

17 March 2005

HINDMARSH RESOURCES LIMITED

Hindmarsh Resources Acquires Extensive Uranium Exploration Portfolio in South Australia

The Directors of Hindmarsh Resources Limited (“**Hindmarsh**”) are pleased to announce that Hindmarsh has signed an agreement with the shareholders of Gladstone Resources Limited (“**Gladstone**”) to acquire all of its issued share capital by way of a scrip-for-scrip merger transaction. Gladstone has a portfolio of uranium exploration tenements under application in South Australia covering some 5,300 sq kms.

Hindmarsh has been prompted to undertake this strategic move into uranium by:

- the prospectivity for uranium in South Australia, a region that has a substantial uranium mining industry through Olympic Dam (which currently holds the world’s largest uranium resource) and the Beverley uranium mine; and
- the expected increase in demand for uranium as an energy source for non-greenhouse base-load power generation which is projected to lead to a deficit in supply and consequent escalation in uranium prices.

The exploration licences (if all granted) within the Gladstone portfolio are estimated to cover some 5,300 sq kms and are situated either in the Gawler or adjacent to the Curnamona Cratons. The tenements are considered prospective for two uranium types - roll front deposits within Tertiary sands, where previous exploration has intersected uranium, or hematite hosted deposits within Precambrian bedrock.

In consideration for the shares in Gladstone, Hindmarsh shall issue to Gladstone shareholders 4.4 million fully paid ordinary shares in Hindmarsh at a deemed issue price of \$0.25 per share. This implies a transaction value of \$1.1 million. Gladstone shareholders will ultimately (post option exercise below) hold around 23% of Hindmarsh’s issued capital.

The agreement is conditional upon, inter alia:

- Hindmarsh shareholder approval; and
- the granting of certain key exploration licences to Gladstone by the South Australian Government.

Concurrent with this transaction, Hindmarsh intends to:

- invite Messrs Richard Bonython and Ian Youles (currently directors of Gladstone) to join the Hindmarsh board and, in Mr Bonython’s case, to assume the role of Chairman;
- raise \$1.5 million in cash through the exercise of the 6.55 million 23 cent Hindmarsh options. This raising is to be facilitated by Taylor Collison Limited.

Mr Richard Bonython is currently a director of Minotaur Exploration Limited, Mithril Resources Limited and Petrathern Limited and brings many years corporate experience in the junior exploration field.

Mr Ian Youles is a qualified mining geologist with over 40 years experience in mineral exploration and mining geology on three continents. Of particular relevance and value to Hindmarsh, will be Mr Youles' background in uranium exploration, something he conducted from 1968 - 82. During this period, he was involved in outlining and resource definition of the uranium field, in the Mt Painter area of South Australia working for Exoil NL and later, as supervising geologist for the South Australian government evaluating reports on exploration for uranium in the area that includes the Beverley and Honeymoon deposits. From 1978 to 1982 he was South Australian manager of Oilmin NL where he was principally involved in exploring for uranium in haematite breccias similar to the Olympic Dam model. Mr Youles will be responsible for managing Hindmarsh's exploration program.

A notice of general meeting will be despatched shortly to Hindmarsh shareholders.

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