



Adelaide Resources Limited

Quarterly Report

Period ending 30 september 2010

Adelaide Resources Limited
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Corporate Details

ASX Code: ADN

Issued Capital:
111,204,040 ordinary shares
3,425,000 unlisted options

Directors:

Non-executive Chairman:

Andrew Brown

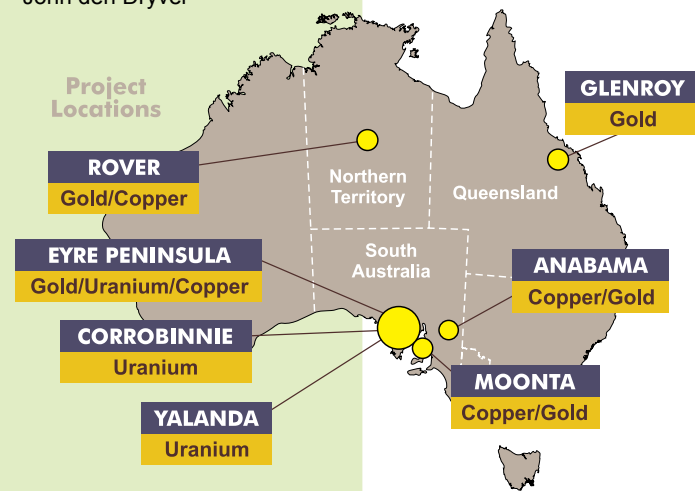
Managing Director:

Chris Drown

Non-executive Directors:

John Horan (*Company Secretary*)

John den Dryver



Highlights

Quarter highlighted by outstanding results at Rover

Rover Gold-Copper Project – NT

- At Rover 1, a significant volume of prospective ironstone and underlying stringer zone is now confirmed to be present on Adelaide Resources' tenement.
- Rover 1 intersections include **7 metres at 3.61g/t gold, 5.25 metres at 4.46g/t gold and 1.14% copper, 19.75 metres at 3.31% copper, 26 metres at 3.87% copper, and 15 metres at 1.33% copper.**
- Rover 4 intersections include **7 metres at 1.24% copper, and 9 metres at 2.12% copper and 0.33g/t gold.** Copper sulphides observed just 147 metres below surface in a recent drillhole, the **shallowest known mineralisation in the entire Rover Field.**
- Drilling at both Rover 1 and Rover 4 is starting to demonstrate continuity of the mineralised zones, an important step in the progression towards resource estimation.
- A positive mining scoping study by Westgold Resources on its part of the Rover 1 deposit places the broader **Rover Field firmly on the path to development**, with potentially positive consequences for Adelaide Resources.

Corrobinnie Uranium Joint Venture – SA

- Two drilling programs were completed during the quarter, with **anomalous uranium intersected in both palaeochannel and basement geological settings.**
- Following total expenditure of \$3 million, Quasar Resources Pty Ltd has now earned its initial 60% interest in the Joint Venture.

Finance

- At 30 September 2010, the company had available funds of \$6.031 million.

2010 Annual General Meeting

*Adelaide Resources Limited
2010 Annual General Meeting will be held
at the Stamford Plaza Adelaide,
150 North Terrace Adelaide, SA
on Tuesday 16 November at 11.00 am
(Adelaide time).*

Rover Gold-Copper Project, NT

Adelaide Resources 100%

Two diamond drill rigs remained in operation throughout the September quarter, with one exploring at the Rover 1 prospect and the second rig drilling at Rover 4 (Figure 1). The receipt of assays from a number of 2010 drillholes confirmed several outstanding copper and gold intersections have been achieved.

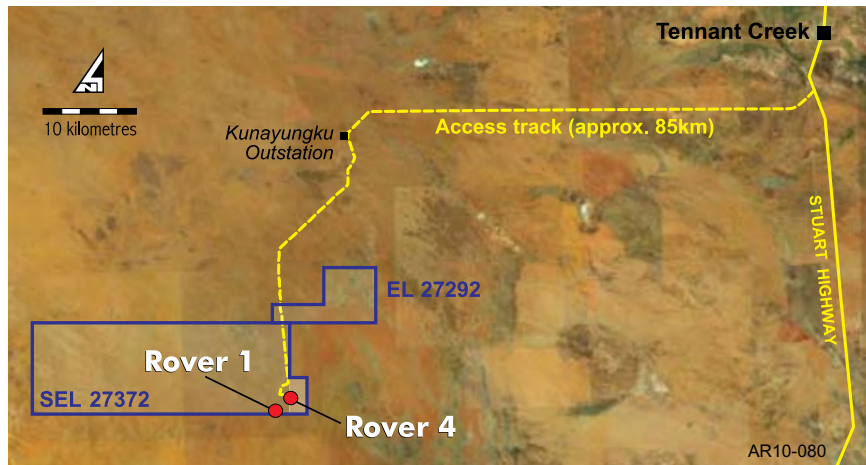


Figure 1: Rover Project Location.

The announcement by neighbouring explorer Westgold Resources Limited (Westgold) of a positive mining scoping study for its part of the Rover 1 deposit places the broader Rover Field firmly on the development path, with potentially positive consequences for Adelaide Resources.

Rover 1 Results and Discussion

Adelaide Resources' goal at Rover 1 in 2010 is to scope the potential Western Zone resource present in its licence. The 2010 program at Rover 1 now totals 5,196.5 metres. Twelve effective holes have been drilled from Adelaide Resources' tenement, with 5 further Westgold holes extended into Adelaide Resources' ground under the cooperative drilling agreement operating between the two companies.

Typical of Tennant Creek style deposits, all mineralisation so far discovered at Rover 1 is hosted either in ironstone or the underlying "stringer" zone, so establishing the dimensions of these prospective host units is an important element in determining the overall resource potential of the deposit.

Drilling to date confirms that the ironstone/stringer zone (the prospective zone) has a strike length of at least 150 metres and remains open to both the east and west (Figure 2). The cross strike dimension of the prospective zone averages about 35 metres, while drilling completed between sections 359125mE and 359190mE indicates that the vertical dimension of the prospective zone is as much as 250 metres (Figure 3).

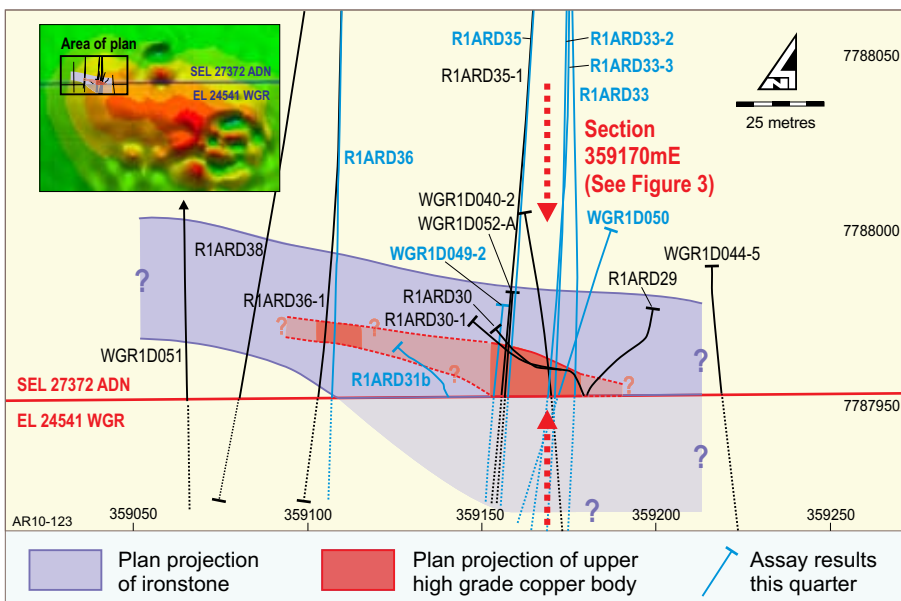


Figure 2: Rover 1 drillhole trace plan.

These dimensions represent a significant volume of prospective rock for that part of the Rover 1 prospect falling on Adelaide Resources' tenement.

In Tennant Creek style deposits, only a portion of the total volume of prospective ironstone and stringer zone is mineralised at economic grade. During the quarter the company announced further high grade intersections had been achieved in the

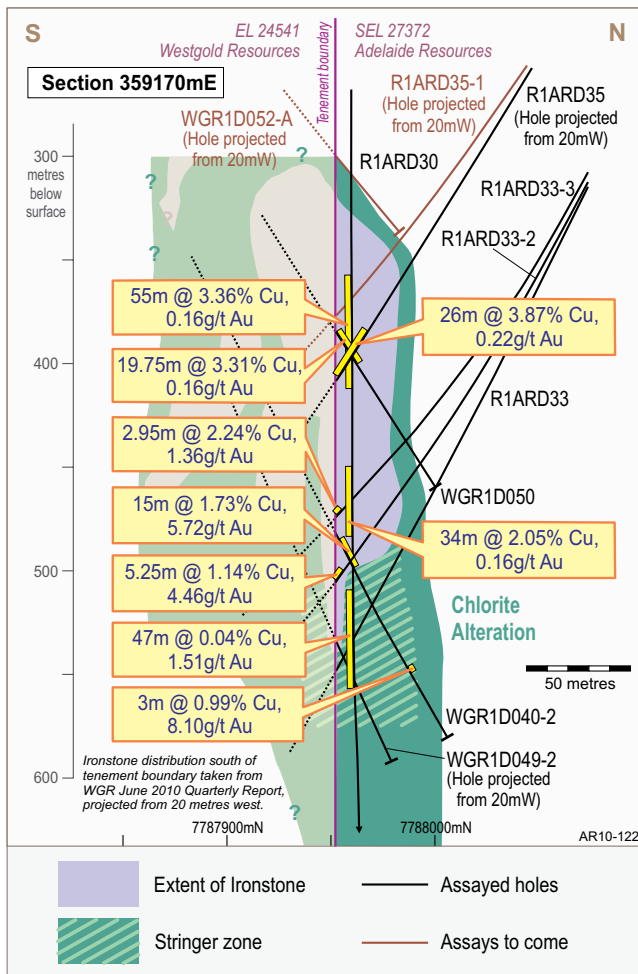


Figure 3: Rover 1 Section 359170.

prospective zone. These include 7 metres at 3.61g/t gold (drillhole R1ARD31b); 19.75 metres at 3.31% copper (WGR1D050); 5.25 metres at 4.46g/t gold and 1.14% copper (R1ARD33-2); and 26 metres at 3.87% copper (R1ARD35).

New assay results at hand reveal further intersections. Drillhole R1ARD33-3 intersected 2.95 metres at 1.36g/t gold and 2.24% copper with this mineralisation extending to the tenement boundary; and hole R1ARD36 intersected 15 metres at 1.33% copper from 442 metres. Table 1 lists all significant assay results.

The intersections achieved in several of the Rover 1 drillholes are interpreted to be from coherent bodies of mineralisation. For example, copper intersections in five separate holes, including R1ARD36, for which assays are reported herein, are likely all from a single upper body of high grade mineralisation shown in projection in Figure 2. This and other discrete mineralised bodies are demonstrating excellent potential to have the dimensions and grade characteristics that would warrant resource estimation, and ultimately development if the project economics prove positive.

Rover 4 Results and Discussion

Six holes totalling 2,455.2 metres have been completed at Rover 4 in 2010, with drilling testing two targets at the prospect.

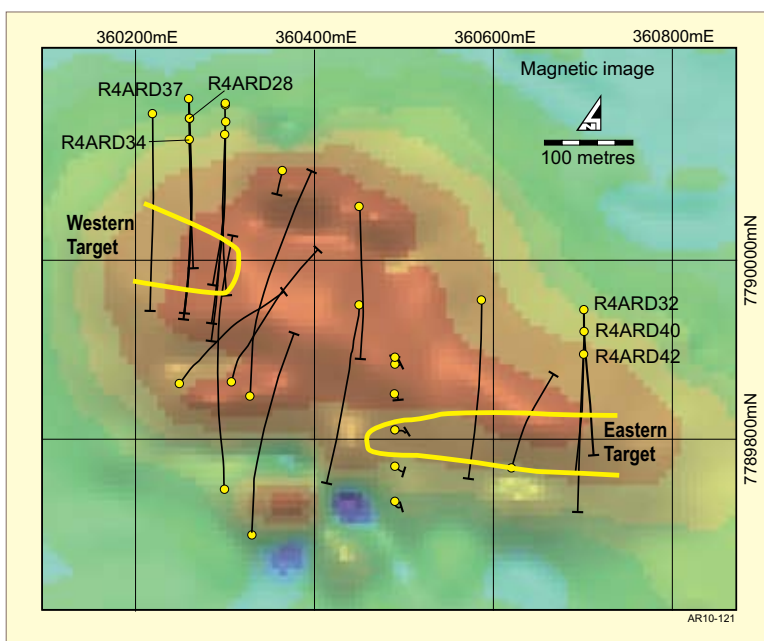


Figure 4: Rover 4 plan with targets outlined.

Hole R4ARD32 tested the Eastern Target (Figure 4) and intersected a number of zones of gold and copper, including 8 metres at 3.77g/t gold. Holes R4ARD40 and R4ARD42 (in progress), have been drilled to follow up this result. While assay results are not yet available, inclined drillhole R4ARD40 has encountered visible copper sulphide mineralisation commencing from 164 metres downhole, a vertical depth of just 147 metres below surface. This is believed to be the shallowest mineralisation discovered to date in the whole of the Rover Field.

The other holes tested the Western Target in the vicinity of 2009 hole R4ARD28 which returned two

promising copper-gold intersections. Assay results are available for holes R4ARD34 and R4ARD37. R4ARD34 returned an upper hit eof 7 metres at 1.24% copper and a lower intersection of 9 metres at 2.12% copper, with the two zones correlating with longer mineralised intervals in R4ARD28. Assays for R4ARD37 showed only anomalous copper and gold.

Rover 4 continues to deliver highly promising exploration results, with continuity of mineralisation in the two target zones beginning to emerge.

Rover Field Developments

On 11 October neighbouring explorer Westgold Resources Limited announced that the results of a mining scoping study completed on its current

Rover 1 resource were positive, and that “a significant development proposal at Rover 1 is viable and likely”.

Westgold also confirmed that the economics of a mining operation at Rover 1 would be positively impacted by an increase in resources.

With the broader Rover Field now on the path to mine development, the confirmation that Adelaide Resources has discovered mineralisation that has the continuity and grade characteristics to warrant resource estimation, together with the fact that the addition of a resource of any size would be strongly accretive to the economics of any mine development at Rover 1, is of great significance. ■

Table 1: Rover Project – September Quarter Significant Intersections

| Prospect | Drillhole Name | Easting (mga94) | Northing (mga94) | Dip | Azimuth | Start Depth | Final Depth | From (m) | To (m) | Interval (m) | Au g/t | Cu % | |
|-----------|----------------|-----------------|------------------|------|---------|-------------|-------------|----------|--------|--------------|--------|------|------|
| Rover 1 | R1ARD31b | 359140 | 7787952 | -88 | 355 | | 651.08 | 326.00 | 329.00 | 3.00 | 0.41 | 1.31 | |
| | | | | | | | | 369.00 | 370.00 | 1.00 | 0.04 | 1.97 | |
| | | | | | | | | 379.00 | 380.00 | 1.00 | ~ | 1.19 | |
| | | | | | | | | 392.00 | 394.00 | 2.00 | ~ | 1.56 | |
| | | | | | | | | 396.00 | 398.00 | 2.00 | ~ | 1.05 | |
| | | | | | | | | 445.00 | 446.00 | 1.00 | 0.06 | 2.42 | |
| | | | | | | | | 519.00 | 520.00 | 1.00 | 1.12 | 0.02 | |
| | | | | | | | | 523.00 | 530.00 | 7.00 | 3.61 | 0.35 | |
| | R1ARD33 | 359170 | 7788194 | -70 | 177 | | 597.50 | 556.00 | 557.00 | 1.00 | 1.52 | 0.25 | |
| | R1ARD33-2 | 359170 | 7788194 | -70 | 177 | | 561.25 | 516.00 | 517.00 | 1.00 | 0.48 | 1.55 | |
| | | | | | | | | incl. | 556.00 | 561.25 | 5.25 | 4.46 | 1.14 |
| | WGR1D050 | 359149 | 7787757 | -65 | 355 | 436.25 | 525.80 | 436.25 | 456.00 | 19.75 | 0.16 | 3.31 | |
| | | | | | | | | incl. | 438.00 | 451.00 | 13.00 | 0.22 | 4.62 |
| | WGR1D049-2 | 359150 | 7787750 | -71 | 357 | 571.55 | 636.00 | 587.00 | 589.00 | 2.00 | 1.09 | 0.26 | |
| R1ARD33-3 | 359170 | 7788194 | -70 | 177 | | 535.95 | 533.00 | 535.95 | 2.95 | 1.36 | 2.24 | | |
| R1ARD35 | 359168 | 7788193 | -61 | 179 | | 471.00 | 439.00 | 440.00 | 1.00 | 0.02 | 1.39 | | |
| | | | | | | | incl. | 445.00 | 471.00 | 26.00 | 0.22 | 3.87 | |
| | | | | | | | and | 448.00 | 451.00 | 3.00 | 0.47 | 8.37 | |
| R1ARD36 | 359108 | 7788164 | -68 | 178 | | 483.05 | incl. | 442.00 | 457.00 | 15.00 | 0.09 | 1.33 | |
| | | | | | | | 450.00 | 451.00 | 1.00 | 0.21 | 4.11 | | |
| | | | | | | | 481.00 | 482.00 | 1.00 | 0.04 | 1.30 | | |
| Rover 4 | R4ARD34 | 360260 | 7790135 | -64 | 178 | | 435.70 | 311.00 | 312.00 | 1.00 | 0.02 | 1.10 | |
| | | | | | | | | incl. | 337.00 | 344.00 | 7.00 | 0.08 | 1.24 |
| | | | | | | | | 380.00 | 389.00 | 9.00 | 0.33 | 2.12 | |
| | | | | | | | | 383.00 | 384.00 | 1.00 | 0.53 | 4.90 | |
| | | | | | | | | 392.00 | 393.00 | 1.00 | 1.86 | 1.06 | |
| 396.00 | 397.00 | 1.00 | 4.97 | 0.09 | | | | | | | | | |

Gold determined by fire assay with AA finish. Copper determined by mixed acid digest followed by ICP-AES or AA finish. Assays based on 1 metre cut half HQ and NQ2 core. Core recovery for reported intervals is very high. Intersections are downhole lengths with grades weighted for specific gravity. True widths are not known. For Rover 1 holes that cross the tenement boundary, start and final depths are the downhole depths at the boundary.

Moonta Copper-Gold Project, SA

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

Adelaide Resources Limited's Moonta Project tenement, Exploration Licence 3733, is centred on the historic "Copper Triangle" located on the northern Yorke Peninsula in South Australia (Figure 5). Geologically, the area falls in a belt running along the eastern margin of the Gawler Craton that is highly prospective for copper-gold deposits. The world class Olympic Dam mining operation, and Rex Minerals Limited's Hillside Prospect occur in this belt.

The majority of EL 3733 is owned 100% by Adelaide Resources, while the company holds 90% equity in the smaller Moonta Porphyry Joint Venture area. The exploration results discussed in this report are from the 100% owned part of EL 3733.

Last quarter, Adelaide Resources announced that a program of shallow aircore drilling at the Willamulka Prospect, located in the northeast of the project tenement, had intersected gold and copper mineralisation beneath thin cover sediments which blanket the prospect to a depth of about seven metres.

A number of the assay results quoted last quarter were from composite samples taken over several metres. During the September quarter, a re-sampling program was completed to determine the grades of the individual 1 metre samples that made up the original composite samples. A program of riffle splitting and check assaying of original 1 metre samples was also completed.

Assay results returned from the re-sampling exercise supersede the earlier results and are listed in Table 2.

Planning for the next round of exploration at the Moonta Project is underway, with a three component program of drilling and geochemistry under consideration.

Firstly, drilling utilising either diamond coring or reverse circulation methods is planned for the Willamulka Prospect to explore for mineralisation in fresh rock (ie primary zone mineralisation). This work will give an indication of the primary zone grades of copper and gold, and should assist in determining the detailed structural disposition of the mineralisation.

Secondly, aircore drilling completed to date at Willamulka has defined a 900 metre long zone of mineralisation which is open to both the northeast and the southwest. Further shallow aircore/RAB drilling is planned to explore these strike extensions, while infill drilling is also planned to increase drill density within the currently defined 900 metre long zone.

Finally, further calccrete geochemical sampling, the exploration technique used to define the Willamulka target, will be completed at other targets across the Moonta Project. A number of gold and copper anomalies are present in previously completed, but coarse spaced, calccrete sampling conducted by past explorers. It is possible that more detailed sampling of some of these anomalies will define additional targets worthy of drill testing.

On-ground exploration is scheduled to recommence in early 2011, with the drilling and calccrete sampling components likely to be run concurrently. ■

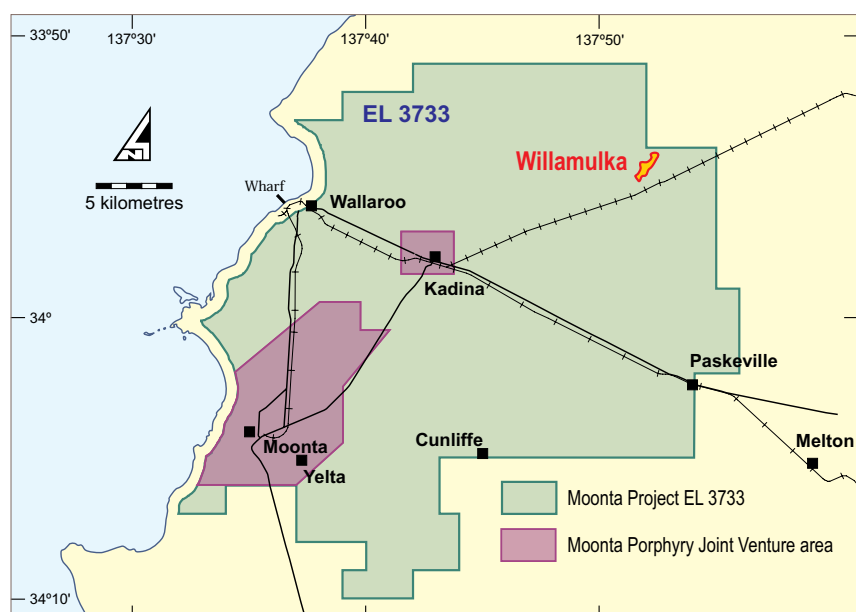


Figure 5: Moonta Project Location Plan.

Table 2: Willamulka Prospect assays from re-sampling exercise.

| Drillhole Name | Northing (GDA94) | Easting (GDA94) | Dip | Azimuth | Final Depth | From (m) | To (m) | Interval (m) | Au g/t | Cu % | |
|----------------|------------------|-----------------|-----|---------|-------------|----------|--------|--------------|--------|-------|-------|
| WAC27 | 764919 | 6243881 | -60 | 135 | 75 | 18 | 19 | 1 | 4.59 | 0.20 | |
| WAC28 | 764910 | 6243891 | -60 | 135 | 36 | 18 | 21 | 3 | 0.48 | 1.26 | |
| | | | | | | | | | | | incl. |
| | | | | | | incl. | 26 | 28 | 2 | 14.82 | 0.62 |
| | | | | | | | 26 | 27 | 1 | 28.20 | 0.58 |
| WAC29 | 764897 | 6243902 | -60 | 135 | 75 | 27 | 28 | 1 | 2.69 | 0.59 | |
| WAC30 | 764884 | 6243913 | -60 | 135 | 76 | 36 | 38 | 2 | 1.74 | 0.40 | |
| WAC31 | 764873 | 6243926 | -60 | 135 | 69 | 39 | 40 | 1 | 1.83 | 0.21 | |
| | | | | | | 48 | 49 | 1 | 1.14 | 0.18 | |
| | | | | | | 53 | 54 | 1 | 0.24 | 1.44 | |
| WAC43 | 765299 | 6244329 | -60 | 135 | 55 | 46 | 47 | 1 | 2.79 | 0.08 | |
| | | | | | | 49 | 50 | 1 | 1.12 | 1.99 | |
| WAC47 | 764919 | 6243923 | -60 | 135 | 35 | 34 | 35 | 1 | 1.06 | 0.16 | |
| WAC53 | 764913 | 6243934 | -60 | 135 | 71 | 58 | 59 | 1 | 1.13 | 0.22 | |
| | | | | | | incl. | 62 | 71 | 9 | 1.09 | 2.25 |
| | | | | | | and | 63 | 64 | 1 | 2.04 | 6.54 |
| | | | | | | and | 67 | 68 | 1 | 5.48 | 2.89 |
| | | | | | | and | 69 | 70 | 1 | 0.14 | 5.88 |

Au determined by nominal 30gm fire assay with ICP-AES finish – check samples determined by fire assay with AA finish. Cu determined by mixed acid digest followed by ICP-AES with over range samples determined using AA finish. Intersections are downhole lengths and true widths are not known.

Corrobinnie Palaeochannel Uranium Joint Venture, SA

Adelaide Resources 40%;
Quasar Resources Pty Ltd 60%.

The Corrobinnie Uranium Joint Venture, with Quasar Resources Pty Ltd, is exploring for uranium deposits on northern Eyre Peninsula in South Australia (Figure 6). The Joint Venture's principal targets are deposits hosted within palaeochannel systems, with basement hosted deposits of uranium and other minerals forming secondary targets.

A 2009 reconnaissance aircore drilling program targeting the Thurlga Palaeochannel returned promising results, including drill intersections of strongly anomalous uranium in a classic palaeochannel setting. In early 2010, the Joint Venture flew an airborne electromagnetic (AEM) survey over the southern part of the Thurlga Palaeochannel to assist in mapping the distribution and morphology of this ancient drainage system.

Drill Program Results

This quarter two further drilling programs targeting the Thurlga Palaeochannel have been completed (Figure 7). An aircore drilling program commenced

in July to investigate unexplored parts of the palaeochannel, while a rotary mud drilling program commenced in September to follow-up

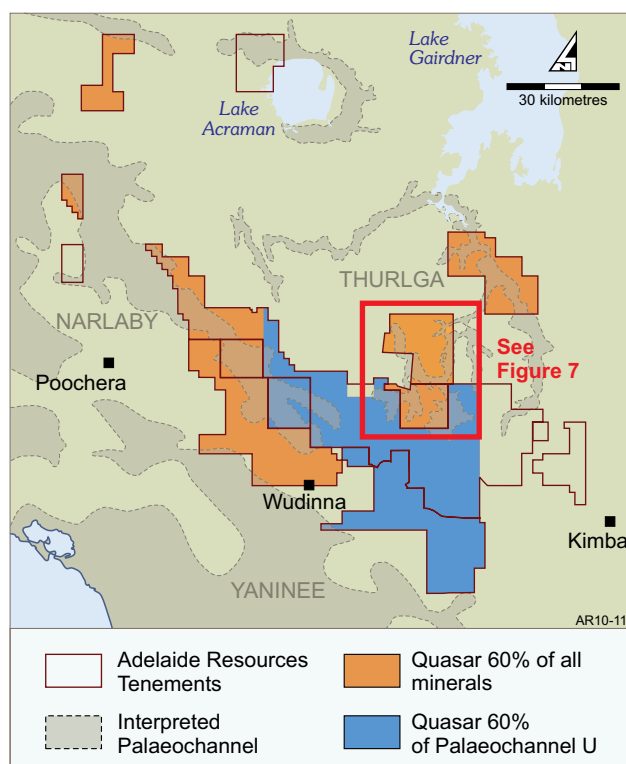


Figure 6: Corrobinnie Palaeochannel Project Location Plan.

the positive results achieved in the 2009 and the recent aircore programs.

The recent aircore drilling program comprised a total of 108 holes for 4,185 meters. Assayed drill samples show weak uranium anomalism is present in some channel sediments, while zones of anomalous uranium hosted in weathered basement rocks have also been discovered. Four recent lines of coarse spaced drilling together with a fifth line drilled in 2009 define a possible 7 kilometre long belt of basement hosted anomalism with assays in separate holes to 1 metre at 162ppm U₃O₈, and 1 metre at 163 ppm U₃O₈.

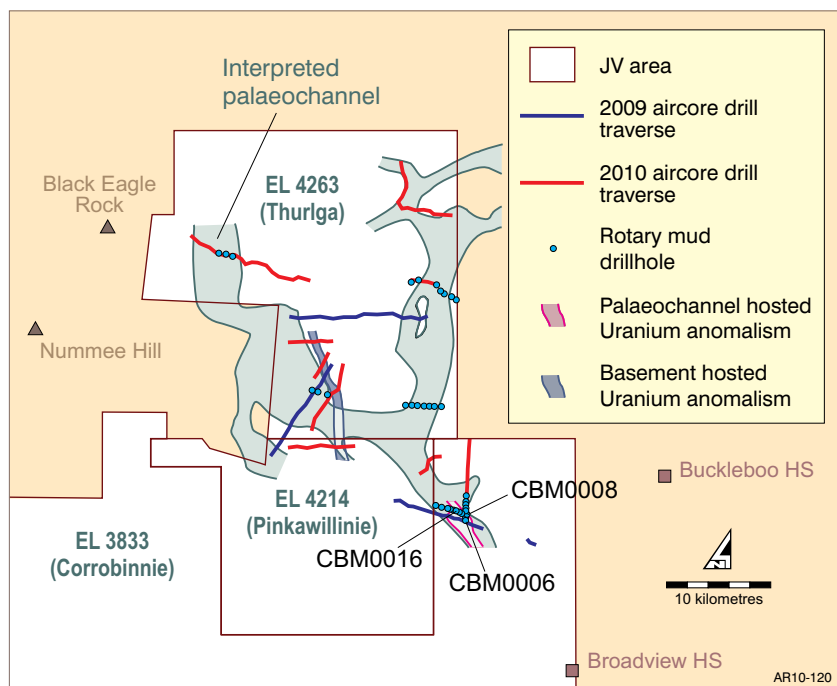


Figure 7: Thurlga Palaeochannel Summary Plan.

The recently completed rotary mud drilling program totaled 36 holes for 2094 metres, with holes designed to follow-up anomalous uranium results returned in palaeochannel settings in the two aircore programs.

Three of the rotary mud holes (CBM0006, CBM0008 and CBM0016) intersected significant zones of equivalent uranium grade (estimated from downhole gamma logging – Table 3). The three holes were drilled in the vicinity of the zone which returned the most significant palaeochannel hosted uranium results in the 2009 aircore program, further highlighting the prospectivity of this area (Figure 7).

Quasar Resources Earns Initial Equity

After the end of the quarter, Quasar advised that it had exceeded the \$3 million expenditure threshold required to earn its initial interest in the Corrobinnie Palaeochannel Uranium Joint

Venture. The rights Quasar has now earned include a 60% interest in all minerals present within a sub-area of the Joint Venture totalling 2,398 km², together with a 60% interest in any palaeochannel hosted uranium deposits within a second sub-area totalling 2,234 km². (Figure 6).

Adelaide Resources may now elect to contribute to ongoing expenditure and hold its 40% equity position; contribute or dilute on a program by program basis; or immediately revert to a 25% equity free carried to a Decision to Mine.

If Adelaide Resources follows the dilution path its interest may not be diluted below 25% at which time it will be free carried to a Decision to Mine.

Adelaide Resources will determine which of the above options it will choose after all results from the recently completed exploration programs are at hand and have been evaluated. ■

Table 3: Rotary mud drilling program – Intervals of significant equivalent uranium grade

| Drillhole Name | Northing (gda94) | Easting (gda94) | Total Depth | From (m) | To (m) | Interval (m) | eU ₃ O ₈ (%) | Grade x Thickness |
|----------------|------------------|-----------------|-------------|----------|--------|--------------|------------------------------------|-------------------|
| CBM0006 | 586455.1 | 6367313.88 | 64 | 38.95 | 39.70 | 0.75 | 0.020 | 0.015 |
| CBM0008 | 586420.4 | 6367553.45 | 53 | 25.95 | 26.85 | 0.90 | 0.032 | 0.028 |
| CBM0016 | 585818.6 | 6367769.12 | 47 | 41.15 | 41.70 | 0.55 | 0.018 | 0.010 |

All holes drilled vertically. Calculations of the equivalent uranium grade are derived from down hole logging with a natural gamma sonde with calibrations obtained from data collected at the PIRSA Calibration Facility at Glenside, Adelaide, using the two-pit method (Wenk & Dickson, 1981). Intersections are downhole widths and true widths are not known.

Yalanda Hill Joint Venture, SA

Adelaide Resources 60%; Southern Uranium Limited 40% and earning 60%.

The Yalanda Hill Joint Venture is exploring for uranium, gold and other minerals on three Exploration Licences on the eastern Eyre Peninsula in South Australia.

During the quarter reconnaissance soil sampling of the Joint Venture licences was essentially completed, with all but a small area now covered by either 1km by 1km, or 1km by 500 metre spaced sample sites (*Figure 8*). A total of five anomalies have now been identified that warrant further investigation.

The YH1 and YH2 uranium anomalies have been enhanced with the recent sampling. At YH1 new samples support the original uranium anomaly, and also reveal coincident cobalt, copper, silver, nickel and vanadium anomalism.

A new gold anomaly, YH5, has also been discovered in the eastern part of the joint venture area, with one sample returning a highly anomalous gold result.

Comprehensive assessment of all multi-element geochemical anomalies revealed by

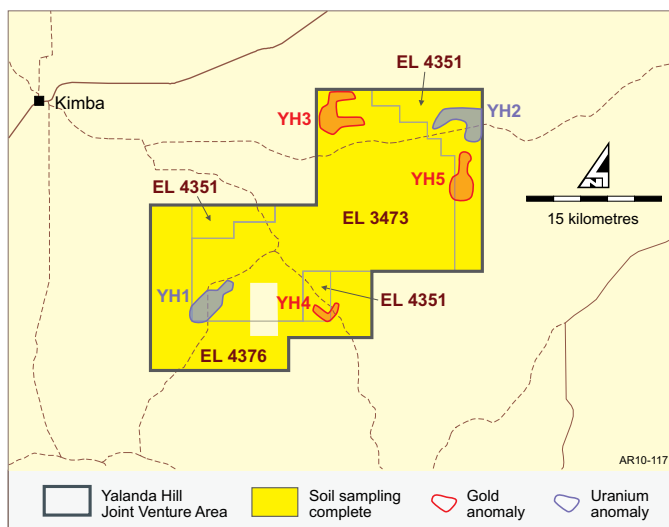


Figure 8: Yalanda Hill JV summary plan.

the reconnaissance soil sampling is currently being undertaken. Following this assessment, ground truthing of the anomalous areas will be undertaken with further infill sampling anticipated.

Initial interests in the Yalanda Hill Joint Venture are Adelaide Resources Limited 60%: Southern Uranium Limited 40%. Southern Uranium is able to increase its equity to 60% through the expenditure of \$250,000 over a two year period commencing September 2009. ■

issued capital

The company had 111,204,040 ordinary shares and 3,425,000 unlisted options on issue at 30 September 2010. ■



Chris Drown – Managing Director
Signed on behalf of the
Board of Adelaide Resources Limited
Dated: 28 October 2010

finance

The company had liquidity of \$6.031 million at 30 September 2010 comprising cash and term deposits of \$5.822 million and liquid investments of \$0.209 million.

Exploration and evaluation expenditure by the company during the September quarter was \$1.51 million.

Exploration and evaluation expenditure incurred during the quarter by joint venture parties on tenements in which the company has an interest totalled \$0.232 million. ■

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. ■