

Adelaide Resources Limited

(ACN 061 503 375)

FINANCIAL REPORT

For the Half-Year Ended

31 December 2009

INDEX

	Page
Directors' report	2
Auditors' independence declaration	5
Consolidated statement of comprehensive income	6
Consolidated statement of changes in equity	7
Consolidated statement of financial position	8
Consolidated statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	13
Independent review report	14

Directors' Report

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

Paul J Dowd Chairman	BSc (Eng), FAusIMM
Christopher G Drown Managing Director	BSc (Hons), MAusIMM, MAICD
John P Horan Non Executive Director and Company Secretary	FCPA, FCIS
John J den Dryver Non Executive Director	BE (Mining), MSc, FAusIMM
Keith R Yates Non Executive Director	BSc (Hons), FAusIMM
Andrew J Brown Non Executive Director	BA Econ (Hons)

Review of Operations

The net result of operations for the half-year was a loss of \$380,957 (2008: profit of \$4,162,543).

Liquidity at 31 December 2009 was \$9.379 million, comprising liquid investments of \$0.218 million and cash and term deposits of \$9.161 million.

The Company's main exploration focus during the six month period was at the Rover Gold-Copper Project in the Northern Territory, where a significant drilling program was completed. The drilling program, which commenced in mid June 2009 and was completed in mid December 2009, comprised 18 diamond drillholes for 7,744 metres. Holes were drilled at a range of targets with excellent results returned at the Rover 1 and Rover 4 prospects.

At Rover 1 outstanding copper and gold intersections were achieved in the Company's first drillhole at the prospect. Intersections include 55 metres at 3.36% copper including 9 metres at 8% copper; 34 metres at 2.14g/t gold and 2.05% copper; and 47 metres at 1.51g/t gold.

At Rover 4 significant zones of mineralisation were returned from several holes. Intersections include 9 metres at 1.57% copper and 1.09g/t gold; 46 metres at 1.24% copper; and 25 metres at 1.05% copper, 21 metres at 2.33% copper and 0.94g/t gold; 27 metres at 1.20% copper; and 17 metres at 1.81% copper, including 7 metres at 3.07% copper.

The excellent quality of the results achieved at the Rover Project has prompted the Company to commit to a more aggressive drilling effort in 2010, and Rover will likely remain the Company's flagship project.

A detailed review of previous exploration completed on the Moonta Copper-Gold Project, located on South Australia's Yorke Peninsula, highlighted numerous anomalies deserving further exploration, with preparations to commence on-ground exploration in early 2010 completed. An initial geochemical survey involving the collection of up to 2,000 calcrete samples is planned preparatory to drill testing of targets scheduled to commence in March-April 2010.

The Corrobinnie Palaeochannel Uranium Joint Venture, between Adelaide Resources and Quasar Resources Pty Ltd, is searching for "roll front" style uranium deposits in ancient drainage systems on Eyre Peninsula. A reconnaissance aircore drilling program completed to explore the previously untested Thurlga Palaeochannel was completed and encountered promising geology in the deposits filling the old channels.

In places in the Thurlga Palaeochannel, beds of highly porous, chemically reduced coarse sands and gravels lie below reduced clay-rich beds presenting an excellent stratigraphy to potentially host roll front style deposits. Significantly, assays of drill samples collected during the program confirm that uranium is present at significantly anomalous levels and further work is planned commencing with an airborne EM survey scheduled for February 2010.

The Yalanda Hill Joint Venture was formed in September 2009 with Southern Uranium Limited, to explore for uranium and other minerals on three tenements located on eastern Eyre Peninsula in South Australia. Preparations for the commencement of a project wide program of soil sampling and gravity surveying had been completed with on-ground work planned for the first four months of 2010.

Subsequent Events

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 of the half-year financial report.

Dated at Adelaide this 25th day of February 2010 and signed in accordance with a resolution of the directors.



CG Drown
Director



J P Horan
Director

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

25 February 2010

Dear Board Members

Adelaide Resources Limited


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

As lead audit partner for the review of the financial statements of Adelaide Resources Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the or review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU


Jody Burton
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

**Consolidated Statement of Comprehensive Income for the
Half Year ended 31 December 2009**

	Half-Year Ended 31/12/09	Half-Year Ended 31/12/08
	\$	\$
Revenue (Bank interest)	160,148	151,071
Other income (Note 2)	47,802	4,575,207
Exploration expenditure written-off	(42,755)	(40,453)
Administration expenses	(230,257)	(222,302)
Shareholder relations	(37,311)	(47,262)
Corporate consulting expenses	(98,583)	(87,333)
Non executive directors fees	(91,250)	(87,500)
Occupancy expenses	(35,348)	(39,542)
Salaries and wages	(20,663)	(27,531)
Share based remuneration	-	(11,812)
	<hr/>	<hr/>
(Loss)/profit before income tax	(348,217)	4,162,543
Income tax expense	(32,740)	-
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(Loss)/profit for the period	(380,957)	4,162,543
	<hr/>	<hr/>
Other comprehensive income		
Gain/(loss) on available-for-sale investments taken to equity	111,980	(7,385,990)
Income tax relating to components of other comprehensive income	(21,416)	-
	<hr/>	<hr/>
Total other comprehensive income	90,564	(7,385,990)
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Total comprehensive income for the period (loss)	(290,383)	(3,223,447)
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Earnings Per Share		
Basic (cents per share) – (Loss)/profit	(0.41)	5.01
Diluted (cents per share) – (Loss)/profit	(0.41)	4.76

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

Consolidated Statement of Changes in Equity for the Half Year ended 31 December 2009

	Issued capital	Employee Equity- Settled Benefits	Available for Sale Revaluation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2008	18,349,580	1,082,197	7,324,980	(10,927,622)	15,829,135
Profit attributable to the period	-	-	-	4,162,543	4,162,543
Valuation loss – available-for-sale investments	-	-	(6,658,375)	-	(6,658,375)
Transfer from available for sale revaluation reserve to profit and loss on distribution of Iron Road Limited shares	-	-	(727,615)	-	(727,615)
Total comprehensive income for the period	-	-	(7,385,990)	4,162,543	(3,223,447)
Capital reduction as a result of in- specie distribution of Iron Road Limited shares and share options	(415,784)	-	-	(831,564)	(1,247,348)
Fair value of options issued to employees	-	11,812	-	-	11,812
Balance at 31 December 2008	17,933,796	1,094,009	(61,010)	(7,596,643)	11,370,152
Balance at 1 July 2009	17,933,796	1,094,009	(40,594)	(7,720,610)	11,266,601
Loss attributable to the period	-	-	-	(380,957)	(380,957)
Valuation gain – other financial assets	-	-	115,133	-	115,133
Related income tax	-	-	(21,416)	-	(21,416)
Transfer from available for sale revaluation reserve to profit and loss on sale of other financial assets	-	-	(3,153)	-	(3,153)
Total comprehensive income for the period	-	-	90,564	(380,957)	(290,393)
Issue of share capital through a share placement at 19 cents	2,280,000	-	-	-	2,280,000
Issue of share capital through a share purchase plan at 19 cents	2,996,925	-	-	-	2,996,925
Costs associated with the issue of shares	(180,518)	-	-	-	(180,518)
Related income tax	54,156	-	-	-	54,156
Conversion of employee share options at 4 cents	11,000	-	-	-	11,000
Transfer to issue capital from employee options transferred from employee equity-settled benefits reserve on conversion of employee share options	9,281	(9,281)	-	-	-
Balance at 31 December 2009	23,104,640	1,084,728	49,970	(8,101,567)	16,137,771

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position as at 31 December 2009

	31/12/09	30/06/09
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	9,161,641	6,179,379
Trade and other receivables	196,183	323,533
Other financial assets	217,674	201,550
TOTAL CURRENT ASSETS	9,575,498	6,704,462
NON CURRENT ASSETS		
Exploration and evaluation	6,896,420	4,920,622
Other financial assets	134,877	40,072
Plant and equipment	58,375	69,475
TOTAL NON CURRENT ASSETS	7,089,672	5,030,169
TOTAL ASSETS	16,665,170	11,734,631
CURRENT LIABILITIES		
Trade and other payables	435,492	391,801
Provisions	711	3,343
TOTAL CURRENT LIABILITIES	436,203	395,144
NON-CURRENT LIABILITIES		
Provisions	7,294	34,438
Other liabilities	83,902	38,448
TOTAL NON-CURRENT LIABILITIES	91,196	72,886
TOTAL LIABILITIES	527,399	468,030
NET ASSETS	16,137,771	11,266,601
EQUITY		
Issued capital	23,104,640	17,933,796
Reserves	1,134,698	1,053,415
Accumulated losses	(8,101,567)	(7,720,610)
TOTAL EQUITY	16,137,771	11,266,601

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Consolidated Statement of Cash Flows for the
Half Year ended 31 December 2009**

	Half-Year Ended 31/12/09 Inflows (Outflows) \$	Half-Year Ended 31/12/08 Inflows (Outflows) \$
Cash flows related to operating activities		
GST received	-	500,000
Other receipts	-	772
Payments to suppliers and employees	(162,544)	(432,690)
Net operating cash flows	(162,544)	68,082
Cash flows related to investing activities		
Interest received	136,842	117,542
Payments for exploration and evaluation expenditure	(2,188,171)	(1,275,428)
Government grant received	45,454	-
Purchase of share options	-	(105,000)
Proceeds from sale of other financial assets	48,853	-
Proceeds from sale of tenements	-	5,000,000
Payments for plant and equipment	(5,578)	(23,638)
Net investing cash flows	(1,962,600)	3,713,476
Cash flows related to financing activities		
Proceeds from share issues	5,287,925	-
Payment for share issue costs	(180,519)	-
Net financing cash flows	5,107,406	-
Net increase in cash and cash equivalents	2,982,262	3,781,558
Cash and cash equivalents at beginning of financial period	6,179,379	3,657,745
Cash and cash equivalents at end of financial period	9,161,641	7,439,303

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

Notes to the financial statements

Half-Year ended 31 December 2009

1. BASIS OF PREPARATION OF ACCOUNTS

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

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2009 annual financial report, except for the impact of the standards described below.

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 their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements

The adoption of AASB 8 Operating Segments did not result in any changes to the Group's presentation of, or disclosure in, its half-year financial statements.

The adoption of AASB 101 Presentation of Financial Statements resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements in that previously, in addition to the statement of financial position (formerly termed the 'balance sheet'), the income statement and the cash flow statement, the Group presented a statement of recognised income and expenses. As a consequence of the adoption of AASB 101 Presentation of Financial Statements (2007) and its associated amending standards, the Group no longer presents a statement of recognised income and expenses, but presents in addition to the statements listed above, a statement of comprehensive income and a statement of changes in equity.

2. OTHER INCOME

	Consolidated	
	Half-Year Ended 31/12/09 \$	Year Ended 31/12/08 \$
Profit on sale of assets (a)	47,802	3,745,238
Other	-	772
Gain as a result of in-specie distribution of shares in Iron Road Limited	-	727,615
Change in fair value of financial assets designated as at fair value through profit or loss	-	101,582
	<u>47,802</u>	<u>4,575,207</u>

(a) During the half-year ended 31 December 2008 the group sold a number of tenements for \$5,000,000 resulting in a profit of \$3,745,238. There have been no sales of tenements during the current period.

3. ISSUE OF SECURITIES

During the half-year ended 31 December 2009, 12,000,000 shares were issued via a placement, 15,773,005 shares were issued as a result of a shareholder share purchase plan and 275,000 shares were issued through the exercise of options. During the half-year ended 31 December 2008, no shares were issued.

During the half-year ended 31 December 2009, no share options were issued (2008; 350,000) over ordinary shares.

4. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets from those disclosed in the annual report for the year ended 30 June 2009.

5. SUBSEQUENT EVENTS

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

6. SEGMENT INFORMATION

The Group has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group has a number of exploration licenses in Australia which are managed on a portfolio basis. The decision to allocate resources to individual projects in the portfolio is predominantly based on available cash reserves, technical data and the expectations of future metal prices. Accordingly, the Group effectively operates as one segment, being exploration in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

As a result, following the adoption of AASB 8, there has been no change in the Group's reportable segments.

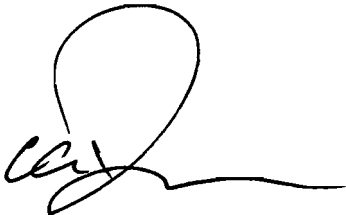
Directors' Declaration

The directors declare that:

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

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

On behalf of the directors



C G Drown
Director



J P Horan
Director

Adelaide, South Australia
25 February 2010

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the Members of Adelaide Resources Limited

We have reviewed the accompanying half-year financial report of Adelaide Resources Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 13.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Adelaide Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

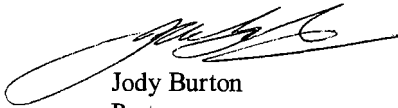
Member of
Deloitte Touche Tohmatsu

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Jody Burton
Partner
Chartered Accountants
Adelaide, 25 February 2010