



Adelaide Resources Limited

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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

Tuesday 16 November 2010

11.00 am Adelaide Time

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 Tuesday, 16 November 2010 at 11.00am

Ordinary Business

2010 Financial Report

To receive the financial report for the year ended 30 June 2010, together with the related directors’ report and independent audit report.

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 2010 be adopted”

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

Resolution 2 – Re-election of John Horan as a Director

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

“That John Horan, a director of the Company retiring by rotation in accordance with clause 6.1 of the Company’s Constitution and, being eligible, offering himself for re-election, be re-elected as a director of the Company.”

Special Business

Resolution 3 – Approval of Employee Performance Rights Plan

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

“That the Employee Performance Rights Plan, the terms and conditions of which are summarised in the Explanatory Statement accompanying this Notice of Meeting, and the issue of equity securities under the Employee Performance Rights Plan, be approved for all purposes including ASX Listing Rule 7.2 Exception 9.”

Resolution 4 – Approval of Issue of Securities to Christopher Drown

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

“That, subject to Resolution 3 being approved, the grant of 2,000,000 Performance Rights to acquire fully paid ordinary shares in the capital of the Company and the issue of shares on vesting of the Performance Rights to Mr Drown, in accordance with the Employee Performance Rights Plan and on the terms summarised in the Explanatory Statement accompanying this Notice of Meeting, is approved for all purposes including ASX Listing Rule 10.14.”

Other Business

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

General Notes

Voting Exclusion Statement

The Company will disregard any votes cast on;

- *Resolution 3 by any director of the Company (except a director who is ineligible to participate in the Employee Performance Rights Plan) and any associates of those persons;*
- *Resolution 4 by Christopher Drown or any of his associates.*

However, the Company will not disregard any vote if:

a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or

b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

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 11.00am CST on 14 November 2010.

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)

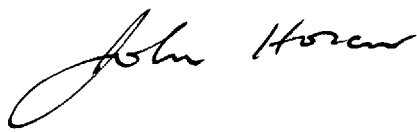
Your Proxy Form together with a reply paid envelope is enclosed.

Custodian Voting

For intermediate online subscribers only (custodians), please submit your voting intentions to www.intermediaryonline.com.

Please note that the online version of the Company's Annual Report 2010 can be viewed online by visiting www.edocumentview.com.au/adn2

By order of the Board



John P Horan
Director / Company Secretary

Dated this 15th day of October 2010.

EXPLANATORY STATEMENT

This Explanatory Statement sets out information in connection with the business to be considered at the 2010 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 2010 to be laid before the 2010 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

Section 250R of the Corporations Act 2001 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 Mr John Horan as a Director

John Horan is a founding director of the Company, appointed in 1994. He is a Fellow of CPA Australia, a Fellow of the Chartered Institute of Secretaries, a member of the Finance and Treasury Association Limited and a member of the Australian Mining and Petroleum Law Association.

He has many years' experience in financial, corporate, technical and management areas of the mining industry and has been a director of a number of listed mining and exploration companies in Australia and overseas.

Mr Horan is the chairman of Marengo Mining Limited and chairman of a number of unlisted public companies.

As a director of the Company, retiring by rotation in accordance with clause 6.1 of the Company's constitution, Mr Horan offers himself for re-election.

Special Business

Item 4 – Resolution 3 – Approval of Employee Performance Rights Plan

The Company's Employee Performance Rights Plan (**Performance Rights Plan**) is a key part of the longer term retention and incentive strategy of the Company. The purpose of the Plan is to provide eligible employees with an opportunity to acquire a financial interest in the Company in the event certain targets are met, which will align their interests more closely with shareholders and provide greater incentive for them to focus on the Company's long-term goals.

Listing Rule 7.1 prohibits an entity from issuing more than 15% of its securities in any 12 month period, without obtaining security holder approval (unless an exception applies).

Listing Rule 7.2, Exception 9, provides that security holder approval is not required for an issue under an employee incentive scheme, if within 3 years before the date of the issue, holders of ordinary securities have approved the issue of securities under the scheme as an exception to Listing Rule 7.1.

Accordingly, shareholders are being asked, pursuant to Listing Rule 7.2 Exception 9 to approve issues under the Performance Rights Plan of:

- rights to acquire ordinary shares in the capital of the Company (**Performance Rights**); and ordinary shares in the capital of the Company upon vesting of Performance Rights (**Shares**).

A summary of the key terms of the Performance Rights Plan is set out below. Capitalised terms are defined under the Performance Rights Plan.

Copies of the Performance Rights Plan Rules are available on request by contacting the Company directly.

Eligible Persons

Employees (whether full-time or part-time), contractors or employees of a contractor, and directors employed in an executive capacity, are all eligible to participate, subject to the requirement to have had at least 12 months continuous employment/engagement by the Company.

Invitation

The Board may from time to time, in its absolute and uncontrolled discretion, issue a written invitation to an Eligible Person inviting him or her to apply for the grant of a certain number of Performance Rights on the terms and conditions set out in the Performance Rights Plan and on such additional terms and Performance Conditions as the Board determines.

Form of Grant

On acceptance of a duly completed and signed Application the Company may grant Performance Rights to the Eligible Person, with effect from such date as the Board determines, on the terms set out in the relevant Invitation.

The Board retains the absolute discretion not to accept an Application by an Eligible Person if, for any reason, that Application is not acceptable to the Board.

Each Performance Right granted entitles the holder to a Share subject to satisfaction of Performance Conditions.

Consideration

No payment is required for the grant of a Performance Right.

No Quotation

The Company will not apply for official quotation of the Performance Rights on the ASX.

Performance Conditions

The conditions which must be satisfied or circumstances which must exist before a Performance Right can vest, will be determined by the Board in its discretion and will be specified in the invitation for the Performance Right concerned.

Vesting

A Performance Right will not vest unless the Performance Conditions advised to the Participant by the Board have been satisfied.

The Company will apply for quotation of Shares issued to Participants within the period required by the ASX.

Transferability and Disposal

A Performance Right is not transferable (other than to a legal personal representative on the death of the Participant) and will lapse immediately if transferred.

The Board may, at its discretion, impose trading and other restrictions on Shares issued to the Participant on vesting of a Performance Right.

Lapse

Unless the Board in its absolute discretion determines otherwise, an unvested Performance Right shall automatically lapse upon the earlier of:

- (1) a determination by the Board that the Participant has acted fraudulently, dishonestly or is in breach of their obligations to the Company;
- (2) the Participant ceasing to be an Eligible Person for any reason other than Retirement, Permanent Disability, Redundancy or death;
- (3) a resolution being passed to wind up the Company;
- (4) a Takeover Bid occurring, unless the Board has in its absolute discretion determined that the Performance Conditions attaching to the Performance Rights have been satisfied on a pro rata basis over the period of time from the Grant Date to the date of the Takeover Bid and therefore a proportion (as determined by the Board) of the Performance Rights will vest;
- (5) the Performance Conditions attaching to the Performance Right not being met within the prescribed period; and
- (6) any date set out in the relevant Invitation by which the Performance Right will automatically lapse.

Other Rights

A Performance Right does not confer on the Participant a right to vote on any resolution proposed at a general meeting of Shareholders.

The holder of a Performance Right is not entitled to any dividends.

A Performance Right does not confer on the Participant any right to participate in the surplus profits or assets of the Company upon winding up of the Company.

If at any time the issued capital of the Company is reorganised, a Performance Right may be treated in accordance with the Listing Rules at the time of reorganisation.

Administration

The Board will administer the Performance Rights Plan and has power to determine appropriate procedures for administration of the Performance Rights Plan. The Board may delegate any of their powers or discretions arising under the Performance Rights Plan.

Amendments

The Board may at any time by resolution amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Right granted under the Performance Right.

Amendments which reduce the existing rights of Participants in respect of Performance Rights granted to them may only be made in limited circumstances (e.g. to correct a manifest error or to comply with the law).

There are currently 625,000 options over unissued shares in the capital of the Company as a result of the grant of options to employees under the Company's original employee share option plan adopted in 1999. The Board's intention is to not grant any further options under this old plan once the Performance Rights Plan is established.

The Company has not previously sought approval of the Performance Rights Plan for the purposes of Listing Rule 7.2 Exception 9 and no Performance Rights have yet been granted under the plan.

Item 5 – Resolution 4 - Approval of Issue of Securities to Christopher Drown

Resolution 4 seeks Shareholder approval for the grant of Performance Rights to the Company's Managing Director and the issue of shares in the Company on the vesting of the Performance Rights, pursuant to the Performance Rights Plan described above and otherwise on the terms and conditions set out in this notice.

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

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

The Company recently negotiated a 3 year contract with Mr Drown to continue to retain his services as the Company's managing director. As an incentive to sign a three year deal it was agreed to grant Performance Rights to Mr Drown under the Performance Rights Plan.

To achieve the objectives of retention and sustainable performance the 2,000,000 Performance Rights will vest, and the underlying shares in the capital of the Company will be issued, subject to Shareholders approving Resolution 4, as follows:

1. 1,000,000 Performance rights in 3 tranches, subject to Mr Drown remaining as the managing director of the Company at the relevant vesting date; as follows:
 1. 333,333 Performance Rights vesting on 5 November 2011;
 2. 333,333 Performance Rights vesting on 5 November 2012; and
 3. 333,334 Performance Rights vesting on 5 November 2013.
2. 1,000,000 Performance Rights vest on the delineation of a JORC compliant Resource of a minimum 500,000 ounces of gold equivalent from any of the Company's projects by 5 November 2012 OR the satisfactory monetisation by that date of all or part of the Rover project to the Board's satisfaction.

The grant of the Performance Rights and the issue of shares on the vesting of the Performance Rights are subject to Shareholders approving Resolution 4. Subject to receipt of Shareholder approval, the Board intends to grant the Performance Rights at the first Board meeting following the annual general meeting.

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

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

- (i) upon vesting of the Performance Rights, the underlying Shares will be issued to Mr Drown or an Associate of Mr Drown nominated by him;
- (ii) the maximum number of shares to be issued to Mr Drown upon vesting of the Performance Rights is 2,000,000;
- (iii) the Performance Rights will be granted for no cash consideration and the shares to be issued upon vesting of the Performance Rights will be issued for no cash consideration;
- (iv) no persons (other than Mr Drown in respect of the 2,000,000 Performance Rights subject to the passing of this resolution) have received any Performance Rights under the Plan to date;
- (v) the persons entitled to participate in the Performance Rights Plan are described in the table above in item 4;
- (vi) there is no loan applicable to the grant of the Performance Rights or the issue of the shares upon vesting of the Performance Rights;
- (vii) details of any securities issued under the Performance Rights Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14;
- (viii) any additional persons specified in Listing Rule 10.14 who become entitled to participate in the Plan after Resolution 4 is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and
- (ix) the shares to be issued upon the vesting of the Performance Rights will be issued not later than 3 years after the date of this meeting.

The directors (other than Mr Drown) recommend that Shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.



Adelaide Resources Limited

ABN 75 061 503 375

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

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

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

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

For all enquiries call:

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



Proxy Form



Vote 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:



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



For your vote to be effective it must be received by 11:00am (Adelaide time) Sunday 14 November 2010

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. Delete titles as applicable.

Attending the Meeting

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

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

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

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

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Adelaide Resources Ltd 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 Ltd to be held at Stamford Plaza Adelaide, 150 North Terrace, Adelaide SA 5000 on Tuesday, 16 November 2010 at 11:00am (Adelaide time) 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 John Horan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

3 Approval of Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval of Issue of Securities to Christopher Drown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 ____/____/____