



THE NEW PLAYER IN IRON ORE

ADRIANA
RESOURCES INC.

2009 Second Quarter Report
Six Months Ended April 30, 2009

Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)

The accompanying unaudited interim consolidated financial statements of Adriana Resources Inc. for the six months ended April 30, 2009 have been prepared by management and approved by the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditor.

ADRIANA RESOURCES INC.
(An Exploration Stage Company)
Interim Consolidated Balance Sheets
(Expressed in Canadian dollars - unaudited)

	April 30, 2009 \$	October 31, 2008 \$
ASSETS		
Current assets		
Cash and cash equivalents	883,480	2,233,362
Short-term investments (Note 13)	4,073,000	5,900,000
Restricted cash (Note 12)	50,000	50,000
Other receivables	201,193	485,815
Prepaid expenses	141,924	255,536
	<u>5,349,597</u>	<u>8,924,713</u>
Property and equipment (Note 4)	34,287,211	32,211,577
Mineral properties (Note 5)	8,641,094	9,984,400
Intangible asset (Note 3)	18,423,058	17,386,718
	<u>66,700,960</u>	<u>68,507,408</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,143,694	2,392,257
Due to related parties (Note 11)	19,117	102,760
Interest payable	439,820	172,151
	<u>1,602,631</u>	<u>2,667,168</u>
Convertible debenture (Note 6)	7,987,316	7,577,860
Future income tax liabilities (Note 3 and 7(b))	6,895,829	5,911,484
Non-controlling interest	11,913,845	11,213,665
	<u>28,399,621</u>	<u>24,703,009</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 7(b))	75,168,910	75,800,899
Equity portion of convertible debenture (Note 6)	2,207,021	2,207,021
Contributed surplus (Note 8)	2,712,916	2,270,515
Deficit	(41,787,508)	(39,141,204)
	<u>38,301,339</u>	<u>41,137,231</u>
	<u>66,700,960</u>	<u>68,507,408</u>

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of the Board of Directors:

"Richard Barclay"
Director

"Donald Siemens"
Director

ADRIANA RESOURCES INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Operations and Deficit
(Expressed in Canadian dollars - unaudited)

	<i>Three months ended April 30,</i>		<i>Six months ended April 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	\$	\$	\$	\$
Administrative expenses				
Amortization	15,169	12,428	33,850	23,741
Bank charges and financing interest	345,573	101,097	686,337	160,923
Business development	48,342	43,188	70,228	56,056
Conferences	6,171	32,351	63,808	49,179
Consulting fees	28,500	28,500	57,000	38,000
Investor relations	145,319	156,163	230,868	268,900
Professional fees	165,615	134,084	240,729	239,275
Property investigation	773	2,213	45,758	33,274
Exploration expenditures	222,821	-	300,457	-
Rent and office expenses	120,681	199,393	248,809	313,927
Salaries and benefits	352,648	299,093	669,519	554,429
Transfer agent and filing fees	13,861	28,009	16,069	31,349
Travel	57,805	77,942	76,480	84,550
Loss before other income (expenses)	(1,523,278)	(1,114,461)	(2,739,912)	(1,853,603)
Other income (expenses)				
Interest income	10,651	77,515	28,021	117,718
(Loss) gain on foreign exchange	(17,127)	49,441	81,783	131,394
Non-controlling interest	123,052	133,702	(16,196)	214,768
Loss before income taxes	(1,406,702)	(853,803)	(2,646,304)	(1,389,723)
Deficit, beginning of the period	(40,380,806)	(28,285,831)	(39,141,204)	(27,749,911)
Deficit, end of the period	(41,787,508)	(29,139,634)	(41,787,508)	(29,139,634)
Basic and diluted loss per common share	(0.02)	(0.01)	(0.04)	(0.02)
Weighted average number of shares outstanding	72,476,813	69,726,384	72,476,813	64,255,475

The accompanying notes are an integral part of the consolidated financial statements.

ADRIANA RESOURCES INC.
(An Exploration Stage Company)
Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars - unaudited)

	<i>Three months ended April 30,</i>		<i>Six months ended April 30,</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
Cash provided by (used in)				
Operating activities				
Net loss for the period	(1,406,702)	(853,803)	(2,646,304)	(1,389,723)
Items not involving cash and cash equivalents:				
Amortization	15,169	12,428	33,850	23,741
Interest on long-term debt	168,759	-	409,456	57,789
Stock-based compensation	150,067	47,621	300,930	145,788
Non-controlling interest	(123,052)	(133,702)	16,196	(214,768)
Net change in non-cash working capital				
Receivables and other current assets	135,631	(29,948)	398,234	(74,082)
Accounts payable and accrued liabilities	59,946	(56,920)	(1,350,124)	(1,734,220)
Net cash used in operating activities	(1,000,182)	(1,014,324)	(2,837,762)	(3,185,475)
Investing activities				
Change in short-term investments	(273,000)	2,347,898	1,827,000	(5,697,798)
Acquisition of property and equipment	(640,327)	(1,035,052)	(1,830,247)	(19,455,855)
Mineral property expenditures	(244,528)	(1,315,163)	(538,548)	(1,500,734)
Net cash used in investing activities	(1,157,855)	(2,317)	(541,795)	(26,654,387)
Financing activities				
Proceeds from share issuance, net of issue costs	-	-	-	29,036,850
Proceeds from options exercised	-	-	-	70,000
Proceeds from government resources tax credit	2,029,675	-	2,029,675	-
Net cash provided by financing activities	2,029,675	-	2,029,675	29,106,850
Decrease in cash and cash equivalents	(128,362)	(1,016,641)	(1,349,882)	(733,012)
Cash and cash equivalents, beginning of the period	1,011,842	2,307,249	2,233,362	2,023,620
Cash and cash equivalents, end of the period	883,480	1,290,608	883,480	1,290,608
Supplementary cash flow information				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-

The accompanying notes are an integral part of the consolidated financial statements.

ADRIANA RESOURCES INC.
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Notes to the Interim Consolidated Financial Statements
For the Six Months Ended April 30, 2009 and 2008
In Canadian Dollars (unaudited)

1. GOING CONCERN AND NATURE OF OPERATIONS

Adriana Resources Inc. (the "Company") was incorporated under the laws of British Columbia and continues under the Canada Business Corporation Act. The Company's principal business activities include the acquisition, exploration of resource properties and development of an iron ore port facility in Brazil. The Company is currently listed on the TSX Venture Exchange.

These unaudited interim consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. These interim financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements dated October 31, 2008. However, they do not include all of the information and disclosure as required by Canadian GAAP for annual financial statements and should be read in conjunction with the Company's audited financial statements including the notes thereto for the year ended October 31, 2008.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As at April 30, 2009, the Company has no source of operating cash flows and has not yet achieved profitable operations, has accumulated losses of \$42 million since its inception, and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon the success of the Company in its applications for environmental and operating permits for the future construction of an iron ore facility in Brazil and its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and commitments (Note 5 and 12), keep its properties in good standing and repay its liabilities arising from normal business operations when they come due. Even though the Company is making all efforts to secure the aforementioned permits, there are no assurances that the permits will be granted or that the proposed port facility will advance to the development or construction stage; nor are there certainties that the Company can be successful in obtaining any additional financing to meet its operational and capital requirements.

2. CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING PRONOUNCEMENTS

Current Accounting Changes

Goodwill and Intangible Assets (Section 3064)

In November 2008, the Company adopted CICA Handbook Section 3064 "Goodwill and Intangible Assets". This Section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and on intangible assets. There was no material impact on the financial position or operational results of the Company as a result of the adoption of this standard.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC Abstract 173)

In January 2009, the Company adopted the EIC Abstract 173 ("EIC-173"). EIC-173 provides guid-

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ance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of EIC-173 has no impact on the Company's consolidated financial statements.

Mining Exploration Costs (EIC Abstract 174)

In March 2009, the Company adopted the EIC Abstract 174 ("EIC-174"). EIC-174 provides guidance on the capitalization of mining exploration costs, particularly when mining reserves have not been proven and when an impairment test of these costs is required. The adoption of EIC-174 has no impact on the Company's consolidated financial statements.

Future Accounting Changes

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS, replacing Canada's own GAAP, for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Company with its fiscal year beginning November 1, 2011. The transition date of November 1, 2011 for the Company will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. The conversion to IFRS will impact the Company's accounting policies, information technology, internal controls and disclosure procedures. The Company is currently investing in training of its employees to ensure a timely conversion.

Business Combinations (Section 1582)

In January 2009, the AcSB issued CICA Handbook Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The adoption of Section 1582 will affect the Company's accounting for business combinations, if any, on or after January 1, 2011.

Consolidated Financial Statements (Section 1601)

In January 2009, the AcSB issued CICA Handbook Section 1601 to establish standards for the preparation of consolidated financial statements. The Section will be applicable to financial statements relating to the Company's interim and fiscal year beginning on or after November 1, 2011. The Company has not yet determined the impact of the adoption of this new Section.

Non-Controlling Interests (Section 1602)

This new Section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Section will be applicable to financial statements relating to the Company's interim and fiscal year beginning on or after November 1, 2011.

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3. ACQUISITION OF BRAZORE HOLDINGS LTD.

Pursuant to an agreement dated August 21, 2007 with Athena Resources LLC ("Athena"), the Company transferred a 50% interest in its subsidiary, Brazore Holdings Ltd. ("Brazore Holdings") to Athena in exchange for Athena's 93.5% interest in Brazore Ltda. Under the terms of the agreement, the Company maintained and increased its interest in Brazore Holdings by funding Brazore Ltda.'s plan to develop the port as follows: (1) US \$5.5 million by October 20, 2007 (paid) to maintain a 50% ownership interest, (2) US \$19 million by November 29, 2007 (paid) to earn a 60% interest. The Company can earn an additional 15% (for a total of 75% interest) by funding a further US \$33 million by August 20, 2009. The initial US \$24.5 million was for the purchase of the land and initial engineering. The additional US \$33 million is planned to be used for advanced engineering and feasibility studies, procurement and port development.

As at April 30, 2009, the primary intangible asset of Brazore Holdings, was the land comprising two waterfront lots on the coast of Brazil purchased last year through its 93.5% owned subsidiary, Brazore Ltda. The Company is committed to the purchase of additional land adjacent to the current land holdings for approximately US \$2 million.

Brazore Holdings has agreed to pay to Athena a royalty of \$0.50 per dry tonne of iron ore transported or shipped through the port facility to an aggregate maximum of \$3 million. The royalty is payable as an advance royalty of US \$250,000 in equal consecutive quarterly installments to the US \$3 million maximum. During the period ended April 30, 2009, the Company has made five installments totaling US \$1.25 million which were capitalized under port design and development.

The transaction is subject to a finder's fee agreement with Alper Consulting Inc. ("Alper") whereby the Company is to pay to Alper a fee between 1% and 5% of development expenditures of the project to a maximum \$350,000. During the period ended January 31, 2009, the Company paid a finder's fee of \$221,610 by issuing 47,418 common shares at \$1.05 and a cash payment of \$171,821. As at April 30, 2009, \$128,390 has been accrued and is payable to the consultant.

The transaction is considered to be an asset acquisition for accounting purposes since Brazore Holdings does not constitute a business in accordance with EIC 124. When an asset is acquired other than in a business combination and the tax basis of that asset is less than its cost, the cost of future income taxes recognized at the time of acquisition should be added to the costs of the asset. Accordingly, the Company has recorded the surplus of the asset's carrying amount as intangible asset, which includes the income tax effect in accordance with Brazilian income tax rate. At April 30, 2009, the intangible asset was \$18,423,058 and future income tax liabilities was \$6,263,840 (2008 - \$15,207,617, \$4,948,984 respectively).

On August 20, 2008, the Company reached an agreement (the "Port Agreement") with ArcelorMittal (subsequently amended on January 6, 2009, April 22, 2009 and June 1, 2009); on the principal terms for the development of an iron ore port facility in the State of Rio de Janeiro, Brazil. The Port Agreement includes the following material elements:

- Through a series of transactions, ArcelorMittal has an option to acquire 80% of the Port for total consideration of approximately \$40.5 million USD with the Company holding the remaining 20% and pre-emptive rights until the Port reaches a capacity of 20 million tonnes per annum ("Mtpa"). ArcelorMittal will also have drag-along rights in respect of the Company's shareholding in the port, subject to the Company's right of first refusal;
- ArcelorMittal has the right to acquire up to 19.9% of the Company's common shares in two private placements and will also be granted a seat on the Company's Board of Directors;

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- The parties will each fund their pro rata portion of the Port development;
- Adriana anticipates that ArcelorMittal will assist the Company in sourcing funding for the Company's portion of the Port development costs ("Port Debt"); and
- The parties will share in the capacity of the Port in proportion to their ownership.

Pursuant to the terms of the Port Agreement, the Company has agreed to acquire all of the third party owned interests in Brazore Holdings, of which the Company currently beneficially owns 60% of the outstanding issued share capital. The acquisition cost for the minority interest, held by Athena will be \$19.6 million USD. The Company and Athena have agreed that up to \$19.6 million USD of the purchase price will be paid in shares of the Company at a deemed price of \$1.10 CDN. In addition to the consolidation of the minority interest in Brazore Holdings, the Company has agreed to acquire the minority interests of its Brazilian subsidiary, consisting of 6.5% interest, for consideration of approximately \$3.5 million USD. The Company and the minority interest holders have agreed that up to \$1 million USD of the purchase price may be paid in shares of the Company at a deemed price of \$1.10 CDN.

The Port Agreement is subject to applicable regulatory and corporate approvals and the negotiation and execution of a definitive agreement by the parties.

Subsequent to the period ended April 30, 2009, the Company amended the Port Agreement with ArcelorMittal (Note 16 (a)).

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4. PROPERTY AND EQUIPMENT

	Cost	Accumulated Amortization	2009 Net Book Value
Land	\$ 24,365,825	\$ -	24,365,825
Port design and development	9,619,976	-	9,619,976
Computer equipment	151,351	77,773	73,578
Office furniture and equipment	199,635	38,887	160,748
Leasehold improvements	99,116	2,215	96,901
Computer software	66,794	41,704	25,090
	\$ 34,502,697	160,579	34,342,118

	Cost	Accumulated Amortization	2008 Net Book Value
Land	\$ 24,278,486	\$ -	24,278,486
Port design and development	7,561,404	-	7,561,404
Computer equipment	146,934	65,862	81,072
Office furniture and equipment	196,435	33,375	163,060
Leasehold improvements	98,936	684	98,252
Computer software	64,293	34,990	29,303
	\$ 32,346,488	134,911	32,211,577

Costs capitalized under "Port design and development" are related to permitting, environmental, geological, topographical, seismic surveying, travel to port site and royalty payments to Athena.

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5. MINERAL PROPERTIES

	Labrador Trough \$	MIE Property \$	UNAD Property \$	Mustavaara \$	Total \$
Balance, October 31, 2007	4,456,458	5,286,713	503,847	1,299,900	11,546,918
Acquisition and maintenance	970,859	48,810	-	330,416	1,350,085
Camp and expediting	1,687,480	94,776	16,032	-	1,798,288
Drilling and demobilization	1,453,415	349,193	22,500	-	1,825,108
Equipment	516,796	22,355	-	-	539,151
Geochemistry and metallurgical	427,056	34,744	8,114	151,903	621,817
Geological and geophysics	315,650	46,961	8,376	5,648	376,635
Permits	148,097	21,524	6,958	123,010	299,589
Professionals and consultants	136,139	44,436	2,829	110,531	293,935
Surveying	76,015	47,564	-	-	123,579
Salaries and benefits	142,656	206,793	11,427	168,600	529,476
Travel	106,538	18,824	2,184	114,031	241,577
Less: government tax credit	(452,759)	-	-	-	(452,759)
Incurred during the year	5,527,942	935,980	78,420	1,004,139	7,546,481
Write-off of mineral property interests	-	(6,222,693)	(582,267)	(2,304,039)	(9,108,999)
Balance, October 31, 2008	9,984,400	-	-	-	9,984,400
Acquisition and maintenance	154,040	-	-	-	154,040
Camp and expediting	(51,479)	-	-	-	(51,479)
Geochemistry and metallurgical	87,508	-	-	-	87,508
Geological and geophysics	195,194	-	-	-	195,194
Permits	42,793	-	-	-	42,793
Professionals and consultants	126,334	-	-	-	126,334
Salaries and benefits	113,980	-	-	-	113,980
Travel	17,999	-	-	-	17,999
Incurred during the period	686,369	-	-	-	686,369
Less: government tax credit	(2,029,675)	-	-	-	(2,029,675)
Balance, April 30, 2009	8,641,094	-	-	-	8,641,094

Certain government authorities provide incentives to encourage mineral property exploration and development in their jurisdictions. Such incentives include the reimbursement of expenditures to the Company's qualifying activities. Reimbursements are subject to review and approval by government authorities on a specific expenditure basis and are recorded as a reduction of the related mineral expenditure or as a recovery of the related expense when the Company is advised that such reimbursement will be made to the Company.

During the quarter ended April 30, 2009, the Company received payments from Revenue Quebec a resources tax credit in the amount of \$2,029,675 for reimbursement of certain exploration expenditures on the property.

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Labrador Trough, Northern Quebec

In November 2005 and amended on July 31, 2006 and November 23, 2006, the Company entered into an Option Agreement to earn a 100% interest in the Lac Otelnuik iron deposit located in north-eastern Quebec. Consideration for the option agreement includes a 2.5% net smelter royalty from the sale of any minerals mined, subject to minimum royalty advances of \$150,000 by November 30 of each year to the commencement of production, and a combination of cash, shares and work commitments as follows:

	Option payments \$	Minimum work commitments \$	Common shares
On execution of the MOU (paid)	10,000	-	-
On exchange approval (paid and issued)	30,000	-	650,000
November 30, 2006 (issued)	-	-	650,000
December 31, 2006 (incurred)	-	500,000	-
November 30, 2007 (issued)	-	-	700,000
December 31, 2007 (incurred)	-	750,000	-
December 31, 2009 (incurred)	-	750,000	-
December 31, 2010 (incurred)	-	1,000,000	-
December 31, 2011 (incurred)	-	1,000,000	-
	40,000	4,000,000	2,000,000

The Company owns additional claims in and around Otelnuik Lake and mineral claims in December Lake. In June 2008, the Company signed an agreement to acquire a 100% interest in the Bedford Iron Prospect, consisting of mineral claims in Labrador, by paying \$200,000 over the six-year option term. The Company also staked additional mineral claims directly adjacent to the Bedford Iron Prospect claims.

MIE Property, Nunavut

The Company owns claims on Crown lands and two adjacent properties covered by Inuit Owned Lands Mineral Exploration Agreements. These properties are targeting to two different commodities. To keep the Inuit Owned Lands Mineral Exploration Agreements in good standing, the Company must make cash payments and fulfill work commitments as follows:

	Annual cash payment \$	Annual work commitment \$
2005 (paid and incurred)	19,711	78,844
2006 (paid and incurred)	39,622	78,844
2007 (paid and incurred)	39,622	197,110
2008-2009 (2008 paid)	39,622	197,110
2010-2014	49,278	354,798
2015-2019	78,844	591,330
2020-2024	78,844	788,440
	1,213,029	9,421,858

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At the annual impairment assessment of the property in October 2008, the Company wrote off the carrying value of the project as a result of global decline in commodity prices and uncertain economic conditions (\$6,222,693).

Effective May 31, 2009, all rights, title and interests on the MIE Property have been transferred to AddieCo (Note 16(b)).

UNAD Property, Nunavut

In August 2006, the Company entered into a joint venture agreement with UNOR Inc. ("UNOR") to jointly explore for uranium on claims held by the Company and claims held by UNOR. All the claims are located in the Hornby Bay Basin.

In light of significant decline in demand of commodities, at the fiscal year ended October 31, 2008, the Company wrote off 100% of its carrying amount for impairment loss (\$582,267).

Effective May 31, 2009, all interests on the UNAD Property have also been transferred to AddieCo (Note 16(b)).

Mustavaara Property, Finland

In July 2006, the Company entered into in an option agreement to earn a 70% interest in the Mustavaara property located in Finland. The agreement requires the Company to issue 80,200 common shares (issued), expend €250,000 (Euros) on the claims by June 30, 2007 (expended) and make further cash payments of €150,000 by June 30, 2007 (paid by issuance of 202,900 common shares), €200,000 by June 30, 2008 (paid by issuance of 354,750 common shares) and €400,000 upon completion of a bankable feasibility study by June 30, 2011. In view of recent market conditions, the Company may not be able to raise the funding to complete the feasibility study which will result in the loss of its entire interest in the project. At October 31, 2008, the Company wrote off the total amount of the carrying value of the project (\$2,304,039).

6. CONVERTIBLE DEBENTURE

	Six months ended April 30, 2009	Year ended October 31, 2008
Balance, beginning of period	7,577,860	\$ 4,408,877
Face value of Convertible Debenture issued during the period	-	10,000,000
Less: Shareholder's equity component	-	(2,207,021)
Less: Transaction costs, equity portion	-	(215,119)
Liability component of Subordinated Debenture	7,577,860	11,986,737
Add: Accretion of liability component of debenture	409,456	76,009
Less: Conversion of convertible debenture	-	(4,484,886)
Balance, end of period	7,987,316	7,577,860

On September 10, 2008, the Company issued a \$10-million unsecured subordinated convertible debenture. The debenture is convertible at a conversion price of \$0.90 per share if exercised on or prior to Sep-

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tember 10, 2010, and at a price of \$0.99 per share if exercised on or before September 10, 2011. The debenture has a three-year term and bears interest at an annual rate of 7%. At April 30, 2009, interest of \$439,820 was accrued in interest payable in the current liabilities. No interest has been paid in current period.

As part of the amended Port Agreement with ArcelorMittal, the Company has deferred its annual interest payment under this convertible debenture for a year to September 10, 2010 (Note 16(a)).

7. SHARE CAPITAL

a) Authorized

Unlimited Class A common shares, without par value

b) Issued

	Six months ended		Year ended	
	April 30, 2009		October 31, 2008	
	Shares	Amount	Shares	Amount
	#	\$	#	\$
Common shares				
Balance, beginning of period	72,476,813	75,800,899	35,713,349	38,583,734
Private placements	-	-	29,625,626	31,999,964
Shares issued for mineral properties	-	-	1,054,750	1,075,275
Shares issued for finder's fees	-	-	1,138,326	1,249,789
Shares issued on option exercises	-	-	100,000	119,671
Shares issued on conversion of debenture	-	-	4,844,732	5,085,343
Less:				
- Finders' fees		-		(2,035,832)
- Share issue costs		-		(277,045)
- Future income tax benefits on expenditures renounced to shareholders		(631,989)		-
Balance, end of period	72,476,813	75,168,910	72,476,783	75,800,899

The Company financed a portion of its resource property exploration through issuance of flow-through shares whereby the Company transfers the tax deductions arising from the related resource expenditures to the investors. On the date the Company renounces the tax credits associated with the resource expenditures and the Company has reasonable assurance that the expenditures will be completed, a future income tax liability is recognized and share capital is reduced. During the six months ended April 30, 2009, the Company recorded a future income tax liability of \$631,989 as a result of the exploration expenditures being renounced to investors in December 2008.

If the Company has sufficient unused tax loss carry forward to offset all or part of this future income tax liability and no future income tax assets have been previously recognized for these carry forwards, a portion of such unrecognized losses is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

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c) Warrants

The continuity of warrants is as follows:

	Number of warrants	Weighted average exercise price
Balance, October 31, 2007	1,276,134	\$ 1.65
Expired	(1,276,134)	(1.65)
Issued	94,116	1.00
Balance, October 31, 2008 and April 30, 2009	94,116	\$ 1.00

d) Options

The continuity of options is as follows:

	Number of options	Weighted average exercise price
Balance, October 31, 2007	3,205,000	\$ 0.74
Granted	2,372,000	1.10
Expired	(607,000)	(1.13)
Exercised	(100,000)	(0.70)
Balance, October 31, 2008	4,870,000	0.87
Cancelled	(265,000)	1.10
Balance, April 30, 2009	4,605,000	\$ 0.87

As at April 30, 2009, the following options were outstanding:

Number of Options	Exercise Price	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable
1,200,000	\$ 0.35	1.28	\$ 0.35	1,200,000
50,000	\$ 0.41	1.48	\$ 0.41	50,000
200,000	\$ 0.70	2.45	\$ 0.70	200,000
550,000	\$ 0.90	2.70	\$ 0.90	550,000
50,000	\$ 1.15	2.78	\$ 1.15	50,000
100,000	\$ 1.12	2.84	\$ 1.12	100,000
110,000	\$ 1.36	2.89	\$ 1.36	110,000
250,000	\$ 1.10	3.38	\$ 1.10	250,000
125,000	\$ 1.10	3.85	\$ 1.10	100,000
100,000	\$ 1.10	4.04	\$ 1.10	33,333
15,000	\$ 1.10	4.09	\$ 1.10	5,000
1,855,000	\$ 1.10	4.14	\$ 1.10	618,329
4,605,000		2.99	\$ 0.77	3,266,662

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During the six months ended April, 2009, under the fair-value method, \$442,401 (2008 - \$187,674) in stock-based compensation expense was recorded for options vested to directors, officers, employees and consultants. Of the stock-based compensation expense, \$264,731 (2008 - \$128,715) was included in salaries and benefits and \$36,199 (2008 - \$17,073) was included in investor relations in the statement of operations and \$20,954 (2008 - \$41,886) was capitalized in mineral properties and \$120,517 (2008 - \$nil) capitalized under port design and development.

The fair value of share options has been estimated using the Black-Scholes option pricing model with the following assumptions:

	2009	2008
Risk free interest rate	-	2.94%
Expected dividend yield	-	-%
Stock price volatility	-	103%
Expected life of options	-	5 years
Fair value of options	-	0.38

8. CONTRIBUTED SURPLUS

	Six months ended April 30, 2009 \$	Year ended October 31, 2008 \$
Balance, beginning of period	2,270,515	1,393,081
Stock-based compensation for stock options	442,401	911,271
Stock-based compensation for broker warrants	-	15,834
Exercise of stock options	-	(49,671)
Balance, end of period	2,712,916	2,270,515

9. MANAGEMENT OF CAPITAL RISK

The Company defines its capital as shareholders' equity, consisting of share capital, equity portion of convertible debenture, contributed surplus and deficit. The Company's objectives when managing its capital are:

- to ensure its ability to continue as a going concern to meet the capital expenditures in developing the port facilities in Brazil and exploration activities and
- to maintain a flexible capital structure of equity and debt financing to optimize the costs of capital with minimal risks.

The Company manages its capital structure with ongoing reviews and will modify the structure in light of economic conditions and operating environments. In adjusting its capital structure, the Company may need to issue new shares or debt instruments, bring in joint venture partners or make changes to its strategic investment assets.

To manage its capital, the Company prepares annual capital and operational budgets which are approved by the Board of Directors and updated as necessary to account for changes in the risk factors in the mining industry and economic conditions in the jurisdiction the Company operates.

ADRIANA RESOURCES INC.
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10. MANAGEMENT OF FINANCIAL INSTRUMENT RISK

The Company is exposed to a variety of financial instrument related risks which are as follows:

Currency risk

The Company's financial positions and results of operations are exposed to the risk in currency fluctuations. The Company's reporting currency is in Canadian dollars but its funding to Brazil's exploration and port development activities are transacted in US dollars. A significant change in US dollar will have an impact on the cost of developing the port facilities and its financial positions and cash flows. The Company does not have foreign exchange hedges in place at this time.

Credit risk

The Company's credit risk is mainly attributable to its liquid financial assets: restricted cash, short-term investments and other receivables. The Company minimizes the risk by placing these instruments with large federally insured chartered bankers. Management does not believe there is credit risk in Company's receivables as they are primarily of government input tax credits with small amounts from related parties.

Liquidity risk

The Company manages liquidity risk through a cash flow model, an annual budget and ongoing monitoring of expenses and capital expenditures to ensure it has sufficient liquidity to meet its business requirements as they come due. As part of its long-term planning, the Company will have to raise equity financing to ensure there is sufficient capital to meet its long term objectives.

Interest rate risk

The Company earns its majority of interest income from short-term investments invested mainly in Guaranteed Interest Certificates ("GIC"). Fluctuations in interest rates will have a corresponding effect on the interest income. An increase or decrease in interest rate will not impact the Company's convertible debentures as they have a predetermined fixed interest rate.

11. RELATED PARTY TRANSACTIONS

- a) Included in the period at their exchange amounts are the following items paid or accrued to directors and companies controlled by directors for services provided. Exchange amounts are the amounts agreed upon by the transacting parties on terms and conditions similar to arms-length transactions:

Six months ended April 30,	2009	2008
	\$	\$
Management fees	109,135	75,375
Geological consulting fees	47,989	48,000

- b) Included in current liabilities at April 30, 2009, was \$19,117 (October 31, 2008 - \$102,760) payable to director and employees without interest.

ADRIANA RESOURCES INC.
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12. COMMITMENTS

- a) As at April 30, 2009, the Company had an irrevocable standby letter of credit with a Canadian chartered bank in the amount of \$50,000 (October 31, 2008 - \$50,000), providing security on the performance of obligations on a mineral property. The Company has a short-term investment of \$50,000 required by this letter of credit and it is presented as restricted cash.

Effective May 31, 2009, this irrevocable standby letter of credit has been transferred to AddieCo as part of the sale of MIE shares (Note 16(b)).

- b) The Company's commitments to equipment rentals and office lease are as follows:

	Equipment rentals \$	Office lease \$
2009	8,736	82,194
2010	17,472	167,962
2011	16,859	173,323
2012	16,655	178,683
2013	7,634	184,044
2014	-	125,078

- c) Pursuant to the flow-through common shares issued in August, 2008, the Company is committed to spending \$1,999,965 on qualified expenditures by December 31, 2009. As of April 30, 2009, the Company expended \$1,844,518 of the qualified expenditures leaving a balance of \$155,447 due by December 31, 2009.
- d) In the ordinary course of business, the Company enters into contracts which contain indemnification provisions, such as loan agreements, purchase contracts, service agreements, licensing agreements, asset purchase and sale agreements, joint venture agreements, operating agreements, leasing agreements, land use agreements, etc. In such contracts, the Company may indemnify counterparties to the contracts if certain events occur. These indemnification provisions vary on an agreement by agreement basis. In some cases, there are no pre-determined amounts or limits included in the indemnification provisions and the occurrence of contingent events that will trigger payment under them is difficult to predict. Therefore, the maximum potential future amount that the Company could be required to pay cannot be estimated.
- e) The Company is committed to certain cash payments, share issuances and exploration expenditures as described in Note 3 and 5.

13. SHORT-TERM INVESTMENTS

Short-term investments consisted of guaranteed investment certificates held with a Canadian brokerage firm bearing interests from 0.8% to 3.0% per annum. At April 30, 2009, both the carrying value and fair market value were \$4,050,000 (2008 - \$3,800,000) plus accrued interests.

The Company has placed \$23,000 in a term deposit which is held as a guarantee for the Company's Mastercard. The term deposit is bearing interest at 2.65%.

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14. NON-CASH TRANSACTIONS

During the six months ended April 30, 2009 and 2008, the following non-cash transactions occurred:

	2009	2008
	\$	\$
Mineral properties included in accounts payable	126,867	382,681
Shares and warrants issued for financing	-	1,199,999
Shares issued for finder's fee of Brazore Holdings	-	49,789
Shares issued for mineral properties	-	868,000

15. SEGMENTED INFORMATION

The Company has two reportable business segments: the exploration and development of mineral resource properties, and the development of an iron ore port facility in Brazil. The Company operates in three geographic segments. Geographic distribution of operating results in the geographic segments is as follows:

	Port Facility Development Brazil	Mineral Exploration Canada	Mineral Exploration Finland	Total
April 30, 2009	\$	\$	\$	\$
Total assets	52,892,574	13,776,608	31,778	66,700,960
Cash	326,604	525,098	31,778	883,480
Short-term investments	-	4,073,000	-	4,073,000
Property and equipment	34,110,590	176,621	-	34,287,211
Mineral properties	-	8,641,094	-	8,641,094
Intangible assets	18,423,058	-	-	18,423,058
Net loss	530,829	1,801,615	313,860	2,646,304

	Port Facility Development Brazil	Mineral Exploration Canada	Mineral Exploration Finland	Total
October 31, 2008	\$	\$	\$	\$
Total assets	49,814,325	18,661,998	31,085	68,507,408
Cash	298,952	1,903,325	31,085	2,233,362
Short-term investments	-	5,900,000	-	5,900,000
Property and equipment	32,018,752	192,825	-	32,211,577
Mineral properties	-	9,984,400	-	9,984,400
Intangible assets	17,386,718	-	-	17,386,718
Net (income) loss	(303,339)	11,622,577	72,055	11,391,293

ADRIANA RESOURCES INC.
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16. SUBSEQUENT EVENTS

- a) On June 1, 2009, the Company and ArcelorMittal agreed to amend the Port Agreement as follows:
- A commitment by ArcelorMittal to fund both a significant portion of the Company's monthly costs and 80% of substantial third party consultant costs incurred in connection with the Company's port permitting process in Brazil;
 - Deferral of annual interest payments due to ArcelorMittal and subject to the approval of the TSX Venture Exchange, the extension of the unsecured convertible debenture dated September 10, 2008, issued by the Company in favour of ArcelorMittal for a period of one year; and
 - Extension of the Port Agreement for a period of 6 months (to November 30, 2009) to be followed by further extensions of 6 months if required.
- b) Effective May 31, 2009, the Company has reached a settlement agreement with Gordon Addie and 0723404 B.C. Ltd. ("AddieCo") on the transfer of all right, title and interests of MIE Metals Corporation, 5050 Nunavut Limited and UNAD Property to AddieCo through the sale of MIE shares. As at the effective date, the Company will have no future cost obligations. Also effective May 31, 2009, the Company entered into a Net Smelter Return Royalty Agreement pursuant which the Company will earn from AddieCo a production royalty of 1% of net smelter returns applicable from production on the MIE Property.
- c) On May 22, 2009, the Company granted the members of the Board of Directors of the Company and an employee 1,100,000 common share options at the option price of \$0.26 per share. The options vest over an 18-month period and expire in 5 years.
- d) On June 16, 2009, the Company granted an employee of the Company incentive stock options to purchase up to 2,000,000 common shares at an option price of \$0.30 per share. The options vest over an 18-month period and expire in 5 years. On June 16, 2009, the Company cancelled 100,000 incentive stock options granted to a director on June 20, 2008.
- e) Subsequent to April 30, 2009, the Company paid a director of the Company \$36,060 for consulting services including the recruitment of a new CEO/President.



THE NEW PLAYER IN IRON ORE

ADRIANA
RESOURCES INC.

**Management's Discussion and Analysis
of the six months ended April 30, 2009**



Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") of financial position and results of operations of Adriana Resources Inc. ("Adriana" or the "Company") was prepared as of June 29, 2009 and should be read in conjunction with the Company's unaudited consolidated financial statements for the six months ended April 30, 2009 as well as the audited consolidated financial statements for the year ended October 31, 2008. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts included therein and in the following MD&A are expressed in Canadian dollars unless otherwise indicated. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Overview

The Company is engaged in the exploration and development of mineral properties in Canada and in the acquisition of iron ore resource properties and development of a port facility in Brazil. The Company is currently listed on the TSX Venture Exchange under the symbol "ADI".

Iron Ore Port Development

The Company is developing an iron ore port facility in Brazil to facilitate the shipment of iron ore to the world's steel mills. The goal of the Company in Brazil is to become an integrated iron ore producer through owning iron ore resources and export facilities. The Company is currently undergoing the permitting process for the port construction.

On August 20, 2008, the Company reached an agreement (the "Port Agreement") with ArcelorMittal (subsequently amended on September 11, 2008, January 6, 2009, April 22, 2009 and June 1, 2009), the world's leading steel company, on the principal terms for the development of an iron ore port facility in the State of Rio de Janeiro, Brazil (the "Port"). The parties have until November 30, 2009 (with a further extension of an additional 6 months if required) to complete a definitive agreement.

Highlights of the Agreement with ArcelorMittal include the following material elements:

- Through a series of transactions, ArcelorMittal has an option to acquire 80% of the Port for total consideration of approximately \$40.5 million USD with Adriana holding the remaining 20% and pre-emptive rights until the Port reaches a capacity of 20 million tonnes per annum ("Mtpa"). ArcelorMittal will also have drag-along rights in respect of Adriana's shareholding in the port, subject to Adriana's right of first refusal;
- ArcelorMittal has the right to acquire up to 19.9% of the Company's common shares in two private placements and will also be granted the right to a seat on Adriana's Board of Directors;
- The parties will each fund their pro rata portion of the Port development;
- Adriana anticipates that ArcelorMittal will assist Adriana in sourcing funding for Adriana's portion of the Port development costs ("Port Debt"). ArcelorMittal will use reasonable endeavours to assist Adriana in obtaining its portion of the Port Debt. Each party undertakes that it will be responsible for servicing and repaying its respective share of the Port Debt, consistent with its percentage ownership.
- The parties will share in the capacity of the Port in proportion to their ownership and Adriana expects to have a minimum of 2 Mtpa iron ore throughput with the planned development of the Port to 10Mtpa;

- ArcelorMittal and Adriana have agreed to investigate future strategic and mutually beneficial world-wide opportunities, subject to execution of a definitive agreement in relation to the Port by both parties; and
- Upon closing the Port Agreement and related financings, Adriana expects to have approximately \$62 million CDN in working capital inclusive of the above referenced private placements with ArcelorMittal. Pursuant to the terms of the Port Agreement, the Company has agreed to acquire all of the third party owned interests in Brazore Holdings Ltd. ("Brazore Barbados"), of which the Company currently beneficially owns 60% of the outstanding issued share capital. The acquisition cost for the minority interest, held by Athena Resources L.L.C. ("Athena"), will be \$19.6 million USD. The Company and Athena have agreed that up to \$19.6 million USD of the purchase price will be paid in shares of the Company at a deemed price of \$1.10 CDN. In 2006, Athena brought the Port opportunity to Adriana based on Adriana management's previous successful track record within Brazil and ability to advance projects on a global scale.
- ArcelorMittal will fund a significant portion of Adriana's monthly costs and substantial third party consultant costs incurred in connection with the Port;

In connection with its unsecured convertible debenture in the amount of \$6.45 million, dated September 10, 2008 (see the Company's press release dated August 20, 2008), ArcelorMittal has agreed to a deferral of the annual 7% interest due and to a one-year extension of the expiry date of the convertible debenture, subject to approval of the TSX Venture Exchange.

In addition to the consolidation of the minority interest in Brazore Barbados, the Company has agreed to acquire the minority interests of its Brazilian subsidiary for consideration of approximately \$3.5 million USD. The Company and the minority interest holders have agreed that up to \$1 million USD of the purchase price may be paid in shares of the Company at a deemed price of \$1.10 CDN.

The Company's agreement with the WorldLink Group in respect of port utilisation has been amended to match the Company's Port off-take capacity of 20%. The Port Agreement is subject to applicable regulatory and corporate approvals and the negotiation and execution of a definitive agreement by the parties.

The Company has also established a team of mining, port engineering, shipping and iron ore trading professionals to assist in advancing the Brazilian iron ore strategy. It is planned that WorldLink Resources Ltd. will assist the Company in the shipment of iron ore to China and in the development of off-take contracts with end users in Asia and Europe.

The Company intends to continue the advancement of the Port through the legally mandated comprehensive licensing process, which necessarily will include the submission, review and discussion of extensive and detailed environmental impact reports prepared by reputable specialists and the holding of public hearings. The Company remains of the view that its Port Proposal, as contemplated, will meet the environmental and technical requirements to be assessed by the mandated authorities and that studies being currently completed, will demonstrate that its project will have a significant positive impact on the economic growth of the local municipality, the state and the country.

Mineral Property Interests

Labrador Trough – Lac Otehluk Iron Ore Project, Nunavik, Québec, Canada

The Lac Otehluk Iron Project lies within the Labrador Trough in Northern Québec (Nunavik). The deposit is a Lake Superior-type iron formation or taconite that has been identified over a strike length of approximately 25 kilometres, based on exploration drilling and mapping in the 1970s. The gently dipping iron formation that outcrops at surface is similar to the taconite deposits of the Mesabi Iron Range in

Northern Minnesota, where iron mining has been carried out for over 100 years.

During the 2007 and 2008 field seasons, the Company drilled 67 diamond drill holes totalling 7,447 metres to test the 9 kilometre strike length of the South Zone of the deposit. The results from the 2007/2008 drilling program at Lac Otelnuik confirm a large, flat lying iron formation over an approximate area of 22.5 square kilometres. The targeted formation remains open along strike to the northwest and southeast. The North Zone, where drilling in the 1970s outlined the presence of a significant iron formation similar to that of the South Zone, has yet to be drill tested. The Lac Otelnuik iron ("Fe") formation is composed of individual stratigraphic units stacked one on top of each other, identified as Units 2 (upper), 3 (middle) and 4 (lower). For mapping and core logging purpose these Units have been subdivided into 8 Sub-units identified as Sub-units 2A, 2B, 2C, 3A, 3B, 3C, 4A and 4B, on the basis of lithology and iron content. The highest concentration of magnetite occurs in the Upper Iron Formation (Unit 2) followed by the Middle Iron Formation (Unit 3) and the Lower Formation (Unit 4).

Watts, Griffis and McOuat Limited ("WGM"), a Toronto based firm of independent consulting Geologists and Engineers, was retained to complete a National Instrument 43-101 Compliant Mineral Resource Estimate and Technical Report ("Report") of the South Zone ("Mineral Resource Estimate"). WGM modeled the upper five geological sub-units (2A, 2B, 2C, 3A and 3B) of the Lac Otelnuik iron formation for the Mineral Resource Estimate.

On March 23, 2009, the following Mineral Resource Estimate was completed by WGM and was filed on www.sedar.com by May 7, 2009:

Summary of Mineral Resource Estimate
(using a Davis Tube Weight Recovery ("DTWR") cut-off grade of 18%)

Resource Classification	Tonnes (in Billions)	%Fe Head	DTWR %	% SiO ₂	%Fe DTC
Indicated	4.29	29.08	27.26	3.53	68.00
Inferred	1.97	29.24	26.55	3.51	68.12

Due to the uncertainty of Inferred Mineral Resources it cannot be assumed that all, or any part of this resource will be upgraded to an Indicated or Measured Resource as a result of continued exploration. To justify upgrading of the Mineral Resource to a Mineral Reserve, demonstrated economic viability is required. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The project has been put on Care and Maintenance for the field season as the Company completes further engineering work, advances metallurgical studies and updates a previous scoping study completed in 2006.

Near term plans for the project include geo-metallurgical sampling and testing and an updated scoping study. During the quarter, the Company held successful meetings with the Québec Government in order to better familiarize the Government with the project and its potential.

Frank Condon, P. Eng, a director of the Company and a Qualified Person as defined by National Instrument 43-101 has reviewed and approved the technical disclosure of Lac Otelnuik project contained in this MD&A.

Labrador Trough - Bedford Iron Prospect, Newfoundland and Labrador, Canada

In March 2008, the Company signed an agreement to acquire a 100% interest in the Bedford Iron Prospect, consisting of 94 mineral claims covering 2,350 hectares, located within the Labrador Trough of north-eastern Labrador, 25 kilometres northwest of Schefferville on the east side of Howells River. The Company also staked an additional 82 mineral claims totalling 2,050 hectares, directly adjacent to the Bedford Iron Prospect claims, bringing the land package of claims to 4,400 hectares. In June 2008, MPX Geophysics Ltd. conducted a 670 line kilometre aero-magnetic helicopter survey of the property. The

results of the survey identified a number of linear magnetic anomalies, several of which are coincident with magnetite iron formation identified in the field.

Follow up mapping, sampling and exploration drilling is planned for 2009.

Mustavaara Vanadium, Titanium, Iron Project, Finland

The Mustavaara Project consists of 4 exploration claims measuring 356 hectares that cover the former vanadium producing mine and the adjacent mineralized horizon for a total strike length of five kilometres. The 1,800-metre-long open pit and extensions contain an open pittable, measured resource. (See the National Instrument 43-101 Technical report titled, "A Technical Review of the Mustavaara Vanadium Ore Deposit, Taivalkoski Commune, Finland", by Velasquez Spring and G. Ross MacFarlane of Watts, Griffis and McOuat Limited, and dated October 4, 2006, which is filed at www.sedar.com). The deposit remains open at depth and along strike.

The Company is continuing metallurgical studies to evaluate both hydrometallurgical and pyrometallurgical process routes in more detail prior to advancing the project through a pre-feasibility study. The Environmental Impact Assessment (EIA) program is ongoing. At the year ended October 31, 2008, the Company took a 100% write-off of the carrying value of the project.

The Company continues to evaluate alternative scenarios that will assist in advancing the Mustavaara project.

MIE, Bear Valley and Unad Projects, Nunavut, Canada

In fiscal 2008, the Company wrote down the carrying value of the MIE nickel-copper-PGE property, and the Bear Valley and UNAD joint venture uranium projects (the "MIE Property") to nil as a result of recent declines in commodity prices and the price of similar assets falling materially in the market.

In May 2009, the Company transferred ownership in the claims comprising the MIE Property to Gordon Addie and entered into a Net Smelter Return Royalty Agreement pursuant to which the Company will earn from Mr. Addie a production royalty of 1% of net smelter returns applicable from production on the MIE Property. As a result of this property disposition, costs associated with care and maintenance are reduced.

Changes to the Board of Directors

In April 2009, the Company appointed Mr. Colin Blyth, Mr. Julio Carvalho, Mr. Robert Power, and Mr. Donald Siemens to its board of directors. The Company also announced that Mr. Paul Fong and Dr. Joe Griebel stepped down from the board.

Mr. Colin Blyth is a senior marketing and sales executive with 20 years of progressive international marketing and general sales management experience with diversified mining and refining companies generating annual revenue ranging from \$600M to \$3B. Mr. Blyth is currently the Vice-President, Sales and Marketing for CMC - Coal Marketing Company (USA) Inc. in Atlanta, Georgia, USA. Mr. Blyth was previously Vice-President Marketing - Asia for Elk Valley Coal Corporation and for 14 years held senior marketing positions with Teck Cominco Limited. He holds an MBA and B.Sc. Geology from Queen's University.

Mr. Julio Carvalho brings over 35 years of experience in the Brazilian mineral resource sector and is currently Chairman and CEO of Rio Novo Holdings S/A, which owns two developing gold projects in Brazil, and an executive director of Santa Elina Group in Brazil. Previously, Mr. Carvalho was President and CEO and a member of the board of directors of Peak Gold Limited (now New Gold Inc.), Executive Vice President of South and Central America for Goldcorp Inc., President and CEO of Mineração Onça Puma Ltda. the Brazilian subsidiary of Canico Resource Corp., and Rio Tinto Brazil, where he worked for more than 33 years and held the primary role of Chief Financial Officer and was an Executive Director.

Mr. Carvalho is a Chartered Accountant and holds an MBA from Queen's University.

Mr. Robert Power is a lawyer with Blake, Cassels & Graydon LLP, one of the largest international law firms and ranked as "Canadian Law Firm of the Year" for 2007/08 by Chambers and Partners. Mr. Power is Co-chair of that firm's National Energy Group and manages a significant energy, infrastructure and corporate practice. Mr. Power is also recognized in The Lexpert/American Lawyer Guide to the Leading 500 Lawyers in Canada. Mr. Power has broad international legal and business experience, has contributed to the National Standards Council standard development processes, and has advised on a number of large infrastructure and project development matters in various industries. Mr. Power received his LL.B. from Dalhousie University, a B.A. from the University of Victoria, and is called to the Bars of Alberta and Ontario.

Mr. Donald Siemens brings over 30 years of experience to the board as a Chartered Accountant, including 8 years in public practice as a partner with major accounting firms, 8 years in senior executive positions in industry and 18 years as a self-employed Financial Services executive. Currently, as an independent financial advisor, Mr. Siemens specializes in Corporate Finance, cross-border transactions and Mergers & Acquisitions. He serves as a director and Audit Committee Chair for three public companies: Los Andes Copper Ltd., Nikos Explorations Ltd, and JayHawk Energy, Inc. Previously, Mr. Siemens was Partner-in-Charge of Thorne Ernst & Whinney's (now KPMG) Vancouver office Financial Advisory Services group. Mr. Siemens obtained a Chartered Accountant designation in 1972, and a B.A. from University of British Columbia.

Subsequent to the quarter, Michael Beley, stepped down from the position of President and Chief Executive Officer, and has taken on the new position of Chairman of the Board.

Additions to Management Team

Subsequent to the quarter, the Company appointed Allen J. Palmiere as the Company's new President and Chief Executive Officer.

Mr. Palmiere brings over 35 years of extensive experience in senior executive and leadership roles in the mining industry. Prior to joining Adriana, Mr. Palmiere held the positions of Chairman and also President and CEO of HudBay Minerals Inc. Mr. Palmiere also previously served as Treasurer of Northgate Exploration Ltd., Chief Executive Officer and Chief Financial Officer of Breakwater Resources Ltd., Chief Financial Officer of Zemex Corporation, and Executive Chairman of Barplats Investments Limited.

Results of Operations

For the three months ended April 30, 2009 and 2008

The Company recorded a net loss of \$1,406,702 for the three months ended April 30, 2009, compared to a net loss of \$853,803 in the prior year's quarter. The increase of \$552,899 was primarily due to increases in bank charges and financing interest, exploration expenditures in Finland's Mustavaara properties, professional fees and salaries and benefits which were partially offset by decreased expenses in conferences, investor relations, office and travel.

Bank charges and financing interest increased by \$244,476 during current year's three month period comparing to prior fiscal year's period due to interest charges on the debt financing from convertible debentures issued in September 2008.

Exploration expenditures increased by \$222,821 primarily due to metallurgical and environmental studies in Mustavaara project whereas expenditures of prior year's period were capitalized in mineral properties which were subsequently written off at the fiscal year end of 2008.

Professional fees increased by \$31,531 during the current three month period as compared to prior year's quarter due to the hiring of a consultant reviewing iron ore projects and increase legal costs in Brazil

overseeing various legal contracts and obligations.

Salaries and benefits increased by \$53,555 which was primarily due to the addition of personnel in Brazil as compared to prior fiscal period with no staffing in Brazil yet.

For the six months ended April 30, 2009 and 2008

Net loss for the six month period ended April 30, 2009 was \$2,646,304, compared to a net loss of \$1,389,723 in 2008 for a total increase of \$1,256,581. The increase of loss was mainly from interest expenses in connection with financings, exploration expenditures, salaries and benefits, non-controlling interest and loss in foreign exchange.

Expenses

Bank charges and financial interest expenses increased by \$525,414 for the six months ended April 30, 2009 compared to the same period ended in 2008 as a result of interests accrued on the \$10 million convertible debentures issued in September 2008.

Investor relations expenses decreased by \$38,032 for the current period ended April 30, 2009 as compared to the same period of the prior fiscal year due to the decreased attendance at conferences.

Exploration expenditures increased by \$300,457 due to \$278,250 incurred from metallurgical studies and consulting fees for the Mustavaara project and \$22,207 expended in demobilizing the MIE project. The capitalized costs of both projects had been written off at the year ended October 31, 2008.

Rent and office expenses decreased by \$65,118 during the six months ended April 30, 2009 compared to the same period in 2008 due to allocating \$75,000 in applicable expenses to Brazil's port development project.

Salaries and benefits for the six months period ended April 30, 2009, increased by \$115,090 as compared to 2008 due to the additions of personnel in Brazil and Canada and increased stock-based compensation charges of \$264,731 in the current period from \$116,243 in the prior period, The increase was partially offset by an allocation of \$225,000 to Brazil's port development project.

Other income and expenses

Interest income decreased by \$89,697 for the current six month period in 2009 compared to 2008 due to the decreased overall cash balances during the period and declining interest rates in 2009 from 2008.

Foreign exchange gain was reduced by \$49,611 for the six months ended April 30, 2009 compared to the same period of prior fiscal year. The decrease was a result of the strengthening US dollar against the Brazilian Real and the Canadian dollar.

Non-controlling interest increased by \$230,964 during the six-month period in 2009 compared to the same period in 2008 due to the recording of an unrealized foreign exchange gain at October 31, 2008 and the capitalization of certain salaries and travel costs to the port design and development project.

Summary of Quarterly Results

	2009		2008				2007	
	Apr 30	Jan 31	Oct 31	Jul 31	Apr 30	Jan 31	Oct 31	Jul 31
Revenues	-	-	-	-	-	-	-	-
Net income (loss)	(1,406,702)	(1,239,602)	(9,184,664)	(816,906)	(853,803)	(535,920)	(700,220)	325,357
Net income (loss) per share								
- basic and diluted	(0.02)	(0.02)	(0.14)	(0.01)	(0.01)	(0.01)	(0.02)	0.01

The Company's expenses and net loss have increased on average over the last eight quarters due to the Company's expansion plans as it advances its business plan of exploring and developing its mineral and port projects. During the quarter ended July 31, 2007, the Company recorded future income tax recoveries of \$686,700 which decreased the net loss. The Company recorded a write-down of mineral property interests of \$9,108,999 during the fourth quarter ended October 31, 2008 due to the impairment of the MIE and Mustavaara mineral projects.

Liquidity

The Company's cash decreased to \$883,483 at April 30, 2009 from \$2,233,362 at October 31, 2008. The Company held \$4,073,000 in short term investments as at April 30, 2009 compared to \$5,900,000 at October 31, 2008. The Company's working capital was \$3,746,966 as at April 30, 2009, compared to working capital of \$6,257,545 as at October 31, 2008.

Economic and industry factors are substantially unchanged since the end of the previous fiscal year.

The Company has no current source of operating revenue and expects to fund its future operations by way of equity or debt financings, or a combination of both.

During the six months ended April 30, 2009, the Company used \$1,830,247 of its cash on property and equipment acquisitions, which primarily consisted of a royalty payment of \$303,850, consulting and engineering of the port lands in Brazil. This compares with \$19,455,855 spent in property and equipment purchases in the comparative period which mainly consisted of the purchase of port land in Brazil. The Company used \$538,548 of its cash on the Lac Otelnu mineral property during the six months period ended April 30, 2009 as compared to \$1,500,734 in the prior year on the Lac Otelnu, Mustavaara and MIE properties.

Capital Resources

As at the date of this MD&A, the Company has no other arrangement for sources of financing.

To keep the Company's projects in good standing, the Company is required to make cash payments and fulfill work program expenditures. The Company believes it has adequate working capital to fund its minimum operations over the next twelve months. The Company has no long term debt other than the convertible debentures but does have office lease and office equipment obligations as disclosed in its consolidated financial statements.

Changes in Accounting Policies

In 2009, the Company adopted CICA Handbook Section 3064 "Goodwill and Intangible Assets". This Section replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and on intangible assets. There was no material impact on the financial position or operational results of the Company as a result of the adoption of this standard.

Transactions with Related Parties

During the six months ended April 30, 2009, the Company paid or accrued \$47,989 (2008 - \$48,000) in geological consulting fees and \$109,135 (2008 - \$75,375) in management fees to an employee of the Company and to companies controlled by directors of the Company. As of July 1, 2008, the Company retained the services of Hemmingsen Management Ltd., ("Hemmingsen"). Hemmingsen is a private company owned equally by the Company and Hawthorne Gold Corp., which have certain directors and officers in common with the Company. Hemmingsen provides geological, technical, corporate development, administrative and management services to the Company on a cost recovery basis.

Disclosure of Outstanding Share Data

The following details the share capital structure as of the date of this MD&A.

Common share				72,476,813
Convertible debentures	September 10, 2011	0.90/0.99	<u>11,111,111</u>	11,111,111
Share purchase warrants	August 26, 2009	1.00	<u>94,116</u>	94,116
Share purchase options	August 11, 2010	0.35	1,000,000	
	October 24, 2010	0.41	50,000	
	October 11, 2011	0.70	200,000	
	January 10, 2012	0.90	500,000	
	February 8, 2012	1.15	50,000	
	March 4, 2012	1.12	100,000	
	March 20, 2012	1.36	110,000	
	September 16, 2012	1.10	250,000	
	March 5, 2013	1.10	100,000	
	May 15, 2013	1.10	100,000	
	June 1, 2013	1.10	15,000	
	June 19, 2013	1.10	1,621,667	
	May 21, 2014	0.26	1,100,000	
	June 14, 2014	0.30	<u>2,000,000</u>	<u>7,196,667</u>
				<u>90,878,707</u>

Risks and Uncertainties

The Company competes with other mining companies, some of which have greater financial resources and technical facilities, for the acquisition of mineral concessions, claims and other interests, as well as for the recruitment and retention of qualified employees.

The Company is in compliance in all material respects with regulations applicable to its exploration and development activities. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted.

Before production and construction can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

The Company has incurred losses since its inception and will not achieve profitability until such time as one of its projects, assuming a favourable feasibility study, can be developed into a profitable operation.

Cautionary Statement

This MD&A may contain “forward looking statements” that reflect the Company’s current expectations and projections about its future results. When used in this MD&A, words such as “estimate”, “intend”, “expect”, “anticipate” and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company’s future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company’s actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, unfavourable studies regarding the Company’s Projects, fluctuations in the market valuation for metal prices, difficulties in obtaining required approvals or permits for the development of a mine or port and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Data

Adriana Resources Inc.

Corporate Office

One Bentall Centre, Suite 1580
505 Burrard Street, PO Box 49045
Vancouver BC V7X 1M5
Tel: 604.629.0250
Fax: 604.629.0923
Toll Free: 1.877.629.0150
Email: info@adrianaresources.com
www.adrianaresources.com

Directors & Officers

Michael Beley	<i>Chairman</i>
Allen J. Palmiere	<i>President & CEO</i>
Richard Barclay	<i>CFO & Director</i>
Joseph Fodor	<i>Executive Vice President</i>
Guilherme de Andrade	<i>Director of Port Development, Brazore Ltda.</i>
Mike Petrina	<i>VP Operations</i>
Peter A. Ball	<i>VP Corporate Communications</i>
Nancy La Couvée	<i>Corporate Secretary</i>
Frank Condon	<i>Director of Québec Operations, Director</i>
Paul Yeou	<i>Director</i>
Anthony Patriarco	<i>Director</i>
Wilf Struck	<i>Director</i>
Colin Blyth	<i>Director</i>
Julio Carvalho	<i>Director</i>
Robert Power	<i>Director</i>
Donald Siemens	<i>Director</i>

Legal Counsel

Lang Michener LLP
1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7

Bank

Bank of Montreal
595 Burrard Street
Vancouver, BC V7X 1L7

Transfer Agent

Computershare Trust Company of Canada
2nd Floor – 510 Burrard Street
Vancouver, BC V6C 3B9

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
700 – 250 Howe Street
Vancouver, BC V6C 3S7

TSX-V: ADI WKN: A0F7EL