Indonesian Update

ADAVALE RESOURCES
A.B.N. 96 008 719 015

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Competent Persons Statement [(1)]

The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences (“AIG”), a Corporate Member of the Australasian Institute of Mining & Metallurgy (“AusIMM”) and independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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 2004 Edition of the “Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Maynard consents to inclusion in the report of the matters based on his information in the form and context in which it appears.

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Adavale's Strategy

To establish itself as a reliable and secure Indonesian coal producer by using Australian experience to ensure good quality control practices providing certainty & confidence to customers.
To secure and build a balanced portfolio of primarily Indonesian coal operations and assets ranging from near production to large scale exploration (funding of large projects will be via future capital raising)
Simultaneously to develop a number of small (1Mtpa) Indonesian coal projects to establish early on the ground operations providing early stage cash flow, local knowledge and networks to assist in building and securing various larger coal opportunities and assets.
To maintain a constant policy of researching and reviewing projects to maximize exposure to opportunities at a reasonable cost
To capitalize on the huge, largely untouched reserves in Sumatra and the proximity to the Chinese and Indian markets
To identify projects that have the potential to deliver a 14-15% margin per tonne.

Local mining operation

Port Example

Why Indonesian Coal

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Indonesia exported 212Mt of thermal coal in 2009, making up 34% of global export supply. This is forecast to rise to 280Mt by 2013.

Close proximity to the India, China and Asian Markets

Top Coal Exporters [2009e]

	Total	Steam	Coking
Australia	*259Mt*	*134Mt*	*125Mt*
Indonesia	*230Mt*	*200Mt*	*30Mt*
Russia	*116Mt*	*105Mt*	*11Mt*
Colombia	*69Mt*	*69Mt*	-
South Africa	*67Mt*	*66Mt*	*1Mt*
USA	*53Mt*	*20Mt*	*33Mt*
Canada	*28Mt*	*7Mt*	*21Mt*

Top Coal Importers (2009e)

	Total	Steam	Coking
Japan	*165Mt*	*113Mt*	*52Mt*
PR China	*137Mt*	*102Mt*	*35Mt*
South Korea	*103Mt*	*82Mt*	*21Mt*
India	*67Mt*	*44Mt*	*23Mt*
Chinese Tapei	*60Mt*	*57Mt*	*3Mt*
Germany	*38Mt*	*32Mt*	*6Mt*
UK	*38Mt*	*33Mt*	*5Mt*

Source: World Coal Association

Location Shipping Logistics

Location

The current projects being reviewed are located in both Sumatra and Kalimantan, Indonesia.

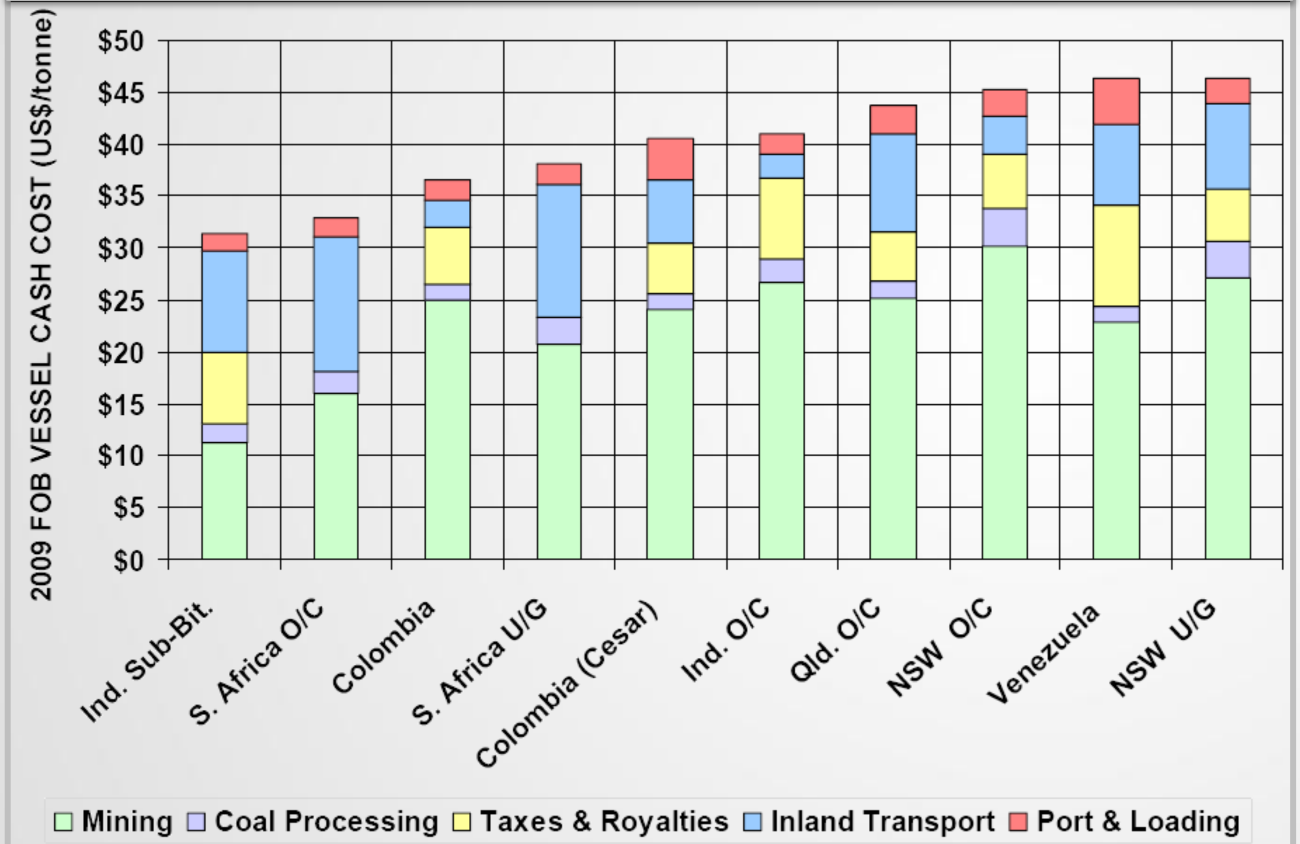
The location provides a clear cost advantage over Australia from a shipping perspective

Shipping Distance

From	Destination	Vessel	Distance nm
Newcastle	India - Mumbai Port	Panamax	6,060
Gladstone	India - Mumbai Port	Panamax	5,845
Indonesia	India - Mumbai Port	Panamax	3,185

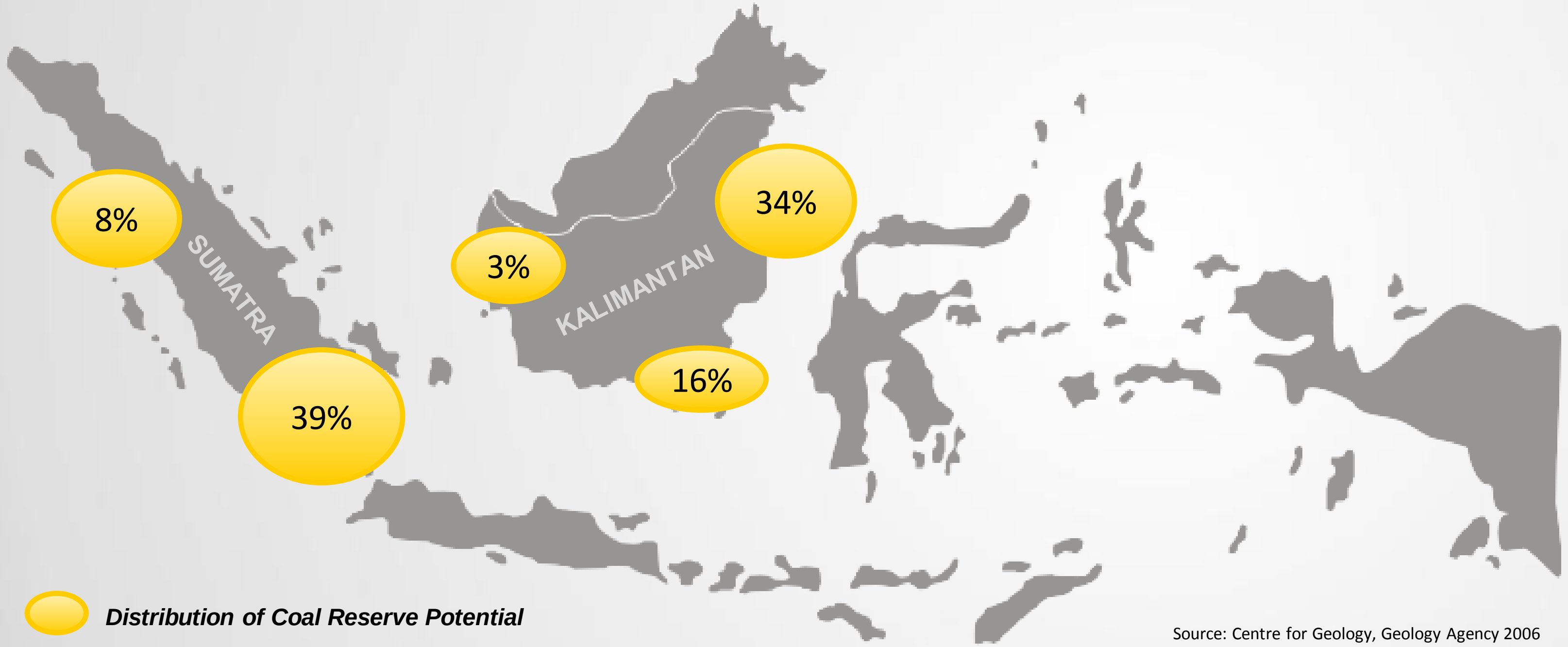
Why Indonesian Coal

2009 FOB Vessel Cash Costs



Lower capital requirements required to locate, acquire & mine

Distribution of Indonesian Coal Map Reserves (in percentages)



Source: Centre for Geology, Geology Agency 2006

The biggest reserves are located in 3 provinces, in South Sumatra (39%), East Kalimantan (34%) and South Kalimantan (16%)

Adavale's in Indonesia

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Established an office in Jakarta, Indonesia.

Employed a full time workforce of six people including three geologists, a business development manager and technical manager all based in Indonesia with John Risinger and Philip Suriano working on a fly-in, fly-out basis. Currently interviewing for Indonesian based General Manager.

Have the ability to assess and evaluate coal projects in the region from a geological, infrastructure and financial perspective.

Developed a local and regional network of industry participants at a number of levels to assist and enable sourcing of projects for review.

Adavale follows a formal staged process once opportunities are received, being:

1. Conducts an initial review and determines whether to proceed further.
2. Negotiates and enters Memorandum of Understanding ("MOU") primarily to set parameters and to allow preliminary due diligence.
3. Enters Letter Agreement (usually subject to further due diligence) with concession owners following further detailed negotiations.
4. Secures the opportunity by contract, option or other appropriate means.

Adavale will engage in projects through either contract for works arrangements (i.e. do not own the underlying project) or as principal of the development, whereby holding the exploration licence or exploitation licence.

Adavale targets projects that involve a minimal upfront investment and have the ability to structure any major payments to concession holders in accordance with project profitability targets.

Current Projects under Assessment - Indonesia

Adavale is currently finalising its agreement to acquire the Tapan project and is reviewing 4 further Indonesian coal projects the subject of MOU's *

The Projects are split between two areas SUMATRA and KALIMANTAN

East Kalimantan Region – 4 Concessions 22,300ha

1. RKBM – signed MOU over 3 concession areas – thermal coal
2. Penajam – signed MOU over one concession – high grade thermal coal

Sumatra Region – 13 concessions 23,900ha

1. Tapan Region
   - Adavale is seeking to complete the acquisition of two Indonesian companies that covers four of the identified concession areas; Tapan, Inderapura, Lunang & KSN
   - Adavale is negotiating MOU's with the other two concessions in the Tapan coal belt being; Tripa Bura & MSP.
2. Lumpo – signed MOU over one concession area
3. Lampung - signed MOU over 6 concession areas including thermal coal and coking coal

*** MOU's are non-binding agreements with no certainty that Adavale will acquire the rights to develop that project. Such agreements generally have an exclusivity period to deal.**

Projects being Assessed - Locations

Projects being Assessed - Sumatra

Tapan - Agreement being Finalised & Work Commenced

Adavale has a formal binding agreement to acquire the company (PPA) that owns the concession. Adavale intends to exercise it's right to acquire the company once the vendor provides all documentation.

Adavale's exploration has estimated a 9.05Mt JORC compliant resource. (1)

The resource lies within an 800ha portion of the concession area.

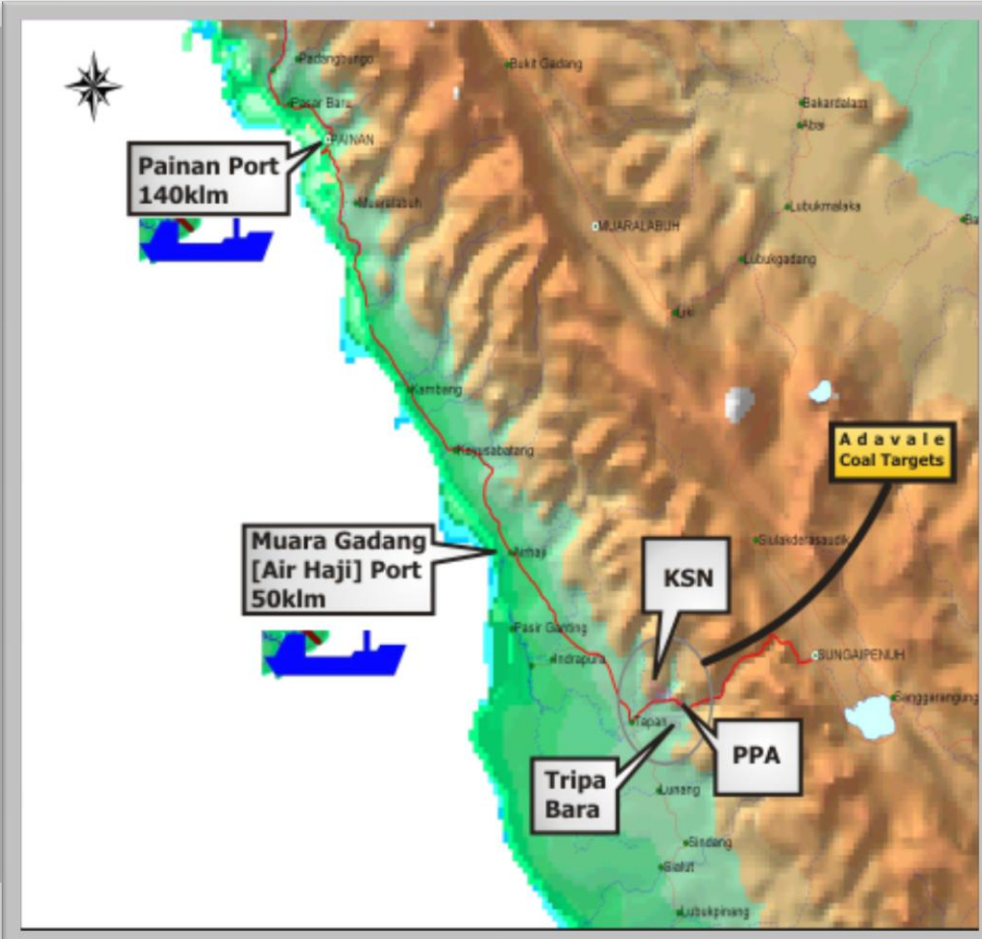
The resource is made up of 2.15Mt Measured, 1.5Mt Indicated and 5.4Mt Inferred. (1)

Two pits have been designed to commence mining, if completion occurs.

Adavale will control and operate port facilities, processing Tapan coal.

The proposed port facilities have been designed to stockpile, crush and barge load thermal coal.

The ports will operate on a toll basis to other exporters



Tapan – Coal Data and Estimated Costs

Raw Coal Analysis Tapan Concession Area (air dried basis)	
Total Moisture (%,ar)	4.00 – 10.70
Inherent Moisture (%,adb)	3.20 – 5.50
Volatile Matter (%,adb)	35.30 – 40.30
Ash (%,adb)	5.20 – 22.10
Fixed Carbon (%, adb)	37.30 – 48.80
Total Sulphur (%,adb)	0.56 – 3.30
Gross Calorific Value (Kcal)	5,500 – 7,060
HGI	34 - 48

Coal quality laboratory analysis undertaken by NATA Certified PT Sucofindo, Jakarta

Estimated Free on Barge Costs Calculation

Item Cost per tonne	US$
Haul roads & water diversion drains maintenance	0.34
Mining Cost	17.85
Transport from mine to port/barge cost	15.50
Port loading & mine crushing costs	7.59
Surveyor and export documentation cost	1.00
Royalty and Government Charges	10.07
Other variable costs	2.54
Total Free on Barge Cost	54.88

Adavale has conducted significant work at Tapan. Based on the drilling data from 48 holes the raw coal data proved GCV 5,500 -7,060

A sample of coal from the Tapan Exploitation Area

Tapan – Pit Designs

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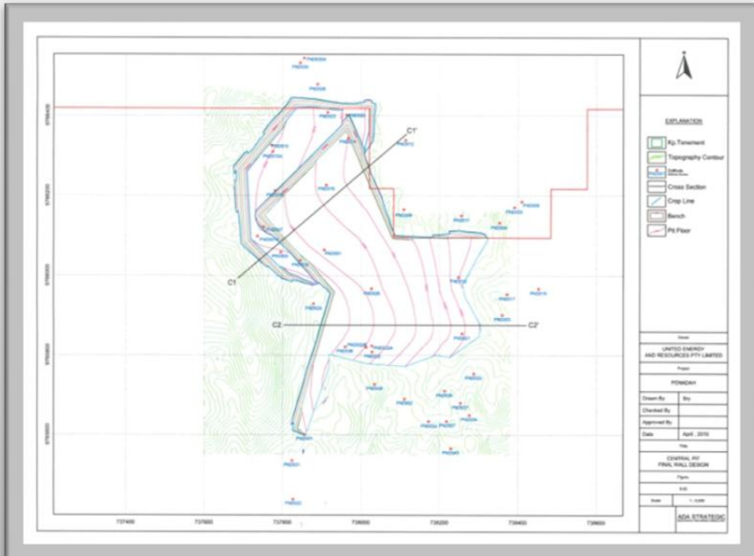
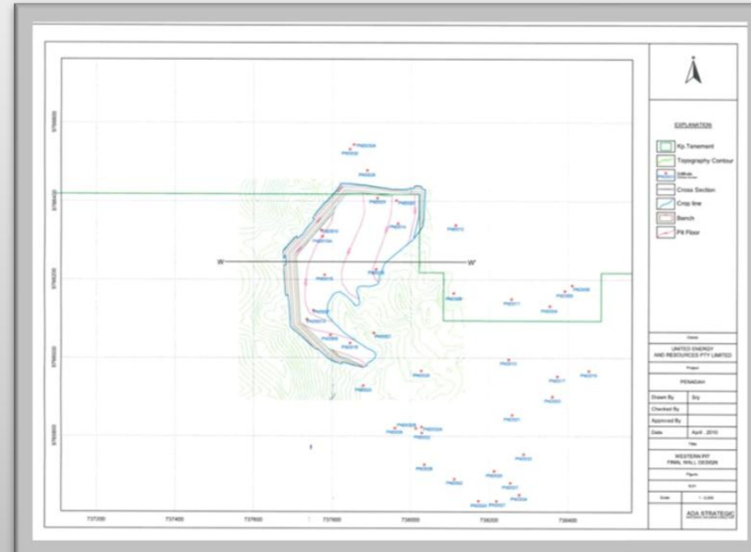


Central Pit



Western Pit

PIT	Recoverable coal	Total Coal Thickness
Central Pit	204,719 tonnes	2.10 m
Western Pit	129,235 tonnes	1.42 m
TOTAL	**333,954 tonnes**	**3.51 m**

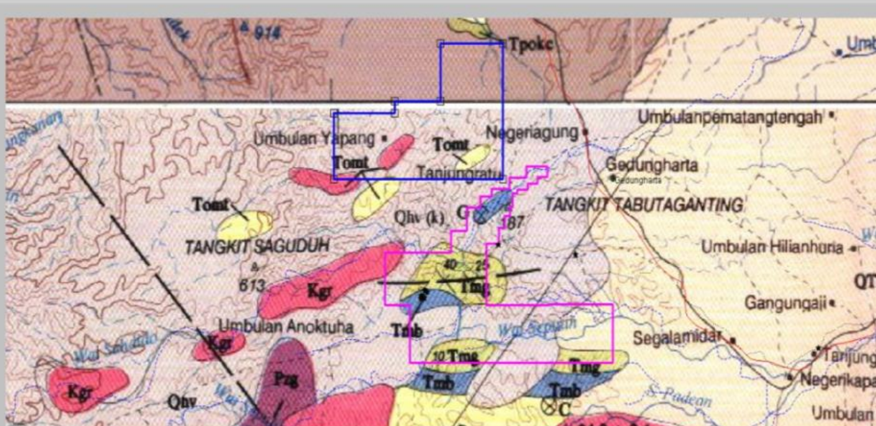
Lumpo – MOU in place

Adavale has signed an MOU with the concession owners
922 Ha located 8km from the port of Painan
The coal bearing formation is Sinamar Formation
High Grade GCV 7900
Coal outcrop 0.45 m – 2.5 m thick
4 coal seams inside the concession
Seams inside tunnels 2 – 2.5 m thick

Lampung – MOU in place

Adavale has signed MOUs with the concession owners
6 concession areas
2 high grade, 1 medium grade, 3 lower grade
38,600 ha in total

High Grade



Saptajaya

Area : 1600ha Production
GCV : 6500-7000Kcal

Apuy Tasak

Area : 2000 ha IUP Production
GCV : 6300-6900Kcal

Lampung – MOU in place

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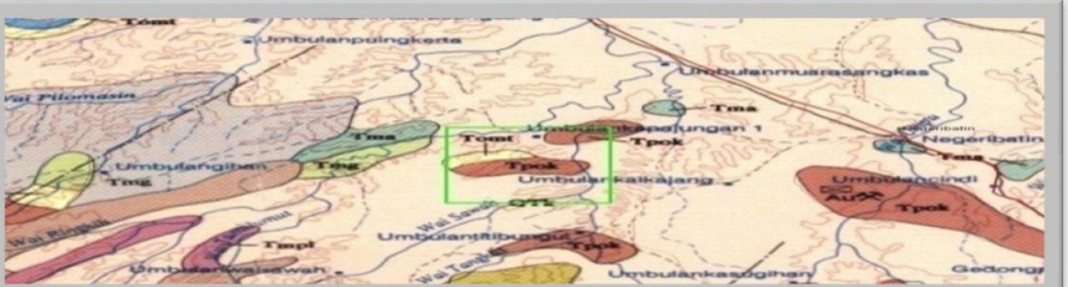
Dimas M. W

Area : 2000ha IUP Exploration
GCV : 5500Kcal

Medium Grade



Jejamo Sengewari

Area : 2000 ha IUP Production
GCV : 6300-6900Kcal

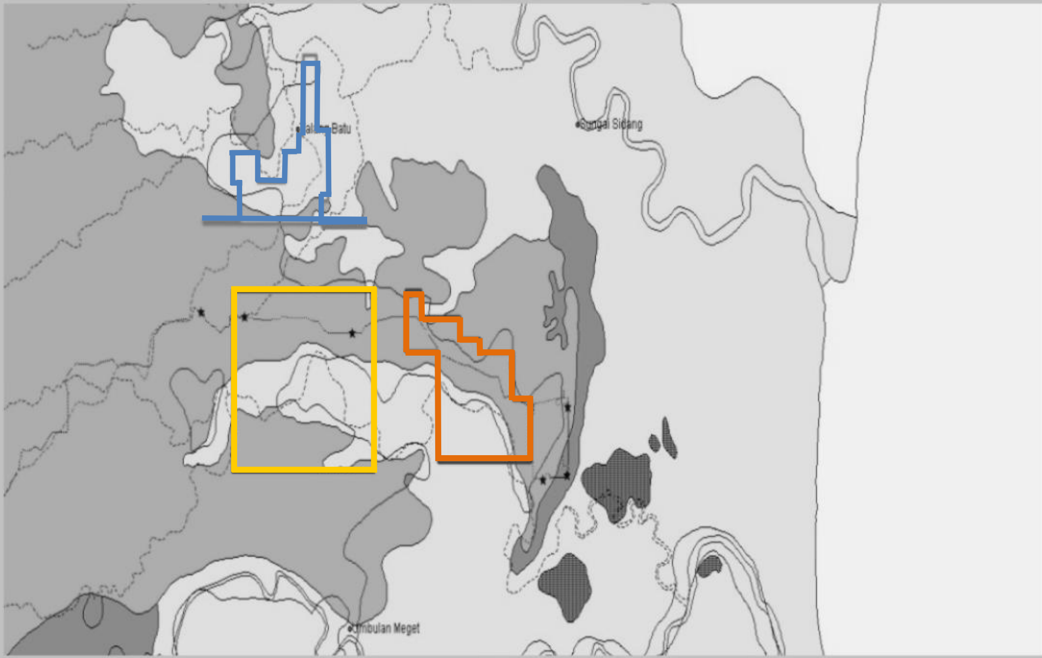
Jejamo Sejahtera

Area : 5000 ha IUP Exploration
GCV : 5269 Kcal

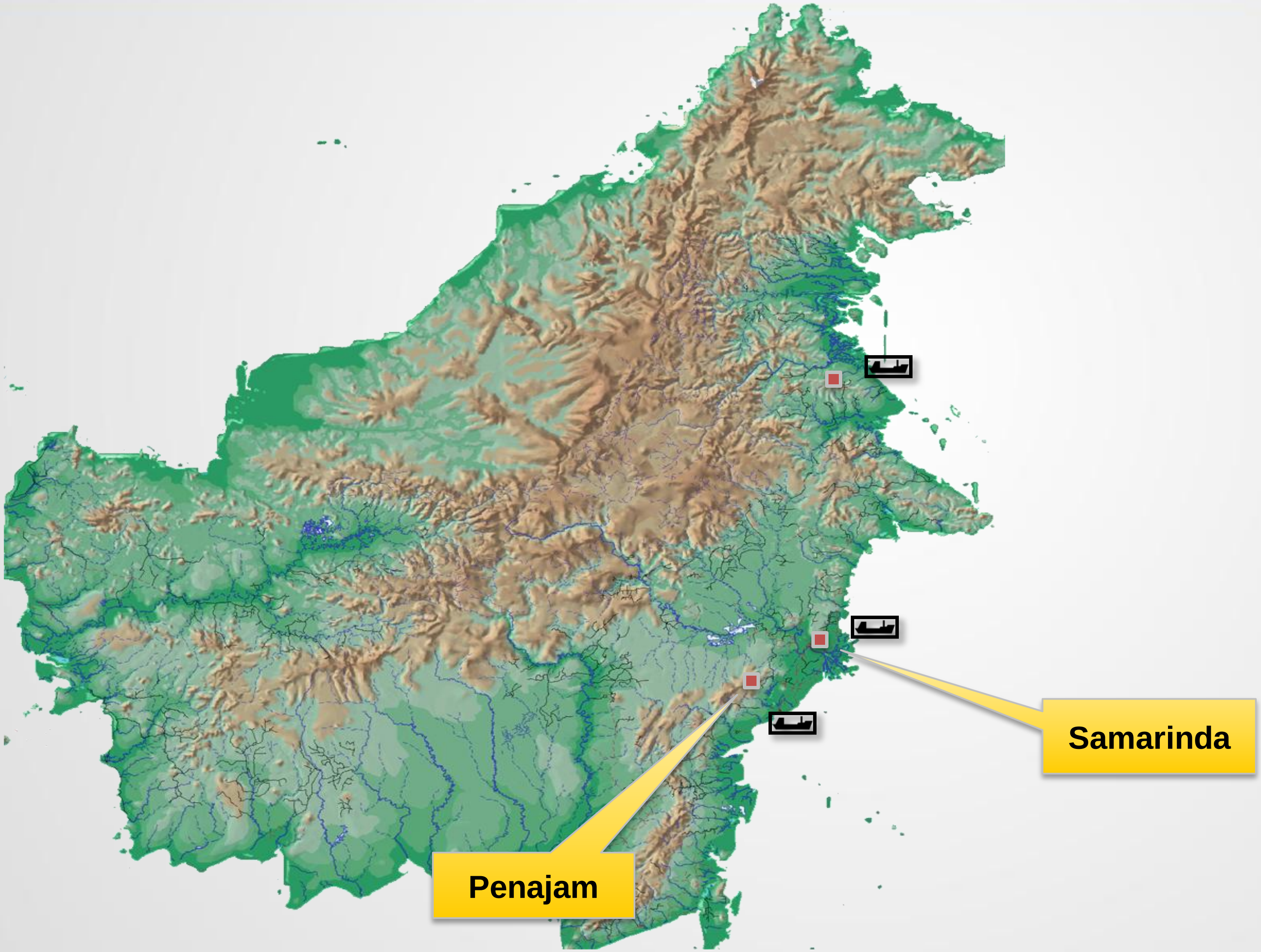
S. K. W

Area : 5000 ha IUP Exploration
GCV : 5000 – 5477 Kcal

Lower Grade

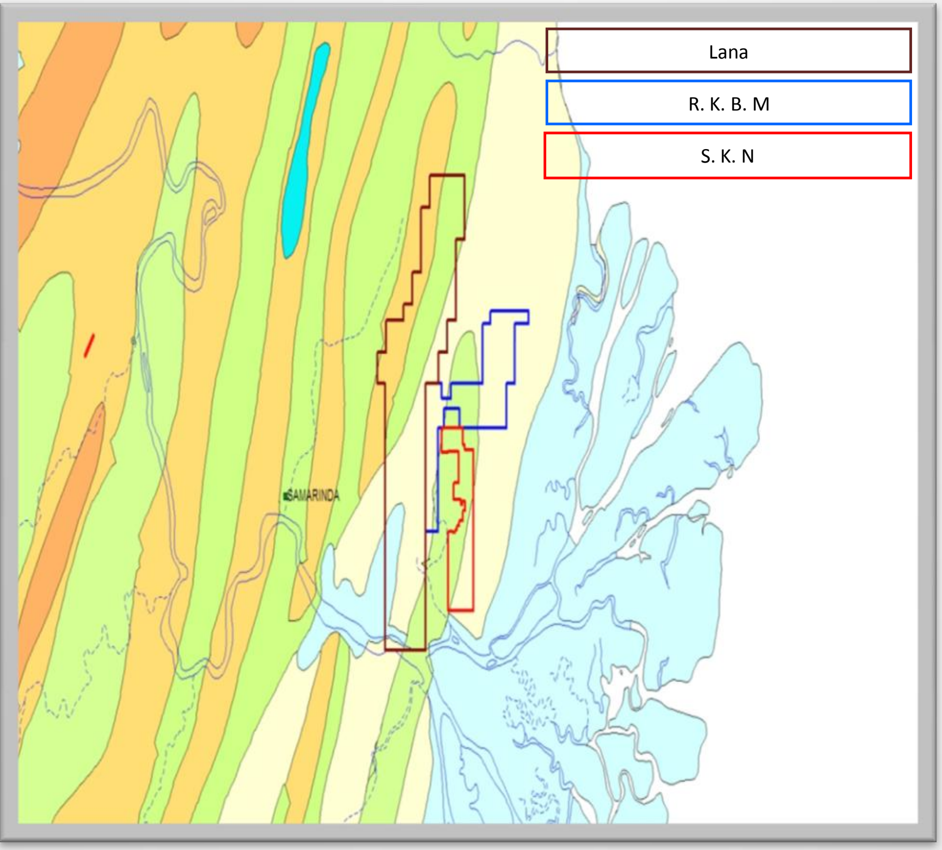


Projects under Assessment in Kalimantan

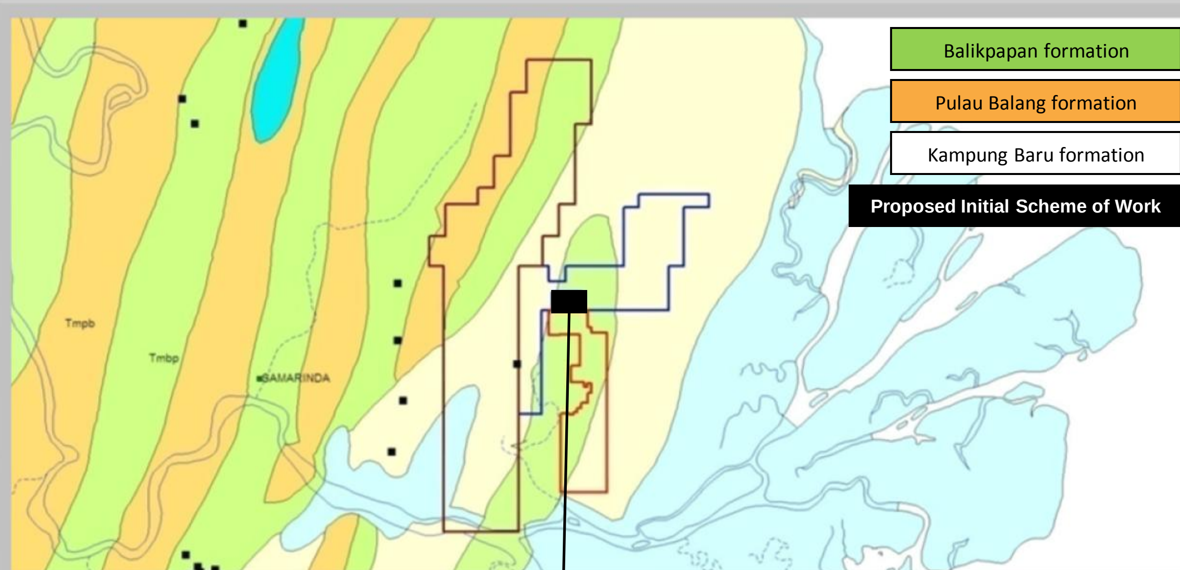


Samarinda Projects – Schemes of Work

Adavale is negotiating with concession owners to carry out mining under a "Scheme of Work".
The proposed schemes of work are on selected areas of 200ha.
A drilling program has been completed within the initial proposed 200ha.
The concession areas under consideration are contiguous and have sound logistics - close to the Mahakam River
Samarinda Coal quality GCV 5300, low ash and low sulphur
Stripping ratio: 1:4 – 1:8



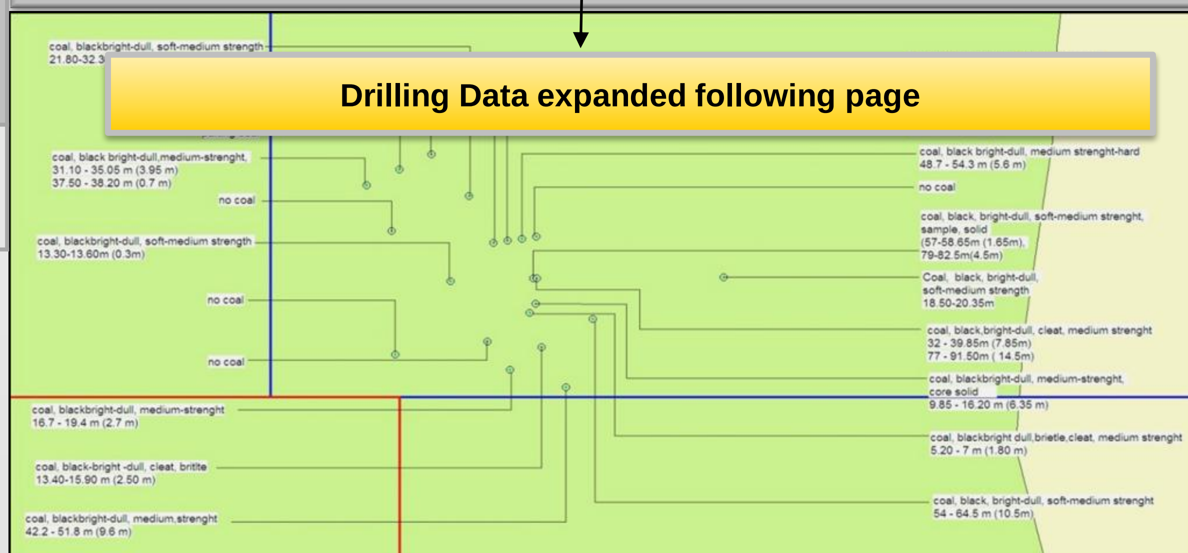
Samarinda Projects – Drilling Data



Drilling completed 100ha

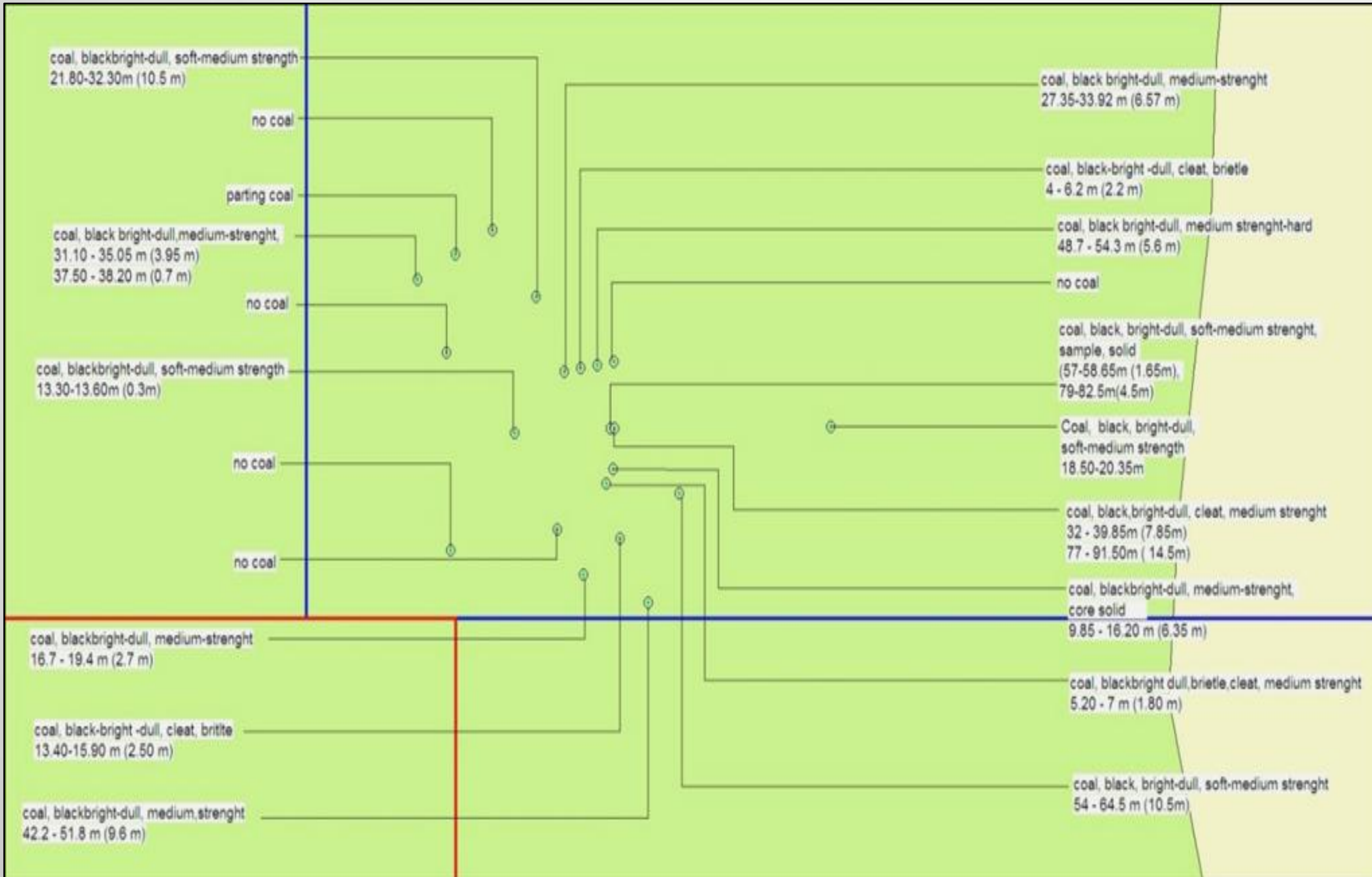
The black rectangle in the top diagram represents the proposed scheme of works following the drilling results.

The bottom diagram depicts the drilling data over part of the concession.



Drilling Data expanded following page

Samarinda Projects – Drilling Data



Penajam – MOU in place

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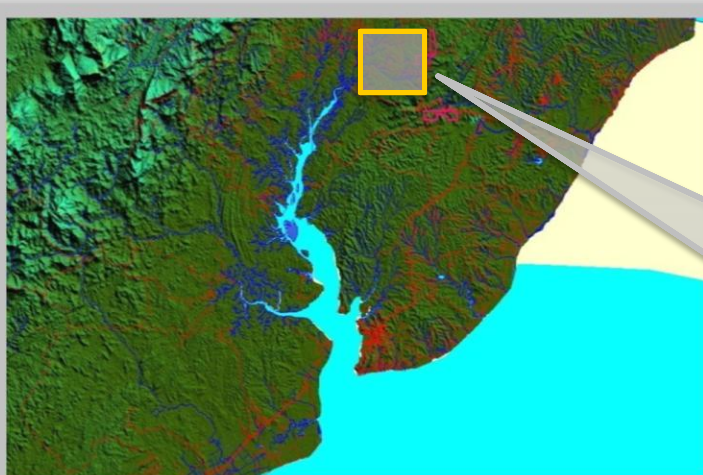
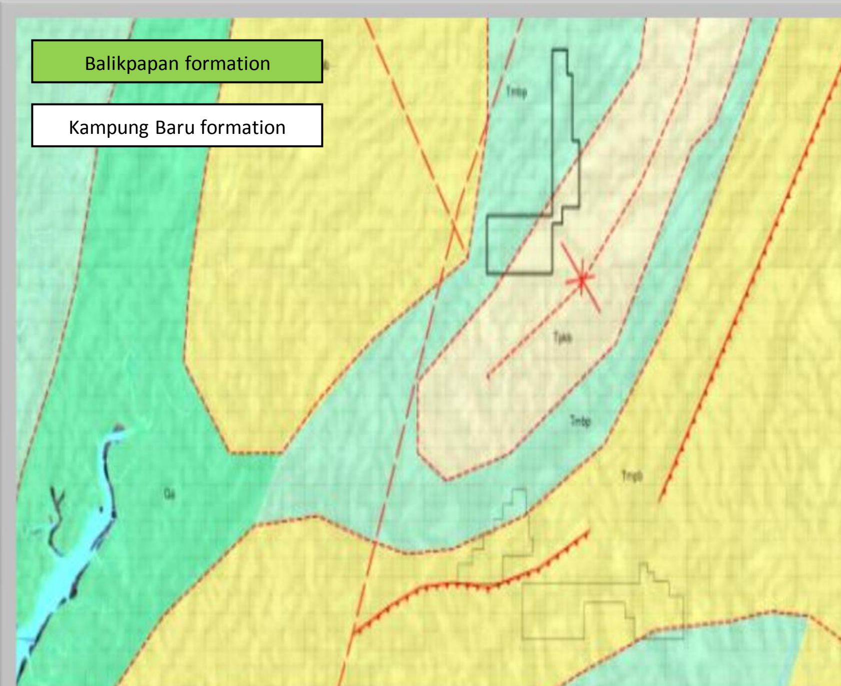


Adavale has signed an MOU over one concession area
The area is inside Balikpapan formation and Kampung baru formation.
Average coal GCV is 5,600 – 6,400 Kcal from Balikpapan formation
Average coal GCV is 4,900 – 5,500 Kcal for Kampung baru formation
20km by established haul road to cloest jetty
Coal seam thickness 0.8 – 1 m
Stripping ratio 1:6



LAKE SURPRISE: SOUTH AUSTRALIA

Adavale's sedimentary uranium project at Lake Surprise in South Australia comprises EL 3622 and EL 3620 over an area of 1,836km2.

All exploration to date has confirmed consistent uranium mineralisation over large areas.

The current exploration program is focused on deeper targets in the Eyre Formation within the Mumpie prospect to test for uranium mineralisation similar to the Beverly and Beverly Four Mile deposits.

The Lake Surprise Uranium project continues to hold significant potential.

The company is considering the possibility of a farm out or joint venture.

Capital Structure

	Shares	Options	Details
Shares on Issue	316,989,965		
Options		85,697,933	exercisable at $0.04 expiring on 31 July 2014
		2,976,190	exercisable at $0.21 expiring on 30 November 2011
Performance Options		10,000,000	exercisable at $0.04 expiring on 31 July 2014 upon the sale and shipment of the first load of coal
		10,000,000	exercisable at $0.045 expiring on 31 July 2015 upon the sale and shipment of the 500,000th tonne of coal
		10,000,000	exercisable at $0.05 expiring on 31 July 2016 upon the sale and shipment of the 1,000,000th tonne of coal
Total	**316,989,965**	**118,674,123**	

Cash at Bank: $4,106,109*

* Adavale Resources also has a $1m drawdown facility available at call.

Strong Management

Board of Directors
Richard Poole, Chairman
John Risinger, Managing Director
Phil Suriano, Executive Director
Roger Steinepreis, Director
Mark Stevenson, Director

Technical Team
Steve McMillan, Senior Geologist
Phil Suriano, Executive Director
Charles Dondy, Geologist
Roni Budiman, Geologist
Saptanto Utama, GIS & Database Engineer