

# Adelaide Resources Limited

(ACN 061 503 375)

## FINANCIAL REPORT

### For the Half-Year Ended

### 31 December 2012

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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:

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

<b>Nicholas J Harding</b>	F CPA, F Fin, ACIS
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## Review of Operations

The company ended the half-year with a loss of \$5,818,239 (2011: \$477,047). Cash and term deposits at 31 December 2012 was \$3.027 million.

The company raised \$0.837 million through a Shareholder Share Purchase Plan, and a further \$1.106 million through a share placement to professional and sophisticated investors during the half year.

During the six months ending 31 December 2012, the Company focussed its exploration efforts on its Moonta Copper Gold Project located on the Yorke Peninsula of South Australia. An airborne electromagnetic (REPTM) survey was flown over the Paskeville Prospect, located in a wholly owned part of the project tenement. The REPTM survey identified a number of conductive features generally coincident with untested copper or gold geochemical anomalies, adding confidence that these features represent worthy exploration targets.

The Paskeville REPTM data also provided very useful data that assisted with the interpretation of the subsurface geology of the prospect area. Reprocessing of airborne magnetic data revealed the presence of a significant anomaly coincident with the known Paskeville Prospect mineralisation, with the anomaly's magnetic source rocks modelled to be several hundred metres below surface.

A diamond drillhole was completed at Paskeville to test a target position identified down-dip of a wide zone of copper mineralisation defined by shallow aircore drilling completed

in the first half of calendar 2012. The drillhole intersected only narrow intervals of low grade copper and gold mineralisation. Better zones included 2 metres at 1.07% copper, and 7 metres at 0.29% copper.

Assaying of two diamond holes drilled at the wholly owned Wombat Prospect, located in the northeast of the project tenement, returned encouraging intervals of copper mineralisation hosted in deeply weathered bedrock. Hole WOMDD001 returned 66 metres at 1.04% copper from a downhole depth of 236 metres, including 12 metres at 1.64% copper from 251 metres. Hole WOMDD002 returned a broad interval of low grade mineralisation, with subzones including 17 metres at 0.34% copper, 15 metres at 0.28% copper, and 9 metres at 0.42% copper.

The company plans to complete aircore and diamond drilling programs on the Moonta Copper Gold Project in early 2013, with preparations now well advanced. An initiative to digitally capture a very significant volume of historical exploration data from the project area is also underway.

AMC Consultants were engaged to complete 3-dimensional geological modelling and a non-JORC compliant inventory of the copper and gold mineralisation at the Rover 4 deposit located on the company's wholly owned Rover Project southwest of Tennant Creek in the Northern Territory.

The study confirms that the Rover 4 deposit, as currently defined, is too small to develop in its own right but has an excellent potential to play a role as a source of secondary feed for a mill processing Rover Field ores. The study also confirmed that, in terms of known Rover Field copper-gold deposits and prospects, Rover 4 currently ranks second behind the Rover 1 prospect.

On 21 December 2012, Quasar Resources Pty Ltd advised the company of its intention to withdraw from the Corrobinnie Uranium Joint Venture. Under the withdrawal provisions Quasar's 68.48% interest in the Joint Venture will be transferred to Adelaide Resources for no consideration.

Quasar spent in excess of \$4.3 million on exploration during the term of the joint venture discovering uranium in two palaeochannels, anomalous uranium in basement rocks, and anomalous gold also in basement rocks.

Upon Quasar's withdrawal Adelaide Resources' Eyre Peninsula Project will comprise 12 tenements securing an area of 4906 km<sup>2</sup>. The company discovered significant gold mineralisation on the Project in the past, and interprets the area to also be prospective for silver and base metal deposits. Efforts to put in place the various environment, aboriginal and other statutory approvals to re-commence exploration on the Eyre Peninsula are in progress.

Construction of a database capturing historical exploration data from the company's wholly owned Drummond Gold Project tenement in Queensland was completed. This exercise confirms that gold mineralised systems considered likely to be of the targeted epithermal style are present on the Project. A site inspection and field reconnaissance trip to aid in the design of an initial exploration program is planned in the first half of calendar 2013.

Modest programs of geochemical surveying were completed on the Yalanda Hill Joint Venture tenements by Joint Venture manager Investigator Resources, and on the wholly owned Anabama Project.

**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**

On 21 December 2012, the company received notice from Quasar Resources Pty Ltd of its intention to withdraw from the Corrobinnie Uranium Joint Venture (CUJV). Under the withdrawal provisions of the CUJV, Quasar's interest of 68.48% was transferred to Adelaide Resources for no consideration on 19 February 2013.

Other than the above, there have been no other 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 7th day of March 2013 and signed in accordance with a resolution of the directors.



**CG Drown**  
Managing Director

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The Board of Directors  
Adelaide Resources Limited.  
PO Box 1210  
UNLEY SA 5061

7 March 2013

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 year-half ended 31 December 2012, 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 review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Stephen Harvey  
Partner  
Chartered Accountants

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**Condensed Consolidated Statement of Comprehensive Income  
for the Half Year ended 31 December 2012**

	Half Year Ended 31/12/12	Half Year Ended 31/12/11
	\$	\$
Revenue (Bank interest)	70,024	209,486
Other income (Note 2)	20,579	55,099
Impairment of exploration expenditure (Note 3)	(5,004,239)	-
Exploration expenditure written-off (Note 3)	(225,892)	(16,541)
Administration expenses	(227,191)	(221,957)
Corporate consulting expenses	(109,500)	(103,073)
Company promotion	(16,672)	(19,134)
Salaries and wages	(66,981)	(71,308)
Directors fees	(83,750)	(80,833)
Occupancy expenses	(40,340)	(45,297)
Share based remuneration	(90,830)	(148,244)
	<hr/>	<hr/>
<b>Loss before income tax</b>	<b>(5,774,792)</b>	<b>(441,802)</b>
Income tax expense	(43,447)	(35,245)
	<hr/>	<hr/>
<b>Loss for the period</b>	<b>(5,818,239)</b>	<b>(477,047)</b>
	<hr/>	<hr/>
<b>Other comprehensive income</b>		
Transfer on sale of investments	-	(117,483)
Income tax relating to components of other comprehensive income	-	35,245
	<hr/>	<hr/>
Total other comprehensive income	-	(82,238)
	<hr/>	<hr/>
<b>Total comprehensive income for the period (loss)</b>	<b>(5,818,239)</b>	<b>(559,285)</b>
	<hr/>	<hr/>
<b>Earnings Per Share</b>		
Basic (cents per share) – (Loss)	(3.49)	(0.33)
Diluted (cents per share) – (Loss)	(3.49)	(0.33)

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

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### Condensed Consolidated Statement of Changes in Equity for the Half Year ended 31 December 2012

	Issued capital	Employee Equity- Settled Benefits	Performance Rights	Available for Sale Revaluation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$	\$
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 of 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)
Fair value of performance rights issued to employees	-	-	148,244	-	-	148,244
Shares issued as a result of the 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
Balance at 1 July 2012	29,194,147	1,082,197	356,717	-	(10,608,443)	20,024,618
Loss attributable to the period	-	-	-	-	(5,818,239)	(5,818,239)
Total comprehensive income for the period	-	-	-	-	(5,818,239)	(5,818,239)
Issue of share capital through a share purchase plan at 4.5 cents	837,000	-	-	-	-	837,000
Issue of share capital through a share placement at 4.5 cents	1,105,590	-	-	-	-	1,105,590
Costs associated with the issue of shares	(144,823)	-	-	-	-	(144,823)
Related income tax	43,447	-	-	-	-	43,447
Fair value of performance rights issued to employees	-	-	90,830	-	-	90,830
Shares issued as a result of the vesting of performance rights	100,610	-	(100,610)	-	-	-
Balance at 31 December 2012	31,135,971	1,082,197	346,937	-	(16,426,682)	16,138,423

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

**Condensed Consolidated Statement of Financial Position  
as at 31 December 2012**

	31/12/12 \$	30/06/12 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,027,488	2,915,127
Trade and other receivables	53,709	53,997
<b>TOTAL CURRENT ASSETS</b>	<b>3,081,197</b>	<b>2,969,124</b>
<b>NON CURRENT ASSETS</b>		
Exploration and evaluation	13,048,753	17,603,691
Plant and equipment	264,988	315,196
<b>TOTAL NON CURRENT ASSETS</b>	<b>13,313,741</b>	<b>17,918,887</b>
<b>TOTAL ASSETS</b>	<b>16,394,938</b>	<b>20,888,011</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	112,489	704,537
Provisions	13,990	12,856
<b>TOTAL CURRENT LIABILITIES</b>	<b>126,479</b>	<b>717,393</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	21,259	16,643
Other liabilities	108,777	129,357
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>130,036</b>	<b>146,000</b>
<b>TOTAL LIABILITIES</b>	<b>256,515</b>	<b>863,393</b>
<b>NET ASSETS</b>	<b>16,138,423</b>	<b>20,024,618</b>
<b>EQUITY</b>		
Issued capital	31,135,971	29,194,147
Reserves	1,429,134	1,438,914
Accumulated losses	(16,426,682)	(10,608,443)
<b>TOTAL EQUITY</b>	<b>16,138,423</b>	<b>20,024,618</b>

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

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**Condensed Consolidated Statement of Cash Flows for the  
Half Year ended 31 December 2012**

	Half Year Ended 31/12/12 Inflows (Outflows) \$	Half Year Ended 31/12/11 Inflows (Outflows) \$
<b>Cash flows related to operating activities</b>		
Payments to suppliers and employees	(558,737)	(349,855)
<b>Net operating cash flows</b>	(558,737)	(349,855)
<b>Cash flows related to investing activities</b>		
Interest received	75,303	228,081
Payments for exploration and evaluation expenditure	(1,183,460)	(3,375,194)
Proceeds from sale of investments	-	291,663
Proceeds from sale of plant and equipment	-	864
Payments for plant and equipment	(18,512)	(69,599)
<b>Net investing cash flows</b>	(1,126,669)	(2,924,185)
<b>Cash flows related to financing activities</b>		
Proceeds from share issues	1,942,590	-
Payment for share issue costs	(144,823)	-
<b>Net financing cash flows</b>	1,797,767	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	112,361	(3,274,040)
<b>Cash and cash equivalents at beginning of financial period</b>	2,915,127	8,381,277
<b>Cash and cash equivalents at end of financial period</b>	3,027,488	5,107,237

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

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**Notes to the financial statements**  
Half Year ended 31 December 2012

**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 2012 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**

	Half Year Ended 31/12/12 \$	Half Year Ended 31/12/11 \$
Profit on sale of investments	-	54,235
PACE government grant	20,579	-
Other	-	864
	20,579	55,099

**3. EXPLORATION AND EVALUATION EXPENDITURE**

	Half Year Ended 31/12/12 \$	Half Year Ended 31/12/11 \$
Costs brought forward	17,603,691	12,219,646
Expenditure incurred during the year	675,193	3,270,524
	18,278,884	15,490,170
Expenditure impaired	(5,004,239)	-
Expenditure written off	(225,892)	(16,541)
	13,048,753	15,473,629

The impairment write-down adjusts the carrying value of a number of tenements to their fair value that the directors would be prepared to accept under a sales transaction of those tenements.

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Expenditure written off relates to exploration and evaluation expenditure associated with tenements or parts of tenements that have been surrendered \$225,892 (2012: \$16,541).

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.

#### **4. ISSUE OF SECURITIES**

During the half-year ended 31 December 2012, 18,599,955 shares were issued as a result of a share purchase plan and 24,568,673 shares were issued under a placement. In addition, 525,833 were issued on the conversion of performance rights issued to staff under the Employee Performance Rights Plan that vested during the 6 months to 31 December 2012.

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 2012, no share options were issued over ordinary shares (2011: Nil).

During the half-year ended 31 December 2012, 2,250,000 performance rights to shares were issued (2011: 920,000), 525,833 performance rights vested (2011: 333,333) and were converted to ordinary shares, and 1,000,000 performance rights lapsed as not meeting their issue conditions (2011: nil).

#### **5. 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 2012.

#### **6. SUBSEQUENT EVENTS**

On 21 December 2012, the company received notice from Quasar Resources Pty Ltd of its intention to withdraw from the Corrobinnie Uranium Joint Venture (CUJV). Under the withdrawal provisions of the CUJV, Quasar's interest of 68.48% was transferred to Adelaide Resources for no consideration on 19 February 2013.

Other than the above, there have been no other 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.

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**7. 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.

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## 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



**CG Drown**  
Managing Director

Adelaide, South Australia  
7<sup>th</sup> March 2013

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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 2012, 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 13.

### *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 2012 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.

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*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 2012 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



Stephen Harvey  
Partner  
Chartered Accountants  
Adelaide, 7 March 2013

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