



ASX RELEASE

2020 Annual Report - Audited

Please find attached the Adavale Resources Limited 2020 Annual Report - Audited

Julian Rockett
Company Secretary
Adavale Resources Limited

ADAVALE RESOURCES LIMITED

ACN 008 719 015

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 June 2020

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONTENTS
FOR THE YEAR ENDED 30 June 2020

CORPORATE DIRECTORY	4
REVIEW OF OPERATIONS	5
CORPORATE GOVERNANCE STATEMENT	7
DIRECTORS’ REPORT	12
AUDITOR’S INDEPENDENCE DECLARATION	20
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	21
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	22
CONSOLIDATED STATEMENT OF CASH FLOWS	23
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	25
DIRECTORS’ DECLARATION	43
INDEPENDENT AUDITOR’S REPORT	44
ADDITIONAL SHAREHOLDER INFORMATION	48

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE DIRECTORY

Directors

Grant Pierce (Chairman) (Appointed 26 August 2020)
Rod Chittendon (Appointed 26 August 2020)
Steven Georgiadis (Appointed 26 August 2020)
Alan Armstrong (Appointed 17 June 2020) (Resigned 7 July 2020)
Steve Lowe (Appointed 24 July 2020) (Resigned 26 August 2020)
Louis Clinton (Appointed 29 November 2019) (Resigned 26 August 2020)
Gary Stewart (Appointed 11 December 2019) (Resigned 26 August 2020)
George Karantzias (Appointed 7 July 2020) (Resigned 24 July 2020)
Peter Tsegas (Appointed 29 November 2019) (Resigned 17 June 2020)
Haryono Eddyarto (Chairman) (Resigned 29 November 2019)
Huili Guo (Resigned 29 November 2019)
Allan Ritchie (Resigned 11 December 2019)
Khamtane Signavong (Resigned 29 November 2019)

Secretaries

Julian Rockett (Resigned 7 March 2020) (Reappointed 27 August 2020)
Stuart Cameron (Appointed 1 April 2020) (Resigned 27 August 2020)
Jurgen Behrens (Appointed 18 December 2019) (Resigned 1 April 2020)

Registered Office

Suite 9.03
88 Phillip Street
SYDNEY NSW 2000
Telephone +(612) 80036733

Share Registry

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Auditor

HLB Mann Judd (WA) Partnership
Level 4, 130 Stirling St
Perth WA 6000

Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX Code

ADD (fully paid ordinary shares)

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

REVIEW OF OPERATIONS

NATURE OF OPERATIONS

Adavale

Resources Limited ("the Company") and its controlled entities ("the Group") principal activities during the year included corporate changes and mining exploration and development in Australia and Africa.

CORPORATE

On 24 July 2017 the Company announced a Standby Subscription Agreement (SSA) with GTI Holdings Limited (GTI) (Formerly Addchance Holdings Ltd) for a \$1,000,000 facility to provide working capital to the Company. During the year the Company issued 6,428,572 shares capitalising \$45,000 utilising this SSA then in place, where shares were issued at 80% of 5-day VWAP prior to each relevant drawdown. In November 2019 this funding facility was discontinued.

In April 2020 the Company announced a further SSA with LKC Technology Pty Ltd for an amount of \$250,000. This Agreement is for a period of 5 years. To 30 June 2020 no shares have been issued against this facility. Since 30 June 2020 a drawdown of \$27,000 has been made.

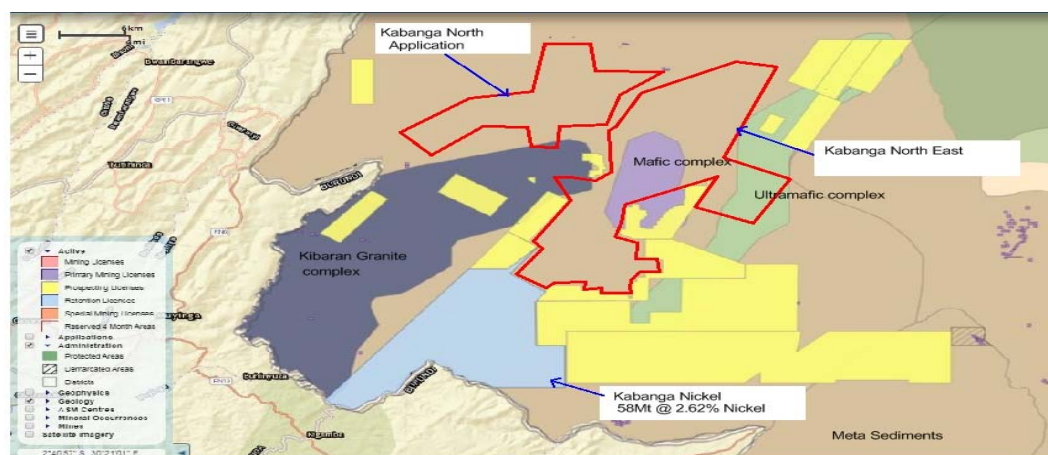
In March 2020 the Company completed a share placement for \$240,000.

Subsequent to year end, on 4 September 2020 the Company announced a binding agreement with the owners of the \$1m face value convertible note plus accrued interest to convert their interest in the convertible note to fully paid ordinary shares on the terms contained in the convertible note.

On 6 October 2020 the Company announced to the ASX the issue of a Share Purchase Plan (SPP) whereby existing shareholders may apply for up to \$30,000 worth of shares at an issue price of \$0.03 per ordinary share. The SPP is targeted at \$1,200,000, being a maximum of 40,000,000 shares. The offer closes on 27 October 2020.

Details of the Company' interest in the Tanzanian Kabanga North and North East Nickel Project and the South Australian Lake Surprise project are provided below.

KABANGA NORTH AND NORTH EAST NICKEL PROJECT



On the 9 January 2020 the Company announced that applications had been submitted over the Kabanga North and Kabanga North East tenements, adjoining tenements to the world famous Kabanga Nickel Sulphide Project. The tenements are in the Karagwe-Ankolean system which hosts the Kabanga Nickel Project, and cover 411 sq km.

On 4 March 2020 the Company announced the granting of the licenses for the tenements at Kabanga North and North East. Tenement application fees have been funded to secure tenement licenses for a period of 5 years and in those 5 years a minimum spend requirement of \$200 per license.

The Kabanga Nickel Project boasts a JORC Resource of 58Mt @ 2.62% Nickel. The project has demonstrated an easily floated sulphide ore with approximately 70% of the resource in measured and indicated categories.

The Company recently announced that it had obtained a historical and comprehensive exploration data package which comprises a significant body of exploration work undertaken in Tanzania's Kagera Nickel Belt region between the mid-1970's to 2008. The extensive data package covers much of the Kabanga/Kagera region. Adavale has also engaged consulting assistance with exploration target assistance and exploration methodology.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
REVIEW OF OPERATIONS (CONT)

SOUTH AUSTRALIA LAKE SURPRISE URANIUM PROJECT



LAKE SURPRISE - SOUTH AUSTRALIA - 100% ARL

Adavale Minerals Pty Ltd, the subsidiary of the Company holds three exploration licences within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment. These tenements lie within a flat, semi-arid landscape located just to the north of the Flinders Range in South Australia. These include EL 5892 comprising 92km², EL 5893 comprising 167km² and EL 5644 of 137km².

The Lake Surprise Project area contains the Jubilee and Mookwarinna Prospect areas and these lie within a shallow, structural downwarp known as the Clayton Basin. If further exploration identifies economic resources, both prospects could be mined by shallow open cut methods and uranium extraction using a simple heap-leach process.

The Jubilee Prospect contains fourteen potentially economic ore blocks that lie within a north-trending, sinuous, quartzose palaeochannel system. These blocks have eU₃O₈ concentrations of greater than 100ppm reaching a maximum of 611ppm and have thicknesses greater than 0.5m. The deposits comprise a mixture of unconformity, sheet-like or roll-front style deposits that in places crop out and extend to depths to about 25m below the ground surface and lie within a sinuous palaeochannel that is more than 2km in length. This channel has tributary branches and segments that are undrilled and in places are open in several directions. The palaeochannel system contains fine to coarse grained quartzose sandstone and minor siltstone. Most of the uranium, including occurrences of visible carnotite, is held within hardened silicified sandstone and silcrete layers. Adavale has made a preliminary assessment as to the quantity of uranium present from a study estimating equivalent uranium present through analyses of gamma ray logs of drill-holes. This assessment cannot be accurately completed due to relatively few geochemical analyses that were undertaken and because some uranium may not have responded as radioactive anomalies in the gamma ray logs, due to the probable disequilibrium state of recently groundwater-precipitated uranium. The Board recognises the potential economic significance of this area and has received a report recommending an infill drilling plan to further explore and upgrade knowledge of the uranium resources of this prospect.

The Mookwarinna Prospect lies in the south-central part of EL 5893 and has widely spaced drill-holes on an approximate 1km grid spacing. A broad anomalous zone of uranium enrichment is recorded in five drill-holes within a zone about 6km in strike length which appears to wrap around the southern margin of a local, structural downwarp within the Clayton Basin sequence. An area of about 300 X 400m was subjected to a ground spectrometer survey and infill drilling of six gamma-ray logged holes and contains anomalous uranium above the 100ppm cut-off grade in layers up to 3.25m in thickness. The deposits are shallow and in places lie just below surficial sand cover to depths of about 20m. It is likely that the uraniferous granites in the Flinders Range is the likely source and the proximity to this terrain may indicate that the uranium deposits could be more extensive than those located further north in the Jubilee Prospect. A programme of closer-spaced drilling, gamma-ray logging, XRF and geochemical analyses of core and cuttings, has been designed for this area.

Applications have been made and approvals received for the tenure on all three tenements to be extended to July/August 2022. Management continue to have discussions with potential joint venture parties to explore and develop the sedimentary uranium deposits. The Company is also planning to extend exploration into EL 5644 and into as yet other undrilled sectors of the Clayton Basin, within the tenements that appear to contain similar geological environments to the two identified prospects.

Competent Person Statement: The information in this report relates to Exploration Results, Mineral Resources or Ore Resources is based on information that was examined and reviewed by Dr Brian R. Senior, who is a Fellow of the Australasian Institute of Mining and Metallurgy and independent Geological Consultant to ARL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2014 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Senior consents to the inclusion in the report of the matters based on the information supplied in the form and context in which it appears.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices currently in place for Adavale Resources Limited (**Company or Adavale**) and also addresses the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). The Board believes the Company has applied the principles and recommendations of the ASX Corporate Governance Council in a manner that is appropriate for a Company in its current stage of operation.

The corporate governance policies and practices described below are those that have been in place for the year, or as at the date of this report where indicated.

The Company does not have a website that is properly maintained or up to date. As a result charters and policies referred to in this statement are not disclosed on this website as required under the ASX Recommendations.

Principle 1: Lay solid foundations for management and oversight

(a) Role of the Board

The board is accountable to shareholders for the management of the Company's business and affairs and as such is responsible for the overall strategy, governance and performance of the Company. The Board is responsible for the following:

- ☐ Providing accountability to shareholders/stakeholders
- ☐ Appointing and working with the Managing Director /Executive Directors
- ☐ Approval of Company Strategy
- ☐ Development of Key Company policy
- ☐ Monitoring management and operations

(b) Board committees

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may discharge any of its responsibilities through committees of the Board in accordance with the Constitution and the Corporations Act.

Given the size of the Company's operations the reliance on the experience of the members of the Board, the Board only has constituted an Audit Committee. The functions of other such committees (risk, remuneration and nomination) will be performed by the full Board.

The number of Board and Audit Committee meetings held during the year and the number of meetings attended by each of the directors is set out in the table below:

	BOARD		AUDIT COMMITTEE	
	A	B	A	B
Mr Louis Clinton	10	10		
Mr Gary Stewart	8	8		
Mr Stephen Lowe	-	-		
Mr George Karantzias	-	-		
Mr Alan Armstrong	1	1		
Mr Peter Tsegas	7	3		
Mr Haryono Eddyarto	0	0		
Huili Guo	1	0		
Allan Ritchie	2	2	1	1
Khamtane Signavong	1	1	1	1

A: Meetings eligible to attend **B:** Meetings attended (Note: Meetings attended exclude circular resolutions.)

(c) Senior Executives

The Board Charter addresses the responsibilities of the Board and management. It goes further detailing the Board's relationship with Management. The Board Charter allows the Board to delegate the responsibility for the day-to-day management of the Company to a Managing Director(**MD**). Since year end the Company has appointed a Chief Executive Officer.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT)

(d) Performance of Senior Executives

As there are no senior executives in the business, there is no requirement to assess performance.

(e) The Company Secretary

The Company Secretary acts as secretary of the Board, attending all meetings of the Board. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters.

Principle 2: Structure the board to add value

(a) Board size and composition

The Constitution of the Company provides that there will be a minimum of three directors and not more than nine directors.

At the date of this report, the Board comprises three non-executive directors.

The current members of the Board are:

Mr Grant Pierce Non-executive Chairman appointed 26 August 2020

Mr Rod Chittenden Non-executive director appointed 26 August 2020

Mr Steven Georgiadis Non-executive Director appointed 26 August 2020

The Board considers that the existing Board composition and structure is appropriate for the Company's current operations and stage of development.

Directors' details are listed in the Annual Report in the Directors Report, including details of their other listed entity directorships and experience.

(b) Board skills and diversity

The Board considered the merits of developing a Board Skills Matrix but has not undertaken this process for the year ended 30 June 2020 due to its stage of operations and the strategic review process being undertaken to determine the future of the Company. The qualifications and expertise of each Board Member are outlined in the Directors Report contained within the Annual Report.

(c) Director Appointments

Given the stage of the Company's operations and the strategic review process being undertaken to determine the future of the Company and the heavy reliance on the experience of the members of the Board, no additional director appointment have been made during the year ended 30 June 2020. At the appropriate time, the Board will make decisions on the size and composition of the board, including assessment of necessary and desirable competencies of board members.

The full Board will determine who is invited to fill a casual vacancy after extensive one-on-one and collective interviews with candidates and thorough due diligence and reference checking.

(d) Terms of appointment

Non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out the key terms and conditions of the appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

The Company has not established a formal director induction program as there is no current intention to appoint any additional directors. All current directors were informally given induction to their positions. The Board will consider the implementation of an induction program as part of its strategic review process being undertaken to determine the future of the Company.

(e) Directors' independence

The Board considers that it is able to exercise its judgement in an independent and unfettered manner and provide independent and effective oversight of management.

All members of the board, whether independent directors or not, exercise independent judgement in making decisions in the best interests of the Company as a whole.

In determining the independent status of each director, the Board has adopted the approach contained in ASX Principle 2, and specifically assesses the independence of all directors against the criteria outlined in Box 2.3 of the ASX Recommendations.

The Company does not use prescribed or pre-determined materiality thresholds for the purposes of assessing director independence but instead assesses independence on a case by case basis, having regard to the extent to which any relevant relationship or connection may materially interfere with the director's ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

Each of Messrs Pierce, Chittenden and Georgiadis are considered independent Directors.

The Board believes that this is an appropriate structure given the stage of the Company's operations, as it will be important to draw heavily on the industry experience of the members of the Board while it undertakes its strategic review to determine the Company's future.

(f) Directors' interests

Directors are required to keep the Board advised of any interest that may be in conflict with those of the Company, and restrictions are applied to directors' rights to participate in discussion and to vote, as circumstances dictate when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

(g) Chairman

The Board Charter provides that where practical, the Chairman of the Board should be an independent Director.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT)

(h) Board meetings

The Board typically schedules meetings on a quarterly basis, with additional meetings convened as required. Agenda's for each meeting are prepared by the Company Secretary together with the input from the Chairman, and are distributed prior to the meeting together with supporting papers.

Standing items include the Operations report and the financial report, as well as reports addressing matters of strategy, governance and compliance.

(i) Independent advice

The Board has a policy of enabling directors to seek independent professional advice for Company related matters at the Company's expense, subject to the prior notification of the Chairman and where the estimated costs are considered to be reasonable.

(j) Board and director performance

Whilst the board is committed to enhancing its effectiveness through performance management and review, the board considers it inappropriate timing to undertake a board review process. This is due to the current state of the business effectively under review.

Principle 3: Act Ethically and Responsibly**(a) Code of conduct**

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

Whilst the Company has not adopted a Code of Conduct, various measures have been established to ensure that a high standard of ethical business behaviour is observed by all staff members, including policies and procedures for:

- Continuous Disclosure Obligations; and
- Trading in Adavale Securities.

In addition to their obligations under the Corporations Act in relation to inside information, all directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

Once the future direction of the Company

(b) Employee and director trading in Adavale securities

In accordance with ASX Listing Rule 12.9, the Company has in place a Security Trading Policy that governs the ability of directors, employees and contractors to trade in the Company's securities. Subject to necessary prior written consents being obtained, the Company's directors, executives and employees may trade in the Company's securities at any time outside closed periods. Closed periods cover the following:

- The day after the announcement of Adavale's half yearly results to the ASX;
- The day after the announcement of Adavale's annual preliminary financial results to the ASX; or
- for any other time period determined by the Board.

Directors and employees may, in exceptional circumstances as defined in the policy, trade in a closed period but only with the prior written consent of the Disclosure Officer. Notwithstanding the closed periods and approval requirements, a person is prohibited from trading at any time if they possess material, price-sensitive information about the Company that is not generally available to the public.

The policy also prohibits short term trading of the Company's securities.

(c) Diversity

A formal diversity policy has not been adopted by the Board as there are employees of the company and no current intention to appoint any new directors.

This position may change, including the establishment of measurable gender diversity objectives in the foreseeable future whilst the Board undertakes a strategic review of the Company's future direction.

The current gender diversity is as follows:

- The proportion of female directors: 0%
- The proportion of female employees on the executive committee: 0%
- The proportion of female employees in the whole organisation: 0%

Principle 4: Safeguard integrity in corporate reporting

The Audit Committee is responsible for assisting the board in discharging its responsibilities to safeguard the integrity of the Company's financial reporting and the system of internal control. A key component of the committee's role is to provide appropriate advice and recommendations to the board to assist the board to fulfil its responsibilities in regard to financial reporting, the internal control environment, and audit management where appropriate across the Company.

The Audit Committee Charter takes into account the roles and responsibilities of the Audit Committee as well as contemporary governance practices. The Audit Committee Charter includes details on the appointment and oversight of the external auditor. The Company will ensure the external auditor is available to shareholders at the annual general meeting to answer any questions they may have about the Company's external audit.

The Audit Committee's current membership, the independence of the members and details of Audit Committee meetings and attendance by each Committee member are set out earlier in this Corporate Governance Statement and the Directors Report.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT)

The qualifications and experience of the members of the Audit Committee are outlined in the Directors Report.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the delegated director and the Chief Financial Officer equivalent make the following certifications to the Board in relation to the Financial Statements for the financial period:

- The financial statements and associated notes comply in all material respects with the Accounting Standards as required by Section 296 of the Corporations Act 2001, Corporations Regulations, International Reporting Standards and other mandatory professional reporting requirements;
- The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 30 June 2020 and performance of the Company for the period ended as required by Section 297 of the Corporations Act 2001;
- The financial records of the company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- The integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the board of directors;
- The risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating effectively, in all material respects; and
- Subsequent to the end of the financial period, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company.

Principle 5: Make timely and balance disclosure

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act and to ensuring that its shareholders are kept well-informed of all major developments affecting the Company's state of affairs, in order to promote transparency and investor confidence.

The Company has a Continuous Disclosure Policy and it incorporates the continuous disclosure framework as set out in the ASX Listing Rules Chapter 3.

The Policy creates a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. More specifically, the Policy:

- Explains the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act 2001;
- Establishes internal processes for reporting of information considered to be potentially price-sensitive and for consideration of information reported by the Board;
- Establishes processes for the disclosure of price sensitive information, taking into account the clarification provided by ASX Guidance Note 8;
- Establishes internal processes for briefing of analysts, investor and media Company's, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market;
- Outlines authorisation procedures for ASX announcements; and
- Delegates to the Company Secretary the authority to release information or make disclosures to the ASX and responsibility for decisions regarding price sensitive information, coordinating disclosures, establishing and monitoring procedures under this Policy and making recommendations to the Board on any necessary updates to the Policy.

Principle 6: Respect the rights of security holders

The Board aims to ensure that its shareholders are kept well-informed of all major developments and business events that are likely to materially affect the Company's operations and financial standing, and the market price of its securities. Information is communicated to security holders through:

- Annual, half year financial reports and quarterly cashflow reports and market updates, lodged with the ASX and made available to all security holders;
- Announcement of market-sensitive and other information, including annual and half year results announcements and analyst presentations released to the ASX; and
- The chairman and CEO's addresses to, and the results of, the Annual General Meeting.

The Company does currently have a website although not properly maintained nor up to date. As a result, charters and policies referred to in this statement are not disclosed in the website as required by the ASX. The further development and enhancement of the website of the Company will be part of the strategic review being undertaken by the Company to consider its future direction.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT)

The Company has a Continuous Disclosure Policy that includes a formal procedure for dealing with potentially price-sensitive information. The policy sets out how the Company meets its disclosure obligations under ASX Listing Rule 3.1. The Company's policy is to lodge with the ASX and place on its website all market-sensitive information, including annual and half year result announcements and analyst presentations, as soon as practically possible.

Shareholders have the right, and are encouraged, to attend the Company's annual general meeting, held in November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting will also be posted on the Company website and lodged with the ASX. Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all security holders are eligible to vote on all resolutions. Shareholders who cannot attend the annual general meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically. Transcripts of the chairman reports to shareholders are released to the ASX upon the commencement of the Annual General Meeting. These transcripts, together with the results of the meeting are also posted on the Company's website and the ASX. All shareholders are provided the option to receive communications from the share registry electronically (and are encouraged to do so, with election documentation included in regular mail outs to security holders).

Principle 7: Recognise and manage risk

The Board is responsible for ensuring that sound risk management framework and policies are in place. The Board will devote time at its meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.

The Company's risk management framework is integrated with its day-to-day business processes and functional responsibilities. The Board considers risk matters on an ongoing basis but did not undertake a formal review of its risk management framework during the year ended 30 June 2020 due to the fact that the Board is undertaking a strategic review of the future direction of the business. It is intended that this framework review will be undertaken as part of the strategic review of the future direction of the business.

(a) Internal Audit

The Company does not have an internal audit function as it is not considered appropriate for the Company's current stage of development and operations.

(b) Economic, environmental and social sustainability risks

In accordance with Recommendation 7.4, the Board has considered whether the Company has any material exposure to economic, environmental and social sustainability risks and determined that there is no material exposure to these risks.

Principle 8: Remunerate fairly and responsibly

Given the stage of the Company's operations and the heavy reliance on the experience of the members of the Board, the Board does not initially propose to establish a remuneration committee and the function of such a committee will be performed by the full Board, acting in the best interests of the Company.

The Board will devote time at its meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

For details of the Company's remuneration structure, please refer to the Remuneration Report

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2020.

Directors

The Directors of the Company at any time during or since the end of the financial year are

Name and Qualifications		Interests in Shares and Options at date of report or date of resignation	Experience and Special Responsibilities
Mr Grant Pierce Chairman	Non executive Appointed 26 August 2020	Nil	Grant is a qualified mining engineer with 30 years of operational experience in both Australia and Africa. He has managed both open-pit and underground mines across a range of mineral commodities. In addition he has held numerous senior development roles taking green and brown field projects to either shovel ready status or into production. Grant was a member of the development team that built Tanzania's first modern gold mine, Resolute's Golden Pride Project, and was Operations manager of the mine for its first 6 years.
			Directorships in the last 3 years - EcoGraf Limited (appointed 21 August 2014 - resigned 12 June 2020)
Mr Rod Chittenden Director	Non-executive Appointed 26 August 2020	Nil	Rod has 40 years of experience in the minerals industry across Africa, Australia and South America, both in executive management roles and metallurgical project development roles from exploration to production. Rod has largely resided in Africa for more than a decade and worked on Magnis Energy Technologies Nachu Graphite Project, spearheading initial metallurgical programs. Rod also played a key role in the commissioning of Paladin Energy's Langer Heinrich and Kayelekara projects. Prior to that Rod has worked for major miners including Newcrest and Barrick Gold.
			Directorships in last 3 years - nil
Mr Steven Georgiadis Director	Non-executive Appointed 26 August 2020	Nil	Steven is an attorney with over 20 years of experience encompassing private equity transactions, corporate finance and corporate governance. Steven is a highly respected advisor to private and public companies both within Australia and internationally. His experience covers both listed and unlisted companies with operations in Tanzania and South-East Africa.
			Directorships in last 3 years - nil
Mr Stephen Lowe Director Resigned 26 August 2020	Non-executive Appointed 24 July 2020	Nil	Mr Lowe is a taxation and business management specialist with over 16 years experience in a variety of different roles. He is a former director of the Perth based specialist taxation firm MKT _ Taxation Advisors. He has a Bachelor of Business from ECU, a Post Graduate Diploma in advanced taxation and a Masters of Taxation from UNSW. Mr Lowe has worked in the Global Finance and Commodity industries for over 35 years with a particular focus on energy and carbon sectors over the last 20 years. Mr Lowe is currently a non-executive director of Talga Resources Limited and CZR Resources Limited and formerly Chairman of Sirius Resources Limited.
			Current directorships - CZR Resources Ltd and Talga Resources Ltd Directorships in last 3 years - nil

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

Mr George Karantzias Director Appointed 7 July 2020 Resigned 24 July 2020	Non-executive	5,669,089 fully paid ordinary shares	George is a post-graduate in accounting and finance with nearly 30 years experience in securities. George is currently a director of Alpha Securities and previously Co-Chairman of Omgeo.
			Directorships in last 3 years - Nil
Mr Alan Armstrong Appointed 17 June 2020	Non-executive Director Resigned 7 July 2020	Nil	Alan is a Chartered Accountant with nearly 5 years experience as an executive director of Volt Resources Limited and Castillo Copper Limited. Alan is Chief Financial Officer at Castillo Copper Limited. Alan has been involved in capital raising, due diligence and delivery of strategic outcomes.
			Directorships in last 3 years - Castillo Copper Limited (appointed 1 August 2017 - resigned 23 August 2019)
Mr Gary Stewart Appointed 11 December 2019	Non-executive Director Resigned 26 August 2020	Nil	Gary holds a Bachelor of Laws degree and has his own firm, GS Solicitors, based in Sydney. Gary has been a director and company secretary of a number of ASX and overseas companies since 1990, including OMI Holdings Limited, Sun Biomedical Limited, Montec Limited and Workman Industries Limited along with a number of unlisted public companies.
			Directorships in last 3 years - Nil
Mr Louis Clinton Chairman Appointed 29 November 2019 Resigned 26 August 2020	Non-executive	5,333,333 fully paid ordinary shares	Mr Clinton is a former President and CEO of Freeport McMoRan Pacific, a subsidiary of the Freeport McMoRan Group. Louis has 40 years experience in the global metals and mining industry, including significant time spent living and working in Indonesia. His time with Freeport included various senior executive roles including a period of 6 years with overall responsibility for the company's operations in the Pacific region. He was also co-founder, Chairman and CEO of Weda Bay minerals.
			Directorships in last 3 years - nil
Mr Peter Tsegas Director Appointed 29 November 2019 Resigned 17 June 2020	Non-executive	Nil	Peter has over 20 years experience in Africa engaging with both the private and government sector in projects. He was founder and managing director of Tancoal Energy Ltd which he successfully took from exploration through to JV with the Tanzanian Government and then to production. Peter has consulted to a number of Tanzanian government ministries and to mining companies including Rio Tinto. He is presently a non-executive director to ASX listed Magnis Energy Technologies.
			Current directorship - Magnis Energy Technologies Ltd (since 16 June 2016).
Haryono Eddyarto Chairman Non-executive director Appointed 28 September 2011 Resigned 29 November 2019)		4,238,778 fully paid ordinary shares	Mr Eddyarto is an Indonesian Resident and has over 35 years experience in International trade. He has extensive business activities ranging from Commodity Trading, Mining, Chemical, Television and Property. Mr Eddyarto is a strong promoter of the Asian region having represented Indonesian Chamber of Commerce and Industry in the G-15, G-77 and the Indian Ocean Rim ARG-Business Forum.
			Directorships in last 3 years - Nil

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

<p>Huili Guo</p> <p>Non-executive Director</p> <p>Appointed 28 April 2017 Resigned 29 November 2019</p>	<p>53,000,000 fully paid ordinary shares</p>	<p>Mr Huili Guo, aged 42, joined the People Liberation Army (PLA) in the PRC from 1993 to 1996. Since his resignation from the PLA, he has worked extensively in the Petrochemical industry in China, mainly in sales and marketing.</p> <p>He started JML in 2010 as its majority shareholder and Chairman of the Board. JML's main business is procuring off-take of Petroleum products, both within China and overseas.</p> <p>Under Mr Guo's guidance and strategy JML has made a number of successful investments, more noticeably, as a majority shareholder in a Molybdenum mine in Guizhou, China, as well as in various financial investments and asset management concerns in Hong Kong, and China.</p> <p>Directorships in last 3 years - Nil</p>
<p>Allan Ritchie</p> <p>Non-executive Director</p> <p>Appointed 28 April 2017 Resigned 11 December 2019</p>	<p>34,035 fully paid ordinary shares</p>	<p>Allan has served as a Board Director on several private and public listed companies and is a principal of his own firm where he focuses on asset acquisitions and off-take arrangements of Energy, Resources, and Infrastructure. Allan is an Investment Banking professional with a career spanning 30 years of Origination & Structuring. He held senior positions in Westpac, ANZ Bank, HSBC and BNP Paribas, in London, NY and Asia Pacific.</p> <p>He engages with the Chief Executives of major corporations and State Owned Enterprises spanning the largest Global Resources, Energy & Infrastructure groups. He was voted No. 1 in the Business Review (BRW) poll of Financial Markets bankers each year in that role in Australia.</p> <p>Allan graduated from the University of Technology, Sydney with Bachelor of Business and a Post Graduate Diploma in Applied Finance FINSIA.</p> <p>Allan is currently a director of Indago Energy Limited, having been appointed 3 April 2017.</p> <p>Directorships in last 3 years - nil</p>
<p>Khamtane Signavong</p> <p>Non-executive Director</p> <p>Appointed 28 April 2017 resigned 29 November 2019</p>	<p>Nil</p>	<p>Kham is a successful entrepreneur, a solid leader, a published author, and trusted executive.</p> <p>Kham has taken several businesses from inception to overseas expansion in sectors including Hospitality, property and supply chain, he is an asset to any organisation. Kham has a wealth of experience in, and is a great asset to, cross border businesses with multiple languages and a solid understanding of many Asian cultures both personally and professionally, including Laos, Thailand, Hong Kong China and his home Australia.</p> <p>Directorships in last 3 years - Nil</p>
<p>Company Secretary (at date of this report)</p> <p>Julian Rockett, B Arts, LLB, GDLP</p>		<p>Julian Rockett is a qualified corporate lawyer and listed company secretary. His background in law has included corporate compliance, advising on IPOs, M&As, RTOs and capital raising for ASX listed entities. His diverse ASX listed company secretarial experience includes supporting fin-tech, artificial intelligence, medical technology, logistics, equity, mining, energy, technology and commercial property ASX listed companies.</p> <p>Directorships in last 3 years - Nil</p>

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

Review and Results of Operations

The activities of the Company during the period under review are set out above in the Review of Operations.

The consolidated loss of the Company from continuing operations was \$534,975 which compared with a net loss for the prior year of \$527,093.

The loss from Company activities before income tax expense includes the following revenue and expense disclosures which are relevant in explaining the financial performance of the entity:

	2020	2019
	\$	\$
Revenue from continuing operations	-	-
Expenses from continuing operations	(534,975)	(527,093)
Loss from continuing operations	(534,975)	(527,093)

The major costs incurred in the year were focused on statutory compliance as well as costs associated with the acquisition of two nickel tenements in Tanzania. The Company continues to review opportunities relating to its 3 uranium tenements at Lake Surprise in South Australia.

Should any project require major funding beyond the funds immediately available to the Company, the Company would consider either introducing joint venture parties to the project, or carry out a capital raising to enable a full ownership retention of the project. Such decisions would be made on a case by case basis.

Dividends

No dividends were paid during the financial year and the directors recommend that no dividend be paid in respect of the year ended 30 June 2020.

Significant Changes in the State of Affairs

Except as referred to above there have not been any significant changes in the state of affairs of the Company.

Future Developments

The Group expects to continue its exploration and evaluation activities in Africa and Australia into the foreseeable future and will examine options for maximising the value of its mineral interests.

Events Subsequent to Reporting Date

On 4 September 2020 the Company announced a binding agreement with the owners of the \$1m face value convertible note plus accrued interest to convert their interest in the convertible note to fully paid ordinary shares on the terms contained in the convertible note. On 6 October 2020 the Company announced to the ASX the issue of a Share Purchase Plan (SPP) whereby existing shareholders may apply for up to \$30,000 worth of shares at an issue price of \$0.03 per ordinary share. The SPP is targeted at \$1,200,000, being a maximum of 40,000,000 shares. The offer closes on 27 October 2020. Except for this, no matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Remuneration Report (audited)

The directors of Adavale Resources Limited present the Remuneration Report for non-executive directors, executive directors and key management personnel, prepared in accordance with the Corporations Act 2001 and Corporations Regulations 2001. The remuneration report is set out under the following main headings:

- a. Principles used to determine the nature and amount of remuneration
- b. Details of remuneration
- c. Share based remuneration
- d. Service agreements
- e. Other information

(a) Remuneration Policies

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and other executives. Key management personnel comprise of directors of the company and any senior executives of the Group.

- The compensation structure takes into account:
- the capability and experience of the key management personnel
 - the key management personnel's ability to control the relevant segment performance
 - the group's performance including:
 - the group's earning
 - the growth of the share price and delivering constant return to shareholders

Compensation packages may include a mix of fixed and variable compensation and short and long term performance based incentives. Short and long term performance - based incentives are designed to reward key management personal for meeting or exceeding their financial and personal objectives. During the current financial year,with regard to any director's retainer and/or remuneration there is no relationship between remuneration and performance. Remuneration levels are competitively set to attract and retain qualified and experienced directors, executives and staff, and having regard for the overall performance of the Company. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies and industry surveys. No such advice from a remuneration consultant was requested or received in the current year. Currently the company does not have a Remuneration committee, but the Board establishes and monitors remuneration packages and policies. When appointed, the Board establishes and monitors the remuneration of the Managing Director. In the current financial year no Chief Executive Officer was appointed.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

(b) Company Directors' remuneration

The remuneration paid or incurred during the year to each director of the Company are as follows. There are no long term employee benefits or termination benefits. See below relating to service agreements.

		SHORT TERM EMPLOYEE BENEFIT	POST EMPLOYEE BENEFIT	SHARE BASED PAYMENT		% PERFORMANCE RELATED
		Salary & Fees	Super- annuation	Options	Total	
		\$	\$	\$	\$	
2020						
DIRECTORS						
Mr Gary Stewart (non-executive director)	ii	\$21,000	-	-	\$21,000	-
Mr Louis Clinton (non-executive director)	ii	\$21,000	-	-	\$21,000	-
Mr Alan Armstrong (non-executive director)		-	-	-	-	-
Mr Peter Tsegas (non-executive director)		-	-	-	-	-
Haryono Eddyarto (non-executive director)		-	-	-	-	-
Huili Guo (non-executive director)		-	-	-	-	-
Allan Ritchie (non-executive director)	i	\$47,492	-	-	\$47,492	-
Khamtane Signavong (non-executive director)		-	-	-	-	-
		\$89,492	-	-	\$89,492	

OTHER KEY MANAGEMENT PERSONNEL

Stuart Cameron (Secretary and CFO)	iii	\$13,042			\$13,042	
Jurgen Behrens (Secretary - CFO)	iv	\$22,500	-	-	\$22,500	
Julian Rockett (Secretary)	v	\$24,626	-	-	\$24,626	

		SHORT TERM EMPLOYEE BENEFIT	POST EMPLOYEE BENEFIT	SHARE BASED PAYMENT		% PERFORMANCE RELATED
		Salary & Fees	Super- annuation	Options	Total	
		\$	\$	\$	\$	
2019						
DIRECTORS						
Haryono Eddyarto (non-executive chairman)		-	-	-	-	-
Huili Guo (non-executive director)		-	-	-	-	-
Allan Ritchie (non-executive director)		67,502	-	-	67,502	-
Khamtane Signavong (non-executive director)		20,002	-	-	20,002	-
		87,504	0	0	87,504	

Other Key Management Personnel

Julian Rockett (Secretary)	v	35,400	-	-	35,400	
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- i A Ritchie was paid on an as incurred basis for the period 1 July 2019 till he resigned on 1 December 2019. Upon resignation his director remuneration was settled by way of the issue of 6,332,241 fully paid ordinary shares.
- ii Director's fees amounting to \$3,000 per month from appointment in November 2019 to 30 June 2020.
- iii Fees paid for services by S Cameron to KS Black and Co and Cabel Partners, firms in which Mr Cameron is a partner.
- iv Fees of \$4,500 per month for period Mr Behrens was Company Secretary.
- v Fees paid for services of J Rockett as company secretary from 1 July to March 2020, paid to Boardroom Pty Ltd.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

(c) Share Based Remuneration

There was no share based remuneration during the period.

(d) Service Agreements

There were no service agreements with directors during the period.

(e) Other Information

Options held by Key Management Personnel

All options existing at 1 July 2018 expired in April 2019. There are no options on issue at 30 June 2020.

In addition to the above, in accordance with the terms of the Convertible Loan Agreement between the Company and Jun Moon Limited (JML) wherein JML had lent \$1,000,000 to the Company, the lender could, at its discretion, direct the borrower to satisfy the repayment of the loan by applying the loan and accrued interest in payment for the subscription of shares by JML at a price of \$0.05 per share. In the current year the convertible note was acquired by entities related to Mr G Karantzias. In August 2020 non-related parties acquired the convertible note from entities related to Mr G Karantzias.

Shares held by Key Management Personnel

The number of ordinary shares in the Company held during the 2020 reporting period by any of the Key Management Personnel of the Group, including their related parties are set out below.

PERSONNEL	Balance at start of year	Held at date of appointment	Other changes (i)	Held at the end of the reporting period
Mr Louis Clinton	-	5,333,333	-	5,333,333
Haryono Eddyarto	4,238,778	-	(4,238,778)	-
Huili Guo	53,000,000	-	(53,000,000)	-
Allan Ritchie	34,035	-	(34,035)	-

(i) This represents the shares held at date of resignation.

(ii) Messrs Stewart, Armstrong, Tsegas and Signavong, directors during part of the reporting period, held no shares during the period they were directors.

END OF REMUNERATION REPORT

Indemnification of Officers and Auditors

The Company indemnifies, to the extent permitted by law, all current and former Directors and the Company Secretaries of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or Company Secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**DIRECTORS' REPORT (CONT)**

The Company also indemnifies the current Directors and Company Secretary of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company also indemnifies executive officers of the Company and its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company does not indemnify its auditors.

Options

At the date of this report there no unissued ordinary shares of Adavale Resources Limited.

Environmental Issues

The Company's operations are not impacted by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Non-Audit Services

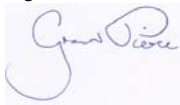
HLB Mann Judd did not provide any non-audit services during either the year ended 30 June 2020 or 30 June 2019.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company, or intervene in any proceedings for which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:



Grant Pierce

Chairman

23/10/2020

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Adavale Resources Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
23 October 2020

B G McVeigh
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2020**

	Notes	Consolidated 2020 \$	Consolidated 2019 \$
Continuing operations			
Other revenue		-	-
Total revenue		-	-
Audit fees	4	(33,900)	(39,926)
Director fees		(89,492)	(87,504)
Finance cost - financial instrument		(80,214)	(229,556)
Insurance		(30,544)	(26,922)
Share registry fees		(28,611)	(38,979)
Management and administration		(136,860)	(93,954)
Interest expense - funding		(1,320)	(1,104)
Exploration and evaluation expenditure		(123,712)	(7,397)
Legal fees		(2,320)	-
Other expenses from ordinary activities		(8,002)	(1,751)
(Loss) before income tax expense		(534,975)	(527,093)
Income tax expense	5	-	-
Total comprehensive (loss)/profit for the year		(534,975)	(527,093)
Earnings per Share attributable to the ordinary shareholder of the Company - cents			
Basic (loss)/earnings per share – continuing operations	6	(0.37)	(0.55)
Diluted (loss)/earnings per share – continuing operations	6	(0.37)	(0.55)

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2020

	Notes	Consolidated 2020 \$	Consolidated 2019 \$
CURRENT ASSETS			
Cash assets	7	85,648	23,855
Other assets	8	26,403	30,806
TOTAL CURRENT ASSETS		112,051	54,661
TOTAL ASSETS		112,051	54,661
CURRENT LIABILITIES			
Payables	9	377,774	275,946
TOTAL CURRENT LIABILITIES		377,774	275,946
NON-CURRENT LIABILITIES			
Borrowings	10	1,000,000	1,000,000
TOTAL LIABILITIES		1,377,774	1,275,946
NET ASSETS		(1,265,723)	(1,221,285)
EQUITY			
Contributed equity	11	2,808,696	2,318,159
Reserves	12	299,409	299,409
Accumulated losses		(4,373,828)	(3,838,853)
TOTAL EQUITY		(1,265,723)	(1,221,285)

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2020

		Consolidated	Restated
	Notes	2020	2019
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(215,827)	(262,217)
Payments for exploration and evaluation expenditure		(103,309)	(7,397)
Net cash flows used in operating activities	19	(319,136)	(269,614)
Cash flows from financing activities			
Issue of shares		335,929	-
Loan funds received - unrelated party	19	45,000	280,000
Net cash provided by financing activities		380,929	280,000
Net increase in cash held		61,793	10,386
Cash at beginning of financial year		23,855	13,469
Cash at end of financial year	19	85,648	23,855

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2020

	Share Capital	Accumulated Losses	Equity Component Instrument Reserve	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,988,159	(3,339,760)	299,409	28,000	-	(1,024,192)
Transfer on option termination	12 -	28,000	-	(28,000)	-	-
Issue of shares	330,000	-	-	-	-	330,000
Transactions with owners	330,000	28,000	-	(28,000)	-	330,000
Loss for the year	-	(527,093)	-	-	-	(527,093)
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Loss	-	(527,093)	-	-	-	(527,093)
Balance at 30 June 2019	2,318,159	(3,838,853)	299,409	-	-	(1,221,285)
Balance at 1 July 2019	2,318,159	(3,838,853)	299,409	-	-	(1,221,285)
Issue of shares	11 490,537	-	-	-	-	490,537
Transactions with owners	490,537	-	-	-	-	490,537
Loss for the year	-	(534,975)	-	-	-	(534,975)
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Loss	-	(534,975)	-	-	-	(534,975)
Balance at 30 June 2020	2,808,696	(4,373,828)	299,409	-	-	(1,265,723)

These consolidated financial statements should be read with the accompanying notes

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020**

NATURE OF OPERATIONS

Adavale Resources Limited (“the Company”) and its controlled entities (“the Group”) principal activities during the year include mining exploration and development in Australia and Africa.

CAPITAL RAISING FACILITY

On 24 July 2017 the Company announced a Standby Subscription Agreement (SSA) with GTI Holdings Limited (GTI) (Formerly Addchance Holdings Ltd) for a \$1,000,000 facility to provide working capital to the Company. During the year the Company issued 6,428,572 shares capitalising \$45,000 utilising this facility. The shares are issued at 80% of 5-day VWAP prior to each drawdown. In November 2019 this funding facility was discontinued. In April 2020 the Company announced a further SSA with LKC Technology Pty Ltd for an amount of \$250,000. The Agreement is for a period of 5 years. To date no shares have been issued against this facility however since 30 June 2020 a draw down of \$27,000 has taken place. In March 2020 the Company successfully completed a share placement for \$240,000.

On 9 January 2020 the Company announced that applications had been submitted over the Kabanga North and Kabanga North East tenements, adjoining tenements to the world famous Kabanga Nickel Sulphide Project in Tanzania. The tenements are in the Karagwe-Ankolean system which hosts the Kabanga Nickel Project, and cover 411 sq km. On 4 March 2020 the Company announced the granting of the licenses for the tenements at Kabanga North and North East. Tenement application fees have been funded to secure tenement licenses for a period of 5 years. In the coming months the Company intends to test high grade targets identified via historic data along with field work to begin soon.

The Group is continuing to evaluate its uranium project at Lake Surprise in South Australia. To this end the 3 tenements have recently been renewed for a further 2 years.

1. REPORTING ENTITY

Adavale Resources Limited (the “Company”) is a for profit company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint venture entities. The Group is primarily involved in mining exploration.

The registered office of the Company is:
Adavale Resources Limited
Suite 9.03, 88 Phillip Street, 225 George Street
SYDNEY NSW 2000

The principal place of business is Australia.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Accounting Standards interpretations, adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board IASB).

The financial statements were authorised for issue on 23 October 2020 by the Directors of the Company.

(b) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. All significant areas of estimation uncertainty and critical judgements in applying accounting policies have been disclosed in the following notes to the financial statements.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

(c) Going Concern Basis of Accounting

This financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated loss of the Company was \$534,975 which compared with a net loss for the prior year of \$527,093. During the year the Company had cash outflows from operations of \$319,136 (2019 \$269,614). Additionally, its liabilities exceeded its assets by \$1,265,723 (2019 \$1,221,285) as at 30 June 2020.

The Group is committed to payments to maintain rights to perform its exploration and evaluation activity. As a result the Group has and expects further cash outflows from operating and investing activities in the next financial period. Funding of these ongoing activities is required from either the new Capital Raising Facility (Share Subscription Agreement) from LKC Technology Pty Ltd or from future capital raisings. The Directors consider the use of the going concern assumption appropriate as:

- 1) Since year end the Company has negotiated the conversion of the convertible note and accrued interest (amounting to \$1,254,011 as at 30 June 2020) to ordinary fully paid shares.
- 2) In April 2020 the Company announced the Standby Subscription Agreement amounting to \$250,000 to provide additional working capital. This facility was unutilised at 30 June 2020 but has since been used to draw \$27,000. The purpose of this Facility is to provide further working capital to the Company. The undrawn component is \$223,000 as at the date of this report.
- 3) On 6 October 2020 the Company announced to the ASX the issue of a Share Purchase Plan (SPP) whereby existing shareholders may apply for up to \$30,000 worth of shares at an issue price of \$0.03 per ordinary share. The SPP is targeted at \$1,200,000, being a maximum of 40,000,000 shares. The offer closes on 27 October 2020.

The Directors recognise that the above represents a material uncertainty as to the Group's ability to continue as a going concern, however, they are confident that the Group will be able to continue its operations into the foreseeable future.

Should the Group be unable to obtain the funding as described above, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of this financial report are presented below. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Group unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Adavale Resources Limited (the parent entity) as at 30 June 2020 and the results of all controlled entities for the year then ended. Adavale Resources Limited and its controlled entities together are referred to in this financial report as the Group or consolidated entity.

Controlled Entities

A controlled entity is any entity controlled by Adavale Resources Limited. Control exists where Adavale Resources Limited is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to offset those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Where controlled entities have entered or left the economic entity during the year, their financial statements have been included from the date control was obtained or until the date control ceased.

Transactions Eliminated on Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated on consolidation.

(b) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

The transactions are translated to Australian Dollars which is the Company's functional and presentation currency.

(e) Taxation

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date basis, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial instruments are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the value of all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

(g) Receivables

The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

(h) Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(i) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(j) Cash

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(k) Earnings per Share

Basic earnings per share:

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(l) Exploration and Evaluation Assets

The current accounting policy is to expense all exploration expenditure as incurred.

(m) Segment Reporting

The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Adavale Resources Limited.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transaction with any of the Company's other components.

Unallocated items comprise mainly of head office assets, expenses and liabilities.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

(n) Share Based Payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant directors become fully entitled to the award (the vesting period). If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

It is measured by fair value of the equity at the grant date. Fair value is measured by the use of a Black Scholes model.

The purpose of performance securities are to provide cost effective consideration to directors for their ongoing commitment and contribution to the Company in their respective roles as Directors.

(o) Parent Entity Financial Information

The financial information for the parent entity, Adavale Resources Limited, disclosed in Note 22 has been prepared on the same basis as the basis of the consolidated financial statements of the Group.

In the Company's financial statements, investments in controlled entities are carried at cost. A list of controlled entities is contained in Note 17 of the accounts.

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

(p) New Accounting Standards and Interpretations

AASB 16 Leases

AASB 16 replaced AASB 117 Leases. AASB 16 removed the classification of leases as either operating leases or finance leases for the lessee - effectively treating all leases as finance leases. AASB 16 was applicable to annual reporting periods beginning on or after 1 July 2019. AASB 16 had no material impact on the Group's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

4. AUDITORS' REMUNERATION

Audit and review of financial statements

Auditors of Adavale Resources Limited - HLB Mann Judd

Remuneration for audit and review of financial statements

	Consolidated	
	2020	2019
	\$	\$
	33,900	39,926
	33,900	39,926

Other services	-	-
Total other service remuneration	-	-
Total auditor's remuneration	33,900	39,926

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

5. TAXATION

	Consolidated	
	2020	2019
	\$	\$
The prima facie tax on loss before income tax is reconciled to income tax as follows:		
a. Prima facie tax receivable on loss at 30% (2019: 30%)	(160,493)	(158,128)
Tax effect of deferred tax assets not brought to account	160,493	158,128
Income tax expense attributable to entity	-	-

The Directors have not recognised any tax assets in respect of losses, as they do not believe that the conditions for recognition set out in Note 3(f) have been met. The Directors estimate the carry-forward income tax losses to be approximately \$11,183,057 (2019: \$10,885,395) available to offset against future taxable income. Since 30 June 2017 the changes to equity interest held by larger shareholders translates to a greater than 50% change in ownership since the majority of losses were incurred. To retain the future benefit of losses to date the Company will require compliance with the similar business test.

6. EARNINGS PER SHARE

	Consolidated Restated	
	2020	2019
	\$	\$
Continuing Operations		
Earnings per share		
- Basic – continuing operations - cents	(0.37)	(0.55)
- Diluted – continuing operations - cents	(0.37)	(0.55)
Loss used in the calculation of basic and diluted EPS from continuing operations	(534,975)	(527,093)
Weighted average number of ordinary shares used in the calculation of basic and diluted EPS		
- in the calculation of basic EPS	145,968,358	95,514,356
- in the calculation of diluted EPS	145,968,358	95,514,356
Number of options not considered dilutive	-	-

As the Company reported a loss for the year ended 30 June 2020, options on issue were not included in the calculation of diluted earnings per share.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

7. CASH ASSETS

	Consolidated	
	2020	2019
	\$	\$
Cash at bank	85,648	23,855

Cash at bank earns interest at floating rates based on daily bank deposit rates.

8. RECEIVABLES

	Consolidated	
	2020	2019
	\$	\$
Current		
GST	6,865	2,038
Prepayments	19,538	28,768
	26,403	30,806

\$

9. PAYABLES

	Consolidated	
	2020	2019
	\$	\$
Trade creditors	30,759	62,548
Accrued interest - related party	-	173,797
Accrued interest - non- related party	254,011	-
Other creditors and accruals	93,004	39,601
	377,774	275,946

Further information relating to trade creditors to related parties is set out in Note 20.

The accrued interest to non-related party has been since year end converted to shares together with the associated convertible note.

The terms and conditions of the transactions with directors and related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

10. BORROWINGS NON-CURRENT

	Consolidated	
	2020	2019
	\$	\$
Borrowings	1,000,000	1,000,000
Less: Equity component of instrument	(299,409)	(299,409)
Add: unwinding of interest	299,409	299,409
Loan from related party	1,000,000	1,000,000

In 2017 the Company announced it had entered into a Convertible Loan Agreement with Jun Moon Limited, a company related to Mr Huili Guo.

During the year the convertible note was acquired by parties related to Mr G Karantzias from Jun Moon Limited, and in August 2020 was acquired by a number of new unrelated owners. Since then the convertible loan, together with accrued interest of \$254,011 has been agreed by the new owners to be converted to fully paid ordinary shares.

11. CONTRIBUTED EQUITY

	Consolidated		Consolidated	
	2020	2020	2019	2019
	No	\$	No	\$
Issued and Paid-up Share Capital				
(a) Ordinary shares, fully paid	171,194,340	2,808,696	119,431,105	2,318,159
	171,194,340	2,808,696	119,431,105	2,318,159
Number	No	\$	No	\$
Ordinary Shares				
Balance as at 1 July	119,431,105	2,318,159	80,443,008	1,988,159
Shares issued net of share issue costs	51,763,235	490,537	38,988,097	330,000
Closing balance at 30 June	171,194,340	2,808,696	119,431,105	2,318,159

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share when a poll is called or else one vote each on a show of hands.

In the event of a winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

11. CONTRIBUTED EQUITY (continued)

(c) Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders.

The Company's strategy, which is unchanged from the prior year, was to maintain a sufficient level of cash to meet its obligations, as and when any debts are due, and to meet any investment commitments.

There is no externally imposed capital requirements for the Company.

12. RESERVES

Equity Component Reserve

The Equity Component Reserve recognises the equity component of the Compound Financial Instrument when initiated, refer Note 10.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Options Reserve

The options expired on 26 April 2019. The related option reserve of \$28,000 was transferred to accumulated funds upon expiry.

13. DIVIDENDS

The Directors do not recommend a dividend for the year ended 30 June 2020. No dividend was paid for the year ended 30 June 2020.

14. FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Board of Directors under policies approved by the Board. The Board identifies and evaluates financial risks and provides principles for overall risk management.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

14. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest Rate Risk

The consolidated entity is not exposed to interest rate fluctuations as interest rate is fixed at 8%.

Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

			Weighted Average Fixed Interest rate	Floating Interest rate	1 year or less	Fixed interest maturing in: 1 to 5 years	more than 5 years	Non- Interest Bearing	Total
	Note			\$	\$	\$	\$	\$	\$
2020									
Financial assets									
Cash assets	7			-	-	-	-	85,648	85,648
Receivables	8			-	-	-	-	26,403	26,403
				-	-	-	-	112,051	112,051
Financial liabilities									
Loans and borrowings	10	8%		-	-	1,000,000	-	-	1,000,000
Payables	9			-	-	-	-	377,774	377,774
				-	-	1,000,000	-	377,774	1,377,774
2019									
Financial assets									
Cash assets	7			-	-	-	-	23,855	23,855
Receivables	8			-	-	-	-	30,806	30,806
				-	-	-	-	54,661	54,661
Financial liabilities									
Loans and borrowings	10	8%		-	-	1,000,000	-	-	1,000,000
Payables	9			-	-	-	-	275,946	275,946
				-	-	1,000,000	-	275,946	1,275,946

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

14. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

As interest rates are fixed there is no sensitivity to changes in interest rate.

(b) Fair Values of Financial Assets and Liabilities

Valuation Approach

Fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans and lease liabilities approximate net fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The balances of financial assets and liabilities approximate their fair value.

(c) Unrecognised Financial Instruments

The Company and controlled entities do not have any unrecognised financial instruments.

(d) Foreign Currency Risk

Except to the extent of certain payments made in US\$ and Tanzanian schillings in Tanzania, the Company is not exposed to any foreign currency risk.

(e) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company measures credit risk on a fair value basis. The credit risk on financial assets, excluding investments, of the consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company has no significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

14. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through credit facilities or other fund raising initiatives, to meet commitments as and when they fall due.

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The Economic Entity cash reserves of \$85,648 (2019: \$23,855) as at 30 June 2020 will meet liquidity requirements in the short term. Funding for long-term liquidity needs is secured by a share issue facility of \$1 million entered into in July 2017.

As at 30 June 2020 the Group's non-derivative financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30-Jun-20				
Trade and other payables	377,774	-	-	-
Borrowings - current	-	-	-	-
Borrowings non-current	-	-	1,000,000	-
TOTAL	377,774	-	1,000,000	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows;

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30-Jun-19				
Trade and other payables	275,946	-	-	-
Borrowings - current (i)	-	-	-	-
Borrowings non-current	-	-	1,000,000	-
TOTAL	275,946	-	1,000,000	-

Note (i) - these borrowings were converted to share capital in early November 2018.

(g) Capital Management Risk

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as equity shown in the statement of financial position plus net debt. As the Company is in a transitional stage the gearing ratio has been monitored as a secondary matter to total borrowings and maturity.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

15. COMMITMENTS

	Consolidated	
	2020	2019
	\$	\$
Exploration lease commitments		
Minimum expenditure commitments on exploration licences		
Committed but not provided for and payable:		
Within one year	-	-
One year or later and no later than for five years	770,000	770,000
	770,000	770,000

Note : The three tenement areas referred to as Lake Surprise have been renewed for a 2 year period expiring on or about August 2020.

16. SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management. The Company operated in one operating segment during the year, being mineral exploration and in two geographical areas, being Australia and Indonesia. Expenditure, assets and liabilities not directly related to either is referred to as other.

The segment reporting is detailed below:

(a) Primary Reporting – Business Segments
Year ended 30 June 2020

	Mineral exploration \$ Australia	Mineral exploration \$ Africa	Corporate \$	Total \$
Revenue				
Sales	-	-	-	-
Interest	-	-	-	-
Total Segment Revenue	-	-	-	-
Segment Result				
Depreciation	-	-	-	-
Profit/(loss) before income tax	8,613	115,099	411,263	534,975
Income tax expense	-	-	-	-
Net Profit/(loss)	8,613	115,099	411,263	534,975
Total segment assets				
- Exploration expenditure	-	-	-	-
- Receivables	-	-	-	0
- Others	-	-	112,051	112,051
	-	-	112,051	112,051
Total segment liabilities				
- Loans	-	-	1,000,000	1,000,000
- Others	-	-	377,774	377,774
	-	-	1,377,774	1,377,774

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

16. SEGMENT INFORMATION (CONT)

(b) Primary Reporting – Business Segments
Year ended 30 June 2019

	Mineral exploration \$ Australia	Mineral exploration \$ Africa	Corporate \$	Total \$
Revenue				
Sales	-	-	-	-
Interest	-	-	-	-
Total Segment Revenue	-	-	-	-
Segment Result				
Depreciation	-	-	-	-
Profit/(loss) before income tax	(7,397)	-	(519,696)	(527,093)
Income tax expense	-	-	-	-
Net Profit/(loss)	(7,397)	-	(519,696)	(527,093)
Total segment assets	-			
- Receivables	-	-	-	0
- Others	-	-	54,661	54,661
	-	-	54,661	54,661
Total segment liabilities				
- Loans	-	-	1,000,000	1,000,000
- Others	-	-	275,946	275,946
	-	-	1,275,946	1,275,946

All segment assets are located in Australia and Indonesia.

c) Segment assets:

Reportable segments' assets reconciled to total assets as follow:

	Consolidated 30 June 2020	Consolidated 30 June 2019
Segment Assets	112,051	54,661
Consolidation	-	-
Total assets as per statement of financial position	112,051	54,661

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

16. SEGMENT INFORMATION (CONT)

d) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	Consolidated 30 June 2020	Consolidated 30 June 2019
Segment Liabilities	1,377,774	1,275,946
Consolidation	-	-
Total liabilities as per statement of financial position	1,377,774	1,275,946

17. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Ordinary Shares Consolidated Entity Interest	
	2020	2019
	%	%
Company:		
Adavale Resources Limited		
Controlled entities:		
Adavale Minerals Pty Ltd	100	100
Adavale Resources Tanzania Limited	100	-

Adavale Minerals Pty Ltd is incorporated in Australia.

Adavale Resources Tanzania Limited was incorporated on 20 December 2019 in Tanzania as a wholly owned subsidiary of Adavale Resources Limited.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

18 CONTINGENCIES

There are no contingent liabilities.

19. NOTES TO THE STATEMENT OF CASH FLOWS

		Consolidated	
		2020	2019
	Notes	\$	\$
(a) Reconciliation of Cash			
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank	7	85,648	23,855
(b) Reconciliation of the operating loss after tax to the net cash flow from operations			
Profit/(loss) after income tax		(534,975)	(527,093)
Add/(less) non cash items:			
Interest capitalised		80,214	229,556
- Other - shares issued in lieu of cash to creditors		109,608	-
		(345,153)	(297,537)
Changes in assets and liabilities:			
- (Increase)/decrease in receivables		4,403	(3,821)
- Increase/(decrease) in trade creditors and accruals		21,614	31,744
Net cash (used in) operating activities		(319,136)	(269,614)

(c) Changes in liabilities arising from financing activities

	Consolidated	
	Loans - equity funding	Convertible loan
	\$	\$
Balance as at 1 July 2018	50,000	850,438
Funds advanced in year	280,000	-
Converted to share capital	(330,000)	-
Non-cash unwinding of discount rate	-	149,562
Balance as at 30 June 2019	-	1,000,000
Funds advanced in year	45,000	-
Converted to share capital	(45,000)	-
Non-cash unwinding of discount rate	-	-
Balance as at 30 June 2020	-	1,000,000

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2020

20. RELATED PARTIES

Key Management Personnel

The directors of Adavale Resources Limited are considered the key management personnel of the consolidated economic entity.

The directors' remuneration and equity holdings have been disclosed in the directors report attached to the financial statements.

(a) The key management personnel compensation comprised:

	Consolidated	
	2020	2019
	\$	\$
Short-term employee benefits	89,492	87,504

Apart from the details disclosed in this note and elsewhere in the financial report, no director or other related party has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other related party transactions

At 30 June 2019 the Group had a convertible loan with Jun Moon Limited, a company related to Mr Huili Gui. Since 30 June 2019 the convertible loan was acquired by parties affiliated with Mr G Karantzas and since 30 June 2020 has been acquired by a number of unrelated parties. The loan balance at 30 June 2020 was \$1,000,000 and at 30 June 2019 \$1,000,000. Interest is charged at 8%. The loan is unsecured and ranks alongside general creditors. The loan is convertible into shares at a conversion price of 5 cents per share. The loan is repayable on 7 January 2022. The carrying value of the loan is \$1,000,000, (30 June 2019 : \$1,000,000). Since 30 June 2020 the current holders of the convertible loan have agreed to convert the principal and accrued interest to fully paid ordinary shares at a price of 5 cents per share per the agreement.

21. EVENTS SUBSEQUENT TO REPORTING DATE

On 4 September 2020 the Company announced a binding agreement with the owners of the \$1m face value convertible loan plus accrued interest to convert their interest in the convertible note to fully paid ordinary shares on the terms contained in the convertible note. On 6 October 2020 the Company announced to the ASX the issue of a Share Purchase Plan (SPP) whereby existing shareholders may apply for up to \$30,000 worth of shares at an issue price of \$0.03 per ordinary share. The SPP is targeted at \$1,200,000, being a maximum of 40,000,000 shares. The offer closes on 27 October 2020. Except for this matter, no matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

22. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2020	2019
	\$	\$
Statement of financial position		
Current Assets	111,520	54,660
Total Assets	111,520	54,660
Current Liabilities	377,773	275,945
Non Current Liability	1,000,000	1,000,000
Total Liabilities	1,377,773	1,275,945
Net Assets (Liability)	(1,266,253)	(1,221,285)
Shareholders' contributed equity	2,808,696	2,318,159
Compound Financial Instrument reserve	299,409	299,409
Accumulated Losses	(4,374,358)	(3,838,853)
	(1,266,253)	(1,221,285)
Statement of profit or loss and other Comprehensive Income		
Total profit/(loss)	(535,505)	(527,093)
Total comprehensive income/(loss)	(535,505)	(527,093)

(c) Commitments

The parent entity did not have any contractual commitments or contingencies as at 30 June 2020.

ADAVALE RESOURCES LIMITED
DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 21 to 44 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 professional reporting requirements and other mandatory requirements, and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Statements
4. This declaration has been made after receiving declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

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

On behalf of the Directors



Grant Pierce
Chairman
23/10/2020

INDEPENDENT AUDITOR'S REPORT

To the members of Adavale Resources Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of Adavale Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2(c) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. Besides the matter described in the *Material Uncertainty Related to Going Concern* we have determined that there are no key audit matters to communicate in our report.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Adavale Resources Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
23 October 2020



B G McVeigh
Partner

Additional information included in accordance with the Listing Rule 4.10 and are not shown elsewhere in this Annual Report are as follows.

1. SHAREHOLDER INFORMATION

(a) Distribution of holders at 22 October 2020

	Number of holders	Fully paid ordinary shares
Distribution is:		
1 - 1,000	414	100,217
1,001 - 5,000	257	625,585
5,001 - 10,000	60	441,730
10,001 - 100,000	231	9,509,410
100,001 and Over	182	160,517,398
	1,144	171,194,340

(b) Less than marketable parcels of ordinary shares

There are 774 shareholders with unmarketable parcels totalling 1,746,592 shares.

(c) Voting rights

In accordance with the Constitution each member present at the meeting whether in person , or by proxy, or by power of attorney , or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll. Performance rights and Options have no voting rights.

(d) Substantial shareholders (as at 22 October 2020)

The Company's register of substantial shareholders as at the above date are as follows:

Shareholder	Number of shares	%
MATTHEW JOHN BOYSEN	9,525,000	5.56%%

(e) Shareholders

The twenty largest shareholders hold 55.29% of the total issued ordinary shares in the Company as at 22 October 2020 are as follows.

RANK	NAME	NUMBER OF SHARES	% OF SHARES ISSUED
1	MR MATTHEW JOHN BOYSEN	9,525,000	5.56
2	RAAR CAPITAL PTY LTD	7,663,338	4.48
3	MR WILLIAM MCARTHUR	6,419,667	3.75
4	MR FRANK POULLAS	6,000,000	3.50
5	MR LOUIS ALFRED CLINTON	5,713,333	3.34
6	STONE INVESTMENTS & HOLDINGS PTY LIMITED	5,487,289	3.21
7	ALLSAFE ROOFING PTY LTD	5,333,333	3.12
8	AM 49 PTY LTD	5,333,333	3.12
9	LKC TECHNOLOGY PTY LTD <LKC TECHNOLOGY P/L S/F A/C>	5,000,000	2.92
9	MARKETS-ALERT PTY LIMITED	5,000,000	2.92
9	MR PETER ANDREW PROKSA	5,000,000	2.92
12	DISTINGTON HOLDINGS PTY LIMITED	4,333,333	2.53
13	MR ADRIAN DUNPHY	4,083,333	2.39
14	SOLAR MATE PTY LTD <SFN FAMILY A/C>	3,766,667	2.20
15	MR HARYONO EDDYARTO	3,707,728	2.17
16	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	2,523,656	1.47
17	MRS KATHERINE GRACE BOYSEN	2,505,000	1.46
18	MR THEO KARANTZIAS	2,500,000	1.46
19	MR ANTHONY JOHN O'TOOLE	2,390,000	1.40
20	ARTHUR PHILLIP NOMINEES PTY LTD	2,359,922	1.38
		94,644,932	55.29

(f) Restricted Securities

There are no shares the subject of any restrictions.

(g) Unquoted Equity Securities (as at 22 October 2020)

The Company has nil unquoted fully paid ordinary shares on issue as at 22 October 2020

The Company has nil unquoted option securities on issue as at 22 October 2020

(h) On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.

2. QUOTATION

Listed securities in Adavale Resources Limited are quoted on the Australian Stock Exchange.