



Adelaide Resources Limited

Quarterly Report

Period ending 31 December 2011

Adelaide Resources Limited
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Corporate Details

ASX Code: ADN

Issued Capital:

144,998,701 ordinary shares
3,136,667 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

Rover Gold Copper Project – NT

- 2011 exploration program completed with 26 holes drilled at four prospects. Assay results for eleven holes are still pending.
- At **Rover 1** hole R1ARD51 intersected **10 metres at 1.79% copper and 0.40g/t gold** from 354 metres downhole.
- **Rover 4** drillhole R4ARD57 intersected **7 metres at 1.67% copper and 0.33g/t gold** from 240 metres downhole.
- **Rover 12 drilling intersects copper sulphides**, ironstones and altered sediments. Assaying of drillholes in progress.

Moonta Copper Gold Project – SA

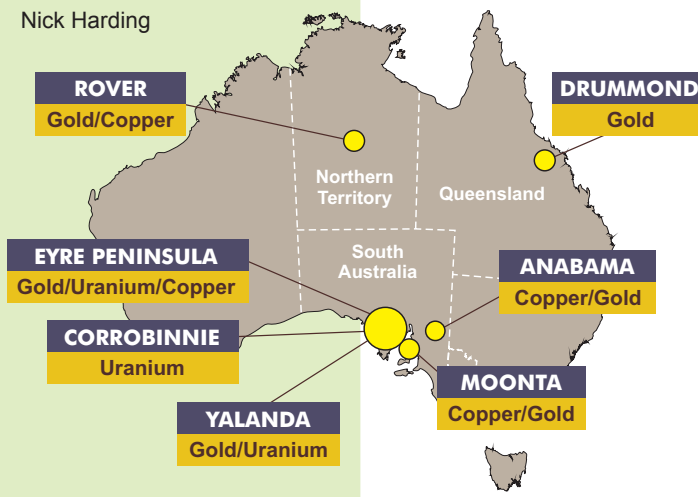
- **2012 exploration program commenced in January**, with two drilling rigs to be operating by early February.
- Targets include the Willamulka and Wombat Prospects, and highly regarded geochemical anomalies.

Corrobinnie Uranium Joint Venture – SA

- **162 hole drilling program completed** to explore for uranium deposits in Thurlga and Narlaby Palaeochannels.
- Downhole logging reveals **zones of gamma anomalism** present in holes testing both palaeochannels.

Finance

- At 31 December 2011, the Company had available funds of \$5.107 million.



Rover Gold Copper Project, NT

Adelaide Resources 100%

The Rover Project is located 85 kilometres south-west of Tennant Creek in the Northern Territory (*Figure 1*).

The 2011 Rover exploration program continued with two drilling rigs in operation until early December.

During the quarter holes were completed at the Rover 4, Rover 11 East and Rover 12 Prospects. In total, 26 diamond drillholes for 10,834 metres were completed in the Company's 2011 Rover exploration program.

Assay results were received for a number of holes drilled at the Rover 1 and Rover 4 prospects (*Table 1*), however decreased availability of the contractor engaged to cut and sample the 2011 drill core and significantly increased analytical laboratory turn-around times resulted in delays to the receipt of assay results. Consequently, assaying of eleven of the 2011 holes remains incomplete. This analytical backlog is now being addressed.

Rover 4 Prospect

The Rover 4 prospect is located in the east of Adelaide Resources' project (*Figure 1*), and has delivered a series of potentially economic copper and gold intersections interpreted to be from two main bodies of mineralisation (*Figure 2*).

Rover 4 results include 7 metres at 1.67% copper and 0.33g/t gold in hole R4ARD57, and several narrow zones of copper in R4ARD57-1 which was drilled as a daughter hole from R4ARD57. The intersection in R4ARD57 is interpreted to be from a mineralised body also intersected in holes R4ARD10 (15 metres at 2.07% copper) and R4ARD52 (28 metres at 1.62% copper, including 15 metres at 2.37% copper).

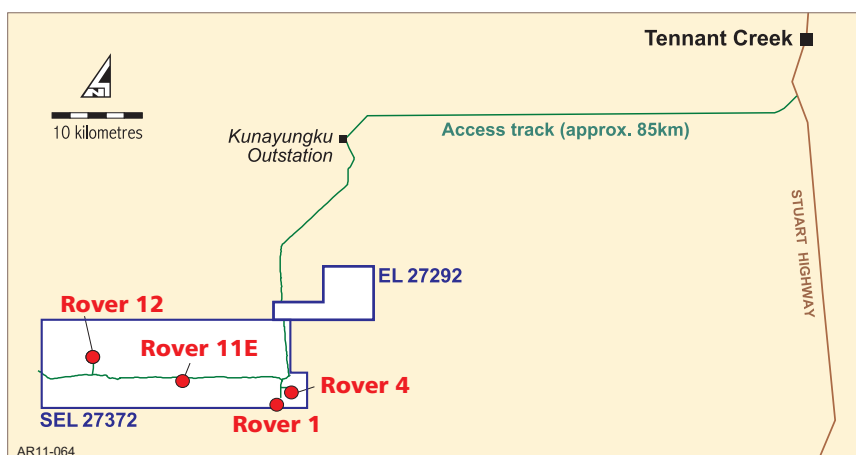


Figure 1: Rover Project Location.

Drillhole R4ARD63 intersected two zones containing significant copper sulphides. A narrow, visually high grade interval hosted by magnetite-hematite-jasper rock occurs between 314.4 and 318.4 metres, while an extensive zone of copper sulphide stringer veining is present from 369 to 410 metres in altered sediments and quartz porphyry below the magnetite-hematite-jasper body.

Samples from R4ARD63, along with other Rover 4 prospect drillholes, have been dispatched to the analytical laboratory with assaying now in progress.

Rover 12 Prospect

The Rover 12 magnetic anomaly, located in the western part of the Rover Project (*Figure 1*),

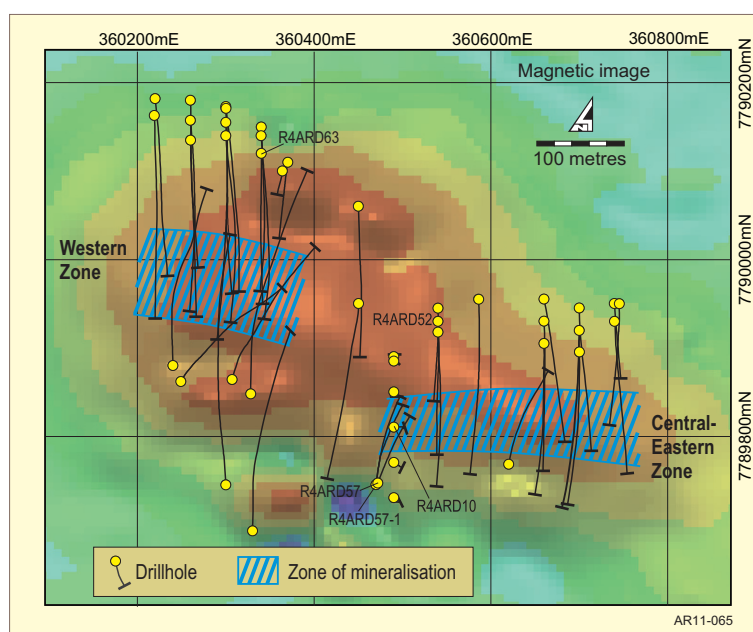


Figure 2: Rover 4 Plan.

is comparable in size to the Rover 1 anomaly, indicating that Rover 12 is also potentially a large ironstone system. Five holes (two parent holes and three daughter holes) were completed on two sections at Rover 12 (Figure 3), with ironstone, copper sulphides, and altered sediments intersected on both.

A sub-vertical sulphide-bearing ironstone body is present on the western 2011 section (Figure 4). Parent hole, R12ARD59, intersected a wide zone of strongly altered host sediments, but only a very narrow interval of ironstone. The deeper daughter holes, R12ARD59-1 and R12ARD59-2, intersected longer zones of magnetite ironstone containing finely disseminated copper sulphides.

A mineralised shear zone is present to the south of the ironstone. Hole R12ARD59-2 encountered variably developed copper sulphide veining

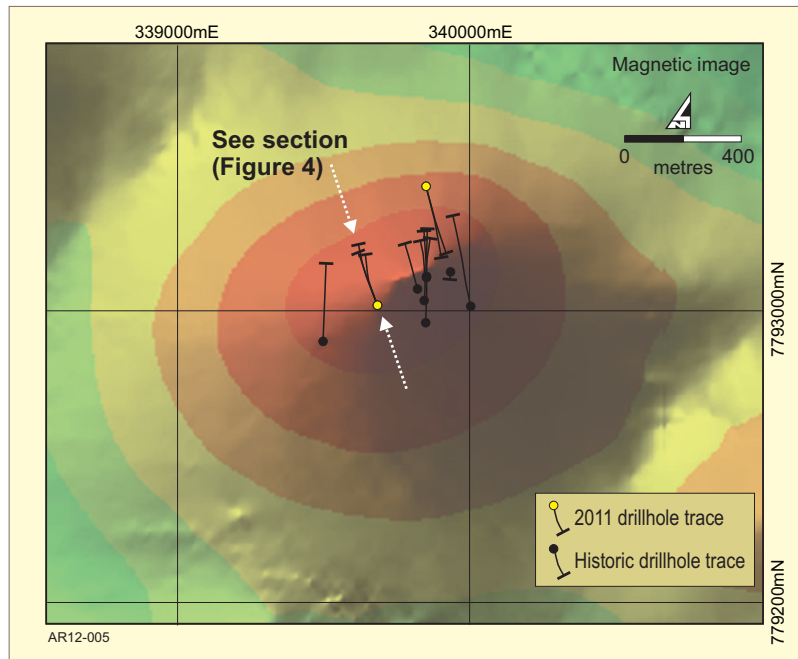


Figure 3: Rover 12 Plan.

hosted by the shear zone between 404.9 and 418 metres downhole, with short intervals of visibly high grade copper sulphide present.

Assays are only presently available for the parent hole, R12ARD59, and reveal narrow zones of low grade copper and gold mineralisation. Assaying of the two daughter holes is currently underway.

The two holes drilled on the eastern 2011 section intersected intervals of ironstone ranging in length up to 20.5 metres downhole. The ironstones contain minor copper sulphide mineralisation, with assay samples yet to be submitted to the laboratory.

Rover 11 East Prospect

Two holes were completed to test a discreet gravity anomaly defined at the Rover 11 East prospect (Figure 1). Both holes intersected approximately 30 metre long intervals of jasper-hematite-carbonate, a relatively dense rock type likely to be the source of the gravity anomaly.

Jasper-hematite-carbonate rock is commonly encountered at the Rover 4 prospect where it forms part of the spectrum of copper and gold host lithologies. Minor sulphides are present in the Rover 11 East drill core, with sampling and assaying presently underway.

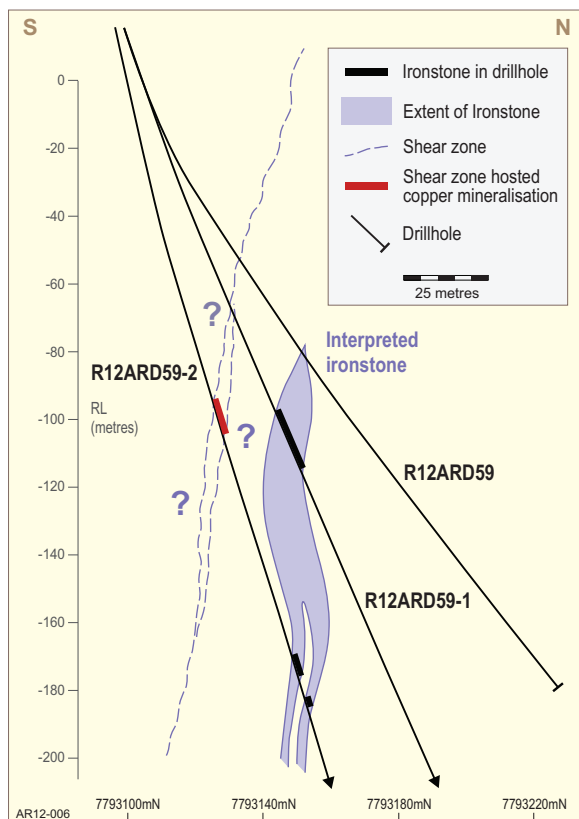


Figure 4: Rover 12 Section.

Rover 1 Prospect

The Rover 1 deposit is located on the southern boundary of the Company's project tenements (*Figure 1*), with part of the deposit falling in Adelaide Resources' ground and part in a tenement owned by neighbour Westgold Resources. Assay results for the three drillholes completed at Rover 1 in 2011 were received during the quarter.

Two sub-vertical holes (R1ARD51 and R1ARD54) were drilled

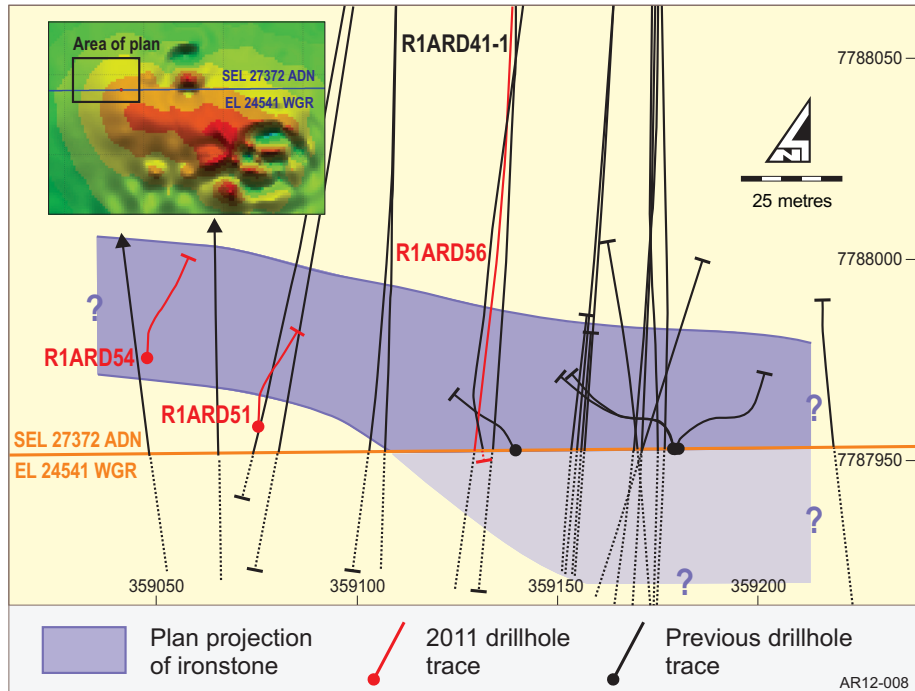


Figure 5: Rover 1 Plan.

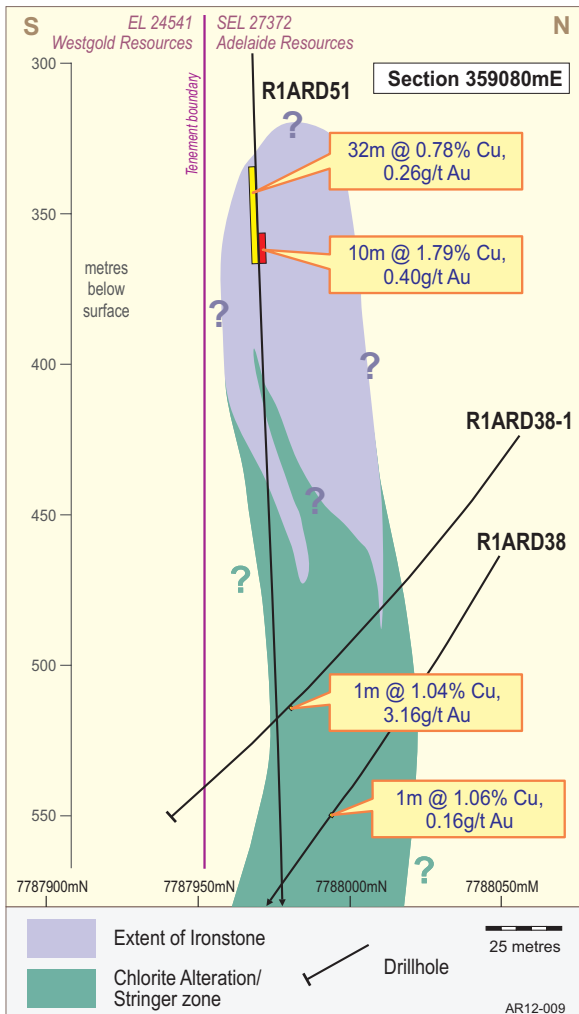


Figure 6: Rover 1 Section.

to test for westerly extensions to the ironstone/stringer zone system. Both holes intersected significant intervals of magnetite and hematite ironstone confirming the ironstone system has a strike of at least 180 metres on Adelaide Resources' tenement, and remains well developed and open to the west (*Figure 5*).

Copper and gold mineralisation is present in the upper part of the ironstone intersected in R1ARD51, with the interval between 332 and 364 metres assaying 32 metres at 0.78% copper and 0.26g/t gold. A higher grade interval of 10 metres at 1.79% copper and 0.40g/t gold occurs from 354 metres downhole (*Figure 6*). R1ARD54 contained only weak copper and gold mineralisation.

The third Rover 1 hole (R1ARD56) was drilled to test for a continuation into Adelaide Resources' ground of a high grade gold zone encountered immediately south of the licence boundary in 2010 drillhole R1ARD41-1 (6m at 78.7g/t gold and 1.00% copper). R1ARD56 intersected ironstone but passed below the target, intersecting only minor mineralisation.

Forward Program

While modest sized deposits may deliver shareholder value by contributing to any broader Rover Field development, the Company's goal at Rover remains the discovery of a copper-gold

resource with tonnage and grade characteristics that will warrant stand-alone development.

Following receipt of all assays, the tonnage and grade of defined mineralisation at Rover 1 and Rover 4 will be modelled and areas at both prospects where further drilling has potential to build the resource base identified.

Further exploration at Rover 1 or Rover 4 will be conducted if it is apparent that the prospects have potential to reach stand-alone development resource parameters.

Planning of further drilling at earlier stage prospects, including Rover 12 and Rover 11 East, will be made upon receipt and assessment of outstanding assay results. ■

Table 1: Rover Project Significant Assays.

Prospect	Hole ID	Easting (mga94)	Northing (mga94)	Dip	Azimuth	Final Depth	From (m)	To (m)	Interval (m)	Au (g/t)	Cu (%)
Rover 1	R1ARD51	359075	7787958	-87	356.8	675.6	333	334	1	0.77	2.24
							354	364	10	0.4	1.79
	R1ARD56	359140	7788103	-80	176.8	556.8	479	480	1	3.07	1.10
Rover 4	R4ARD57	360470	7789745	-75	4.8	399.5	211	213	2	0.01	1.79
							240	247	7	0.33	1.67
	R4ARD57-1	360470	7789745	-75	4.8	372.3	192	194	2	0.30	1.25
							252	253	1	0.08	1.81
						296	299	3	0.04	1.46	
						350	352	2	0.75	2.46	

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 core samples of 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.

Moonta Copper Gold Project, SA

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

The Moonta Copper Gold Project is located on the Yorke Peninsula of South Australia at the southern end of the world class Olympic Copper

Province, with the project tenement securing the historic “Copper Triangle” mining district around Moonta and Kadina (Figure 7).

Adelaide Resources’ 2012 exploration program at Moonta will be dominated by drilling and include shallow bedrock geochemical drilling using an aircore rig, and deeper drilling using a diamond rig. Aircore drilling commenced on 18 January and

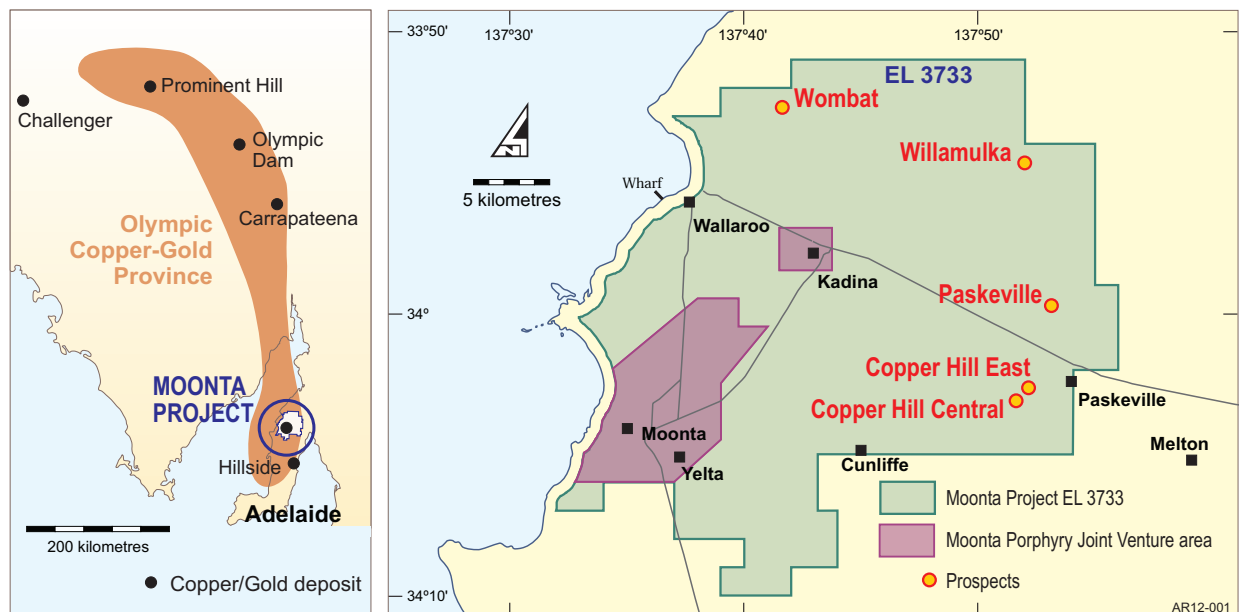


Figure 7: Moonta Project Location Plan.

diamond drilling is scheduled to commence around the start of February.

Aircore Drilling

A program of up to 7000 metres of aircore drilling will complete infill and extensional testing at the Willamulka Prospect and test a number of highly encouraging early stage copper and gold geochemical targets including the Copper Hill East, Copper Hill Central and Paskeville anomalies (Figure 7).

Aircore drilling operations commenced at the Willamulka Prospect, a 1200 metre long mineralised zone which includes a 550 metre long, shallow, low-moderate grade copper-gold deposit (Shoot A) which remains open at depth and down plunge (Figure 8).

Traverses of aircore drilling have been designed principally to test for north-eastern extensions to the mineralised system, and to better delineate the south-western plunging portion of Shoot A. Up until the 26th of January, 18 holes for 1512 metres had been completed at Willamulka.

The Copper Hill East geochemical anomaly includes samples in which both gold and copper concentrations match or exceed the metal concentrations in the samples that define the Willamulka anomaly. Limited shallow historical drilling completed in the Copper Hill East area, 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.

Diamond Drilling

A program of up to 2000 metres of diamond drilling is planned with the aim of testing for the continuation of known bodies of copper-gold mineralisation that remain open at depth or along strike.

At Willamulka, copper-gold mineralisation in 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 deeper drill testing exist in these areas. Shoot A is also interpreted to plunge at a shallow angle to the southwest, presenting a further robust target area below the depth limit of current aircore drilling.

Testing of these targets will be completed utilising diamond drilling methods which can penetrate deeper than aircore drilling, with the location of initial holes shown on Figure 8.

Diamond drilling is also planned at the Wombat Prospect (Figure 7), where historical shallow aircore drilling intersected promising mineralisation in weathered rock over a 1000 metre strike length. Seven inclined diamond holes were completed in the mid 2000's to test beneath the aircore defined mineralisation, with drillhole MPD-05-21 intersecting 36 metres at 1.14% copper and 0.29g/t gold from 239 metres. Zones of strongly anomalous to low grade copper mineralisation are also present in several other diamond holes.

The spacing of the seven past diamond holes at Wombat does not preclude the presence of a shoot of mineralisation of potentially attractive dimension. Diamond holes will initially test for strike extensions of the mineralised zone intersected in MPD-05-21. ■

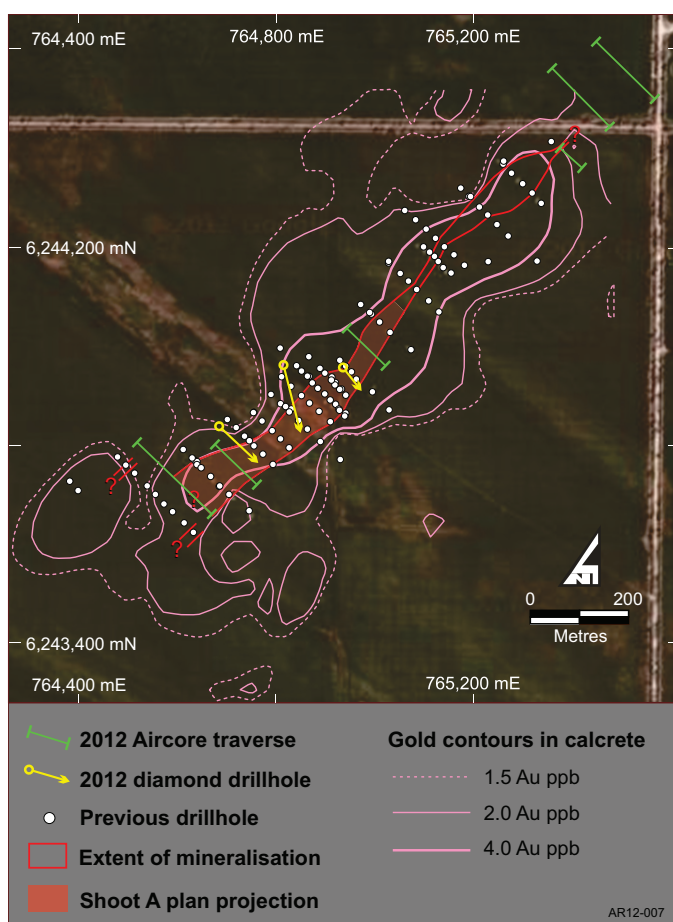


Figure 8: Willamulka Prospect Summary Plan.

Corrobinnie Uranium Joint Venture, SA

Adelaide Resources 32.46%;
Quasar Resources Pty Ltd 67.46%.

The Corrobinnie Uranium Joint Venture (“CUJV”), between Quasar Resources Pty Ltd and Adelaide Resources, is searching for uranium on the northern Eyre Peninsula of South Australia (Figure 9). Quasar Resources acts as the manager and operator of the CUJV.

During the quarter the CUJV completed an aircore drilling program totalling 162 holes for 7,755 metres to explore for palaeochannel hosted uranium deposits.

Drill holes were sited to test a number of priority target areas in the Thurlga and Narlaby Palaeochannels (Figure 9), including follow-up drilling at targets identified by previous CUJV drilling programs.

Gamma probe logging of the holes was completed using a portable slim-line logging system to test for radiogenic zones, while drill samples were also collected and scanned with a portable Niton XRF instrument capable of directly assaying uranium.

The downhole logging revealed zones of gamma anomalism in several holes testing both the Narlaby and Thurlga Palaeochannels. Results in the Narlaby Palaeochannel (hole PDA098 in particular) are seen as highly encouraging. PDA098 was drilled to a total depth of 96 metres (Figures 9 and 10) and passed through channel-fill sediments to a depth of 94 metres before ending in weathered basement.

A significant gamma anomaly, commencing at 89 metres and peaking at 1200 counts per second, was intersected (Figure 10). Niton XRF analyses made on drill samples collected from the anomalous interval confirmed 250ppm eU_3O_8 over 1.5 metres from 89 metres downhole.

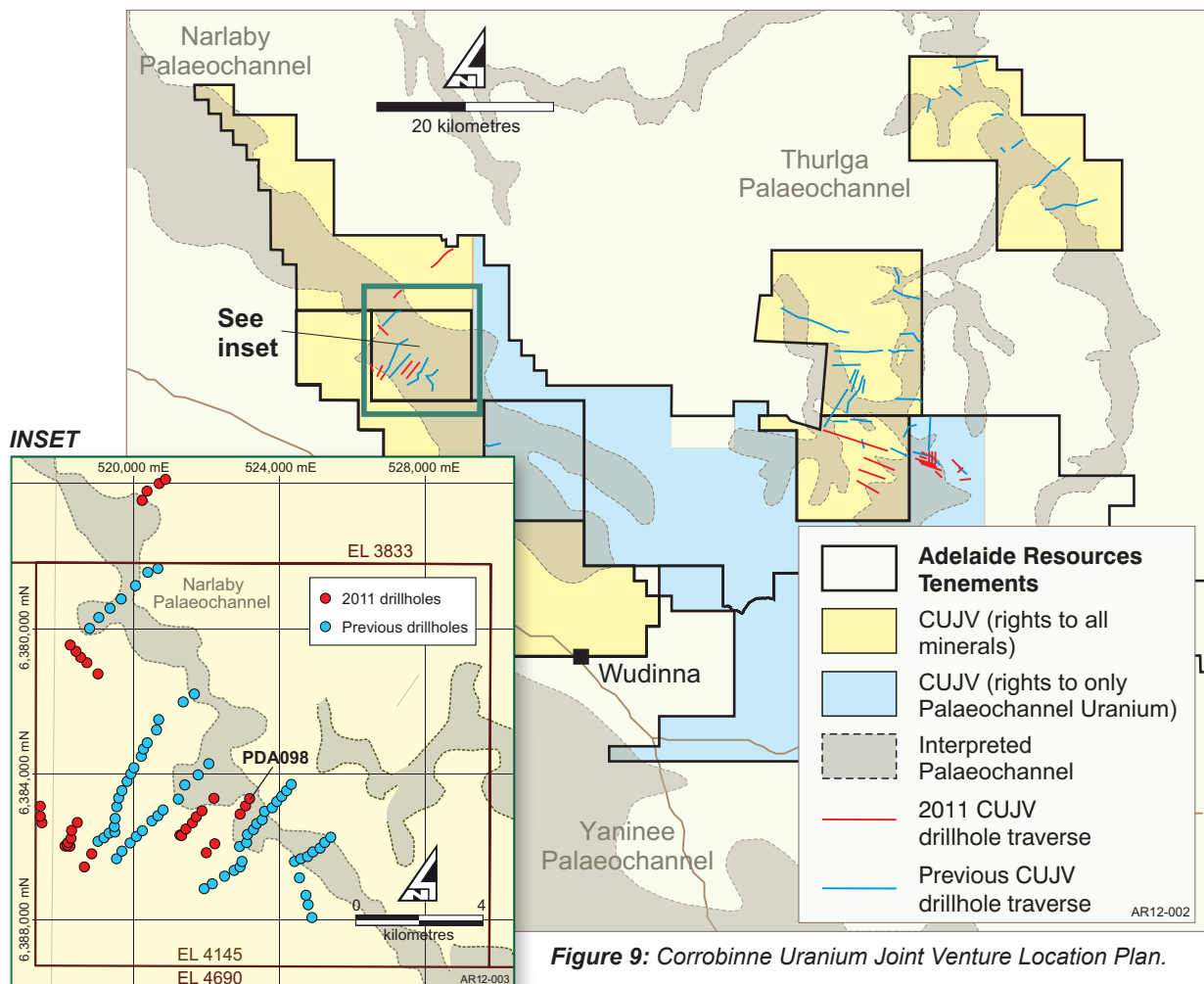


Figure 9: Corrobinnie Uranium Joint Venture Location Plan.

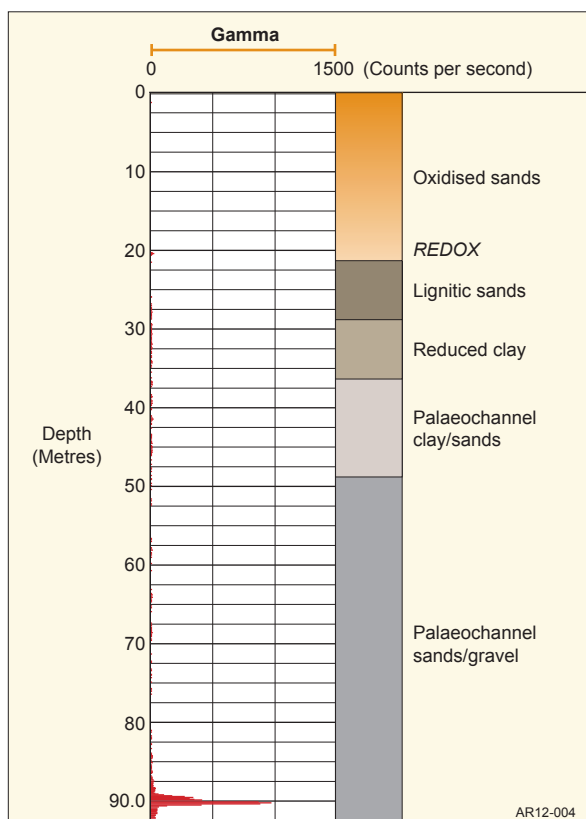


Figure 10: Narlaby Drillhole PDA098 gamma response.

Selected drill samples collected from this hole and others encountered in the drilling program, will be lab assayed to confirm the results from the Niton XRF.

Following its review of the 2011 drilling program results, Joint Venture manager Quasar will propose an exploration program for 2012 for review by Adelaide Resources.

About the Corrobinnie Uranium Joint Venture

The CUJV commenced in January 2007, and in October 2010 Quasar reached the \$3 million expenditure threshold required for it to earn an initial 60% equity interest. In keeping with Adelaide Resources' strategy of utilising joint venture funding to further its uranium exploration projects, the Company elected not to contribute to the 2011 exploration program and therefore to dilute its interest. Adelaide Resources' equity in the CUJV at 31 December 2011 stands at 32.54%. Should Adelaide's equity be diluted to 25% it shall be free carried through to Decision to Mine. ■

finance and corporate

The Company had \$5.107 million in cash and term deposits at 31 December 2011.

Exploration and evaluation expenditure by the Company during the December Quarter was \$1.530 million. Exploration and evaluation expenditure incurred during the December Quarter by joint venture parties on tenements in which the Company has an interest totalled \$659,304. ■



Chris Drown – Managing Director
Signed on behalf of the
Board of Adelaide Resources Limited
Dated: 31 January 2012

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. ■

issued capital

The Company had 144,998,701 ordinary shares, 550,000 unlisted options, and 2,586,667 performance rights on issue at 31 December 2011.

During the quarter 333,333 performance rights vested under tranche 1(a) of the Managing Director's employment contract and were converted to ordinary shares. In addition, in the three months to 31 December 2011 a total of 920,000 performance rights were granted to Adelaide Resources' staff under the Company's Employee Performance Rights Plan. ■