

Adelaide Resources Limited

(ACN 061 503 375)

FINANCIAL REPORT

For the Half-Year Ended

31 December 2007

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Directors' Report

The names of the directors of the Company during the half-year and as at the date of this report are:

Paul John Dowd Non executive Chairman	BSc (Eng)
Christopher George Drown Managing Director	BSc (Hons), MAusIMM
John den Dryver Non executive Director	BE (Mining), MSc, FAusIMM
John Patrick Horan Non executive Director	FCCA, FCIS
Keith Robert Yates Non executive Director	BSc (Hons), FAusIMM

The net result of operations for the half-year was a loss of \$427,590 (2006: \$525,358).

Review of Operations

The Tripitaka zircon deposit prefeasibility study (PFS) made solid progress. Highlights of the study included location of a saline underground water supply that is likely to be large enough to service mine development requirements, negotiation of an in-principle Native Title Agreement for a mine development, and completion of initial environmental flora and fauna studies of the project area without any significant issues identified. The PFS is scheduled to be completed by the end of the March Quarter 2008.

Reverse circulation drilling at the Rover Project, southwest of Tennant Creek in Northern Territory, intersected 15 metres at 2.07% copper and 0.15g/t gold from 221 metres in a drillhole testing the Rover 4 Prospect. Further drilling is planned at the prospect in 2008 to follow-up this highly encouraging result.

Following a substantial decline on the stock market the Company withdrew the proposed Initial Public Offering of its wholly owned subsidiary, Eyre Energy Limited, on the Australian Securities Exchange (ASX) in August. Adelaide Resources has retained its uranium assets and ongoing expenditure is being met through joint venture or self funding.

Uranium focused joint venturer, Quasar Resources Pty Ltd, completed a substantial initial exploration program including the drilling of 88 drill holes targeting uranium in palaeochannels on Adelaide Resources tenements on Eyre Peninsula. The program returned encouraging results with anomalous uranium intersected in attractive geological settings.

As announced to ASX on 30 November 2007, the Company signed a Memorandum of Understanding to divest the Warramboe Iron Ore Project to Iron Road Limited, a

company seeking to raise capital through an Initial Public Offer and list on the Australian Securities Exchange in April 2008. In consideration for the sale Adelaide Resources will receive 40% of the issued capital in Iron Road Limited upon its listing. Adelaide Resources will seek shareholder approval to complete an in-specie distribution of its Iron Road holding to its shareholders.

During the period Adelaide Resources incurred \$686,000 on exploration expenditure while joint venturers spent a further \$889,000 on the Company's tenements.

Subsequent Events

On 18 February 2008 Adelaide Resources Limited executed a Sale Agreement with Iron Road Limited to vend the Warramboe Iron Project into that company. Consideration for the sale is 21 million shares in Iron Road Limited which will result in Adelaide Resources Limited holding approximately 40% of the issued capital of the new company upon listing.

Adelaide Resources Limited will seek shareholder approval to distribute the Iron Road shares it receives to its shareholders by way of an in-specie return of capital.


The sale is conditional upon the granting of Ministerial approval, and Iron Road Limited being admitted to the official list of the Australian Securities Exchange no later than 30 June 2008.

Other than the above, there have been no matters or circumstances which have arisen since the end of the half year which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or state of affairs of the consolidated entity in future financial years.

Auditors' Independence Declaration

The auditor's independence declaration is included on page 4 of the half-year financial report.

Dated at Adelaide this 21st day of February 2008 and signed in accordance with a resolution of the directors.



J P Horan
Director

The Board of Directors
Adelaide Resources Limited
378 Unley Road
UNLEY PARK SA 5061

21 February 2008

Dear Board Members

Adelaide Resources Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Adelaide Resources Limited.

As lead audit partner for the review of the financial statements of Adelaide Resources Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, the only contravention of:

- (i) the auditor independence requirements of the Corporations Act 2001 ("the Act") in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review;

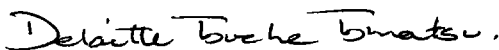
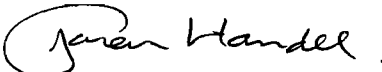
is set out below.

During the current financial year, Deloitte Touche Tohmatsu's quality control system identified that due to the auditor rotation requirements of the Act, the review auditor in relation to the audit of Adelaide Resources Limited for the financial year ended 30 June 2007 was not eligible to undertake that role.

All reasonable steps have now been undertaken to ensure compliance with the auditor rotation requirements and the individual has played no further role in relation to the audit of Adelaide Resources Limited.

Accordingly I consider that the independence of Deloitte Touche Tohmatsu in respect to the review of the financial statements of Adelaide Resources Limited for the half-year ended 31 December 2007 has not been impaired.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


J J Handel
Partner
Chartered Accountants

Consolidated income statement for the half-year ended 31 December 2007

	Half-Year Ended 31/12/07	Half-Year Ended 31/12/06
	\$	\$
Revenue	139,765	88,477
Exploration expenditure written-off	(105,214)	(45,237)
Administration expenses	(151,425)	(128,275)
Shareholder relations	(31,845)	(25,637)
Corporate consulting expenses	(92,016)	(103,398)
Non executive directors fees	(55,000)	(43,125)
Occupancy expenses	(40,447)	(28,926)
Salaries and wages	(51,542)	(54,724)
Share based remuneration (Note 2)	(39,866)	(131,072)
Loss before income tax expense	(427,590)	(471,917)
Income tax expense	-	(53,441)
Loss for the period	(427,590)	(525,358)
Earnings Per Share – Basic (Cents per share) – Loss	(0.55)	(0.75)

The above Income Statement should be read in conjunction with the accompanying notes.

Consolidated statement of recognised income and expense for the half-year ended 31 December 2007

	Half-Year Ended 31/12/07	Half-Year Ended 31/12/06
	\$	\$
Available-for-sale investments:		
Valuation loss taken to equity	(3,558)	-
Net expense recognised directly in equity	(3,558)	-
Loss for the period	(427,590)	(525,358)
Total recognised income and expense for the period	(427,590)	(525,358)

The above Statement of Recognised Income and Expense should be read in conjunction with the accompanying notes.

Consolidated balance sheet as at 31 December 2007

	31/12/07	30/6/07
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	4,651,065	4,425,088
Trade and other receivables	117,164	84,314
Other financial assets	280,975	284,533
TOTAL CURRENT ASSETS	5,049,204	4,793,936
NON CURRENT ASSETS		
Exploration and evaluation	3,909,000	3,328,041
Plant and equipment	78,025	40,004
TOTAL NON CURRENT ASSETS	3,987,025	3,368,045
TOTAL ASSETS	9,036,229	8,161,980
CURRENT LIABILITIES		
Trade and other payables	70,022	563,353
Provisions	8,751	12,391
TOTAL CURRENT LIABILITIES	78,773	575,744
NON-CURRENT LIABILITIES		
Provisions	33,481	30,382
Other	20,579	0
TOTAL NON-CURRENT LIABILITIES	54,060	30,382
TOTAL LIABILITIES	132,833	606,126
NET ASSETS	8,903,396	7,555,854
EQUITY		
Issued capital	18,343,545	16,604,722
Reserves	1,027,362	991,053
Accumulated losses	(10,467,511)	(10,039,921)
TOTAL EQUITY	8,903,396	7,555,854

The above Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated cash flow statement for the half-year ended 31 December 2007

	Half-Year Ended 31/12/07 Inflows (Outflows) \$	Half-Year Ended 31/12/06 Inflows (Outflows) \$
Cash flows related to operating activities		
Payments to suppliers and employees	(728,601)	(414,206)
Other revenue	-	-
Net operating cash flows	(728,601)	(414,206)
Cash flows related to investing activities		
Interest received	135,272	104,422
Payments for exploration and evaluation expenditure	(872,121)	(1,107,533)
State government grants received	-	-
Proceeds from sale of tenement	-	20,000
Payments for plant and equipment	(47,396)	(27,076)
Net investing cash flows	(784,245)	(1,010,187)
Cash flows related to financing activities		
Proceeds from share issues	1,758,940	3,523,300
Payment for share issue costs	(20,117)	(178,135)
Net financing cash flows	1,738,823	3,345,165
Net (decrease)/increase in cash and cash equivalents	225,977	1,920,772
Cash and cash equivalents at beginning of financial period	4,425,088	3,548,483
Cash and cash equivalents at end of financial period	4,651,065	5,469,255

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the financial statements
Half-Year Ended 31 December 2007

1. BASIS OF PREPARATION OF ACCOUNTS

This half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2007 annual financial report.

2. SIGNIFICANT ITEM

Share Based Remuneration

During the half-year ended 31 December 2007 the company issued share options to employees. These have been valued according to the Black-Scholes model and the calculated value has been recorded as an expense in the Income Statement

3. SEGMENT INFORMATION

The consolidated entity operates in the mining and exploration industry in Australia.

4. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets from those disclosed in the annual report for the year ended 30 June 2007.

5. SUBSEQUENT EVENTS

On 18 February 2008 Adelaide Resources Limited executed a Sale Agreement with Iron Road Limited to vend the Warrambo Iron Project into that company. Consideration for the sale is 21 million shares in Iron Road Limited which will result in Adelaide Resources Limited holding approximately 40% of the issued capital of the new company upon listing.

Adelaide Resources Limited will seek shareholder approval to distribute the Iron Road shares it receives to its shareholders by way of an in-specie return of capital.

The sale is conditional upon the granting of Ministerial approval, and Iron Road Limited being admitted to the official list of the Australian Securities Exchange no later than 30 June 2008.

Other than the above, there have been no matters or circumstances which have arisen since the end of the half year which significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or state of affairs of the consolidated entity in future financial years.

6. ISSUE OF SECURITIES

During the half-year ended 31 December 2007, 5,100,075 shares were issued by way of placement and 995,000 shares were issued through the exercise of options. During the half-year ended 31 December 2006, 7,000,000 shares were issued by way of placement and 330,000 shares were issued through the exercise of options.

During the half-year ended 31 December 2007, 200,000 share options were issued (2006; 500,000) over ordinary shares.

Directors' Declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the disclosing entity will be able to pay its debts as and when they become due and payable; and
- (b) In the directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to Section 303(5) of the Corporations Act 2001

On behalf of the directors



J P Horan
Director

Adelaide, South Australia
21 February 2008

Independent Auditor's Review Report to the members of Adelaide Resources Limited

We have reviewed the accompanying half-year financial report of Adelaide Resources Limited which comprises the balance sheet as at 31 December 2007 and the income statement, cash flow statement, statement of recognised income and expenses for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 9.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Adelaide Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

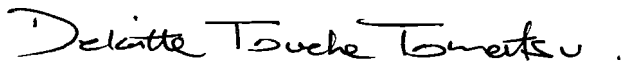
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Adelaide Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



Jason Handel
Partner
Chartered Accountants
Adelaide, 21 February 2008