

Adelaide Resources Limited

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75 061 503 375 ABN

ADELAIDE RESOURCES LIMITED ABN 75 061 503 375

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY STATEMENT

Annual General Meeting to be held at
Stamford Plaza Adelaide
150 North Terrace
Adelaide, South Australia
on
Monday 17 November 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Adelaide Resources Limited (the “**Company**”) will be held at Stamford Plaza Adelaide, 150 North Terrace, Adelaide SA 5000 on Monday, 17 November 2008 at 11.00AM

Ordinary Business

2008 Financial Report

To receive the financial report for the year ended 30 June 2008, together with the related directors’ report and independent audit report.

Please note that the online version of the Company’s Annual Report 2008 can be viewed at www.adelaideresources.com.au/ann_reports/AdelaideResources2008AR.pdf

Resolution 1 – Adoption of Remuneration Report

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

“That the Remuneration Report for the financial year ended 30 June 2008 be adopted”

The vote on this resolution is advisory only and does not bind the directors or the company.

Resolution 2 – Re-election of Mr Paul J. Dowd as a Director

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

“That Mr Paul J. Dowd, a director of the Company retiring in accordance with the Company’s Constitution and, being eligible, offering himself for re-election, be re-elected as a director of the Company.”

Resolution 3 – Re-election of Mr John P. Horan as a Director

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

“That Mr John P. Horan, a director of the Company retiring in accordance with the Company’s Constitution and, being eligible, offering himself for re-election, be re-elected as a director of the Company.”

Special Business

Resolution 4 – 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 0.1262 cents per share by returning to the ordinary holders of shares of the Company up to 10,500,000 options to be issued 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 option for every eight (8) 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 Statement accompanying this Notice of Annual General Meeting.”

Other Business

To deal with any other business that may be brought forward in accordance with the Company's Constitution and the Corporations Act 2001.

General Notes

Explanatory Statement

The Explanatory Statement attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.

Voting Entitlements

Pursuant to Corporation regulations 7.11.37 made pursuant to Section 1074E(2)(g) of the Corporations Act 2001, the directors have determined that the shareholding of each shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register at 6.30 pm CST on 14 November 2008.

Proxies

A shareholder has the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To be valid, the appointment of a proxy must be received **at least 48 hours prior** to the meeting using one of the following methods:

- online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form ; or
- completing and lodging the proxy form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) at the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001;
- or by faxing the completed proxy form (and the power of attorney or other authority (if any) under which it is signed, or a certified copy of it) to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Your Proxy Form together with a reply paid envelope is enclosed.

By order of the Board



John P Horan
Director / Company Secretary

Dated this 13th Day of October 2008.

EXPLANATORY STATEMENT

This Explanatory Statement sets out information in connection with the business to be considered at the 2008 Annual General Meeting of the Company.

Ordinary Business

The following items of ordinary business will be considered at the meeting.

Item 1 - Financial and other Reports

The Corporations Act 2001 requires the annual report (which includes the financial statements and directors declaration), the directors' report and the auditor's report in respect of the financial year of the Company ended 30 June 2008 to be laid before the 2008 Annual General Meeting. Shareholders will be given an opportunity at the Meeting to ask questions and make comments on these reports and on the business, operations and management of the Company.

Item 2 - Resolution 1 - Adoption of Remuneration Report

The Corporate Law Economic Reform Programme (Audit Reform and Corporate Disclosure Act 2004 (Cth)) (CLERP 9) requires that a resolution be put to the members to adopt the remuneration report as disclosed in the directors' report. The vote on this resolution is advisory only and non-binding. The resolution gives the members the opportunity to ask questions or make comments concerning the remuneration report during the meeting.

Item 3 – Resolution 2 – Re-election of director Mr Paul J. Dowd

The Company's constitution requires that at each Annual General Meeting one-third of the directors must retire from office. A director appointed during the year either to fill a casual vacancy or as an addition to the directors is not taken into account in determining the directors who must retire by rotation. Therefore, Paul Dowd, being a director who has been longest in office, retires by rotation and is eligible for re-election at the Annual General Meeting. In accordance with the Company's constitution, Paul Dowd has submitted himself for re-election at the Annual General Meeting as a director.

Paul Dowd's details are set out in the 2008 Annual Report.

The Directors (other than Mr Dowd) unanimously recommend that Shareholders vote in favour of the Resolution.

Item 4 - Resolution 3 – Re-election of director Mr John P. Horan

The Company's constitution requires that at each Annual General Meeting one-third of the directors must retire from office. A director appointed during the year either to fill a casual vacancy or as an addition to the directors is not taken into account in determining the directors who must retire by rotation. Therefore, John Horan, being a director who has been longest in office, retires by rotation and is eligible for re-election at the Annual General Meeting. In accordance with the Company's constitution, John Horan has submitted himself for re-election at the Annual General Meeting as a director.

John Horan's details are set out in the 2008 Annual Report.

The Directors (other than Mr Horan) unanimously recommend that Shareholders vote in favour of the Resolution.

Item 5 - Resolution 4 - APPROVAL OF EQUAL SHARE CAPITAL REDUCTION

1. BACKGROUND

On 30 November 2007, it was announced that Iron Road Limited was acquiring the Company's Warrambo 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.

Pursuant to the sale agreement under which Iron Road acquired the underlying Warrambo 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.

On 12 August 2008, Shareholders approved the capital reduction and in-specie distribution of the Iron Road Shares to Shareholders subject to the Company receiving from the Australian Taxation Office (**ATO**), demerger tax rulings as detailed in the Explanatory Memorandum accompanying the Notice of Meeting for the 12 August 2008 meeting.

Unfortunately the demerger tax rulings were not obtained from the ATO by the date of the shareholders' meeting. Accordingly, on 12 August 2008 the Company announced that the capital reduction and in-specie distribution of the Iron Road Shares to Shareholders would be deferred until demerger tax rulings were obtained from the ATO.

2. IRON ROAD OPTIONS

As stated in the Explanatory Statement accompanying the Notice of Meeting for the 12 August shareholders' meeting, Iron Road shareholders were entitled to participate in a non-renounceable rights issue of options on the basis of one option for every two Iron Road Shares held. The options were 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 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 occurred after the in-specie distribution of the Iron Road Shares. It was also stated that if receipt of the demerger tax rulings were delayed, or are otherwise unfavourable such that the capital reduction and in-specie distribution did not occur by the time the options rights issue closed, then Adelaide Resources would take up its entitlement to the options in respect of the Iron Road Options.

As indicated above, the demerger tax rulings have not yet been obtained and so Adelaide Resources took up its entitlement to the Iron Road options. Based on its holding of 21 million Iron Road Shares, Adelaide Resources received 10.5 million Iron Road options.

3. CAPITAL REDUCTION

It was always the intention of the Directors that the Iron Road Shares and Options held by Adelaide Resources be distributed to Shareholders. However as the shareholder approval for the capital reduction and in-specie distribution obtained on 12 August 2008 only related to the Iron Road Shares, it is now necessary to seek shareholder approval for a further capital reduction and in-specie distribution in respect of the Iron Road Options (**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 Resolution 4 (the **Capital Reduction**). Subject to obtaining such Shareholder approval and section 14, 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 Options under the Capital Reduction. The in-specie distribution of Iron Road Shares previously approved will occur at the same time.

The timetable for the Capital Reduction/In-Specie Distribution of the 21 million Iron Road Shares and the 10.5 million Iron Road Options to Shareholders is set out in section 4 below.

4. 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 Annual General Meeting	Friday 17 October 2008
Date of Meeting	Monday 17 November 2008
The Company advises ASX that Shareholder approval for the Capital Reduction has been obtained	Monday 17 November 2008
From the commencement of trading, Adelaide Resources shares trade on an "ex return of capital" basis	Tuesday 18 November 2008
Record Date to determine entitlement of Shareholders to Iron Road Shares and Options under the Capital Reduction	Monday 24 November 2008
Anticipated despatch of Iron Road holding statements to Shareholders	Monday 1 December 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 and Options 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 14. If the demerger relief is not obtained by the date of the Annual General Meeting or the Company has not received sufficient comfort from the ATO that demerger relief will be granted forthwith after the meeting, then the actual distribution of the Iron Road Shares and Options may be further 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.

5. LEGISLATIVE REQUIREMENTS

The Capital Reduction by way of the In-Specie Distribution of the Iron Road Options 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.

6. EFFECT OF CAPITAL REDUCTION ON SHAREHOLDERS

The Iron Road Options will be distributed to Shareholders on a pro-rata basis. The rate for distribution of the Iron Road Options in this situation will be one (1) Iron Road Option for every eight (8) Shares held on the Record Date by a Shareholder (with fractions to be rounded up to the nearest whole number). In addition, Shareholders will receive the Iron Road Shares on the basis of one (1) Iron Road Share for every four (4) Shares held as previously approved on 12 August 2008.

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 105,495 Iron Road Options.

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.

7. 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 \$105,000 (assuming all the Iron Road Options are distributed), which is the dollar amount of the book value of the Iron Road Options held by the Company. This equates to approximately 0.1262 cents per Share.

Please note this is in addition to the effect of the capital reduction approved by Shareholders on 12 August 2008.

8. 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.

9. ADVANTAGES AND DISADVANTAGES OF THE CAPITAL REDUCTION

As the basis for obtaining the Tax Rulings sought by the Company relates to a demerger, the distribution in-specie of the Iron Road Shares can only occur if the Iron Road Options are also distributed to Shareholders. Therefore by approving the Capital Reduction and the In-Specie Distribution taking place, Shareholders will gain a direct and marketable interest in the development of the iron ore assets disposed of to Iron Road through a shareholding and option holding 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 7). There is no guarantee that the Iron Road Options 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.

10. ASX ESCROW

The Iron Road Options are not subject to any restrictions on trading or escrow and so can be freely traded by Shareholders. As previously mentioned in the Explanatory Memorandum for the 12 August 2008 shareholders meeting, the ASX has provided the Company with a waiver 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 ASX has waived the 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 to 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.

11. DIRECTORS' INTERESTS

The following table sets out the Directors' interests in Shares in the Company as at the date of the Notice of Annual General Meeting and the number of Iron Road Options which they (or their associated parties) will receive pursuant to the Capital Reduction, in their capacity as Shareholders, if Shareholder approval of Resolution 4 is obtained:

Director	Shares (includes shares held by associates)	Number of Iron Road Options to be received
Paul J Dowd	-	-
Christopher G Drown	839,130	104,891
John P Horan	1,793,130	224,141
John J den Dryver	-	-
Keith R Yates	5,743,408	717,926

12. DIRECTORS' RECOMMENDATIONS

The Directors recommend that Shareholders vote in favour of Resolution 4.

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.

13. OVERSEAS SHAREHOLDERS

Distribution of the Iron Road Options 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 Options as proposed or would impose on the Company an undue obligation or burden, the Iron Road Options 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 Options, and the price of Iron Road Options 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.

14. 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 Distributions, and a Class Ruling in relation to the tax consequences for Shareholders of the Distributions (collectively the **Tax Rulings**), from the Australian Taxation Office (**ATO**). Negotiations with the ATO in relation to the Tax Rulings are at an advanced stage and Adelaide Resources does not foresee an adverse outcome. 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 Distributions will **not** proceed. The Tax Rulings sought will relate to both the Iron Road Shares and the Iron Road Options.

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 and Options to Shareholders pursuant to the Distributions 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 and Options 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 and Options received pursuant to the Distributions. Further, to the extent that the value of the Iron Road Shares and Options 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 and Options received as a result of the Distributions. 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 and Options 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 and Options immediately after the Distributions have been made. Adelaide Resources will provide guidance to Shareholders about that calculation at the time the Distributions occur.

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 and Iron Road Options 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 and Iron Road Options 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 Resolution 4 has been made subject to the receipt of the Tax Rulings.

15. INFORMATION ON IRON ROAD

15.1 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.

15.2 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

15.3 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 other West Australian and South Australian projects 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 and options will be subject to fluctuations in line with the volatility of the share market in general. The prices for Iron Road shares and options 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 and options. There can be no guarantee that an active market in the shares will develop or that the price of the shares and options will increase. The number of buyers and sellers of Iron Road shares and options on the ASX at any time may increase the volatility of the market price of those shares and options and may also affect the prevailing market price at which Shareholders are able to sell their Iron Road shares or options.

(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 and options.

(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.

15.4 Rights Attaching to Iron Road Shares and Options

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.

Options

The following is an extract from the Iron Road short form prospectus for the options entitlement issue by Iron Road dated 7 August 2008 which sets out the terms of the Iron Road Options.

Terms and Conditions of Options

The material terms and conditions of the Options are as follows:

1. Each Option entitles the holder to subscribe for one Share;
2. The Options are exercisable at any time on or prior to 30 September 2010 (the "Expiry Date");
3. The amount payable on exercise of each Option is 20 cents;
4. Subject to the Corporations Act and the ASX Listing Rules, the Options are transferable;
5. All Shares issued upon exercise of the Options will rank pari passu in all respect with the Company's then existing fully paid shares;
6. Exercise of the Options is effected by completing the Notice of Exercise of Options and forwarding it to the Company together with the requisite application monies;
7. There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. The Company, however, will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least seven Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue;
8. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of issued capital of the Company, the terms of the Options will be varied in a manner consistent with the ASX Listing Rules;
9. In the event that the Company makes a pro rata issue of securities, the exercise price of the options will change in accordance with the formula set out in the ASX Listing Rules, if applicable; and
10. Options not exercised by 5.00 pm WST on 30 September 2010 will automatically expire.

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

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

17. RECENT PRICES OF IRON ROAD AND ADELAIDE RESOURCES SHARES

Iron Road Shares

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: 10 cents on the 10 October 2008.

The latest available closing price of Iron Road shares on ASX prior to the date of the Notice of Annual General Meeting was 10 cents on 10 October 2008.

Iron Road Options

The highest and lowest recorded sale prices of Iron Road options as traded on ASX since the options began trading on 25 September 2008, and the respective dates of those sales were:

High: 2 cents on two dates the first being 3 October 2008; Low: 2 cents on two dates the first being 3 October 2008.

The latest available closing price of Iron Road options on ASX prior to the date of the Notice of Annual General Meeting was 2 cents on 10 October 2008.

Adelaide Resources Shares

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 Annual General Meeting, and the respective dates of those sales were:

High: 18 cents on 4 August 2008; Low: 4.7 cents on 30 September 2008.

The latest available closing price of Adelaide Resources shares on ASX prior to the date of the Notice of Annual General Meeting was 5.5 cents on 10 October 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 Options 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 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.

Distributions means the In-Specie Distribution of the Iron Road Options pursuant to the Capital Reduction to be approved in accordance with this Notice of Annual General Meeting and the in-specie distribution of the Iron Road Shares approved by Shareholders at the 12 August 2008 general meeting of the Company.

Explanatory Statement means this explanatory statement to this Notice of Annual General Meeting.

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

Iron Road Options means up to 10,500,000 options to be issued shares in the capital of Iron Road held by the Company that will be returned to Shareholders subject to Resolution 4 being passed.

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 Annual General Meeting means the Notice of Annual General Meeting of Shareholders to be held on Monday, 17 November 2008.

Record Date means 24 November 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 Annual 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 14.

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Adelaide Resources Limited

ABN 75 061 503 375

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

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

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

For all enquiries call:

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

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:

Control Number:

SRN/HIN:



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



For your vote to be effective it must be received by 11.00am (Adelaide time) on Saturday 15 November 2008

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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



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

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

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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

the Chairman of the meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Adelaide Resources Limited to be held at Stamford Plaza Adelaide, 150 North Terrace, Adelaide, SA 5000 on Monday, 17 November 2008 at 11.00am and at any adjournment of that meeting.

STEP 2 Items of Business

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

ORDINARY BUSINESS

	For	Against	Abstain
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Paul J Dowd as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr John P Horan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

4 Approval of equal share capital reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____