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DRILLING UNDERWAY ON EYRE PENINSULA GOLD PROJECT

Adelaide Resources advises that reverse circulation percussion drilling is underway on the company's 100% owned Eyre Peninsula Gold Project located in the Gawler Craton of South Australia.

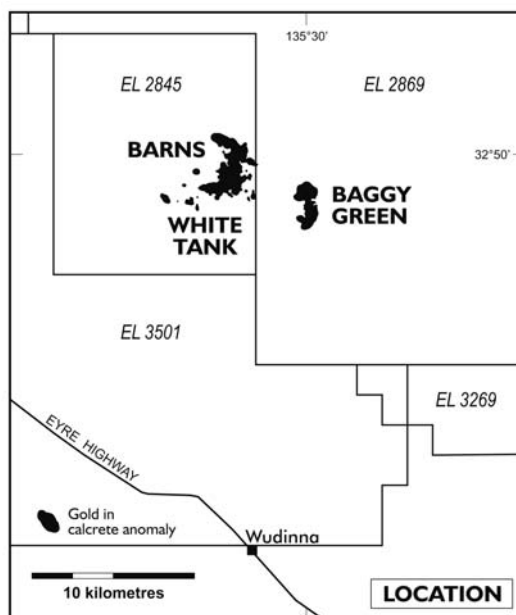
The company's prior exploration of an area located to the north of the township of Wudinna discovered gold mineralisation at the Barns, White Tank and Baggy Green prospects, all of which returned encouraging gold intersections demonstrative of the prospectivity of this previously unrecognised district.

The current drilling program will test a number of targets delineated by induced polarisation geophysical surveys conducted in 2005 in the immediate vicinity of Baggy Green and to the west of Barns.

The drilling is being partly funded through the South Australian government's highly innovative and widely acclaimed Plan for Accelerated Exploration (PACE) initiative. Results from the program are anticipated in May.

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 K R 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.

For further information please contact Keith Yates on (08) 8271 0600