

# Adelaide Resources Limited: Rover Farm-in and Joint Venture with Emmerson Resources

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Adelaide - [Adelaide Resources Ltd.](#) (ASX:ADN) ("ADN") has executed a Heads of Agreement with Tennant Creek focussed explorer [Emmerson Resources Ltd.](#) ("ERM") to form the Rover Farm-in and Joint Venture over the Company's Rover copper gold project.

## Summary

- [Adelaide Resources Ltd.](#) and [Emmerson Resources Ltd.](#) ("ERM") have executed a Heads of Agreement to form the Rover Farm-in and Joint Venture over the Company's 100% owned Rover copper-gold project located southwest of Tennant Creek in the Northern Territory.

- Under the terms of the Agreement, ERM will sole fund \$2.0 million within 3 years of execution to earn a 51% equity position, following which it can elect to sole fund a further \$2.0 million over an additional 3 year period to increase its equity to 75%.

- An unincorporated Joint Venture can be formed once ERM has spent \$2.0 million, after which the parties will contribute to further expenditure in accordance with their respective equity, or dilute using a standard industry formula.

- ERM must expend at least \$0.5 million in the first year of the Farm-In before it has a right to withdraw.

- ERM will act as manager and operator during the Farm-in and thereafter while ever it holds majority equity.

- The deal will see a renewed period of exploration activity on these prospective copper-gold tenements.

## Introduction

The Rover project comprises two wholly owned tenements (ELs 27372 and 27292) located 85km by road to the southwest of Tennant Creek in the Northern Territory (see Figure 1 in the link below).

The Rover Field is prospective for ironstone hosted copper-gold deposits geologically identical to deposits found in the Tennant Creek Field, many of which exhibited high grades allowing them to be profitably mined in the past.

Rover Farm-in and Joint Venture terms The principal terms of the Rover Farm-in and Joint Venture include:

- ERM can earn an initial 51% interest in the project tenements upon sole funding \$2.0 million on exploration within three years of execution of the Heads of Agreement.

- ERM can then elect to either continue sole funding exploration or to enter into the Joint Venture.

- In the event that ERM elects to continue to sole fund exploration, it can earn an additional 24% equity (75% in total) through expenditure of a further \$2.0 million (\$4.0 million in total) over a further three years (six years in total).

- ERM may, at any point after earning its initial 51% interest, elect to cease sole funding exploration on the tenements and enter into the Joint Venture.

- Upon ERM making an election to enter into the Joint Venture the parties shall form an unincorporated joint venture with the objective to further explore the tenements and if appropriate, develop and mine minerals from within the project tenements.

- A party may elect not to contribute to a proposed Joint Venture programme and budget, in which event its Joint Venture interest shall be reduced in accordance with a standard industry dilution formula.

- Should a non-contributing party's Joint Venture interest fall below 5%, then that party's interest may at any

time be acquired by the other party at a price to be negotiated in good faith, or failing agreement, at a price determined by an independent valuer.

- ERM will manage and operate the Rover Farm-in and Joint Venture during the initial \$2.0 million farm-in stage and thereafter while ever it holds majority equity.

- ERM must fund a minimum of \$0.5 million in the first year of the Rover Farm-in and Joint Venture before it has a right of withdrawal, and thereafter ERM must expend not less than the minimum amount required to meet the annual expenditure covenants of the two project tenements.

- If ERM fails to satisfy the initial \$2.0 million farm-in expenditure by the third anniversary of the execution date, ERM shall be deemed to have withdrawn and will hold no interest in the project tenements.

- Expenditure incurred by ERM in order to gain access to the project tenements and to meet annual tenement rental and associated costs, and all costs associated with the meeting the obligations of the Deed of Exploration with the freehold aboriginal landowners, will constitute exploration expenditure.

#### Significance of the Rover Farm-in and Joint Venture to Adelaide Resources

Adelaide Resources acquired the Rover project tenements in 2005 from a subsidiary of Newmont Mining. In part consideration, Newmont was granted a royalty/buy back interest which it subsequently assigned to Franco-Nevada Australia Pty Ltd in 2009.

The Company completed an extensive exploration programme, discovering copper and gold at the Rover 4 and Rover 1 prospects, and recording encouraging results at other targets.

Due to the deep Wiso Basin cover sequence, which blankets the prospective underlying Warramunga Group metasediments to depths of between 100 and 200 metres, exploring the Rover tenements is an expensive exercise.

Drilling requires the use of diamond drilling methods, with the exploration holes often exceeding 500 metres in depth. Materially advancing the Rover project through sole funded expenditure has not been possible in the subdued markets of recent years, and the Company determined to seek third party funding.

Emmerson Resources has a clear Tennant Creek focus and the technical experience in the district to build on the solid results achieved by Adelaide Resources in the past.

The Rover Farm-in and Joint Venture Agreement with ERM will therefore place this project back on the value accretion path for Adelaide Resources' shareholders, simultaneously allowing the Company to concentrate its resources on the 100% owned Eyre Peninsula gold tenements.

Emmerson Resources' credentials Emmerson Resources holds 2,500km<sup>2</sup> of ground in the Tennant Creek Field, owns the only gold mill in the region, and holds a substantial geological database plus extensive infrastructure and equipment.

Emmerson is led by a board and management group of experienced Australian mining executives including former MIM and WMC mining executive Andrew McIlwain as non-executive chairman, and former senior BHP Billiton and WMC executive Rob Bills as Managing Director and CEO.

#### Rover project background

Tennant Creek has been a centre of profitable gold and copper mining since the discovery of gold in the 1930's. In Tennant Creek style deposits, gold and copper are hosted in bodies of ironstone and their associated alteration haloes.

Gold and copper were discovered in the Rover Field in the 1970's when Peko Mines Ltd drilled a series of magnetic anomalies and intersected mineralisation of a style identical to that found at Tennant Creek.

The prospective geology of the Rover Field is buried beneath flat lying sediments of the Wiso Basin which accounts for the delay in its discovery decades after outcropping deposits in the Tennant Creek Field were found.

The potential of the Rover Field to deliver valuable mineral deposits is demonstrated by the Rover 1 deposit owned by [Metals X Ltd. \(MLX\)](#). At 30 June 2016, MLX quoted a Mineral Resource for Rover 1 of 6.81 million tonnes at 1.73g/t Au, 1.2% Cu, 0.14% Bi, 0.06% Co and 2.07g/t Ag, or 1.22 million ounces of gold equivalent.

There are two main zones of copper-gold at Rover 1, named the Jupiter Zone and the Western Zone. Rover 1 is currently the largest un-mined Mineral Resource in the combined Rover-Tennant Creek district.

Adelaide Resources' project comprises two granted tenements that secure 287 km<sup>2</sup> of ground immediately north of the licences which host MLX's Rover 1 deposit. Drilling by ADN has confirmed that mineralisation in the Western Zone persists across the tenement boundary into the ADN's ground. Drill intersections recorded from ADN's ground include:

- 55m at 3.36% Cu, 0.16g/t Au from 357m; and 34m at 2.95% Cu, 2.14g/t Au from 450m; and 47m at 0.04% Cu, 1.51g/t Au from 510m. R1ARD30
- 15m at 1.73% Cu, 5.72g/t Au from 541m. WGR1D040-2
- 26m at 3.87% Cu, 0.22g/t Au from 445m. R1ARD35
- 19.75m at 3.31% Cu, 0.16g/t Au from 436.25. WGR1D050

The Rover 4 deposit is located 2 kilometres northeast of Rover 1 and is notable for hosting the shallowest mineralisation in the Rover Field. Previous drill intersections from Rover 4 include:

- 15m at 2.07% Cu, 0.15g/t Au from 221m. RV4ARD10
- 2m at 0.59% Cu, 20.0g/t Au from 268m. RV4ARD14
- 46m at 1.24% Cu, 0.14g/t Au from 306m. RV4ARD21
- 27m at 1.20% Cu, 0.25g/t Au from 333m; and 21m at 2.33% Cu, 0.94g/t Au from 379m. RV4ARD28
- 15m at 1.70% Cu, 1.48g/t Au from 164m; and 22m at 1.87% Cu, 1.30g/t Au from 212m. R4ARD40

The Company's tenements also secure a number of early stage prospects where limited drilling confirms the presence of additional mineralised ironstone systems. At Rover 12 encouraging drill intersections include:

- 17m at 0.76% Cu, 0.02g/t Au from 417m. R12ARD59-1
- 4m at 1.22% Cu, 5.57g/t Au from 405m; and 2m at 5.08% Cu, 0.35g/t Au from 414m. R12ARD59-2

ADN's Rover tenements capture the majority of the currently interpreted extent of the Rover Field. It offers an excellent opportunity to explore for high grade gold and copper deposits in an area that is effectively still at an exploration maturity comparable to that which immediately preceded Tennant Creek's halcyon period of mineral discovery which began in the 1950's and extended to the 1980's.

To view the press release, please visit:  
<http://abnnewswire.net/lnk/TUW85U62>

#### **About Adelaide Resources Limited:**

[Adelaide Resources Ltd.](#) (ASX:ADN) is an Australian Securities Exchange listed company focusing on mineral exploration for gold, copper and lithium deposits. The company has built a highly prospective exploration portfolio of projects covering 7,969 sq kms within 21 exploration licences located in South Australia, Queensland, Western Australia and the Northern Territory. Adelaide Resources was incorporated on 23 December 1993 and subsequently listed on the ASX on 11 September 1996. The company's head office is in Adelaide, South Australia.

Adelaide Resources' vision is to be a sustainable minerals exploration company providing shareholders with risk managed discovery, development and mining opportunities.

#### **About Emmerson Resources Limited:**

[Emmerson Resources Ltd.](#) is an Australia-based company. The principal activity of the Company is mineral exploration in the Tennant Creek mineral field.

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