
NEWS

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COLONA JV'S MINERAL SANDS DISCOVERY

IN FAR WEST SOUTH AUSTRALIA

A third significant mineral sands discovery has been made in the eastern Eucla Basin in the far west of South Australia.

The Colona Joint Venture - Adelaide Resources Limited and Iluka Resources Limited – has announced a continuous zone of zircon-rich mineralised sands approximately 800 metres wide and up to 15 metres thick, had been discovered in EL 3316, about 180 kilometres northwest of Ceduna.

Named Tripitaka, the prospect is the first mineral sands discovery for Adelaide Resources, and for the Colona JV, which today described Tripitaka's geological character and setting as very similar to Iluka's Jacinth and Ambrosia deposits discovered last year 90 kilometres northwest in 100%-owned Iluka acreage.

The Colona JV partners said Tripitaka's mineralogy indicated a zircon-rich assemblage containing 63% zircon, "which is very high by world standards".

The new mineralised zone, located on a Pastoral Lease outside of the Yellabinna Regional Reserve, was identified from laboratory testing on samples from one drill traverse, line 5084SE, with further drilling intersecting visible mineralisation both north and south of the discovery line traverse.

"Zircon is by far the most desirable component in any significant mineral sands discovery," Adelaide Resources' Executive Chairman, Mr Keith Yates, said today.

"While considerable work remains to prove up a resource at Tripitaka, these initial results are highly encouraging for this area's continued emergence as one of Australia's richest mineral sands provinces," Mr Yates said.

"Zircon prices have risen in recent years to around US\$600 per tonne currently and with a significant global supply deficit looming, exceptional zircon rich assemblages can potentially generate high value, heavy mineral concentrates."

Mr Yates said the laboratory results suggested the prospect has the potential to be mined and treated using conventional technology.

Follow-up infill drilling at Tripitaka is now proposed early next year to provide data to enable a resource estimate to be published.

Samples from the drilling program have also been submitted for assay at Iluka's newly established Adelaide laboratory.

The Colona Joint Venture incorporates three granted tenements - EL2840, EL2841 and EL 3316 (refer location plan).

Under the terms of the Colona JV, Iluka is earning a 51% interest in the mineral sands within these three tenements by completing a minimum of 2,500 metres of drilling in the first year (completed) and spending an additional \$1 million over five years.

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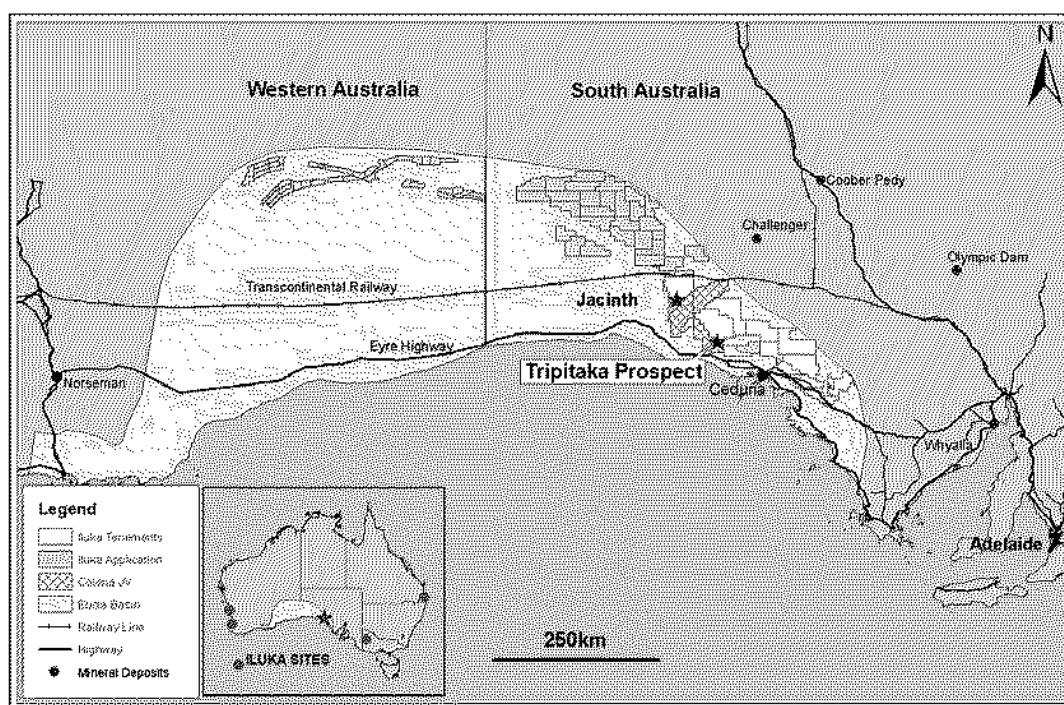
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Attachment-1

Background

The Tripitaka Prospect is hosted within sands of aeolian dune character which disconformably overlie a sequence of beach sands. The geological character and setting of this discovery is very similar to Iluka's Jacinth and Ambrosia deposits, located approximately 90km to the North West of Tripitaka.

Tripitaka Prospect Location Plan

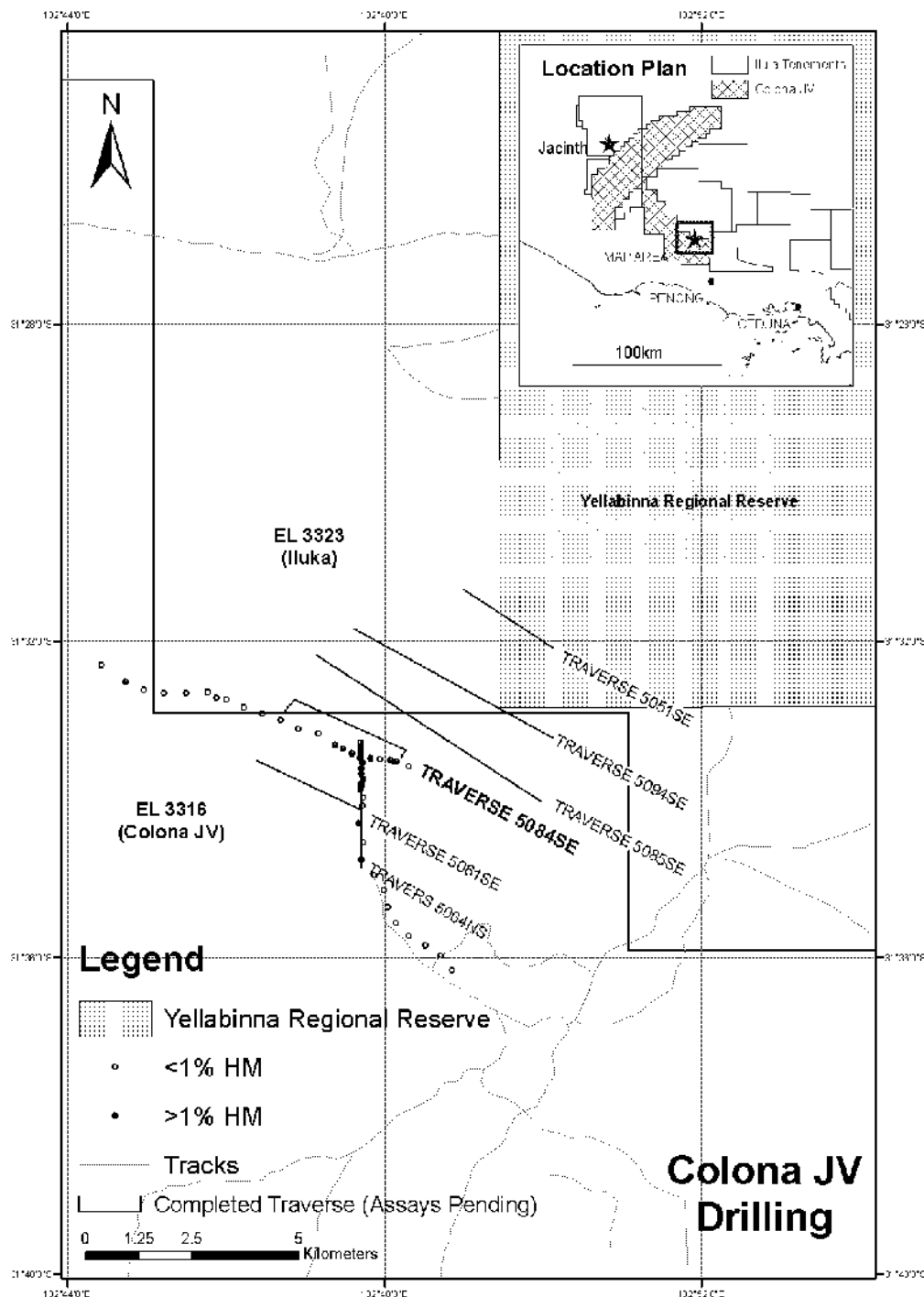


Exploration Results

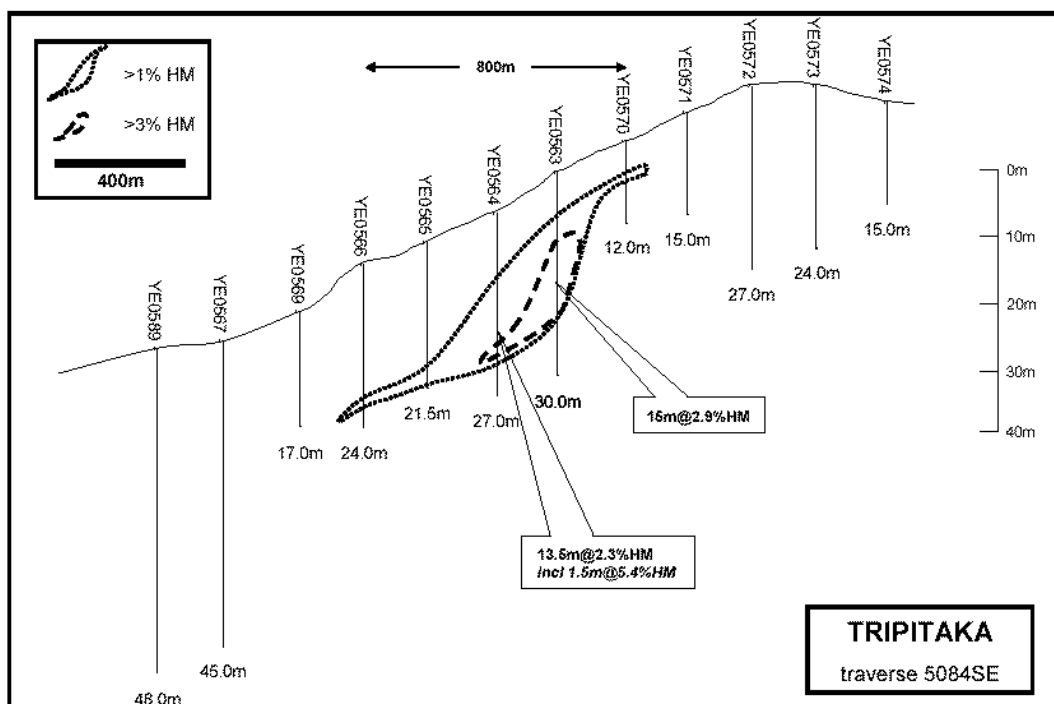
Five reconnaissance traverses have been drilled across the Tripitaka Prospect using one of Iluka's air core drilling rigs (see Detailed Overview of the Tripitaka Prospect plan below). All holes were drilled vertically and sampled at 1.5 metre increments. The samples were logged by Iluka geologists on site and the samples containing anomalous mineralisation were sent to Iluka's Adelaide laboratory for assay. Boreholes were located using handheld GPS equipment with sub-five metre resolution. Collar elevations were assigned from a digital terrain model derived from the Shuttle Radar Topography Mission (SRTM) data.

At this stage, complete laboratory results have only been received for Line 5084SE (see Tripitaka Prospect – Line 5084SE below). The remaining samples are being processed at Iluka's Adelaide laboratory. The visual indications for the other lines suggest that anomalous mineralisation extends both north to EL3233 (100% Iluka) on traverse 5085SE and south along traverse 5064NS. All mineralisation detected occurs in unconsolidated sands above the water table.

Detailed Overview of the Tripitaka Prospect.



Tripitaka Prospect – Line 5084SE Cross Section



A listing of the significant intersections encountered on Line 5084SE is shown below in Table 1. Evaluations of the nearby Jacinth and Ambrosia resources have shown that heavy mineral grades, with a similar heavy mineral assemblage, greater than 1% are of significance.

Table 1: Significant Intersections (>1% HM) Line 5084SE

Hole	From (m)	To (m)	Interval (m)	%HM	%Clay (-53 microns)
YE0563	6.0	21.0	15.0	2.9	16.6
YE0564	9.0	22.5	13.5	2.3	12.3
YE0565	18.0	21.0	3.0	1.0	9.6
YE0566	19.5	21.0	1.5	2.5	9.1
YE0570	4.5	6.0	1.5	1.2	33.2

A composite sample from Line 5084SE has been analysed to determine an average indicative mineralogy and grain size. The results are listed below in Table 2 and confirm the expected enriched zircon levels. Sizing analysis shows zircon grain size with a d50 of 101 microns and the ilmenite reporting a d50 of 116 microns.

Table 2: Tripitaka Prospect Indicative Mineralogy – Line 5084SE

Traverse	% Zircon	% Leucoxene*	% Ilmenite
5084SE	63	17%	7

* The Leucoxene percentage contains a rutile component yet to be defined.

Whilst considerable additional work is required to accurately determine mineralogy distribution across the Tripitaka Prospect and to predict potential product qualities, the results are very encouraging and indicate the material has the potential to generate market acceptable products using conventional processing technology.

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.