



Australian Securities Exchange Announcement

10 June 2016

Retraction of ASX release of 16 May 2016

Following consultation with ASX, Adelaide Resources Limited wishes to retract its ASX announcement dated 16 May 2016 titled "Barns scoping study indicates economic potential". As a consequence of the retraction, the Company advises that investors should not be influenced by the 16 May 2016 announcement. A replacement announcement is attached.

ASX has raised concerns about the 16 May 2016 announcement's "compliance with Clause 17 of the JORC Code given the potential for the exploration target to be misconstrued as a mineral resource estimate where used as the basis for a scoping study." It was never the company's intention to misrepresent an Exploration Target as a Mineral Resource.

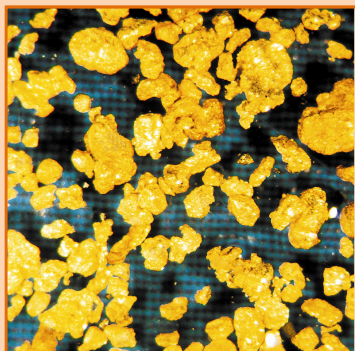
Adelaide Resources consulted with the ASX regarding the 16 May 2016 announcement prior to its public release.

Work to estimate a JORC Compliant maiden Mineral Resource for the Barns gold deposit, upon which basis the results of scoping studies could be publicly disclosed, is ongoing as previously advised.

Yours faithfully

Chris Drown
Managing Director

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



Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.701million
(at 31 Mar 2016)

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

Contact details:

69 King William Road,
Unley, South Australia 5061

PO Box 1210
Unley BC SA 5061

Tel: +61 8 8271 0600
Fax: +61 8 8271 0033

adres@adelaideresources.com.au

www.adelaideresources.com.au

Fact: The Challenger Gold Mine, located 375km NW of the Barns prospect in SA, commenced production in 2002 to initially exploit a recoverable gold reserve of 105,060 ounces. Production to date is 1,101,551 ounces of gold, more than 10 times its initial reserve.



ASX announcement

10 June 2016

Eyre Peninsula gold project (100% interest), South Australia

Studies demonstrate work to advance the Barns gold prospect is warranted

Summary

Further assessment of the Barns gold deposit, based on internal modelling and incorporating analysis and reviews completed by independent consultants, concludes that further work to advance the prospect is warranted.

- In-house modelling of the exploration drill data for Barns reveals two flat lying supergene gold zones overlying stacked sub-parallel primary lodes.
- Independent resources industry experts Mining Plus Pty Ltd and Mapek Pty Ltd have then respectively analysed and reviewed the results of the modelling and of each other's work.
- The results of these investigations are positive and provide confidence to advance the project.
- Estimation of a Mineral Resource and metallurgical studies at Barns are logical next steps, while the delineation of resources at other nearby prospects including Baggy Green could materially improve the project.

Chris Drown
Managing Director

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

Introduction

Adelaide Resources' Eyre Peninsula gold project comprises eight tenements which secure 3,123 km² of ground in the Gawler Craton. The Barns, White Tank and Baggy Green gold prospects are located within 6km of each other on two adjoining wholly owned tenements (Figure 1). The two tenements are subject to a 1.5% NSR royalty held by Newcrest Mining Limited.

The first drill intersections at Barns were achieved in 2000, with subsequent drilling outlining a coherent body of gold mineralisation. Gold was then trading at approximately A\$550 per ounce and assessments at that price indicated the deposit was sub-economic. Gold is now trading around A\$1,700 per ounce, prompting a re-evaluation of Barns and nearby Baggy Green and White Tank prospects.

In October 2015, Adelaide Resources announced a combined Exploration Target for the Barns, White Tank and Baggy Green prospects⁽¹⁾, based on historical drill results and an interpretation of the mineralised lodes at each deposit.

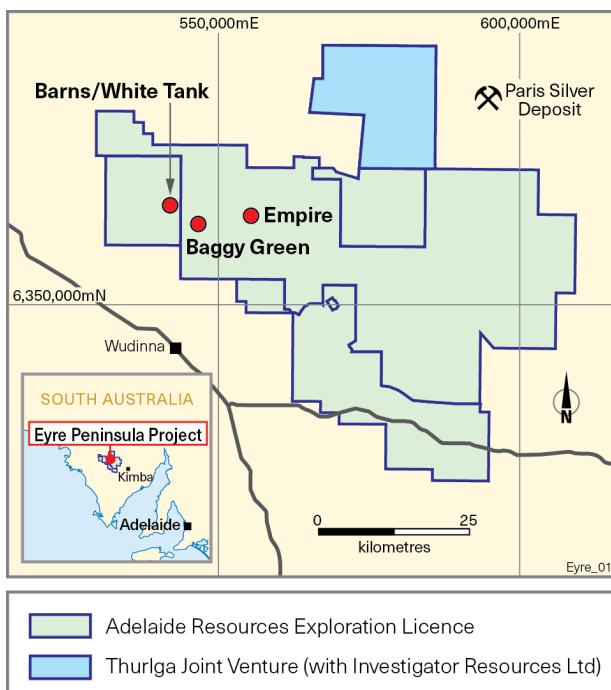


Figure 1: Eyre Peninsula project location plan

To a depth of 200 metres below surface the Exploration Target was estimated to range between 2.5 and 3.5 million tonnes at a grade ranging between 1.3g/t gold and 2.0g/t gold. 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.

Barns interpretation revised

During the March 2016 quarter the Barns drilling data was reinterpreted and internal modelling of the prospect was thoroughly reviewed and revised.

The revision confirms the presence of two flat lying supergene gold zones, below which lie up to ten sub-parallel west dipping primary lodes.

Most lodes appear to display good continuity on, and between, drill sections. The primary lodes are curvilinear, with lode dips steepening in the up-dip direction. This dip change is likely to have caused additional structural dilation, enhancing fluid flow and mineralisation widths around the change of dip.

Analysis by independent consultants

The internal modelling and the Barns drilling database were presented to consultancy groups Mining Plus Pty Ltd and Maptek Pty Ltd which completed an analysis and assessment of the data and of the results of each other's investigations.

The work lends strong support to the Company's belief that estimation of a Mineral Resource falling within the tonnage and grade ranges of the October 2015 Exploration Target is a realistic goal, and that further investigations to advance the prospect are warranted.

Next steps

The logical next steps to advance the project include estimation of Mineral Resources that can be reported in compliance with JORC 2012, and completion of metallurgical studies to investigate gold recovery.

Work towards the estimation of a maiden Mineral Resource at Barns is currently underway.

Past drilling within a 6km radius of Barns has intersected gold mineralisation

at five other prospects, and the potential to expand the local resource base with further exploration is high.

These five prospects include the White Tank and Baggy Green deposits, together with the Barns West, Barns South and Baggy Green North prospects (Figure 2).

The Company has lodged applications for 2016 PACE co-funding which, if successful, will assist in completing these future work programmes.

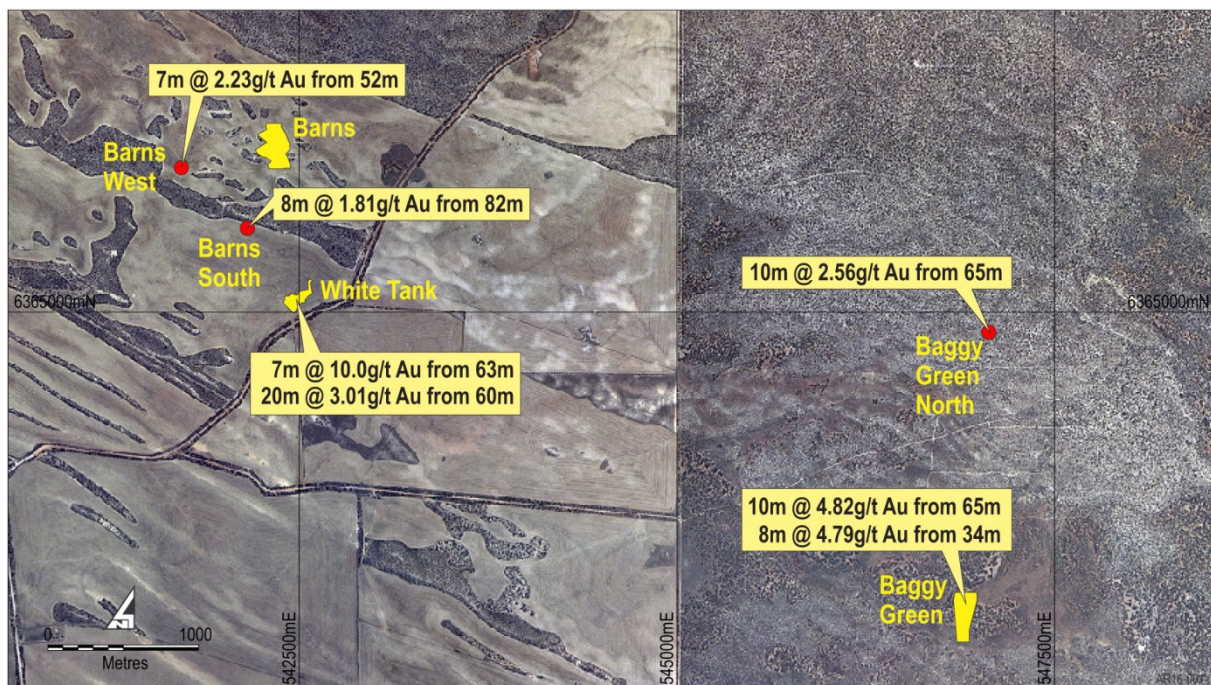


Figure 2: Location of Barns and other nearby gold prospects

(1) See ADN's ASX release dated 16 October 2015 titled "Higher grade gold zones highlight Eyre Peninsula potential."

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.