Adelaide River Resources Limited

(ACN 127 411 796)

Annual Financial Report

For the period ended 30 June 2009

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DIRECTORS

Dominic Byrne	(Managing Director)
Gavin Carpenter	(Non Executive Chairman) Appointed 17th December 2007
John Fisher	(Non Executive Director) Appointed 17th December 2007

COMPANY SECRETARY

Dominic Byrne

REGISTERED OFFICE

Level 22, Allendale Square
77 St George's Terrace
Perth, WA 6000
Tel: (08) 9325 8888
Fax: (08) 9325 8088

SOLICITORS

Wardell Nominees Pty Ltd
Level 7, Northern Territory House
22 Mitchell St
Darwin NT 0800

BANKERS

ANZ Banking Corporation
Level 9
77 St George's Terrace
Perth WA 6000

AUDITORS

BDO Kendalls Audit and Assurance (WA) Pty Ltd
128 Hay St
Subiaco WA 6008

ACN 127 411 796

Directors' Report

The directors submit their report for Adelaide River Resources Limited ("ARRL" or "the Company") and its controlled entities for the year ended 30 June 2009. As the company was incorporated on 9 September 2007, the comparative information covers the period from 9th September 2007 to 30th June 2008.

DIRECTORS

The following directors held office for the entire period unless otherwise stated.

Dominic Byrne (Managing Director) Appointed 5th September 2007

Mr Byrne has been in the mineral exploration industry since 1956 with various hard rock and oil and gas exploration companies, He was the Exploration Manager for junior listed explorers Spargos Exploration Ltd and Westralian Nickel Ltd. He was the first Executive Officer of the Northern Territory Chamber of Mines (now the Minerals Council), and was principal of N. Byrne and Associates Pty Ltd, a successful Northern Territory exploration and mining tenement management business. He was also a co-founder and Managing Director of Giants Reef Mining Limited. Dominic is currently a director of Territory Oil and Gas Pty Limited and N. Byrne and Associates Pty Ltd. Dominic was previously a director of Territory Uranium Limited, Territory Minerals Pty Limited, and Territory Nickel Pty Limited.

Gavin Carpenter OAM (Non Executive Chairman) Appointed 17th December 2007

Mr. Carpenter was born in Whyalla in the copper triangle and educated in Kadina South Australia. His early working career was with the ANZ bank during which time he was transferred to Alice Springs. Gavin entered into a successful partnership which owned and managed the Timber Creek and Dunmarra Wayside Inns and then the newsagency in Tennant Creek, where he participated in many community projects and was Deputy Mayor for 5 years. He was awarded the OAM in 2000 for services to Regional Development in the Barkly region and is a Justice of the Peace. No directorships were held in listed entities for the last three years.

John Fisher (Non Executive Director) Appointed 17th December 2007

Mr Fisher was educated at the Marist Brothers College in Brisbane, Queensland and the School of Mines, Kalgoorlie, Western Australia. He has worked in exploration and mining with various mining companies in the Territory including United Uranium NL and Euralba Mining NL. In 1972 he joined the NT Government, initially with the Water Resources Department and then as Technical Officer with the Department of Mines and Energy. He is currently self employed doing contract exploration and related work for the Exploration and Mining Industry in the Northern Territory. John is an Associate Member of the Aus I.M.M and the Extractive Minerals Industry Association. No directorships were held in listed entities for the last three years.

COMPANY SECRETARY

Dominic Byrne

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares of the Company were;

		Ordinary Shares
D Byrne	Managing Director	2,000,000
G Carpenter	Non Executive Chairman	1,500,000[1]
J Fisher	Non Executive Director	500,000[2]
		4,000,000

[1] the Shares are held by Corella Nominees Pty Ltd as trustee for the Corella Pension Fund of which Mr Carpenter is a director and a beneficiary. 500,000 shares were issued to Corella Pension Fund after the reporting date 30 June 2009.

[2] 500,000 of the Shares are held by Mr John Fisher and Jennifer Fisher

CORPORATE STRUCTURE

ARRL is a company limited by shares that is incorporated and domiciled in Australia. ARRL has a fully owned subsidiary Acacia Minerals Pty Limited. The Group has prepared a consolidated financial report incorporating the entity that it controlled during the financial year, which is outlined in Note 11 of the consolidated financial statements.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group during the year were exploration of the Company's Tenements in the Northern Territory.

REVIEW OF CONSOLIDATED FINANCIAL CONDITION

The consolidated entity recorded an operating loss after income tax of $30,740 (2008: $22,699 loss).

There was no dividend declared or paid during the year.

CAPITAL STRUCTURE

As at the date of this report the Company had 16,000,000 fully paid ordinary shares on issue.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No significant events occurred after the balance date

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest dollar.

REMUNERATION

Mr John Fisher received $1,568.65 in consulting fees for field work performed on behalf of the Company.

No other remuneration was paid to any directors during the year.

No shares or options were issued to any directors of the company as equity based remuneration during the year.

AUDITOR INDEPENDENCE

Section 370C of the Corporation Act 2001 requires our auditors, BDO Kendalls Audit and Assurance (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the consolidated financial report. This Independence Declaration is disclosed on page 7 of this report and forms part of this directors' report for the year ended 30 June 2009.

TAX CONSOLIDATION

The Company and its' subsidiary form a tax consolidated group.

NATIONAL GREENHOUSE AND ENERGY REPORTING GUIDELINES

The Company has considered and assessed whether they would be subject to the conditions and reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (the Act).
The Company has not exceeded the corporate threshold and is therefore not required to report on total greenhouse gas emissions or energy consumption/production of the Group.

Signed in accordance with a resolution of the directors.

Dominic Byrne
Director

7th September 2009

BDO Kendalls

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ABN 79 112 284 787

7 September 2009

The Directors
Adelaide River Resources Limited
Level 22, Allendale Square
77 St Georges Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY BRAD McVEIGH TO THE DIRECTORS OF ADELAIDE RIVER RESOURCES LIMITED

As lead auditor of Adelaide River Resources Limited for the year ended 30 June 2009 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of Adelaide River Resources Limited and the entities it controlled during the period.

B. McVeigh

BG McVeigh
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

Directors Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 9 to 22 in accordance with the Corporations Act 2001 and:

   (a) comply with the Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001: and

   (b) give a true and fair view of the Company's financial position as at 30 June 2009 and of its performance for the year then ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. 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.

This declaration is made in accordance with a resolution of the Board of Directors

D. AA. Byrne

Dominic Byrne
Director

7th September 2009

Income Statement for the year ended 30 June 2009

	Notes	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
Revenue from continuing operations		**34,192**	**2,621**		
Corporate expenses		**(319)**	**(319)**	**(255)**	**(255)**
Tenement impairment expenses		**(50,375)**	**(31,571)**	**(12,767)**	**-**
Other expenses		**(10,293)**	**(10,293)**	**(6,177)**	**(6,177)**
Finance costs		**(3,945)**	**(3,945)**	**(3,500)**	**(3,500)**
Profit/(Loss) before income tax expense from continuing operations		**(30,740)**	**(43,507)**	**(22,699)**	**(9,932)**
Income tax benefit/(expense)	4	**-**	**-**	**-**	**-**
Net profit/(loss) for the year		**(30,740)**	**(43,507)**	**(22,699)**	**(9,932)**

The accompanying notes form part of these consolidated financial statements.

Balance Sheet as at 30 June 2009

	Notes	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
Assets					
Current Assets					
Cash and cash equivalents	5	**53,530**	**53,529**	**17,894**	**17,893**
Trade and other receivables	6	**2,978**	**2,978**	**25,874**	**25,874**
Loan to subsidiary	11	**-**	**412,132**	**-**	**290,528**
Current financial assets	7	**3,000**	**-**	**6,000**	**-**
Total Current Assets		**59,508**	**468,639**	**49,768**	**334,295**
Non Current Assets					
Deferred exploration expenditure	8	**409,132**	**-**	**271,761**	**-**
Investment in subsidiary	11	**-**	**1**	**-**	**1**
Total Non Current Assets		**409,132**	**1**	**271,761**	**1**
Total Assets		**468,640**	**468,640**	**321,529**	**334,296**
Liabilities					
Current Liabilities					
Trade and other payables	9	**12,079**	**12,079**	**34,228**	**34,228**
Total Current Liabilities		**12,079**	**12,079**	**34,228**	**34,228**
Total Liabilities		**12,079**	**12,079**	**34,228**	**34,228**
Net Assets		**456,561**	**456,561**	**287,301**	**300,068**
Equity					
Issued capital	10	**510,000**	**510,000**	**310,000**	**310,000**
Accumulated losses		**(53,439)**	**(53,439)**	**(22,699)**	**(9,932)**
Total Equity		**456,561**	**456,561**	**287,301**	**300,068**

The accompanying notes form part of these consolidated financial statements.

Cash Flow Statement for the year ended 30 June 2009

	Notes	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
Cash Flows from Operating Activities					
Interest received		**2,621**	**2,621**	**-**	**-**
Payments to suppliers and employees		**(10,810)**	**(45,381)**	**(20,345)**	**(1,578)**
Net cash provided /(used in) operating activities	5	**(8,189)**	**(42,760)**	**(20,345)**	**(1,578)**
Cash Flows from Investing Activities					
Exploration and evaluation		**(156,175)**	**-**	**(271,761)**	**-**
Loan to subsidiary		**-**	**(121,603)**	**-**	**(290,529)**
Net cash provided /(used in) investing activities		**(156,175)**	**(121,603)**	**(271,761)**	**(290,529)**
Cash Flows form Financing Activities					
Proceeds from issue of shares		**200,000**	**200,000**	**310,000**	**310,000**
Net cash provided /(used in) financing activities		**200,000**	**200,000**	**310,000**	**310,000**
Net increase/(decrease) in cash and cash equivalents		**35,636**	**35,637**	**(17,894)**	**(17,893)**
Cash and cash equivalents at beginning of year		**17,894**	**17,893**	**-**	**-**
Cash and Cash Equivalents at end of year	5	**53,530**	**53,530**	**17,894**	**17,893**

The accompanying notes form part of these consolidated financial statements.

Statement of Changes in Equity for the year ended 30 June 2009

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2008	**310,000**	**-**	**-**	**310,000**
Loss for the year	-	-	(53,439)	(53,439)
Total recognised income and expense for the year	-	-	(53,439)	(53,439)
Issue of share capital	200,000	-	-	200,000
Balance at 30 June 2009	**510,000**	**-**	**(53,439)**	**456,661**

Parent	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 1 July 2008	**310,000**	**-**	**-**	**310,000**
Loss for the year	-	-	(53,439)	(53,439)
Total recognised income and expense for the year	-	-	(53,439)	(53,439)
Issue of share capital	200,000	-	-	200,000
Balance at 30 June 2009	**510,000**	**-**	**(53,439)**	**456,661**

Consolidated	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 5 September 2007	**-**	**-**	**-**	**-**
Loss for the period	-	-	(22,699)	(22,699)
Total recognised income and expense for the year	-	-	(22,699)	(22,699)
Issue of share capital	310,000	-	-	310,000
Balance at 30 June 2008	**310,000**	**-**	**(22,699)**	**287,301**

Parent	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
At 5 September 2007	**-**	**-**	**-**	**-**
Loss for the period	-	-	(9,932)	(9,932)
Total recognised income and expense for the year	-	-	(9,932)	(9,932)
Issue of share capital	310,000	-	-	310,000
Balance at 30 June 2008	**310,000**	**-**	**(9,932)**	**300,068**

The accompanying notes form part of these consolidated financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Adelaide River Resources Limited ("ARRL" or "the Company") is a company limited by shares incorporated and domiciled in Australia.

These consolidated financial statements are presented in Australian dollars. The consolidated financial report was authorised for issue by the directors on 7 September 2009 in accordance with a resolution of the directors. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial report is a special purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of Australian Accounting Standards Board.

The report has been prepared in accordance with the requirements of the *Corporations Act 2001*, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

AASB 101: Presentation of Financial Statements;

AASB 107: Cash Flow Statements;

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors;

AASB 110: Events after the Balance Sheet Date;

AASB 1031: Materiality; and

AASB 1048: Interpretation and Application of Standards.

No other Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

(b) Going Concern

The financial report has been prepared on a going concern basis. In arriving at this position the directors have had regard to the fact that the company has sufficient cash and other assets to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

The directors note that in order to proceed beyond the company's 2009/2010 activities additional expenditure would be required to be incurred.

The directors are confident that, should the decision be made to continue with the evaluation of the projects in Australia, the company will be able to source the required additional funds via an equity raising.

(c) New Accounting Standards and Interpretations

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 30 June 2009. These are outlined below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 127 (reissued March 2008)	Consolidated and Separate Financial Statements	The revised standard clarifies that changes in ownership interest which result in control being retained are accounted for within equity as transactions with owners. Losses will be attributed to the non-controlling interest even if this results in a debit balance for the non-controlling interest. Investments retained where there has been a loss of control will be recognised at fair value at date of sale.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However Acacia Minerals Pty Ltd is incurring losses. To the extent that Acacia Minerals Pty Ltd incurs losses for the financial year ending 30 June 2010/31 December 2010, such losses will be attributed to the non-controlling interest. No adjustment will be made to comparatives for losses not previously attributed to the non-controlling interest.	1/07/2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-3 (issued March 2008)	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Makes consequential amendments to 20 standards and 2 interpretations arising from the reissue of AASB 3 and AASB 127, including to AASB 128: Investments in Associates and AASB 131: Interests in Joint Ventures. When an investment ceases to be an associate or jointly controlled entity and is subsequently accounted for under AASB 139, the fair value of the investment at the date when it ceases to be an associate or jointly controlled entity is its fair value.	Periods commencing on or after 1 July 2009	As there is no requirement to retrospectively restate the effect of these revisions, there is unlikely to be any impact on the financial statements when this revised standard is first adopted. However, in future, if the (group) loses significant influence over associates or joint control in jointly controlled entities which are equity accounted, at that date such investments are recognised at fair value rather than at the carrying value of the equity accounted investment. Where the fair value of such investments exceed the equity accounted carrying amounts, this could result in a significant increase in earnings in the period when significant influence or joint control is lost. There will also be a number of additional/amended disclosures.	1/07/2009

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2008-7 (issued July 2008)	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 and AASB 136]	Removal of the definition of the "cost method" in AASB 127, meaning that pre and post-acquisition dividends no longer need to be differentiated and all dividends are to be recognised as revenue. However, whenever a dividend is received from a subsidiary, associate or jointly controlled entity, an impairment test will be required under AASB 136 where there is an indicator for impairment, i.e. where: • the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the net assets (including goodwill) of the investee in the consolidated financial statements; or • the dividend exceeds the total comprehensive income of the subsidiary, associate or jointly controlled entity in the period that the dividend is declared. The change relates to situations where a parent entity reorganises a group such that a new entity is created as the parent entity, or a new entity is interposed in a group between a subsidiary and its parent, and the consideration for the transaction is equity instruments of the new entity. In such cases, the new parent measures the cost of its investment at the carrying amount of its share of the net assets (equity) of the original parent (in its separate financial statements) at the date of reorganisation	Periods commencing on or after 1 January 2009	There will be no impact as these requirements are only required to be applied prospectively for periods commencing on or after 1 July 2009. However, any pre-acquisition dividends received after this date may result in additional impairment charges on investments in subsidiaries, associates and jointly controlled entities. This is because such amounts would previously have been written off directly against the cost of the investment, whereas in future they will be recognised as revenue which may result in the investment being stated at an amount exceeding recoverable amount.	1/07/2009
AASB 107	Cash Flow Statements	Cash payments to manufacture or acquire property, plant and equipment for rental to others, and the subsequent sale of such items, are to be classified as cash flows from operating activities (also refer AASB 116 above).	Periods commencing on or after 1 January 2009	Initial adoption of this amendment will have no impact on the cash flows from operating activities and the cash flows from investing activities as the entity does not routinely rent out property, plant and equipment and then later sell it in the ordinary course of business.	1/07/2009
AASB 136	Impairment of Assets	Additional disclosure requirements about discounted cash flow assumptions used for the fair value less costs to sell method.	Periods commencing on or after 1 January 2009	There will be no financial impact when these amendments are first adopted because these amendments relate to additional disclosure requirements only.	1/07/2009
AASB 107	Cash Flow Statements	Clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities.	Periods commencing on or after 1 January 2010	Initial adoption of this amendment will have no impact as the entity only recognises cash flows from investing activities for expenditures that result in a recognised asset in the balance sheet.	1/07/2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Principles of Consolidation

The consolidated financial report comprises the financial statements of Adelaide River Resources Limited and its controlled entities (the "Group" or "consolidated entity"). Adelaide River Resources Limited's controlled entity is the wholly owned company Acacia Minerals Pty Ltd.

A controlled entity is any entity controlled by ARRL, whereby ARRL has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those policies applied by the parent entity.

All inter company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained, or until the date control ceased. There are no minority interests in the equity of the controlled entity.

(e) Income Tax and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

(f) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

(g) Financial instruments

Other financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

Recognition and De-recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to received cash flows from the financial assets have expired or been transferred.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(iii) Financial liability disclosures

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method

Details on how the fair value of financial instruments is determined are disclosed in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(iv) Impairment

The group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

Shares in controlled entities

Investments in controlled entities are measured at cost. The Group assesses whether it is necessary to recognise any impairment loss in the investment in subsidiaries following any significant changes in the underlying assets or operations of the relevant subsidiary.

(h) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Recoverability of the carrying amount of the assets is dependent on successful development and commercial exploitation or alternatively sale of the respective areas of interest.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed annually for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to the recoverable amount. Any impairment losses are recognised in the income statement.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Interest revenue is recognised as interest accrues using the effective interest method.

(m) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(a) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Capitalisation of exploration and evaluation expenditure

Under AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group has the option to either expense exploration and evaluation expenditure as incurred, or to capitalise such expenditure (provided certain conditions are satisfied). The Group has elected, when the conditions in AASB 6 are met, to capitalise these costs.

(b) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities with the next annual reporting period are:

(i) *Impairment of capitalised exploration and evaluation expenditure*
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
4. INCOME TAX				
Income tax expense reported in the income statement	-	-	-	-

The Company and its' subsidiary form a tax consolidated group. The consolidated financial statements have been prepared on this basis of the formation of a consolidated group.

	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
5. CASH AND CASH EQUIVALENTS				
(i) Cash and cash equivalents balance				
Cash at bank and on hand	**53,530**	**53,529**	**17,894**	**17,893**
Cash at bank earns interest at floating rates based on daily bank deposit rates.				
	53,530	**53,529**	**17,894**	**17,893**
(ii) Reconciliation of net loss after tax to net cash flows from operations				
Profit/(Loss) for the year	**(30,740)**	**(43,507)**	**(22,699)**	**(9,932)**
(Increase)/decrease in receivables	**25,896**	**(8,675)**	**(31,874)**	**(25,874)**
Increase/(decrease) in payables	**(22,149)**	**(22,149)**	**34,228**	**34,228**
	(26,993)	**(74,331)**		
Non cash movement of Impairment on tenements	**18,804**	**31,571**		
Net Cash flow from/ (used in) Operating Activities	**(8,189)**	**(42,760)**	**(20,345)**	**(1,578)**

	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
6. TRADE AND OTHER RECEIVABLES				
GST recoverable	**2,978**	**2,978**	**25,874**	**25,874**
	2,978	**2,978**	**25,874**	**25,874**

	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
7. OTHER FINANCIAL ASSETS				
Exploration License Bonds	**3,000**	**-**	**6,000**	**-**
	3,000	**-**	**6,000**	**-**

	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
8. DEFERRED EXPLORATION EXPENDITURE				
Costs carried forward in respect of:				
Exploration and Evaluation Phase – At Cost				
Balance at beginning of the year	**271,761**	**-**	**-**	**-**
Expenditure incurred	**187,746**	**-**	**284,528**	**-**
Expenditure written off	**(50,375)**	**-**	**(12,767)**	**-**
Total Exploration Expenditure	**409,132**	**-**	**271,761**	**-**

	Consolidated 2009 $	Parent 2009 $	Consolidated 2009 $	Parent 2009 $
9. TRADE AND OTHER PAYABLES				
Trade payables	**12,079**	**12,079**	**34,228**	**34,228**
	12,079	**12,079**	**34,228**	**34,228**

10. CONTRIBUTED EQUITY AND RESERVES

Consolidated and Parent	2009 Number	2009 $
Issued capital	**14,000,000**	310,000
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
Movement in ordinary shares on issue		
At 1 July 2008	**-**	-
Issued 3 July 2008 for cash	1,000,000	100,000
Issued 4 September 2009 for cash	1,000,000	100,000
At 30 June 2009	**16,000,000**	**510,000**

On 3rd July, 1,000,000 shares were issued under placement at 0.10 cents to raise $100,000

On 4th September, 1,000,000 shares were issued under placement at 0.10 cents to raise $100,000

Consolidated and Parent	2008 Number	2008 $
Issued capital	**-**	-
Fully paid ordinary shares carry one vote per share and carry the right to dividends		
Movement in ordinary shares on issue		
At 1 July 2007	**-**	-
Issued 5 September 2008 for cash	3	3
Issued 21 November 2008 for cash	9,999,997	9,997
Issued 12 December 2008 for cash	4,000,000	300,000
At 30 June 2008	**14,000,000**	**310,000**

On 5 September 2007, 3 founder shares were issued to directors of the Company.

On 21 November, 9,999,997 shares were issued under placement at 0.001 cents to raise $9,997.

On 12 December, 4,000,000 shares were issued under placement at 0.075 cents to raise $300,000.

Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

As per the Corporations Act 2001 the Company does not have authorised capital and ordinary shares do not have a par value.

11. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of ARRL and the subsidiary listed in the following table:

	Country of Incorporation	% Equity Interest 2009	Investment ($) 2009	% Equity Interest 2008	Investment ($) 2008
Acacia Minerals Pty Ltd	Australia	**100**	**1**	**100**	**1**

The outstanding loan balance to the subsidiary as at 30 June 2009 is $412,132 (2008: $290,528). The loan is non-interest bearing and has no repayment term.

Details relating to key management personnel including remuneration are included in Note 14.

12. EVENTS AFTER THE BALANCE SHEET DATE

After the balance date 500,000 ordinary shares were issued under a placement at 10 cents to raise $50,000.

Other than this there has been no significant post balance date events.

13. AUDITORS' REMUNERATION

The auditors of ARRL are BDO Kendalls Audit and Assurance (WA) Pty Ltd

	Consolidated 2009 $	Parent 2009 $	Consolidated 2008 $	Parent 2008 $
Audit fees	**4,000**	**4,000**	**3,500**	**3,500**
	4,000	**4,000**	**3,500**	**3,500**

14. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES

During the reporting period no changes were made to key management personnel.

No directors or key management personnel of the Company received remuneration via wages or share based payments during the reporting period.

Shareholdings of Key Management Personnel

30 June 2009	Balance 1 July 2008 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other[3] Ord	Balance 30 June 2009 Ord
Directors					
D Byrne	2,000,000	-	-	-	2,000,000
G Carpenter	-	-	-	1,000,000[1]	1,000,000[1]
J Fisher	500,000	-	-	-	500,000[2]
Total	2,500,000	-	-	1,000,000	3,500,000

[1] 1,000,000 of the Shares are held by Corella Nominees Pty Ltd ATF Corella Pension Fund of which Gavin Carpenter is a director and beneficiary

[2] 500,000 of the Shares are held by Mr John Fisher and Jennifer Fisher

14. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSURES (Cont'd)

30 June 2008	Balance 5 September 2007 Ord	Granted as Remuneration Ord	On Exercise of Options Ord	Net Change Other[3] Ord	Balance 30 June 2008 Ord
Directors					
D Byrne	-	-	-	2,000,000	2,000,000
G Carpenter	-	-	-	-	-
J Fisher	-	-	-	500,000[2]	500,000
V Urich[1]	-	-	-	1,000,000	-
S Johnson[1]	-	-	-	2,000,000[3]	-
Total	-	-	-	5,500,000	2,500,000

[1] Resigned prior to 30 June 2009

[2] 500,000 of the Shares are held by Mr John Fisher and Jennifer Fisher

[3] 1,999,999 of the Shares are held by Sandra Ruth Johnson and James Johnson as trustees for the Sanpet Superannuation Fund

15. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2009.

16. TENEMENT RENT COMMITMENTS

There is $17,908 in tenement rent expense commitments for the next twelve month period as at 30 June 2009.

BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ADELAIDE RIVER RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Adelaide River Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal controls 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 2, are appropriate to meet the needs of the members. 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.

BDO Kendalls

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001.* We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

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

Auditor's Opinion

In our opinion the financial report of Adelaide River Resources Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's and consolidated financial position as at 30 June 2009 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 2; and

(b) complying with Australian Accounting Standards to the extent described in Note 2 and complying with the *Corporations Regulations 2001.*

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to the matters discussed in Note 2. The company will have to obtain additional funding in order to continue with it's current activities. If the company is unable to obtain this additional funding in the future period it may cast significant doubt about the company's ability to continue as a going concern, and whether it will be able to realise its assets and extinguish its liabilities in the ordinary course of business and at the values carried in the financial report.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

BM'Veigh

BG McVeigh
Director

Perth, Western Australia, 7th September 2009.