



Australian Securities Exchange Announcement

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Company Announcements Office
Australian Securities Exchange Limited
PO Box H224
Australia Square NSW 1215

New Joint Venture to explore for uranium on SA's Eyre Peninsula

- Adelaide Resources Limited and Southern Uranium Limited have formed the Yalanda Hill Joint Venture to explore for mineral deposits, primarily uranium, on eastern Eyre Peninsula in South Australia.
- Three Joint Venture tenements secure numerous airborne radiometric anomalies where past prospecting has located rock chip samples that assay up to a maximum of 0.23% uranium.
- Southern Uranium has pioneered the use of soil geochemistry to search for uranium in the district, discovering promising anomalies some of which may persist onto the Joint Venture tenements.
- Initial Joint Venture equity will be Adelaide Resources 60% and Southern Uranium 40%, with Southern Uranium able to increase its equity to 60% by spending \$250,000 over two years.
- Southern Uranium will manage and operate the joint venture.
- Initial work will include an extensive soil geochemical sampling program complemented by a gravity geophysical survey.



The Directors of Adelaide Resources Limited (ADN) are pleased to announce the formation of the Yalanda Hill Joint Venture by its wholly owned subsidiary, Eyre Energy Pty Ltd, with Southern Uranium Limited (ASX Code: SNU). The Joint Venture will explore for uranium and other minerals on three tenements located on the eastern Eyre Peninsula of South Australia (Figure 1).

Both companies will contribute mineral tenements to the Joint Venture as shown on Figure 2. Exploration Licence 3473 is held by Eyre Energy Pty Ltd, while Southern Uranium Limited holds Exploration Licence Applications 116/09 and 144/09.

Joint Venture Terms

The principal terms of the Yalanda Hill Joint Venture are as follows:

- The initial joint venture interests shall be Eyre Energy 60%: Southern Uranium 40%.
- Southern Uranium can increase its equity to 60% through the expenditure of \$250,000 over two years.
- Once Southern Uranium has earned 60% equity, each party may contribute to ongoing expenditure in accordance with its equity, or else elect to dilute.
- Southern Uranium will act as Joint Venture Manager and will plan and execute all exploration programs.
- Southern Uranium may withdraw from the Joint Venture prior to spending \$250,000 as long as it has met minimum statutory expenditure requirements. Upon withdrawal, Eyre Energy would acquire 100% of the three Joint Venture tenements.
- If a party's equity falls below 5% it will be deemed to have withdrawn from the Joint Venture.

The Joint Venture includes provisions for one party to sole fund feasibility studies, and potentially also mine development, in the event the other party does not wish to participate.

Yalanda Hill Uranium Prospectivity

The Joint Venture tenements occur on the Gawler Craton, a large geological block that hosts substantial bedrock uranium mineralisation including the giant Olympic Dam copper-uranium-gold deposit. Anomalous basement rocks in the Gawler Craton also provide a source for uranium which forms palaeochannel hosted deposits such as the Blackbush Prospect, discovered by UraniumSA Limited, and located east of Yalanda Hill near the coast.

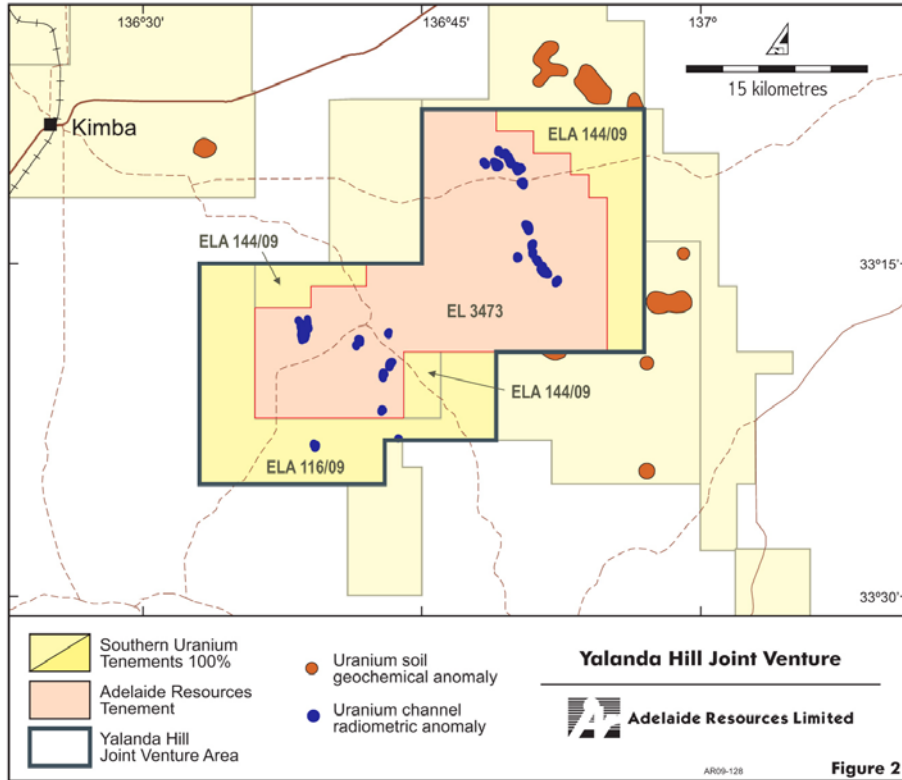
Previous exploration in the Yalanda Hill area has identified significant uranium potential.

An airborne radiometric survey flown in the 1990s revealed a large number of uranium anomalies with coincident thorium anomalism.

Adelaide Resources prospected the radiometric anomalies and collected many samples which returned significant uranium assays confirming the widespread presence of uranium in the area. Assays on individual rock chip samples ranged up to maximum of 0.23% uranium.

Southern Uranium has been actively exploring on tenements adjacent to the Yalanda Hill Joint Venture licences, and is the first exploration company to apply systematic soil geochemistry to search for uranium in the district.

Southern Uranium's geochemical approach has proven highly promising with the identification of numerous uranium anomalies. Importantly, a number of these soil anomalies persist to the boundary of the Yalanda Hill Joint Venture tenements and further sampling may show that they continue onto Joint Venture ground.



Comment

Adelaide Resources’ Managing Director Chris Drown said “We are very happy to have teamed up with Southern Uranium in the Yalanda Hill Joint Venture. Southern Uranium has a clear uranium focus and is a well managed, highly competent and innovative explorer.”

“The decision to joint venture the Yalanda Hill Project is in line with Adelaide Resources’ strategy of focusing its own resources on the search for gold-copper deposits, while seeking third party funding to progress uranium, which remains an important secondary target.”

Forward Program

Southern Uranium has pioneered the application of soil geochemistry in its search for uranium in the district. This approach is proving to be a valuable search technique and has discovered numerous robust uranium anomalies on tenements adjacent to the Joint Venture ground.

Consequently, the Joint Venture is planning an initial program of blanket multi-element soil geochemistry, complemented by gravity surveys. Exploration will commence on granted Exploration Licence 3473 and progress to the exploration licence applications once granted. Exploratory activities are scheduled to commence in the coming weeks.

Chris Drown
Managing Director

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 consults to the company on a full time basis. Mr Drown has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which 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’. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Enquiries should be directed to Chris Drown.
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