

31 October 2011
Company Announcements Office - ASX Limited

QUARTERLY ACTIVITIES - ADAVALE RESOURCES LIMITED (ARL) - PERIOD TO 30 SEPTEMBER 2011

HIGHLIGHTS

- **AGREEMENT FINALISED ON TAPAN PROJECT IN SUMATRA**

PROJECTS - INDONESIA



Figure 1: Indonesia - Active Project Areas

SUMATRA

ADVALE NUSANTARA RESOURCES (ANR) (Wholly owned subsidiary of ARL)

TAPAN PROJECT (100% ANR)

ANR has finalised the acquisition of PPA – the company that owns the Tapan coal concession.



Figure 2: Tapan project location

ANR has carried out substantial exploration on the project, managed by a local consulting group - ADA Strategic - who have identified a resource of totaling 9.05Mt comprising 2.15Mt measured, 1.5Mt indicated and 5.4Mt inferred. This initial program was carried out in less than 20% of the concession area and a drilling and logging program to expand the resource base will commence in December 2011. The new program will be focused on an area considered to have greater potential than the area already drilled.

The Company has maintained its intention to increase it's holding in the area and is in discussions with the appropriate authorities. Expanding the land holding will allow the company to access the significant potential the area hosts. Expressions of interest have been received from parties interested in entering into a joint venture to develop and mine the project and discussions are ongoing.

KALIMANTAN

ADAVALE HARNER RESOURCES (AHR) (60% ARL)

AHR continues to focus on areas in East and South Kalimantan, all in strategic locations with good logistics that are the subject to ongoing review.

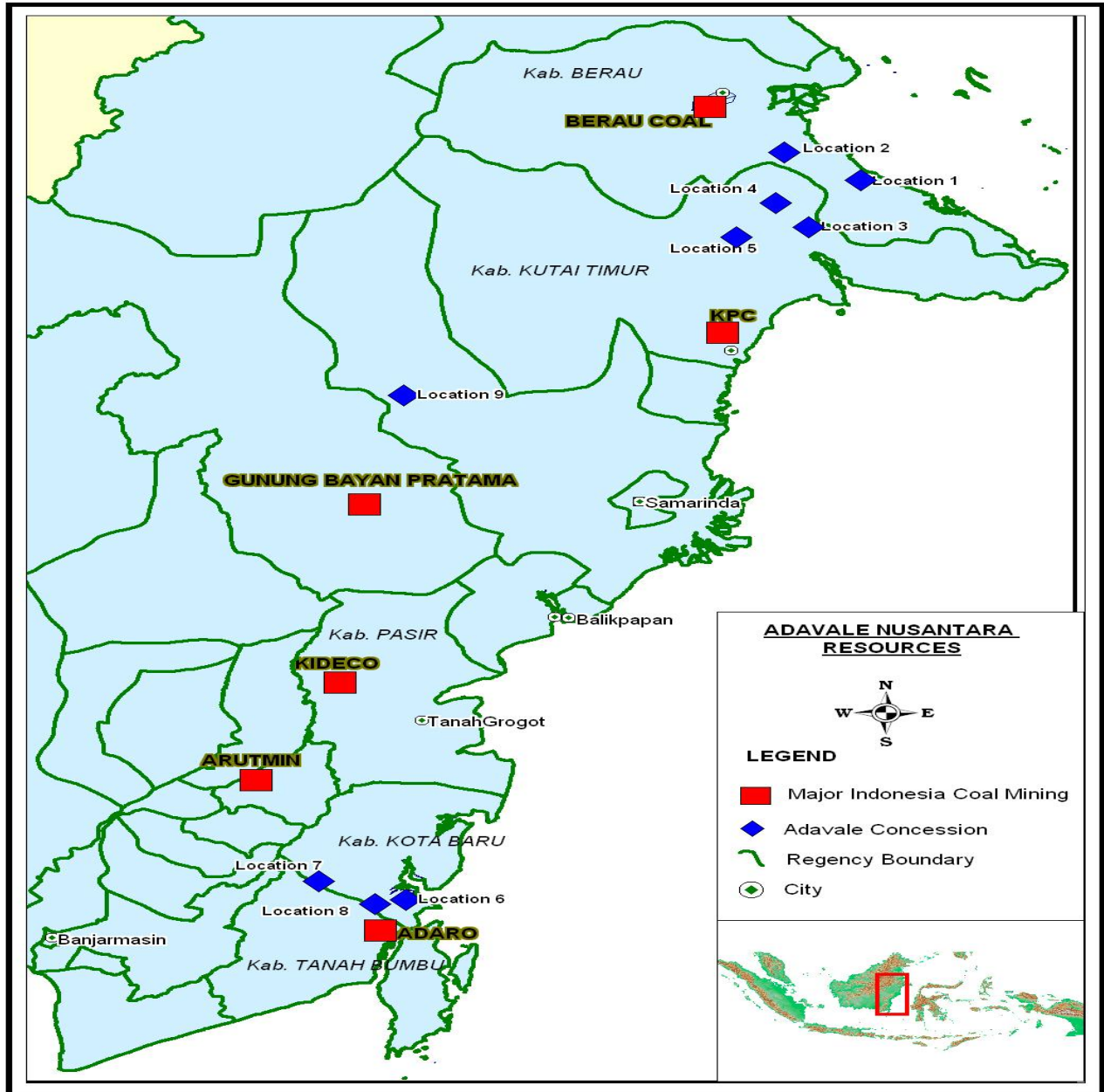


Figure 3: Project locations- Kalimantan

SOUTH KALIMANTAN

During the quarter Adavale continued to review significant production opportunities and completed a comprehensive risk analysis to allow a thorough understanding of the real potential to generate profits from the projects under review. The risk analysis was completed as part of due diligence to enter into an agreement to mine PT. Putra Batulicin Membangun (PBM).

PBM sits on 451ha and is currently in production. Mining is by the vendor who is producing 30,000 tons per month of 6300GCV coal. Under the agreement being negotiated, AHR would have the right to take over existing production and open up another two existing pits. AHR has carried out a field survey and is satisfied the concession represents an excellent opportunity. On completion of the agreement AHR will carry out a drilling program to confirm geologist expectations and if satisfactory will proceed to mining.

Previous agreements to assume mining contracts on PT. Trimitra Sembada, PT. Cahaya Alam Sejahtera and CV. Rahma are in the process of renewal.

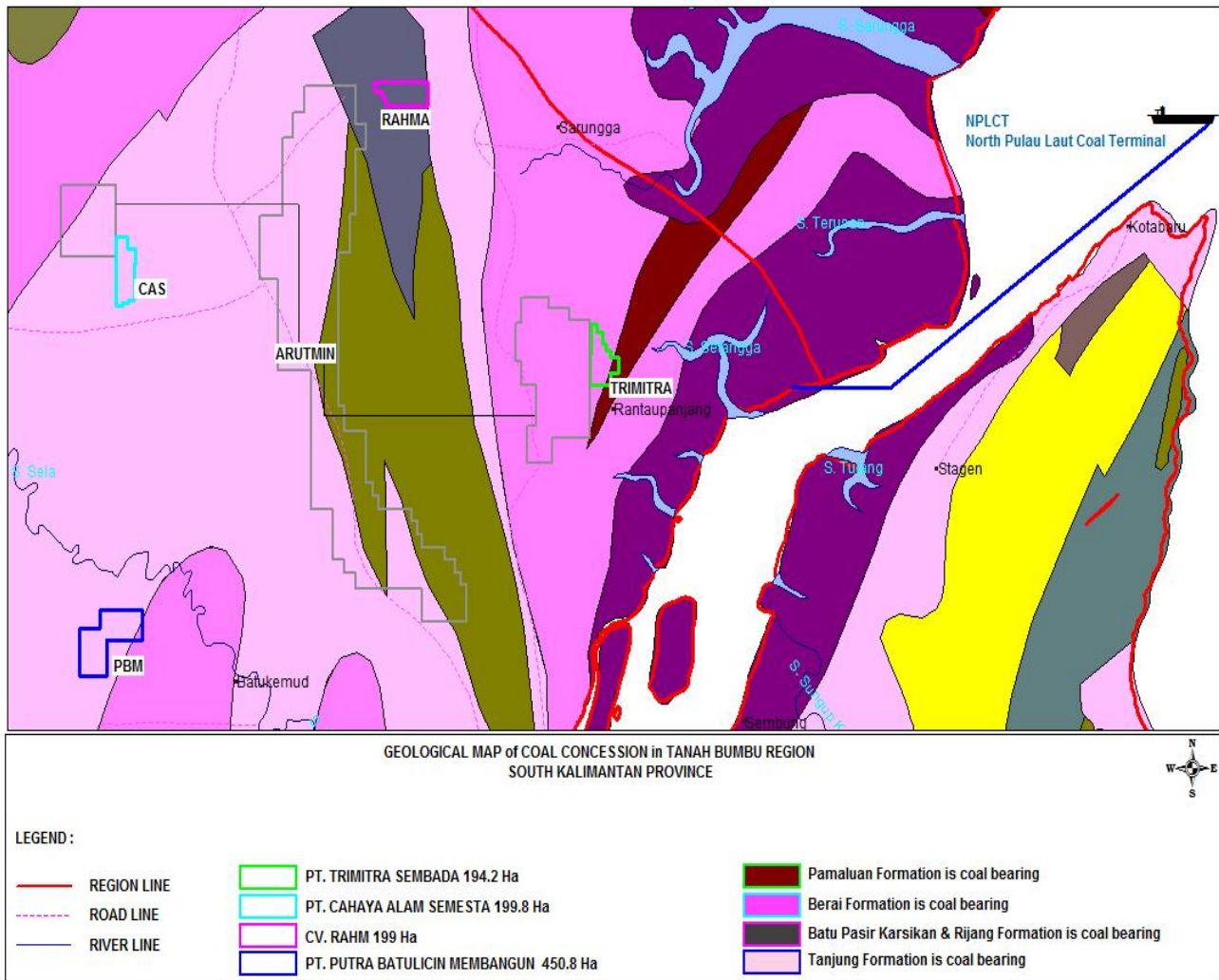


Figure 4: Project locations and geology South Kalimantan

EAST KALIMANTAN

The company has maintained its focus on the Berau and Sangatta areas of East Kalimantan. During the quarter the company conducted geological field trips and continued with legal and technical due diligence on PT. Gunung Mas Wisesa (GMW). The company is considering whether to renew agreements on PT Agroindo Bumi Perkasa and PT. Anugrah Rizki Gunung. Three other projects have been identified as having excellent potential and the company is in the process of securing agreements.

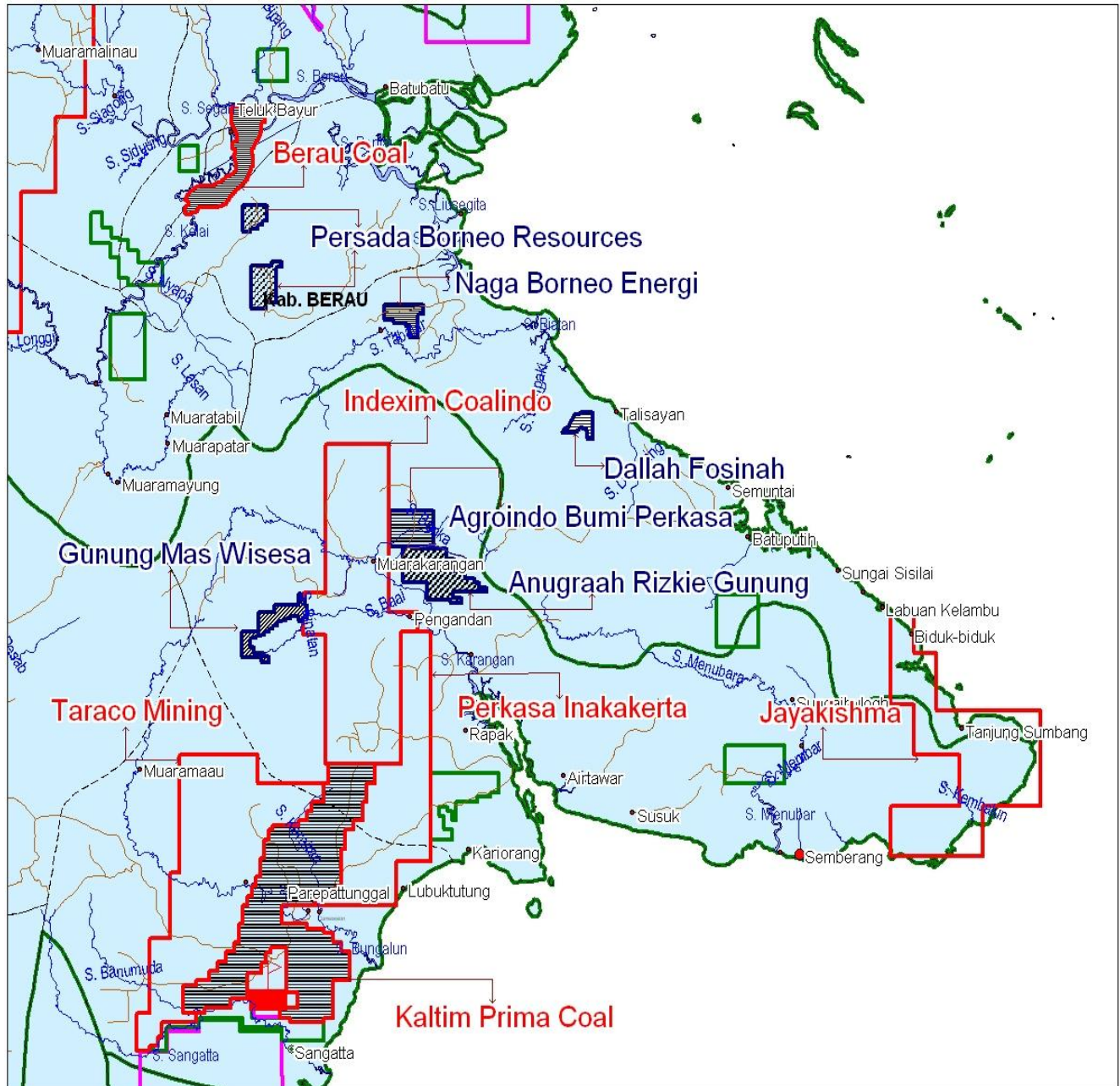


Figure 5: Project locations – East Kalimantan

AUSTRALIA

LAKE SURPRISE - SOUTH AUSTRALIA (100% ARL)

Adavale's sedimentary uranium project at Lake Surprise in South Australia comprises EL 3622 and EL 3620 over an area of 1,836km². Two prospect areas – Clayton Basin and Mumpie - have been the focus of exploration to date.

ADD is in the process of renewing the licences and complying with rehabilitation obligations. It is the company's opinion that the area holds significant potential and only a very small percentage of that potential has been explored to date. ADD is compiling all exploration and data gathered to date to complete a detailed report on the project. The Company will then consider whether to look for joint venture partners to continue the exploration program.

John Risinger

Managing Director

(08) 9467 2049

Competent Persons Statements

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Stephen Macmillan who is a Member or Fellow of the Australasian Institute of Mining and Metallurgy.

Stephen Macmillan is a full-time employee of the company. Stephen Macmillan has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stephen Macmillan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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")

30 September 2011

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 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	(258)	(258)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(411)	(411)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	45	45
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (compulsory acquisition of shares)	-	-
		(624)	(624)
Net Operating Cash Flows			
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	-	-
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)	(624)	(624)

1.13	Total operating and investing cash flows (brought forward)	(624)	(624)
	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 and sale unmarketable parcel of shares)	(45)	(45)
	Net financing cash flows	(45)	(45)
	Net increase (decrease) in cash held	(669)	(669)
1.20	Cash at beginning of quarter/year to date	2,909	2,909
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,240	2,240

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	154
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 \$49,710 were made directly to Mr J Risinger and to Larca Pty Ltd, an associated entity of Mr Risinger. The disbursements were in relation to consulting fees, director fees and salary owing.
- Payments totaling \$39,600 were paid to Entertainment Marketing Enterprise Pty Ltd, an associated entity of Mr P Suriano. The disbursements were in relation to director fees and consulting fees in relation to the development of Adavale Indonesian project.
- Payments totaling \$23,925 were made to Arthur Phillip Pty Ltd, an associated entity of Mr R Poole. The disbursements were in relation to preparing accounts, ASX reporting requirements and company secretarial services.
- Payments totalling \$6,600 were paid to Mr R Poole, for director fees owing.
- Payments totaling \$6,000 were made to Mr M Stevenson in relation to director fees owing.
- Payments totaling \$28,883 were made to Steinepreis Paganin, an associated entity of Mr R Steinepreis. The disbursements were in relation to director fees and legal services.

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	400
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	600

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	2,239	2,909
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		2,239	2,909

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	316,990,019	316,990,019		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		1,428,571		0.21	30 Nov 2011
		1,547,619		0.21	1 Dec 2011
		65,697,879		0.04	31 Jul 2014
		10,000,000		0.04	31 Jul 2014
		10,000,000		0.04	31 Jul 2014
		10,000,000		0.04	31 Jul 2014
		10,000,000		0.045	31 Jul 2015
		10,000,000		0.05	31 Jul 2016
		10,000,000		0.10	1 Mar 2014
		10,000,000		0.10	1 Mar 2014
		10,000,000		0.10	1 Mar 2015
		<u>148,674,069</u>			
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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: 31 October 2011

(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* apply 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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