



30 April 2008

Company Announcements Office  
ASX Limited

Dear Sir/Madam

**RE: ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2008**

**LAKE SURPRISE: SOUTH AUSTRALIA**

Adavale's Lake Surprise project is 100% owned and consists of three exploration licenses, 3621, 3622 and 3620 that make up 2705 sq km located near the west margin of the Eromanga Basin and north of the Flinders Range. Initial exploration in 2007 identified two prospects known as Clayton Basin and Mumpie Prospects.

***Clayton Basin Prospect***

This prospect occupies approximately 120 sq km in the central part of EL 3622. Results from exploration during 2007 were encouraging and demonstrated that widespread anomalous uranium is present in the Clayton Basin sequence.

During the first quarter the company completed a further 17 core holes (LSC14 to LSC30) and 74 RAB holes (LS 100 to LS 173). All holes were gamma ray logged using calibrated equipment and the cores were assayed using an XRF analyzer. Results continue to show widespread uranium and radioactive anomalies. Interpretation of the calibrated gamma ray logs is being carried out by an independent geophysicist. XRF assays for core holes LSC14 to LSC30 are listed in Appendix 1.

LSC14 to LSC24 were core holes, twinned alongside anomalous RAB holes, from which samples were sent to Western Radiation for chemical analysis during 2007. These holes were drilled as part of an ongoing exercise to determine the levels of disequilibrium. Western Radiation and ANSTO were commissioned to carry out tests on the levels of radiation and disequilibrium. ANSTO results are expected in the next few weeks.

Core holes LSC25 to LSC30 form part of a 100m grid drilled and encompassing resistivity lines 6, 7 and 8 in the Jubilee deposit. The Jubilee deposit is located in the northern part of the Clayton Basin and forms part of a shallow palaeochannel that is being explored during the current and ongoing, drilling program. The holes were cored to provide rock for assaying, gamma log correlations and uranium grade contouring of the uranium deposit. Drilling and logging of RAB holes LS100 to LS173 on a 100m grid at the Jubilee deposit and



on a 20 by 40m grid at the Plastic Tank deposit are in progress and the results of the recent drilling results are being reviewed. Additional core holes will be sited alongside RAB holes that have anomalous gamma readings, in order to recover cores for assay.

### ***Mumpie Prospect***

The Mumpie prospect lies in the South East corner of EL 3622 and covers approximately 170 sq km.

Exploration during 2007 met with early success with the discovery of broad zones of subsurface radioactivity associated with low, but anomalous concentrations of uranium. Further reconnaissance drilling will be required to fully delineate the anomalous areas which are largely open ended. Geological similarities in sediment types with the Honeymoon and Beverly 4 mile deposits, enhances the possibility of economic mineralization at shallow depths within the prospect.

There was no activity on the prospect during the quarter. Further reconnaissance drilling, gamma ray logging, coring and XRF analysis are planned for the current quarter.

### **SPRINGVALE: QUEENSLAND**

Ten exploration licenses make up the 100% owned Springvale Project in Southwest Queensland and cover an area of approximately 3000 sq km.

Agreements have been reached with Native Title claimants and plans are advanced for geological field work to delineate areas for drilling.

The Toolebuc Formation has been identified as the primary target and is a rich fossiliferous rock unit known to contain uranium, vanadium and molybdenum.

Preliminary work has included air photo acquisition over the entire project area, data research and assaying of drill core and cuttings obtained during a reconnaissance program undertaken by the Bureau of Mineral Resources in the early 1970's. These drill hole materials are held at the Core and Cuttings Laboratory at Geoscience Australia, Canberra, ACT. Portions of the cores were analysed by Adavale and the results confirmed that the rock sequence contains anomalous uranium, vanadium and molybdenum.

During the quarter air photo interpretation was completed and photogeological maps in digital GIS format were produced.

Reconnaissance drilling in outcrop and shallow down-dip environments of the Toolebuc Formation is planned for 2008 and will evaluate the uranium depositional and enrichment model (Redox model). Particular attention will be given to drilling in the vicinity of local structures identified in the photogeological maps that may influence the location of mineralization in enriched zones.



### **FINNISS SPRINGS: SOUTH AUSTRALIA**

Finniss Springs consists of three Exploration Licence applications (ELAs 335/07 399/07 558/07) for a total area of 1,897 sq km situated 100 km west of the Lake Surprise Project.

The area has been reported as having potential for strata bound copper-zinc deposits and Olympic Dam type deposits at depth. Early exploration in the area of the Clara St Dora Copper Mine and associated large gravity anomaly, returned encouraging assays of copper (990, 450 & 490ppm), zinc (550, 450 & 310ppm), gold 5.5ppm and uranium 700ppm.

During the quarter new, colour, aerial photographs were flown at approximately 1:35000 scale and photogeological interpretation maps are currently in progress.

Early targets on the project include the Clara St Dora Mine, coincident gravity and magnetic anomalies, crystalline basement at less than 400m, and base metal and high uranium values reported from WMC water bores.

### **MT FLINT: SOUTH AUSTRALIA**

The Mount Flint Project consists of four separate Exploration Licences EL's 4106, 4107, 4108 and 4109 totalling 2098 sq km and one Exploration Licence Application ELA 193/07 for 922 sq km. The project is 100% owned. The targets are near surface in the form of sedimentary uranium in palaeochannels and sedimentary phosphate rock.

The Lake Surprise Project immediately to the south has a very large surface uranium radiometric signature (1000 sq km) and this area is likely to have shed uranium into ancient drainage that may have been re-deposited in the Mt Flint Project area.

Photogeological interpretations of the project area were completed in the quarter and geological maps prepared. These maps will enable Adavale to identify areas that are suitable for the development of near surface, palaeochannel uranium mineralization. A possible phosphate rock horizon at the unconformity between the Tertiary and Cretaceous sequences has been identified and high phosphate assays up to 28% P<sub>2</sub>O<sub>5</sub> were measured from core and cuttings obtained during drilling of the Clayton 3 water bore.

Geological field work will take place, encompassing both the Finniss Springs and Mt Flint Project areas later in the year, with a view to identifying drill locations for initial subsurface reconnaissance investigations.





## APPENDIX 1

HOLE #	LOCATION	DEPTH TO GAMMA (M)	WIDTH OF GAMMA	CORE INTERVAL	XRF ppm U <sub>3</sub> O <sub>8</sub>
LSC 14	278206	2.7	1.4	3.0-6	71, 167, 157
	6731005	4.3	1.2		202, 257
LSC 15	278636	Nil	Nil		
	6730722				
LSC 16	279282	2.6	0.3	7	53
	6730795	7	0.4	13.5	72, 78, 117
		13.3	0.4		
LSC 17	279145	4.8	0.5	4.5-6	104, 151
	6729701	6.8	0.5	6-7.5	97, 78
		8.5	0.2		
		13.5	0.4		
LSC 18	277349	1.9	1.7	0-1.5	64, 73
	6729352	11.7	0.2	1.5-3	90, 52, 78, 124
					3-.45
LSC 19	278042	7.7	1.6	4.5-6	84, 90, 75, 80
	6734711			7.5-9	108, 91, 83, 98, 91, 83
LSC 20	276087	2.1	5.2	1.5-3	353, 257, 151, 288, 387, 186
	6730763			3.0-4.5	248, 191, 241, 167, 150, 190, 189, 182, 197, 110, 91
				4.5-6.0	72, 66, 65, 50, 57, 80, 91, 177, 80
				6.0-7.5	105, 104, 130, 60, 70
LSC 21	275467	Nil	Nil		
	6730386				
LSC 22	275200	0	3	0-1.5	680, 593
	6730226			1.5-3	535, 65
LSC 23	276030	2.1	1.3	1.5-3	144
	6731209	5.4	0.4	3-4.5	177
		6.5	>0.5	6-7.5	167, 205
LSC 24	278139	8.5	0.5	7.5-9	413, 281
	6734644			9-10.5	83
LSC 25	278042	2.5	1.2	3-4.5	118
	6734711				
LSC 26	278092	0	3.1	0-1.5	126
	6734673			1.5-3	226, 143, 62
LSC 27	278291	nil	nil		
	6734649				
LSC 28	278236	7	8	7.5-9	462, 442
	6734562				
LSC 29	278369	5	6.5		
	6734943				
LSC 30	277907	3.8	4.5		
	6734603				

**Table 1: Core Hole Data**

**Competent Persons Statement**

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 2008

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	104	399
1.2	Payments for (a) exploration and evaluation	(389)	(1,079)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(247)	(468)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	61	110
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Other - restructure costs	(254)	(344)
	<b>Net Operating Cash Flows</b>	<b>(725)</b>	<b>(1,383)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	(7)
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)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>(7)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(725)</b>	<b>(1,390)</b>

1.13	Total operating and investing cash flows (brought forward)	(725)	(1,390)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,790	4,895
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)	(110)	(110)
	<b>Net financing cash flows</b>	3,680	4,785
	<b>Net increase (decrease) in cash held</b>	2,955	3,395
1.20	Cash at beginning of quarter/year to date	3,441	3,001
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	6,396	6,396

### 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	181
1.24	Aggregate amount of loans to the parties included in item 1.10	

### 1.25 Explanation necessary for an understanding of the transactions

- Payment to entities associated with directors for consulting services (\$130,000) and directors fees (\$50,750)

### 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	380
4.2 Development	-
<b>Total</b>	<b>380</b>

## 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	6,396	3,441
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>6,396</b>	<b>3,441</b>

## 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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	183,593,979	183,593,979		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	16,666,667 2,000,000	16,666,667 2,000,000	22.5 2.0	22.5 2.0
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	12,382,286		<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter	3,691,810 5,714,286 1,428,571 1,547,619		0.21 0.21 0.21 0.21	31 Dec 2008 31 Mar 2010 30 Nov 2011 1 Dec 2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## ***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: [Original Signed by RJ Poole]  
(Director)

Date: 30 April 2008

Print name: Mr 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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