Ariadne

7 June 2007

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Continuous Disclosure Announcement:

ARIADNE EXITS VIRIDIAN NOOSA FOR $27 MILLION

Diversified property and investment group Ariadne Australia Limited (ASX: ARA) today announced the sale of its 50% shareholding in the Viridian Noosa Trust Pty Ltd to Macquarie Banks Real Estate business. This transaction is conditional and expected to be completed by 30 June 2007.

The Viridian Noosa Trust is the joint venture entity responsible for the Viridian Noosa development on Noosa Hill, Noosa on Queensland's Sunshine Coast. Ariadne has been a joint venture partner with Leighton Properties Pty Ltd (Leighton) since the inception of this project in 1998.

The sale price of the 50% shareholding in the joint venture entity is approximately $27.15 million and the sale will generate a modest surplus over the book value for the Stage 3 land and development costs incurred to date. The seven hectare Stage 3 site will contain the Viridian Noosa Resort and Spa development.

Ariadne and Leighton successfully completed the first two stages of the development – eight stand-alone houses and 23 residences in 2005. Stage 1 and 2 were an outstanding success for the developers, with the Viridian Residences winning the Urban Development Institute of Australia's National Award for Excellence in the Medium Density sector.

Ariadne Australia Limited

ACN 040 474 067
ABN 50 010 474 067
Level 23, Central Plaza One
345 Queen St, Brisbane
Qld Australia, 4000

GPO Box 286
Brisbane, Qld 4001

T +61 7 3220 1111
F +61 7 3220 1211
www.ariadne.com.au

The Viridian Noosa Resort and Spa comprises 153 units, plus 39 villas, apartments and penthouses, as well as central, conference and recreational facilities.

Chief Executive Officer Ariadne Australia Limited, Murray Boyte said the development of Viridian had made significant profit contributions to Ariadne in FY04 and FY05.

"The sale of the Viridian Noosa shareholding substantially de-risks the Ariadne balance sheet," Mr Boyte said. "While this has been an outstanding investment, the sale completes the rationalisation of Ariadne's property portfolio enabling it to release capital, which will be deployed in its core activities of property development, marinas, car parking and investments.

"Ariadne will continue in property development, but will undertake transactions with a risk profile more suited to its balance sheet size," Mr Boyte said. "Importantly it will continue to pursue opportunities on a partnership basis. This model has been very successful for Ariadne, as evidenced in the Viridian Noosa project with Leighton."

Mr Boyte said: "The preferred position would have been for Ariadne to retain a lower shareholding and some development role; however that is unrealistic for an asset of this type. It is appropriate that a new shareholder enter on a joint venture basis with Leighton."

"Leighton has been an excellent partner and in particular has worked closely with the Noosa Shire Council to achieve a successful outcome for the community on a sensitive site."

In October 2006, Ariadne announced the sale of three properties – Morris Marina and Caravan Park, Portal Stage III (Newstead, Brisbane) and Stage III of Element on Coolum, which comprised a vacant development site on Queensland's Sunshine Coast

All conditions on the sale of these properties are expected to be completed by 30 June 2007.

"The sale of these properties will realise cash proceeds of around $50 million (inclusive of the Viridian Noosa Trust shareholding) and contribute to profit in both 2007 and 2008 financial years," Mr Boyte said.

"Ariadne has a long history of capitalising upon trading opportunities in strong markets and the success of our recent sales program demonstrates the strategic timing of these disposals.

"Ariadne's property activities continually focus upon realising value from our assets through a combination of ongoing development and strategic disposal. Mr Boyte said.

"The reconfiguration of the property portfolio will allow Ariadne to continue to capitalise upon future acquisition opportunities in the marketplace. We continue to demonstrate our ability to select strategic sites both for development and trading opportunities."

Mr Boyte said Ariadne was particularly focused on increasing its activity within the marina sector.

In February 2007 Ariadne was named by the New South Wales Government as the successful proponent for the redevelopment of the Bateman's Bay Marina.

Ariadne's other marina interests include its long-held half stake in the Mariners Cove retail and marina complex on Queensland's Gold Coast. In 2006 Ariadne acquired the Port Macquarie Marina, situated at the mouth of the Hastings River, which will be significantly upgraded during the next three years.

"Ariadne is actively investigating further opportunities in the marina sector, both for ownership and management," Mr Boyte said.

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For further information please contact:

Mr Murray Boyte
Chief Executive Officer
Ariadne Australia Limited
Ph: 07 3225 4866
Mob: 0418 732 831