Adelaide Resources Limited

Quarterly Report

Period ending 30 June 2011

Adelaide Resources Limited
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Corporate Details

ASX Code: ADN

Issued Capital:

144,665,368 ordinary shares
2,550,000 unlisted options & performance rights

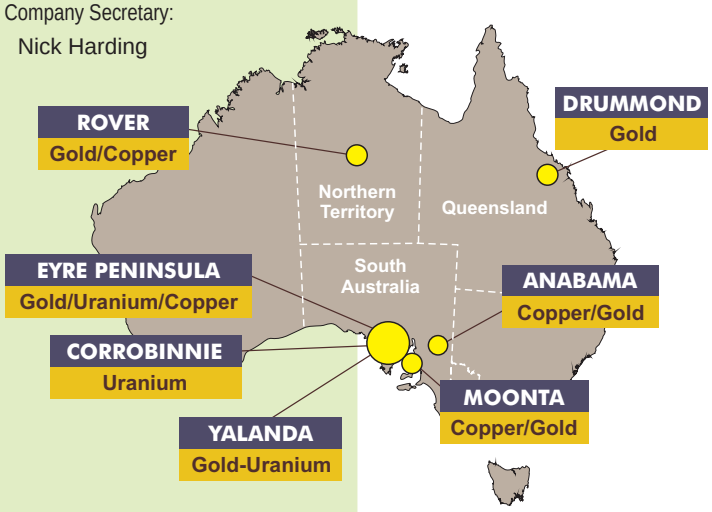
Directors:

Non-executive Chairman:
Andrew Brown

Managing Director:
Chris Drown

Non-executive Directors:
John den Dryver
John Horan
Mike Hatcher

Company Secretary:
Nick Harding



Highlights

Strategic Review

- The company has established an alternative strategy aimed at unlocking shareholder value following the withdrawal of the Peninsula Resources Limited IPO.

Rover Gold Copper Project – NT

- 2011 exploration program commenced in May with two drill rigs currently in operation.
- Prospects to be targeted in 2011 include Rover 1, Rover 4, Rover 12, and potentially other earlier stage targets.
- Four Rover 4 holes completed to date with assaying now underway.

Moonta Copper Gold Project – SA

- Willamulka Prospect drill results confirm copper-gold mineralisation persists for at least 1200 metres.
- The 1200 metre zone includes Shoot A, a 550 metre zone of thicker, better grade mineralisation.
- Shoot A remains open at depth and down plunge, with well defined target regions established that have potential to increase the deposit size.
- Solid pipeline of additional exploration targets defined through geochemical surveying and reassessment of historic data.

Corporate

- Geologist Mike Hatcher appointed to the Board of Adelaide Resources Limited in July.

Finance

- At 30 June 2011, the company had available funds of $8.612 million.

Forward Strategy

On 16 June 2011 the Initial Public Offering (IPO) for shares in Peninsula Resources Limited (PRL) was withdrawn as a result of adverse market conditions experienced during the period when the offer was open for subscriptions.

Between 11 April and 15 June 2011, which covers the period when the pricing of PRL's IPO was set and when the Peninsula Resources Replacement Prospectus was in the public domain, the S&P/ ASX Small Resources index fell by 17.8%. As a result of the withdrawal of the IPO the proposed in-specie distribution of Adelaide Resources Limited's (ADN) interest in PRL to ADN shareholders will not be completed.

The Board of ADN continues to hold the view that the value of the exploration assets that were to be vended into PRL is not adequately reflected in the pricing of ADN shares. In recent weeks the Board and management of ADN have undertaken a review of the company's exploration projects and resolved to pursue a number of alternative strategies that have potential to unlock the value in these assets for shareholders.

The forward focus for the company will be jointly directed towards both the Tennant Creek district in the Northern Territory, and the Yorke Peninsula district in South Australia. The company will continue to actively explore its flagship projects at Rover and Moonta, located in these exciting exploration regions. It will also access any available opportunities to increase its land position in both areas.

The company has secured a diamond drill rig that will drill at the Rover Project for the remainder of the 2011 field season, then relocate to the Moonta Project to drill targets, including Willamulka, in early 2012. This move ensures a high level of on-going drilling activity on the company's two main projects, with the timing of activities such that the northern wet season and the southern crop growing season are avoided.

At the same time the company will pursue opportunities it has identified which have potential to unlock value in its other South Australian and Queensland tenement holdings.

In recognition of the importance placed by the Board on this new strategy, the company has engaged Mr Kevin Lines, a respected geologist with considerable industry experience, in a consulting capacity to assist it in implementing its forward strategy and progressing the corporate opportunities now identified.

Rover Gold Copper Project, NT

Adelaide Resources 100%

The Rover Project is located in the Tenant Creek region of the Northern Territory *(Figure 1)*, a district with a strong history of gold and copper mining based upon the profitable exploitation of a number of very high grade deposits.

The company's 2011 drilling program commenced in May after the access track, which was flooded due to heavy wet season rain, became navigable. Drilling commenced with a single drill rig initially working on one shift per day, which increased to two shifts per day in June. A second drill rig commenced operations in July, operating on two shifts per day.

The 2011 drilling program will target a number of prospects on the Rover Project, including the Rover 1 and Rover 4 prospects, the Rover 12 target, and likely other targets *(Figure 1)*. Currently one rig is drilling at Rover 1 and the other at Rover 4.

The Rover 1 Prospect straddles the boundary of Adelaide Resources' tenement and tenements owned by Westgold Resources Limited, with Westgold's portion of the deposit currently undergoing development studies. Drilling completed in 2009 and 2010 by Adelaide

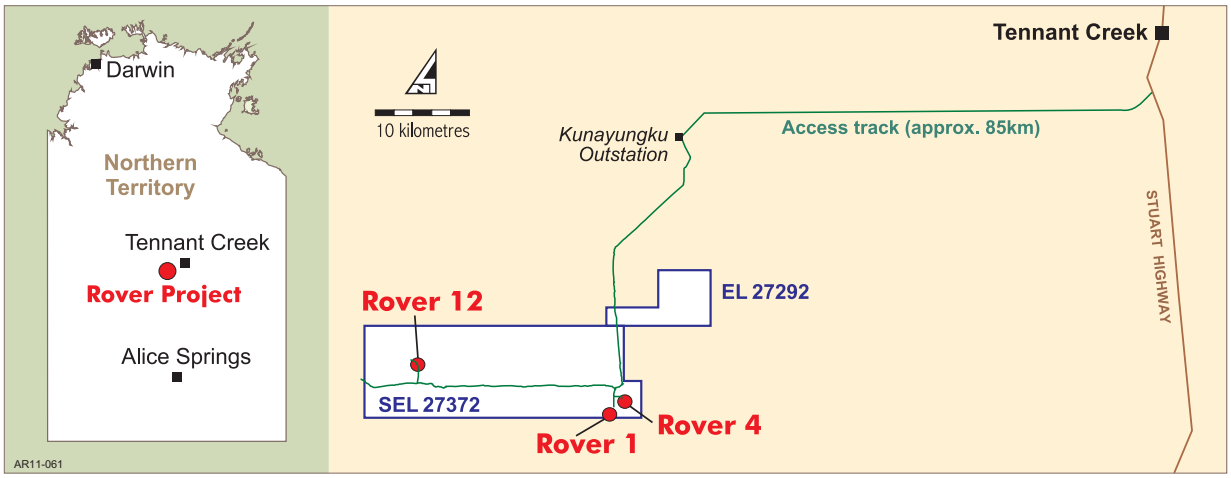


Figure 1: *Rover Project Location.*

Resources intersected high grade copper and gold mineralisation, confirming that the Rover 1 deposit extends across the licence boundary into the company's tenement.

Adelaide Resources' 2011 drilling program at Rover 1 aims to determine if high grade gold mineralisation (6 metres at 78.7g/t gold announced by Westgold in November 2010), which persists to within 1 metre of the common boundary between the two companies tenements, extends into Adelaide Resources' licence. Drilling will also search for other bodies of gold and copper mineralisation additional to those already discovered in Adelaide Resources' part of the deposit.

Previous drilling has also returned potentially economic intersections of gold and copper at the Rover 4 Prospect, located approximately 2 kilometres northeast of Rover 1. Rover 4 has the shallowest mineralisation discovered to date in the broader Rover Field. The 2011 drilling program at Rover 4 aims to establish the resource potential at this prospect.

As of the 26 July, 2144 metres of drilling had been completed in four holes at Rover 4, while a fifth hole was in progress *(Figure 2)*. All of the 2011 holes at Rover 4 have intersected the mineralisation host rocks which comprise jasper, dolomite, haematite and magnetite in varying proportions. Additionally, each of the 2011 holes have intersected zones of visible copper sulphide, with drill samples from the first three of these holes now in the assay laboratory. Down-hole magnetic logging has been completed on the 2011 holes to assist in targeting further drill tests.

Following drilling at Rover 1, one of the drill rigs will move to Rover 12. Previous drilling at this target has confirmed it to be a mineralised ironstone body, while geophysical modelling of the Rover 12 magnetic anomaly indicates it is likely to be sourced by an ironstone body comparable in size to the entire Rover 1

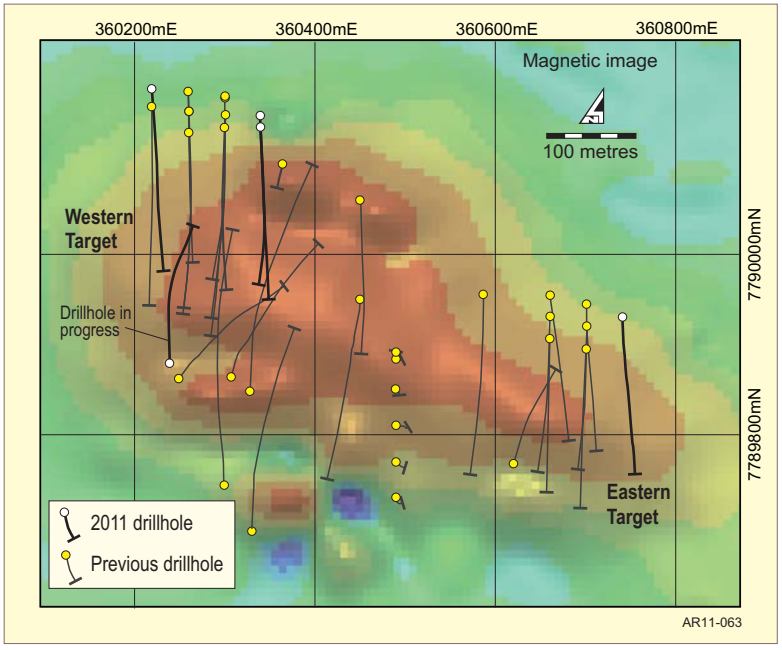


Figure 2: *Rover 4 Plan.*

ironstone system *(Figure 3)*. The company's directors believe that the intersection of potentially economic grade and width gold or copper mineralisation at Rover 12, or indeed at any other of the wholly owned early stage targets located on the Rover Project, could potentially add significant value for shareholders.▪

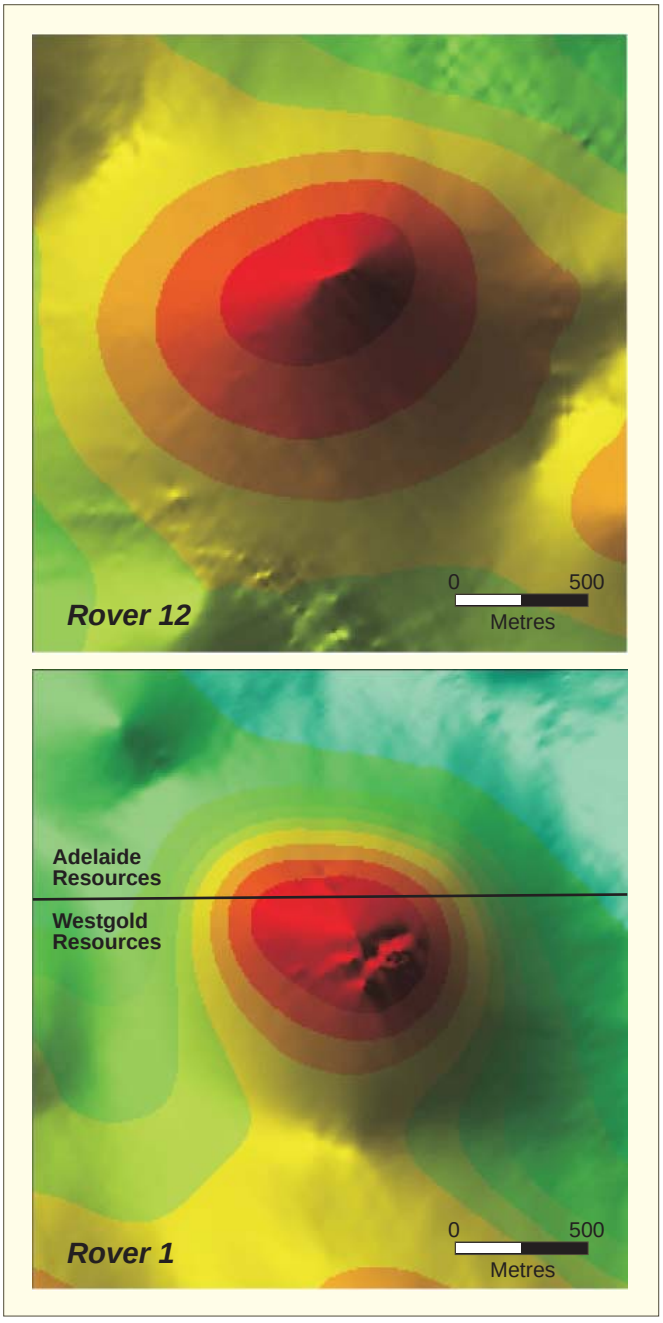


Figure 3: *Comparison of Rover 12 prospect with Rover 1 prospect, magnetic (RTP TMI) images. Scale and magnetic contour intervals are the same for both anomalies.*

Moonta Copper Gold Project, SA

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

The Moonta Project is located on the Yorke Peninsula of South Australia at the southern end of the world class Olympic Copper Gold Province, and secures the historic "Copper Triangle" mining district around Moonta, Wallaroo and Kadina *(Figure 4)*.

During the early months of 2011 Adelaide Resources completed a significant exploration program comprising drilling at the Willamulka Prospect and surface geochemical sampling across the broader Moonta Project tenement.

Willamulka Prospect

During the quarter assay results for the final 50 Willamulka Prospect aircore holes, drilled earlier in 2011, were received. The assays, for 1-metre and 3-metre composite samples, include further significant copper and gold intersections detailed in *Table 1*.

Drilling at Willamulka currently totals 123 holes for 9035 metres. Holes have been drilled on 17 traverses spaced not more than 100 metres apart *(Figure 5)*. Copper-gold mineralisation (defined as samples assaying greater than 0.2% copper or 0.1g/t gold) is continuous over 16 adjacent drill traverses indicating a total mineralised strike length of 1200 metres. This mineralised zone remains open along strike in both directions.

Shallow copper-gold mineralisation of significant thickness and moderate grade is present in part of the mineralised zone, occurring as a shoot hereafter referred to as "Shoot A" *(Figure 5)*. Shoot A is located in the southwestern part of the prospect where positive drill intersections have previously been reported, with results received during the quarter confirming a significant increase in length from 250 metres to 550 metres. On several drill traverses Shoot A persists to the base of thin cover sediments, a depth below surface of about 7 metres.

Shoot A remains open at depth over the southwestern 300 metres and the northeastern 150 metres of its 550 metre extent, and well defined targets warranting further drilling exist in

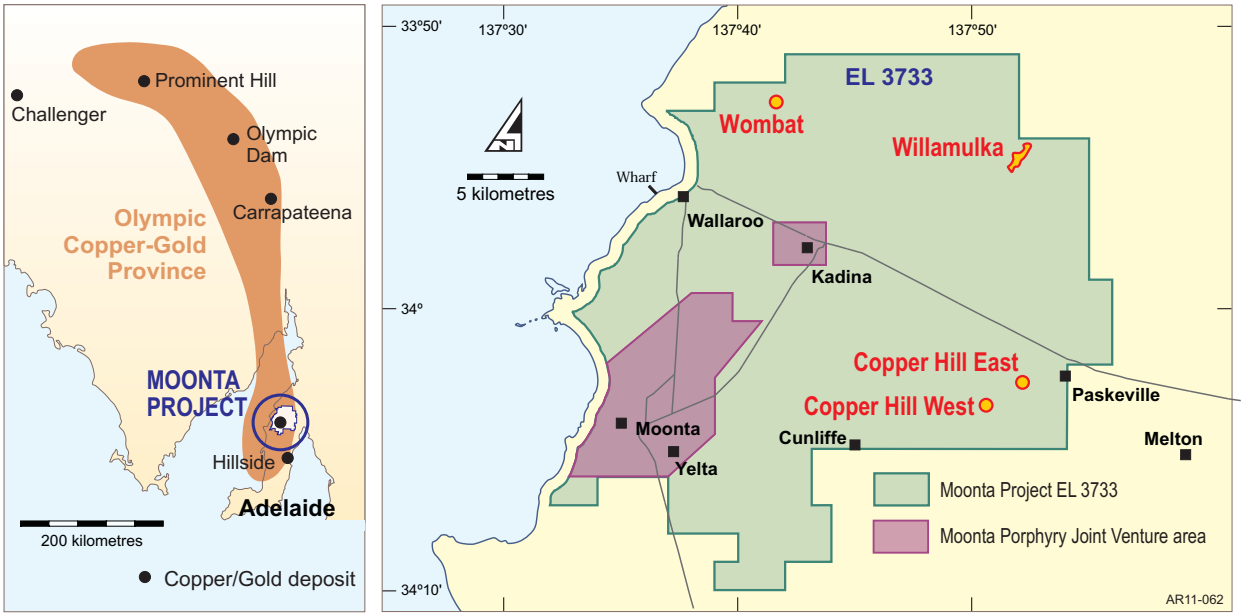


Figure 4: *Moonta Project Location Plan.*

these areas. Testing of these targets will require either reverse circulation or diamond drilling methods which can penetrate deeper than aircore drilling.

The depth to the top of Shoot A increases to the southwest confirming that it plunges at a shallow angle in this direction. The observed shallow plunge of Shoot A presents a further robust target area to the southwest and below the depth limit of current drilling. This target will also require drilling using reverse circulation or diamond drilling methods.

Northeast of Shoot A drilling has intersected lower grade mineralisation associated with an interpreted narrow, steeply northwest dipping structure. The possibility remains that a second mineralised shoot may be present in this area and it represents a secondary target region.

Shoot A exhibits good continuity allowing modeling for resource estimation purposes, with a preliminary 3-D model of the copper mineralisation shown in *Figure 6*. In addition to further drill testing at Willamulka, deposit tonnage and grade modelling, investigations to establish copper phase mineralogy, and metallurgical bench testing to establish potential recoveries of copper and gold are planned. Positive results from these studies would lead to the estimation of a mineral resource for the Willamulka deposit.

Surface Geochemistry Results

A large number of analytical results for calcrete geochemical samples collected earlier in 2011 from the broader Moonta Project area were also received during the quarter. This sampling program was designed to provide geochemical coverage of previously un-sampled areas of

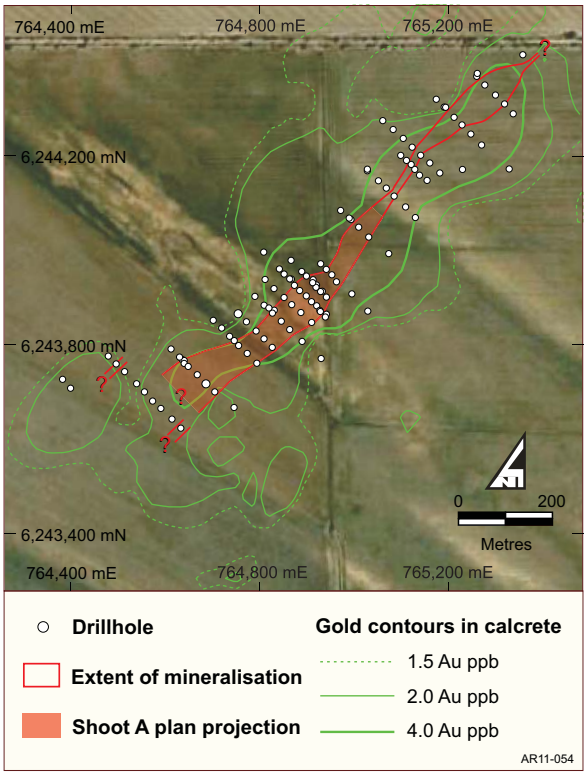


Figure 5: *Willamulka Prospect Summary Plan.*

the project tenement, and to better define pre-existing copper and gold geochemical anomalies.

The new geochemical results, together with pre-existing geochemical data, define five targets considered to warrant future drill testing, while a number of other anomalies have been defined where additional infill geochemical sampling will be required before determining if drilling is justified.

One of the newly detailed geochemical anomalies, named Copper Hill East *(Figure4)*, includes samples in which both gold and copper concentrations match or exceed the metal concentrations in geochemical samples that define the Willamulka Anomaly. As was the case at Willamulka, limited shallow historical drilling has been completed in the Copper Hill East area. These drillholes, while not directly testing the peak geochemical response, contain copper assays above 0.2% Cu and gold above 0.1g/t Au confirming the presence of sub-surface mineralisation.

Shallow aircore or RAB drilling is warranted to test of the Copper Hill East anomaly and the four other geochemical anomalies, while infill calcrete sampling is required to define further drill worthy geochemical anomalies.

Other Targets Identified

The company originally recognised that an exploration opportunity existed at Willamulka through its assessment of historical exploration data. Prior to Adelaide Resources' exploration program, which commenced in 2010, exploration at the prospect was limited to some surface geochemical sampling, 10 shallow RAB/aircore holes, a single reverse circulation hole, and a single deeper diamond cored hole.

It is now evident that the reverse circulation hole intersected the Shoot A mineralisation, while three of the RAB/aircore holes intersected

Table 1: *Willamulka Prospect - significant June Quarter drill intersections.*

Hole ID	Northing (GDA94)	Easting (GDA94)	Dip	Azimuth	Total Depth	From (m)	To (m)	Interval (m)	Cu %	Au g/t
WAC74	764843	6243849	-60	135	75	19	36	17	1.07	2.62
					incl.	21	23	2	0.31	20.85
					and	24	30	6	2.30	0.39
						46	48	2	0.07	1.58
WAC75	764826	6243867	-60	135	75	56	75	19	0.95	0.36
					incl.	66	71	5	2.52	0.54
WAC86	764630	6243772	-60	135	65.5	39	51	12	0.39	0.04
WAC94	764479	6243775	-60	135	75	63	66	3	~	0.79
WAC97	764953	6243946	-60	135	106	30	48	18	0.34	0.06
WAC98	764941	6243958	-60	135	76	36	60	24	0.31	0.19
WAC99	764929	6243970	-60	135	78	48	57	9	0.51	0.03
WAC100	765008	6244049	-60	135	75	24	39	15	0.41	0.08
WAC101	764990	6244066	-60	135	73	36	54	18	0.45	0.19
					and	66	70	4	0.63	0.38
WAC119	765357	6244413	-60	135	99	42	45	3	0.01	1.23
WAC124	764809	6243813	-60	135	96	48	54	6	0.19	0.83
WAC129	764746	6243808	-60	135	103	49	62	13	0.70	0.22
WAC130	764817	6243875	-60	135	118	49	57	8	0.18	1.31
					incl.	55	57	2	0.23	4.61
						70	77	7	0.89	0.07
						88	99	11	0.42	0.23
WAC132	764911	6243931	-60	135	96	35	73	38	0.76	0.37
					incl.	38	45	7	1.01	0.18
					and	47	52	5	0.88	0.60
					and	60	69	9	1.50	0.78

Individual samples include both 1 metre and 3 metre composite samples. 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.

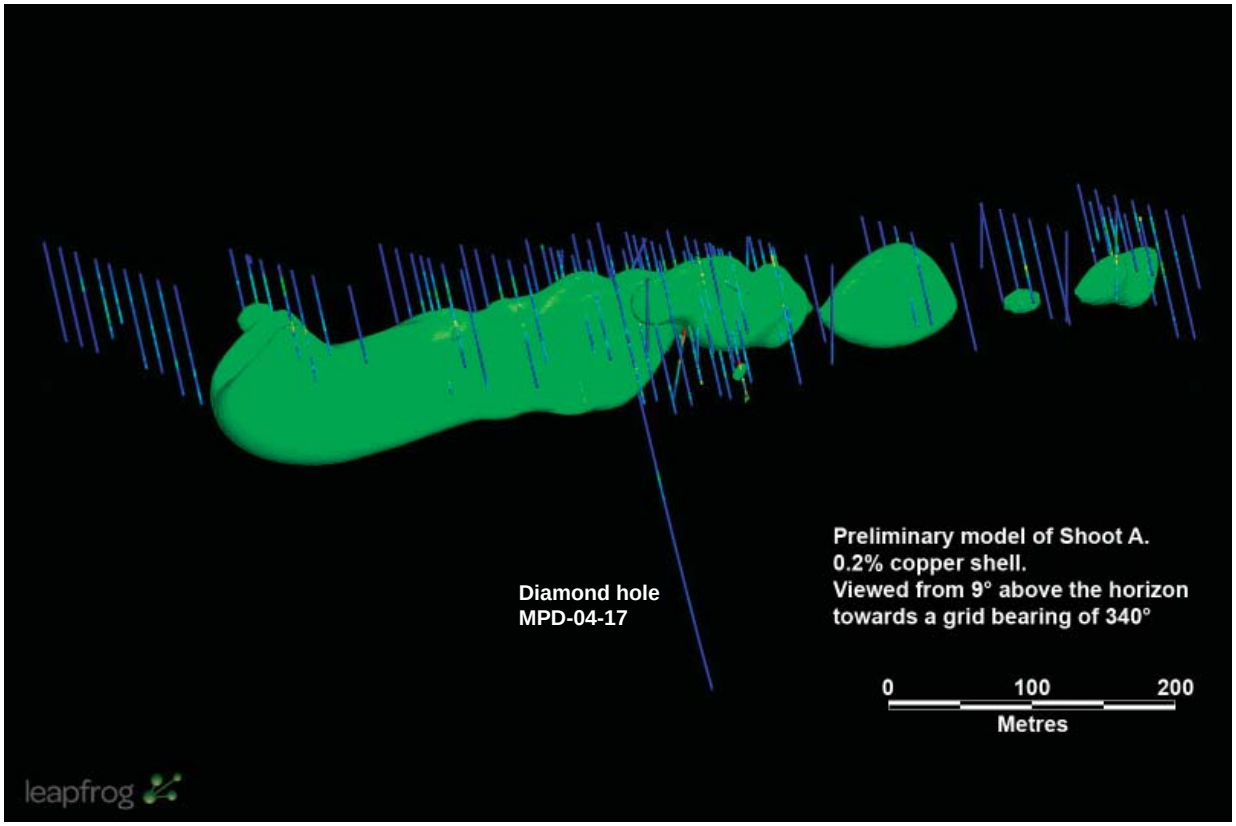


Figure 6: *Willamulka Prospect preliminary 3-D model of copper mineralisation.*

peripheral mineralisation. The diamond hole, MPD-04-17, failed to intersect mineralisation but it is now apparent that it drilled under the position of the shallowly plunging Shoot A body *(Figure 6)*.

In light of the history of the Willamulka discovery, historical exploration data from elsewhere on the Moonta Project has been reassessed. This investigation reveals that similar exploration opportunities may be present elsewhere on the project tenement.

At Copper Hill West *(Figure 4)*, previous vertical aircore drilling intersected what appears to be a coherent zone of shallow copper mineralisation with better intersections including 19 metres at 0.93% copper from 6 metres downhole in MPDAC-341, and 26 metres at 0.66% copper from 6 metres in MPDAC-170. These intersections are comparable to those achieved in Shoot A at Willamulka.

A single inclined diamond core hole (MPD-06-28), targeted beneath MPDAC-341, was drilled at Copper Hill West and intersected 6 metres at 0.66% copper in weathered rock but encountered no mineralisation in fresh rock. If the mineralisation at Copper Hill West plunges, as it does at Willamulka, it is possible that MPD-06-28 may have also drilled under a body or shoot of mineralisation.

Similarly, at the Wombat Prospect *(Figure 4)*, historical vertical aircore drilling intersected promising mineralisation in weathered rock over a 1000 metre strike length. Better aircore intersections include 27 metres at 0.46% copper from 20 metres downhole in MPDAC-335, and 36 metres at 0.51% copper from 18 metres in MPDAC-368.

Seven inclined diamond holes were completed at Wombat to test beneath the aircore holes. The best result was returned in drill hole MPD-05-21 which intersected 36 metres at 1.14% copper and 0.29g/t gold from 239 metres. The intersection in MPD-05-21 confirms that significant mineralisation is present below the aircore drilling, while the coarse spacing of the seven past diamond holes does not preclude the presence of a shoot of mineralisation.

Copper Hill West and Wombat, together with the geochemically defined targets, comprise a solid pipeline of exploration opportunities which will be pursued in addition to the Willamulka prospect.■

Corrobinnie Uranium Joint Venture, SA

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

The Corrobinnie Uranium Joint Venture, between Quasar Resources Pty Ltd and Adelaide Resources, is searching for uranium on the northern Eyre Peninsula of South Australia. Quasar manages the Joint Venture.

Previous Joint Venture drilling programs discovered strongly anomalous uranium hosted by sediments infilling the Thurlga palaeochannel, and follow up drilling is planned for the coming quarter following receipt of environmental and native title approvals.■

Yalanda Hill Joint Venture, SA

Adelaide Resources 40%;
Investigator Resources Limited 60%.

The Yalanda Hill Joint Venture is between Investigator Resources Limited, which acts as joint venture manager, and the company. The Joint Venture is searching for gold and uranium on the eastern Eyre Peninsula of South Australia. Investigator Resources advises that no work was competed during the Quarter.■

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

corporate

Mr Mike Hatcher, a geologist with over 40 years experience in the resources industry, was appointed to the company's Board as a non-executive director on 26 July 2011.

Mr Hatcher has worked in mining and exploration roles, and his career includes 16 years with the Newmont/Normandy Mining/North Flinders Mines corporate group where he held a number of senior positions.

Mr Hatcher is a member of the Australasian Institute of Mining and Metallurgy, and is currently a non-executive director of ASX listed Outback Metals Limited and ERO Mining Limited.■

finance

The company had liquidity of $8.612 million at 30 June 2011 comprising cash and term deposits of $8.381 million and liquid investments of $0.231 million.

Exploration and evaluation expenditure by the company during the June quarter was $0.578 million.

Exploration and evaluation expenditure incurred during the June quarter by joint venture parties on tenements in which the company has an interest totaled $19,499.■

issued capital

The company had 144,665,368 ordinary shares, 550,000 unlisted options, and 2,000,000 unlisted performance rights on issue at 30 June 2011.

During the quarter 75,000 shares were issued following the exercise of employee options.■

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.■