



ADAVALE RESOURCES LIMITED

ACTIVITY STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2016

LAKE SURPRISE - AUSTRALIA

During the quarter we engaged Dr Brian Senior to prepare the Joint Annual Technical Report lodgements for ELs 4949, 4950 & 5644 and to undertake a detailed study of the geological environments of sedimentary uranium mineralisation within these permits (Fig. 1). He also reviewed the 14 resource blocks that comprise the Jubilee Prospect and the uranium potential within the much larger Mookwarinna Prospect. He identified the small individual deposits of uranium within the Jubilee Prospect, as having been deposited in a distributary palaeochannel complex, and the potentially larger deposits at Mookwarinna as accompanying sedimentation within a contemporaneously developing syncline. The study also indicated that uranium distribution, within the ELs, increases southwards, towards the primary source and was derived through Cenozoic erosion of uraniferous granitoids located within the northern Flinders Range. As a consequence, synclines that transect the southern parts of Adavale's exploration licences lie closer to this source and are highly rated for future exploration.

Further drilling within the uranium resource blocks is mapped out and the metric coordinates for individual drill-holes and reasons for drilling, are provided. However, because of a few uncertainties in the drilling and gamma ray logging database, he suggested that a low cost way to start the project is to study a 'pilot area' in each of the Jubilee & Mookwarinna Prospects. The objectives are to check that the previous estimates of Inferred Uranium Resources are present and to quantify and expand these resources through use of on site, portable XRF equipment, to analyse drill returns in order to identify radioactive and accompanying non-radioactive uranium that is in a state of disequilibrium. These 'pilot' studies would also assist in delineating the margins of these largely open-ended deposits. If this work is successful, the program would then be expanded to include the remaining resource blocks in the Jubilee Prospect, and across an approximate eight square kilometres of a uranium anomalous area that surrounds the Mookwarinna Prospect. Exploration costs are relatively low as drilling targets are shallow and lie between the surface and 17m in the Jubilee Prospect and from ground level to 25m in the Mookwarinna Prospect. It is recommended that drilling, gamma ray logging and 'real time' XRF analyses of cores and cuttings should be undertaken as soon as each drill-hole is completed, in order to obtain early results and to guide the drilling program along uraniferous geological features.

Other 'syncline model' uranium areas are identified and include further extensions to the Mookwarinna Syncline and the as yet unexplored Stonehenge and Canegrass Synclines. These structures could be progressively explored following anticipated success in the Mookwarinna Prospect.

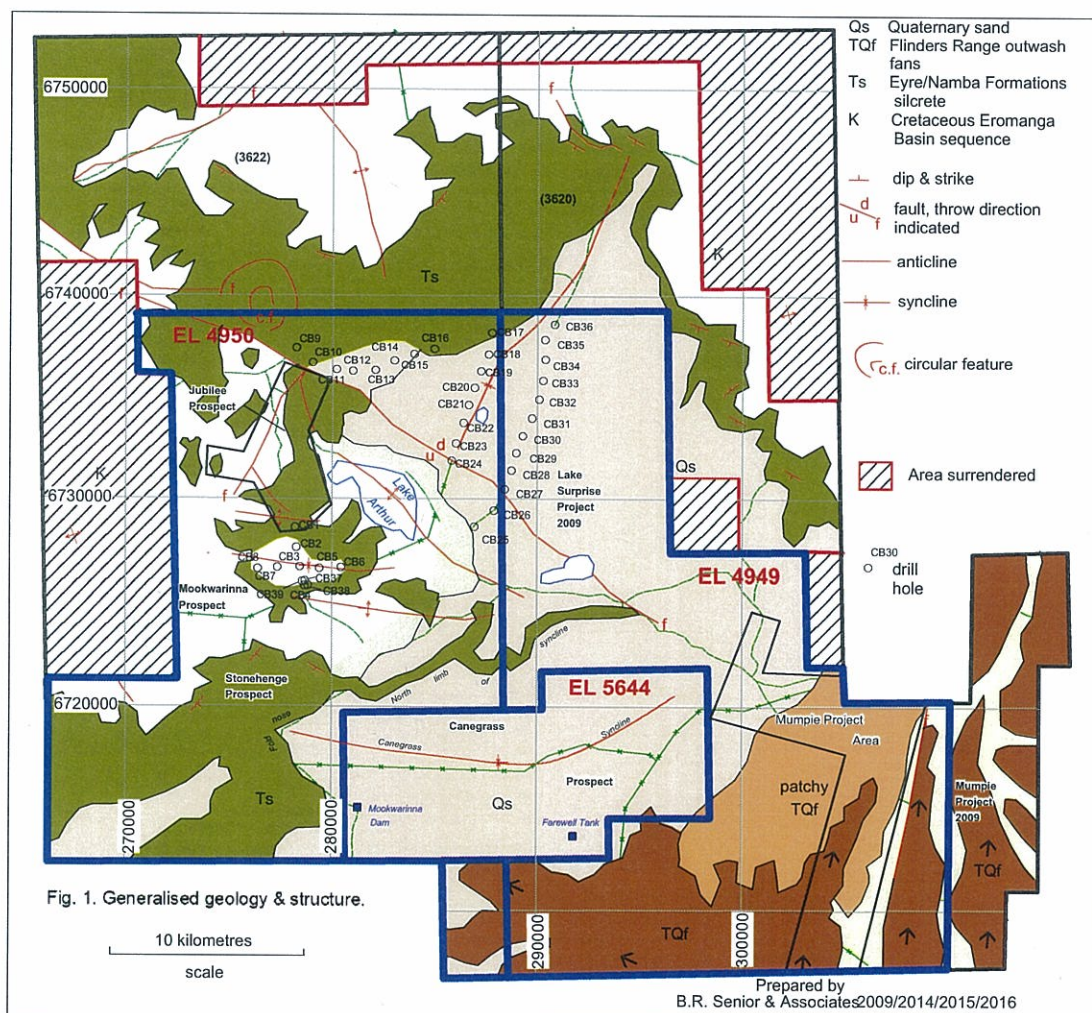
Adavale will continue to look for a farm in partner, or alternatively a sale opportunity, in order to commence the two 'pilot studies' and if successful, expand exploration in order to progress towards potential economic development.

TAPAN

PPA is still in process of updating the Exploration Tenement of 2053.92 Ha to an approximately 400 Ha Operating Production Tenement. This process takes considerable time due to the reports that have to be completed such as Exploration Report, Feasibility Study, Environment Impact Analysis (AMDAL) etc and the need to prepare the budget for this.

LEGAL UPDATE

The Supreme Court is still in the process of examining this case and examining the Memorandum of Appeal from the Plaintiffs and the Contra of Memorandum of Appeal from the lawyers of PT Prima Perkasa Abadi (PPA) and Mr. John Risinger, and all related documents. The company is still waiting on the official notification from the Clerk of South Jakarta District Court regarding the verdict from the Supreme Court for this case.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ADAVALE RESOURCES LIMITED

ABN

96 008 719 015

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(33)	(33)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(33)	(33)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	35	35 ✓
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	35	35

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29	29
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(33)	(33)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	35	35
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	31	31

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	31	29
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31	29

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
-
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities (excluding Gurney facility, refer below)	\$1,000,000	\$860,000
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 1 August 2012 the Company announced that it had entered into a Convertible Loan Agreement with Mr Haryono Eddyarto (Company Chairman) (HE) to the value of up to \$1,000,000. The loan facility is for a period to 01 October 2016, carries interest at 8% (or 15% on any default amount), and is convertible into shares at a conversion price of \$1.00 per share. Drawings of \$860,000 had been made to 30 September 2016.

Additionally, on 15 January 2015 the Company announced a Standby Subscription Agreement with Gurney Capital Pty Ltd for a \$1,000,000 facility to provide working capital to the Company. To the end of September 2016 \$181,157 had been drawn against this facility and 12,399,617 shares issued as a consequence. The shares are issued at 80% of 15-day VWAP prior to each drawdown. The balance of the facility amounts to \$818,843.

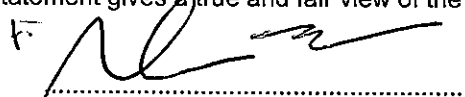
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	20
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	85
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	105

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	NIL			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	NIL			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


(Director/Company secretary)

Date:

31/10/16

Print name:

HARRYONO EDDYARTO

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.