



ASX announcement

15 March 2016

Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.885 million
(at 31 Dec 2015)

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.

Drummond epithermal gold project (100% owned), Queensland

New epithermal gold search underway on Drummond tenements.

Summary

- Exploration has re-commenced for the new field season on the Company's 100% owned and recently expanded Drummond epithermal gold tenements in Queensland.
- The goal of the programme is the identification of one or more new epithermal style gold targets that warrant simultaneous drill testing along with the recently delineated Bunyip target.
- A thorough and detailed review of previous reconnaissance scale geochemical surveys and mapping indicate the possible presence of gold bearing epithermal systems additional to those already identified on the Drummond tenements. Little ground follow-up was conducted by past explorers on these additional targets, presenting opportunities for Adelaide Resources.
- Field evaluation of twelve prospective areas is planned. A highly focused and cost efficient programme employing surface prospecting, rock chip sampling and FPXRF pathfinder soil geochemistry will be conducted. Results will be interpreted through the application of a proven epithermal gold geological model incorporating analysis of the South West Limey Dam drill campaign late last year.

Chris Drown
Managing Director

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

Introduction

Adelaide Resources holds two granted exploration tenements in the Drummond Basin in Queensland, and has recently expanded its land holdings in the area through the lodgement of two new

tenement applications (Figure 1).

The four wholly owned licences, which total 838km² in area, secure ground that is prospective for epithermal gold deposits similar to those mined at Pajingo, Wirralie and Yandan.

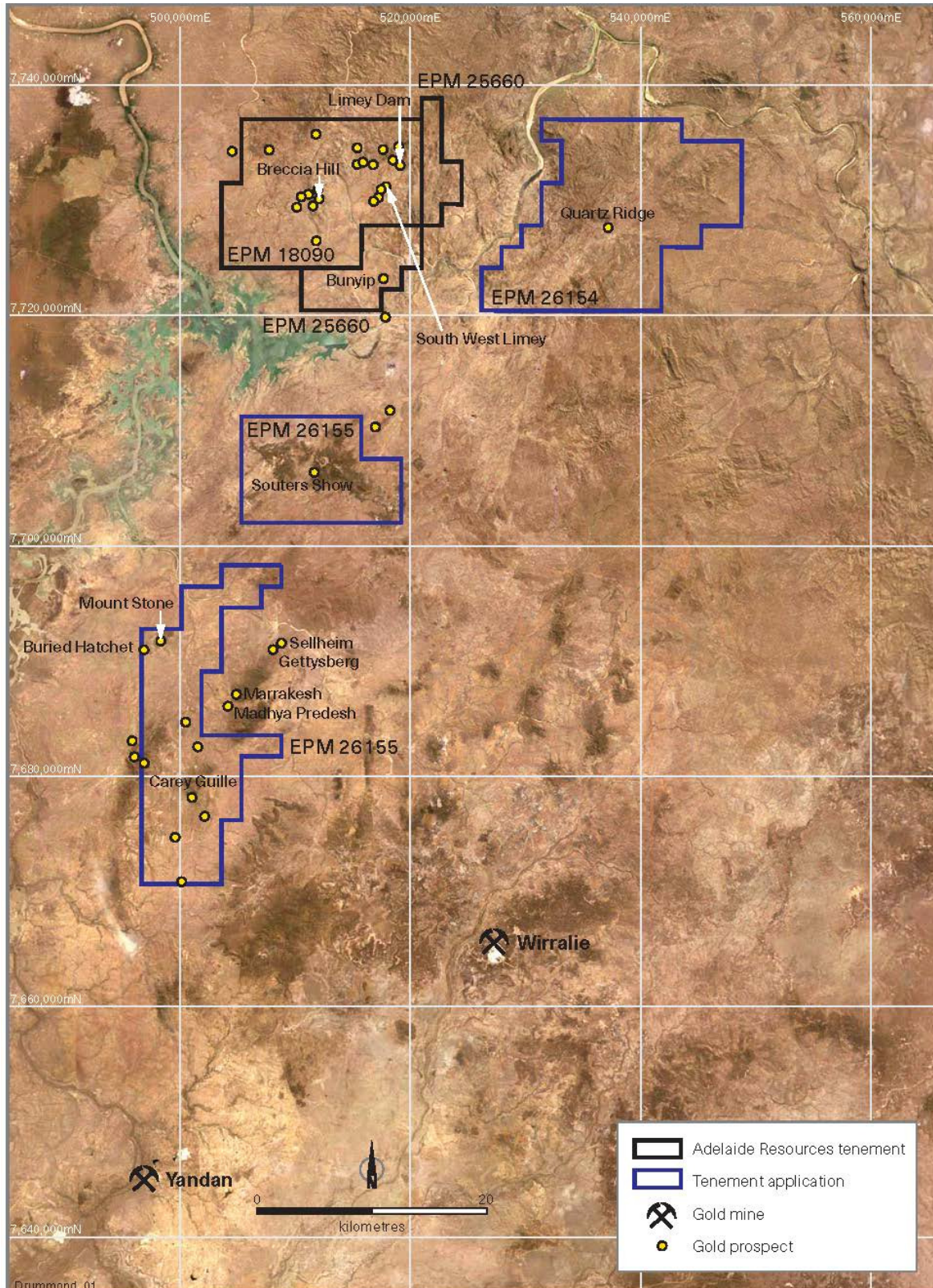


Figure 1: Plan of Drummond Epithermal Gold tenements

Currently known epithermal gold prospects on the two granted tenements include South West Limey Dam, Limey Dam, Breccia Hill and Bunyip (Figure 1).

Surface exposure of the Drummond Basin rocks which host the gold mineralisation is good, and the known prospects owe their discovery to past programmes of surface stream sediment and soil geochemistry in conjunction with prospecting and rock chip sampling of quartz veins.

The successful surface exploration methods described above are highly cost effective compared to the cost of exploring under even thin layers of barren cover sediment. For example, the Bunyip drill target, defined by Adelaide Resources in 2015, was delineated at a cost of less than \$20,000.

Field programme commenced

A programme of surface exploration has commenced to assess a number of areas where previous reconnaissance scale surface geochemical surveys and mapping indicates the possible presence of additional epithermal systems on the two granted Drummond tenements.

These areas were not subject to follow-up work by past explorers, presenting an opportunity for Adelaide Resources to conduct focussed work and potentially

define new drill targets to be tested in conjunction with the Bunyip prospect.

A total of twelve prospective areas have been selected. They variably exhibit gold or pathfinder metal anomalism in historical stream sediment, soil or rock chip sampling, or include quartz veins mapped on QLD government geological sheets or the maps of past explorers.

Most of the target areas are not easily accessible from existing station tracks and helicopter support has been assessed as the most rapid and cost efficient way of initially accessing each of the target areas.

Confirmation of the presence of quartz veining, or of epithermal mineral system indicators such as siliceous sinters, will lead to rock chip sampling and FPXRF pathfinder metal geochemistry surveying.

New tenement Native Title meetings

In Queensland, a solution to Native Title must be in place before the State will grant an exploration tenement following which exploration activities can commence.

Meetings with the Native Title Claimants to the Company's two recently lodged tenement applications in the Drummond, EPM 26154 and EPM 26155 (Figure 1), will be conducted during the field trip to advance this process.

Competent Person Statement

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.