



ASX announcement

13 October 2015

Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.670 million

Issued Capital:

304,545,685 ordinary shares

37,222,104 listed options (ADNO)

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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Fact:

The first recorded discovery of epithermal style gold in the Drummond Basin was at Mt Coolan in 1913. The Scott Lode at Pajingo was discovered in 1984.

Drummond epithermal gold project (100% owned), Queensland

High grade gold improves Bunyip target credentials.

Summary

- Follow-up rock chip sampling at the Bunyip prospect has returned a number of positive results including a high grade of 19.65g/t gold.
- Silver is present to a maximum of 9.1g/t, while the epithermal pathfinder metals arsenic, molybdenum and antimony are present at elevated levels.
- Detailed mapping confirms the combined strike length of quartz veins and associated siliceous alteration zones to be approximately 2,000 metres.
- Further occurrences of high level epithermal features including sinter beds, geyserite and clay alteration have been located in the vicinity of the prospect, and together with the quartz vein textures continue to support the presence of preserved gold targets at depth.
- **Funds raised through the currently open Share Purchase Plan offer will in part be directed to complete the first drill testing of the promising Bunyip target.**
- **Shareholders are reminded that the Share Purchase Plan closes at 5:00pm (CST) on Friday 16 October.**

Chris Drown
Managing Director

Direct enquiries to Chris Drown. Ph (08) 8271 0600 or 0427 770 653.

Introduction

Adelaide Resources holds two tenements that cover 270 square kilometres of ground in the Drummond Basin in Queensland (Figure 1). The Drummond Basin is prospective for high grade epithermal gold deposits exemplified by the Pajingo Field which, to date, has produced over 3 million ounces of gold.

On 29 September 2015 the Company announced it had defined a new gold prospect called Bunyip located on EPM 25660 (Figure 1).

Initial work completed by the Company at Bunyip included mapping, rock chip sampling and assaying, and an FPXRF soil geochemical survey to map epithermal pathfinder metal anomalism.

The mapping delineated a well-developed set of quartz veins displaying epithermal textures, while a number of sinter bed occurrences were located in the vicinity of the veins.

The rock chips returned anomalous gold to a maximum of 0.23g/t gold, as well as indicating the presence of anomalous arsenic and molybdenum pathfinder metals.

The FPXRF soil geochemistry mapped strongly developed and large arsenic and molybdenum anomalies associated with the quartz veins.

Follow-up exploration

Following the positive initial Bunyip results a further programme of rock chip sampling and mapping has been completed.

The veins at Bunyip have been mapped out in greater detail, with the current interpreted extent of the veins shown on Figure 2. Gold-bearing rock chip samples are annotated, while selected samples containing anomalous arsenic and molybdenum are also shown.

One recently assayed sample recorded 19.65g/t gold and 9.1g/t silver, a high grade result which confirms that the Bunyip system has potential to deliver a high grade gold discovery.

Other new rock chip gold results of note include samples which assayed 0.66g/t, 0.59g/t, 0.41g/t and 0.41g/t gold.

Significant epithermal pathfinder metals arsenic (to 309ppm), molybdenum (to 96ppm), and antimony (to 12ppm) are also present in the vein samples.

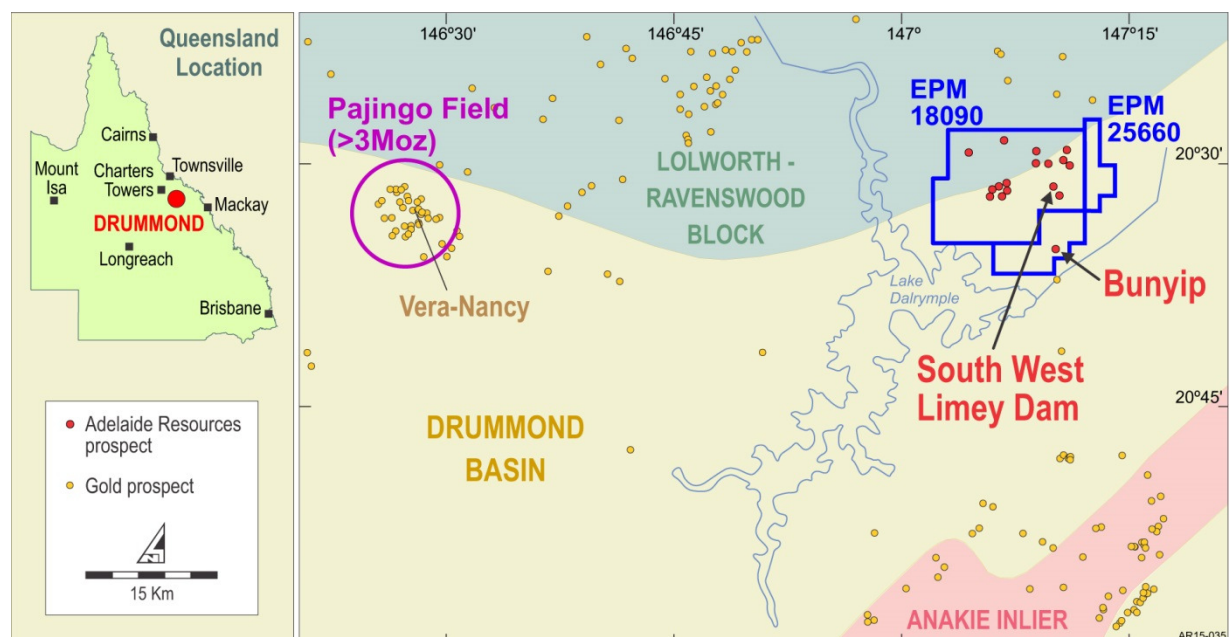


Figure 1: Drummond Epithermal Gold Project location plan.

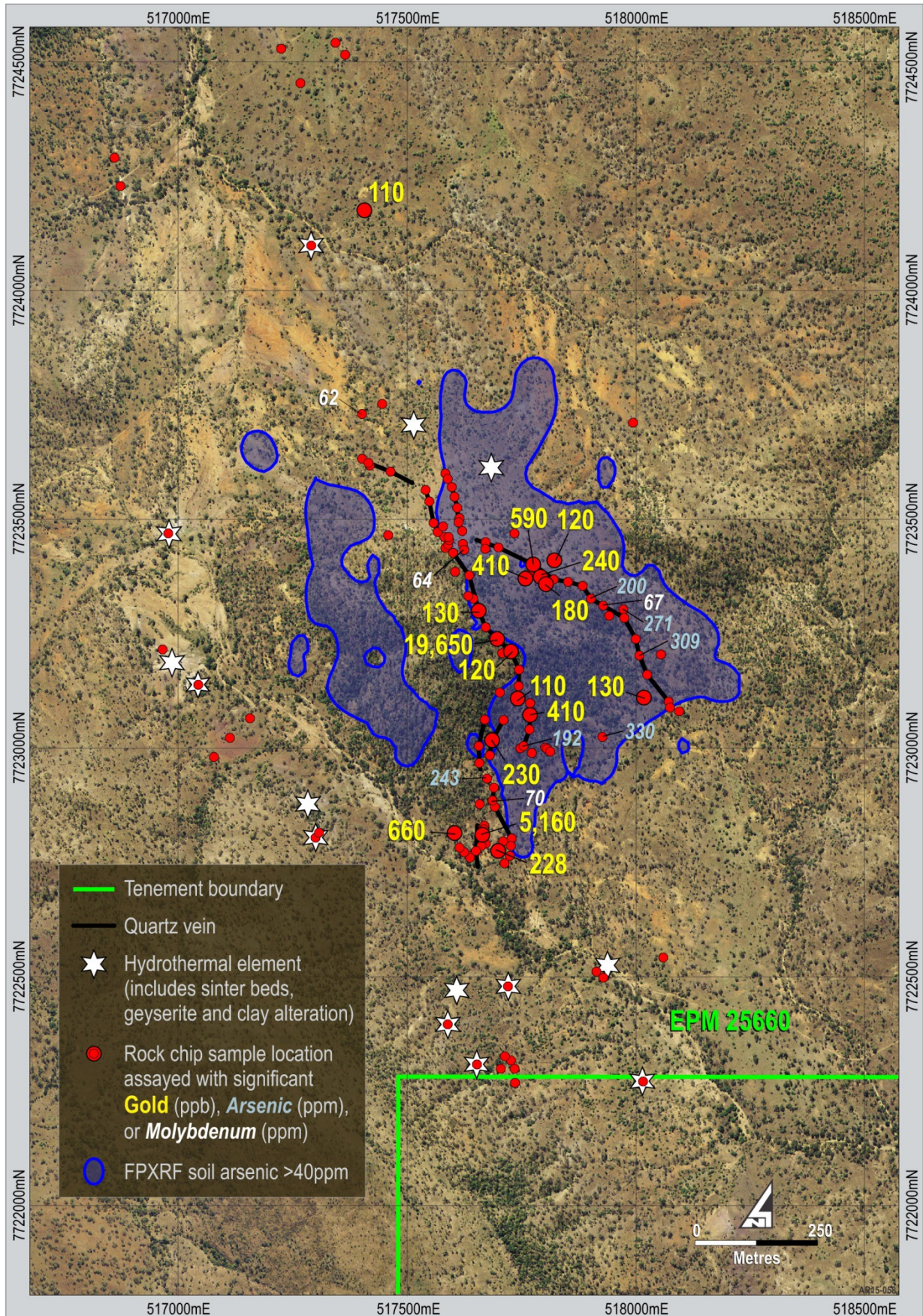


Figure 2: Bunyip prospect summary plan.

The combined strike length of outcropping quartz veins including their associated zones of silicification is approximately 2,000 metres. The main north trending veins are intersected by a northwest trending vein, with veins in both orientations mineralised.

The textures observed in the outcropping Bunyip veins are dominated by mostly fairly massive chalcedony with rarer samples displaying bladed textures and others exhibiting crude colloform banding (see Plates 1 and 2).

Mapping in the vicinity of the Bunyip veins had discovered further occurrences of very high level epithermal elements. These include sinter beds, geyserite (silica formed around the mouth of hot springs and geysers) and zones of clay-jarosite-gypsum alteration as shown on Figure 2.



Plate 1: High grade colloform textured quartz vein. Sample assays 19.65g/t gold and 9.1g/t silver. Sample approx. 14cm wide.



Plate 2: Quartz vein displaying weak colloform banding. Sample assays 0.41g/t gold, 0.9g/t silver and 96ppm arsenic. Sample approx. 18cm wide.

Discussion

The textures observed in the Bunyip veins exposed at the current land surface are consistent with them being from the upper levels of an epithermal system.

The cluster of shallow level epithermal system elements, such as the sinter beds, are likewise consistent with an epithermal system that has suffered only modest erosion.

Both of these lines of evidence strongly support the interpretation that the target gold bearing level of the system remains preserved at depth.

The presence of anomalous gold in the dominantly high epithermal level chalcedonic veins at Bunyip and of rare high grade samples such as the recent 19.65g/t gold sample, are likewise seen as highly encouraging signs that drilling to test deeper levels of this system could be fruitful.

An aboriginal work area clearance is scheduled to be conducted later this week and other statutory approvals will also be sought preparatory to conducting an initial drilling programme at Bunyip.

In this regard, a portion of the funds raised through the currently open Share Purchase Plan offer will be directed to complete the first drill testing of the promising Bunyip target.

Shareholders are reminded that the Share Purchase Plan closes at 5:00pm (CST) on Friday 16 October, and are encouraged to participate.

Competent Person Statement and JORC 2012 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.

1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none">• Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand held XRF instruments, etc) These examples should not be taken as limiting the broad meaning of sampling.• Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.• Aspects of the determination of mineralisation that are Material to the Public Report.• In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	<ul style="list-style-type: none">• Rock chip samples were collected on an opportunistic basis from outcropping veins displaying epithermal textures and from the vein host rocks.• By their nature rock chip samples are not considered to be samples of high representivity.
Drilling Techniques	<ul style="list-style-type: none">• Drill type (air core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is orientated and if so, by what method, etc).	<ul style="list-style-type: none">• No drilling results are included in the report.
Drill Sample Recovery	<ul style="list-style-type: none">• Method of recording and assessing core and chip sample recoveries and results assessed.• Measures taken to maximise sample recovery and ensure representative nature of the sample.• Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of coarse/fine material.	<ul style="list-style-type: none">• No drilling results are included in the report.
Logging	<ul style="list-style-type: none">• Whether core and chip samples have been	<ul style="list-style-type: none">• No drilling results are included

	<p><i>geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<p>in the report.</p>
<p><i>Sub-sampling techniques and sample preparation</i></p>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • No sample preparation was completed on the rock chips other than crushing and pulverising by the analytical laboratory, which is the standard preparation used for rock chip samples. • The sample sizes are considered appropriate for epithermal gold which is present as very fine (micron sized) grains. • Sample points were located using a GPS with an estimated accuracy of +/- 5 metres.
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and mode, reading times, calibration factors applied and their derivation, etc.</i> • <i>Nature and quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Rock chips were assayed in a commercial lab using standard methods. • Gold was determined by fire assay with AAS finish utilising a 30gm charge weight. • Other metals were determined using four-acid digest with ICP-AES finish. • Company and laboratory QA/QC samples were introduced into the rock chip assay stream. • No calibration factors have been applied to results reported.
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical or electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • No drilling results are included in the report. • No assay results have been adjusted.
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • Rock chip sample points were collected using a GPS with an accuracy of +/- 5 metres. • GDA94 (Zone 55)
<p><i>Data spacing and distribution</i></p>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s)</i> 	<ul style="list-style-type: none"> • The rock chip samples were collected on an opportunistic basis. The data is not appropriate for use in estimating a Mineral Resource

	<p><i>and classification applied.</i></p> <ul style="list-style-type: none"> • <i>Whether sample compositing has been applied.</i> 	and is not intended for such use.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> • The rock chip samples were collected on an opportunistic basis and it is unknown if this results in biased or unbiased sampling.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • The rock chip samples were collected by the MD, then packaged and delivered to the laboratory by either the MD or a senior company executive.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data</i> 	<ul style="list-style-type: none"> • No audits or reviews of sampling techniques have been completed.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section may apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • <i>Type, reference name/number, location and ownership including agreements of material issues with third parties such as joint ventures, overriding royalties, native titles interests, historical sites, wilderness or national park and environmental settings.</i> • <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.</i> 	<ul style="list-style-type: none"> • The area the subject of this report falls within EPM 25660, which is 100% owned by Adelaide Exploration Pty Ltd, a wholly owned subsidiary of Adelaide Resources Limited. • There are no third party agreements, non govt royalties, or historical sites known. Underlying land title is Pastoral leasehold. The tenement area is covered by a Native Title claim and an Exploration Agreement has been executed with the Native Title Claimants. • EPM 25660 is in good standing.
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgement and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • The general area the subject of this report has been explored in the past by ACM Minerals. The Company has reviewed past exploration data generated by that company.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Deposits in the general region are considered to be of low sulphidation epithermal vein style.
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>Easting and northing of the drill collar</i> 	<ul style="list-style-type: none"> • The report does not include drilling results.

	<ul style="list-style-type: none"> ○ <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill collar.</i> ○ <i>Dip and azimuth of the hole.</i> ○ <i>Down hole length and interception depth.</i> ○ <i>Hole length.</i> <ul style="list-style-type: none"> ● <i>If the exclusion of this information is justified on the axis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	
Data aggregation methods	<ul style="list-style-type: none"> ● <i>In reporting Exploration Results, weighting averaging techniques, maximum and/ or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> ● <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in some detail.</i> ● <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> ● The report does not include drilling results.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> ● <i>These relationships are particularly important in the reporting of Exploration Results.</i> ● <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> ● <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> ● The report does not include drilling results.
Diagrams	<ul style="list-style-type: none"> ● <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> ● Appropriate maps are included as Figures 1 and 2 in the report.
Balanced Reporting	<ul style="list-style-type: none"> ● <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> ● All rock chips assaying over 100ppb gold are shown on Figure 2.
Other substantive exploration data	<ul style="list-style-type: none"> ● <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, ground water, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> ● Epithermal elements such as sinters which are material to the interpretation are discussed and shown on Figure 2.
Further work	<ul style="list-style-type: none"> ● <i>The nature and scale of planned further work (eg tests of lateral extensions or depth extensions or large scale step-out drilling).</i> ● <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> ● The report advises that the company is planning to complete a work area clearance leading to drilling of the Bunyip prospect.