

Adelaide Resources Limited

(ACN 061 503 375)

FINANCIAL REPORT

For the Half-Year Ended

31 December 2011

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Directors' Report

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

Andrew J Brown Chairman	BA Econ (Hons)
Christopher G Drown Managing Director	BSc (Hons), MAusIMM, MAICD
John P Horan Non Executive Director	F CPA, FCIS
John J den Dryver Non Executive Director	BE (Mining), MSc, FAusIMM
Michael I Hatcher (<i>appointed 29 July 2011</i>) Non Executive Director	BSc (Hons), MAusIMM

The name of the company secretary of the company during the half-year and as at the date of this report is:

Nicholas J Harding	F CPA, F Fin, ACIS
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Review of Operations

The company ended the half-year with a loss of \$477,047 (2010: \$452,108). Cash and term deposits at 31 December 2011 was \$5.107 million.

The company's main exploration focus during the six month period was at the Rover Gold-Copper Project in NT, with a drilling program current from the start of the period until early December 2011. Holes were drilled at four prospects, Rover 1, Rover 4, Rover 11 East and Rover 12. A ground gravity survey was also completed.

Drilling at Rover 1 extended the known western extent of the prospective ironstone and underlying stringer zone host rocks, and also confirmed that mineralisation of potentially economic grade also extends further west than previously defined. The most significant intersection at Rover 1 was achieved in hole R1ARD51 which returned 10 metres at 1.79% copper and 0.40g/t gold commencing at 354 metres downhole.

At Rover 4 drilling continued to explore for extensions to two main zones of mineralisation with significant intersections achieved in both zones. Holes R4ARD52 (28 metres at 1.62% copper commencing from a downhole depth of 221 metres, including 15 metres at 2.37% copper commencing from 225 metres) and R4ARD59 (7 metres at 1.67% copper and 0.33g/t gold from 240 metres) made significant intersections in the eastern mineralised zone. Holes R4ARD48 (12 metres at 1.36% copper from 314 metres) and R4ARD49 (5 metres at 1.13% copper from 402 metres) achieved notable intersections in the western zone of mineralisation at Rover 4.

The Rover 12 prospect is located approximately 20 kilometres to the west of Rover 4 and is defined by a magnetic anomaly of similar scale to the Rover 1 magnetic anomaly, suggesting Rover 12 may also be sourced by a significant sized ironstone system. Five holes were completed at Rover 12 on two sections with ironstones intersected on both sections. Copper sulphides are present in several holes and include a visibly high grade zone of veining in a shear zone in one hole. Assaying of the Rover 12 core samples was in progress at the time of reporting.

Two holes were completed to test a discreet gravity anomaly defined at the Rover 11 East prospect, located about 12 kilometres west of Rover 4. Both holes intersected intervals of jasper-hematite-carbonate, a relatively dense rock type likely to be the source of the gravity anomaly. Jasper-hematite-carbonate is a rock type that forms part of the spectrum of lithologies that host mineralisation at the Rover 4 prospect. Minor sulphides are present in the Rover 11 East drill core, with sampling and assaying in progress at the end of the half year.

Continuation of the exploration program at Rover is planned for calendar 2012, with holes to be designed to follow-up promising results achieved at a number of prospects in calendar 2011.

The Corrobinnie Uranium Joint Venture (“CUJV”), between Adelaide Resources and Quasar Resources Pty Ltd, is searching for “roll front” style uranium deposits in ancient drainage systems on Eyre Peninsula. At 31 December 2011 Adelaide Resources’ equity in the CUJV stood at 32.54%. Should Adelaide Resources’ equity be diluted to 25% it shall be free carried through to Decision to Mine.

Drilling completed by the CUJV during the half year targeted the Narlaby and Thurlga Palaeochannels, with zones of radiometric anomalism present in holes drilled in both palaeochannels. A significant gamma anomaly, commencing at 89 metres and peaking at 1200 counts per second, was intersected in drillhole PDA098 which was drilled in the Narlaby Palaeochannel. Niton XRF analyses made on drill samples collected from the anomalous interval confirmed 250ppm eU_3O_8 over 1.5 metres from 89 metres downhole.

The Moonta Copper Gold Project is located on the Yorke Peninsula of South Australia at the southern end of the world class Olympic Copper Gold Province. Preparations for a drilling program utilising two rigs were well advanced at the end of the half year. Both aircore and diamond drilling are planned at the Willamulka prospect where exploration in early 2011 discovered significant shallow copper and gold mineralisation. Aircore drilling is also planned to test a number of highly regarded other targets, while deeper diamond drilling is also planned at the Wombat prospect where previous drilling intersected 36 metres at 1.14% copper.

In a strategy designed to ensure flexibility of capital management and maximisation of the value of its assets in the hands of shareholders, Directors authorised the Company to repurchase up to 10% of its ordinary shares through an on-market share buyback program over a twelve month period commencing on 27 October 2011. No shares had been acquired under the scheme as of 31 December 2011.

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Chris Drown, who is a Member of The Australasian Institute of Mining and Metallurgy and who consults to the company on a full time basis. Mr Drown has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Drown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 21st day of February 2012 and signed in accordance with a resolution of the directors.



CG Drown
Managing 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

21 February 2011

Dear Board Members

Adelaide Resources Limited

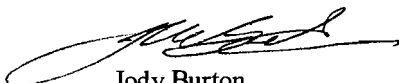
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Adelaide Resources Limited.

As lead audit partner for the review of the financial statements of Adelaide Resources Limited for the half-year ended 31 December 2011, 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

Consolidated Statement of Comprehensive Income for the Half Year ended 31 December 2011

	Half-Year Ended 31/12/11	Half-Year Ended 31/12/10
	\$	\$
Revenue (Bank interest)	209,486	182,361
Other income (Note 2)	55,099	-
Exploration expenditure written-off	(16,541)	(26,020)
Administration expenses	(221,957)	(238,437)
Corporate consulting expenses	(103,073)	(80,589)
Company promotion	(19,134)	(45,011)
Salaries and wages	(71,308)	(59,511)
Directors fees	(80,833)	(71,156)
Occupancy expenses	(45,297)	(36,957)
Share based remuneration	(148,244)	(27,060)
	(441,802)	(402,380)
Loss before income tax		
Income tax expense	(35,245)	(49,728)
	(477,047)	(452,108)
Loss for the period		
Other comprehensive income		
Gain on available-for-sale investments taken to equity	-	53,574
Transfer on sale of investments	(117,483)	-
Income tax relating to components of other comprehensive income	35,245	(16,072)
	(82,238)	37,502
Total other comprehensive income		
Total comprehensive income for the period (loss)	(559,285)	(414,606)
Earnings Per Share		
Basic (cents per share) – (Loss)	(0.33)	(0.36)
Diluted (cents per share) – (Loss)	(0.33)	(0.36)

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 2011

	Issued capital	Employee Equity- Settled Benefits	Performance Rights	Available for Sale Revaluation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	23,104,640	1,084,728	-	36,561	(8,364,797)	15,861,132
Loss attributable to the period	-	-	-	-	(452,108)	(452,108)
Valuation gain – other financial assets	-	-	-	53,574	-	53,574
Related income tax	-	-	-	(16,072)	-	(16,072)
Total comprehensive income for the period	-	-	-	37,502	(452,108)	(414,606)
Issue of share capital through a share placement at 18.5 cents	3,052,500	-	-	-	-	3,052,500
Issue of share capital through a share purchase plan at 18.5 cents	3,124,000	-	-	-	-	3,124,000
Costs associated with the issue of shares	(219,333)	-	-	-	-	(219,333)
Related income tax	65,800	-	-	-	-	65,800
Share based payments	-	27,060	-	-	-	27,060
Balance at 31 December 2010	29,127,607	1,111,788	-	74,063	(8,816,905)	21,496,553
Balance at 1 July 2011	29,110,847	1,082,197	175,125	82,238	(9,627,963)	20,822,444
Loss attributable to the period	-	-	-	-	(447,047)	(447,047)
Transfer on sale of investments	-	-	-	(117,483)	-	(117,483)
Related income tax	-	-	-	35,245	-	35,245
Total comprehensive income for the period	-	-	-	(82,238)	(447,047)	(529,285)
Share based payments	-	-	148,244	-	-	148,244
Transfer on vesting of performance rights	83,301	-	(83,301)	-	-	-
Balance at 31 December 2011	29,194,148	1,082,197	240,068	-	(10,075,010)	20,441,403

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 2011

	31/12/11	30/06/11
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	5,107,237	8,381,277
Trade and other receivables	60,730	155,665
Other financial assets	-	221,622
TOTAL CURRENT ASSETS	5,167,967	8,758,564
NON CURRENT ASSETS		
Exploration and evaluation	15,473,629	12,219,646
Shares in Iron Road Limited	-	177,026
Plant and equipment	326,631	309,140
TOTAL NON CURRENT ASSETS	15,800,260	12,705,812
TOTAL ASSETS	20,968,227	21,464,376
CURRENT LIABILITIES		
Trade and other payables	384,403	478,145
Provisions	17,685	15,440
TOTAL CURRENT LIABILITIES	402,088	493,585
NON-CURRENT LIABILITIES		
Provisions	25,379	18,990
Other liabilities	129,357	129,357
TOTAL NON-CURRENT LIABILITIES	154,736	148,347
TOTAL LIABILITIES	556,824	641,932
NET ASSETS	20,411,403	20,822,444
EQUITY		
Issued capital	29,194,148	29,110,847
Reserves	1,322,265	1,339,560
Accumulated losses	(10,105,010)	(9,627,963)
TOTAL EQUITY	20,411,403	20,822,444

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 2011**

	Half-Year Ended 31/12/11 Inflows (Outflows) \$	Half-Year Ended 31/12/10 Inflows (Outflows) \$
Cash flows related to operating activities		
Payments to suppliers and employees	(349,855)	(756,143)
Net operating cash flows	(349,855)	(756,143)
Cash flows related to investing activities		
Interest received	228,081	207,056
Payments for exploration and evaluation expenditure	(3,375,194)	(2,765,644)
Proceeds from sale of investments	291,663	-
Proceeds from sale of plant and equipment	864	-
Payments for plant and equipment	(69,599)	(10,743)
Net investing cash flows	(2,924,185)	(2,569,331)
Cash flows related to financing activities		
Proceeds from share issues	-	6,176,498
Payment for share issue costs	-	(160,790)
Net financing cash flows	-	6,015,708
Net (decrease)/increase in cash and cash equivalents	(3,274,040)	2,690,234
Cash and cash equivalents at beginning of financial period	8,381,277	7,560,843
Cash and cash equivalents at end of financial period	5,107,237	10,251,077

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 2011

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 2011 annual financial report.

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.

2. OTHER INCOME

	Consolidated	
	Half-Year Ended 31/12/11	Year Ended 31/12/10
	\$	\$
Profit on sale of investments	54,235	-
Other	864	-
	55,099	-

3. ISSUE OF SECURITIES

During the half-year ended 31 December 2011, 333,333 shares were issued on conversion of the first tranche of performance rights issued to the Managing Director due to completion of 12 months service from the issue of performance rights to him.

During the half-year ended 31 December 2010, 16,500,000 shares were issued via a placement and 16,886,328 shares were issued as a result of a share purchase plan.

During the half-year ended 31 December 2011, no share options were issued over ordinary shares (2010: Nil).

During the half-year ended 31 December 2011, 920,000 performance rights to shares were issued (2010: 2,000,000) and 333,333 performance rights vested and were converted to 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 2011.

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 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.

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

A handwritten signature in black ink, appearing to read 'CG Drown', with a large loop at the top and a horizontal flourish at the bottom.

CG Drown
Managing Director

Adelaide, South Australia
21st February 2012

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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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 condensed statement of financial position as at 31 December 2011, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed 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 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Adelaide Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2011 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, 21 February 2012