A.B.N. 91 008 719 015

1 August 2012

Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Share Sale Agreements

Adavale Resources Limited (ASX Code : ADD) (the Company) is pleased to announce that Mr Haryono Eddyarto, a director of the Company, has entered into an agreement to acquire 24,000,000 shares in the Company, taking Mr Eddyarto's interest in the Company to 19.8%. The completion of that acquisition is anticipated to occur on Friday 3rd August 2012.

Mr Eddyarto has advised that he has entered into conditional share sale agreements (**Conditional Share Sale Agreements**) with other parties, including interests associated with Mr Richard Poole and Mr Roger Steinepreis (directors of the Company) (**Vendors**), whereby Mr Eddyarto has agreed, subject to obtaining the necessary shareholder approvals, to acquire up to an additional 99,522,838 Shares. This could take Mr Eddyarto's total combined interest up to 51.2% (excluding option exercises).

A total of 32,004,435 options to acquire Shares will also be transferred to Mr Eddyarto by the Vendors on the settlement date of the Conditional Share Sale Agreements.

Further information in relation to the Conditional Share Sale Agreements will be set out in a notice of general meeting (**Notice of General Meeting**) which the Company intends to dispatch shortly. The Notice of General Meeting will contain an independent expert's report containing a detailed analysis of the proposed acquisition by Mr Eddyarto.

It is also advised that upon the company obtaining the necessary shareholder approvals, Mr Eddyarto will be appointed Chairman of the Company.

Options

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 60,000,000 options to Mr Eddyarto in consideration for him becoming Chairman and on satisfaction by the Company of certain Milestones, consisting of:

(a) 20 million options with an exercise price of A$0.05 per option, and an expiry date of 31 July 2014, exercisable when the Company enters into a binding contract to purchase or operate a coal project or concession with a minimum reserve of 2 (two) million tonnes;

(b) 20 million options with an exercise price of A$0.06 and an expiry date of 31 July 2015, exercisable when the Company sells and ships its first load of coal; and

(c) 20 million options with an exercise price of A$0.07 and an expiry date of 31 July 2016, exercisable when the Company ships its first 500,000 tonnes of coal.

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Convertible Loan Facility

The Company is also pleased to announce that it has entered into a Convertible Loan Agreement with Mr Eddyarto, to the value of $1,000,000 (**Loan**). The conversion rights under the Loan are subject to Shareholder approval.

As a consequence of entering into the Convertible Loan Agreement with Mr Eddyarto, the Company and Arthur Phillip Pty Ltd have agreed to terminate the Convertible Loan Agreement announced to the ASX on 15 October 2010.

Continuing Business

The Company will continue with its current operations and pursuit of opportunities in Indonesia.

For more information:

Any questions concerning this announcement should be directed to Ms. Sylvie Dimarco, Company Secretary, on +61 2 9227 8900 or sdimarco@aphillip.com.au.