

**Notice to the
Australian Stock Exchange**

27 January 2005

**HEAVY MINERALS DISCOVERED ON COLONA JOINT
VENTURE TENEMENTS - EUCLA BASIN S.A.**

Highlights

- Encouraging discovery of several zones of plus 1% heavy minerals* (HM) in four of only seven first pass widely spaced reconnaissance drilling traverses completed to date.
- Single drill traverse confirms high grade zircon rich interval in 1990 drill hole EB-119 – with individual samples up to 37% HM. Mineralisation open along strike.
- In a separate area three consecutive but widely spaced drill traverses encountered plus 1% HM in numerous holes and highlight a 15 kilometre long area as a focus for more detailed exploration. On one of the three traverses mineralisation shows good continuity over a lateral extent of 2500 metres.
- Mineral assemblage determinations now underway to determine relative abundance of zircon, rutile and ilmenite.
- Follow-up drilling to determine continuity and strike extent and to search for higher grade mineralisation planned early in June quarter after fire ban season.
- Iluka elects to proceed to earn 51% interest after completing Year 1 minimum program.

Following the discovery of the zircon rich Jacinth and Ambrosia prospects announced by Iluka Resources Limited in late 2004, Iluka and Adelaide Resources Limited are pleased to announce the discovery of several zones of plus 1% heavy minerals (HM) from widely spaced reconnaissance drill traverses within the adjacent Colona Joint Venture tenements in the Eucla Basin S.A.

** heavy minerals (HM) include zircon, rutile, ilmenite and other non-valuable heavy components*

Resource modelling at Jacinth was completed using a 1% HM cut-off due to the high value, zircon rich assemblage. Accordingly the discovery on the Colona JV ground of zones of +1% HM is a promising development which warrants follow-up drilling to test for continuity and higher grade HM concentrations.

The Colona Joint Venture, formed in June 2004, covers three exploration tenements (ELs 2840, 2841 and ELA 727/04) located about 160 kilometres northwest of Ceduna in western South Australia (see location plan).

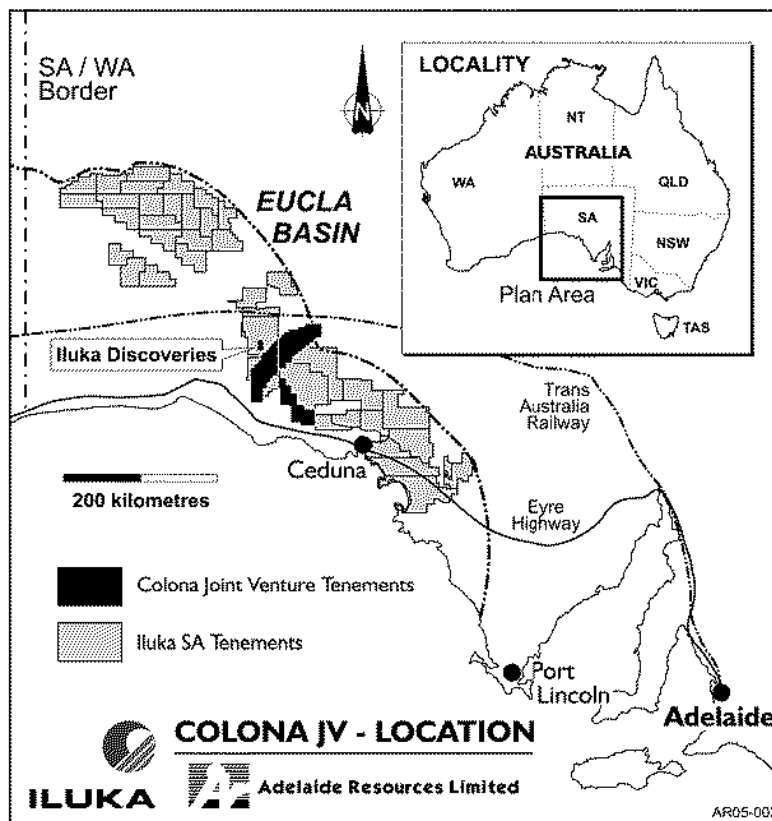
Under the terms of the Colona JV, Iluka may earn a 51% interest in the heavy minerals within these tenements by completing a minimum of 2,500

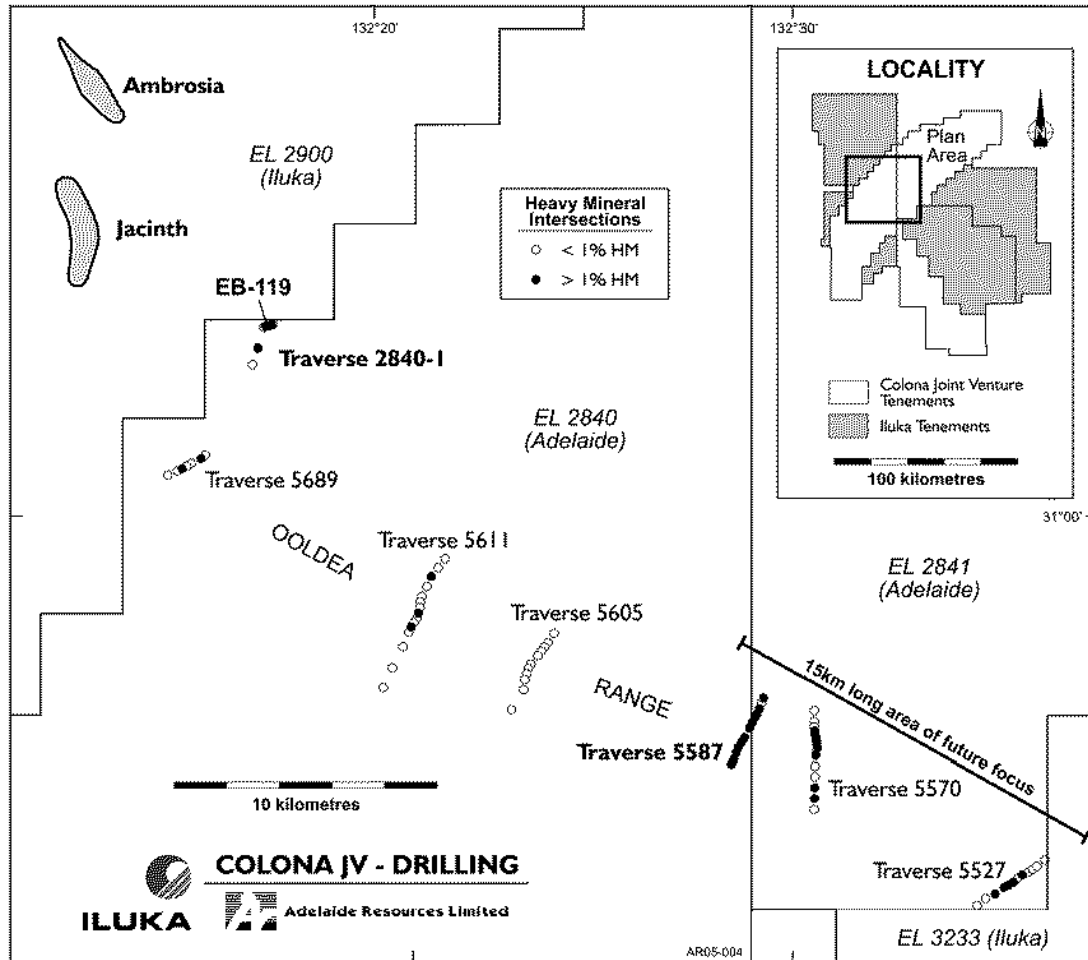
metres of drilling in the first year and thereafter spending an additional \$1 million. Iluka have now met the Year 1 drilling commitment and have elected to proceed to earn a 51% interest in the joint venture.

Exploration completed to date comprises the drilling of 91 holes for 4236 metres on seven regional traverses (see drilling plan). All holes were drilled vertically and sampled at 1.5 metre increments. The samples were logged on site by an Iluka company geologist and those samples containing anomalous mineralisation were sent to Iluka's laboratory for analysis.

At this stage heavy mineral float/sink results have been received for all samples submitted. Heavy mineral float/sink analysis simply determines the percentage of heavy components in the sample.

The relative abundance of the valuable minerals zircon, rutile and ilmenite, and non-valuable heavy grains, or "trash", requires further analytical processing. To this end composite samples from a number of the mineralised zones intersected on the Colona JV tenements have been prepared and are currently being processed to determine the heavy mineral assemblage. Results of this work are expected in February 2005.





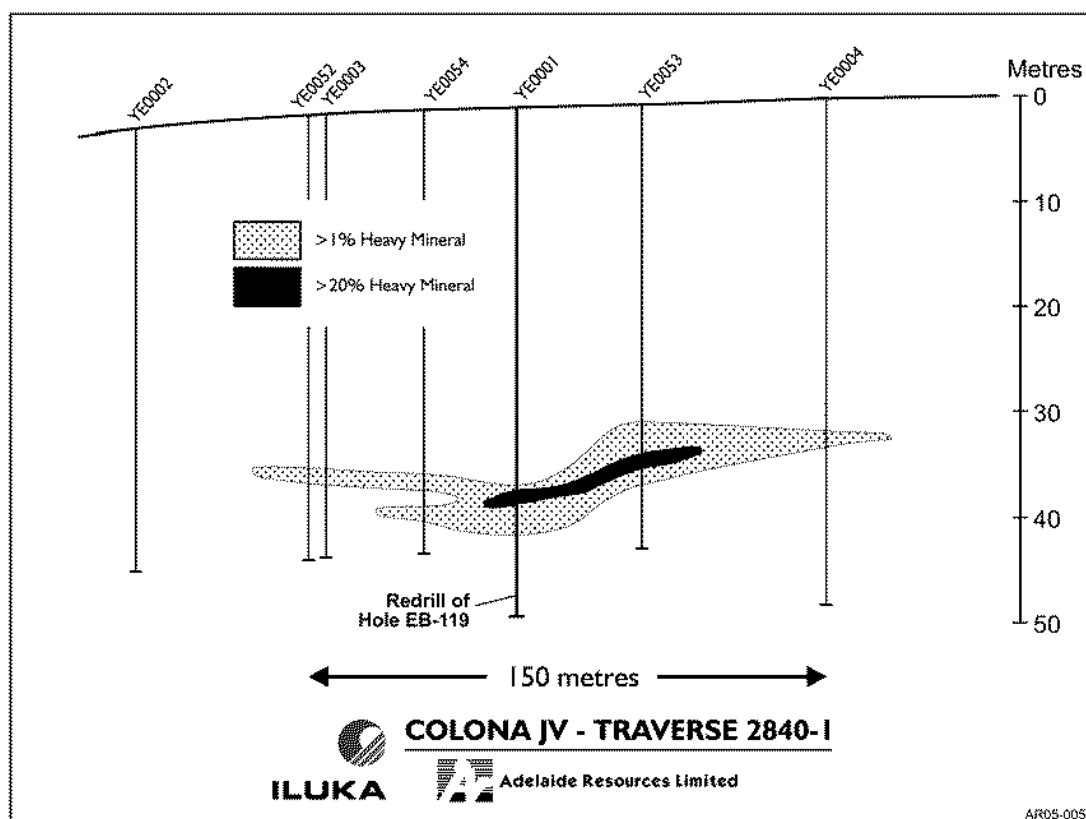
Traverse 2840-1

A single traverse (2840-1) was drilled in the vicinity of previous drillhole EB-119 which intersected high grade heavy minerals at a depth of 38 metres (see drilling plan and section). Drilling has confirmed the presence and grade of the historic result and defined a +1% HM zone some 150 metres wide and up to 6 metres thick. HM grades reach 37% in a narrow high grade core in this zone. HM intersections from Traverse 2840-1 are detailed in Table 1.

Drilling along strike from this zone will commence early in the June quarter 2005.

Table 1: Traverse 2840-1 Anomalous Intersections (+1% HM)

Hole	From (m)	To (m)	Interval (m)	% HM	% Clay (- 53 microns)
YE001	36.0	40.5	4.5	10.4	3.6
YE053	30.0	36.0	6.0	9.3	5.8
YE054	34.5	39.0	4.5	2.9	5.8
YE004	31.5	33.0	1.5	1.6	7.9



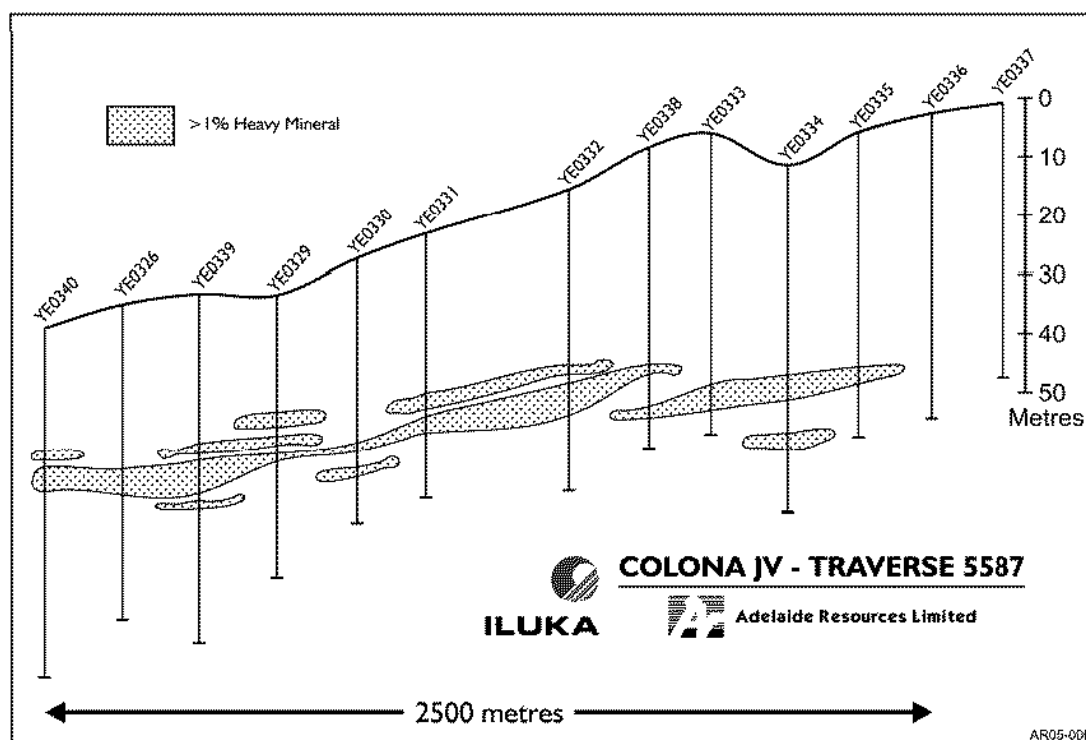
Ooldea Range Shoreline

An assessment by Iluka geologists of the setting of the Jacinth deposit made shortly after its discovery suggested that significant HM potential within the joint venture area was increasingly likely along a 35 kilometre long ancient shoreline (Ooldea Range) to the south of Traverse 2840-1. Six reconnaissance traverses were drilled at very broad spacing of between 2.5 and 10 kilometres to test this exploration model (see drilling plan).

Encouraging intersections of heavy mineral were made on the three eastern traverses with the most promising results returned from Traverse 5587 (see section). Drilling on this traverse has outlined an extensive sheet of +1% HM mineralisation which reaches a maximum thickness of 9 metres and a width of 2500 metres. HM grades returned from individual 1.5 metre samples within this zone are typically between 1 and 2% but reach a maximum of 5.5% HM. The distances from Traverse 5587 to the two adjacent drill traverses are 8 and 2.5 km respectively. Intersections from Traverse 5587 appear in Table 2.

Table 2: Traverse 5587 Intersections (+1% HM)

Hole	From (m)	To (m)	Interval (m)	% HM	% Clay (- 53 microns)
YE335	42.0	45.0	3.0	2.5	9.6
YE333	45.0	49.5	4.5	2.5	5.7
YE334	37.5	42.0	4.5	1.9	10.9
YE339	27.0	36.0	9.0	1.8	6.1
YE328	30.0	33.0	3.0	1.7	5.4
YE331	28.5	36.0	7.5	1.3	8.0
YE332	34.5	40.5	6.0	1.2	9.0
YE340	22.5	30.0	7.5	1.1	6.3



Zones of heavy mineral intersected on Traverses 5570 and 5527 show less continuity than that intersected on Traverse 5587, however together the three drill lines identify a 15 kilometre long prospective section of the Ooldea Range which will be subject to more detailed drilling.

Forward Program Timing

Heavy mineral assemblage determinations on composite samples taken from the new Colona JV discoveries are now underway with results to be available in February, 2005.

Infill and extended drill traverses are now planned for both the 15 kilometre prospective section of the Ooldea Range and in the vicinity of Traverse 2840-1 to determine the strike extent and continuity of the mineralisation, and to search for higher grade concentrations elsewhere along the shoreline.

Drilling is planned to recommence early in the June quarter 2005 after the expiry of the fire ban season.

The description of the exploration results is based on information compiled by Iluka staff under the review of Peter McGoldrick who is a member of The Australian Institute of Mining and Metallurgy and a full time employee of Iluka. Peter McGoldrick has sufficient experience which is relevant to this style of mineralisation to qualify as a Competent Person as defined in the 2004 Edition of the JORC code and consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

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