Activities Report

Quarter Ended

30 June 2009

ABN 96 008 719 015

www.adavaleresources.com.au

27 July 2009

Company Announcements Office
ASX Limited

Dear Sir/Madam

RE: ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2009

- Encouraging results from exploration at the Mt Flint Industrial Sand Project
- Drilling has commenced on new uranium targets at Lake Surprise

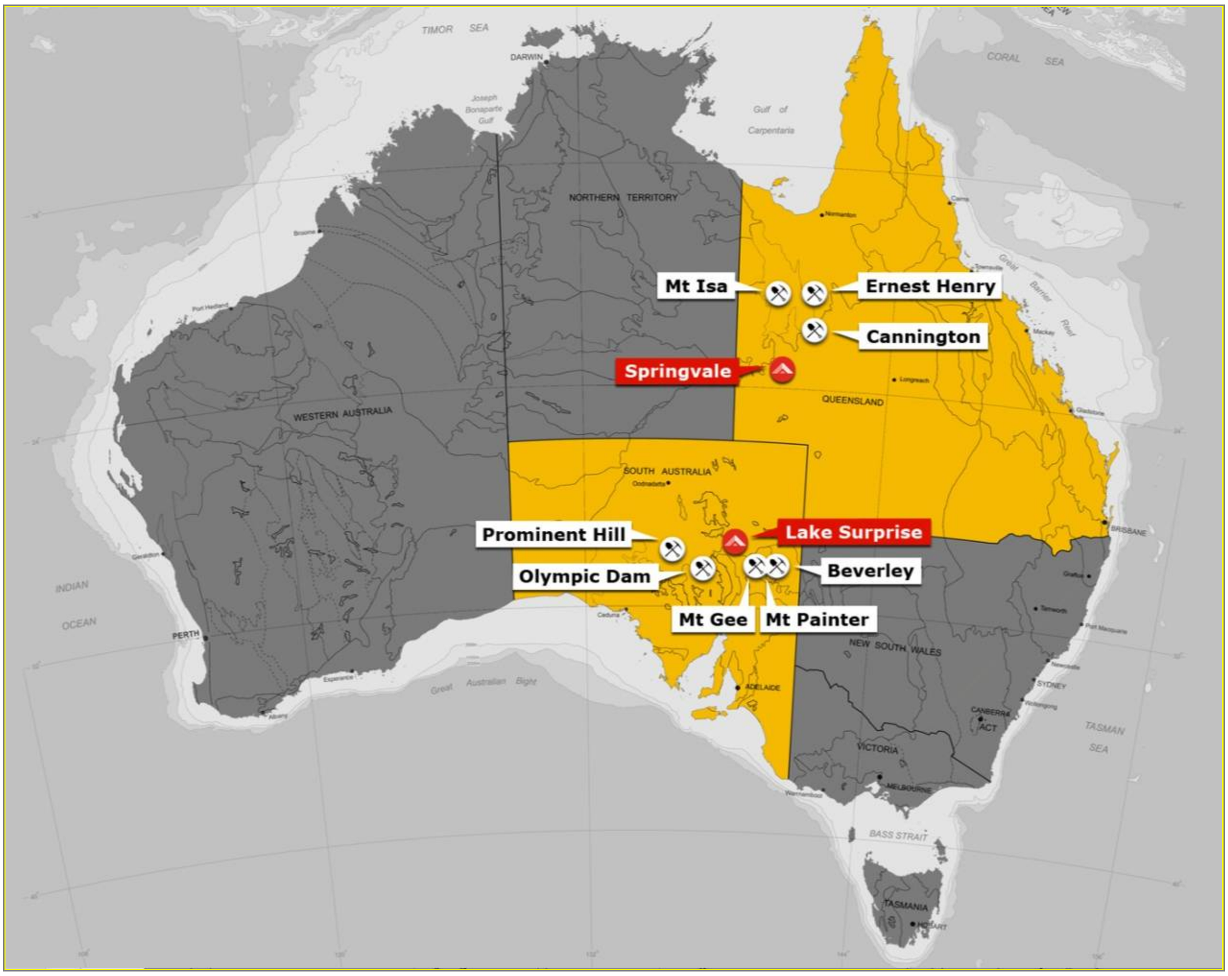

Figure 1: Adavale Resources Tenement Locations

LAKE SURPRISE: SOUTH AUSTRALIA (100% Adavale)
Adavale is actively exploring for sedimentary uranium at the Lake Surprise Project in South Australia. EL 3622 and EL3620, 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, Beverley and Beverley Four Mile deposits.

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

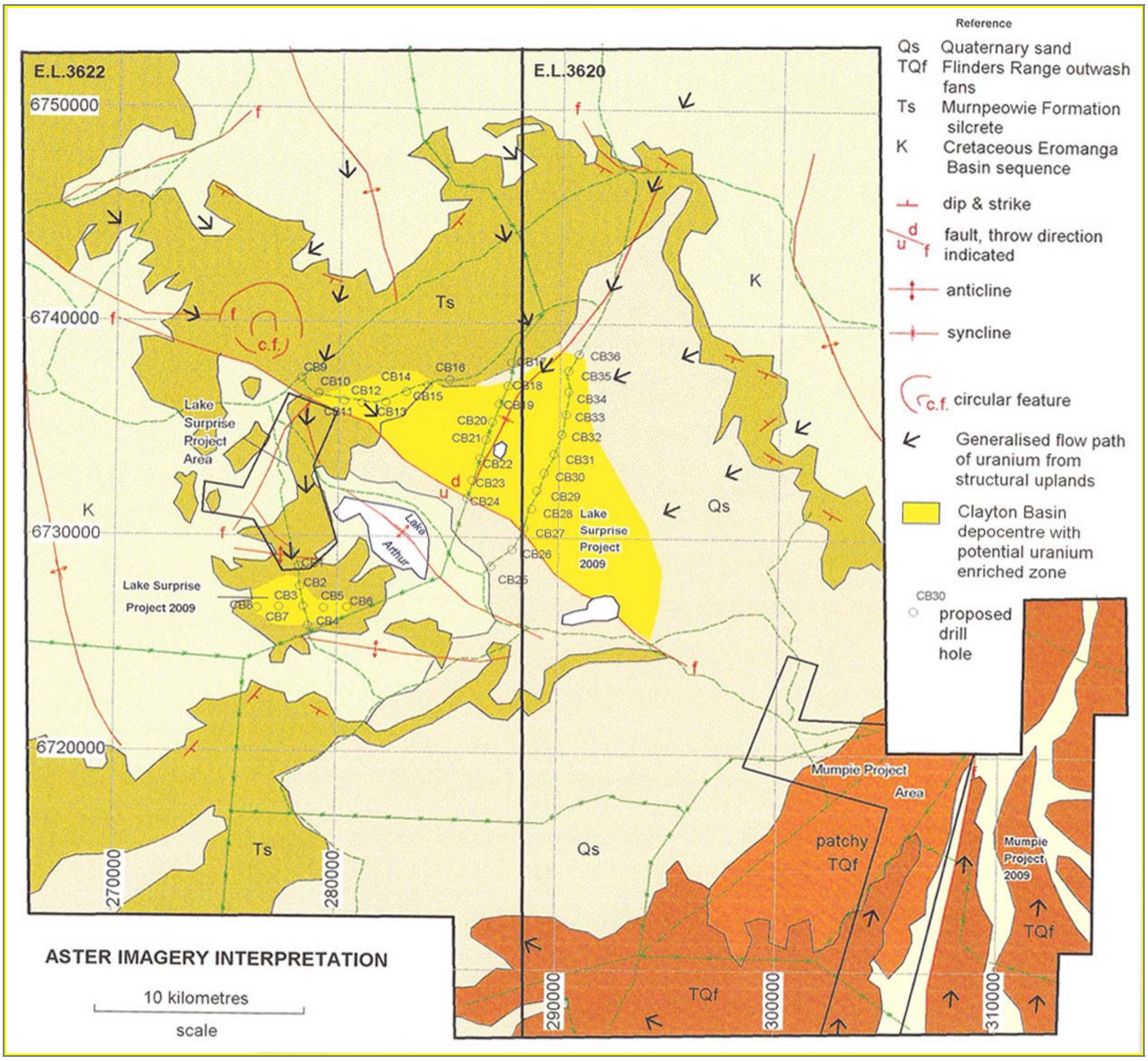

Figure 2: ASTER Imagery, palaeodrainage interpretation

The **Clayton Basin Prospect** lies in central part of the lease area and within a Tertiary basin that occupies approximately 120 km2. Results to date are encouraging and demonstrate widespread anomalous uranium.
During the quarter, a drilling program commenced to test two structural depo-centres within the Clayton Basin Prospect identified as potential sites for uranium mineralisation. The targets were identified as a result of interpretation and

stereoscopic comparison of the photogeology and ASTER day and night time imagery, in conjunction with other data sets.

A small, high resolution radiometric survey (3 X 3m cell size) was undertaken in the southern Clayton Basin using Adavale's PICO Spectrometer. The area surveyed is small, measuring 100 X 100m, but shows numerous uranium anomalies (red and yellow zones) that are aligned along a series of sinuous, branching, palaeochannel-like features. Approximately 15% of the total area surveyed is anomalous in uranium.

A centrally located drill hole (white dot, see figure 3) has established that the Tertiary sequence is only 25m in thickness and the lack of surficial soil and sand indicates that meaningful subsurface data, pertaining to the presence of shallow uranium enriched zones, has been obtained. Because of these positive results, the survey area will be greatly expanded and future drill holes positioned at 'highs' along the palaeochannels".

Results of the drilling and gamma ray logging will be released as they become available.

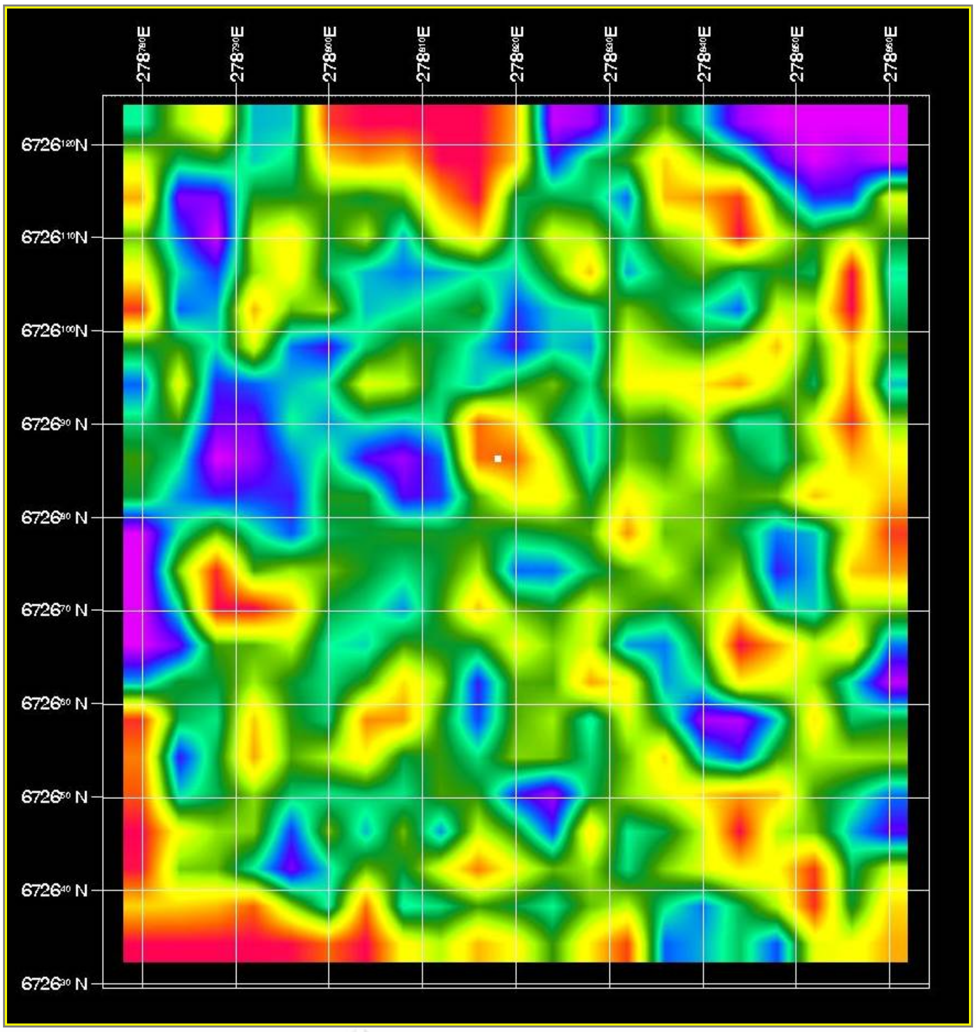

Figure 3: Spectrographic pseudo-colour image of the uranium channel, with red and yellow high values and blue and purple low values.

The **Mumpie Prospect** lies in EL 3620 in the southeast corner of the project area and covers a palaeo drainage system of approximately 170 km^2.

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. Palaeochannels and faults identified from the ASTER imagery provide attractive drilling targets.

Drilling and gamma ray logging of these targets is expected during the third quarter of 2009.

SPRINGVALE: QUEENSLAND (100% Adavale)

Adavale's Springvale Project 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 for Olympic Dam IOCG and Mt Isa style mineralisation at shallow depths within the underlying Proterozoic 'basement'.

Previous reconnaissance drilling by the company has confirmed anomalous concentrations of uranium, vanadium and molybdenum in the Toolebuc Formation and this area of the Diamantina Province has been the subject of semi-detailed, geophysical, State Government programs that have led to a marked increase in exploration for Olympic Dam IOCG and Mt Isa style mineralisation within the underlying Proterozoic 'basement' sequence. The region is emerging as a possible new mineral province.

During the quarter the company undertook a detailed review of the area held, together with the results of earlier drilling, and as a result is in the process of rationalizing the acreage position. The new lease position will be confined to the northwest of the original project area where the Toolebuc Formation appears to have its greatest potential and the underlying Proterozoic 'basement' is at shallow depth.

MT FLINT: SOUTH AUSTRALIA (100% Adavale)

The prospect consists of EL 4109 covering an area of 995 sq km. Initial reconnaissance drilling led to the discovery of a very pure silica sand deposit with potential industrial applications. This sand extends from 2m to a depth of 34m (base not reached) and comprises fine grained, transparent to translucent quartz. (Figure 4). Preliminary XRF analyses and microscope petrological studies indicated the sand was at least 97% quartz with a proportion of the approximate 3% of contaminants, appearing to have been largely derived from the mud used in the rotary drilling method.

During the quarter, further drilling was carried out using techniques to minimize contamination and there was a marked improvement in the assays.

On Site Technology P/L have completed a preliminary report on options for upgrading the sand and a summary of results are shown in Table 1.

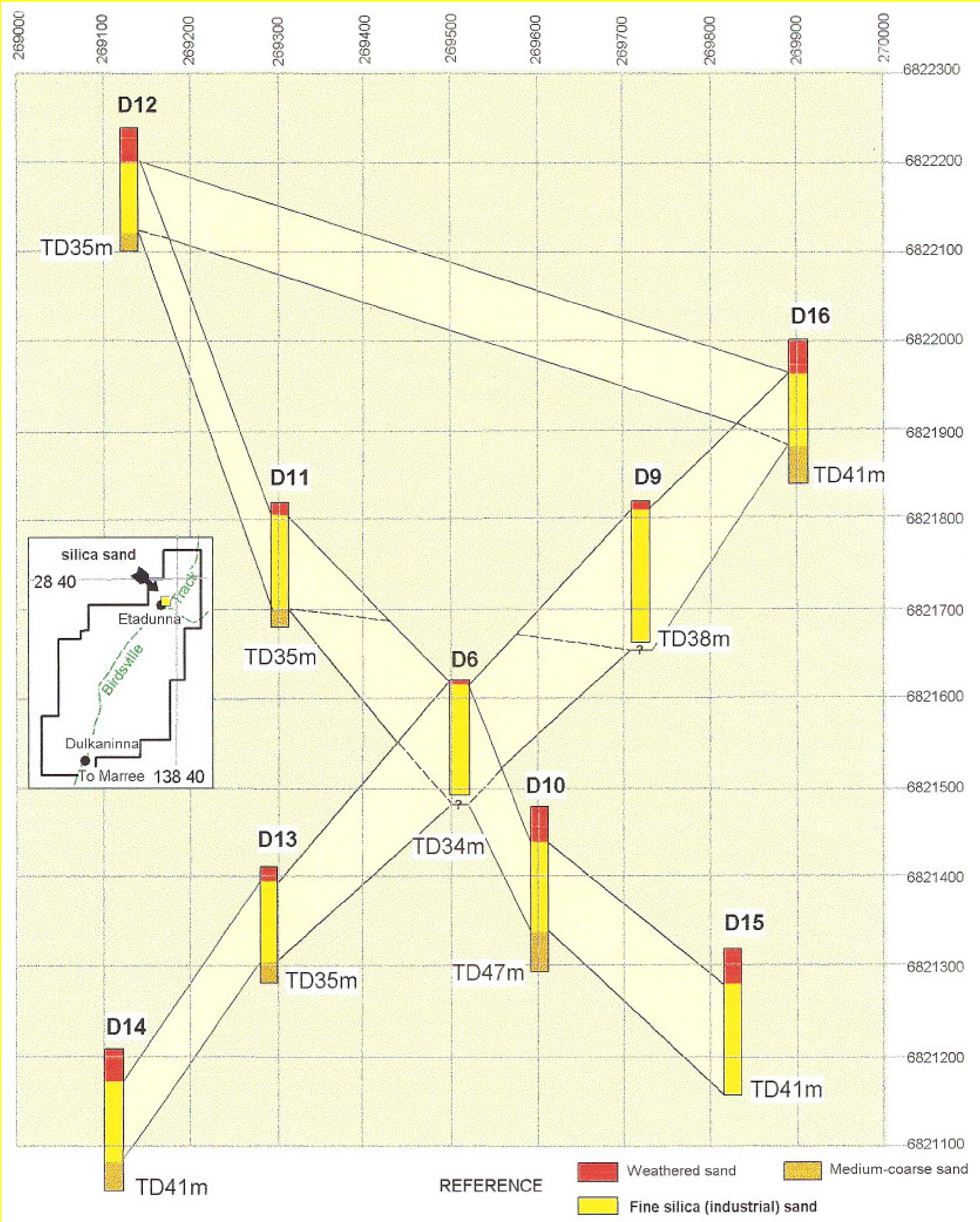

Figure 4: Etadunna Industrial Sand Deposit

All samples and sub samples were submitted to AMDEL Ltd for determination of SiO_2 content and potential contaminants.

Although the current investigation is preliminary and by no means exhaustive, the results do suggest a number of relatively simple and inexpensive methods of upgrading can be applied that show significant improvement in grade. These approaches warrant further more robust investigation. Given the size of the resource selective mining of the higher grade would be applicable.

Sample		As "Mined"	Dry Screened <0.5mm		Washed after Screen		Acid Leach after Screen	
		% SiO_2	% SiO_2	% recovered	% SiO_2	% recovered	% SiO_2	% recovered
D-17	**4-17m**	98.4	98.7	93.2	99.0	91.6	99.2	90.7
D-18	**8-12m**	97.9	98	97.5	98.5	95.2	98.7	93.9
D-18	**12-16m**	98.6	98.5	81.2	99.1	79.3	99.1	78.3
D-19	**6-11m**	97.2	97.8	89.8	98.6	85.7	98.7	85.0

Table 1: AMDEL results

Drilling so far has been confined to a small area and is open on three sides indicating a large potential resource. Several million tons of industrial sand is inferred from the approximately one square kilometre drilled to date.

The company is continuing with work to determine the grade and commercial applications and management will undertake a scoping study to identify possible markets, and to understand the economic parameters. Such a large sand body may grade laterally towards an easterly located palaeoshoreline where heavy mineral sands may occur. Further research and drilling are planned to extend the distribution of the industrial sand and to investigate the heavy mineral sand potential.

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"

Rule 5.3

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	Quarter ended ("current quarter")
96 008 719 015	30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation	(195)	(902)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(124)	(638)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		67	337
1.5	Interest and other costs of finance paid		-	(1)
1.6	Income taxes paid		-	-
1.7	Other		-	-
	Net Operating Cash Flows		(252)	(1,204)
	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)		(252)	(1,204)

1.13	Total operating and investing cash flows (brought forward)	(252)	(1,204)
	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	(252)	(1,204)
1.20	Cash at beginning of quarter/year to date	5,073	6,025
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	4,821	4,821

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	203
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 $10,175 were made to Arthur Phillip Pty Ltd, an associated entity of Mr R Poole. The disbursements were in relation to directors fees, company secretarial and advisory services provided.
- Payments totaling $33,094 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 $4,245 were made to Mr M Stevenson in relation to directors fees owing.
- Payments totaling $8,800 were made to Steinepreis Paganin, an associated entity of Mr R Steinepreis. The disbursements were in relation to directors fees.
- Payments totaling $6,600 were made to Entertainment Marketing Enterprise Pty Ltd, an associated entity of Mr P Suriano, in relation to directors fees owing.
- Payments totaling $140,195 were paid to Drill Logic, an associated entity of Messrs M Stevenson and J Risinger

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	200
4.2	Development	-
	Total	200

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	4,821	5,073
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	4,821	5,073

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		N/A		

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)*			*Exercise price*	*Expiry date*
		5,714,286		0.21	31 Mar 2010
		1,428,571		0.21	30 Nov 2011
		1,547,619		0.21	1 Dec 2011
		8,690,476			
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: 27 July 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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