

Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.701million
(at 31 Mar 2016)

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: In September 1892, Arthur Bayley and William Ford announced the first really significant discovery of gold in WA - at Coolgardie. Their find sparked a huge gold rush that soon led to further discoveries at Kalgoorlie and elsewhere. The rest, as they say, is history.



ASX announcement

2 May 2016

Coolgardie lithium-gold project (100% interest), Western Australia

Lithium and gold portfolios grow with new tenement application in Western Australia.

Summary

A lithium and gold prospective exploration licence application in the Coolgardie district of Western Australia increases ground positions in both commodities.

- Exploration licence application, E15/1520 "Prince of Wales" covers an area of 93 km² and is located 40 km south west of WA goldfields town, Coolgardie.
- The licence secures a package of greenstones intruded by pegmatite dykes near the western contact of the "Burra Monzogranite", a geological setting closely analogous to the Lithium Australia/Focus Minerals "Lepidolite Hill" lithium project located 25 km to the east.
- The greenstone package is also prospective for Archaean lode gold deposits, as evidenced by the historical Prince of Wales gold mine which is held under a small prospecting lease excised from, but surrounded by, E15/1520.
- Surface programmes of mapping and geochemistry to evaluate both lithium and gold potential are planned upon tenement grant and access approvals.

A handwritten signature in black ink, appearing to read "Chris Drown".

Chris Drown
Managing Director

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

Introduction

Adelaide Resources is focused principally on exploration for gold, with its main projects located in the Drummond Basin in Queensland and on the Gawler Craton in South Australia. Gold exploration programmes at both projects are currently underway.

In 2016, prompted by strong market interest, the Company has additionally been building a portfolio of properties that may be prospective for lithium, a “technology metal” with an increasing demand profile.

In March 2016 the Company announced it had applied for an exploration licence to secure potential hard rock lithium occurrences in the Northern Territory, followed by an announcement in April that it will investigate the lithium brine potential of two South Australian salt lakes.

A new tenement application has been lodged over an area south west of Coolgardie in Western Australia that is prospective for Archaean gold deposits and conceptually also for pegmatite associated lithium mineralisation.

Prince of Wales tenement application

New application, E15/1520 “Prince of Wales” is wholly owned by an Adelaide Resources subsidiary and covers an area of 93 km². A prospecting lease covering the Prince of Wales gold deposit forms a small excision in the tenement (Figure 1).

Lithium potential

A desk-top study has identified that lithium mineralisation in the Coolgardie district occurs in pegmatite bodies intruding packages of mafic and ultramafic rocks (greenstone sequences) near the contact of a large granite intrusive body.

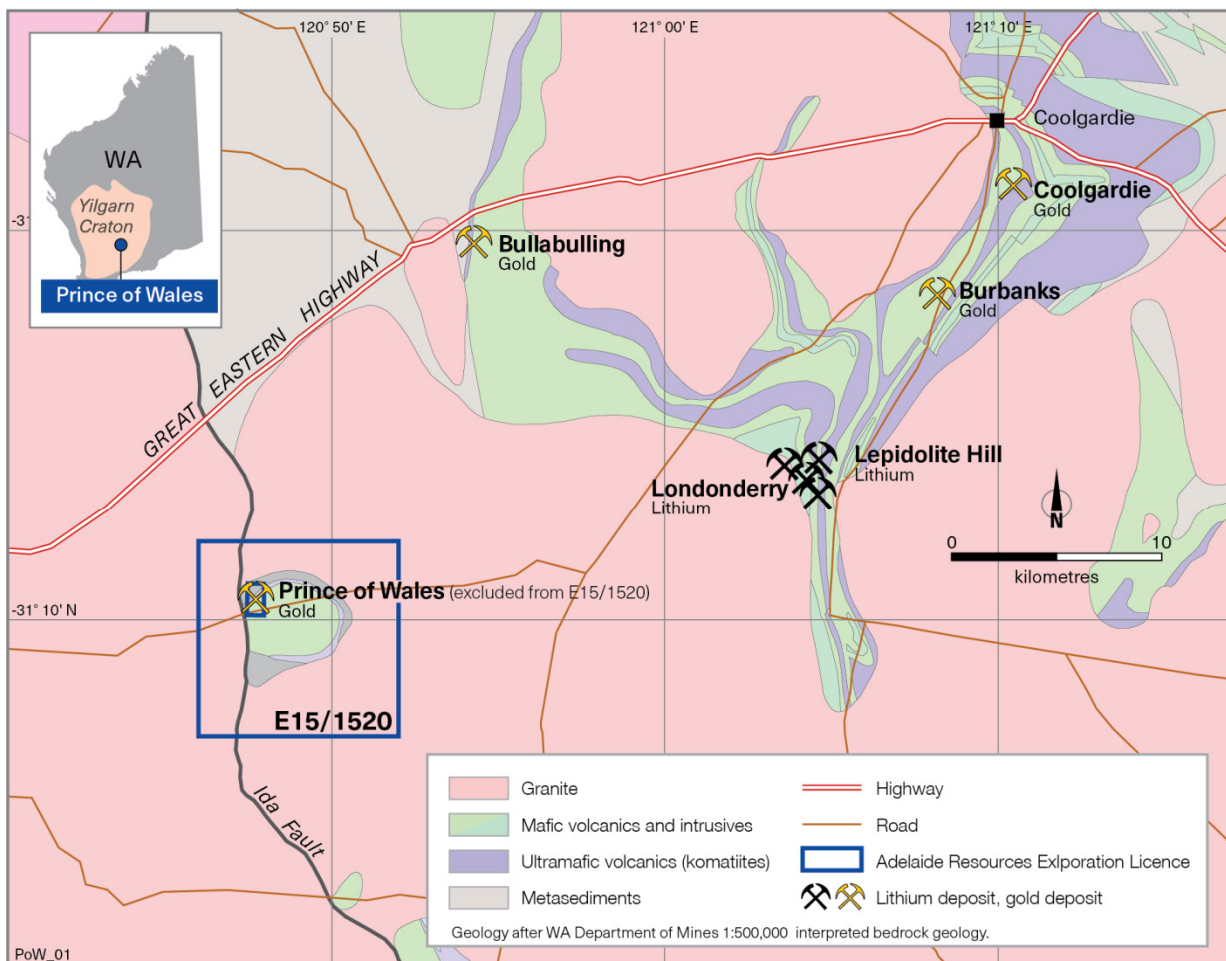


Figure 1: E15/1520 - Prince of Wales location plan.

The Lepidolite Hill deposit, owned by Lithium Australia NL and Focus Minerals Limited through their Coolgardie Rare Metals Venture, is a pegmatite associated deposit hosted by mafic volcanics in a greenstone sequence close to the contact of the “Burra monzogranite”.

The Coolgardie Rare Metals Venture has produced high purity lithium carbonate by treating lepidolite, a lithium mica, taken from waste dumps at Lepidolite Hill⁽¹⁾.

At nearby Londonderry, other greenstone intruding pegmatite bodies have been mined for tantalite, columbite and beryl, and are also reported to carry a variety of lithium-bearing minerals.

There has been no previous lithium exploration on EL15/1520, however the tenement secures geology that is closely analogous to that in the Lepidolite Hill-Londonderry area. The tenement covers a circular area of greenstone on the western boundary of the Burra monzogranite, with historical exploration reports noting the common presence of pegmatite dykes intruding the greenstones.

Gold potential

Gold deposits in the WA goldfields are predominantly hosted in greenstone packages such as those present on E15/1520. The deposits additionally

form close to major structures like the Ida Fault which passes through the tenement and forms the western boundary of the greenstone sequence.

Significant gold deposits in the broader Coolgardie district include Bullabulling, Burbanks and Coolgardie, while the historical Prince of Wales gold mine sits in a prospecting lease that is excised from, but surrounded by, E15/1520.

Western Australian Dept. of Mines records report that the Prince of Wales gold mine produced 1,270 tonnes of ore at a grade of 9 g/t gold between 1900 and 1903.

Past programmes of surface geochemistry identified a number of gold anomalies to the north, east and south of the Prince of Wales mine, with anomalies to the south remaining untested by drilling.

Next steps

Following tenement grant and once access approvals are in place the Company intends to undertake mapping and geochemical sampling to search for both pegmatite associated lithium and Archean gold mineralisation.

The Company will investigate whether low-cost FPXRF soil geochemistry can be applied to map gold and lithium pathfinder metals in this search.

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 Mark Manly, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Manly is employed by the Company on a full time basis. Mr Manly 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 Manly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

(1) See Lithium Australia NL ASX release dated 12 August 2015 titled “Lithium Australia’s continuous mini-plant test in Perth generates high-purity, 99.57% lithium carbonate.”

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 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. 	<ul style="list-style-type: none"> No new sampling results are reported.
Drilling Techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> No new drilling results are reported.
Drill Sample Recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the sample. 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. 	<ul style="list-style-type: none"> No new drilling results are reported.
Logging	<ul style="list-style-type: none"> 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. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> No new drilling results are reported.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation 	<ul style="list-style-type: none"> No new sampling results are reported.

	<p><i>technique.</i></p> <ul style="list-style-type: none"> • <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> 	
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 established.</i> 	<ul style="list-style-type: none"> • No new sampling results are reported.
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical or electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • No new drilling results are reported.
Location of data points	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • No new mineral resource estimations are reported.
Data spacing and distribution	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • No new sampling results are reported.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • No new drilling results are reported.
Sample security	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • No new sampling results are reported.
Audits or reviews	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data</i> 	<ul style="list-style-type: none"> • No new sampling results are reported.

1.2 Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The area the subject of this report falls within EL15/1520, 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 known on EL15/1520. Underlying land title is Pastoral leasehold.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgement and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • The general EL15/1520 area has been explored for gold and nickel in the past by Hannans Reward Ltd, Valliant Consolidated Ltd, Hillmin Gold Mines Pty Ltd and Triton Resources Ltd. The most significant past work is assessed to be that done by Hannans Reward which completed systematic pedogenic carbonate soil sampling across the area of E15/1520. This work identified a number of significant gold anomalies. Two of these were drilled with anomalous gold intersected. • None of these past explorers appear to have assessed the lithium potential of the area.
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • Gold deposits are likely to be of Archaean lode gold style hosted in greenstones. • Lithium deposits in the broader region occur at Londonderry and Lepidolite Hill and are hosted in pegmatite veins which in turn are possibly associated with the Burra Monzogranite.
<i>Drill hole Information</i>	<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> 	<ul style="list-style-type: none"> • No new drilling results are reported.

	<ul style="list-style-type: none"> ○ Hole length. • 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. 	
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/ or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. • 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. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • No new drilling results are reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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'). 	<ul style="list-style-type: none"> • No new drilling results are reported.
Diagrams	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • An appropriate location map is included as Figure 1 in the report.
Balanced Reporting	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • The report does not include new exploration results.
Other substantive exploration data	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • The positive geological setting of E15/1520 in respect both gold and lithium deposits is discussed in the report, together with past exploration results that may be material.
Further work	<ul style="list-style-type: none"> • The nature and scale of planned further work (eg tests of lateral extensions or depth extensions or large scale step-out drilling). • Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> • The report advises that the company is planning to complete mapping and geochemical sampling, and will investigate if cost efficient FPXRF pathfinder metal soil geochemistry can be used.