



Adelaide Resources Limited

ACN 061 503 375

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2009

Directors' Report	1
Auditor's Independence Declaration	11
Income Statement	12
Balance Sheet	13
Statement of Recognised Income and Expense	14
Consolidated Cash Flow Statement	15
Notes to Financial Statements	16
Directors' Declaration	40
Independent Audit Report	41

Directors' Report

The directors present this directors' report and the attached annual financial report of Adelaide Resources Limited for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and details of the directors of the company during or since the end of the financial year are:

Paul J Dowd BSc (Eng), FAusIMM – Chairman

Paul Dowd is a mining engineer and has a professional mining career spanning more than 40 years, primarily in the private sector, but also served in the public sector as head of the Victorian Mines and Petroleum Departments during the Kennett State Government.

In 2006 he resigned from the position of Managing Director of Newmont Australia Limited and Vice President Australia and New Zealand Operations. Prior to the merger with Newmont and Franco-Nevada, he was Group Executive – Operations for Normandy Mining Limited with responsibility for the group's global managed mining interests, including eight Australian operations and four spread over Africa, Europe and Asia.

Mr Dowd is Managing Director of Phoenix Copper Limited, Chairman of the Board of RESA (the South Australian Resources & Engineering Skills Alliance), Chairman of RESIC (the Resources Sector Infrastructure Council of South Australia), a non executive director of O2 Minerals Limited, a non executive director of Northgate Minerals Corporation (Canada) and its wholly owned Australian subsidiaries. He is a council member of the Parsons Brinkerhoff Australia Pacific Advisory Board. He also serves as an advisory councillor for SAMPEG – South Australian Minerals and Petroleum Expert Group, and is a member of advisory councils of CSIRO (MRSAC) and the University of Queensland – Sustainable Minerals Institute.

Mr Dowd is also a commissioner for the SA Training and Skills Commission (TaSC) and an advisory member – Aboriginal Workforce Development Inter-Ministerial Committee, Government of South Australia.

Christopher G Drown BSc (Hons), MAusIMM, MAICD – Managing Director

Chris Drown is a geologist with over 20 years experience in the Australian exploration and mining industry. He is a member of the Australasian Institute of Mining and Metallurgy, a member of the Australian Institute of Company Directors, and a member of the Geological Society of Australia.

A graduate of the University of Tasmania, Mr Drown worked in underground nickel mines at Western Mining Corporation Limited's Kambalda operations in Western Australia, and filled mining geology roles at Aberfoyle Resources Limited's Hellyer lead-zinc-silver deposit in western Tasmania.

In 1991, he moved from mine geology into exploration searching for base metal and gold deposits in the Northern Territory and South Australia.

Mr Drown was appointed exploration manager of Adelaide Resources shortly after it listed on the Australian Securities Exchange (ASX) and has since played a major role in the company's activities. In March 2005 he accepted an invitation to join the Board of Adelaide Resources as an executive director and in November 2007 was appointed Managing Director.

John P Horan FCPA, FCIS – Non Executive Director and Company Secretary

John Horan is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Chartered Institute of Secretaries in Australia, a Member of the Finance and Treasury Association Limited, and a Member of the Australian Mining and Petroleum Law Association. He has many years experience in the financial, corporate, technical and management areas of the mining industry.

Mr Horan has been chairman and a director of a number of listed mining and exploration companies on the Australian Securities Exchange (ASX), the Alternative Investment Market (AIM) on the London Stock Exchange, the Toronto Stock Exchange (TSX) in Canada and the Port Moresby Stock Exchange (POMSoX) in Papua New Guinea. He is currently the chairman of Marengo Mining Limited (listed on ASX, TSX and POMSoX).

From 1987 until June 1993, Mr Horan was the finance director of Homestake Gold of Australia Limited, now Barrick Gold Corporation, one of Australia's largest gold producers. He first joined Homestake in 1978 and was responsible for financial, commercial and corporate management functions prior to 1987

when he played a substantial role in the float of the Australian subsidiary. He also fulfilled key responsibilities in subsequent very large debt and equity capital raisings.

From the early 1960s until the second half of the 1970s he held various financial, accounting, corporate administrative and management positions in Poseidon Limited and CRA Limited, following initial technical experience in CRA's mining operations at Broken Hill.

John J den Dryver BE (Mining), MSc, FAusIMM – Non Executive Director (Chairman of Audit Committee)

John den Dryver is a mining engineer with some 30 years experience in operational and corporate management as well as extensive experience in mining project studies and implementation.

In 1982, Mr den Dryver joined the junior explorer North Flinders Mines Limited as the company's mining engineer to become part of the small team that discovered the Granites gold mine in the Tanami Desert in the Northern Territory. He was executive director of North Flinders from 1988 to 1997.

In 1997, after Normandy Mining Limited gained control of North Flinders, Mr den Dryver joined Normandy as Executive General Manager – technical, leading a team of specialist geologists, mining engineers and metallurgists.

In 2003 he set up his own mining consultancy business and is currently a Non Executive Director of Helix Resources Limited.

Keith R Yates BSc (Hons), FAusIMM – Non Executive Director

Keith Yates is a geologist with over 40 years experience in mineral exploration and mine development for a range of metals throughout Australia and in the Pacific and South-East Asia. He has lived in South Australia for over 30 years during which time he has accumulated a substantial knowledge of the geology and mineral potential of the Gawler Craton.

As a founding director of Adelaide Resources Limited, Mr Yates was the Executive Chairman from its public listing in 1996 until his retirement in 2007.

During his career he has held board and exploration management positions with a number of Australian mining companies and as senior geologist with an international mining group. In the 1980s he held senior positions with the Poseidon Limited group of companies including executive director of Australian Development Limited and director of Kalgoorlie Lake View Pty Ltd. In this period he was closely associated with the discovery of the rich White Devil gold mine at Tennant Creek, Northern Territory.

Mr Yates is chairman of the South Australian Resources Industry Development Board, a member of the South Australian Mining & Petroleum Experts Group, a member of the South Australian National Parks and Wildlife Council, and a past chairman of the Adelaide Branch of the Australasian Institute of Mining and Metallurgy.

Andrew J Brown BA Econ (Hons) – Non Executive Director (appointed 30 April 2009)

Andrew Brown has an honours degree majoring in economics and econometrics from the University of Manchester, England. He has 29 years' experience in the Australian equity market as a stockbroker, corporate investor, company director and funds manager including working in London and New York. Mr Brown's particular expertise is in the analysis of financial services companies.

In 1987, Mr Brown joined Natcorp Holdings Limited as Investment Manager, responsible for provision of detailed analysis pertaining to potential listed company acquisitions and investments.

From late 1988 until April 1994, Mr Brown returned to stockbroking with Baring Securities (Australia) Limited, later joining County NatWest Securities Australia Limited and ANZ McCaughan Securities. During this period, he was a highly rated banking and insurance analyst, as well as, latterly focusing on smaller company research.

In 1994 he joined AMP Investments Australia's Separately Managed Portfolio (SMP) team, helping to manage over \$2 billion of Australian equity investments.

In September 1997, he joined Rothschild Australia Asset Management Limited as Head of Equities and was responsible for a \$5 billion domestic portfolio. He helped engineer significant equity process and cultural change, resulting in a major improvement in investment performance until the middle of 2002.

Mr Brown is currently the largest shareholder and Managing Director of Tidewater Investments Limited, an ASX listed investment company specialising in “microcaps” and financial services, and which also manages funds for outside parties.

He is Executive Director of the Cheviot Kirribilly Vineyard Property Group, Chairman of Equities and Freeholds Limited and is a Non Executive Director of Cheviot Bridge Limited and Fat Prophets Australia Fund Limited.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year, and since year’s end, are as follows:

Name	Company	Period of Directorship
P J Dowd	Phoenix Copper Limited	Since 2007
	Northgate Minerals Corporation	Since 2008
	OZ Minerals Limited	Since 2009
	Buka Gold Limited	From 2006 to 2009
	Regis Resources Ltd	From 2006 to 2009
J P Horan	Marengo Mining Limited	Since 2003
	Golden China Resources Corporation	From 2006 to 2007
	Michelago Limited	From 1995 to 2006
J J den Dryver	Helix Resources Limited	Since 2004
	Intrepid Mines Limited (Formerly NuStar Mining Corporation)	From 2003 to 2007
A J Brown	Aequs Capital Limited	From 2005 to 2008
	Cheviot Bridge Limited	Since 2003
	Cheviot Kirribilly Vineyard Property (Group)	Since 2008
	Enerji Limited	From 2007 to 2008
	Equities and Freeholds Limited	Since 2007
	Fat Prophets Australia Fund Limited	Since 2005
	Mariner Wealth Management Limited	From 2005 to 2006
	Retail Star Limited	From 2004 to 2006
	Signature Brands Limited	From 2004 to 2006
	Snowball Group Limited	From 2003 to 2007
Tidewater Investments Limited	Since 2003	

Principal Activities

The principal continuing activity of the consolidated entity is the exploration for gold, copper, uranium, and other economic mineral deposits.

Financial Results

The net result of operations for the year was a profit after income tax of \$4,038,576 (2008: loss after income tax benefit of \$887,701).

Dividends

No dividends were paid or declared since the start of the financial year, and the directors do not recommend the payment of dividends in respect of the financial year.

Review of Operations

a) Overview

During the year the consolidated entity carried out exploration on its tenements with the objective of identifying gold, copper, uranium and other economic mineral deposits. It sold its mineral sand interests in the Eucla Basin and also completed a return of capital to shareholders through the in-specie distribution of securities in Iron Road Limited.

b) Review of Operations

The consolidated entity maintained an active exploration program during the year with operations conducted in South Australia and the Northern Territory.

Direct exploration expenditure was \$1.506 million with additional contributions from parties holding or earning an interest in certain joint ventures.

In light of the challenging financial environment, the company reviewed its strategy and determined that it would focus its exploration efforts on the search for gold deposits, with copper and uranium remaining as important but secondary targets.

The company also determined to conduct a measured exploration effort in keeping with its solid cash position but mindful of the likely timeframe for economic recovery.

Exploration for gold and copper continued at the Rover Project near Tennant Creek in the Northern Territory. A program of diamond drilling was in progress at year end with drill holes planned at six targets. The drilling program followed completion of detailed airborne magnetic and ground based gravity geophysical surveys. Shortly after year end, one of the program drillholes at the Rover 4 prospect intersected significant visible copper sulphide mineralisation.

A thorough review of historical exploration data from the Moonta Project located on Yorke Peninsula in South Australia highlighted a number of gold-copper prospects and targets warranting further exploration. Ground based exploration is scheduled for the first half of the 2009/10 financial year.

On Eyre Peninsula, joint venturer Quasar Resources Pty Ltd completed an airborne electromagnetic survey and a drilling program targeting uranium in the Narlaby Palaeochannel, an ancient river system. The drilling showed that an unbound radiogenic zone, first identified in drill holes completed in the joint venture's 2007 drilling program, extends for at least 600 metres. The radiogenic anomaly was seen in two adjacent 2008 holes which intersected maximum values of 104 and 97 ppm eU3O8 respectively.

At Cleve on the Eyre Peninsula of South Australia a drilling program searched for unconformity style uranium mineralisation. The drilling confirmed that the requisite geological ingredients are present on the project and encountered weakly anomalous uranium mineralisation.

Efforts to generate a new gold exploration project resulted in the pegging of an application for an Exploration Permit - Minerals in the Drummond Basin in Queensland. The Drummond Basin hosts significant gold resources of epithermal style, with the Pajingo deposits being well known examples.

During the year the company sold its assets in the Eucla Basin of South Australia to Iluka Resources Limited (Iluka) for \$5 million cash, clear of all costs.

The assets sold comprised 49% equity in the Colona Joint Venture (a joint venture with Iluka), including the company's approximate 30% equity in the Tripitaka mineral sand resource; equity in six mineral claim applications pegged over the Tripitaka deposit; and ownership of the three exploration licences that were subject to the Colona Joint Venture.

The sale decision was made after Iluka advised Adelaide Resources that it would not progress a definitive feasibility study of the Tripitaka project but would develop its larger 100% owned Jacinth – Ambrosia project first.

The company also completed the distribution to its shareholders of securities in Iron Road Limited which had purchased the Warramboe Magnetite Project from Adelaide Resources in February 2008. Iron Road listed on the Australian Securities Exchange in June 2008 with Warramboe being its lead project.

In consideration for the sale of the project, Adelaide Resources received 21 million fully paid ordinary shares in Iron Road Limited. In September 2008, Adelaide Resources also acquired 10.5 million options to acquire shares in Iron Road Limited.

In December 2008, following shareholder approval and the receipt of favourable rulings from the Australian Taxation Office concerning the proposed transaction, both the Iron Road shares and options were distributed to shareholders. The Iron Road securities were distributed at the ratio of two Iron Road Limited shares and one Iron Road Limited option for every eight Adelaide Resources Limited shares held on 17 November 2008.

Changes in State of Affairs

Other than as mentioned in this Report, the financial statements or notes thereto, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent Events

Other than as mentioned in this Report, the financial statements or the notes thereto, there have not been any matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Environmental Developments

The consolidated entity carries out exploration activities on its properties in South Australia, Queensland and in the Northern Territory. No mining activity has been conducted by the consolidated entity on its properties.

The consolidated entity's exploration operations are subject to environmental regulations under the various laws of South Australia, Queensland, the Northern Territory, and the Commonwealth. While its exploration activities to date have had a low level of environmental impact, the consolidated entity has adopted a best practice approach in satisfaction of the regulations of relevant government authorities.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Remuneration Report

This report outlines the remuneration arrangements in place for directors and other key management personnel of the company and its wholly owned subsidiaries.

Where this report refers to the 'Date of Grant' of options, the date mentioned is the date on which those options were agreed to be issued (whether conditionally or otherwise).

Director and other Key Management Personnel Details

The following persons acted as directors of the company during or since the end of the financial year:

P J Dowd (Non Executive Chairman)
C G Drown (Managing Director)
J P Horan (Non Executive Director)
J J den Dryver (Non Executive Director)
K R Yates (Non Executive Director)
A J Brown (Non Executive Director – appointed 30 April 2009)

Key management personnel of the Group only comprise the directors named above.

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the consolidated entity's earnings and movements in shareholder wealth for the five years to June 2009:

	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
Revenue	315,712	307,538	345,986	225,872	255,886
Net profit / (loss) before tax	4,038,576	(881,666)	(3,735,515)	(1,506,998)	(417,369)
Net profit / (loss) after tax	4,038,576	(887,701)	(3,788,956)	(1,536,998)	(449,109)

	30 June 2009	30 June 2008	30 June 2007	30 June 2006	30 June 2005
Share price at beginning of the year	\$0.16	\$0.54	\$0.38	\$0.31	\$0.22
Share price at end of year	\$0.09	\$0.16	\$0.54	\$0.38	\$0.31
Basic earnings per share	\$0.0486	\$(0.0110)	\$(0.0514)	\$(0.0229)	\$(0.0073)
Diluted earnings per share	\$0.0462	\$(0.0110)	\$(0.0514)	\$(0.0229)	\$(0.0073)

No dividends have been declared during the five years ended 30 June 2009 and the directors do not recommend the payment of a dividend in respect of the year ended 30 June 2009.

There is no link between the company's performance and the setting of remuneration except as discussed below in relation to options for directors.

Remuneration Philosophy

The performance of the Group depends on the quality of its directors and other key management personnel and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. The Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre directors and other key management personnel;
- link executive rewards to shareholder value (by the granting of share options);
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

There is currently no policy or monitoring of key management personnel's limiting their risk in relation to issued options.

Remuneration Policy

Due to its size, the company does not have a remuneration committee. The compensation of directors is reviewed by the Board with the exclusion of the director concerned. The compensation of other key management personnel is reviewed by the Board.

The Board assesses the appropriateness of the nature and amount of remuneration of such persons on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from retention of high quality directors and other key management personnel. External advice on remuneration matters is sought whenever the Board deems it necessary.

The remuneration of the directors and other key management personnel is not dependent on the satisfaction of a performance condition. Share options have been issued to key management personnel in prior years. These options do not have any performance conditions. The directors have decided that the exclusion of performance conditions is appropriate, after consideration of industry practice.

Non Executive Director Remuneration

The Board seeks to set remuneration of non executive directors at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the company's development.

Currently, as Non Executive Chairman, P J Dowd is entitled to receive \$50,000 per annum exclusive of the statutory superannuation. J J den Dryver, K R Yates and A J Brown are each entitled to receive \$31,250 per annum exclusive of the statutory superannuation. J P Horan is entitled to receive \$31,250 per annum exclusive of the statutory superannuation, plus the amounts set out below in the company's consultancy agreement with an entity associated with him. Previously, prior to the appointment of A J Brown to the Board on 30 April 2009, P J Dowd was entitled to receive \$70,000 per annum exclusive of statutory superannuation and J J den Dryver and K R Yates were each entitled to receive \$35,000 per annum exclusive of statutory superannuation and J P Horan was entitled to receive \$35,000 per annum exclusive of statutory superannuation, plus the amounts set out below in the company's consultancy agreement with an entity associated with him.

In addition, non executive directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred as a consequence of their attendance at meetings of directors and otherwise in the execution of their duties as directors.

Managing Director Remuneration

The company aims to reward the managing director with a level and mix of remuneration commensurate with his position and responsibilities within the company to:

- align the interests of the managing director with those of shareholders;
- link reward with the strategic goals and performance of the company; and
- ensure total remuneration is competitive by market standards.

Currently the company has a services agreement with an entity associated with C G Drown, details of which are set out below.

Summary of amounts paid to Key Management Personnel

The table below discloses the compensation of the key management personnel of the Group during the year.

2009	Short-term employee benefits Salary & Fees (i) \$	Post employment superannuation \$	Sub total \$	Share-based payments options (ii) \$	Total \$	Percentage of total remuneration for the year that consists of options %
P J Dowd	66,665	-	66,665	-	66,665	
C G Drown	223,963	-	223,963	-	223,963	
J P Horan	144,538	3,094	147,632	-	147,632	
J J den Dryver	36,978	3,094	40,072	-	40,072	
K R Yates	34,378	3,094	37,472	-	37,472	
A J Brown	5,208	-	5,208	-	5,208	
2009 Total	511,730	9,282	521,012	-	521,012	-

(i) Includes consulting fees paid to directors.

(ii) Share options do not represent cash payments to key management personnel and share options granted may or may not ultimately be exercised by the key management personnel.

2008	Short-term employee benefits Salary & Fees (i) \$	Post employment superannuation \$	Sub total \$	Share-based payments options (ii) \$	Total \$	Percentage of total remuneration for the year that consists of options %
P J Dowd	58,334	-	58,334	-	58,334	-
C G Drown	218,644	-	218,644	-	218,644	-
J P Horan	151,246	2,850	154,096	-	154,096	-
J J den Dryver	47,798	6,300	54,098	-	54,098	-
K R Yates	88,378	2,165	90,543	-	90,543	-
2008 Total	564,400	11,315	575,715	-	575,715	-

(i) Includes consulting fees paid to directors.

(ii) Share options do not represent cash payments to key management personnel and share options granted may or may not ultimately be exercised by the key management personnel.

No key management personnel appointed during the year received a payment as part of his consideration for agreeing to hold the position.

Service Agreements

The consolidated entity entered into service agreements with an entity associated with C G Drown for a term of three years from 5 November, 2007 and a consultancy agreement with an entity associated with J P Horan for a term of two years from 1 October 2007, extended for a further 12 months. For the year ended 30 June 2008 the consolidated entity had service agreements with entities associated with C G Drown and J P Horan.

Should any of the above agreements be terminated by the company earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. The entities associated with C G Drown and J P Horan may terminate their agreements with three months notice. As at 30 June 2009, the consolidated entity had a contingent liability in relation to these agreements of \$291,124 (2008: \$538,846).

Details of the current services and consultancy agreements are set out below:

2009

Director	Terms
C G Drown	Daily rate of \$950 for a minimum of 218 days per annum
J P Horan	Daily rate of \$960 for a minimum of 90 days per annum

2008

Director	Terms
C G Drown	Daily rate of \$950 for a minimum of 218 days per annum
J P Horan	Daily rate of \$960 for a minimum of 90 days per annum

The consolidated entity also entered into a consultancy agreement with J J den Dryver on 28 May 2008 to provide consulting services on an as needs basis at the rate of \$1,300 per day (previously the rate was \$1,000 per day).

Share Options held by Directors

During the financial year, the following share options were on issue:

Options series	Grant date	Expiry date	Grant date fair value	Vesting date
DO November 2005	15 November 2005	14 November 2010	\$0.3048	15 November 2005
DO November 2006	21 November 2006	14 November 2010	\$0.2621	21 December 2006
ESOP December 2003	23 December 2003	22 December 2008	*	23 January 2004

"DO" means director share options and "ESOP" means share options issued under the employee share option plan. Shares issued under ESOP were issued to the person prior to the person being appointed a director.

* Not applicable as options were issued and vested before 1 January 2005.

During the year ended 30 June 2009 no share options were granted to key management personnel.

The following table summarises the value of options granted, exercised or lapsed during the year that relate to key management personnel:

	Options granted value at grant date \$	Options exercised value at exercise date \$	Options lapsed value at time of lapse \$
P J Dowd	-	-	-
C G Drown	-	-	-
J P Horan	-	-	-
J J den Dryver	-	-	-
K R Yates	-	-	-
A J Brown	-	-	-

Value of options – basis of calculation

- Value of options granted at grant date is calculated by multiplying the fair value of options at grant date by the number of options granted during the financial year.
- Value of options exercised at exercise date is calculated by multiplying the fair value of options at the time they are exercised (calculated as the difference between exercise price and the Australian Securities Exchange last sale price on the day that the options were exercised) by the number of options exercised during the financial year.
- Value of options lapsed at the lapsed date is calculated by multiplying the fair value of options at the time they lapsed multiplied by the number of options lapsed during the financial year.

The total value of options included in compensation for the financial year is calculated in accordance with Accounting Standard AASB 2 “Share-based Payment”. Options granted during the financial year are recognised in compensation over their vesting period.

Directors’ Shareholdings

The following table sets out each director’s relevant interest in shares in the company as at the date of this report.

Directors	Fully paid ordinary shares Number	Options to acquire ordinary shares Number
P J Dowd	-	500,000
CG Drown	839,130	400,000
J P Horan	1,793,130	1,000,000
J J den Dryver	-	400,000
K R Yates	5,743,408	1,000,000
A J Brown	12,261,208	-
	20,636,876	3,300,000

The above table includes shares held by related parties of directors.

Meetings of Directors

The number of meetings of the company's Board of Directors attended by each director during the year ended 30 June 2009 was:

2009	Meetings held while in office	Meetings attended
P J Dowd	9	9
C G Drown	9	9
J P Horan	9	9
J J den Dryver	9	9
K R Yates	9	9
A J Brown	1	1

The company held two meetings of the Audit Committee during the year ended 30 June 2009. The members of this committee comprise J J den Dryver (Chairman) and P J Dowd.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 21 to the financial statements.

The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 21 to the financial statements do not compromise the external auditor's independence for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact on the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditors Independence Declaration

The auditor's independence declaration is included on page 11 of the financial report.

Indemnification of Officers and Auditors

During the year the company arranged insurance cover and paid a premium for directors in respect of indemnity against third party liability. At the Annual General Meeting of the company held on 17 November 1997 shareholders resolved to extend the indemnification for a period of seven years after a director ceases to hold office. In accordance with the terms and conditions of the insurance policy, the amount of the premium paid has not been disclosed on the basis of confidentiality, as is permitted under Section 300 (9) of the Corporations Act 2001.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred by an officer or auditor.

Signed at Adelaide this 16th day of September 2009 in accordance with a resolution of the directors.



C G Drown
Director



J P Horan
Director

The Board of Directors
Adelaide Resources Limited
69 King William Road
UNLEY, SA 5061

16 September 2009

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 audit of the financial statements of Adelaide Resources Limited for the financial year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Jody Burton
Partner
Chartered Accountants

Income statement for the financial year ended 30 June 2009

	Note	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue	4(a)	315,712	307,538	300,893	307,038
Other income	4(b)	4,784,297		1,039,059	-
Exploration expense written off	4(b)	(119,489)	(176,665)	-	-
Doubtful debts allowance	4(b)	-		-	(1,616,919)
Reversal of doubtful debt allowance	4(b)	-		5,881,060	-
Administration expenses		(414,396)	(335,368)	(414,396)	(335,368)
Corporate consulting expenses		(169,787)	(187,447)	(169,787)	(187,447)
Company promotion		(60,288)	(66,654)	(60,288)	(66,654)
Salaries and wages		(42,675)	(106,118)	(42,675)	(106,118)
Directors fees		(175,007)	(146,328)	(175,007)	(146,328)
Occupancy expenses		(67,979)	(72,947)	(67,979)	(72,947)
Share based remuneration		(11,812)	(97,677)	(11,812)	(97,677)
Profit / (Loss) before income tax		4,038,576	(881,666)	6,279,068	(2,322,420)
Tax (expense) / income	5	-	(6,035)	1,092,171	426,041
Net Profit / (Loss)		4,038,576	(887,701)	7,371,239	(1,896,379)
Earnings Per Share					
Basic (cents per share) – Profit / (Loss)	27	4.86	(1.10)		
Diluted (cents per share) – Profit / (Loss)	27	4.62	(1.10)		

The above income statement should be read in conjunction with the accompanying notes.

Balance sheet as at 30 June 2009

	Note	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
CURRENT ASSETS					
Cash and cash equivalents		6,179,379	3,657,746	2,084,652	3,647,246
Trade and other receivables	6	323,533	160,280	309,054	160,280
Other financial assets	7	201,550	252,980	201,550	252,980
TOTAL CURRENT ASSETS		6,704,462	4,071,006	2,595,256	4,060,506
NON-CURRENT ASSETS					
Exploration and evaluation expenditure	8	4,920,622	4,788,874	-	-
Shares and share options in Iron Road Limited	29	40,072	7,665,000	40,072	7,665,000
Shares in controlled entity		-	-	10,001	10,001
Plant and equipment	9	69,475	72,650	69,475	72,650
Other receivables	10	-	-	7,506,739	-
Deferred tax assets	5(b)	-	-	1,468,997	1,430,488
TOTAL NON-CURRENT ASSETS		5,030,169	12,526,524	9,095,284	9,178,139
TOTAL ASSETS		11,734,631	16,597,530	11,690,540	13,238,645
CURRENT LIABILITIES					
Trade and other payables	11	391,801	701,437	391,801	701,437
Provisions	12	3,343	11,604	3,343	11,604
TOTAL CURRENT LIABILITIES		395,144	713,041	395,144	713,041
NON-CURRENT LIABILITIES					
Provisions	13	34,438	34,775	34,438	34,775
Other liabilities	14	38,448	20,579	-	-
TOTAL NON-CURRENT LIABILITIES		72,886	55,354	34,438	34,775
TOTAL LIABILITIES		468,030	768,395	429,582	747,816
NET ASSETS		11,266,601	15,829,135	11,260,958	12,490,829
EQUITY					
Issued capital	16	17,933,796	18,349,580	17,933,796	18,349,580
Reserves	17	1,053,415	8,407,177	1,053,415	8,407,177
Accumulated losses	18	(7,720,610)	(10,927,622)	(7,726,253)	(14,265,928)
TOTAL EQUITY		11,266,601	15,829,135	11,260,958	12,490,829

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of recognised income and expense for the year ended 30 June 2009

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Available-for-sale investments:				
Profit / (Loss) on available-for-sale investments taken to equity	(6,637,959)	7,318,447	(6,637,959)	7,318,447
Transfer to profit and loss on distribution of available-for-sale investments	(727,615)	-	(727,615)	-
Net income recognised directly in equity	(7,365,574)	7,318,447	(7,365,574)	7,318,447
Profit / (Loss) for the period	4,038,576	(887,701)	7,371,239	(1,896,379)
Total recognised income and expense for the period	(3,326,998)	6,430,746	5,665	5,422,068

The above statement of recognised income and expense should be read in conjunction with the accompanying notes.

Cash flow statement for the year ended 30 June 2009

	Inflows/(Outflows)			
	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash flows relating to operating activities				
Payments to suppliers and employees	(775,384)	(1,249,332)	(121,615)	(1,249,332)
Other receipts	-	4,967	-	4,967
Net operating cash flows (Note 30(a))	(775,384)	(1,244,365)	(121,615)	(1,244,365)
Cash flows relating to investing activities				
Interest received	316,332	297,245	315,993	296,745
Payments for exploration and evaluation expenditure	(1,905,890)	(1,524,607)	-	-
Purchase of share options	(105,000)	-	(105,000)	-
Proceeds from sale of tenement	5,000,000	-	-	-
State government grant received	17,868	20,579	-	-
Payments for plant and equipment	(27,460)	(55,017)	(27,460)	(55,017)
Proceeds from sale of plant and equipment	1,167	-	1,167	-
Funding of controlled entity	-	-	(1,625,679)	(1,504,028)
Net investing cash flows	3,297,017	(1,261,800)	(1,440,979)	(1,262,300)
Cash flows relating to financing activities				
Proceeds from share issues	-	1,758,940	-	1,758,940
Payments for capital raising costs	-	(20,117)	-	(20,117)
Net financing cash flows	-	1,738,823	-	1,738,823
Net (decrease) / increase in cash	2,521,633	(767,342)	(1,562,594)	(767,842)
Cash at beginning of financial year	3,657,746	4,425,088	3,647,246	4,415,088
Cash at end of financial year	6,179,379	3,657,746	2,084,652	3,647,246

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the Financial Year Ended 30 June 2009

1. General information

Adelaide Resources Limited (the company) is a listed public company, incorporated in Australia and operating in Australia.

Adelaide Resources Limited's registered office and its principal place of business are as follows:

Registered office	Principal place of business
69 King William Road Unley South Australia 5061	69 King William Road Unley South Australia 5061

2. Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Various other Standards and Interpretations were on issue but were not yet effective at the date of authorisation of the financial report. The issue of these Standards and Interpretations do not affect the Group's present policies and operations. The directors anticipate that the adoption of these Standards and Interpretations in future periods will not materially effect the amounts recognised in the financial statements of the Company or the Group but may change the disclosure presently made in the financial statements of the Company or the Group.

3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 16th September 2009.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

In the application of the Group's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and bank deposits.

b) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Liabilities recognised in respect of employee benefits, expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Contributions to accumulated benefit superannuation plans are expensed when incurred.

c) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest, are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i) the rights to tenure of the area of interest are current; and
- ii) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale: or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are relate directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in AASB 6 "Exploration for and Evaluation of Mineral Resources") suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment, reclassified to development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit and loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories; financial assets 'at fair value through profit or loss', 'held to maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit and loss'.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- has been acquired principally for the purpose of selling in the near future;
- is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares and redeemable notes held by the Group are classified as being available-for-sale and are stated at fair value. Fair value is determined based on quoted market prices. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly on the profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payment is established.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and

receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

e) Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense or:
- ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

f) Impairment of assets (other than exploration and evaluation)

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Adelaide Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement. Further information about the tax funding arrangement is detailed in note 5 to the financial statements. Where the tax contribution amount recognised by each member of the tax-consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

h) Joint ventures

Interests in jointly controlled assets are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses incurred in relation to the joint ventures in their respective classification categories.

i) Financial instruments issued by the company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

j) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Plant and equipment – at cost 3-5 years

k) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including special purpose entities) controlled by the company (its subsidiaries) (referred to as 'the Group' in these financial statements). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the company, intra-group transactions ('common control transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

l) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is that rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

m) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that vest on or after 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted,

based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

n) Government grants

Government grants are assistance by government in the form of transfers of resources to the consolidated entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants are not recognised until there is reasonable assurance that the consolidated entity will comply with the conditions attached to them and the grant will be received. Government grants whose primary condition is to assist with exploration activities are recognised as deferred income in the balance sheet and recognised as income on a systematic basis when the related exploration and evaluation is written off.

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the consolidated entity with no future related costs are recognised as income in the period in which it becomes receivable.

o) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' (2004) are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill arising from acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
4. PROFIT / (LOSS) FROM OPERATIONS				
a) Revenue from continuing operations consisted of the following items				
Interest income:				
Bank deposits	298,071	279,394	283,252	278,894
Income securities	17,641	23,177	17,641	23,177
	315,712	302,571	300,893	302,071
Other	-	4,967	-	4,967
	315,712	307,538	300,893	307,038
b) Profit / (Loss) for the year includes the following gains and losses				
Other income				
Profit on sale of tenements (i)	3,745,238	-	-	-
Profit on sale of property, plant and equipment	863	-	863	-
Gain as a result of in-specie distribution of shares in Iron Road Limited (Note 17)	727,615	-	727,615	-
Change in fair value of financial assets designated as at fair value through the profit and loss	101,582	-	101,582	-
Research and development refund	203,980	-	203,980	-
Other	5,019	-	5,019	-
	4,784,297	-	1,039,059	-
Other expenses				
Depreciation of plant and equipment	30,332	22,370	30,332	22,370
Exploration write-offs	119,489	176,665	-	-
Operating lease rental expenses	67,979	72,947	67,979	72,947
Allowance for doubtful debts:				
Subsidiary	-	-	-	1,616,919
Reversal of allowance for doubtful debts:				
Subsidiary	-	-	(5,881,060)	-
Employee benefit expense:				
Post employment benefits:				
Accumulated benefit superannuation plans	27,264	30,034	27,264	30,034
Share based payments:				
Equity settled share-based payments (ii)	5,062	39,866	5,062	39,866
Other employee benefits	692,537	747,818	692,537	747,818
	724,863	817,718	724,863	817,718
Less amounts capitalised in exploration and evaluation expenditure	(332,332)	(337,959)	(332,332)	(337,959)
	392,531	479,759	392,531	479,759

(i) During the year ended 30 June 2009 the company sold a number of tenements in the Eucla Basin to Iluka Resources Limited for \$5,000,000. The sale resulted in a profit to the consolidated entity of \$3,745,238.

(ii) Share based payments relate to share options granted during the year to employees. Share options do not represent cash payments to employees and share options granted may or may not be exercised by the employees.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
5. INCOME TAX				
(a) Income tax recognised in profit or loss				
Current tax expense	851,520	-	(202,142)	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences and tax losses	(851,520)	6,035	(890,028)	(426,041)
Total tax expense/(income)	-	6,035	(1,092,170)	(426,041)

The prima facie income tax expense on the loss before income tax reconciles to the tax expense/(income) in the financial statements as follows:

Profit / (Loss) from continuing operations	4,038,576	(881,666)	6,279,068	(2,322,420)
Income tax income calculated at 30%	1,211,573	(264,500)	1,883,720	(696,726)
Allowance for subsidiary receivable	-	-	(1,764,318)	485,076
Share based payments	3,544	29,303	3,544	29,303
Other	18,372	541	18,373	691
Gain as a result of in-specie distribution of Iron Road Limited shares	(218,285)	-	(218,285)	-
Change in fair value of financial assets through profit and loss	(30,475)	-	(30,475)	-
Prior year tax losses recognised	(984,729)	(444,604)	(984,729)	(444,604)
Current year tax losses not recognised	-	685,295	-	200,219
Tax expense (income)	-	6,035	(1,092,170)	(426,041)

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

(b) Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade and other receivables	(71,827)	6,475	(67,483)	6,475
Exploration and evaluation expenditure	(1,476,187)	(1,436,663)	-	-
Eyre Energy IPO costs	37,994	57,208	37,994	57,208
Capital raising costs	30,997	55,240	30,997	55,240
Trade and other payables	29,344	4,050	29,344	4,050
Employee benefits	11,334	13,914	11,334	13,914
Other liabilities	11,534	6,174	-	-
	(1,426,811)	(1,293,602)	42,186	136,887
Tax value of losses carried forward	1,426,811	1,293,602	1,426,811	1,293,602
Net deferred tax assets / (liabilities)	-	-	1,468,997	1,430,489

(c) Unrecognised deferred tax assets

A deferred tax asset has not been recognised in respect of the following item:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Tax Losses-revenue	984,729	2,511,660	384,390	1,369,119

A deferred tax asset has not been recognised in respect of the above tax losses because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefit.

(d) Movement in recognised temporary differences and tax losses

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Opening balance	-	-	1,430,489	998,412
Recognised in equity	-	6,035	-	6,035
Recognised in income	-	(6,035)	1,092,170	426,041
Tax losses transferred to offset tax payable	-	-	(1,053,662)	-
Closing balance	-	-	1,468,997	1,430,489

(e) Movement in provision for tax

Opening balance	-	-	-	-
Transfer of liability from subsidiary	-	-	(1,053,662)	-
Utilisation of recognised tax losses	-	-	1,053,662	-
Closing balance	-	-	-	-

Tax consolidation

Relevance of tax consolidation to the consolidated entity

The company and its wholly-owned Australian resident entities are in a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax consolidated group is Adelaide Resources Limited.

Nature of tax funding arrangement

Entities within the tax-consolidated group have entered into a tax funding arrangement with the head entity. Under the terms of the tax funding arrangement, Adelaide Resources Limited and its wholly owned Australian resident entities have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the-consolidated group.

6. CURRENT TRADE AND OTHER RECEIVABLES	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade receivables	-	-	-	-
Interest receivable	20,965	21,584	6,484	21,584
Other receivables	302,568	138,696	302,569	138,696
	323,533	160,280	309,053	160,280

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
7. OTHER CURRENT FINANCIAL ASSETS				
Available for sale at fair value				
Income securities	201,550	252,980	201,550	252,980
8. EXPLORATION AND EVALUATION EXPENDITURE				
Costs brought forward	4,788,874	3,328,041	-	-
Expenditure incurred during the year	1,505,999	1,952,498	-	-
	6,294,873	5,280,539	-	-
Leases sold	(1,254,762)	(315,000)	-	-
Expenditure written off	(119,489)	(176,665)	-	-
	4,920,622	4,788,874	-	-

Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered \$119,489 (2008: \$176,665).

The recoverability of the carrying value of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	Consolidated	Company
	\$	\$
9. PLANT AND EQUIPMENT		
Gross carrying amount		
Balance at 1 July 2007	162,816	162,816
Additions	55,017	55,017
Disposals	(11,116)	(11,116)
	206,717	206,717
Balance at 30 June 2008	206,717	206,717
Additions	27,460	27,460
Disposals	(23,537)	(23,537)
	210,640	210,640
Balance at 30 June 2009	210,640	210,640
Accumulated Depreciation		
Balance at 1 July 2007	(122,812)	(122,812)
Disposals	11,116	11,116
Depreciation expense	(22,370)	(22,370)
	(134,066)	(134,066)
Balance at 30 June 2008	(134,066)	(134,066)
Disposals	23,233	23,233
Depreciation Expense	(30,332)	(30,332)
	(141,165)	(141,165)
Balance at 30 June 2009	(141,165)	(141,165)
Net book value		
Balance at 30 June 2008	72,651	72,651
Balance at 30 June 2009	69,475	69,475

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
10. NON-CURRENT RECEIVABLES				
Amount due from subsidiaries	-	-	9,511,786	7,886,106
Allowance for doubtful debt	-	-	(2,005,047)	(7,886,106)
	-	-	7,506,739	-
11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES				
Trade payables and accruals	391,801	701,437	391,801	701,437
12. CURRENT LIABILITIES – PROVISIONS				
Employee benefits	3,343	11,604	3,343	11,604
13. NON-CURRENT LIABILITIES – PROVISIONS				
Employee benefits	34,438	34,775	34,438	34,775
14. NON-CURRENT LIABILITIES – OTHER				
Deferred income (government grant)	38,448	20,579	-	-
15. EMPLOYEE BENEFITS				
The aggregate employee benefits liability recognised in and included in the financial statements is as follows				
Provision for employee benefits				
Current (Note 12)	3,343	11,604	3,343	11,604
Non-current (Note 13)	34,438	34,775	34,438	34,775
	37,781	46,379	37,781	46,379

16. ISSUED CAPITAL

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Issued share capital: 83,156,035 fully paid ordinary shares (2008: 83,156,035)	17,933,796	18,349,580	17,933,796	18,349,580
Movement in issued shares for the year:	2009		2008	
	No.	\$	No.	\$
Balance at beginning of financial year	83,156,035	18,349,580	77,060,960	16,604,722
Capital reduction as a result of in-specie distribution of Iron Road Limited shares (Note 29)	-	(311,835)	-	-
Capital reduction as a result of in-specie distribution of Iron Road Limited share options (Note 29)	-	(103,949)	-	-
Issued at 31 cents	-	-	5,100,075	1,580,940
Conversion of options at 17 cents	-	-	700,000	119,000
Conversion of options at 20 cents	-	-	295,000	59,000
Costs associated with the issue of shares	-	-	-	(20,117)
Related income tax	-	-	-	6,035
Balance at end of financial year	83,156,035	17,933,796	83,156,035	18,349,580

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid shares carry one vote per share and carry the right to dividends.

17. RESERVES

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Employee equity-settled benefits	1,094,009	1,082,197	1,094,009	1,082,197
Available-for-sale revaluation	(40,594)	7,324,980	(40,594)	7,324,980
	1,053,415	8,407,177	1,053,415	8,407,177
(a) Employee equity-settled benefits reserve				
Balance at beginning of the financial year	1,082,197	984,520	1,082,197	984,520
Share based payment	11,812	97,677	11,812	97,677
Balance at end of the financial year	1,094,009	1,082,197	1,094,009	1,082,197

The employee equity-settled benefits reserve arises on the grant of share options to employees, consultants and executives under the Employee Share Option Plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share based payments made under the Plan are shown in note 19 to the financial statements.

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
(b) Available-for-sale revaluation reserve				
Balance at beginning of the financial year	7,324,980	6,533	7,324,980	6,533
Valuation (loss) / gain – shares in Iron Road Limited	(6,586,529)	7,350,000	(6,586,529)	7,350,000
Cumulative gain transferred to income statement on in-specie distribution of Iron Road Limited shares	(727,615)	-	(727,615)	-
Valuation (loss) – other financial assets	(51,430)	(31,553)	(51,430)	(31,553)
Balance at end of the financial year	(40,594)	7,324,980	(40,594)	7,324,980

The available-for-sale revaluation reserve arises on the revaluation of the available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

18. ACCUMULATED LOSSES

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Balance at beginning of financial year	(10,927,622)	(10,039,921)	(14,265,928)	(12,369,549)
In-specie distribution of shares and share options in Iron Road Limited (Note 30)	(831,564)	-	(831,564)	-
Net Profit / (Loss)	4,038,576	(887,701)	7,371,239	(1,896,379)
Balance at end of financial year	(7,720,610)	(10,927,622)	(7,726,253)	(14,265,928)

19. SHARE OPTION PLAN

The consolidated entity has an ownership-based compensation plan for executives, employees and consultants. In accordance with the provisions of the Employee Share Option Plan, as approved by shareholders at an annual general meeting, directors may issue options to purchase shares in the company to executives, employees, and consultants, at an issue price determined by the market price of ordinary shares at the time the option is granted. No directors participate in the Employee Share Option Plan.

In accordance with the terms of the Employee Share Option Plan, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry.

Share options are not listed, carry no rights to dividends and no voting rights.

The following share based payment arrangements were in existence during the financial year.

Options – Series	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date
Employee Share Option Plan					
December 2003	225,000	23/12/2003	22/12/2008	\$0.20	*
December 2007	200,000	20/12/2007	19/12/2012	\$0.35	0.1993
March 2008	500,000	31/03/2008	30/03/2013	\$0.30	0.1156
December 2008	350,000	17/12/2008	16/12/2013	\$0.04	0.0337
Director Options					
November 2005	2,800,000	15/11/2005	14/11/2010	\$0.55	0.3048
November 2006	500,000	21/11/2006	14/11/2010	\$0.55	0.2621

- * Not applicable as options were issued and vested before 1 January 2005. No amount was recorded when these were issued. Any consideration received on the exercise of these options shall be recognised in issued capital.

The weighted average of fair value of options granted during the year is \$0.0337 (2008: \$0.1395) per option. Options were valued using the Black-Scholes model using the following inputs:

Grant date share price	4.0 cents
Exercise price	4.0 cents
Calculated volatility	121.6%
Option expiry	16 December 2013
Risk free interest rate	4.25%

The following reconciles the outstanding share options granted under the Plan at the beginning and end of the financial year:

Share Option Plan	2009		2008	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of financial year	4,225,000	0.492	4,520,000	0.451
Granted during the financial year	350,000	0.040	700,000	0.314
Exercised during the financial year	-	-	(995,000)	0.179
Lapsed during the financial year	(225,000)	(0.200)	-	-
Cancelled during the financial year	(50,000)	(0.350)	-	-
Balance at end of the financial year (i)	4,300,000	0.472	4,225,000	0.492

- (i) Options outstanding at end of the financial year

The share options outstanding at the end of the financial year had an average exercise price of \$0.472 (2008: \$0.492) and a weighted average remaining contractual life of 721 days (2008: 969 days).

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of Adelaide Resources Limited during the year were:

- P J Dowd (Non Executive chairman)
- C G Drown (Managing director)
- J P Horan (Non Executive director and company secretary)
- J J den Dryver (Non Executive director)
- K R Yates (Non Executive director)
- A J Brown (Non Executive director – appointed 30 April 2009)

The aggregate compensation of key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	511,730	564,400	511,730	564,400
Post employment benefits	9,282	11,315	9,282	11,315
Share-based payments (i)	-	-	-	-
	521,012	575,715	521,012	575,715

- (i) Share based payments relate to share options granted during the year to key management personnel. Share options do not represent cash payments to key management personnel and share options granted may or may not be exercised by the key management personnel.

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
21. REMUNERATION OF AUDITORS				
Audit or Review of the financial report	27,203	24,750	27,203	24,750
Accounting advice	15,862	8,500	15,862	8,500
Tax return preparation and advice	36,501	25,500	36,501	25,500
	79,566	58,750	79,566	58,750

The auditor of Adelaide Resources Limited is Deloitte Touche Tohmatsu.

22. RELATED PARTY DISCLOSURES

a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 28 to the financial statements.

Interests in joint ventures

Details of interests in joint ventures are disclosed in Note 23 to the financial statements.

b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 20 and the Remuneration Report of the Directors' Report.

c) Transactions with key management personnel

Other than as disclosed in the Remuneration Report of the Directors' Report, there were no transactions with key management personnel or their personally related entities during the year ended 30 June 2009 (2008: NIL).

d) Transactions within wholly owned group

The ultimate parent entity in the wholly-owned group is Adelaide Resources Limited. Amounts receivable from the controlled entities are disclosed in Note 10 to the financial statements. During the financial year Adelaide Resources Limited provided accounting and administrative services at no cost to the controlled entities and made interest free advances. Tax losses have been transferred to Adelaide Resources Limited for no consideration.

e) Equity holdings of key management personnel

(i) Fully paid ordinary shares issued by Adelaide Resources Limited

2009	Balance 1/7/08	Net Changes	Balance 30/6/09	Balance held Nominally
P J Dowd	-	-	-	-
C G Drown	839,130	-	839,130	-
J P Horan	1,793,130	-	1,793,130	-
J J den Dryver	-	-	-	-
K R Yates	5,743,408	-	5,743,408	-
A J Brown	-	12,261,208*	12,261,208	-

* On market purchases prior to A J Brown becoming a director.

2008	Balance 1/7/07	Net Changes	Balance 30/6/08	Balance held Nominally
P J Dowd	-	-	-	-
C G Drown	373,000	466,130**	839,130	-
J P Horan	1,777,000	16,130**	1,793,130	-
J J den Dryver	-	-	-	-
K R Yates	5,727,278	16,130**	5,743,408	-

** The net change includes the issue of 16,130 shares by the company as a result of participating in the Share Purchase Plan, which was available to all shareholders.

(ii) Options to acquire fully paid ordinary shares issued by Adelaide Resources Limited

2009	Balance 1/7/08	Granted	Lapsed	Balance 30/6/09	Balance held Nominally	Vested and exercisable
P J Dowd	500,000	-	-	500,000	-	500,000
C G Drown	525,000	-	125,000	400,000	-	400,000
J P Horan	1,000,000	-	-	1,000,000	-	1,000,000
J J den Dryver	500,000	-	100,000	400,000	-	400,000
K R Yates	1,000,000	-	-	1,000,000	-	1,000,000

2008	Balance 1/7/07	Granted	Exercised	Balance 30/6/08	Balance held Nominally	Vested and exercisable
P J Dowd	500,000	-	-	500,000	-	500,000
C G Drown	975,000	-	450,000	525,000	-	525,000
J P Horan	1,000,000	-	-	1,000,000	-	1,000,000
J J den Dryver	500,000	-	-	500,000	-	500,000
K R Yates	1,000,000	-	-	1,000,000	-	1,000,000

23. JOINTLY CONTROLLED ASSETS

The consolidated entity had interests in unincorporated joint ventures at 30 June 2009 as follows:

	Percentage Interest 2009	Percentage Interest 2008
South Australia		
Moonta Porphyry Joint Venture (Note a) – Copper/Gold Exploration	90%	90%
Kimba-Verran Joint Venture (Note a) – Copper/Gold Exploration	90%	90%
Eyre Peninsula Uranium Joint Venture (Note b) – Uranium Exploration	100%	100%
Colona Joint Venture - Mineral Sands Exploration	-	49%

Notes:

- (a) The consolidated entity has an option to purchase the remaining 10% at any time for a consideration of \$200,000 cash or the equivalent of \$200,000 in Adelaide resources Limited shares.
- (b) Under the terms of this joint venture agreement, Quasar Resources Pty Ltd is required to spend \$3,000,000 over four years commencing 1 January 2007 to earn a 60% interest, with a minimum of \$750,000 to be spent per year over the term of the joint venture.

After Quasar Resources Pty Ltd earns its 60% interest, the consolidated entity may elect to contribute and hold its equity position, contribute or dilute on a program by program basis, or immediately revert to a 25% equity in the joint venture, free carried to a decision to mine. If the

consolidated entity chooses the dilution path, its interest may not be diluted below 25%, at which time the interest will be free carried through to a decision to mine. If the consolidated entity elects not to contribute to mine development, it can opt to sell or revert to a 2% revenue based royalty.

The amount included in mining tenements, exploration and evaluation (Note 8) includes \$847,355 (2008: \$1,218,967) relating to the above joint ventures.

24. COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

(a) Exploration Expenditure Commitments

The consolidated entity has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the company.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

	2009 \$	2008 \$
Not later than one year:	1,480,000	1,809,000
Later than one year but not later than two years:	1,905,000	1,844,750
Later than two years but not later than five years:	5,699,000	6,074,250

(b) Rover Project – Northern Territory

Under an agreement entered into with Newmont Gold Exploration Pty Ltd (“Newmont”) on 28 February 2005, Adelaide Exploration Limited acquired a 100% interest in the Rover Project exploration licences and exploration licence applications located near Tennant Creek, Northern Territory, on the following terms.

- A minimum of \$400,000 to be spent on exploration activities within 18 months of approval being received from the Central Land Council. This obligation had been met by December 2005.
- A net smelter return royalty to Newmont ranging from 1.5% to 2.5% after production, and
- The grant of an option to Newmont to buy back a 70% interest should a resource of more than 2 million gold ounces be discovered, by paying Adelaide Exploration Limited the lesser of \$A20 million or three times the expenditure by Adelaide Exploration Limited from the date of execution of the agreement.
- Under an agreement entered into with Adelaide Exploration Limited, Adelaide Resources Limited and Franco-Nevada Australia Pty Ltd (“Franco”) dated 11 February 2009, Newmont assigned its interest in the royalty to Franco.

(c) Newcrest Mining Royalty Deed

By a Royalty Deed dated 13 February 2002 the consolidated entity is obliged to pay to Newcrest Mining Limited a royalty of 1.5% of the gross proceeds received from the sale of refined minerals, less allowable deductions, mined from certain tenements on the Eyre Peninsula, South Australia.

(d) Service Agreements

The consolidated entity entered into service agreements with an entity associated with C G Drown for a term of three years from 5 November 2007 and a consultancy agreement with an entity associated with J P Horan for a term of two years from 1 October 2007, extended for a further 12 months. For the year ended 30 June 2008 the consolidated entity had service agreements with entities associated with C G Drown and J P Horan.

Should any of the above agreements be terminated by the company earlier than their expiry date, a contingency exists for the contracted amount payable to the end of their terms. The entities associated with C G Drown and J P Horan may terminate their agreements with three months notice. As at 30 June 2009, the consolidated entity had a contingent liability in relation to these agreements of \$291,124 (2008: \$538,846).

Details of the current services and consultancy agreements are set out below:

2009

Director	Terms
C G Drown	Daily rate of \$950 for a minimum of 218 days per annum
J P Horan	Daily rate of \$960 for a minimum of 90 days per annum

2008

Director	Terms
C G Drown	Daily rate of \$950 for a minimum of 218 days per annum
J P Horan	Daily rate of \$960 for a minimum of 90 days per annum

The consolidated entity also entered into a consultancy agreement with J J den Dryver on 28 May 2008 to provide consulting services on an as needs basis at the rate of \$1,300 per day (previously the rate was \$1,000 per day).

(e) Native Title

Native Title claims have been made with respect to tenements in South Australia in which Adelaide Resources Limited has interests. The consolidated entity is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the company or its projects.

(f) Bank Guarantees

As at 30 June 2009, the consolidated entity had given a bank guarantee of \$50,000 (2008: \$50,000) to the Central Land Council, Northern Territory, as a performance bond.

As at 30 June 2009, the consolidated entity had given a bank guarantee of \$10,000 (2008: \$Nil) to the Minister for Mineral Resources Development, South Australia, for an environmental bond.

As at 30 June 2009, the consolidated entity and the company had given a bank guarantee of \$32,500 (2008: \$Nil) to Pink Pumpkin Pty Ltd as a lease bond.

(g) Operating Lease

Operating lease relates to the lease of office space with a lease term of four years, with an option to extend for a further four years. The operating lease agreement contains a market review clause in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable operating lease commitments

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Not longer than 1 year	70,940	70,752	70,940	70,752
Longer than 1 year and not longer than 5 years	79,972	157,106	79,972	157,106
Longer than 5 years	-	-	-	-
	150,912	227,858	150,912	227,858

25. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 16, 17 and 18 respectively.

Due to the nature of the Group's activities (exploration) the directors believe that the most advantageous way to fund activities is through equity. The Group's exploration activities are monitored to ensure that adequate funds are available.

Categories of financial instruments

	Consolidated		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Financial assets				
Cash and cash equivalents	6,179,379	3,657,746	2,084,652	3,647,246
Loans and receivables	323,533	160,280	9,820,840	8,046,386
Available-for-sale financial assets	201,550	252,980	201,550	252,980
Shares and share options in Iron Road Limited	40,072	7,665,000	40,072	7,665,000
Financial liabilities				
Amortised cost	391,801	701,437	391,801	701,437

Interest rate risk management

The company and the Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's and company's net profit would increase/decrease by \$24,593 and \$14,330 respectively (2008: increase/decrease by \$20,207 and \$20,155 respectively). This is mainly attributable to interest rates on bank deposits.

The group's sensitivity to interest rates has not significantly changed from the prior year.

Other price risks

The Group is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather trading purposes. The Group does not actively trade these investments.

Equity price sensitivity

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if the equity prices had been 5% pa higher or lower:

- net profit for the year ended 30 June 2009 would have been unaffected as the equity investments are classified as available-for-sale; and

- other equity reserves would increase/decrease by \$12,082 (2008: increase/decrease by \$395,899) for the Group and Company, mainly as a result of the changes in fair value of available-for-sale shares.

The group's sensitivity to equity prices has decreased during the current year mainly due to the in-specie distribution of Iron Road Limited shares and share options.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from activities.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Liquidity and interest risk tables

The following table details the company's and the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Consolidated and Company	
	Weighted average effective interest rate %	Less than one year \$
2009 Non-interest bearing	-	391,801
2008 Non-interest bearing	-	701,437

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

Quoted prices

Financial assets in this category include income notes, shares and share options.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

26. SEGMENT INFORMATION

The consolidated entity operates in the mineral exploration industry in Australia.

27. EARNINGS PER SHARE

	Consolidated	
	2009 Cents per share	2008 Cents per share
Basic earnings per share – Profit / (loss)	4.86	(1.10)
Diluted earnings per share – Profit / (loss)	4.62	(1.10)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	\$	\$
- Earnings	4,038,576	(887,701)
	Number	Number
- Weighted average number of ordinary shares	83,156,035	80,405,658

Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	\$	\$
- Earnings	4,038,576	(887,701)
	Number	Number
- Weighted average number of ordinary shares	87,424,049	80,405,658

28. CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest	
		2009 %	2008 %
Parent Entity			
Adelaide Resources Limited (i)	Australia	-	-
Subsidiaries			
Adelaide Exploration Pty Ltd (ii)	Australia	100	100
Eyre Energy Pty Ltd (ii)	Australia	100	100

(i) Head entity in tax consolidated group

(ii) Members of tax consolidated group

29. SHARES AND OPTIONS IN IRON ROAD LIMITED

On 18 February 2008 the company announced that it had executed a sale agreement with Iron Road Limited to vend the Warramboos Iron Project into that company. Consideration for the sale was 21 million shares in Iron Road Limited. Under the sale agreement with Iron Road Limited the company agreed to undertake an in-specie distribution of the 21 million shares it received to the company's shareholders, subject to shareholders' approval.

A general meeting of the company's shareholders, held on 12 August 2008, approved the in-specie distribution of the 20,789,255 shares the company holds in Iron Road Limited.

The distribution was approved subject to the receipt of a private ruling on the tax consequences for the company of the in-specie distribution, and a class order in relation to the tax consequences for the shareholders of Adelaide Resources Limited of the in-specie distribution (collectively the "tax ruling") from the Australian Tax Office ("ATO").

As the tax ruling had not been received prior to Iron Road Limited announcing a rights issue of share options, the company participated in the share option issue and received 10.5 million share options.

On 7 November 2008 the company received indications from the ATO that a favourable tax ruling would be issued. Subsequently, on 17 December 2008, the ATO published its ruling.

At the Annual General Meeting of the company's shareholders held on 17 November 2008, the shareholders approved the in-specie distribution of 10,394,901 share options the company held in Iron Road Limited.

As the shareholders of the company at the above meetings approved a capital reduction for the original cost of the shares and share options in Iron Road Limited that would be distributed via in-specie distribution, the issued capital was reduced by the original cost of the shares and share options distributed. For accounting purposes, the in-specie distribution has been accounted for at "fair value" with the difference between original cost and fair value being reported in accumulated losses.

30. NOTES TO THE CASH FLOW STATEMENT

	Inflows/(Outflows)			
	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
(a): Reconciliation of loss for the period to net cash flow from ordinary activities.				
Profit / (Loss) for the period	4,038,577	(887,701)	7,371,239	(1,896,379)
Interest revenue	(316,332)	(297,245)	(315,993)	(296,745)
Share based remuneration	11,812	97,677	11,812	97,677
Revaluation of options	(101,582)	-	(101,582)	-
Gain as a result of in-specie distribution of shares in Iron Road Limited	(727,615)	-	(727,615)	-
Depreciation	30,332	22,370	30,332	22,370
Profit on sale of plant and equipment	(863)	-	(863)	-
Profit on sale of tenements	(3,745,238)	-	-	-
Exploration written off	119,489	176,665	-	-
Impairment of receivables	-	-	(5,881,060)	1,616,919
(Increase) decrease in receivables	(163,253)	(75,966)	(148,774)	(75,966)
(Increase) decrease in deferred tax asset	-	6,035	(38,509)	(426,041)
Increase/(decrease) in payables	87,886	(289,806)	(312,004)	(289,806)
Increase/(decrease) in provisions	(8,597)	3,606	(8,598)	3,606
Net operating cash flows	(775,384)	(1,244,365)	(121,615)	(1,244,365)

(b) Non-cash investing and financing activities

During the year the company and the consolidated entity made an in-specie distribution of 20,789,255 shares and 10,394,901 share options in Iron Road Limited.

During the previous year the company and the consolidated entity sold the Warrambo Iron Project for 21 million shares in Iron Road Limited.

These transactions are not reflected in the cash flow statement.


Directors' Declaration

The directors declare that:

- (a) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (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 company and consolidated entity; and
- (c) The directors have been given the declaration required by Section 295A of the Corporation Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the directors



C G Drown
Director



J P Horan
Director

Adelaide, South Australia
16th September 2009

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

Report on the Financial Report

We have audited the accompanying financial report of Adelaide Resources Limited which comprises the balance sheet as at 30 June 2009 and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 12 to 40.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 3 the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Adelaide Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 3.

Report on the Remuneration Report

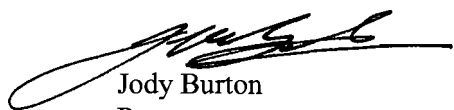
We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Adelaide Resources Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Jody Burton

Partner

Chartered Accountants

Adelaide, 16 September 2009