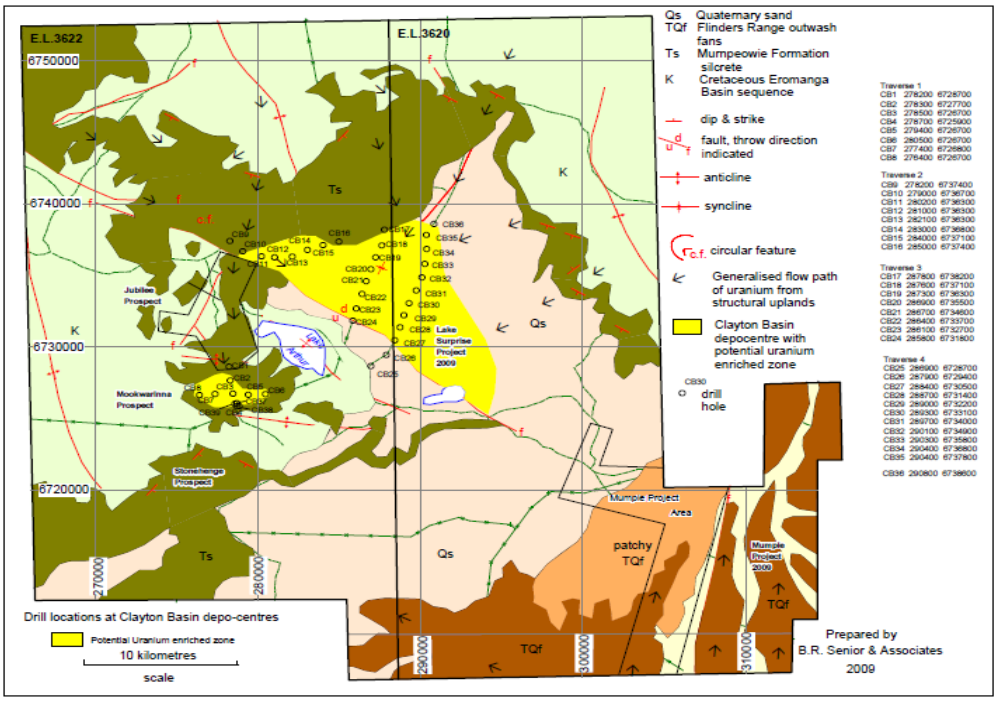
ACTIVITY REPORT FOR THE QUARTER 1 JULY 2014 TO 30 SEPTEMBER 2014

LAKE SURPRISE - AUSTRALIA

A study to determine the focus area within the tenement of EL 3622 (Lake Surprise) and EL 3620 (Mumpie), located to the east of Marree in northeast South Australia, was conducted by independent geologist, Mr Dr. Brian Senior. The purpose of the study was to determine areas that could potentially be further explored. This study concluded that there are two areas identified as having potential for shallow uranium occurrences in silicified quartzose sedimentary rocks (silcrete) at depths up to 20m below the ground surface, the Jubliee and the Mookwarinna Prospect. In addition, gamma ray logs of the Mookwarinna Prospect indicate that increasing quantities of sedimentary uranium may occur closer to the source area of the Flinders Range located in the southern part of EL 3622 named Stonehenge Prospect.

MAP - LAKE SURPRISE



The Jubilee Prospect comprises fourteen, in part, semi-continuous areas, containing a combined JORC Inferred Uranium Resource containing 181,712 pounds of eU_3O_8 worth approximately US$5.18 million. The newly identified Mookwarinna Prospect comprises a large area of anomalous uranium with a small resource area identified by closely spaced drilling (160,000m^2) which contains approximately 592,403pounds of eU_3O_8 worth US$ 16.88 million (estimated at the July 2014 quoted price of $28.50/lb.). The JORC inferred results are indicative only and should only be used to identify potential areas for future exploration.

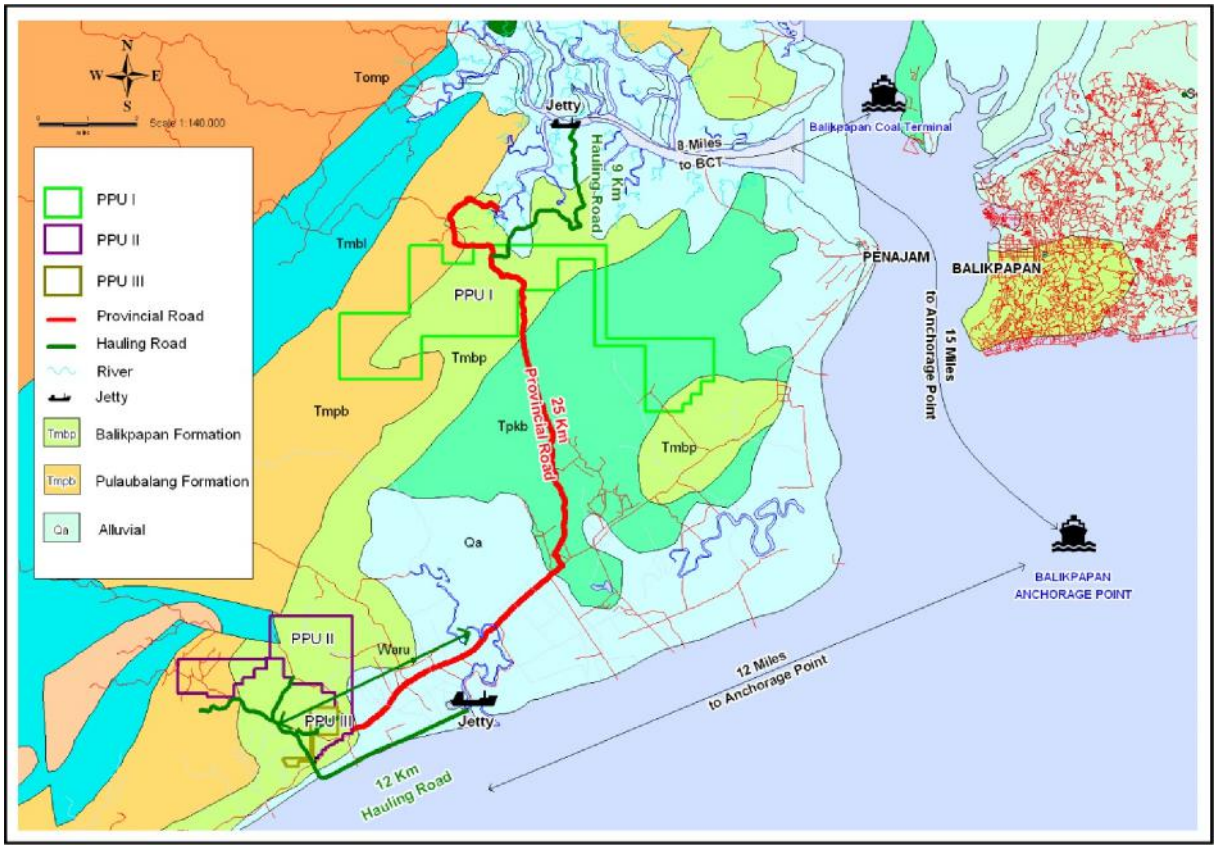
The proximity to the northern nose of the Flinders Range to the Stonehenge Prospect area may be the key to locating other potential uranium resources in this tenement. This basin remnant, containing Murnpeowie Formation, (Map symbol Ts) occurs in the southern part of the tenement and has inward sloping radial dip directions indicating a closed basin-like environment. This area has been overlooked by previous exploration. In view of the potentially good results of CB-4, 4A, 4B & 4C, which are the nearest drill holes to the north, this newly identified area should be targeted for future drilling

AHR

PPU 1 COAL PROJECT

Planning is still underway to conduct an additional geological mapping of other potential prospect areas together with confirmation drilling for the previous mining area, and also some stratigraphy drilling to and interpret the lateral extent of identified coal seams distribution, in order to assess a potential resource of GCV 5500-6500 (ADB) coal within the concession. Subject to completion of technical and legal due diligence particularly Clean and Clear status and reaching satisfactory terms, the company intends to enter into a formal agreement to acquire or join in the project.

MAP – PENAJAM AREA

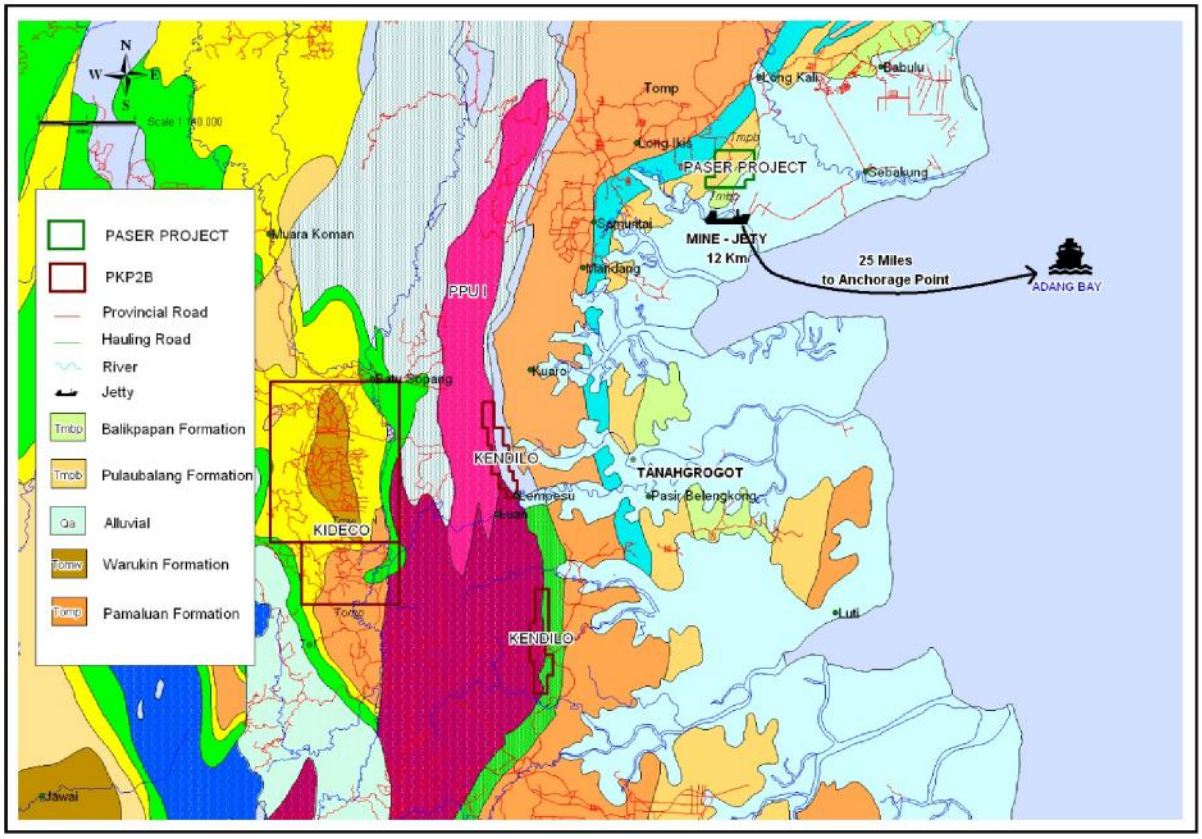


PASER PROJECT

During this period, AHR have been conducting an initial assessment including a desktop study, and is planning to conduct a field survey covering geological assessment, potential deposit and current logistic conditions of the PASER Project. A previous drilling program in the PASER project area shows that there are 5 major coal seam with thickness ranging from 0.7 m to 5.1 m and dipping 11° - 68°. The coal bearing formation consists of 2 formations, Balikpapan and Pulaubalang that hosts medium quality thermal coal.

The project owns and operates coal handling and barge loading infrastructure approximately 12km from the mine site and 40km or 87km for barging to Adang Bay Transshipment. Previous loading capacity is rated at around 200tph. The Company expects to decide whether to proceed with the joint operation, subject to completion of due diligence and reaching satisfactory terms.

MAP - PASER AREA

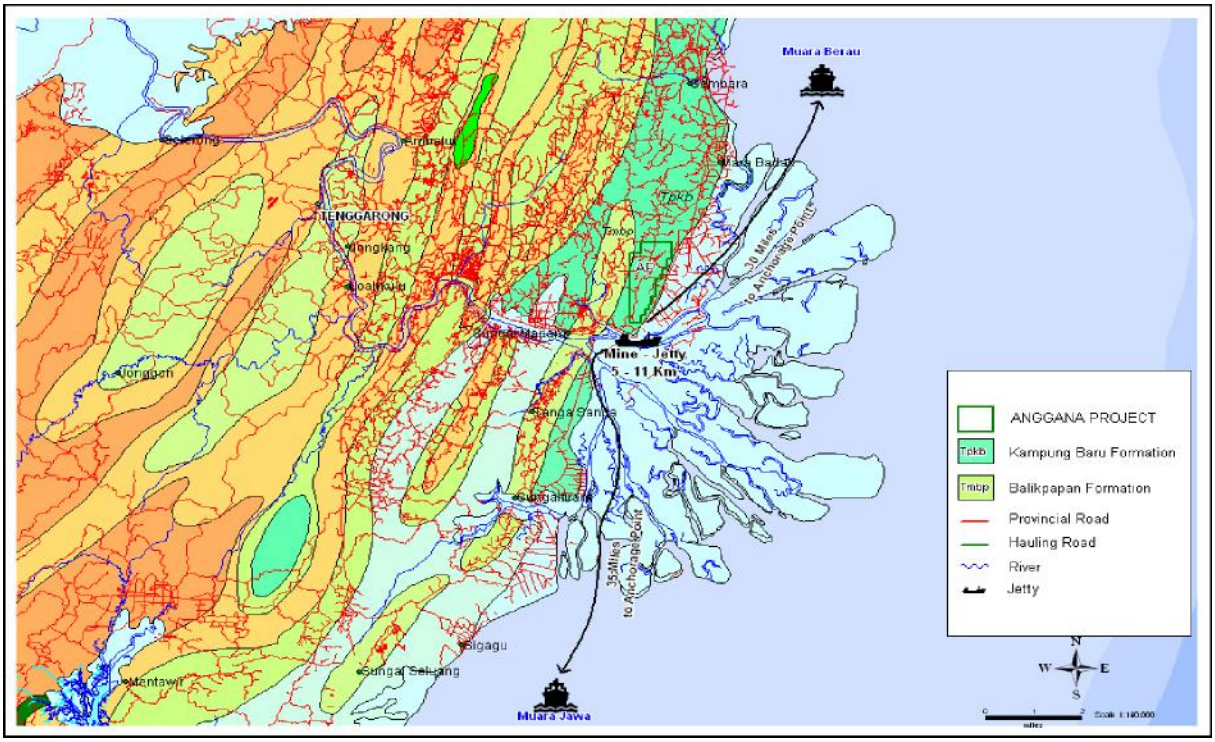


ANGGANA PROJECT

The project offers an opportunity for a low cost operation centered on opening the near-surface pits and using the operations as a base to expand to the multiple seams target withinthe area. Anggana project is closed to Mahakam River with 5-11 km hauling road from the mine site to jetty with conveyor loading facility and takes about 24 hours for barging to Muara Jawa Anchorage. Previous loading capacity is rated at around 200tph.

Legal and technical due diligence continues on this project, whilst negotiations for an agreement is in process. After this, an activity plan will be started in order to conduct 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 is in the 'Clean and Clear' status.

MAP ANGGANA AREA



PPA

TAPAN

Exploration Tenement (IUP Eksplorasi) no. C516/126/KPTS/BPT-PS/2010 with the total area of 2053.92 has been granted Clear and Clean Status by the government while Production Tenement (IUP Produksi) No. C540/432/KPTS/BPT-PS/2010 with the total area of 198.88 Ha is still in progress of obtaining the Clear and Clean Status.

TAPAN CASE

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Adavale Resources Limited

ABN

96 008 719 015

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) administration	(26)	(26)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other –	-	-
	Net Operating Cash Flows	(26)	(26)
	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)	(26)	(26)

1.13	Total operating and investing cash flows (brought forward)	(26)	(26)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (cost of raising funds and sale unmarketable parcel of shares)	-	-
	Net financing cash flows		
	Net increase (decrease) in cash held		
1.20	Cash at beginning of quarter/year to date	51	51
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	25	25

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	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

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	$1,000,000	$600,000
3.2	Credit standby arrangements	-	-

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 2015, carries interest at 8% (or 15% on any default amount), and is convertible into shares at a conversion price of 5 cents per share. Drawings of $600,000 had been made to 30 September 2014

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	30
4.2	Development	0
4.3	Production	-
4.4	Administration	80
	Total	110

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	25	51
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	25	51

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	1/ EL 4949 (South Australia) 2/ EL 4950 South Australia) 3/ MEPL (IUPOP) 540/452/Kpts/BPT-PS/2011 (Incorporating MEL (IUP) 540/22/Kpts/BPT-PS/2013) West Sumatera, Indonesia	Wholly owned Wholly owned Wholly Owned	100% 100% 100%	100% 100% 100%
6.2	Interests in mining tenements acquired or increased		N/A		

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	316,990,035	316,990,035		Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	10,000,000 10,000,000 20,000,000 20,000,000 60,000,000		*Exercise price* 0.045 0.05 0.06 0.07	*Expiry date* 31 Jul 2015 31 Jul 2016 31 Jul 2015 31 Jul 2016
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
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: (Director) Date: 29/10/2014

Print name: HARYONO EDYANTO

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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