at beginning of financial year	177,347	299,955
Net book value at end of financial year	68,853	177,347

10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables and accruals	387,011	195,507

11. CURRENT LIABILITIES – PROVISIONS

Employee benefits	24,825	38,447

12. NON-CURRENT LIABILITIES - PROVISIONS

Employee benefits	35,272	47,975

13. NON-CURRENT LIABILITIES – OTHER

Deferred income (government grant)	501,783	270,744

14. ISSUED CAPITAL

	30/06/15 $	30/06/14 $
304,545,685 fully paid ordinary shares (2014: 229,079,813)	36,233,820	34,058,144

Movement in issued shares for the year:

	No.	Year Ended 30/06/15 $	No.	Year Ended 30/06/14 $
Balance at beginning of financial year	229,079,813	34,058,144	205,155,610	32,259,378
Rights issue at 3.0 cents	74,508,622	2,235,259	-	-
Share Purchase Plan at 7.5 cents	-	-	23,473,369	1,760,500
Exercise of listed options	32,250	1,612	-	-
Conversion of performance rights	825,000	51,930	450,834	93,869
Shares issued in lieu of director fees	100,000	3,000	-	-
Costs associated with the issue of shares	-	(165,893)	-	(79,433)
Related income tax	-	49,768	-	23,830
Balance at end of financial year	304,545,685	36,233,820	229,079,813	34,058,144

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.

As a result of the rights issue during the year, 37,254,354 listed share options with an exercise price of 5.0 cents and expiry date of 30 September 2016 were issued for no consideration. During the year 32,250 listed share options were exercised resulting in a total of 37,222,104 listed share options being on issue at the end of the financial year.

15. RESERVES

	30/06/15 $	30/06/14 $
Employee equity-settled benefits - options	-	1,082,197
Employee equity-settled benefits - performance rights	11,784	430,506
	11,784	1,512,703

The option reserve arose on the grant of share options to employees, consultants and executives under the previous Employee Share Option Plan.

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 is shown in note 16 to the financial statements.

16. PERFORMANCE RIGHTS PLAN

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, 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, as long as the holder remains employed by the Company. The performance rights are not listed, carry no rights to dividends and no voting rights.

As at 30 June 2014, the balance of performance rights issued under the plan in December 2012 and January 2014 were 750,000 and1,550,000 respectively. These performance rights vest on the achievement of a number of KPI's set by the Board of Directors by 30 September 2014 and 31 December 2014 respectively.

During the year 825,000 of the above performance rights vested and 1,475,000 performance rights forfeited as the KPIs were not achieved.

During the year ended 30 June 2015 no performance rights were issued under this scheme.

At the Annual General Meeting held on the 27 November 2012, the shareholder's approved the granting of 1,500,000 performance rights (December 2012 series) to the Managing Director. The performance rights vest on the achievement of a number of KPI's set by the Board of Directors by 30 September 2014. As the performance conditions were not achieved by 30 September 2014 these performance rights forfeited.

At the Annual General Meeting held on the 25 November 2014, the shareholder's approved the granting of 750,000 performance rights (November 2014 series) to the Managing Director. The performance rights vest on the achievement of a number of KPI's set by the Board of Directors by 31 December 2015.

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

Rights - Series	Number	Grant Date	Vesting Date	Fair value at grant date
December 2012	2,250,000	21/12/2012	As described above	$0.063
January 2014	1,550,000	31/01/2014	As described above	$0.063
November 2014	750,000	25/11/2014	As described above	$0.025

The weighted average fair value of the performance rights granted during the financial year is $0.025

Performance rights granted during 2015 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 2015 performance right pricing model:

	November 2014
Grant date share price	$0.025
Exercise price	$0.00
Expected volatility	121.0%
Performance rights expiry	31 December 2015

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

Performance Rights Plan	30/06/15		30/06/14	
	Number of performance rights	Weighted average exercise price $	Number of performance rights	Weighted average exercise price $
Balance at beginning of financial year	3,800,000	0.00	2,935,834	0.00
Granted during the financial year	750,000	0.00	1,550,000	0.00
Vested during the financial year	(825,000)	0.00	(450,834)	0.00
Forfeited during the financial year	(2,975,000)	0.00	(235,000)	0.00
Cancelled during the financial year	-	0.00	-	0.00
Balance at end of the financial year	750,000	0.00	3,800,000	0.00

The performance rights outstanding at the end of the financial year had an average exercise price of $0.00 (2014: $0.00) and a weighted average remaining contractual life of 184 days (2014: 130 days).

17. KEY MANAGEMENT PERSONNEL COMPENSATION

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

- C G Jackson (Non-Executive Chairman) – appointed 23 February 2015
- C G Drown (Managing Director)
- N J Harding (Executive Director and Company Secretary)
- J P Buckley (Non-Executive Director)
- M I Hatcher (Non-Executive Chairman) – resigned 23 February 2015
- J J den Dryver (Non-Executive Director) – resigned 25 November 2014
- M A Manly (Exploration Manager)

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

	Year Ended 30/06/15 $	Year Ended 30/06/14 $
Short-term employee benefits	785,221	814,959
Post employment benefits	26,593	29,957
Shares issued in lieu of director fees	3,000	-
Share-based payments (i)	(95,330)	95,710
	719,484	940,626

(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

	30/06/15 $	30/06/14 $
Audit or Review of the Company's financial report	43,000	40,000
Tax return preparation and advice	10,030	7,280
Rights issue prospectus consent	3,300	-
	56,330	47,280

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.

(iii) 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 2015 (2014: Nil).

(iv) 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.

20. JOINTLY CONTROLLED ASSETS

The Group had interests in unincorporated joint arrangements at 30 June 2015 as follows:

	Percentage Interest 2015	**Percentage Interest 2014**
South Australia		
Moonta Porphyry Joint Venture (Note i) – Copper/Gold Exploration	90%	90%
Kimba-Verran Joint Venture (Note i) – Copper/Gold Exploration	90%	90%
Thurlga Joint Venture (Note ii) – Copper/Gold Exploration	100%	n/a

(i) 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.

(ii) Under the terms of the joint venture agreement, Investigator Resources Limited is required to spend $750,000 by 30 June 2017 on exploration activities on the Group's Thurlga tenement located on the Eyre Peninsula to earn a 75% equity interest in the tenement. Thereafter each party may contribute to ongoing expenditure in respect to their joint venture holding or else elect to dilute. Should a party's equity fall to 5%, its share will be automatically acquired by the other party in exchange for a 1% Net Smelter Royalty.

The amount included in mining tenements, exploration and evaluation (Note 8) includes $213,135 (2014: $204,099) relating to the above joint arrangements.

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:

	2015 $	2014 $
Not later than one year:	831,050	996,366
Later than one year but not later than two years:	847,250	835,898
Later than two years but not later than five years:	2,761,250	2,888,243

(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 27292 and 27372) 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 one year until 16 November 2014. The service agreement was extended until 30 June 2015 and is now currently being extended until a new service agreement is formalised. The Group also entered into an entity associated with N J Harding for a term of two years from 17 November 2013.

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

2015

Kay Management Personnel	Terms
C G Drown	Daily rate of $1,250 for a minimum of 210 days per annum
N J Harding	Daily rate of $1,050 for a minimum of 40 hours per month

2014

Key Management Personnel	Terms
C G Drown	Daily rate of $1,250 for a minimum of 210 days per annum
N J Harding	Daily rate of $1,050 for a minimum of 40 hours per month

The Company may terminate any of the above agreements by giving three months and six months notice to the entities associated with C G Drown and N J Harding respectively. The entities associated with the key management personnel may terminate their agreements with three months notice. The Group has a contingent liability of $128,625 (2014: $128,625) in relation to these agreements, where the employee is not required to work out the notice period.

In addition, if the Company terminates any of the above agreements within six months of a change of control of the Company, then the Company must pay an amount equivalent to the total fees paid under the service agreement by the Company during the preceding twelve months.

The Group entered into a consultancy agreement with J P Buckley on 7 April 2014 to provide consulting services on an as needs basis at the rate of $2,000 per day. There were no payments made under this agreement during the year (2014: $nil).

(e) Bank Guarantees

The Group has provided restricted cash deposits of $92,500 as security for the following unconditional irrevocable bank guarantees:

- A performance bond of $50,000 (2014: $50,000) to the Central Land Council, Northern Territory,
- An environment bond of $10,000 (2014: $10,000) to the Minister for Mineral Resources Department, South Australia,
- A rent guarantee of $32,500 (2014: $32,500) to the landlord of the Company's leased office premises.

(f) Operating Lease

Operating lease relates to the lease of office space which expires on 31 January 2016 (2014: 31 July 2015) The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable operating lease commitments

	2015 $	2014 $
Not longer than 1 year	50,299	84,588
Longer than 1 year and not longer than 5 years	-	7,049
Longer than 5 years	-	-
	50,299	91,637

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

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	1,603,699	1,376,050
Loans and receivables	45,911	209,042
Other financial assets	100,171	103,000
Financial liabilities		
Amortised cost	387,011	195,507

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 $10,050 (2014: increase/decrease by $10,831). 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 has 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 $
2015		
Non-interest bearing	-	387,011
2014		
Non-interest bearing	-	195,507

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 30/06/15 Cents per share	Year Ended 30/06/14 Cents per share
Basic earnings per share – Profit / (loss)	(0.44)	(2.96)
Diluted earnings per share – Profit / (loss)	(0.44)	(2.96)

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	(1,189,928)	(6,684,454)
	Number	**Number**
- Weighted average number of ordinary shares	269,691,968	225,532,940

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	(1,189,928)	(6,684,454)
	Number	**Number**
- Weighted average number of ordinary shares	269,691,968	225,532,940

	Year Ended 30/06/15 Number	Year Ended 30/06/14 Number
The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted profit / (loss) per share:		
- Performance rights	750,000	3,800,000
- Listed share options	37,222,104	-
	37,972,104	3,800,000

25. CONTROLLED ENTITIES

Name of Entity		Country of Incorporation	Ownership Interest 2015 %	Ownership Interest 2014 %
Parent Entity				
Adelaide Resources Limited	(i)	Australia	100%	100%
Subsidiaries				
Adelaide Exploration Pty Ltd	(ii)	Australia	100%	100%
Peninsula Resources Pty Ltd	(ii)	Australia	100%	100%

(i) Head entity in tax consolidated group
(ii) Members of tax consolidated group

26. PARENT ENTITY DISCLOSURES

	30/06/15 $	30/06/14 $
Financial Position		
Assets		
Current assets	1,599,087	1,583,339
Non-current assets	11,477,494	10,489,999
Total assets	13,076,581	12,073,338
Liabilities		
Current liabilities	411,840	233,958
Non-current liabilities	35,272	47,975
Total liabilities	447,112	281,933
Equity		
Issued capital	36,233,820	34,058,144
Reserves	11,784	1,512,703
Accumulated losses	(23,616,135)	(23,779,442)
Total equity	12,629,469	11,791,405

	Year Ended 30/06/15 $	Year Ended 30/06/14 $
Financial Performance		
Profit / (loss) for the year	(1,189,928)	(6,684,454)
Other comprehensive income	-	-
Total comprehensive income	(1,189,928)	(6,684,454)

Commitment for expenditure and contingent liabilities if the parent entity

Note 21 to the financial statements disclose 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

27. SUBSEQUENT EVENT

On 24 September 2015 the Company announced a fully underwritten Share Purchase Plan to raise $900,000 before costs to advance ongoing exploration field work and assist in meeting general working capital requirements. The issue price will be determined at the issue date of the New Shares under the Plan based on a 20% discount to the volume weighted average price of the Company's shares traded on the ASX during the 5 days immediately prior to the issue date of the New Shares.

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

J P Buckley
Non-executive Director

Adelaide, South Australia
24th September 2015

Deloitte.

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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 2015, the statement of profit or loss and other 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 16 to 43.

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 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.

Deloitte.

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 2015 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 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 3 in the financial report which indicates that for year ended 30 June 2015 the consolidated entity incurred a net loss of $1,189,928 (30 June 2014 $6,684,454) and had a net cash outflow from operating activities of $950,734 (30 June 2014 $1,064,574). These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the company and the consolidated entity to continue as going concerns and therefore the company and the consolidated entity may be unable to realise their assets and extinguish their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 7 to 12 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Darren Hall
Partner
Chartered Accountants
Adelaide, 24 September 2015