



quarterly report

for the period ending 31 march 2006

highlights of the quarter

Active program with drilling on three projects focussing on mineral sand, gold and copper. This activity will continue into the June quarter. Detailed drilling to generate a mineral sand resource estimate for Tripitaka commenced. Positive outcome to appraisal of uranium potential of Eyre Peninsula Project.

Colona Mineral Sands Joint Venture – Eucla Basin SA

- Detailed drilling with the objective of generating a resource estimate for the Tripitaka mineral sand discovery commenced.
- Resource estimation process is expected to be completed in the quarter ending 30 September 2006.

Eyre Peninsula Uranium Project – Gawler Craton SA

- The company is acutely aware of the intense market interest in uranium and is currently evaluating a number of options to create best value from the recognised uranium potential of this project.

Eyre Peninsula Gold Project – Gawler Craton SA

- Drilling to test induced polarization anomalies near Barns and Baggy Green gold prospects commenced early April.

Moonta-Wallaroo Copper –Gold Joint Venture – Gawler Craton SA

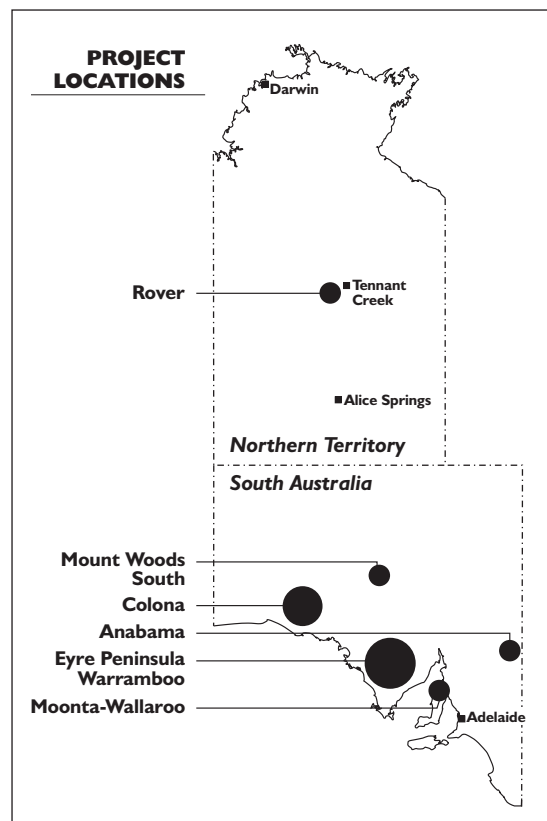
- Drilling of seven diamond core holes at Wombat (3), Wombat South (3) and Target 78 (1) copper prospects.
- One kilometre strike of extensive Wombat shear zone now drilled. Potential for a suitably large copper deposit is not evident in immediate Wombat area.
- Two previously untested EM conductors identified in the historic Moonta Mines area.

Warrambo Iron Project – Gawler Craton SA

- Discussions are continuing with several groups involved in the iron ore and steel business with a view to joint venture participation.

Corporate and Finance

- A share placement in February of 4.0 million ordinary shares at 50 cents/share raised \$2,000,000 gross.
- The company had available funds of \$4.2 million at the close of the quarter.



review of exploration activities

Colona Mineral Sands Joint Venture

*Adelaide Resources Limited 100%;
Iluka Resources Limited earning 51%.*

Late in the quarter a program of detailed drilling commenced at Tripitaka, the zircon dominant mineral sands discovery near Ceduna, South Australia, announced in November 2005 by the Colona Joint Venture with Iluka Resources Limited.

Initial drill traverses are being completed on lines 400 metres apart with holes spaced at 50 metres. It is anticipated that the drilling will be of sufficient density to allow estimation of a minimum Inferred Resource for this deposit.

To 31 March a total of 45 holes for 917 metres had been completed on joint venture tenement EL 3316. A total of 930 samples have been collected from this drilling with analysis of these early program samples to commence shortly.

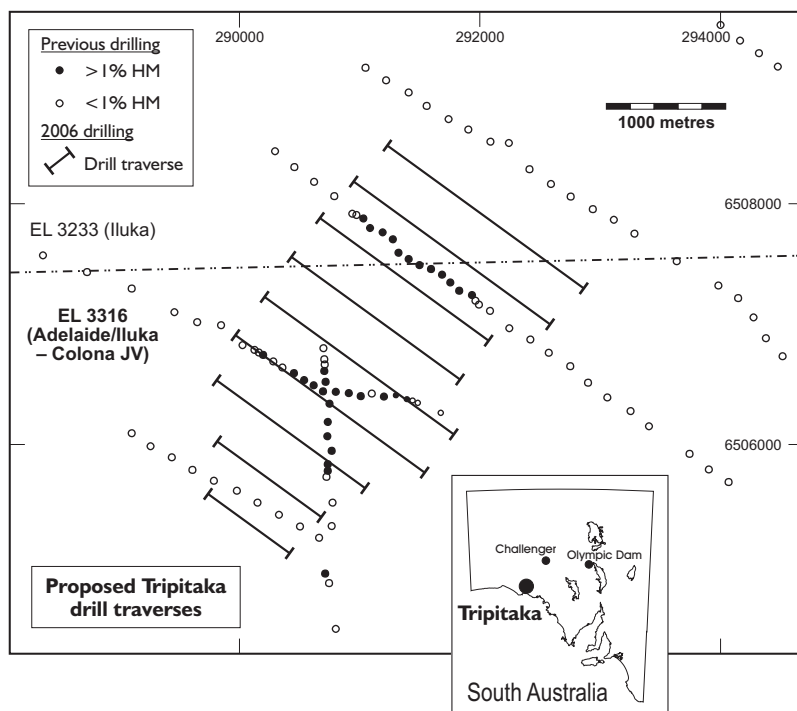
The field component of the program will last at least two months after which laboratory analyses and the resource estimation process are expected to result in the release of a resource statement during the quarter ending 30 September 2006. ■

Eyre Peninsula Uranium Project

Adelaide Resources 100%

Prompted by the marked rise in the price of uranium over the past two years and the promising demand situation which is emerging, Adelaide Resources has completed a review of the uranium potential of its South Australian tenements, principally those on the Eyre Peninsula.

The Gawler and Curnamona Cratons of South Australia are composed of rocks which are exceptionally endowed with uranium, so much so that the State has uranium amounting to well over 30 percent of the world's known resources.

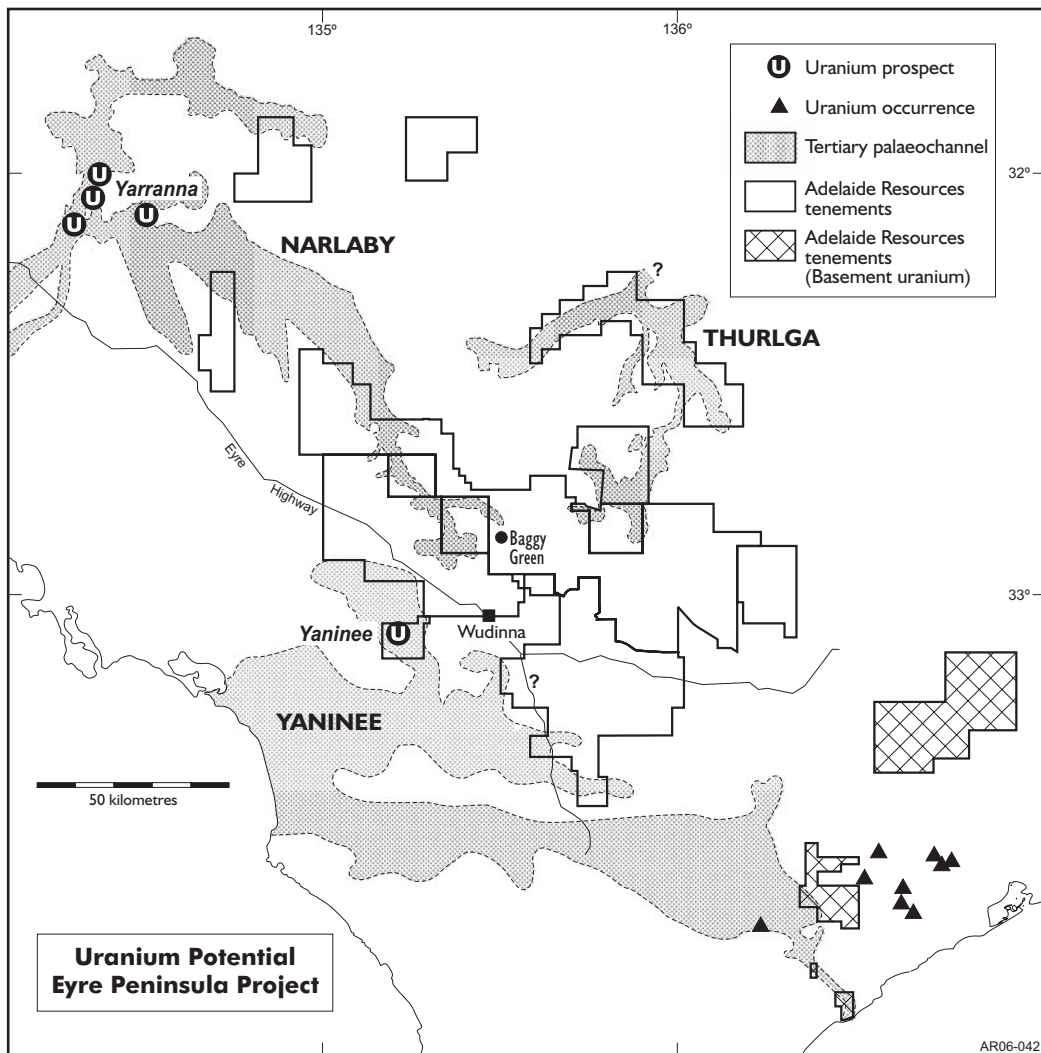


The company's tenement holdings on the Gawler Craton amount to over 14,000 sq. km. Geological appraisal and review of previous exploration has clearly established that these exploration licences have potential to contain uranium deposits.

Exploration for uranium in this part of the Gawler Craton ceased in 1983 following a decline in global demand and the introduction of the three mines policy. Nevertheless over a period of about five years commencing in the late 1970s exploration by several companies demonstrated the widespread distribution of uranium mineralisation on the Eyre Peninsula. Although no commercial discoveries were made during this brief period the spread of anomalous uranium detected in drill holes over a very large area was a promising result.

The styles of uranium mineralisation most likely to occur on the northern Eyre Peninsula are:

- **Palaeochannel Hosted Deposits** located in known well documented Tertiary palaeochannels such as the Narlaby, Yaninee and Thurgla.



Adelaide Resources holds long sections of these old filled valleys within which uranium mobility has been demonstrated.

Recently, Toro Energy very successfully listed on the ASX based on a package of geologically similar ground and this company has commenced its first drilling program in the Yaninee channel in ground adjacent to licences held by Adelaide Resources.

• **Unconformity Related Deposits in the Basement**

In the eastern and north-eastern Eyre Peninsula the company holds tenements covering the Precambrian basement where there is an unconformity and a number of known uranium occurrences. Similar

unconformities are the loci of major uranium deposits in the South Alligator River region of the Northern Territory as well as in Canada.

The company is in the process of determining how to achieve best value for shareholders from the uranium potential of its Gawler Craton tenement holdings. It is likely that this decision will be made in the June quarter. ■

Eyre Peninsula Gold Project

Adelaide Resources 100%t

Reverse circulation drilling commenced in early April on the company's 100% owned Eyre Peninsula Gold Project located in the Gawler Craton of South Australia.

Prior exploration of an area located to the north of the township of Wudinna discovered gold mineralisation at the Barns, White Tank and Baggy Green prospects, all of which returned encouraging gold intersections demonstrative of the prospectivity of this previously unrecognised district.

Gold mineralisation in the district is associated with disseminated sulphide minerals such as pyrite. Disseminated sulphides can be identified using some electrical geophysical techniques such as induced polarisation (IP) and the current drilling program is designed to test a number of IP targets delineated in surveys conducted in 2005 in the immediate vicinity of Baggy Green and to the west of Barns.

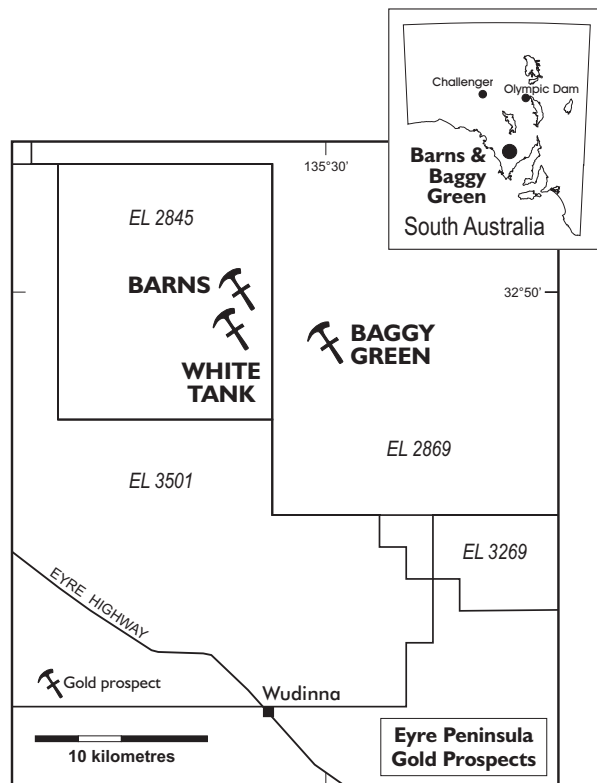
The drilling is being partly funded through the South Australian government's innovative and widely acclaimed Plan for Accelerated Exploration (PACE) initiative. Results from the program are anticipated in May. ■

Moonta-Wallaroo Copper-Gold Joint Venture

Adelaide Resources 100%; Phelps Dodge Australasia, Inc./ Red Metal Limited Alliance earning 70%

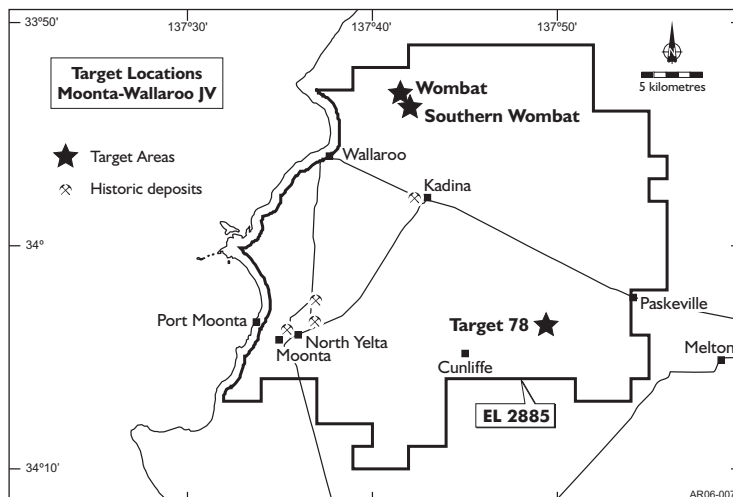
An active exploration program including seven diamond drill core holes totaling 2,687 metres at Wombat (3 holes), Southern Wombat (3 holes) and Target 78 (1 hole) and electromagnetic surveys over the area surrounding the historic Moonta mines was completed during the quarter.

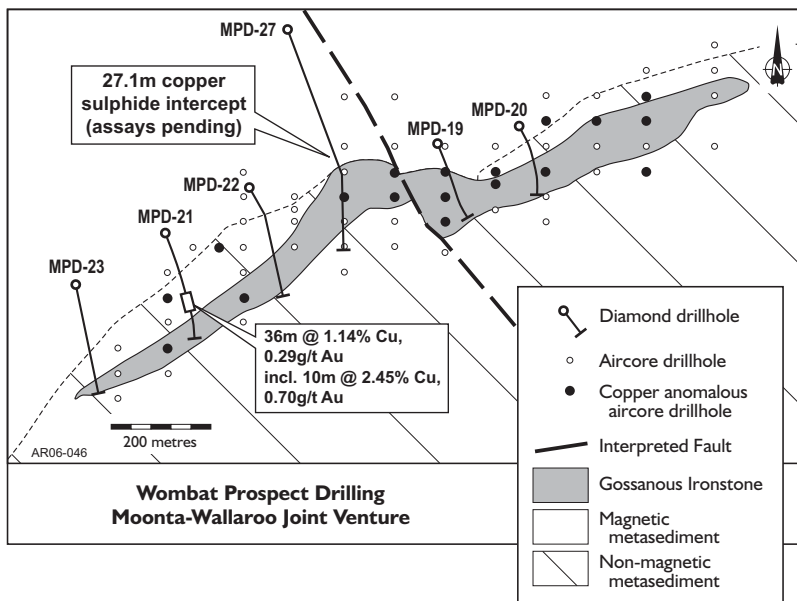
Diamond drilling has now been completed every 200 metres along the Wombat structure over a strike length of 1,000 metres with intercepts of mineralisation exceeding 1% copper occurring over a strike interval of 400 metres.



Primary copper mineralisation occurs as chalcopyrite/iron sulphide veins in altered metasediments over a 20 to 25 metre wide shear zone. Oxidation of these sulphides may extend down the shear zone to greater than 300 metres below surface as is evident in MPD 22.

A deep test below the Wombat mineralised zone, MPD 27, intersected 27.1 metres containing disseminated copper sulphides from 650 metres. Assays for this interval are awaited. Down hole electrical surveys in this hole did not detect any





off-hole conductors which may have represented more massive sulphides.

Exploration to date indicates low potential for a large tonnage deposit within the drill tested portions of the Wombat structure. Potential still exists for larger deposits within the structure along its extensive, only partly tested, strike length.

The four core holes at Southern Wombat and Target 78 all intersected intervals of anomalous but low grade copper mineralisation. Assays are awaited.

Recently completed electromagnetic surveys over the area surrounding the historic Moonta mines has defined two, previously untested, electrical conductors which have the potential to be sourced from copper sulphide mineralisation. Modelling in preparation for drilling is in progress. ■

Rover Gold-Copper Project

Adelaide Resources 100%

On-ground exploration at the Rover Project was not feasible because of the wet season during the March quarter.

Data gathered during the diamond drilling program completed at the Rover 12 prospect in late 2005 has been evaluated and used to refine target models. Most particularly magnetic measurements of the drill core has allowed the parameters of geophysical modeling of the prospect to be better constrained with the result that the modeled tonnage of the Rover 12 magnetic ironstone source is now considered to be significantly larger than previous interpretations predicted.

Reading of similar magnetic properties is currently underway on historic drill core which intersected other ironstones in the Rover Project with the results to be similarly applied to improve prospect models. These results will allow a re-ranking of the six known ironstone bodies which have been discovered to date on the company's tenure.

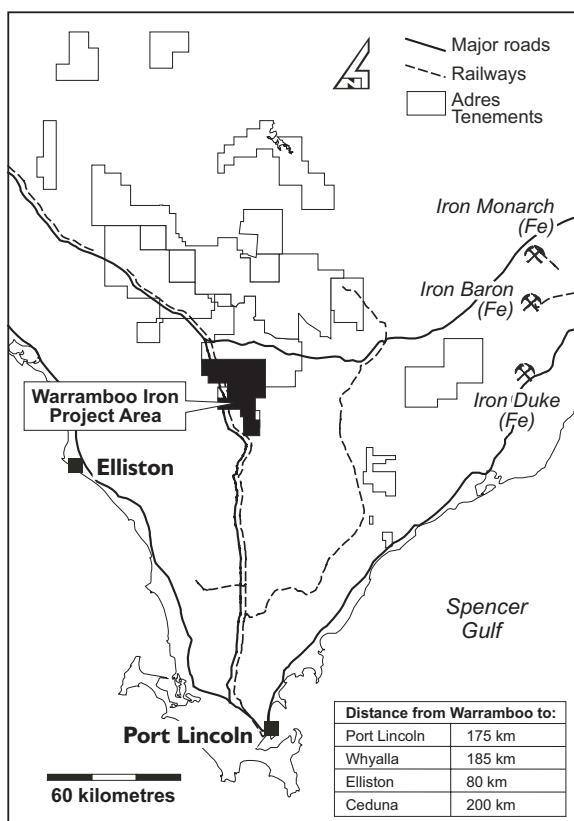
The company currently plans to recommence exploratory drilling activity at Rover in the quarter ending June 30 and efforts to secure a suitable drilling rig are underway. ■

Warrambo Iron Project

Adelaide Resources 100%

In keeping with its expressed desire to fund future exploration at Warrambo through the involvement of another party, the company is continuing discussions with several groups involved in the iron ore and steel business.

The iron ore market remains buoyant and there have been positive developments in relation to infrastructure. Federal and State Governments have decided to contribute to a \$25 million upgrade and maintenance of the Eyre Peninsula railway which crosses the Warrambo magnetite deposits. In addition a decision has been made by the State Government to construct a pipeline to bring Murray River water from Whyalla to link into the existing Eyre Peninsula pipeline. ■



corporate

A share placement in February of 4.0 million ordinary shares at 50 cents/share raised \$2.0 million less 5% broker fee.

The company had 69,580,960 ordinary shares and 4,675,000 unlisted options on issue at 31 March 2006. ■

finance

As at 31 March 2006, the company had available funds of \$4.216 million comprising cash and term deposits of \$3.858 million and liquid investments of \$0.358 million.

Exploration expenditure by the company during the March quarter was \$0.247 million.

Expenditure incurred by joint venture parties on the company's tenements during the quarter was \$0.400 million.

Keith Yates

Keith Yates - Executive Chairman
Signed on behalf of the Board of Adelaide Resources Limited Dated: 21 April 2006

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by KR Yates, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and qualifies as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Enquiries should be directed to Keith Yates, Executive Chairman. Ph (08) 8271 0600. ■

SCHEDULE OF TENEMENTS AS AT 31 MARCH 2006

<i>Project</i>	<i>Tenement</i>	<i>Area km²</i>	<i>Registered Holder or Applicant</i>	<i>Nature of Company's Interest %</i>
South Australia				
<i>Eyre Peninsula Project</i>	EL 2806	320	Adelaide Exploration Limited ¹ and Olliver Geological Services	90 - option to acquire 100 from Olliver Geological Services Pty Ltd
	EL 2844	106	Adelaide Exploration Limited	100
	EL 2845	184	Adelaide Exploration Limited	100
	EL 2846 (Part)	699	Adelaide Exploration Limited	100
	EL 2869	2492	Adelaide Exploration Limited	100
	EL 2981	232	Adelaide Exploration Limited and Olliver Geological Services	90 - option to acquire 100 from Olliver Geological Services Pty Ltd
	EL 3076	139	Adelaide Exploration Limited	100
	EL 3085	326	Adelaide Exploration Limited	100
	EL 3086	226	Adelaide Exploration Limited	100
	EL 3119	186	Adelaide Exploration Limited	100
	EL 3129	256	Adelaide Exploration Limited	100
	EL 3185	332	Adelaide Exploration Limited	100
	EL 3296	42	Adelaide Exploration Limited	100
	EL 3473	758	Adelaide Exploration Limited	100
	EL 3501	1161	Adelaide Exploration Limited	100
	ELA 249/05	822	Adelaide Exploration Limited	100
<i>Warramboe Iron Project</i>	EL 2846 (Part)	664	Adelaide Exploration Limited	100
<i>Moonta Wallaroo Joint Venture</i>	EL 2885 (Part)	767	Adelaide Exploration Limited	100 (Phelps Dodge Australasia, Inc/Red Metal Limited earning 70%)
	EL 2885 (Part)	106	Adelaide Exploration Limited	90 - option to acquire 100 from Breakaway Resources Limited (Phelps Dodge Australasia, Inc/Red Metal Limited earning 70%)
<i>Colona Joint Venture</i>	EL 2841	1922	Adelaide Exploration Limited	100 (Iluka Resources Limited earning 51% - cover only)
	EL 2840	1844	Adelaide Exploration Limited	100 (Iluka Resources Limited earning 51% - cover only)
	EL 3316	1485	Adelaide Exploration Limited	100 (Iluka Resources Limited earning 51% - cover only)
<i>Mount Woods South Joint Venture</i>	EL 2901	410	Adelaide Exploration Limited	50 (Perilya Limited 50)
<i>Anabama Project</i>	EL 2980	176	Adelaide Exploration Limited	100
Northern Territory				
<i>Rover Project</i>	EL 7739	242	Adelaide Exploration Limited	100 (Newmont retain 70% buyback right)
	EL 8921	77	Adelaide Exploration Limited	100 (Newmont retain 70% buyback right)
	ELA 24875	19	Adelaide Exploration Limited	100 (Newmont retain 70% buyback right)
<i>Henbury Project</i>	ELA 24953	244	Adelaide Exploration Limited	100

1: Adelaide Exploration Limited (incorporated 13 July 2001) is a wholly-owned subsidiary of Adelaide Resources Limited