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

25 November 2013

Adavale Resources Limited (ASX: ADD)
2013 Annual General Meeting
Chairman's Address to Shareholders

Dear Fellow Shareholders,

Coal producers across the world continue to be battered by low prices and oversupply, resulting in the need for cost-cutting, job-shedding and deferment of investments. Adavale Resources has been similarly affected. However, I and the rest of the Board, still believe there will be a long-term demand of coal from the regional markets, especially India and China.

In the past 9 months, Management has been working hard to ensure that shareholders funds are utilised more wisely and selectively by focusing on prospective projects that offer better opportunity for development and enhancement of shareholder value. For example, the Indonesian government's plan to increase royalty payments has resulted in the Company needing to select projects that can provide appropriately increased margins and profitability to the company.

Two key committees have been established, Investment & Capital Market Committee and Audit Committee, to provide Adavale Resources with the coordinative and corporate governance structure to assist Management in the pursuit of the corporate development strategy.

All third parties contracts have been renegotiated and where possible expenses have been greatly reduced or eliminated. Directors have agreed not to take any fees until the operations of Adavale Resources become cash flow positive.

Production costs can be expected to remain steady in Indonesia but it is essential that there also be secured logistics and offtake agreements in place. Adavale Resources is currently working towards finalizing an offtake agreement with a large South East Asian group, and planning is also advanced on securing a logistics facility in East Kalimantan.

Adavale Resources has continued to experience delays in its Tapan project due to a legal dispute with shareholders of the projects's previous owner. However the Company expects to finalize a Joint Operation Agreement in 2014 which will then see royalty payments commence from the coal production at Tapan.

Adavale Resources has renewed the existing tenement at Lake Surprise for another two years and is currently seeking a strategic partner to assist in its further exploration.

I believe we have seen the bottom of the coal market and look forward to a brighter future with the expectation that cash flow will start to be generated in 2014 from coal sales, royalty and facility fee income.

I thank you for your continuous support.

Haryono Eddyarto
Chairman