



9 February 2009

Dear Shareholder

I am pleased to enclose a copy of the company's December 2008 Quarterly Report. Many shareholders have expressed their appreciation at receiving printed copies of the company's Quarterly Reports through the post, while many others choose to access these reports online. To cut costs, the company now plans to mail out Quarterly Reports only to shareholders who expressly request a hardcopy. I therefore ask shareholders wishing to continue to receive printed copies to contact the company by phone or email to advise postal details.

We are currently in a negative and uncertain economic environment, and I wish to make several comments in light of these circumstances.

Firstly, your company is in a sound financial position. At the end of December 2008, Adelaide Resources held cash and liquid investments totalling \$7.6 million, with only modest current liabilities of less than \$0.6 million, mostly GST that must be remitted to the ATO in February. Adelaide Resources is well placed relative to many of its peers, and your Board will continue to closely monitor expenditure and ensure that the company maintains a suitable level of liquidity.

Secondly, against the backdrop of difficult economic times, our exploration team is completing comprehensive assessments of the company's property portfolio. Their goal is to tighten the commodity focus, and design and conduct work programs that best suit challenging times.

Lastly, the current economic conditions are presenting business opportunities for financially solid companies like Adelaide Resources. The company is proactively searching for new projects or acquisitions made available by the current market, while also actively reviewing projects where other companies are inviting participation. In searching for opportunities the company is guided by the principle that any acquisition must enhance the quality of the company's portfolio and therefore the chance of discovery, and ideally will expose shareholders to a potential mine development.

I look forward to bringing you further news of our efforts throughout 2009.

Yours sincerely

Paul J Dowd
Chairman