



Adelaide
RESOURCES

Adelaide Resources Limited

ABN: 75 061 503 375

Quarterly Report

Period ending 31 March 2015

Corporate Details

ASX Code: ADN (ordinary shares)

ADNO (listed options)

Cash at 31 March 2015:

\$2.166 million.

Issued Capital at 31 March 2015:

304,545,685 ordinary shares

37,222,104 listed options

750,000 performance rights

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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Overview

Moonta copper

- Alford West aircore drilling successfully extends Bruce zone which continues to remain open westward.
- Aircore results from Six Ways at Alford West include 25 metres at 1.12% copper commencing just 4 metres below surface.
- Tomahawk aircore holes confirm presence of low grade mineralisation.
- Deeper reverse circulation drill program in progress at quarter end.

Eyre Peninsula gold

- Plans progressed to drill test 100% owned gold targets in coming quarter.
- Gravity traverses and soil sampling completed on Thurlga Joint Venture – assay results awaited.
- Successful biogeochemical research trial completed at the Baggy Green gold deposit.

Drummond epithermal gold

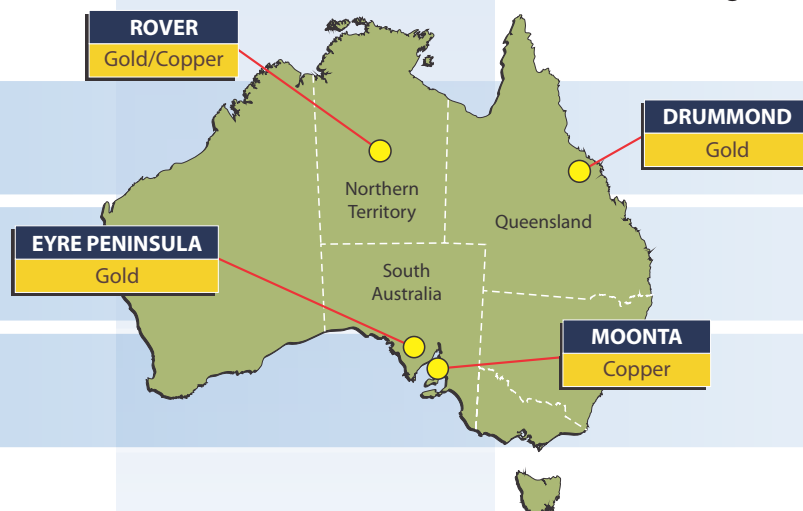
- Progress continues towards the goal of drilling at the South West Limey Dam prospect in the coming quarter.

Finance

- \$1.0 million of Rights Issue shortfall securities (33.6 million) placed.
- The Company treasury position – \$2.166 million in cash at period end.
- Financial results for the six months to December 2014 released.
- Company eligible for Exploration Development Incentive which may provide tax credits for certain shareholders.

Corporate

- Colin G Jackson appointed non-executive Chairman following retirement of Mike Hatcher.
- Nick Harding, CFO and Company Secretary appointed executive Director.



Chris Drown
Managing Director
9 April 2015

Direct enquiries to:
(08) 8271 0600 or
0427 770 653.

Managing Director's review

While the recent fall in iron ore prices dominates a pessimistic resources commentary in the financial press, Adelaide Resources' twin target commodities of copper and gold continue to perform strongly.

We believe the strength of copper and gold relative to iron ore will result in a reorganisation of investment portfolios and an increasing allocation of funding in favour of companies with good copper and gold stories.

In Australian dollar terms, copper continues to trade in the band it has traded in for over three years, and it has now totally recovered from the price fall suffered in January. Gold, which traded at around A\$1400/oz for much of 2013 and 2014, has appreciated strongly in recent months and now sits around A\$1600/oz.

While a significant part of Adelaide Resources' effort will remain copper focussed, we are fortunate in having a number of advanced gold prospects that allow us to adjust the copper versus gold "budget allocation dial" somewhat more in gold's favour than the copper dominant settings of recent years.

Adelaide Resources' exploration programme over the next quarter is planned to meet, in an accelerated timeframe, the obligations made to shareholders in the recent Rights Issue Prospectus.

We are currently undertaking our first deeper drilling programme at the Alford West prospect at Moonta after which we will return to the Eyre Peninsula to drill for gold for the first time in ten years. We are also working to finalise the approvals that will allow us to complete our first drilling programme at Drummond potentially before financial year end.

Whilst conducting active drill programmes across three projects will reduce the current treasury position, it is in keeping with our philosophy of maximising expenditure on exploration activity to create the next opportunity.

Our exploration expenditures this financial year and our current business status will qualify the Company for the Federal Government's Exploration Development Incentive initiative, which may see tax credits for certain shareholders. Details of its implementation are still to be advised.

Moonta copper

Aircore drilling programme

In early 2015 an aircore drilling programme tested targets at the Alford West prospect and at the nearby Tomahawk soil geochemical target.

Previous aircore drilling had mapped the east-west trending Bruce zone over a 650 metre strike, however doubt remained as to whether the zone had been closed off to the west and so four new aircore holes were drilled to test this view.

Its continuation was confirmed with adjacent holes ALWAC307 (25 metres at 0.40% copper) and ALWAC308 (34 metres at 0.39% copper) intersecting a lode with a horizontal width of approximately 30 metres. These holes also intersected molybdenum mineralisation with ALWAC308 intersecting 9 metres at 0.11% Mo.

The Bruce zone has now been defined over a strike length of 750 metres and remains open to the west. Little drilling has been completed in this area and the prospect of increasing the strike length exists, potentially by several hundred metres.

Elsewhere at Bruce ALWAC298 recorded an intersection of 15 metres at 0.90% copper and 0.24g/t gold, including 10 metres at 1.24% copper.

At Alford West Six Ways zone, significant results include 25 metres at 1.12% copper from a depth of 4 metres in ALWAC304. The mineralisation commences below the base of thin cover sediments, with malachite the main copper mineral observed. Sub-intervals of higher grade include 4 metres at 2.82% copper and 5 metres at 2.17% copper.

Also at Six Ways, hole ALWAC301 achieved some notable intersections including 4 metres at 1.14% copper within a broader zone of 12 metres at 0.57% copper, and 6 metres at 1.01% copper within 18 metres at 0.57% copper.

Further work is required to fully understand the geometry and continuity of the lodes at Six Ways, however the latest results continue to demonstrate the presence of broad, shallow zones of copper mineralisation of attractive grade.

In May 2014 surface soil sampling conducted using a field portable X-Ray fluorescence (FPXRF) instrument delineated a large copper soil anomaly at Tomahawk, approximately five kilometres east of Alford West.



Plate 1: Drill samples from ALWAC002 showing a sulphide-rich zone from 152 to 158 metres downhole.

A total of 37 aircore holes were drilled on six traverses to test the anomaly, with several holes encountering low grade mineralisation. Hole TAC010 hit 6 metres at 0.25% copper and TAC007 intersected 6 metres at 0.21% copper. Anomalous gold is also present with TAC019 (1 metre at 0.60g/t gold), and TAC004 (1 metre at 0.52g/t gold). No further work is currently scheduled at Tomahawk.

Deeper reverse circulation drill programme

The Company's first programme of deeper reverse circulation drilling at Alford West was underway at period end. Drilling commenced at the Larwood Zone while further holes are planned to test the Bruce zone. All drill samples are being scanned using the Company's FPXRF instrument with mineralised samples then submitted for laboratory assay.

Sulphide mineralisation, dominantly pyrite but also including copper sulphides, has been observed in all holes drilled so far. A narrow but extremely sulphide-rich zone is present in hole ALWRC002 (*Plate 1*). The main sulphide present is pyrite however a fine grained black phase is likely to be chalcocite as the FPXRF instrument confirms the presence of significant copper in the sample.■

Eyre Peninsula gold

New gold exploration effort commenced

The Company's last significant gold exploration programme on the Eyre Peninsula was completed over ten years ago through a joint venture with Newmont Australia Limited. In early 2005 gold was trading below A\$600/oz, while today it is trading closer to A\$1,600/oz.

The joint venture's goal was to discover a deposit large enough to satisfy Newmont's corporate target, which was considered at the time to be several million ounces. While no deposit satisfying Newmont's size criteria was found, significant gold mineralisation was discovered on the project tenements, including at the Barns prospect, the nearby White Tank prospect, and the Baggy Green deposit located 5 kilometres east of Barns.

Newmont withdrew from the joint venture in early 2005 and today Adelaide Resources retains 100% ownership of the gold discoveries.

A reassessment of the historical Eyre Peninsula exploration data, including recently completed 3-D modelling of the mineralised zones at the three prospects, suggests opportunities to delineate gold resources of significance remain.

Mineralised zones at each of Barns, White Tank and Baggy Green strike northeast and dip at relatively shallow angles to the northwest. Significant thicknesses of mineralisation are present, evidenced by true width intersections of 147 metres at 0.87g/t gold at Barns and 24 metres at 2.33g/t gold at Baggy Green.

The Company is planning a program of shallow precollared diamond drilling to obtain oriented core samples through the mineralisation at Baggy Green and Barns, with this drilling to commence once operations have been completed at Moonta.

Thurlga Joint Venture

One of the Eyre Peninsula Project tenements is subject to the Thurlga Joint Venture with Investigator Resources Limited. During the quarter the Thurlga Joint Venture completed two traverses of gravity geophysics, conducted geological mapping and collected 640 soil samples on a 500 metre x 500 metre pattern. The soil samples have been submitted for laboratory assay with results anticipated by end April.

Biogeochemical trial

A successful research and development biogeochemistry sampling programme was completed on the Eyre Peninsula tenements. The programme was designed to determine if analysis of eucalypt mallee leaves could be used to identify areas of known underlying gold mineralisation at the Baggy Green gold prospect.

The results confirm that concentrations of gold, silver and some other metals in the leaves of eucalypts growing above sub-surface mineralisation are at anomalous levels. The trial results suggest that biogeochemistry shows promising potential for wider application across the Eyre Peninsula tenement area.■

Drummond epithermal gold

Approvals progress made ahead of first drill programme

The Company plans to undertake its first exploration drilling at the South West Limey Dam prospect by the end of the June quarter with work to achieve the various approvals required prior to drilling progressing. The drilling programme will be partly funded to a maximum of \$100,000 by the Queensland Government through its Collaborative Drilling Initiative scheme.

The Company is working co-operatively with the registered Native Title Claimant with the two parties finalising the terms of an Exploration Agreement during the March quarter. A cultural heritage survey is scheduled in the coming weeks.

Third Party interest may present alternate funding options

The promising potential revealed through Adelaide Resources' successful early exploration programmes has prompted interest from a number of Australian listed gold producers wishing to review the project. The Company has decided to engage with these groups to determine whether a compelling funding option which will see exploration accelerated and expanded is possible.■

Rover copper gold

With the exploration team focused on executing the drilling programs at Moonta and on the preparation for drilling on Eyre Peninsula and Drummond, Rover was idle during the quarter.■

Finance

The Company had \$2.166 million in cash and term deposits at 31 March 2015. Exploration and evaluation expenditure incurred by the Company during the March quarter was \$374,000 plus a further \$70,000 by joint venture parties on tenements in which the Company has an interest.■

Securities placement

The Company raised \$1.0 million through the placement of 33.6 million Shares and 16.8 million Options under the shortfall to the Rights Issue completed in late 2014. The Shortfall Securities were issued on the same terms being \$0.03 per Share plus one free attaching Option for every two allotted Shortfall Shares, exercisable at \$0.05 at any time up to 30 September 2016.■

Appointment of new Directors

On 23 February, following the retirement of Mike Hatcher, the Company announced the appointment of Colin G Jackson as non-executive Chairman and Nick Harding, Company Secretary and Chief Financial Officer, as executive Director.

Colin Jackson has a strong technical background and extensive copper-gold knowledge. He has substantial global financial market experience and has guided a number of companies from the exploration phase into production.

Messrs Jackson and Harding, together with incumbent directors Jonathan Buckley and Chris Drown, complete a Board with an excellent balance of technical, financial and corporate resources industry experience and a commitment to pursue shareholder wealth generation.■

Competent Person Statement and 2012 JORC Compliance 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.

The information contained in the report relating to exploration completed prior to 1 Dec 2013 by the Company and other explorers was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The information contained in the report relating to exploration completed since 1 Dec 2013 has previously been reported in accordance with the JORC Code 2012, see ADN's ASX releases dated 24 Mar 2015 and 11 Feb 2015.