



Australian Securities Exchange Announcement

8 October 2008

Company Announcements Office
Australian Securities Exchange Limited
PO Box H224
Australia Square NSW 2000

ADELAIDE RESOURCES' CASH SALE OF EUCLA BASIN ASSETS

Adelaide Resources Limited has agreed to sell its Eucla Basin assets, including its share of the Colona Joint Venture, to Iluka Resources Limited. Consideration for the sale is a clear \$5 million in cash subject only to completion of legal due diligence and the granting of Ministerial consent to the transfer of certain mineral tenement assets.

The assets to be sold to Iluka comprise Adelaide Resources' equity in the Colona Joint Venture, including its equity in the Tripitaka mineral sand resource (which equates to approximately 30% of the entire deposit); equity in six mineral claim applications pegged over the Tripitaka deposit; and, ownership of the three exploration licences that are subject to the Colona Joint Venture.

The sale of Adelaide Resources' Eucla Basin assets will see the company's cash balance increase from approximately \$3 million to \$8 million thus placing it in a financial position to actively pursue opportunities created by the prevailing market.

In the coming months it is proposed to convey to shareholders a strategic plan to gain advantage from the enhanced financial circumstances generated from this transaction.

The company's decision to sell its mineral sand assets has also been strongly influenced by the issues detailed below.

A combination of factors including a decision by Iluka to develop its larger 100% owned Jacinth – Ambrosia project prompted Iluka to advise Adelaide Resources that it would not progress a definitive feasibility study of the Tripitaka project at this time.

As a result, any return to Adelaide Resources' shareholders which may be derived through the development of Tripitaka, or any other future discovery, will be delayed to the medium to long term.

In light of the time frame and uncertainty of the development of the Tripitaka deposit, the company's directors do not consider a continuing involvement in the mineral sand industry to be warranted. Instead the company intends to focus its future efforts towards the discovery and development of gold or copper-gold deposits.

Commenting on the sale, Adelaide Resources' Chairman, Mr Paul J Dowd said "The sale of our Eucla Basin assets significantly strengthens the company's financial position. It will allow the company to take advantage of the current market situation and to increase our focus on our gold and other interests."

For further details contact:

Chris Drown (Managing Director): Ph (61 8) 8271 0600; Mobile 0427 770 653
Paul J Dowd (Chairman): Mobile 0437 380 007

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Drown', with a large, stylized loop at the top.

Chris Drown
Managing Director