

Adelaide
RESOURCES

Adelaide Resources Limited

ABN: 75 061 503 375

Corporate Details

ASX Code: ADN (ordinary shares)
ADNO (listed options)

Cash at 30 September 2015:
\$0.705 million.

Issued Capital at 30 September 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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Quarterly Report

Period ending 30 September 2015

Overview

Drummond epithermal gold (100% interest)

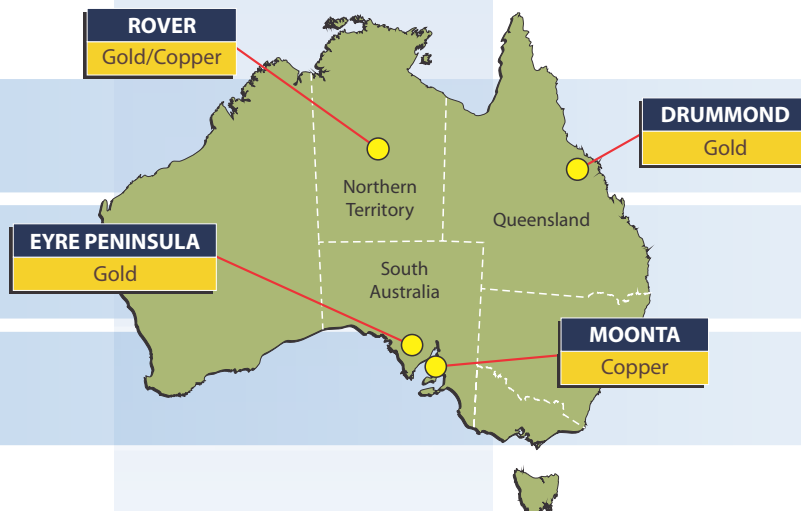
- Initial diamond drill holes at South West Limey Dam confirm the presence of gold mineralised quartz veins below surface.
- Alexandra vein results include 0.71 metres at 9.11g/t gold and 11.0g/t silver; and 0.70 metres at 1.43g/t gold and 4.2g/t silver.
- Drill programme increased from 1,200 metres to 1,600 metres following positive results and below budget cost performance.
- Rock chip sampling, FPXRF soil geochemistry and mapping define new gold prospect called Bunyip on second Drummond tenement.

Eyre Peninsula gold (100% interest)

- All seven holes drilled last Quarter at the Barns and Baggy Green prospects intersect gold mineralisation.
- Barns results include 16.1 metres at 3.06g/t gold, 15 metres at 1.25g/t gold, 15 metres at 0.75g/t gold and 7 metres at 1.1g/t gold.
- Baggy Green results include 11 metres at 1.87g/t gold within a broader zone assaying 30 metres at 0.86g/t gold, and 8 metres at 1.22g/t gold.
- Modelling underway to update Exploration Target estimate ahead of resource focused drilling.

Finance

- The Company's cash position stood at \$0.705 million at period end.
- A fully underwritten Share Purchase Plan is open for eligible shareholders wishing to participate. Applications must be received by 16 October 2015.



Chris Drown
Managing Director
1 October 2015

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

Managing Director's review

During the September quarter the Company commenced its maiden drilling programme on the Drummond epithermal gold tenements.

The Drummond work maintains our recent focus on gold and represents the fourth drilling programme conducted by the Company in calendar 2015.

The first results from the Drummond drilling confirm the presence of gold at depth and we are encouraged by the epithermal geology being revealed. We are equally satisfied with the excellent cost performance being achieved and have expanded the programme from 1,200 metres to at least 1,600 metres.

Elsewhere at Drummond surface exploration has identified a promising new epithermal gold target called Bunyip likely to warrant future drilling. We believe our ground secures an epithermal veinfield ("Glenroy Veinfield") similar in size to the well-endowed Pajingo Veinfield to the west.

We also announced positive drilling results from diamond holes completed at the Barns and Baggy Green gold deposits on Eyre Peninsula. The results support our previously announced Exploration Target and suggest that delineation of a smaller, higher grade resource may be possible.

We continue to explore options to secure the future funding of the Moonta and Rover projects.

On 24 September the Company announced a shareholder Share Purchase Plan to raise \$900,000 whereby Eligible Shareholders have the opportunity to apply for new shares in the Company. The Plan is fully underwritten by Paterson Securities Limited which is acting as Lead Manager and Underwriter to the Offer.

Eligible shareholders can subscribe for up to \$15,000 in New Shares without incurring brokerage or other transaction costs. The Plan documents have been mailed out and the closing date for acceptances is 5.00pm (CST) on 16 October 2015.

All directors who hold shares in the Company intend to participate in the offer, and we invite fellow shareholders to join us to support our enterprise.■

Drummond epithermal gold

Drill programme underway

The Company is undertaking its maiden drilling programme at the South West Limey Dam prospect, which is partly funded through a grant of up to \$100,000 from the Queensland Government through its Collaborative Drilling Initiative scheme.

Drill holes have been completed at the Alexandra, Nadia and Anna veins in the north of the prospect, and below a large arsenic anomaly in the south. Assays for the first 14 holes confirm the presence of gold in sub-surface quartz veins in the northern part of the prospect.

Four of five holes drilled into the Alexandra vein intersected variable widths of colloform banded pyritic vein quartz hosted by andesitic lava and volcanoclastic breccia.

Hole GLD009 intersected 0.71 metres at 9.11g/t gold and 11.0g/t silver from 8.90 metres downhole, GLD011 intersected 0.88 metres at 0.85g/t gold and GLD012 hit 0.70 metres at 1.43g/t gold and 4.2g/t silver from 22.06 metres

The Alexandra holes confirm the vein dips at 50 degrees to the south-southwest, allowing confident design of follow-up deeper tests.

Anomalous gold is present in a Nadia vein hole with GLD014 intersecting 0.60 metres at 0.27g/t gold from 4.0 metres.

Six holes completed to test the Anna North vein all intersected a significant fault/shear structure interpreted to mark the western boundary of the South West Limey Dam epithermal system.

The Anna North holes intersected quartz veins of up to 5 metres interpreted true width. GLD017 intersected 0.94 metres at 0.64g/t gold from 11.0 metres downhole including 0.40 metres at 1.02g/t gold, while GLD019 hit 5.05 metres at 0.14g/t gold from 10.4 metres.

A further seven holes have been completed with sampling and assaying currently in progress. These holes test targets in the southern part of the prospect, including the Anna South vein and below the large arsenic soil geochemical anomaly delineated by the Company's FPXRF survey.

The holes have variously intersected intervals of intense host rock brecciation, minor sulphidic

quartz veining, and intervals of chlorite-sericite and hematite alteration. Pyrite is abundant comprising up to 2% of the rock.

Drill Programme Extended

Exploration of South West Limey Dam is still at an early stage, however the promising results, the demonstrably epithermal style of the mineral system, and the emerging continuity of the veins are exciting drivers for further exploration.

The Company originally planned a 1,200 metre drilling programme however the positive results coupled with excellent cost efficiency has prompted the decision to expand the programme to at least 1,600 metres of drilling.

Bunyip – a new gold prospect

Surface exploration on EPM 25660 delineated a new prospect named Bunyip. A past explorer located quartz veins which returned anomalous gold and arsenic in rock chip samples, however no follow-up was undertaken, possibly because the veins fell outside the past explorer's tenement. The quartz veins have been located and initial surface exploration completed using modern technology.

The Bunyip veins extend over 800 metres of strike, reach thicknesses that can exceed five metres, and display shallow level epithermal textures. They cut sediments that include siliceous sinter beds interpreted to mark the palaeo land surface during the formation of the veins.

An historical rock chip sample recorded 5.16g/t gold, supported by recently collected samples that range up to 0.23g/t gold. Arsenic and molybdenum, both epithermal pathfinder metals, are also present at anomalous levels.

A first pass FPXRF soil geochemical survey has delineated significant anomalies in both arsenic and molybdenum. The size and magnitude of the arsenic anomaly at Bunyip is comparable to the arsenic anomaly that defines the southern part of the South West Limey Dam prospect.

Bunyip is assessed to be a significant gold-bearing vein system of epithermal style displaying characteristics that are consistent with the target gold zone remaining preserved at depth.

Further low-cost surface exploration is underway to provide greater detail leading to the design of an exploration drill programme at Bunyip. ■

Eyre Peninsula gold

Diamond drilling programme

A 1,287 metre diamond drilling programme has been completed with four holes drilled at Barns and three at Baggy Green. Assaying confirms that all seven holes intersected gold mineralisation.

At Barns, hole PDBN-320 intersected 16.1 metres at 3.06g/t gold contained within a broader zone of 23.5 metres at 2.16g/t gold commencing at a vertical depth of 26 metres below surface. This gold zone is interpreted to be a relatively flat lying body of supergene mineralisation with a true thickness of up to 20 metres.

PDBN-320 also encountered deeper mineralised zones including 3 metres at 3.48g/t gold from 99 metres, and 17 metres at 0.62g/t gold from 135 metres. Other intersections of note at Barns include 15 metres at 1.25g/t gold from 134 metres downhole in PDBN-319, and 15 metres at 0.75g/t gold from 37 metres downhole in PDBN-321.

Baggy Green hole PDBG-1217 was drilled as a twin hole between historical holes (24 metres at 2.33g/t gold) and (36 metres at 0.76g/t gold). This hole intersected 30 metres at 0.86g/t gold from 59 metres, including 11 metres at 1.87g/t gold from 68 metres.

Holes PDBG-1218 and PDBG-1219 were drilled on a new section 100 metres south of PDBN-1217. Both holes intersected gold mineralisation in the location predicted by the recently constructed 3-D model, with PDBN-1218 recording 8 metres at 1.22g/t gold from 99 metres.

The drill core from all holes was oriented allowing the collection of structural data which is currently being assessed.

Discussion of results

The intersection of gold mineralisation at Barns and Baggy Green in the locations predicted by the 3-D models suggests that follow-up exploration drilling can be sited with increased confidence, particularly at Baggy Green where the existing drill pattern is very coarse.

The relatively shallow, flat lying zone of supergene gold that lies directly below the depleted zone at Barns is interpreted to be present in many prospect holes, and the recent results confirm it can reach significant widths at good

grade. Likewise, a second coherent zone of mineralisation appears to be commonly present at the base of the mineralised envelope.

The programme results provide confidence that further exploration may deliver resources within the tonnage and grade ranges estimated in the Exploration Target, or alternatively allow delineation of smaller but higher grade resources.

Modelling of the discreet higher grade gold zones present at each of Barns, Baggy Green and White Tank is now underway and will likely lead to the design of follow-up drilling focused on resource delineation.■

Thurlga Joint Venture

Soil sampling continued with approximately 600 new samples collected to infill anomalies defined by the earlier geochemical surveys. Assays are awaited for the new samples. A total of 1,915 soil samples have been collected to date.

Future work will include the follow-up of identified soil anomalies with infill soil sampling, especially those areas associated with magnetic features.■

Moonta copper

Updating of the Alford West 3-D mineralisation model and in-house mineral inventory estimation work was completed during the quarter. The Company is exploring potential opportunities to co-fund future exploration activities at Moonta with the view to both de-risking the project financially and accelerating its development progress.■

Rover gold copper

Rover was idle during the quarter with the exploration team focused on Drummond, Eyre Peninsula and Moonta.■

Share Purchase Plan

On 24 September 2015 the Company announced a Share Purchase Plan to raise \$900,000 whereby Eligible Shareholders have the opportunity to apply for new, fully paid ordinary shares in the Company. Eligible Shareholders can subscribe for up to \$15,000 in New Shares without incurring brokerage or other transaction costs.

The issue price will be determined at the issue date of New Shares under the Plan based on a 20% discount to the volume weighted average price of shares traded on the ASX during the five days immediately prior to the issue date of the New Shares.

Plan documents have been mailed to Eligible Shareholders. The closing date for acceptances is 5.00pm (CST) on 16 October 2015.

The Plan is fully underwritten by Patersons Securities Limited which is acting as Lead Manager and Underwriter to the Offer.■



Epithermal vein quartz in South West Limey Dam core.

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 July 2015, 27 July 2015, 21 September 2015 and 30 September 2015.