

ASX ANNOUNCEMENT

12 October 2017

ADAVALE SIGNS MOU TO SELL TAPAN PROJECT

Adavale Resources Limited (ASX: ADD) (**Adavale** or **Company**) is pleased to advise a Memorandum of Understanding (**MOU**) has been signed between the Company and Mr Haryono Eddyarto, to sell the Tapan Project to Mr Eddyarto.

The Company proposes to sell the Tapan Project by way of share sale of its wholly owned subsidiary PT Prima Perkasa Abadi (**PPA**) to Mr Eddyarto and an entity known as PT Harner which is owned by Mr Eddyarto.

Under the terms of the proposed sale, and the Company is entitled to receive the following:

- US\$18,915.19, being cash in the bank accounts of PPA;
- Extinguishment of a loan of A\$495,954 owing by the Company to PT Harner; and
- Extinguishment of loan interest of A\$198,869 owing from the Company to Mr Eddyarto.

In return, the Company will transfer ownership of its shares in PPA, which carries with it the Tapan Project and in addition, the loan balance which PPA owes to the Company of US\$89,698 will be extinguished.

The financial net effect of the proposed sale is that (using an Australia:US exchange rate of 78 cents), the sale of the Tapan Project is effectively occurring at a price of approximately A\$600,000.

The proposed sale is conditional on shareholder approval. It is also conditional on the following as well as some procedural aspects:

- Announcement in a daily Indonesian language newspaper
- Indonesian Ministry of Energy and Mineral Resources approval
- BKPM (Indonesian Investment Coordinating Board) approval
- Indonesian Ministry of Law and Human Rights application

Further details on the transaction will be provided in the Notice of Annual General Meeting expected to be dispatched to shareholders by end October 2017.

For and on behalf of Adavale Resources Limited

Leanne Ralph
Company Secretary