INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2023

ABN 96 008 719 015

Contents

NICKEL

Kabanga Jirani Nickel Project and Luhuma Nickel Project (Tanzania)

Luhuma Central (100% owned) (PL12350/2023) is fully enclosed within Prospecting Licence PL11692/2021 of which Adavale has to date earned a majority interest of 65% with rights to earn up to 100%[1].

The Company views Luhuma Central as a geologically important addition to its existing exploration tenure, due to its historical results and being within the broader 15km Luhuma geological trend discovered by Adavale[2]. Historical results included an intercept of 1.14% Ni over 8.4m in massive sulphides and as such it has been the primary focus for the Company.

Nickel mineralisation has been intersected in all completed holes to date, with DDLUHC005 intersecting mineralisation over 340m downhole and then ground electromagnetics extending the strike to a potential 700m during the reporting period.

Luhuma Central Drilling

During the September quarter, the Company received assays from the first four holes drilled at Luhuma Central. Results from its maiden hole DDLUHC001 recorded 4.13m @ 1.03% Ni from 223.3 as well as 1m at 0.63% Ni from 249m[3].

The drillholes DDLUHC001 and DDLUHC002 intersected 4.13m of massive sulphides and 4.90m of blebby and heavily disseminated sulphides respectively. If mineralised intersections are connected between the drillholes as they are interpreted to be, then these sulphide bearing intervals would approximate their true thickness (although the drillholes are not completely orthogonal to the dip).

Sitting approximately 60m to the north of the first two holes DDLUHC003 delivered 7.55m @ 0.96% Ni from 261.7m[4].

The massive nickel sulphide intersected in the third hole between 261.7m to 269.25m was hosted within mafic rocks and dominated by pyrrhotite with between 1% to 5% pentlandite and minor pyrite and chalcopyrite. The massive sulphides occur below a 5.13m zone of interlayered mafic rocks and meta-phyllite sediments intersected between 237.42m to 242.55m, which host a series of thin semimassive pyrrhotite rich veins.

Headline results from DDLUHC004 included 1.12m @ 1.34% Ni from 256m and 7.5m @ 0.42% Ni from 286m. The fourth hole was located approximately 200m to the south of drillhole DDLUHC003. The sulphide zones intersected in DDLUHC004 between 250m to 323m are dominated by pyrrhotite with between 1% to 5% pentlandite and minor pyrite and chalcopyrite[5].

Toward the end of the reporting period, the Company received assays from the fifth diamond hole at Luhuma Central, DDLUHC005, with over 340m of weak disseminated nickel sulphide mineralisation intersected. Within this interval DDLUHC005 was a 15.6m (downhole) zone of semi-massive and heavily disseminated nickel sulphides including thin massive sulphide veins between 408m and 423.6m, which upon follow-up check assaying appears to be of a slightly higher tenor than similar mineralisation intersected in drillholes further to the north.

In addition to this, DDLUHC005 provided another important piece of geological information in that this broad sulphide zone was associated with a more significantly MgO rich rock type compared to the more northern drillholes. Subsequent petrographic studies performed on samples from drillholes DDLUHC004 and 005

[1] ASX Announcement 15 December 2021 – Highly Prospective Nickel Sulphide Tenure Expanded.
[2] ASX Announcement 4 April 2023 – Nickel sulphide drill targets & 15km soil anomaly defined.
[3] ASX Announcement 11 July 2023 - Assays Confirm Massive Nickel Sulphides at Luhuma Central
[4] ASX Announcement 25 July 2023 – Adavale Replicates Maiden Massive Nickel Sulphide Intersection in Third Diamond Hole.
[5] ASX Announcement 17 August 2023 – Multiple Massive and Semi Massive Nickel Sulphide Zones Intersected at Luhuma Central.

confirm the ultramafic character of the Luhuma Central intrusion with thin sections taken over broad intervals described as either harzburgite or iherzolite containing up to 50% olivine.

Importantly, the petrographic descriptions support the Company's previously reported observation that the MgO content of the Luhuma Central intrusion appears to be increasing towards the south, possibly reflecting increasing prospectivity in this direction[6].

Visual estimates of mineral abundance should never be considered a proxy or substitute for laboratory analyses where concentrations or grades are the factor of principal economic interest. Visual estimates also potentially provide no information regarding impurities or deleterious physical properties relevant to valuations.

The potential increase in nickel tenor towards the south described above, together with the similar more primitive (increasing MgO content) nature of the associated host rocks in this direction indicates that the more prospective part of the Luhuma Central intrusion may lie further to the south. The significance of these trends pointing to this part of the intrusion is that further work in this area may identify the high MgO rich ultramafic chonolith ('magma tube') that formed the Luhuma intrusion and from where the magma spread laterally north and south 'fractionating' to form the lower MgO rich peripheral lithologies to the main conduit. If present, this high MgO ultramafic chonolith is where nickel sulphide mineralisation of both higher grade and tenor is likely to have accumulated.

Drillhole DDLUHC006 commenced during the December quarter, stepping out 250m to the south of DDLUHC005. Unfortunately, a combination of wet weather and drill rig operator issues led to the hole being abandoned prior to the intersection of the target zone.

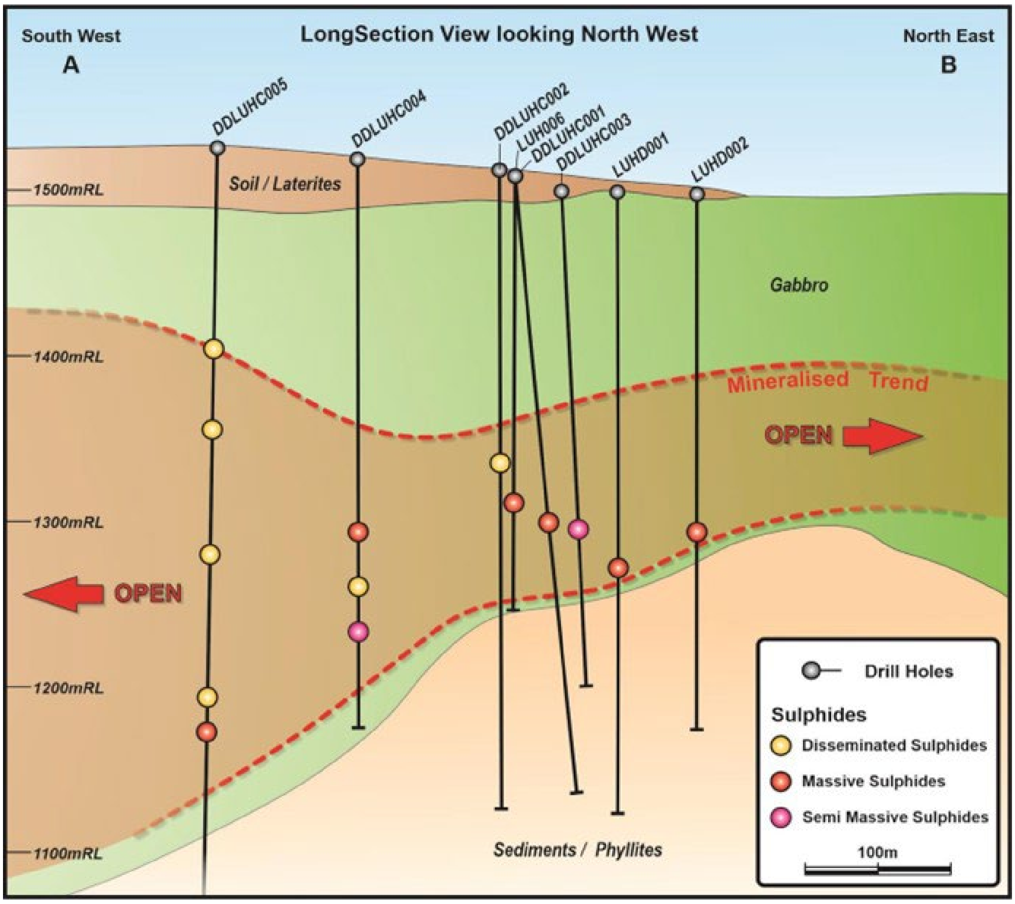

***Figure 1**: Long section at Luhuma Central indicating a thickening to the south-west*

[6] ASX announcement 2 November 2023 titled - Ground EM Highlights Potential 700m of Strike Extent of Nickel.

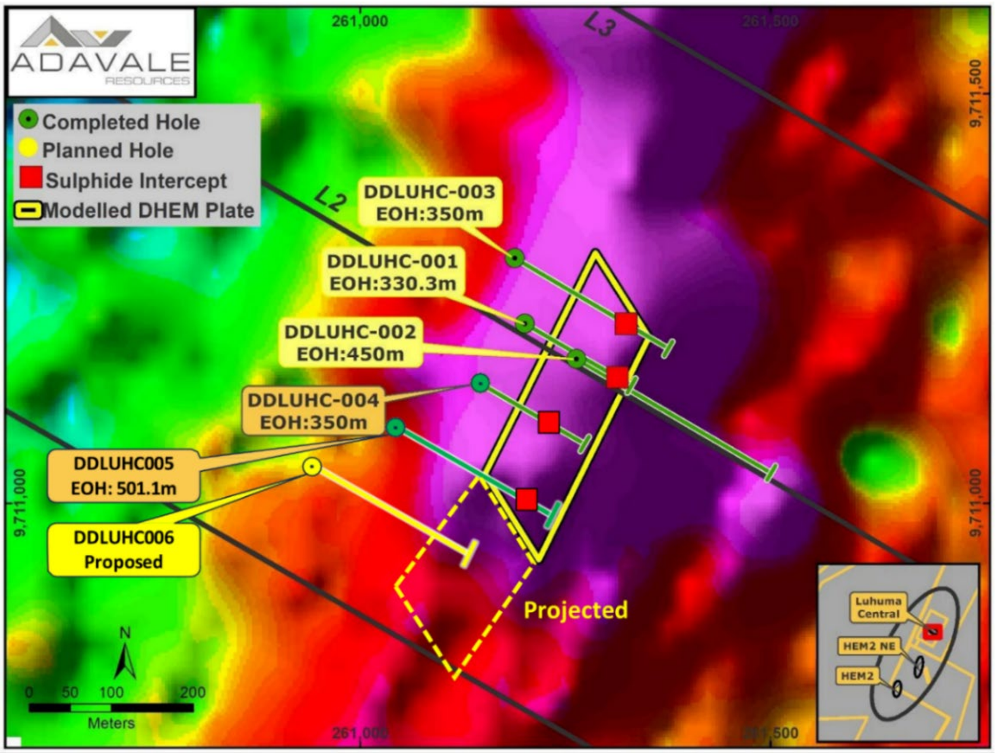

Figure 2: *Plan view of current and proposed drill hole location (yellow dot) at Luhuma Central, with estimated projected position of the sulphide plate*

Downhole EM Surveys

Downhole EM (DHEM) surveys are an important tool in assessing the nickel sulphide potential of the project, providing a vector for follow up exploration. All holes in the current program are being cased with DHEM planned for all. This will aid in future drill planning.

Following on from the orientation EM survey at Luhuma Central, Adavale completed the detailed ground EM surveys across the entire previously identified airborne EM anomaly at Luhuma. The survey lines and modelled plates generated by the surveys are shown in Figure 3. The central plate was derived from the initial orientation survey that was conducted over drillholes DDLUHC001 to DDLUHC005 to verify that ground EM could correctly identify the massive sulphide mineralisation intersected in these holes at depth.

Based on the successful correlation confirmed through the orientation survey, additional surveys were conducted to the north and south of the orientation survey. These extended surveys enabled anomalies to be identified and modelled over the full strike length of the Luhuma airborne EM anomaly. It should be noted however that the northernmost plate has a lower modelled conductance than the central plate, thereby implying that the sulphide mineralisation may not be as well developed in this area. The modelled plates extending across the central survey area and further to the south do however show an equally strong measure of conductance to the central plate, implying that the massive sulphide mineralisation intersected in the central area extends to the south. These high conductance plates cover a strike extent of about 700m.

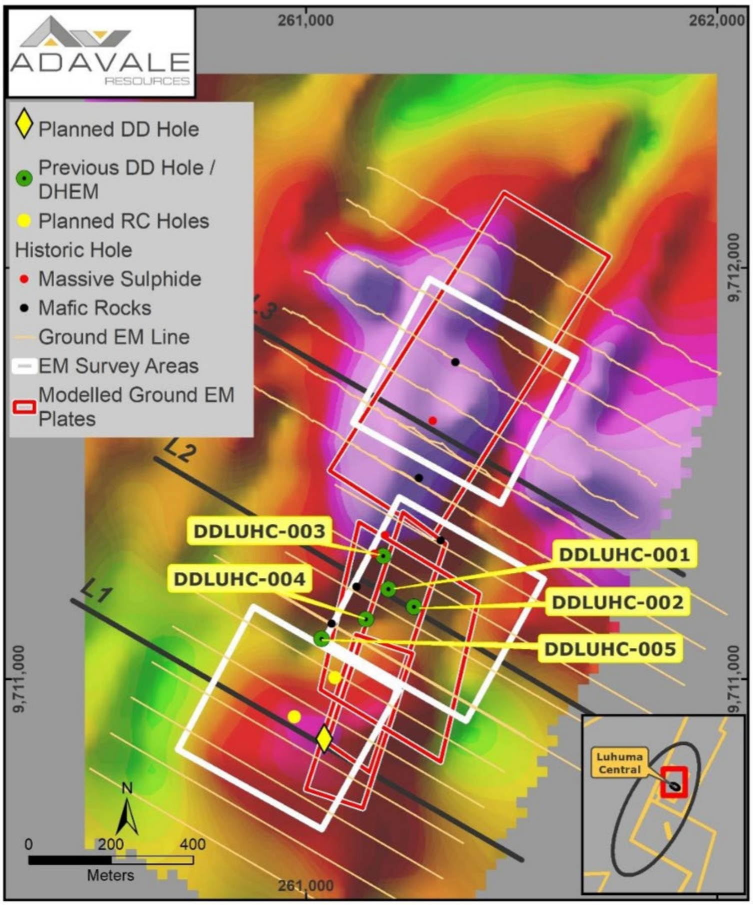

Figure 3: *Locality of plates modelled from ground EM including collar positions of historically drilled holes as well as locations of planned RC holes and diamond hole overlying historic airborne EM*

HEM 4 RC Drilling

At HEM 4, RC drilling was completed to determine if a series of coincident EM, geochemical and gravity anomalies identified there are associated with favourable host rocks at depth below the cover sequence. A total of nine drillholes for 1,894 drill metres were completed as part of this program.

Initial interpretations at the HEM4 west, indicate six of the nine RC drill holes ended in favourable mafic lithologies, with one of these holes ending in ultramafic. Further exploration is planned for the HEM 4 area in 2024.

URANIUM

Lake Surprise Uranium Project – Mundowdna South

The Company was awarded a new 591km^2 Mundowdna South Uranium Exploration Licence in September 2023. The new licence (EL6957) expands Adavale's landholding to 1,669km^2 and is contiguous with Adavale's Mundowdna EL6821 Uranium Licence that was approved in late 2022[7] (Mundowdna licence package).

The granted licences are located near the northern edge of the Flinders Ranges, the well-established source of the uranium that is mobilised into and eventually deposited into palaeochannel systems by saline groundwater shedding from the Ranges. These palaeochannel systems are host to several world class sandstone uranium deposits such as Beverly, Four Mile, Junction Dam, Gould's Dam and Honeymoon. Mundowdna South is within 20km of the change from a narrow channel shedding from the Ranges into a broad fluvial outwash system.

A significant historical electromagnetic (EM) dataset has been procured covering EL6821 and EL6957 (Mundowdna and Mundowdna South), where an extensive series of covered palaeochannels have been interpreted. The EM dataset, covering most of the Mundowdna licence package, was originally flown in 2007 for the purpose of identifying palaeochannels within a large recognised alluvial fan extending north-westward out from the Flinders Ranges. Reprocessing and interpretation of the EM dataset, supported by modern satellite imagery strongly indicates the presence of an extensive palaeochannel system within the Company's Mundowdna licence package.

Location and orientation of prospective palaeochannel system correlates well with Adavale's upcoming low impact ground based exploration surveys of the Mundowdna licences

The processing of the historical EM dataset secured a significant time and cost saving for Adavale. Adavale is well positioned to take advantage of the uranium price tailwind.

Technical Data Outcomes

The historical survey, flown using a Eurocopter Squirrel BA. VH-HHJ helicopter, encompassed a 1km line spacing oriented at 045-225 degrees to true north, at a height of 30m and airspeed of 55 knots. In total, approximately 400,000 survey data points were recorded.

Images produced from the processed data were then used between 2007 and 2009 to direct drilling and exploration activities over the area. At the end of 2008, Eromanga Uranium geologists specifically stated that the data needed reinterpretation.

Using a Simple Kriging algorithm in the System for Automated Geoscientific Analysis (SAGA) GIS and Adavale determined that a search distance of at least 2km was required to provide meaningful correlation across survey lines. Figure 4 shows Adavale's re-processed image produced using the same simple kriging algorithm in the SAGA GIS package with the 2km search radius applied. The resulting imagery is much less noisy, providing strong indications for the presence of a palaeochannel system within the licence package. Reds and yellows represent high conductivity regions in the data.

[7] ASX Announcement – 25 September 2023 Contiguous Uranium Licence to Expand Footprint in South Australia

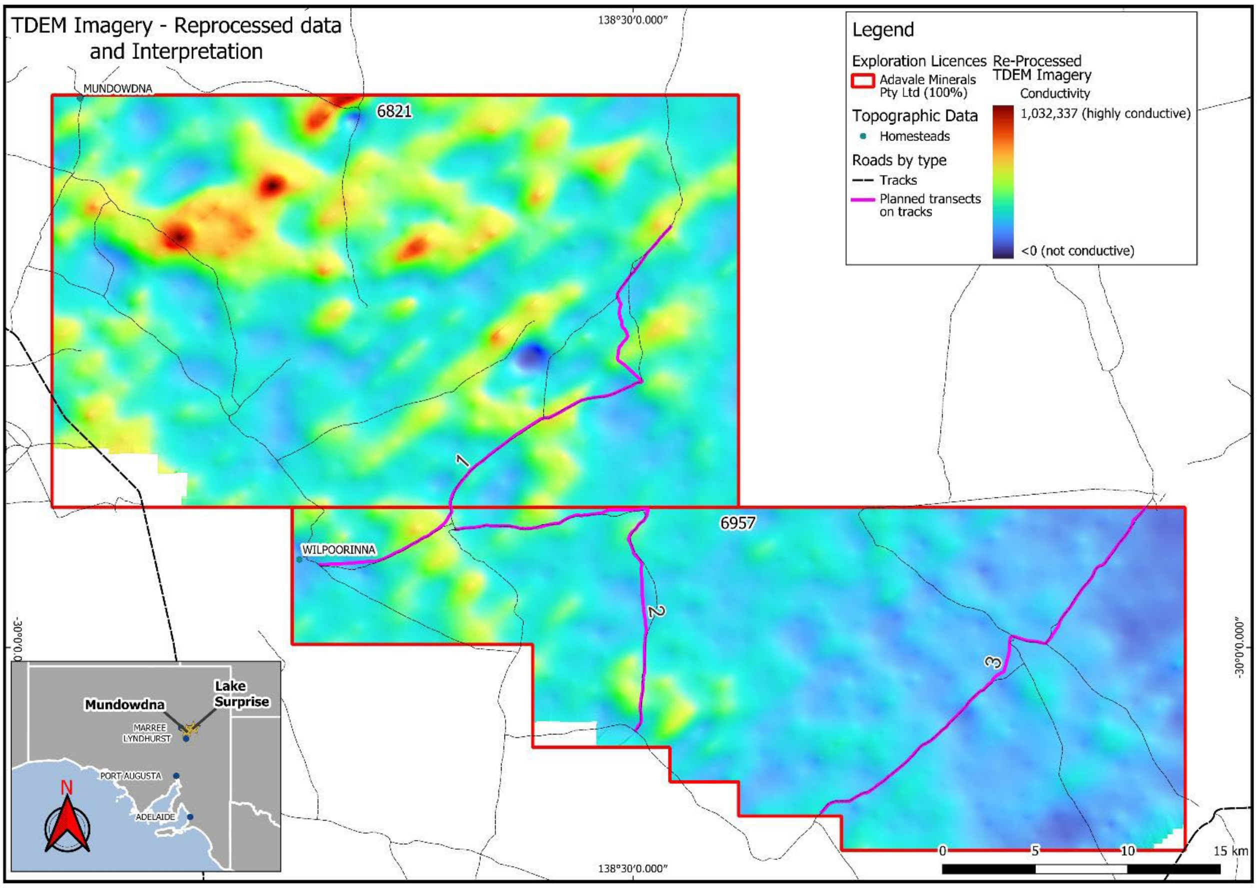

***Figure 4**: Newly processed image showing smoother, continuous data when the image is appropriately processed. Reds and yellows represent high conductivity regions in the data, while pale blues are less conductive and deeper blues are resistive. The improved processing provides continuity across lines and the imagery can be interpreted with more ease.*

The newly processed imagery was then compared with the interpreted palaeochannel observed in the Sentinel 2 satellite imagery. While not exact, the interpreted palaeochannel positions within the processed TDEM and Sentinel 2 satellite imagery do closely correspond.

Differences are to be expected as the TDEM data represents a depth slice of potentially deeper buried palaeochannels, while the Sentinel 2 data maps the youngest palaeochannels at surface. The high in the northwest of EL6821 is the result of groundwater related to mound springs associated with the main aquifer in the Great Artesian Basin. This is highlighted in Figure 5.

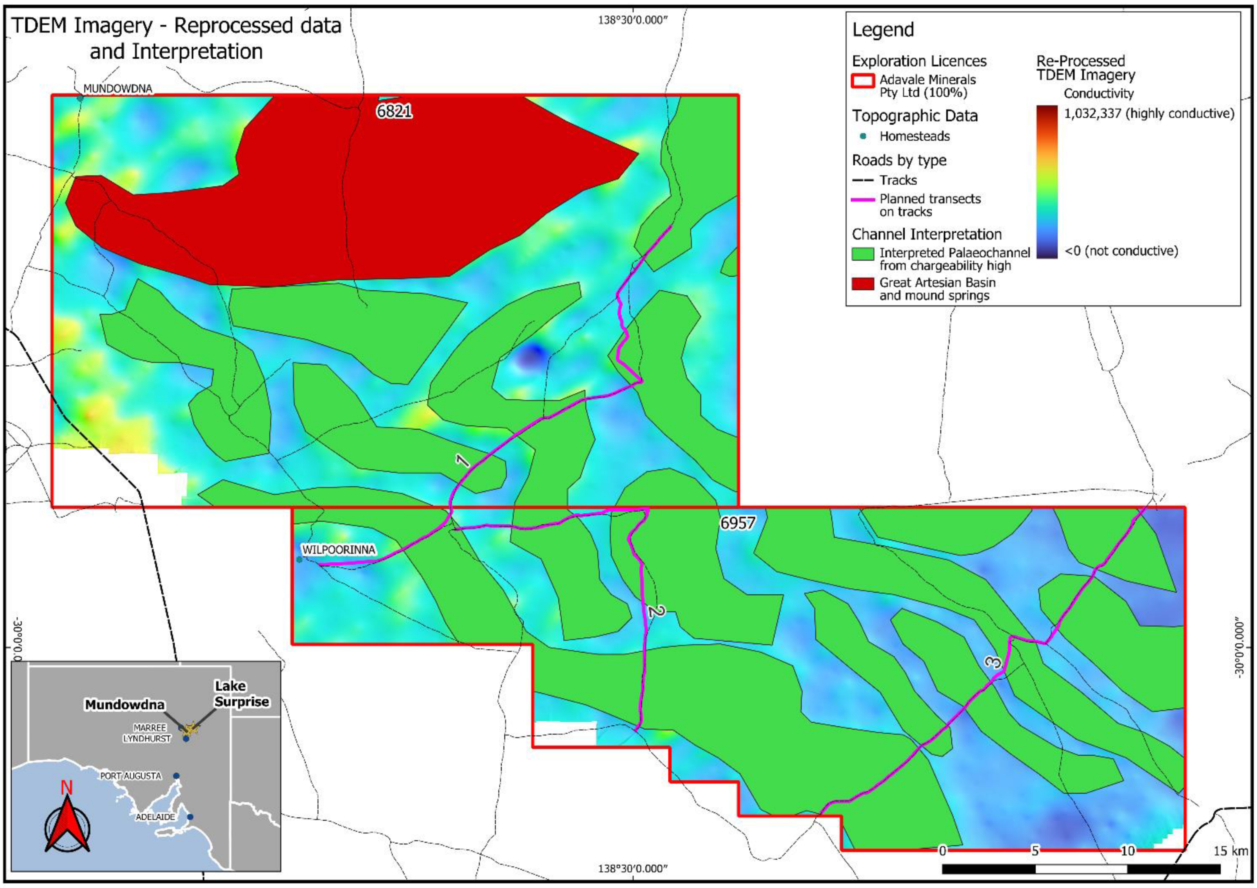

Figure 5: *Interpreted Channels from processed data showing the channels in the alluvial fan and the area of Great Artesian Basin Influence. The interpreted channels are shown in green, and the area of Great Artesian Basin influence is shown as the red polygon in the north of EL6821.*

Considering the newly processed imagery, the current planned exploration program will proceed as originally designed. The transects planned on the Sentinel 2 imagery interpretation test several features that are also present in the TDEM data.

The ground-based exploration program at Mundowdna is scheduled to commence in April 2024.

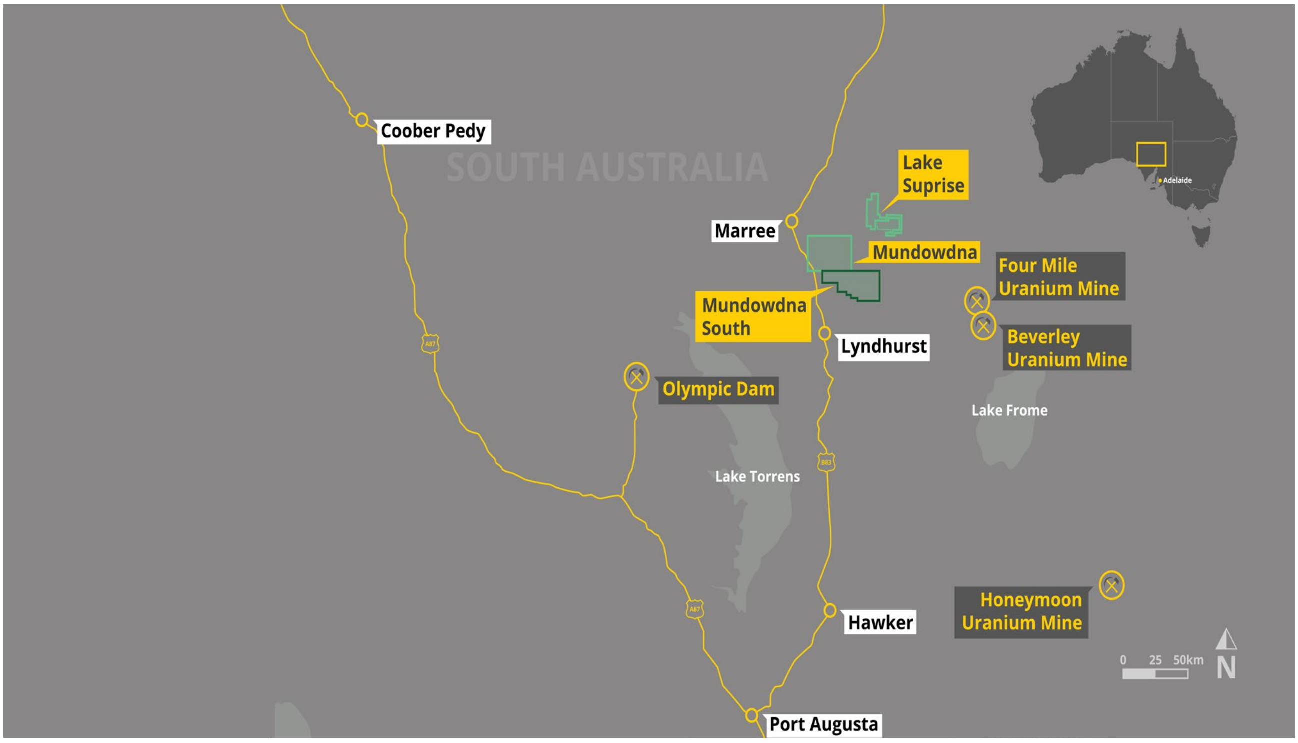

Figure 6: *Location plan showing Adavale's uranium tenure in South Australia.*

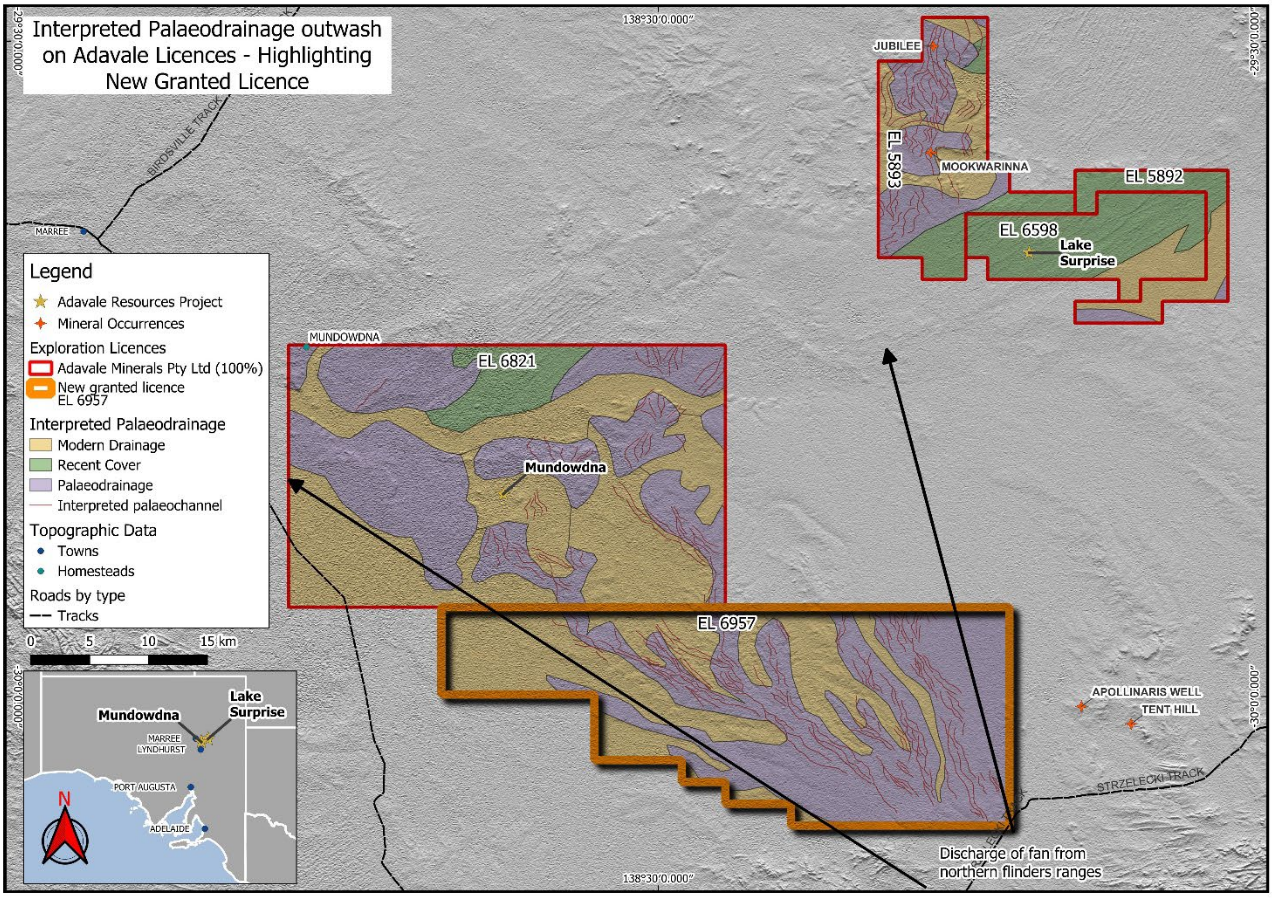

Figure 7: *Overview of interpreted palaeodrainage and palaeochannels at surface with modern drainage overprinting sections of the outwash fans.*

CORPORATE

During the September quarter, the Company completed a capital raising of $2.47m via a Placement to sophisticated and professional investors. The total Placement comprised the issue of 130 million new fully paid Ordinary shares at an issue price of $0.019 per share and a 1:1 attaching listed option exercisable at $0.03 per share expiring 31 December 2025[8].

In addition, the Company raised a further $800,000 through an Entitlement Offer at the same terms as the Placement, which was partially underwritten by GBA Capital Limited[9].

Subsequent to the end of the half year, the Company raised $1.5 million (before costs) through a placement to new and existing institutional and sophisticated investors ("Placement"). The Placement was oversubscribed and comprised of the issue of approximately 214.3 million new fully paid Ordinary shares at an issue price of $0.007 per share ("New Shares") and a 1:1 attaching listed option (ADDOA) exercisable at $0.03 per share expiring 31 December 2025 ("Attaching Options")[10].

Proceeds from the placement will be used to recommence exploration activities at the Company's Lake Surprise Uranium Project area (primarily Mundowdna and Mundowdna South) in South Australia and the continuation of the exploration program at the Luhuma Central Nickel Project in Tanzania.

Competent Person Statement

The information in this release that relates to "exploration results" for the Kabanga Jirani Nickel and Luhuma Nickel Project is based on information compiled or reviewed by Mr David Dodd of MSA, South Africa. Mr Dodd is a consultant for Adavale Resources Limited and is a member of the SACNASP. Mr Dodd has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration as well as to the activity that is being undertaken to qualify as a Competent Person under the ASX Listing Rules. Mr Dodd consents to this release in the form and context in which it appears.

The information in this release that relates to "exploration results" for the Lake Surprise Uranium Project is based on information compiled or reviewed by Mr Patrick Harvey MAppSci, Australia. Mr Harvey is a consultant for Adavale Resources Limited and is a member of the AIG. Mr Harvey has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration as well as to the activity that is being undertaken to qualify as a Competent Person under the ASX Listing Rules. Mr Harvey consents to this release in the form and context in which it appears.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements as referred above. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

[8] ASX Announcement 21 July 2023 – Massive Nickel Sulphide Drilling Program Benefits from Increased Placement.
[9] ASX Announcement 4 September 2023 – Results of Non-Renounceable Entitlement Offer.
[10] ASX Announcement 30 January 2024 – $1.5m Placement to accelerate Uranium and Nickel Exploration.

Your directors submit their interim report on the consolidated financial statements of Adavale Resources Limited ("Adavale" or the "Company") and the entities it controlled (the "Group") at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS
The following persons were directors of the Company during the whole of the financial period and up to the date of this interim report unless otherwise indicated:

Board of Directors
Grant Pierce – Non-Executive Chairman
David Riekie – Executive Director
John Hicks – Non-Executive Director

Chief Executive Officer
Allan Ritchie

Chief Financial Officer and Company Secretary
Leonard Math

PRINCIPAL ACTIVITIES
The Company is in the business of mineral exploration for Nickel in Tanzania and Uranium in South Australia. The Company's primary aim in the near-term is to explore for, discover and develop nickel and uranium deposits on the mineral exploration projects in Tanzania and South Australia.

The Group has also been actively reviewing additional projects or mineral resources investment opportunities that would create wealth for the Group and its shareholders.

FINANCIAL REVIEW
The Group result for the financial period ended 31 December 2023 was a loss after tax of $2,970,215 (December 2022: Loss after tax of $2,291,714).

EARNINGS PER SHARE
The basic loss per share for the half year ended 31 December 2023 was 0.43 cents (December 2022: 0.50 cents).

SUBSEQUENT EVENTS
Subsequent to period end, the Company raised $1.5 million (before costs) through a placement of 214.3 million shares at an issue price of $0.007 per share with 1 for 1 free attaching listing options (ADDOA) exercisable at $0.03 per share expiring 31 December 2025. The Placement of 200 million shares has been issued with the balance of 14.3 million shares ($100,000) to be issued subject to shareholders' approval. The issue of the free attaching options will be subject to shareholders' approval.

On 11 January 2024, 3,559,226 shares were issued following the conversion of 2 Convertible Notes including accrued interest (face value of $10,000 each) at a price of 0.649 cents per share.

A further 17 Convertible Notes including accrued interest were converted at 0.7 cents per share on 15 January 2024 and 27 Convertible Notes including accrued interest at 0.74 cents per share were converted on 16 January 2024. A total of 61,024,328 shares were issued for the conversion on 15 and 16 January 2024. As at the date of this report, total outstanding Convertible Notes is 60.

Other than as disclosed above, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half year ended 31 December 2023 has been received and forms part of the Directors' report and can be found on page 13 of the interim financial report.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the Directors.

David Riekie
Executive Director

13 March 2024
Perth, Western Australia

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Adavale Resources Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
13 March 2024

L Di Giallonardo
Partner

	Note	31 Dec 2023 $	31 Dec 2022 $
Other Income			
Net gain on fair value of embedded derivative	3	**541,890**	-
Expenditure			
Insurance		**(27,025)**	(24,744)
Share registry fees		**(64,152)**	(63,348)
Administration, corporate, consultant fees and salaries		**(615,386)**	(512,601)
Share based payments	4(b)	**(9,476)**	-
Legal expenses		**(40,073)**	(55,691)
Interest expense		**(76,041)**	-
Exploration and evaluation expenditure		**(2,184,613)**	(1,629,513)
Depreciation	2	**(11,981)**	(15,234)
Effective interest of convertible notes	3	**(468,972)**	-
(Loss)/Gain from foreign exchange		**(14,386)**	9,417
Loss before income tax		**(2,970,215)**	(2,291,714)
Income tax expense		**-**	-
Loss after income tax		**(2,970,215)**	(2,291,714)
Other Comprehensive income			
Items that may be reclassified to profit or loss		**-**	-
Total comprehensive loss for the period		**(2,970,215)**	(2,291,714)
Basic and diluted loss per share attributable to the ordinary security holders of the Company (cents per share)	6	**(0.43)**	(0.50)

The accompanying notes form part of these consolidated financial statements

	Note	31 Dec 2023 $	30 Jun 2023 $
ASSETS			
Current assets			
Cash and cash equivalents		**943,439**	893,473
Other assets		**63,291**	125,115
Total current assets		**1,006,730**	1,018,588
Non-current assets			
Property, plant & equipment	2	**36,337**	48,318
Total non-current assets		**36,337**	48,318
Total assets		**1,043,067**	1,066,906
LIABILITIES			
Current liabilities			
Trade and other payables		**130,984**	191,441
Convertible notes	3	**923,818**	1,936,735
Total current liabilities		**1,054,802**	2,128,176
Total liabilities		**1,054,802**	2,128,176
Net liabilities		**(11,735)**	(1,061,270)
Equity			
Issued capital	4(a)	**17,553,566**	13,615,292
Reserves	4(b)	**1,143,024**	1,061,548
Accumulated losses		**(18,708,325)**	(15,738,110)
Total deficiency in equity		**(11,735)**	(1,061,270)

The accompanying notes form part of these consolidated financial statements

2023	**Issued Capital**	**Share-based Payments Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**
Opening Balance – 1 July 2023	13,615,292	1,061,548	(15,738,110)	(1,061,270)
Loss for the period	-	-	(2,970,215)	(2,970,215)
Total comprehensive loss for the period	-	-	(2,970,215)	(2,970,215)
Issue of shares (net of costs)	4,010,274	-	-	4,010,274
Share based payments	(72,000)	81,476	-	9,476
Balance as at 31 Dec 2023	**17,553,566**	**1,143,024**	**(18,708,325)**	**(11,735)**

2022	**Issued Capital**	**Share-based Payments Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**
Opening Balance – 1 July 2022	10,529,447	471,745	(10,790,220)	210,972
Loss for the period	-	-	(2,291,714)	(2,291,714)
Total comprehensive loss for the period	-	-	(2,291,714)	(2,291,714)
Issue of shares (net of costs)	2,972,809	-	-	2,972,809
Share based payments	(98,531)	98,531	-	-
Balance as at 31 Dec 2022	**13,403,725**	**570,276**	**(13,081,934)**	**892,067**

The accompanying notes form part of these consolidated financial statements

	31 Dec 2023 $	31 Dec 2022 $
Cash flows from operating activities		
Payments to suppliers and employees	**(777,674)**	(633,061)
Payments to exploration and evaluation expenditure	**(2,145,655)**	(1,794,316)
Net cash outflows from operating activities	**(2,923,329)**	(2,427,377)
Cash flows from investing activities		
Net cash outflows from investing activities	**-**	-
Cash flows from financing activities		
Proceeds from share issues and exercise of options (net of costs)	**3,062,673**	2,972,809
Interest payment	**(74,992)**	-
Net cash inflows from financing activities	**2,987,681**	2,972,809
Net increase in cash and cash equivalents held	**64,352**	545,432
Cash and cash equivalents at the beginning of the period	**893,473**	391,386
Foreign exchange differences	**(14,386)**	9,417
Cash and cash equivalents at the end of the period	**943,439**	946,235

The accompanying notes form part of these consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Adavale Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, the Group adopted the following Accounting policies except for the impact of the new Standards and Interpretations effective 1 July 2023 as described below.

Standards and Interpretations applicable to 31 December 2023

In the half-year ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting period beginning on or after 1 July 2023.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations on issue but not mandatory yet that are relevant to the Company and effective for the interim reporting periods beginning on or after 1 January 2024.

As a result of this review, the Directors have determined that there is no material impact of these new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Going Concern Basis of Accounting

The Group is at the exploration and evaluation phase in relation to each of its mining tenements. The Group has incurred a loss from continuing operations for the period of $2,970,215. The Group had a cash outflow from operating activities of $2,932,329, while over the same period raised a cash amount of $3,062,673 (net of cash costs) from placement of shares and payment of certain services by way of share issue. At period end, the Group's cash reserves were $943,439 and it has an undrawn Share Subscription Agreement facility of $175,000. Current liabilities exceeded current assets by $48,072. The Group is committed to payments to maintain rights to perform its continuing exploration and evaluation activity in the Kabanga Jirani Nickel Project and the Luhuma Nickel Project in Tanzania and the Lake Surprise uranium project in South Australia which entails continued cash outflows from operating activities in future.

Funding will come from the utilisation of existing cash facilities, the existing Share Subscription Agreement from LKC Technology Pty Limited and future capital raisings when required. Subsequent to period end, the Company raised $1.5 million via placements to sophisticated and professional investors. In addition, 46 Convertible Notes were converted, leaving a balance of 60 at the date of this report. On the basis of the above, the Directors consider it is appropriate to prepare the financial statements on a going concern basis. The directors recognise that this represents a material uncertainty as to the Group's ability to continue as a going concern, however they are confident that the Group will be able to continue its operations into the foreseeable future. Should the Group not be successful in obtaining adequate funding, there is a material uncertainty that may cast significant doubt as to the ability of the Group to continue as a going concern and whether it will be able to realise its assets and extinguish its liabilities in the ordinary course of business.

2. PROPERTY, PLANT & EQUIPMENT

	31 December 2023 $	30 June 2023 $
Non-current		
Property, plant and equipment – carrying amount	**36,337**	48,318
Movement for the period		
Beginning of financial period at cost	106,091	103,611
Additions	-	2,480
End of the financial period at cost	**106,091**	106,091
Accumulated Depreciation		
Movement for the period		
Beginning of financial period	**57,773**	30,062
Depreciation	**11,981**	27,711
End of the financial period	**69,754**	57,773
Carrying amount at the end of the financial period	**36,337**	48,318

3. CONVERTIBLE NOTES

	31 December 2023 $	30 June 2023 $
Convertible Notes		
Financial Liabilities at amortised cost	**758,093**	1,229,120
Embedded Derivatives at FVTPL	**165,725**	707,615
	923,818	**1,936,735**
Financial Liabilities at amortised cost		
Opening balance	**1,299,120**	-
Convertible note proceeds	**-**	2,000,000
Conversion of convertible notes	**(940,000)**	-
Transaction costs	**(69,999)**	(289,375)
Derivative liability recognised at inception	**-**	(802,568)
Effective interest of host liability	**468,972**	321,063
	758,093	**1,299,120**
Embedded Derivative		
Opening balance	**707,615**	-
Derivative liability recognised at inception	**-**	481,506
Fair value movement	**(541,890)**	226,109
	165,725	**707,615**

On 15 March 2023, the Company secured funding of up to $2 million (before costs) through the issue of unsecured Convertible Notes. The Convertible Notes were issued to both new and existing groups of sophisticated and professional investors and were issued in two tranches.

The Convertible Notes are unsecured with a face value of $10,000 each and were issued in two tranches:

- Tranche 1: 99 Convertible Notes raising $990,000
- Tranche 2: 101 Convertible Notes raising $1,010,000

Tranche 1 comprising of $990,000 (99 Convertible Notes at $10,000 each) were issued pursuant to the Company's available placement capacity under ASX Listing Rule 7.1. Tranche 1 was completed on 24 March 2023.

The balance of the funding comprising Tranche 2, $1,010,000 (101 Convertible Notes at $10,000 each) was completed on 19 May 2023 following receiving shareholder approval at a general meeting.

The Notes have a term of 12 months, with interest payable quarterly at 12% per annum. Noteholders received 32.49708 free attaching options per $1 subscribed. The Options have an exercise price of $0.03 each expiring 31 December 2025 ("Options").

The Convertible Notes can only be converted after 30 June 2023 at a 15% discount to the 15 day VWAP prior to the conversion date, with a ceiling price of $0.03. Each share issued upon conversion will rank equally with the Company's existing shares on issue. At the end of the term, a Noteholder may elect to redeem the Note and seek repayment of monies advanced, rather than converting to Adavale shares.

During the half year, 94 ($940,000) Convertible Notes plus accrued interest were converted to Adavale shares. Subsequent to half year, a further 46 ($460,000 Convertible Notes were converted.

4. CONTRIBUTED EQUITY

(a) Share capital

	31 December 2023 $	30 June 2023 $
746,588,587 ordinary fully paid shares (June 2023: 519,543,000)	**17,553,566**	13,615,292

	31 December 2023 Number of shares	31 December 2023 $
Movements in share capital for the financial period		
Balance at beginning of the financial period	519,543,000	13,615,292
Issued during the period:		
Placement at 1.9 cents per share	130,000,000	2,470,000
Rights issue at 1.9 cents per share	42,105,264	800,000
Exercise of options at 3 cents per option	50,275	1,508
Conversion of convertible notes including accrued interest	54,890,048	947,602
Lead Manager option share based payment	-	(72,000)
Share issue cost	-	(208,836)
Balance at end of the financial period	**746,588,587**	**17,553,566**

(b) Reserves

	31 December 2023 $	30 June 2023 $
Share based payments reserve	**1,143,024**	1,061,548
Movement for the period		
Beginning of financial period	1,061,548	471,745
Share based payments (options)	72,000	98,531
Share based payments (options – borrowings transaction cost)	-	491,272
Share based payments (performance rights)	9,476	-
End of the financial period	**1,143,024**	1,061,548

(c) Ordinary Performance rights on issue for the half-year

During the half year, 60,000,000 Performance Rights were issued to directors, officers and key consultants of the Company. The Performance Rights were issued following shareholder approval at the 2023 Annual General Meeting held on 24 November 2023.

Participants	Class A	Class B	Class C	Class D	TOTAL
Grant Pierce	3,300,000	3,300,000	3,000,000	1,500,000	11,100,000
David Riekie	3,300,000	3,300,000	3,000,000	1,500,000	11,100,000
John Hicks	3,300,000	3,300,000	3,000,000	1,500,000	11,100,000
Executives and consultant	7,350,000	7,350,000	6,750,000	5,250,000	26,700,000

Class A Performance Rights will vest upon the Company achieving and maintaining a share price of $0.04 or more for a continuous period of 5 trading days on or before 31 December 2024.

Class B Performance Rights will vest upon the Company achieving and maintaining a share price of $0.06 or more for a continuous period of 5 trading days on or before 31 December 2025.

Class C Performance Rights will vest upon the Company announcing a total JORC Code compliant Mineral Resource of 40,000 metric tonne (or equivalent) contained Nickel on or before 31 December 2026.

Class D Performance Rights will vest upon the Company announcing a total JORC Code compliant Inferred Mineral Resource of 5Mlbs at a grade of 300ppm U_3O_8 (or equivalent) on or before 31 December 2026.

Share based payments – performance rights expensed during the half year

	Class A	Class B	Class C	Class D
Number Issued	17,250,000	17,250,000	15,750,000	9,750,000
Expiry Date	31 Dec 2024	31 Dec 2025	31 Dec 2026	31 Dec 2026
Grant Date	24 Nov 2023	24 Nov 2023	24 Nov 2023	24 Nov 2023
Volatility	119%	120%	N/A	N/A
Risk Free Rate (%)	4.40%	4.16%	N/A	N/A
Underlying Fair Value on Grant Date	$0.0034	$0.0049	$0.009	$0.009
Probability	N/A	N/A	Nil	Nil
Total Fair Value ($) – Life of rights	$58,650	$84,525	$141,750	$87,750
Total Fair Value ($) – expensed to 31 Dec 2023	$5,398	$4,078	-	-
Method of valuation	Hoadley Barrier Model and Parisian Model	Hoadley Barrier Model and Parisian Model	Share price at grant date (i)	Share price at grant date (i)

(i) At balance date, it is not yet considered probable that the vesting conditions will be met, therefore no expense has been recorded in the current period.

During the half year, 17,000,000 Performance Rights have lapsed due to expiry.

(d) Options issued during the half-year

During the half year, 18,000,000 Listed Options exercisable at $0.03 each expiring 31 December 2025 (ADDOA) were issued to GBA Capital as part of the Lead Manager and Underwriting consideration following shareholder approval on 14 September 2023. At the date of the approval, the ADDOA listed price is $0.004 per option. The value of these options ($72,000) was included in share issue costs and applied against the cost of the capital raising.

During the half year, 172,105,264 Listed Options exercisable at $0.03 each expiring 31 December 2025 (ADDOA) were issued to shareholders as part of the placement and rights issue.

During the half-year, 45,708 options exercisable at $0.03 each expiring 22 September 2023 were exercised. A further 4,567 options exercisable at $0.03 each expiring 31 December 2025 were exercised.

(e) Options expired during the half-year

During the half-year, 98,279,306 options expired unexercised.

5. SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management. The Company operated in one operating segment during the half year, being mineral exploration and in two geographical areas, being Australia and Africa. Expenditure, assets and liabilities not directly related to either is referred to as other.

The segment reporting is detailed below:

	Mineral Exploration Australia $	Mineral Exploration Africa $	Corporate $	Total $
For the half year ended 31 Dec 2023				
Income				
Other	-	-	541,890	541,890
Total Segment Income	**-**	**-**	**541,890**	**541,890**
Segment Result				
(Loss) before income tax	(147,298)	(2,037,315)	(785,604)	(2,970,215)
Income tax expense	-	-	-	-
Net (Loss)	**(147,298)**	**(2,037,315)**	**(785,604)**	**(2,970,215)**
Total Segment Assets	**-**	**112,114**	**930,953**	**1,043,067**
Total Segment Liabilities	**-**	**-**	**(1,054,802)**	**(1,054,802)**

	Mineral Exploration Australia $	Mineral Exploration Africa $	Corporate $	Total $
For the half year ended 31 Dec 2022				
Income				
Other	-	3,841	5,576	9,417
Total Segment Income	**-**	**3,841**	**5,576**	**9,417**
Segment Result				
(Loss) before income tax	(91,967)	(1,542,837)	(656,910)	(2,291,714)
Income tax expense	-	-	-	-
Net (Loss)	**(91,967)**	**(1,542,837)**	**(656,910)**	**(2,291,714)**
Total Segment Assets	**-**	**133,587**	**973,305**	**1,106,892**
Total Segment Liabilities	**(18,874)**	**(94,791)**	**(101,160)**	**(214,825)**

6. LOSS PER SHARE

	December 2023 $	December 2022 $
(a) Reconciliation of earnings used in calculating loss per share		
(Loss) attributable to the owners of the company used in calculating basic and diluted loss per share	(2,970,215)	(2,291,714)
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	689,810,807	458,118,469
Basic and diluted (loss) per share attributable to the ordinary security holders of the Company (cents per share)	**(0.43)**	**(0.50)**

7. CONTINGENT LIABILITIES

There is no material change to contingent liabilities as disclosed in the 30 June 2023 annual report.

8. COMMITMENTS

There is no material change to the commitments disclosed by the Group in its 30 June 2023 annual report.

9. FINANCIAL INSTRUMENTS

The embedded derivative is carried at fair value and its lend in the fair value hierarchy.

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the condensed consolidated statement of financial position approximate their fair values.

10. SUBSEQUENT EVENTS

Subsequent to period end, the Company raised $1.5 million (before costs) through a placement of 214.3 million shares at an issue price of $0.007 per share with 1 for 1 free attaching listing options (ADDOA) exercisable at $0.03 per share expiring 31 December 2025. The Placement of 200 million shares has been issued with the balance of 14.3 million shares ($100,000) to be issued subject to shareholders' approval. The issue of the free attaching options will be subject to shareholders' approval.

On 11 January 2024, 3,559,226 shares were issued following the conversion of 2 Convertible Notes including accrued interest (face value of $10,000 each) at a price of 0.649 cents per share.

A further 17 Convertible Notes including accrued interest were converted at 0.7 cents per share on 15 January 2024 and 27 Convertible Notes including accrued interest at 0.74 cents per share were converted on 16 January 2024. A total of 61,024,328 shares were issued for the conversion on 15 and 16 January 2024. As at the date of this report, total outstanding Convertible Notes is 60.

Other than disclosed above, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

In the directors' opinion:

1. the financial statements and notes set out on pages 14 to 25 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that Adavale Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board.

David Riekie
Executive Director

13 March 2024
Perth, Western Australia

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Adavale Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Adavale Resources Limited ("the Company") which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Adavale Resources Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 March 2024

L Di Giallonardo
Partner