



ADAVALE RESOURCES LIMITED

ACTIVITY STATEMENT FOR THE QUARTER ENDED 31 December 2019

CORPORATE

On 26 November 2019 the Company announced major changes to the Capital Structure and ownership, the assignment of the Convertible Note to new investors, and a change to board membership.

The \$1 Million Convertible Note converting 7 January 2022, (having extended the maturity by the previous owner) has been assigned to new investors with a non-call or convert for a certain period.

Since the announcement the placement of shares to the value of \$160,000 has taken place issuing 21,333,333 shares. Leading up to the announcement, 6,428,572 shares were issued in accordance with the terms of the Standby Subscription Agreement (SSA) capitalizing \$45,000.

BOARD AND OFFICE CHANGES

Resulting from the above corporate changes, Messrs H Eddyarto, H Guo, K Signavong and A Ritchie resigned from the Board, and Messrs Louis Clinton appointed new Chairman and Peter Tsegas and Gary Stewart appointed non-executive directors.

Mr Jurgen Behrens has been appointed Joint Company Secretary and Chief Financial Officer.

STANDBY SUBSCRIPTION AGREEMENT

On 24 July 2017 the Company announced the SSA with GTI Holdings Ltd for a \$1,000,000 facility to provide working capital to the Company. To the end of December 2019 \$683,159 had been drawn against this facility with 72,610,221 shares issued as a consequence. The Company is agreeing to the Standby Subscription Agreement lapsing, and look toward seeking exploration funding through other avenues.

LAKE SURPRISE

The Company holds three tenements in the Lake Surprise region, ELs 5892, 5893 and 5644. All 3 tenements were renewed for a period of two years to approx. August 2020. No field activities were undertaken during the quarter ended 31 December 2019.

OUTLOOK

The new Board of the Company recently announced the results of a strategy meeting held in the latter part of December 2019 to help fast track the advancement of the Company.

The Board will shift its focus to target highly prospective projects to feed into the “new energy” sector of Lithium ion Batteries.

The Company has begun the process of setting up a subsidiary in Asia and has finalized the set-up of an African subsidiary in Tanzania. The Company intends to target potential projects in these regions utilizing the skills and contacts of newly appointed directors Louis Clinton and Peter Tsegas who combined have spent over four decades in these continents.

On the 9th January 2020 the Company announced that applications have been submitted over the Kabanga North and Kabanga North East tenements, adjoining tenements to the world famous Kabanga Nickel Sulphide Project. The tenements are in the Karagwe-Ankolean system which hosts the Kabanga Nickel Project, and cover 411 sq km. The Company intends to test high grade targets identified via historic data along with field work to begin soon.

CAPITAL RAISING.

During the quarter and following the changes in corporate management and ownership, the company raised \$160,000 cash by share placement. It is the Company intention to proceed this quarter toward a further substantial share placement within the Company's Listing Rule 7.1 and 7.1A capacity, in order to effectively fund the Tanzanian project as well as meet its obligations with respect to its "Lake Surprise" Uranium tenement.

Louis Clinton
Chairman

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")

31 DECEMBER 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(3)	(3)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(81)	(143)
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	(84)	(146)

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 (6 months) \$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	165	165
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	(32)	(32)
3.5	Proceeds from borrowings	-	40
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	133	173

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1	23
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(84)	(146)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	133	173
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	50	50

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	50	1
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)	50	1

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
1
-

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 Convertible Note facilities (refer below)	\$1,000	\$1,000
8.2 Standby Subscription 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.		

CONVERTIBLE LOAN FACILITY

The Convertible Note Facility (CNF) initially taken out with Jun Moon Limited for \$1,000,000 was assigned during the quarter to various new investors. The CNF is fully drawn and contains the following conditions;

- Repayable within 36 months of execution date (07 January 2017) or any other date as agreed (subsequently agreed to defer to 7 January 2022),
- Interest shall accrue at a rate of 8% per annum,
- At the lender's discretion, all or a proportion of the advance, and any or all accrued interest thereon shall be applied to the subscription of shares by the lender at a price of \$0.05 per share.

STANDBY SUBSCRIPTION AGREEMENT

On 24 July 2017 the Company announced a Standby Subscription Agreement with GTI Holdings Ltd for a \$1,000,000 facility to provide working capital to the Company. To the end of December 2019 \$683,158 had been drawn against this facility with 72,610,221 shares issued. The Standby Subscription Agreement is no longer being used by mutual agreement.

CAPITAL RAISING.

During the quarter and following the changes in corporate management and ownership, the company raised \$160,000 cash by share placement. It is the Company intention to proceed this quarter toward a further substantial share placement within the Company's Listing Rule 7.1 and 7.1A capacity, in order to effectively fund the Tanzanian project and meet obligations with respect to its "Lake Surprise" Uranium tenements.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	50
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	150

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:  Date: 31 January 2020

Print name: Louis Clinton

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.