

Activities Report

Quarter Ended

31 March 2009



24 April 2009

Company Announcements Office
ASX Limited

Dear Sir/Madam

RE: ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2009

- Interpretation of Night-time Thermal Infra Red data completed at Lake Surprise
- Encouraging results from drilling at Mt Flint

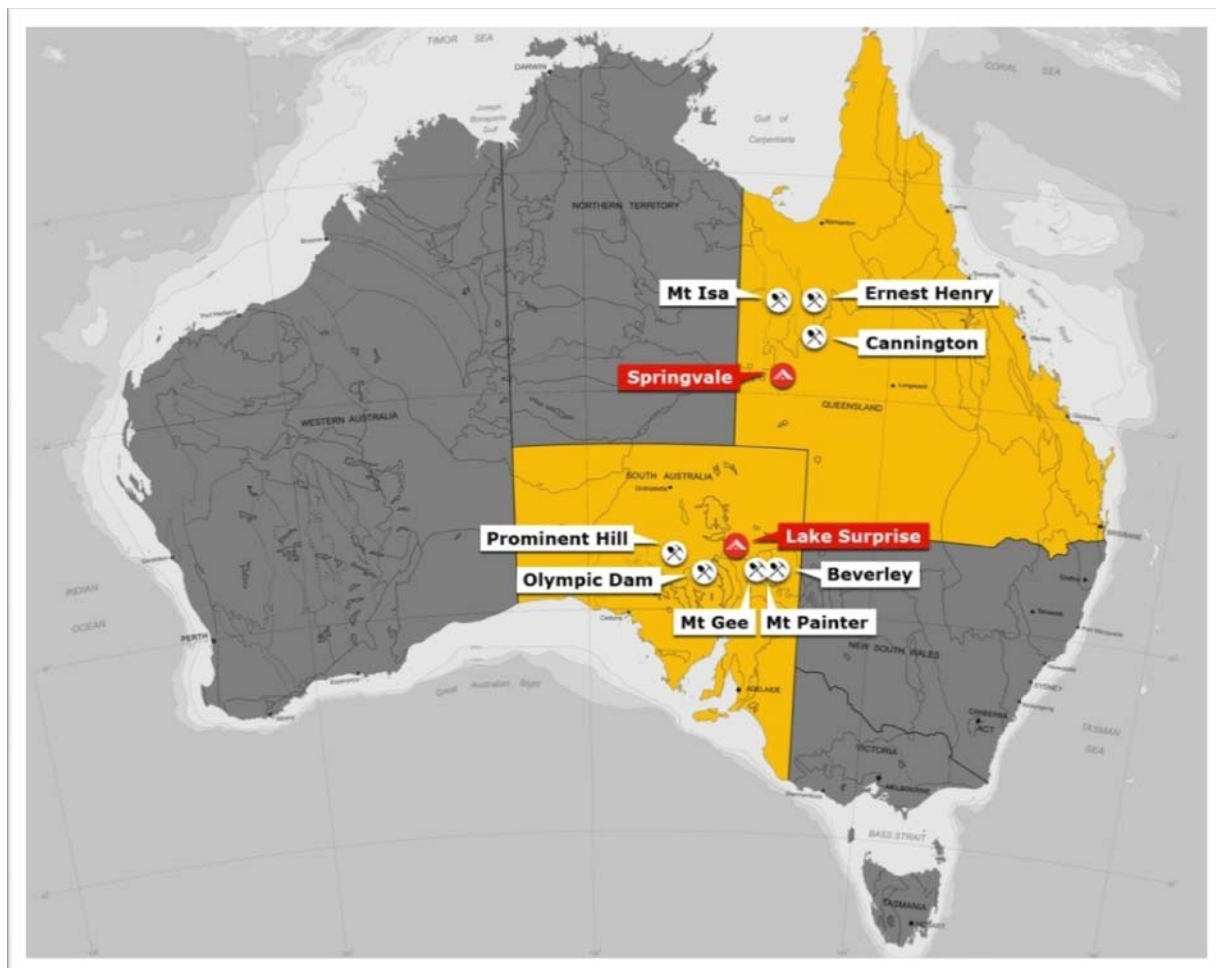


Figure 1: Adavale Resources Tenement Locations

LAKE SURPRISE: SOUTH AUSTRALIA (100% Adavale)

Adavale is actively exploring for sedimentary uranium at the Lake Surprise Project in South Australia. During the quarter the company relinquished EL 3621. The remaining leases, EL 3622 and EL 3620, make up an area of 1836 sq km located in the Eromanga Basin north of the Flinders Range. The Flinders Range area is a source of known uraniferous rocks that host the Mt Gee, Mt Painter, Beverly and Beverly Four Mile deposits.

During the quarter, interpretation of ASTER day (Fig. 3) and night-time Thermal Infra Red (NTIR) data was completed. Research has shown NTIR data appears to delineate palaeochannels which provide targets for uranium mineralisation.

A number of areas of interest have been identified as a result of the ASTER imagery interpretation and two structural depo-centres within the Clayton Basin have been identified as potential sites for uranium mineralisation. A drilling program has been designed to explore these areas and work approval and native title clearances are in progress Figure 4.

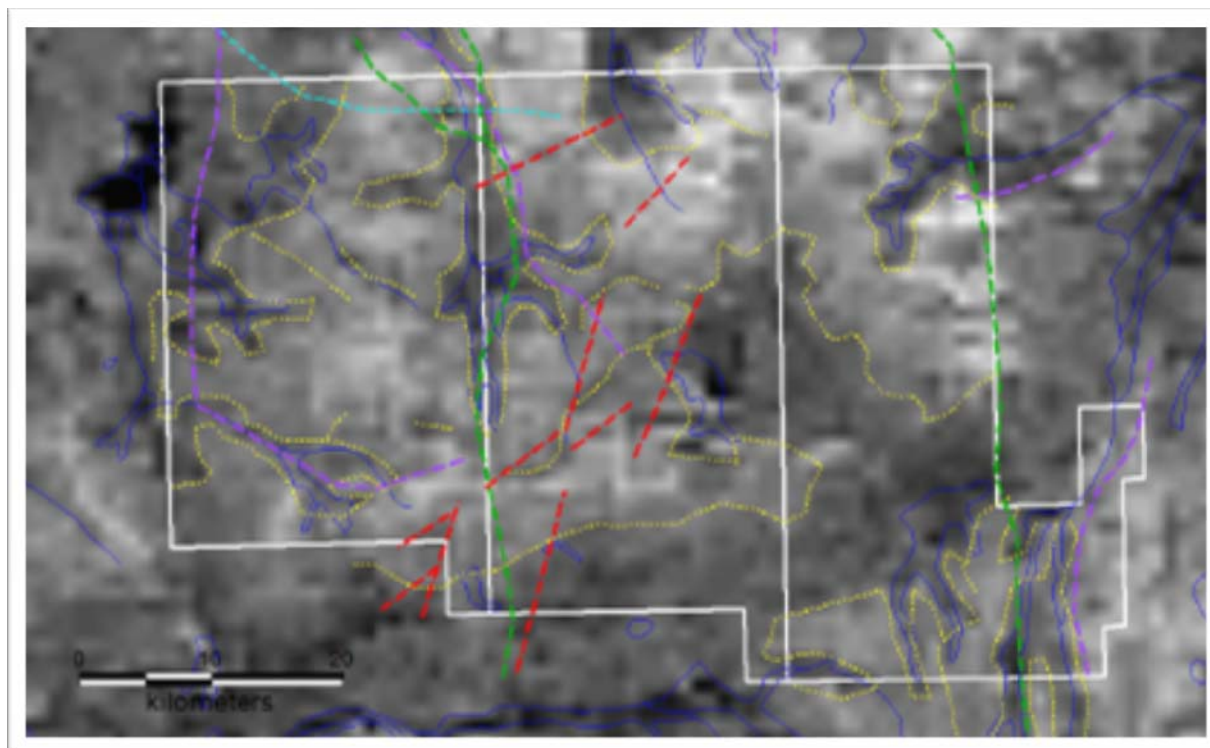


Figure 2: Paleochannels interpreted from NTIR data

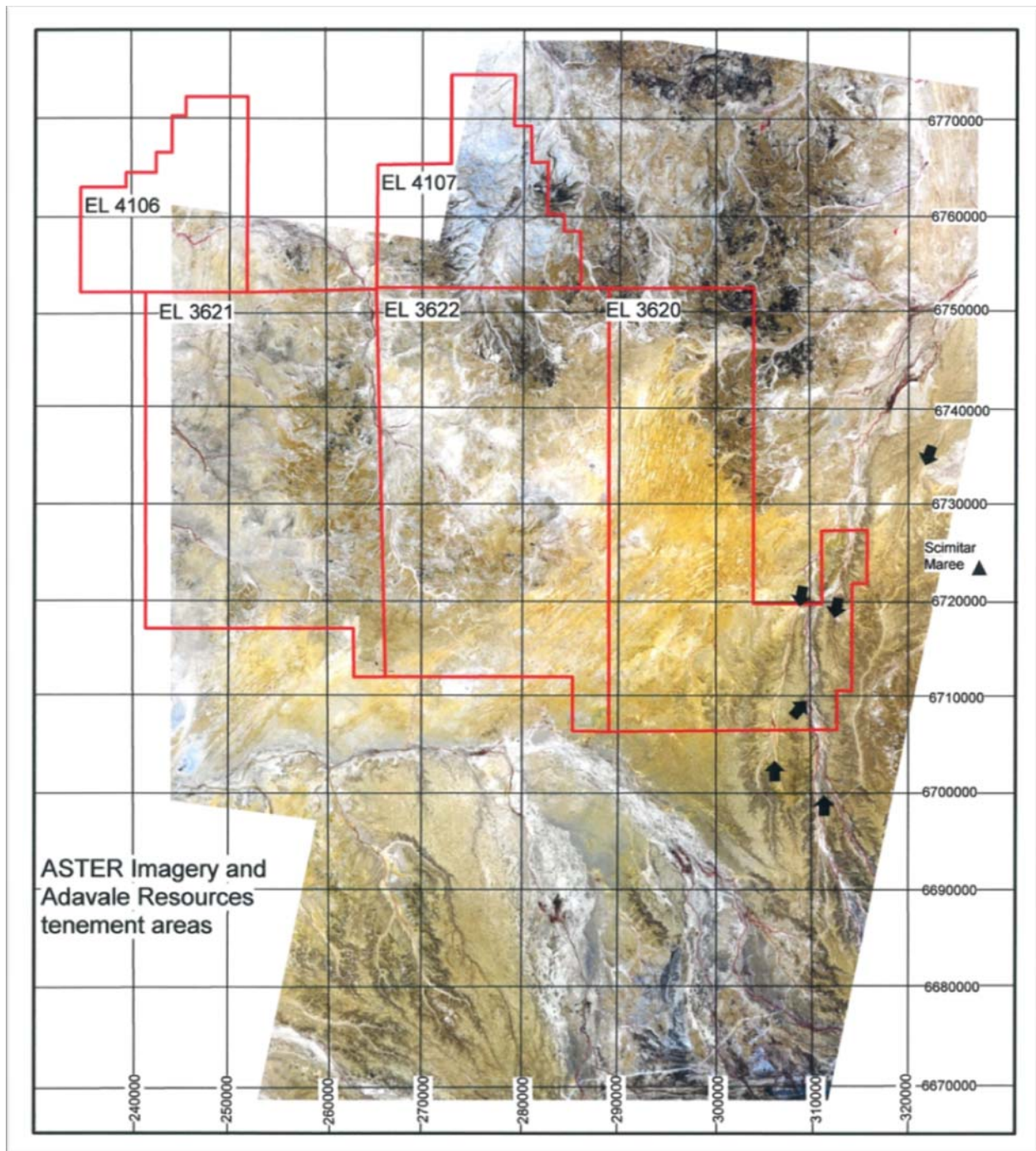


Figure 3: Location of the ASTER day-time imagery and Adavale's EL areas

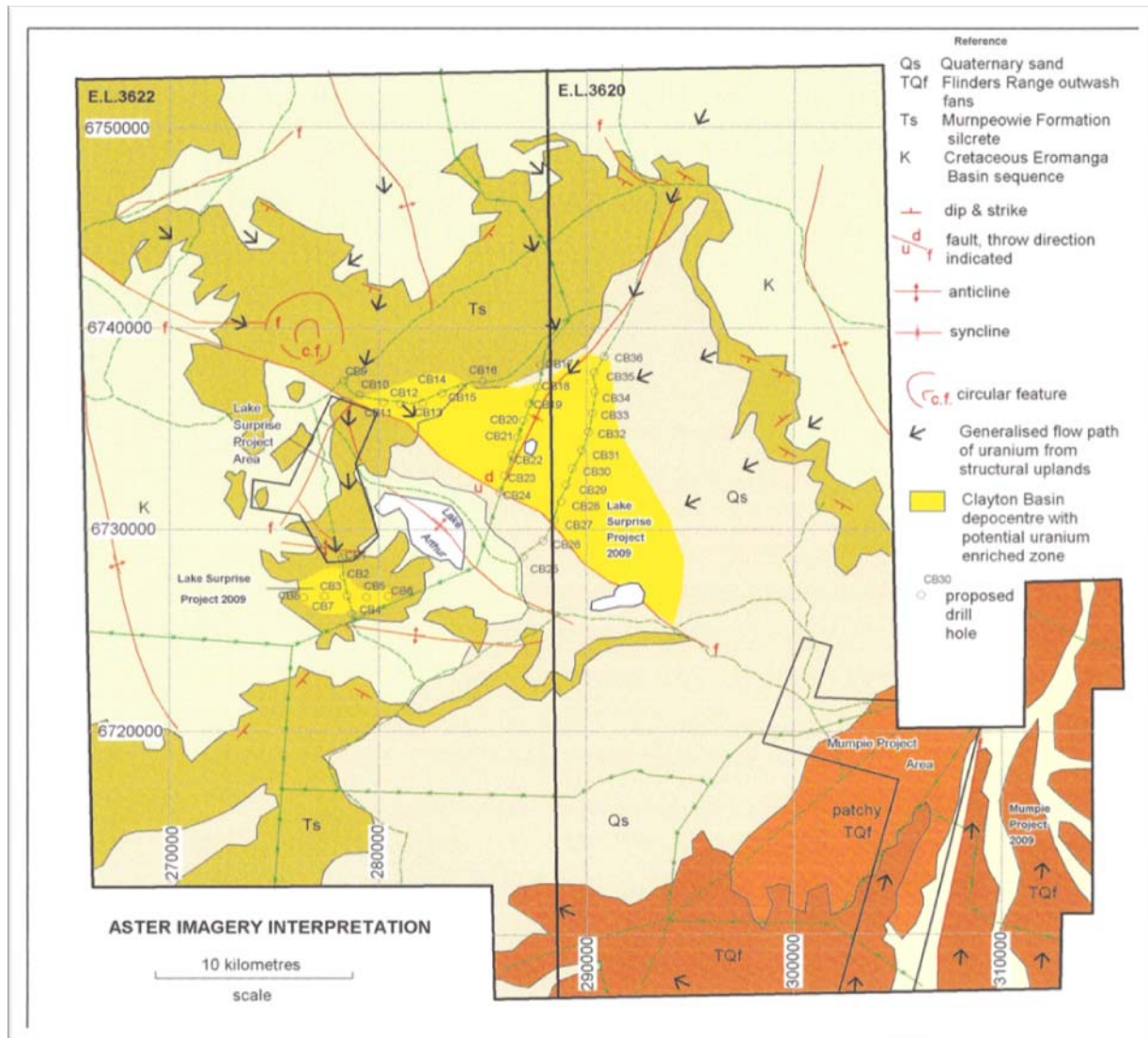


Figure 4: ASTER Imagery, palaeodrainage interpretation

Exploration to date has concentrated in two areas known as Clayton Basin and Mumpie prospects.

Stereoscopic comparison of the photo geology and ASTER day and night time imagery, in conjunction with other data sets, has established further geological control in both prospect areas. Figures showing regional geology and structure have been developed (See Figures 3 and 4).

The **Clayton Basin Prospect** lies in EL 3622 and the eastern part of EL3620. The prospect is within a Tertiary basin that occupies approximately 120 km² in the central part of these tenements. Results to date are encouraging and demonstrate widespread anomalous uranium. Drilling has confirmed widespread, though somewhat patchy mineralisation within the uppermost 10 to 15m of quartzose sedimentary rocks within the Clayton Basin sequence. Gamma ray anomalies associated with uranium occurrences are found in beds of silicified sandstone, silcrete and dolomite within palaeochannels. Interpretation of ASTER imagery has identified the position of former structural uplands and

groundwater migration pathways that may have led to sites of potential uranium enrichment in this basin (Fig. 4.)

Results have led to new drill targets and a drilling and gamma ray logging program is planned for the third quarter.

The **Mumpie Prospect** lies in EL 3620 in the southeast corner of the project area and covers a palaeo drainage system of approximately 170 km².

The Mount Painter Province, located thirty to fifty kilometres south of the tenement, contains radiogenic rocks which were the source of the Beverley and Beverley Four Mile sedimentary uranium deposits. Interpretation of ASTER day and NTIR shows a direct conduit for sediments, draining northwards from Mt Babbage in the Mt Painter Province, into the eastern part of EL 3620, and thus it is inferred that similar deposits may occur in the eastern part of this tenement. Palaeochannels and faults identified from the ASTER imagery provide attractive drilling targets. Work and native title approvals are in progress for the drilling of these targets during the third quarter of 2009 (Fig. 4).

SPRINGVALE: QUEENSLAND (100% Adavale)

Adavale's Springvale Project has two major objectives. Firstly, our company has commenced drilling for sedimentary vanadium, molybdenum and uranium in the Lower Cretaceous Toolebuc Formation of the Eromanga Basin sequence. Secondly, our company is exploring for Olympic Dam IOCG and Mt Isa style mineralisation within the underlying Proterozoic 'basement' sequence.

Ten exploration licenses cover an area of approximately 3000 km². The Springvale area has been identified as very prospective for the formation of 'blanket' type and 'roll front' ore bodies within the Toolebuc Formation and Cainozoic sequence and reconnaissance RAB drilling confirmed anomalous concentrations of these elements within these sedimentary rocks.

This area of the Diamantina Province has also been the subject of detailed government programs that have led to a marked increase in exploration for Olympic Dam style mineralisation. Coincident gravity and magnetic anomalies identified are consistent with large scale IOCG deposits that contain copper, gold and uranium mineralisation (Olympic Dam and Ernest Henry). The region is emerging as a possible new mineral province where little previous exploration has been carried out.

The project area was not accessible during the quarter due to wet weather, and no field work was carried out.

A detailed gravity survey, commenced in 2008, to identify possible 'high' gravity anomalies that might be coincident with mineralisation within the 'basement' sequence, is scheduled to be completed this quarter.

FINNISS SPRINGS: SOUTH AUSTRALIA (100% Adavale)

During the quarter the company chose not to proceed with EL applications 335/07, EL 339/07 and EL 558/07.

MT FLINT: SOUTH AUSTRALIA (100% Adavale)

During the quarter the company carried out a broad based regional drilling program following which EL 4106, EL 4107 and EL 4108 were relinquished. EL 4109, covering an area of 995 sq km, was retained. Reconnaissance drilling of 8 widely spaced holes along the Birdsville Track in this tenement, led to the discovery of a very pure silica sand deposit in drill hole D-6. This sand extends from 2m to a depth of 34m (base not reached) and comprises fine grained, transparent to translucent quartz. Preliminary XRF analyses and microscope petrological studies indicate that the sand is 97% quartz. A proportion of the approximate 3% of contaminants, appear to have been largely derived from the mud used in the rotary drilling method. Further drilling and analyses of samples are being undertaken by AMDEL and will be reported in due course.

The company is continuing with work to determine the grade and commercial applications (construction, glass making, or if very high grades occur possible electronic applications) of this industrial sand and will report the results in due course. Management is undertaking a scoping study to identify possible markets, transport costs and profitability of a possible open cut mining operation.

John Risinger
Managing Director
(08) 9467 2049

Competent Persons Statements

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Adavale Resources Limited

ABN

96 008 719 015

Quarter ended ("current quarter")

31 March 2009

Consolidated statement of cash flows

| | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | | |
| 1.1 | Receipts from product sales and related debtors | - | - |
| 1.2 | Payments for (a) exploration and evaluation | (112) | (707) |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) administration | (137) | (514) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 111 | 270 |
| 1.5 | Interest and other costs of finance paid | (1) | (1) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other | - | - |
| | | (139) | (952) |
| Net Operating Cash Flows | | | |
| Cash flows related to investing activities | | | |
| 1.8 | Payment for purchases of: (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c) other fixed assets | - | - |
| 1.9 | Proceeds from sale of: (a)prospects | - | - |
| | (b)equity investments | - | - |
| | (c)other fixed assets | - | - |
| 1.10 | Loans to other entities | - | - |
| 1.11 | Loans repaid by other entities | - | - |
| 1.12 | Other (provide details if material) | - | - |
| | | | |
| Net investing cash flows | | - | - |
| 1.13 | Total operating and investing cash flows (carried forward) | (139) | (952) |

| | | | |
|------|--|-------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (139) | (952) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (cost of raising funds) | - | - |
| | Net financing cash flows | - | - |
| | Net increase (decrease) in cash held | (139) | (952) |
| 1.20 | Cash at beginning of quarter/year to date | 5,212 | 6,025 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 5,073 | 5,073 |

Payments to directors of the entity and associates of the directors

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

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 148 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |
| 1.25 | Explanation necessary for an understanding of the transactions | |

- Payments totaling \$53,350 were made to Arthur Phillip Pty Ltd, an associated entity of Mr R Poole. The disbursements were in relation to preparation of the half year report, company secretarial, office and corporate advisory services provided.
- Payments totaling \$40,723 were made directly to Mr J Risinger and to Larca Pty Ltd, an associated entity of Mr Risinger. The disbursements were in relation to directors fees and salary owing.
- Payments totaling \$14,700 were made to Mr M Stevenson in relation to directors fees owing.
- Payments totaling \$13,250 were made to Steinepreis Paganin, an associated entity of Mr R Steinepreis. The disbursements were in relation to directors fees and legal services provided.
- Payments totaling \$13,200 were made to Entertainment Marketing Enterprise Pty Ltd, an associated entity of Mr P Suriano.
- Payments totaling \$13,200 were made to Mr R Poole in relation to directors fees owing.

Non-cash financing and investing activities

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

N/A

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 120 |
| 4.2 Development | - |
| Total | 120 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 5,073 | 5,212 |
| 5.2 Deposits at call | | |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 5,073 | 5,212 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|-----------------------|----------------------------------|--|----------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | EL3621 | Relinquished | 100% | Nil |
| | EL4106 | Relinquished | 100% | Nil |
| | EL4107 | Relinquished | 100% | Nil |
| | EL4108 | Relinquished | 100% | Nil |
| 6.2 Interests in mining tenements acquired or increased | | N/A | | |

Issued and quoted securities at end of current quarter

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

| | | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|------|--|---|---------------|---|---|
| 7.1 | Preference securities (description) | | | | |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | +Ordinary securities | 183,593,979 | 183,593,979 | | |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | Nil | | | |
| 7.5 | +Convertible debt securities (description) | | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | Options (description and conversion factor) | 5,714,286 1,428,571 1,547,619 <u>8,690,476</u> | | Exercise price 0.21 0.21 0.21 | Expiry date 31 Mar 2010 30 Nov 2011 1 Dec 2011 |
| 7.8 | Issued during quarter | Nil | | | |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | | | | |
| 7.11 | Debentures (totals only) | | | | |
| 7.12 | Unsecured notes (totals only) | | | | |

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Date: 30 April 2009

(Director)

Print name: Richard Poole

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

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

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