

Adelaide Resources Limited

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75 061 503 375 ABN

ADELAIDE RESOURCES LIMITED

ABN 75 061 503 375

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

General Meeting to be held at
the offices of Kelly & Co. Lawyers
Level 17, 91 King William Street
Adelaide, South Australia

on

Tuesday, 12 August 2008
11.00 am Adelaide Time

This is an important document and requires your attention.

You should read this document in its entirety. You may wish to consult your financial adviser about its contents. If you are in doubt as to how to vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

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**NOTICE OF GENERAL MEETING
OF
ADELAIDE RESOURCES LIMITED
ABN 75 061 503 375**

Notice is hereby given that a general meeting of shareholders of Adelaide Resources Limited (the **Company**) will be held at the offices of Kelly & Co. Lawyers, Level 17, 91 King William Street, Adelaide, South Australia on Tuesday, 12 August 2008 at 11.00 am Adelaide Time.

SPECIAL BUSINESS

APPROVAL OF EQUAL SHARE CAPITAL REDUCTION

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

"That, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given to the Company to reduce the share capital of the Company by 0.375 cents per share by returning to the ordinary holders of shares of the Company up to 21,000,000 fully paid ordinary shares in Iron Road Ltd (ABN 51 128 698 108) held by the Company on the basis of one (1) Iron Road Ltd share for every four (4) ordinary shares in the Company, subject to the Company obtaining from the Australian Taxation Office the Tax Rulings on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of General Meeting."

By Order of the Board



**John Horan
Director / Company Secretary**

3 July 2008

IMPORTANT NOTICES

Decision on how to vote

Shareholders should read this document in its entirety before deciding how to vote. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor, tax advisor, investment adviser or other professional adviser prior to voting.

ASX

A draft of this document was provided to ASX for review on 27 June 2008 in accordance with Listing Rule 15.1.7. ASX and its respective employees and officers do not take any responsibility for this document.

Date

This document is dated 3 July 2008.

Glossary

Capitalised expressions used in this document are defined in the Glossary set out at the end of the Explanatory Memorandum.

NOTES

Voting Entitlement

The Company has determined that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5:00 pm (Adelaide time) on 11 August 2008, subject to the constitution of the Company.

Proxies

A Shareholder who is entitled to attend and vote at the meeting has a right to appoint a proxy and should use the proxy form accompanying this document. The proxy need not be a Shareholder.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a Shareholder at the meeting is suspended if the Shareholder is present at the meeting. The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

Proxy forms or the original of such other authority (if any) under which the proxy form is signed must be received by Computershare Investor Services Pty Limited (at GPO Box 1903, Adelaide SA 5001, or fax to 61 8 8236 2305) or the Company (at its registered office, PO Box 1210, Unley BC, SA 5061) no later than 48 hours before the commencement of the meeting.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting, including voting on a resolution.

Your proxy form together with a reply paid envelope is enclosed.

EXPLANATORY MEMORANDUM

INTRODUCTION

The purpose of this document is to provide Shareholders with information they require in order to make an informed decision on the Resolution.

If you are in doubt as to how to vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting. It is important that you read this document in its entirety for a detailed explanation of the Resolution.

1. BACKGROUND

On 30 November 2007, it was announced that Iron Road was acquiring Adelaide Resources' Warramboe Iron Project in consideration for 21 million ordinary shares in Iron Road and would be undertaking an Initial Public Offering (IPO) of \$5 million at 20 cents per share.

Iron Road lodged its IPO prospectus on 18 April 2008 and the offer successfully closed on 30 May 2008 with the maximum \$5 million in capital being raised. Iron Road was subsequently admitted to the Official List of the ASX and Iron Road shares commenced trading on ASX on 12 June 2008.

Qualifying shareholders in Adelaide Resources (Shareholders with more than 8,000 Shares as at 5.00 pm CST on 23 April 2008) took up their priority offer of 7,500,000 Iron Road shares under the IPO, representing approximately 14% of Iron Road's undiluted post-IPO share capital.

Pursuant to the sale agreement under which Iron Road acquired the underlying Warramboe exploration licence from AEL (Adelaide Resources' wholly owned subsidiary) 21 million ordinary shares in Iron Road were issued to Adelaide Resources. These shares are subject to escrow for 24 months from the date of official quotation of Iron Road's shares on ASX (that is, from 12 June 2008). This shareholding represents approximately 39% of the current total issued share capital of Iron Road.

Under the sale agreement with Iron Road, Adelaide Resources agreed to undertake an in-specie distribution of the 21 million shares in Iron Road held by the Company to Shareholders subject to Shareholder approval (the **In-Specie Distribution**).

ASX has confirmed that the Iron Road shares received by Shareholders as a result of the In-Specie Distribution (other than the related parties and promoters of Iron Road, the Company or any of their associates) will cease to be subject to restriction upon the despatch of Iron Road holding statements to Shareholders after the completion of the In-Specie Distribution.

The In-Specie Distribution is to be effected by the Company undertaking an equal reduction of share capital, which is the subject of the Resolution at this general meeting (the **Capital Reduction**). Subject to obtaining such Shareholder approval and receipt of the demerger relief from the Australian Taxation Office referred to in section 12, it is anticipated that the Capital Reduction will occur as soon as possible after the Record Date to determine entitlement of Shareholders to Iron Road shares under the Capital Reduction.

The timetable for the Capital Reduction/In-Specie Distribution of the 21 million Iron Road shares to Shareholders is set out in section 2 of this Explanatory Statement.

2. INDICATIVE TIMETABLE FOR THE CAPITAL REDUCTION

The Capital Reduction will be affected in accordance with the timetable set out in Appendix 7A of the Listing Rules as follows.

Event	Business Day
Despatch of this Notice of General Meeting	Friday 11 July 2008
Date of Meeting	Tuesday 12 August 2008
The Company advises ASX that Shareholder approval for the Capital Reduction has been obtained	Tuesday 12 August 2008
From the commencement of trading, Adelaide Resources shares trade on an "ex return of capital" basis	Wednesday 13 August 2008
Record Date to determine entitlement of Shareholders to Iron Road Shares under the Capital Reduction	Tuesday 19 August 2008
Anticipated despatch of Iron Road holding statements to Shareholders	Tuesday 26 August 2008

This is an indicative timetable and may be changed at the discretion of the Directors or as required by ASX. The Company intends to distribute the Iron Road Shares to Shareholders as soon as practicable after the Record Date. The In-Specie Distribution is subject to receipt of demerger relief from the Australian Taxation Office as outlined in section 12. If the demerger relief is not obtained by the date of the General Meeting, then the actual distribution of the Iron Road Shares may be delayed. **The Directors will not proceed with the In-Specie Distribution unless the Company receives Tax Rulings which do not adversely impact Adelaide Resources or Shareholders.**

3. LEGISLATIVE REQUIREMENTS

The Capital Reduction by way of the In-Specie Distribution to Shareholders is an equal reduction of capital under the Corporations Act. Under section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

The Company may only reduce its share capital if the reduction:

- is fair and reasonable to the shareholders as a whole;
- does not materially prejudice the Company's ability to pay its creditors; and
- is approved by Shareholders under section 256C of the Corporations Act.

The Directors are of the view that the proposed Capital Reduction is fair and reasonable to Shareholders for the reasons set out in this Explanatory Statement and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

4. EFFECT OF CAPITAL REDUCTION ON SHAREHOLDERS

The Iron Road Shares will be distributed to Shareholders on a pro-rata basis. The rate for distribution of the Iron Road Shares in this situation will be one (1) Iron Road share for every four (4) Shares held on the Record Date by a Shareholder (with fractions to be rounded up to the nearest whole number).

The Company currently has on issue 83,156,035 Shares. Assuming no further Shares are issued prior to the In-Specie Distribution, the Company will retain approximately 210,990 Iron Road shares.

Shareholders entitled to participate in the Capital Reduction will retain their shareholding and percentage shareholding interest in the Company after the Capital Reduction.

The rights attaching to Shares will not be altered by the Capital Reduction.

5. EFFECT OF CAPITAL REDUCTION ON THE COMPANY

If Shareholder approval is obtained for the Capital Reduction, it will have the effect of reducing the Company's total and net assets and reducing the Company's total equity by \$315,000 (assuming all the Iron Road Shares are distributed), which is the dollar amount of the book value of the Iron Road Shares held by the Company. This equates to approximately 0.3788 cents per Share. However, the Company expects to retain approximately 210,990 Iron Road shares due to the rounding effects of the 1 for 4 distribution of the Iron Road Shares to Shareholders, accordingly the Company's total equity will actually be reduced by approximately \$311,835, or 0.375 cents per Share.

A pro-forma balance sheet for the Company is contained in Annexure A which demonstrates the impact of the Capital Reduction on the Company.

6. EFFECT OF CAPITAL REDUCTION ON OPTION HOLDERS

The Capital Reduction will have the effect of reducing the exercise price of the Company's issued options which remain unexercised after the Record Date.

7. ADVANTAGES AND DISADVANTAGES OF THE CAPITAL REDUCTION

Shareholders will gain a direct and marketable interest in the development of the iron ore assets being disposed of to Iron Road through a shareholding in Iron Road.

The Company's total and net assets and total equity on its balance sheet will decrease by the value of the Capital Reduction (refer to section 5). There is no guarantee that the Iron Road Shares distributed to Shareholders under the Capital Reduction will increase in value. The Directors are not aware of any other specific disadvantage to the Capital Reduction.

8. ASX ESCROW

ASX has provided the Company with "in-principle" advice in relation to Listing Rule 9.1.3 with respect to the Iron Road Shares to be distributed in-specie to Shareholders. Those shares will not be restricted from being traded on ASX (other than shares distributed to related parties or promoters of the Company or Iron Road, or any of their associates).

Iron Road shares held by the Company upon Iron Road listing on ASX are currently escrowed (and therefore restricted from trading) for 24 months. However, the "in-principle" advice provided that the ASX would likely waive that escrow requirement to permit the Company to undertake the in-specie distribution of the Iron Road Shares to Shareholders. Upon completion of that distribution, only those Iron Road Shares distributed related parties or promoters of the Company or Iron Road (or any of their associates) would remain restricted for the balance of that 24 month period.

This “in-principle” decision is conditional upon, among other things, the Company obtaining approval of Shareholders for the in-specie distribution and the Company providing the market with notice of the proposed despatch date for the Iron Road Shares to be distributed.

9. DIRECTORS' INTERESTS

The following table sets out the Directors’ interests in Shares in the Company as at the date of the Notice of Meeting and the number of Iron Road shares which they (or their associated parties) will receive pursuant to the Capital Reduction, in their capacity as Shareholders, if Shareholder approval of the Resolution is obtained:

Director	Shares (includes shares held by associates)	Number of Iron Road shares to be received
Christopher Drown	839,130	209,783
Paul Dowd	-	-
Keith Yates	5,743,408	1,435,852
John Horan	1,793,130	448,283
John den Dryver	-	-

10. DIRECTORS' RECOMMENDATIONS

The Directors recommend that Shareholders vote in favour of the Resolution.

The Directors believe that the proposed Capital Reduction is in the best interests of Shareholders and that the benefits of the proposed Capital Reduction outweigh the disadvantages.

11. OVERSEAS SHAREHOLDERS

Distribution of the Iron Road Shares to Shareholders pursuant to the Capital Reduction will be subject to legal and regulatory requirements in relevant jurisdictions. If the requirements of any jurisdiction where a Shareholder is resident restricts or prohibits the distribution of the Iron Road Shares as proposed or would impose on the Company an undue obligation or burden, the Iron Road Shares to which the relevant Shareholder is entitled will be sold by the Company on their behalf as soon as practicable after their transfer and the Company will then account to the Shareholder for the net proceeds of sale after deducting costs and expenses of the sale.

As the Capital Reduction is being satisfied by the distribution to Shareholders of the Iron Road Shares, and the price of Iron Road shares may vary from time to time (assuming a liquid market is available), the net proceeds of sale may be more or less than the notional value of the return of capital identified in this Explanatory Statement.

12. TAXATION

The following is a general summary of the potential tax consequences of the Capital Reduction to Shareholders and applies only to Shareholders who are residents of Australia for tax purposes. Non-resident Shareholders should obtain tax advice on the implications of the Capital Reduction to their Australian tax position and the tax rules in their country of residence.

The comments also only apply to Shareholders who hold their Shares on capital account and for whom gains or losses are treated as capital gains or losses under tax legislation and not on revenue account (such as share traders).

It should be emphasised that these comments are general in nature and you should seek and rely on your own taxation advice in relation to the taxation consequences of the capital reduction. Neither the Company nor any officers accept any liability or responsibility with respect to such consequences.

ATO Tax Rulings – Demerger Relief

Adelaide Resources is in the process of obtaining a Private Ruling in relation to the tax consequences for the Company of the In-Specie Distribution, and a Class Ruling in relation to the tax consequences for Shareholders of the In-Specie Distribution (collectively the **Tax Rulings**), from the Australian Taxation Office (**ATO**). If the terms and conditions of the Tax Rulings issued by the ATO are materially different from what the Board anticipates (as summarised below), the In-Specie Distribution will **not** proceed.

Adelaide Resources will immediately advise Shareholders of the receipt and effect of the Tax Rulings to be issued by the ATO.

Taxation Implications for Adelaide Resources – Private Ruling

The Company has sought a Private Ruling from the ATO to the effect that the distribution of the Iron Road Shares to Shareholders pursuant to the In-Specie Distribution will not be considered a disposal by the Company for capital gains tax purposes.

Subject to Adelaide Resources' receipt of the favourable Tax Rulings, it is the Company's understanding that the Company will be eligible for demerger tax relief under Division 125 of the *Income Tax Assessment Act 1997* (Cth) (**ITAA 1997**). Accordingly it is expected that there will be no capital gains tax (**CGT**) consequences arising to Adelaide Resources on the distribution of Iron Road shares to the Adelaide Resources shareholders.

Taxation Implications for Adelaide Resources Shareholders – Class Ruling

The Company has made an application to the ATO for a Class Ruling confirming that Shareholders will be eligible for demerger tax relief under Division 125 of the ITAA 1997.

In broad terms, under this demerger relief, Shareholders can choose to defer any CGT consequences that arise in relation to their shares in Adelaide Resources as a result of the Iron Road shares received pursuant to the In-Specie Distribution. Further, to the extent that the value of the Iron Road shares distributed does not represent a return of capital to Shareholders, this amount will not be treated as an assessable dividend to each respective Shareholder.

The demerger relief will also result in Shareholders having to apportion the original cost base of their Adelaide Resources shares between their Adelaide Resources shares and the Iron Road shares received as a result of the In-Specie Distribution. The apportionment of the cost base is automatic and not subject to any election on the part of Shareholders. Any capital gain or loss on a subsequent disposal of either Adelaide Resources shares or the Iron Road shares will be determined by reference to the apportioned cost bases.

The apportionment of the cost base is calculated according to the market value of Adelaide Resources shares and Iron Road shares immediately after the In-Specie Distribution has been made. Adelaide Resources will provide guidance to Shareholders about that calculation at the time the In-Specie Distribution occurs.

Taxation Implications where Tax Rulings are unfavourable:

Where the Tax Rulings issued by the ATO are unfavourable, that is, they vary adversely to the comments above, Adelaide Resources will **not** undertake the Capital Reduction and the In-Specie Distribution will **not** take place.

If Adelaide Resources proceeded with the Capital Reduction and the In-Specie Distribution in the absence of demerger relief from the ATO, the following taxation consequences would result:

for Shareholders:

- a) if the capital component of the distribution received by the Shareholder exceeded the Shareholder's cost base in their Adelaide Resources shares, a capital gain would arise to the Shareholder; and
- b) the market value of the Iron Road shares distributed (excluding the capital component above) would be treated as an unfranked dividend to the Shareholders, and this amount would be subject to income tax in the hands of the Shareholders.

for the Company:

the disposal of the Iron Road Shares upon the In-Specie Distribution taking place would give rise to an assessable capital gain to the Company.

In view of the consequences outlined above, the Directors consider it inappropriate to proceed with the In-Specie Distribution unless the Company receives Tax Rulings which do not adversely impact Adelaide Resources or Shareholders. Therefore the operation of the Resolution has been made subject to the receipt of the Tax Rulings.

13. INFORMATION ON IRON ROAD

13.1 Background

Iron Road was established in 2007 to identify and develop iron ore opportunities. Following this strategy, the company agreed to acquire 100% of the Warramboe Iron Project in the Eyre Peninsula of South Australia from Adelaide Resources.

13.2 Directors and Management of Iron Road

John McKee - Chairman
 Andrew J Stocks - Managing Director
 Matthew J Keegan - Non-Exec Director
 Graham D Anderson – Company Secretary

13.3 Risk Factors associated with Iron Road

On completion of the In-Specie Distribution, Adelaide Resources shareholders will become shareholders in Iron Road and should be aware of the general and specific risk factors which may affect Iron Road and the value of its securities. Risk factors identified by Iron Road in its IPO Prospectus include:

(a) Exploration Risk

The Warramboe Iron Project exploration tenement (EL 3699) and Iron Road's West Australian tenements are at various stages of exploration, and Shareholders should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the project areas, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

(b) Operating Risks

The operations of Iron Road may be affected by various factors, including:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction costs;
- adverse weather conditions and acts of God;
- industrial and environmental accidents;
- industrial disputes; and
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

(c) Commodity Price Volatility and Exchange Rate Risks

If Iron Road achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of Iron Road to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of Iron Road. Such factors include supply and demand fluctuations for precious, base and other metals, technological advancements, forward selling activities and other economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of Iron Road are and will be taken into account in Australian currency, exposing Iron Road to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(d) Environmental Risks

The operations and proposed activities of Iron Road are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, Iron Road's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds.

(e) Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Iron Road could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which Iron Road has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of Iron Road to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

(f) *Share Market Conditions*

The market price of and the value of Iron Road shares will be subject to fluctuations in line with the volatility of the share market in general. The prices for Iron Road shares on the ASX may rise or fall due to numerous factors such as general economic conditions, variations in the global and local markets for listed securities generally, movements in, or outlook on, interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for, and supply of, capital stock, securities or commodities.

The prices for shares for many companies have in recent times been subject to wild fluctuations which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions, acts of terrorism and the general state of the economy. Such market fluctuations may materially adversely affect the market price of the shares. There can be no guarantee that an active market in the shares will develop or that the price of the shares will increase. The number of buyers and sellers of Iron Road shares on the ASX at any time may increase the volatility of the market price of those shares and may also affect the prevailing market price at which Shareholders are able to sell their Iron Road shares.

(g) *General Investment Risks*

Iron Road's future possible revenue and operations may be affected by a number of factors which are beyond the control of Iron Road. Those factors include:

- local and world economic conditions;
- interest rates;
- levels of tax, taxation law and accounting practice;
- government legislation or intervention;
- inflation or inflationary expectations; and
- natural disasters, social upheaval or war in Australia or overseas.

(h) *Regulatory*

The introduction of new policies, legislation or amendments to existing policies or legislation by governments or the interpretation of those laws in any of the legal jurisdictions which govern Iron Road's operations or contractual obligations could impact adversely on the assets, operations and ultimately the financial performance of Iron Road and its shares.

(i) *Additional Funding Requirements*

Should Iron Road require additional funding to further explore and develop its projects (current and future ones) there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional funding, if required, would have a material adverse effect on Iron Road's ability to exploit its projects and its financial condition and performance.

(j) *Uninsured Risks*

Exploration for and development of minerals involves risks which could result in Iron Road incurring losses and liabilities to third parties. There is a risk that Iron Road may not be insured against all losses or liabilities which could arise from its operations. If Iron Road incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of Iron Road's assets may be materially affected.

13.4 Rights Attaching to Shares

A copy of the constitution of Iron Road may be inspected during normal business hours at the registered office of Iron Road. The following is a broad summary of the rights, privileges and restrictions attaching to all Iron Road shares. This summary is taken from the Iron Road IPO Prospectus, is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Iron Road shareholders. The Iron Road Shares rank pari passu with all of Iron Road's existing issued shares.

Voting

Subject to any restriction on voting imposed due to a breach of the Listing Rules relating to restricted shares or any escrow agreement entered into by Iron Road and a shareholder, every holder of Iron Road shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Iron Road shares who is present in person or by proxy, attorney or representative has one vote for every fully paid Iron Road share held by him or her, and a proportionate vote for every partly paid share. A poll may be demanded before a vote is taken, or before or immediately after the declaration of the result of the show of hands by the chairperson of the meeting, on a resolution by the chairperson of the meeting, by not less than 5 shareholders having the right to vote at the meeting, or by any one or more shareholders who are together entitled to not less than 5% of the total voting rights of the Iron Road shares of all those shareholders having the right to vote on the resolution at that meeting.

Dividends

Dividends are payable out of Iron Road's profits and are declared by Iron Road directors. Dividends are divisible amongst the shareholders in accordance with the Corporations Act.

Transfer of Iron Road shares

A shareholder may transfer Iron Road shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating transfers in Iron Road shares or by an instrument in writing approved by the ASX or in any other usual form or in any form approved by Iron Road directors. The Iron Road directors may refuse to register any transfer of Iron Road shares, other than a market transfer, where permitted by the Listing Rules or the ASTC Settlement Rules. Iron Road must not prevent, delay or in any way interfere with the registration of a transfer of Iron Road shares where to do so would be contrary to the provisions of the Listing Rules or the ASTC Settlement Rules.

Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings of Iron Road and to receive all notices, accounts and other documents required to be sent to shareholders under the constitution of Iron Road, the Corporations Act or the Listing Rules.

Winding Up

Iron Road has only issued one class of shares, which all rank equally in the event of liquidation. A liquidator may, with the sanction of a special resolution of shareholders, divide among the shareholders in kind the whole or any part of the property of Iron Road, and may for that purpose set such value as he considers fair on any property to be so divided, and may determine how the division is to be carried out as between the shareholders. The liquidator can with the sanction of a special resolution of the shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder can be compelled to accept any shares or other securities in respect of which there is any liability.

Shareholder Liability

As the Iron Road Shares are fully paid shares, they are not subject to any calls for money by Iron Road directors and will therefore not become liable for forfeiture.

Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders entitled to vote on the resolution. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

ASX Listing Rules

Notwithstanding anything in the constitution of Iron Road, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, as the case may be. If the Listing Rules require the constitution to contain a provision or not to contain a provision, the constitution is deemed to contain that provision or not to contain that provision, as the case may be. If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

14. IRON ROAD IPO PROSPECTUS

Shareholders with more than 8,000 Shares as at 5.00 pm CST on 23 April 2008 were given a priority offer under the Iron Road IPO Prospectus and were sent a copy of that prospectus in early May 2008. Shareholders who were not qualifying shareholders and who have not otherwise obtained a copy of the Iron Road IPO Prospectus may do so by visiting the ASX website (www.asx.com), the Iron Road website (www.ironroadlimited.com.au), or by contacting the Company.

15. IRON ROAD BONUS OPTIONS

Iron Road shareholders will be entitled to participate in a proposed non-renounceable rights issue of options on the basis of one option for every two Iron Road shares held. The options are to be issued at one (1) cent each with an exercise price of 20 cents and an expiry date of two years following their issue. Iron Road has agreed to use its best endeavours to coordinate the issue of the options with Adelaide Resources so that entitlement to participate in the issue of the options occurs after the In-Specie Distribution. If receipt of the Tax Rulings are delayed, or are otherwise unfavourable such that the In-Specie Distribution does not occur, then Adelaide Resources will take up its entitlement to bonus options in respect of the Iron Road Shares.

16. INTENTIONS OF ADELAIDE RESOURCES FOLLOWING COMPLETION OF THE IN-SPECIE DISTRIBUTION

Following the successful listing of Iron Road and the completion of the Capital Reduction, the Company will continue to focus on its gold, copper, uranium and mineral sands exploration programmes in South Australia and the Northern Territory.

17. RECENT PRICES OF IRON ROAD AND ADELAIDE RESOURCES SHARES

Iron Road

The highest and lowest recorded sale prices of Iron Road shares as traded on ASX since it began trading on 12 June 2008, and the respective dates of those sales were:

High: 39 cents on 1 July 2008; Low: 24 cents on 12 June 2008

The latest available closing price of Iron Road shares on ASX prior to the date of the Notice of General Meeting was 34 cents on 2 July 2008.

Adelaide Resources

The highest and lowest recorded sale prices of Shares as traded on ASX during the 3 months prior to the date of the Notice of General Meeting, and the respective dates of those sales were:

High: 21.5 cents on 3 June 2008; Low: 12 cents on 7 April 2008

The latest available closing price of Adelaide Resources shares on ASX prior to the date of the Notice of General Meeting was 15.5 cents on 2 July 2008.

18. ASX ANNOUNCEMENTS

Adelaide Resources' shares are quoted on ASX and the Company is subject to regular reporting and continuous disclosure obligations. Copies of documents lodged in relation to the Company may be obtained from Company's website at www.adelaideresources.com.au, or from the ASX at www.asx.com.

19. STAMP DUTY

There will be no stamp duty payable by Shareholders as a result of the receipt of the Iron Road Shares pursuant to the In-Specie Distribution.

20. LODGEMENT WITH ASIC

The Company has lodged a copy of the Notice of General Meeting and Explanatory Statement with the ASIC in accordance with section 256C(5) of the Corporations Act.

21. OTHER MATERIAL INFORMATION

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on the Resolution other than as disclosed in this Explanatory Statement and information that the Company has previously disclosed to Shareholders.

GLOSSARY

AEL means Adelaide Exploration Ltd (ABN 29 097 387 918).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 98 008 624 691), trading as the Australian Securities Exchange.

Company or **Adelaide Resources** means Adelaide Resources Limited (ABN 75 061 503 375).

Board means the board of Directors.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in Adelaide.

Corporations Act means *Corporations Act 2001* (Cth).

Date of the Meeting means the day on which the general meeting of members of the Company to which this notice relates is held.

Director means a director of the Company.

Explanatory Memorandum means this explanatory memorandum to this Notice of General Meeting.

Iron Road means Iron Road Ltd (ABN 51 128 698 108), ASX Code: IRD.

Iron Road Shares means up to 21,000,000 shares in the capital of Iron Road held by the Company that will be returned to Shareholders subject to the Resolution being passed.

Listing Rules means the listing rules of the ASX.

Notice of General Meeting means the Notice of General Meeting of Shareholders to be held on Tuesday, 12 August 2008.

Record Date means Tuesday, 19 August 2008 at 5:00 pm Adelaide Time.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Resolution means a resolution as set out in the Notice of General Meeting.

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

Shareholder means a member of the Company.

Tax Rulings mean the rulings of the Australian Taxation Office referred to in section 12.

ANNEXURE A

**UNAUDITED PRO-FORMA BALANCE SHEET
AS AT 31 MARCH 2008
OF ADELAIDE RESOURCES LIMITED POST CAPITAL REDUCTION**

	Unaudited Adelaide Resources Consolidated 31 March 2008	Unaudited Transaction – disposal of tenement	Unaudited Transaction In Specie Distribution	Unaudited Adelaide Resources Consolidated Pro-forma 31 March 2008
	\$	\$	\$	\$
Current Assets				
Cash and cash equivalents	4,271,483			4,271,483
Trade and other receivables	113,038			113,038
Other financial assets	280,975			280,975
Total Current Assets	4,665,496			4,665,496
Non-current Assets				
Exploration and evaluation expenditure	4,184,300	(315,000)		3,869,300
Other financial assets	-	315,000	(311,835)	3,165
Plant and equipment	85,646			85,646
Total Non-current assets	4,269,946	-	(311,835)	3,958,111
Total Assets	8,935,442	-	(311,835)	8,623,607
Current Liabilities				
Trade and other payables	66,833			66,833
Provisions	8,751			8,751
Total Current Liabilities	75,584			75,584
Non-current liabilities				
Provisions	33,481			33,481
Deferred income	20,579			20,579
Total Non-current Liabilities	54,060			54,060
Total Liabilities	129,644			129,644
Net Assets	8,805,798	-	(311,835)	8,493,963
Equity				
Issued capital	18,343,545		(311,835)	18,031,710
Reserves	1,027,361			1,027,361
Accumulated losses	(10,565,108)			(10,565,108)
Total Equity	8,805,798		(311,835)	8,493,963

Note 1 Basis of Preparation of Pro-forma Consolidated Balance Sheet as at 31 March 2008

The pro-forma consolidated balance sheet as at 31 March 2008 has been prepared on the basis of the unaudited consolidated balance sheet as at 31 March 2008, adjusted as if Adelaide Resources undertook a reduction of capital via an in specie distribution of the 20,789,009 Iron Road shares to Adelaide Resources shareholders at that date.

As noted in section 1 of the Explanatory Memorandum, Adelaide Resources and its subsidiary AEL entered into an agreement with Iron Road whereby Iron Road acquired a 100% interest in Exploration Licence 3699 (Warrambo) from the Company. Iron Road has issued 21,000,000 fully paid ordinary shares in its capital to Adelaide Resources. The agreement is subject to and conditional upon Iron Road being admitted to the Official List of the ASX.

In addition, Adelaide Resources has agreed to undertake a distribution to its shareholders of substantially all the shares it holds in Iron Road Limited, subject to Adelaide Resources obtaining the necessary Shareholder approval for a capital reduction and in specie distribution and the Tax Rulings referred to in section 12 of the Explanatory Memorandum.

As at 31 March 2008, the 21,000,000 Iron Road shares had been issued to the Company but Iron Road had not yet been admitted to the Official List of the ASX. For the purposes of the pro-forma balance sheet, the carrying amount of the Iron Road shares in the parent entity, Adelaide Resources, was notionally recognised at \$315,000 as at 31 March 2008, based on the accumulated cost of the Warrambo exploration licence prior to entering into the agreement.

The Company expects approximately 99% of the shares to be distributed through the in specie distribution. On the basis of the notional carrying amount of \$315,000, the in specie distribution results in a capital reduction of \$311,835.

Iron Road was admitted to the Official List of the ASX on 10 June 2008 and Iron Road shares commenced trading on ASX on 12 June 2008. The issue price of the contemporaneous capital raising was 20 cents per share and the closing price on the date of admission was 28 cents per share. The 21,000,000 shares issued to Adelaide Resources accordingly had a market value of \$5.88 million as at the close of trading on 12 June 2008.

The actual amounts used in the ultimate recognition of the pro-forma transactions in the separate and consolidated financial statements of the Company are dependent upon many factors, including the date of the in-specie distribution, the fair value of the Iron Road shares at that date, and the consideration of various accounting policy options that may exist in relation to how such transactions are recognised.

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