



Adelaide Resources Limited

ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: \$0.701million
(at 31 Mar 2016)

Issued Capital:
357,922,352 ordinary shares
37,222,104 listed options (ADNO)

Directors:

Colin G Jackson

Non-executive Chairman

Chris Drown

Managing Director

Nick Harding

Executive Director and
Company Secretary

Jonathan Buckley

Non-executive Director

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Fact: It takes on average seven years to convert a discovery into an operating mine according to research undertaken by the University of Western Australia.



ASX announcement

18 May 2016

Exploration Development Incentive Scheme

Summary

Adelaide Resources is pleased to advise that it has been successful in its application for participation in the Federal Government's Exploration and Development Incentive Scheme (EDI) for the 2014-15 financial year.

- The Australian Taxation Office has confirmed that a modulation factor of 1.0 is to apply for the purposes of calculating an entity's eligible exploration expenditure for the 2014-15 financial year, meaning that 100% of the 2015 EDI credits can be distributed by the Company to eligible shareholders.
- EDI credits totaling \$379,476 will be distributed to shareholders as a tax credit for the 2015-16 tax year.
- The benefit received by individual shareholders will be based on a pro rata of the number of shares held at the Record Date as a proportion to the total shares on issue. Based upon the number of shares currently on issue this benefit would amount to 0.106 cents per share.
- The cost to the Company of distributing the EDI credits is estimated at \$13,000.
- To be eligible, a shareholder must be recorded on the Company's share register at the Record Date, which is **31 May 2016**.

Nick Harding
Executive Director and Company Secretary

Direct enquiries to Nick Harding. Ph (08) 8271 0600 or 0409 139 961.

Introduction

On 2 February 2015 the Senate passed the legislation in relation to the Exploration Development Incentive Scheme.

The EDI scheme is intended to encourage shareholder investment in exploration companies undertaking greenfield mineral exploration in Australia.

In broad terms, from 1 July 2014 the EDI scheme allows small mineral exploration companies with no taxable income to provide a refundable tax offset to their Australian tax resident shareholders by renouncing their tax losses arising from expenditure incurred undertaking eligible greenfields mineral exploration in Australia during the year.

Unlike producing mining companies, junior explorers generally have no revenue against which to deduct exploration expenditure. By allowing junior exploration companies to pass their losses on to shareholders as tax credits, the EDI provides an incentive for investment in the Australian mineral exploration sector.

The EDI scheme is capped at \$100 million over the forward estimates, with total EDI credits capped at \$25 million for exploration expenditure incurred in 2014-15, \$35 million for exploration expenditure incurred in 2015-16, and \$40 million for exploration expenditure incurred in 2016-17.

A modulation process is used by the ATO to ensure the cap is not breached each year and to share the benefit evenly amongst eligible explorers. As a result of the modulation process, EDI credits become available for distribution in the year following the year in which the eligible expenditure was incurred.

EDI claim by Adelaide Resources

Adelaide Resources undertook exploration activities on a number of its Projects during the 2014-15 financial year incurring costs that qualify as eligible exploration expenditures under the EDI scheme.

Consequently, the Company made application to participate in the EDI scheme and has been advised of its success.

Given that the ATO has confirmed that a modulation factor of 1.0 is to apply for the purposes of calculating an entity's eligible exploration expenditure, this means that tax credits applicable to 100% of the eligible exploration expenditure incurred by the Company are able to be passed back to ADN shareholders recorded in the share register at the Record Date.

As such, a total of \$379,476 in EDI tax credits is available to be passed back to shareholders who are recorded on the Company's share register at the Record Date of 31 May 2016. Based upon the current number of shares on issue, this would equate to a tax credit of 0.106 cents per share held.

The EDI credits will apply to eligible shareholders for the 2015-16 tax year and must be issued by the Company by 30 June 2016. Shareholders should advise the Company registrar of any changes to their registered address.

Shares issued upon exercise of options prior to the Record Date will also be eligible for the tax credit and will impact the EDI distribution per share.

Eligible shareholders will be notified by the Company of their EDI credit entitlement in the approved form on 30 June 2016.