

Proposed Agreement To Settle Cosmo Gold Loan

HIGHLIGHTS

- **Adelong Gold agrees to proposed settlement of outstanding loan to Cosmo Gold**
- **Non-Binding Agreement with both Sarama Resources Ltd. and Cosmo Gold Ltd.**
- **Agreement reached as part of a proposed transaction between Adelong Gold and those companies**

Adelong Gold Limited (ASX:ADG) (Adelong Gold or the Company) is pleased to announce that it has entered into a non-binding Memorandum of Understanding (**MOU**) with Cosmo Gold Limited (**Cosmo**) and Sarama Resources Ltd. (ASX:SRR) (**Sarama**) to accept fully paid ordinary shares and options in Sarama in full settlement of the loan obligations owed by Cosmo to Adelong Gold.

Adelong Gold Chairman Ian Hastings commented:

"Adelong Gold is pleased to reach in principal agreement to settle the outstanding loan owed to it by Cosmo by agreeing to accept shares and options in Sarama Resources Ltd, with whom Cosmo is pursuing a transaction to transfer the Cosmo project to Sarama. Whilst the proposed transaction is subject to numerous Conditions Precedent and approvals, Adelong Gold is pleased to support it. Together with the initial consideration received by Adelong Gold when it sold the project to Cosmo, Adelong Gold is pleased to now potentially recover much of its Cosmo loan."

Background

On 27 August 2020, the Company announced its intention to sell its Cosmo Newbery gold project to Cosmo, its then wholly owned subsidiary, and for Cosmo to undertake an initial public offering (**IPO**) and seek admission to the ASX. As consideration for the transfer of the Cosmo project, Cosmo would pay \$750,000 to Adelong for costs incurred in relation to the Cosmo project (of which \$500,000 has been received by the Company).

On 25 June 2021, Adelong Gold announced that Cosmo had withdrawn the IPO following delays associated with obtaining the required ministerial approvals of a mining permit for part of the Cosmo project caused by the then-recent Western Australian (**WA**) election. The IPO initially received commitments in excess of the \$5 million target raising. However, the continued delays in receiving the mining permit from the WA government resulted in the withdrawal of the IPO.

The Company has continued to advance loan funds to Cosmo for its operations pursuant to a secured loan arrangement, where the amount presently owed by Cosmo to Adelong Gold is \$1,538,957.

Proposed settlement of Loan

The Company has executed a non-binding MOU with both Sarama and Cosmo, pursuant to which it is intended that Cosmo will sell 80% of its interest in the project to Sarama and Sarama taking on certain funding



obligations for the project. The transaction is subject to numerous Conditions Precedents (as set out in the MOU and below), including full settlement of the loan owed by Cosmo to the Company. The loan is proposed to be fully settled in consideration of the Company receiving 25 million fully paid ordinary shares in Sarama (**SRR Shares**) and 7.5 million options to acquire shares in Sarama exercisable within 2 years at \$0.05 per option (**SRR Options**) issued to Cosmo under the transaction. Based on the closing SRR share price of \$0.022 on 14 June 2024, the SSR Shares to be transferred to the Company as part settlement of the loan to Cosmo are valued at \$550,000.

Under the MOU, Sarama shall be entitled to acquire Cosmo's remaining 20% interest in the project for the sum of \$1.25 million, payable in cash or Sarama shares at Sarama's election at any time within a two year period. If Sarama does not exercise that right, then Cosmo will be free carried to a decision to mine.

Conditions precedent to the MOU include the following:

- (a) Assignment of Native Title and Land Access Agreements by Cosmo to Sarama;
- (b) Transfer of 80% of the project by Cosmo to Sarama;
- (c) Approval by the Cosmo and Adelong Gold boards of a Definitive Agreement and all any other related agreements;
- (d) Receipt of shareholder approval by Adelong Gold (if required);
- (e) Receipt of shareholder approval by Cosmo for the sale and transfer of the initial 80% interest in the project and the remaining 20% interest in the project should Sarama exercise its right to acquire that remaining interest;
- (f) Settlement of the loan owed to Adelong Gold by Cosmo;
- (g) Cosmo to provide a solvency statement from its current directors;
- (h) Tenure of the Cosmo project not to be relinquished or forfeited at any point;
- (i) Approval of the TSX Venture Exchange to the issue of the SRR Shares and the SRR Options.

Next Steps

The parties are progressing the Definitive Agreement, which is expected to be entered into shortly. Sarama and Cosmo will each shortly convene meetings seeking shareholder approval to transfer the agreements and licenses to Sarama. Once those approvals are received, the remaining Conditions Precedent are met and the transfer of licenses and agreements to Sarama is completed, it is expected that Adelong Gold will then receive the SRR Shares and SRR Options.

-Ends-

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

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

CONTACT

Ian Holland

Managing Director

ian.holland@adelonggold.com

+61 408 581 022

Andrew Draffin

Company Secretary

Andrew.draffin@adelonggold.com

+61 3 8611 5333

Mark Flynn

Investor Relations

mark.flynn@adelonggold.com

+61 416 068 733



ABOUT ADELONG GOLD

Adelong Gold Limited (ASX: ADG) is a minerals explorer that owns the Adelong Gold Mine in New South Wales (NSW) and highly prospective Lithium Tenement packages in the prolific 'Lithium Valley' of Minas Gerais and in Paraiba Province within the Borborema Region, both located in Brazil. The Company is on the path to becoming a mineral producer at its Adelong Goldfield Project.

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 of 188,000oz, following a maiden JORC Resource for the Perkins West deposit at Gibraltar of 18,300oz with the potential to expand that resource at depth and along strike. Project resources have now increased by 45% from project resources in place on acquisition. Until recently, Adelong was a producing mine.

In December 2023, Adelong finalised its acquisition of a 100% interest in three applications for lithium exploration permits (Santa Rita do Aracuai Lithium Project) located in the world-class 'Lithium Valley' in Minas Gerais, in Brazil. This acquisition represents a pivotal transaction for the Company as it secures 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. Significant lithium discoveries by industry peers include Sigma Lithium's (NASDAQ: SGML) Grota do Cirio Deposit, Latin Resources' (ASX:LRS) Salinas Project – Colina Deposits and Lithium Ionic's (TSX.V:LTH) Itinga Project - Bandiera Deposit.

At the Santa Rita Do Aracuai Project, exploration activities commenced in December 2023 with the initial reconnaissance program, completed in February 2024, identifying two key areas for further lithium exploration. The geological assessment identified indicators for potential lithium mineralisation in Neoproterozoic formations, including the Macaúbas Group and Salinas Formation. Future exploration plans include detailed mapping and stream sediment/float geochemical analysis to pinpoint potential pegmatitic bodies and lithium indicators.

In March 2024, the Company announced they had been granted a further 10 Brazilian licenses at the Paraiba Province Project. These licenses further increase the exploration ground under license by 162.8km². These extra licenses are prospective for lithium pegmatites and are located within the Borborema Region, which comprises Proterozoic rocks that form part of the Brasileiro Fold belt and which host plutonic intrusions similar to the "Lithium Valley" region of Minas Gerais Province. This region contains known lithium pegmatites and many deposits/occurrences of tantalum, beryl, niobium, and aquamarine, which are commonly associated with lithium-type pegmatites.

