ASX RELEASE

2021 Annual Report

Please find attached the Adavale Resources Limited 2021 Annual Report

Julian Rockett
Company Secretary
Adavale Resources Limited

ADAVALE RESOURCES LIMITED

ACN 008 719 015

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30 June 2021

Contents

CORPORATE DIRECTORY

Directors
Grant Pierce (Chairman) (Appointed 26 August 2020)
Rod Chittenden (Appointed 26 August 2020)
John Hicks (Appointed 7 July 2021)
David Riekie (Appointed 28 July 2021)
Steven Georgiadis (Appointed 26 August 2020) (Resigned 28 July 2021)
Alan Armstrong (Appointed 17 June 2020) (Resigned 7 July 2020)
Stephen Lowe (Appointed 24 July 2020) (Resigned 26 August 2020)
Louis Clinton (Appointed 29 November 2019) (Resigned 26 August 2020)
Gary Stewart (Appointed 11 December 2019) (Resigned 26 August 2020)
George Karantzias (Appointed 7 July 2020) (Resigned 24 July 2020)

Secretaries
Julian Rockett (Appointed 27 August 2020)

Registered Office
Level 7,

6 Underwood Street
SYDNEY NSW 2000
Telephone +(612) 80036733

Share Registry
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Auditor
HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

Stock Exchange
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX Code
ADD

NATURE OF OPERATIONS

The principal activity of the Group during the period was mineral exploration in Tanzania and Australia. The following sets out the major changes to the Company from both a corporate and operational perspective during the reporting period and up to the date of writing.

Board Structure and Objectives

On 27 August 2020 a new Board and Company Secretary were appointed comprising Grant Pierce OAM (Chairman), Rod Chittenden (Non-Executive Director), Steven Georgiadis (Non-Executive Director) and Julian Rockett (Company Secretary). Allan Ritchie was subsequently appointed as Chief Executive Officer on 8 September 2020.

As a first step, The Board announced on 28 August 2020 the withdrawal of the Renounceable Rights Issue announced by the previous Board on 7 August 2020. The Board developed a strategy to recapitalise the Company to ensure adequate funding for exploration of what would become its Kabanga Jirani Nickel Project.

Capital raising initiatives further described below included a placement to institutional and sophisticated investors and a Share Purchase Plan (SPP). The Company also negotiated the conversion of the former $1,000,000 Convertible Note plus accrued interest into fully paid ordinary shares, thus clearing all long-term debt from the balance sheet.

Additionally, Adavale acquired strategically significant UNDP and BHP data which underpinned the acquisition of five additional tenements in the Kagera Region of Tanzania. The Company commenced its initial exploration program in November 2020 and its maiden drilling program in June 2021.

Further details of these initiatives are provided below.

CORPORATE

Share Placements

On 6 October 2020 the Company announced a Share Purchase Plan (SPP) whereby each eligible shareholder under the SPP was provided with the opportunity to acquire up to $30,000 worth of shares at an issue price of $0.03 (subject to scale-back at Adavale's absolute discretion), without paying any brokerage fees, commissions or other transaction costs. As a result, the Company raised $1,290,000 from the SPP culminating in the issue of only 43,000,000 new shares.

In December Adavale issued a further 35,000,000 fully paid ordinary shares raising a further $1,400,000 at $0.04 per share (excluding fees) from institutional and sophisticated investors by way of a placement which included the issue on a 1 :4 basis of 8,750,000 options expiring in Dec 2022 with a $0.06 exercise price.

Also, in December 2020, and in accordance with approvals provided at the Annual General Meeting held on 21 December 2020, the Company issued 10,591,868 shares at various prices to various service providers to the Company as an alternative to making cash payments, thus conserving cash for the continued exploration effort of the Company. Additionally, 8,750,000 options were issued as part consideration to joint lead managers on the same terms as attached options to the above placement.

As a part of the terms for issue of the above options, Adavale, at their discretion, has the ability to cause the exercise at $0.06 should the 10-day VWAP reach $0.12. The exercise of these options would bring a further $1,050,000 in to Adavale, and like all capital raised by the new board of Adavale the lion's share will be applied to exploration.

Ironside Capital, Foster Stockbroking and Taylor Collison acted as Joint Lead Managers to this raise which attracted multiple world class institutions to the register including Ausbil Global Resources.

In April 2021 the Company issued a further 1,281,318 shares to directors and executives as consideration for services for the period 1 December 2020 to 31 March 2021.

Conversion of Convertible Note

In September 2020 a binding agreement was executed with the then recent acquirers of the $1M face value convertible note to convert 100% of their interest, at a significant premium to the then current share price. The $1M face-value convertible note together with accrued interest at 8% per annum from 28 April 2017 was agreed to be converted per the terms of the Convertible Note Agreement at a price of 5 cents per ordinary fully paid share, which removed all existing long-term debt from the Company's balance sheet.

Capital Structure

The Company's summarised capital structure as of 30 June 2021 is as follows:

Issued fully paid ordinary shares:	286,813,995
Options @ $0.06 Exp. 31 Dec 2022	15,500,000
Options @ $0.06 Exp. 11 Dec 2022	2,000,000

Kabanga Jirani Nickel Project - High Grade Nickel Sulphide Exploration in Tanzania

The Company first initiated its entry into the nickel sulphide exploration program in Tanzania when it applied for two nickel tenements in January 2020, adjoining the world famous Kabanga Nickel Sulphide Deposit. These tenements were granted in March 2020 for a period of 5 years.

Following the appointment of the new Board and management at the end of August 2020, the Company obtained the historical and comprehensive UNDP and BHP exploration data package. The package comprises a significant body of exploration work undertaken in Tanzania's Kagera Nickel Belt region between the mid-1970's and 2008 including:

- Airborne EM and aeromagnetic survey
- baseline geology mapping
- Geochemical assays over much of the region

The wealth of relevant data contained in the package guided Adavale's technical team to recommend the application for additional prospecting licences. The Company subsequently applied for the Kabanga East, Kabanga West, Burigi, Burigi North and Ruiza NE Licences. All licences have been granted.

All of the Company's licences surround or are proximal to the world class Kabanga Nickel Project (58Mt @ 2.62% Ni). The licences have collectively been named the Kabanga Jirani Nickel Project, Jirani is the Swahili word meaning 'neighbour'.

To complement the activities in the field, the Company appointed the MSA Group from South Africa as technical consultants. The MSA team has an in-depth understanding of the geology and mineralisation controls of deposits within the East African Nickel belt and a track record of discovery success.

Dave Dodd, Head of Geology and principal consultant at the MSA Group in South Africa, has been appointed as the Company's competent person for ASX JORC reporting requirements. His in-depth understanding of nickel-sulphide deposits is arguably unparalleled and he is considered a leader in his field.

The initial exploration program in the Kagera Region, North West Tanzania commenced in mid-November.

Numerous geochemical anomalies were identified using portable XRF equipment which gives sufficiently accurate metal analysis for the purpose of this program.

Following on from the initial regional exploration work, targets were identified and infill sampling was conducted on selected areas with tighter sample spacing. Infill sampling grids were completed at both Kabanga North, Northeast, West and East. Field follow up of a coincident Ni and Cu anomaly at Kabanga Northeast resulted in the identification of an outcropping ultramafic intrusion hosting disseminated sulphides.

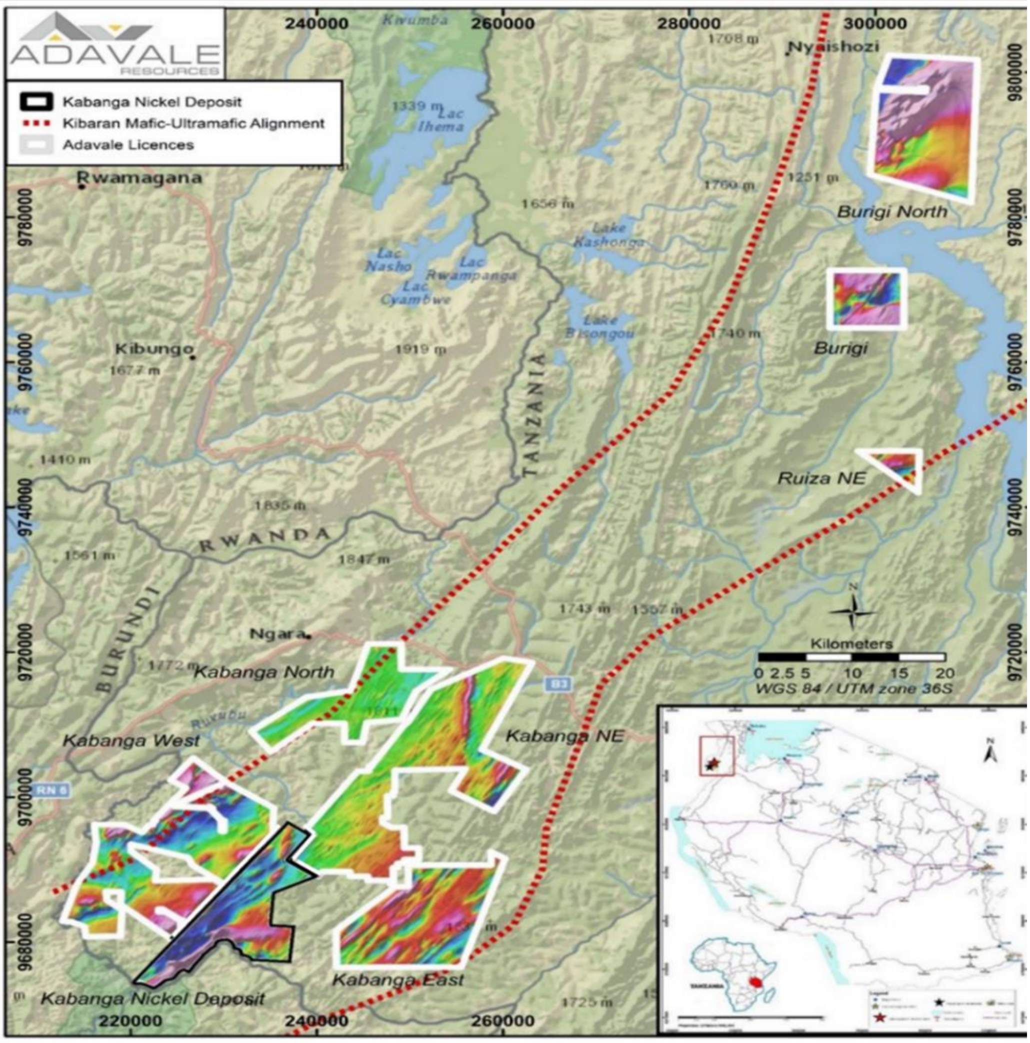
Geophysicists were engaged to interpret the BHP data with 15 geophysical targets identified. At the same time the Company appointed Geophysical Surveys and Systems (GSS) to carry out comprehensive NSAMT, ground EM and Magnetic surveys on the 15 geophysical targets as well as 3 geochemical and as at the time of this report gravity surveys have also been added and the total high priority targets are now 22.

In April 2021 the Company announced the award of the maiden drilling contract for the Kabanga Jirani project to commence in June 2021. The Company committed to an eight-hole (approx. 3,000m) drilling program on 4 of the 7 licences.

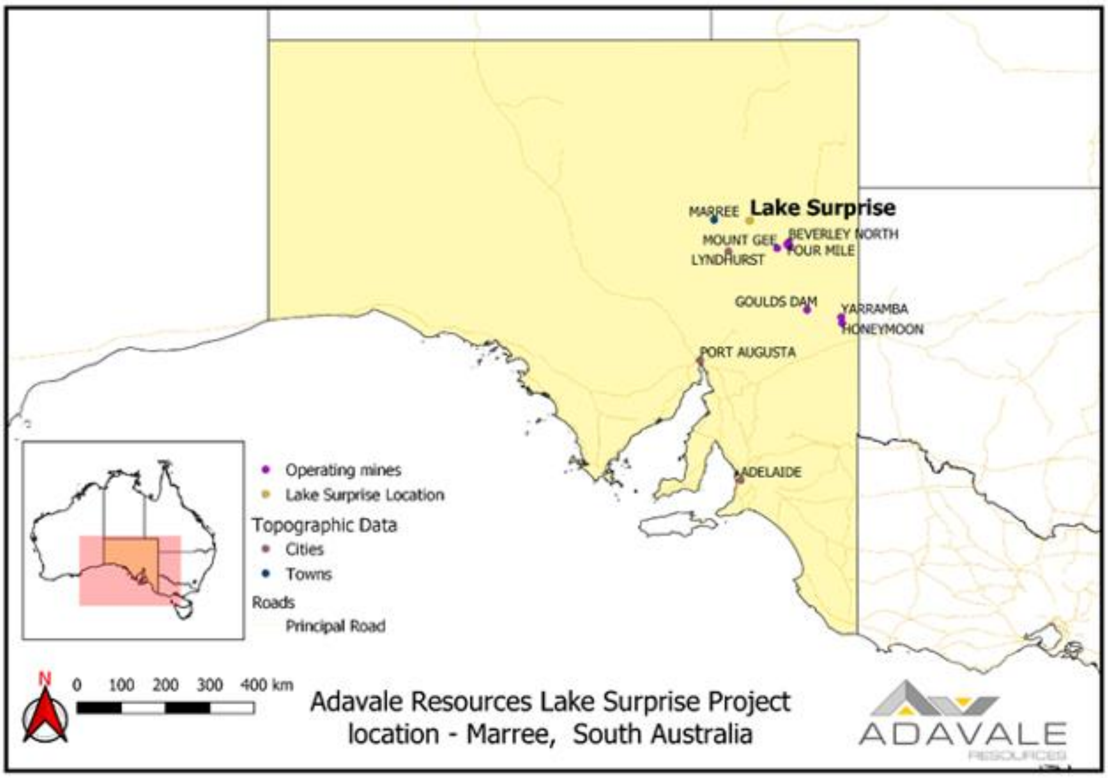
The initial drill hole was commenced in June located in Kabanga North and completed to a depth of 455.24 meters. Drill holes 2 and 3 have now been completed to depths of 301.82 and 418.25 meters respectively. The drill hole number 4 is progressing at the time of this report. The Company is also implementing gravity survey techniques to provide more data to better refine and prioritise the Company drilling targets. Early results from the initial hole include elevated XRF Ni and Cu values in sulphide veins that may indicate proximity to a larger source of magnetic sulphides.

Competent Person Statement: The information in this report relating to Kabanga Jirani Nickel Project relates to Exploration Results, Mineral Resources or Ore Resources is based on information that was examined and 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. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2014 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Dodd consents to the inclusion in the report of the matters based on the information supplied in the form and context in which it appears.

A map of the Kabanga Jirani Nickel Project is set out below.



SOUTH AUSTRALIA LAKE SURPRISE URANIUM PROJECT



LAKE SURPRISE – SOUTH AUSTRALIA – 100% ADD

Adavale Minerals Pty Ltd, the subsidiary of the Company holds three exploration licences within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment. These tenements lie within a flat, semi-arid landscape located just to the north of the Flinders Range in South Australia. These include EL 5892 comprising 92km2 , EL 5893 comprising 167km2 and EL 6598 of 137km2.

The Lake Surprise Project area contains the Jubilee and Mookwarinna Prospect areas, and these lie within a shallow, structural downwarp known as the Clayton Basin. If further exploration identifies economic resources, both prospects could be mined by shallow open cut methods and uranium extraction using a simple heap-leach process.

The Jubilee Prospect contains fourteen potentially economic ore blocks that lie within a north-trending, sinuous, quartzose palaeochannel system. These blocks have eU3O8 concentrations of greater than 100ppm reaching a maximum of 611ppm and have thicknesses greater than 0.5m. The deposits comprise a mixture of unconformity, sheet-like or roll-front style deposits that in places crop out and extend to depths to about 25m below the ground surface and lie within a sinuous palaeochannel that is more than 2km in length. This channel has tributary branches and segments that are undrilled and in places are open in several directions. The palaeochannel system contains fine to coarse grained quartzose sandstone and minor siltstone. Most of the uranium, including occurrences of visible carnotite, is held within hardened silicified sandstone and silcrete layers. Adavale has made a preliminary assessment as to the quantity of uranium present from a study estimating equivalent uranium present through analyses of gamma ray logs of drill-holes. This assessment cannot be accurately completed due to relatively few geochemical analyses that were undertaken and because some uranium may not have responded as radioactive anomalies in the gamma ray logs, due to the probable disequilibrium state of recently groundwater-precipitated uranium. The Board recognises the potential economic significance of this area and has received a report recommending an infill drilling plan to further explore and upgrade knowledge of the uranium resources of this prospect.

The Mookwarinna Prospect lies in the south-central part of EL 5893 and has widely spaced drill-holes on an approximate 1km grid spacing. A broad anomalous zone of uranium enrichment is recorded in five drill-holes within a zone about 6km in strike length which appears to wrap around the southern margin of a local, structural downwarp within the Clayton Basin sequence. An area of about 300 X 400m was subjected to a ground spectrometer survey and infill drilling of six gamma-ray logged holes and contains anomalous uranium above the 100ppm cut-off grade in layers up to 3.25m in thickness. The deposits are shallow and in places lie just below surficial sand cover to depths of about 20m.

It is likely that the uraniferous granites in the Flinders Range is the likely source and the proximity to this terrain may indicate that the uranium deposits could be more extensive than those located further north in the Jubilee Prospect. A programme of closer-spaced drilling, gamma-ray logging, XRF and geochemical analyses of core and cuttings, has been designed for this area.

Applications have been made for the tenure on all three tenements to be extended for two years until 2023. Application approval has been received for EL 6598, and applications are pending for EL 5892 and EL 5893. Management continue to have discussions with potential joint venture parties to explore and develop the sedimentary uranium deposits. The Company is also planning to extend exploration into EL 6598 and into as yet other undrilled sectors of the Clayton Basin, within the tenements that appear to contain similar geological environments to the two identified prospects.

Competent Person Statement: The information in this report relates to Exploration Results, Mineral Resources or Ore Resources is based on information that was examined and reviewed by Dr Brian R. Senior, who is a Fellow of the Australasian Institute of Mining and Metallurgy and independent Geological Consultant to ADD. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2014 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Senior consents to the inclusion in the report of the matters based on the information supplied in the form and context in which it appears.

SCHEDULE OF TENEMENTS

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Ministry ID	Area (km^2)	Project Location
PL 11406/2020	298.02 km^2	Kabanga Nth East, Tanzania
PL 11405/2020	113.84 km^2	Kabanga North, Tanzania
PL 11538/2021	64.08 km^2	Burigi, Tanzania
PL 11537/2021	194 km^2	Burigi North, Tanzania
PL 11591/2021	181.74 km^2	Kabanga East, Tanzania
PL 11590/2021	273.27 km^2	Kabanga West, Tanzania
PL 11592/2021	19.4 KM2	Ruiza North East, Tanzania
EL 5892	92 km^2	Lake Arthur East, Sth Aust.
EL 5893	167 km^2	Lake Arthur, Sth Aust.
EL 6598	137 km^2	Canegrass Swamp, Sth Aust.

DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2021.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name & Qualifications		Interest in Shares and Options at date of report or date of resignation	Experience and Special Responsibilities
Mr Grant Pierce Chairman	Non-Executive Appointed 26 August 2020	2,297,894 shares 560,000 Incentive Rights	Grant is a qualified mining engineer with 30 years of operational experience in both Australia and Africa. He has managed both open-pit and underground mines across a range of mineral commodities. In addition, he has held numerous senior development roles taking green and brown field projects to either shovel ready status or into production. Grant was a member of the development team that built Tanzania's first modern gold mine, Resolute's Golden Pride Project, and was Operations manager of the mine for its first 6 years. Directorships in the last 3 years - EcoGraf Limited (appointed 21 August 2014 - resigned 12 June 2020)
Mr Rod Chittenden Director	Non-Executive Appointed 26 August 2020	887,728 shares 560,000 Incentive Rights	Rod has 40 years of experience in the minerals industry across Africa, Australia and South America, both in executive management roles and metallurgical project development roles from exploration to production. Rod has largely resided in Africa for more than a decade and worked on Magnis Energy Technologies Nachu Graphite Project, spearheading initial metallurgical programs. Rod also played a key role in the commissioning of Paladin Energy's Langer Heinrich and Kayelekara projects. Prior to that Rod has worked for major miners including Newcrest and Barrick Gold. Directorships in last 3 years – nil
Mr John Hicks	Non-Executive Appointed 7 July 2021	Nil shares	John is a geologist and nickel sulphide specialist with over 40 years experience in the exploration and mining sector, including 15 years as General Manager of exploration for Panoramic Resources Limited. Prior to Panoramic he had various roles with Australian Consolidated Minerals Limited and WMC Limited. Directorships in last 3 years - nil

Name & Qualifications		Interest in Shares and Options at date of report or date of resignation	Experience and Special Responsibilities
Mr David Riekie	Non-Executive Appointed 28 July 2021	800,000 shares	David is an experienced listed company director, in both executive and non-executive roles. His career spans multiple continents including within Africa Namibia, Tanzania, Eritrea, South Africa, DRC and Mozambique. He holds a Bachelor of Economics and a Graduate Diploma of Accounting from Flinders University and has been a member of Chartered Accountants Australia and New Zealand since 1986. David has most recently served on the Boards of Zenith Energy Limited, Paladin Energy Limited and Metals Tech Limited and also served as interim CEO to Poseidon Nickel Limited. Directorships in last 3 years – Zenith Energy Limited, Paladin Energy Limited and Metals Tech Limited.
Mr Steven Georgiadis	Non-Executive Appointed 26 August 2020 Resigned 28 July 2021	476,783 shares	Steven is an attorney with over 20 years of experience encompassing private equity transactions, corporate finance and corporate governance. Steven is a highly respected advisor to private and public companies both within Australia and internationally. His experience covers both listed and unlisted companies with operations in Tanzania and South-East Africa. Directorships in last 3 years – nil
Mr Stephen Lowe	Non-Executive Appointed 24 July 2020 Resigned 26 August 2020	Nil	Mr Lowe is a taxation and business management speci with over 16 years' experience in a variety of different He is a former director of the Perth based specialist tax firm MKT _ Taxation Advisors. He has a Bachelor of Business from ECU, a Post Graduate Diploma in advai taxation and a Master of Taxation from UNSW. Mr Lo has worked in the Global Finance and Commodity industries for over 35 years with a particular focus on energy and carbon sectors over the last 20 years. Mr Lo is currently a non-executive director of Talga Resource Limited and CZR Resources Limited and formerly Chairman of Sirius Resources Limited. Current directorships – CZE Resources Ltd and Talga Resources Ltd Directorships in last 3 years – nil
Mr George Karanzias	Executive Director Appointed July 2020 Resigned 24 July 2020	5,669,089 fully paid ordinary shares	George is a post-graduate in accounting and finance with nearly 30 years' experience in securities. George is currently a director of Alpha Securities and previously Co-Chairman of Omgeo. Directorships in the last 3 years – Nil.

Name & Qualifications		**Interest in Shares and Options at date of report or date of resignation**	**Experience and Special Responsibilities**
Mr Alan Armstrong	Non-Executive Director Appointed 17 June 2020 Resigned 7 July 2020	Nil	Alan is a Chartered Accountant with nearly 5 years' experience as an executive director of Volt Resources Limited and Castillo Copper Limited. Alan is Chief Financial Officer at Castillo Copper Limited. Alan has been involved in capital raising, due diligence and delivery of strategic outcomes. Directorships in last 3 years - Castillo Copper Limited (appointed 1 August 2017 - resigned 23 August 2019)
Mr Gary Stewart	Non-Executive Director Appointed 11 December 2019 Resigned 26 August 2020	Nil	Gary holds a Bachelor of Laws degree and has his own firm, GS Solicitors, based in Sydney. Gary has been a director and company secretary of a number of ASX and overseas companies since 1990, including OMI Holdings Limited, Sun Biomedical Limited, Montec Limited and Workman Industries Limited along with a number of unlisted public companies. Directorships in last 3 years – Nil
Mr Louis Clinton	Non-Executive Chairman Appointed 29 November 2019 Resigned 26 August 2020	Nil	Mr Clinton is a former President and CEO of Freeport McMoRan Pacific, a subsidiary of the Freeport McMoRan Group. Louis has 40 years' experience in th global metals and mining industry, including significar time spent living and working in Indonesia. His time w Freeport included various senior executive roles includ a period of 6 years with overall responsibility for the company's operations in the Pacific region. He was als co-founder, Chairman and CEO of Weda Bay minerals Directorships in last 3 years – nil

Company Secretary (as date of this report)

Julian Rockett, B Arts, LLB, DGLP	Julian Rockett is a qualified corporate lawyer and listed company secretary. His background in law has included corporate compliance, advising on IPOs, M&As, RTOs and capital raising for ASX listed entities. His diverse ASX listed company secretarial experience includes supporting fin-tech, artificial intelligence, medical technology, logistics, equity, mining, energy, technology and commercial property ASX listed companies. Directorships in last 3 years – Nil.

Review and Results of Operations

The activities of the Company during the period under review are set out above in the Review of Operations.

The consolidated loss of the Company from continuing operations was $2,045,665 which compared with a net loss for the prior year of $534,975.

The loss from Company activities before income tax expense includes the following revenue and expense disclosures which are relevant in explain the financial performance of the entity:

	2021	2020
	$	$
Revenue from continuing operations	11,601	-
Expenses from continuing operations	(2,057,266)	(534975)
Loss from continuing operations	**(2,045,665)**	**(534,975)**

The major costs incurred in the year were focused on statutory compliance as well as costs associated with the exploration of, and acquiring nickel tenements in Tanzania. The Company continues to review opportunities relating to its 3 uranium tenements at Lake Surprise in South Australia.

Should any project require major funding beyond the funds immediately available to the Company, the Company would consider either introducing joint venture parties to the project or carry out a capital raising to enable a full ownership retention of the project. Such decisions would be made on a case-by-case basis.

Dividends

No dividends were paid during the financial year and the directors recommend that no dividend be paid in respect of the year ended 30 June 2021.

Significant Changes in the State of Affairs

Except as referred to above there have not been any significant changes in the state of affairs of the Company.

Future Developments

The Group expects to continue its exploration and evaluation activities in Africa and Australia into the foreseeable future and will examine options for maximising the value of its mineral interests.

Events Subsequent to Reporting Date

Since the end of the financial year the Company has appointed two new directors, Mr John Hicks and Mr David Riekie and accepted the resignation of Mr Steven Georgiadis. The company has continued to implement the eight-hole drilling program in Tanzania and has recently announced to the ASX a program of work to commence on the Uranium leases in South Australia.

Except for the above there have been no matters or circumstances which have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Remuneration Report (audited)

The Directors of Adavale Resources Limited present the Remuneration Report for non-executive directors and key management personnel, prepared in accordance with the Corporations Act 2001 and Corporations Regulations 2001.

The Remuneration Report is set out under the following main headings:

a. Principles used to determine the nature and amount of remunerations
b. Details of remuneration
c. Share based remunerations
d. Service Agreements
e. Other Information

(a) Remuneration Policies

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and other executives. Key management personnel comprise of directors of the company and any senior executives of the Group.

The compensation structure takes into account:

- The capability and experience of the key management personnel
- The key management personnel's ability to control the relevant segment performance
- The group's performance including:
  - The group's earning
  - The growth of the share price and delivering constant return to stakeholders

Compensation packages may include a mix of fixed and variable compensation and short- and long-term performance-based incentives. Short and long-term performance – based incentives are designed to reward key personnel for meeting or exceeding their financial and personal objectives.

At the Annual General Meeting of 21 December 2020, the shareholders approved the Adavale Securities Plan (ASP). The stated purpose of the Plan is to provide competitive, incentive-based remuneration supporting the retention, incentive and reward functions of that remuneration. The Plan has also been developed to provide a component of Non-Executive Director's remuneration in the form of deferred securities.

Consequent upon the shareholders approving the above ASP the Company issued 560,000 performance rights to each of the then non-executive directors. The share price hurdle attached to the performance rights was $0.10 per share at a 5 day VWAP within 12 months from their issue, with a 1:1 incentive right to share conversion.

During the current financial year, with regard to any director's retainer and/or remuneration except as referred to above regarding the issue of incentive rights to the then non-executive directors, there is no relationship between remuneration and performance. Renumeration levels are competitively set to attract and retain qualified and experienced directors, executives and staff, and having regard for the overall performance of the Company. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies and industry surveys. No such advice from a remuneration consultant was requested or receive in the current year.

Currently the Company does not have a Remuneration Committee, but the Board establishes and monitors remuneration packages and policies. When appointed, the Board establishes and monitors the remuneration for the Managing Director and/or Chief Executive Officer. During the current financial year a Chief Executive Officer was appointed.

(b) Company Directors' and executives' remuneration

The remuneration paid or incurred during the year to each director and executive of the Company is as follows. There are no long-term employee benefits or termination benefits. See below relating to service agreements.

		SHORT TERM EMPLOYEE BENEFIT	POST EMPLOYEE BENEFIT	SHARE BASED PAYMENT		% PERFORMANCE RELATED
2021		**Salary & Fees**	**Super-annuation**	**Performance rights (vi)**	**Total**	
Directors		**$**	**$**	**$**	**$**	
Mr Grant Pierce (Chair and Non-executive director)		30,581	-	14,040	44,621	31%
Mr Rod Chittenden (Non-executive director)		30,581	-	14,040	44,621	31%
Mr Steven Georgiadis (Non-executive director)		30,581	-	14,040	44,621	31%
Mr Gary Stewart (non-executive director)	ii	3,000	-	-	3,000	-
Mr Louis Clinton (non-executive director)	ii	3,000	-	-	3,000	-
Mr Alan Armstrong (non-executive director)		3,000	-	-	3,000	-
Mr George Karanzias (non-executive director)		-	-	-	-	-
Mr Stephen Lowe Non-executive director)		-	-	-	-	-
Executives						
Stuart Cameron (Secretary and CFO)	iii	38,728	-	-	38,728	-
Allan Ritchie (CEO)		30,000	-	-	30,000	-
Julian Rockett (Company secretary)		38,501	-	-	38,501	-
Geoff Brayshaw (CFO)		30,000	-	-	30,000	-
		$237,972	**-**	**$42,120**	**$280,092**	**-**

2020 Directors	**SHORT TERM EMPLOYEE BENEFIT** Salary & Fees $	**POST EMPLOYEE BENEFIT** Super-annuation $	**SHARE BASED PAYMENT** Options $	**Total** $	**% PERFORMANCE RELATED**
Gary Stewart (ii) (non-executive director)	21,000	-	-	21,000	-
Louis Clinton (ii) (non-executive director)	21,000	-	-	21,000	-
Allan Ritchie (i) (non-executive director)	47,492	-	-	47,492	
Executives					
Julian Rockett (Secretary) (v)	24,646	-	-	24,646	
Stuart Cameron (Company secretary and CFO) (iii)	13,042	-	-	13,042	
Jurgen Behrens (iv)	22,500	-	-	22,500	
	149,680	**-**	**-**	**149,680**	

i A Ritchie was paid on as incurred basis for the period 1 July 2019 till he resigned as a director on 1 December 2019. Upon resignation this director remuneration was settled by way of the issue of 6,332,241 fully paid ordinary shares.

ii Director's fees amounting to $3,000 per month for period of appointment.

iii Fees paid for services by S Cameron to KS Black and Co and Cabel Partners, firms in which Mr Cameron is a partner.

iv Fees of $4,500 per month for period Mr Behrens was Company Secretary.

v Fees paid for services of J Rockett as company secretary from 1 July to March 2020, paid to Boardroom Pty Ltd.

vi. During the year the Company approved the issue of 540,000 performance rights to each of the then non -executive directors as referred to above. An independent valuation was carried on as described in Note 23 of the annual report, and which ascribed a value of $14,040 to the 540,000 performance rights issued to each director.

(c) Service Agreements

There were no service agreements with directors during the period.

(d) Other Information

Options/rights to shares held by Director/ Key Management Personnel

In addition to the above, in accordance with the terms of the Convertible Loan Agreement between the Company and Jun Moon Limited (JML) wherein JML had lent $1,000,000 to the Company, the lender could, at its discretion, direct the borrower to satisfy the repayment of the loan by applying the loan and accrued interest in payment for the subscription of shares by JML at a price of $0.05 per share. In the current year the convertible note was acquired by entities related to Mr G Karantzias. In August 2020 non-related parties acquired the convertible note from entities related to Mr G Karantzias. The balance owing on the Convertible Note plus accrued interest was converted to issued fully paid shares in November 2020 (refer to Note 11 for details).

Shares held by Key Management Personnel

The number of ordinary shares in the Company held during the 2021 reporting period by any of the Key Management Personnel of the Group, including their related parties are set out below.

PERSONNEL	Balance at start of year or date of appointment	Received as part of director / executive entitlement	Purchased/(sold) during the year	Held at date of resignation	Balance at 30 June 2021
Grant Pierce	-	476,783	1,578,036	-	2,054,819
Rod Chittenden	-	476,783	410,945	-	887,728
Steven Georgiadis	-	476,783	-	-	476,783
Louis Clinton	5,333,333	-	-	5,333,333	-
Allan Ritchie	7,663,338	450,390	2,360,330	-	10,474,058
Julian Rockett	17,058	450,390	(402,860)	-	64,588
Geoff Brayshaw	966,667	450,390	1,000,000		2,417,057

(i) Messrs Stewart, Armstrong, Karanzias and Cameron, being directors and/or KMP during part of the reporting period, held no shares during the period they were appointed.

Performance Rights held by Directors of the Company

In the half year ended 31 December 2020, and as approved by Shareholders at the Company's Annual General Meeting on 21 December 2020, the Company adopted the Adavale Securities Plan. Consequent upon this approval the Board granted each Director at 21 December 2020 540,000 Performance Rights. At 30 June 2021 each of Messrs Pierce, Chittenden and Georgiadis hold 540, 000 Performance Rights. Further detail of the terms of the Performance Rights is included in Note 23 to the Financial Statements.

END OF REMUNERATION REPORT

Indemnification of Officers and Auditors

The Company indemnifies, to the extent permitted by law, all current and former Directors and the Company Secretaries of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or Company Secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company also indemnifies the current Directors and Company Secretary of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company also indemnifies executive officers of the Company and its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company does not indemnify its auditors.

Options

During the year the Company issued 8,750,000 options on a 1:4 basis attached to shares issued by way of placement in December 2020. Additionally, in December 2020 the Company issued 8,750,000 options as part consideration to joint lead managers to the share placement made by the Company.

The aggregate options on issue at 30 June 2021 is 17,500,000. All options have an exercise price of $0.06 with 2,000,000 having an expiry date of 11 December 2022 and the remainder an expiry date of 31 December 2022.

During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

Environmental Issues

The Company's operations are not impacted by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Non-Audit Services

HLB Mann Judd did not provide any non-audit services during either the year ended 30 June 2021 or 30 June 2020.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings for which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:

Grant Pierce
Chairman
30 September 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Adavale Resources Limited for the year ended 30 June 2021, 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 audit; and

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

Perth, Western Australia	**B G McVeigh**
30 September 2021	**Partner**

hlb.com.au

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T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $
Continuing Operations			
Other revenue		11,601	-
Total revenue		11,601	-
Audit fees	4	(41,425)	(33,900)
Director fees		(100,742)	(89,492)
Finance costs – financial instrument		(33,314)	(80,214)
Insurance		(41,224)	(30,544)
Share registry fees		(104,146)	(28,611)
Share based payment – performance rights		(42,120)	-
Management and administration		(272,725)	(136,860)
Interest expense – funding		(1,304)	(1,320)
Exploration and evaluation expenditure		(1,350,655)	(123,712)
Legal fees		(54,000)	(2,320)
Other expenses from ordinary activities		(15,611)	(8,002)
		(2,057,266)	(534,975)
(Loss) before income tax expense		(2,045,665)	(534,975)
Income tax expense	5	-	-
(Loss) for the year		(2,045,665)	(534,975)
Other comprehensive income		-	-
Total Comprehensive loss for the year		**(2,045,665)**	**(534,975)**
Earnings per Share attributed to the ordinary shareholder of the Company – cents			
Basic (loss)/earnings per share – continuing operations - cents	6	(0.86)	(0.37)
Diluted(loss)/earnings per share – continuing operations- cents	6	(0.86)	(0.37)

These consolidated financial statements should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2021

	Notes	Consolidated 2021 $	Consolidated 2020 $
ASSETS			
Cash assets	7	1,423,263	85,648
Other assets	8	16,799	26,403
TOTAL CURRENT ASSETS		**1,440,062**	**112,051**
Property, plant and equipment	9	32,685	-
TOTAL NON-CURRENT ASSETS		**32,685**	**-**
TOTAL ASSETS		**1,472,747**	**112,051**
LIABILITIES			
Payables	10	474,830	377,774
TOTAL CURRENT LIABILITIES		**474,830**	**377,774**
Borrowings		-	1,000,000
TOTAL NON-CURRENT LIABILITIES	11	-	1,000,000
TOTAL LIABILITIES		**474,830**	**1,377,774**
NET ASSETS / (DEFICIENCY)		**997,917**	**(1,265,723)**
EQUITY			
Contributed equity	12	6,872,881	2,808,696
Reserves	13	245,120	299,409
Accumulated loses		(6,120,084)	(4,373,828)
TOTAL EQUITY / (DEFICIENCY)		**997,917**	**(1,265,273)**

These consolidated financial statements should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2021

	Notes	Consolidated 2021 $	Restarted Consolidated 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(427,674)	(215,827)
Payments for exploration and evaluation expenditure		(875,566)	(103,309)
Net cash flows used in operating activities	**20**	**(1,303,240)**	**(319,136)**
Cash flow from Investing activities			
Purchase of property, plant and equipment		**(15,560)**	**-**
Net cash used in Investing activities		**(15,560)**	**-**
Cash flows from financing activities			
Issue of shares		2,651,718	335,929
Loan funds received – unrelated party	20	-	45,000
Expenditure funding		4,697	-
Net cash provided by financing activities		**2,656,415**	**380,929**
Net increase in cash held		1,337,615	61,793
Cash at beginning of financial year		85,648	23,855
Cash at end of financial year	**20**	**1,423,263**	**85,648**

These consolidated financial statements should be read with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2021

		Contributed Equity	Accumulated Losses	Equity Component Instrument Reserve	Share based Payment Reserve	Total
		$	$	$	$	$
Balance at 1 July 2019		**2,318,159**	**(3,838,853)**	**299,409**	**-**	**(1,221,285)**
Issue of shares		490,537	-	-	-	490,537
Transactions with owners		490,537	-	-	-	490,537
Loss for the year		-	(534,975)	-	-	(534,975)
Other comprehensive income		-	-	-	-	-
Total Comprehensive Loss		-	(534,975)	-	-	(534,975)
Balance at 30 June 2020		**2,808,696**	**(4,373,828)**	**299,409**	**-**	**(1,265,723)**
Balance at 1 July 2020		**2,808,696**	**(4,373,828)**	**299,409**	**-**	**(1,265,723)**
Issue of shares	12	4,064,185	-	-	-	4,064,185
Valuation of options issued		-	-	-	203,000	203,000
Valuation of performance rights issued		-	-	-	42,120	42,120
Transfer of reserve	13	-	299,409	(299,409)	-	-
Transactions with owners		4,064,185	299,409	(299,409)	245,120	4,309,305
Loss for the year		-	(2,045,665)	-	-	(2,045,665)
Other comprehensive income		-	-	-	-	-
Total Comprehensive Loss		-	(2,045,665)	-	-	(2,045,665)
Balance at 30 June 2021		**6,872,881**	**(6,120,084)**	**-**	**245,120**	**997,917**

These consolidated financial statements should be read with the accompanying notes.

NATURE OF OPERATIONS

Adavale Resources Limited ("the Company") and its controlled entities ("the Group") principal activities during the year include mining exploration and development in Australia and Africa.

CORPORATE

Conversion of Convertible Note

In September 2020 a binding agreement was executed with the then recent acquirers of the $1M face value convertible note to convert 100% of their interest, at a significant premium to the then current share price. The $1M face-value convertible note together with accrued interest at 8% per annum from 28 April 2017 was agreed to be converted per the terms of the Convertible Note Agreement at a price of 5 cents per ordinary fully paid share, which removed all existing long-term debt from the Company's balance sheet.

Share Placements

On 6 October 2020 the Company announced a Share Purchase Plan (SPP) whereby each eligible shareholder under the SPP was provided with the opportunity to acquire up to $30,000 worth of shares at an issue price of $0.03 (subject to scale-back at Adavale's absolute discretion), without paying any brokerage fees, commissions or other transaction costs. As a result, the Company raised $1,290,000 from the SPP culminating in the issue of only 43,000,000 new shares in November 2020.

In December Adavale issued a further 35,000,000 fully paid ordinary shares raising a further $1,400,000 at $0.04 per share (excluding fees) from institutional and sophisticated investors by way of a placement which included the issue on a 1 :4 basis of 8,750,000 options expiring in Dec 2022 with a $0.06 exercise price.

Also, in December 2020, and in accordance with approvals provided at the Annual General Meeting held on 21 December 2020, the Company issued 10,591,868 shares at various prices to various service providers to the Company as an alternative to making cash payments, thus conserving cash for the continued exploration effort of the Company. Additionally, 8,750,000 options were issued as part consideration to joint lead managers on the same terms as attached options to the above placement.

As a part of the terms for issue of the above options, Adavale, at their discretion, has the ability to cause the exercise at $0.06 should the 10-day VWAP reach $0.12. The exercise of these options would bring a further $1,050,000 in to Adavale, and like all capital raised by the new board of Adavale the lion's share will be applied to exploration.

Ironside Capital, Foster Stockbroking and Taylor Collison acted as Joint Lead Managers to this raise which attracted multiple world class institutions to the register including Ausbil Global Resources.

In April 2021 the Company issued a further 1,281,318 shares to directors and executives as consideration for services for the period 1 December 2020 to 31 March 2021.

Capital Structure

The Company's summarised capital structure as of 30 June 2021 is as follows:

Issued fully paid ordinary shares:	286,813,995
Options @ $0.06 Exp. 31 Dec 2022	15,500,000
Options @ $0.06 Exp. 11 Dec 2022	2,000,000

Exploration activity

On 9 January 2020 the Company announced that applications had been submitted over the Kabanga North and Kabanga North East tenements, adjoining tenements to the world famous Kabanga Nickel Sulphide Project in Tanzania. The tenements are in the Karagwe-Ankolean system which hosts the Kabanga Nickel Project, and cover 411 sq km. On 4 March 2020, the Company announced the granting of the licenses for the tenements at Kabanga North and North East. Tenement application fees have been funded to secure tenement licenses for a period of 5 years. For further information relating to current operations at the Kabanga Jirani Nickel Project please refer to Review of Operations referred to in the Directors' Report.

The Group is continuing to evaluate its uranium project at Lake Surprise in South Australia. To this end the 3 tenements have recently been renewed for a further 2 years.

1. REPORTING ENTITY

Adavale Resources Limited (the "Company") is a for profit company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint venture entities. The Group is primarily involved in mining exploration.

The registered office of the Company is:
Adavale Resources Limited
Level 7, 6-8 Underwood Street
SYDNEY NSW 2000
The principal place of business is Australia.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards including Accounting Standards interpretations, adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB")

The financial statements were authorised for issue on 30 September 2021 by the Directors of the Company.

(b) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. All significant areas of estimation uncertainty and critical judgements in applying accounting policies have been disclosed in the following notes to the financial statements.

Significant management estimates have been made by management in valuation of equity instruments issued during the financial year, in particular the issue of options and performance rights. Details of the valuation methodology used for each of these instruments is set out in Notes 23 and 24 to the financial statements.

(c) Going Concern Basis of Accounting

The Group is at the exploration and evaluation phase of each of its mining tenements.

The Group has incurred a loss from continuing operations for the period of $2,045,665. The Group had a cash outflow from operating activities of $1,303,240, while over the same period raised an amount of $2,651,718 cash (net of cash costs) from placement of shares, and additionally converted to ordinary fully paid shares the company debt and accrued interest on the convertible note at 30 November 2020, and payment of certain services by way of share issue. At year end, the Group's cash reserves were $1,423,263, complemented by an undrawn Share Subscription Agreement facility of $175,000. Current assets exceeded current liabilities by $965,232.

The Group is committed to payments to maintain rights to perform its continuing exploration and evaluation activity in both the Kananga Jirani Nickel Project in Tanzania and the Lake Surprise uranium project in South Australia which entails continued cash outflows from operating activities in the next financial year.

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.

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.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of this financial report are presented below. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Group unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Adavale Resources Limited (the parent entity) as at 30 June 2021 and the results of all controlled entities for the year then ended. Adavale Resources Limited and its controlled entities together are referred to in this financial report as the Group or consolidated entity.

Controlled Entities

A controlled entity is any entity controlled by Adavale Resources Limited. Control exists where Adavale Resources Limited is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to offset those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Where controlled entities have entered or left the economic entity during the year, their financial statements have been included from the date control was obtained or until the date control ceased.

Transactions Eliminated on Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated on consolidation.

(b) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

(d) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Transactions are translated to Australian Dollars which is the Company's functional and presentation currency.

(e) Taxation

The income tax expense/(revenue) for the year comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense is based on the loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date basis, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial instruments are recognised at amortised costs, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the value of all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(g) Receivables

The collectability of debts is assessed at reporting date and expected provision is made for any doubtful accounts.

(h) Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(i) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(j) Cash

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(k) Earnings per Share

Basic earnings per share:

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(l) Exploration and Evaluation Assets

The current accounting policy is to expense all exploration expenditure as incurred.

(m) Segment Reporting

The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. has been identified as the Board of Directors of Adavale Resources Limited.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transaction with any of the Company’s other components.

Unallocated items comprise mainly of head office assets, expenses and liabilities.

(n) Share Based Payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant directors become fully entitled to the award (the vesting period).

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

It is measured by fair value of the equity at the grant date. Fair value is measured by the use of a Black Scholes model.

The purpose of performance securities is to provide cost effective consideration to directors for their ongoing commitment and contribution to the Company in their respective roles as Directors.

(o) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributed to the issue of new shares for the acquisition of a business are not included in the cost of acquisition as part of the purchase consideration.

(p) Parent Entity Financial Information

The financial information for the parent entity, Adavale Resources Limited, disclosed in Note 22 has been prepared on the same basis as the basis of the consolidated financial statements of the Group.

In the Company's financial statements, investments in controlled entities are carried at the lower of cost and recoverable amount. A list of controlled entities is contained in Note 18 of the accounts.

(q) New Accounting Standards and Interpretations

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements

For the year ended 30 June 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2020.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 30 June 2021. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

4. AUDITOR'S REMUNERATION

	2021 $	2020 $
Audit and review of financial statements		
Auditors of Adavale Resources Limited – HLB Mann Judd	41,425	33,900
Remuneration for audit and review of financial statements	**41,425**	**33,900**
Other services	-	-
Total other service remuneration	-	-
Total auditor's remuneration	**41,425**	**33,900**

5. TAXATION

	2021 $	2020 $
The prima facie tax on loss before income tax is reconciled to income tax as follows:		
a) Prima facie tax receivable on loss at 30% (2020 30%)	(613,699)	(160,493)
Tax effect of deferred tax assets not brough to account	613,699	160,493
Income tax expense attributed to entity	-	-

The Directors have not recognised any tax assets in respect of losses, as they do not believe that the conditions for recognition set out in Note 3(f) have been met. The Directors estimate the carry-forward income tax losses to be approximately $12,470,651 (2020: $11,194,940) available to offset against future taxable income. Since 30 June 2017, the changes to equity interest held by larger shareholders translates to a greater than 50% change in ownership since the majority of losses were incurred. To retain the future benefit of losses to date the Company will require compliance with the similar business test.

6. EARNINGS PER SHARE

	Consolidated 2021	Restated 2020
	Cents	Cents
Continuing Operations		
Earnings per share		
- Basic – continuing operations	(0.86)	(0.37)
- Diluted – continuing operations	(0.86)	(0.37)
Loss used in the calculation of basic and diluted EPS from continuing operations	(2,045,665)	(534,975)

Weighted average number of ordinary shares used in the calculation of basic and diluted EPS

	2021	2020
- in the calculation of basic EPS	238,378,583	145,968,358
- in the calculation of diluted EPS	238,378,583	145,968,358

Number of options not considered dilutive

As the Company reported a loss for the year ended 30 June 2021, options on issue were not included in the calculation of diluted earnings per share.

7. CASH ASSETS

	Consolidated 2021	Consolidated 2020
	$	$
Cash at Bank and on-hand	1,423,263	$85,648

8. RECEIVABLES

	Consolidated 2021	Consolidated 2020
	$	$
Prepayments	11,775	19,538
Other	5,024	6,865
	16,799	**26,403**

9. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment	Total
	$	$
Balance at 1 July 2020	-	-
Additions	35,598	35,598
Disposals	-	-
Balance at 30 June 2021	35,598	35,598
Accumulated Depreciation		
Balance at 1 July 2020	-	-
Depreciation	2,913	2,913
Balance at 30 June 2021	2,913	2,913
Carrying amount – 30 June 2021	**32,685**	**32,685**

10. PAYABLES

	Consolidated	
	2021	2020
	$	$
Trade creditors	424,633	30,759
Accrued interest – non-related party	-	254,011
Other creditors and accruals	50,197	93,004
	474,830	**377,774**

Further information relating to trade creditors to related parties is set out in Note 21.

During the current financial year the accrued interest to non-related party was converted to shares together with the associated convertible note.

The terms and conditions of the transactions with directors and related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

11. BORROWINGS NON-CURRENT

	Consolidated	
	2021	**2020**
	$	**$**
Borrowings	-	1,000,000
Less: Equity component of instrument	-	(299,409)
Add: Unwinding of interest	-	299,409
Loan from related party	**-**	**1,000,000**

During the previous year, the convertible note was acquired by parties related to Mr G Karantzias from Jun Moon Limited, and in August 2020 was acquired by a number of new unrelated owners. Since then, the convertible loan, together with accrued interest of $254,011 has been converted to fully paid ordinary shares (refer Note 12 below).

12. CONTRIBUTED EQUITY

	Consolidated		Consolidated	
	2021	**2021**	**2020**	**2020**
	No	**$**	**No**	**$**
Issued and Paid-up Share Capital				
Ordinary shares, fully paid	286,813,995		171,194,340	2,808,696
	286,813,995		**171,194,340**	**2,808,696**
Number	**No**	**$**	**No**	**$**
Ordinary Shares				
Balance as at 1 July 2020	171,194,340	2,808,696	119,431,105	2,318,159
Shares issued net of share issue costs	115,619,655	4,064,185	51,763,235	490,537
Closing balance at 30 June 2021	**286,813,995**	**6,872,881**	**171,194,340**	**2,808,696**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share when a poll is called or else one vote each on a show of hands.

In the event of a winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Note 12 Contributed Equity (continued)

During the year the following share issues were made;

- In October 2020 42,999,965 shares were issued at 3 cents per share raising $1,290,000.
- In December 2020 35,000,000 shares were issued at 4 cents per share raising $1,400,000.
- In November 2020 following agreement with the various owners of the Convertible Note, it was agreed to convert the $1,000,000 plus accrued interest of $287,325 into 25,746,504 fully paid shares at the agreed conversion price of 5 cents per share;
- Also, and as approved at the Annual General Meeting in December 2020, the Company has issued 10,591,868 ordinary fully paid shares at various share prices to a number of service providers to the Company;
- In April 2021 the Company issued 1,281,318 ordinary fully paid shares at various prices to directors and executives by way of remuneration for services rendered to the Company.

Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders.

The Company's strategy, which is unchanged from the prior year, was to maintain a sufficient level of cash to meet its obligations, as and when any debts are due, and to meet any investment commitments.

There is no externally imposed capital requirements for the Company.

13. RESERVES

Equity Component Reserve

The Equity Component Reserve recognised the equity component of the Compound Financial Instrument when initiated, refer Note 11. During the year the related Convertible Note was repaid by way of issue of fully paid ordinary shares, and consequently the related reserve of $299,409 has been transferred against accumulated losses.

Share based payment reserve

The share-based payment reserve recognises the value of equity based remuneration during the financial year. Payments in the current year included the Performance Rights issued to directors, valued at $42,120, and the options issued to lead managers as part consideration for management of share placements valued at $203,000. For details of these issues refer to Note 23 and Note 24 below.

14. DIVIDENDS

The Directors do not recommend a dividend for the year ended 30 June 2021. No dividend was paid for the year ended 30 June 2021.

15. FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Board of Directors under policies approved by the Board. The Board identifies and evaluates financial risks and provides principles for overall risk management.

(a) Interest Rate Risk

The consolidated entity is not exposed to interest rate fluctuations as presently there are no interest bearing loans, and previous loan interest rate was fixed at 8%.

Interest Rate Risk Exposures

The consolidated entity’s exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted Average Fixed Interest Rate	Floating Interest Rate	Fixed interest maturing in: 1 year or less	1 to 5 years	more than 5 years	Non-Interest Bearing	Total
			$	$	$	$	$	$
2021								
Financial Assets								
Cash assets	7		-	-	-	-	1,423,263	1,423,263
Receivables	8		-	-	-	-	16,799	16,799
			-	-	-	-	**1,440,062**	**1,440,062**
Financial Liabilities								
Payables	10		-	-		-	474,830	474,830
			-	-			**474,830**	**474,830**
2020								
Financial Assets								
Cash assets	7		-	-	-	-	85,648	85,648
Receivables	8		-	-	-	-	26,403	26.403
			-	-	-	-	**112,051**	**112,051**
Financial Liabilities								
Loans and borrowings	11	8%	-	-	1,000,000	-	-	1,000,000
Payables	10		-	-	-	-	377,774	377,774
			-	-	**1,000,000**		**377,774**	**1,377,774**

15. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

As there are no present interest-bearing loans, and previous loan interest rates were fixed there is no sensitivity to changes in interest rate.

(b) Fair Values of Financial Assets and Liabilities

Valuation Approach

Fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans and lease liabilities approximate net fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The balances of financial assets and liabilities approximate their fair value.

(c) Unrecognised Financial Instruments

The Company and controlled entities do not have any unrecognised financial instruments.

(d) Foreign Currency Risk

Foreign exchange risk arises from future commitments, assets and liabilities that are determined in a currency that is not the functional currency of the Group.

The Group makes certain payments made in US$ and Tanzanian schillings in Tanzania. Based on the above the impact of any change in foreign exchange rates is not material.

(e) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company measures credit risk on a fair value basis. The credit risk on financial assets, excluding investments, of the consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company has no significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

15. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through credit facilities or other fund-raising initiatives, to meet commitments as and when they fall due.

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The Economic Entity cash reserves of $1,423,263 (2020: $85,648) as at 30 June 2021 will meet liquidity requirements in the short term. Liquidity is complemented by the 5 year Standby Subscription Agreement entered in to in April 2020 for an amount of $250,000, with an undrawn capacity of $175,000 at June 2021.

As at 30 June 2021 the Group's non-derivative financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
30 June 21				
Trade and other payables	474,830	-	-	-
Borrowings – non-current	-	-	-	-
TOTAL	474,830	-	-	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Current		Non-current	
	Within 6 months	**6 to 12 months**	**1 to 5 years**	**Later than 5 years**
30 June 20				
Trade and other payables	377,774	-	-	-
Borrowings – non-current (i)	-	-	1,000,000	-
TOTAL	377,774	-	1,000,000	-

Note (i) - these borrowings were converted to share capital in November 2020.

(g) Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as equity shown in the statement of financial position plus net debt. As the Company is in a transitionary stage the gearing ratio has been monitored as a secondary matter to total borrowings and maturity.

16. COMMITMENTS

	Consolidated 2021 $	2020 $
Exploration lease commitments		
Minimum expenditure commitments on exploration licences		
Committed but not provided for and payable:		
Within one year	**1,026,648**	-
One year or later and no later than for five years	2,067,828	770,000
	3,094,476	**770,000**

Minimum expenditure commitments include rental and exploration commitments to date of expiry of current Licence term. This includes both Licences at Lake Surprise plus at Kabanga in Tanzania.

17. 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 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:

(a) Primary Reporting – Business Segments	Mineral Exploration $ Australia	Mineral Exploration $ Africa	Corporate $	Total $
Year ended 30 June 2021				
Revenue				
Other	-	-	11,601	11,601
Interest	-	-	-	-
Total Segment Revenue	**-**	**-**	**11,601**	**11,601**
Segment Result				
Depreciation	-	(2,912)	-	(2,912)
Profit/(loss) before income tax	(19,784)	(1,338,902)	(684,067)	(2,042,753)
Income tax expense	-	-	-	-
Net Profit/(Loss)	**(19,784)**	**(1,341,814)**	**(684,067)**	**(2,045,665)**
Total Segment Assets				
Receivables	-	-	16,799	16,799
Others	-	-	1,455,948	1,455,948
	-	**-**	**1,472,747**	**1,472.747**
Total Segment Liabilities				
Loans	-	-	-	-
Others	-	325,089	149,741	474,830
		325,089	**149,741**	**474,830**

17 SEGMENT INFORMATION (CONTINUED)

(b) Primary Reporting – Business Segments	**Mineral Exploration $ Australia**	**Mineral Exploration $ Africa**	**Corporate $**	**Total $**
Year ended 30 June 2020				
Revenue				
Sales	-	-	-	-
Interest	-	-	-	-
Total Segment Revenue	**-**	**-**	**-**	**-**
Segment Result				
Depreciation	-	-	-	-
Profit/(loss) before income tax	(8,613)	(115,099)	(411,263)	(534,975)
Income tax expense	-	-	-	-
Net Profit/(loss)	**(8,613)**	**(115,099)**	**(411,263)**	**(534,975)**
Total Segment Assets				
Receivables	-	-	-	-
Others	-	-	-	-
	-	-	112,051	112,051
Total Segment Liabilities	**-**	**-**	**112,051**	**112,051**
Loans	-	-	1,000,000	1,000,000
Others	-	-	377,774	377,774
	-	-	**1,377,774**	**1,377,774**

All segment assets are located in Australia and Tanzania.

(c) Segment assets:

Reportable segments' assets reconciled to total assets as follows:

	Consolidated 30 June 2021 $	**Consolidated 30 June 2020 $**
Segment Assets		
Consolidation	1,472,747	112,051
Total assets as per statement of financial position	**1,472,747**	**112,051**

(d) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	Consolidated 30 June 2021 $	**Consolidated 30 June 2020 $**
Segment Liabilities		
Consolidation	474,830	1,337,774
Total liabilities as per statement of financial position	**474,830**	**1,377,774**

18. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Ordinary Shares Consolidated Entity Interest 2021 %	2020 %
Company:		
Adavale Resources Limited		
Controlled Entities:		
Adavale Minerals Pty Ltd	100	100
Adavale Resources Tanzania Limited	100	100
Adavale Africa Pty Ltd	100	-

Adavale Minerals Pty Ltd and Adavale Africa Pty Ltd are incorporated in Australia and are wholly owned subsidiaries of Adavale Resources Ltd.

Adavale Resources Tanzania Limited is incorporated in Tanzania and is a wholly owned subsidiary of Adavale Africa Pty Ltd. This asset and liabilities are not material to the Group

19. CONTINGENCIES

There are no contingent liabilities.

20. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	Consolidated 2021 $	2020 $
(a) Reconciliation of Cash			
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank	7	1,423,263	85,648
(b) Reconciliation of the operating loss after tax to the net cash flow from operations			
Profit/(loss) after income tax		(2,045,665)	(534,975)
Add (less) non-cash items:			
Share based payments (incentive rights)		42,120	-
Depreciation		2,913	-
Interest compounded		33,314	80,214
Shares issued in lieu of cash to creditors		328,141	109,608
		1,639,177	**(345,153)**
Changes in assets and liabilities:			
(Increase)/decrease in receivables		9,604	4,403
Increase/(decrease) in trade creditors and accruals		326,333	21,614
Net cash (used in) operating activities		**1,303,240**	**(319,136)**

(c) Changes in liabilities arising from financing activities

	Consolidated Convertible loan $
Balance as at 1 July 2019	1,000,000
Funds advanced in year	-
Converted to share capital	-
Non-cash unwinding of discount rate	-
Balance as at 30 June 2020	1,000,000
Funds advanced in year	-
Converted to share capital	(1,000,000)
Non-cash unwinding of discount rate	-
Balance as at 30 June 2021	-

21. KEY MANAGEMENT PERSONNEL REMUNERATION

The table below sets out personnel costs expensed during the year.

	Consolidated	
	2021	**2020**
	$	**$**
Director and key management personnel entitlements	237,972	149,680
Share based payments	42,120	-
	280,092	149,680

Details of payments to directors and key management personnel is set out in the Remuneration Report section of the Directors Report. The detail related to share based payments is set out in Note 23 below.

22. RELATED PARTIES

Key Management Personnel

The directors of Adavale Resources Limited are considered key management personnel of the consolidated economic entity.

The directors' remuneration and equity holdings have been disclosed in the Remuneration Report attached to the financial statements.

(a) The directors and key management personnel compensation comprised:

	Consolidated	
	2021	**2020**
	$	**$**
Short-term employee benefits	280,092	149,680

Apart from the details disclosed in this note and elsewhere in the financial report, no director or other related party has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other related party transactions

At 30 June 2019 the Group had a convertible loan with Jun Moon Limited, a company related to Mr Huili Gui (a then non-executive director). Subsequent to 30 June 2019, the convertible loan was acquired by parties affiliated with Mr G Karantzias and then subsequent to 30 June 2020 was been acquired by a number of unrelated parties. The loan balance at 30 June 2020 was $1,000,000. Interest was charged at 8%. The loan plus accrued interest was converted into shares at a conversion price of 5 cents per share in accordance with the Convertible Note terms.

23. RELATED PARTY TRANSACTION – PERFORMANCE RIGHTS

In the half year ended 31 December 2020, and as approved by Shareholders at the Company's Annual General Meeting on 21 December 2020, the Company adopted the Adavale Securities Plan. Consequent upon this approval the Board has granted each Director at 21 December 2020 540,000 Performance Rights. The Performance Rights have been issued as a remuneration bonus should the Company achieve a significant milestone in the Company's share price as described below.

The key terms of the Incentive Rights issued are as follows;

1. the vesting of the incentive rights is determined upon the company share price achieving a 10 cent per share VWAP for 5 consecutive days within 12 months of issue (the incentive hurdle),
2. upon achieving the incentive hurdle the Incentive Rights will be converted to shares on a 1:1 basis.

The fair value of the 1,620,000 Incentive Rights issued has been assessed using the Hoadley Trading & Investment Tools barrier1 valuation model, at an aggregate of $42,120. The following principal assumptions were used in the valuation:

Valuation Assumptions	Incentive Rights
Valuation Date	21 December 2020
Spot Price	$0.046
Exercise price	Nil
Barrier Price	$0.10
Vesting Date	21 December 2021
Expiry Date	21 December 2021
Expected Future Volatility	100%
Risk Free Rate	0.09%
Dividend Yield	Nil

24. ISSUE OF OPTIONS AS CONSIDERATION

As part consideration for the management of recent share placements, 8,750,000 options were issued. The key terms of the options issued are as follows;

1. the exercise price of the options is $0.06 per option;
2. The expiry date is 31 December 2021;
3. The options include a Company put option at $0.06 if and when the Company's share price achieves a 5-day VWAP of $0.12 prior to 31 December 2022.

The fair value of the 8,750,000 options issued has been assessed using the Hoadley Trading & Investment Tools barrier1 valuation model, at an aggregate of $203,000. The following principal assumptions were used in the valuation.

Valuation Assumptions	Share Options
Valuation Date	31 December 2020
Spot Price	$0.05
Exercise Price	$0.06
Barrier Price	$0.12
Expiry Date	31 December 2022
Expected Future Volatility	100%
Risk Free Rate	0.08%
Dividend Yield	Nil

25. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the financial year the Company has appointed two new directors, Mr John Hicks and Mr David Riekie and accepted the resignation of Mr Steven Georgiadis. The company has continued to implement the eight-hole drilling program in Tanzania and has recently announced to the ASX a program of work to commence on the Uranium leases in South Australia.

Except for the above there have been no matters or circumstances which have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

26. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

	2021 $	2020 $
Statement of financial position		
Current Assets	1,327,289	111,520
Non-current Assets	10,629	-
Total Assets	1,337,918	111,520
Current Liabilities	392,911	377,773
Non-Current Liability		1,000,000
Total Liabilities	392,911	1,377,773
Net Assets (Liability)	**945,007**	**(1,266,253)**
Shareholders' contributed equity	6,872,881	2,808,696
Compound Financial Instrument reserve	-	299,409
Share based payment reserve	245,120	-
Accumulated Losses	(6,172,994)	(4,374,358)
	945,007	**(1,266,253)**
Statement of profit or loss and other Comprehensive Income		
Total profit/(loss)	(2,098,045)	(535,505)
Total comprehensive income/(loss)	**(2,098,045)**	**(535,505)**

(c) Commitments

The parent entity did not have any contractual commitments or contingencies as at 30 June 2021.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 30 June 2021

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 45 are in accordance with the Corporations Act 2001 including:

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

   (b) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date;

2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. Note 2 confirms that the consolidated financial statements also comply with International Financial Statements.

4. This declaration has been made after receiving declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

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

On behalf of the Directors

Grant Peirce
Chairman
Date 30 September 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Adavale Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Adavale Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2c in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the *Material Uncertainty Related to Going Concern* we have determined that there are no key audit matters to communicate in our report.

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Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group’s annual financial report for the year ended 30 June 2021, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

HLB MANN JUDD
ADVISORY AND ACCOUNTING

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Adavale Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
30 September 2021

ADDITIONAL SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 30 June 2021

Additional information included in accordance with the Listing Rule 4.10 and are not shown elsewhere in this Annual Report are as follows:

1. SHAREHOLDER INFORMATION

(a) Distribution of holders at 24 September 2021

		Number of holders	Fully paid ordinary shares
Distribution is:			
	1 – 1,000	401	91,301
	1,001 – 5,000	246	607,120
	5,001 – 10,000	196	1,549,953
	10,001 – 100,000	766	33,597,878
	100,001 and Over	421	252,111,733

(b) Less than marketable parcels of ordinary shares

There are 701 shareholders with unmarketable parcels totalling 1,013,402 shares.

(c) **Voting rights**

In accordance with the Constitution each member present at the meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll. Performance rights and Options have no voting rights.

(d) **Substantial shareholders (as at 24 September 2021)**

There are no substantial shareholders as at the above date.

Shareholder	Number of shares	%
NIL		

ADDITIONAL SHAREHOLDER INFORMATION
FOR THE YEAR ENDED 30 June 2021

(e) Shareholders

The twenty largest shareholders hold 29.97% of the total issued ordinary shares in the Company as at 24 September 2021 are as follows:

RANK	NAME	NUMBER OF SHARES	% OF SHARES ISSUED
1	RAAR CAPITAL GROUP PTY LTD	9.984,509	3.47
2	LKC TECHNOLOGY PTY LTD <LKC TECHNOLOGY P/L S/F A/C>	9,945,399	3.45
3	MR WILLIAM MCARTHUR	9,800,297	3.40
4	MR PETER ANDREW PROKSA	8,500,000	2.95
5	THE GAS SUPER FUND PTY LTD <THE GAS SUPER FUND A/C>	4,250,000	1.48
6	MR LOUIS ALFRED CLINTON	4,033,333	1.40
7	PETER TSEGAS	3,916,667	1.36
8	MR JOHN CONSTATIN TSOUBARAKIS + MR EVANGELOS TSOUBARAKIS + MISS MARY TSOUBARAKIS <CTPL SUPERANNUATION A/C>	3,387,500	1.18
9	MR HARYONO EDDYARTO	3,238,778	1.12
10	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	3,205,227	1.11
11	MR MARCUS ANTHONY SAVILL	3,000,000	1.04
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,906,249	1.01
13	7 ENTERPRISES PTY LTD	2,704,643	0.94
14	MR MARK FRANK LA STARZA	2,660,000	0.92
15	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,650,001	0.92
16	MR GEOFFREY FRANK BRAYSHAW	2,576,798	0.89
17	MR MARK RICHARDS	2,441,632	0.85
18	MR ADRIAN DUNPHY	2,413,240	0.84
19	ARTHUR PHILLIP NOMINEES PTY LTD	2,359,922	0.82
20	DELTONA HOLDINGS PTY LTD	2,321,785	0.81
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**76,311,471**	**29.97**
Total Remaining Holders Balance		**211,646,514**	**70.03**

(f) Restricted Securities

There are no shares subject of any restrictions

(g) Unquoted Equity Securities (as at 24 September 2021)

The Company has nil unquoted fully paid ordinary shares on issue as at 24 September 2021.

The Company has 17,500,000 unquoted option securities on issue as at 24 September 2021.

(h) On-Market Buy-Backs

There is no current on-market buy0back in relation to the Company’s securities.

QUOTATION

Listed securities in Adavale Resources Limited are quoted on the Australian Stock Exchange.