



## Australian Securities Exchange Announcement

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30 November 2007

Company Announcements Office  
Australian Securities Exchange Limited  
PO Box 11224  
Australia Square NSW 2000

### MAJOR ADVANCE FOR WARRAMBOO IRON ORE PROJECT

Adelaide Resources Limited ("Adelaide Resources"), (**ASX Code: ADN**) is pleased to announce it has executed a Memorandum of Understanding that will see its Warramboo Iron Project vended into a new company, Iron Road Limited ("Iron Road").

Warramboo will be Iron Road's principal asset and immediate focus as the Company aggressively pursues exploration and scoping of the potential development.

Iron Road will seek to list on the Australian Securities Exchange (ASX) in early 2008 following a capital raising of \$5 million through an Initial Public Offer.

Consideration for the sale is 21 million shares in Iron Road resulting in Adelaide Resources holding approximately 40% of the issued capital of the new company upon listing.

Shortly after Iron Road's listing, Adelaide Resources will seek shareholder approval to distribute its Iron Road shares to its shareholders by way of an in-specie return of capital. The number of Iron Road shares received by individual shareholders will be in proportion to their Adelaide Resources shareholding and the shares will be issued free of all costs.

Commenting on this major advancement for its iron ore project, Chris Drown, Managing Director of Adelaide Resources said:

"Demand for iron ore is at historically high levels driven largely by global economic growth, particularly from China. Supplying this market presents a major opportunity for a company such as Iron Road that has been created with a focus on future supply of iron ore, supported by a high quality project such as Warramboo."

"The Iron Road agreement is an exciting development for Adelaide Resources, and one which will potentially unlock significant value for the company's shareholders."

Iron Road is lead by an experienced and highly credentialed team of industry professionals including as managing director Andrew Stocks, a mining engineer, Matthew

Keegan, a geologist, as a non executive director, and accountant Graham Anderson as company secretary.

Iron Road has attracted a keystone investor, The Sentient Group, which will hold 19.9% of the issued stock in Iron Road upon listing. Sentient manages over US\$500 million of assets and invests in quality metal, mineral and energy assets across the globe.

The company seeks to raise \$5 million through the issue of 25 million 20 cent shares with the offer currently scheduled to open in January 2008. A successful capital raising would enable the company to list on the ASX around early March 2008.

Shortly after listing, Iron Road intends to complete an entitlement issue of options to its shareholders, on the basis of one option for every two Iron Road shares held. The option entitlement will be non-renounceable. Options will be issued at 1.0 cents each with an exercise price of 20 cents and an expiry date approximately 2 years following the issue of the options.

The agreement with Iron Road assures that the timing of the option scheme will be delayed until Adelaide Resources has, upon receipt of shareholder approval, completed the in-specie distribution of its Iron Road holding to its shareholders. This will allow Adelaide Resources shareholders to participate in the option scheme.

Existing Adelaide Resources shareholders may additionally participate in the Iron Road IPO by applying for shares through the public offer expected to open in January 2008.

The agreement with Iron Road is subject to execution of a sale agreement and that company's successful listing on ASX no later than 30 June 2008.

Mr Chris Drown further commented saying, "We believe that with its exceptional Board, its tight capital structure, and its cornerstone investor, Iron Road, will enjoy a successful listing and the opportunity to progress the Warramboe Iron Ore Project towards a production decision".

For further details contact:

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**About Adelaide Resources Limited:** Adelaide Resources Limited is a public company listed on the Australian Stock Exchange (Code: ADN) involved in minerals exploration. The company is based in Adelaide, South Australia. The company has 49 per cent interest in the Colona Joint Venture and an interest in the Tripitaka zircon deposit discovered in the Eucla Basin mineral sand province. Since its public listing in 1996, Adelaide Resources' exploration projects have been located in South Australia and the Northern Territory. The company's current projects, located in the Gawler Craton SA, and the Tennant Creek area NT, involve the search for gold, copper, mineral sands, uranium and iron ore. For more information please visit the company's website at [www.adelaideresources.com.au](http://www.adelaideresources.com.au).

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown who is a Member of the Australasian Institute of Mining and Metallurgy, and who has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration, and the activity he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (the JORC Code). This report is issued in the form and context in which it appears with the written consent of the Competent Person, who is Managing Director of the Company.*

## BRIEFING NOTE

### Warrambo Iron Ore Project

The Warrambo Iron Project comprises Exploration Licence EL 3699 located on Eyre Peninsula South Australia. It is in a farming area with good infrastructure, including a narrow gauge railway that connects the project to the deep water harbour at Port Lincoln 175 km to the south.

EL 3699 (663 square kilometres) contains extensive magnetite-bearing gneiss units mapable as prominent linear magnetic anomalies with a cumulative strike length in excess of 50 kilometres.

Limited exploration drilling to date, including holes drilled by Adelaide Resources, returned wide intervals of magnetite mineralisation below shallow sand and weathered bedrock cover.

Metallurgical testwork by Adelaide Resources produced encouraging results.

Chemical analyses of magnetite concentrates from 18 Davis Tube tests returned an average iron grade of 70.4%, an exceptionally high value. This would enable Warrambo magnetite concentrate to be used in the production of feedstock for Direct Reduced Iron (DRI) plants as well as blast furnace feed.

Equally positive, elements potentially deleterious in the iron and steel-making process are at low levels. For example, the magnetite concentrates average only 0.007% Phosphorous, an exceptionally low value.

**Results achieved to date show that Warrambo is a high quality iron ore exploration project where more detailed exploratory work is warranted as the basis for advancing the project to potential development status. The sale of the project to a highly focused company such as Iron Road presents an outstanding opportunity to achieve this aim.**

