

Adelong to Acquire Highly Prospective Lithium Tenement Package in Brazil's World Class Lithium Valley

HIGHLIGHTS

- **Adelong Gold has entered into a binding agreement to acquire a highly prospective lithium exploration tenement package in the prolific 'Lithium Valley' of Minas Gerais, Brazil**
 - **The region is renowned as one of the world's largest regions for hard-rock lithium spodumene deposits, and represents a key, strategic acquisition for the Company**
 - **The tenement area hosts advantageous infrastructure including well-developed highways, hydroelectric power from the grid, water availability and proximity to commercial ports**
 - **Adelong Gold considers the acquisition to represent an ideal opportunity to expand its project portfolio in a key, demand driven commodity in the massive battery metals sector**
 - **The Company plans to commence exploration in the coming months and has an existing on-ground team in place**
 - **Adelong Gold has also received oversubscribed firm commitments for a Placement to raise \$1m at \$0.008 per share with one-for-two attaching options exercisable 30 June 2026 at \$0.02 (subject to shareholder approval)**
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Adelong Gold Limited (**ASX:ADG**) (**Adelong Gold** or the **Company**) is pleased to announce that it has executed a Binding Agreement (**Acquisition Agreement**) with Rafael Mottin, a Brazilian resident, to acquire a 100% interest in three applications for lithium exploration permits (**Project**) located in the world-class 'Lithium Valley' in Minas Gerais, in Brazil.

The Acquisition Agreement represents a pivotal transaction for the Company and paves the way for it to secure a strategic landholding in a globally significant, mining friendly region for hard-rock lithium spodumene deposits.

The 'Lithium Valley' accounts for all officially recognised lithium reserves in Brazil and is an emerging world-class lithium producing region.

Adelong Gold Managing Director Peter Mitchell commented:

"Brazil is emerging as a major global lithium producing region and we are delighted to acquire three exploration permits in this sought-after lithium jurisdiction. The acquisition positions Adelong Gold to deliver shareholder value via our planned targeted exploration programs, and to also participate in the region's development, and seek another future exploration opportunity. This represents the Company's first foray into Brazil and is part of our strategy to diversify our project base and to be an active participant in the massive battery metals space."



Project Overview

Adelong Gold has acquired the mineral rights to applications registered under the Mineral Processes of the Brazilian National Mining Agency (ANM), under the following reference numbers (**Exploration Permits**). The total Project area applied for is 53.17km² (5,317.15 hectares) (see Figure 1):

- 832.014/2023, covering 19.39km² (1,939.73 hectares);
- 832.015/2023, covering 19.31km² (1,930.89 hectares); and
- 832.016/2023, covering 14.46km² (1,446.53 hectares).

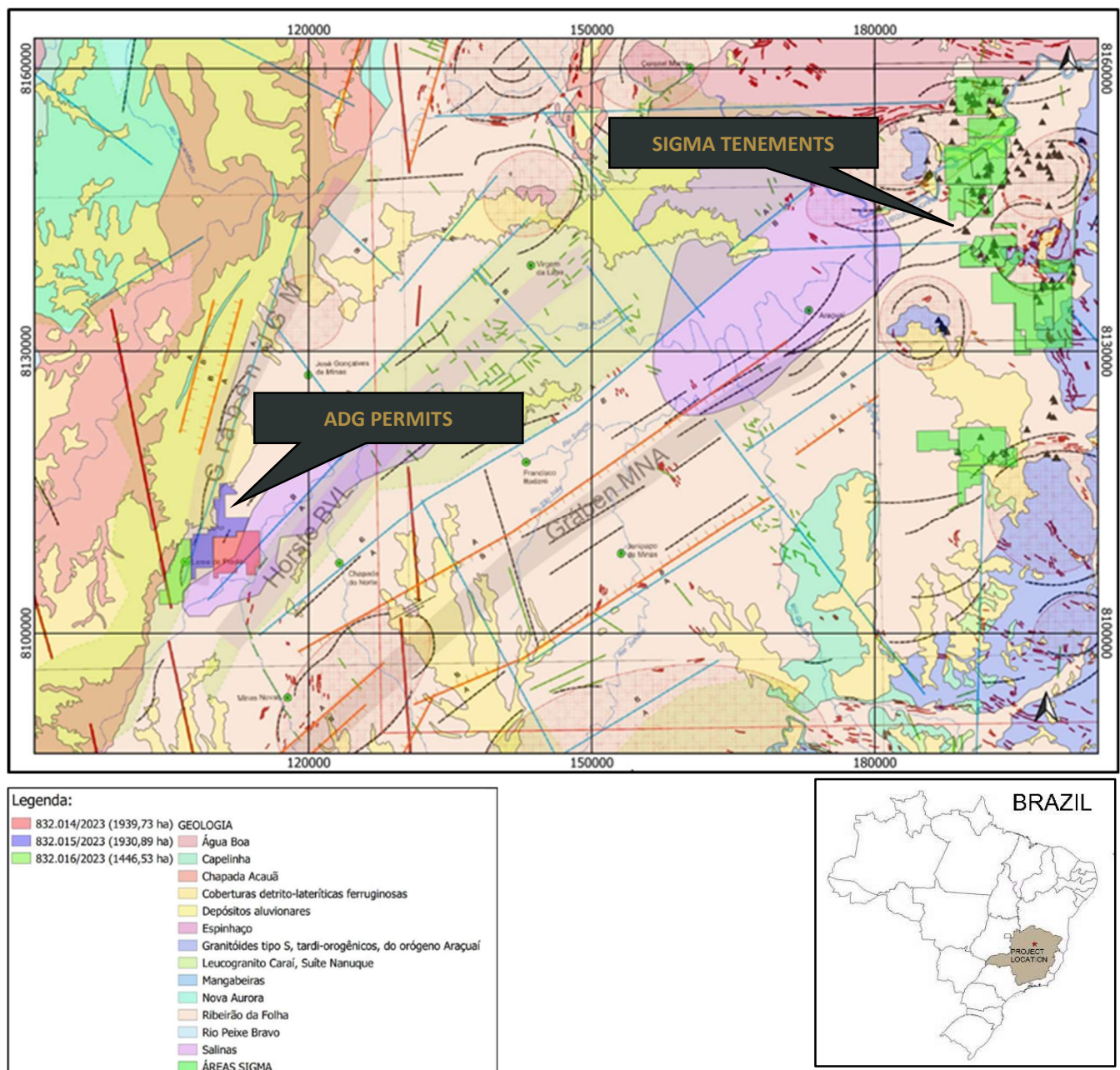


Figure 1: Geology and Structural Interpretation of the Exploration Permits



Geological Background

The three Exploration Permits show strong potential to host lithium-bearing pegmatites.

The Exploration Permits cover the Ribeirão da Folha formation that forms part of Neoproterozoic Araçuaí orogeny and are proximate to fertile granite intrusives of the Salinas Formation. A feature of the area covered by the Exploration Permits is the north-east trending structures that commonly host these pegmatite deposits.

The pegmatite deposits are associated with G4 S-type granites that were intruded during the Araçuaí orogeny, which occurred during the collisional episode associated with the Gondwana Supercontinent's Trans-Amazonian event.

Within this province there have been several major discoveries:

- Sigma Lithium's (NASDAQ:SGML) Grota do Cirio Deposit¹: **94.2Mt @1.45% Li₂O**
- Latin Resources' (ASX:LRS) Salinas Project – Colina Deposits²: **45.2Mt @1.34% Li₂O**
- Lithium Ionic's (TSX.V:LTH) Itinga Project - Bandiera Deposit³: **19.4Mt @ 1.42% Li₂O**

The Exploration Permits being acquired are largely unexplored for lithium, with a review of the regional and local geology suggesting the area has attributes of good potential for hosting lithium bearing pegmatites.

References

1. Refer to NI43-101 technical report dated 12 June 2023 (Sigmalithiumresources.com)
2. Refer to announcement 20 June 2023 (latinresources.com.au)
3. Refer to Announcement dated 27 June 2023 (Lithiumionic.com)

Background on Brazil as a Tier-1 Mining Jurisdiction

- **Tier 1 Mining Jurisdiction:** Accounts for in excess of 30% of global iron ore production.
- **Major Exporter:** Leading exporter of lithium, tin, and manganese with substantial reserves of gold, nickel, bauxite, and niobium.
- **Rare Earth Mining:** Biggest miner of rare earths outside of China.
- **Pro-Mining Culture:** Attracts significant foreign investment in the mining industry.
- **Tier-1 Destination:** Strong track record of successful mining projects.
- **Economic Impact:** Mining sector is a top-three contributor to the 10th largest economy in the World.

Transaction Structure and Consideration

The acquisition of 100% of the Exploration Permits is subject to certain conditions precedent, and involves an initial acquisition cost and milestone payments based on achieving success in exploration.

GBA Capital has acted as a facilitator to the transaction and is supporting a capital raising in Adelong Gold with oversubscribed firm commitments received to date (subject to shareholder approval) to raise up to \$1 million of which Directors shall contribute \$110,000 on the same terms (and subject also to shareholder approval).



A summary of the material terms is set out below:

- (a) Adelong Gold to acquire a 100% interest in applications for the three exploration tenements located in Brazil (**Exploration Permits**) subject to an initial payment of \$100,000 (which has been paid) and due diligence which has been completed.
- (b) The transaction will complete within 5 days of the conditions precedent (**Conditions Precedent**) being met which include:
 - (i) Obtaining Shareholder approval to refresh the Company's placement capacity and issue the shares and options (referred to in paragraph (c) and (d) below);
 - (ii) The granting of the tenements;
 - (iii) Formation of a Brazilian subsidiary and obtaining all approvals to transfer the tenements to that company; and
 - (iv) Other customary conditions precedent.
- (c) On satisfaction or waiver of the Conditions Precedent, Adelong Gold is to pay the following acquisition costs:
 - (i) a cash payment of \$100,000 within 5 days;
 - (ii) issue 20,000,000 shares to the vendor (or its nominees) within 5 days; and
 - (iii) issue 20,000,000 unlisted options to the vendor (or its nominees) exercisable at \$0.02 within 2-years of completion of the acquisition;
- (d) The vendor will be entitled to the following deferred consideration:
 - (i) If within 12 months of the acquisition, the exploration achieves 6 rock chip samples with grades >1% Li₂O from at least 2 of the tenements, Adelong Gold is to issue a further \$100,000 worth of Adelong Gold shares based on a 15 day volume weighted average share price (**VWAP**) at the time of issue;
 - (ii) If within 5 years of the acquisition, the exploration achieves a continuous drill intercept of not less than 10 metres intersection of grades exceeding 1% Li₂O, Adelong Gold is to issue a further \$150,000 worth of shares based on the 15 day VWAP at the time of issue;
 - (iii) If within 5 years of the acquisition, on announcing a JORC compliant resource of not less than 6 million tonnes averaging in excess of 1% Li₂O, Adelong Gold is to issue a further \$150,000 worth of shares based on the 15 day VWAP at the time of issue; and
 - (iv) a 2% net smelter return royalty over minerals produced that are the subject of the Exploration Permits with Adelong Gold to have the right to buy-back half of the royalty for \$500,000.

All \$ reference above are to Australian dollars.



Next Steps

Adelong Gold plans to undertake a field reconnaissance program of the Project area in the following quarter as an initial step in its evaluation and proposed exploration of the tenement package. The Company may also assess other potential areas of interest in Brazil.

The Company will shortly issue a Notice of Meeting to seek shareholder approval for the issue of the securities to the vendor, to refresh the Company's placement capacity and the proposed capital raising.

-Ends-

Released with the authority of the board of Adelong Gold Limited.

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

[HTTP://WWW.ADELONGGOLD.COM](http://www.adelonggold.com)

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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 the announcement 31 October 2022 of 169,700 oz of gold as well as 17 freehold properties with all mining and processing plant equipment onsite. Until recently, Adelong Gold was a producing mine

COMPETENT PERSONS STATEMENT

Information in this "ASX Announcement" relating to Exploration Results, geological data 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 Limited. 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).



