ADAVALE RESOURCES LIMITED

ACN 008 719 015

HALF YEAR REPORT

31 DECEMBER 2014

This financial report covers the consolidated entity consisting of Adavale Resources Limited and it's controlled entities.

This Interim Financial Report should be read in conjunction with the company's annual report for the period ended 30 June 2014.

CORPORATE DIRECTORY

Directors
Haryono Eddyarto (Chairman)
Saharto Sahardjo
Albert Cheok
Peter Murphy

Company Secretary
Leanne Ralph

Registered Office
Level 5, 151 Castlereagh Street
SYDNEY NSW 2000

Telephone (02) 82630515
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Share Registry
Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Auditor
Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
PERTH WA 6005

Stock Exchange
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX Code
ADD (fully paid ordinary shares)

The Directors of Adavale Resources Limited submit herewith the financial report for the half year ended 31 December 2014. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the company during or since the end of the half year and up to the date of this report are:

Haryono Eddyarto (Chairman)
Saharto Sahardjo
Albert Cheok
Peter Murphy

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activity

The principal activities of the consolidated entity continue to be mining explorations and development in Australia and Indonesia.

Adavale Resources Ltd has established itself in the coal industry in Indonesia and will continue to research and identify quality coal projects across Indonesia. The Company continues to hold its uranium tenements at Lake Surprise in South Australia and is actively seeking joint venture partners to further explore the area.

Dividends

No dividends were paid or declared for payment during the financial period.

Review of Operations

The net loss from ordinary activities after income tax for the half year ended 31 December 2014 was $293,164 (December 2013: net loss $530,583).

The loss from ordinary activities before income tax expense includes the following revenues and expenses disclosure is relevant in explaining the financial performance of the entity:

	Half Year Ended 31 Dec 2014 $	Half Year Ended 31 Dec 2013 $
Revenue from continuing operations	-	-
Expenses from continuing operations	(293,164)	(530,583)
Loss from continuing operations	(293,164)	(530,583)
Loss from ordinary activities	**(293,164)**	**(530,583)**

The result for the half-year is in line with management and board expectations.

CAPITAL RAISING FACILITY

Since 31 December 2014 the Company has entered into a capital raising facility (Facility) with a non-related entity Gurney Capital Pty Ltd (GC). In addition the Company has entered into a Standby Subscription Agreement with GC. The purpose of these agreements is to provide further working capital to the Company. The general terms of the agreements are as follows:

- Facility limit: $1,000,000;
- Period of facility: 5 years;
- The Company may draw down in one or more amounts within the facility limit, each draw down will result in an issue of fully paid ordinary shares to GC; and
- The issue price of shares will 80% of the previous 15 days VWAP prior to the draw down.

Since the signing of the agreement the first draw down of $31,225 has been made. The utilization of the facility beyond the available capacity of ASX Listing Rules 7.1 and 7.1A will require shareholder approval. In addition, shareholder approval will be required should GC exceed the 19.99% shareholding in the Company.

Except for this, no matters or circumstances have arisen since the end of the half 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 subsequent financial years.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of Directors.

On behalf of the Directors.

H Eddyarto
Chairman
Sydney,
16 March 2015

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Auditor's Independence Declaration
To the Directors of Adavale Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Adavale Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 16 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 $	Consolidated 31 Dec 2013 $
Continuing operations			
Interest received		-	-
Total Revenue		**-**	**-**
Employee expenses		-	-
Insurance		(10,030)	(10,013)
Depreciation and amortisation expense		(57)	(812)
Contractor and consultants expense		(18,500)	-
Legal expenses		(3,000)	(7,396)
Share registry fees		(35,854)	(29,498)
Management & administration		(113,225)	(167,492)
Finance cost – Financial Instrument		(54,431)	(25,020)
Interest expense – convertible loan	10	(25,426)	(8,966)
Share based payment expense		-	(7,743)
Exchange difference		(36)	(1,779)
Impairment of exploration assets		(31,486)	(70,788)
Share of loss from equity accounted investment		-	(200,000)
Other expenses from ordinary activities		(1,119)	(1,076)
Total expenses		**(293,164)**	**(530,583)**
Loss before income tax		**(293,164)**	**(530,583)**
Income tax expense relating to continuing operations		-	-
Net Loss from continuing operations after income tax expense		**(293,164)**	**(530,583)**
Other Comprehensive Income:			
Movement in foreign exchange reserve		(38,627)	590
Total comprehensive Loss for the period		**(331,791)**	**(529,993)**
Earnings Per Share:			
Basic (cents per share)	8	(1.850)	(0.167)
Diluted (cents per share)	8	(1.850)	(0.167)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2014

	Note	Consolidated 31 Dec 2014 $	Consolidated 30 June 2014 $
CURRENT ASSETS			
Cash assets		30,223	49,736
Receivables		7,856	17,793
Other		2,771	831
TOTAL CURRENT ASSETS		**40,850**	**68,360**
NON-CURRENT ASSETS			
Property, plant and equipment		-	885
Exploration and evaluation assets	4	881,000	881,000
Investments accounted for using the equity method		-	-
TOTAL NON-CURRENT ASSETS		**881,000**	**881,885**
TOTAL ASSETS		**921,850**	**950,245**
CURRENT LIABILITIES			
Payables		454,700	305,735
TOTAL CURRENT LIABILITIES		**454,700**	**305,735**
NON-CURRENT LIABILITIES			
Borrowings	10	641,410	503,902
TOTAL NON-CURRENT LIABILITIES		**641,410**	**503,902**
TOTAL LIABILITIES		**1,096,110**	**809,637**
NET ASSETS / (DEFICIENCY)		**(174,260)**	**140,608**
EQUITY			
Share capital	8	37,326,274	37,326,274
Reserves		161,238	226,424
Accumulated losses		(37,661,772)	(37,412,090)
TOTAL EQUITY		**(174,260)**	**140,608**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 $	Consolidated 31 Dec 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(90,041)	(158,297)
Interest received		-	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(90,041)**	**(158,297)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in associate		-	(200,000)
Exploration costs paid		(29,472)	(30,045)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(29,472)**	**(230,045)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		100,000	325,000
Repayment of borrowings		-	-
Net proceeds from issue of equity securities		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**100,000**	**325,000**
NET (DECREASE) IN CASH ASSETS HELD		(19,513)	(63,342)
Cash assets at the beginning of the half year		49,736	150,505
CASH ASSETS AT THE END OF THE HALF YEAR		**30,223**	**87,163**

This above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2014

	Share Capital $	Accumulated Losses $	F/X Revaluation Reserve $	Equity Component Instrument $	Options Reserve $	Total $
Balance at 1 July 2013	37,326,274	(36,370,243)	3	-	43,434	999,468
Comprehensive income / (loss) for the period	-	(530,583)	590	-	-	(529,993)
Equity component of financial instrument	-	-	-	149,704	-	149,704
Share based payments	-	-	-	-	7,743	7,743
Net issue of shares	-	-	-	-	-	-
Balance at 31 December 2013	**37,326,274**	**(36,900,826)**	**593**	**149,704**	**51,177**	**626,922**
Balance at 1 July 2014	**37,326,274**	**(37,412,090)**	**8,620**	**166,627**	**51,177**	**140,608**
Comprehensive income / (loss) for the period	-	(293,164)	(38,627)	-	-	(331,791)
Equity component of Financial Instrument (see Note 8)	-	-	-	16,923	-	16,923
Transfer on expiry of options	-	43,482	-	-	(43,482)	-
Net issue of Shares	-	-	-	-	-	-
Balance at 31 December 2014	**37,326,274**	**(37,661,772)**	**(30,007)**	**183,550**	**7,695**	**(174,260)**

1. NATURE OF OPERATIONS

Adavale Resources Limited ("the Company") and its controlled entities ("the Group") principal activities of the consolidated entity are mining explorations and development in Australia and Indonesia.

Adavale Resources Limited has established itself in the coal industry in Indonesia and will continue to research and identify quality coal projects across Indonesia, including through the Company's 40% joint venture interest in Adavale Harner Resources. The Company is also continuing exploration on its uranium project at Lake Surprise in South Australia as well as evaluating other uranium and coal exploration opportunities.

The Company has continued to identify and review coal projects in Indonesia, and continues to pursue farm-out and joint venture opportunities for the Australian Lake Surprise area in South Australia. The Company has continued to place emphasis on the TAPAN project, and has recently renewed the South Australian Lake Surprise Tenements. The Company has recently applied for tenement acreage adjacent to the existing Lake Surprise tenements. The Company has further curtailed the administrative costs associated with the company head office, with the Adavale Harner Resources (AHR) Joint Venture bearing the majority of Indonesian expenditure in the last twelve months.

2. GENERAL INFORMATION AND BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Adavale Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001. The half-year report does not include full disclosures of the type normally included in an annual financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

Impact of standards issued but not yet applied by the Group

In the half year ended 31 December 2014, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2014.

It has been determined by the Company that, there is no material impact of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. 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 its business and, therefore, no change necessary to Company accounting policies.

These half-year financial statements were approved by the Board of Directors on 16 March 2015.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern

The Group is at the exploration and evaluation phase of each of its mining tenements. The Group has incurred a loss for the period of $293,164 and a net cash outflow of $19,513. At period end, the Group's current liabilities exceeded its current assets by $413,849. The Group is also committed to payments to maintain rights to perform its evaluation activity. As a result, the Group has and expects further cash outflows from operating and investing activities in the next 12 months. Funding of ongoing activities is required from future capital raisings, debt funding and / or asset sales. Therefore at balance date significant uncertainty exists as to the Group's ability to continue as a going concern.

The Directors have prepared the financial statements on a going concern basis, as the Directors believe that sufficient funding will be generated from drawing on the $1,000,000 convertible loan as agreed with the Chairman of the Company. At the end of the period, the Group had drawn down $700,000 of the convertible loan facility, with a remaining $300,000 to be drawn down.

In addition to the Convertible Loan Facility, since 31 December 2014, subsequent to balance date, the Company has entered into a capital raising facility (Facility) with a non-related entity Gurney Capital Pty Ltd (GC). The Company has also entered into a Standby Subscription Agreement with GC. The purpose of these agreements is to provide further working capital to the Company. The general terms of the agreements are as follows;

- Facility limit: $1,000,000;
- Period of facility; 5 years;
- The Company may draw down in one or more amounts within the facility limit, each draw down will result in an issue of fully paid ordinary shares to GC; and
- The issue price of shares will be 80% of the 5 days VWAP.

Since the signing of this agreement, the first and second draw down amounting to a total of $61,225 has been made on the facility. This resulted in 1,585,025 shares being issued on the first draw down on 2 February 2015 and a further 1,630,435 shares being issued on 3 March 2015 on the second draw down. The 3,215,460 shares issued subsequent to year end represent 16.8% of the total shares issued. The utilization of the facility beyond the available capacity of ASX Listing Rules 7.1 and 7.1A will require shareholder approval. In addition, shareholder approval will be required should GC exceed the 19.99% shareholding in the Company.

Given the nature of the funding facilities the Directors have put in place, the Directors consider it is appropriate to prepare the financial statements on a going concern basis and hence no adjustments have been made in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary if the entity is unable to continue as a going concern.

4. EXPLORATION AND EVALUATION ASSETS

	Consolidated 31 Dec 2014 $	Consolidated 30 June 2014 $
Exploration leases	1,050,160	1,050,160
Exploration expenditure capitalised	3,922,597	3,893,125
Less: Provision for impairment	(4,091,757)	(4,062,285)
	881,000	**881,000**

Exploration licences are carried at cost of acquisition less impairment losses.

At 30 June 2014, the Directors reviewed the carrying value of each of the TAPAN and Springvale areas, and in recognition of factors such as coal price, and in consideration of potentially relinquishing some of the Lake Surprise tenements in the future, an additional impairment charge of $299,000 was made against the carrying value of these areas. Since year end the Lake Surprise tenement area has been reduced as anticipated.

The Directors are of the view the carrying value of the Exploration and Evaluation Assets at 31 December 2014 remains recoverable in line with AASB 6. Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and development of these assets.

5. COMMITMENTS

There is no material change to the commitments disclosed by the Group in its 30 June 2014 annual report.

6. CONTINGENCIES

In June 2013, the Company's subsidiary PT Prima Perkasa Abadi (PPA) was cited as a respondent in a civil claim lodged in the District Court of South Jakarta. The claim was lodged by two previous shareholders of PPA who challenged the passing of ownership in 2011 of the shares in PPA to the Group.

In November 2014, the Company received the copy of the official verdict and advised the decision was not in the Company's favour. The official verdict from the court stated that the Company was jointly and severally liable with three other defendants to pay a penalty of approximately AUD$2m. The Company has received an undertaking to indemnify the Company against any such penalty from one of the other defendants. The Company's legal representation has advised that the Judge's decision has no merit and an appeal has been lodged with the High Court. Based on this advice, management consider the outcome of this case to have no merit, and the probability that any settlement will be required at the Group's expense is considered remote.

7. SEGMENT REPORTING

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management.

The Company operated in one business segment during the half year, being mining and in two geographical area, being Australia and Indonesia.

7. SEGMENT REPORTING (CONTINUED)

a) Segment assets:

Reportable segment's assets reconciled to total assets as follows:

Primary Reporting – Business Segments Half year ended 31 December 2014	Mining and exploration $ Australia	Mining and exploration $ Indonesia	Other $ Australia	Total $
Segment Result				
Profit / (loss) from ordinary activities before income tax	(15,472)	(16,014)	(261,678)	(293,164)
Income tax expense	-	-	-	-
Net Profit/(loss)	(15,472)	(16,014)	(261,678)	(293,164)
Total segment assets				
Exploration expenditure	391,000	490,000	-	881,000
Receivables	3,014,445	-	-	3,014,445
Others	-	25,693	15,158	40,851
	3,405,445	**515,693**	**15,158**	**3,936,296**

Primary Reporting – Business Segments Half year ended 31 December 2014	Mining and exploration $ Australia	Mining and exploration $ Indonesia	Other $ Australia	Total $
Total segment liabilities				
Creditors and accruals	3,014,445	342,250	112,450	3,469,145
Loans	-	-	641,410	641,410
	3,014,445	**342,250**	**753,860**	**4,110,555**

	Consolidated 31 Dec 2014 $	Consolidated 30 Jun 2014 $
SEGMENT ASSETS	3,936,296	4,011,882
Intersegment eliminations	(3,014,445)	(3,061,640)
Total assets as per the statement of financial position	**921,851**	**950,242**

b) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	Consolidated 31 Dec 2014 $	Consolidated 30 Jun 2014 $
SEGMENT LIABILITIES	4,110,555	3,793,880
Intersegment eliminations	(3,014,445)	(2,984,243)
Total liabilities as per the statement of financial position	**1,096,110**	**809,637**

7. SEGMENT REPORTING (CONTINUED)

c) The segment information provided for 31 December 2013 is as follows:

Primary Reporting – Business Segments Half year ended 31 December 2013	Mining and exploration $ Australia	Mining and exploration $ Indonesia	Other $ Australia	Total $
Segment Result				
Profit/(loss) from ordinary activities before income tax	(15,054)	(365,797)	(149,732)	(530,583)
Income tax expense	-	-	-	-
Net Profit/(loss)	**(15,054)**	**(365,797)**	**(149,732)**	**(530,583)**
Total segment assets				
Exploration expenditure	480,000	700,000	-	1,180,000
Receivables	-	-	2,991,727	2,991,727
Others	-	26,149	63,115	89,264
	480,000	**726,149**	**3,054,842**	**4,260,991**

8. SHARE CAPITAL

	Consolidated 31 Dec 2014 Number	 $	Consolidated 30 June 2014 Number	 $
Fully paid ordinary shares	15,849,839	37,326,274	316,990,035	37,326,274
Ordinary Shares				
Opening Balance	316,990,035	37,326,274	316,990,035	37,326,274
Option conversions	-	-	-	-
Share consolidation (20 : 1)	(301,140,196)	-	-	-
Closing Balance 31 December 2014	**15,849,839**	**37,326,274**	**316,990,035**	**37,326,274**

At the Annual General Meeting of Shareholders on 25 November 2014 the Shareholders of the Company resolved to approve the consolidation of the Company shareholding on the basis of one new share for each 20 shares held. This share consolidation took place on 27 November 2014.

Following the share consolidation, the calculation of earnings per share has used the closing number of shares as being the share capital for the 6 month period.

9 OPTION RESERVE

There has been no further issue of options since 30 June 2014. During the period the following options expired:

- 20,000,000 milestone options on 31 July 2014
- 10,000,000 class A options expired on 31 July 2014
- 10,000,000 class B options expired on 31 July 2014
- 10,000,000 class E options expired on 31 July 2014
- 65,697,863 ordinary options expired on 31 July 2014

Additionally, following the resolution by shareholders to consolidate the Company shares on the basis of one new share for each twenty existing shares held, the number of options issued were also consolidated on the same basis.

	Consolidated 31 Dec 2014		Consolidated 30 June 2014	
Options Reconciliation	**Number**	**$**	**Number**	**$**
Opening Balance	175,697,879	51,177	115,697,879	43,434
Options issued	-	-	60,000,000	7,743
Options expired	(115,697,879)	(43,482)	-	-
Options consolidated	(57,000,000)	-	-	-
Closing Balance at the end of the period	**3,000,000**	**7,695**	**175,697,879**	**51,177**

The remaining options on issue at 31 December 2014 are as follows:

	December 2014 No	June 2014 No
Milestone Options – Exercisable at $0.06, expiry date 31 Jul 2015		
Opening Balance	20,000,000	20,000,000
Less on consolidation	(19,000,000)	-
Closing Balance	**1,000,000**	**20,000,000**
Milestone Options – Exercisable at $0.07, expiry date 31 Jul 2016		
Opening Balance	20,000,000	20,000,000
Less on consolidation	(19,000,000)	-
Closing Balance	**1,000,000**	**20,000,000**
Class C Options – Exercisable at $0.045, expiry date 31 Jul 2015		
Opening Balance	10,000,000	10,000,000
Less on consolidation	(9,500,000)	-
Closing Balance	**500,000**	**10,000,000**
Class D Options – Exercisable at $0.05c, expiry date 31 Jul 2016		
Opening Balance	10,000,000	10,000,000
Less on consolidation	(9,500,000)	-
Closing Balance	**500,000**	**10,000,000**

Refer to the 30 June 2014 annual report for further details on these options.

10. BORROWINGS

	Note	Consolidated 31 Dec 2014 $	Consolidated 30 June 2014 $
Borrowings	8(a)	700,000	600,000
Less: Equity component instrument		(183,550)	(166,627)
Add: Unwinding of interest		124,960	70,529
		641,410	**503,902**

(a) In 2012, the Company announced it has entered into a Convertible Loan Agreement with Mr Eddyarto (Chairman). The Convertible Loan was approved by Shareholders at the General Meeting on 20 December 2012. During the reporting period, a further $100,000 has been drawn down on this loan to assist in funding the Group's operations.

(b) The full terms of the convertible loan are disclosed in the 30 June 2014 annual report.

(c) The convertible loan is considered a Compound Financial Instrument, that is, an instrument that has both a debt and equity component. A review of the convertible loan for accounting purposes has determined that applicable market interest rate for this convertible loan would be 30% pa. Consequently, the drawn down amount of $700,000 has been split between debt and equity using that rate as a basis for the split.

11. RELATED PARTY TRANSACTIONS

Included in Trade and Other Payables is an amount of $329,944 (June 2014: $220,338) owing to PT Harner (PTH), a Company controlled by Mr Haryono Eddyarto, Chairman of the Company.

During the reporting half-year period ended December 2014 charges were made to a subsidiary company by PTH amounting to $72,341, including reimbursement of tenement costs amounting of $16,014, and finance and legal assistance amounting to $56,327.

12. SUBSEQUENT EVENTS

CAPITAL RAISING FACILITY

Since 31 December 2014, the Company has entered into a capital raising facility (Facility) with a non-related entity Gurney Capital Pty Ltd (GC). In addition the Company has entered into a Standby Subscription Agreement with GC. The purpose of these agreements is to provide further working capital to the Company. The general terms of the agreements are as follows:

- Facility limit: $1,000,000:
- Period of facility; 5 years:
- The Company may draw down in one or more amounts within the facility limit, each draw down will result in an issue of fully paid ordinary shares to GC:
- The issue price of shares will be 80% of the 5 day VWAP.

Since the signing of the agreement the first and second draw down totalling $61,225 have been made. The utilization of the facility beyond the available capacity of ASX Listing Rules 7.1 and 7.1A will require shareholder approval. In addition, shareholder approval will be required should GC exceed the 19.99% shareholding in the Company.

Except as set out above, no matters or circumstances have arisen since the end of the half year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the affairs of the Company in future financial years.

The Directors of the Company declare that:

(a) the attached financial statements and notes thereto comply with AASB 134 Interim Reporting;

(b) the attached financial statements and notes thereto give a true and fair view of the consolidated financial position as at 31 December 2014 and of its performance for the half year ended on that date;

In the Directors' opinion:

(a) the attached financial statements and the notes thereto are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors.

H Eddyarto
Chairman

Sydney, 16 March 2015

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Independent Auditor's Review Report
To the Members of Adavale Resources Limited

We have reviewed the accompanying half-year financial report of Adavale Resources Limited ("the Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Adavale Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 3 in the financial report which indicates that the consolidated entity incurred a net loss of $293,164 during the period ended 31 December 2014 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $413,849. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 16 March 2015