



ASX announcement

22 March 2016

Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.885 million
(at 31 Dec 2015)

Issued Capital:
357,922,352 ordinary shares
37,222,104 listed options (ADNO)

Directors:

Colin G Jackson
Non-executive Chairman

Chris Drown
Managing Director

Nick Harding
Executive Director and
Company Secretary

Jonathan Buckley
Non-executive Director

Contact details:

69 King William Road,
Unley, South Australia 5061

PO Box 1210
Unley BC SA 5061

Tel: +61 8 8271 0600
Fax: +61 8 8271 0033

adres@adelaideresources.com.au
www.adelaideresources.com.au

Fact: Lithium has a number of important and interesting uses. In recent years, it has been used to make lightweight, efficient batteries. Compounds of lithium have also been used to treat a mental illness known as bipolar disorder.

Davenport Ranges lithium project (100% interest), Northern Territory

Application lodged for lithium prospective area in the Northern Territory.

Summary

Market interest in exploration companies with lithium projects has been strong in 2016, prompting Adelaide Resources to investigate lithium opportunities to complement its gold and copper focused exploration priorities.

- An exploration licence application, EL31211 “Newlands Creek”, covering an area of 540 km² in the Davenport Province in the Northern Territory, has been lodged over ground that shows potential to host hard rock lithium mineralisation.
- In common with much of Australia, there has been no previous recorded lithium exploration on EL31211, however occurrences of pegmatite related tungsten-tantalum-niobium mineralisation, which are metals that commonly accompany lithium, are recorded within the application area.
- The Northern Territory Mining Act includes provisions allowing limited early exploration activities to be completed prior to tenement grant. Accordingly, the Company plans to sample the occurrences to confirm if lithium is present as a precursor to advancing the tenement application.

Chris Drown
Managing Director

Direct enquiries to Chris Drown. Ph (08) 8271 0600 or 0427 770 653.

Introduction

Lithium is found in a range of products and is finding increasing application in batteries used in the technology, solar energy and automotive sectors.

Market interest in exploration companies with lithium projects has been strong in 2016, driven by recent price increases in the commodity, and this interest has prompted Adelaide Resources to look at lithium opportunities to complement its gold and copper focussed interests.

Hard rock lithium mineralisation is often associated with pegmatites, rocks which occur as coarse grained veins and dykes associated with granite intrusives.

The Company has applied for an exploration tenement in the Davenport Ranges area of the Northern Territory that shows potential to be prospective for hard rock lithium mineralisation and associated metals like tungsten, tantalum and niobium.

The application, EL31211 “Newlands Creek” is wholly owned by an Adelaide Resources subsidiary company and covers an area of 540km² (Figure 1).

Newlands Creek tenement application

In common with much of Australia there has been no previous recorded lithium exploration on EL31211.

The tenement application was pegged in response to a study by the Northern Territory Geological Survey (NTGS) that identified historical tungsten-tantalum-niobium occurrences in the region. Tungsten, tantalum and niobium are metals that commonly accompany lithium.

The Juggler prospect (Figure 1) is described by the NTGS as a small abandoned tungsten-tantalum mine where mineralisation occurs in narrow quartz-tourmaline-muscovite veins hosted in pegmatite.

The pegmatites at Juggler are likely genetically associated with the Elkedra Granite which crops out in the southern part of EL31211 (Figure 1).

The Trew Creek prospect (the location of which is considered approximate) is described as a small eluvial tantalite deposit derived from the weathering of an east-west trending shear zone controlled quartz vein.

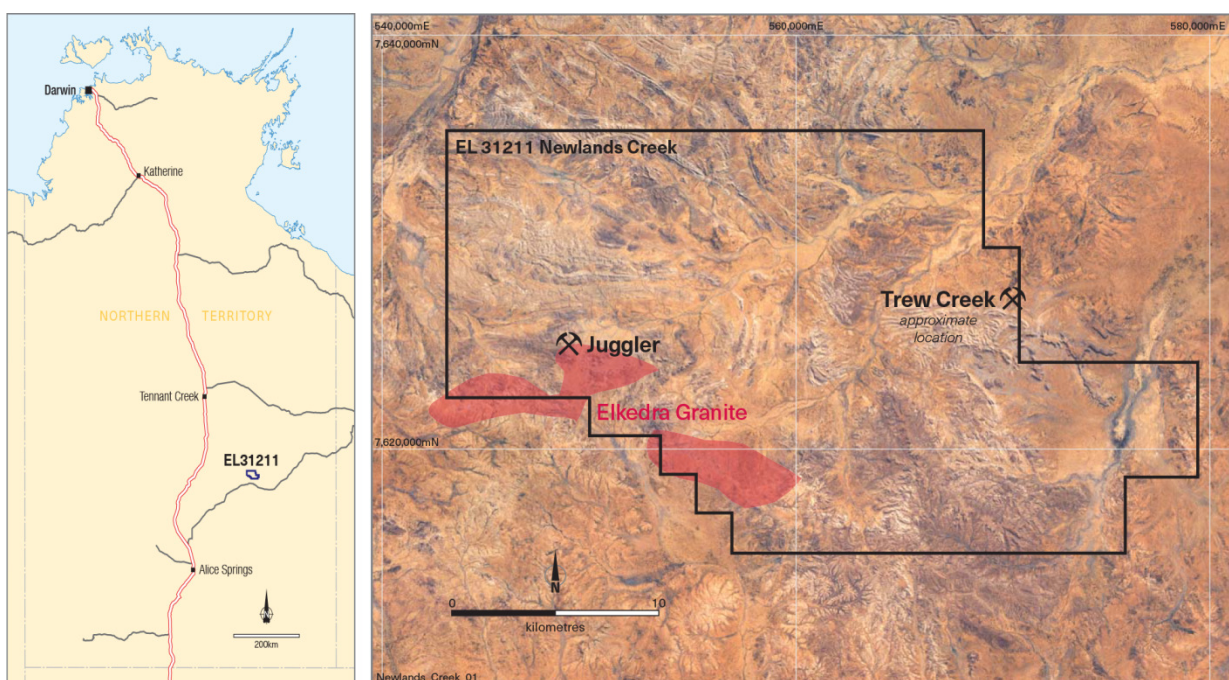


Figure 1: EL31211 “Newlands Creek” location plan

One rock sample collected from Trew Creek reportedly assayed 26.6% Ta₂O₅ (tantalum oxide), 31.7% Nb (niobium), and 2.0% WO₃ (tungsten oxide); while a second sample recorded 66.2% Ta₂O₅, 10.3% Nb, and 1.15% Sn (tin).

Next steps

Confirmation that lithium is also present in the recorded tungsten-tantalum-niobium mineralisation on EL31211 would clearly be positive, while assessment of the extent and dimension of outcropping pegmatites associated with the Elkedra Granite would likewise be useful.

The Northern Territory Mining Act (2010) includes provisions allowing the completion of limited early exploration activities prior to tenement grant. Accordingly, the Company plans to sample the occurrences to confirm if lithium is present as a precursor to advancing the tenement application.

This work will be done complementary to the Company's ongoing gold exploration programmes in the Drummond Basin and on the Eyre Peninsula, with gold exploration to remain the Company's main focus moving forward.

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drown is employed by Drown Geological Services Pty Ltd and consults to the Company on a full time basis. Mr Drown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 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.

1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand held XRF instruments, etc) These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse 	<ul style="list-style-type: none"> The two sample results discussed in the report are taken from the NTGS Strike website. The site does not disclose the nature of the samples but they are assumed to be opportunistic surface rock chips of mineralised material.

	<p><i>circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p>	
Drilling Techniques	<ul style="list-style-type: none"> • <i>Drill type (air core, reverse circulation, open-hole hammer, rotary air blast , auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is orientated and if so, by what method, etc).</i> 	<ul style="list-style-type: none"> • No drilling results are reported.
Drill Sample Recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the sample.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of coarse/fine material.</i> 	<ul style="list-style-type: none"> • No drilling results are reported.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • No drilling results are reported.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Details of sample preparation techniques are not disclosed on the NTGS Strike website.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and mode, reading times, calibration factors applied and their derivation, etc.</i> • <i>Nature and quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been</i> 	<ul style="list-style-type: none"> • Details of analytical methods are not disclosed on the NTGS Strike website.

	<i>established.</i>	
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical or electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • No drilling results are reported.
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • The locations of the Juggler and Trew Creek prospects shown on Figure 1 of the report are taken from the NTGS Strike website. The precise location of the Trew Creek prospect is not known and this fact is disclosed on Figure 1 and in the text of the report.
Data spacing and distribution	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classification applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • Sample spacing, sample compositing and appropriateness of sample spacing details are not disclosed on the NTGS Strike website.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • No drilling results are reported.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Details of measures taken, if any, to ensure sample security are not disclosed on the NTGS Strike website.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data 	<ul style="list-style-type: none"> • No audits or reviews of past sampling techniques have been completed.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section may apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • Type, reference name/number, location and ownership including agreements of material issues with third parties such as joint ventures, overriding royalties, native titles interests, historical sites, wilderness or national park and environmental settings. • The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area. 	<ul style="list-style-type: none"> • The area the subject of this report falls within EL31211, a tenement application owned 100% by Peninsula Resources Ltd, a wholly owned subsidiary of Adelaide Resources Limited. • There are no third party agreements, non govt royalties, or historical sites

		<p>known on EL31211. Underlying land title is Pastoral leasehold. The area is affected by Determined Native Title Claim DCD2014-010.</p> <ul style="list-style-type: none"> • A site of conservation significance covers the Davenport and Murchison Ranges including the majority of the area held under EL31211.
Exploration done by other parties	<ul style="list-style-type: none"> • <i>Acknowledgement and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • The general EL31211 area has been explored in the past by Rosequartz Mining NL, Carpentaria Gold Pty Ltd, Rum Jungle Resources Ltd, Arafura Resources and NuPower Resources. Rosequartz Mining focused on a turquoise prospect located outside EL31211. Carpentaria Gold completed a stream sediment survey targeting gold and base metals. Rum Jungle Resources targeted rock phosphate in the Wiso-Georgina Basins. Arafura Resources and NuPower Resources both visited the Trew Creek prospect and deemed it too small to warrant exploration, but did not assess its lithium potential.
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Lithium deposits in the area, if they occur, are likely to be hosted in pegmatite veins which in turn are possibly associated with the Elkedra Granite.
Drill hole Information	<ul style="list-style-type: none"> • <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> ○ <i>Easting and northing of the drill collar</i> ○ <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill collar.</i> ○ <i>Dip and azimuth of the hole.</i> ○ <i>Down hole length and interception depth.</i> ○ <i>Hole length.</i> • <i>If the exclusion of this information is justified on the axis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> • No drilling results are reported.
Data aggregation methods	<ul style="list-style-type: none"> • <i>In reporting Exploration Results, weighting averaging techniques, maximum and/ or minimum grade truncations (eg cutting of high grades) and cut-off</i> 	<ul style="list-style-type: none"> • No drilling results are reported.

	<p><i>grades are usually Material and should be stated.</i></p> <ul style="list-style-type: none"> • <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in some detail.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> • No drilling results are reported.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> • An appropriate location map is included as Figure 1 in the report.
<i>Balanced Reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • The report does not include new exploration results.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, ground water, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • There is no known exploration data that is considered material to the report.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests of lateral extensions or depth extensions or large scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • The report advises that the company is planning to complete a short field programme to confirm or otherwise the presence of lithium minerals at the historical prospects.