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29 June 2004

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ADELAIDE RESOURCES AND ILUKA FORM COLONA JOINT VENTURE

Adelaide Resources Limited ("ARL") announces the formation of the Colona Joint Venture with Iluka Resources Limited ("Iluka"). The joint venture has been formed to explore for heavy mineral sands within ARL's Exploration Licences 2840 and 2841 covering 3,766 sq km in the Barton-Colona area of the Eucla Basin in the south-west of South Australia. (see location plan)

The Colona Joint Venture is confined to the cover sediments which overlie the crystalline basement rocks and their weathered products. Exploration of the basement in EL2841 is subject to the Barton Joint Venture between Adelaide Resources and Inco Resources (Australia) Pty Ltd with the objective of exploring for nickel. The terms of the Barton Joint Venture were announced on 15 March 2004.

The three parties have negotiated arrangements whereby mineral sand and nickel sulphide exploration can proceed in tandem via separate joint ventures over the same tenements.

Under the terms of the Colona Joint Venture, Iluka will earn a 51% interest by meeting the following obligations:

- completing 2,500 metres of drilling in the first year; and
- incurring expenditure of A$1 million over the following five years including $200,000 in each of the second and third years.

Once Iluka has earned its 51% interest, ARL has the option of contributing its 49% share of ongoing expenditure or alternatively reverting to a 30% interest carried to completion of a positive bankable feasibility study.

Drilling is expected to commence in the September quarter following receipt of relevant Government approvals and completion of Aboriginal heritage surveys.

Iluka is the largest producer of zircon in the world and ranked second in global titanium minerals production and the Colona Joint Venture forms a part of a much larger Eucla Basin exploration initiative for the company.

Limited drilling by previous explorers intersected a zircon rich and high TiO_2 ilmenite assemblage. The highest grade heavy mineral intersection so far returned from the region was in hole (EB119) within ARL's EL2840 near its northern boundary with EL2900 held by Iluka (see plan). This hole showed a high grade intersection of 27% heavy minerals over a 2 metre interval. The heavy mineral assemblage from this interval contains 51% zircon, 35% ilmenite and 3% rutile. An intersection of this grade and assemblage is an encouraging result.

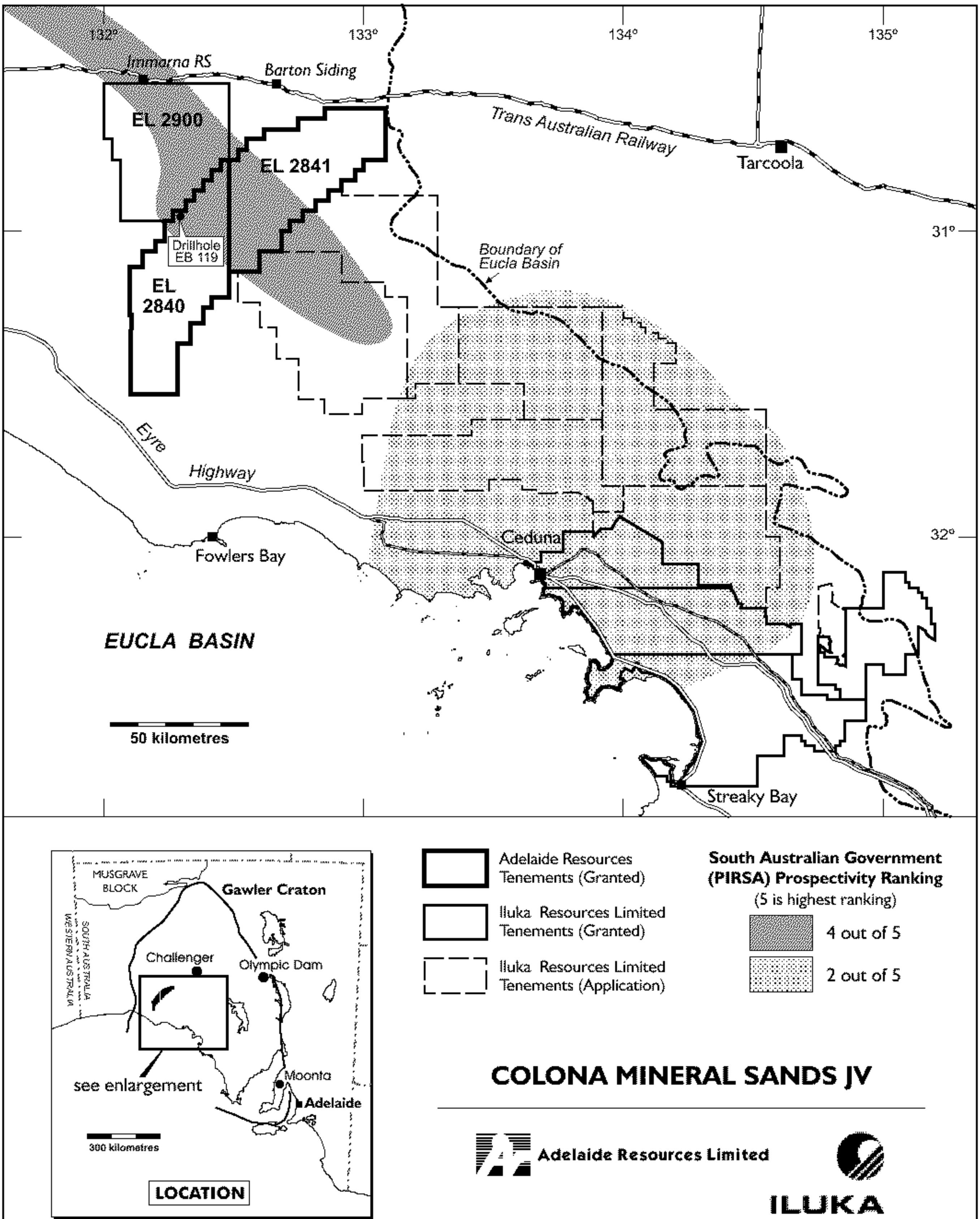
Recent comprehensive analysis by South Australian Government geologists of Tertiary beach shorelines in the eastern Eucla Basin lead to the conclusion that this region is highly prospective and has the potential to host a world-class heavy mineral sand province.

There is a large potential supply deficit developing in the global zircon market with few major zircon rich deposits in the development pipeline. There is therefore strong justification for active exploration for new deposits to meet longer term demand.

Keith Yates

Keith Yates, Executive Chairman

The information in this report insofar as it relates to ore or mineralisation is based on information compiled by K R Yates, who is a Corporate Fellow of the Australasian Institute of Mining and Metallurgy and who has a minimum of five years' experience in the field of activity being reported.



Adelaide Resources Tenements (Granted)

Iluka Resources Limited Tenements (Granted)

Iluka Resources Limited Tenements (Application)

South Australian Government (PIRSA) Prospectivity Ranking
(5 is highest ranking)

4 out of 5

2 out of 5

COLONA MINERAL SANDS JV

Adelaide Resources Limited

ILUKA

Source of information: Primary Industries and Resources South Australia

AR04-088

NEWS
• RELEASE •

29 June, 2004

ADELAIDE RESOURCES TEAMS WITH ILUKA IN SOUTH AUSTRALIAN MINERAL SANDS DRIVE

One of the world's largest mineral sands producers is focusing on a new South Australian exploration play in a joint venture announced today with Adelaide Resources Limited ("ADN").

Iluka - the world's largest producer of zircon - and Adelaide Resources have formed the Colona Joint Venture to explore for heavy mineral sands in the far west of South Australia.

First drilling is expected to commence during the coming September quarter.

The area targeted by Colona is the 3,766 square kilometres of Adelaide Resources' Exploration Licences 2840 and 2841 in the Barton-Colona area of the Eucla Basin.

"A large potential supply deficit is developing in the global zircon market as there are few major zircon-rich deposits in the development pipeline," Adelaide Resources' Executive Chairman, Mr Keith Yates, said today.

"There is therefore strong justification for active exploration for new mineral sands deposits to meet longer-term demand," Mr Yates said.

Under the terms of the Colona Joint Venture, Iluka will earn a 51% interest by:

- Completing 2,500 metres of drilling in the first year; and
- Incurring total expenditure of A$1 million over the following five years including $200,000 in each of the second and third years.

Once Iluka has earned its 51% interest, Adelaide Resources will have the option of contributing its 49% share of ongoing expenditure, or alternatively, reverting to a 30% interest carried to completion of a positive bankable feasibility study.

Limited drilling in the area by previous mineral sands explorers intersected a zircon rich and high TiO_2 ilmenite assemblage.

The highest grade heavy mineral intersection, in hole EB119 within Adelaide Resources' EL2840 acreage, returned 27% heavy minerals over a 2 metre interval, including 51% zircon, 35% ilmenite and 3% rutile.

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"An intersection of this grade and assemblage is an encouraging result," Mr Yates said.

"In addition, recent comprehensive analysis by South Australian Government geologists of Tertiary beach shorelines in the eastern Eucla Basin, suggests that this region is highly prospective and has the potential to host a world-class heavy mineral sands province."

Strata titling to allow tandem exploration

In a unique development, Adelaide Resources has also confirmed strata title exploration arrangements for one of the blocks as a result of the Iluka interest.

The EL2841 tenement comprises the same acreage as for Adelaide Resources' Barton nickel project, which the Company has in joint venture with Canadian-based Inco Resources (Australia) Pty Ltd.

As a result, the three parties, Adelaide Resources, Inco and Iluka, have negotiated strata title arrangements allowing tandem mineral sands and nickel sulphide exploration over the block.

The agreement confines the Colona Joint Venture to the cover sediments which overlie the crystalline basement rocks and their weathered products.

For Adelaide Resources, the Colona mineral sands JV further expands the Company's suite of different mineral projects in South Australia in partnership with world-class majors.

This association now includes Inco (world's second largest nickel producer); Newmont Mining (world's largest gold producer), and its partnership with the large US copper house, Phelps Dodge.

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