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Australian Securities Exchange Announcement

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FPXRF SURVEY GROWS DRUMMOND EPITHERMAL GOLD TARGET – QLD.

HIGHLIGHTS

- The company has completed a second program of surface exploration on the 100% owned **Drummond Epithermal Gold Project** in Queensland, with the objective of clearly defining gold targets to be drill tested in 2015 utilising co-funding awarded by the Queensland Government through its Collaborative Drilling Initiative.
- At the **South West Limey Dam prospect**, an FPXRF soil geochemistry survey has expanded a gold pathfinder (arsenic) anomaly, with the **anomaly now resolved as a coherent, large, and high magnitude feature**.
- A western sub-zone within the arsenic anomaly has a strike length of 1200 metres and is associated with an outcropping quartz vein system displaying high level epithermal characteristics. An eastern sub-zone has dimensions of 650 metres by 350 metres.
- Arsenic is very common in epithermal gold systems, but is often deposited at higher levels than gold. **The presence of the significant arsenic anomaly and observed vein textures at South West Limey Dam define substantial gold targets at depth**.

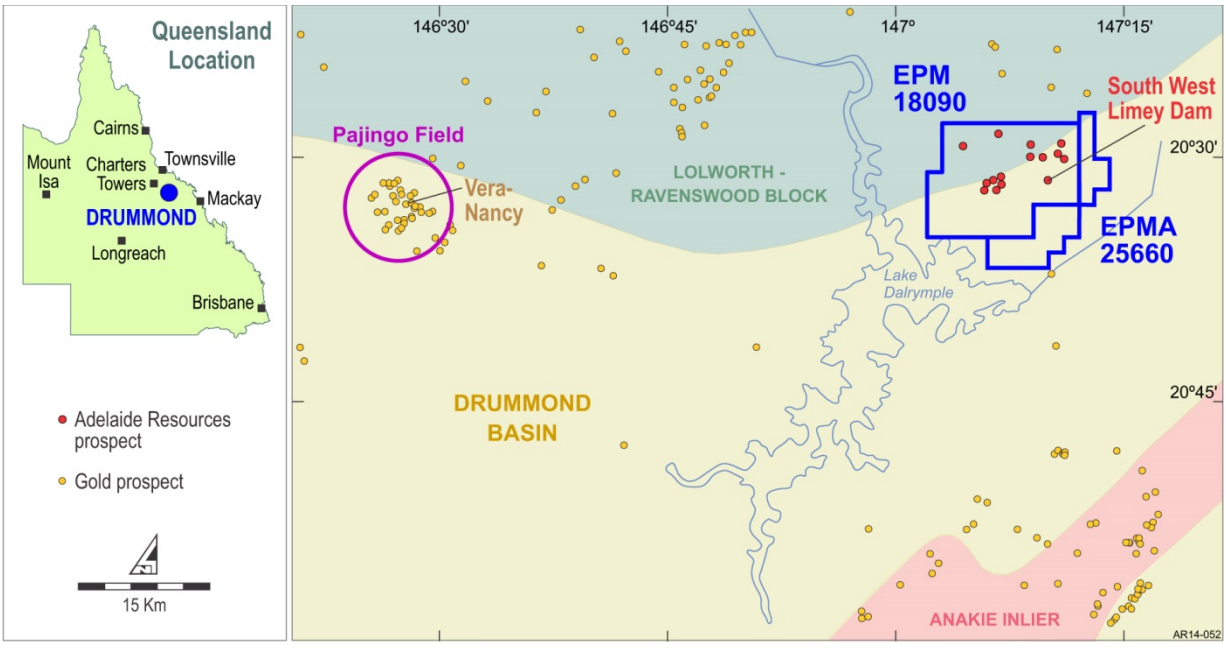

Figure 1: Drummond Epithermal Gold Project location plan.

INTRODUCTION

Adelaide Resources Limited holds 100% equity in two adjacent tenements which secure 270 square kilometres in the Drummond Basin in Queensland (Figure 1). The project is located approximately 90 kilometres southeast of Charters Towers in Queensland, and about 60 kilometres east of the Pajingo Field.

The Drummond Basin hosts a number of significant gold deposits of epithermal style, including the Pajingo Field which has produced in excess of 3 million ounces of high grade gold. The company's project tenements are located on the interpreted northern boundary of the Drummond Basin, a similar gross geological setting to the Pajingo Field (Figure 1).

In epithermal deposits, gold mineralisation is deposited relatively close to the ground surface from hot volcanic fluids. The mineralising fluids can appear at the surface as hot springs and geysers, similar to those found around the Rotorua district in New Zealand. Gold is carried in solution and is deposited when the water approaches the land surface and boils. Epithermal deposits are formed during periods of active volcanism around the margins of continents, a geological situation that existed in the Drummond Basin in the past.

Previous exploration on the project located several gold prospects, including the Limey Dam group of prospects, associated with gold-bearing vein systems of a reported character similar to veins associated with the other known epithermal gold deposits in the Drummond Basin.

In 2013 the company completed a trial program of Field Portable X-Ray Fluorescence (FPXRF) soil geochemistry and rock chip sampling[(1)]. This work confirmed that FPXRF geochemistry could cost-efficiently map out epithermal pathfinder metal anomalies and discovered significant arsenic anomalism at several prospects including at the South West Limey Dam target.

Assaying of the 2013 rock chip samples returned anomalous gold including a very high grade sample that returned 55.4g/t gold, also from South West Limey Dam. Petrological studies undertaken on vein and host rock samples collected in 2013 confirmed the presence of characteristic epithermal vein textures and alteration assemblages[(2)].

RECENT PROGRAM

Adelaide Resources has recently completed a second program of FPXRF soil geochemistry and rock chip sampling on EPM 18090 with the objective of clearly defining gold targets to be drill tested in 2015 utilising co-funding awarded by the Queensland Government through its Collaborative Drilling Initiative[(3)].

At the South West Limey Dam prospect, the arsenic anomaly identified in the 2013 FPXRF trial survey has now been systematically sampled, revealing a large coherent feature above 20 ppm arsenic (Figure 2). The broader anomaly includes two internal zones of stronger arsenic anomalism, a western zone and an eastern zone.

The western zone is a north-northeast trending linear feature with a strike length now confirmed to be approximately 1200 metres. FPXRF soil geochemistry includes analyses over 300 ppm arsenic which is significantly above the regional background concentration of approximately 5-10 ppm arsenic. The western anomaly is associated with outcropping quartz veins developed in strongly hydrothermally altered host rock.

The eastern zone has dimensions of approximately 650 metres by 350 metres. Within the eastern target is a north-northwest trending internal zone of stronger arsenic anomalism where individual FPXRF samples reach a maximum of over 150 ppm arsenic.

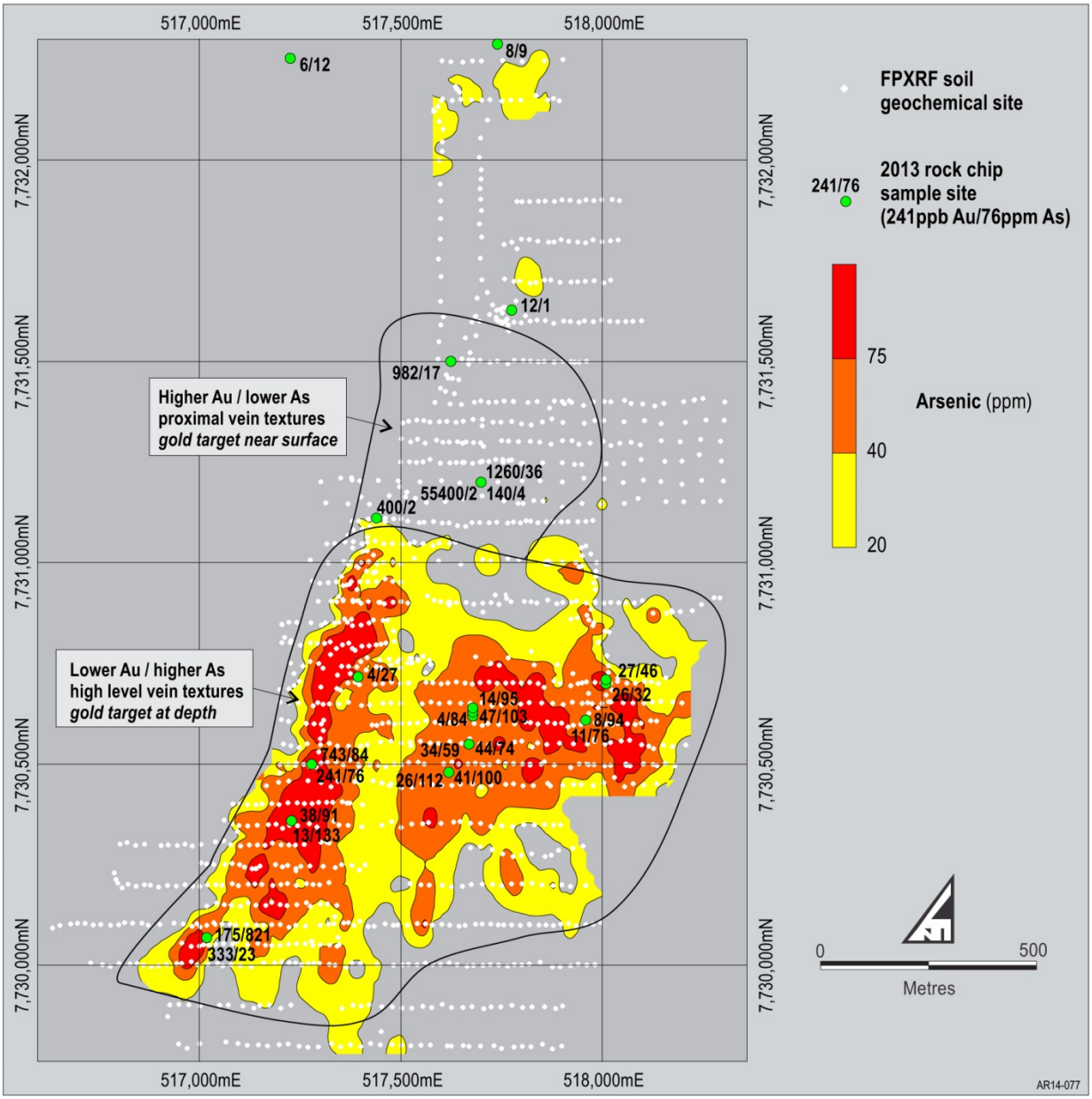

Figure 2: South West Limey Dam Prospect: FPXRF arsenic soil geochemistry.

Epithermal mineral systems often display vertical metal zonation patterns, with different metals deposited at varying depths below the surface. Metals like arsenic, antimony and mercury are often deposited at shallower depths than gold, while base metals including copper and lead, are deposited below zones of gold mineralisation. Likewise, veins show varying textural patterns that are dependent upon their depth of formation. Metal and vein texture zonation patterns can therefore be used to give vectors to gold mineralisation.

The arsenic anomaly at South West Limey Dam persists to a northing of about 7,731,000mN, with the northern limit of the arsenic anomaly coinciding with a significant drop-off in topography of 50 to 75 metres. In 2013, rock chip samples taken from the area of the arsenic anomaly returned strongly anomalous arsenic and anomalous but only low grade gold. Conversely, rock chips collected north of the arsenic anomaly (and from lower RL's) returned lower arsenic values but higher gold contents including a very high grade sample which assayed 55.4 g/t gold, 8.98 g/t silver and only 2 ppm arsenic (Figure 2).

The quartz veins associated with the large soil arsenic anomaly display textures indicative of formation in the highest levels of an epithermal mineral system, while the vein textures of the

high grade gold sample collected in 2013 display textures indicative of being formed at depths more proximal to potential gold zones.

The distribution of gold and arsenic geochemistry, and the variations in the vein textures described above, are both consistent with an epithermal system where the gold zone is exposed at or near the surface around the high grade 2013 rock chip sample, but preserved at depth to the south below the extensive arsenic anomaly defined by the recent FPXRF survey, presenting a large target in that area (Figure 2).

The geological situation at South West Limey Dam is strongly reminiscent of that occurring at the >3 million ounce Pajingo Field. The main Pajingo ore bodies include the Scott Lode in the west of the field, and the Vera, Nancy and Jandam cluster of lodes to the east.

The original discovery at Pajingo, made in 1983, was of the outcropping Scott Lode which produced about 350,000 ounces of gold, however early surface rock chip sampling and shallow drilling on the eastern Vera-Nancy lodes was disappointing. In 1995, following a reinterpretation of vein textures and geophysical data, deeper drilling into the Vera-Nancy lodes was completed, discovering blind high grade gold lodes commencing 100 to 200 metres below surface. By 2001, the mineral inventory of the eastern lodes including Vera-Nancy was approximately 6.6 million tonnes at a grade of 13.5g/t gold and 14g/t silver[(4)].

Rock chip samples collected during the 2014 program have been submitted to a commercial laboratory for assay, with results anticipated to be available in coming weeks. It was also planned to complete FPXRF soil geochemistry at the Limey Dam prospect, located about 3 kilometres north of the South West Limey Dam prospect, however the FPXRF instrument suffered damage during the survey. Instead, soil samples were collected and will be scanned once the FPXRF instrument has been repaired.

Chris Drown
Managing Director

Competent Person Statement and JORC 2012 compliance statements

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 15 November 2013 titled "Rock Chips to 55.4g/t Gold Confirm Epithermal Potential - Drummond Basin, QLD."

(2) See ADN's ASX release dated 3 April 2014 titled "Petrology Study Highlights Drummond Project Potential – QLD."

(3) See ADN's ASX release dated 4 August 2014 titled "Drummond Gold Project wins Collaborative Drilling Initiative funding."

(4) Parks, J., and Robertson, I. D.M., 2003; Pajingo Epithermal Gold Deposits, NE Queensland, CRC LEME 2003 publication.

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	• *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.*	• Innov-X FPXRF (Olympus) analyser used to obtain surficial *in situ* soil analysis. • No sample preparation of the soils was completed for *in situ* analysis. • Instrument calibration completed on on-going basis during survey using standardisation discs. • Soil samples for later analysis were removed with a trowel from pre-determined sample points using a GPS with an accuracy of +/- 15 metres.
Drilling Techniques	• *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).*	• No drilling results are included in the report.
Drill Sample Recovery	• *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.*	• No drilling results are included in the report.
Logging	• *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.*	• No drilling results are included in the report.
Sub-sampling techniques and sample preparation	• *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*	• No sample preparation was completed. Tests were conducted on *in-situ* soil material. • Duplicate analyses indicate

	appropriateness of the sample preparation technique. • *Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	acceptable analytical accuracy for FPXRF samples. • Soil samples taken for later analysis were >150gm and contained in sealed plastic bags. Sample points were pre-determined and located using a GPS with an accuracy of +/- 15 metres.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	• XRF is a total analytical technique appropriate for arsenic as natural soil concentrations are above the lower detection limit of the instrument. • Olympus Innov-X 4000 with reading times set at 45 seconds. • QAQC data includes standards, blanks and duplicates introduced at a ratio of 1 QAQC sample for every 40 survey samples. • No calibration factors have been applied to results reported.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical or electronic) protocols.* • *Discuss any adjustment to assay data.*	• No drilling results are included in the report.
Location of data points	• *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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• FPXRF sample location points are collected using a Trimble Juno 3D GPS with autonomous accuracy of +/- 5 meters. • Soil and rock chip sample points were collected using a GPS with an accuracy of +/- 15 metres. • GDA94 (Zone 55)
Data spacing and distribution	• *Data spacing for reporting of Exploration Results* • *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.* • *Whether sample compositing has been applied.*	• FPXRF analyses taken at 20m intervals on lines nominally spaced at 50 metres. • Soil and rock chip samples also taken at 20m intervals on lines nominally spaced at 50 metres. • The high density of sample points is sufficient to establish continuity of the anomaly.
Orientation of data in	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the*	• Sample lines oriented east-west. Line and sample spacing

relation to geological structure	*extent to which this is known, considering the deposit type.* • *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.*	are adequate to define sizable geochemical anomalies of any orientation with confidence.
Sample security	• *The measures taken to ensure sample security.*	• Soil and rock chip samples were packaged and processed by senior company staff. Sealed plastic sample bags were used to prohibit cross contamination between soil samples.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data*	• Trails completed in 2013 at the South West Limey Dam prospect confirmed the FPXRF method capable of defining arsenic anomalies with a high degree of confidence.

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	• *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.*	• The area the subject of this report falls within EPM 18090, 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. Part of the tenement falls within Restricted Area 206 – Burdekin Falls Dam Catchment. • EPM 18090 is in good standing.
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• The general area the subject of this report has been explored in the past by various companies including Cormepar Minerals, Otter Exploration, Hunter Resources, Poseidon Gold, Dalrymple Resources and MIM Exploration. The Company has reviewed past exploration data generated by these companies.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Deposits in the general

		region are considered to be of low sulphidation epithermal vein style.
Drill hole Information	• *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:* o *Easting and northing of the drill collar* o *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill collar.* o *Dip and azimuth of the hole.* o *Down hole length and interception depth.* o *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.*	• The report does not include drilling results.
Data aggregation methods	• *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 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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• The report does not include drilling results.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• The report does not include drilling results.
Diagrams	• *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.*	• Appropriate maps including scales are included as Figures 1 and 2 in the report.
Balanced Reporting	• *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.*	• Results of all geochemical data are presented in contour form on Figure 2 of the report..
Other substantive exploration data	• *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.*	• 2013 rock chip sample results are discussed and shown on Figure 2 of the report.
Further work	• *The nature and scale of planned further work (eg tests of lateral extensions or depth extensions or large scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	The report advises that the company is planning to drill test the South West Limey Dam prospect in 2015.