COMPANY UPDATE

Tidewater Investments Limited ("**Tidewater**" or "**the Company**") has continued to make progress towards its goal of adding value to shareholders through a gradual distribution of its capital and assets.

Activities

Since the AGM of 16 November 2009, Tidewater has:

- Divested its stake in Dark Blue Sea Limited as a result of the increased and recommended takeover offer from Photon Group Limited;
- Reached agreement with Andrew Brown, Tidewater's Managing Director, to divest Tidewater Asset Management Pty. Limited ("**TAM**") to his private interests at a small premium to net assets; TAM holds a financial services license which is of limited use to Tidewater after the conclusion of the sub-contract arrangement with Fat Prophets Funds Management Australia Pty. Limited - the manager of Fat Prophets Australia Fund Limited. Since the consideration for TAM of $125,368 is below 5% of defined shareholders funds at last balance date, shareholder approval of the transaction is not required;
- Continued to take steps towards the restructure of Cheviot Kirribilly Vineyard Property Group; and
- Overseen the release of the Offer Document for the underwritten 8:1 rights offer by Tidewater's 86.4% subsidiary, Equities and Freeholds Limited ("**EQF**"). This rights offer closes on 10th December 2009 and Tidewater expects to deconsolidate the subsidiary on 15 December 2009 when new shares are allotted to applicants and sub-underwriters, subject to the conditions of the underwriting agreement remaining on foot. In this event, Tidewater's interest in EQF will decline to 9.6% which is valued at $629,000 at the rights issue price of 25 cents per share.

Financial Position

In the five months to 30 November 2009, Tidewater has recorded a pre-tax profit[†] before impairment of intangibles of $3,588,000. The figure includes approximately $2.4million of "mark to market" unrealised investment gains, and represents a 72% uplift on the equity base of the Company since 30 June 2009. A significant contributor to this result has been the increased share price of Adelaide Resources Limited ("**ADN**") where Tidewater holds a pro-forma[††] stake of just over 11 million shares. ADN shares have risen from 9.5cents at 30 June 2009 to 29cents at 30 November 2009 in the wake of exploration success at the Rover 1 project near Tennant Creek and a significant strengthening of its cash position.

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Tidewater will, however, take an impairment charge on its contract to manage Cheviot Kirribilly Vineyard Property Group ("**CKP**") as a result of the proposal to internalise the asset management and administration of CKP and the likely value of its management rights. This charge is likely to be approximately $425,000. Tidewater continues to discuss with CKP the potential to turn the residual "identifiable intangible" of approximately $220,000 into a further investment in CKP stapled securities, which would be subject to CKP security holder approval.

After this impairment charge, Tidewater has recorded a pre-tax profit[†] of $3,163,000 in the five months to 30 November 2009, which translates to a net profit after tax and minorities of $3,029,000.

As at 30 November 2009[†], Tidewater's pro-forma[††] net asset value per share is $8,726,000 or 33.6cents per share (based on issued capital of 25,958,005 shares), including adjustments for:

- a writedown in the value of the CKP management contract by $425,000;
- capital return of 24cents per EQF share in the form of ADN shares; and
- deconsolidation of EQF at a share price of $0.25 per EQF share.

Debt Facility

In Tidewater's 2009 Annual Report, Note 22 (page 43) disclosed that the Company had agreed to amortise its $2.6million debt facility commencing on 31 August 2009 over a twenty-four month period, until extinguishment in August 2011. As a result of improved investment markets, recent asset sales and the placement of 3,300,000 Tidewater shares at $0.25 in early October 2009, the Company expects amortisation of the loan facility to run well ahead of expected timeline. On 1 March 2010, Tidewater expects to repay a minimum $1.2million of debt when its current series of bills roll-over, reducing the outstanding gross principal to a similar figure of $1,200,000.

Subject to the performance of investment markets, and the specific value of Tidewater's portfolio, it is possible that additional repayments may be made in March 2010. Once the facility is entirely repaid, Tidewater will not seek a renewal or refinancing of its debt capabilities, preferring to retain the unencumbered flexibility to optimise the value of the remaining assets in the hands of shareholders.

Outlook

Tidewater's financial results are heavily reliant on the "mark-to-market" accounting treatment which the Company is required to utilise. Based on the results to 30 November 2009[†] the Directors hope to be in a position to declare a dividend at the time of the interim results and utilise the benefit of the approximate 5.0cents per share (dividend equivalent) of credits in the Company's franking account. As noted at the recent AGM, it is possible any dividend paid could be in the form of an in-specie distribution of securities in another company.

For further information:

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† unaudited results extracted from management accounts and subject to amendment by audit review in February 2010

†† pro-forma accounts are adjusted for the deconsolidation of EQF expected to occur on 15 December 2009, impairment of intangibles as detailed, and expected receipt on 15 December 2009 of capital return of 24cents per EQF share in the form of 0.8ADN shares per EQF share.

Forward looking statement disclaimer

This release contains certain statements (including projections, estimates, opinions and forecasts) concerning the anticipated future performance of Tidewater ("**Forward Looking Statements**"). These Forward Looking Statements may involve significant elements of subjective judgment and assumption as to future events which may or may not be correct. None of these Forward Looking Statements is a guarantee or representation as to future performance or any other further matters, which will be influenced by a number of factors – particularly the publicly quoted prices of tradable securities - and subject to various uncertainties and contingencies, many of which will be outside the control of Tidewater. Accordingly, Tidewater's actual results, performance and prospects could differ materially from that expressed in or implied by the Forward Looking Statements. No representation or warranty, express or implied, is made by Tidewater that the Forward Looking Statements contained in this release are accurate, complete, reliable or adequate that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, each of Tidewater, its respective officers, employees and advisers expressly disclaims any responsibility for the accuracy or completeness of the Forward Looking Statements and excludes all liability whatsoever (including in negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this release or any error or omission therefrom.