



Activities Report

Quarter Ended

31 December 2009

27 January 2010

Company Announcements Office
ASX Limited

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2009

- **Work has commenced on the Tapan Project in Sumatra Indonesia.**

INDONESIA

SUMATRA

Adavale has acquired the rights of two thermal coal projects in Sumatra Indonesia from PT United Mining and Engineering Services (United).

Drilling, logging, mapping and geodetic surveying have commenced on the Tapan project in West Sumatra which covers 5,000ha of Exploration area and an Exploitation Licence within this area of 198.7 ha.

Eight coal seams have been identified within the Exploitation Area. The coal is hard, high quality bituminous coal and has a measured gross calorific value between 5,800 -7,100 kcal/kg.

The initial program is designed to confirm extensions of visible outcrop and provide sufficient data for the company to elect to proceed to proving up a JORC compliant resource.

Adavale intends to establish itself as a reliable and secure Indonesian coal producer with Australian mining expertise, best practices and the low operating costs.

The company's objective is to meet domestic demand and to optimize Sumatra's strategic advantage to supply the energy demands of China, Malaysia and India.

Adavale has reached preliminary agreement with a co-investor to enter into a 60/40 joint venture for the development of the project. Final terms are yet to be agreed.

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Figure 1: Map of Indonesia

AUSTRALIA

There was no field activity on the companies Australian projects during the quarter.

LAKE SURPRISE: SOUTH AUSTRALIA (100% Adavale)

Adavale's sedimentary uranium project at Lake Surprise in South Australia comprises EL 3622 and EL 3620 making up an area of 1836 sq km.

The company remains in discussions with potential joint venture partners.

SPRINGVALE: QUEENSLAND

The company retains an option over leases prospective for vanadium molybdenum and uranium in the Eromanga Basin sequence and Olympic Dam IOCG and Mt Isa style mineralisation at shallow depths within the underlying Proterozoic 'basement'.

Expressions of interest in a joint venture to explore the IOCG targets have been received and discussions continue.

MT FLINT: SOUTH AUSTRALIA (100% Adavale)

The Mt Flint silica sand project consists of EL 4109 covering an area of 995 sq km. The company continues to seek parties interested in advancing the project.

John Risinger
Managing Director
(08) 9467 2049

Competent Persons Statements

The information in this report relates to exploration information reviewed by Dr Brian Senior, who is a Fellow of the Australasian Institute of Mining and Metallurgy and independent geological consultant to the company. Dr Senior has over 35 years of exploration and mining experience in a variety of mineral deposit styles, including uranium, base metals and gold mineralisation and he consents to inclusion of the information in this report in the form and context in which it appears. He is a Chartered Professional (Geology) and qualifies as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves"

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Adavale Resources Limited

ABN

96 008 719 015

Quarter ended ("current quarter")

31 December 2009

Consolidated statement of cash flows

| | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|--|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | | |
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration and evaluation | (361) | (409) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (294) | (421) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 58 | 58 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other | - | - |
| Net Operating Cash Flows | | (597) | (772) |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c) other fixed assets | - | - |
| 1.9 | Proceeds from sale of: (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c)other fixed assets | - | - |
| 1.10 | Loans to other entities | 45 | - |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (provide details if material) | - | - |
| Net investing cash flows | | - | - |
| 1.13 | Total operating and investing cash flows (carried forward) | (552) | (772) |

| | | | |
|---|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (552) | (772) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (cost of raising funds) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (552) | (772) |
| 1.20 | Cash at beginning of quarter/year to date | 4,601 | 4,821 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 4,049 | 4,049 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter |
|------|--|-----------------|
| | | \$A'000 |
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 192 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

- Payments totaling \$118,023 were made to Arthur Phillip Pty Ltd, an associated entity of Mr. R Poole. The disbursements were in relation to company secretarial and advisory services provided and work associated with the preparation and finalisation of the annual financial reports.
- Payments totaling \$36,600 were made directly to Mr. J Risinger and to Larca Pty Ltd, an associated entity of Mr. Risinger. The disbursements were in relation to director's fees and salary owing.
- Payments totalling \$6,600 were paid to Mr. R Poole, for directors' fees owing.
- Payments totaling \$6,000 were made to Mr. M Stevenson in relation to director's fees owing.
- Payments totaling \$10,058 were made to Steinepreis Paganin Lawyers, an associated entity of Mr. R Steinepreis. The disbursements were in relation to director's fees and legal services provided.
- Payments totaling \$8,600 were paid to Drill Logic, an associated entity of Messrs M Stevenson and J Risinger.
- Payments totaling \$6,600 were paid to Entertainment Marketing Enterprise Pty Ltd, an associated entity of Mr. P Suriano. The disbursements were in relation to director's fees owing.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 330 |

| | | |
|--------------|-------------|------------|
| 4.2 | Development | 100 |
| Total | | 430 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|--------------------------|----------------------------|-----------------------------|
| 5.1 | Cash on hand and at bank | 4,049 | 4,601 |
| 5.2 | Deposits at call | | |
| 5.3 | Bank overdraft | | |
| 5.4 | Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | | 4,049 | 4,601 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|----------------------------------|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | N/A | | |
| 6.2 | Interests in mining tenements acquired or increased | N/A | | |

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|-----|---|---------------|---|--|
| 7.1 | Preference securities (description) | | | |

| | | | | | |
|------|--|------------------|-------------|-----------------------|--------------------|
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | +Ordinary securities | 183,593,979 | 183,593,979 | | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | Nil | | | |
| 7.5 | +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options <i>(description and conversion factor)</i> | | | <i>Exercise price</i> | <i>Expiry date</i> |
| | | 5,714,286 | | 0.21 | 31 Mar 2010 |
| | | 1,428,571 | | 0.21 | 30 Nov 2011 |
| | | 1,547,619 | | 0.21 | 1 Dec 2011 |
| | | <u>8,690,476</u> | | | |
| 7.8 | Issued during quarter | Nil | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures <i>(totals only)</i> | | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | | | | |

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 29 January 2010

(Director)

Print name: Richard Poole

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* applies to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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