Adelaide Resources Limited
ABN: 75 061 503 375

Corporate details:

ASX Code: ADN

Cash: ~$0.68 million

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

Jonathan Buckley
Non-Executive Director

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Fact: The Barns and Baggy Green gold deposits were discovered by drilling anomalies defined by calcrete geochemistry, the same exploration method that led to the discovery of the Challenger gold mine. Adelaide Resources surveyed an area of over 9,000 km^2 during the calcrete sampling program.

Adelaide RESOURCES

ASX announcement

17 October 2016

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

Drilling underway at Baggy Green gold prospect

A reverse circulation drilling programme commenced last Friday at the wholly owned Baggy Green gold prospect on South Australia's northern Eyre Peninsula. The prospect is located less than six kilometres to the southeast of the Barns gold deposit for which a maiden Mineral Resource of 107,000 ounces of gold was reported in July 2016(1).

Baggy Green is a confirmed gold mineralised system that extends for over three kilometres of strike with a number of significant historical gold drill intersections(2). The objective of the current programme is to delineate gold mineralisation at Baggy Green that can materially build on the Barns Mineral Resource, thereby increasing the local resource base.

Drilling at a southern target will test a gently northwest dipping zone of mineralisation where historical intersections include 11 metres at 3.55g/t gold and 24 metres at 2.04g/t gold, including 7 metres at 5.56g/t gold.

Drilling at a northern zone will follow-up historical intersections that include 36 metres at 0.78g/t gold and 38 metres at 0.82g/t gold, including 10 metres at 2.59g/t gold.

In consideration of potential future open pit economics, priority holes will test the mineralised zone where it commences no deeper than 100 metres below surface. First assay results are anticipated in early November.

Chris Drown
Managing Director

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

(1) & (2): See ADN's ASX releases dated 19 July 2016 and 21 September 2016 respectively for JORC Table 1 information.

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.*

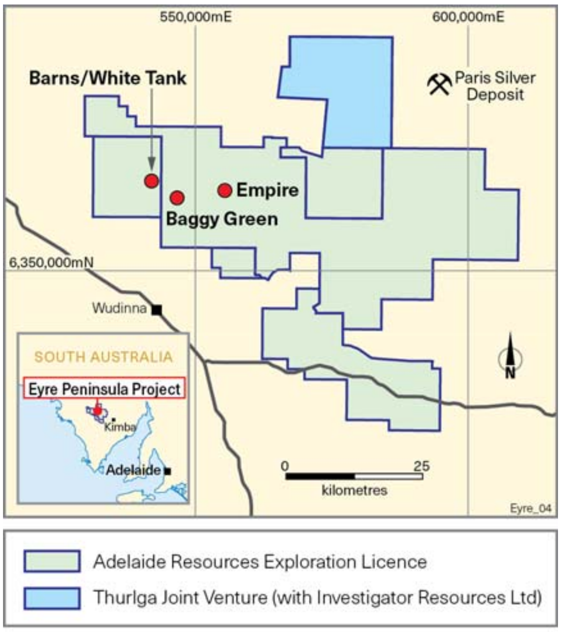

Figure 1: Eyre Peninsula project location plan.