

SEPTEMBER 2022 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Change of name to Adelong Gold Limited (ASX:ADG) effective 27 October 2022**
 - **Permits received and drilling program underway at Adelong Goldfield**
 - **Program designed to explore for extensions to the mineralisation discovered at Gibraltar in the April 2022 program and in particular hole extensions to 3DGIB003**
 - **Exploration targets include:**
 - **The potential to generate a maiden resource at Gibraltar based on the recent discovery in 3DGIB003. This target is currently being drilled.**
 - **Additional targets for open cut resource in the multiple vein deposit around Gibraltar**
 - **The potential to generate a maiden resource at Sawpit**
 - **A program of exploration at both Caledonian and Currajong to explore the northern extensions to these deposits that fall within the Exploration License**
 - **Several major structural and mineralised trends that have never been drilled including the Lady Mary to Gazumped trend, the Caledonian to Donkey Hill trend, the area lying between Currajong and Gibraltar, and the Paleys Reef in the North as well as a major N-S Fault identified in airborne magnetic data**
 - **Justin Ward appointed Non-Executive Director**
 - **Key information required to complete Updated Scoping study received in October and study expected to be finalised shortly**
 - **Renewal of Exploration License for a further 6 year term paves the way for a more aggressive exploration program**
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Adelong Gold Limited (ASX:ADG) (Adelong Gold or the Company) is pleased to provide its Quarterly Activities Report for the quarter ending 30 September 2022. 3D Resources Ltd was renamed Adelong Gold Limited in late October to reflect its goal of developing the Adelong Gold Project and to strengthen its regional presence. [*\(ASX Announcement 25 October 2022\)*](#)

The Company announced in August that it had been granted a 6 year extension to its Exploration License EL5728 which now sets the stage for a concerted effort to expand exploration activities and resources at Adelong. [*\(ASX Announcement 8 August 2022\)*](#)



Post end of quarter, the Company announced that its drilling program had commenced at Adelong Goldfield. ([ASX Announcement 24 October 2022](#))

BACKGROUND

Much of the historical drilling and exploration at Adelong had focused on the main mines covered by the company's mining tenement (ML1435), which had generated JORC Resources for the Challenger and Currajong deposits. Following its acquisition of the Adelong gold project, Adelong Gold focused its efforts on two of the other deposits outside of ML1435 (Donkey Hill and Currajong) and thereby increased the project's JORC Resources from 129,000oz to 169,700oz and identified the necessary steps to reopen the existing mine.

Importantly, there is also significant exploration potential within EL5728 both in terms of extensions to known deposits but also major structures that have historically remained untested or undrilled. As the company nears completion of its initial planning phase to reopen the existing mine it has now turned its attention to the project's exploration upside, which is substantial. Obtaining an extension to EL5728 was an essential component of that plan that has been achieved.

FUTURE EXPLORATION OPPORTUNITY

The recent drilling at Adelong at Caledonian and Gibraltar has highlighted the importance of the exploration potential of EL5728 as the high grade intercepts of drill holes at Caledonian (CAL009 and CAL012) and the new discovery at Gibraltar identified in drill hole (3DGIB003) are all located in this exploration license.

Recent drilling at Caledonian also shows that there is some depletion in grades in the near surface environment and supergene enrichment at depth, so a lot of the exploration efforts of the past that tested for the presence of mineralisation using shallow RAB lines between Challenger and Fletchers have failed to properly identify the mineralisation. This is exemplified by a series of RAB holes located above the recent hole CAL009. These RAB holes had not generated any grades > 1g/tAu yet the deeper hole drilled recently had generated 6m @ 6.68g/tAu and further 4m of mine workings that presumably had been mined with grades in excess of 30g/tAu. This potentially opens up the entire zone from Challenger through to Donkey Hill to additional exploration opportunities and certainly offers scope to expand the Caledonian deposit both North and South of the recent drilling.

All the mineralisation mined to date at Adelong has been located in major fault lines that can be traced for kilometres such as the Old Hill Line which is the same structure that contains the Challenger, Caledonian, Fletcher, Donkey Hill and Lady Clare Deposits. Most of these mineralised faults are in North-South trending structures with the major exception being the Gibraltar vein deposits which trend NE-SW.

The Company's analysis of the detailed ground magnetics has shown that the main deposits at Adelong are located close to the intersection between these NE trending fault structures and N-S faults. These structures are only visible on the detailed 5m line spaced ground magnetic data which has limited coverage. In particular there is no coverage of the western deposits (Currajong and Gibraltar) nor does it cover the deposits in the South.





Figure 1: Google Earth image showing the distribution of the historical mines(white lines) and the location of the company's mining and exploration tenements(Red). (North to the Left) Much of the exploration work historically has focused on drilling the deposits in the immediate vicinity of the "MINE SITE."

One of the findings of the Initial Scoping Study (ASX Announcement 18 November 2021) was that any additional open cut resource can add significantly to the potential profitability of the project. For this reason, the March/April 2022 drilling program focused on exploring the open cut resource potential and targets in the Caledonian and Gibraltar Deposits. The Caledonian drilling was designed to upgrade the open cut resources for inclusion in the Scoping study, and the high grade values received at Caledonian will no doubt add some open cut resources to the target production in order to improve the project economics. However, the improved knowledge gained from drilling at Caledonian also shows the potential for further resource extensions both north and south from the areas drilled.

Exploratory drilling at Gibraltar successfully identified the potential for another shallow resource that could add to the open cut resource potential of the project. Hole 3DGIB003 intersected a series of +5 silicified zones/veins that carried gold which cumulatively added up to 11 metres with an average grade of 3.46g/tAu. These 5 veins were intersected in hole 3DGIB003 between 2 metres to 47 metres. All three drill holes into the Percy Workings at Gibraltar had showed signs of silicification/gold values but also shows gold values are progressively increasing to the west and 3DGIB003 is the westernmost drill hole. The drilling underway at Gibraltar is designed to test the western extensions of the mineralisation with a planned program of 6 drill holes and total metreage of around 600m. If the general trends in mineralisation continue (gold grades and silicification) then we are hopeful this program could generate a new resource.

Figure 2 provides an overview of the potential of the Gibraltar area. Drill intersection 3DGIB003 is geologically very interesting as some 350m to the west of hole 3DGIB003 is a major N-S shear zone called

the Wondalga Shear that is located beneath the Adelong Creek alluvial deposits. This would make this a significant geological target given that it represents the intersection between one of the largest N-S trending shear structures with the NE trending Gibraltar veins. However even close to drill hole 3DGIB003 there is evidence of N-S shearing present in rock exposures in the base of the track. No drilling has ever taken place west of 3DGIB003 so the area could host a major deposit. This represents a prime target for generating additional resources in the near term and is scheduled for the next drilling program.

Figure 2 also highlights other targets within the Gibraltar area that could offer targets for open cut resources including the multiple veins that have historically been untested with drilling and the occasional shallow vein intersections such as 3DGIB004 and some additional historic single vein intercepts that have never been followed up. Gibraltar was one of the significant producers in the past with production of 140,000oz at an average grade of 34g/tAu. So, the relatively small amount of historical drilling at Gibraltar and the multiple vein system makes this site a prime exploration target for further discoveries.

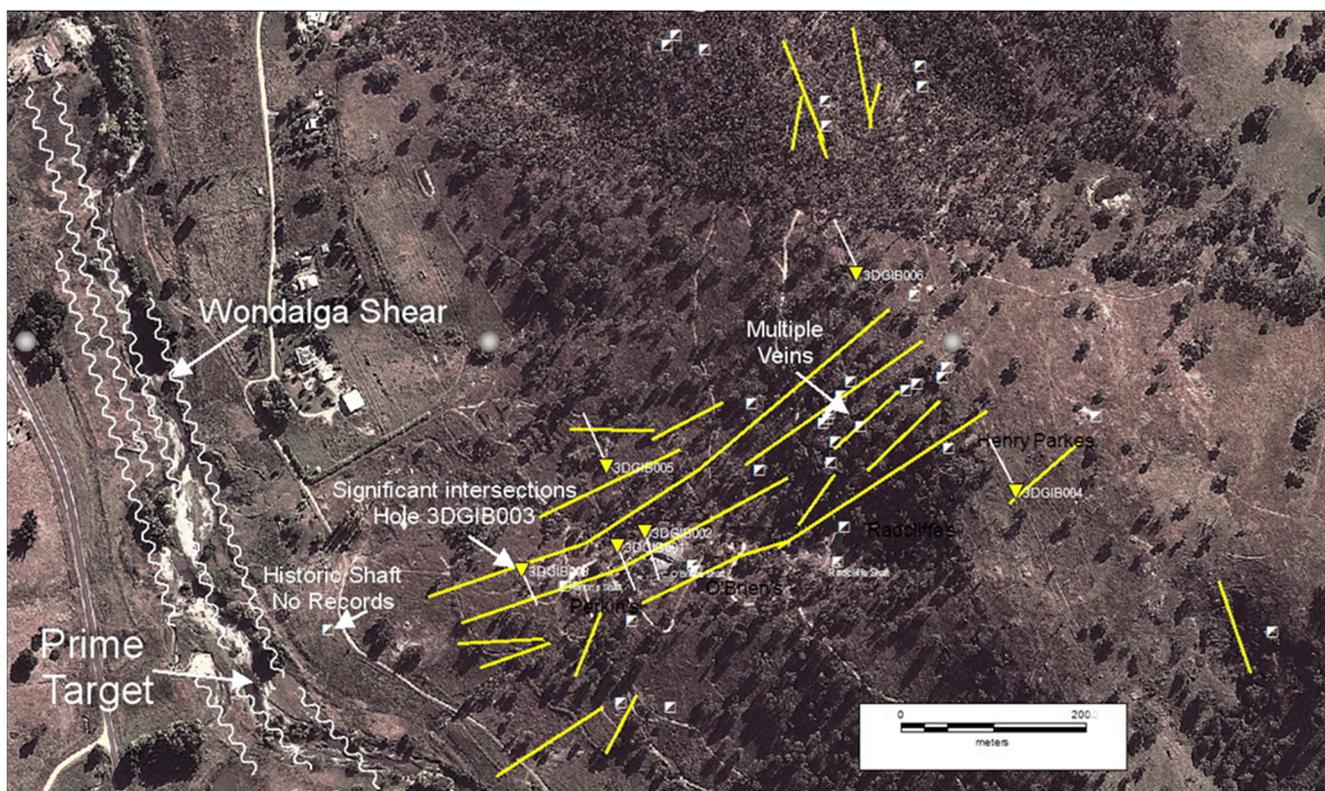


Figure 2: Showing the multiple veins and historical shafts with most of the production coming from just three shafts.

Viewing the regional potential, Figure 1 highlights other major mineralised structures that have largely remained untested. To the southeast of Adelong there are a series of historical workings that can be traced for over 3km from Sawpit in the south to Lady Mary to the north.

Sawpit is the only deposit on this major trend that has been drilled but drilling to date is insufficient to estimate Resources, however it does show wide zones of mineralisation and also multiple veins to be present, Figure 3(a), and (b) below show the results of this historic drilling.

Further infill drilling, and geological interpretation is needed to generate Resource Estimates for the Sawpit deposit. However, the past drilling does demonstrate some of the potential for this 3km mineralised trend as none of the deposits north of Sawpit from the Easter to Lady Mary deposits have yet been drill tested and the Lady Mary is reported as the largest production of all the mines in this trend.

Also, it should be noted that at Lady Mary there are multiple veins present based on the distribution of workings and even mapping at Sawpit shows the presence of secondary workings between 30 – 70 metres to the east of those drilled that have also not been drill tested. A detailed investigation of this entire trend is needed to generate drill targets. This major structure and the presence of multiple veins and broad intersections could easily generate open cut resources. A parallel structure known as “The Gap Deposit” also exists east of Lady Mary and this vein was traced some distance but had minimal production of higher-grade ores.

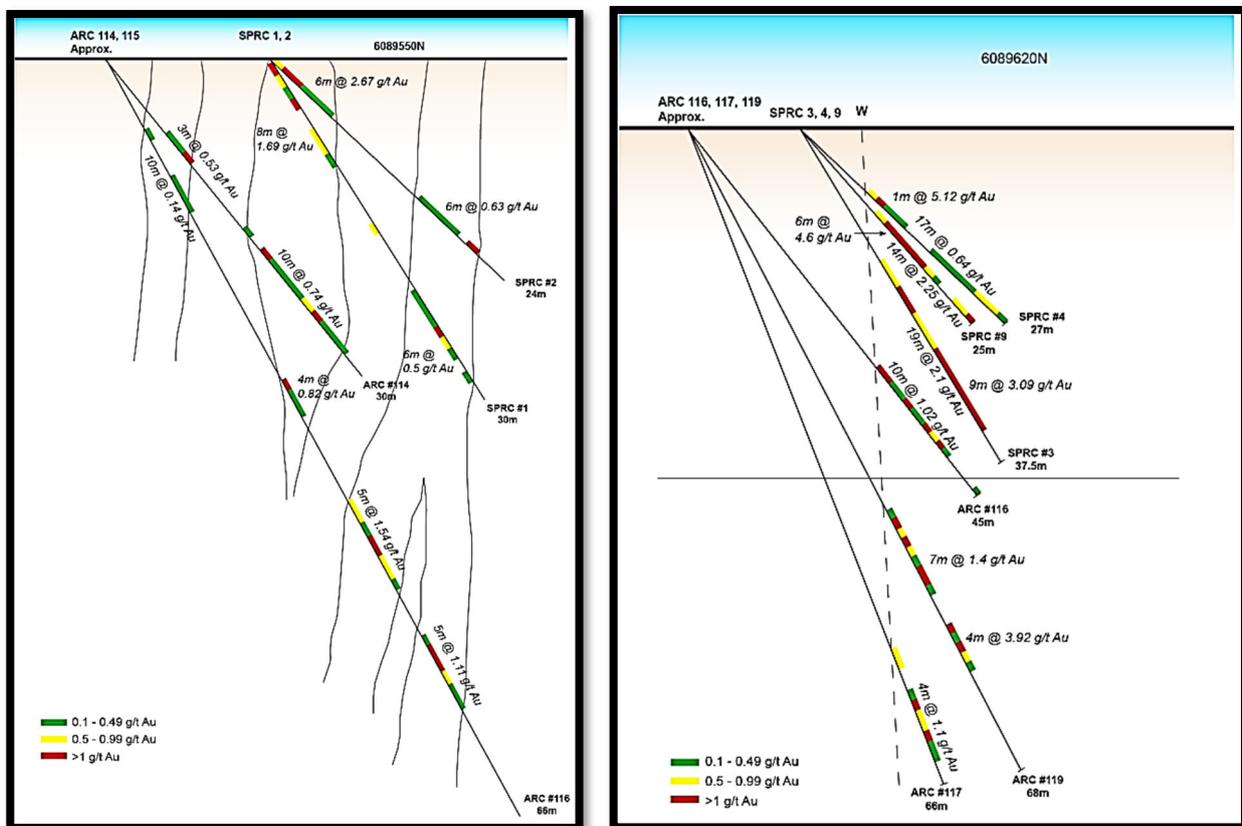


Figure 3: Historical drilling at Sawpit had identified wide mineralised zones at relatively shallow depths (Note these drill holes were not accurately surveyed (+/-20m)) and will need to be located/surveyed before they can be used in resource estimation.

A similar situation exists north of Gibraltar where the Paley's reef can be traced for 700m and major north south faulting is present, warranting further investigation.

In the area located between Currajong and Gibraltar there is also considerable potential for additional discoveries. Geochemical soil sampling to the North and South of this 1km zone had shown highly anomalous gold values but because of the terrain, this area had not been sampled in detail. There is evidence of mineralisation in this area with 2 veins recorded as having been intersected in an adit level development from the Adelong Creek to below the Currajong workings. These vein intersections were

never followed in the past as they were not of an economic grade for the old timers. More recent geological investigation has recorded quartz filled brecciation with generally low grade sample results present in this area. Given the recent experience with depletion of grade near surface at Caledonian, this discovery also warrants further investigation and drilling as its proximity to the Wondalga shear and recent experience at Gibraltar makes this an excellent target for further work.

In assessing the potential at Adelong, it is important to bear in mind that historical mining costs and difficulties in crushing this hard ore through the stamp batteries had meant that grades of around 30g/tAu were needed to be commercial. So, while a large number of deposits were located, few deposits produced at that grade. This is amply demonstrated by the drilling at Sawpit which recorded low production and makes areas with multiple shafts/workings and structures such as Paley's Reef and the Sawpit to Lady Mary deposits prime targets for future exploration.

DRILLING PROGRAM AT GIBRALTAR

The Company is finalising plans for an extensive exploration program at Adelong to evaluate the multitude of opportunities likely to increase resources and add to the economics of its proposed reopening of the existing Adelong mine and has recently received approvals for a further modest drill program at Gibraltar with the first part of that program having commenced since the end of the quarter [*\(ASX Announcement 24 October 2022\)*](#)

A short 600m of Reverse Circulation drilling has been commenced to test for extensions to the recent discovery made in hole 3DGIB003 in April 2022. The area being drilled is immediately west from 3DGIB003.



Figure 4: Drilling at 3DGIB008

As noted in the Company's ASX Release 23 May 2022, drill hole 3DGI003 had intersected 5 zones of gold mineralisation grading in excess of 1g/t Au at very shallow depths:

- 1m @ 3.36g/t Au from 2 metres
- 5m @ 3.8g/t Au from 13 metres
- 3m @ 1.96g/t Au from 25 metres
- 1m @ 4.18g/t Au from 38 metres and
- 1m @ 5.36g/t Au from 47 metres

This previous intersection warranted follow up drilling as it offered an attractive target for additional shallow resources that would be suitable for open cut mining.

UPDATED SCOPING STUDY AND FUTURE PLANS

As previously announced, the Company completed drilling at its Caledonia deposit in March 2022 which was designed to upgrade inferred resources for inclusion in an upgraded scoping study. Although the release of the study was targeted for end of 2022 financial year, lack of availability of personnel responsible for some components of the study has meant that the study has been slightly delayed. Shortly after the end of the Quarter key information needed to finalise the Updated Scoping Study was received with that study expected to be finalised shortly.

The Company anticipates that the Scoping Study will provide a solid commercial foundation for the project based solely on the Challenger, Caledonian and Currajong deposits and a basis for proceeding to production with ample scope to expand on resources through additional drilling or with regional acquisitions. The study has shown that open cut resources can add substantially to the bottom line and the longer term focus will be to explore targets that can add to the mine life and economic returns.

There are ample opportunities to build on the current resource base at the Adelong Gold Mine. Gibraltar offers a number of additional exploration targets, but so do Caledonian to Frasers Line, the Sawpit project, the Lady Mary to Gazumped line of workings, Paley's Reef, and many more deposits that have yet to be drilled.

Consideration will also be given to expanding these resources by corporate acquisitions as the immediate region has no gold processing plants operating in a 150km radius and the close proximity of the Adelong Plant to the Snowy Mountain Hwy (1.5km) which allows 40t trucks, would allow low cost transport of ore from this region.

Longer term, the Company intends to move the project into a second stage operation being underground mining and several of the resources have grades that would potentially warrant underground mining.



CORPORATE

General Meeting (GM) of shareholders

On 13 October 2022 immediately following the end of the quarter the Company held a General Meeting of Shareholders which approved the following resolutions :

- The consolidation of capital of the Company on the basis of 1 for 10 ([\(See ASX Announcement 13 October 2022\)](#))
- The change in the Company name to Adelong Gold to reflect the Company's singular focus on its Adelong Gold Project in southern NSW
- Justin Ward Appointed as Non-Executive Director

Appointment of Non-Executive Director

Post end of quarter, the Company advised that it had appointed Mr. Justin Ward to its Board as a Non-Executive Director. ([ASX Announcement 7 October 2022](#))

Justin is a Principal of his own mining services business, Modern Mag, with experience in geophysical surveys, Electromagnetics (TEM), potential field interpretation (magnetics), drill programs and site preparation, sampling and rehabilitation. Justin is a Geoscientist with almost 30 years of global exploration experience.

Initially trained by the De Beers group of companies on four continents, he has expanded his area of expertise from diamonds to mineral sands, iron ore, base metals, industrial minerals and gold. Justin has greenfields, brownfields and mine experience for all commodities and has been an integral member of geoscience teams that have discovered numerous commercial mines including the team that discovered the entire 'Ring of Fire' mineral province in northern Ontario in ~2004.

While initially trained as a Geophysicist, DeBeers entered Justin into the exclusive 'Stargate' program accelerating a career path to senior management with responsibility for various De Beers exploration projects and geophysical programmes.

Justin is expected to provide substantial support once the Company releases its full Scoping Study confirming the case for a reopening of the mine at Adelong and ramps up its exploration efforts to increase resources and extend mine life.

Cash

As at 30 September 2022, the Company had a reported cash position of \$589,748.

Related Party Payments

In line with its obligations under ASX Listing Rule 5.3.5, Adelong Gold Limited notes that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 30 September 2022, pertain to payments of Directors Fees and reimbursement of arm-length expenses.

-Ends-



Released with the authority of the board.

For further information on the Company and our projects, please visit:

<http://www.adelonggold.com>

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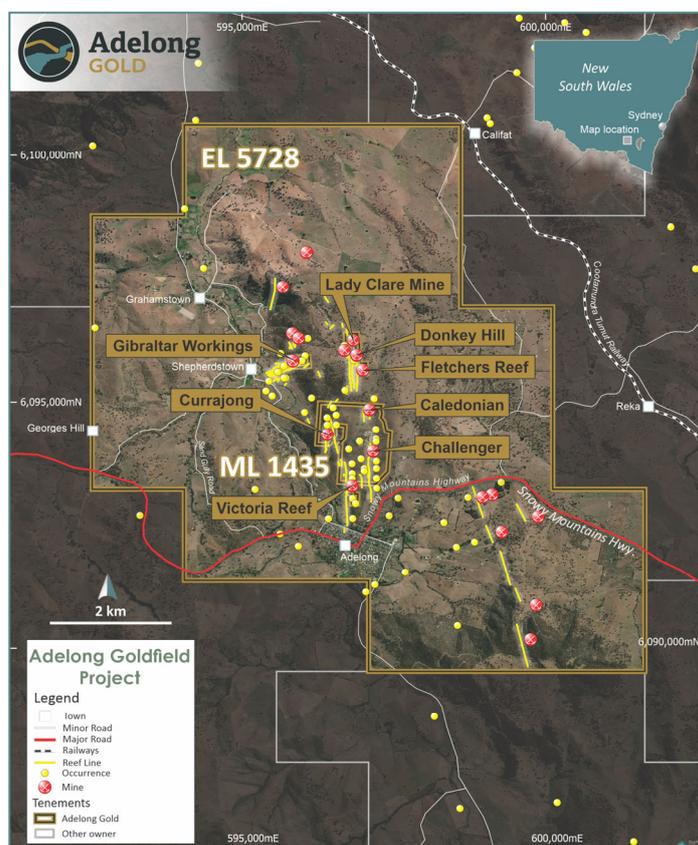
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ABOUT ADELONG GOLD

Adelong Gold Limited is a minerals explorer targeting high value commodities with a particular focus on Gold and owns the Adelong Goldfield in New South Wales (NSW). In May 2020, Adelong Gold took control of the Adelong Goldfield which covers 70km², comprising the old Adelong Gold Project situated in Southern NSW located approximately 20km from Tumut and 80km from Gundagai. The project now carries a JORC (2012) Resource, following the resource upgrade in September/October 2021 of 171,700 oz of gold as well as 17 freehold properties with all mining and processing plant equipment onsite. Until recently, Adelong was a producing mine.



COMPETENT PERSONS STATEMENT

Information in this "ASX Announcement" relating to Exploration Results, geological data, and metallurgical testing has been compiled by Mr. Peter Mitchell. Mr Peter Mitchell is a Member (#104810) of the Australasian Institute of Mining and Metallurgy, the Institute of Materials, Minerals and Mining and the Canadian Institute of Mining, Metallurgy and Petroleum. He is Managing Director and paid by Adelong Gold Ltd. Peter Mitchell has sufficient experience that is relevant to the style of mineralisation and types of deposits under consideration and to the activity being undertaken to qualify as a Competent Person (CP) as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) Mr Peter Mitchell believes that these Resource Estimates fairly represent the resources the subject of this Report.

AUSTRALIAN TENEMENT SCHEDULE AT 30 SEPTEMBER 2022

In accordance with ASX Listing Rule 5.3.3, Adelong Gold Limited provides its list of exploration licences with its September quarterly activities report.

Project and Location	Tenements Held at Commencement of Quarter	Tenements Acquired or Disposed of During Quarter	Beneficial Interest at End of Quarter	Areas Ha	Notes
Adelong, NSW	ML1435, MCL 279-291, MCL 311-313, EL5728	No Change No Change No Change No Change	100% 100% 100% 100%	145Ha 24.4Ha 5.5Ha 6,835Ha	Acquired through the acquisition of Challenger Mines Pty Ltd in May 2020. ML1435, MCL 279-291, and MCL 311-313 recently renewed to 27 September 2040. EL 5728 renewed to 17 May 2028

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of Entity

ADELONG GOLD LIMITED

ABN

15 120 973 775

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated Statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(190)	(190)
1.3 Dividends received	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from/(used in) operating activities	(190)	(190)

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(36)	(36)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from/(used in) investing activities	(36)	(36)

	Current quarter \$A'000	Year to date (3 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	327	327
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities ¹	(13)	(13)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from/(used in) financing activities	314	314

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase/(decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	502	502
4.2 Net cash from /(used in) operating activities (item 1.9 above)	(190)	(190)
4.3 Net cash from /(used in) investing activities (item 2.6 above)	(36)	(36)
4.4 Net cash from /(used in) financing activities (item 3.10 above)	314	314
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Effect on deconsolidation of subsidiary	-	-
4.7 Cash and cash equivalents at end of period	590	590

	Current quarter \$A'000	Previous Quarter \$A'000
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	590	502
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	590	502

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
86
-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing Facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities		

7.5 Unused financing facilities available at quarter end -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from/(used in) operating activities (item 1.9)	(190)
8.2 Payments for exploration & evaluation classified as investing activities (item 2.1(d))	(36)
8.3 Total relevant outgoings (item 8.1 + Item 8.2)	(226)
8.4 Cash and cash equivalents at quarter end (item 4.6)	590
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	590
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.6

8.8 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not ?

N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

N/A

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis ?

N/A

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Compliance Statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 28 October 2022

Authorised by: Andrew Draffin
Company Secretary

Notes:

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the {name of board committee - eg *Audit and Risk Committee*}". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system risk management and internal control which is operating effectively.