



Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.910 million

Issued Capital:

357,922,352 ordinary shares

37,222,104 listed options (ADNO)

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 Drummond Basin's 0.6Moz Yandan epithermal gold deposit was discovered by WMC in 1987 after following up a single anomalous stream sediment sample that assayed 34ppb Au, 30ppm As and 5ppm Sb.



ASX announcement

23 February 2016

Drummond epithermal gold project (100% owned), Queensland

Drummond epithermal gold holdings triple with new tenement applications.

Summary

- Two new tenement applications will triple the size of the Company's holdings over gold prospective ground in the Drummond Basin in Queensland.
- The new applications secure an additional 564 square kilometres of ground, with a total area of 838 square kilometres now held by the Company.
- The applications were made on vacant ground and all Company Drummond tenements are wholly owned.
- Geological mapping completed by the Queensland Geological Survey records exposures of Drummond Basin group rocks and, in one block, rocks of the older Anakie Inlier basement which also hosts gold mineralisation.
- Historical gold prospects and occurrences are located on the new tenements, with records suggesting they include prospects of epithermal style.

Upon grant, the Company plans to complete an initial programme of rock chip sampling, surface geochemistry and geological mapping to define further gold targets.

Chris Drown
Managing Director

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

Introduction

Applications for two new exploration tenements have been lodged in the Drummond Basin in Queensland, tripling in size the area held by Adelaide Resources Limited.

The two new applications, EPM 26154 and EPM 26155, cover a combined area of 564km², and together with existing titles, expand the total area held to 838km² (Figure 1).

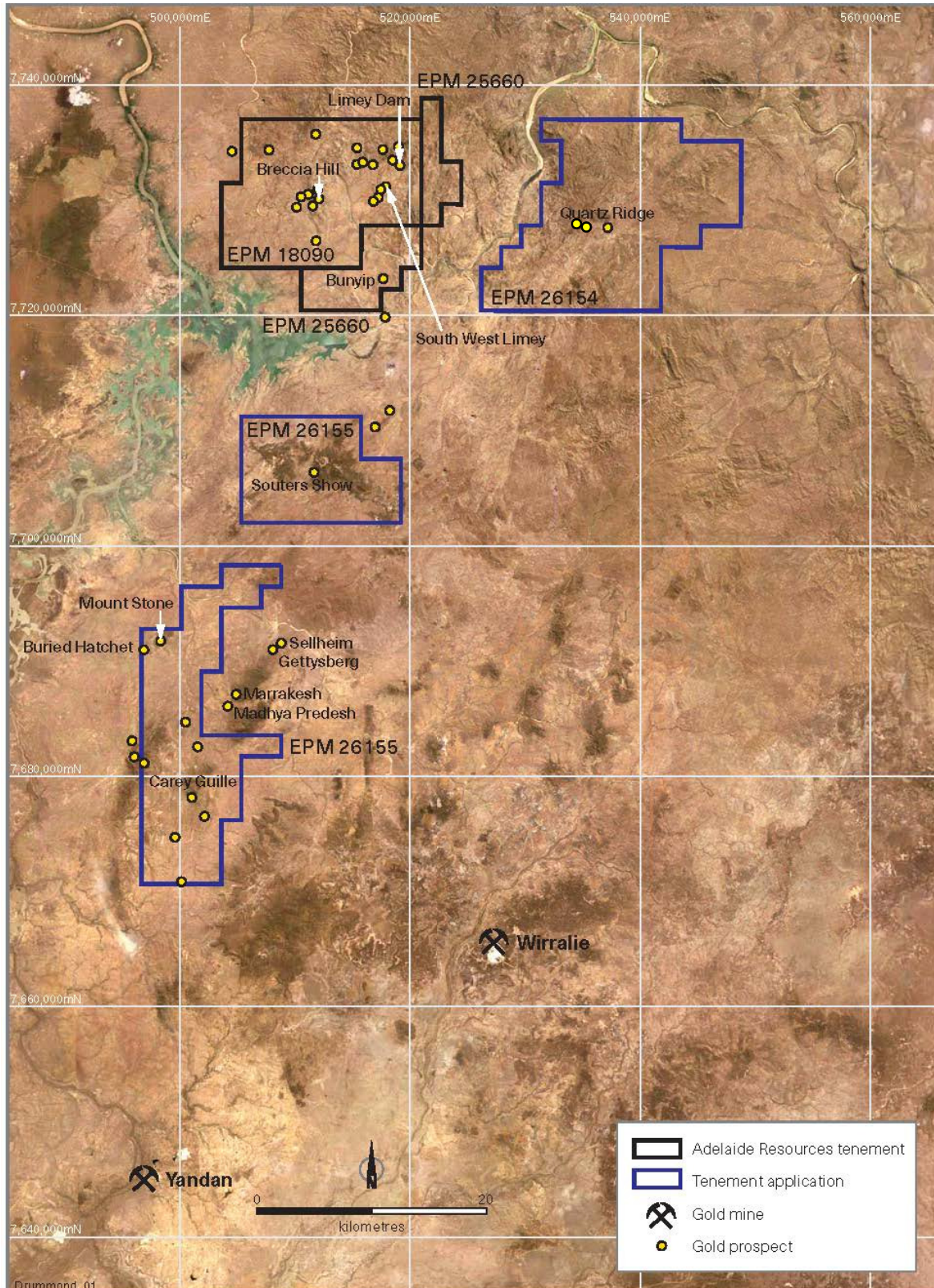


Figure 1: Plan of Drummond Epithermal Gold tenements showing new applications.

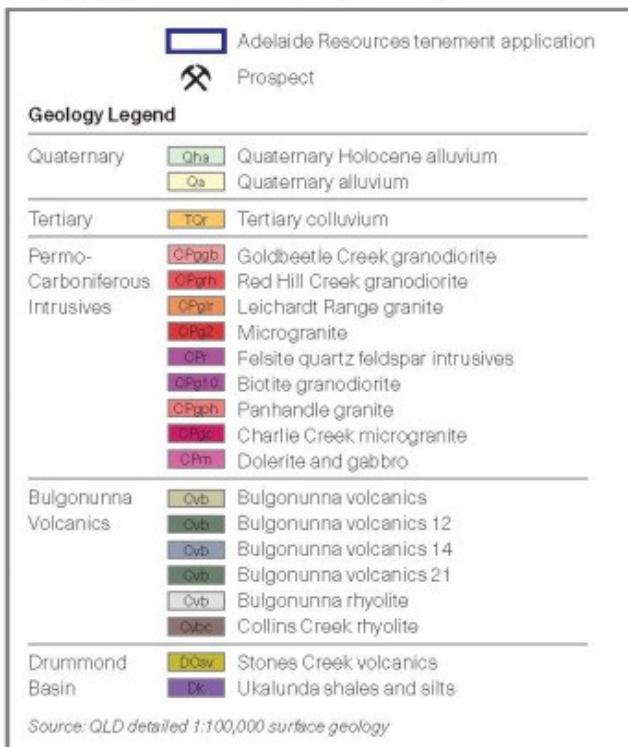
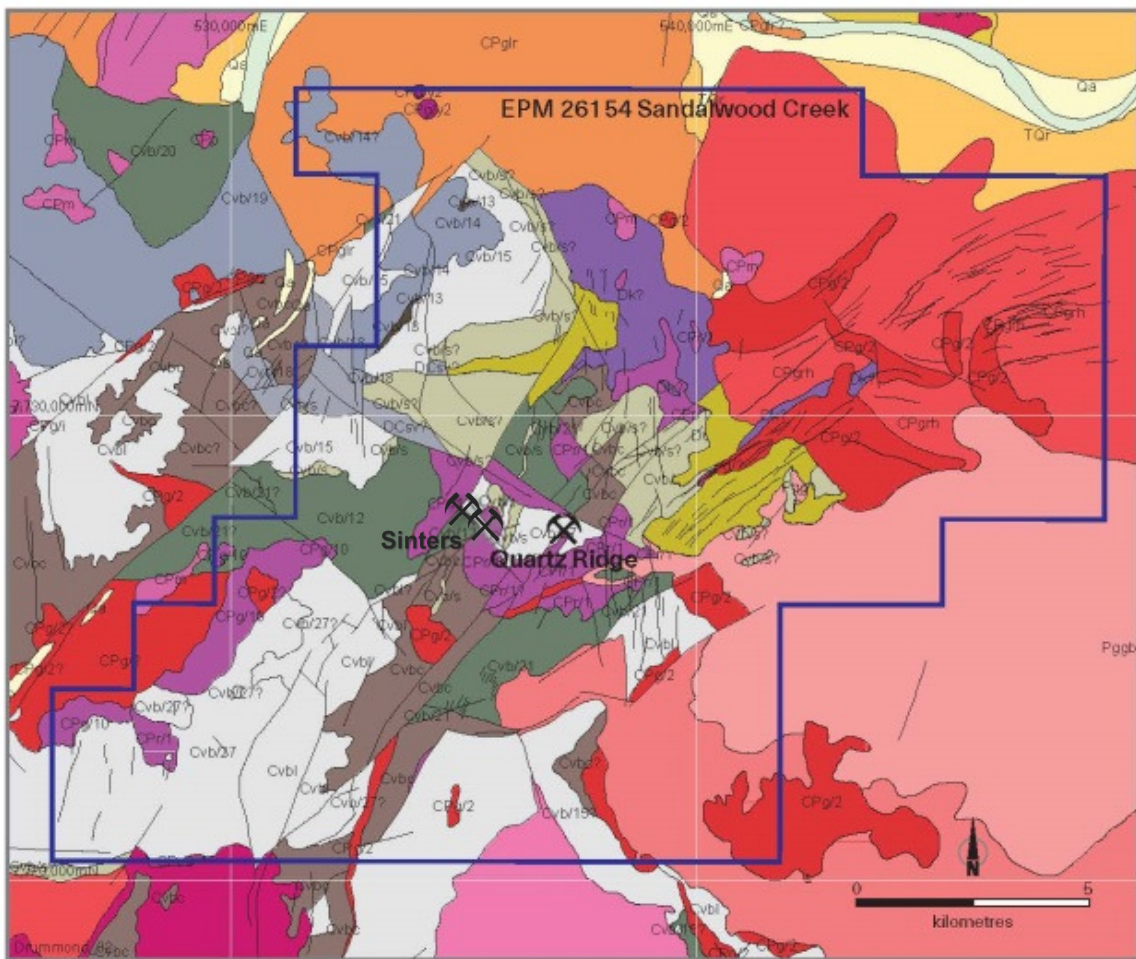


Figure 2: Geology plan of EPM26154 "Sandalwood Creek"

EPM 26154 "Sandalwood Creek"

EPM 26154 lies to the east of granted licences EPM 18090 and EPM 25660. Detailed geological mapping completed by the Queensland Geological Survey records areas of outcropping Drummond Basin lithologies (Figure 2).

The Drummond Basin units on EPM 26154 include areas interpreted to be Stones Creek Volcanics which host epithermal gold prospects like South West Limey Dam on nearby EPM 18090.

The area also contains the intersection of two dike swarms that are also potential "mineralisers".

The Quartz Ridge prospect (Figure 2) is described as a 150 metre long northeast trending zone of low-sulphidation epithermal quartz veining. Historical rock chip sampling returned multiple samples assaying over 1g/t gold, with maximum precious metal results of 9.5g/t gold and 201g/t silver. Seven diamond holes were drilled by previous explorers, with anomalous gold (to 0.16g/t) and silver (to 25.9g/t) intersected.

Outcrops of sinter located west of Quartz Ridge (Figure 2) have textural and geochemical characteristics typical of the upper parts of epithermal vein systems. The sinters are associated with weak to moderate gold, silver and antimony anomalism and have not been tested by drilling.

EPM 26155 “Mount Wyatt”

EPM 26155 “Mount Wyatt” is located to the south of the Company’s granted titles and is split into a northern and southern block (Figure 1).

The geology of the southern block is dominated by Drummond Basin units in the north and older Anakie Inlier units in the south (Figure 3a).

Recorded prospects in the Drummond sequences include Mount Stone, a three kilometre long, 100 metre wide hydrothermal breccia pipe-vein system; and the Buried Hatchet prospect, where rock chip samples recorded up to 62g/t gold. Limited drilling at both prospects failed to intersect significant gold intervals, however they confirm potential mineralising processes have occurred.

The Anakie Inlier also hosts gold mineralisation. At the Carey Guille prospect highly anomalous stream sediment samples were found in creeks draining an area of gossanous quartz-

sulphide veining in altered metasediments. Surface trenching delivered 70 metres at 0.22g/t gold with individual assays to 1.0g/t gold. Limited drilling returned a best intersection of 1 metre at 1.3g/t gold.

East of the tenement significant results have been reported¹ from the Sellheim-Gettysburg-Marrakesh-Madhya Pradesh line of prospects which occur near the contact of Anakie Inlier and Drummond Basin rocks. Drill intersections include 35 metres at 6.1g/t gold and 8 metres at 18.1g/t gold.

The northern block of EPM 26155 covers Drummond Basin units intruded by Permo-Carboniferous intrusives (Figure 3b). The Souters Show prospect is described as a small abandoned copper mine.

Discussion

Historical gold prospects on the two new applications include likely epithermal systems in the Drummond Basin rocks, and possibly Sellheim-Gettysburg-Marrakesh-Madhya Pradesh style mineralisation near the contact with the Anakie Inlier.

The 1.1Moz Wirralie and 0.6Moz Yandan deposits (Figure 1) are also located in Drummond Basin rocks near the contact of the Anakie Inlier, and the ~10km long contact zone in EPM 26155 represents an interesting area.

The Company is planning further surface based exploration including rock chip sampling and soil geochemistry on its granted Drummond Basin tenements in the first half of 2016. This approach has been successfully employed to cost effectively define drill targets at the South West Limey Dam and Bunyip prospects, and similar programmes are planned on the two new EPMs once granted.

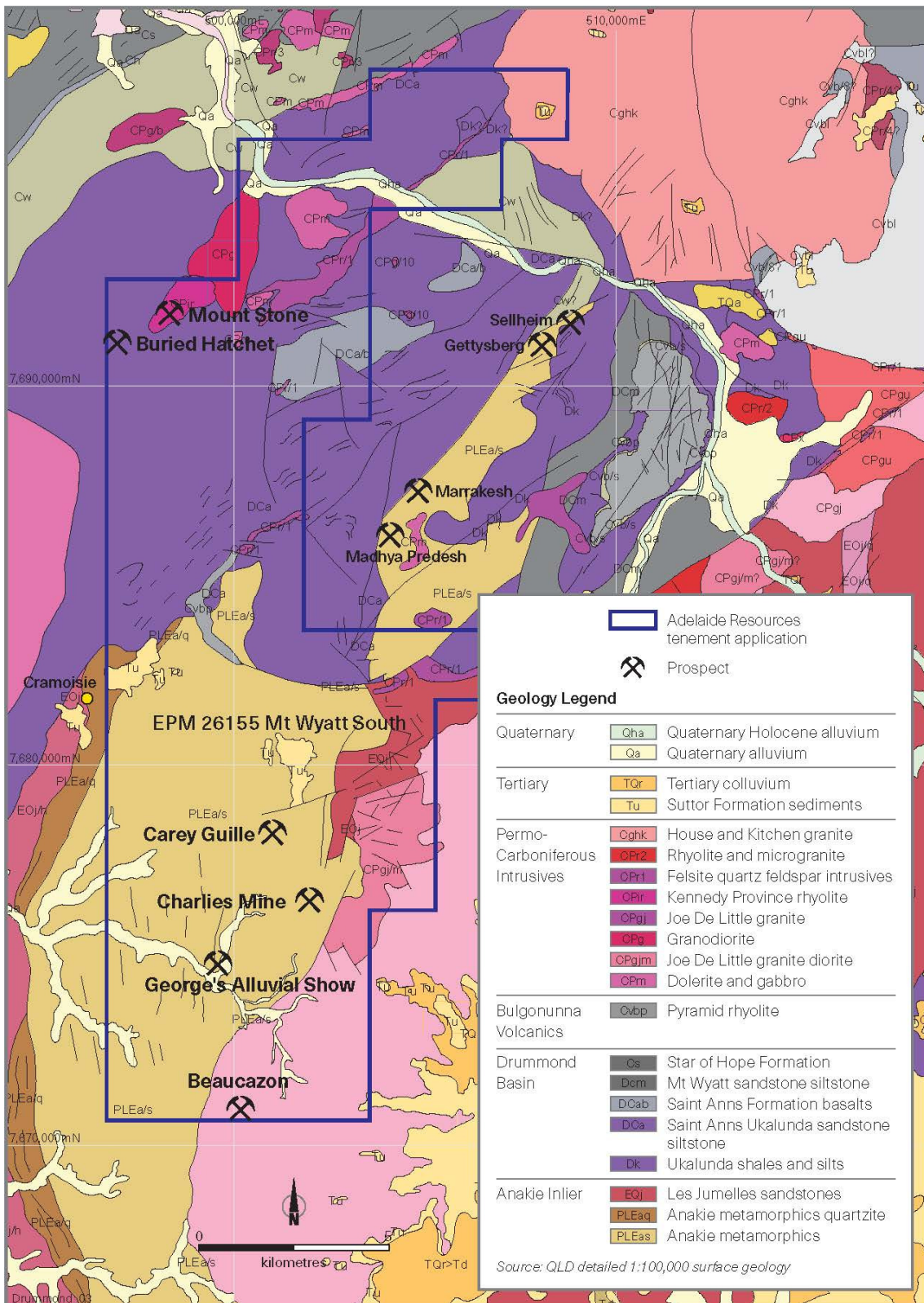


Figure 3a: Geology plan of EPM26155 "Mt Wyatt South"

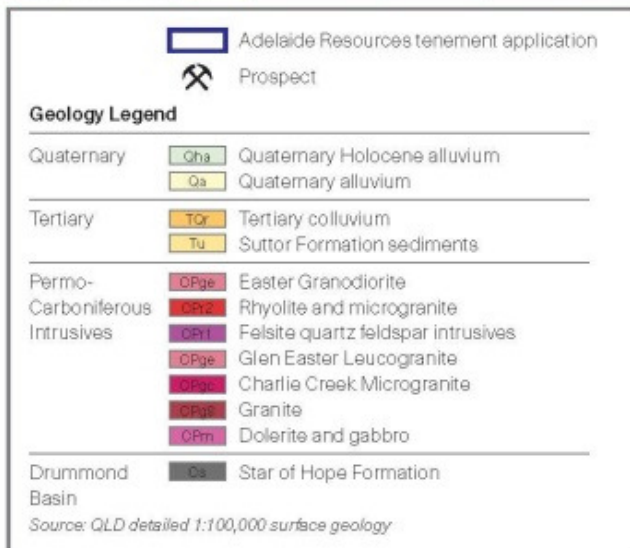
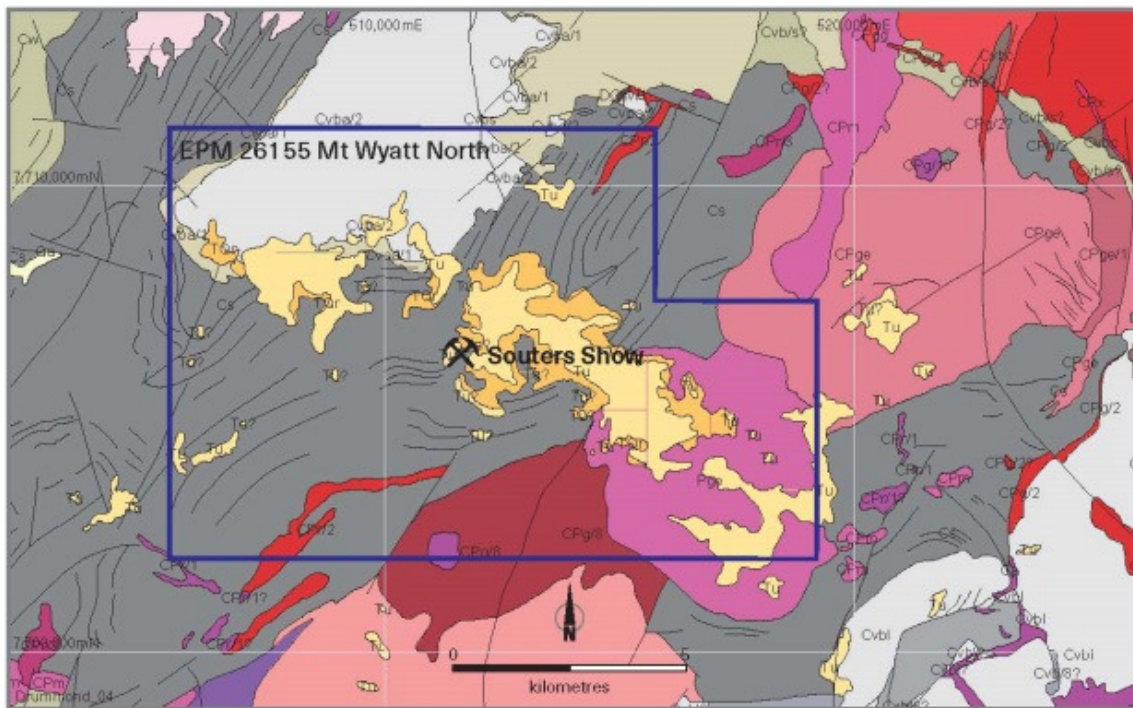


Figure 3b: Geology plan of EPM26155 "Mt Wyatt North"

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: See MGT Resources ASX release dated 28 July 2015 titled "Amendment to MGT Intersects high grade gold at Pyramid project."

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"> • No sampling results completed by the Company are included in the report.
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 completed by the Company 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 completed by the Company are included in the report.
Logging	<ul style="list-style-type: none"> • Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> • No drilling results completed by the Company are included in the report.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation 	<ul style="list-style-type: none"> • No surface or drilling results completed by the Company are included in the report.

	<p><i>technique.</i></p> <ul style="list-style-type: none"> • <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> 	
Quality of assay data and laboratory tests	<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"> • No surface or drilling results completed by the Company are included in the report.
Verification of sampling and assaying	<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 surface or drilling results completed by the Company are included in the report.
Location of data points	<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"> • No surface or drilling results completed by the Company are included in the report.
Data spacing and distribution	<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) and classification applied.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • No surface or drilling results completed by the Company are included in the report.
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"> • No surface or drilling results completed by the Company are included in the report..
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • No surface or drilling results completed by the Company are included in the report.
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 past 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"> 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. 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. 	<ul style="list-style-type: none"> The area the subject of this report falls within EPM applications numbered 26154 and 26155, which are 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 applications are covered by a Native Title claim and resolution of NT issues will be required prior to grant.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgement and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The general area the subject of this report has been explored in the past by ACM Minerals, Normandy Mining, Ramelius Resources, MGT Mining and others. The Company is in the process of reviewing past exploration data generated by previous explorers.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Deposits in the general region are considered to be of low sulphidation epithermal vein style (Drummond Basin) or shear zone related (Anakie Inlier).
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> Easting and northing of the drill collar Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill collar. Dip and azimuth of the hole. Down hole length and interception depth. Hole length. 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. 	<ul style="list-style-type: none"> The report does not include drilling results.
Data aggregation methods	<ul style="list-style-type: none"> 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. Where aggregate intercepts incorporate short lengths 	<ul style="list-style-type: none"> The report does not include drilling results.

	<p><i>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></p> <ul style="list-style-type: none"> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
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, 2 3a and 3b 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"> • The report does not include new exploration results.
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"> • Review of previous exploration has not reached a point where an assessment on this can be made.
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 surface exploration once the titles are granted.