Adelaide Resources Limited

Quarterly Report

Period ending 30 June 2012

Adelaide Resources Limited
ABN: 75 061 503 375

Contact Details

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Corporate Details

ASX Code: ADN

Issued Capital:

144,998,701 ordinary shares
2,936,667 unlisted options
and performance rights

Directors:

Non-executive Chairman:
Andrew Brown

Managing Director:
Chris Drown

Non-executive Directors:
John den Dryver
John Horan
Mike Hatcher

Company Secretary:
Nick Harding

Highlights

Shareholder Share Purchase Plan

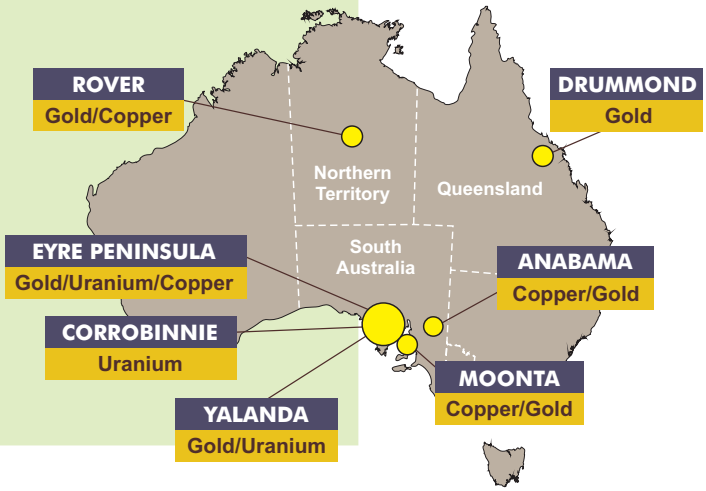
- Adelaide Resources Limited currently has a Shareholder Share Purchase Plan open whereby eligible shareholders can acquire new shares in the company at an attractive price and with no brokerage fees. **Applications from shareholders wishing to participate in the offer must be received by 3 August**.

Moonta Copper Gold Project – SA

- Aircore and diamond drilling program completed with further encouraging results from the 100% owned Paskeville Prospect.
- Interpretation of all data reveals **Paskeville is a coherent body of low to moderate grade, copper-dominant mineralisation with a confirmed strike length of 300 metres** and which dips to the northeast.
- **The true width of the mineralised body is over 130 metres** in the southeast.
- The mineralised body at Paskeville remains **open at depth and along strike in both directions**.
- Detailed study of copper assays in drillholes on the southeastern drill section indicate copper grade is increasing in a down-dip direction, presenting a **compelling exploration target which the company plans to test in the September Quarter**.

Rover Gold Copper Project – NT

- 3-dimensional geological modelling and resource estimation is currently underway for the Rover 4 deposit.



Finance

- At 30 June 2012, the company had available funds of $2.915 million.

Shareholder Share Purchase Plan

Adelaide Resources Limited currently has a Shareholder Share Purchase Plan (SPP) open whereby eligible shareholders can acquire new shares in the company at an attractive price and with no brokerage fees.

All shareholders should have received the offer documentation in the post. Applications from shareholders wishing to participate should be received by the scheduled closing date of 3 August.

Moonta Copper Gold Project, SA

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

The Moonta Project falls towards the southern end of the Olympic Copper Gold Province on the Yorke Peninsula of South Australia *(Figure 1)*. A program of exploratory aircore and diamond drilling has been completed in the first half of calendar 2012, resulting in the discovery of the Paskeville Prospect.

Paskeville Prospect

The Paskeville Prospect is located in the east of the project in an area that is 100% owned by Adelaide Resources Limited *(Figure 1)*, and is defined by a cluster of copper and gold geochemical anomalies *(Figure 2)*.

Promising results from the first 24 aircore holes drilled at Paskeville were summarized in the company's March Quarterly Report. Intersections achieved in these holes included 10 metres at 1.06% copper and 9 metres at 1.27% copper in hole PAC001; and 42 metres at 1.10% copper and 0.11g/t gold in PAC006.

The maiden drilling program at Paskeville totalled 110 aircore holes for 8599 metres and a single diamond drillhole for 167.6 metres. Further significant intersections were achieved during the June Quarter, and interpretation of the results has started to reveal the nature of the deposit.

June Quarter Results

Drilling in the June Quarter included additional holes in the area around PAC001, and first pass tests of other geochemical anomalies that form part of the broader Paskeville Prospect.

Figure 3 shows the locations of all holes drilled in the original discovery area. New results of note include 19 metres at 0.55% copper from 66 metres downhole (including 2 metres at 1.55% copper), and 15 metres at 0.47% copper from 95 metres in PAC034; and 51 metres at 0.43% copper from 60 metres (including 12 metres at 0.74% copper) in PAC035.

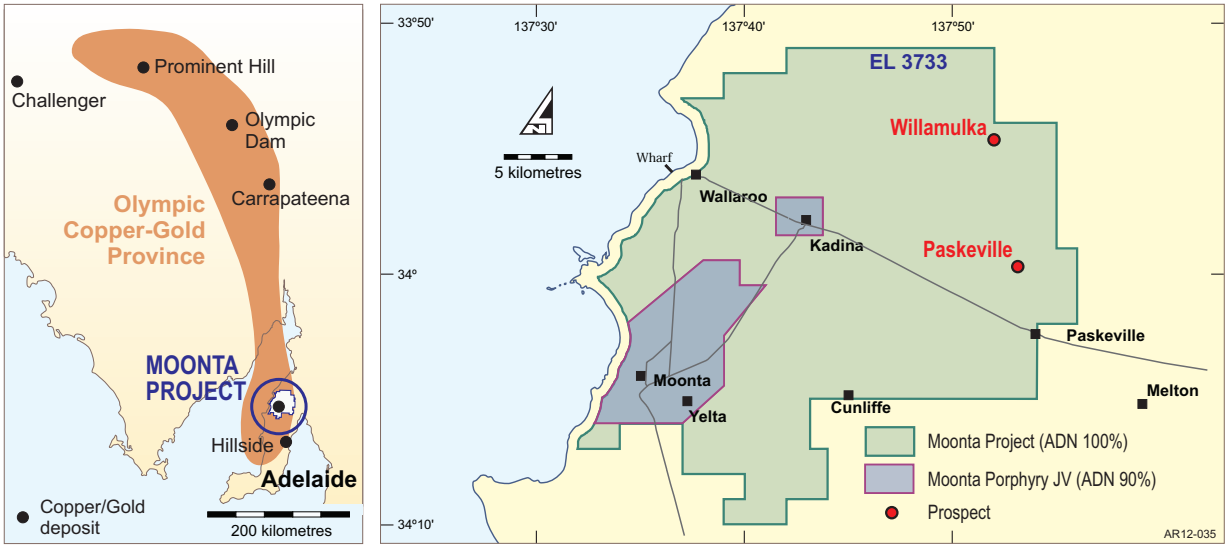


Figure 1: *Moonta Project Location Plan.*

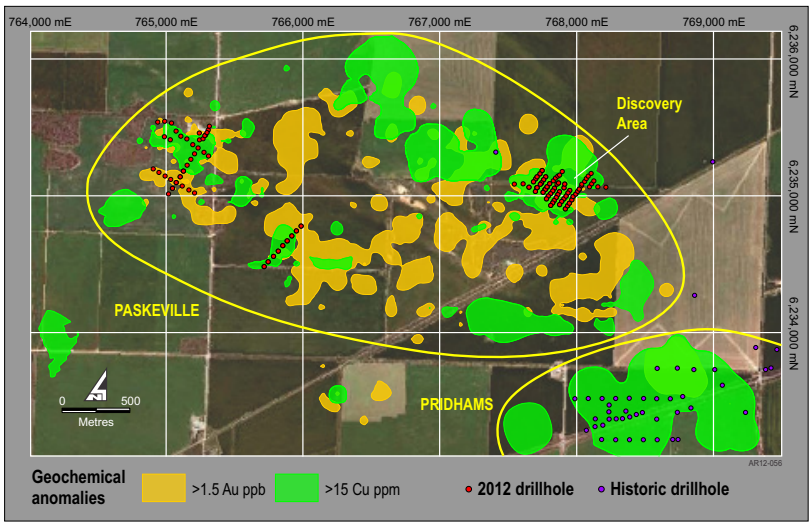


Figure 2: *Plan of Paskeville Prospect showing drillhole locations.*

The single diamond drill hole, PASDD001, was sited to test southwest of hole PAC006 (42 metres at 1.10% copper). PASDD001 returned a best interval of 10 metres at 0.27% copper from 92 metres downhole, but is now confirmed to have drilled in the footwall to the mineralised zone.

The first pass traverses of drilling completed to test other geochemical targets intersected zones where pyrite is strongly developed however copper, gold and silver are only present at weak levels.

Further southwest, hole PAC043 intersected a number of mineralised intervals including 14 metres at 0.48% copper from 58 metres, 14 metres at 0.46% copper from 77 metres, and 16 metres at 0.45% copper from 99 metres. PAC044 hit 33 metres at 0.59% copper from 67 metres (including 5 metres at 1.88% copper).

PAC093 hit 15 metres at 0.36% copper from 47 metres, and 15 metres at 0.34% copper from 99 metres. *Table1* lists all significant intersections recorded during the June Quarter.

Silver is present in the Paskeville mineralisation. The 51 metre copper intersection in PAC035 assays 2.3g/t silver; and PAC040 contains 7 metres at 18.8g/t silver from 55 metres. Anomalous to low grade gold is also present.

Current Paskeville Interpretation

An interpretation of all Paskeville drill data shows that copper mineralisation is present on each of the well drilled traverses in the discovery area. The mineralised zone (defined as zones greater than 0.1% copper) displays good continuity on and between drill sections *(Figure 4)*. The strike length of the mineralised body is confirmed to be at least 300 metres, with the body interpreted to be displaced by cross cutting faults *(Figure 3)*.

Mineralisation commences at shallow depths, in cases immediately beneath the cover sediments, and persists to the depth of current drilling on all traverses where the body has been intersected. The host rock is a variably altered package of metamorphosed pelite and fine grained sandstones which are weathered to depths of up to 100 metres below surface. The host rock is covered by a blanket of sand and clay sediments with an average thickness of about 8 metres.

The primary copper mineral present in fresh rock is chalcopyrite, which is often associated with pyrite and quartz veining. Secondary copper minerals observed in the weathered zone include chalcocite, native copper, malachite, azurite, and possibly atacamite.

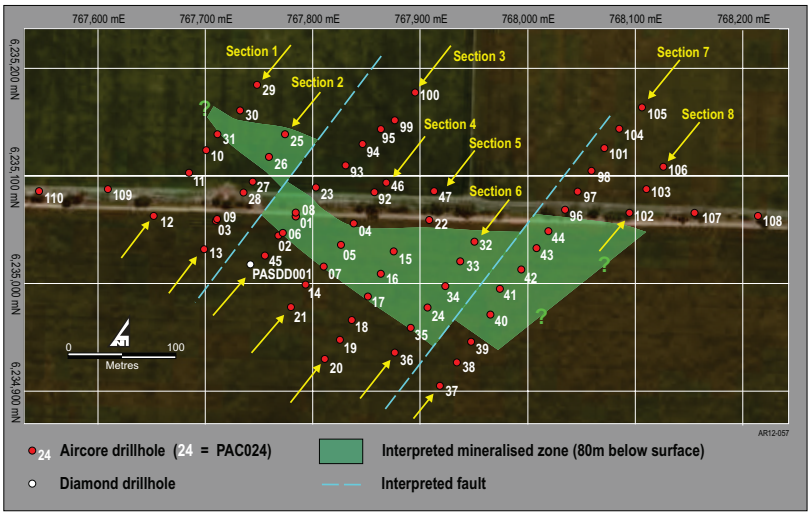


Figure 3: *Paskeville Prospect Discovery Area Summary Pan.*

The mineralised body is interpreted to dip at a moderate angle to the northeast. The interpreted true width of the body in the primary zone increases systematically from perhaps 15 metres in the northwest to greater than 130 metres on the southeastern section.

The overall copper grade in that part of the deposit tested so far is low to moderate, while narrower internal zones of higher grade mineralisation are commonly present. The continuity of these higher grade internal zones remains to be established, however hole PAC006, which is interpreted to have drilled down dip of one of these higher grade zones, intersected an un-bottomed interval of 42 metres at 1.10% copper, suggesting reasonable continuity may exist.

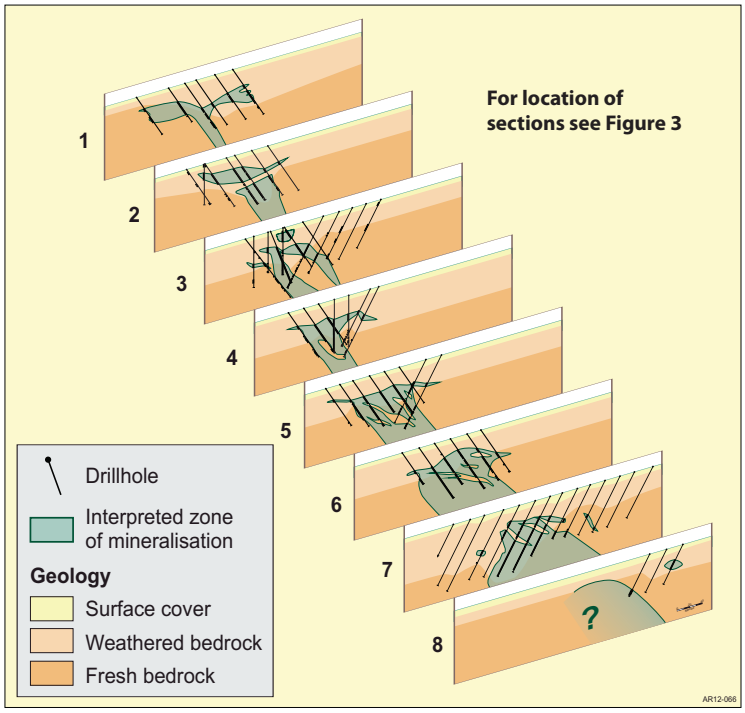


Figure 4: *Paskeville Prospect stacked cross sections showing interpreted outline of copper mineralisation.*

Target Definition and Future Exploration

The potential to increase the size of the Paskeville deposit through further drilling along strike is considered to be excellent. The deposit is thickest on the southeastern drill traverse presenting a large, robust target zone along strike in that direction. The mineralised body also remains open at depth along its currently

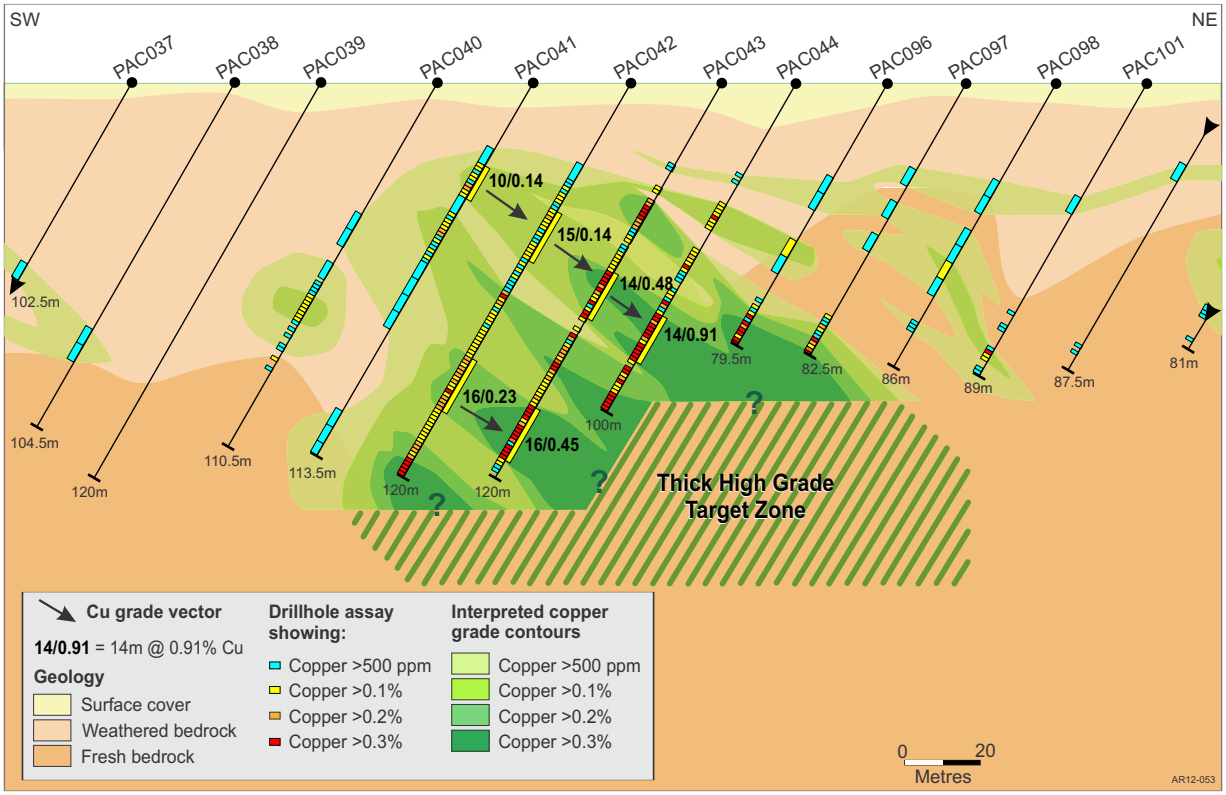


Figure 5: *Interpreted copper grade contours on Paskeville Prospect Section 7.*

defined strike length of 300 metres, and deeper drilling has a high potential of discovering further mineralisation beneath the depth tested by the existing aircore holes.

Most significantly however, study of the copper grade distribution on the southeastern drill traverse reveals that the grade of the mineralised body is steadily increasing down dip *(Figure 5)*. This exciting observation suggests higher grade mineralisation should be present down dip of the current limit of drilling in this region of the deposit. This grade increase, combined with the very substantial true thickness of the deposit in this area, presents a compelling, high priority, target zone that clearly warrants drill testing, with testing utilizing diamond drilling methods planned in the September Quarter.

Willamulka Prospect

Assay results for two diamond drillholes completed at Willamulka are available and include zones of copper and gold mineralisation developed over true widths estimated to be about 35 metres *(Figures 6 and 7, and Table 1)*.

Hole WLMDD001 intersected 4 metres at 1.66g/t gold from 105 metres downhole, and 10 metres at 0.29g/t gold and 0.46% copper from 175 metres. WLMDD002 hit 14.9 metres at 0.28g/t gold and 0.48% copper from 135.1 metres, and 5 metres at 0.42% copper from 170 metres.

These holes confirm that the mineralised system at Willamulka has a steep dip to the northwest and persists to depth in the southwestern part if the prospect. The company is currently updating its geological interpretation of the Willamulka Prospect.■

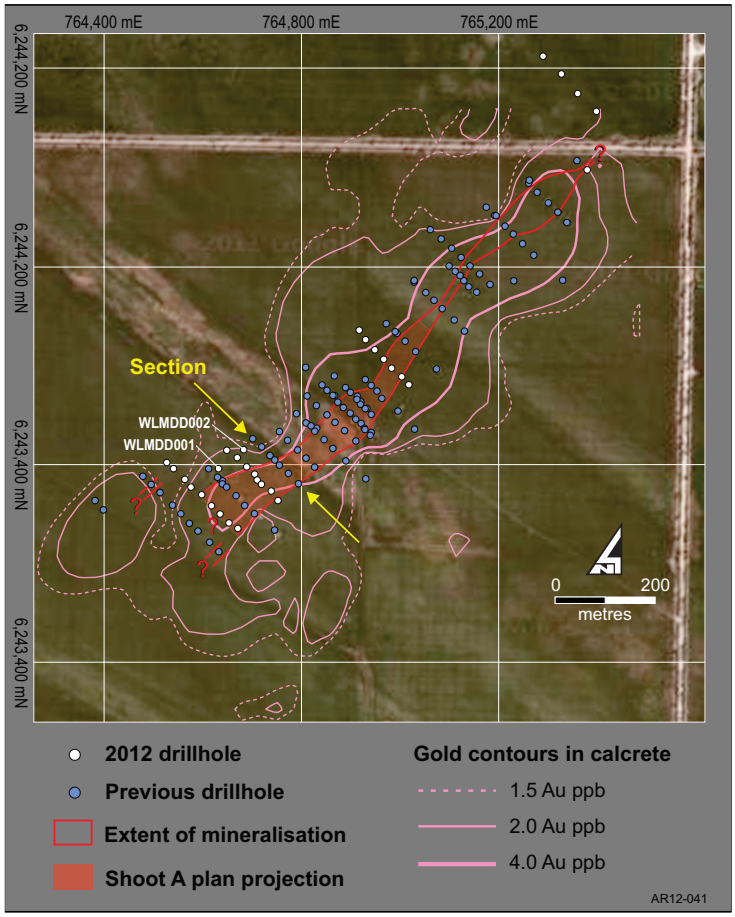


Figure 6: *Willamulka Prospect Plan.*

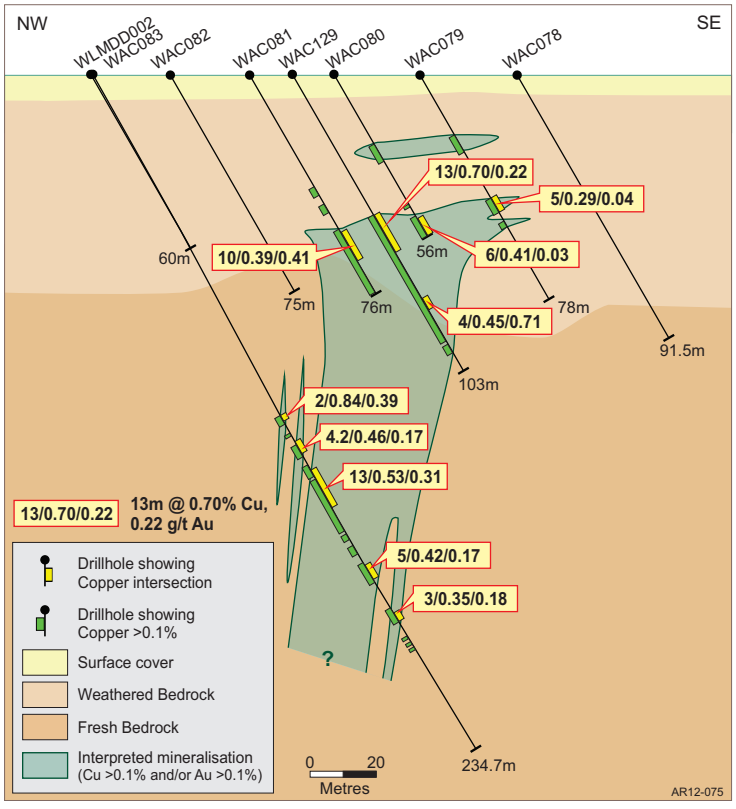


Figure 7: *Willamulka Prospect Section.*

Table 1: *Moonta Project Significant Copper and Gold Intersections.*

Prospect	Hole Name	Easting (mga94)	Northing (mga94)	Dip	Azimuth	Final Depth	From (m)	To (m)	Interval (m)	Cu %	Au g/t
Paskeville	PAC026	767758	6235118	-60	35	99.0	41	47	6	0.33	0.01
							56	70	14	0.12	0.01
	PAC027	767743	6235096	-60	35	99.0	25	36	11	0.24	~
							39	52	13	0.25	0.14
							62	94	32	0.14	0.02
	PAC028	767735	6235085	-60	35	102.0	24	54	30	0.27	0.03
							65	102	37	0.17	0.01
	PAC029	767746	6235186	-60	35	99.0	56	67	11	0.21	~
	PAC030	767730	6235166	-60	35	99.0	47	58	11	0.19	0.01
	PAC033	767935	6235023	-60	35	102.0	32	39	7	0.22	0.05
							50	73	23	0.33	0.03
							incl.	**70**	**73**	**3**	**1.36**	0.15
	PAC034	767921	6235003	-60	35	110.0	26	43	17	0.19	0.02
							48	**52**	**4**	**0.79**	0.07
							63	**110**	**47**	**0.47**	0.04
							incl.	**67**	**76**	**9**	**0.82**	0.06
							and	**106**	**110**	**4**	**1.07**	0.10
	PAC035	767891	6234958	-60	35	111.0	44	54	10	0.17	0.08
							57	**111**	**54**	**0.42**	0.09
							incl.	**77**	**84**	**7**	**0.96**	0.06
	PAC036	767876	6234936	-60	35	69.0	57	69	12	0.18	0.02
	PAC041	767977	6234993	-60	215	113.5	25	49	24	0.15	0.01
	PAC042	767992	6235013	-60	215	120.0	32	45	13	0.14	0.01
							64	120	56	0.20	0.06
	PAC043	768007	6235036	-60	215	120.0	**36**	**45**	**9**	**0.45**	0.01
							52	73	21	0.37	0.01
							incl.	**58**	**61**	**3**	**1.12**	0.02
							77	117	40	0.38	0.02
							incl.	**86**	**88**	**2**	**1.46**	0.06
							and	**99**	**115**	**16**	**0.45**	0.02
	PAC044	768018	6235052	-60	215	100.0	37	45	8	0.39	~
							64	**100**	**36**	**0.55**	0.08
							incl.	**80**	**85**	**5**	**1.88**	0.25
							and	**96**	**100**	**4**	**0.70**	0.04
	PAC046	767869	6235098	-60	215	112.0	**102**	**106**	**4**	**0.58**	0.04
	PAC047	767913	6235086	-60	215	117.0	**81**	**87**	**6**	**0.58**	0.05
							109	117	8	0.22	0.02
	PAC092	767856	6235081	-60	216	91.0	**67**	**70**	**3**	**1.36**	0.06
	PAC093	767831	6235107	-60	213	114.0	45	64	19	0.32	0.02
							99	114	15	0.34	0.03
							incl.	**112**	**114**	**2**	**1.05**	0.08
	PAC094	767846	6235127	-60	215	98.0	67	79	12	0.38	0.04
	PAC096	768031	6235069	-60	214	79.5	**73**	**79.5**	**6.5**	**0.51**	0.03
	PAC097	768043	6235089	-60	217	82.5	78	82.5	4.5	0.29	0.03
	PAC100	767894	6235180	-60	217	77.0	40	50	10	0.19	~
	PAC102	768095	6235070	-60	212	67.0	57	65	8	0.30	0.05
							incl.	**58**	**60**	**2**	**0.74**	0.14
	PAC106	768124	6235111	-60	216	63.0	25	40	15	0.13	~
	PASDD001	767744	6235016	-57	35	167.6	92	102	10	0.27	0.01
Willamulka	WLMDD001	764633	6243790	-60	144	242.3	**105**	**109**	**4**	**0.31**	**1.66**
							incl.	**105**	**106**	**1**	**0.51**	**5.78**
							169	171	2	0.53	0.47
							175	**185**	**10**	**0.46**	**0.29**
	WLMDD002	764681	6243828	-59	119	234.7	119	121	2	0.84	0.39
							128	132.2	4.2	0.56	0.17
							137	**150**	**13**	**0.53**	**0.31**
							incl.	**142**	**146**	**4**	**0.79**	**0.43**
							170	175	5	0.42	0.17

Intersections calculated by averaging 1-metre or 5-metre composite 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. Introduced QA/QC samples indicate acceptable analytical quality. Intersections are downhole lengths. True widths are unknown.

Rover Gold Copper Project, NT

Adelaide Resources 100%

The Rover Project is situated about 85 kilometres southwest of Tennant Creek in the Northern Territory *(Figure 8)*. Mineral deposits in the Rover Field are essentially geologically identical to the copper and gold deposits located in the Tennant Creek Field, many of which have been profitably mined in the past.

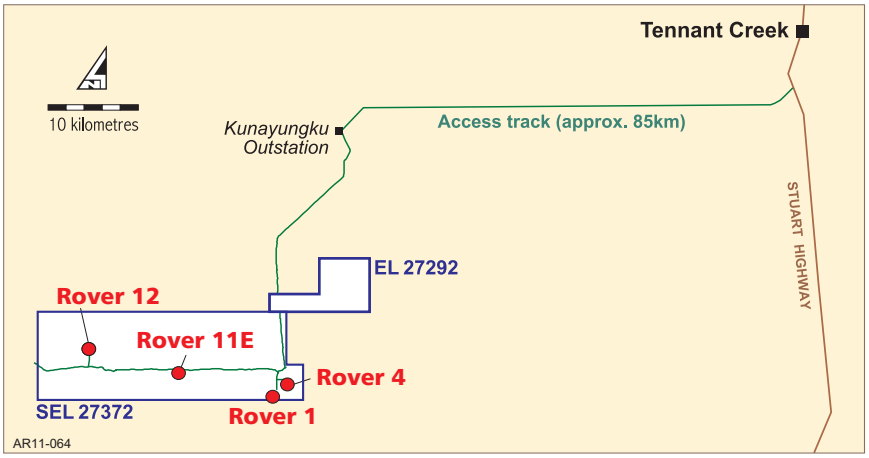


Figure 8: *Rover Project Location Plan.*

The Rover Field is buried beneath between 100 and 200 metres of sedimentary cover and its exploration is relatively immature when compared to the Tennant Creek Field. Despite this relative immaturity, significant gold and copper deposits and prospects have been discovered by Adelaide Resources, neighbour Westgold Resources Limited, and historically by Peko Mines Limited.

The Rover 1 deposit straddles the tenement boundary of one of the company's project tenements. On 28 July 2011, Westgold announced an estimated mineral resource containing approximately 1.22 million ounces of gold equivalent metal for its part of the deposit. Part of Rover 1 extends across the tenement boundary into Adelaide Resources' tenement, with the company achieving a number of high grade copper and gold drill intersections in recent years.

The Rover 4 prospect is located about 2.2 kilometres to the northeast of Rover 1. Drilling by the company has intersected significant copper and gold in two main areas at Rover 4, including the shallowest mineralisation discovered to date in the Rover Field. Other early stage prospects, including Rover 12 and Rover 11 East, have also returned encouraging drill results confirming the high prospectivity of the project.

During the quarter, the company engaged AMC Consultants to complete 3-dimensional geological modelling of the Rover 4 deposit *(Figure 9)*, leading to a non-JORC compliant mineral resource estimation for the copper and gold zones which can be used for internal purposes. This work is now well advanced and, in addition to bench marking the Rover 4 resource defined to date, is expected to identify areas where further exploration to build on the resource may be warranted.■

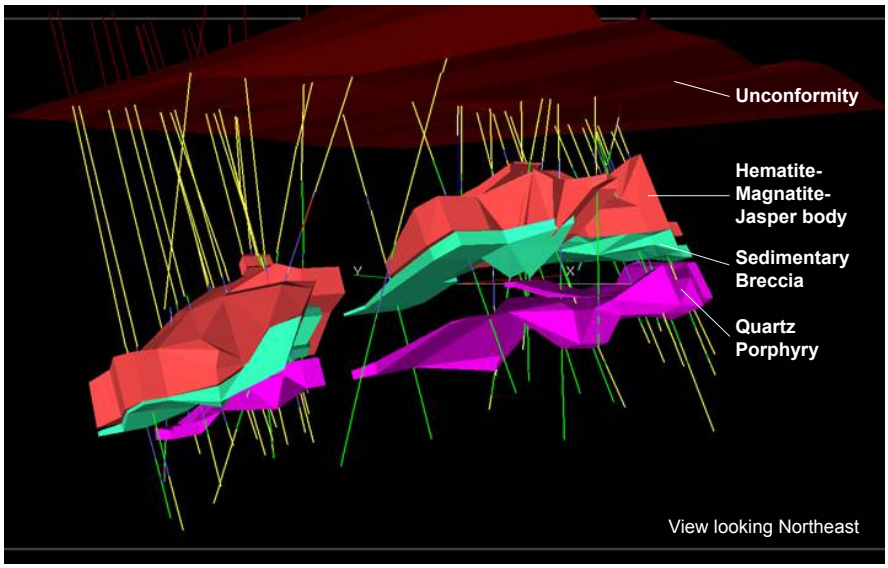


Figure 9: *Rover 4 Prospect 3-dimensional geological model.*

Drummond Gold Project, QLD

Adelaide Resources 100%;

The Drummond Basin in Queensland hosts a number of significant high grade epithermal gold deposits, the most notable being the 3 million ounce Pajingo Field which includes the Vera Nancy lodes. In 2009, Adelaide Resources applied for EPM 18090 "Glenroy" to secure a 196 km^2 area in the northern Drummond Basin *(Figure 10)* with the tenement finally granted on 28 May 2012.

The Glenroy tenement's gross geological setting is similar to that of the Pajingo Field which is located about 70 kilometres to the west. Previous exploration at Glenroy identified multiple gold systems associated with veined and brecciated colloform banded quartz veining typical of a low sulphidation epithermal vein style.

Limited drilling at the Limey Dam prospect returned 40 metres at 0.19g/t gold from 23 metres and 12 metres at 0.48g/t gold, while Breccia Hill intersections included 17 metres at 0.26 g/t gold from 3 metres and 5 metres at 0.11g/t gold from 26 metres.

The company holds the view that these gold systems have not been adequately tested, presenting a major discovery opportunity. Preliminary work to satisfy various statutory notification requirements and to compile a comprehensive project database have commenced in advance of design of an initial on-ground exploration program.■

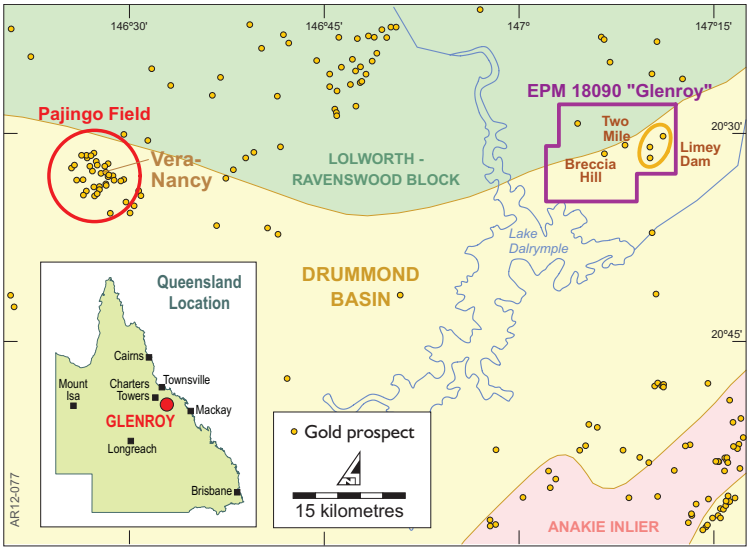


Figure 10: *Drummond Gold Project Location Plan.*

issued capital

The company had 144,998,701 ordinary shares, 500,000 unlisted options, and 2,436,667 performance rights on issue at 30 June 2012.■

finance and corporate

The company had $2.915 million in cash and term deposits at 30 June 2012.

Exploration and evaluation expenditure by the company during the June Quarter was $1.286 million. Exploration and evaluation expenditure incurred during the June Quarter by joint venture parties on tenements in which the company has an interest totalled $65,548.■

Chris Drown – Managing Director
Signed on behalf of the
Board of Adelaide Resources Limited
Dated: 26 June 2012

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, who is a Member of The Australasian Institute of Mining and Metallurgy and who is Managing Director of the company. Mr Drown has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 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.

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