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Australian Securities Exchange Announcement

Friday 15th November, 2013

ROCK CHIPS TO 55.4g/t GOLD CONFIRM EPITHERMAL POTENTIAL – DRUMMOND BASIN, QLD.

- Wholly owned EPM 18090 "Glenroy" secures rocks of the Drummond Basin, a **high grade epithermal gold province** which hosts deposits such as Pajingo (>3 million ounces). During October **79 rock chip samples** were collected and **1259 FPXRF soil analyses** were made at Glenroy, with results now available.

- A rock chip sample of vein material from the **South West Limey Prospect returned 55.4g/t gold**, while a vein sample from the **Limey Dam Prospect assayed 5.06g/t gold**, confirming that high grade gold mineralisation is present. Vein styles include distinctive banded colloform and crustiform epithermal varieties.

- **Many other rock chip samples contain anomalous gold** and signature epithermal pathfinder metals, while trial FPXRF **soil analyses confirm the presence of anomalous arsenic** and other pathfinder elements at several prospects.

- Together the high grade gold rock chip results, the associated pathfinder elements, and the distinctive vein textures confirm that the **Glenroy tenement is highly prospective for epithermal gold deposits.**

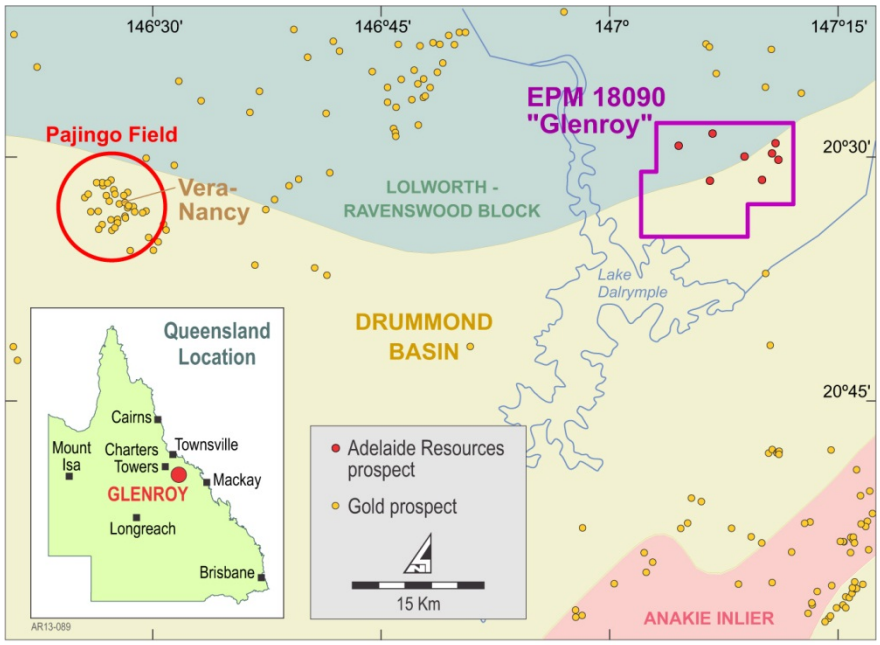

Figure 1: Glenroy tenement location plan.

INTRODUCTION

The break in field activities on Adelaide Resources' flagship Moonta Project on South Australia's Yorke Peninsula, occasioned by the advanced stage of the winter crops, has offered the company's exploration team the opportunity to conduct on ground exploratory activities on a number of other projects, including the Glenroy property in Queensland.

Adelaide Resources Limited holds 100% of EPM 18090 "Glenroy", located approximately 90 kilometres southeast of Charters Towers in Queensland. The tenement was initially pegged in 2009 but only granted in 2012 after a lengthy application process. EPM 18090 covers an area of 196 km^2 and geologically straddles the interpreted boundary between the Permo-Carboniferous Drummond Basin and the older Mt Windsor Volcanics and intrusives of the Lolworth-Ravenswood Block (Figures 1 and 2).

The Drummond Basin hosts a number of significant gold deposits of low sulphidation epithermal style, including the Pajingo Field some 60 kilometres west of the Glenroy tenement (Figure 1). The Pajingo Field has produced in excess of 3 million ounces of high grade gold, largely from the Vera Nancy loads, and is located close to the northern boundary of the Drummond Basin, a similar gross structural position to that enjoyed by EPM 18090.

The favoured host rocks for known epithermal gold deposits in the Drummond Basin are ascribed to the "Cycle 1" volcanics, which comprise a package of largely felsic volcanics and associated subvolcanic intrusives. The Cycle 1 volcanics host each of the Pajingo-Vera Nancy, Wirralie, Yandan, Mt Coolan and Twin Hills deposits, and are interpreted to be well developed within EPM 18090 (Figure 2).

Epithermal gold deposits are often high grade and therefore present attractive exploration targets. Appendix 1 of this report presents a brief overview of the geology of epithermal gold deposits for interested investors.

HISTORICAL EXPLORATION

Several companies have explored the Glenroy area in the past, discovering the Stones Creek, Stuart's Pocket, Breccia Hill and Limey Dam group prospects.

Previous exploration programs included geological mapping, soil and rock chip sampling, and minor drilling. The work confirmed that the Drummond Basin rocks in the Glenroy tenement contain substantial vein systems of a reported character similar to that associated with the other known low sulphidation epithermal gold deposits in the Drummond Basin.

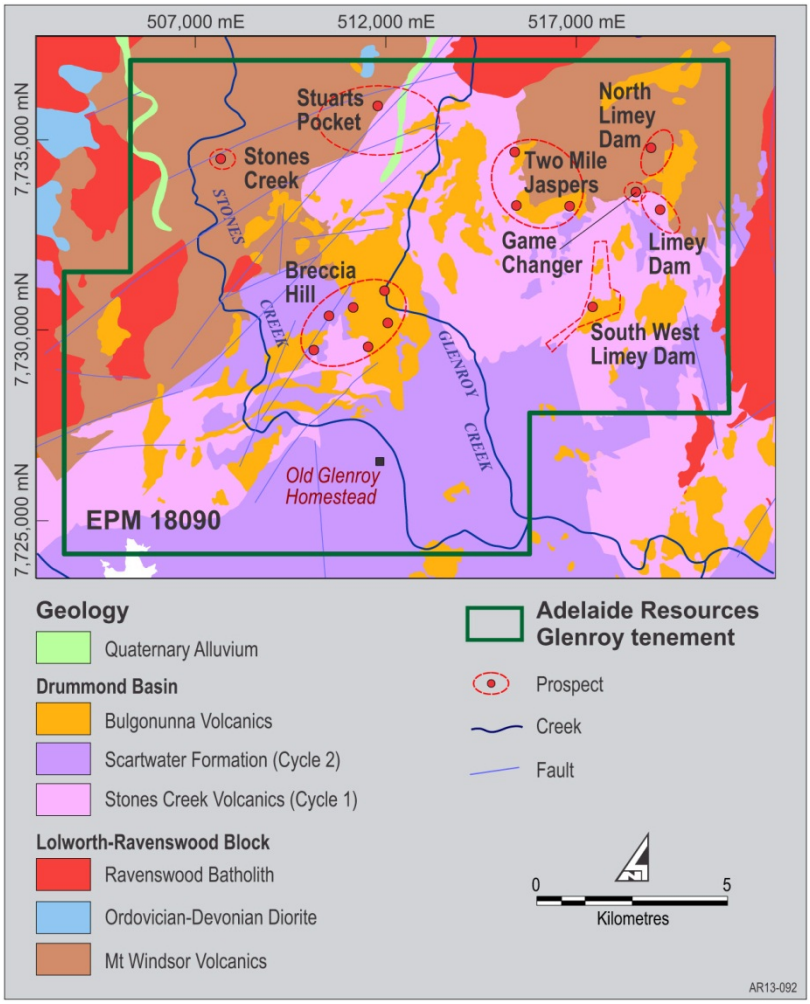

Figure 2: Glenroy tenement showing prospects and interpreted basement geology.

The previous investigations also confirmed that the epithermal vein systems are gold bearing. Gold is present at anomalous levels in historic geochemical samples, while limited reverse circulation drilling intersected broad zones of anomalous gold including 12 metres at 0.48g/t gold at Limey Dam, and 17 metres at 0.26g/t gold at Breccia Hill.

RECENT PROGRAM

Adelaide Resources personnel completed their first field visit to the Glenroy tenement in October 2013 to familiarise themselves with the broader project geology and the historical prospects.

In addition, the field team collected 79 rock chip samples, with laboratory assays for these samples now available. Epithermal gold deposits typically have a distinct geochemical pathfinder element signature, with silver, antimony, arsenic, and mercury commonly present (see Appendix 1) and the rock chips were also assayed for a range of pathfinder metals in addition to gold and silver.

Field Portable X Ray Fluorescence (FPXRF) instruments struggle to read gold to the detection levels required in exploration, but are capable of reading arsenic and possibly other pathfinder elements to useful levels. During the field trip 1259 FPXRF soil analyses were also completed to trial the application of the method in the Glenroy geological setting.

As a consequence of the recent work, the company now defines a total of eight prospects on the tenement (Figure 2). Five of these prospects (Limey Dam, South West Limey Dam, Gamechanger, Two Mile Jaspers and Stuart's Pocket), are centred on the sheared contacts of interpreted Drummond Basin Cycle 1 volcanics with later Bulgonunna or earlier Mt Windsor volcanics, and are considered to be of epithermal style. North Limey Dam occurs on the faulted contact of Mt Windsor and Bulgonunna volcanics and has epithermal characteristics. The Two Mile Jaspers prospect transcends the boundary of the interpreted Drummond Basin and the older Lolworth-Ravenswood Block, but may also be of epithermal style. Breccia Hill occurs on the faulted triple junction of Cycle 1, Cycle 2 and Bulgonunna volcanics and is considered to be of epithermal style. Stones Creek is hosted by Lolworth Ravenswood Block rocks and is unlikely to be epithermal.

Rock chip results

The highest grade rock chip sample, taken at South West Limey Dam, assays 55.4g/t gold, 8.98g/t silver and contains anomalous antimony and tellurium. An adjacent sample from the same vein assays 1.26g/t gold with anomalous arsenic. Review of historical rock chip results confirms that the 55.4g/t gold sample is the highest grade rock chip sample known to have been collected from the project area.

The vein which returned the 55.4g/t gold assay shows colloform banding (Figure 3), which is a signature epithermal vein texture and one reported from epithermal

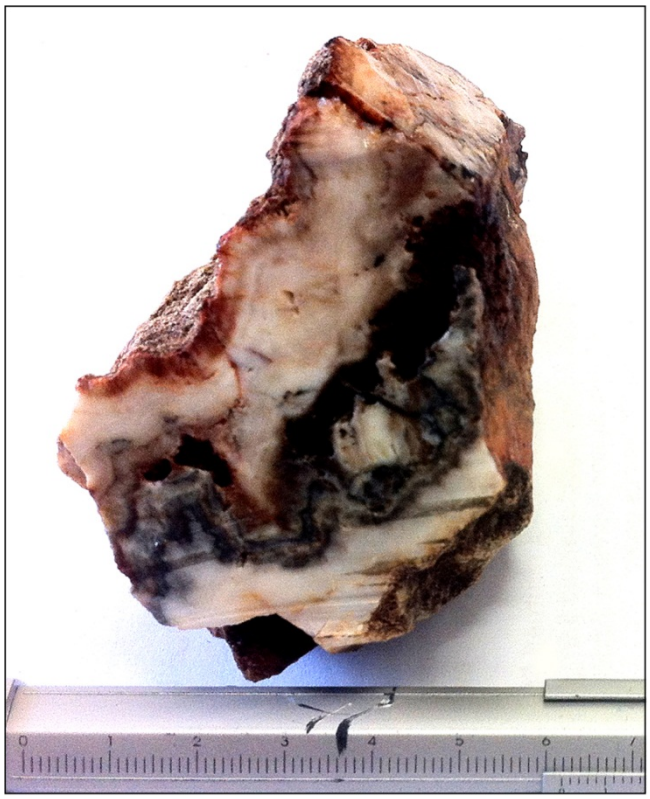

Figure 3: Rock chip sample from South West Limey Dam assaying 55.4g/t gold.

gold deposits elsewhere in the world. Textures of other veins and breccias observed during the field visit are also considered to be indicative of an epithermal environment.

A sample from Limey Dam assays 5.06g/t gold, 1.82g/t silver and also contains anomalous antimony and tellurium. Other anomalous gold (> 0.1g/t gold) and silver rock chips were collected at Limey Dam, South West Limey Dam, Breccia Hill and Two Mile Jaspers. Many rock chip samples contain elevated levels of epithermal pathfinder elements with arsenic, bismuth, molybdenum, antimony, tellurium and thallium variably present. Significant rock chip results are shown in Table 1.

Table 1: *Glenroy tenement selected rock chip assays.*

Sample Number	Prospect Name	Easting (mga94)	Northing (mga94)	Au (g/t)	Ag (g/t)	Epithermal Pathfinder Elements (ppm)			
						As	Bi	Sb	Te
G1	Two Mile Jaspers	515460	7733258	**0.16**	0.08	17.8	**1.07**	**16.6**	0.06
G4	Two Mile Jaspers	515500	7733215	<0.01	0.03	10.9	0.10	**27.8**	<0.05
G21	South West Limey	517227	7732252	0.01	0.06	12.2	**1.98**	3.5	**1.40**
G23	South West Limey	517741	7732287	<0.01	**1.76**	18.5	0.30	1.3	**1.57**
G24	Limey Dam	519030	7733100	0.01	0.03	14.9	**2.42**	2.2	**1.04**
G25	South West Limey	517625	7731500	**0.98**	**0.73**	16.8	0.32	4.0	**1.92**
G26	South West Limey	517727	7732252	0.05	0.40	28.8	**1.99**	3.2	**3.82**
G28	South West Limey	517441	7731111	**0.40**	0.09	2.3	0.02	**12.5**	**0.24**
G31	South West Limey	517700	7731200	**0.14**	0.03	3.6	0.01	**13.7**	**0.14**
G32	South West Limey	517700	7731200	**55.40**	**8.98**	2.2	0.04	5.7	**11.30**
G33	South West Limey	517700	7731200	**1.26**	0.30	35.8	0.12	**12.4**	**0.25**
G35	Breccia Hill	511352	7730597	**0.43**	**1.16**	20.6	0.09	2.4	**0.56**
G60	South West Limey	517020	7730070	**0.18**	**2.24**	**821.0**	0.07	**29.4**	<0.05
G61	South West Limey	517030	7730070	**0.33**	**1.11**	23.4	0.02	**9.6**	<0.05
G62	South West Limey	517230	7730360	0.04	**0.76**	**133.0**	0.19	**11.3**	<0.05
G63	South West Limey	517230	7730360	0.01	0.41	90.6	0.03	**15.6**	<0.05
G64	South West Limey	517280	7730500	**0.74**	**0.67**	83.5	0.05	5.5	<0.05
G65	South West Limey	517280	7730500	**0.24**	0.20	76.4	0.11	4.4	<0.05
G68	South West Limey	517670	7730550	0.04	**0.53**	74.3	0.03	**10.8**	<0.05
G77	Limey Dam	519272	7732912	**5.06**	**1.82**	3.4	<0.01	6.9	**0.27**
G78	Limey Dam	519243	7732953	**0.15**	0.11	4.9	<0.01	3.5	<0.05
G79	Limey Dam	519266	7732945	**0.37**	0.17	5.6	<0.01	5.9	<0.05

Assayed sample weights range from 0.35kg to 2.99kg. Gold determined by fire assay with ICP-AES finish on 30g nominal sample weight. Over range gold (>10g/t) determined by fire assay with AAS finish on 30g nominal sample weight. Other metals determined by HF-HNO_3-$HClO_4$ acid digestion, HCl leach followed by ICP-AES and ICP-MS analysis. Laboratory introduced standards indicate acceptable analytical quality.

FPXRF soil geochemistry

At South West Limey Dam, FPXRF analyses of in-situ soils reveal a strong arsenic geochemical feature with the >20ppm arsenic contour defining an anomalous area with dimensions of approximately 1300 metres by 600 metres (Figure 4). Included within the broad anomaly are tightly constrained linear zones of higher magnitude anomalism, with a peak value of 220 ppm arsenic in soil. Other epithermal pathfinder metals like silver, antimony and selenium are also elevated, although the levels are closer to the lower detection limit of the FPXRF instrument.

Strong arsenic results were also achieved at North Limey Dam, while at Breccia Hill the FPXRF soil geochemistry trial revealed a tightly constrained zone of arsenic with possible elevated silver, arsenic, antimony, mercury, selenium and bismuth.

The 1259 sample trial FPXRF survey at Glenroy has successfully defined anomalies in epithermal pathfinder metals, most particularly arsenic, suggesting that a systematic

application of the technique could quickly lead to the definition of new prospects and direct drill targets.

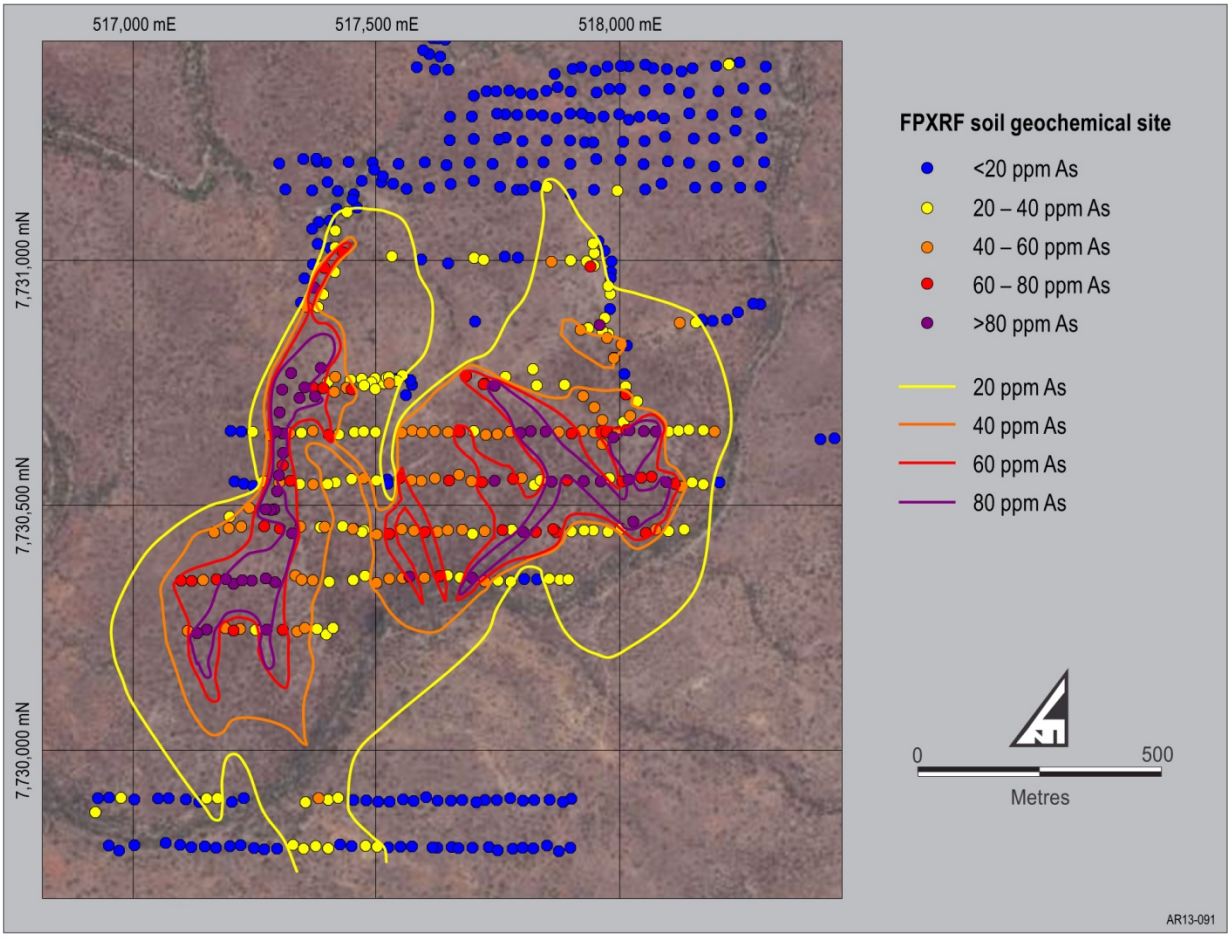

Figure 4: South West Limey Dam FPXRF arsenic soil geochemistry.

Interpretation of Results

The presence of anomalous to high grade gold in rock chips, the associated pathfinder element suite, and the style and form of the mineralised veins observed on the Glenroy tenement are indicative of the presence of epithermal mineralising systems.

The Glenroy geochemical data and the vein styles have been considered in relation to the general epithermal gold system model shown in Figure 5 in Appendix 1.

The characteristics of the Breccia Hill and Limey Dam group of prospects are consistent with epithermal systems that have been only partially eroded, raising the possibility of the preservation of significant gold mineralisation below surface.

Taken in full, the interpretations of the observed geology and geochemical data collected during the field trip confirm that the Glenroy tenement is highly prospective for high grade epithermal gold deposits.

The company is considering which of the various options available to it to progress exploration of the Glenroy tenement will deliver greatest value to shareholders. Such options include further self-funded exploration or the introduction of a third party through a joint venture or similar transaction.

Chris Drown
Managing Director

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 consults to the Company on a full time basis. 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. Ph (08) 8271 0600 or 0427 770 653.

Appendix 1: A Summary of the Geology of Epithermal Gold Deposits

Epithermal deposits are formed during periods of active volcanism around the margins of continents, a geological situation that existed in the Drummond Basin during the Late Devonian to Carboniferous.

An epithermal gold deposit is one in which gold mineralisation is deposited in veins relatively close to the ground surface from hot volcanic fluids. The mineralising fluids are estimated to range in temperature from less than 100°C to about 300°C and, during the formation of a deposit, 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 broadly classified as being either low sulphidation or high sulphidation, depending upon the sulphur to metal ratios of the sulphide minerals deposited during the deposit formation.

The volcanic regions in which epithermal deposits form are typically seismically active, of high relief, and subject to significant erosion. As the deposits form close to the land surface, erosion often destroys deposits soon after their formation. Modern erosion can also destroy older deposits even if they were preserved in past geological eras, and explorers must contend with this "preservation issue" in any epithermal gold search program.

Due to the close proximity of the land surface, temperature and pressure gradients are much higher in epithermal systems than those in deeper geological environments. The proximity to the land surface in epithermal systems also allows the introduction of significant volumes of ground water which has markedly different chemistry to fluids of volcanic origin, resulting in steep chemical gradients.

The steep physical and chemical gradients in epithermal deposits result in distinctive vertical zonation in metal grade, metal assemblage, alteration mineralogy, and vein mineralogy and texture. An understanding of the vertical zonation patterns in epithermal deposits can be

usefully applied at the prospect scale to address the preservation issue and thereby rank the quality of a prospect.

Figure 5 presents a general geological model for an epithermal gold system which shows some of the vertical zonation features that can be assessed for individual prospects during the exploration stage.

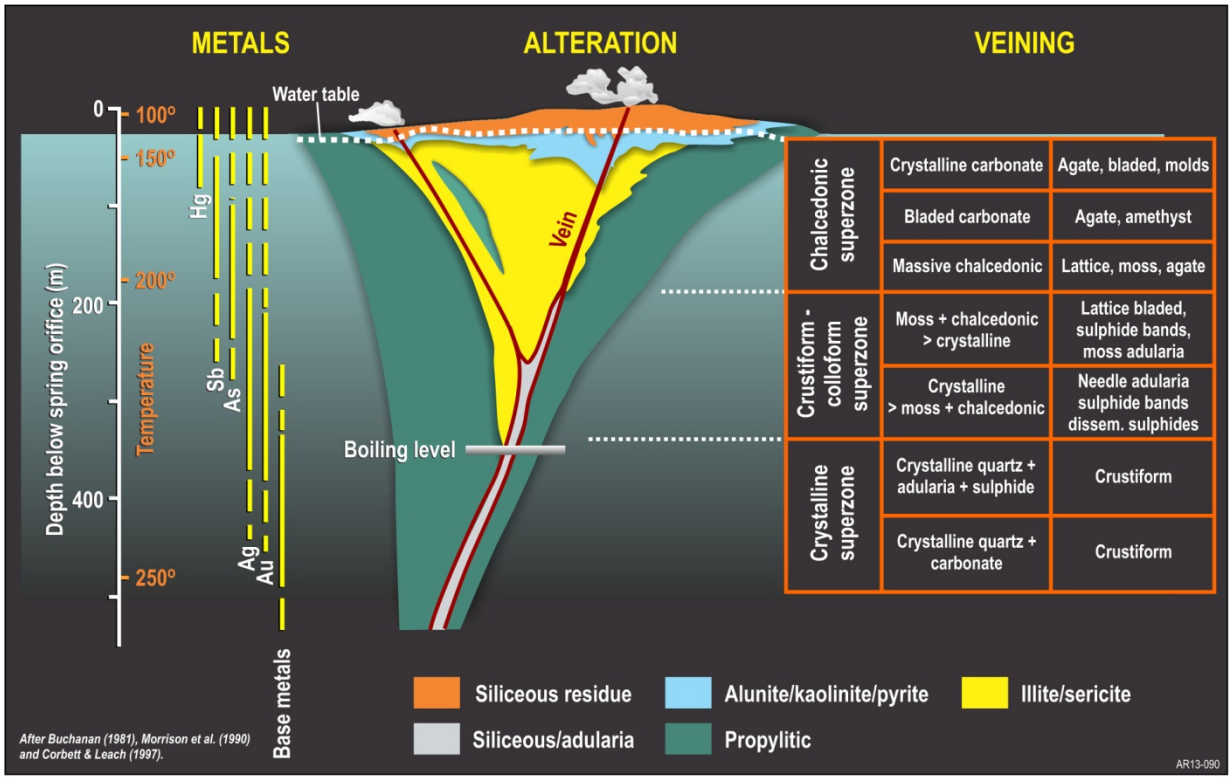

Figure 5: Geological model of an epithermal gold system. (After Buchanan (1981), Morrison *et al.* (1990) and Corbett & Leach (1997)).

In the general model, the zone of best gold occurs at and directly above the boiling level. Gold is accompanied by high silver, vein mineralogy comprises silica (quartz) and adularia, and the form of the silica is often cryptocrystalline (chalcedonic) forming colloform bands. Observation of these features in surface exposures would suggest that the gold-rich part of the epithermal system was at or near the current land surface.

Below the targeted gold zone, base metals like copper appear, vein silica is crystalline, and veins can display crustiform textures. From an exploration point of view, the presence of these features at the present day surface would suggest that the shallower target gold zone had been removed by erosion, downgrading the prospect.

Above the gold zone, metals such as antimony and mercury may be present, vein silica is chalcedonic, and veins may include bladed carbonate. If the complete epithermal system is preserved, silica sinters and alteration phases including minerals like alunite can be present. If these features were observed at the present day surface, it would suggest that the target gold zone was still preserved at depth, upgrading the prospect.