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Company Announcements Office
Australian Stock Exchange Limited
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DEVELOPMENTS IN THE EYRE PENINSULA GOLD PROJECT, SOUTH AUSTRALIA

- **Adelaide Resources announces new drilling program to commence this month at the Empire copper-gold prospect on its 100% owned Eyre Peninsula project**
- **The new exploration program will be fully funded by Adelaide Resources following the decision by Newmont Gold Exploration Pty Ltd to withdraw from the project**
- **While Newmont has not earned any equity in the project, it has spent a total of \$2.2 million in the past two years significantly enhancing knowledge of the gold mineralisation in this large district but does not see the project delivering the size of gold resource sought by Newmont**
- **For a company the size of Adelaide Resources, the gold-copper resource potential of the Eyre Peninsula project remains promising.**

Withdrawal of Newmont from the Eyre Peninsula Joint Venture

Adelaide Resources Limited advises that it has today received notice from Newmont Gold Exploration Pty Ltd ("Newmont") of its intention to withdraw from the Eyre Peninsula Joint Venture in South Australia effective immediately.

Newmont, the world's largest gold mining company, acknowledges that the Eyre Peninsula Project continues to be prospective for gold, however it does not perceive the area to be sufficiently prospective for a gold deposit large enough to match its global exploration targets.

Since the inception of the joint venture in mid 2003 Newmont spent a total of \$2.2 million which significantly enhanced knowledge of the gold mineralisation in this large district. This knowledge will greatly assist Adelaide Resources in its continuing exploration of the Eyre Peninsula region.

No equity was earned by Newmont for this expenditure and the project therefore remains wholly-owned by Adelaide Resources.

Drilling to commence on Empire Copper-Gold Prospect

Following the withdrawal of Newmont, Adelaide Resources proposes to commence a rotary airblast (RAB) drilling program at the Empire Copper-Gold Prospect situated 13.5 kilometres east of its Barns gold prospect

Empire, formerly WUD9, is the most prominent copper anomaly in the company's database of over 15,000 calcrete samples collected from throughout the Eyre Peninsula project area since 1996. The highly anomalous copper values are also associated with anomalous values for gold, nickel and zinc making Empire an outstanding multi-element geochemical response.

Empire was initially tested by Adelaide Resources in 1999 with RAB drilling on broadly spaced lines between 200 and 500 metres apart. The results from this reconnaissance drilling were inconclusive and inadequate to explain the anomaly.

Reappraisal of the geochemistry in conjunction with the recently acquired detailed airborne magnetic data has resulted in a revised interpretation deserving of a more intensive drilling program.

The drilling involving up to 5000 metres is planned to commence this month.

JV projects to continue with other major resources companies

In addition to this drilling program Adelaide Resources is involved in the following exploration activities in progress or planned:

- Diamond core drilling in joint venture with **Phelps Dodge/Red Metal** commencing after Easter at Target 81 in the Moonta-Wallaroo area, SA.
- A second round of drilling for mineral sands in the highly prospective Eucla Basin SA in joint venture with **Iluka**, commencing early next quarter.
- Extensive ground electromagnetic surveys in progress in the Barton SA nickel joint venture with **Inco**.

These programs maintain the company's high level of exploration activity in its own right and in joint venture with major global mining companies.

Yours sincerely



Keith Yates
Executive Chairman

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by KR Yates, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and qualifies as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

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