



Media Release

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"HIGHLY ENCOURAGING" RESULTS FROM EXPANDED S.A. MINERAL SANDS DISCOVERY

The discovery of thicker and higher grade mineral sand intersections on a second drill traverse at the Tripitaka discovery in South Australia were announced today by Adelaide Resources Limited and Iluka Resources Limited.

The Colona Joint Venture parties today described as "highly encouraging" the latest results just available from additional drill lines and laboratory testing of samples taken from the emerging mineral sands project in the eastern Eucla Basin of far west South Australia.

The Tripitaka discovery – including extremely high zircon grades by world standards – was first announced last month by Adelaide Resources and Iluka Resources. The original discovery defined a continuous zone of zircon-rich mineralised sands of approximately 800 metres width and up to 15 metres thick on one drill line in EL 3316, about 90 kilometres northwest of Ceduna.

In new results released today, the Colona JV announced:

- Discovery of near surface, thicker and higher grade mineralisation on a second drill traverse with intersections including:
 - 21 metres at 5.6% Heavy Mineral (HM) from 1.5 metres below surface
 - 21 metres at 4.1% HM from 1.5 metres below surface
 - 19.5 metres at 3.5% HM from 6 metres below surface
- The mineralisation may extend for up to 2 kilometres in length over a width of 1 kilometre and includes a central high grade core of significant dimensions.
- Mineralogy of the heavy mineral component on the new traverse confirmed "exceptionally high" levels of zircon of 68% even surpassing the 63% zircon announced in November for the discovery line assemblage.
- Delineation on the original drill traverse of a second zone of mineralisation immediately to the east of the previously announced intersections.
- A high priority resource drilling program would commence at Tripitaka early in the New Year.

Zircon is the most desirable component in a mineral sands discovery. The Colona JV describes the geological character and setting of Tripitaka, which falls entirely on pastoral lease outside of the Yellabinna Regional Reserve, as very similar to Iluka's 2004 Jacinth and Ambrosia discoveries, 90 kilometres to the northwest.

The Colona JV incorporates three granted tenements (EL2840, EL2841 and EL3316) located to the northwest of Ceduna. Iluka completed a minimum work program in

2004 and has spent in the order of \$400,000 towards the \$1 million required to earn 51% in the mineral sands within the Colona JV tenements.

"While considerable further work is required, the results are very encouraging and indicate that the material has potential to generate market acceptable products using conventional processing technology," Adelaide Resources' Executive Chairman, Mr Keith Yates, said today.

"We are seeing improved thickness and grades of heavy minerals at very shallow depths, the exceptional zircon content is a juicy outcome, and the emerging results indicate the potential for a deposit of attractive dimensions."

"Zircon prices are strong with a supply shortfall forecast in coming years and since much of this mineralisation is very shallow, it could be tapped with a garden spade."

Mr Yates said more closely spaced drilling is proposed as a matter of priority early next year to provide data to enable a resource estimate to be published, and that the Eucla Basin is clearly becoming established as a world class zircon rich mineral sands province.

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