
NEWS

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FOR IMMEDIATE RELEASE
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ADELAIDE RESOURCES IRON ORE IPO

INITIATIVE FOR S.A. PROJECT

An iron ore project owned in South Australia by diversified explorer, Adelaide Resources Limited, (ASX code: ADN) is to be vended into a proposed new capital raising and float to be launched in January.

The \$5 million Initial Public Offer, comprising 25 million 20 cent shares, will see Adelaide Resources' Warramboos project on Eyre Peninsula join the ASX by March as the primary focus of new iron ore explorer, Iron Road Limited.

A Memorandum of Understanding to vend Warramboos into Iron Road's IPO was executed late yesterday. Consideration for the sale is 21 million shares.

International private equity investor – The Sentient Group, which has more than US\$500 million of funds invested globally in metal, mineral and energy assets - will be a cornerstone investor with a 19.9% interest in the new company.

Adelaide Resources will initially retain a direct stake of about 40% in Iron Road but plans an in-specie distribution to its shareholders shortly after the iron ore explorer lists. An entitlement issue of options to Iron Road shareholders is also planned.

“Warramboos will be Iron Road's principal asset, and will be the immediate focus of aggressive exploration and scoping of potential development,” Adelaide Resources' Managing Director, Mr Chris Drown, said today.

“Iron ore is the commodity occupying centre stage in the global resources boom with demand at historically high levels, driven largely by global economic growth, particularly from China,” Mr Drown said.

“Supplying into this heated market presents a major opportunity for a focused company such as Iron Road and a high quality project such as Warramboos.

“The Warramboos transaction is also a key development for Adelaide Resources' shareholders as the float has the potential to deliver enhanced value from this asset.”

High grade iron from testwork

Located within the 633 square kilometre EL 3699 just north of Lock, Warrambo is close to existing road, rail and deep port infrastructure. It 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, including chemical analyses of magnetite concentrates from Davis Tube tests, returned an average iron grade of 70.4% with very low phosphorous - "an exceptionally high iron grade", Mr Drown said.

"These grades 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," he said.

Iron Road will be led by a highly experienced team of industry professionals including Managing Director, Mr Andrew Stocks, a mining engineer with 20 years experience; Mr Matthew Keegan, a geologist and mining analyst, as a non executive Director; and Mr Graham Anderson, an accountant with extensive corporate experience, as Company Secretary.

Options package post-float

Mr Drown also announced today that it was proposed that shortly after listing, Iron Road would 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 option scheme will not be enacted until Adelaide Resources has completed its proposed in-specie distribution of its Iron Road holding to its shareholders, ensuring Adelaide Resources' shareholders can participate in the scheme.

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