

31 October 2008

Company Announcements Office
ASX Limited

Dear Sir/Madam

RE: ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2008

- Drilling continues at Lake Surprise
- 52 holes drilled and logged at Clayton Basin
- Gamma Logs return readings up to 460cps – visible carnotite
- 18 holes drilled and logged at Mumpie
- Drilling commenced at Springvale

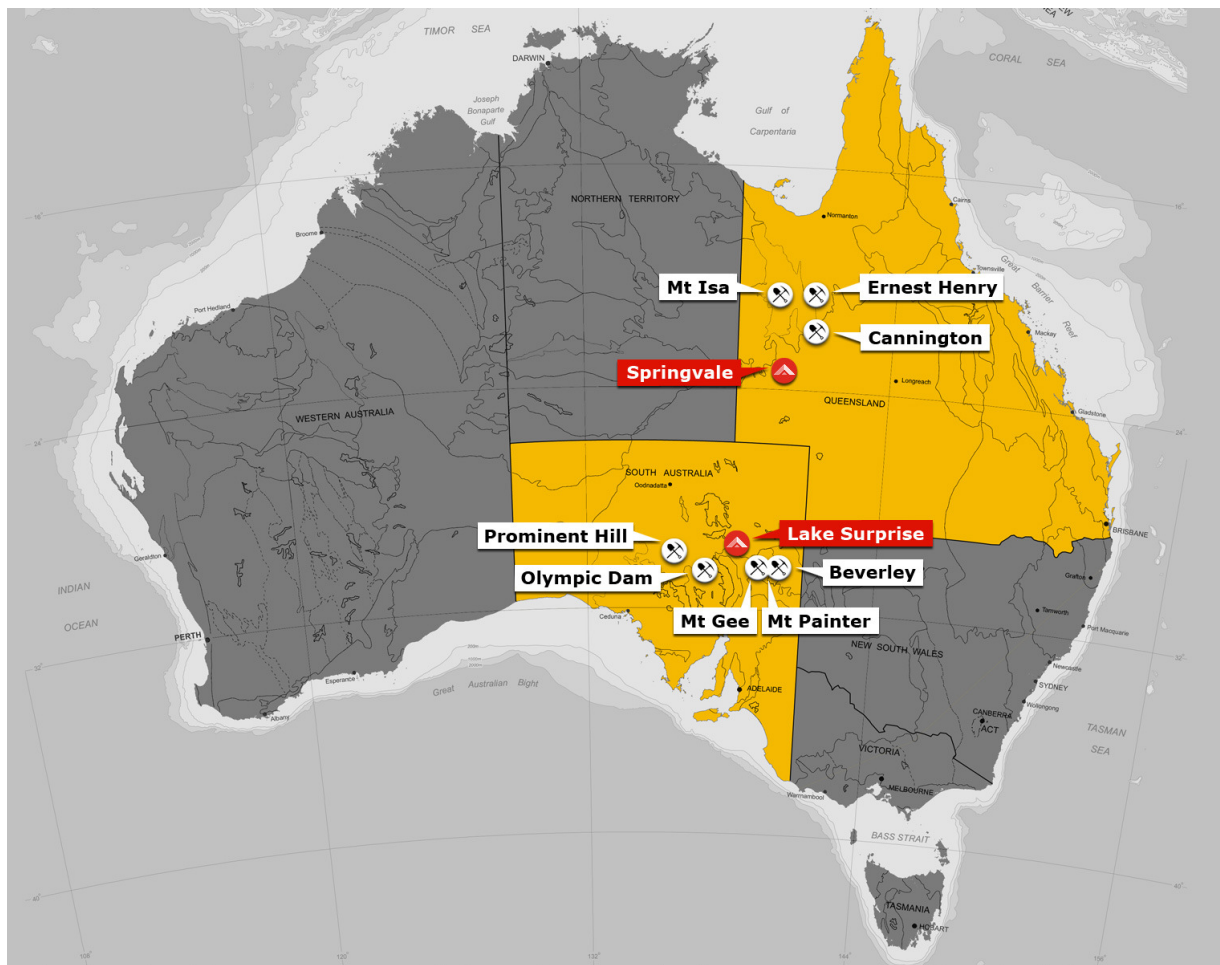


Diagram 1: Adavale Resources Tenement Locations



LAKE SURPRISE: SOUTH AUSTRALIA (100% Adavale)

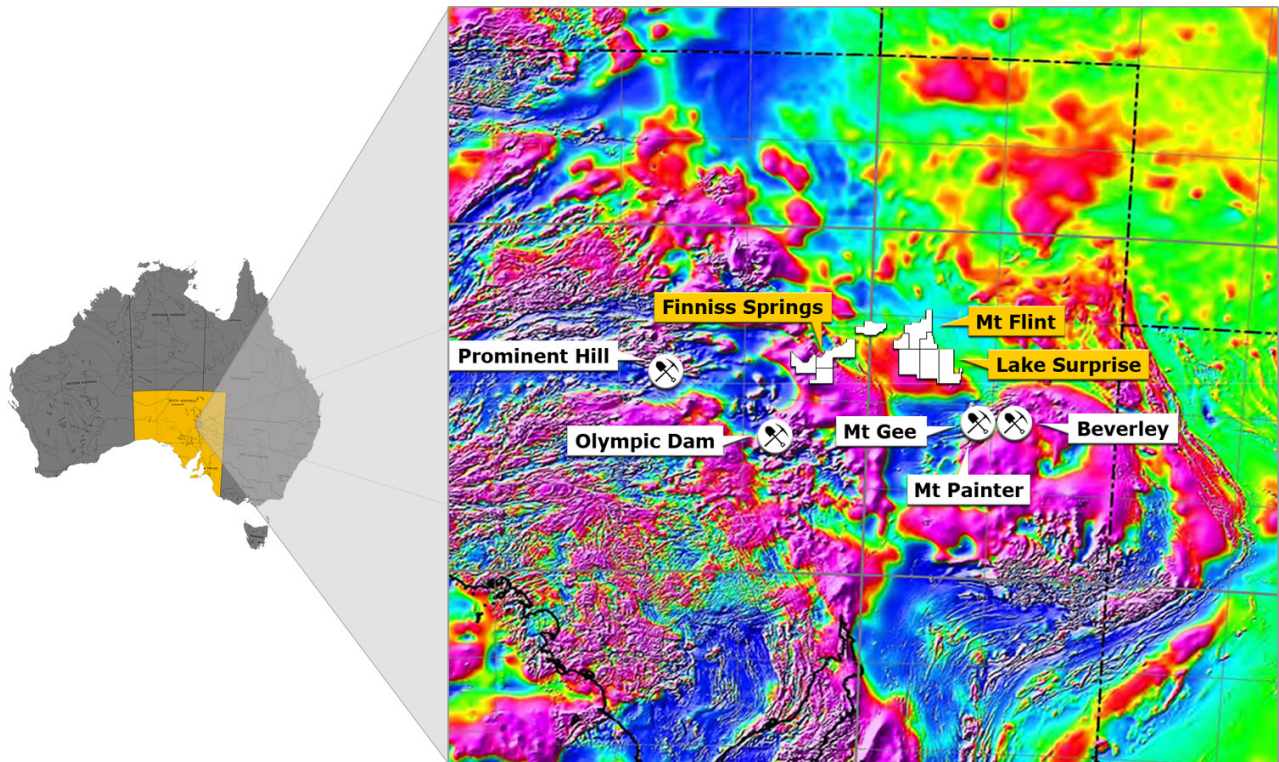


Diagram 2: Magnetics - Lake Surprise Tenement Locations

Adavale is actively exploring for uranium at the Lake Surprise project. Three exploration licenses make up an area of 2705 sq km located in the Eromanga Basin north of the Flinders Range. The Flinders Range area is a source of known uranium-rich rocks that host the Mt Gee, Mt Painter, Beverley and Beverley Four Mile deposits.

The key criteria of uranium deposits in the Eromanga Basin include uranium-rich source rocks, oxidizing groundwater and a suitably porous and reduced sediment host. There is evidence of these criteria at Lake Surprise.

Exploration to date has concentrated on two prospect areas known as Clayton Basin and Mumpie. The prospects cover only a fraction of the total project area which includes a greater than 1000 km² uranium channel radiometric anomaly.

Clayton Basin Prospect EL 3622

The prospect is a Tertiary Basin that occupies approximately 120 km² in the central part of the project area. Results to date have been encouraging and demonstrate widespread anomalous uranium. Core drilling has confirmed consistent mineralization across the Tertiary profile and into the unconformity. The higher gamma ray anomalies and readings from XRF analysis are found in the silicified calcrete and silcrete that occurs throughout the basin.

During the quarter drilling was undertaken on two areas of the Plastic Tank Deposit. The deposit lies to the West of the Jubilee deposit and is thought to be an anabranch of the main palaeochannel. The aim was to infill drill within the gamma ray anomalous zone and around drilling that had shown high gamma ray results.

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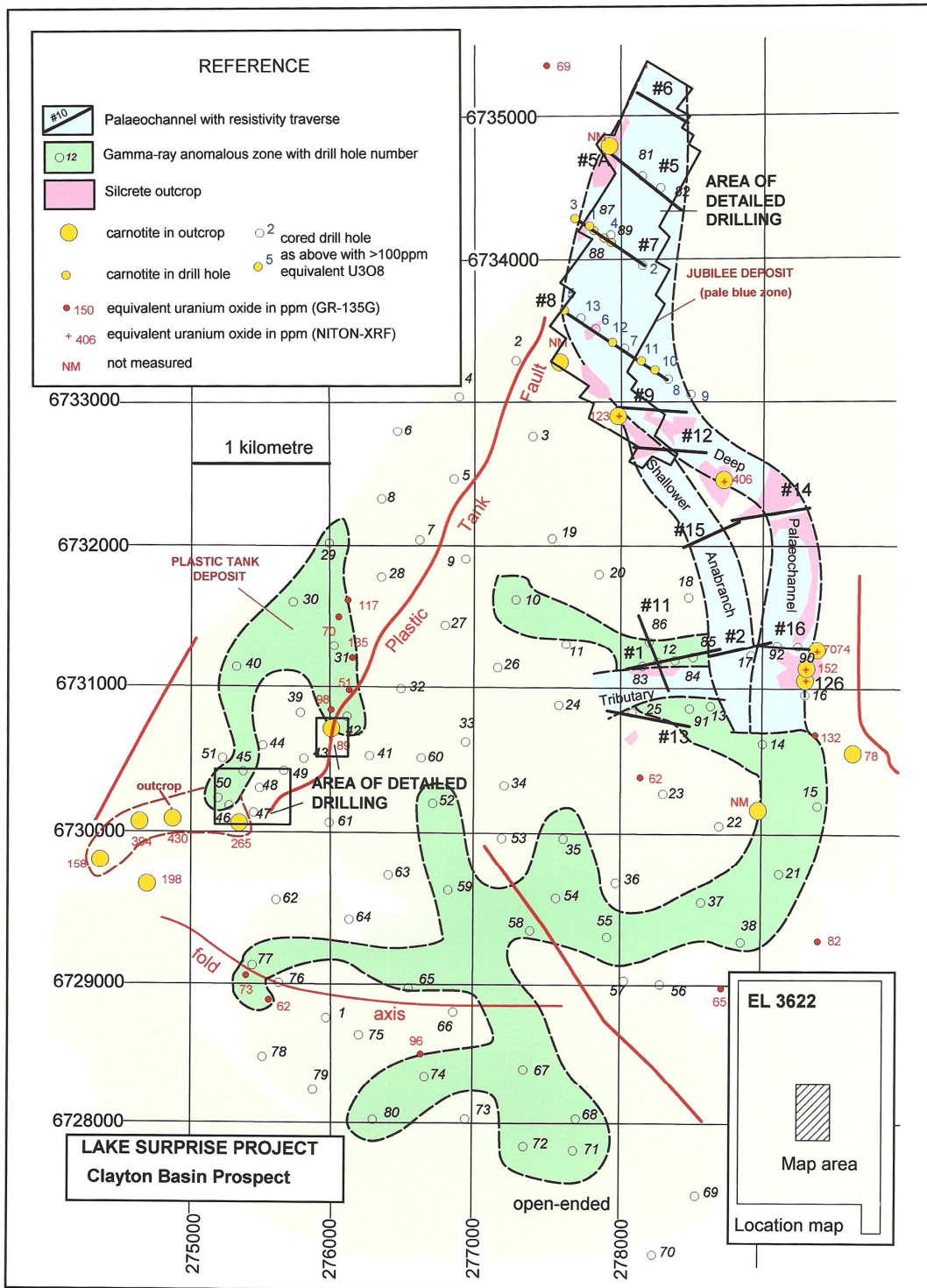


Diagram 3: Palaeochannels delineated by resistivity surveys

52 RAB holes (LS 265 to LS 316) were drilled in total. All holes were gamma ray logged using calibrated equipment and results continue to show widespread uranium and radioactive anomalies. 17 holes were drilled at Plastic Tank (Table 1), 35 holes at Plastic Tank SW (Table 2), and 6 reconnaissance holes were drilled in the general area of Plastic Tank (Table 3).



Hole	easting	northing	Peak CPS	CPS intersection (m)
LS267	276079	6730715	109, 103	2.2-3.0, 3.5-4.5
LS268	276007	6730675	107	5.2-5.8
LS269	276031	6730673	193	4.9-5.4
LS269A			286	4.6-5.3
LS272	276028	6730624	215	2.0-3.8
LS272A			297	1.8-4.0

Table 1: Plastic Tank area. Highest readings.

Hole	easting	northing	Peak CPS	CPS intersection (m)
LS280	275432	6730183	150	3.4-4.7
LS280A			181	3.3-4.7
LS285	275436	6730223	120	3.5-4.2
LS285A			191	2.9-4.2
LS286	275395	6730227	100	6.3-6.4
LS288	275300	6730235	313	3.0-4.4
LS288A	#		469	3.0-4.5
LS289	275249	6730236	108	2.5-2.8
LS289A			150	2.3-3.1
LS293	275490	6730267	104	2.4-2.8
LS293A			152	2.3-2.8
LS295	275399	6730273	116	4.7-4.9
LS295A			152	4.5-4.9

Table 2: Plastic Tank SW. Highest readings. # visible carnotite in 3 – 4m intersection

Hole	easting	northing	Peak CPS	CPS intersection (m)
LS316	276055	6731039	133	5.6-6
LS316A			204	5.5-6.7

Table3: Reconnaissance drilling. Highest readings

Interpretation of the mineralization model is ongoing, along with compilation of the database to allow an understanding of a possible resource. Drilling has better defined gamma ray continuity and the extent of the distribution appears to be three separate mineralized horizons dependent on the topographic relief. Control of the uranium mineralization appears to be the silicified zones below vertical weathering profiles.

All horizons are generally within 10m of the surface, together with occasional peaks immediately above or on the Tertiary-Cretaceous interface.

Diagram 4 is a schematic of the probable model for uranium mineralization at the Jubilee prospect.

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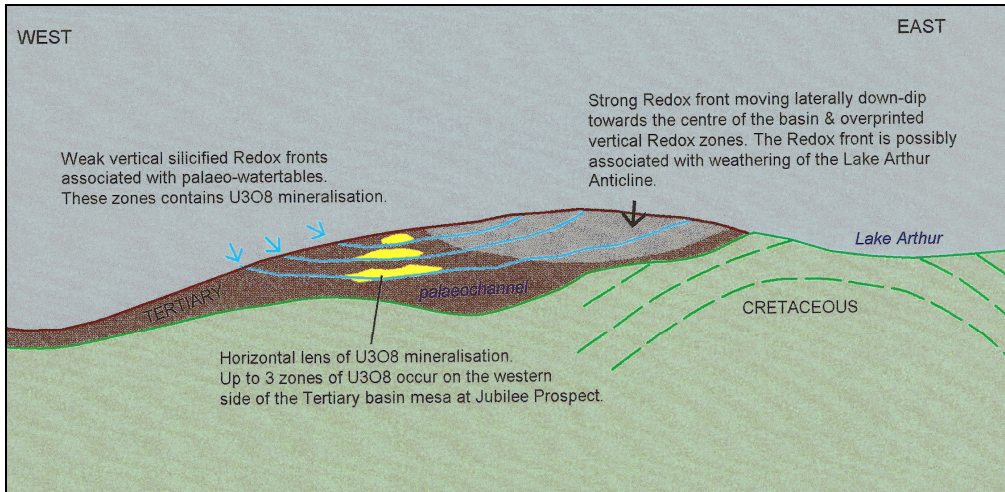


Diagram 4: Lake Surprise Project – Jubilee Prospect, Schematic diagram of U3O8 mineralisation

Exploration for the next quarter will focus on identifying extensions of the palaeo drainage identified so far. As a means of identifying zones of concentration of mineralization, the company has acquired NOAA and ASTER night-time thermal data that is potentially useful for mapping palaeochannels, particularly when used in conjunction with other data sets and drill hole and geological control.

Mumpie Prospect EL 3620

The Mumpie prospect lies in the South East corner of the project area and covers a palaeo drainage system of approximately 170 km².

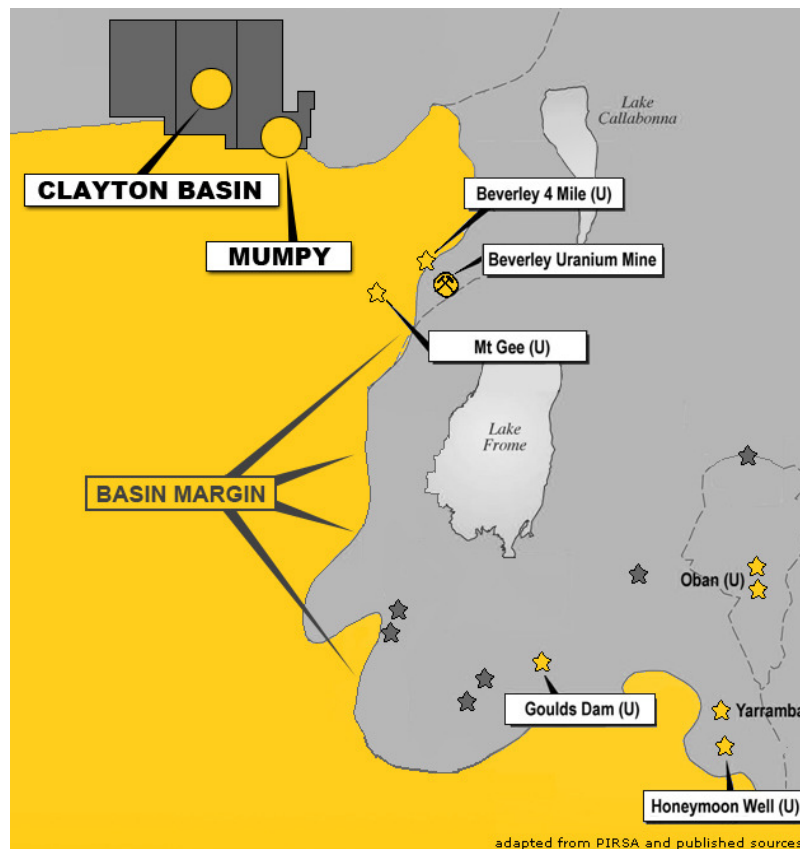


Diagram 5: Location of prospects

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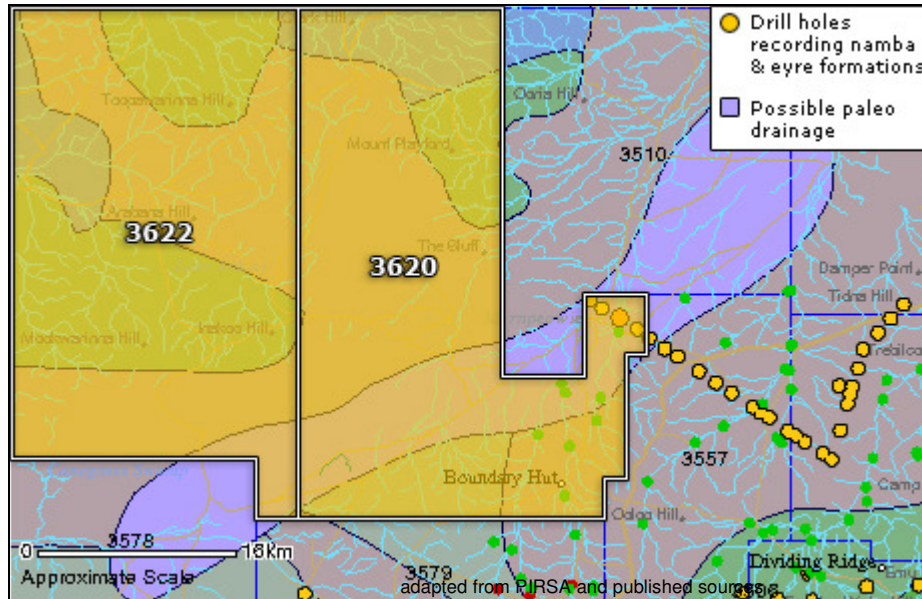


Diagram 6: Previous drilling logs showing namba and eyre formations

The sedimentary targets are fan like distal pediments that extend into the Flinders Range. Gamma ray anomalies occur in gravels that probably represent paleochannel fanglomerites within these pediments.

Drilling by previous explorers within the project area identified Tertiary Eyre and Namba Formations which are known to host several sedimentary roll-front uranium occurrences including the Beverley and Honeymoon Well uranium deposits.

Initial reconnaissance drilling by Adavale identified broad zones of subsurface radioactivity associated with low, but anomalous concentrations of uranium. Following these results 18 holes were drilled and gamma logged in the quarter.

The program included additional holes on top of a fanglomerate to provide a full section. The gamma ray logs showed values over 50 cps. An additional line of holes were drilled some 5 km to the south east in order to examine a fault zone as indicated from the air photo interpretation. Results showed little gamma radiation indicating the fault zone area is towards the discharge end of the fanglomerate and the earlier drilling where the elevated gamma ray levels are being encountered occurs within the deeply weathered clay horizons.

Further reconnaissance drilling will be required to fully delineate the anomalous areas which are largely open ended.

During the next quarter interpretation of geophysical data in the area of Ellies Dyke will continue. Ellies Dyke appears to be associated with a mass of diapiric carbonate cemented breccias. These diapirs in the North Flinders Ranges carry uranium and the spatial association of the surface radiometrics and the magnetics from the surveys is very encouraging. The dyke is estimated to be 50m wide and at a depth of 200m.



SPRINGVALE: QUEENSLAND (100% Adavale)

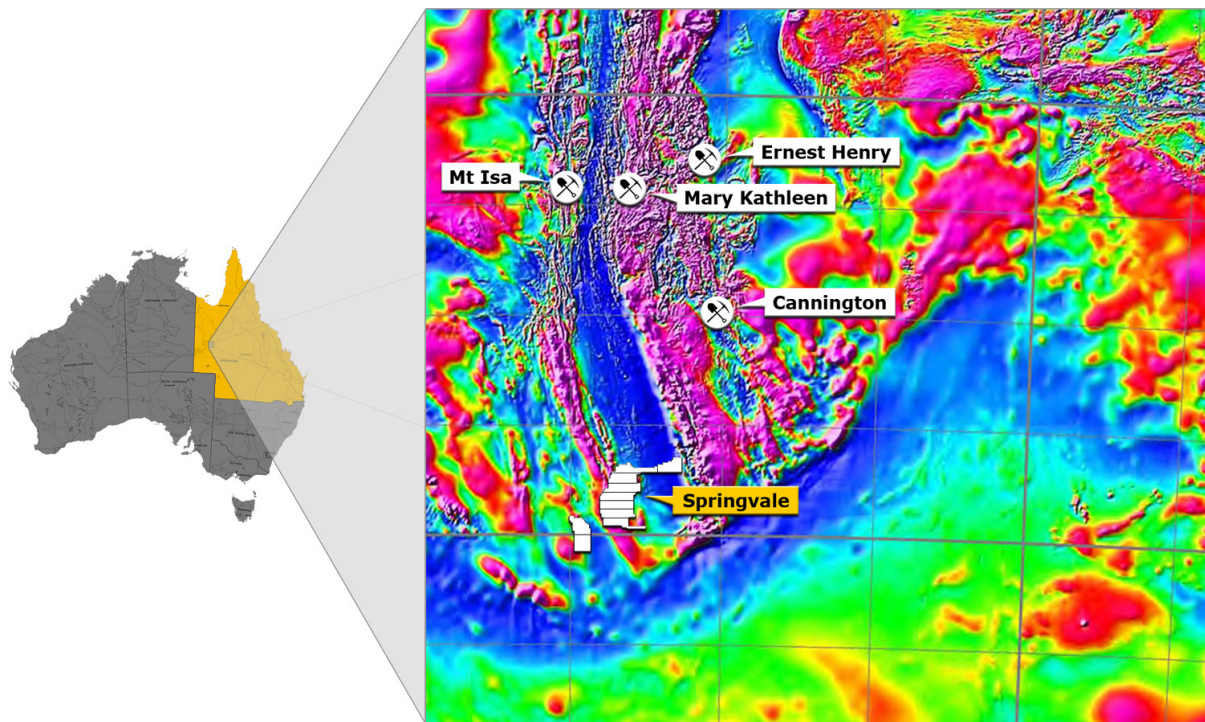


Diagram 7: Magnetics Springvale Tenement Locations

Adavale is actively exploring for vanadium, molybdenum and uranium at the Springvale Project in Western Queensland. Ten exploration licenses cover an area of approximately 3000 km². The Springvale area has been identified as very prospective for the formation of V, Mo and U ore bodies within the Toolebuc formation.

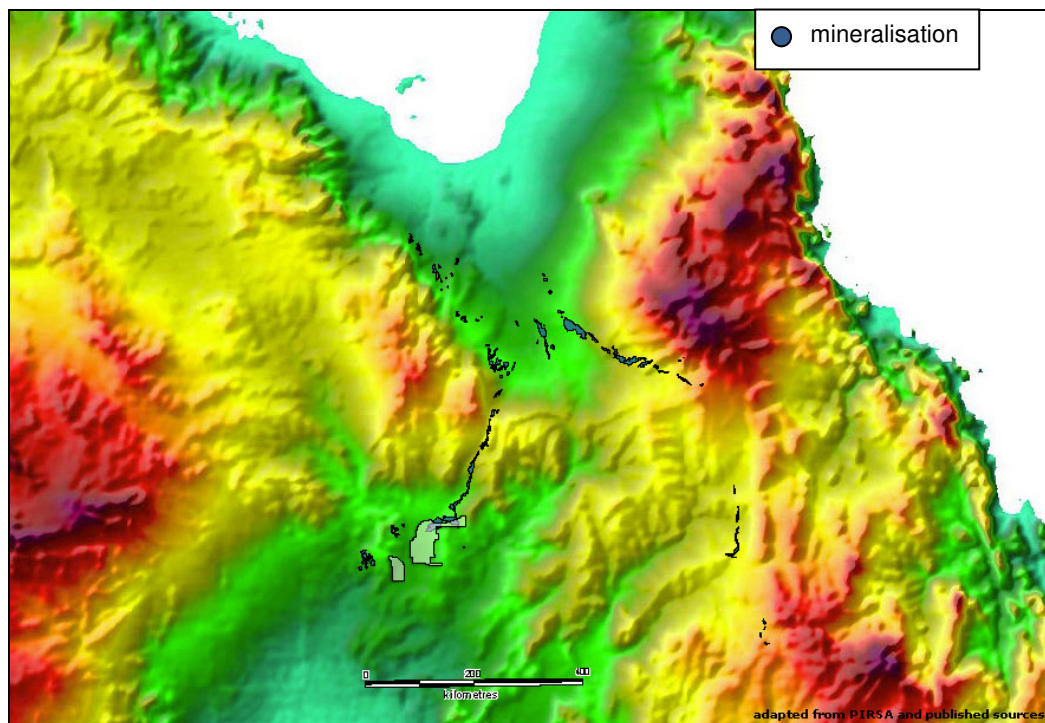


Diagram 8: V – Mo – U Mineralisation in the Toolebuc Formation



Other companies exploring the Toolebuc have announced *in situ* value's of vanadium and molybdenum of around US\$160 per tonne with additional potential credits from the primary oil shales for hydrocarbons and uranium. Extractable hydrocarbon in the Toolebuc oil shale could equate to an equivalent oil grade of about 0.5 barrels per tonne of oil shale.

Recent government geophysical surveys have identified numerous uranium anomalies and the radiometric results of the Boulia-Springvale airborne survey indicate that the equivalent uranium results are much higher than in other parts of the Eromanga Basin. This is particularly so to the South West of the Black Mountain Fault Zone.

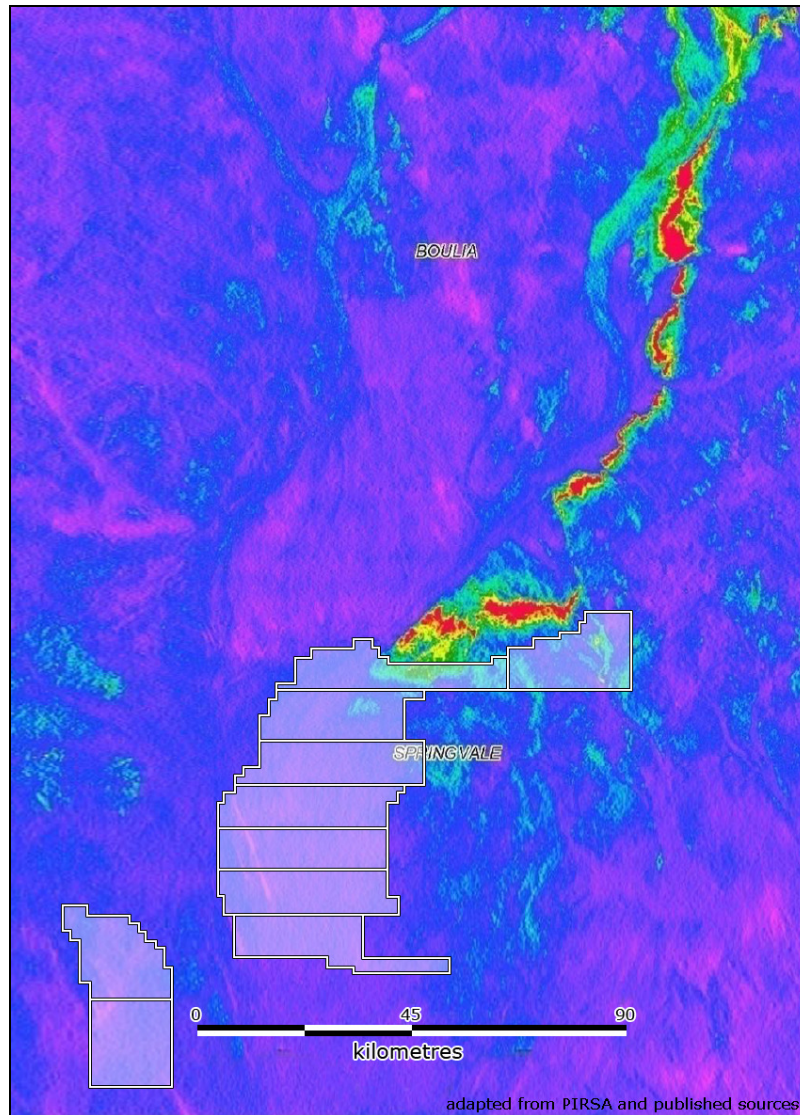


Diagram 9: U mineralization in the Toolebuc

Reconnaissance drilling commenced late in the quarter. The program will be carried out in outcrop and down-dip environments of the Toolebuc Formation in the eastern part of the project area in the vicinity of the Black Mountain Fault Zone.

Drilling to date shows the Toolebuc Formation carries anomalous uranium throughout that culminates in the highest readings at the base. See diagram 10.

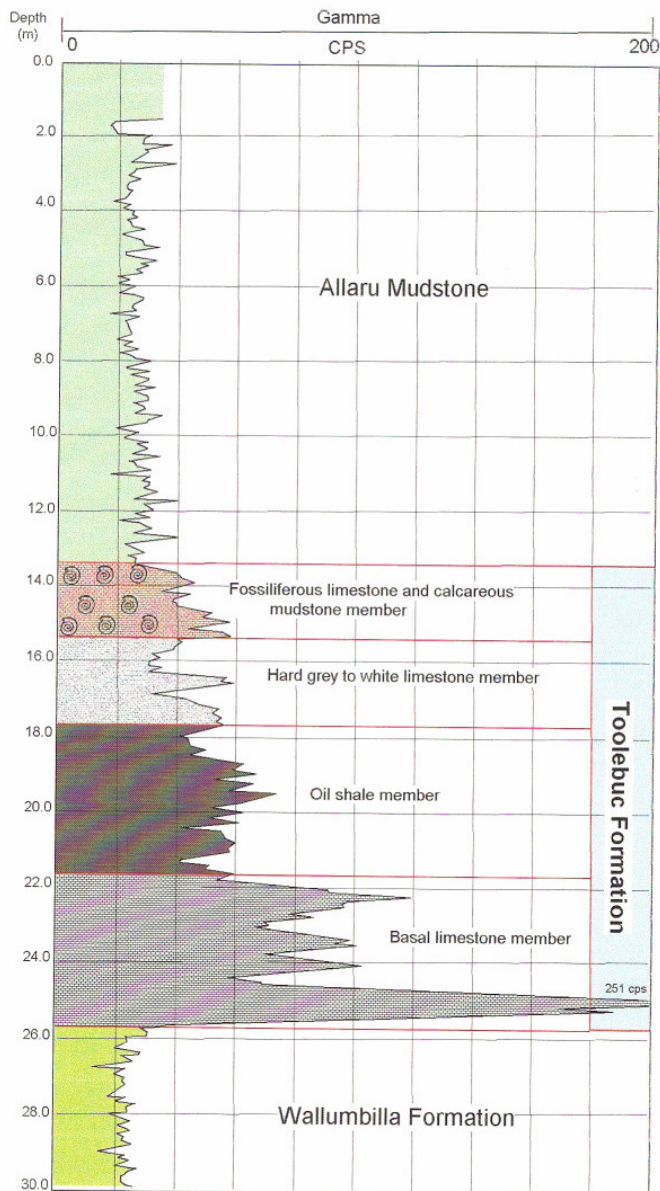


Diagram 10: Sample of typical drill and gamma log

The oil shale member of the Toolebuc has been found to have a distinct petroliferous odour and in several holes was accompanied by an oily scum of oil coated, clay sized particles, or oily froth in the drilling fluid. Results of the drilling will be released in due course.

Ongoing exploration and prospectivity of the region:

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



Exploration will continue to focus on the vanadium, molybdenum and uranium in the sediments and on the potential of the IOCG deposits in the basement.

FINNISS SPRINGS: SOUTH AUSTRALIA (100% Adavale)

The project consists of three Exploration Licence applications for a total area of 1,897 km² 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, zinc, gold and uranium.

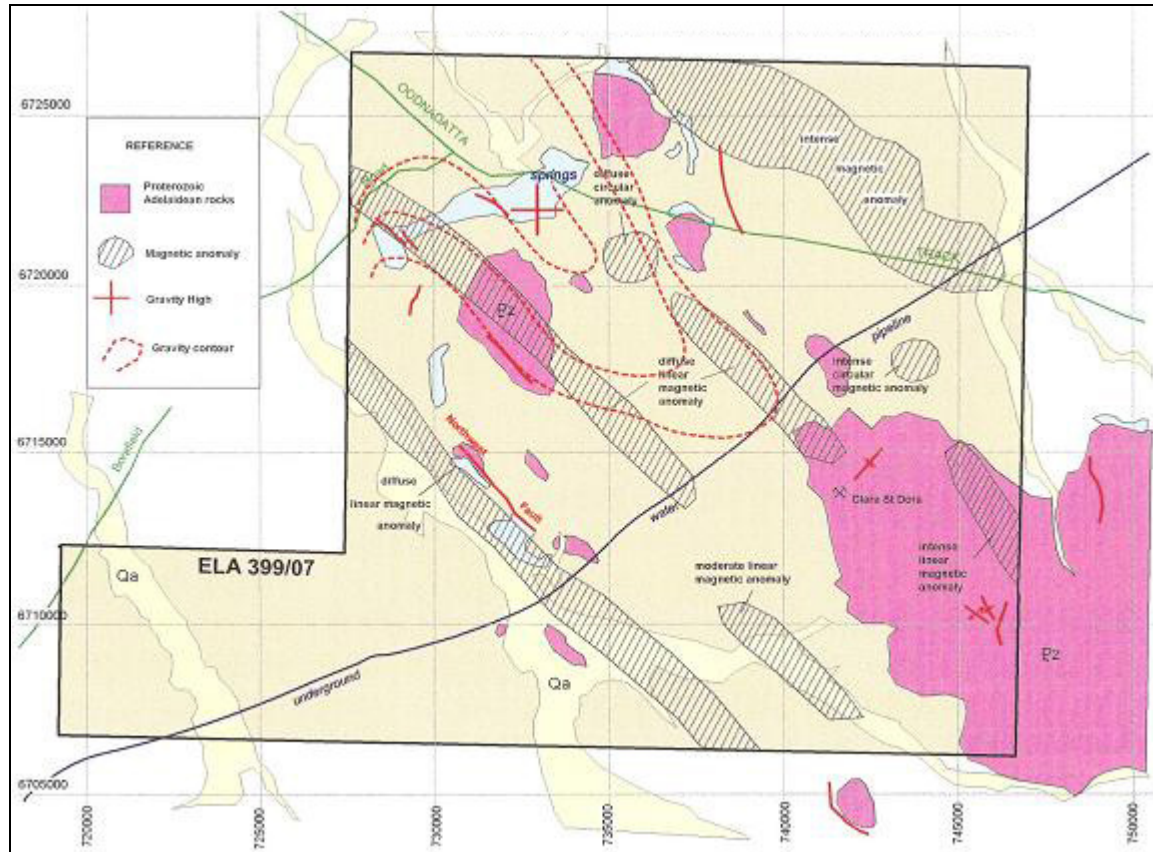


Diagram 11: Simplified geology and superimposed geophysical trends and anomalies

Photogeological interpretation and digital mapping has been completed. 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 previous exploration.

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MT FLINT: SOUTH AUSTRALIA (100% Adavale)

The Mount Flint Project consists of four separate Exploration Licences and Exploration Licence Application for a total of 3020 km². 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 km²) and this area is likely to have shed uranium into ancient drainage that may have been re-deposited in the Mt Flint Project area.

Geological maps prepared 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% P₂O₅ were measured from core and cuttings obtained during drilling of the Clayton 3 water bore. Geological field work will take place, encompassing both the Finnis Springs and Mt Flint Project areas later in the year, with a view to identifying drill locations for initial subsurface reconnaissance investigations.

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")

30 September 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	13	13
1.2	Payments for (a) exploration and evaluation	(315)	(315)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(169)	(169)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	112	112
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(359)	(359)
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)	(359)	(359)

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1.13	Total operating and investing cash flows (brought forward)	(359)	(359)
	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	(359)	(359)
1.20	Cash at beginning of quarter/year to date	6,025	6,025
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,666	5,666

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	119
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 \$40,700 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 \$26,374 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 \$5,328 were made to Mr M Stevenson in relation to directors fees owing.
- Payments totaling \$19,800 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 \$26,400 were made to Entertainment Marketing Enterprise Pty Ltd, an associated entity of Mr P Suriano.

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

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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	250
4.2 Development	-
Total	250

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	5,666	6,025
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	5,666	6,025

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 <i>(description)</i>				
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 <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,691,810 5,714,286 1,428,571 1,547,619 <u>12,382,286</u>		<i>Exercise price</i> 0.21 0.21 0.21 0.21	<i>Expiry date</i> 31 Dec 2008 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 <i>(totals only)</i>				
7.12 Unsecured notes <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:
(Director)

Date: 31 October 2008

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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