



ASX ANNOUNCEMENT

18 December 2014

SEPTEMBER 2014 QUARTER ACTIVITIES – REVISED REPORT

Adavale Resources Limited (ASX: ADD) hereby submits a revised quarterly activities report for September 2014.

For and on behalf of Adavale Resources Limited

Leanne Ralph
Company Secretary



ACTIVITY REPORT FOR THE QUARTER 1 JULY 2014 TO 30 SEPTEMBER 2014

LAKE SURPRISE PROJECT - AUSTRALIA

During this quarter a review was undertaken of all geological, geophysical and drilling activities within ELs 4949 (Mumpie) & 4950 (Lake Surprise) that took place between 2007 and 2012. These exploration activities occurred in the former tenements of ELs 3620 & 3622 prior to renewal by Adavale and allocation of the current license numbers. The Lake Surprise Project area is located to the east of Marree in northeast South Australia and the areas relinquished from the pre-existing tenements are identified by the cross-hatching in Figure. 1.

Adavale undertook geological and remote sensing mapping, ground and airborne radiometric surveys and resistivity surveys within these tenements. This exploration was concurrently supported with approximately 420 RAB and about 30 diamond drill holes that were concentrated in several areas where exploration geology and geophysics indicated that anomalous uranium might be found. Approximately 450 drill holes were drilled and most of these were gamma ray logged. This large drill hole database had not previously been examined collectively on a permit-wide scale and the purpose of this review was to identify areas that may have been overlooked and therefore worthy of further exploration for sedimentary uranium.

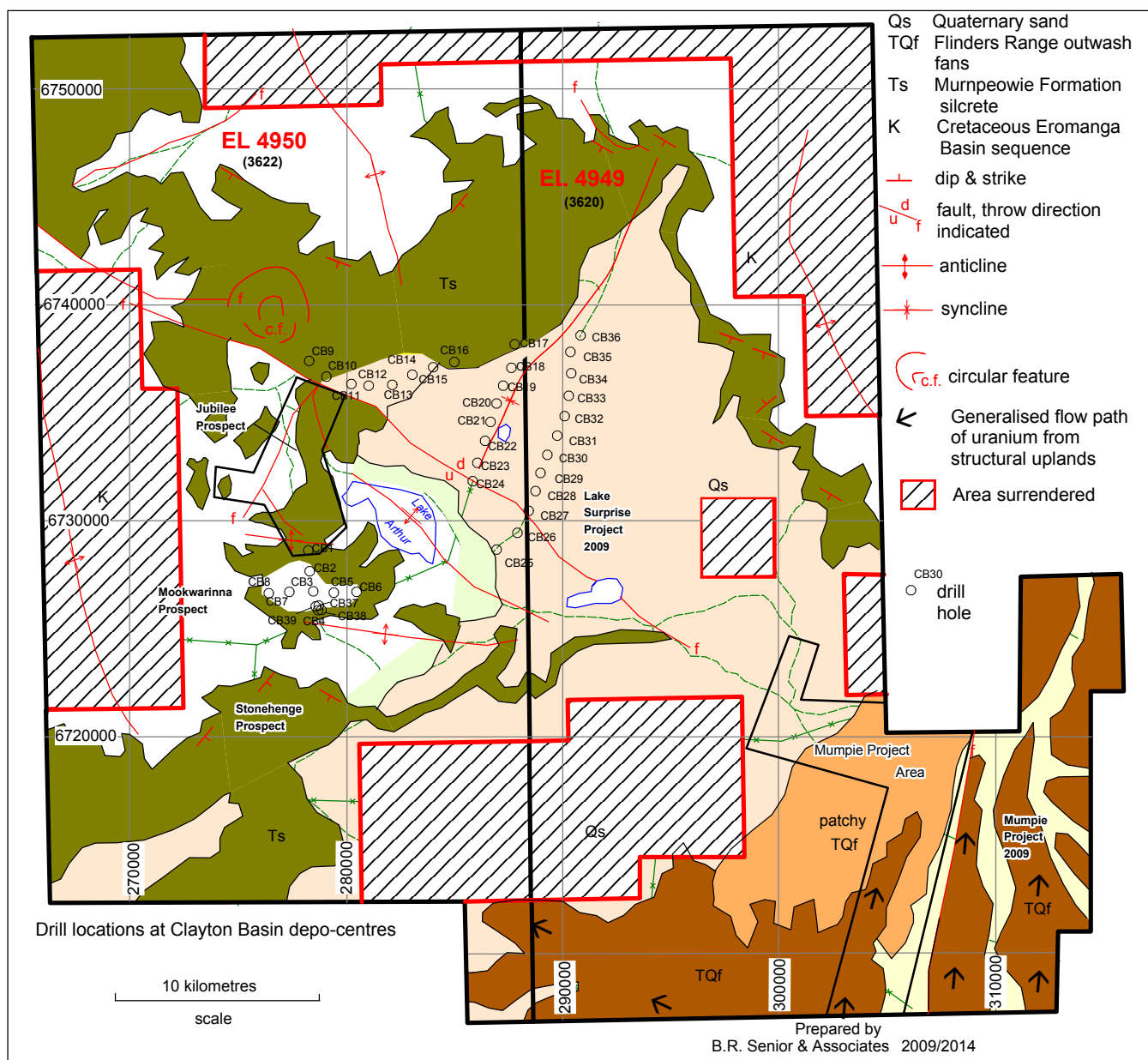
In EL 4949 the southern part is dominated by outwash fans comprising late Tertiary sedimentary rocks (Map symbol TQf) that radiate northwards from the outcrop margin of the Flinders Range. These were targeted as likely sedimentary uranium entrapment environments. Extensive drilling showed that these sediments are highly weathered and are fine grained and although showing slight uranium enrichment in part, they do not contain quartzose sediments suitable for uranium entrapment. Several airborne radiometric anomalies were not tested by drilling in the central part of the tenement and these remain as future potential targets. Results of drilling in the Lake Surprise and Mumpie Project areas located in the north and central parts of this permit, indicate that the the tenement as a whole has low potential for possible economic, sedimentary uranium.

EL 4950 has an early Tertiary sequence of fluvial quartzose sedimentary rocks, confined to a small, shallow saucer-shaped depression that was named the Clayton Basin (Map symbol Ts). This

basin was extensively drilled in the northern and central zones of EL 4950 (Jubilee Prospect) and less intensively drilled towards the south and along the southern margin of this basin (Mookwarinna Prospect). Drilling, gamma ray logging and geochemical analyses of about 30 fully cored holes identified several uranium occurrences that were found extending from the surface to depths of about 20m and hosted within silicified quartzose sedimentary rocks (silcrete). Individual uranium occurrences are small and comprise a mix of unconformity, bedded or sheet-like and palaeochannel style accumulations. Drilling in the vicinity of these deposits has not been completed and several individual deposits are identified by only one or two drill holes and the drill spacing in several areas was inappropriate to clearly delineate the extent of these deposits.

There is evidence from increasing amplitude and vertical thicknesses of gamma ray anomalies that sedimentary uranium may have preferentially accumulated in the southern sector of the Clayton Basin, towards the southern part of the permit. This area has the closest proximity to the primary uraniferous granite source, located in the northern part of the Flinders Range. Further to the south of the Mookwarinna Prospect there is an, as yet undrilled, sector of the southern margin of the Clayton Basin named the Stonehenge Prospect and this area is identified as having potential for sedimentary uranium.

Fig. 1. Geological map of ELS 4949 & 4950 showing drill hole locations, sedimentary uranium prospect areas and the relinquished portions of Adavale's former ELs 3620 & 3622.



The Jubilee Prospect comprises fourteen, in part, semi-continuous areas, containing a combined JORC Inferred Uranium Resource containing 181,000 pounds of eU_3O_8 . The newly identified Mookwarinna Prospect comprises a potentially larger area of anomalous uranium and contains a small potential resource area around drill hole CB-4. This location was further investigated by three additional closely-spaced holes (CB-4a, 4b & 4c) and a ground radiometric survey encompassing an area of about 160,000m². This area, which is open in all directions, contains approximately 592,000 pounds of eU_3O_8 . These JORC Inferred Uranium Resources are indicative only and the directors warn that because of the poor drill sampling procedures and lack of laboratory verifiable uranium analyses, the results have only identified potential areas that are being considered for future exploration.

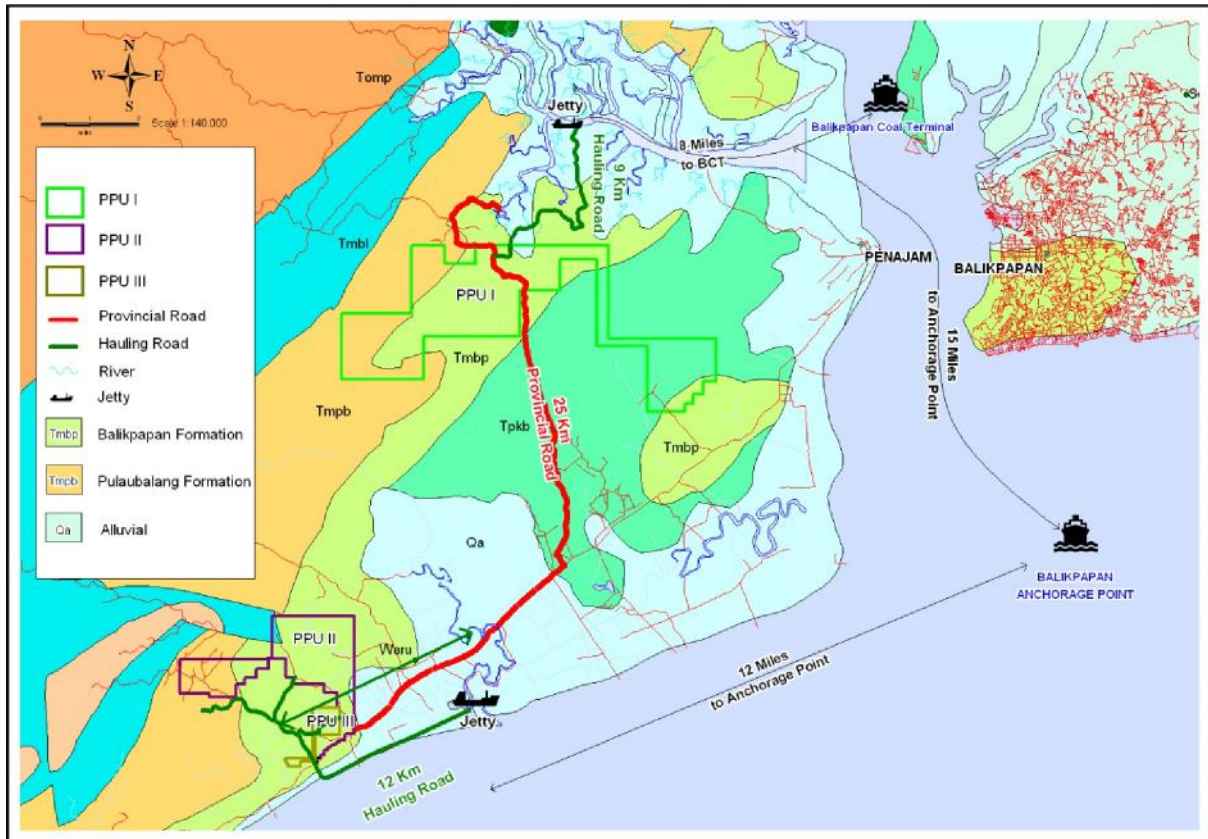
The Mookwarinna Prospect lies in proximity to the northern nose of the Flinders Range and its identification has led to other attractive exploration areas in the southern part of EL 4950, such as the more southerly-lying Stonehenge Prospect area. This prospect appears to occupy a separate structural depression that was probably a former part of the Clayton Basin and is separated by an east – west directed, antiform-like fold, from the Mookwarinna Prospect area.

AHR

THE PPU 1 COAL PROJECT

Planning is underway to conduct further geological mapping of other potential coal bearing areas within the permit and will be undertaken along with confirmation drilling in the vicinity of the existing, formerly mined area. Further stratigraphic drilling is planned to define the lateral extent of identified coal seams in order to assess the distribution of a potential resource which consists of coal that has a GCV of between 5500-6500 (ADB). Subject to completion of technical and legal due diligence and provision of the Indonesian Government sanctioned 'Clean and Clear status', the company intends to enter into a formal agreement with the owners in an attempt to acquire, or to become joint venture partners in this concession area.

FIG. 2. GEOLOGICAL AND MINE LOCATION MAP OF THE PENAJAM AREA

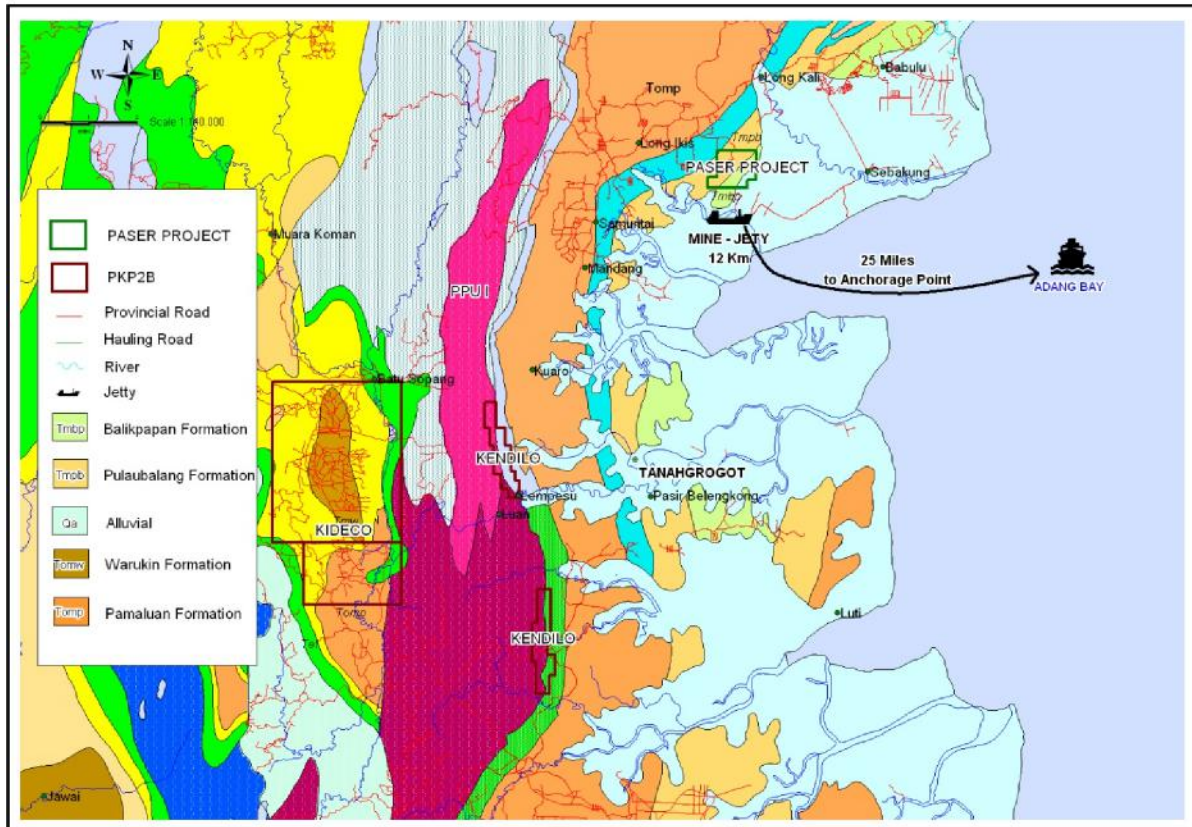


THE PASER PROJECT

During this period, AHR have been conducting an initial assessment including a desktop study, and is planning to conduct a field geological survey and logistics of potential coal deposits within the PASER Project area. A previous drilling program has identified five coal seam with thicknesses ranging between 0.7 m to 5.1 m and dipping between 11° to 68°. The coal bearing sedimentary rocks consists of the Balikpapan and Pulaubalang Formations that contain medium quality thermal coal.

The project includes haul roads, coal handling and barge loading infrastructure located approximately 12km from the mine site. Barges will travel to either of two locations for distances of 40km or 87km to Adang Bay Transshipment points. Previous loading capacity is rated at around 200tph. The Company will decide whether or not to proceed with a joint venture operation, subject to completion of due diligence and reaching satisfactory terms.

Fig. 3. GEOLOGICAL AND MINE LOCATION MAP OF THE PASER AREA

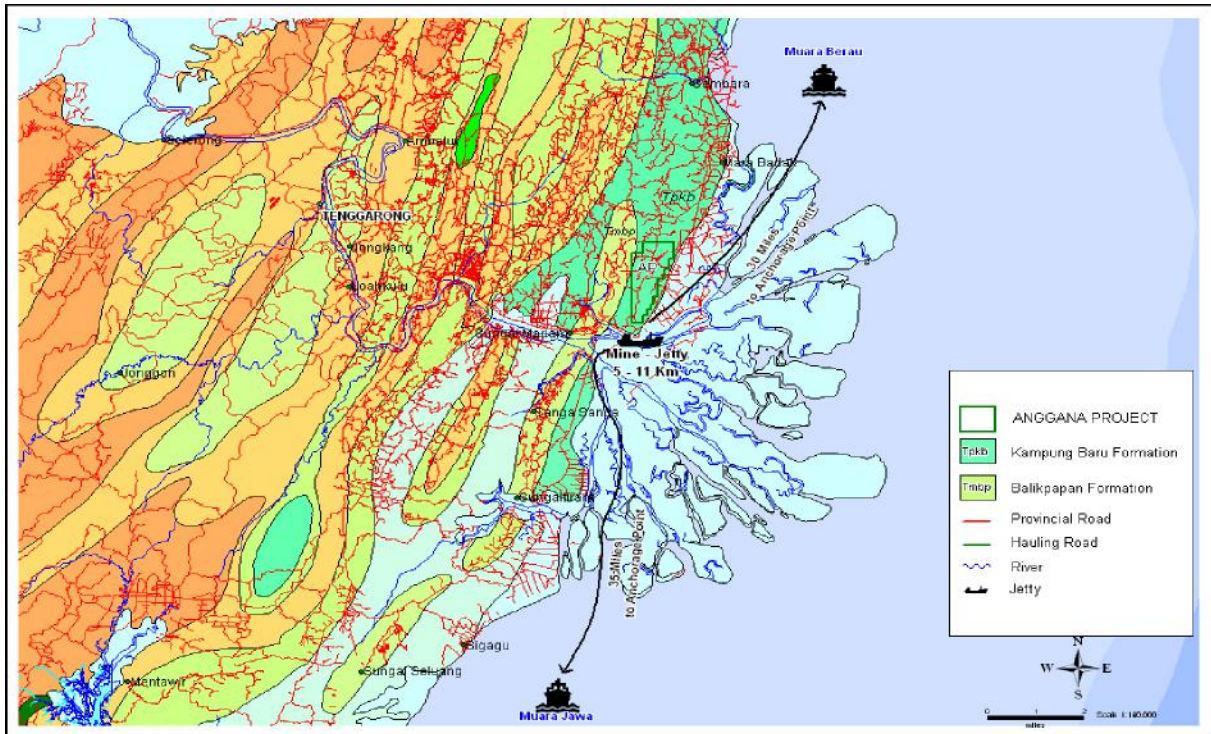


THE ANGGANA PROJECT

The project offers an opportunity for a low cost coal mining operation through open cut mining of near-surface coal seams. Part of the profit from this operation will be used to fund exploration of other near surface, multiple coal seams within the area. The Anggana Project is located close to Mahakam River and is linked with an 11 km haul road from the mine site to the jetty. The stockpile at the jetty has a conveyor loading facility for loading of barges. It takes about 24 hours for barges to reach the Muara Jawa Anchorage. Previous loading capacity is rated at around 200tph.

Legal and technical due diligence continues and negotiations for an agreement are in progress. If a successful agreement is reached, an activity plan will enable an initial technical data review and audit, as well as a comprehensive desktop study. As a part of the legal due diligence it will be determined if the concession area has a 'Clean and Clear' status.

Fig. 4. GEOLOGICAL AND MINE LOCATION MAP OF THE ANGGANA AREA



THE TAPPAN PROJECT

The Exploration Tenement encompassing the Tappan Project area (IUP Eksplorasi no. C516/126/KPTS/BPT-PS/2010) has an area of 2053.92 hectares and has been granted 'Clear and Clean' status by the Indonesian Government. The Production Tenement (IUP Produksi No. C540/432/KPTS/BPT-PS/2010) within this concession is currently in the process of obtaining 'Clear and Clean' status and comprises an area of 198.88 hectares. The project area has JORC measured, indicated and inferred coal resources and has existing mine plans for exploitation of the coal resource.

TAPAN LEGAL DISPUTE

On the 7th October 2014 the panel of judges of the District Court of South Jakarta announced part of their verdict and in the Adavale Board's view, is that the verdict was not read out completely or was not presented in a proper manner. The official copy of the verdict has not yet been received and as a result, the Judge's decision is still not clear or certain. However, whilst waiting for the official copy of the verdict, and in order to retain the right for lodging an appeal in the event that the decision is not in favour of the Company, the lawyer acting for Adavale has lodged an appeal in the High Court.

COMPETENT PERSONS STATEMENT.

Information of a scientific or technical nature was prepared under the supervision of Dr Brian R. Senior (BSc Honours, MSc, PhD) who is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Senior has sufficient experience in uranium and coal exploration and the types of deposits under consideration, and to the activity he is undertaking, to qualify as a 'competent person' as defined in the 2014 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. This announcement contains 'forward looking statements' that reflect management's current beliefs based on currently available information and what management considers to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward looking statements. Dr Senior consents to the inclusion in this report of the matters based on his information and information provided by Adavale Resources, in the form and context in which it appears.