Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: ~$0.68 million
(at 30 September 2016)

Issued Capital:
405,767,063 ordinary shares

Directors:

Colin G Jackson
Non-Executive Chairman

Chris Drown
Managing Director

Nick Harding
Executive Director and
Company Secretary

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Fact: Australian cricket captain Steve Waugh played his final test in early 2004, a time when the first significant results were being achieved at this prospect. Steve's pride in wearing the "Baggy Green" was legendary, and the prospect was named as a sign of the exploration team's deep respect for this outstanding Australian sportsman.

ASX announcement

3 November 2016

Eyre Peninsula gold project
(100% owned), South Australia

First Baggy Green holes deliver exceptional results

Summary

- Assay results for the first ten reverse circulation holes drilled at the Baggy Green prospect include the best gold intersections yet recorded.
- Hole BGRC-1222 recorded an intersection of **16 metres at 5.72g/t gold** from 66 metres downhole.
- BGRC-1223, drilled 50 metres west of BGRC-1222, hit **11 metres at 9.32g/t gold** from 85 metres downhole.
- Narrow bonanza grade gold zones contribute to these intersections and include:
  2 metres at 39.9g/t gold in BGRC-1222, and
  1 metre at 97.3g/t gold in BGRC-1223.
- Gold intersections were also achieved in three other holes while five holes returned no significant intersections.
- The results provide evidence that postulated high grade gold shoots occur in the plane of mineralisation at Baggy Green (analogous to high grade shoots at the 7 million ounce Tropicana gold deposit in Western Australia).
- Panning of drill samples from other programme holes has revealed gold grains, with assaying of samples from these holes currently in progress.

Chris Drown
Managing Director

Direct enquiries to Chris Drown. Ph (08) 8271 0600 or 0427 770 653.

Introduction

Baggy Green is one of a cluster of gold prospects that together define the wholly owned Barns Gold Camp on the Company's Eyre Peninsula gold project, a group of eight tenements which cover 2,807 km^2 in the Gawler Craton (Figure 1).

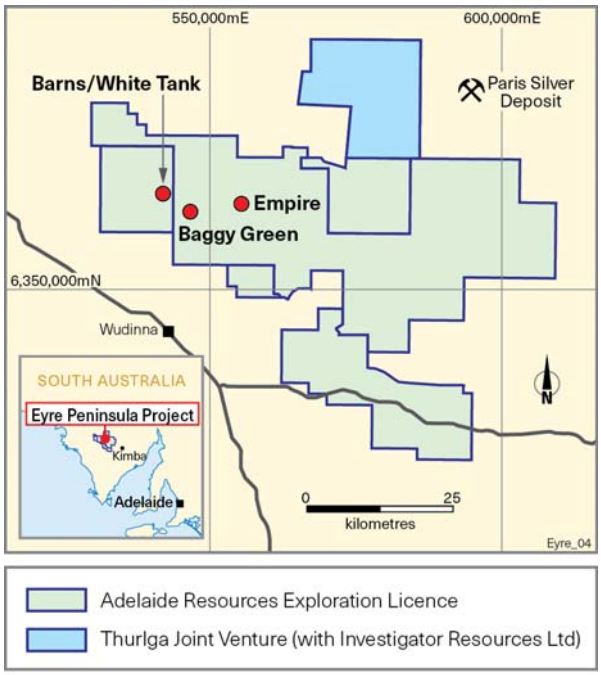

Figure 1: Eyre Peninsula project location plan.

In July 2016 the Company announced a maiden Mineral Resource for the Barns deposit in accordance with the JORC Code 2012 (1), with the Mineral Resource estimated to be 2.11 million tonnes at 1.6g/t gold for 107,000 ounces using a 0.5g/t gold cut-off.

A programme of Reverse Circulation Drilling commenced at Baggy Green on 14 October 2016 with the goal of defining mineralisation that can add to the local resource base.

First Baggy Green assay results

Assaying of drill samples from the first ten holes has been completed, confirming that significant zones of gold mineralisation have been intersected.

(1) See ADN's ASX release dated 19 July 2016 titled "Maiden 107,000 ounce gold resource estimated for Barns deposit."

Table 1 (page 4) includes a listing of the gold intersections along with drill hole collar location and set-up information.

Geologically, thin cover sediments blanket deeply weathered zones of clay-rich saprolite, below which lies unweathered gneiss (Figure 3).

Panning of mineralised drill samples from the holes revealed grains of native gold. In the unweathered primary zone gold mineralisation is associated with pyrite (FeS_2) and minor chalcopyrite ($CuFeS_2$).

FPXRF scanning indicates copper in the gold mineralised zones is generally at concentrations of around 100ppm to 300ppm, with rare samples occasionally exceeding 0.1%.

Hydrothermal alteration, dominated by assemblages of fine grained biotite and sericite, appears widespread.

Section 6363140mN

Four holes drilled on section 6363140mN were inclined at 65° to the east and drilled at a spacing of 50 metres (Figures 2 and 3).

All four holes recorded gold intersections, with the grade of the mineralisation increasing down-dip.

Drill hole BGRC-1220 intersected 1 metre at 2.15g/t gold, while adjacent hole BGRC-1221 hit an upper lode of 8 metres at 1.01g/t gold and a lower lode assaying 8 metres at 0.61g/t gold.

BGRC-1222 recorded an excellent intersection of 16 metres at 5.72g/t gold, including a narrow bonanza grade zone of 2 metres at 39.9g/t gold. The intersection is estimated to have a true width of 15.5 metres.

The western-most hole on the traverse, BGRC-1223, intersected an upper lode of 7 metres at 1.44g/t gold that was not encountered in holes to the east.

BGRC-1223 then intersected a main lode recording 11 metres at 9.32g/t gold (estimated true width of approximately 10.6 metres), with the intersection dominated by a narrow bonanza grade hit of 1 metre at 97.3g/t gold, the highest individual assay recorded to date at the Baggy Green prospect.

A deeper narrow zone in BGRC-1223 recorded 2 metres at 1.78g/t gold, confirming that the prospect contains at least three stacked gold lodes.

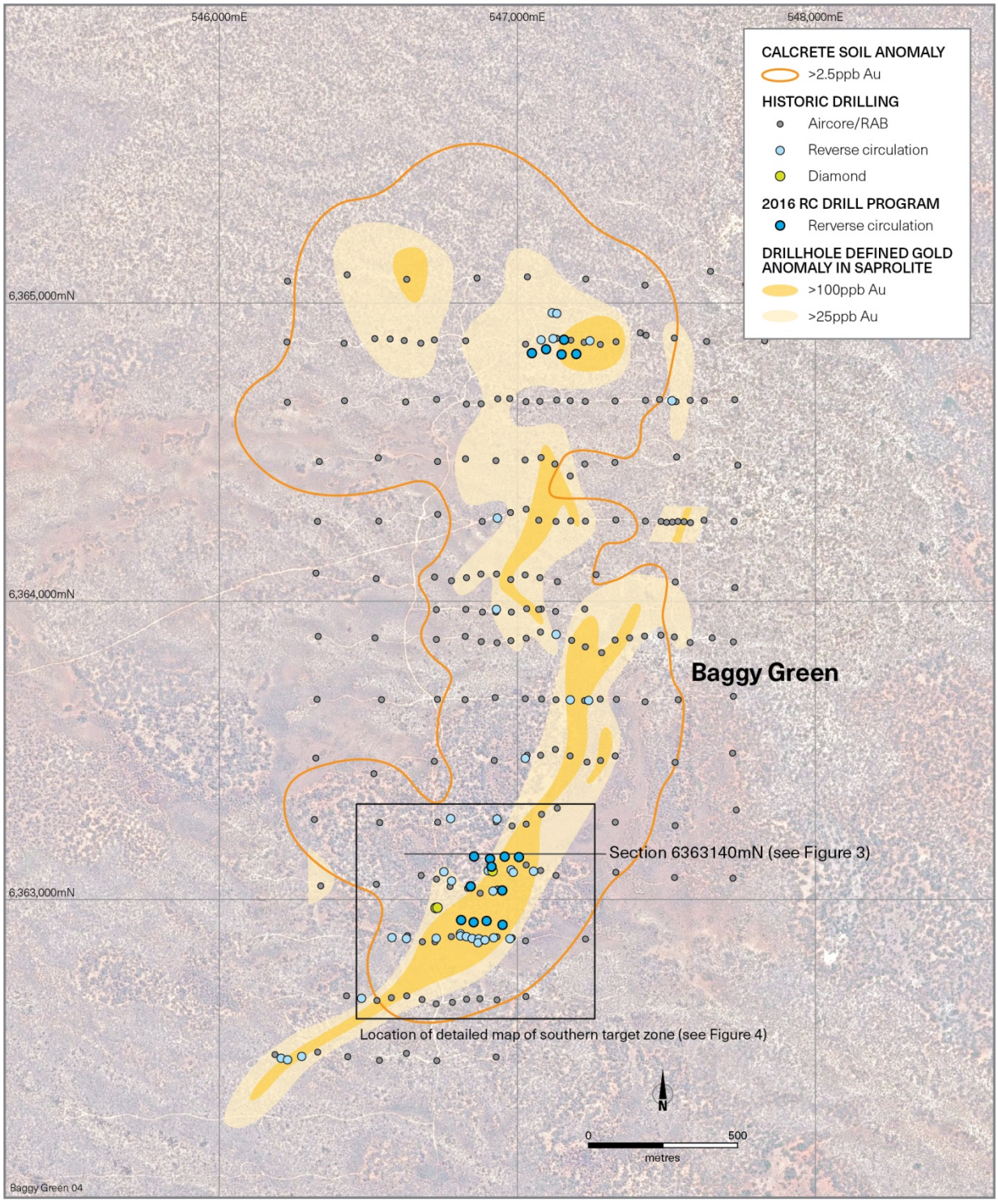

Figure 2: Baggy Green gold prospect summary plan.

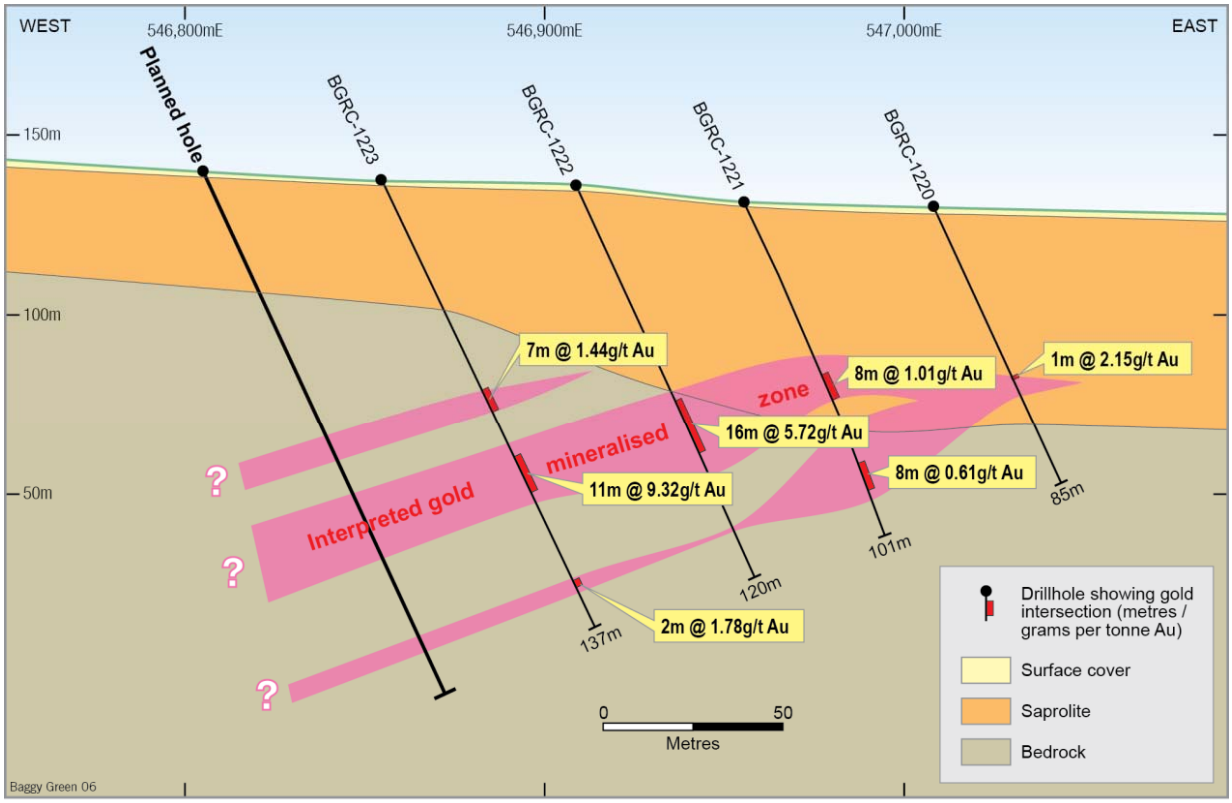

Figure 3: Baggy Green Prospect, Section 6363140mN looking north.

Table 1: Baggy Green Prospect. Gold intersections for holes BGRC-1220 to BGRC-1229.

Hole Name	From (m)	Interval (m)	Est.True Width (m)	Au (g/t)	Easting (MGA94)	Northing (MGA94)	RL (m)	Hole Dip (°)	Azimuth (MGA94)	Final Depth (m)
BGRC-1220	52	1		2.15	547008	6363138	130	-65	090	85
BGRC-1221	52	8	7.8	1.01	546956	6363142	131	-65	090	101
incl.	58	1		3.28						
	79	8	7.8	0.61						
BGRC-1222	66	16	15.5	5.72	546909	6363135	136	-65	090	120
incl.	79	2		39.90						
BGRC-1223	64	7	6.7	1.44	546855	6363142	137	-65	090	137
incl.	64	1		7.60						
	85	11	10.6	9.32						
incl.	85	1		97.30						
	123	2	1.9	1.78						
BGRC-1224	70	8	7.4	0.80	546913	6363107	135	-90	0	114
	91	1		11.55						
BGRC-1225	No significant result				546950	6363027	144	-65	090	77
BGRC-1226	No significant result				546845	6363042	145	-65	090	119
BGRC-1227	No significant result				546950	6362909	143	-65	090	65
BGRC-1228	No significant result				546896	6362926	145	-65	090	77
BGRC-1229	No significant result				546850	6362921	145	-65	090	83

Intersections calculated by averaging gold grade of 1m samples collected by cone splitter under sample cyclone.
Gold determined by fire assay fusion with AAS on nominal 50gm sample. Cut-off grade of 0.5g/t gold applied with up to 6m of lower grade internal dilution. Company and laboratory introduced blanks, standards and duplicates indicate acceptable analytical quality.
Intersections quoted are downhole lengths.
Estimated true width calculated trigonometrically using lode dip and dip azimuth, downhole width, hole inclination and dip.

Interpretation of the results

The intersections in BGRC-1222 and 1223 rate as the best yet achieved from the Baggy Green prospect, with the high grade of the main lode in both holes attributed to the presence of narrow zones of bonanza grade.

Figure 4 shows the target zone in plan projection with small dots indicating the position where both past and new holes penetrate the main mineralised lode. The intersection points are colour coded to indicate the estimated true width – gold grade product for each intersection.

The plan suggests that a plunging high grade gold shoot, developed in the gently northwest dipping plane of mineralisation, is emerging in the vicinity of BGRC-1222 and BGRC-1223 (coloured purple on Figure 4).

The presence of high grade shoots, similar to those that occur at the 7 million ounce Tropicana gold deposit in Western Australia, have previously been postulated at Baggy Green.

The high grade shoots at Tropicana have limited strike lengths but contain the majority of the deposit's gold. They play a critical role in the economics of the open pits, and may support future underground mine development.

The increasing likelihood that similar high grade shoots are present at Baggy Green is considered positive.

These first results also support the Company's view that ultimately Baggy Green can contribute to the local Barns Gold Camp resource inventory.

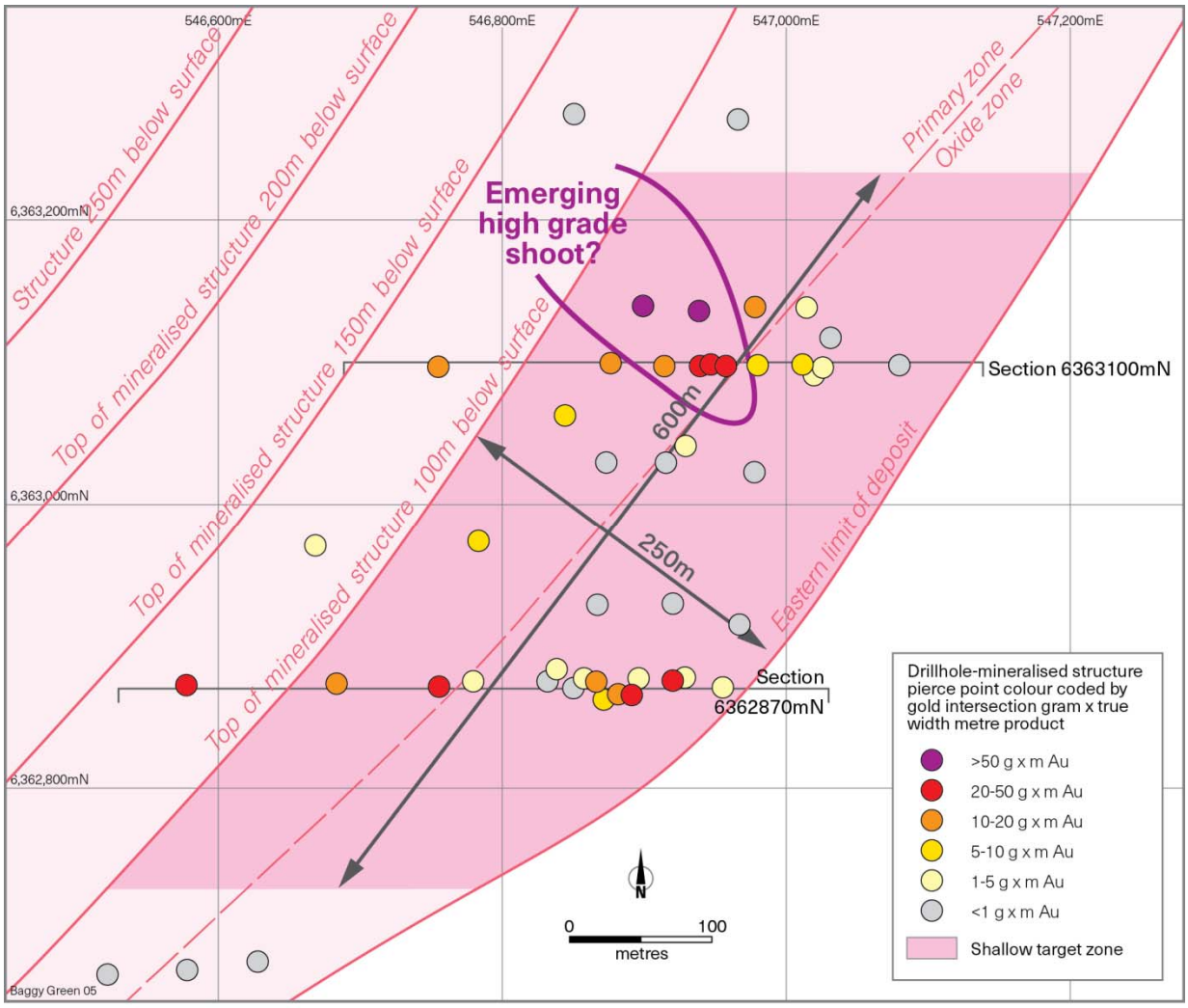

Figure 4: Plan projection of southern target showing shallow target zone.

Next steps

A further 11 holes have been completed to date with assaying now in progress. Fine grains of native gold have been panned from a number of these holes.

An additional hole is planned to test down-dip of the intersections recorded in BGRC-1223 where mineralisation remains open (Figure 3).

Competent Person Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Drown is employed by Drown Geological Services Pty Ltd and consults to the Company on a full time basis. Mr Drown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This ASX release may include forward-looking statements concerning Adelaide Resources Limited. Forward- looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward- looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based on Adelaide Resources' beliefs, opinions and estimates of Adelaide Resources as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

1 JORC CODE, 2012 EDITION – TABLE 1

1.1 Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or hand held XRF instruments, etc) These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• RC and diamond drilling was used to obtain 1m samples from which approximately 3kg was pulverised to produce a 50gm charge for gold fire assay with AAS finish. • RC samples were collected using a cone splitter mounted below the sample return cyclone. The vast majority of samples were dry. • Assaying commenced at a depth above that which previous holes indicate is depleted in gold, and continued to the end of hole. • QAQC samples were introduced at a rate of three samples (duplicate, blank and standard) to 22 field samples.
Drilling Techniques	• *Drill type (air core, reverse circulation, open-hole hammer, rotary air blast , auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is orientated and if so, by what method, etc).*	• Drill method is reverse circulation using 4 ½ inch face sampling bits.
Drill Sample Recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the sample.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of coarse/fine material.*	• Qualitative assessment of sample recovery and moisture content of all aircore and RC drill samples was recorded. • Sample system cyclone cleaned at end of each hole and as required minimising down-hole and cross-hole contamination. • Qualitative assessment of sample recovery with no issues identified. • No relationship is known to exist between sample recovery and grade and there is no suspicion of sample bias due to loss/gain of coarse/fine material.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in*	• All holes were geologically logged by on-site geologist, with lithological, mineralogical, weathering, alteration, mineralisation and veining information recorded.

	nature. Core (or costean, channel, etc) photography. • *The total length and percentage of the relevant intersections logged.*	• Composite samples of various intervals for panned and where gold grains were observed their presence was recorded. • Geological logging is qualitative. • Chip trays containing 1m geological sub-samples of RC holes were collected during the drilling of each hole. The rays will be photographed at the end of the programme. • 100% of the reported intersections (and of all metres drilled) have been geologically logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representativity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC samples were collected as 1-metre samples by cone splitting under the sample return cyclone. • Laboratory sample preparation included drying, splitting of samples over 3.3kg, and pulverising of submitted sample to target of P80 at 75um. • Pulverised samples were routinely checked for size after pulverising. • Blank, duplicate and standard samples were introduced into sample stream by the Company, while the laboratory completed double assays on many samples and introduced its own standards and blanks. • Both Company and laboratory introduced QAQC samples indicated acceptable analytical accuracy. One blank in a mineralised zone contained detectible gold. • Laboratory analytical charge sizes were standard sizes and considered adequate for the material being assayed.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and mode, reading times, calibration factors applied and their derivation, etc.* • *Nature and quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Standard laboratory analyses completed for gold (fire assay). • The laboratory analytical methods used are considered to be total. • For laboratory samples the Company introduced QA/QC samples (standards, blanks, duplicates) at a ratio of three QA/QC sample for every 22 drill samples. The laboratory additionally introduced QA/QC samples (blanks, standards, checks). • Both the Company introduced and laboratory introduced QA/QC samples indicate acceptable levels of accuracy and precision have been established.
Verification of sampling	• *The verification of significant intersections by either independent or alternative company*	• A Company geologist has checked the calculation of the quoted

and assaying	*personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical or electronic) protocols.* • *Discuss any adjustment to assay data.*	intersections in addition to the Competent Person. • No twinned holes have been completed at Baggy Green. • No adjustments have been made to the laboratory assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill hole collars were surveyed after completion of drilling using GPS with an accuracy of +/- 5 metres. • Downhole surveys were completed for three of the four holes reported herein. The survey camera was not on site when the first hole was drilled. • The co-ordinate system used is MGA94(Z53). • The plans presented in the report use MGA94(Z53) co-ordinates. • Collar RLs were surveyed with GPS with an accuracy of +/- 5m.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classification applied.* • *Whether sample compositing has been applied.*	• The holes reported herein were drilled at a nominal spacing along line of 50 metres. • Hole spacings are considered adequate to allow confident interpretation of lithological and grade boundaries on section. • No sample compositing has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The drill traverse is oriented east-west across a gently dipping NNE-SSW trending mineralised zone. • It is not currently suspected that drill orientation has introduced a sampling bias.
Sample security	• *The measures taken to ensure sample security.*	• Company staff collected or supervised the collection of all laboratory samples. • Samples submitted to the laboratory were transported by a local freight contractor. • There exists no suspicion that the samples were tampered with at any stage.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data*	• No sampling technique audits have been completed.

1.2 Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section may apply to this section)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements of material issues with third parties such as joint ventures, overriding royalties, native titles interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• The Baggy Green prospect falls in EL 5120 which is owned 100% by Peninsula Resources limited, a wholly owned subsidiary of Adelaide Resources Limited. • Newcrest Mining Limited retains a 1.5%NSR royalty over future mineral production from EL 5120. • The Baggy Green prospect is located within Pinkawillinnie Conservation Park, a dual proclamation park where exploration and mining activities are allowed subject to meeting environmental conditions imposed by the SA Govt. • Native Title may exist over the Baggy Green prospect. A Native Title Agreement has been negotiated with the NT Claimant and has been registered with the SA Govt. • Aboriginal heritage surveys have been completed over Baggy Green with no sites located in the immediate vicinity. • EL 5120 is in good standing.
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• Prior to Adelaide Resources' exploration there was no recorded or known mineral exploration at Baggy Green.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Baggy Green prospect is considered to be either a lode gold or intrusion related gold deposit related to the 1590Ma Hiltaba/GRV tectonothermal event. Gold mineralisation is structurally controlled and associated with significant alteration of host rocks.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *Easting and northing of the drill collar* o *Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill collar.* o *Dip and azimuth of the hole.* o *Down hole length and interception depth.* o *Hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent*	• Table 1 in the report lists drill intersections, and includes information on Easting, Northing, elevation, dip, azimuth, intersection length and position down hole, and total hole depth. • The collar locations and positions of drill holes is shown on Figures 2 to 4, with the plans drafted using the MGA94 co-ordinate system.

	Person should clearly explain why this is the case.	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/ or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in some detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Intersections are calculated by averaging of individual 1-metre assays. • No cutting of assays has been employed. • Sub-intervals of higher grade are contained in Table 1 of the report. • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Figures 2 to 4of the report illustrate the orientation of drilling with respect to interpreted mineralisation orientation, while the interpreted orientation of the mineralisation is also discussed in the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate plans and sections with scales appear as Figures 1 to 4 in the report. A tabulation of intersections appears as Table 1.
Balanced Reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The listing of intersection in Table 1 includes all significant intersections returned from the four holes reported herein.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, ground water, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Very limited historical metallurgical testwork gave overall recoveries for gold from 94.4% to 97.2%. Potentially deleterious elements are low. Anomalous copper, generally at concentrations in the hundreds of ppm but occasionally over 0.1%, is present in the gold mineralisation at Baggy Green. • The results of historical geophysical surveys (magnetics and IP) are not reported as they are not considered to be material to the report.
Further work	• *The nature and scale of planned further work (eg tests of lateral extensions or depth extensions or large scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• The report advises that the current programme at Baggy Green is on-going at present, with further results anticipated in the near future.