



Adelaide Resources Limited

Quarterly Report

Period ending 30 June 2014

Adelaide Resources Limited

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Corporate Details

ASX Code: ADN

Cash at 30 June 2014:
\$1.376 million.

Issued Capital at 30 June 2014:
229,079,813 ordinary shares
3,800,000 performance rights

Directors:

Non-executive Chairman:

Mike Hatcher

Managing Director:

Chris Drown

Non-executive Directors:

John den Dryver

Jonathan Buckley

Company Secretary:

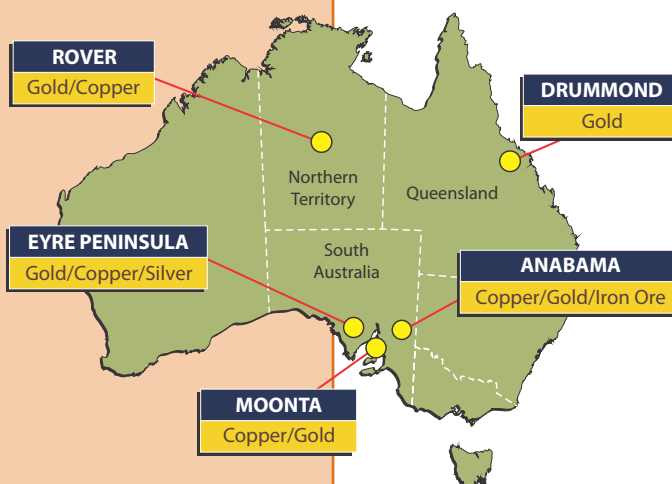
Nick Harding

Highlights

Moonta Project, Olympic Copper-Gold Province – SA

The Moonta Project secures a major ground position in the world-class Olympic Copper-Gold Province. Copper mineralisation is widespread demonstrating the potential of the area for large tonnage, high quality deposits. During the quarter:

- At the **Alford West Prospect**, aircore drilling testing the Larwood, Bruce and Six Ways Zones of the deposit returned further impressive intersections.
- **Larwood Zone** drillhole ALWAC253 intersected **21 metres at 1.19% copper and 0.42g/t gold**, and ALWAC252 intersected an un-bottomed interval of **43 metres at 0.53% copper and 0.14g/t gold**.
- **Bruce Zone** hole ALWAC285 finished in **9 metres at 2.75% copper and 0.15g/t gold**, with the final 2 metres assaying 8.99% copper. Hole ALWAC261 bottomed in **11 metres at 1.52% copper** with the final 2 metres assaying 3.23% copper.
- **Six Ways Zone** hole ALWAC273 made an un-bottomed intersection of **22 metres at 1.33% copper**, with the final 6 metres assaying 3.25% copper. Drillhole ALWAC269 intersected **23 metres at 0.69% copper**, including 11 metres at 1.06% copper.
- A new Alford West mineralisation model confirms that **potential for a substantial mineral resource exists**, if mineralised zones persist to depth.
- The on-going FPXRF geochemical survey has defined a **significant copper soil anomaly called Tomahawk** which is assessed to be a high quality drill target.



Moonta Copper-Gold Project, SA

Adelaide Resources 100% (except Moonta Porphyry JV area: Adelaide Resources 90%; Minotaur Exploration Limited 10%).

Introduction

The Moonta Copper-Gold Project is located on the Yorke Peninsula of South Australia. The project tenement covers the historical mining centres at Moonta, Kadina and Wallaroo which define the famous “Copper Triangle”.

Geologically, the project falls at the southern end of the world-class Olympic Copper-Gold Province, an arcuate belt of Proterozoic rocks that are highly prospective for Iron-Oxide Copper Gold style deposits (*Figure 1*).

The company’s recent exploration activities at Moonta have included drill testing and the development of a 3-dimensional mineralisation model at the Alford West Prospect, and surface FPXRF soil geochemical sampling across the broader project tenement.

Alford West Aircore Drilling

The Alford West aircore drilling program which commenced in early 2014 was completed during the quarter with the receipt of laboratory assays for 38 stage two holes targeting the Larwood⁽¹⁾, Bruce⁽²⁾ and Six Ways⁽³⁾ Zones at the prospect (*Figure 2*). Highly significant results were returned from all three zones, with *Table 1* presenting a listing of intersections.

Larwood Zone

The Larwood Zone includes the east-west trending, sub-parallel North and South Lodes, both of which have returned numerous high grade copper and gold intersections over good widths in previous drilling.

Standout intersections achieved in 2013 on three adjacent drill lines at the North Lode include 16 metres at 2.38% copper from 60 metres in ALWAC048; 20 metres at 4.20% copper from 32 metres in ALWAC007; and 20 metres at 1.76% copper from 36 metres in ALWAC038. A new mineralisation model was used to design five holes targeting the North Lode of the Larwood Zone (*Figure 2*).

Section 753,830mE (Larwood Zone)

Hole ALWAC253 (*Figure 3*) was drilled to test for the eastern extension of high grade copper and gold in holes ALWAC048, ALWAC007, and ALWAC038 on the three drill lines to the west.

ALWAC253 passed into high grade mineralisation at 44 metres, intersecting 21 metres at 1.19% copper and 0.42g/t gold. Gold dominates in the upper part of the mineralisation and includes a narrow interval of 3 metres at 1.42g/t gold from 45 metres. High grade copper commences slightly deeper with an intersection of 15 metres at 1.66% copper from 50 metres. A 6 metre sub-interval from 52 metres contains 3.25% copper.

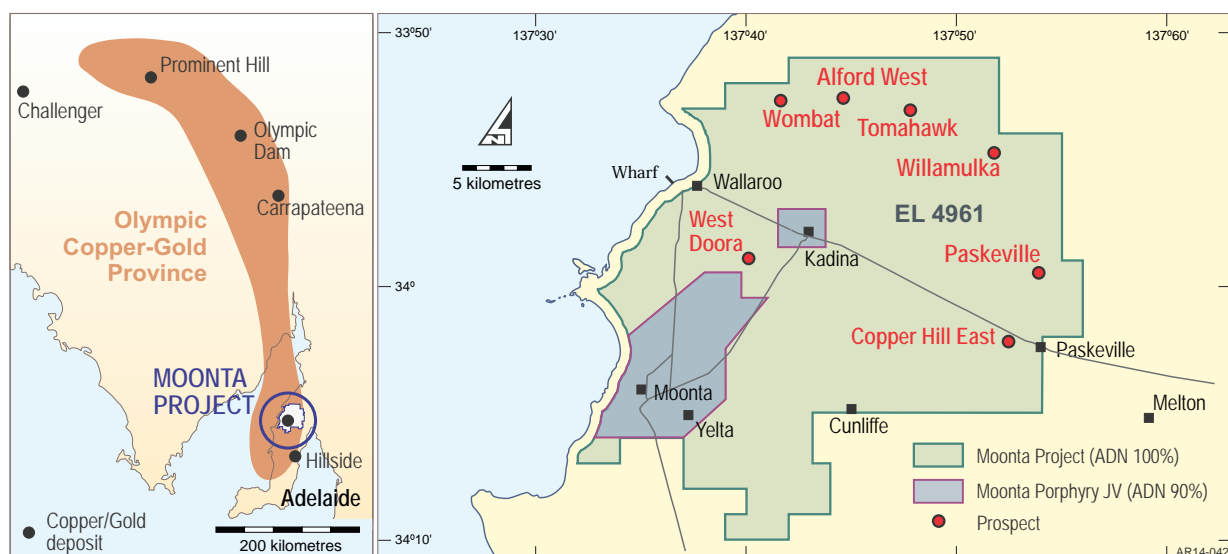


Figure 1: Moonta Copper-Gold Project location plan.

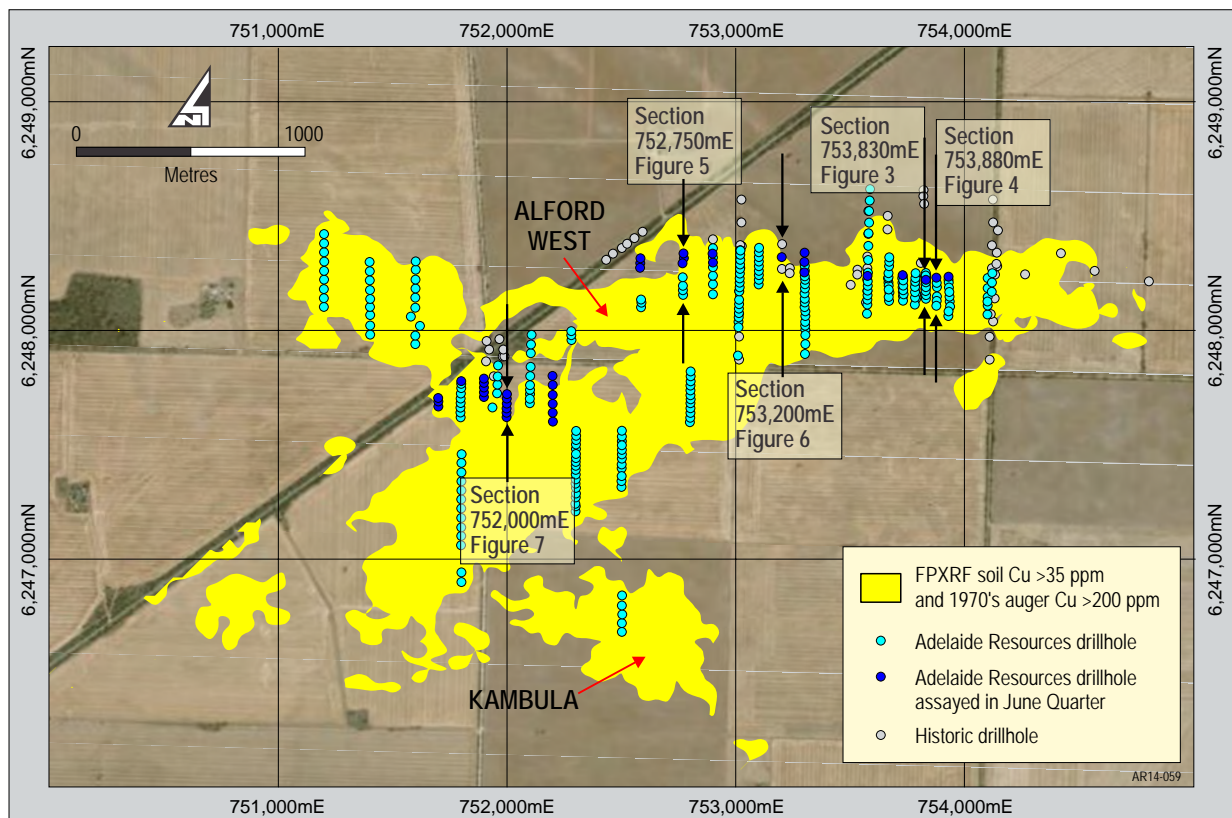


Figure 2: Alford West Prospect drillhole locations and copper geochemistry.

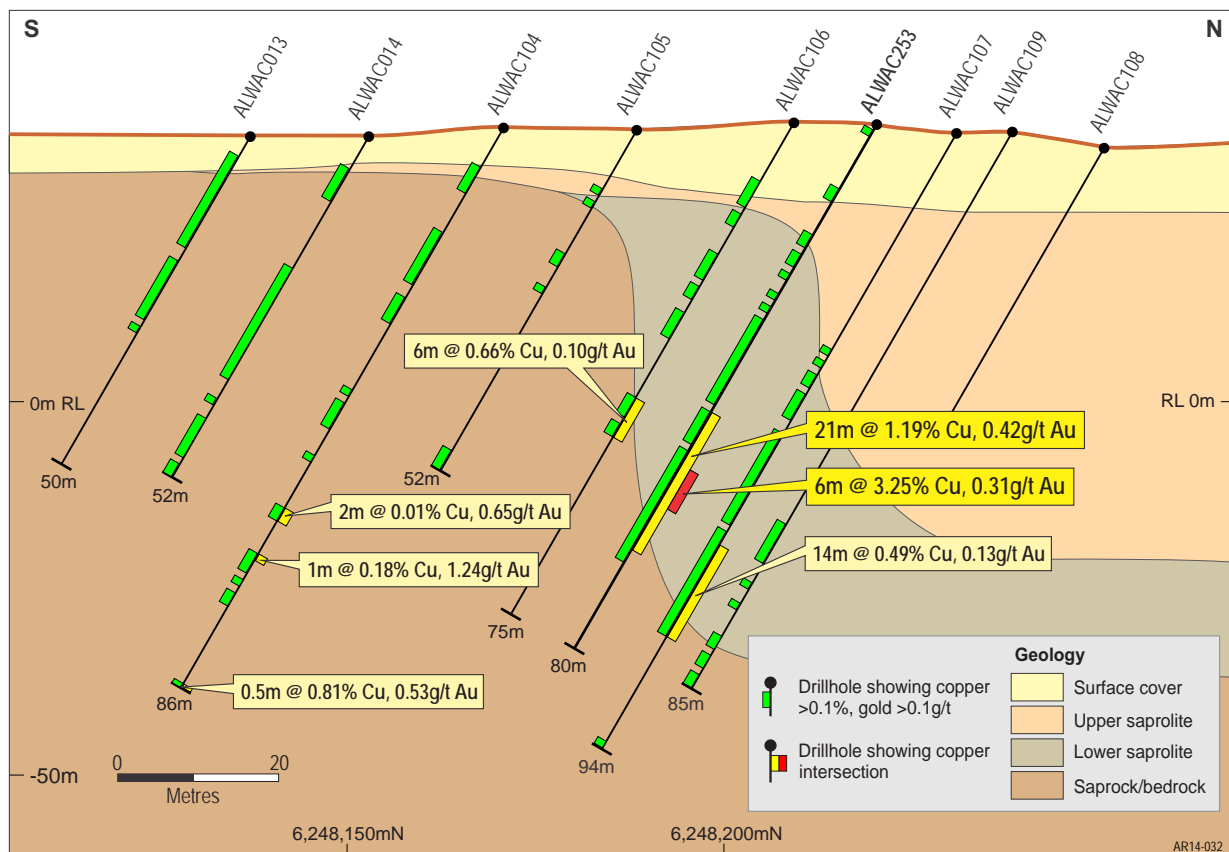


Figure 3: Alford West Prospect Larwood Zone Section 753,830mE looking west.

Section 753,880mE (Larwood Zone)

Drilling in 2013 returned significant South Lode intersections in ALWAC016 and ALWAC017 and promising North Lode intersections in ALWAC019. The mineralisation model suggested that drilling had not extended far enough to the north to properly test the North Lode target.

ALWAC252 was drilled to cover the target area and returned a substantial intersection that has significantly increased the dimension of the North Lode on this section (*Figure 4*).

ALWAC252 intersected an upper interval of 9 metres at 0.84% copper and 0.12g/t gold commencing from 42 metres downhole. This interval included 5 metres at 1.36% copper and 0.11g/t gold from 46 metres. The hole then passed into a second, extensive zone of mineralisation that persists to the final depth of the hole, with the lower intersection being 43 metres at 0.53% copper and 0.14g/t gold from 57 metres. The intersection in ALWAC252 remains open at depth, and deeper drill testing to test for depth extensions on this section now appears warranted.

Bruce Zone

The Bruce Zone is interpreted to comprise a number of east-west trending, sub-parallel lodes, and is also characterised by significant associated molybdenum mineralisation.

The new Alford West mineralisation model was used to design 12 holes targeting the Bruce Zone (*Figure 2*).

Section 752,750mE (Bruce Zone)

The mineralisation model for Alford West predicted that four holes (ALWAC241 to ALWAC244) drilled earlier in 2014 may have been positioned too far south, and so ALWAC261, ALWAC262 and ALWAC285 were drilled during stage two of the 2014 program to test the model derived target (*Figure 5*).

ALWAC261 passed into high grade copper mineralisation at a depth of 77 metres, intersecting 11 metres at 1.52% copper and 0.04g/t gold. The hole remained in mineralisation to its final depth, with the last two metres of the hole returning a very high grade of 3.23% copper.

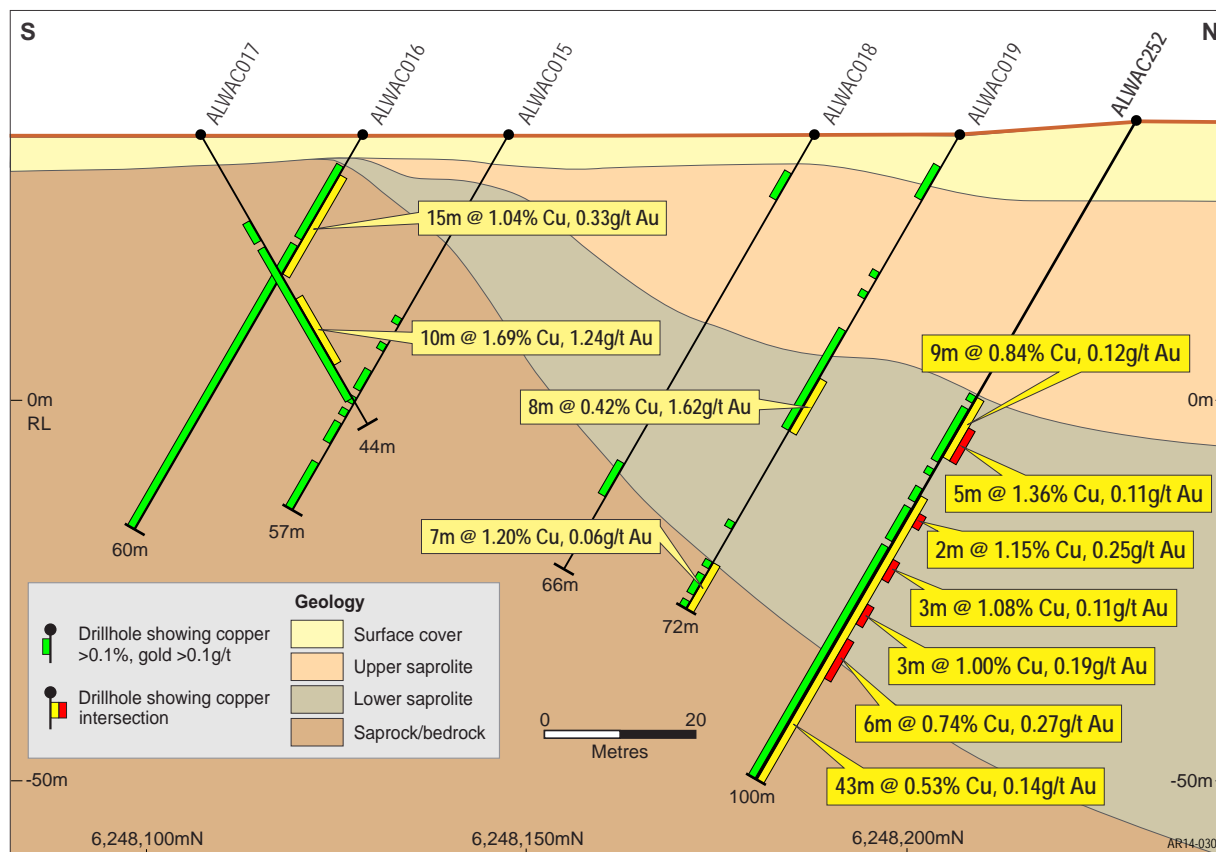


Figure 4: Alford West Prospect Larwood Zone Section 753,880mE looking west.

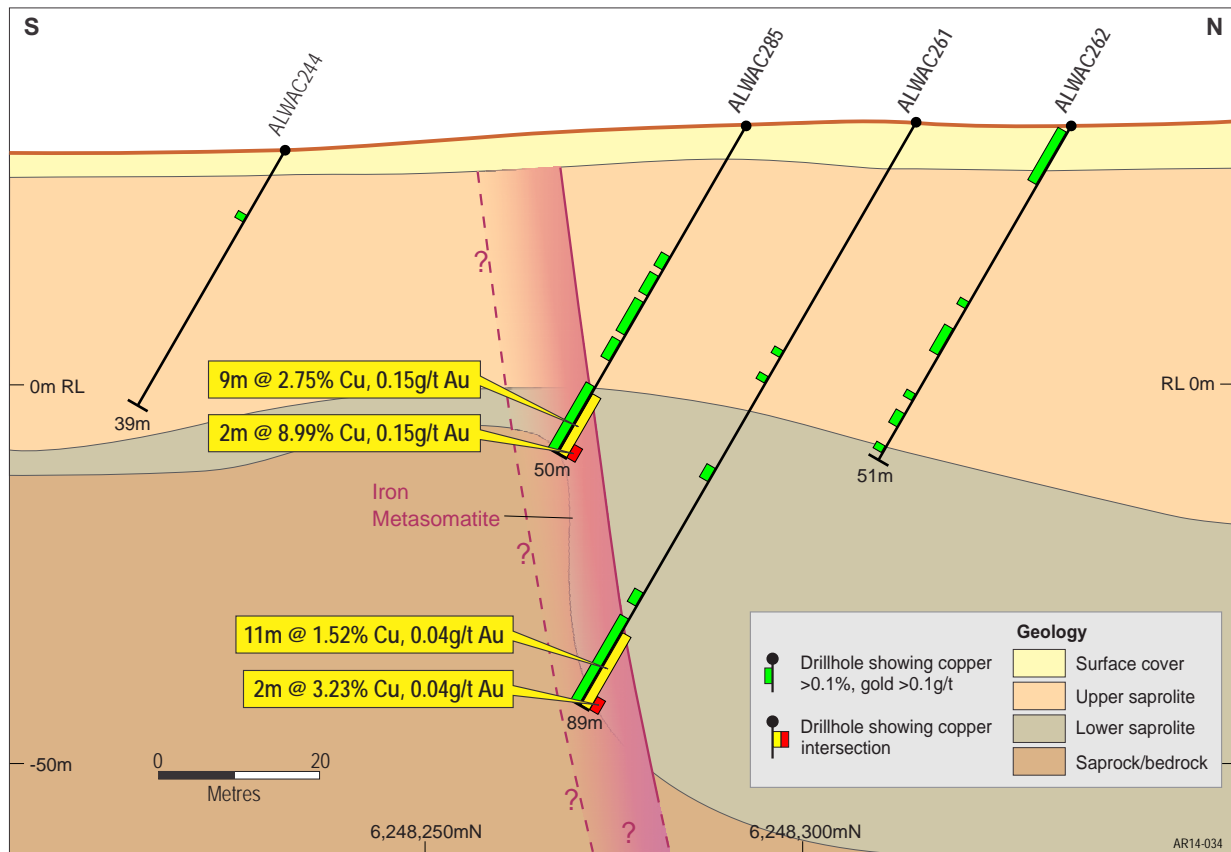


Figure 5: Alford West Prospect Bruce Zone Section 752,750mE looking west.

ALWAC285 was collared 20 metres to the south of ALWAC261 and is interpreted to have hit the same lode approximately 30 metres up-dip. ALWAC285 returned 9 metres at 2.75% copper and 0.15g/t gold from 41 metres downhole. This intersection also persisted to the end of the hole, with the final two metres returning bonanza grade copper of 8.99%.

The samples at the end of both holes are iron-rich, and the host rock is interpreted to be an iron metasomatite, an alteration product that formed during the mineralising event and which represents the “iron oxide” component of an Iron Oxide Copper Gold deposit.

The Bruce Zone remains open for at least 200 metres to the west of Section 752,750mE, the southern boundary of the lode has not been reached on section, and it remains open at depth.

Additional drilling to better define the lode boundaries on 752,750mE and to test along strike and at depth for extensions is warranted.

Section 753,200mE (Bruce Zone)

Two historical diamond holes (DDH 132 and DDH 136) drilled by WMC/NBH fall on this section, with encouraging intersections of copper returned in inclined hole DDH 132, and a low grade intersection achieved in vertical hole DDH 136. ALWAC258 was drilled to test up-dip of the intersections in DDH 132 (Figure 6).

ALWAC258 intersected 26 metres at 0.65% copper from 56 metres downhole, including a 10 metre sub-zone assaying 1.02% copper in the target position, thereby extending the zone of mineralisation intersected in DDH 132 approximately 60 metres in the up-dip direction. The intersections on this section are considered unlikely to be enriched by supergene processes, and are reflective of likely primary grades.

The Bruce Zone also contains molybdenum of potential economic significance in places. Molybdenum mineralisation is associated with copper although spatially the two metals are not always exactly coincident. Hole ALWAC260,

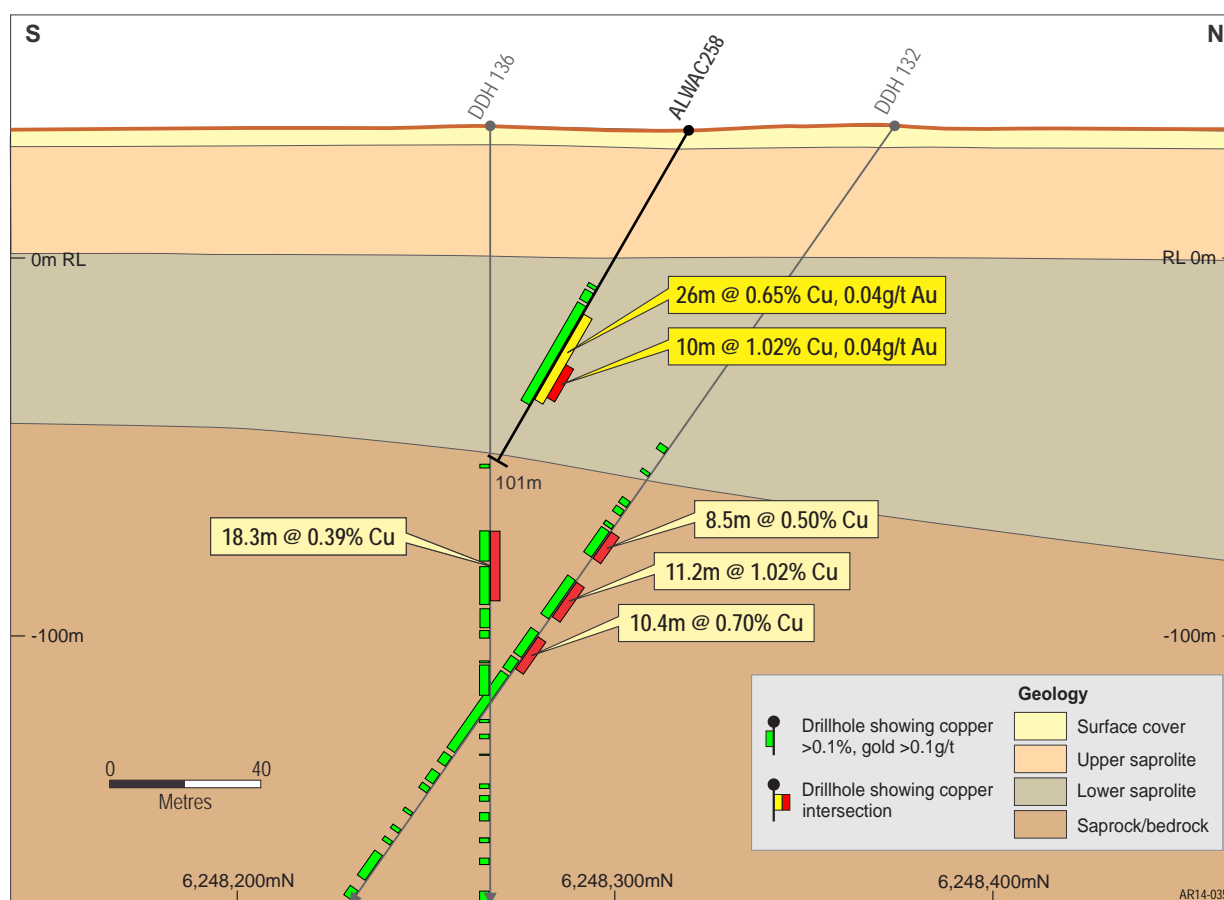


Figure 6: Alford West Prospect Bruce Zone Section 753,200mE looking west.

collared at 752,898mE, 6,248,335mN and drilled to the south at -60° , intersected 16 metres at 0.20% molybdenum from 71 metres, with the intersection persisting to the end of the hole. This is one of the highest grade molybdenum intersections yet returned from the Bruce Zone.

Six Ways Zone

In March 2014 the company announced that it had discovered a new zone of significant copper mineralisation in a previously untested part of the Alford West Prospect. Drillhole ALWAC171 intersected 23 metres at 1.47% copper from 7 metres downhole, and ALWAC240 achieved an un-bottomed hit of 3 metres at 1.29% copper from 57 metres.

Drill coverage at Six Ways remains limited, however it is currently interpreted to comprise a number of northeast-southwest trending, sub parallel lodes. It is also characterised by significant associated lead mineralisation. Follow-up drilling at Six Ways comprised 21 additional aircore holes (Figure 2).

Section 752,000mE (Six Ways Zone)

Six new aircore holes (ALWAC269 to ALWAC274) were drilled on one traverse located 100 metres west of the drill line upon which ALWAC171 is located. Two of the new holes on 752,000mE have returned significant copper intersections (Figure 7).

ALWAC269, the southernmost hole on the new traverse, intersected 23 metres at 0.69% copper from 25 metres downhole. This intersection includes a higher grade sub-interval of 11 metres at 1.06% copper from 34 metres. The main copper mineral present is malachite, a copper carbonate.

Further north, ALWAC273 returned an un-bottomed intersection of 22 metres at 1.33% copper from a downhole depth of 34 metres. The hole finished in very high grade mineralisation with the final 6 metres assaying 3.25% copper. The deepest copper mineralisation is identified as a copper sulphide mineral, possibly chalcocite.

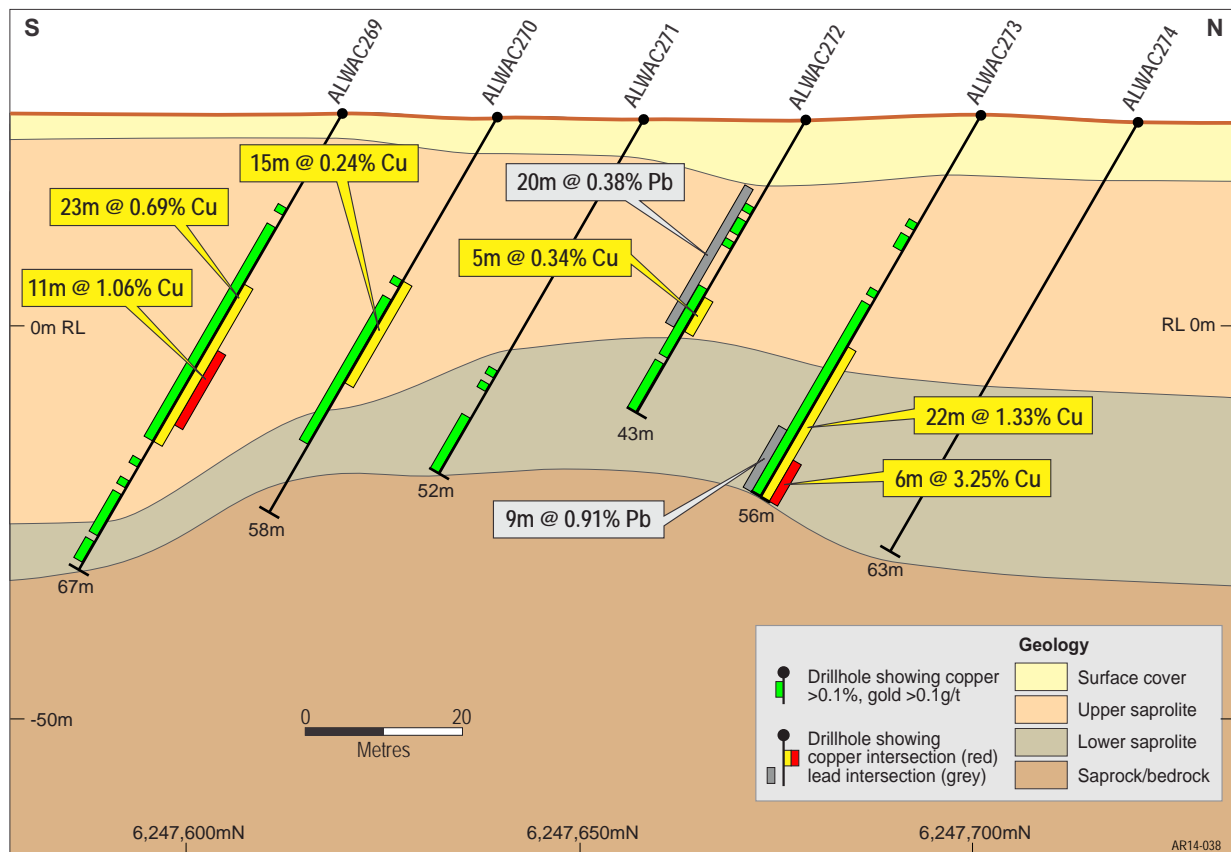


Figure 7: Alford West Prospect Six Ways Zone Section 752,000mE looking west.

The copper mineralisation in ALWAC273 is associated with strongly anomalous lead, with the bottom 9 metres of the hole returning 0.91% lead. Individual 1-metre samples in this interval range up to 3.3% lead, which is the highest lead grade achieved in a single sample to date at the Six Ways Zone. Adjacent hole ALWAC272 also intersected significant lead, returning 20 metres at 0.38% lead from 11 metres downhole (*Figure 7*).

New Alford West Mineralisation Model

A mineralisation model⁽⁴⁾ for the Alford West prospect area has been constructed using all available geological, FPXRF and laboratory assay data for Adelaide Resources' drilling as well as assays from all historical holes and interpretations of regional geochemical and geophysical data (*Figure 8*).

The model has been interpreted to a depth of 100 metres below sea level (-100m RL), which is approximately 130 metres below ground surface. The blue outer mineralised halo shown on *Figure 8* is the interpretation of the volumes

of rock that contain greater than 500ppm copper using the FPXRF scans completed on the drill samples. The red bodies within the outer blue zones are interpreted using only definitive laboratory assay data and represent volumes of rock where copper grades are in excess of 0.20% copper.

The Alford West prospect is interpreted to be a single, large Iron Oxide Copper-Gold style mineralised system that extends over three kilometres in an east-west direction. The Larwood, Bruce, Six Ways and Blue Tongue Zones within the broader system show potential to contribute to a mineral resource, and all four of these zones remain open at depth.

The large scale of the overall mineralising system at Alford West is clearly evident in the model. A mineralised system with such extensive horizontal dimension can be expected to have significant vertical dimension. Many of the historical mines in the Moonta district, mineralisation at the nearby Wombat prospect, and the advanced Hillside Prospect on eastern Yorke Peninsula all extend to depths of

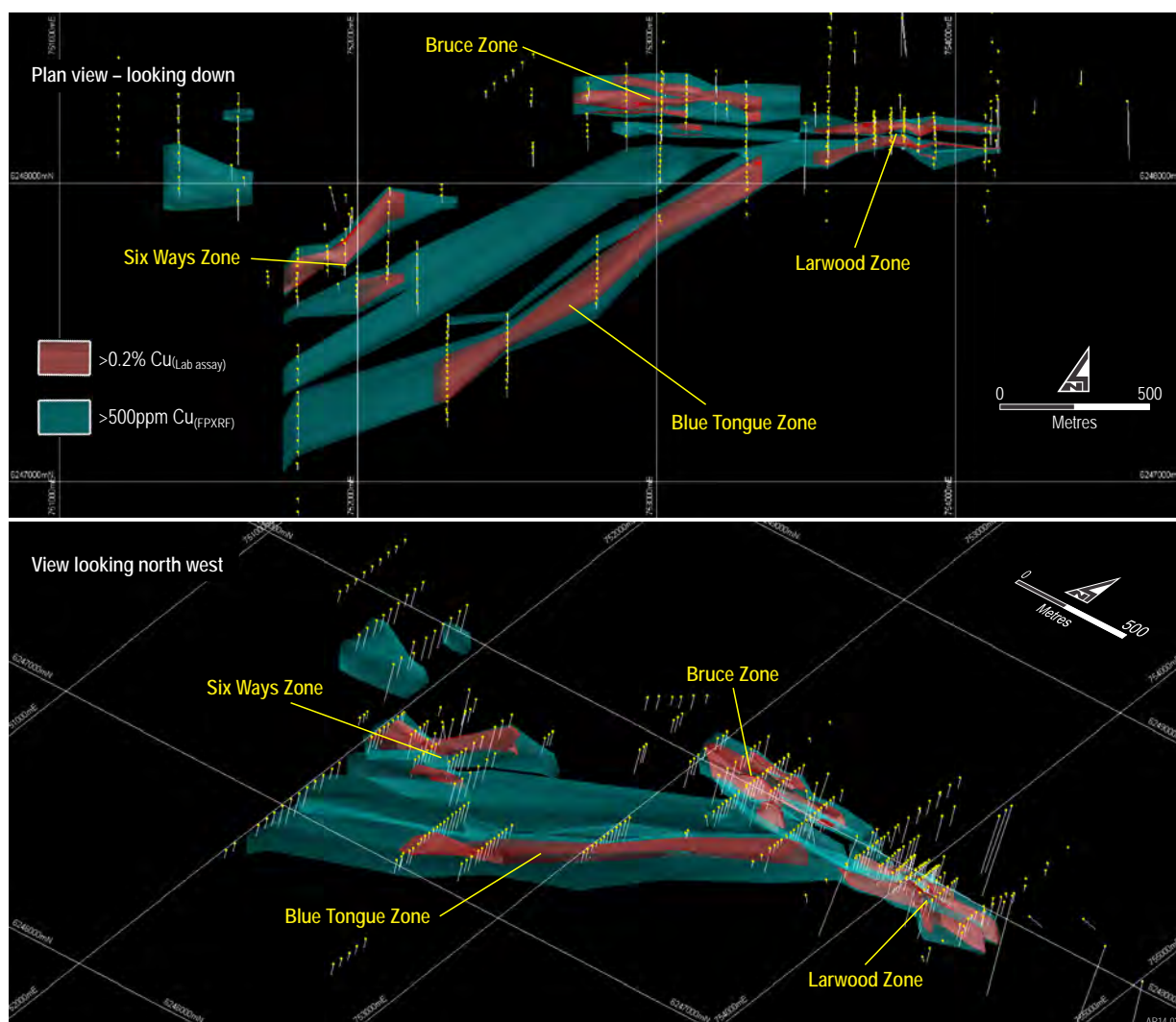


Figure 8: Alford West Prospect current 3-D models.

500 metres or more, supporting the depth potential below the currently drilled and modelled upper part of the Alford West system.

Confidence in the mineralisation model at the Larwood and Bruce Zones is adequate to now allow the accurate design of deeper reverse circulation or diamond drill holes to test for deeper mineralisation in both areas, while the lode dimensions confirm that potential to define a substantial mineral resource exists, if deeper exploratory drilling continues to be successful.

FPXRF Geochemistry Survey

Field Portable X-Ray Fluorescence (FPXRF) geochemical sampling was trialled at Alford West in 2013, with the results confirming the technique's success in defining copper

anomalies in surface soils reflecting underlying, drill defined mineralisation.

In December 2013 the trial was extended, with the method responsible for discovering the soil anomaly sourced by the Blue Tongue Zone of copper mineralisation at Alford West, and has been further extended with an on-going program of FPXRF geochemical surveying conducted in 2014.

The expanded FPXRF program has delineated a large and high magnitude copper anomaly called Tomahawk⁽⁵⁾ (Figure 9). It is located approximately 5 kilometres east of the Alford West Prospect and has now been defined at a highly detailed sample pattern of 50 metres by 25 metres.

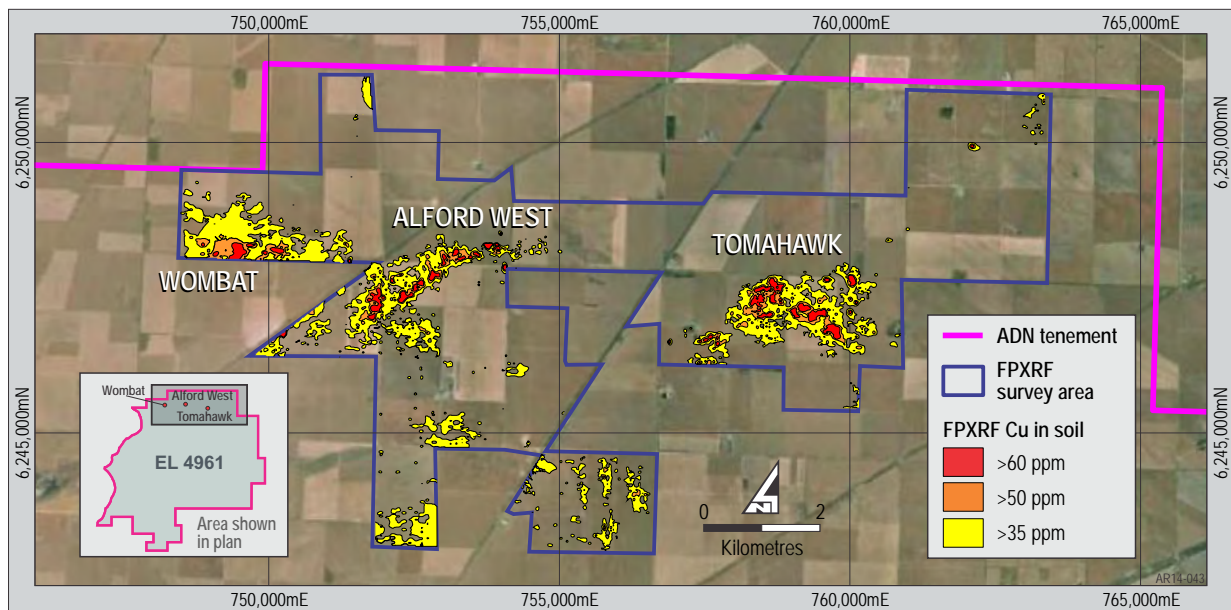


Figure 9: FPXRF survey area showing copper in soil contours.

The Tomahawk anomaly is of a similar dimension and of a slightly higher copper tenor to the FPXRF anomaly associated with the Alford West Prospect. At the 35ppm copper level, the Tomahawk anomaly has dimensions of approximately 2400 metres by 800 metres. It includes a core comprising two robust, distinct high magnitude zones where soils contain over 50ppm copper. The eastern of these zones is a 1000 metre long northwest striking linear feature about 250 metres wide. The western zone trends for 800 metres, is up to 400 metres wide, and has a northeast strike.

Historical geophysical data from the Moonta Project reveals that Tomahawk is associated with a gravity feature of very similar character and orientation to the gravity response associated with the Alford West and Wombat Prospects to the west.

The eastern core zone in the Tomahawk soil anomaly strikes northwest, while the western core zone strikes northeast. Copper-gold deposits having both these orientations are known within the district. A geological interpretation based on available magnetic data indicates that Tomahawk occurs where a number of large fault/shear structures are present.

Phelps Dodge drilled 45 aircore holes around Tomahawk. Hole depths ranged from 3 metres to 51 metres, averaging 27.5 metres. Assays

reach a maximum of 4 metres at 0.12% copper in MPDAC-310 from 42 metres downhole, while 15 holes include samples assaying over 500ppm copper. The highest gold assay of 60ppb was from the deepest sample in hole MPDAC-285. These results confirm the presence of mineralisation at Tomahawk.

Samples from the Phelps Dodge drilling are held by Adelaide Resources, and observation of the drill chips suggest the majority of holes tested only oxidised upper saprolite, a regolith horizon which often displays partial to complete geochemical depletion at prospects like Alford West. Although the drill chips are weathered, possible evidence of hydrothermal alteration is present together with quartz-tourmaline veining which also occurs at Alford West.

Taking into account all available exploration data, Tomahawk is assessed to be a high quality target worthy of exploratory drilling.

Forward Program

Commencing in the September Quarter and continuing over the coming quarters, the company anticipates undertaking a multifaceted program of exploration on the Moonta Copper-Gold Project including:

- Further drilling programs to test depth and strike extensions of mineralised zones at the Alford West Prospect.



Table 1: Drillhole Intersections in holes ALWAC251 to ALWAC288.

Zone	Hole Name	Easting (mga94)	Northing (mga94)	RL	Dip	Azimuth	Depth (m)	From (m)	To (m)	Interval (m)	Cu %	Au g/t
LARWOOD	ALWAC251	753930.0	6248233.6	37.5	-60.0	180.0	70.0	50 57	54 58	4 1	0.55 0.66	0.11 0.07
	ALWAC252	753876.5	6248230.2	36.8	-60.0	180.0	100.0 <i>incl.</i>	42 46 57	51 51 100	9 5 43	0.84 1.36 0.53	0.12 0.11 0.14
							<i>incl.</i> <i>and</i> <i>and</i> <i>and</i>	59 66 73 78	61 69 76 84	2 3 3 6	1.15 1.08 1.00 0.74	0.25 0.11 0.19 0.27
	ALWAC253	753830.3	6248220.3	36.6	-60.0	180.0	80.0	30 39 44	36 40 65	6 1 21	0.22 0.08 1.19	0.06 1.53 0.42
							<i>incl.</i> <i>and</i> <i>incl.</i>	45 50 52	48 65 58	3 15 6	0.01 1.66 3.25	1.42 0.25 0.31
	ALWAC254	753728.8	6248240.7	36.1	-60.0	180.0	72.0	64	70	6	0.21	0.09
	ALWAC255	753575.7	6248237.8	35.4	-60.0	180.0	102.0	62	67	5	0.31	0.08
	ALWAC258	753199.9	6248319.5	33.8	-60	180	101	48 56 <i>incl.</i>	52 82 80	4 26 10	0.28 0.65 1.02	0.05 0.04 0.04
	ALWAC259	752899.9	6248295.7	32.7	-60	180	69 <i>incl.</i>	48 50	68 56	20 6	0.35 0.59	0.46 0.76
	ALWAC261	752772.9	6248315.0	34.7	-60	180	89 <i>incl.</i> <i>and</i>	77 78 87	89 81 89	11 3 2	1.52 2.26 3.23	0.04 0.05 0.05
BRUCE	ALWAC284	753299.2	6248252.4	33.5	-60	360	77	18 35 49 <i>incl.</i>	32 37 62 57	14 2 13 1	0.26 0.29 0.39 1.21	0.12 0.07 0.11 0.15
	ALWAC285	752766.7	6248292.5	34.2	-60	180	50 <i>incl.</i> <i>incl.</i>	41 44 48	50 50 50	9 6 2	2.75 3.73 8.99	0.15 0.22 0.44
	ALWAC264	752198.8	6247639.3	29.2	-60	180	96	65	68	3	0.37	<0.01
	ALWAC265	752199.0	6247678.5	28.8	-60	180	87	52 67	57 75	5 8	0.25 0.28	<0.01 <0.01
	ALWAC266	752199.4	6247717.4	29.0	-60	180	80	53	58	5	0.31	<0.01
	ALWAC267	752198.8	6247760.1	28.2	-60	180	77	23	33	10	0.21	<0.01
SIX WAYS	ALWAC269	751997.4	6247619.8	27.0	-60	180	67 <i>incl.</i>	25 34	48 45	23 11	0.69 1.06	<0.01 0.01
	ALWAC270	751997.7	6247639.6	26.5	-60	180	58	24	39	15	0.24	<0.01
	ALWAC271	751997.7	6247658.1	26.2	-60	180	52	46	51	5	0.25	<0.01
	ALWAC272	751998.2	6247678.8	26.1	-60	180	43	26 38	31 41	5 3	0.34 0.26	<0.01 <0.01
	ALWAC273	751998.2	6247701.0	26.7	-60	180	56 <i>incl.</i>	28 34 50	31 56 56	3 22 6	0.21 1.33 3.25	<0.01 0.03 0.07
	ALWAC282	751898.6	6247769.8	26.1	-60	180	60	20	22	2	0.51	<0.01

Intersections calculated by averaging 1metre chip grab samples. Copper determined by four acid digest followed by ICP-AES finish. Overrange copper (>1%) determined by AA finish. Gold determined by fire assay fusion followed by ICP-AES finish. Cut-off grade of 0.2% Cu or 0.2g/t gold applied with up to 2m internal dilution. Introduced QA/QC samples indicate acceptable analytical quality. Intersections are downhole lengths – true widths are not known.

- Initial aircore drilling of the highly regarded Tomahawk Prospect.
- Continuing the innovative, cost effective and successful FPXRF soil geochemical surveying program across the project tenement.
- Continuing the digital capture and re-assessment of the voluminous historical exploration data generated by the WMC/NBH joint venture to identify other targets deserving of further exploration.■

finance and corporate

The company had \$1.376 million in cash and term deposits at 30 June 2014.

Exploration and evaluation expenditure by the company during the June quarter was \$556,000.■

issued capital

The company had 229,079,813 ordinary shares and 3,800,000 performance rights on issue at 30 June 2014.■



Chris Drown – Managing Director
Signed on behalf of the
Board of Adelaide Resources Limited
Dated: 30 July 2014

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 ADN's ASX release dated 5 May 2014 titled "Significant Intersections from Larwood Zone at Alford West – SA."

⁽²⁾ See ADN's ASX release dated 7 May 2014 titled "Excellent Results Upgrade Bruce Zone at Alford West – SA."

⁽³⁾ See ADN's ASX release dated 12 May 2014 titled "High Grade Hits Improve Six Ways Zone at Alford West – SA."

⁽⁴⁾ See ADN's ASX release dated 1 May 2014 titled "New Mineralisation Model for the Alford West Prospect – SA."

⁽⁵⁾ See ADN's ASX release dated 5 June 2014 titled "Tomahawk - another high quality drill target defined in the Alford Copper Belt – Moonta Copper-Gold Project, SA."

Enquiries should be directed to Chris Drown, Managing Director. Ph (08) 8271 0600 or 0427 770 653.■