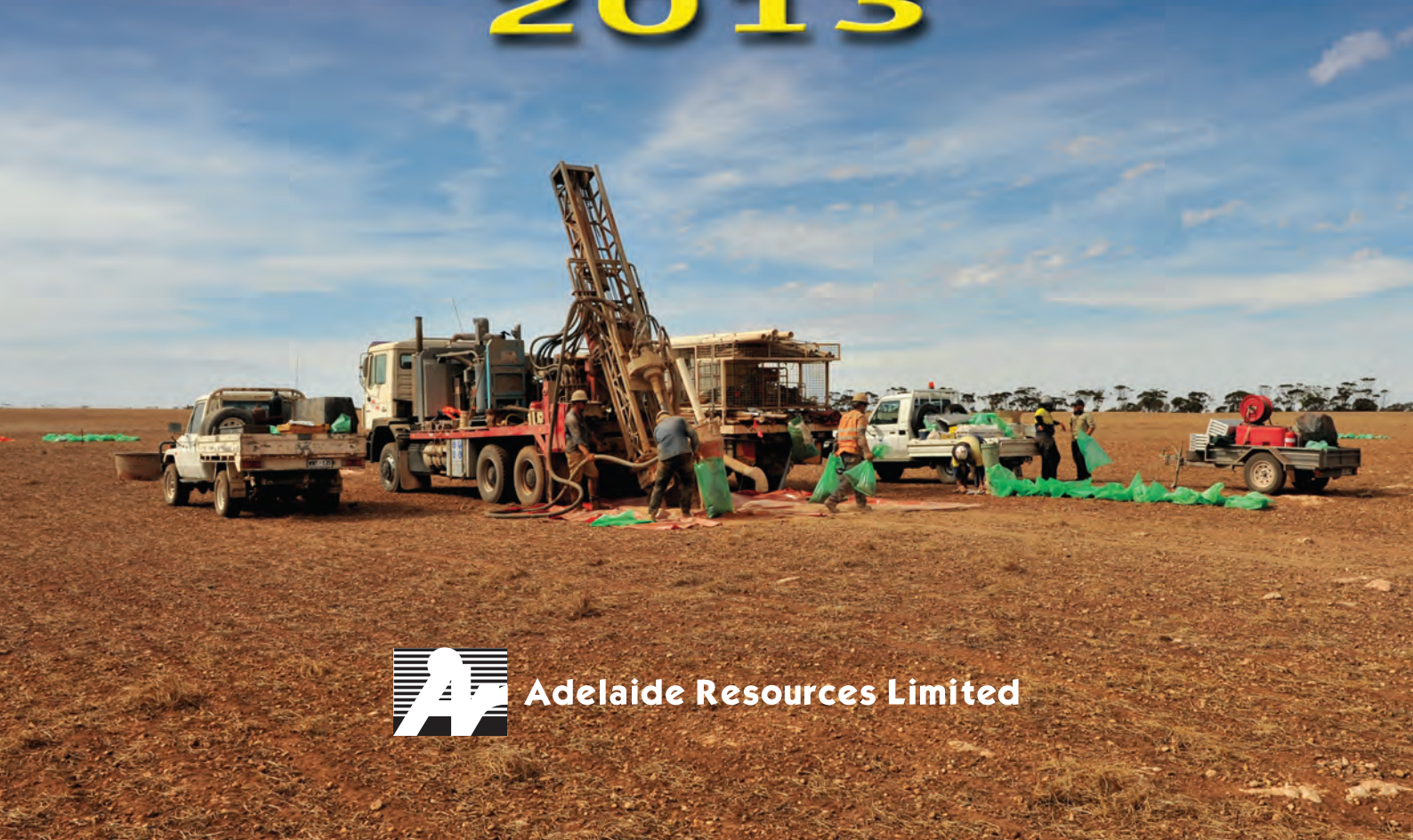




ADELAIDE RESOURCES LIMITED

ANNUAL REPORT

2013



Adelaide Resources Limited

THE COMPANY

Profile

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

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

The Chairman, 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. He has extensive experience in green fields and brown fields mineral exploration, and in mine development and production both in Australia and overseas.

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

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

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

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

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

Highlights

- Exploration activities focused on the Moonta Copper-Gold Project located on the Yorke Peninsula of South Australia. The Moonta Project falls in the tightly held, world class, Olympic Copper Gold Province where a number of the world's large miners are actively searching for iron oxide copper-gold deposits.
- In 2013 the company's drilling at the Alford West Prospect on the Moonta Project intersected copper and gold, with a significant number of holes returning wide, high grade intersections commencing at shallow depths.
- Mineralisation at Alford West is confirmed to extend over 1100 metres, remains open along strike and at depth, and is considered to present an excellent opportunity to define a significant mineral resource.
- Drilling returned further significant intersections of copper and gold at the Paskeville and Wombat deposits, also located on the Moonta Copper Gold Project, and these and other deposits can potentially also contribute to the Moonta Project's mineral inventory.
- No on-ground exploration was completed at the Rover Project in the Northern Territory, however Rover remains a valuable, potentially monetisable, asset of the company.
- Quasar Resources Pty Ltd withdrew from the Corrobinnie Uranium Joint Venture on the Eyre Peninsula of South Australia in February 2013, returning its equity to Adelaide Resources for no consideration. The company now holds 100% equity in the key project tenements.
- Exciting exploration results have been achieved by neighbouring explorers on the Eyre Peninsula and the company has designed exploration programs to search for gold, silver and base metals in 2013/14.
- The company remained in a sound financial position at year end with \$2.864 million in cash and liquid investments.

COMPANY INFORMATION

Directors

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

Company Secretary

Nicholas Harding

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Adelaide, South Australia 5000

Solicitors

Kelly & Co. Lawyers
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Bankers

BankSA
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Stock Exchange listing

Australian Stock Exchange Limited
ASX code: ADN

ABN/ACN

75 061 503 375 / 061 503 375

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CHAIRMAN'S LETTER

Fellow Shareholders,

Over the financial year ending 30 June 2013, Adelaide Resources' share price increased substantially and for the same period the Company's market capitalisation more than doubled. This strong performance was achieved despite the 2012/13 financial year being another of tough financial conditions for Australian junior exploration companies and demonstrates that smaller capitalised companies which make exciting discoveries have the capacity to significantly reward shareholders. The Company's positive 2012/13 performance is recognition of the important exploration results achieved at the 100% owned Alford West Prospect, located within the Moonta Copper-Gold Project on the Yorke Peninsula of South Australia.

The Moonta Project includes the historic "Copper Triangle" of Moonta-Wallaroo-Kadina, whose mines were a major source of the world's copper in the decades following the 1860s, a period when South Australia was known as the "Copper Kingdom". With the more recent discovery of the Olympic Dam, Prominent Hill, Carrapateena and Hillside deposits came the recognition that the Company's Moonta Project falls in a vast, world class Iron Oxide Copper Gold (IOCG) Province, which is now the focus of exploration for many of the world's major mining companies. In spite of the significance of the historic Copper Triangle mines, exploration in this flat, covered terrain proved a challenge for over a century. An extensive, often hand written, database attests to the tens of millions of dollars spent by several major mining houses drilling for blind copper-gold targets in the six decades from 1960 that mark the period of "modern era" exploration.

Today Adelaide Resources has at its disposal modern, sensitive geophysical and geochemical exploration methods allowing our exploration team to look through the Moonta Project cover to target buried copper-gold mineralisation. Application of these tools saw new copper-gold discoveries made in 2010/11 at Willamulka and at Paskeville in 2012. In parallel, the Company has embarked on a program to digitally capture the project's vast historic drill hole database, an effort that yielded its first success in 2013 with the emergence of our most promising prospect to date, Alford West.

The Yorke Peninsula is one of South Australia's prime grain producing areas. Building relationships with local farmers has been fundamental to gaining ongoing access to land for exploration. Often this requires that we confine our activities to periods when the land is fallow, sacrificing speed in recognition of all stakeholders' needs.

The Moonta Project is in "elephant country" and the Board believes that focusing on the Moonta Project during 2013/14 has the greatest potential to deliver significant shareholder value. In addition to Willamulka, Paskeville and West Alford, the Company has developed a pipeline of prioritised 100% owned targets that have emerged from the historical database and from the sophisticated geochemical and geophysical datasets. We continue to take a financially disciplined approach to exploration of the Moonta Project, balancing the need to advance the Project against the necessity to engage stakeholders and evaluate all available data before proceeding with exploration on the ground.

While the focus demanded by the Moonta Project in 2012/13 has seen reduced levels of activity on our other projects, these remain valuable assets of the Company. Your Board's view is that the Rover Project in the Northern Territory remains a highly prospective ground holding that can best serve future shareholder interests through third party involvement or monetisation.

Ownership of the large Eyre Peninsula Project in South Australia was simplified in February 2013 with the Company regaining 100% equity following the withdrawal of Quasar Resources from the Corrobinnie Uranium Joint Venture. Adelaide Resources discovered gold mineralisation at Barns in 2000 and at Baggy Green in 2004, while in the last six years the Eyre Peninsula has seen a resurgence in exploration on the back of silver, graphite and iron ore discoveries. New exploration models have evolved and exploration is planned on licences immediately west and south of the area of Investigator Resources' Paris silver discovery, while Adelaide Resources has a strategic ground position in the Cleve area for graphite. Cost efficient exploration programs to advance the Glenroy Project in Queensland, and the Anabama Project in South Australia are also planned.

The key to success for a mineral explorer is a strong ground position, an energised and skilled exploration team and a supportive shareholder base. I believe Adelaide Resources is better placed than many of its peers in these key areas as demonstrated by the solid financial support provided by both new and existing shareholders in raising funds to progress the Company's exciting projects over the past year. Consequently we can look forward to aggressive and disciplined exploration programs during 2013/14 delivering positive results that will continue to build on the exciting results achieved at Moonta over the past few years and a continuation in the improved market valuation of the Company for its shareholders.

On behalf of the Board I would like to thank our small, skilled management team for their strong performance during the year, and all shareholders for your support during 2012/13. We will do our utmost to reward this support in the year ahead.



Mike Hatcher
Chairman.

REVIEW OF OPERATIONS

Introduction

Adelaide Resources maintained an active exploration program with a strong focus on the Moonta Copper-Gold Project located in South Australia. Direct exploration expenditure for the 2012/13 financial year totalled \$1.617 million with additional contributions of \$84,600 from joint venturers.

Direct exploration expenditure was significantly lower than for the previous financial year, reflecting the cautious financial approach adopted by the Board in light of the challenging economic environment, and the lower costs of drilling shallow targets on the Moonta Project. Despite the fall in exploration expenditure, the company completed over 10,000 metres of drilling which returned some of the most exciting results in the company's history.

Aircore drilling at the Alford West prospect on the Moonta Project delivered a number of exceptional copper and gold intersections, and together with intersections in some historical holes, confirm that a significant copper-gold discovery has been made.

The Alford West prospect is defined as a 3500 metre long shallow auger geochemical anomaly delineated in the 1970s by a previous explorer. Adelaide Resources' drilling has so far tested an 1100 metre long section of the target, with mineralisation intersected on every drill traverse.

The mineralised zone at Alford West displays continuity, remains open along strike and at depth, and the prospect of increasing the dimensions of the deposit and defining an economically significant resource are good. Importantly, the growing list of high grade intersections does not preclude ultimately achieving a resource grade comparable to those at operating mines.

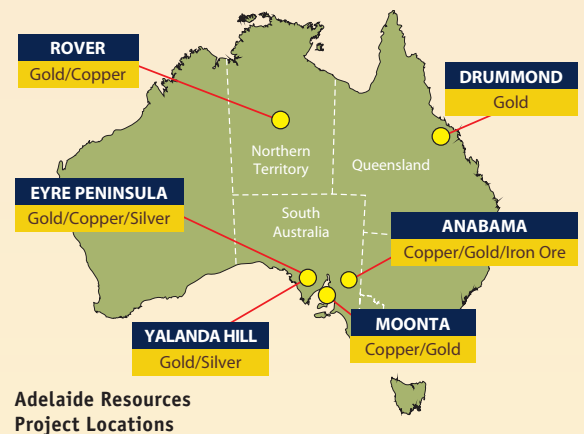
While Alford West deservedly ranks as the company's stand-out prospect on the Moonta Copper-Gold Project, positive exploration results were also achieved at the Paskeville and Wombat prospects, and together with the Willamulka prospect discovered in 2010/11, these additional deposits show potential to contribute to a project-wide resource inventory.

The focus on the Moonta Project consequently saw less activity on other Adelaide Resources' projects. While no on-ground work was completed at Rover in the Northern Territory, this project remains a valuable company asset. The withdrawal of Quasar Resources Pty Ltd from the Corrobinnie Uranium Joint Venture during the year simplified ownership of the Eyre Peninsula Project in the company's favour at a time when neighboring explorers are achieving positive exploration results.

Strategy

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

- The company will maintain a strong commodity focus on copper and gold. Directors believe the outlook for copper and gold remains positive, and consider these commodities are well suited to Adelaide Resources. 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 financial capacity.
- The company remains in a strong financial position allowing it to conduct financially prudent programs of work that can deliver value to shareholders. The company's Board believes it is in shareholders' best interests to retain maximum equity in its tier one projects and consequently seeks to self-fund exploration programs on these projects when equity markets allow. The 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 in Australia and overseas.
- 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.



Moonta Copper-Gold Project – SA

Adelaide Resources 100% (except Moonta Porphyry JV area: Adelaide Resources 90%; Breakaway Resources Limited 10%).

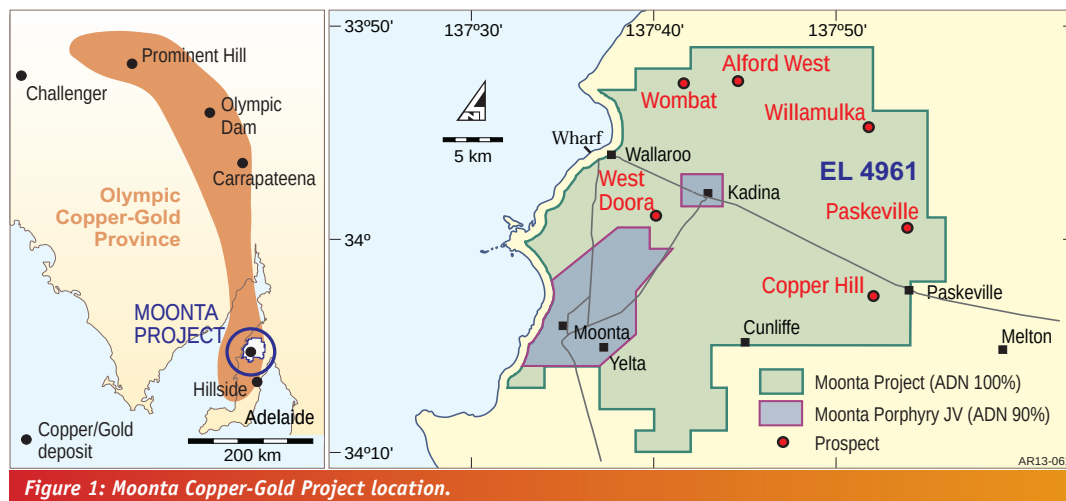


Figure 1: Moonta Copper-Gold Project location.

Introduction – The Olympic Copper Gold Province

The Moonta Copper-Gold Project falls at the southern end of the Olympic Copper Gold Province, a world class mineral belt (Figure 1).

The province is highly prospective for Iron Oxide Copper Gold (IOCG)

deposits, with Olympic Dam, Prominent Hill and Moonta-Wallaroo the three mines with past or current production. Significant deposits in the pre-development stage include Carrapateena and Hillside, while numerous other prospects are spread along the belt.

The pedigree of the Olympic Copper-Gold Province is evidenced by the presence of a number of large and emerging copper producers. A list of active companies in the belt includes BHPB, Rio Tinto, Fortescue Metals, Oz Minerals, Antofagasta, GlencoreXstrata, Straits Resources, Sandfire Resources and Rex Minerals.

Exploration ground within this belt is highly sought after. All land within the province where exploration is allowed is currently pegged, and even the waters of the Spencer Gulf are held under exploration licence applications.

The depth to the top of the rocks considered prospective for IOCG deposits varies significantly along the belt, and in many places the thicknesses of the overlying barren cover sediments exceeds 300 metres. Areas of shallow cover are present, particularly on the Yorke Peninsula where Adelaide Resources' project is located.

Moonta Project – History of exploration

Copper was first discovered in the Moonta-Wallaroo district in 1859, however systematic exploration for new deposits in the broader district really only commenced in 1959.

Since 1959, exploration in the district has been dominated by major mining houses, including Western Mining Corporation Ltd, North Broken Hill Ltd, Broken Hill South Ltd, Mount Isa Mines Ltd, BHP Minerals Ltd, and Phelps Dodge Corporation. Exploration by Western Mining Corporation and its joint venturers persisted for nearly three decades from 1960 to 1987, with a very significant exploration program completed.

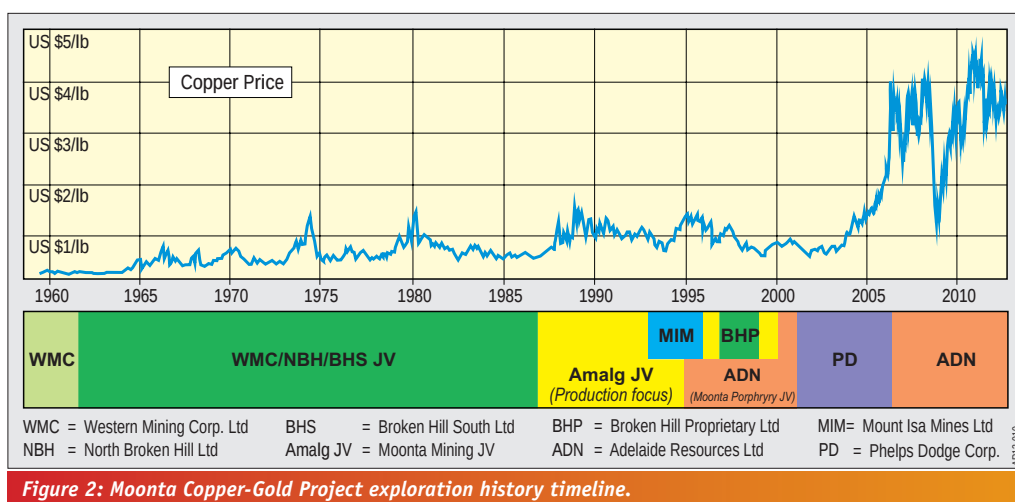
In the period from 1988 to 1993, a joint venture between the Amalg Syndicate and Melita Mining NL focussed on producing copper and gold from the Poona and Wheal Hughes mines located near Moonta. This joint venture completed only modest regional exploration in the broader district.

Adelaide Resources entered into the Moonta Porphyry Joint Venture (MPJV – Figure 1) with Amalg Resources prior to listing in 1996, with the 106km² MPJV one of the assets included in Adelaide Resources' Initial Public Offering. The company also secured a "first right of refusal" over the larger part of the tenement and in 2001 was able to exercise this right to acquire the bulk of the Project area and consolidate its ownership.

In 2002, Adelaide Resources formed a joint venture with major copper producer Phelps Dodge Corporation, which completed a significant exploration program of drilling, geochemistry and geophysics. Phelps Dodge withdrew from the joint venture in 2006 allowing Adelaide Resources to take control of the entire Project area. In 2009 Adelaide Resources recommenced its search for copper-gold deposits, delivering promising discoveries at Willamulka

(2010/11) and Paskeville (2012), and achieving positive results at historic prospects like Wombat (2012) and Alford West (2013).

A timeline summarising the companies that have managed exploration of the Moonta Copper-Gold Project during the modern era, together with a graph of historical copper prices over this period, is presented as Figure 2.



The history delivers Adelaide Resources a unique opportunity, as the majors who explored in the past were looking for giant deposits to satisfy their corporate goals. In the process they discovered promising prospects that were ultimately assessed as unlikely to meet their high project evaluation hurdles. However these deposits may well prove large enough to be of significant value to Adelaide Resources, particularly given the higher metal prices of today.

Added to this scale opportunity is the tremendous monetary value the historical work undertaken by the majors represents. The company estimates that were it to repeat just the diamond and reverse circulation drilling done by WMC/NBH, it would cost in excess of \$20 million, and take years to complete.

Exploration Program Summary

The Company's goal on the Moonta Project is the delineation of a copper-gold resource that will support mine development. The project is highly prospective, containing numerous known prospects including the 100% owned Alford West, Willamulka, Wombat and Paskeville deposits.

While it would be most desirable to define a single economic resource, the small distances between these deposits is such that the concept of developing multiple resources for treatment at a single mill is also feasible.

During the year, the bulk of the company's exploration effort has focussed on drilling the Alford West deposit, which has emerged as a stand-out prospect, with additional drilling completed at Wombat and Paskeville. Positive results were achieved at all three prospects, with Table 1 (page 10) listing significant drill intersections.

The company is also undertaking a program to digitally capture the huge volume of past exploration data generated by previous explorers on the project tenement.

The exploration results achieved on the Moonta Project in the last three years justify its position as the company's flagship project. Further substantial drilling dominated exploration programs are planned in the 2013/14 financial year, leading to the estimation of mineral inventories and/or JORC resources.

Alford West Prospect

Historic exploration

The Alford West Prospect is defined by a 3500 metre long geochemical anomaly where historic, north-south oriented traverses of shallow auger drilling completed during a past joint venture between Western Mining Corporation and North Broken Hill returned samples assaying in-excess of 200ppm copper (Figure 3).

Historic deeper drilling at Alford West was completed by several companies, with highly encouraging copper and molybdenum mineralisation intersected in several holes. Gold was not routinely determined in the majority of the historic holes.

Historical intersections of note included 29 metres at 1.07% copper from 44 metres in AL-7, 12 metres at 2.22% copper from 64 metres in AL-10, and 106 metres at 0.12% molybdenum from 119.8 metres in DDH129.

Adelaide Resources' 2013 Drilling Program

To 30 June 2013, Adelaide Resources has drilled 93 aircore holes for 6032 metres at Alford West. The company's drillholes are located on ten north-south drill traverses that test an 1100 metre section of the 3500 metre long auger geochemical anomaly (Figure 4).

The company's drilling intersected mineralisation on each of the ten drill traverses, with many holes returning highly significant intersections of copper and gold. ALWAC007 intersected 20 metres at 4.20% copper and 0.27g/t gold from 32 metres, including 11 metres at 6.81% copper and 0.40g/t gold.

ALWAC008 returned 45 metres at 1.56% copper and 1.83g/t gold from 13 metres, including 6 metres at 3.79% copper and 5.33g/t gold from 19 metres, and 5 metres at 1.37% copper and 5.55g/t gold from 33 metres. For a full list of intersections see Table 1 on page 10.

Transported cover sediments ranging in vertical depth from 5 metres to a maximum depth of 12 metres cover the prospective basement.

Below the cover strongly weathered bedrock comprises both oxidised upper saprolite and un-oxidised lower saprolite. Partially weathered bedrock, or saprock, is encountered below the saprolite horizons, and often persists to the maximum

depths of individual holes. Fresher bedrock lithologies comprise variably altered meta-sediments. In places the bedrock contains significant amounts of hematite which is interpreted to be strong iron alteration, or metasomatism, that typifies iron-oxide copper gold deposits.

A zone of high grade mineralisation, defined for example by holes between ALWAC007 and ALWAC006 (Figure 5), commences at a depth of about 25 metres. Petrological descriptions of material taken from historical holes which intersected this zone indicate the main copper bearing mineral is chalcocite (Cu_2S), and the mineralisation displays characteristics consistent with it being a zone of supergene enrichment developed below a copper depleted upper saprolite horizon.

The primary mineralisation that gives rise to the high grade supergene zone is currently interpreted to be steeply north dipping. Previous petrological studies on samples interpreted to be from the primary zone confirm the presence of chalcocite and minor chalcopyrite.

Another zone of significant mineralisation, defined for example by holes between ALWAC035 and ALWAC036 (Figure 6) behaves differently in the weathered zone. Copper mineralisation effectively

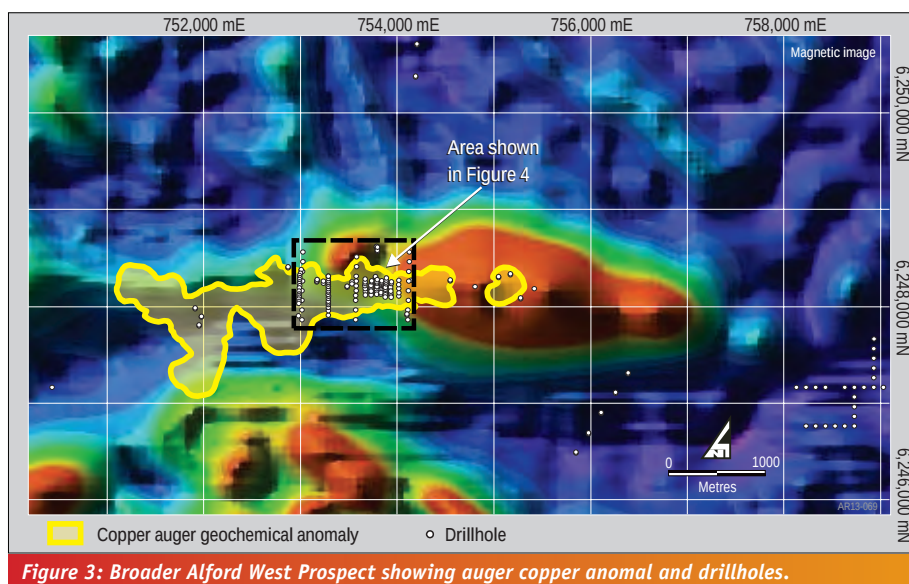


Figure 3: Broader Alford West Prospect showing auger copper anomaly and drillholes.

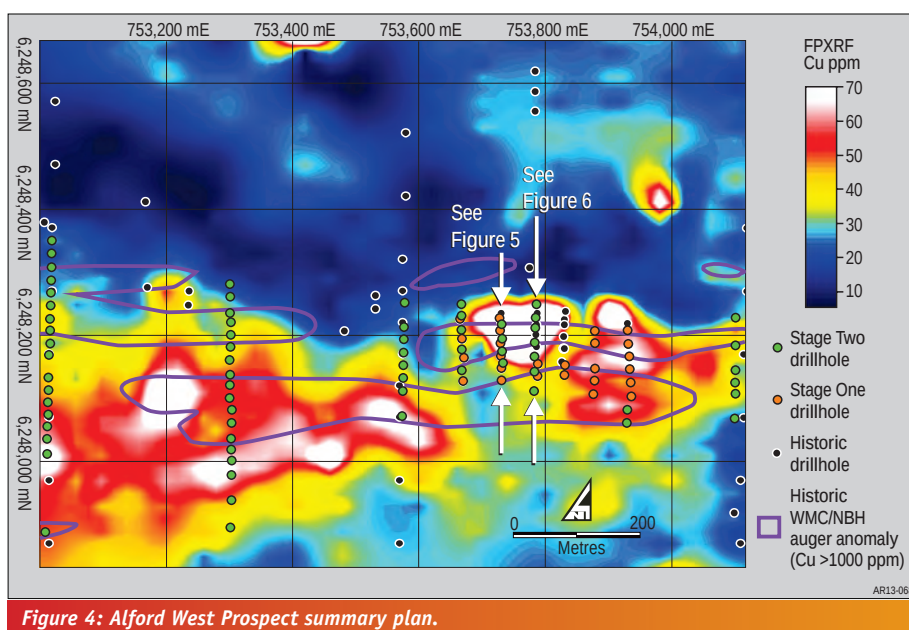


Figure 4: Alford West Prospect summary plan.

persists to the base of cover with no significant geochemical depletion evident. The dominant copper bearing mineral in the weathered zone is the copper carbonate malachite.

Primary mineralisation below the copper carbonate zone is interpreted to be steeply dipping, with chalcopyrite observed in historical holes. Significant grades of gold may accompany copper in this zone.

Mineralisation at Alford West remains open along strike and at depth. Future shallow aircore drilling is planned to test the strike extensions to the 1100 metre section of the auger anomaly drilled so far. Deeper diamond or reverse circulation drilling is also planned to test for the continuation of mineralisation below the depth limit of the aircore holes.

The quality of the drill intersections achieved to date at Alford West, and the continuity exhibited by the mineralisation, bode well for the establishment of a mineral resource of potential economic significance.

Trial FPXRF Surface Geochemical Survey

In May 2013, Adelaide Resources completed a trial Field Portable X-Ray Fluorescence (FPXRF) surface geochemical soil sampling program over part of the Alford West prospect (Figure 4). The aim of the trial survey was to determine if the FPXRF technique could successfully generate meaningful anomalies that replicated the historical auger results and could be confidently used to directly target further drilling at the prospect.

The trial FPXRF survey totalled 959 analyses of surface soils with readings made every 20 metres along 50 or 100 metre spaced lines. Analyses were taken for 32 elements, including copper.

The survey successfully outlined a broad copper anomaly defined by samples assaying greater than about 30 ppm copper (see background image on Figure 4).

The FPXRF anomaly is generally coincident with the historical auger anomaly, and while surface and regolith factors will have acted upon the soils, the FPXRF survey method provides a very cost efficient and non-intrusive technique to rapidly define drill targets in great detail.

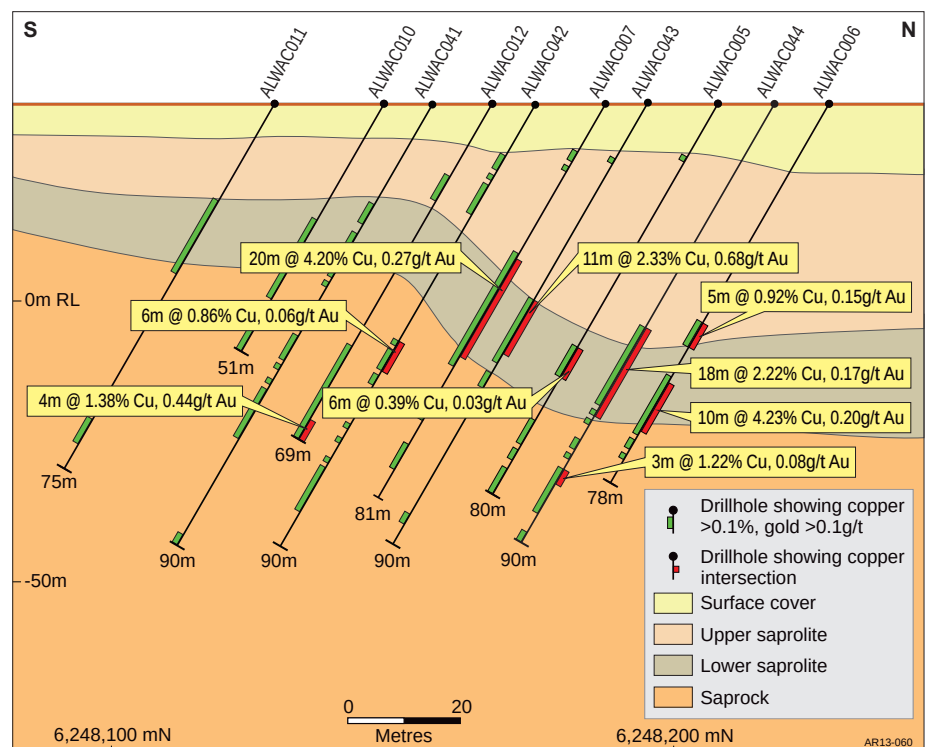


Figure 5: Alford West Prospect Section 753,730 mE looking west.

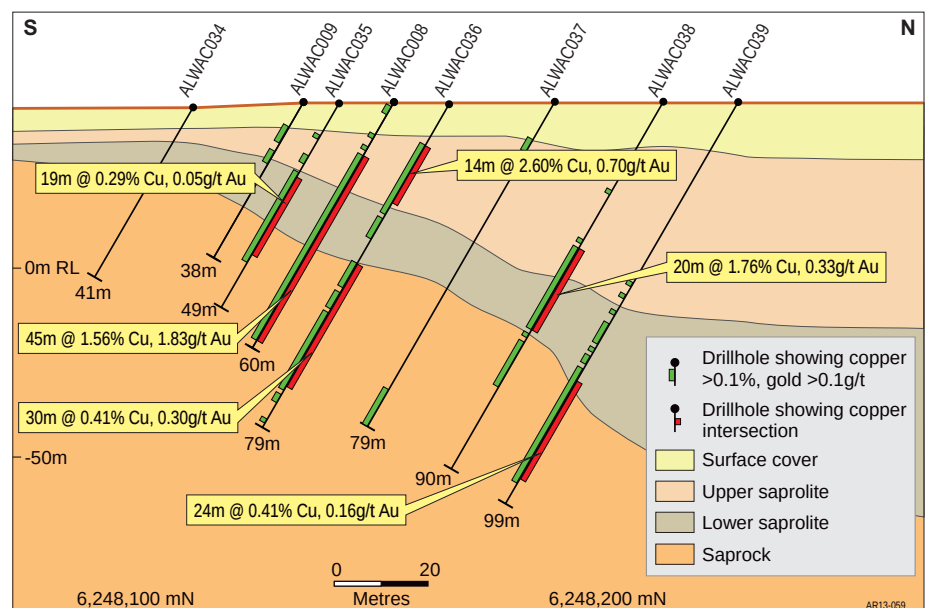
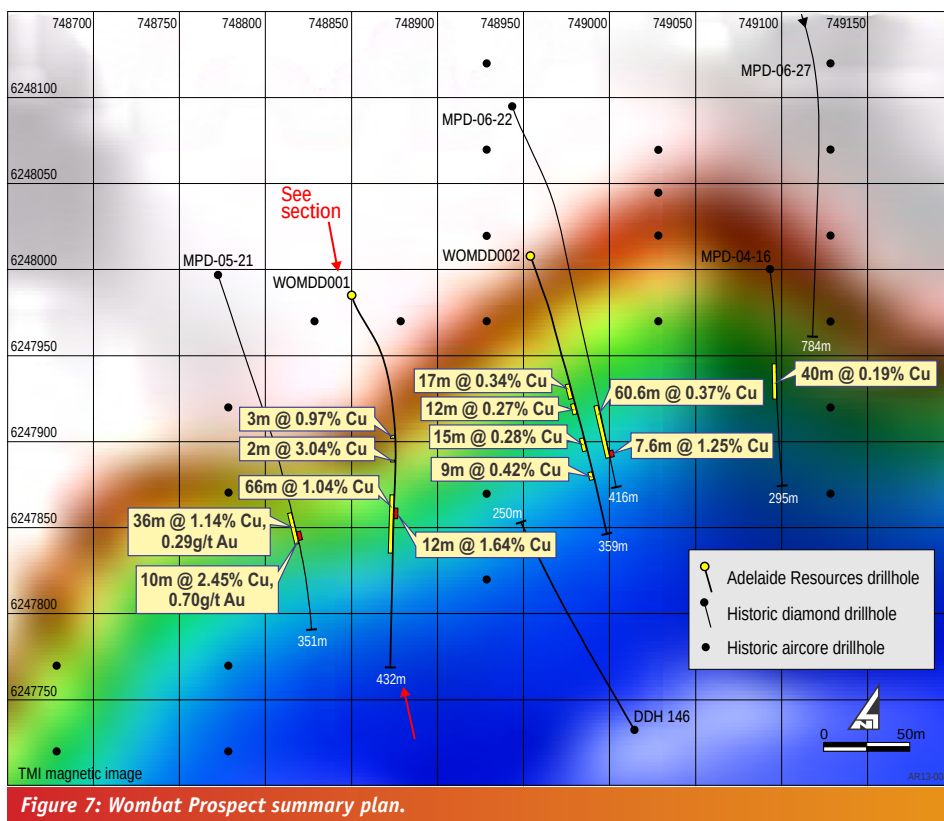


Figure 6: Alford West Prospect Section 753,785 mE looking west.

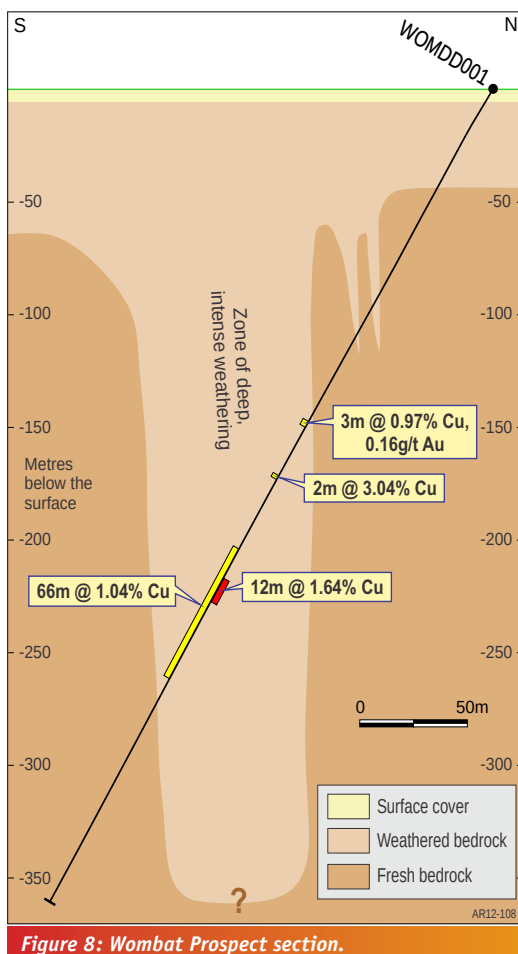


Wombat Prospect

Assaying of diamond holes WOMDD001 and WOMDD002 drilled at the Wombat Prospect confirmed significant intervals of copper mineralisation is present in both holes. The two drillholes encountered zones of deep and intensely weathered clay-rich material containing visible native copper mineralisation in places.

Hole WOMDD001 intersected 66 metres at 1.04% copper from 236 metres downhole, including an interval of 12 metres at 1.64% copper from 236 metres downhole. A narrow zone of 2 metres at 3.04% copper commences from 198 metres (Figure 8).

WOMDD002 contains a very broad interval of low grade copper mineralisation with better subzones including



17 metres at 0.34% copper from 155 metres, and 9 metres at 0.42% copper from 273 metres downhole.

The copper intersections in WOMDD001 and WOMDD002 are interpreted to be from the same mineralised body intersected in historic diamond holes MPD-05-21 and MPD-06-22, and in a number of shallow historic aircore holes at the prospect.

Together the drilling suggests the mineralised zone at Wombat is sub vertical, has a strike length of at least 300 metres, a vertical extent of at least 300 metres, and a true width of up to 35 metres.

Aircore drilling at the Wombat Prospect comprised 12 holes for 777 metres (Figure 7), with the goal of establishing whether potentially attractive grades of copper persist to near-surface depths. Assay results confirm that low grade copper mineralisation is widespread in weathered rock and is present at shallow depths in places.

Better intersections include 12 metres at 0.34% copper from 48 metres and 5 metres at 0.52% copper from 70 metres to the end of hole in WOMAC009.

Paskeville Prospect

An airborne electromagnetic survey flown over the Paskeville Prospect defined a number of conductive features generally coincident with geochemical anomalies. The survey was followed by a drilling program comprising a single 353 metre diamond hole and 43 aircore drillholes totalling 2967 metres.

The diamond hole encountered a sequence of folded, carbonate altered and veined metasediments. The copper sulphide chalcopyrite is present in veins that occur sporadically between 83.7 metres and 330 metres downhole.

Aircore holes were drilled to establish the dip and strike of high grade copper mineralisation discovered in 2012, and to test a number of the coincident geochemical/electromagnetic anomalies. Holes PAC147 to PAC153 were completed at the known body of mineralisation (*Figure 9*), with all seven of these holes intersecting copper. PAC148 returned the best intersection of 8 metres at 2.01% copper from 69 metres. Malachite, azurite and chalcocite are the dominant copper minerals in weathered bedrock, while chalcopyrite and chalcocite occur at depth where they accompany pyrite.

The mineralised zone at Paskeville is interpreted to comprise several steeply north east dipping, 5 to 20 metre thick, variably quartz veined copper rich lodes (*Figure 10*). It has been defined on nine cross sections covering 300 metres of strike. The zone remains open at either end, has an interpreted true width of approximately 50 metres, extends at least 90 metres below surface, and is open at depth. Holes testing the coincident geochemical and geophysical targets identified low grade copper mineralisation in several holes and low grade gold in one hole.

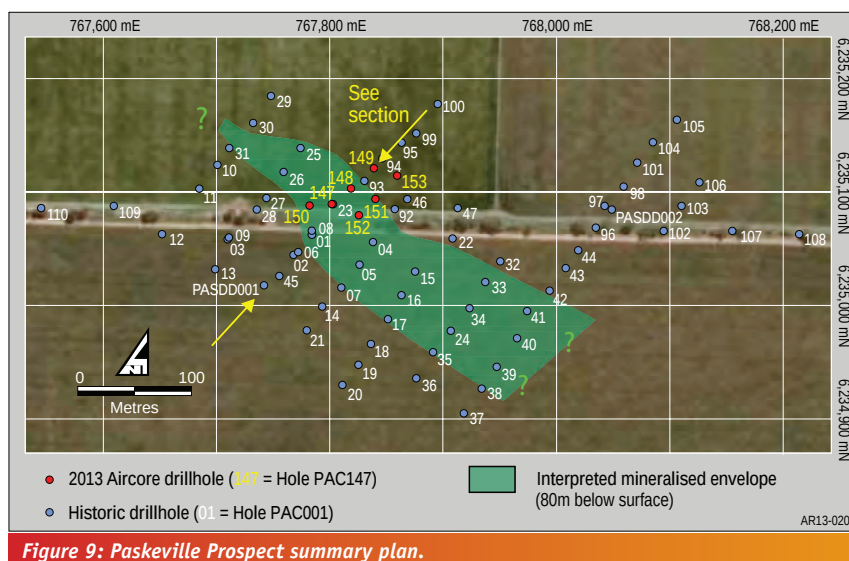


Figure 9: Paskeville Prospect summary plan.

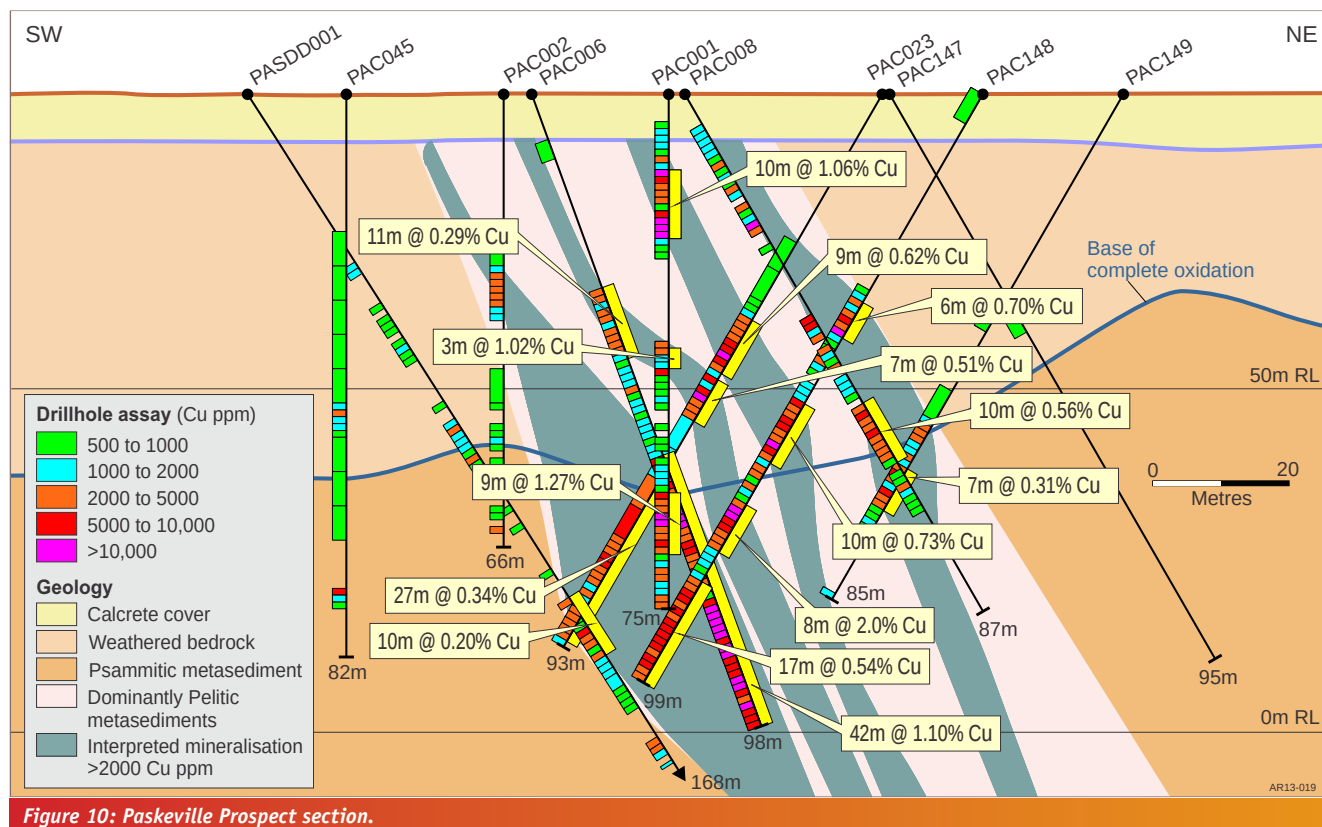


Figure 10: Paskeville Prospect section.

Table 1: Moonta Copper-Gold Project significant drill intersections.

Prospect	Hole Name	Easting (mga94)	Northing (mga94)	RL (msl)	Dip	Azimuth	Final Depth	From (m)	To (m)	Interval (m)	Cu %	Au g/t
ALFORD WEST	ALWAC003	753668	6248195	35	-60	180	80	51	58	7	1.86	0.45
	ALWAC006	753727	6248227	36	-60	180	78	56	71	15	2.89	0.15
							<i>incl.</i>	57	67	10	4.23	0.20
	ALWAC007	753729	6248188	35	-60	180	80	32	52	20	4.20	0.27
							<i>incl.</i>	32	43	11	6.81	0.40
	ALWAC008	753788	6248155	34	-60	180	60	13	58	45	1.56	1.83
							<i>incl.</i>	18	25	7	3.61	4.66
							<i>and</i>	19	25	6	3.79	5.33
							<i>and</i>	33	38	5	1.37	5.55
	ALWAC013	753830	6248137	34	-60	180	50	5	17	12	0.64	0.15
	ALWAC016	753878	6248129	34	-60	180	60	6	33	27	0.68	0.28
							<i>incl.</i>	6	21	15	1.04	0.33
	ALWAC017	753876	6248107	34	-60	360	44	13	36	23	0.86	0.64
							<i>incl.</i>	25	35	10	1.69	1.24
	ALWAC019	753878	6248207	36	-60	180	72	34	42	8	0.42	1.62
								65	72	7	1.02	0.06
	ALWAC036	753783	6248167	35	-60	180	79	10	24	14	2.60	0.70
								39	69	30	0.41	0.30
	ALWAC038	753784	6248212	35	-60	180	90	36	56	20	1.76	0.33
							<i>and</i>	37	47	10	3.02	0.28
	ALWAC039	753785	6248228	36	-60	180	99	69	93	24	0.41	0.16
	ALWAC043	753732	6248195	35	-60	180	90	40	51	11	2.33	0.68
							<i>incl.</i>	42	47	5	4.64	0.76
	ALWAC044	6248218	753731	35	-60	180	90	46	64	18	2.22	0.17
							<i>incl.</i>	47	59	12	3.21	0.19
	ALWAC047	6248209	753667	35	-60	180	93	69	83	14	0.98	0.15
								59	64	5	0.07	0.34
	ALWAC048	6248231	753667	35	-60	180	83	60	76	16	2.38	0.18
							<i>incl.</i>	66	75	9	3.97	0.14
	ALWAC056	6248213	753576	34	-60	182	123	70	103	33	0.44	0.14
	ALWAC074	6248261	753301	33	-60	180	101	56	63	7	0.92	0.01
	ALWAC087	6248248	753017	32	-60	182	72	15	27	12	0.41	1.44
	ALWAC089	6248287	753018	33	-60	182	72	22	72	50	0.44	0.05
	ALWAC090	6248308	753019	32	-60	182	72	41	64	23	0.68	0.10
							<i>incl.</i>	42	53	11	1.11	0.03
	ALWAC091	6248330	753019	30	-60	182	75	30	39	9	0.58	0.08
WOMBAT	WOMDD001	748852	6247985		159.1	-60	431.6	195	200	5	1.37	0.04
								236	302	66	1.04	0.03
								251	263	12	1.64	0.02
PASKEVILLE	PAC147	767801	6235089		-60	215	93	38	47	9	0.62	0.07
	PAC148	767810	6235101		-60	215	99	52	62	10	0.74	0.03
								69	77	8	2.01	0.19
								82	99	17	0.54	0.05
	PAC151	767820	6235089		-60	215	74	38	55	17	0.57	0.02
							<i>incl.</i>	38	45	7	1.01	0.01

Intersections calculated by averaging 1-metre chip samples. Copper determined by four acid digest followed by ICP-AES finish. Overrange copper (>1%) determined by AA finish. Gold determined by fire assay fusion followed by ICP-AES finish. Cut-off grade of 0.2% Cu and/or 0.2g/t Au applied with up to 2m internal dilution for principal intersections. Introduced QA/QC samples indicate acceptable analytical quality. Intersections are downhole lengths.

ROVER GOLD COPPER PROJECT – NT

Adelaide Resources 100%

The Rover Project is situated 85 kilometres southwest of Tennant Creek in the Northern Territory (*Figure 11*). Mineral deposits in the Rover Field are essentially geologically identical to the copper and gold deposits located in the Tennant Creek Field, many of which have been profitably mined in the past.

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

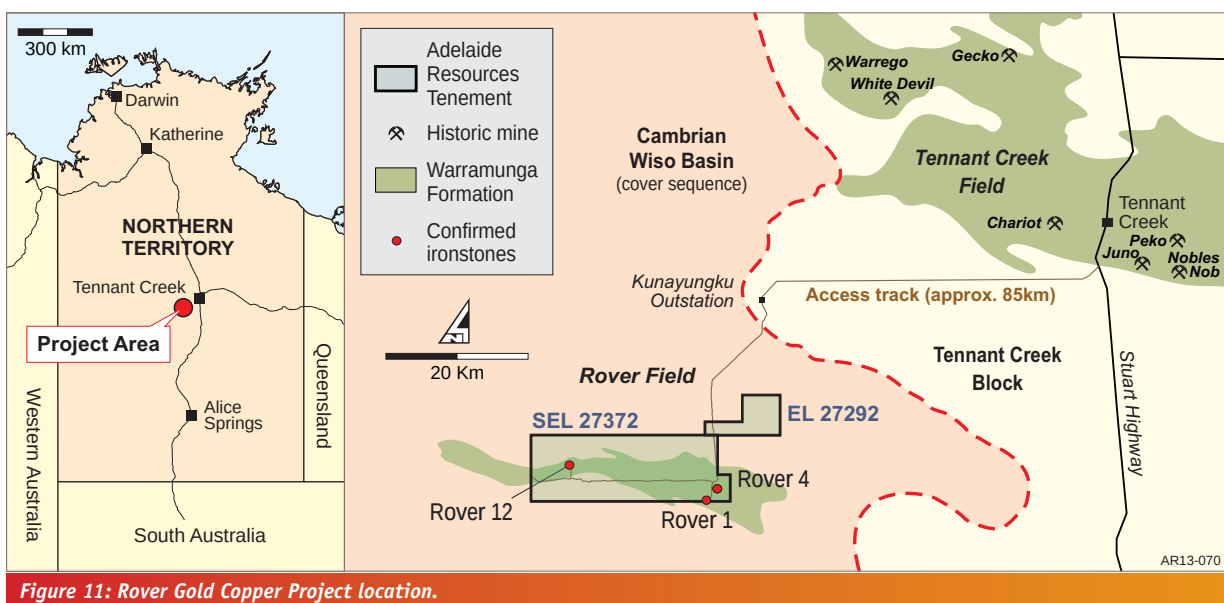
The Rover Field is buried beneath between 100 and 200 metres of sedimentary cover and its exploration is relatively immature when compared to the Tennant Creek Field. Despite this relative immaturity, significant gold and copper deposits and prospects have been discovered by Adelaide Resources and neighbour Westgold Resources Limited (which merged with Metals X Limited in October 2012).

The Rover 4 prospect is located in the southeast of the project tenements. Drilling by the company intersected significant copper and gold in two main areas at Rover 4, including the shallowest mineralisation discovered to date in the Rover Field. During the year AMC Consultants completed 3-dimensional geological modelling of the Rover 4 deposit and estimated a non-JORC compliant inventory of the copper and gold mineralisation at the prospect.

The AMC study confirms that the Rover 4 deposit, as currently defined, is too small to develop in its own right, but has excellent potential to play a role as a source of secondary feed for a mill processing Rover Field ores. The study also confirms that in terms of the broader Rover Field, the Rover 4 deposit currently ranks second behind the Rover 1 deposit which is largely owned by Metals X. The geological modelling and mineral inventory exercise has also highlighted a number of target areas at Rover 4 where further exploration has potential to increase the size of the deposit.

The majority of the Rover 1 deposit falls in tenements now owned by Metals X, however the company owns part of the Western Zone of the deposit where it crosses over the tenement boundary into Adelaide Resources' ground. Like Rover 4, Adelaide Resource's part of the Rover 1 deposit is considered too small to warrant development in its own right, however may also provide secondary feed for a mill processing Rover Field ores.

A number of other promising early stage prospects are present on the Rover Project, including the Rover 12 prospect which has delivered a number of narrow but high grade copper and gold drill intersections.



EYRE PENINSULA GOLD PROJECT – SA

Adelaide Resources 100% (except Kimba Verran JV area: Adelaide Resources 90%; Olliver Geological Services Pty Ltd 10%).

The company has a large tenement position on the Eyre Peninsula of South Australia, holding 12 tenements which together secure an area of approximately 4900 km². All but two of these tenements are 100% owned by Adelaide Resources.

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

The uranium play was explored by the Corrobinnie Uranium Joint Venture (CUJV) with Quasar Resources Pty Ltd between January 2007 and February 2013 when it withdrew from the joint venture. Quasar spent in excess of \$4.3 million on exploration during the term of the Joint Venture, discovering uranium in two palaeochannels, anomalous uranium hosted in basement rocks, and anomalous gold also hosted in basement rocks.

Under the withdrawal provisions Quasar's 67.46% interest in the Joint Venture was transferred to Adelaide Resources for no consideration effective 19 February 2013. Quasar's withdrawal simplified ownership of the project with Adelaide Resources now holding 100% equity in the key project tenements.

The broader Eyre Peninsula region has delivered positive exploration results and excited investors in recent years. Investigator Resources Limited has discovered exceptionally high grades of silver mineralisation at its Paris Deposit located in a tenement that abuts the company's project, while a number of other companies have reported promising results from graphite exploration focused generally southeast of the company's project.

Previous gold focused exploration by Adelaide Resources and its past joint venturers on the Eyre Peninsula discovered significant gold mineralisation at the Barns, Baggy Green and White Tank deposits, and identified

numerous other prospects and targets, including a large, high magnitude copper-nickel-zinc geochemical anomaly at Empire for which no mineralised source has yet been discovered.

At the Barns, Baggy Green and White Tank prospects, gold mineralisation is developed in shallow west to northwesterly dipping fault/share zones interpreted to be thrusts. Mineralisation reaches significant widths on occasion with estimated true widths at Baggy Green often exceeding 25 metres, and widths of some zones at Barns in-excess of 100 metres.

The company believes that significant potential remains to discover attractive grades of gold mineralisation at deposits such as Baggy Green and Barns, and base metals at the Empire prospect. Silver anomalies defined by Investigator Resources Limited in the Peterlumbo Field are located as close as five kilometres from Adelaide Resources' ground, while the Paris silver deposit is located about seven kilometres from the boundary.

Exploration programs designed to further evaluate the known gold deposits, to search for silver mineralisation of Paris style, and to search for a mineralised source to the Empire geochemical anomaly are planned to commence in the first half of the 2013/14 financial year.

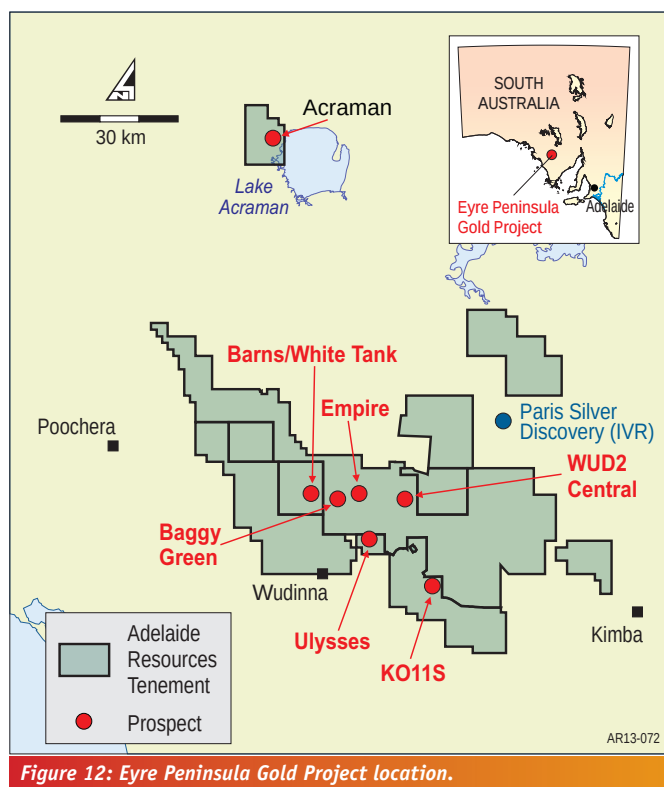


Figure 12: Eyre Peninsula Gold Project location.

DRUMMOND GOLD PROJECT – QLD

Adelaide Resources 100%

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

An epithermal gold deposit is one in which gold mineralisation is deposited relatively close to the ground surface from hot volcanic fluids. The fluids are estimated to range in temperature from less than 100°C to about 300°C and, during the formation of a deposit, can appear at the surface as hot springs and geysers, similar to those found around the Rotorua district in New Zealand. Gold is carried in solution and is deposited when the water approaches the land surface and boils. Epithermal deposits are formed during periods of active volcanism around the margins of continents, a geological situation that existed in the Drummond Basin during the Late Devonian to Carboniferous.

A review of historical exploration at Glenroy confirms the presence of gold mineralised systems considered likely to be of the targeted epithermal style. At the Limey Dam prospect (Figure 14), soil sampling by past explorers delineated a cluster of gold anomalies in a five kilometre long, northeast trending corridor.

Rockchip samples collected from quartz veins displaying typical epithermal textures commonly returned anomalous results with a best result of 3.15g/t gold. Limited drilling at Limey Dam returned 40 metres at 0.19g/t gold from 23 metres, 12 metres at 0.48g/t gold from surface and 14 metres at 0.38g/t gold from 42 metres.

The company holds the view that the gold systems on EPM 18090, such as Limey Dam, have not been adequately tested and that by employing its knowledge of epithermal gold system geology a major discovery opportunity is presented. Following work to satisfy various statutory notification requirements, a field reconnaissance trip to aid in the design of an initial on-ground exploration program is planned.

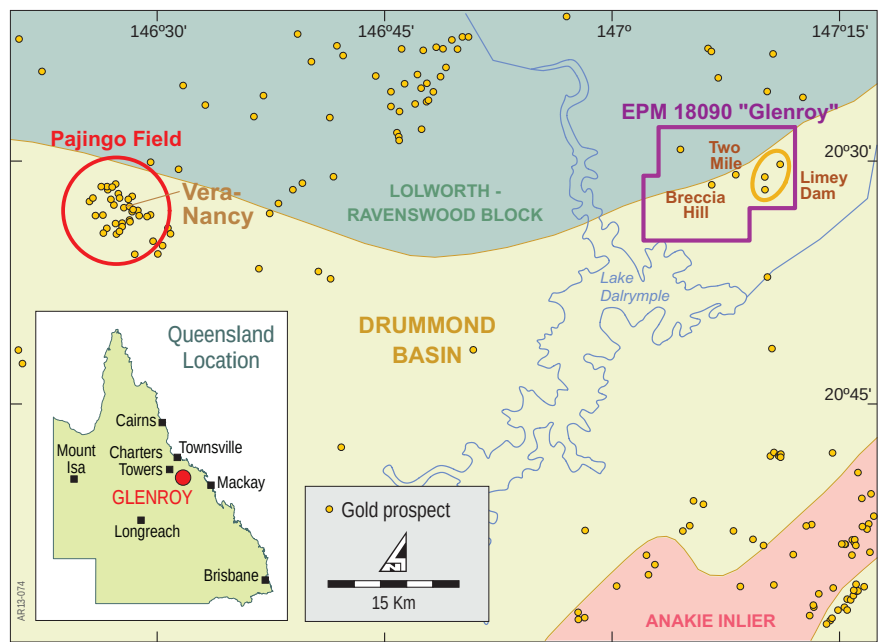


Figure 13: Glenroy tenement location.

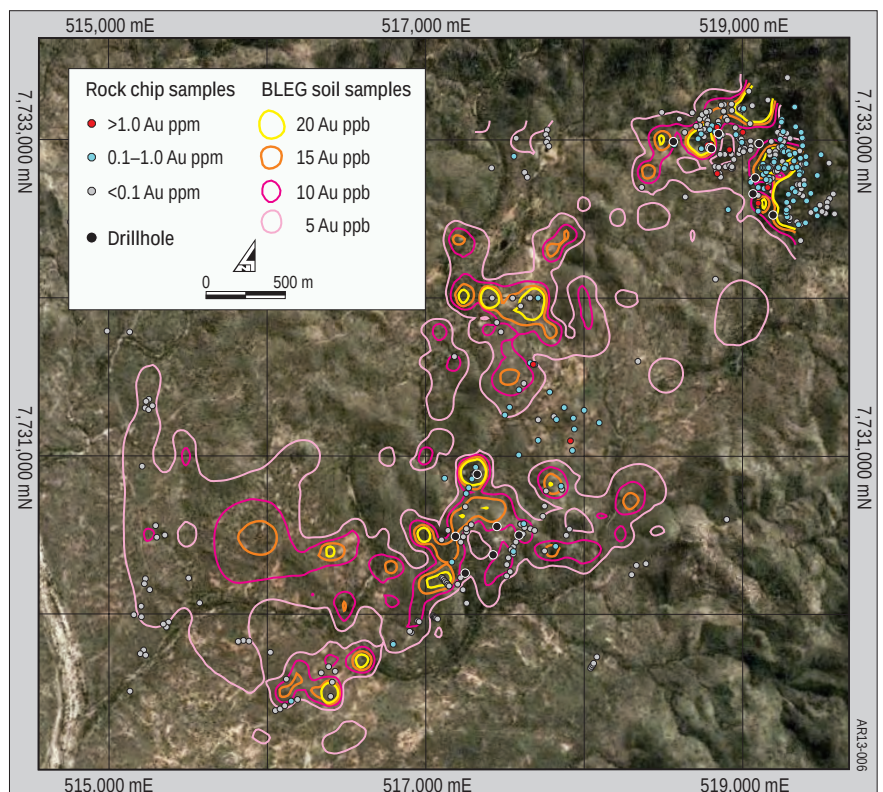


Figure 14: Limey Prospect summary plan.

ANABAMA COPPER GOLD IRON ORE PROJECT– SA

(Adelaide Resources 100%)

EL 4969 is located south of Olary in eastern South Australia (Figure 15).

In 2007 Adelaide Resources discovered copper mineralisation at the Dark Horse Prospect located in the western block of the two block tenement. Intersections included 40 metres at 0.2% Cu, including 6 metres at 0.57% Cu and 0.25% Zn. Surficial gossanous material at Dark Horse can be traced for over three kilometres indicating that a sizable sulphide bearing system is present.

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

Following a successful orientation survey, the company is planning a cost effective program of surface geochemical sampling utilising Field Portable XRF at Dark Horse. The company is seeking to progress exploration of the Ironstone Dam prospect through the involvement of a third party, with discussions with one group underway.

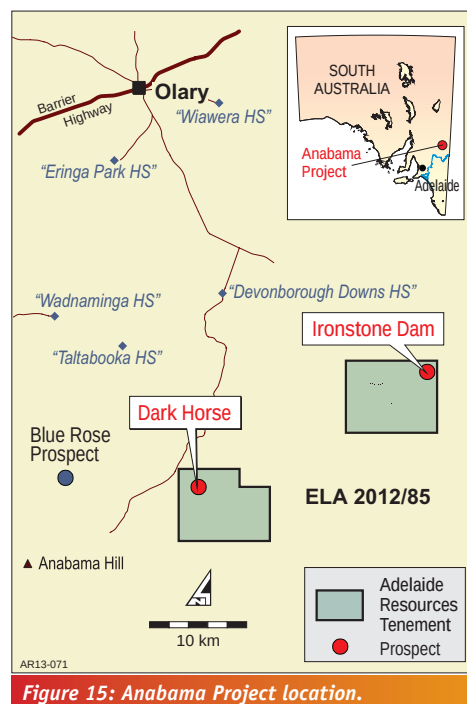


Figure 15: Anabama Project location.

YALANDA HILL JV – SA

(Adelaide Resources 37.76%; Investigator Resources 62.24%)

The Yalanda Hill Joint Venture with Investigator Resources Limited is exploring for gold, silver, copper and uranium on three tenements located on the eastern Eyre Peninsula of South Australia (Figure 16). Investigator Resources manages and operates the Joint Venture.

Reconnaissance soil sampling completed by the Joint Venture in past years identified three gold-silver-copper anomalies and two uranium anomalies of interest. Infill geochemical sampling was completed at two of the gold-silver-copper anomalies during the financial year.

The infill sampling returned further anomalous results of equivalent magnitude to the original reconnaissance geochemistry at both targets, but failed to significantly advance their quality as exploration targets.

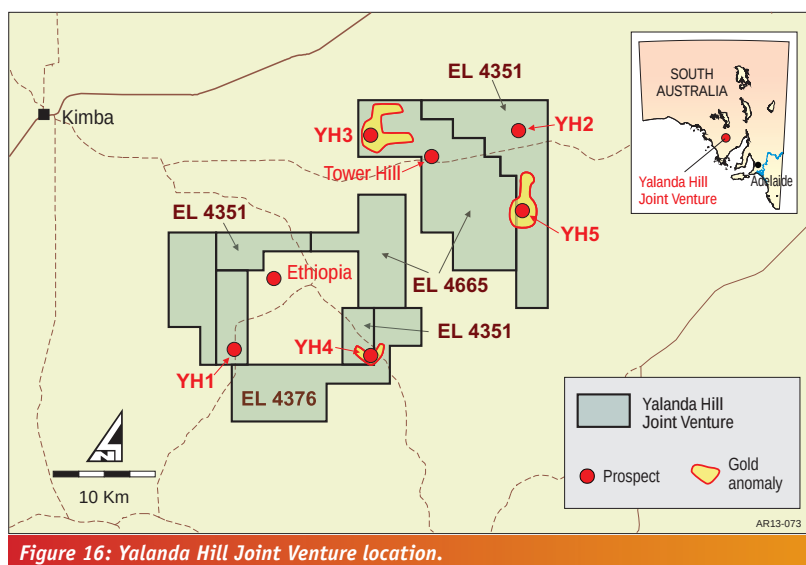


Figure 16: Yalanda Hill Joint Venture location.

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

SCHEDULE OF TENEMENTS

As at 30 June 2013

Project	Tenement	Tenement Name	Area km ²	Registered Holder or Applicant	Nature of Company's Interest %
SOUTH AUSTRALIA					
Eyre Peninsula Gold Project	EL 5257	Pildappa	139	Peninsula Resources Ltd ¹	100%
	EL 4214	Pinkawillinie	186	Peninsula Resources Ltd	100%
	EL 4263	Thurlga	332	Peninsula Resources Ltd	100%
	EL 4690	Yaninee	709	Peninsula Resources Ltd	100%
	EL 4792	Mount Ive	394	Peninsula Resources Ltd	100%
	EL 5120	Corrobinnie	2037	Peninsula Resources Ltd	100%
	EL 4459	Wudinna Hill	42	Peninsula Resources Ltd	100%
	EL 5092	Minnipa	184	Peninsula Resources Ltd	100%
	EL 4968	Waddikee Rocks	466	Peninsula Resources Ltd	100%
	EL 5064	Verran	174	Peninsula Resources Ltd and Olliver Geological Services	90% – option to acquire 100% from Olliver Geological Services Pty Ltd
	EL 4186	Acraman	96	Peninsula Resources Ltd	100%
	EL 4781	Kimba	147	Peninsula Resources Ltd and Olliver Geological Services	90% - option to acquire 100% from Olliver Geological Services Pty Ltd
Yalanda Hill Joint Venture	EL 4665	Yalanda Hill	230	Peninsula Resources Ltd	37.76% – Investigator Resources Limited 62.24%
	EL 4351	Yalanda East	144	Investigator Resources Limited	37.76% – Investigator Resources Limited 62.24%
	EL 4376	Carpie Puntha Hill	132	Investigator Resources Limited	37.76% – Investigator Resources Limited 62.24%
Moonta Copper-Gold Project	EL 4961	Moonta-Wallaroo	713	Peninsula Resources Ltd	100%
	EL 4961	Moonta Porphyry	106	Peninsula Resources Ltd	90% – option to acquire 100% from Breakaway Resources Limited
Anabama Copper Gold Iron Ore Project	EL 4969	Olary	133	Peninsula Resources Ltd	100%
NORTHERN TERRITORY					
Rover Gold Copper Project	EL 27292	Rover North	39	Adelaide Exploration Pty Ltd ²	100% (Franco-Nevada retain 70% buyback right)
	SEL 27372	Rover SEL	248	Adelaide Exploration Pty Ltd	100% (Franco-Nevada retain 70% buyback right)
QUEENSLAND					
Drummond Gold Project	EPM 18090	Glenroy	196	Adelaide Exploration Pty Ltd	100%

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

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

CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

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

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

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

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

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

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

The Board as a whole addresses the governance aspects of the full scope of the company's activities to ensure that it adheres to appropriate ethical standards. Currently all matters which might properly be dealt with by certain special committees are subject to regular scrutiny at full Board meetings.

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

Committees

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

Independent Professional Advice

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

SECURITIES TRADING

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

SHAREHOLDERS

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

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

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

CONTINUOUS DISCLOSURE

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

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

BUSINESS RISK

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

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

Management, working with the Audit Committee, has identified Adelaide Resources' risk areas, and specific risks within each area, and is developing a corporate risk register which lists and rates these risks.

The areas of risk that have been identified are:

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

The Audit Committee continues to evaluate the company's risks and is developing specific cost-effective strategies and action plans for minimising and treating the risks. The current control measures, and improvement actions for minimising and treating each risk, are being noted in detail in the company's corporate risk register to be followed by employees and contractors.

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

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

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

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

EXTERNAL AUDITORS

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

CODE OF CONDUCT

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

INDIGENOUS PEOPLE

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

ENVIRONMENT

The company recognises the importance of sound environmental practice. It has an Environmental Policy which promotes environmental awareness by all of its employees and contractors, with the objective of achieving the highest standards of environmental management by complying with and, where possible, exceeding government requirements.

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

WEBSITE INFORMATION

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

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

Website: www.adelaideresources.com.au.

ASX Principles	Status	Reference/Comment
Principle 1: Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	adopted	Matters reserved to the board are included on the company's website.
1.2 Companies should disclose the process for evaluating the performance of senior executives.	adopted	The process of evaluating the performance of senior executives is disclosed in the Corporate Governance Statement in the company's annual report and on the website.
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	adopted	

ASX Principles	Status	Reference/Comment
Principle 2: Structure the board to add value		
2.1 A majority of the board should be independent directors.	not adopted	The board comprises four directors, two of whom are independent.
2.2 The chair should be an independent director.	adopted	The chair is an independent non-executive director.
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	adopted	The positions of chairman and managing director are held by separate persons.
2.4 The board should establish a nomination committee.	not adopted	The board has no formal nomination committee. In view of its size and the resources available to the company, the full board carries out the process of determining the need for screening and appointing new directors.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	adopted	Performance evaluation of the board, directors and key executives is the responsibility of the Remuneration Committee.
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	adopted	The skills and experience of directors are set out in the company's annual report and on its website.
Principle 3: Promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: - the practices necessary to maintain confidence in the company's integrity; - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	adopted	The company has formulated a code of conduct which can be viewed on the company's website.
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	not adopted	The company has not established a policy concerning diversity. It selects personnel based upon an applicant's ability to fulfill the required role. While the company has no diversity policy, it considers itself to be an equal opportunity employer.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	not adopted	See comment to principle 3.2

ASX Principles	Status	Reference/Comment
Principle 3: Promote ethical and responsible decision-making <i>(Cont.)</i>		
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	adopted	At 30 June 2013 women held 29% of the positions in the company. No senior executive or board positions were held by women.
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3.	partially adopted	The company's code of conduct can be viewed on the company's website.
Principle 4. Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	adopted	The company has established an audit committee.
4.2 The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	partially adopted	The audit committee comprises two non-executive directors, one of whom is an independent director. The chair is an independent director and is not chair of the board.
4.3 The audit committee should have a formal charter.	adopted	The company has formulated an audit committee charter which can be viewed on the company's website.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	adopted	
Principle 5: Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	adopted	The company has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with relevant laws and regulations. The board is aware of the continuous disclosure regime and there are strong informal systems in place to ensure compliance, underpinned by experience.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	adopted	The board receives regular updates on the status of the company's activities and any new or proposed activities. Disclosure is reviewed as a routine agenda item at each board meeting.

ASX Principles	Status	Reference/Comment
Principle 6: Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	adopted	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the company. This disclosure is through regular shareholder communications including annual reports, half-yearly reports, quarterly reports, the company website and the distribution of specific releases covering major transactions and events or other price sensitive information.
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	adopted	The company has formulated a shareholder communication policy as part of the Corporate Governance Statement which can be viewed on the company's website.
Principle 7: Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	adopted	Risk management is a high priority for the company and the board recognises its responsibility for identifying areas of significant business risk and for ensuring that arrangements are in place for adequately managing those risks. Control measures and improvement actions for minimising and treating risks are contained in the company's corporate risk register. The areas of risk that have been identified are: • Statutory/regulatory • Financial • IT management • Tenement management • Community • Asset management • Corporate and strategic • Environmental • Personnel and safety
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	adopted	The company has developed a risk management policy for the oversight and management of material business risks, which is available on the company's website. The board, with the assistance of its external auditors, has instigated internal procedures designed to provide reasonable assurance as to the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with relevant laws and regulations. Additionally, the board receives regular assurances from the managing director on internal control and risk management, and a declaration in accordance with section 295A of the Corporations Act on the integrity of the company's financial statements. Risk management and internal control systems are reviewed by the audit committee prior to implementation by the board.

ASX Principles	Status	Reference/Comment
Principle 7: Recognise and manage risk <i>(Cont.)</i>		
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	adopted	Declarations in accordance Section 295A of the Corporations Act are provided by the managing director and chief financial officer to the board prior to the approval of the half-year and annual statutory accounts.
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	adopted	
Principle 8: Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee.	adopted	The company has established a remuneration committee.
8.2 The remuneration committee should be structured so that it: • consists of a majority of independent directors; • is chaired by an independent chair; • has at least three members.	partially adopted	The remuneration committee comprises two non-executive directors, one of whom is an independent director.
8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	adopted	The remuneration of non-executive directors, the managing director and other key management personnel is detailed in the remuneration report.
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8.	adopted	Refer to the remuneration report.



STATUTORY REPORTS

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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 2013. 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:

Michael I Hatcher BSc (Hons), MAusIMM – Non-Executive Chairman (appointed Chairman 25 June 2013)

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

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

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

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

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

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

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

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

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

John P Horan FCPA, FCIS – Non-Executive Director

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

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

Mr Horan was the finance director of Homestake Gold of Australia Limited, now Barrick Gold Corporation, one of Australia's largest gold producers, from 1987 until June 1993. He first joined Homestake in 1978 and was responsible for financial,

commercial and corporate management functions prior to 1987 when he played a substantial role in the float of the Australian subsidiary. He also fulfilled key responsibilities in subsequent very large debt and equity capital raisings.

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

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

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

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

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

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

Andrew J Brown – Non-Executive Chairman (resigned 25 June 2013)

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

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

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

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

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

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

He is Chairman of Merricks Capital Special Opportunity Fund Limited, a Non-Executive Director of Cheviot Bridge Limited and was previously Executive Director of the Cheviot Kirribilly Vineyard Property Group

Company Secretary

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

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

Directorships of other listed companies

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

Name	Company	Period of Directorship
M I Hatcher	Outback Metals Limited	From 2010 to 2013
	ERO Mining Limited	From 2011 to 2013
J J den Dryver	Helix Resources Limited	Since 2004
	Gascoyne Resources Limited	Since 2009
	Centrex Metals Limited	Since 2011
J P Horan	Marengo Mining 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

Strategy

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

- The Company will maintain a strong commodity focus on copper and gold. Directors believe the outlook for copper and gold remains positive, and believe these are commodities well suited to Adelaide Resources. 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 financial capacity.
- The Company remains in a strong financial position allowing it to conduct financially prudent programs of work that can deliver value to shareholders. The Company's Board believes it is in shareholders' best interests to retain maximum equity in its tier one projects and consequently seeks to self-fund exploration programs on these projects when equity markets allow. The 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 in Australia and overseas.
- 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.

Financial Results

The net result of operations for the year was a loss after income tax of \$6,486,545 (2012: loss of \$980,480). The significant increase in the loss reported for the current year compared to the previous year is largely on account of an impairment write-down in 2012/13 of the carrying value of the Rover project to a fair value as determined by the Directors.

Exploration expenditure for the year was \$1,617,411, the bulk of which was directed to the Moonta Copper-Gold Project. Net administration expenses and employee benefits for the year totalled \$1,251,248 which is inclusive of valuation costs of performance rights provided to employees during the year under the Company's Performance Rights Plan. At the 30 June 2013 the Company held cash and cash equivalents totalling \$2,771,346.

Over the course of the 2012/13 financial year the Company undertook two Share Placements, the first occurring in November 2012 at 4.5 cents per share and raising \$1,105,590 before costs, and the second in June 2013 at 7.3 cents per share and raising \$1,201,759 before costs. In addition the Company undertook a Share Purchase Plan, which was completed in August 2012 at 4.5 cents per share and raised \$837,000 before costs. Subsequent to the end of the year, a new Share Purchase Plan was completed in August 2013 at an issue price of 7.5 cents per share which provided a total of \$1,760,500 before costs.

Exploration Activities

The focus of exploration activities for the 2012/13 financial year was almost solely directed toward the Moonta Copper-Gold Project following on from the success achieved over the previous few years which had resulted in the discoveries at Willamulka and Paskeville.

During the year the Company commenced a detailed review and digital capture of a massive volume of past exploration data covering the Moonta Copper-Gold Project generated by past explorers in the district. The value of this information is substantial – it is estimated that the cost of repeating the diamond and reverse circulation drilling performed by just one past explorer would cost over \$20 million in today's dollars. This work highlighted a 3.5 kilometre near-surface auger geochemical anomaly at Alford West, which is 15 kilometres north east of the township of Wallaroo on the Yorke Peninsula of South Australia. The prospect was originally identified by WMC in the 1970's, with some significant copper mineralisation encountered in past drilling.

A 25 hole aircore drilling program was performed by Adelaide Resources during March 2013 to follow up on the historical results achieved at Alford West, with drilling focussed on a 300 metre section of the 3.5 kilometre geochemical anomaly across six traverses. Some spectacular high grade copper and gold results were achieved including:

- 15 metres at 2.89% Cu and 0.15g/t Au from 56 metres in hole ALWAC006;
- 20 metres at 4.20% Cu and 0.27g/t Au from 32 metres, including 8 metres at 8.67% Cu and 0.49g/t Au in hole ALWAC007; and
- 45 metres at 1.56% Cu and 1.83g/t Au from 13 metres in hole ALWAC008.

Based upon this initial success the Company quickly moved to undertake a second stage aircore drilling program, considerably larger than the first, and with the aim of testing an increased strike length of 1100 metres. To year end a further 91 holes were drilled and confirmed that the copper and gold mineralisation persists over the central 1100 metres of the 3.5 kilometres auger copper anomaly. New drill intersections included:

- 14 metres at 2.60% Cu and 0.70g/t Au from 10 metres, including 5 metres at 6.46% Cu and 0.35g/t Au from 18 metres in hole ALWAC036;
- 20 metres at 1.76% Cu and 0.33g/t Au from 36 metres in hole ALWAC038;
- 11 metres at 2.33% Cu and 0.68g/t Au from 40 metres including 5 metres at 4.64% Cu and 0.76g/t Au from 42 metres in hole ALWAC043;
- 18 metres at 2.22% Cu and 0.17g/t Au from 46 metres including 12 metres at 3.21% Cu and 0.19g/t Au in hole ALWAC044;
- 9 metres at 1.21% Cu and 0.17g/t Au from 70 metres in hole ALWAC047;
- 16 metres at 2.38% Cu and 0.18g/t Au from 60 metres including 9 metres at 3.97% Cu and 0.14g/t Au from 66 metres in hole ALWAC048;
- 12 metres at 0.41% Cu and 1.44g/t Au from 15 metres in hole ALWAC087; and
- 11 metres at 1.11% Cu and 0.03g/t Au from 42 metres in hole ALWAC090

Many of Adelaide Resources' intersections are of considerably higher grade than any of the historic intersections. The valuable copper-bearing mineral chalcocite (Cu₂S), which contains 79.9% copper by weight and is one of the highest grade ore minerals of copper, is present in some of the drillholes, providing the possibility of producing a highly valuable copper concentrate product should the Alford West prospect be proven to be economically viable. The high grade mineralisation persists to very shallow depths, in places commencing less than 5 metres from the surface, adding to the positive attributes of the deposit. In addition, a zone of molybdenum mineralisation has been discovered which is coincident with copper and gold and may also add to the economic value of the deposit.

In summary, the drilling performed to date across the 1100 metre strike length has confirmed that Alford West is a major Cu-Au-Mo mineralised system open to the east, west and at depth. It is of Iron Oxide Copper Gold (IOCG) affinity and shows excellent potential to increase further in size with additional drilling.

Elsewhere on the Moonta Copper-Gold Project, drilling at the Paskeville prospect, discovered in early 2012, returned a number of additional copper intersections within a 300 metre long coherent body of low to moderate grade copper mineralisation, while assays performed on core from two diamond drill holes at the Company's Wombat prospect confirmed significant intervals of copper mineralisation with a best result of 66 metres at 1.04 % Cu from 236 metres, including 12 metres at 1.64 % Cu.

The focus demanded by the Moonta Copper-Gold Project and the cautious financial approach adopted by the Board resulted in no on-ground exploration activity being undertaken during the 2012/13 financial year at the Company's Rover project in the Northern Territory. The Company is continuing to access options to maximise shareholder value from this project which may include third party participation or outright sale.

On 21 December 2012, Quasar Resources Pty Ltd advised the Company of its intention to withdraw from the Corrobinnie Uranium Joint Venture located on the Eyre Peninsula of South Australia. Under the withdrawal provisions of the joint venture, Quasar's earned interest of 67.46 % transferred back to Adelaide Resources for no consideration effective from 19 February 2013, resulting in the Company having 100 % title to the key tenements of the 4906km² Eyre Peninsula Project. The prospectivity of this large land holding is confirmed by Adelaide Resources' past discovery of gold deposits at the Barns and Baggy Green prospects, and the recent discovery by Investigator Resources Limited of the Paris silver deposit on an adjacent tenement. The Company plans to recommence exploration activities on the Eyre Peninsula in the new financial year.

Outlook and Future Developments

The planned exploration program for the 2013/14 financial year includes:

- a continued focus at the Alford West prospect with further aircore drilling to test the extent of the mineralisation both to the east and west of the current 1100 metre strike length delineated to date, in addition to performing deeper diamond or reverse circulation drilling to further understand the extent and structure of mineralisation which is currently open at depth;
- field XRF surface geochemical sampling and possible drill testing on other identified targets within the Moonta Copper-Gold Project;
- modelling and estimation of preliminary mineral inventories for the adequately drilled portions of a number of the deposits within the Moonta Copper-Gold Project;
- resumption of exploration field work on the Company's Eyre Peninsula Project; and
- field XRF surface geochemical sampling on the Company's Glenroy Project in North Queensland and Anabama Project in South Australia.

Native Title claims have been made with respect to tenements in South Australia and Queensland in which Adelaide Resources Limited has interests. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Company's projects in the future if these projects were to proceed to a development stage.

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

The Company issued 23,473,369 ordinary shares on 22 August 2013 as a result of a Share Purchase Plan. The issue of shares raised \$1,760,500 and the costs associated with the issue were \$75,000.

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:

Directors

M I Hatcher (Non-Executive Chairman from 25 June 2013)
 C G Drown (Managing Director)
 J P Horan (Non-Executive Director)
 J J den Dryver (Non-Executive Director)
 A J Brown (Non-Executive Chairman until resignation on 25 June 2013)

Other Key Management Personnel

N J Harding (Chief Financial Officer and Company Secretary)
 M A Manly (Exploration Manager) – appointed 18 February 2013
 B E Anderson (Exploration Manager) – service agreement expired 10 February 2013

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 2013:

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Revenue	122,941	321,529	466,956	399,903	315,712
Net profit / (loss) before tax	(6,409,519)	(945,235)	(1,207,388)	(605,701)	4,038,576
Net profit / (loss) after tax	(6,486,545)	(980,480)	(1,263,166)	(644,187)	4,038,576

	30 June 2013	30 June 2012	30 June 2011	30 June 2010	30 June 2009
Share price at beginning of the year	\$0.05	\$0.10	\$0.14	\$0.09	\$0.16
Share price at end of year	\$0.10	\$0.05	\$0.10	\$0.14	\$0.09
Basic earnings per share	\$(0.0363)	\$(0.0068)	\$(0.0098)	\$(0.0063)	\$0.0485
Diluted earnings per share	\$(0.0363)	\$(0.0068)	\$(0.0098)	\$(0.0063)	\$0.0462

No dividends have been declared during the five years ended 30 June 2013 and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2013.

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

Remuneration Philosophy

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

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

Remuneration Policy

The Company has established a Remuneration Committee to assist the Board in discharging its responsibilities relating to the remuneration of Directors and other key management personnel. The Committee makes recommendations on all remuneration matters for consideration by the Board.

The Committee assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality Directors and other key management personnel. External advice on remuneration matters is sought whenever the Committee deems it necessary (no advice was obtained during the year ended 30 June 2013).

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.

Share options have been issued to key management personnel in prior years. These options did not have any performance conditions. The Directors have decided that the exclusion of performance conditions was appropriate, after consideration of industry practice.

During the current year, performance rights were issued to the Managing Director and the Chief Financial Officer. The Directors have decided that some of the performance rights will have performance conditions and others will not have performance conditions, after consideration of industry practice.

Non-Executive Director Remuneration

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

Currently, the Non-Executive Chairman is entitled to receive \$62,500 (2012: \$62,500) per annum inclusive of the statutory superannuation. The Non-Executive Directors are each entitled to receive \$38,150 (2012: \$38,150) per annum inclusive of the statutory superannuation.

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

Managing Director Remuneration

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

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

Currently the Company has a services agreement with an entity associated with C G Drown, details of which are set out on the next page.

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.

During the year the Company had a service agreement with an entity associated with N J Harding and B E Anderson, details of which are set out below.

After B E Anderson's service agreement expired on 10 February 2013, 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.

2013	Short-term employee benefits Salary & Fees ⁽ⁱ⁾	Post employment superannuation	Sub total	Performance rights ⁽ⁱⁱ⁾	Total	Percentage of total remuneration for the year that consists of options %
	\$	\$	\$		\$	
Directors						
M I Hatcher	35,000	3,150	38,150	–	38,150	–
C G Drown	253,963	–	253,963	113,748	367,711	30.9
J P Horan	35,000	3,150	38,150	–	38,150	–
J J den Dryver	35,000	3,150	38,150	–	38,150	–
A J Brown	62,500	–	62,500	–	62,500	–
Other Key Management Personnel						
N J Harding	176,160	–	176,160	24,886	201,046	12.4
M A Manly	76,906	6,922	83,828	–	83,828	–
B E Anderson	176,123	–	176,123	–	176,123	–
2013 Total	850,652	16,372	867,024	138,634	1,005,658	

⁽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 do not include an adjustment for performance rights that lapsed due to not meeting the performance conditions.

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

⁽ⁱ⁾ Includes consulting fees paid.

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

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 service agreements with an entity associated with C G Drown for a term of three years from 5 November 2010. The Group also entered into a service agreement with an entity associated with N J Harding for a term of two years from 17 November 2010.

For the year ended 30 June 2013 the Group had service agreements with entities associated with C G Drown, N J Harding and B E Anderson.

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

2013

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

2012

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

The service agreement with B E Anderson expired on 10 February 2013. The service agreement with N J Harding expired on 17 November 2012 and a new agreement is still to be finalised. N J Harding is being remunerated based upon the original agreement on a month by month basis.

Should any of the above agreements be terminated by the Company earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. The entities associated with the key management personnel may terminate their agreements with three months notice. As at 30 June 2013, the Group had a contingent liability in relation to these agreements of \$67,375 (2012: \$340,570).

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

Share Options held by Key Management Personnel

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

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

“ESOP” means share options issued under the employee share option plan.

During the year ended 30 June 2013 no share options were granted to Key Management Personnel or exercised by Key Management Personnel.

During the year ended 30 June 2013 500,000 of the above share options lapsed and the value of these options were \$(37,800).

Value of options – basis of calculation

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

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

Performance Rights held by Key Management Personnel

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

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

During the year ended 30 June 2013, 333,333 of the above performance rights vested while 1,000,000 of the above performance rights lapsed and the value of these performance rights were \$20,000 and \$60,000 respectively.

At the Annual General Meeting held on the 27 November 2012, the shareholder’s approved the granting of 1,500,000 performance rights for no consideration to the Managing Director under the Adelaide Resources Limited Performance Rights Plan. Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest on the achievement of all of the following KPI’s by 30 September 2014:

- 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 (November 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.

The value of these performance rights granted during the year was \$89,858.

600,000 performance rights were issued to key management personnel during the year ended 30 June 2012 under the Adelaide Resources Limited Performance Rights Plan.

Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest as follows as long as the holder remains employed by the Company at the relevant vesting dates:

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

During the year ended 30 June 2013, 150,000 of the above performance rights vested while 225,000 of the above performance rights were cancelled and the value of these performance rights were \$6,000 and \$9,000 respectively.

750,000 performance rights were issued to key management personnel during the current year under the Adelaide Resources Limited Performance Rights Plan. Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest on the achievement of all of the following KPI’s by 30 September 2014:

- 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 (November 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.

The value of these performance rights granted during the year was \$44,929.

Value of performance rights – basis of calculation

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

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

Directors’ Shareholdings

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

Directors	Fully paid ordinary shares Number	Options to acquire ordinary shares Number	Performance Rights Number
M I Hatcher	100,000	–	–
CG Drown	2,174,157	–	1,833,334
J P Horan	2,461,491	–	–
J J den Dryver	76,667	–	–
	4,812,315	–	1,833,334

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

Meetings of Directors

The number of meetings of the Company’s Board of Directors attended by each director during the year ended 30 June 2013 was:

2013	Meetings held while in office	Meetings attended
A J Brown	13	13
C G Drown	13	13
J P Horan	13	13
J J den Dryver	13	11
M I Hatcher	13	13

The Company held two meetings of the Audit Committee during the year ended 30 June 2013. The members of this committee comprise J J den Dryver (Chairman) and A J Brown. J J den Dryver attended one meeting and A J Brown attended two meetings.

The Company has a Remuneration Committee of two members being A J Brown (Chairman) and J P Horan. One meeting of this committee was held during the year ended 30 June 2013 and both members attended. Upon the resignation of A J Brown on 25 June 2013, M I Hatcher was appointed to the Remuneration Committee as the new Chairman.

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	333,333	Ordinary	\$0.00	5 November 2013
Adelaide Resources Limited	2,250,000	Ordinary	\$0.00	30 September 2014

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

Issuing entity	Number of shares under option	Class of shares	Amount paid for shares	Amount unpaid on shares
Adelaide Resources Limited	192,500	Ordinary	\$0.00	\$nil
Adelaide Resources Limited	333,333	Ordinary	\$0.00	\$nil

Auditors Independence Declaration

The auditor's independence declaration is included on page 36 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.

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 26th day of September 2013 in accordance with a resolution of the Directors.



C G Drown
Managing Director



M I Hatcher
Chairman

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

26 September 2013

Dear Board Members

Adelaide Resources Limited

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

As lead audit partner for the audit of the financial statements of Adelaide Resources Limited for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



S T Harvey
Partner
Chartered Accountants

**Consolidated Statement of Profit or Loss and Other Comprehensive Income for the
Year ended 30 June 2013**

	Note	Year Ended 30/06/13 \$	Year Ended 30/06/12 \$
Revenue	4(a)	122,941	321,529
Other income	4(b)	20,580	55,199
Impairment of exploration expenditure	8	(5,004,239)	–
Exploration expense written off	8	(297,553)	(37,980)
Administration expenses		(444,130)	(396,003)
Corporate consulting expenses		(203,284)	(194,176)
Company promotion		(83,581)	(68,600)
Salaries and wages		(135,401)	(117,856)
Directors fees		(167,500)	(164,583)
Occupancy expenses		(80,930)	(77,873)
Share based remuneration		(136,422)	(264,892)
Loss before income tax	4(b)	(6,409,519)	(945,235)
Tax expense	5	(77,026)	(35,245)
Loss for the period		(6,486,545)	(980,480)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Transfer on sale of investments		–	(82,238)
Total other comprehensive income, net of income tax		–	(82,238)
Total comprehensive income for the period		(6,486,545)	(1,062,718)
Earnings Per Share			
Basic (cents per share) – (Loss)/profit	24	(3.63)	(0.68)
Diluted (cents per share) – (Loss)/profit	24	(3.63)	(0.68)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 30 June 2013

	Note	30/06/13 \$	30/06/12 \$
CURRENT ASSETS			
Cash and cash equivalents		2,771,346	2,915,127
Trade and other receivables	6	71,495	53,997
TOTAL CURRENT ASSETS		2,842,841	2,969,124
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	8	13,919,310	17,603,691
Plant and equipment	9	299,955	315,196
Other financial assets	7	92,500	–
TOTAL NON-CURRENT ASSETS		14,311,765	17,918,887
TOTAL ASSETS		17,154,606	20,888,011
CURRENT LIABILITIES			
Trade and other payables	10	355,917	704,537
Provisions	11	24,462	12,856
TOTAL CURRENT LIABILITIES		380,379	717,393
NON-CURRENT LIABILITIES			
Provisions	12	26,334	16,643
Other liabilities	13	108,777	129,357
TOTAL NON-CURRENT LIABILITIES		135,111	146,000
TOTAL LIABILITIES		515,490	863,393
NET ASSETS		16,639,116	20,024,618
EQUITY			
Issued capital	14	32,259,378	29,194,147
Reserves	15	1,474,726	1,438,914
Accumulated losses		(17,094,988)	(10,608,443)
TOTAL EQUITY		16,639,116	20,024,618

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 2013**

	Issued capital	Employee Equity- Settled Benefits Options	Employee Equity- Settled Benefits Performance Rights	Available for Sale Revaluation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	29,110,847	1,082,197	175,125	82,238	(9,627,963)	20,822,444
Loss attributable to the period	–	–	–	–	(980,480)	(980,480)
Transfer on sale of investments	–	–	–	(117,483)	–	(117,483)
Related income tax	–	–	–	35,245	–	35,245
Total comprehensive income for the period	–	–	–	(82,238)	(980,480)	(1,062,718)
Fair value of performance rights issued to employees	–	–	264,892	–	–	264,892
Shares issued as a result of the vesting of performance rights	83,300	–	(83,300)	–	–	–
Balance at 30 June 2012	29,194,147	1,082,197	356,717	–	(10,608,443)	20,024,618
Loss attributable to the period	–	–	–	–	(6,486,545)	(6,486,545)
Total comprehensive income for the period	–	–	–	–	(6,486,545)	(6,486,545)
Issue of share capital through a share purchase plan at 4.5 cents	837,000	–	–	–	–	837,000
Issue of share capital through a share placement at 4.5 cents	1,105,590	–	–	–	–	1,105,590
Issue of share capital through a share placement at 7.3 cents	1,201,759	–	–	–	–	1,201,759
Costs associated with the issue of shares	(256,754)	–	–	–	–	(256,754)
Related income tax	77,026	–	–	–	–	77,026
Fair value of performance rights issued to employees	–	–	136,422	–	–	136,422
Shares issued as a result of the vesting of performance rights	100,610	–	(100,610)	–	–	–
Balance at 30 June 2013	32,259,378	1,082,197	392,529	–	(17,094,988)	16,639,116

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 2013**

	Inflows/(Outflows)	
	Year Ended 30/06/13 \$	Year Ended 30/06/12 \$
Cash flows relating to operating activities		
Payments to suppliers and employees	(964,979)	(863,696)
Other receipts	-	-
Net operating cash flows (Note (a))	(964,979)	(863,696)
Cash flows relating to investing activities		
Interest received	132,131	356,521
Purchase of deposits	(92,500)	-
Payments for exploration and evaluation expenditure	(2,008,499)	(5,193,945)
Proceeds from the sale of other financial assets	-	335,400
Payments for plant and equipment	(114,882)	(100,430)
Net investing cash flows	(2,083,750)	(4,602,454)
Cash flows relating to financing activities		
Proceeds from share issues	3,144,349	-
Payments for capital raising costs	(239,401)	-
Net financing cash flows	2,904,948	-
Net increase in cash	(143,781)	(5,466,150)
Cash at beginning of financial year	2,915,127	8,381,277
Cash at end of financial year	2,771,346	2,915,127
Note (a): Reconciliation of loss for the period to net cash flow from operating activities.		
Loss for the period	(6,486,545)	(980,480)
Interest revenue	(122,941)	(321,529)
Share based remuneration	136,422	264,892
Depreciation	118,123	106,374
Government grant	(20,580)	-
Loss on sale of other financial assets	-	63,248
Transfer from available for sale revaluation reserve on sale of other financial assets	-	(117,483)
Exploration written off or impaired	5,301,792	37,980
(Increase) decrease in receivables	(25,965)	66,676
(Increase) decrease in deferred tax asset	77,026	35,245
Increase/(decrease) in payables	36,392	(13,688)
Increase/(decrease) in provisions	21,297	(4,931)
Net operating cash flows	(964,979)	(863,696)

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 2013

1. General information

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

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

Registered office

69 King William Road
Unley
South Australia 5061

Principal place of business

69 King William Road
Unley
South Australia 5061

2. Adoption of new and revised Accounting Standards

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

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

3. Significant accounting policies

Statement of compliance

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

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

The financial statements were authorised for issue by the Directors on 26th September 2013.

Basis of preparation

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

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

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

(a) Cash and cash equivalents

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

(b) Employee benefits

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

Contributions to accumulated benefit superannuation plans are expensed when incurred.

(c) Exploration and Evaluation Expenditure

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

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

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

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

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

(d) Financial assets

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

Other financial assets are classified into the following specified categories; financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available-for-sale' financial assets, and 'loans

and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

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

Financial assets at fair value through profit or loss

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

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

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

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

Loans and Receivables

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

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

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

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

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

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

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

(i) Financial instruments issued by the company

Debt and equity instruments

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

Other financial liabilities

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

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

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

(j) Plant and equipment

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

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

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

- Plant and equipment – at cost 3-5 years

(k) Principles of consolidation

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

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

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

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

(l) Revenue

Interest revenue

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

(m) Share-based payments

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

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

(n) Government grants

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

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income in the balance sheet and recognised as income on a systematic basis when the related exploration and evaluation is written off.

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

(o) Business combinations

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

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

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the

accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

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

4. LOSS FROM OPERATIONS

	Year Ended 30/06/13 \$	Year Ended 30/06/12 \$
(a) Revenue from continuing operations consisted of the following items		
Interest income:		
Bank deposits	122,941	315,017
Income securities	–	6,512
	<u>122,941</u>	<u>321,529</u>
(b) Loss for the year includes the following gains and losses		
Other income		
Loss on sale of investments	–	(63,248)
Transfer from available for sale revaluation reserve on sale of investments	–	117,483
Government grant (PACE funding)	20,580	–
Other	–	964
	<u>20,580</u>	<u>55,199</u>
Other expenses		
Depreciation of plant and equipment	118,123	106,374
Operating lease rental expenses	80,930	77,873
Costs associated with the proposed listing of Peninsula Resources Limited	–	13,760
Employee benefit expense:		
Post employment benefits:		
Accumulated benefit superannuation plans	54,482	56,882
Share-based payments:		
Equity settled share-based payments ⁽ⁱ⁾	136,423	264,892
Other employee benefits	1,260,367	1,348,713
	<u>1,451,272</u>	<u>1,670,487</u>
Less amounts capitalised in exploration and evaluation expenditure	<u>(769,254)</u>	<u>(924,693)</u>
	<u>682,018</u>	<u>745,794</u>

⁽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 30/06/13 \$	Year Ended 30/06/12 \$
(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	77,026	35,245
Total tax expense	77,026	35,245

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

Loss from continuing operations	(6,409,519)	(945,235)
Income tax income calculated at 30 %	(1,922,856)	(283,571)
Share based payments	40,927	79,468
Other	7,678	1,451
Prior year tax losses recognised	–	(1,601,909)
Tax losses previously recognised now not recognised	1,055,577	–
Current year tax losses not recognised	895,700	1,839,806
Tax expense	77,026	35,245

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:

	30/06/13 \$	30/06/12 \$
Trade and other receivables	(2,048)	(4,805)
Exploration and evaluation expenditure	(4,175,793)	(5,281,107)
IPO costs	60,072	89,280
Capital raising costs	102,593	66,873
Trade and other payables	15,355	74,576
Employee benefits	15,239	8,850
Other liabilities	32,633	38,807
	(3,951,949)	(5,007,526)
Tax value of losses carried forward	3,951,949	5,007,526
Net deferred tax assets / (liabilities)	–	–

(c) Unrecognised deferred tax assets:

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

	30/06/13	30/06/12
	\$	\$
Tax losses-revenue	4,485,813	2,534,536

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

	30/06/13	30/06/12
	\$	\$
Opening balance	–	–
Recognised in equity	77,026	35,245
Recognised in income	(77,026)	(35,245)
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

	30/06/13	30/06/12
	\$	\$
Interest receivable	6,828	16,018
Other receivables	64,667	37,979
	71,495	53,997

7. OTHER NON-CURRENT FINANCIAL ASSETS

At amortised cost:

Bank deposits (Note 21 (e))	92,500	–
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8. EXPLORATION AND EVALUATION EXPENDITURE

	30/06/13	30/06/12
	\$	\$
Costs brought forward	17,603,691	12,219,646
Expenditure incurred during the year	1,617,411	5,422,025
	19,221,102	17,641,671
Expenditure impaired	(5,004,239)	–
Expenditure written off	(297,553)	(37,980)
	13,919,310	17,603,691

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 \$297,553 (2012: \$37,980).

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

	30/06/13	30/06/12
	\$	\$
Gross carrying amount		
Balance at beginning of financial year	677,712	565,282
Additions	102,882	112,430
Disposals and write offs	(58,943)	–
Balance at end of financial year	721,651	677,712
Accumulated depreciation		
Balance at beginning of financial year	(362,516)	(256,142)
Depreciation for year	(118,123)	(106,374)
Disposals and write offs	58,943	–
Balance at end of financial year	(421,696)	(362,516)
Net book value at beginning of financial year	315,196	309,142
Net book value at end of financial year	299,955	315,196

10. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade payables and accruals	355,917	704,537
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11. CURRENT LIABILITIES – PROVISIONS

Employee benefits	24,462	12,856
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12. NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits	26,334	16,643
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13. NON-CURRENT LIABILITIES – OTHER

Deferred income (government grant)	108,777	129,357
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14. ISSUED CAPITAL

	30/06/13 \$	30/06/12 \$
205,155,610 fully paid ordinary shares (2012: 144,998,701)	32,259,378	29,194,147

Movement in issued shares for the year:

	No.	Year Ended 30/06/13 \$	No.	Year Ended 30/06/12 \$
Balance at beginning of financial year	144,998,701	29,194,147	144,665,368	29,110,847
Conversion of performance rights	525,833	100,610	333,333	83,300
Share Purchase Plan at 4.5 cents	18,599,955	837,000	–	–
Placement at 4.5 cents	24,568,673	1,105,590	–	–
Placement at 7.3 cents	16,462,448	1,201,759	–	–
Costs associated with the issue of shares	–	(256,754)	–	–
Related income tax	–	77,026	–	–
Balance at end of financial year	205,155,610	32,259,378	144,998,701	29,194,147

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

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

15. RESERVES

	30/06/13 \$	30/06/12 \$
Employee equity-settled benefits - options	1,082,197	1,082,197
Employee equity-settled benefits - performance rights	392,529	356,717
	1,474,726	1,438,914

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

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

16. SHARE OPTION AND PERFORMANCE RIGHTS PLANS

During the year ended 30 June 2011, the Group replaced the Employee Share Option Plan with the Adelaide Resources Limited Performance Rights Plan. Details about these plans are set out below:

Share Option Plan

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

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

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

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

Options – Series	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date
Employee Share Option Plan					
March 2008	500,000	31/03/2008	30/03/2013	\$0.30	\$0.1156

No options were granted during the year (2012: nil).

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

Share Option Plan	30/06/13		30/06/12	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	500,000	0.30	550,000	0.305
Granted during the financial year	–	–	–	–
Exercised during the financial year	–	–	–	–
Lapsed during the financial year	(500,000)	(0.30)	(50,000)	(0.35)
Balance at end of the financial year ⁽ⁱ⁾	–	–	500,000	0.30

⁽ⁱ⁾Options outstanding at end of the financial year

The share options outstanding at the end of the financial year had an average exercise price of \$0 (2012: \$0.30) and a weighted average remaining contractual life of 0 days (2012: 273 days).

Performance Rights Plan

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

- 1,000,000 performance rights in 3 tranches, vesting as follows:
 - 333,333 performance rights vesting on 5 November 2011;
 - 333,333 performance rights vesting on 5 November 2012;
 - 333,334 performance rights vesting on 5 November 2013.

- 1,000,000 performance rights vest on the delineation of a JORC compliant resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 5 November 2012 or by satisfactory monetisation by that date of all or part of the Rover project to the Board's satisfaction.

During the year 333,333 of the above performance rights vested while 1,000,000 of the above performance rights lapsed.

At the Annual General Meeting held on the 27 November 2012, the shareholder's approved the granting of 1,500,000 performance rights for no consideration to the Managing Director under the Adelaide Resources Limited Performance Rights Plan. Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest on the achievement of all of the following KPI's by 30 September 2014:

- 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 (November 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.

The value of these performance rights granted during the year was \$89,858.

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

During the year ended 30 June 2012, 920,000 performance rights were issued under this plan (870,000 during August 2011 and 50,000 during September 2011). The performance rights vest as follows as long as the holder remains employed at the relevant vesting dates:

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

On 12 January 2012 150,000 of the performance rights issued during August 2011 were cancelled as the recipient left the employment of the Company. A further 225,000 of the performance rights issued during August 2011 were cancelled on 10 February 2013 due to the recipient leaving the Company.

During the year 192,500 of the above performance rights vested.

750,000 performance rights were issued to key management personnel during the current year under the Adelaide Resources Limited Performance Rights Plan. Each performance right entitles the holder to one share in the capital of the Company upon vesting. The performance rights vest on the achievement of all of the following KPI's by 30 September 2014:

- 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 (November 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.

The value of these performance rights granted during the year was \$44,929.

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

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

Rights - Series	Number	Grant Date	Vesting Date	Fair value at grant date
November 2010	2,000,000	16/10/2010	As described above	\$0.250
August 2011	870,000	19/8/2011	As described above	\$0.090
September 2011	50,000	1/9/2011	As described above	\$0.090
December 2012	2,250,000	21/12/2012	As described above	\$0.063

The weighted average fair value of the performance rights granted during the financial year is \$0.063

Performance rights granted during 2013 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 2013 performance right pricing model:

	December 2012
Grant date share price	\$0.063
Exercise price	\$0.00
Expected volatility	108.2%
Performance rights expiry	Up to 2 years

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

Performance Rights Plan	30/06/13		30/06/12	
	Number of performance rights	Weighted average exercise price \$	Number of performance rights	Weighted average exercise price \$
Balance at beginning of financial year	2,436,667	0.00	2,000,000	0.00
Granted during the financial year	2,250,000	0.00	920,000	0.00
Vested during the financial year	(525,833)	0.00	(333,333)	0.00
Lapsed during the financial year	(1,000,000)	0.00	–	–
Cancelled during the financial year	(225,000)	0.00	(150,000)	0.00
Balance at end of the financial year ⁽ⁱ⁾	2,935,834	0.00	2,436,667	0.00

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

The performance rights outstanding at the end of the financial year had an average exercise price of \$0.00 (2012: \$0.00) and a weighted average remaining contractual life of 371 days (2012: 240 days).

17. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Directors

M I Hatcher (Non-Executive Chairman from 25 June 2013)

C G Drown (Managing Director)

J P Horan (Non-Executive Director)

J J den Dryver (Non-Executive Director)

A J Brown (Non-Executive Chairman until resignation on 25 June 2013)

Other Key Management Personnel

N J Harding (Chief Financial Officer and Company Secretary)

M A Manly (Exploration Manager) – appointed 18 February 2013

B Anderson (Exploration Manager) – service agreement expired 10 February 2013

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

	Year Ended 30/06/13 \$	Year Ended 30/06/12 \$
Short-term employee benefits	850,652	844,251
Post employment benefits	16,372	9,188
Share-based payments ⁽ⁱ⁾	138,634	256,738
	1,005,658	1,110,177

⁽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

	30/06/13 \$	30/06/12 \$
Audit or Review of the Company's financial report	36,000	34,050
Audit or Review of Peninsula Resources Limited financial reports	2,500	3,500
Training	–	3,000
Tax return preparation and advice	10,550	7,650
	49,050	48,200

The auditor of Adelaide Resources Limited is Deloitte Touche Tohmatsu.

19. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries

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

Interests in joint ventures

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

(b) Key Management Personnel compensation

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

(c) Transactions with Key Management Personnel

Other than as disclosed in Note 16 and Note 21(d), there were no transactions with key management personnel or their personally related entities during the year ended 30 June 2013 (2012: NIL).

(d) Transactions within wholly owned group

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

(e) Equity holdings of Key Management Personnel

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

2013	Balance 01/07/12	Net Changes	Balance 30/06/13	Balance held Nominally
<i>Directors</i>				
M I Hatcher	–	–	–	–
C G Drown	1,307,491	666,666	1,974,157	–
J P Horan	1,928,158	333,333	2,261,491	–
J J den Dryver	–	50,000	50,000	–
A J Brown (resigned)	13,860,324	(13,860,324)	–	–
<i>Other Key Management Personnel</i>				
N J Harding	115,642	119,444	235,086	–
M A Manly	–	–	–	–
B E Anderson ¹	203,947	(203,957)	–	–

¹ B E Anderson's services contract expired 10 February 2013

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

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

2013	Balance 01/07/12	Granted	Cancelled/ Lapsed	Balance 30/06/13	Balance held Nominally	Vested and exercisable
<i>Directors</i>	–	–	–	–	–	–
<i>Other Key Management Personnel</i>						
B E Anderson	500,000	–	500,000	–	–	–

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

(iii) Performance rights issued by Adelaide Resources Limited

2013	Balance 01/07/12	Granted	Exercised	Lapsed/ Cancelled	Balance ⁽ⁱ⁾ 30/06/13	Vested and exercisable
<i>Directors</i>						
C G Drown	1,666,667	1,500,000	333,333	1,000,000	1,833,334	See note 16 for details
<i>Other Key Management Personnel</i>						
N J Harding	300,000	750,000	75,000	–	975,000	See note 16 for details
B E Anderson	300,000	–	–	300,000	–	See note 16 for details

2012	Balance 01/07/11	Granted	Exercised	Lapsed/ Cancelled	Balance ⁽ⁱ⁾ 30/06/12	Vested and exercisable
<i>Directors</i>						
C G Drown	2,000,000	–	333,333	–	1,666,667	See note 16 for details
<i>Other Key Management Personnel</i>						
N J Harding	–	300,000	–	–	300,000	See note 16 for details
B E Anderson	–	300,000	–	–	300,000	See note 16 for details

⁽ⁱ⁾The balance is held nominally

20. JOINTLY CONTROLLED ASSETS

The Group had interests in unincorporated joint ventures at 30 June 2013 as follows:

	Percentage Interest 2013	Percentage Interest 2012
South Australia		
Moonta Porphyry Joint Venture (Note a) – Copper/Gold Exploration	90 %	90 %
Kimba-Verran Joint Venture (Note a) – Copper/Gold Exploration	90 %	90 %
Corrobinnie Uranium Joint Venture (Note b) – Uranium Exploration	100 %	32.54 %
Yalanda Hill Joint Venture (Note c) – Uranium Exploration	37.76 %	40 %

Notes:

- 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.
- On 21 December 2012 Quasar Resources Pty Ltd advised of its intention to withdraw from the joint venture effective from 19 February 2013 resulting in Quasar's interest of 67.46 % transferring back to Adelaide Resources for no consideration. Consequently the Company's holding over the tenements comprising the Corrobinnie Uranium Joint Venture has reverted back to 100 %.
- A joint venture between 100 % owned subsidiary Peninsula Resources Pty Ltd and Investigator Resources Limited (IVR) (formerly Southern Uranium Limited) to explore for uranium on 3 Eyre Peninsula tenements. IVR could increase its equity to 60 % through the expenditure of \$250,000 by September 2011, which was achieved on 10 February 2011. Thereafter each party may contribute to ongoing expenditure in respect of their joint venture holding or else elect to dilute.

The amount included in mining tenements, exploration and evaluation (Note 8) includes \$247,908 (2012: \$400,789) relating to the above joint ventures.

21. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

(a) Exploration Expenditure Commitments

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

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

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

	2013 \$	2012 \$
Not later than one year:	1,236,750	1,335,000
Later than one year but not later than two years:	1,236,750	1,385,000
Later than two years but not later than five years:	3,560,250	4,055,000

(b) Rover Project – Northern Territory

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

- A minimum of \$400,000 to be spent on exploration activities within 18 months of approval being received from the Central Land Council. This obligation had been met by December 2005.

- A net smelter return royalty to Newmont ranging from 1.5% to 2.5% after production, and
- The grant of a once only option to Newmont to buy back a 70% interest should a resource of more than 2 million gold ounces be discovered, by paying Adelaide Exploration Limited the lesser of \$A20 million or three times the expenditure by Adelaide Exploration Limited from the date of execution of the agreement.
- Under an agreement entered into with Adelaide Exploration Limited, Adelaide Resources Limited and Franco-Nevada Australia Pty Ltd ("Franco") dated 11 February 2009, Newmont assigned its interest in the royalty buy back to Franco.

(c) Newcrest Mining Royalty Deed

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

(d) Service Agreements

The Group entered into service agreements with an entity associated with C G Drown for a term of three years from 16 November 2010. The Group also entered into a service agreement with an entity associated with N J Harding for a term of two years from 17 November 2010.

For the year ended 30 June 2013 the Group had service agreements with entities associated with C G Drown, N J Harding and B E Anderson.

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

2013

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

2012

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

The service agreement with B E Anderson expired on 10 February 2013. The service agreement with N J Harding expired on 17 November 2012 and a new agreement is still to be finalised. N J Harding is being remunerated based upon the original agreement on a month by month basis.

Should any of the above agreements be terminated by the Company earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. The entities associated with the key management personnel may terminate their agreements with three months notice. As at 30 June 2013, the Group had a contingent liability in relation to these agreements of \$67,375 (2012: \$340,570).

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

(e) 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 (2012: \$50,000) to the Central Land Council, Northern Territory,
- An environment bond of \$10,000 (2012: \$10,000) to the Minister for Mineral Resources Department, South Australia,
- A rent guarantee of \$32,500 (2012: \$32,500) to Pink Pumpkin Pty Ltd.

(f) Operating Lease

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

Non-cancellable operating lease commitments

	2013 \$	2012 \$
Not longer than 1 year	84,307	80,930
Longer than 1 year and not longer than 5 years	7,049	91,065
Longer than 5 years	–	–
	91,356	171,995

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

	2013 \$	2012 \$
Financial assets		
Cash and cash equivalents	2,771,346	2,915,127
Loans and receivables	71,495	53,997
Other financial assets	92,500	–
Financial liabilities		
Amortised cost	355,917	704,537

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 \$14,447 (2012: increase/decrease by \$28,241). This is mainly attributable to interest rates on bank deposits.

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

Credit risk management

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

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

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

Liquidity risk management

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

Liquidity and interest risk tables

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

	Weighted average effective interest rate %	Less than one year \$
2013		
Non-interest bearing	–	355,917
2012		
Non-interest bearing	–	704,537

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 30/06/13 Cents per share	Year Ended 30/06/12 Cents per share
Basic earnings per share – Profit / (loss)	(3.63)	(0.68)
Diluted earnings per share – Profit / (loss)	(3.63)	(0.68)

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	(6,486,545)	(980,480)
	Number	Number
- Weighted average number of ordinary shares	178,615,443	144,863,911

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	(6,486,545)	(980,480)
	Number	Number
- Weighted average number of ordinary shares	178,615,443	144,863,911

25. CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest	
		2013 %	2012 %
Parent Entity			
Adelaide Resources Limited ⁽ⁱ⁾	Australia	100 %	100 %
Subsidiaries			
Adelaide Exploration Pty Ltd ⁽ⁱⁱ⁾	Australia	100 %	100 %
Peninsula Resources Pty Ltd ⁽ⁱⁱ⁾ (formerly Peninsula Resources Limited)	Australia	100 %	100 %

⁽ⁱ⁾Head entity in tax consolidated group

⁽ⁱⁱ⁾Members of tax consolidated group

26. PARENT ENTITY DISCLOSURES

	30/06/13 \$	30/06/12 \$
Financial Position		
<i>Assets</i>		
Current assets	2,840,771	2,907,145
Non-current assets	14,205,060	19,367,006
Total assets	17,045,831	22,274,151
<i>Liabilities</i>		
Current liabilities	380,382	717,395
Non-current liabilities	26,333	16,643
Total liabilities	406,715	734,038
<i>Equity</i>		
Issued capital	32,259,378	29,194,147
Reserves	1,474,726	1,438,914
Accumulated losses	(17,094,988)	(9,092,948)
Total equity	16,639,116	21,540,113
	Year Ended 30/06/13 \$	Year Ended 30/06/12 \$
Financial Performance		
Profit / (loss) for the year	(8,002,040)	382,370
Other comprehensive income	–	(82,238)
Total comprehensive income	(8,002,040)	300,132

Commitment for expenditure and contingent liabilities if the parent entity

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

- service agreements
- bank guarantees
- operating leases

27. SUBSEQUENT EVENT

The Company issued 23,473,369 ordinary shares on 22 August 2013 as a result of a Share Purchase Plan. The issue of shares raised \$1,760,500 and the costs associated with the issue were \$75,000.

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:

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;

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;

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

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



M I Hatcher
Chairman

Adelaide, South Australia
26th September 2013

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 2013, 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 37 to 65.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of Adelaide Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 29 to 34 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the Corporations Act 2001.


DELOITTE TOUCHE TOHMATSU



S T Harvey
Partner
Chartered Accountants
Adelaide, 26 September 2013

SHAREHOLDER INFORMATION

Substantial Shareholders

As at 26 September 2013

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

Shareholder	Number of Shares
Tidewater Investments Limited (held via Loftus Lane Investments Pty Ltd and Stiletto Investments Pty Ltd)	13,438,886
MLB Holdings Pty Limited and Mararita Liliana Beker	12,600,000

Distribution of Shareholders

Number of ordinary shares held	No. of Holders	Ordinary shares
1-1000	304	91,528
1,001- 5,000	419	1,296,709
5,001-10,000	416	3,607,559
10,001-100,000	1026	43,630,997
100,000-over	386	180,119,686
Total	2551	228,746,479

All ordinary shares carry one vote per share without restriction.

At the closing price on SEATS at 26 September 2013 there were 813 shareholders with less than a marketable parcel of 7353 shares.

Top 20 Shareholders of ordinary shares

Issued	Shares	% Shares
Navigator Australia Limited (MLC Investment Sett A/C)	16,184,156	7.08 %
Loftus Lane Investments Pty Limited	12,645,553	5.53 %
MLB Holdings Pty Limited (MLB Family A/C)	10,700,000	4.68 %
Buratu Pty Limited (Connolly Super Fund A/C)	7,882,006	3.45 %
Diamond Jay M/Ment Services Pty Limited)DJMS Super Fund A/C)	4,852,692	2.12 %
HS Superannuation Pty Limited (HS Superannuation Fund A/C)	2,500,000	1.09 %
Keith Yates & Assoc Pty Limited (Yates Family Super Fund A/C)	2,451,158	1.07 %
Keith Robert Yates	2,427,278	1.06 %
Australian Executor Trustees Limited (No.1 Account)	2,090,275	0.91 %
MLB Holdings Pty Limited (Margarita Beker S/F A/C)	1,900,000	0.83 %
South Nominees Pty Limited (JP & C Horan Super Fund A/C)	1,861,491	0.81 %
Howard-Smith Investments Pty Limited	1,831,081	0.80 %
Chris Drown & Lynette Drown (C&L Drown Family A/C)	1,785,027	0.78 %
James Robert Fraser	1,748,361	0.76 %
HSBC Custody Nominees (Australia) Limited	1,629,248	0.71 %
Salvatore Circosta & Anna Circosta (Scanna Super Fund A/C)	1,400,000	0.61 %
Deluto Pty Limited (Deluto Pty Limited S/F A/C)	1,400,000	0.61 %
Avavteos Investments Limited (3040217 Thames A/C)	1,371,111	0.60 %
Prof Robert David Fraser & Helen Mary Fraser (Fraser Super Fund A/C)	1,311,111	0.57 %
Meherali Pty Limited (Meherali Family S/F A/C)	1,229,397	0.54 %
Total of Top 20 Holdings	79,199,945	34.62 %
Other Holdings	149,546,534	65.38 %
Total fully paid shares issued	228,746,479	100.00 %

Options

There are 2,583,333 performance rights held by the Managing Director and other company personnel under the Company's Employee Performance Rights Plan.



2013 aircore drilling on the Alford West prospect, Moonta Copper Gold Project.



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Adelaide Resources Project Locations