



Adelaide Resources Limited
ABN: 75 061 503 375

Quarterly Report

Period ending 30 June 2015

Corporate Details

ASX Code: ADN (ordinary shares)
ADNO (listed options)

Cash at 30 June 2015:
\$1.611 million.

Issued Capital at 30 June 2015:
304,545,685 ordinary shares
37,222,104 listed options
750,000 performance rights

Directors:

Colin G Jackson
Non-executive Chairman

Chris Drown
Managing Director

Nick Harding
Executive Director and
Company Secretary

Jonathan Buckley
Non-executive Director

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Overview

Drummond epithermal gold (100% interest)

- Surface rock chips return multiple one ounce plus gold results from outcropping veins at South West Limey Dam prospect.
- Government, landowner, and Native Title approvals secured with an inaugural diamond drilling programme scheduled in July.

Eyre Peninsula gold (100% interest)

- Seven hole diamond drilling programme completed at Barns and Baggy Green gold prospects – assay results pending.
- Large, low-grade combined Exploration Target estimated for the two prospects.

Moonta copper (100% interest)

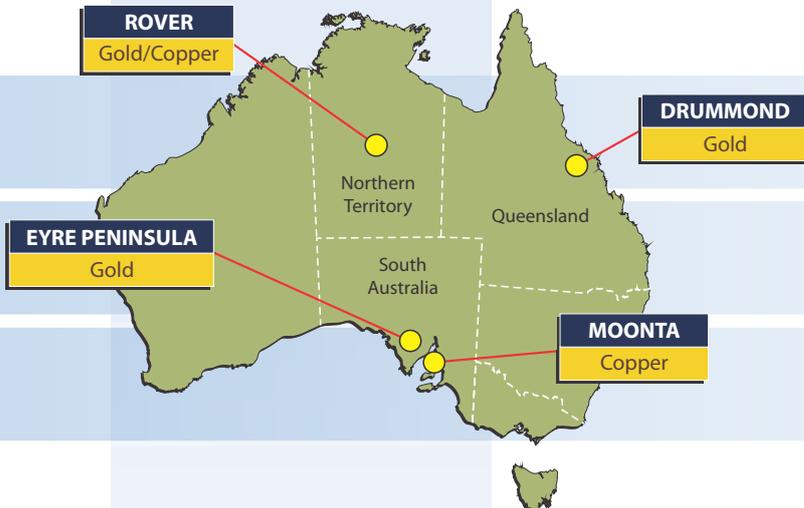
- Eight hole reverse circulation drilling programme confirmed depth continuity at the Alford West copper prospect.
- Intersections of 6 metres at 1.12% copper, 9 metres at 1.01% copper, 17 metres at 0.41% copper, and 11 metres at 0.54% copper achieved.
- The 3-D model of the Alford West deposit will be updated with a view to releasing a resource calculated under JORC guidelines.

Thurlga JV (100% diluting to 25% interest)

- First-pass soil geochemistry delineates eleven coherent anomalies coincident with preliminary magnetic targets.
- Follow-up soil sampling programme commenced.

Finance

- The Company's cash position stood at \$1.611 million at period end.



Chris Drown
Managing Director
1 July 2015

Direct enquiries to:
(08) 8271 0600 or
0427 770 653.

Managing Director's review

The Company is in the midst of one of its most concerted series of exploration drilling programmes in years. The diamond drilling planned in July on the Drummond epithermal gold project in Queensland will be the Company's fourth drilling programme undertaken across three projects in calendar 2015.

The current subdued levels of exploration activity by others has improved rig availability and pricing leading to more metres for each shareholder dollar. The market's revitalised interest in gold has also seen a shift in our commitment to the metal.

The Drummond project has delivered further excellent results during the quarter, with ounce plus gold assays returned for multiple rock chip samples collected from surface at the South West Limey Dam prospect.

We can say with confidence that this prospect is an epithermal mineral system geologically similar to the plus 3-million ounce Pajingo deposit; that the overall system is of reasonable dimension; and that it contains high grade gold at surface in places. We further interpret our data to suggest that other potential gold zones may remain fully preserved at depth in other parts of the prospect. All required approvals are now in place clearing the way to conduct the July drilling programme.

Recently completed modelling of historical drill data from the Barns and Baggy Green gold prospects on Eyre Peninsula highlighted the potential for significant tonnages of low-grade mineralisation, prompting our first gold-focused exploration programme in that district in ten years.

A diamond drilling programme at Barns and Baggy Green was completed in late June and we await assay results. The presence in the drill core of mineral assemblages we know to be associated with gold, together with the presence of rare visible gold grains, suggest that we will be able to report additional gold intersections.

During the quarter we released the results of reverse circulation drilling completed at the Alford West prospect on the Moonta copper project. The results confirm that moderate grade copper extends to depth below the previous aircore drilling at both the Larwood and Bruce zones, and that the deposit remains open at depth.■

Eyre Peninsula gold

Exploration Target for Barns and Baggy Green

The last significant gold exploration programme on the Eyre Peninsula tenements was completed over 10 years ago. At that time gold was trading at about A\$550/ounce, compared with current levels of around A\$1,500/ounce.

This significant increase in gold price, coupled with renewed market interest in gold, prompted the Company to reassess historical exploration data from the 100% owned Barns and Baggy Green prospects, which are located about 5 km apart.

Based upon recent 3-D modelling of historical drill results, to a depth of 200 metres below surface the Company estimates a combined Exploration Target ranging from 20 to 40 million tonnes at a grade ranging from 0.4g/t gold to 0.6g/t gold within the broad mineralised envelopes that enclose gold mineralisation at Barns and Baggy Green (see ADN ASX release dated 14 May 2015). The potential tonnage and grade of the Exploration Target is conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource, and it remains uncertain if further exploration will result in the estimation of a Mineral Resource.

Multiple lodes of narrower but higher grade mineralisation occur within the broad mineralised envelopes at both prospects. These higher grade zones may allow the future estimation of lower tonnage but higher grade resources.

Diamond drilling programme

As a first step to test the validity of the Exploration Target, a diamond drilling programme targeting both Barns and Baggy Green was completed during the quarter. Seven holes for 1,287 metres were drilled in total, with four holes completed at Barns and three at Baggy Green.

Assaying of the drill core is now underway with results anticipated in July. Observation of the core reveals the presence of rare grains of native gold and of intervals exhibiting sericite alteration and sulphides which are known to be associated with gold mineralisation. The Company is therefore optimistic that it will be able to report additional gold intersections upon receipt of assays.■

Moonta copper

Reverse circulation drill programme

The Company's first deeper reverse circulation (RC) drilling was completed at Alford West in April, and comprised eight holes totaling 1,618 metres at the Bruce and Larwood zones.

The RC hole results confirm that sulphide mineralisation continues at depth with broad, moderate grade copper zones encountered in deep, variably weathered zones. The main copper bearing mineral observed is chalcocite, with rare chalcopyrite and some native copper.

Notable intersections recorded at Bruce include 20 metres at 0.56% copper and 0.11g/t gold from 131 metres downhole in AWRC006, including 6 metres at 1.12% copper and 0.17g/t gold from 135 metres. These intersections fall within an almost continuously mineralised interval totalling 134 metres at 0.31% copper and 0.07g/t gold. AWRC008 intersected 9 metres at 1.01% copper and 0.08g/t gold from 170 metres.

Notable intersections from Larwood include 17 metres at 0.41% copper and 0.19g/t gold from 93 metres downhole in AWRC002, and 11 metres at 0.54% copper and 0.12g/t gold from 166 metres downhole in AWRC004.

Resource modeling

Coherent bodies of copper, gold and molybdenum mineralisation extend for a combined strike length of 1.3 km at the Bruce and Larwood zones. Mineralisation grades in the many drill intersections achieved to date at Larwood and Bruce vary from around 0.3% copper to over 2.0% copper, while gold and potentially also molybdenum are present at grades that could make a positive contribution to project economics.

The Company will focus its efforts on updating the Alford West 3-D model with the new RC results as a step towards determining a resource calculated under JORC guidelines for that part of the deposit drilled to date.

As the deposit remains open at depth, further deeper drilling is warranted. The Company may also explore potential opportunities to co-fund future exploration activities at Moonta with the view to both de-risking the project financially and accelerating its development progress. ■

Drummond epithermal gold

Rock chip samples record high grade gold at surface

During the quarter, forty six new rock chip samples of quartz vein material were collected from the Alexandra, Nadia and Anna veins, all of which are located at the broader South West Limey Dam prospect.

The Alexandra vein samples recorded a number of very high grade gold assays including 51.5g/t gold, 31.0g/t, 26.9g/t and 21.7g/t gold. The east-west trending Alexandra vein has been traced along strike for 260 metres, with the high grade samples present over a 50 metre long section of the vein.

New results from the nearby Nadia vein include 34.2g/t gold, 7.99g/t, 4.49g/t, and 3.10g/t gold additional to past results of 55.4g/t and 9.32g/t gold. The east-west Nadia vein has been mapped over 95 metres with the high grade samples located on a 30 metre long section of the vein.

The north-south striking Anna vein has been traced for over 750 metres along the western edge of the South West Limey Dam prospect. Anna is divided into a 170 metre long northern section and a 580 metre long southern section based on topographic position and vein textures. New rock chip results from the northern part of the Anna vein include 6.93g/t gold and 4.53g/t gold, which add to past results of 6.33g/t, 1.61g/t and 1.15g/t gold.

An outcrop of siliceous rock interpreted to be a sinter (Max's Sinter) was located about 1 km from the South West Limey Dam prospect. In epithermal systems, sinters form at the land surface as flat lying terraces of banded silica around volcanic hot springs and imply that the entire underlying epithermal system, including any associated gold-bearing zone, will remain preserved at depth.

Drill programme

The Company will commence its maiden drill programme at the South West Limey Dam prospect in July, with 1,200 metres of diamond drilling planned. Holes will target the Alexandra, Nadia and Anna veins while additional holes will also target the southern part of the Anna vein to test for a preserved gold zone at depth.

All required government, landowner and native title approvals have now been secured, while an aboriginal heritage survey has been completed clearing the way for drilling to commence. The drill programme will be partly funded through a grant of up to \$100,000 from the Queensland Government through its Collaborative Drilling Initiative scheme.

New tenement granted

Wholly owned EPM 25660 was granted on 26 May 2015. The new tenement secures 74 km² of ground to the east and south of the first project tenement, EPM 18090. Historical rock chip sampling of outcropping quartz veins located on EPM 25660 recorded anomalous gold (to 5.16g/t) and arsenic (to 271ppm).■

Thurlga Joint Venture

Joint venture milestone met

Investigator Resources Limited has met its initial \$200,000 commitment and has elected to continue with the second stage that allows it to earn 75% equity in the joint venture by spending an additional \$550,000 by 30 June 2017.

New targets delineated

An assessment of recently acquired airborne magnetic data, together with first pass soil sampling undertaken over much of the Joint Venture tenement, has generated eleven new gold, copper and silver target zones.

Six of the targets are of similar size and geological position to the nearby Paris silver deposit and represent high priority targets. Joint Venture manager Investigator Resources is maintaining momentum with a programme of infill soil sampling and prospecting currently underway.■

Rover copper-gold

Rover was idle during the quarter with the exploration team focused on Moonta, Eyre Peninsula and Drummond.■

Finance

The Company had \$1.611 million in cash and term deposits at 30 June 2015. A Research and Development refund of \$231,000 was received during the quarter. The Company will release its June 2015 Cashflow Report as soon as the quarterly accounts are finalised.

The Company continues to monitor progress on the federal government's Exploration Development Tax Incentive (EDI) scheme.■



Drill core from Barns gold prospect on Eyre Peninsula.

Competent Person Statement and 2012 JORC Compliance Notes

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drown is employed by Drown Geological Services Pty Ltd and consults to the Company on a full time basis. Mr Drown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information contained in the report relating to exploration completed prior to 1 Dec 2013 by the Company and other explorers was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information contained in the report relating to exploration completed since 1 Dec 2013 has previously been reported in accordance with the JORC Code 2012, see ADN's ASX releases dated 14 May 2015, 19 May 2015, 3 June 2015 and 16 June 2015, and IVR's ASX releases dated 28 April 2015 and 20 May 2015.