
NEWS

• **RELEASE** •

Wednesday, 8 October, 2008

**ADELAIDE RESOURCES' CASH SALE OF EUCLA BASIN
ASSETS**

Adelaide Resources Limited (ASX: "ADN") has received a \$5 million boost to its cash reserves through the sale of its South Australian mineral sands interests to Iluka Resources.

Adelaide Resources said today the sale took the company's current cash-in-bank to around \$8 million and completed its divestment this year of mineral interests it was unlikely to commercialise in the near future.

The company had held a minority 49% interest with Iluka (51%) in the Colona Joint Venture which owned part of the Tripitaka zircon deposit, northwest of Ceduna.

"The combination of a number of factors including a decision by Iluka earlier this year to develop its wholly-owned Jacinth and Ambrosia sands deposits further to the northwest of Tripitaka, has prompted Iluka to advise Adelaide Resources that it would not progress the definitive feasibility study at this time," Adelaide Resources' Managing Director, Mr Chris Drown, said today.

"On that basis, any return to our shareholders, derived from developing the deposit, would not be realised in the foreseeable future."

"It is more advantageous then to unlock the immediate value of this asset as it puts Adelaide Resources in an enviable cash position at a time when the global credit crisis will make it difficult for junior explorers to raise capital.

"The sale also provides Iluka, which was manager of the Colona Joint Venture, with a more logical ownership of assets which in the long-term can offer synergistic development opportunities for the benefit of the State's resources sector at large."

Adelaide Resources earlier this year vended its Warramboe iron ore exploration assets on Eyre Peninsula into the successful Iron Road public float, with a subsequent in-specie share distribution to shareholders proposed shortly.

The assets sold to Iluka today comprise Adelaide Resources' equity in the Colona Joint Venture, including approximately 30% equity in the Tripitaka deposit, equity in

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six mineral claims pegged over the Tripitaka deposit, and ownership of the three exploration licences that are subject to the Colona Joint Venture.

Mr Drown said continued involvement by Adelaide Resources in the mineral sand industry was no longer warranted. Instead, the company would focus its future efforts on the discovery and development of gold and copper-gold deposits, while retaining an ongoing interest in uranium exploration.

Cash in favour

Adelaide Resources' Chairman, Mr Paul Dowd, said current market conditions strongly favoured junior mining companies that had a strong cash balance and no requirement to raise equity capital in the near term.

"It is unclear how long it will be before confidence returns to our sector of the equities market but any prudent and conservative assessment of the situation suggests it may be some considerable time yet," Mr Dowd said.

"The cash sale of the company's Eucla Basin assets will see Adelaide Resources' cash balance jump from approximately \$3 million to \$8 million, placing it in a sound financial position.

"The additional funds will enable the company to weather the current economic crisis without seeking funding support from shareholders, while simultaneously maintaining exploratory activities at a worthwhile pace. The funds place the company in the position to be able to assess new acquisition opportunities emerging from the impact of the credit squeeze and the significant deterioration/devaluation in the equities market.

"We see that as a pretty enviable position to be in at this time."

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