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EL 4968 AND EL 5120

WADDIKEE ROCKS AND CORROBINNIE

**JOINT SECOND AND FOURTH RESPECTIVELY
PARTIAL SURRENDERS REPORT,
FOR THE PERIOD 17/10/1996 TO 11/7/2016**

Submitted by
Adelaide Resources Limited
2016

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PARTIAL SURRENDER REPORT

Corrobinnie: EL5120 & Waddikee Rocks: EL4968



Looking East from Mt Wudinna

EYRE PENINSULA, South Australia - (Areas surrendered April 2016)

Compiled by: Mark Manly
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Contents

1.	INTRODUCTION	1
2.	TENURE	1
3.	EXPLORATION STRATEGY	1
4.	EXPLORATION UNDERTAKEN	2
4.1	Surface Sampling	2
4.1.1	EL4968 – Waddikee Rocks	3
4.1.2	EL5120 - Corrobinnie	3
4.2	Mapping	6
4.3	Drilling	8
4.4	Discussion on PA1	8
4.5	Interpretation	10
4.5.1	EL4968 Waddikee Rocks	10
4.5.2	EL5120 Corrobinnie	10
5.	RECOMMENDATIONS	10
4.6	EL4968 Waddikee Rocks	10
4.7	EL5120 Corrobinnie	10

LIST OF FIGURES

Figure 1: AEA tenement area and land to be surrendered in this report.	2
Figure 2: Calcrete samples taken & holes drilled in areas to be relinquished ELs 5120 & 4968.....	4
Figure 3: Calcrete samples taken in areas to be relinquished contoured for gold.....	4
Figure 4: Calcrete samples taken in areas to be relinquished contoured for copper.....	5
Figure 5: Regolith Mapping over PA1	6
Figure 6: Aerial Photograph over PA1	6
Figure 7: Geochemistry for Copper and Gold draped over topography for PA1.....	7
Figure 8: Drill Hole Location Plan for area to relinquished EL 5120	8
Figure 9: PA1 Cross Section.....	9

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1. INTRODUCTION

This report is a Partial relinquishment report for EL 5120 & EL4968.

2. TENURE

Exploration licence 4968 “Waddikee Rocks” (previously EL3705 formed from a portion of 2178 & a portion of 2846), centred half way between the townships of Kimba and Kyancutta in South Australia, and covering about 35km along the highway, was granted to Adelaide Exploration Limited a wholly owned subsidiary of Adelaide Resources Limited on 14/02/2007 with an original legal area of 535 km². A portion (69 km²) was subsequently relinquished leaving 466 km². In this report another portion (73.4 km²) of the tenement is surrendered (see **figure 1**).

Exploration Licence 5120 “Corrobinnie” centred 25km northeast of Wudinna, South Australia was granted to Peninsula Resources Limited a wholly owned subsidiary of Adelaide Resources Limited as EL2211 on 17/10/1996 with an area of 2492 km². On 27/11/2001 EL2211 was replaced with EL2869. On EL2869 was preplaced with EL3833 with a reduced area of 2037 km². EL3833 was replaced by EL5120 on the 12/07/2012. EL5120 was reduced to 1805 km² in December 2013 and was further reduced by 162.7 km² to 1642.3 km² in April 2015. In this report another two portions for a total of 244.2 km² of the tenement are surrendered (see **figure 1**).

3. EXPLORATION STRATEGY

The exploration strategy for the Eyre Peninsula tenements has been to explore predominantly for gold, and uranium.

Previously most of the project tenements were subject to a farm-in agreement with Cyprus Amax Australia Corporation with Adelaide Resources as operator. Cyprus, who managed the JV, was searching principally for giant copper deposits, however following the successful acquisition of Cyprus by Phelps Dodge, Adelaide Resources was advised of Cyprus’s withdrawal from the project effective from 24 January 2000.

And until early 2013 the Palaeochannel sediments of the Narlaby were targeted by the Corrobinnie Uranium Joint Venture (between Adelaide Resources and Quasar Resources Pty Ltd) for sediment hosted roll front uranium deposits.

Adelaide Resources Limited’s main target then was gold mineralisation of Barns/Tunkillia style. Calcrete sampling has been used to identify anomalies that are then followed up with RAB drilling. Further RC and diamond drilling has taken place if RAB drilling results were positive.

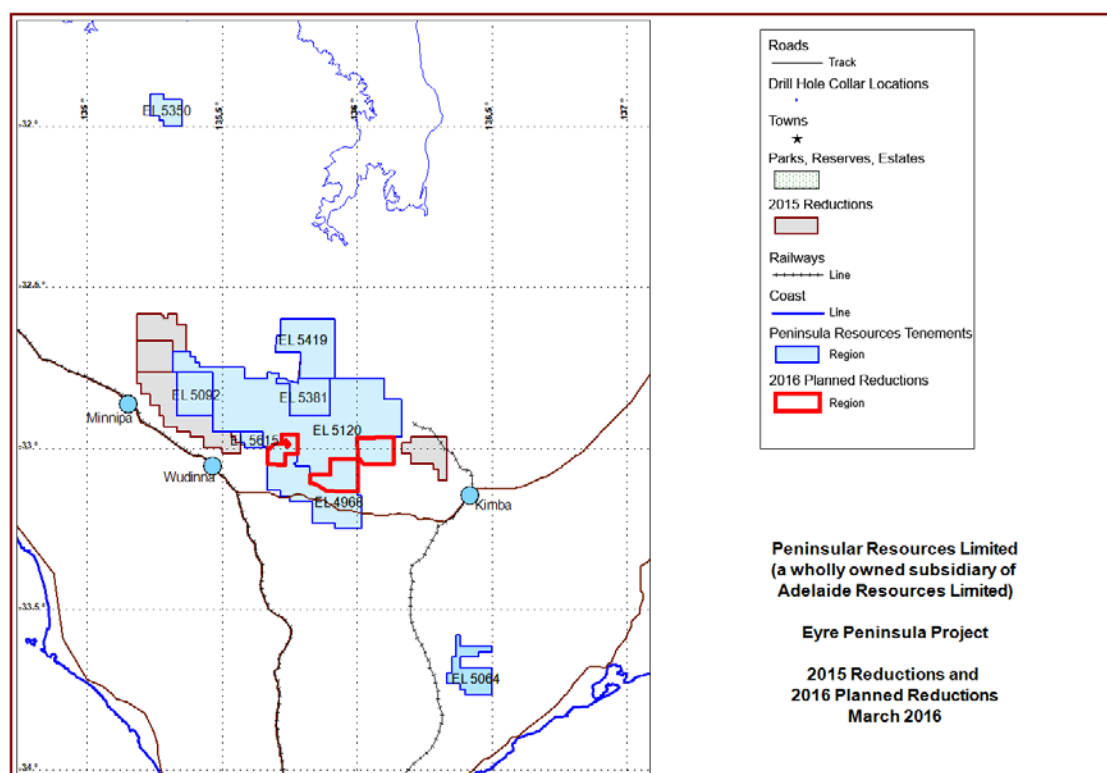


Figure 1: AEA tenement area and land to be surrendered in this report.

Tenement Number	Tenement Name	Area km ² pre relinquishment	Area being Relinquished km ²	New Area km ²
EL4968	Waddikee Rocks	466.0	73.4	392.6
EL5120	Corrobinnie	1642.3	244.2	1398.1
Totals		2108.3	317.6	1790.7

Table 1: AEA tenement areas and land to be surrendered in this report.

4. EXPLORATION UNDERTAKEN

4.1 Surface Sampling

Calcrete samples were collected at 1.6 km spacing with sample sites located using a GPS navigation instrument. Sample collection was completed using shovel and crowbar or hand-augers with the presence of calcrete confirmed by testing with weak HCl acid.

The samples were dispatched to Amdel Laboratories and Au and Ag determined by cyanide leach finished on a mass spectrometer (Amdel method BLEG1C, giving a 0.05ppb detection limit for Au and a 0.5ppb DL for Ag). Cu, Pb, Zn, Ni, As, Mo, Ca, Mg, Fe and Mn were determined by mixed acid digest finished on an ICP-OES instrument

(Amdel method IC2EC, giving DL's of 1ppm for Cu, Zn, Ni, As, Mo, 3ppm for Pb, 5ppm for Mn, 100ppm for Fe, 0.01% for Ca and Mg). Analytical results are given in Appendix 1, together with estimated calcite, dolomite and total carbonate content calculated from the calcium and magnesium assays. The carbonate estimates assume that all the Ca and Mg present is as either dolomite or calcite with ideal compositions. Estimates of total carbonate in the samples taken in the relinquished area are rarely estimated to be less than 5% indicating acceptable sample quality.

Orientation studies, preliminary statistical analysis and experience from other areas on the Gawler Craton suggests that a threshold of **2.5ppb Au** is appropriate to define regional gold anomalism, and **18 ppm copper** to define regional copper anomalism. If samples returned >2.5ppb Au or 18ppm Cu then resamples were taken and infill samples taken around the anomalous sample on 400m down to 100m spacings.

4.1.1 EL4968 – Waddikee Rocks

The location of the reconnaissance calcrete samples, local geography and access tracks on EL4968 are shown on **Figures 2, 3 & 4**. A total of 55 samples were collected over the area to be relinquished. Sample data are included in the digital Appendices submitted with this report. Gold (ppm) and copper (ppm) results of the samples have been plotted and are shown contoured in **Figures 3 & 4**.

No samples were found to be anomalous in gold i.e. >2.5ppb. The highest gold assay from a calcrete sample recorded in the portion of EL4968 to be relinquished was 1.65ppb Au in the extreme south west of the area.

No samples returned copper values greater than >18ppm. The highest recorded assay was 16ppm once again in the south west of the area to be relinquished.

4.1.2 EL5120 - Corrobinnie

The location of the reconnaissance calcrete samples, local geography and access tracks on EL5120 are shown on Figures 2, 3 & 4. A total of 885 samples were collected over the areas to be relinquished. Sample site field data are included in digital Appendices submitted with this report. Gold (ppb) and copper (ppm) results of the reconnaissance samples are shown contoured in **Figures 3 & 4**.

South West Area of EL5120 to be Relinquished

In the south western portion of EL5120 to be relinquished only one sample of the 143 taken was found to be anomalous in gold i.e. >2.5ppb i.e. 3.35ppb Au at 6338712N 528308E and subsequent infill sampling did not detect another anomalous sample.

In the south western portion of EL5120 to be relinquished only two samples of the 143 taken were found to be anomalous in copper (>18ppm Cu) they assayed 20 & 23ppm at 585826E, 6340363N & 590416E, 6342569N respectively. Subsequent infill sampling did not detect another anomalous sample.

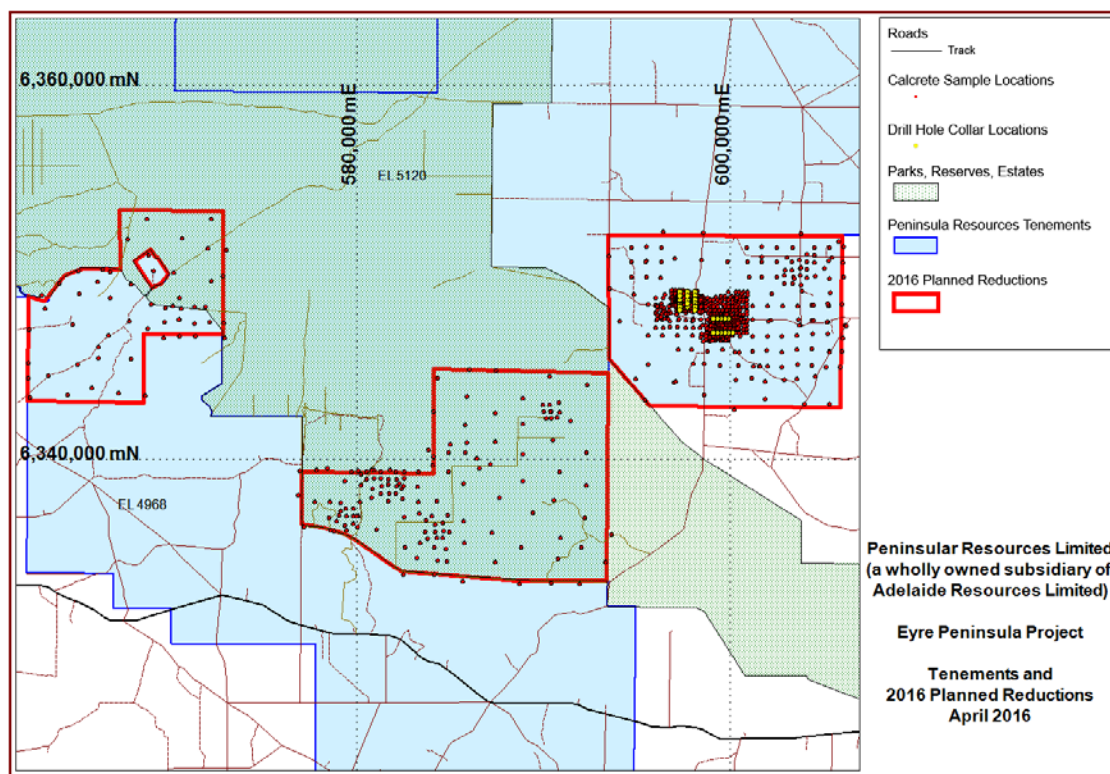


Figure 2: Calcrete samples taken & holes drilled in areas to be relinquished ELs 5120 & 4968

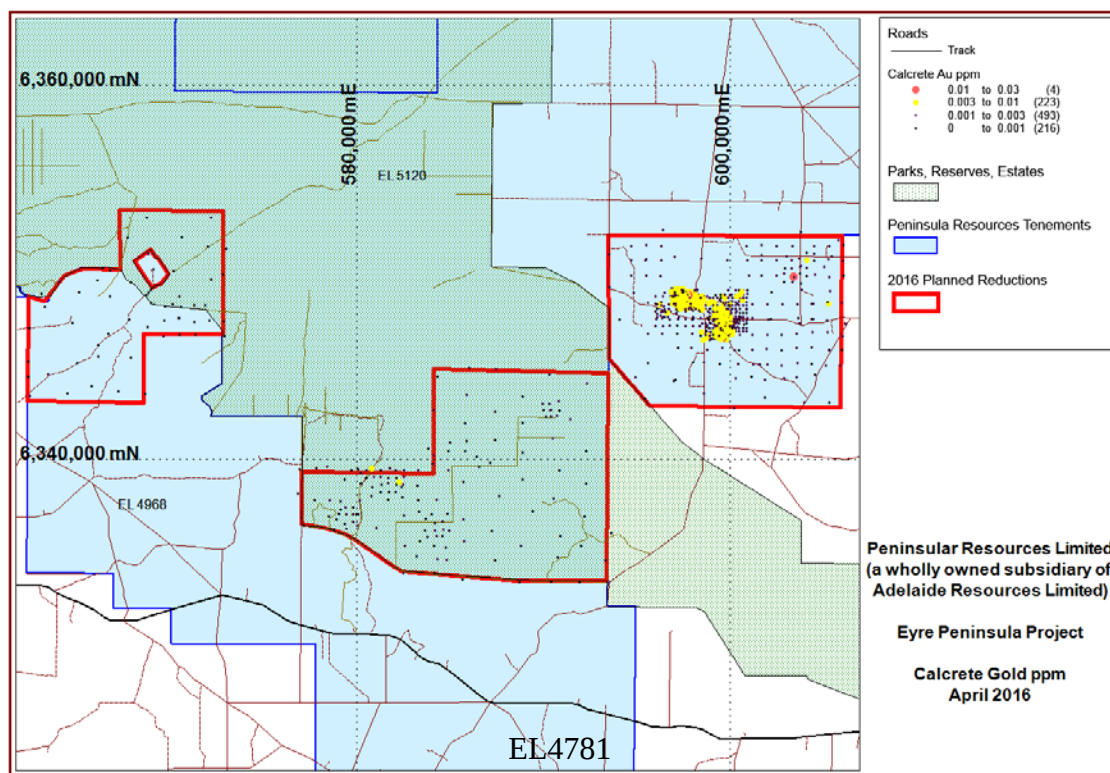


Figure 3: Calcrete samples taken in areas to be relinquished contoured for gold

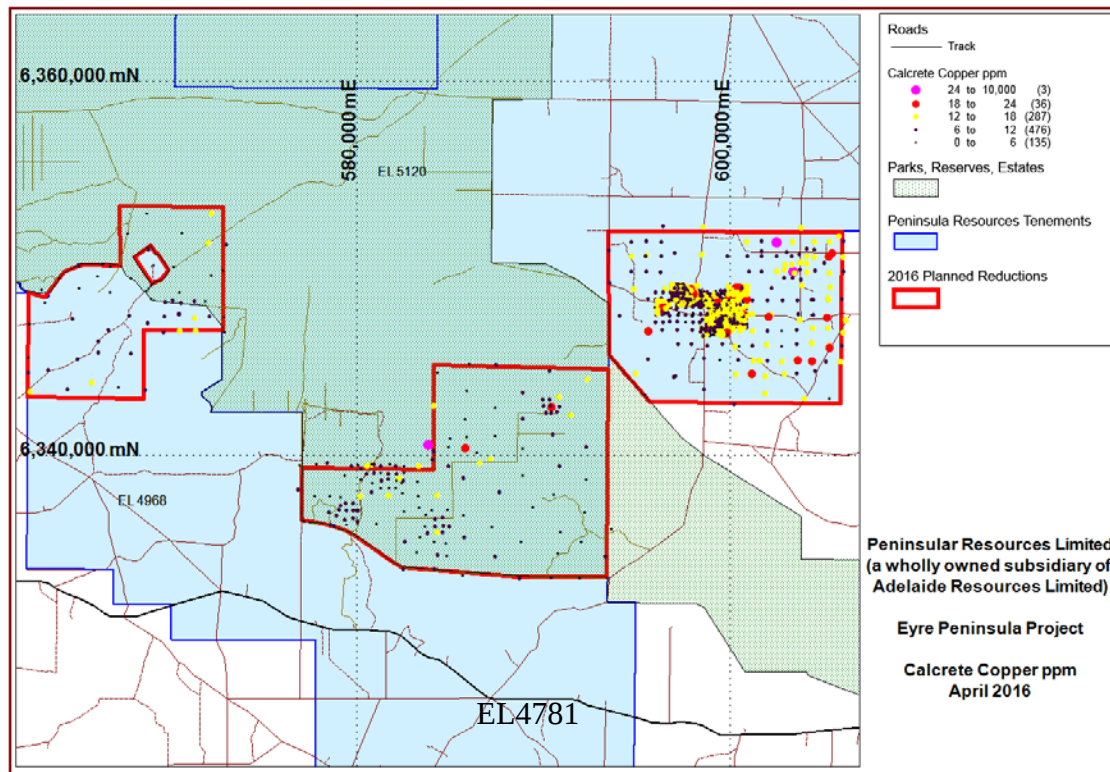


Figure 4: Calcrete samples taken in areas to be relinquished contoured for copper

North East Area of EL5120 to be Relinquished

In the north eastern portion of EL5120 to be relinquished, 328 samples of the 742 taken were found to be anomalous in gold i.e. >2.5ppb. The anomalous zone named Anomaly PA1, formed a north west trending dumbbell shape with peaks at each end, one at 597800E, 6348700N and another at 599500E, 6347500N.

The north west peak (with dimensions about 1.5km north west – south east and 1km north east south west) had a maximum gold value of 11ppb in sample E11608 at 597761E, 6348786N which is modestly supported in infill sampling.

The south east peak (with dimensions about 1.5km north west – south east and 0.7km north east -south west) had a maximum gold value of 16ppb in sample E11641 at 599746E, 6346533N which is modestly supported in infill sampling.

In the north eastern portion of EL5120 to be relinquished twenty seven samples returned values greater than background in copper i.e. >18ppm, however only one cluster of 7 samples were adjacent each other. This cluster centred on 597900E, 6348800N hosted no value greater than 20ppm Cu.

4.2 Mapping

A program of regolith mapping was undertaken in 1999 (see **Figures 5 & 6**) which identified Pinkawillinie Sand (Wh to OrBr aeolian sand which forms linear dunes and hummocky spreads), Mullagundi Soil (Br to RdBr sandy loam with high aeolian qtz component) and rare Moongi Hardpan (Wh to Br silcrete or ferricrete cemented sand to gravel having parent material comprised of aeolian, colluvial, alluvial deposits. It was found to be thin and directly overlying weathered and indurated bedrock.

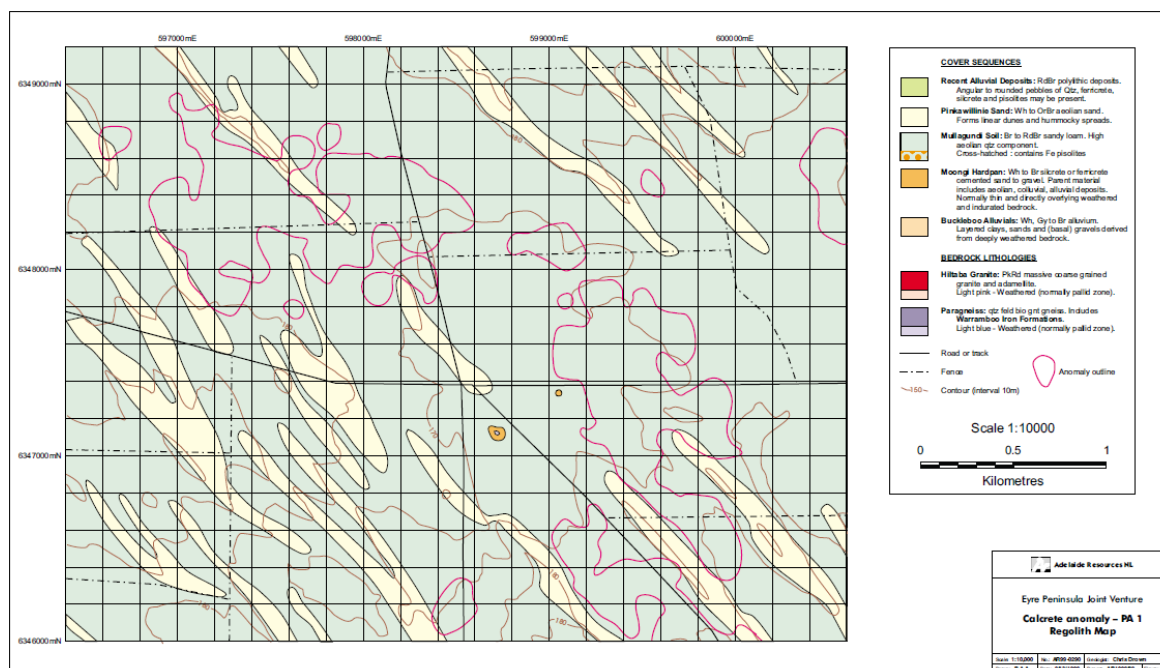


Figure 5: Regolith Mapping over PA1

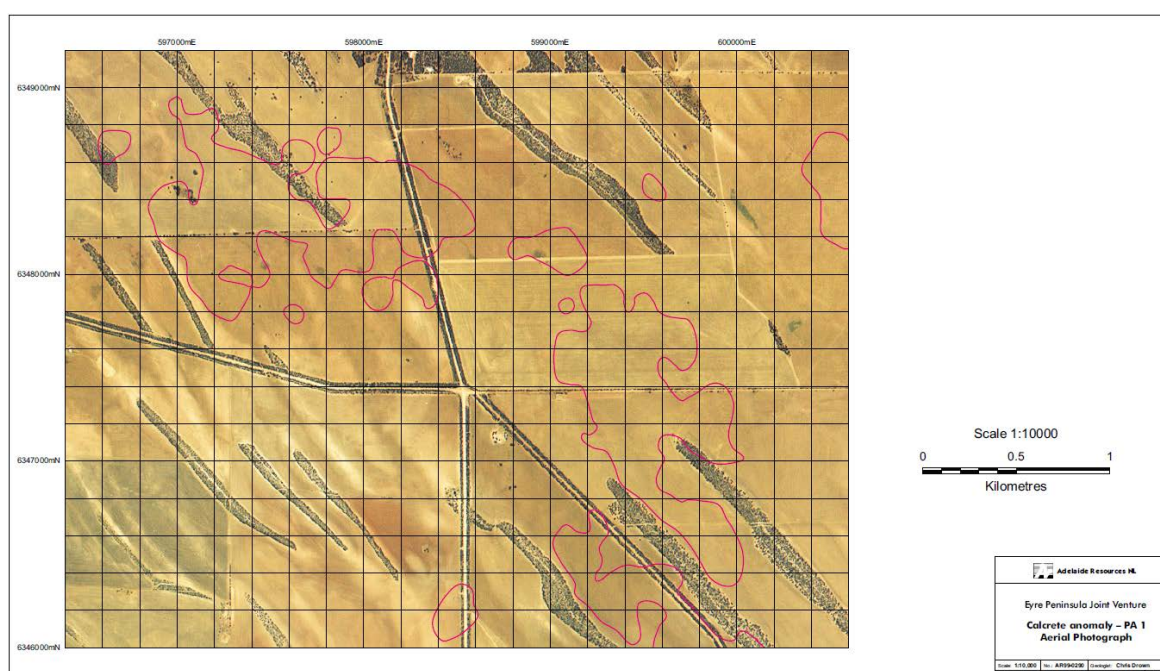


Figure 6: Aerial Photograph over PA1

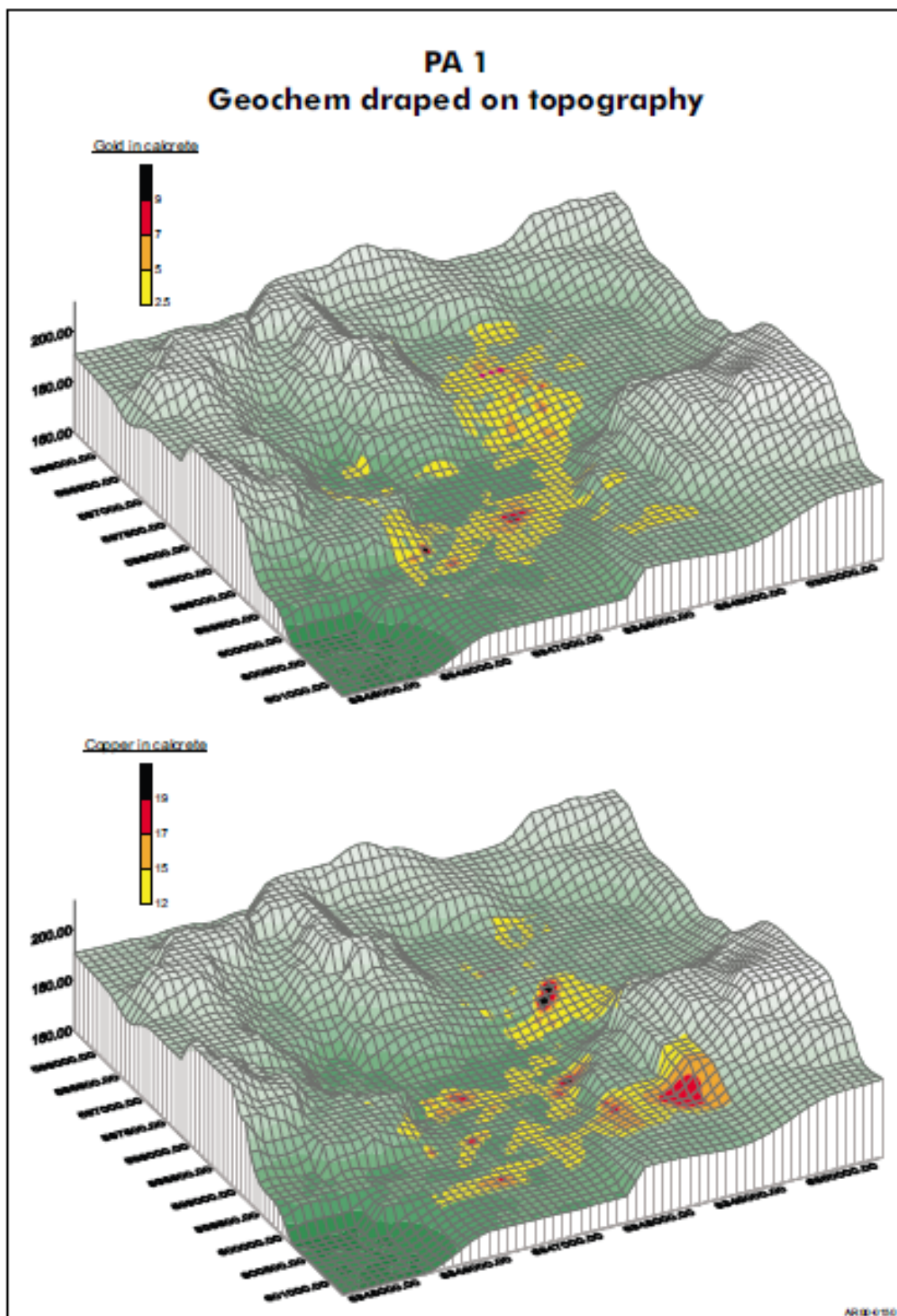


Figure 7: Geochemistry for Copper and Gold draped over topography for PA1

4.3 Drilling

An aircore drilling program was undertaken in the north eastern portion of EL5120 to be relinquished, where 328 calcrete samples of the 742 taken were found to be anomalous in gold. 30 aircore holes for 1533.5m were drilled into the anomaly at PA1. Three holes, PA1-0241 to PA1-0243, were completed by Budd Drilling in March 1999 and 27 holes, PA1-0472 to PA1-0498, were drilled by Johannsen Drilling in August 2003. All holes were vertical and the average depth was 51m.

Better results included:

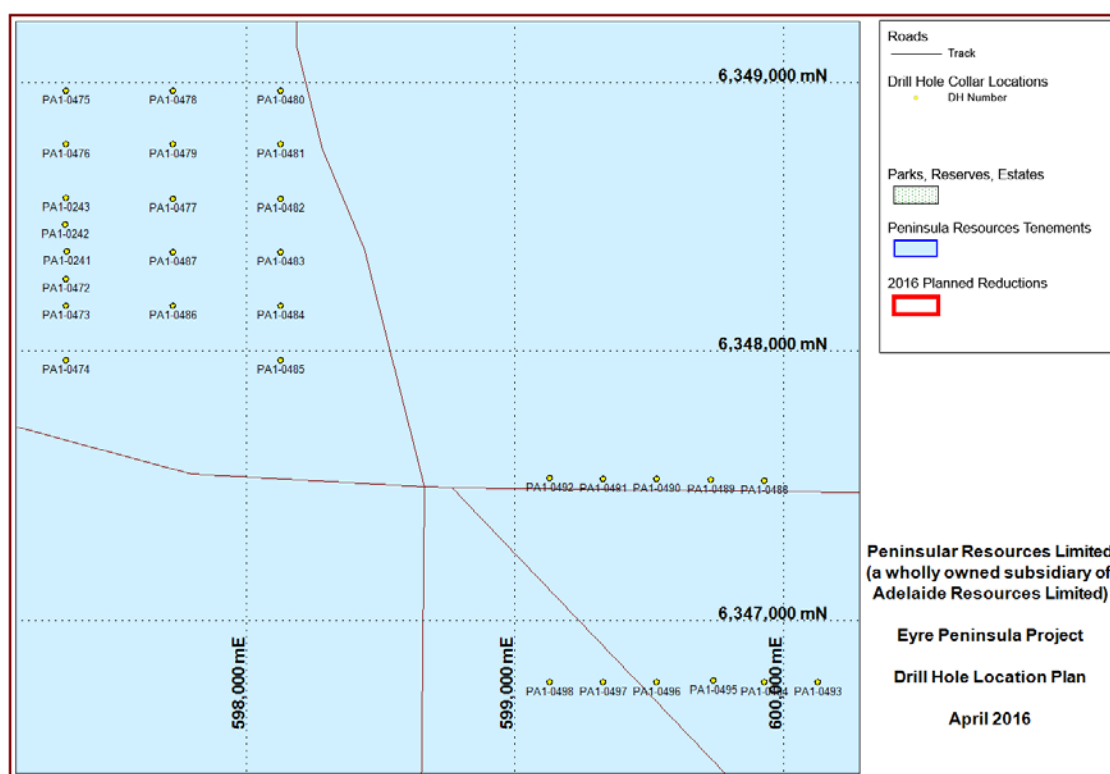


Figure 8: Drill Hole Location Plan for area to relinquished EL 5120

4.4 Discussion on PA1

PA 1 is located in the eastern part of EL 2211 on Freehold land outside Pinkawillinie Conservation Park (**Figures 2, 3 & 4**). Contours of gold (**Figures 3 & 7**) and copper (**Figure 4**) are included. Drill hole collar locations are shown on **Figure 8** and a cross section of the drilling included as **Figure 9**.

PA1 is a coherent gold calcrete anomaly peaking at 16 ppb Au and having an above-threshold area of approximately 2.8km². Mullagundi soil dominates the surface regolith with a number of linear NW-SE trending sand dunes present which exert a significant control on the calcrete geochemistry. The anomaly is located on cleared agricultural land. Analysis of the topography/calcrete geochemistry relationship raised some concerns that lateral transport of gold may have occurred in the eastern part of the anomaly.

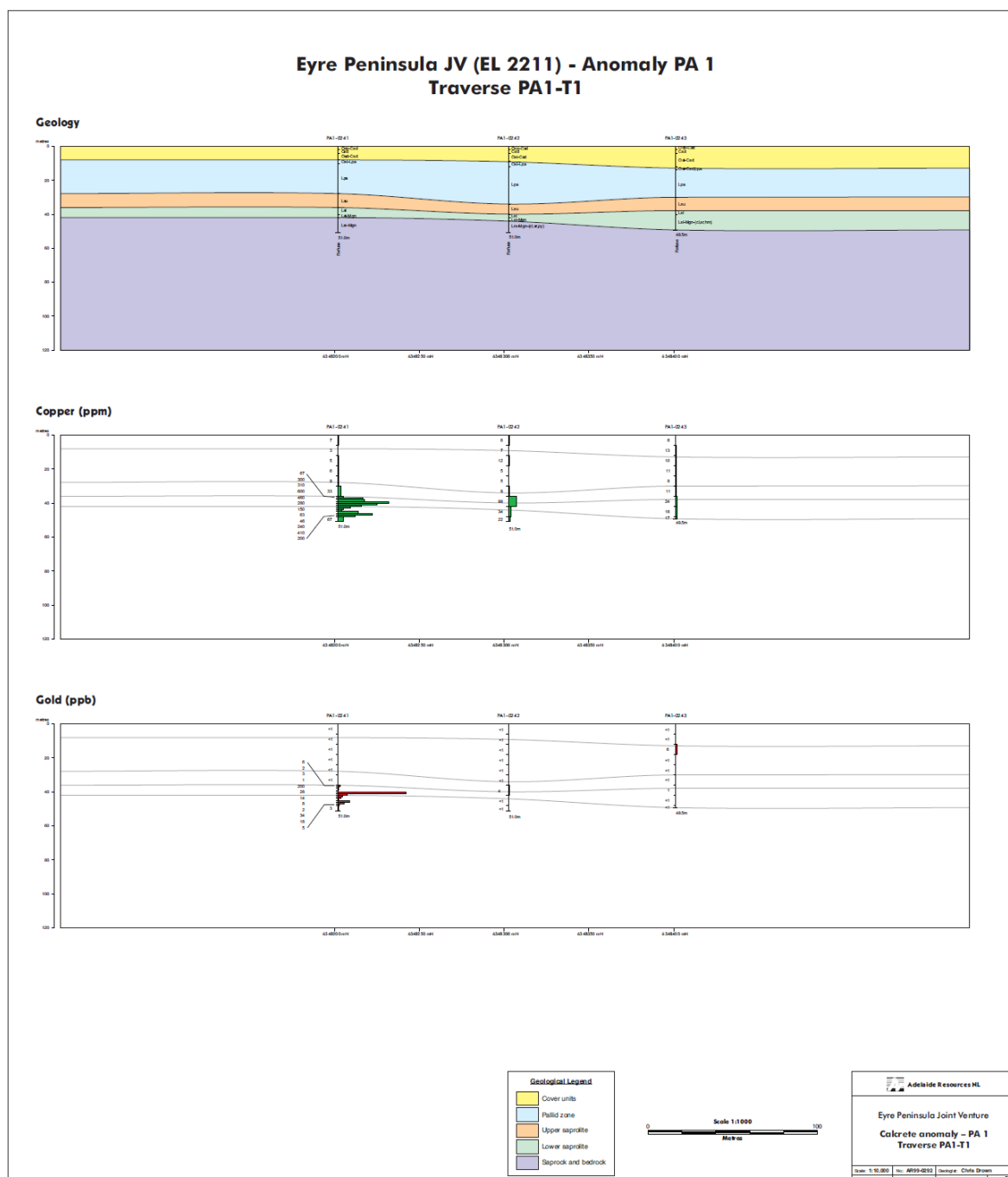


Figure 9: PA1 Cross Section

Initially in March 1999 three holes (PA1-0241 to PA1-0243) for 151.5m were completed on one traverse at PA 1 (see **Figure 9**).

These were drilled in the area thought most unlikely to be a transported anomaly. Holes averaged 50.5m in depth. Drilling conditions required the use of aircore techniques to reach the depth of refusal.

A cover sequence of silcretised and unconsolidated sand and clay up to 12m thick was found to overlie a normal lateritic sequence comprising a pallid zone (up to 24m thick), upper saprolite and lower saprolite.

Bedrock in all three holes is a coarse-grained quartz + feldspar + biotite + garnet gneiss. Silica + pyrite veining is patchily developed in holes PA1-0241 and PA1- 0242. The same two holes returned anomalous gold (to 0.2g/t) and copper (to 600ppm) geochemistry, with Ag being low but above detection in the anomalous intervals. The depth from surface to the zone of geochemical enrichment is about 35m. The best geochemical results occur in hole PA1-0241 which lies on the end of the traverse.

The drilling is interpreted to have intersected a supergene geochemical halo sourced by gold and copper bearing mineralisation. The presence of silica and pyrite veining, although only weakly developed, supports the presence of hydrothermal activity in the area. The results are viewed as positive. The nature of the thicker than usual cover sequence possibly adds to the interpretation that the southeastern lobe of the anomaly may be a transported feature as similar sediments are associated with transported anomalies at BU 1, KO 4, WUD 2 North and parts of COR 11.

A further 27 holes for 1382m were completed in 2003 for no significant result. The highest gold assay returned was 80ppb in PA1-0498 from 38-39m in weakly quartz veined saprolite after gneiss.

4.5 Interpretation

4.5.1 EL4968 Waddikee Rocks

It is proposed in this report to relinquish the northwest portion of EL4968, see **Figures 1-4** as there are no significant gold or copper anomalies in the calcrete data, nor are there any demanding anomalies in the government magnetic and/or radiometric data, nor in historic exploration records demanding drilling.

4.5.2 EL5120 Corrobinnie

It is proposed in this report to relinquish two blocks in the south east of the tenement, see **Figures 1-4** as there are no significant gold or copper anomalies in the calcrete data, nor any demanding anomalies in the government magnetic and radiometric data, nor in historic exploration records that have not been drilled.

Of those anomalies drilled none returned any significant gold or copper assays.

5. RECOMMENDATIONS

4.6 EL4968 Waddikee Rocks

It is recommended to relinquish the northwest portion of EL4968, see **Figures 1-4**.

4.7 EL5120 Corrobinnie

It is recommended to relinquish two blocks in the south east of the tenement, see **Figures 1-4**.

APPENDICES

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