



**Adelaide Resources Limited**

# Quarterly Report

**Period ending 31 March 2011**

**Adelaide Resources Limited**  
ABN: 75 061 503 375

## Contact Details

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## Corporate Details

ASX Code: ADN

Issued Capital:  
144,590,368 ordinary shares  
2,625,000 unlisted options &  
performance rights

## Directors:

*Non-executive Chairman:*  
Andrew Brown

*Managing Director:*  
Chris Drown

*Non-executive Directors:*  
John den Dryver  
John Horan

*Company Secretary:*  
Nick Harding

## Highlights

### Peninsula Resources Limited Demerger

- Peninsula Resources Limited (PRL) Prospectus lodged with ASIC.
- **Offer opens on 5 May, ASX listing anticipated on 20 June 2011.**
- Priority Offer for Adelaide Resources shareholders.
- **In-specie distribution of PRL shares to Adelaide Resources shareholders** on 1 for 6 basis planned (subject to shareholder approval and favourable ATO rulings).

### Moonta Copper Gold Project – SA

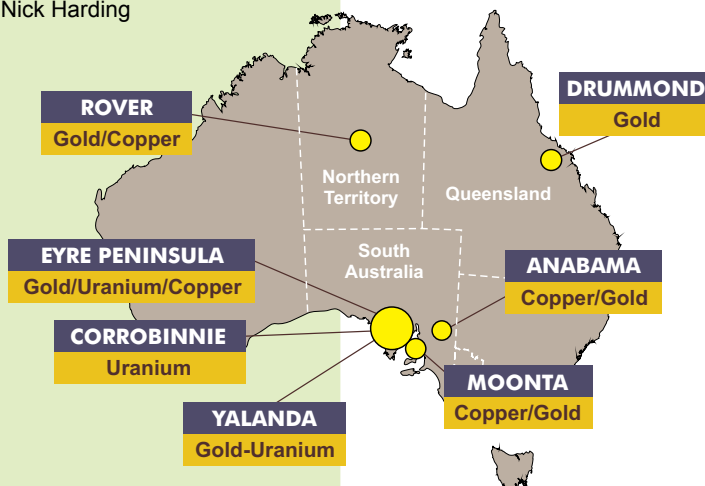
- Drilling confirms copper-gold discovery at Willamulka Prospect.
- Drill intersections include **35 metres at 0.72g/t Au and 1.14% Cu** in hole WAC60, **18 metres at 2.48g/t Au and 1.02% Cu** in WAC74, and **18 metres at 0.32g/t Au and 1.02% Cu** in WAC75.
- Over 3000 calcrete geochemical samples collected from broader project – assays awaited.

### Rover Gold-Copper Project – NT

- 2011 exploration program delayed by flooded access track, with activities now anticipated to commence in May.
- **The 2011 drill program will utilise up to three diamond drill rigs, each on two shifts/day.**
- Drilling to focus on the Rover 1 and Rover 4 deposits, and on a number of confirmed but poorly tested ironstones and un-drilled geophysical targets.

## Finance

- At 31 March 2011, the company had available funds of \$9.643 million.



## Peninsula Resources Limited Demerger

### Background

In November 2010, Adelaide Resources announced its intention to separate the existing corporate entity into two focused companies, with Adelaide Resources to retain the flagship Rover Project near Tennant Creek (NT) and the company's other assets to be placed into Peninsula Resources. The company's intention is to effect the public float of Peninsula in the first half of 2011. Peninsula Resources is currently a wholly owned subsidiary of Adelaide Resources.

Adelaide Resources directors believe the transaction will benefit the company by:

- Ensuring that Adelaide Resources can fully participate in any consolidation of activities or tenements in the Tennant Creek area, which may take place as a result of the recommencement of mining activities in the area by one or more companies;
- Eliminating the capital allocation conflict between the Rover Project and the emerging South Australian projects intended to be floated as part of Peninsula;
- Assisting in the recognition by the market of the value in the Company's non-Rover assets by facilitating a focused and well funded ownership entity.

### Peninsula Resources IPO

Peninsula Resources' Prospectus was lodged with ASIC on 19 April 2011, and a listing application for Peninsula lodged with the Australian Securities Exchange (ASX) also on 19 April.

Peninsula Resources is seeking to raise \$6 million through the issue of 24 million shares at 25 cents each. The minimum subscription is \$5 million and there is also the ability to accept oversubscriptions to raise \$7 million. The offer consists of a Public Offer and a Priority Offer to eligible Adelaide Resources shareholders. On listing, Peninsula Resources will have 55.35 million shares on issue.

Bell Potter Securities has been appointed Broker to the Offer.

### Peninsula Resources Board of Directors

The board of directors of Peninsula Resources is a balanced and highly experienced team consisting of individuals with histories of corporate and technical success, and comprises:

- Andrew Brown - Non-executive Chairman
- Chris Drown - Managing Director
- Nick Harding - Finance Director and Company Secretary
- Michael Hatcher - Non-executive Director

Chris Drown has an intimate knowledge of the exploration assets and the corporate positions of both Adelaide Resources and Peninsula Resources, and the Boards of both companies consider it to be in the best interest for Mr Drown to act as Managing Director of both groups in the period following the listing of Peninsula Resources. It is, however, the clear intention of both Boards to appoint separate Managing Directors once Peninsula Resources is established in the market place.

### Peninsula Resources Assets

Peninsula Resources will hold the following copper, gold and uranium prospective exploration assets (see Figure 1):

- The Moonta Copper Gold Project located on the Yorke Peninsula in SA;
- The Eyre Peninsula Basement Project which covers those parts of the company's Eyre Peninsula tenements not subject to the Corrobinnie Uranium JV;

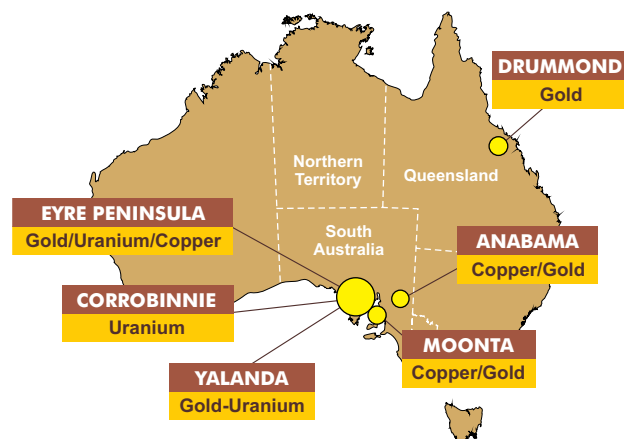


Figure 1: Peninsula Resources Project Locations.

- The company's equity in the Corrobinnie Uranium JV with Quasar Resources;
- The company's equity in the Yalanda Hill JV with Investigator Resources;
- The Anabama Copper Project located near Olary in SA; and
- Subject to the grant of an Exploration Permit, the Drummond Gold Project in Qld.

Peninsula's flagship project is the Moonta Copper Gold Project located on the Yorke Peninsula in South Australia. Results to hand for exploration completed in 2011, reported in detail elsewhere in this report, have confirmed the discovery of a shallow copper-gold deposit at the Willamulka Prospect located in a 100% owned part of the Moonta project tenement.

### Priority Offer

Peninsula Resources is offering Adelaide Resources shareholders holding shares as at 5.00 pm CST (Adelaide Time) on 4 May 2011 ("Eligible Shareholders") the opportunity to subscribe for Peninsula Resources shares through a Priority Offer. A pool of 8 million shares (33.3% of the float) has been set aside for the Priority Offer.

A copy of the Peninsula Resources prospectus accompanied by a personalised Priority Offer Application Form will be mailed to all Adelaide Resources shareholders in the week commencing 9 May. The Priority Offer closes on 26 May 2011.

Allocation of shares under the Priority Offer will be entirely at the Directors' discretion, with consideration given to issues of shareholder spread and the number of Adelaide Resources shares held by Priority Offer applicants. It is the Directors' intention that as many Eligible Shareholders as possible receive at least the minimum allocation of 8,000 Peninsula Resources shares (\$2,000).

Adelaide Resources shareholders may also apply for Peninsula Resources shares under the public offer.

### Distribution In-specie

Upon listing of Peninsula Resources, Adelaide Resources will hold 30 million shares in that company. Adelaide Resources intends to hold a shareholder meeting within two months of Peninsula Resources listing to seek approval to distribute approximately 24.1 million Peninsula Resources shares to Adelaide Resources shareholders by way of a pro rata in-specie capital return.

It is envisaged that shareholders of Adelaide Resources, at a record date being seven business days after the shareholder meeting is held to approve the capital return, will receive one Peninsula Resources share for every six Adelaide Resources shares held.

The distribution in-specie will be subject to receiving a favourable class ruling from the Australian Taxation Office (ATO). Adelaide Resources has lodged an application seeking this class ruling with the ATO.

### Anticipated IPO Timetable

Record Date for Priority Offer	4 May 2011
Offer Opening Date	5 May 2011
Priority Offer Closing Date	26 May 2011
Public Offer Closing Date	3 June 2011
Listing Date of Peninsula Resources	20 June 2011

These dates are indicative only and may be subject to change, including early closure of the offer. A copy of the Peninsula Resources prospectus will be sent to all Adelaide Resources shareholders together with a personalised Priority Offer Application Form.

The Peninsula Resources prospectus is also available on the company's website at [www.peninsularesources.com.au](http://www.peninsularesources.com.au)

Applications for shares can only be made on the Priority Offer Application Form or the application form included in the prospectus. ■

**Rover Gold-Copper Project, NT**

Adelaide Resources 100%

Commencement of the 2011 Rover exploration program has been delayed by the wet season, with a section of the access track currently impassable to heavy vehicles. The flooded section is drying and it is anticipated that drilling operations will commence in May. Once drilling resumes the company intends to operate three drill rigs on a 24-hour basis until late in the year.

Drilling will focus on the Rover 1 and Rover 4 deposits, and will aim to establish whether the potential resources at these deposits are of a sufficient size to warrant detailed resource delineation drilling.

At Rover 4, drilling is revealing a coherent body of mineralisation in the Western Zone, while the Eastern Zone is exhibiting similar potential. The Eastern Zone includes the shallowest high grade mineralisation discovered within the Rover Field to date, while Western Zone copper and gold intersections commence at a depth similar to the upper parts of the Rover 1 deposit. The relatively shallow mineralisation depths at Rover 4 may provide a significant advantage in terms of the economics of this deposit.

Continuity is also apparent in the company's part of the Rover 1 deposit, with a 'pod' of very high grade copper mineralisation confirmed, and a

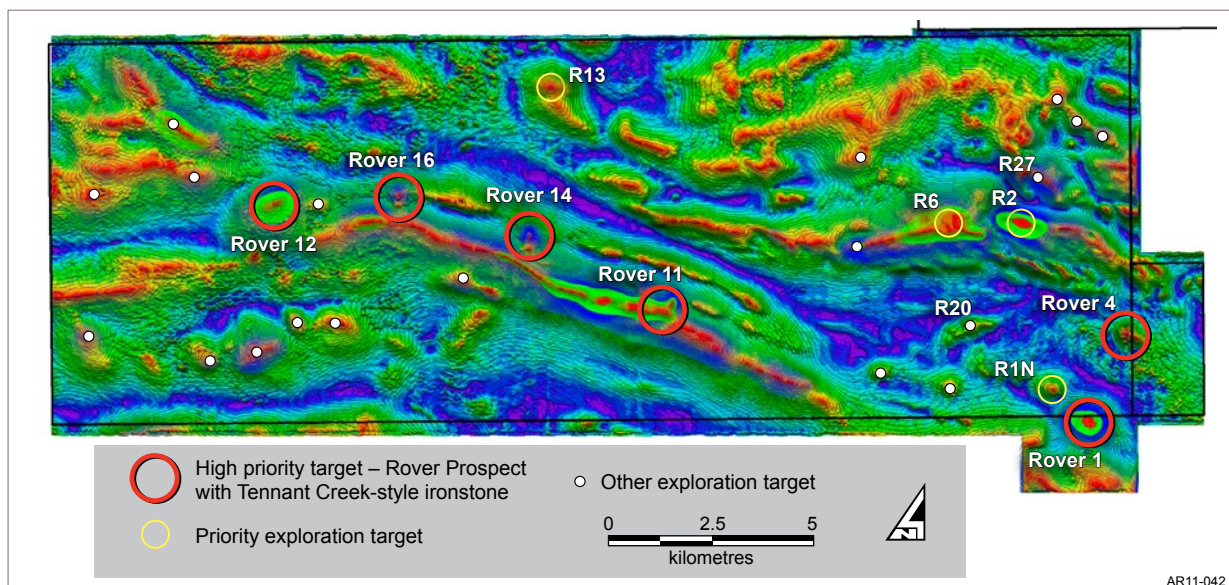
number of gold intersections in the underlying "stringer" zone discovered in past drilling. Significant potential remains to increase the mineralisation dimensions as the zones variably remain open to the east and west, and at depth.

The 2011 program will also test a number of the other highly prospective targets that are present within the Rover Project licences. These include the Rover 12, Rover 11, Rover 14 and Rover 16 prospects.

Previous drilling at the Rover 12 prospect has intersected a large ironstone system containing broad zones of low grade but highly encouraging mineralisation. Past intercepts include 28 metres at 0.4% copper and 0.3g/t gold in a hole drilled in the 1970's, and 15 metres at 0.56% copper and 0.05% bismuth and a second zone of 45 metres at 0.48% copper in a hole drilled in 2005.

Similar zones of highly anomalous metal have also been identified at Rover 11, Rover 14 and Rover 16. These include 16 metres at 0.36% copper and 11.5g/t silver (Rover 11), 40 metres at 0.32g/t gold (Rover 14), and a short interval of anomalous copper-gold mineralisation in the only effective test at the Rover 16 magnetic anomaly.

Intersections such as these are comparable to results achieved in close proximity to high grade mineralisation at Rover 1 and Rover 4 and warrant further exploration. ■



**Figure 2: Rover Project Magnetic Image with targets shown.**

## Moonta Copper Gold Project, SA

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

The Moonta Project, located on the Yorke Peninsula of South Australia, falls in the Olympic Copper Gold Province, a belt which hosts world class copper and gold resources. Deposits in the Olympic Copper Gold Province include the Olympic Dam and Prominent Hill mining operations, and exciting advanced exploration projects like Carrapateena and Rex Minerals' Hillside discovery which is located on the Yorke Peninsula to the south of Adelaide Resources' project area (Figure 3). The company's tenement secures the area that includes the historically important copper-gold mines at Moonta and Wallaroo.

The Moonta Copper Gold Project is included in the Peninsula Resources IPO and ranks as Peninsula's flagship project. Adelaide Resources' Board of Directors took the decision to commence the 2011 exploration program on the Moonta Project ahead of the planned ASX listing of Peninsula Resources, with expenditure to be reimbursed by Peninsula once it lists. This decision was taken to honour a commitment to shareholders to recommence exploration on the Moonta Project as soon as the 2010 harvest was completed, and to make best use of the inter-cropping window when exploration activities cause the least disturbance to farmers.

The 2011 exploration program on the Moonta Copper Gold Project commenced on 10 January, with drilling conducted at the Willamulka Prospect, and geochemical sampling undertaken on the broader Moonta Project area.

### Willamulka Drilling Program

The Willamulka Prospect is located in the north-east of the project tenement. Aircore drilling completed in 2010 intersected copper and gold mineralisation on each of seven drill traverses completed at various spacings along a 900 metre interval of the 1500 metre long geochemical anomaly that defines the Willamulka Prospect.

Significant 2010 drill results included a gold intersection of 2 metres at 14.8g/t gold in drillhole WAC28; and 23 metres at 0.97g/t gold and 1.01% copper, including 9 metres at 1.09g/t gold and 2.25% copper in WAC53.

Aircore drilling completed in 2011 totals 79 holes for 6399 metres, with inclined holes completed on 16 nominally 100 metre spaced northwest trending drill traverses. Drill traverses now cover 1100 metres of strike of the 1500 metre long geochemical anomaly (Figure 4).

Geologically, the prospective basement comprises weathered to fresh, fine grained metasediments, including minor graphite-bearing and carbonate-bearing sub variants. These prospective rocks are buried by sand and clay cover sediments which range in vertical depth from about 3.5 metres to about 13.8 metres, and average about 7.5 metres.

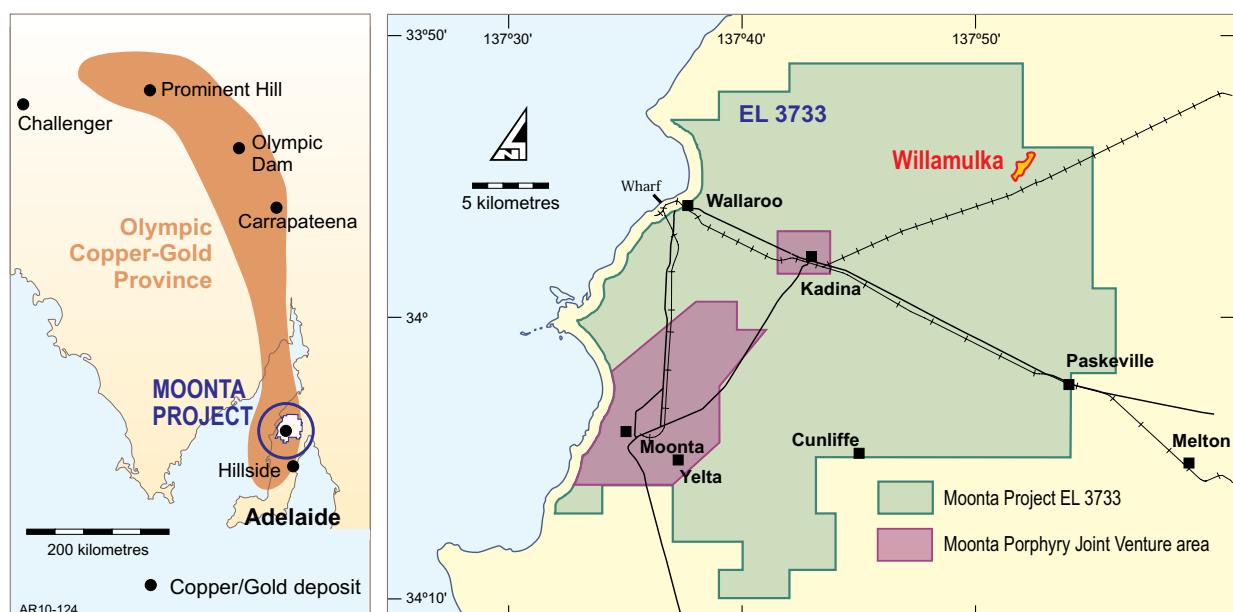


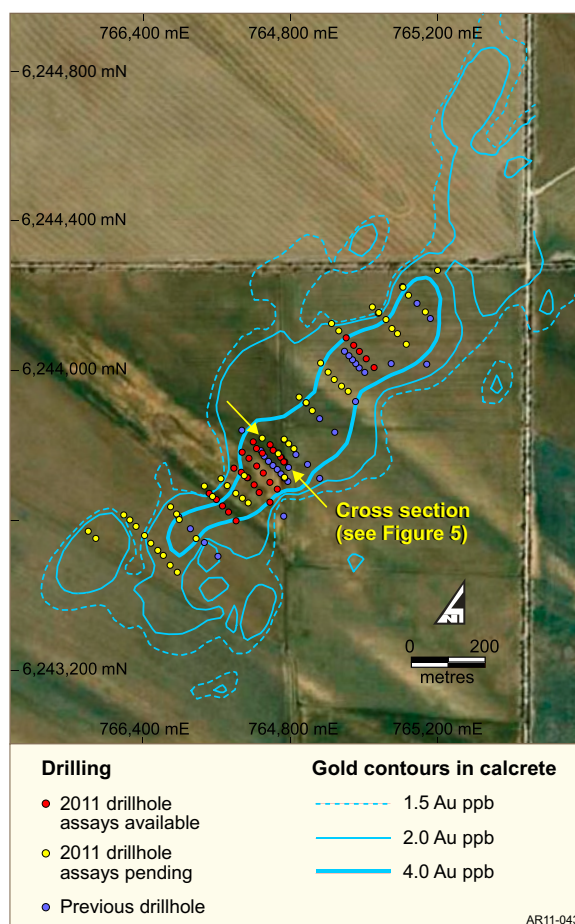
Figure 3: Moonta Project Location Plan.

Assays are available for the first 29 holes drilled in 2011 and confirm that highly significant copper and gold mineralisation is present at Willamulka. Exemplary 2011 drill results include:

- 35 metres at 0.72g/t Au and 1.14% Cu from 29 metres in WAC60,
- 29 metres at 0.48g/t Au and 0.59% Cu from 65 metres in WAC69,
- 18 metres at 2.48g/t Au and 1.02% Cu from 18 metres in WAC74, and
- 18 metres at 0.32g/t Au and 1.02% Cu from 57 metres in WAC75.

Figure 5 presents a cross section at Willamulka, and Table 1 presents a list of significant 2011 Willamulka Prospect drill intersections.

Drilling results received to date define a coherent body of moderate grade copper-gold mineralisation in the most densely drilled part of the prospect. The deposit commences at shallow depths, in some cases persisting to the base of cover, and has a strike length of at least 150 metres. The deposit remains open to the southwest, the northeast and at depth on some drill sections. In the upper parts of the deposit gold is confined to narrow high grade zones, while broad intervals of lower grade gold are present at deeper levels.



**Figure 4: Willamulka Prospect Summary Plan.**

**Table 1: Selected 2011 Willamulka Prospect Drill Program Assays.**

Hole ID	Easting	Northing	Dip	Azimuth	Total depth (m)	From (m)	To (m)	Interval (m)	Au g/t	Cu %
WAC57	765123	6244218	-60	135	79	44	48	4	0.78	0.56
WAC59	764931	6243912	-60	135	101	11	22	11	0.01	0.36
						29	40	11	0.22	0.15
WAC60	764921	6243922	-60	135	113 <i>including</i>	29	64	35	0.72	1.14
						44	59	15	1.24	1.65
						87	93	6	0.17	0.46
WAC63	764864	6243940	-60	135	85	76	81	5	0.54	0.48
WAC67	764890	6243859	-60	135	120 <i>including</i>	32	45	13	0.16	0.81
						34	38	4	0.48	1.73
WAC68	764870	6243882	-60	135	114	19	53	34	0.14	0.46
WAC69	764851	6243900	-60	135	120	56	64	8	0.73	0.06
						65	94	29	0.48	0.59
WAC74	764845	6243851	-60	135	75 <i>including and</i>	18	36	18	2.48	1.02
						21	23	2	20.85	0.31
						24	30	6	0.39	2.3
						45	48	3	1.07	0.09
WAC75	764826	6243870	-60	135	75 <i>including</i>	57	75	18	0.32	1.02
						66	72	6	0.37	2.32
WAC80	764756	6243795	-60	135	56	48	54	6	0.03	0.41
WAC81	764739	6243812	-60	135	76	56	63	7	0.48	0.46

Individual samples include 1 metre and 3 metre composite samples. Au determined by nominal 30 gram 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. Cut-off grade >0.2% Cu and/or >0.1g/t Au.

No further drill assays will be available for Willamulka until the completion of the Peninsula Resources IPO process. Future results from the current exploration program on the Moonta Project will be released by Peninsula Resources.

### Calcrete Geochemical Sampling Program

In conjunction with the 2011 drilling program at the Willamulka Prospect, geochemical calcrete sampling has also been underway over large areas of the broader Moonta Project, with a total of 3189 samples collected and submitted for assay.

To date analytical results for only the first 109 of these samples are available. As the order of collection of the assayed samples was dictated principally by access to various non-adjacent farms, the assayed samples do not represent a systematic geochemical sample pattern, and no interpretation will be possible until further results become available following the listing of Peninsula Resources.

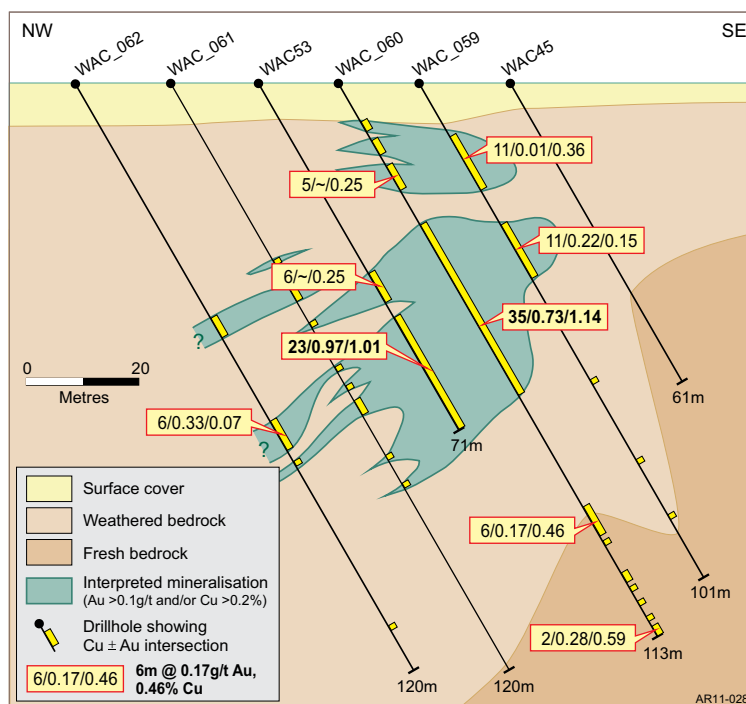


Figure 5: Willamulka Prospect Cross Section.

The available assay results do however confirm that a number of samples contain copper and/or gold at concentrations above the threshold values that define geochemical anomalies on the Moonta Project. ■

### Corrobinnie Uranium Joint Venture, SA

Adelaide Resources diluting to 33%;  
Quasar Resources Pty Ltd increasing to 67%.

The Corrobinnie Uranium JV, between Quasar Resources Pty Ltd and Adelaide Resources' currently wholly owned subsidiary Peninsula Resources Limited, is searching for uranium on a 4602 km<sup>2</sup> area on the northern Eyre Peninsula of South Australia. Quasar manages the Joint Venture. The Corrobinnie Uranium Joint Venture is one of the six projects included in Peninsula Resources' planned Initial Public Offering.

The terms of the Joint Venture allowed Quasar to earn an initial 60% equity through the expenditure of \$3 million over a four year period commencing 1 January 2007. Adelaide Resources announced that Quasar had met this \$3 million expenditure obligation on 28 October 2010. Peninsula Resources then had the option to either 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. On 10 March 2011 Adelaide Resources announced that Peninsula had elected not to contribute to the cost of the 2011 exploration program and to dilute its interest. Peninsula retains the option to contribute to exploration programs in 2012 and beyond.

Quasar plans to undertake an exploration program with a budget of up to \$1,000,000 on the Joint Venture tenements in 2011, with exploration scheduled to commence after the ASX listing of Peninsula Resources. Assuming the full 2011 budget is spent, Peninsula's equity will fall to approximately 33% by year end. The exploration program will be dominated by programs of aircore, rotary mud and reverse circulation drilling, and will have a strong focus on the Thurlga area where the Joint Venture has discovered both palaeochannel and basement hosted uranium mineralisation. ■

## Yalanda Hill Joint Venture

Adelaide Resources 40%;  
Investigator Resources Limited 60%.

The Yalanda Hill Joint Venture, between Investigator Resources Limited (formerly Southern Uranium Limited) and Adelaide Resources' currently wholly owned subsidiary Peninsula Resources Limited, is searching for gold and uranium on a 756 km<sup>2</sup> area on the eastern Eyre Peninsula of South Australia. Investigator Resources is Joint Venture Manager and plans and executes the exploration programs. The Yalanda Hill Joint Venture is one of the six projects included in Peninsula Resources' planned Initial Public Offering.

During the Quarter Investigator Resources advised that its total sole funded expenditure

on the Yalanda Hill Joint Venture had reached \$250,000, the threshold required to increase its interest from 40% to 60%. Each party may now contribute to ongoing expenditure in accordance with its equity, or else elect to dilute.

A soil sampling program completed over the three licences has delineated two uranium anomalies and three gold anomalies, one of which is also anomalous in copper and silver.

An infill soil sampling program, involving the collection of approximately 500 samples, is planned over the five anomalies, with sampling patterns to be at 500 x 500 metres and 100 x 100 metres. This sampling, together with further geological mapping, is scheduled to commence following the listing of Peninsula Resources. ■

### issued capital

The company had 144,590,368 ordinary shares, 625,000 unlisted options, and 2,000,000 unlisted performance rights on issue at 31 March 2011.

During the quarter 2,000,000 performance rights were issued to the Managing Director in accordance with a resolution passed at the company's 2010 Annual General Meeting. ■



Chris Drown – Managing Director  
Signed on behalf of the  
Board of Adelaide Resources Limited  
Dated: 28 April 2011

*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. ■

### finance

The company had liquidity of \$9.643 million at 31 March 2011 comprising cash and term deposits of \$9.412 million and liquid investments of \$0.231 million.

Exploration and evaluation expenditure by the company during the March Quarter was \$0.574 million. Of this total \$0.385 million will be reimbursed to the company upon the successful listing of Peninsula Resources Limited.

Exploration and evaluation expenditure incurred during the March Quarter by joint venture parties on tenements in which the company has an interest totaled \$73,168. ■