



## **ADAVALE RESOURCES LIMITED**

### **ACTIVITY STATEMENT FOR THE QUARTER ENDED 30 June 2017**

#### **CORPORATE**

On 30 November 2016 the Company entered into a Memorandum of Understanding (**MOU**) with Jun Moon Limited (**JML**), a new strategic investor with the objective to ensure the Company's sustainability and future growth.

At a meeting of Shareholders held on 26 April 2017 (**General Meeting**), approval was given for Jun Moon Limited to:

- Acquire the existing convertible note facility from Mr Haryono Eddyarto (**HE**);
- Acquire 12 million shares from existing Adavale shareholders;
- Be issued up to a maximum of 25 million new Adavale shares;
- Appoint three new directors to the Board;
- Grant to each existing Director 1 million options to acquire shares in the Company at an exercise price of 1.5 cents.

Subsequent to entering into the MOU, the Company executed further documents which came into effect following the General Meeting referred to above;

- Extinguish the existing convertible note facility from HE and a new convertible note facility with JML established;
- Acquisition of 12 million shares by JML from existing Adavale shareholders;
- Issue of 7 million shares to JML; and
- Escrow agreements signed.

Full details of the transactions were provided in the Notice of Meeting for the General Meeting issued on 23 March 2017.

In March 2017 JML made an advance of \$60,000 against the proposed capital raising. In May 2017 JML advanced a further \$120,000 against the proposed capital raising. These funds are unsecured and interest free. In early July 2017, 18,000,000 ordinary shares were issued to JML capitalising the above loan funds. These shares are the subject of a 12-month voluntary escrow arrangement.

Following the General Meeting, JML advanced \$1,000,000 to the Company which was subsequently paid on the HE in accordance with the agreement referred to above to extinguish the existing Convertible Loan Agreement with HE. The funds were utilised first to pay off the existing \$860,000 advanced against the Convertible Loan, and the remaining funds utilised to pay down other amounts owing to HE and related Companies.

The new Convertible Loan Facility with JML for \$1,000,000 is fully drawn and contains the following conditions;

- Repayable within 24 months of execution date (26 April 2017) or any other date as agreed,
- Interest shall accrue at a rate of 8% per annum,
- At the lender's discretion, all or a proportion of the advance, and any or all accrued interest thereon shall be applied to the subscription of shares by the lender at a price of \$0.05 per share.

## **MANAGEMENT AND GOVERNANCE**

Subsequent to the General Meeting where all resolutions proposed were approved, Messrs Saharto Saharjo, Albert Cheok and Peter Murphy resigned as directors, and Messrs Huili Guo, Yuk Chor Choi, Allan Ritchie and Kham Tame Signavong were appointed as directors. Mr Haryono Eddyarto has continued as Chairman of the Board.

With the new Board and management structure in place a review of Adavale's existing properties TAPAN and Lake Surprise is underway, which is consistent with the Company's intention to enhance value to the Company. Management is also reviewing value-add opportunities in the resource and energy sector to bring to the Board for consideration.

## **LAKE SURPRISE**

The Company holds three tenements in the Lake Surprise region. ELs 5892 and 5893 have been renewed for two years effective from 29 August 2016 and EL 5644 for three years from 17 July 2015.

No field activities were undertaken during the quarter ended 30 June 2017 however aerial photographs and Google Earth have previously been examined in order to ascertain access to EL 5644 for a proposed drill program. At the same time the Company has continued to look for a farm-in partner or a potential sale of the leases.

## **TAPAN**

PPA is still in process of updating the Exploration of 2053.92 Ha to an approximately 400 Ha Operating Production Tenement. This process takes considerable time due to the reports that have to be completed such as Exploration Report, Feasibility Study, Environment Impact Analysis (AMDAL) etc.

The Exploration Report and the Feasibility Study have been delivered to BKPM (Investment Coordinating Board) West Sumatera., while AMDAL is still being prepared.

## **LEGAL UPDATE**

The Supreme Court is still in the process of examining the case and examining the Memorandum of Appeal from the Plaintiffs and the Contra of Memorandum of Appeal from the lawyers of PT Prima Perkasa Abadi (PPA) and Mr. John Risinger, and all related documents. The company is still waiting on the official notification from the Clerk of South Jakarta District regarding the verdict from the Supreme Court for this case.

