



Australian Stock Exchange Announcement

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Company Announcements Office
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Tripitaka Zircon Deposit – Prefeasibility Study Underway

Adelaide Resources is pleased to announce that the prefeasibility study of the Tripitaka Zircon Deposit in the Eucla Basin of South Australia is underway.

After conducting scoping studies since the announcement of the Tripitaka inferred resource in September 2006, the Colona Joint Venture, managed by Iluka Resources Limited, has resolved to proceed with the prefeasibility study of the jointly owned resource.

As a precursor to this decision, the joint venture recently completed two important studies with positive results.

Mine Planning

A mine planning study was completed by Australian Mining Consultants. The preliminary mining plan indicates there is potential for recovery from the deposit of about 500,000 tonnes of zircon over a 5 year period in a very high zircon grade concentrate using simple, proven mining methods at a favourably low strip ratio.

Underground Water

A hydrogeological analysis, based largely on the results of previous mineral exploration drilling, has confirmed the existence of palaeochannels within an acceptable range of Tripitaka.

These palaeochannels, which could potentially provide the project with an underground water supply, are to be tested by drilling following a geophysical survey.

Prefeasibility Study

The following elements of the prefeasibility study are to commence in the coming quarter. Once these projects are completed, and subject to satisfactory outcomes, a transition to Definitive Feasibility Study will ensue.

- **Resource Upgrade**

Infill drilling will increase the drilling density from 400 metre spaced lines to 200 metre spacing. This additional data will enable the existing Inferred Resource to be upgraded to the Indicated status necessary for subsequent definitive mine planning.

- **Water Supply**

An airborne electromagnetic survey is planned to more precisely define the courses of the palaeochannels in advance of a drilling program to test combined geological and geophysical targets.

- **Metallurgical Testwork**

As part of the resource definition drilling program, additional holes will be drilled in selected parts of the deposit to acquire bulk samples for metallurgical testwork to be undertaken in Iluka laboratories. Such work will provide more precise information on recoveries, clay management procedures and product characteristics.

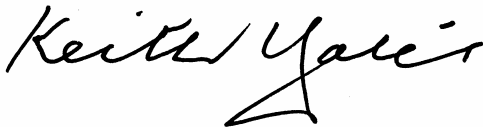
- **Baseline Environmental Studies**

Flora and fauna studies are proposed with the objective of assembling baseline environmental data.

- **Permitting**

The joint venture is to initiate permitting procedures resulting in the commencement of processes specified by the South Australian Government for the grant of mining title and mining approvals. The permitting processes in South Australia are thorough, well managed and generally result in an expedited outcome.

It is envisaged that these and associated elements of the study are likely to consume the majority of calendar 2007.



Keith Yates
Executive Chairman.