

RECOMMENDATION: INITIATE COVERAGE - Speculative Buy

Significant Gold Asset with Positive Feasibility.

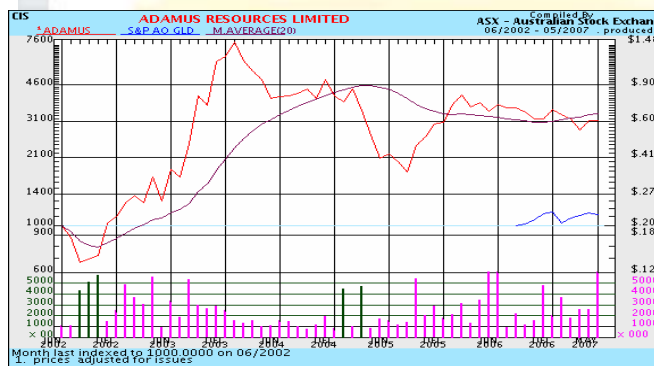
ASX and TSX-V Code : ADU

www.adamusresources.com.au

At a Glance as at 29 June 2007

Valuation range	\$ 0.93 - 1.23
Current Price	\$ 0.55
52 week high/low (close)	\$ 0.53 / 0.70
Market turnover	\$17.0M
Market capitalisation	\$71.0M
Number of Shares	116M
Number of Options	3M
Major Shareholders:	
Gardner & Hightime	15.00%
Macquarie Bank	13.00%
Dundee Precious Metals	11.00%
African Lion Fund	4.50%
Top 4 - Shareholders	43.50%
Top 20 - Shareholders	75.77%

Note: All dollar amounts AUD\$



SUMMARY

Adamus Resources Limited ("ADU") has completed its Feasibility Study ("Study") at its Southern Ashanti Gold Project ("SAGP") in Ghana, West Africa. The study has confirmed the economic potential and provided two scenarios a 'Base Case' and an 'Expected Case'.

The 'Base Case' shows a Project cash flow of AUD\$184.6m (pre capital and tax), at a total cash cost of US\$354/oz. The 'Expected Case' shows a Project cash flow of AUD\$218.9m at a total cash cost of \$US345/oz (Both studies are based on a gold price of US\$660). The study has used experienced independent industry consultants.

The gold resources have now increased to contain 1.6 million ounces, mineralisation remains open at depth and along strike providing plenty of scope for further increases.

As a result of the study, we view ADU as an emerging gold producer, which is a strong reason for a market re-evaluation. The study suggests the current asset base would respond to an increasing gold price.

Given the company is continuing its significant exploration activities, with a third drill rig expected to start in July, it is our belief that a development decision is nearing and the success from any new mineralised discovery will exceed the results of the 'Expected Case'.

Exploration activity continues to expose ADU to a possible World Class gold discovery.





Figure 1 – Location of Southern Ashanti Gold Project

KEY POINTS

- Feasibility Study completed in June 2007
- Feasibility Study outlines a gold operation producing approximately 100 kozpa over first 5-1/2 years, 85 kozpa for subsequent years.
- Low cost producer as thick robust zones of mineralisation occur and allowing low strip ratio's
- Unhedged gold inventory (100% exposure to gold price).
- Anwia possibly a World Class deposit if mineralisation continues and increases at depth.
- 2 years of project de-risking via detailed geological, metallurgical and engineering work largely completed.

INTRODUCTION

Ghana is a well established gold producing country within the African continent; gold mining provides 33% of the country export dollars and is one of the largest employers. It has a stable political environment based largely on the English code of law, it also offers

Given the project location, there are risks (refer latter section) however the positives are detailed below;

- Major gold endowed belt.
- Strong regional infrastructure with a major sea port and sealed roads.
- Cost effective and stable workforce.
- Established mining equipment, suppliers and operators.
- Abundance of service industries supporting mining activities.

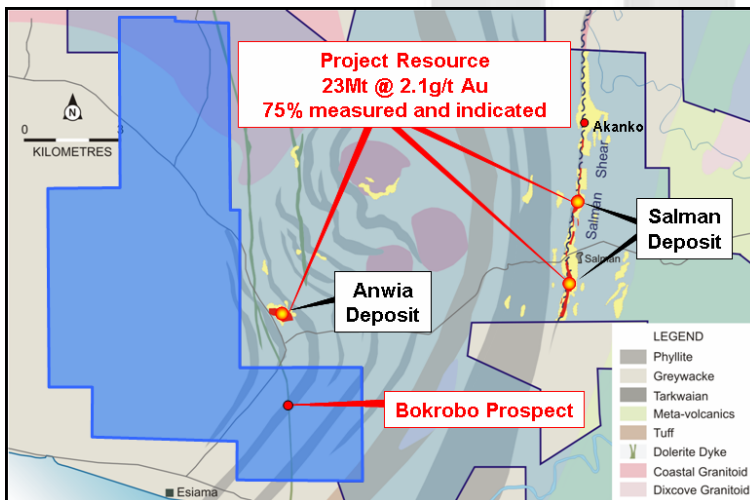


Figure 2 – Location of Anwia and Salman deposits

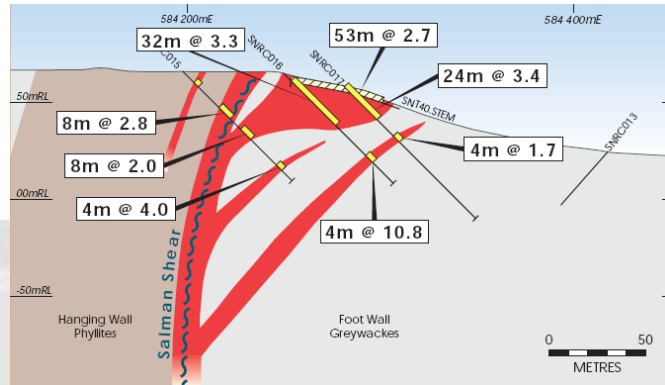
Within **SAGP** 2 significant gold deposits have been identified to date, namely Salman and Anwia. These resources are robust and have been adequately tested for JORC compliant Mineral Resource and Ore Reserve estimates classification and is the basis for the recent Feasibility Study.

The total mineral resource estimate currently is 23Mt @ 2.1g/t for 1.6Moz gold (55% Measured and 20% Indicated).

Salman Deposit

- 8 kilometres long mineralized structure which remains open along strike and largely untested at depth (> 80m) in the primary zone.
- Currently 7 economic zones of mineralization have been discovered along strike. These zones are thick robust zones of mineralization which have favourable geomtry's that lends them to open-cut mining.
- Mineralization hosted in greywacke and gold associated with quartz veins within shear and also late E-W.
- The occurrence of E-W veins has made resource estimation difficult with closer spaced drilling required, which in turn has extended drilling requirements and more detailed work being carried out.
- Mineralisation at depth (>80m) is associated with arsenopyrite and is believed by the company to be partially refractory (40% cyanide leachable). However given the limited amount of metallurgical testwork undertaken thus far, significant upside exists with further metallurgical work warranted.

Figure 3 – Cross Section Salman deposit



Anwia Deposit

The Anwia Deposit is located approximately 9km west of the Salman Deposit and accounts for approximately 40% of the total 1.6M oz Southern Ashanti Gold Project resource base.

- The surface expression of the Anwia Deposit consists of extensive, shallow dipping quartz veining, extending over several hundred metres of strike.
- Mineralisation occurs within several structures and orientations, and similar to Salman have favourable geometry's that lends them to open-cut mining.
- Optimization have currently bottomed on mineralization at 130m depth.
- Mineralization is associated with pyrite and cyanide soluble at depth.
- Potential to significantly increase mineralisation inventory if zone continues at depth.
- Potential to evolve into 'World Class' deposit, given deeper drilling has returned better intersections 15m @ 24.4g/t gold.

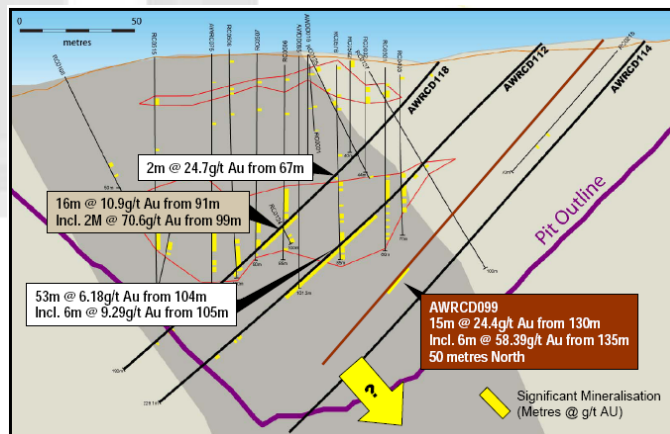


Figure 4 – Cross Section Anwia deposit

Mineral Resource Estimate

- Interpretations have been based on detailed geological information collected from a combination of drilling (including significant quantities of diamond drilling), surface mapping and trenching.
- Drill spacing appears adequate and often varies between 12.5m x 12.5m to 25m x 25m pattern, with significant vertical and scissor hole coverage to test geological interpretations
- Resource parameters appear acceptable and within industry standards
- Providing confidence of resource estimates, the industry accepted method of Multiple Indicated Kriging has been used for mineral resource estimation.
- QAQC protocols are well within industry accepted variations.
- Dry bulk density factors used for estimating mineral resource tonnes has been determined from significant quantities of diamond core billets and in fact has been incorporated in the block model.
- Mineralisation within pit designs is robust and is expected to be mined with low dilution and little ore loss.
- Grade estimate methodology has acceptably handled the apparent and down dip intersections that usually make resource estimation difficult.

MINERAL EXPLORATION AND STRATEGY

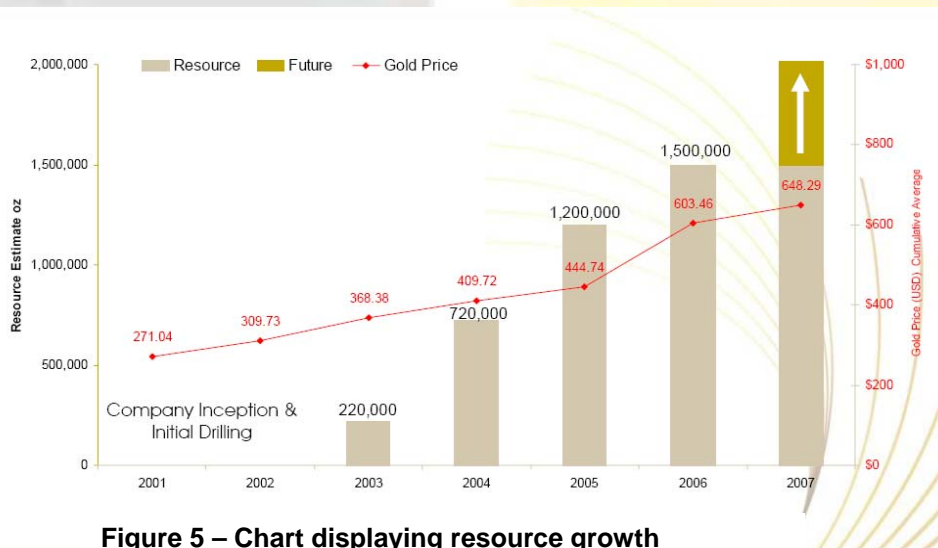


Figure 5 – Chart displaying resource growth

ADU have a 5 year history of discovering mineral resources at SAGP.

Discovery costs are is estimated at US\$10/oz per ounce and conversion of these resources into ore reserves is estimated at a total of US\$30/oz.

EXPLORATION



Figure 6 – Exploration drilling at SAGP

Ashanti Gold Belt is estimated to contain 60 Moz of gold, and hosts World Class deposits such as;

- Ashanti/Anglo - Obuasi (42 Moz)
- Goldfields - Tarkwa (13.5 Moz),
- Bogosu Resources - Bogosu (3.3Moz)
- Golden Star Resources - Prestea (10.7Moz).

ADU have initiated an aggressive exploration strategy since completing the FS infill and delineation drilling programmes. Currently Adamus has 2 drill rigs on site:

A Diamond Drill Rig is employed targeting holes under Anwia between a vertical depth of 130 and 170m aimed at increasing the direct depth extension.

A Reverse Circulation Rig is employed targeting conversion of inferred resources and testing the regional target.

A third rig is due to start in late July 2007. This rig is planning to evaluate the deeper underground targets at the Anwia South prospect and then move to Salman for a depth drilling program.

In addition, excellent upside remains on a regional scale, given limited outcropping geology occurs, the use of more detailed geophysics and geochemical is likely to lead to further exploration success.

FEASIBILITY STUDY

ADU commenced its Feasibility Study during the first quarter of 2006 and reported the results to its shareholders during the month of June 2007.

The study was coordinated by ADU however it has used independent consultants including:

- Lycopodium Engineering Pty Limited
- Knight Piesold Consulting
- SGS Environment
- Mining Solutions Consultancy Pty Limited.

Specific activities completed with the preparation of the Feasibility Study:

- Over 30,000 metres of drilling has been completed, which included substantial RC infill drilling and Diamond 'Core' drilling for metallurgical, geotechnical and geological purposes.
- Drilling to obtain pump testing and assessment of pit dewatering.
- Mineral resource estimates, optimisations and pit designs
- Design of the processing facility and associated infrastructure.
- Project development capital and operating costs.
- Design and costing of the tailings storage facility and access roads.
- Environmental baseline studies.
- Preparation of a resettlement plans for the Salman Village.
- Review and assessment of the Project power supply options.
- Quantification and agreement compensation rates.
- Project risk assessment.
- Financial modelling.

A total of US\$79.5m is estimated as the Project development capital costs and is stated to a nominal accuracy of $\pm 15\%$.

It is understood that submission of the necessary documents for government approvals will be completed over the remainder of 2007.

Detail of Royalties

A Royalty is payable by ADU to the Government of Ghana; the rate is not to exceed 3% of the total revenue of minerals, from mining operations for 15 years +1% of sales to a former holder of the Anwia Deposit.

IDENTIFIED PROJECT RISKS AND OPPORTUNITY

Project Risks

The identified risks associated:

- There is currently no resolution to the certainty of grid power. Currently the Feasibility Study uses grid power at a cost of \$0.06 kwt/hr, however if grid power isn't available diesel power will be used at \$0.22 (includes operating capital and maintenance costs) kwt/hr. This could increase process operating costs up by 20%.
- Given some of the apparent thickness of mineralization from E-W veins and down dip intersections, there is a potential for a resource bias, however this is largely managed and overcome by the estimation methodology ADU have used and closer spaced drilling pattern for spatial data input.
- 'Bankability' given in-house resource estimate, site (power) issues and granting of mining licence will not be given until the Feasibility Study is lodged with the Ghanaian government
- Ability of Ore Reserve to support capital cost if further industry cost increases are observed. It is considered that if this would occur, a corresponding increase in the gold price would occur
- Upside to gold price increase appears limited at Salman, given partial refractory nature.

Project Opportunities

The identified opportunities:

- Anwia is open at depth and it is interpreted that shoot extensions at Anwia are likely to continue. Success could add at least 2000 ounces per additional vertical metre below the existing resource optimisations. This may provide an additional 200koz to a vertical depth of 230 metres.
- Further blind discoveries similar to Anwia style mineralization within tenement holding and ability to discover a World Class deposit, given exploration has focussed on delineation and infill drilling
- Additional near surface mineralization sourced along Salman shear (however limited ~ 60koz) and also conceptual, blind discover of major shoot under 8km Salman shear.
- Metallurgical studies on Salman primary material which has been determined to be partially refractory, may if sufficient quantities occur, support a Biox operation or material could be concentrated and transported to facilities that treat such material in Ghana.
- Stand alone heap leach operations is to be assessed and evaluated. ADU is commencing testwork, however given the host rock properties; there appears a strong likelihood that results will be possible for oxide material at least.

CORPORATE INFORMATION

ADU's head office is in Perth, Western Australia and has an office in Accra.

The issued capital (as at 1/6/07) is 116,267,376 fully paid ordinary shares. ADU has unlisted management options, details of these are listed below in Table 1

Table 1 – Options

Description of security	Exercise Price	Exercise Date	Quantity
Options - Unlisted	\$0.70	31/10/08	1,100,000
	\$0.64	30/11/07	550,000
	\$0.86	31/1/09	550,000
	\$0.86	30/10/08	750,000

Substantial Shareholders (as at 1 June 2007):

Gardner & Hightime	15%
Macquarie Bank	13%
Dundee Precious Metals	11%
African Lion Fund	4.5%
Shareholders (Top 4)	43.5%

BOARD OF DIRECTORS AND MANAGEMENT

ADU has an experienced management team and it is expected development activity to accelerate with recent board changes.

Mark Bojanjac - Managing Director/CEO

- 17 years experience developing public companies
- Founded a company which discovered Kundana East – Kalgoorlie
- MD of a public company – developed a 2.4M oz mine in Mongolia-Booro
- Co-founded a 3Moz gold company in China

John Hopkins - Chairman

- 20 years experience in public listed resource companies
- Corporate lawyer specialising in mergers and acquisitions
- Strong market network
- North American experience

Mark Connelly - Chief Operating Officer

- 19 years experience in senior management for global resource companies – Newmont
- Direct involvement in Ghana – Ahafo & Akyem
- 12 years North American experience

Gary Brabham – Technical Director

- 27 years experience in mining and exploration
- Extensive experience in Ghanaian gold operations – Abooso, Damang
- Lived in Ghana for four years

Geoff M Jones – Non-Executive Director

- 20 years experience in Construction, Engineering, Mining & Processing
- Extensive African construction experience
- 10 projects in the last ten years – 4 in Africa – Obotan, Golden Pride, Mupane

Simon Meadows-Smith – Country Manager

- 15 years resident in Ghana
- 5 years on-ground at Southern Ashanti Gold Project
- Extensive team of geologist and logistic support crew

VALUATION

We estimate the current value of ADU to be within the range \$0.93 to \$1.23 based on assumptions outlined in the table below. Minerals exploration and development companies carry a high level of risk. The valuation is largely based on the gold ounces identified by the Study. We would expect the valuation to increase over the next 12 months as additional reserves are delineated and a development decision is given.

We stress that this methodology does not fully take into account the impact that a significant mineral discovery, which is a firm possibility in such a prospective gold province, would have on the valuation. We have taken a conservative approach for the other projects using the multiple of historical cost method.

Table 2 – Valuation as at 1 June 2007

Case	Base \$M	Upper \$M	Basis
Southern Ashanti Gold project	90.0	120.0	Refer note below
Exploration	13.5	18.0	“
Other Projects	0.5	0.5	
Cash	4.0	4.0	As at 31/3/07
Total	108.0	142.5	
Total per share, undiluted (c/share)	0.93	1.23	
Total per share, fully diluted (c/share)	0.91	1.20	

Base Case: \$150/oz reserve (after tax), \$15/oz resources (indicated inferred). This is based on a gold price of US\$520/oz (\$703), Assumes a 600koz life of mine (current production).

Upper Case: \$200/oz reserve (after tax), \$20/oz resources (indicated inferred). This is based on a gold price of US\$520/oz (\$703), Assumes a 600koz life of mine (current production).

CAPSTONE Rating Classification

Buy	Expected stock return is greater than 10%
Hold	Expected stock return is between – 10% to 10%
Sell	Expected stock return is in excess of – 10%
Outperform	Expected stock return is in excess of the sector return
Marketperform	Expected stock return is in line with the sector return
Underperform	Expected stock return is below the sector return
Speculative	High risk and/or low predictability of earnings with the stock expected to move up or down by 50% or more a year.
Short Term	0 to 3 months
Medium Term	3 to 12 months
Long Term	12 months to 5 years

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Analyst Independence – The research analyst who prepared this document hereby certifies that the views expressed in this document accurately reflects the analyst's personal views about Adamus Resources Limited. The research analyst holds an interest in ADU.

All currency expressed as Australian Dollars (AUD) unless otherwise stated.