Adelaide Resources Limited

quarterly report

for the period ending 30 june 2004

highlights of the quarter

* Continued drilling activity (4736 metres) resulted in combined expenditure by joint venture parties and Adelaide Resources of $614,000. This level of activity is projected to continue with drilling on three projects in the September quarter.

Eyre Peninsula Joint Venture

* Reverse circulation drilling of 28 holes successfully located primary gold mineralisation at the virgin Baggy Green discovery announced in April.
* Mineralisation at Baggy Green occurs in a gently west dipping structure with gold present over significant widths and a strike length of plus 200 metres.
* The wide zone of gold mineralisation has returned intersections including 24 metres at 2.33g/t gold, 36 metres at 0.76g/t gold and 38 metres at 0.82g/t gold.
* Higher grade intervals contained within the broad envelope of mineralisation include 5 metres at 9.01g/t gold, 7 metres at 2.31g/t gold and 3 metres at 7.22g/t gold.

Moonta Wallaroo Joint Venture

* Diamond core drilling recently commenced to follow-up encouraging zones of secondary copper mineralisation and anomalous copper and gold in calcrete samples. Results are due in the September quarter.
* Infill soil calcrete sampling defined a previously untested high gold and copper anomaly over a one kilometre strike. Results include values up to 58 ppb gold which are considered highly anomalous for the region.

Barton Nickel Joint Venture

* Inco has contracted a helicopter electromagnetic survey to commence in the last week of July.
* In the event high quality conductors are detected drilling will proceed in the latter part of 2004.

Colona Mineral Sands Joint Venture

* Negotiation of a joint venture with Iluka Resources Limited, the world's largest zircon producer, to explore for mineral sands over ELs 2840 and 2841 in the eastern Eucla Basin, South Australia.
* Iluka may earn 51% by completing 2500 metres of drilling in the first year and spending $1 million over the following five years.
* Promising results for zircon and ilmenite in reconnaissance drilling by a previous explorer.
* Drilling is planned to commence in the September quarter.

Corporate

* The company had available funds of $2.287 million at the close of the quarter.
* Adelaide Resources was the recipient of an award from Australian Reporting Awards for its 2003 Annual Report.

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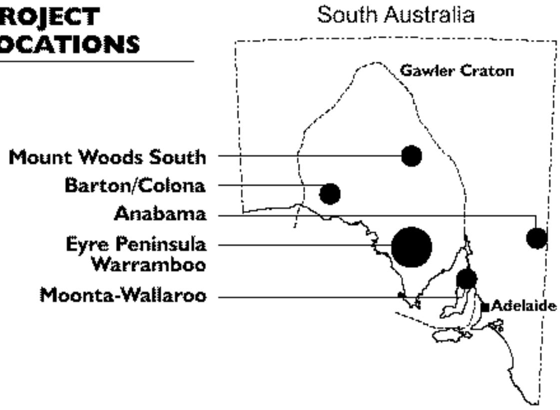
PROJECT LOCATIONS



review of exploration activities

Gawler Craton, SA

Eyre Peninsula Joint Venture

Adelaide Resources 100%; Newmont Australia Limited earning 51%.

Exploration activities largely focussed on the Baggy Green Prospect, a virgin gold discovery announced in April. Intersections reported then included 8 metres at 4.79g/t gold and 11 metres at 2.30g/t gold.

Drilling Program

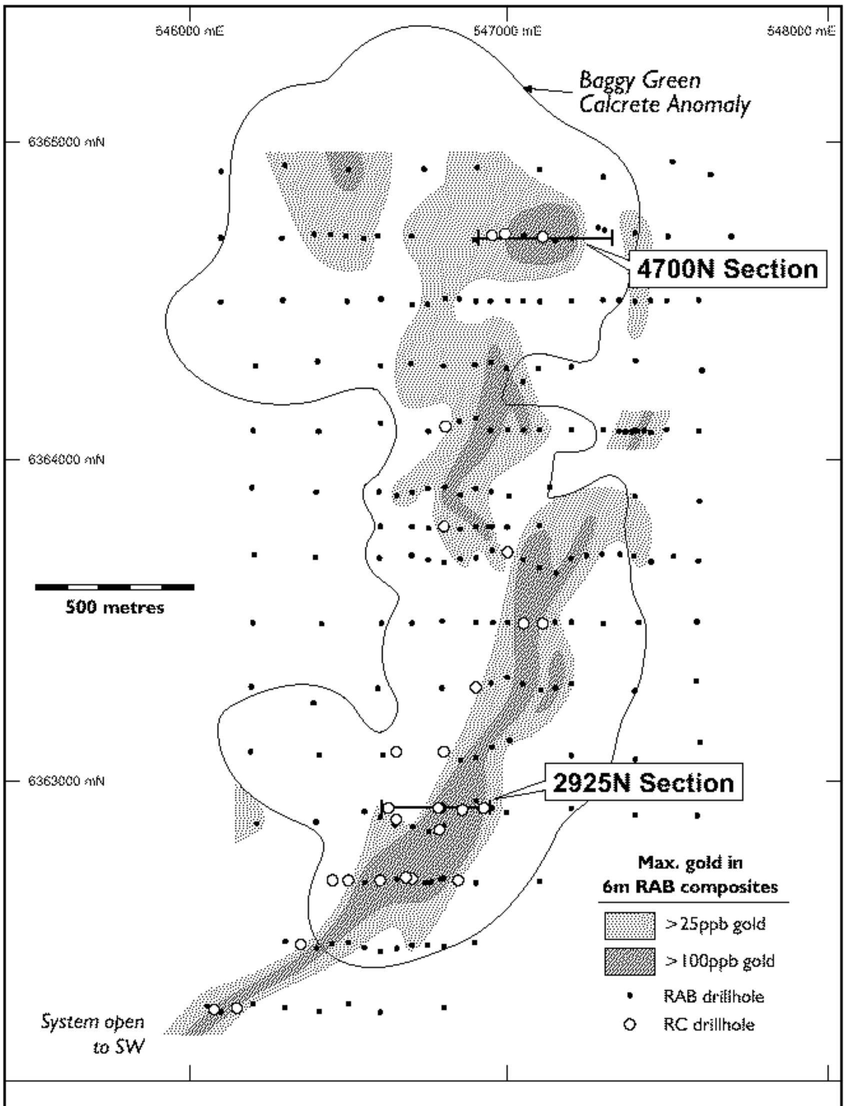
In the June quarter a program of reverse circulation (RC) drilling comprising 28 holes for 3802 metres was completed at Baggy Green. Analytical results are available for the majority of these drill holes. The RC program successfully located primary gold mineralisation which sources the extensive gold anomaly in weathered rock outlined in previous RAB/aircore drilling. The program also resolved the structural disposition of the primary mineralisation with potentially positive implications.

Primary gold mineralisation in the southern part of the prospect occurs in a zone bounded by a footwall shear which strikes northeast and dips gently to the west at 20 to 30 degrees (see 2925N section). Anomalous gold in this zone occurs over significant intervals, with a true width of gold anomalism up to 32 metres.

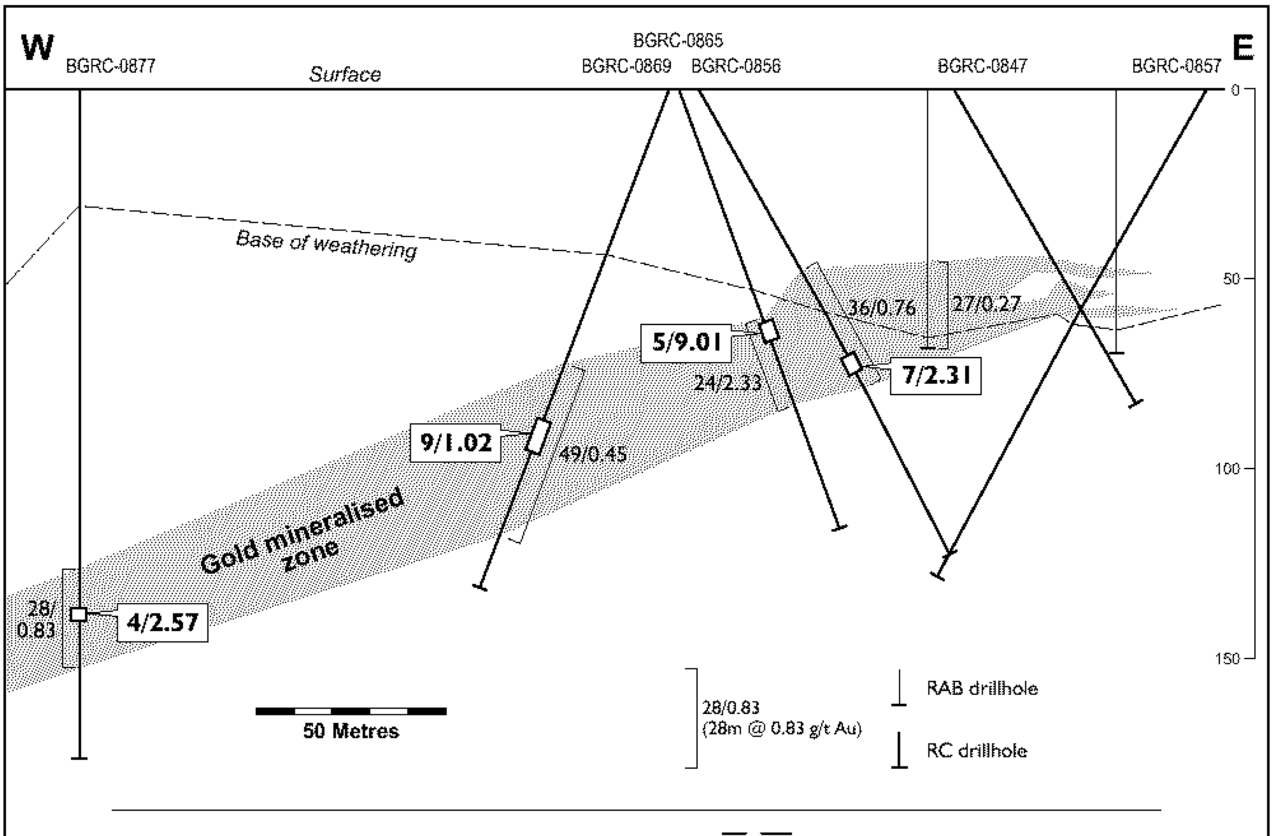
Gold Results

Broad intersections of anomalous gold returned from the mineralised zone in three separate holes include 24m at 2.33g/t gold in BGRC-0865, 36 metres at 0.76g/t gold, and 28m at 0.83g/t gold (see 2925N section).

Within these relative wide zones there are intervals of higher grade mineralisation. The wide intersection in BGRC-0865 is strongly influenced by a high grade interval which returned 5 metres at 9.01g/t gold from 66 metres downhole, including 1 metre at 35.06g/t gold. Narrower but higher



Baggy Green Propect



Baggy Green Section 2925N

grade intersections from the southern part of the prospect include 7 metres at 2.31g/t gold and 5 metres at 2.36g/t gold in two separate holes (see Table).

The wide zone of anomalous gold containing higher grade intercepts has been traced over a strike interval of plus 200 metres centred around section 2925N with further assays pending from two holes drilled on other sections. Potential for the mineralisation to extend southwards remains and is yet to be resolved.

Broad intervals of anomalous gold were also encountered on the only section drilled in the far northern part of the prospect. On 4700mN gold anomalous intervals include 68 metres at 0.65g/t gold and 38 metres at 0.82g/t gold. Higher grade intervals contained within these wide zones include 3m at 4.03g/t gold and, in a second hole, 3 metres at 7.22g/t gold including 1 metre at 16.4g/t gold.

Style of Mineralisation

The gold mineralised zone in the southern part of Baggy Green is characterised by the presence of minor copper sulphides. Grains of native gold can be panned from mineralised drill samples from both the southern and northern parts of the prospect, and as at other gold prospects on the Eyre Peninsula Joint Venture, the Baggy Green mineralisation is associated with a very extensive zone of hydrothermal alteration.

White Tank and WUD2 Central Prospects

At the White Tank prospect 3 inclined RC holes for 400 metres tested down dip of encouraging gold intersections returned in 2003. The best intersection was 4 metres at 2.14g/t gold.

A very limited program of four RC holes for 534 metres was drilled at the WUD2 Central prospect to test for the presence of primary mineralisation on two drill lines. No significant results were achieved.

Forward Program

The completion of the current drilling program at Baggy Green provides the opportunity for the assessment of results to establish whether potential exists for the presence of a deposit large enough to satisfy the joint venture's objectives.

Numerous gold in calcrete anomalies are spread throughout the joint venture tenements. Amongst these, two recently defined calcrete anomalies located to the south east of Baggy Green have emerged as large coherent geochemical features. With the objective of defining further RC targets the joint venture plans to complete first-pass RAB/aircore drilling at these two targets, together with further bedrock drilling at Baggy Green and other calcrete anomalies in the September quarter. ■

Table 1: Eyre Peninsula Joint Venture - Significant Drill Intersections

BAGGY GREEN PROSPECT

Hole Name	Easting AMG	Northing AMG	Inclination (degrees)	Azimuth AMG	Total Depth	From (m)	To (m)	Interval (m)	Gold (g/t)
BGRC-0847	546858	6362919	-60	90	96.5	53	54	1	1.21
BGRC-0856	546790	6362925	-60	90	141	70	71	1	1.35
						77	78	1	2.63
						81	88	7	2.31
BGRC-0857	546925	6362925	-60	270	148	55	56	1	1.60
BGRC-0858	547110	6364700	-60	270	150	107	108	1	2.59
BGRC-0859	546992	6364710	-60	88	132	44	45	1	1.93
						57	59	2	3.10
						72	75	3	4.03
						90	92	2	3.32
BGRC-0860	546992	6364710	-70	88	126	59	60	1	8.04
						107	108	1	3.99
BGRC-0861	546951	6364705	-65	90	165	66	69	3	7.22
					incl.	67	68	1	16.40
						72	73	1	2.13
BGRC-0865	546785	6362925	-70	90	124	66	71	5	9.01
					incl.	68	69	1	35.06
						81	82	1	1.28
						84	86	2	2.02
BGRC-0866	546600	6362700	-60	96	142	55	56	1	1.37
						57	58	1	1.37
						75	80	5	2.36
BGRC-0867	546500	6362700	-60	90	160	73	74	1	1.03
						107	108	1	1.31
						113	114	1	8.14
BGRC-0869	546782	6362925	-70	273	142	83	84	1	2.58
						94	103	9	1.02
						122	123	1	1.12
BGRC-0870	546650	6362890	-60	90	166	124	125	1	1.22
BGRC-0877	546625	6362925	-90	~	178	137	138	1	2.11
						140	141	1	6.66
BGRC-0878	546450	6362700	-90	~	172	126	130	4	2.57
						147	148	1	6.78

WHITE TANK PROSPECT

Hole Name	Easting AMG	Northing AMG	Inclination (degrees)	Azimuth AMG	Total Depth	From (m)	To (m)	Interval (m)	Gold (g/t)
RCBN-0314	542290	6364965	-60	135	138	87	88	1	2.79
RCBN-0315	542271	6364948	-60	135	132	92	96	4	2.14

Colona Mineral Sands Joint Venture

Adelaide Resources 100%;
Iluka Resources Limited earning 51%

On 29 June 2004 Adelaide Resources Limited ("ARL") and Iluka Resources Limited ("Iluka") announced the formation of the Colona Joint Venture. The joint venture has been formed to explore for heavy mineral sands within ARL's Exploration Licences 2840 and 2841 covering 3,766 sq km in the Barton-Colona area of the Eucla Basin in the south-west of South Australia. (see location plan)

The Colona Joint Venture is confined to the cover sediments which overlie the crystalline basement rocks and their weathered products. Exploration of the basement in EL2841 is subject to the Barton Joint Venture between Adelaide Resources and Inco Resources (Australia) Pty Ltd with the objective of exploring for nickel. The terms of the Barton Joint Venture were announced on 15 March 2004.

The three parties have negotiated arrangements whereby mineral sand and nickel sulphide exploration can proceed in tandem via separate joint ventures over the same tenements.

Under the terms of the Colona Joint Venture, Iluka will earn a 51% interest by meeting the following obligations:

- completing 2500 metres of drilling in the first year; and
- incurring expenditure of A$1 million over the following five years including $200,000 in each of the second and third years.

Once Iluka has earned its 51% interest, ARL has the option of contributing its 49% share of ongoing expenditure or alternatively reverting to a 30% interest carried to completion of a positive bankable feasibility study.

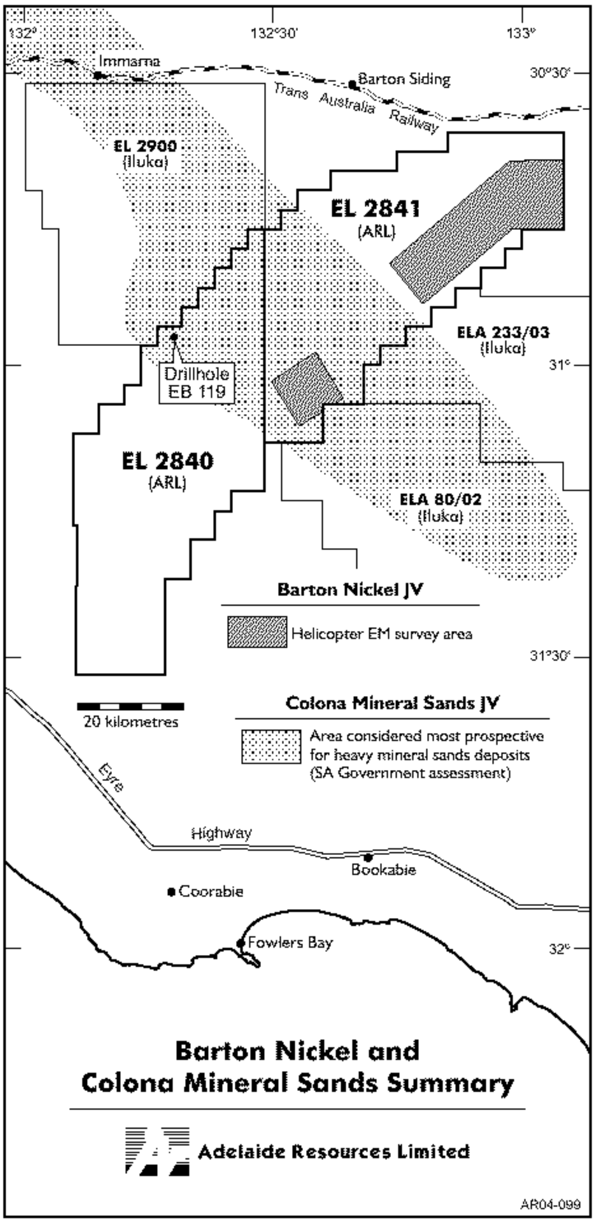
Drilling is expected to commence in the September quarter following receipt of relevant Government approvals. An Aboriginal heritage survey has recently been completed.

Iluka is the largest producer of zircon in the world and ranked second in global titanium minerals production and the Colona Joint Venture forms a part of a much larger Eucla Basin exploration initiative for the company.

Limited drilling by previous explorers intersected a zircon rich and high TiO2 ilmenite assemblage. The highest grade heavy mineral intersection so far returned from the region was in hole (EB119) within ARL's EL2840 near its northern boundary with EL2900 held by Iluka (see plan). This hole showed a high grade intersection of 27% heavy minerals over a 2 metre interval. The heavy mineral assemblage from this interval contains 51% zircon, 35% ilmenite and 3% rutile. An intersection of this grade and assemblage is an encouraging result.

Recent comprehensive analysis by South Australian Government geologists of Tertiary beach shorelines in the eastern Eucla Basin lead to the conclusion that this region is highly prospective and has the potential to host a world-class heavy mineral sand province.

There is a large potential supply deficit developing in the global zircon market with few major zircon rich deposits in the



development pipeline. There is therefore strong justification for active exploration for new deposits to meet longer term demand.■

Barton Nickel Joint Venture

Adelaide Resources 100%;
Inco Resources (Australia) Pty Limited earning 60%

With the objective of locating potentially nickel bearing conductive sulphide bodies, a helicopter electromagnetic survey (HEM) is scheduled to commence in the late July.

It is planned to fly 2,080 line kilometres of HEM over two areas of interest within EL 2841 with flight lines at 250 metre spacing. The survey will cover 520 sq km.

Should the survey detect high quality conductors, drilling such targets is planned for the latter part of 2004.■

Warramboo Iron Project

Adelaide Resources 100%

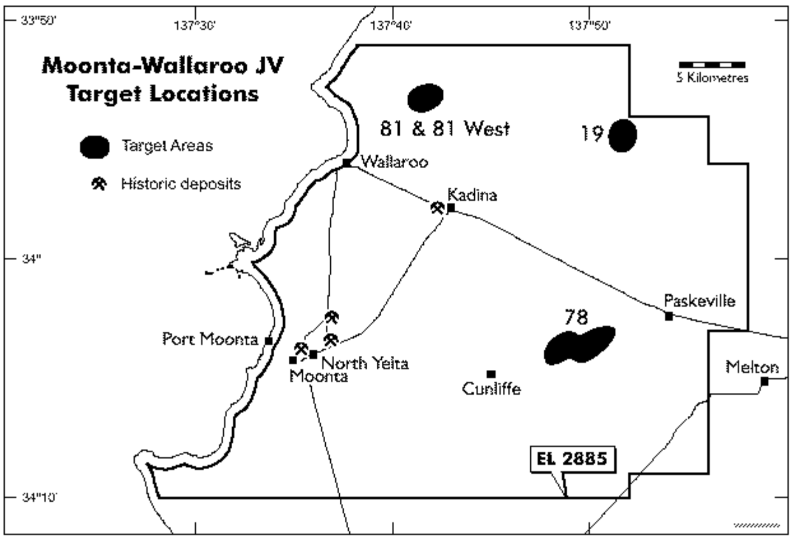
Discussions with interested parties are continuing.■

Moonta-Wallaroo Copper-Gold Joint Venture

Adelaide Resources 100%; Phelps Dodge Australasia, Inc. / Red Metal Limited Alliance earning 70%

During the quarter an infill calcrete soil sampling program totalling 841 samples was completed and a 600 metre mud drill/diamond core program commenced in late June. Soil calcrete sampling at Target 81 has discovered a previously untested zone of anomalous gold and copper extending for over one kilometre along a faulted contact between granite and metasediments. Values up to 58 ppb gold and 56 ppm copper within the zone are considered highly anomalous for this region. Soil calcrete sampling at Target 78 also discovered a 4 kilometre long zone of high copper values coincident with weak magnetic anomalies.

The current drill program will follow-up encouraging zones of secondary copper mineralisation of Target 81 West and Target 19 and the gold and copper soil calcrete anomaly at Target 81 (see plan). Results from this program will be reported before the end of the third quarter of 2004.■



corporate / finance

In competition with 363 submissions, Adelaide Resources was amongst a group of organisations receiving a Bronze Award from Australian Reporting Awards Inc. for its 2003 Annual Report.

As at 30 June 2004, the Company had available funds of $2.287 million comprising cash and term deposits of $1.734 million and liquid investments of $0.553 million.

Exploration expenditure by the Company during the June quarter was $52,000.

Expenditure incurred by joint venture parties on the Company's tenements during the quarter was $562,000.

Keith Yates - Executive Chairman
Signed on behalf of the Board of Adelaide Resources Limited

Dated: 22 July 2004

The information in this report insofar as it relates to ore or mineralisation is based on information compiled by K R Yates, who is a Corporate Fellow of the Australasian Institute of Mining and Metallurgy and who has a minimum of five years' experience in the field of activity being reported on.

Enquiries should be directed to Keith Yates, Executive Chairman.

SCHEDULE OF TENEMENTS AS 30 JUNE 2004

Project	Tenement	Area km^2	Registered Holder or Applicant	Nature of Company's Intererst %
South Australia				
Eyre Peninsula Joint Venture	EL 3185	332	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 3119	186	Adelaide Exploration Limited[1]	100 (Newmont Australia Limited earning 51)
	EL 3129	256	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2669	42	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2752	1161	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2806	320	Adelaide Exploration Limited and Olliver Geological Services	90 (Newmont Australia Limited earning 51)
	EL 2844	106	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2845	184	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2846 (Part)	699	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2869	2492	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 2981	232	Adelaide Exploration Limited and Olliver Geological Services	90 (Newmont Australia Limited earning 51)
	EL 3076	139	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 3085	326	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
	EL 3086	226	Adelaide Exploration Limited	100 (Newmont Australia Limited earning 51)
Warramboo Iron Project	EL 2846 (Part)	664	Adelaide Exploration Limited	100
Moonta Wallaroo Joint Venture	EL 2885 (Part)	1054	Adelaide Exploration Limited	100 (Phelps Dodge Australasia, Inc. earning 70)
	EL 2885 (Part)	106	Adelaide Exploration Limited	90 - option to acquire 100 from Breakaway Resources Limited (Phelps Dodge Australasia, Inc. earning 70)
Colona Joint Venture	EL 2840	1844	Adelaide Exploration Limited	100 (Iluka Resources Limited earning 51 - cover only)
Colona Joint Venture & Barton Joint Venture	EL 2841	1922	Adelaide Exploration Limited	100 (Iluka Resources Limited earning 51 - cover only, Inco Resources (Australia) Pty Limited earning 60 - basement only)
Bookabie Project	ELA 264/03	997	Adelaide Exploration Limited	100
Mount Woods South Joint Venture	EL 2901	410	Adelaide Exploration Limited	50 (Perilya Limited 50)
Anabama Project	EL 2980	500	Adelaide Exploration Limited	100

[1]Adelaide Exploration Limited (incorporated 13 July 2001) is a wholly-owned subsidiary of Adelaide Resources

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98

Name of entity

ADELAIDE RESOURCES LIMITED

ACN or ARBN	Quarter ended ("current quarter")
ACN 061 503 375	30 JUNE 2004

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to Date (12 months) $A'000
1.1	Receipts from product sales and related debtors		0	0
1.2	Payments for	(a) exploration and evaluation	(2) *	(260)
		(b) development	0	0
		(c) production	0	0
		(d) administration	(132)	(500)
1.3	Dividends received		0	0
1.4	Interest and other items of a similar nature received		33	134
1.5	Interest and other costs of finance paid		0	0
1.6	Income taxes paid		0	0
1.7	Other (Including project management fees)		174	236
	Net Operating Cash Flows		73	(390)
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	0	0
		(b)equity investments		
		(c) other fixed assets	0	(17)
1.9	Proceeds from sale of:	(a)prospects	0	0
		(b)equity investments	130	130
		(c)other fixed assets		
1.10	Loans to other entities		0	0
1.11	Loans repaid by other entities		0	0
1.12	Other (provide details if material		0	0
	Net investing cash flows		130	113
1.13	Total operating and investing cash flows (carried forward)		203	(277)

*** See Note 6**

1.13	Total operating and investing cash flows (brought forward)	203	(277)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	0	3
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	0	0
1.18	Dividends paid	0	0
1.19	Other - prospectus issue costs (placement)`	0	0
	Net financing cash flows	0	3
	Net increase (decrease) in cash held	203	(274)
1.20	Cash at beginning of quarter/year to date	1,531	2,008
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1,734	1,734

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	89
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Amount of $88,975 at 1.23 comprises consulting fees paid to related corporations of directors – ie K R Yates ($62,350), J P Horan ($16,625) plus directors fees – J P Horan ($5,000), K J A Wills ($5,000)

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure during the quarter by joint venture parties on tenements in which the Company has an interest, including expenditure by co-venturers on projects not managed by Adelaide Resources Limited, amounted to $562,000.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	100
4.2	Development	0
	Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	101	42
5.2	Deposits at call	1,633	1,489
5.3	Bank overdraft	0	0
5.4	Other (provide details)	0	0
	Total: cash at end of quarter (item 1.22)	1,734	1,531

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	NIL			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	**+Ordinary securities**	57,380,960	57,380,960	N/A	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.5	**+Convertible debt securities** *(description)*	Nil			
7.6	Changes during quarter (a) Increases through issues (b) Decreases througfh securities matured, converted				
7.7	**Options** *(description and conversion factor)*			*Exercise price*	*Expiry date*
	Note 1	200,000	Nil	*20*	*21 February 2005*
	Note 1	280,000	Nil	*6*	*20 September 2006*
	Note 1	150,000	Nil	*15*	*26 March 2007*
	Note 1	50,000	Nil	*13*	*16 May 2007*
	Note 1	950,000	Nil	*17*	*12 December 2007*
	Note 1	745,000	Nil	*20*	*22 December 2008*
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	**Debentures** *(totals only)*	Nil			
7.12	**Unsecured notes** *(totals only)*	Nil			

Note 1. Options issued under Employee Share Plan.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Print name: John P Horan Date: 22 June 2004
Director/Company Secretary

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

6 **Cash Expenditure** on all exploration projects managed by Adelaide Resources Limited, including those on behalf of Joint Ventures totalled $394,000 however reimbursements of $392,000 from Joint Venture participants included outstanding amounts from the previous reporting period, resulting in net cash expenditure on all exploration projects of $2,000. Cash expenditure on projects not charged to joint venture participants totalled $52,000.