



ASX RELEASE

2018 Annual Report

Please find attached the Adavale Resources Limited 2018 Annual Report.

It is anticipated that the hard copy version of the Annual Report, along with the Notice of Meeting, will be distributed to shareholders mid September 2018.

Julian Rockett
Company Secretary
Adavale Resources Limited

ADAVALE RESOURCES LIMITED

ACN 008 719 015

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2018**

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ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE DIRECTORY

Directors

Haryono Eddyarto (Chairman)
Huili Guo
Allan Ritchie
Khamtane Signavong

Secretaries

Leanne Ralph
Julian Rockett

Registered Office

Level 12
225 George Street,
SYDNEY NSW 2000
Telephone +(612) 82630505
Facsimile +(612) 82630500

Share Registry

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000

Auditor

HLB Mann Judd (WA) Partnership
Level 4, 130 Stirling St
Perth WA 6000

Stock Exchange

Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX Code

ADD (fully paid ordinary shares)

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

REVIEW OF OPERATIONS

The principal activities of the Group during the period were mining exploration and development in Australia and Indonesia.

On 24 July 2017 the Company announced a Standby Subscription Agreement with Addchance Holdings Ltd for a \$1,000,000 facility to provide working capital to the Company. During the year the Company issued 27,193,552 shares raising \$308,159 utilising this facility. A further \$50,000 has been advanced during the year as a temporary loan pending shareholder approval. Since 30 June 2018 to the date of this report a further \$80,000 had been drawn against this facility as a temporary loan pending shareholder approval. The shares are issued at 80% of 15-day VWAP prior to each drawdown. The balance of the facility at the date of this report amounts to \$561,841.

Additionally, on 7 July 2017, 18,000,000 shares were issued to Jun Moon Limited, thus extinguishing the amount of \$180,000 previously advanced to the Company for this purpose and included in the financial statements as at 30 June 2017 as a current liability.

As was reported on 12 October 2017 the Company entered into an agreement with its Chairman Mr Haryono Eddyarto (subject to shareholder approval) to sell the TAPAN project to Mr Eddyarto and as consideration Mr Eddyarto would extinguish all debt between the Company and Mr Eddyarto and associated companies amounting to approximately \$667,908. Full details of the transaction were included in the Notice of Annual General Meeting held on 30 November 2017, at which shareholder approval was granted for the transaction to proceed. The Company has since proceeded to complete this transaction and presently there are no continuing or residual operations in Indonesia.

The Group continues to hold its uranium tenements at Lake Surprise in South Australia and is actively seeking joint venture partners to further explore the area, and continues to look for additional Mining and Energy assets to compliment Adavale's growth outlook. Adavale intends to procure the appropriate asset that will not only accrete capital appreciation for shareholders but can also soon lead to an impact on positive cash-flow outcomes.

A descriptions of the Lake Surprise project is set out below.



AUSTRALIA

LAKE SURPRISE - SOUTH AUSTRALIA - 100% ARL

Adavale Minerals Pty Ltd, the subsidiary of the Company holds three exploration licences within part of the highly prospective sedimentary uranium province within the northern part of the Lake Frome Embayment. These tenements lie within a flat, semi-arid landscape located just to the north of the Flinders Range in South Australia. These include EL 5892 comprising 92km², EL 5893 comprising 167km² and EL 5644 of 137km².

The Lake Surprise Project area contains the Jubilee and Mookwarinna Prospect areas and these lie within a shallow, structural downwarp known as the Clayton Basin. If further exploration identifies economic resources, both prospects could be mined by shallow open cut methods and uranium extraction using a simple heap-leach process.

The Jubilee Prospect contains fourteen potentially economic ore blocks that lie within a north-trending, sinuous, quartzose palaeochannel system. These blocks have eU₃O₈ concentrations of greater than 100ppm reaching a maximum of 611ppm and have thicknesses greater than 0.5m. The deposits comprise a mixture of unconformity, sheet-like or roll-front style deposits that in places crop out and extend to depths to about 25m below the ground surface and lie within a sinuous palaeochannel that is more than 2km in length. This channel has tributary branches and segments that are undrilled and in places are open in several directions. The palaeochannel system contains fine to coarse grained quartzose sandstone and minor siltstone. Most of the uranium, including occurrences of visible carnotite, is held within hardened silicified sandstone and silcrete layers. Adavale has made a preliminary assessment as to the quantity of uranium present from a study estimating equivalent uranium present through analyses of gamma ray logs of drill-holes. This assessment cannot be accurately completed due to relatively few geochemical analyses that were undertaken and because some uranium may not have responded as radioactive anomalies in the gamma ray logs, due to the probable disequilibrium state of recently groundwater-precipitated uranium. The Board recognises the potential economic significance of this area and has received a report recommending an infill drilling plan to further explore and upgrade knowledge of the uranium resources of this prospect.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
REVIEW OF OPERATIONS - CONTINUED

The Mookwarinna Prospect lies in the south-central part of EL 5893 and has widely spaced drill-holes on an approximate 1km grid spacing. A broad anomalous zone of uranium enrichment is recorded in five drill-holes within a zone about 6km in strike length which appears to wrap around the southern margin of a local, structural downwarp within the Clayton Basin sequence. An area of about 300 X 400m was subjected to a ground spectrometer survey and infill drilling of six gamma-ray logged holes and contains anomalous uranium above the 100ppm cut-off grade in layers up to 3.25m in thickness. The deposits are shallow and in places lie just below surficial sand cover to depths of about 20m. It is likely that the uraniferous granites in the Flinders Range is the likely source and the proximity to this terrain may indicate that the uranium deposits could be more extensive than those located further north in the Jubilee Prospect. A programme of closer-spaced drilling, gamma-ray logging, XRF and geochemical analyses of core and cuttings, has been designed for this area.

Applications have been made and approvals received for the tenure on all three tenements to be extended to July/August 2020. Management continue to have discussions with potential joint venture parties to explore and develop the sedimentary uranium deposits. The Company is also planning to extend exploration into EL 5644 and into as yet other undrilled sectors of the Clayton Basin, within the tenements that appear to contain similar geological environments to the two identified prospects.

Competent Person Statement: The information in this report relates to Exploration Results, Mineral Resources or Ore Resources is based on information that was examined and reviewed by Dr Brian R. Senior, who is a Fellow of the Australasian Institute of Mining and Metallurgy and independent Geological Consultant to ARL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2014 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Senior consents to the inclusion in the report of the matters based on the information supplied in the form and context in which it appears.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices currently in place for Adavale Resources Limited (**Company or Adavale**) and also addresses the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Recommendations**). The Board believes the Company has applied the principles and recommendations of the ASX Corporate Governance Council in a manner that is appropriate for a Company in its current stage of operation.

The corporate governance policies and practices described below are those that have been in place for the year, or as at the date of this report where indicated.

The Company does not have a website that is properly maintained or up to date. As a result charters and policies referred to in this statement are not disclosed on this website as required under the ASX Recommendations.

Principle 1: Lay solid foundations for management and oversight

(a) Role of the Board

The board is accountable to shareholders for the management of the Company's business and affairs and as such is responsible for the overall strategy, governance and performance of the Company. The Board is responsible for the following:

- ☐ Providing accountability to shareholders/stakeholders
- ☐ Appointing and working with the Managing Director /Executive Directors
- ☐ Approval of Company Strategy
- ☐ Development of Key Company policy
- ☐ Monitoring management and operations

(b) Board committees

The ultimate responsibility for the oversight of the operations of the Company rests with the Board. However, the Board may discharge any of its responsibilities through committees of the Board in accordance with the Constitution and the Corporations Act.

Given the size of the Company's operations the reliance on the experience of the members of the Board, the Board only has constituted an Audit Committee. The functions of other such committees (risk, remuneration and nomination) will be performed by the full Board.

The number of Board and Audit Committee meetings held during the year and the number of meetings attended by each of the directors is set out in the table below:

	BOARD		AUDIT COMMITTEE	
	A	B	A	B
Mr Haryono Eddyarto (Chair and Non Executive Director)	11	11		
Huili Guo	11	11		
Yuk Chor Choi	2	2	1	1
Allan Ritchie	11	11	2	2
Khamtane Signavong	11	11	2	2

A: Meetings eligible to attend **B:** Meetings attended (Note: Meetings attended include circular resolutions.)

(c) Senior Executives

The Board Charter addresses the responsibilities of the Board and management. It goes further detailing the Board's relationship with Management. The Board Charter allows the Board to delegate the responsibility for the day-to-day management of the Company to a Managing Director (**MD**).

As the Company is currently assessing the future direction of the Company no new executives have been appointed during the year.

(d) Performance of Senior Executives

As there are no senior executives in the business, there is no requirement to assess performance.

(e) The Company Secretary

The Company Secretary acts as secretary of the Board, attending all meetings of the Board. The Company Secretary is accountable to the Board through the chairperson on all corporate governance matters.

Principle 2: Structure the board to add value

(a) Board size and composition

The Constitution of the Company provides that there will be a minimum of three directors and not more than nine directors.

At the date of this report, the Board comprises four non-executive directors.

The current members of the Board are:

Mr Haryono Eddyarto(Chair and Non-Executive Director), (appointed 28 September 2011)

Mr Huili Guo (Non-executive Director), (appointed 28 April 2017);

Mr Allan Ritchie (Non-executive Director), (appointed 28 April 2017);

Mr Khamtane Signavong (Non-executive Director) (appointed 28 April 2017).

The Board considers that the existing Board composition and structure is appropriate for the Company's current operations and stage of development.

Directors' details are listed in the Annual Report in the Directors Report, including details of their other listed entity directorships and experience.

(b) Board skills and diversity

The Board considered the merits of developing a Board Skills Matrix but has not undertaken this process for the year ended 30 June 2018 due to its stage of operations and the strategic review process being undertaken to determine the future of the Company. The qualifications and expertise of each Board Member are outlined in the Directors Report contained within the Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT)

(c) Director Appointments

Given the stage of the Company's operations and the strategic review process being undertaken to determine the future of the Company and the heavy reliance on the experience of the members of the Board, no additional director appointment have been made during the year ended 30 June 2018. At the appropriate time, the Board will make decisions on the size and composition of the board, including assessment of necessary and desirable competencies of board members.

The full Board will determine who is invited to fill a casual vacancy after extensive one-on-one and collective interviews with candidates and thorough due diligence and reference checking.

(d) Terms of appointment

Non-executive directors are appointed pursuant to formal letters of appointment which, among other things, set out the key terms and conditions of the appointment, the Board's expectations in relation to the performance of the director, procedures for dealing with a director's potential conflict of interest and the disclosure obligations of the director, together with the details of the director's remuneration.

The Company has not established a formal director induction program as there is no current intention to appoint any additional directors. All current directors were informally given induction to their positions. The Board will consider the implementation of an induction program as part of its strategic review process being undertaken to determine the future of the Company.

(e) Directors' independence

The Board considers that it is able to exercise its judgement in an independent and unfettered manner and provide independent and effective oversight of management.

All members of the board, whether independent directors or not, exercise independent judgement in making decisions in the best interests of the Company as a whole.

In determining the independent status of each director, the Board has adopted the approach contained in ASX Principle 2, and specifically assesses the independence of all directors against the criteria outlined in Box 2.3 of the ASX Recommendations.

The Company does not use prescribed or pre-determined materiality thresholds for the purposes of assessing director independence but instead assesses independence on a case by case basis, having regard to the extent to which any relevant relationship or connection may materially interfere with the director's ability to exercise unfettered and independent judgement in the discharge of their responsibilities and duties.

Given the recent executive position held and the fact that Mr Haryono Eddyarto is a substantial shareholder, he is considered to be non-independent based on the criteria in Principle 2 of the ASX Recommendations. Mr Huili Guo is considered to be non-independent given his indirect interest in substantial shareholder Jun Moon Limited. Mr Yuk Chor Choi, Mr A Ritchie and Mr K Signavong are considered independent Directors. Former directors Mr Saharto Sahardjo, Mr Albert Cheok and Mr Peter Murphy were considered by the Board to be independent.

The Board believes that this is an appropriate structure given the stage of the Company's operations, as it will be important to draw heavily on the industry experience of the members of the Board while it undertakes its strategic review to determine the Company's future.

(f) Directors' interests

Directors are required to keep the Board advised of any interest that may be in conflict with those of the Company, and restrictions are applied to directors' rights to participate in discussion and to vote, as circumstances dictate when a conflict has been identified. In particular, where a potential conflict of interest may exist, directors concerned may be required to leave the Board meeting while the matter is considered in their absence.

(g) Chairman

The Board Charter provides that where practical, the Chairman of the Board should be an independent Director.

Currently, the Chairman of the Board is not independent. The Company will consider appointing an independent Director as Chairman as part of its strategic review of the Company's future direction.

(h) Board meetings

The Board typically schedules meetings on a quarterly basis, with additional meetings convened as required. Agenda's for each meeting are prepared by the Company Secretary together with the input from the Chairman, and are distributed prior to the meeting together with supporting papers.

Standing items include the Operations report and the financial report, as well as reports addressing matters of strategy, governance and compliance.

(i) Independent advice

The Board has a policy of enabling directors to seek independent professional advice for Company related matters at the Company's expense, subject to the prior notification of the Chairman and where the estimated costs are considered to be reasonable.

(j) Board and director performance

Whilst the board is committed to enhancing its effectiveness through performance management and review, the board considers it inappropriate timing to undertake a board review process. This is due to the current state of the business effectively under review.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT)

Principle 3: Act Ethically and Responsibly

(a) Code of conduct

The Board acknowledges the need for high standards of corporate governance practice and ethical conduct by all directors and employees of the Company.

Whilst the Company has not adopted a Code of Conduct, various measures have been established to ensure that a high standard of ethical business behaviour is observed by all staff members, including policies and procedures for:

- Continuous Disclosure Obligations; and
- Trading in Adavale Securities.

In addition to their obligations under the Corporations Act in relation to inside information, all directors, employees and consultants have a duty of confidentiality to the Company in relation to confidential information they possess.

Once the future direction of the Company

(b) Employee and director trading in Adavale securities

In accordance with ASX Listing Rule 12.9, the Company has in place a Security Trading Policy that governs the ability of directors, employees and contractors to trade in the Company's securities. Subject to necessary prior written consents being obtained, the Company's directors, executives and employees may trade in the Company's securities at any time outside closed periods. Closed periods cover the following:

- The day after the announcement of Adavale's half yearly results to the ASX;
- The day after the announcement of Adavale's annual preliminary financial results to the ASX; or
- for any other time period determined by the Board.

Directors and employees may, in exceptional circumstances as defined in the policy, trade in a closed period but only with the prior written consent of the Disclosure Officer. Notwithstanding the closed periods and approval requirements, a person is prohibited from trading at any time if they possess material, price-sensitive information about the Company that is not generally available to the public.

The policy also prohibits short term trading of the Company's securities.

(c) Diversity

A formal diversity policy has not been adopted by the Board as there are employees of the company and no current intention to appoint any new directors.

This position may change, including the establishment of measurable gender diversity objectives in the foreseeable future whilst the Board undertakes a strategic review of the Company's future direction.

The current gender diversity is as follows:

- The proportion of female directors: 0%
- The proportion of female employees on the executive committee: 0%
- The proportion of female employees in the whole organisation: 0%

Principle 4: Safeguard integrity in corporate reporting

The Audit Committee is responsible for assisting the board in discharging its responsibilities to safeguard the integrity of the Company's financial reporting and the system of internal control. A key component of the committee's role is to provide appropriate advice and recommendations to the board to assist the board to fulfil its responsibilities in regard to financial reporting, the internal control environment, and audit management where appropriate across the Company.

The Audit Committee Charter takes into account the roles and responsibilities of the Audit Committee as well as contemporary governance practices. The Audit Committee Charter includes details on the appointment and oversight of the external auditor. The Company will ensure the external auditor is available to shareholders at the annual general meeting to answer any questions they may have about the Company's external audit.

The Audit Committee's current membership, the independence of the members and details of Audit Committee meetings and attendance by each Committee member are set out earlier in this Corporate Governance Statement and the Directors Report.

CORPORATE GOVERNANCE STATEMENT (CONT)

The qualifications and experience of the members of the Audit Committee are outlined in the Directors Report.

In accordance with the Company's legal obligations and Recommendation 4.2 of the ASX Recommendations, the delegated director and the Chief Financial Officer equivalent make the following certifications to the Board in relation to the Financial Statements for the financial period:

- The financial statements and associated notes comply in all material respects with the Accounting Standards as required by Section 296 of the Corporations Act 2001, Corporations Regulations, International Reporting Standards and other mandatory professional reporting requirements;
- The financial statements and associated notes give a true and fair view, in all material respects, of the financial position as at 30 June 2018 and performance of the Company for the period ended as required by Section 297 of the Corporations Act 2001;
- The financial records of the company have been properly maintained in accordance with Section 286 of the Corporations Act 2001;
- The integrity of the financial statements are founded on a sound system of risk management and internal compliance and control which, in all material respects, implements the policies adopted by the board of directors;
- The risk management and internal compliance and control systems of the Company relating to financial reporting objectives are operating effectively, in all material respects; and
- Subsequent to the end of the financial period, no changes or other matters have arisen that would have a material effect on the operation of risk management and internal compliance and control systems of the Company.

Principle 5: Make timely and balance disclosure

The Company is committed to complying with its continuous disclosure obligations under the ASX Listing Rules and Corporations Act and to ensuring that its shareholders are kept well-informed of all major developments affecting the Company's state of affairs, in order to promote transparency and investor confidence.

The Company has a Continuous Disclosure Policy and it incorporates the continuous disclosure framework as set out in the ASX Listing Rules Chapter 3.

The Policy creates a framework for compliance with relevant disclosure obligations and establishes the accountability of the Board for achieving compliance. More specifically, the Policy:

- Explains the Company's obligations under ASX Listing Rule 3.1 and the Corporations Act 2001;
- Establishes internal processes for reporting of information considered to be potentially price-sensitive and for consideration of information reported by the Board;
- Establishes processes for the disclosure of price sensitive information, taking into account the clarification provided by ASX Guidance Note 8;
- Establishes internal processes for briefing of analysts, investor and media Company's, responding to market speculation, leaks and rumours and calling trading halts where appropriate to avoid trading occurring in an uninformed market;
- Outlines authorisation procedures for ASX announcements; and
- Delegates to the Company Secretary the authority to release information or make disclosures to the ASX and responsibility for decisions regarding price sensitive information, coordinating disclosures, establishing and monitoring procedures under this Policy and making recommendations to the Board on any necessary updates to the Policy.

The Board aims to ensure that its shareholders are kept well-informed of all major developments and business events that are likely to materially affect the Company's operations and financial standing, and the market price of its securities. Information is communicated to security holders through:

- Annual, half year financial reports and quarterly cashflow reports and market updates, lodged with the ASX and made available to all security holders;
- Announcement of market-sensitive and other information, including annual and half year results announcements and analyst presentations released to the ASX; and
- The chairman and CEO's addresses to, and the results of, the Annual General Meeting.

The Company does currently have a website although not properly maintained nor up to date. As a result, charters and policies referred to in this statement are not disclosed in the website as required by the ASX. The further development and enhancement of the website of the Company will be part of the strategic review being undertaken by the Company to consider its future direction.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT (CONT)

The Company has a Continuous Disclosure Policy that includes a formal procedure for dealing with potentially price-sensitive information. The policy sets out how the Company meets its disclosure obligations under ASX Listing Rule 3.1. The Company's policy is to lodge with the ASX and place on its website all market-sensitive information, including annual and half year result announcements and analyst presentations, as soon as practically possible.

Shareholders have the right, and are encouraged, to attend the Company's annual general meeting, held in November each year, and are provided with explanatory notes on the resolutions proposed through the notice of meeting. A copy of the notice of meeting will also be posted on the Company website and lodged with the ASX. Shareholders are encouraged to vote on all resolutions and unless specifically stated otherwise in the notice of meeting, all security holders are eligible to vote on all resolutions. Shareholders who cannot attend the annual general meeting may lodge a proxy in accordance with the Corporations Act. Proxy forms may be lodged with the share registry by mail, hand delivery, facsimile or electronically. Transcripts of the chairman reports to shareholders are released to the ASX upon the commencement of the Annual General Meeting. These transcripts, together with the results of the meeting are also posted on the Company's website and the ASX. All shareholders are provided the option to receive communications from the share registry electronically (and are encouraged to do so, with election documentation included in regular mail outs to security holders).

Principle 7: Recognise and manage risk

The Board is responsible for ensuring that sound risk management framework and policies are in place. The Board will devote time at its meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the Company's risk management framework and associated internal compliance and control procedures.

The Company's risk management framework is integrated with its day-to-day business processes and functional responsibilities. The Board considers risk matters on an ongoing basis but did not undertake a formal review of its risk management framework during the year ended 30 June 2018 due to the fact that the Board is undertaking a strategic review of the future direction of the business. It is intended that this framework review will be undertaken as part of the strategic review of the future direction of the business.

(a) Internal Audit

The Company does not have an internal audit function as it is not considered appropriate for the Company's current stage of development and operations.

(b) Economic, environmental and social sustainability risks

In accordance with Recommendation 7.4, the Board has considered whether the Company has any material exposure to economic, environmental and social sustainability risks and determined that there is no material exposure to these risks.

Principle 8: Remunerate fairly and responsibly

Given the stage of the Company's operations and the heavy reliance on the experience of the members of the Board, the Board does not initially propose to establish a remuneration committee and the function of such a committee will be performed by the full Board, acting in the best interests of the Company.

The Board will devote time at its meetings to fulfilling the roles and responsibilities associated with setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

For details of the Company's remuneration structure, please refer to the Remuneration Report

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2018.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name and Qualifications	Interests in Shares and Options at 30 June 2018	Experience and Special Responsibilities
Haryono Eddyarto Chairman Non-executive director Appointed 28 September 2011	4,238,778 fully paid ordinary shares 1,000,000 options	Mr Eddyarto is an Indonesian Resident and has over 35 years experience in International trade. He has extensive business activities ranging from Commodity Trading, Mining, Chemical, Television and Property. Mr Eddyarto is a strong promoter of the Asian region having represented Indonesian Chamber of Commerce and Industry in the G-15, G-77 and the Indian Ocean Rim ARG-Business Forum. Current directorships include: Pt House of Indonesia, Pt Inter Mineral Resources, Pt Nikelindo, SpaceBee Broadcasting Services AG, Switzerland and Pt Teras Nirwana Bali.
Huili Guo Non-executive Director Appointed 28 April 2017	37,000,000 shares	Mr Huili Guo, aged 41, joined the People Liberation Army (PLA) in the PRC from 1993 to 1996. Since his resignation from the PLA, he has worked extensively in the Petrochemical industry in China, mainly in sales and marketing. He started JML in 2010 as its majority shareholder and Chairman of the Board. JML's main business is procuring off-take of Petroleum products, both within China and overseas. Under Mr Guo's guidance and strategy JML has made a number of successful investments, more noticeably, as a majority shareholder in a Molybdenum mine in Guizhou, China, as well as in various financial investments and asset management concerns in Hong Kong, and China.
Yuk Chor Choi Non-executive Director Appointed 28 April 2017 - resigned 7 August 2017	Nil shares	Mr Yuk Chor Choi, aged 53, started his career in auditing and accounting for various Hong Kong enterprises with businesses and manufacturing facilities in China for about 11 years. He then worked as a factory manager for a premium products manufacturer and exporter based in Shenzhen, China. He joined Jun Moon Limited as its CEO in 2013 responsible for managing the various investments made by JML. He has also made investments in Hong Kong and China, including property, and funds management company in Hong Kong.
Allan Ritchie Non-executive Director Appointed 28 April 2017	34,035 shares	Allan has served as a Board Director on several private and public listed companies and is a principal of his own firm where he focuses on asset acquisitions and off-take arrangements of Energy, Resources, and Infrastructure. Allan is an Investment Banking professional with a career spanning 30 years of Origination & Structuring. He held senior positions in Westpac, ANZ Bank, HSBC and BNP Paribas, in London, NY and Asia Pacific. He engages with the Chief Executives of major corporations and State Owned Enterprises spanning the largest Global Resources, Energy & Infrastructure groups. He was voted No. 1 in the Business Review (BRW) poll of Financial Markets bankers each year in that role in Australia. Allan graduated from the University of Technology, Sydney with Bachelor of Business and a Post Graduate Diploma in Applied Finance FINSIA. Allan is currently a director of Indago Energy Limited, having been appointed 3 April 2017.

DIRECTORS' REPORT (CONT)

Khamtane Signavong
Non-executive Director
Appointed 28 April 2017

Nil shares

Kham is a successful entrepreneur, a solid leader, a published author, and Kham is a successful entrepreneur, a solid leader, a published author, and a trusted relationships.

Kham has taken several businesses from inception to overseas expansion in sectors including Hospitality, property and supply chain, he is an asset to any organisation. Kham has a wealth of experience in, and is a great asset to, cross border businesses with multiple languages and a solid understanding of many Asian cultures both personally and professionally, including Laos, Thailand, Hong Kong China and his home Australia

Joint Company Secretary

Leanne Ralph

Ms Leanne Ralph was appointed to the position of Company Secretary in December 2012. Leanne has over 23 years experience in Chief Financial Officer and Company Secretarial roles for various publicly listed and unlisted entities.

Leanne is a member of Chartered Secretaries Australia and the Australian Institute of Company Directors.

Leanne is the principal of Boardworx Australia Pty Ltd, which supplies bespoke outsourced Company Secretary services to a number of listed and unlisted companies.

Joint Company Secretary

Julian Rockett, B Arts, LLB, GDLP

Julian Rockett is a qualified corporate lawyer and listed company secretary. His background in law has included corporate compliance, advising on IPOs, M&As, RTOs and capital raising for ASX listed entities. His diverse ASX listed company secretarial experience includes supporting fin-tech, artificial intelligence, medical technology, logistics, equity, mining, energy, technology and commercial property ASX listed companies.

Principal Activities

The principal activities of the Group during the period were mining exploration and development in Australia and Indonesia.

On 24 July 2017 the Company announced a Standby Subscription Agreement with Addchance Holdings Ltd for a \$1,000,000 facility to provide working capital to the Company. Since inception the Company issued 27,193,552 shares raising \$308,159 utilising this facility. Prior to 30 June 2018 a further \$50,000 has been advanced as a temporary loan, and since 30 June 2018 a further \$80,000 has been advanced as a temporary loan, both loans pending shareholder approval to convert to share capital. The shares are issued at 80% of 15-day VWAP prior to each drawdown. The balance of the facility amounts to \$561,841.

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The Group continues to hold its uranium tenements at Lake Surprise in South Australia and is actively seeking joint venture partners to further explore the area. and continues to look for additional Mining and Energy assets to compliment Adavale's growth outlook. Adavale intends to procure the appropriate asset that will not only accrete capital appreciation for shareholders but can also soon lead to an impact on positive cash-flow outcomes.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

Review and Results of Operations

As reported elsewhere, during the year the Company sold its interest in subsidiary company PT Prima Perkasi Adabi, and hence its interest in the Indonesian coal asset project TAPAN. The details and terms of the sale were described in detail in the Annual General Meeting held in November 2017. The Company has continued to maintain its ownership and interest in its Lake Surprise Uranium area in South Australia. The Company will continue to review other opportunities in the energy sector.

The Company has continued to curtail the administrative costs associated with the Company head office pending any outcome of its pursuit to acquire additional Mining and Energy assets.

The consolidated profit of the Company was \$122,451 which compared with a net loss for the prior year of \$517,625. The Company had a loss of \$545,457 from continuing operations (2017: \$431,556) and a profit of \$667,908 from discontinued operations (2017: loss of \$86,060).

The loss from Company activities before income tax expense includes the following revenue and expense disclosures which are relevant in explaining the financial performance of the entity:

	2018	2017
	\$	\$
Revenue from continuing operations	-	-
Expenses from continuing operations	(545,457)	(431,556)
Loss from continuing operations	(545,457)	(431,556)
Profit/(loss) on sale discontinued operations	667,908	(86,069)
Profit/(loss) from continuing activities	122,451	(517,625)

The major costs incurred in the year were focused on statutory compliance as well as the administration effort associated with our tenements, both in Australia and Indonesia.

Following the EGM in April 2017 and as approved by shareholders, JML acquired off-market a total of 12,000,000 shares. Since 1 July 2017 JML converted temporary funding of \$180,000 into 18,000,000 shares which took the total shareholding of JML at that time to 37,000,000 (having acquired 7,000,000 shares prior to the EGM) or 58% of issued capital. Following subsequent share issues, the equity interest of JML is 46%.

NEW CAPITAL RAISING FACILITY

In July 2017 the Company entered into a capital raising facility (Facility) with a non-related entity Addchance Holdings Ltd (Addchance) a Hong Kong based company. The purpose of this agreement 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 Addchance or its nominee(s); and
- The issue price of shares will be 80% of the 5 day VWAP.

Since the signing of this agreement, draw-downs amounting to \$308,159 have been made on the facility and 27,193,552 shares issued as a consequence. A further \$50,000 pre year end and \$80,000 post year end has been advanced as a temporary loan pending shareholder approval. 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.

Should any project require major funding beyond the funds immediately available to the Company, the Company would consider either introducing joint venture parties to the project, or carry out a capital raising to enable a full ownership retention of the project. Such decisions would be made on a case by case basis.

Dividends

No dividends were paid during the financial year and the directors recommend that no dividend be paid in respect of the year ended 30 June 2018.

Significant Changes in the State of Affairs

Except as referred to above there have not been any significant changes in the state of affairs of the Company.

Future Developments

The Group expects to continue its exploration and evaluation activities in Australia into the foreseeable future and will examine options for maximising the value of its mineral interests.

Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the 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 future financial years.

Remuneration Report (audited)

The directors of Adavale Resources Limited present the Remuneration Report for non-executive directors, executive directors and key management personnel, prepared in accordance with the Corporations Act 2001 and Corporations Regulations 2001.

The remuneration report is set out under the following main headings:

- a. Principles used to determine the nature and amount of remuneration
- b. Details of remuneration
- c. Share based remuneration
- d. Service agreements

(a) Remuneration Policies

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Company and other executives. Key management personnel comprise of directors of the company and senior executives of the Group.

The compensation structure takes into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control the relevant segment performance
- the group's performance including:
 - the group's earning
 - the growth of the share price and delivering constant return to shareholders

Compensation packages include a mix of fixed and variable compensation and short and long term performance based incentives. Short and long term performance - based incentives are designed to reward key management personal for meeting or exceeding their financial and personal objectives.

Remuneration levels are competitively set to attract and retain qualified and experienced directors, executives and staff, and having regard for the overall performance of the Company. Where necessary the Board obtains independent advice on the appropriateness of remuneration packages, given trends in comparative companies and industry surveys. No such advice was requested or received in the current year.

Currently the company does not have a Remuneration committee, but the Board establishes and monitors remuneration packages and policies. When appointed, the Board establishes and monitors the remuneration of the Managing Director. Currently no Chief Executive Officer has been appointed.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

(b) Company Directors' remuneration

The remuneration paid during the year to each director of the Company are as follows. There are no long term employee benefits or termination benefits. See below relating to service agreements.

2018

DIRECTORS

		SHORT TERM EMPLOYEE BENEFIT	POST EMPLOYEE BENEFIT	SHARE BASED PAYMENT	Total
		Salary & Fees	Super- annuation	Options	
		\$	\$	\$	\$
Haryono Eddyarto (Chairman - non-executive director)		-	-	-	0
Huili Guo (non-executive director)		-	-	-	-
Yuk Chor Choi (non-executive director - resigned 7 August 2017)		-	-	-	-
Allan Ritchie (non-executive director)	i	50,000	-	-	50,000
Khamtane Signavong (non-executive director)	ii	20,005	-	-	20,005
		70,005	-	-	70,005

OTHER KEY MANAGEMENT PERSONNEL

Leanne Ralph, Julian Rockett (Joint Company Secretaries)	iii	35,400	-	-	35,400
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2017

DIRECTORS

		SHORT TERM EMPLOYEE BENEFIT	POST EMPLOYEE BENEFIT	SHARE BASED PAYMENT	Total
		Salary & Fees	Super- annuation	Options	
		\$	\$	\$	\$
Haryono Eddyarto (non-executive chairman)		-	-	7,000	7,000
Huili Guo (non-executive director)		-	-	-	-
Allan Ritchie (non-executive director)	i	8,334	-	-	8,334
Khamtane Signavong (non-executive director)	ii	3,333	-	-	3,333
Albert Cheok (resigned 28 April 2017)		-	-	7,000	7,000
Saharto Sahardjo (resigned 28 April 2017)		-	-	7,000	7,000
Peter Murphy (resigned 28 April 2017)		-	-	7,000	7,000
		11,667	0	28,000	39,667

Other Key Management Personnel

2017

Leanne Ralph (Company Secretary)	iii	58,217	-	-	58,217
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- i A Ritchie is paid a monthly retainer of \$4,167 to perform general management and administrative duties of the Company
- ii K Signavong is on a monthly retainer of \$1,667 to perform general management and administrative duties of the Company.
- iii Fees paid for services of L Ralph and J Rockett as joint company secretary, paid to Boardroom Pty Ltd (Previously Boardworx).

DIRECTORS' REPORT (CONT)

The relative proportions of remuneration that are linked to performance and those that are fixed as follows:

Name	Fixed Remuneration	At risk - STI	At risk - options
Non-Executive Directors			
Haryono Eddyarto	100%	-	-
Allan Ritchie	100%	-	-
Khamtane Signavong	100%	-	-

(c) Share Based Remuneration

All options refer to options over ordinary shares of the Company, which are exercisable on a one-for-one basis under the terms of the agreements.

As agreed by shareholders at the EGM held on 26 April 2017, 1,000,000 options were issued to each of the incumbent directors, Messrs Eddyarto, Cheok, Sahardjo and Murphy. The options to the 3 retiring directors were issued in the form of remuneration for past services, and to Mr Eddyarto to be incentivised for a continued role in the Company. The options were granted on 28 April 2017. Given the circumstances of the issue and approval it was not considered appropriate that any further conditions attach to these options.

All options above have been issued with an exercise price of \$0.015 and expire on the date two years from issue, being 26 April 2019. The options can be exercised any time after 28 April 2018 and before the expiry date.

The fair value of these options has been assessed at \$0.007 per option, being a total of \$28,000 and was expensed in the 2017 financial year.

(d) Service Agreements

As from 1st May 2017 Mr A Ritchie and Mr K Signavong have signed consultancy agreements for services related to the ongoing administration of the Company. The period of the service agreements is 12 months or until terminated in accordance with agreement. In the case of Mr A Ritchie the amount paid is \$ 4,167 per month plus GST, and in the case of Mr K Signavong \$1,667 per month plus GST.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

(e) Other Information

Options held by Key Management Personnel

The number of options to acquire shares in the Company held during the 2018 reporting period by any of the Key Management Personnel of the Group, including their related parties are set out below. The only current director holding options is Mr Haryono Eddyarto.

2018

PERSONNEL	Balance at start of year	Expired	Granted as remuneration	Vested and exercisable at the end of the reporting period	Vested and unexercisable at the end of the reporting period
Haryono Eddyarto	1,000,000	-	-	-	1,000,000

2017

PERSONNEL	Balance at start of year	Expired	Granted as remuneration	Vested and exercisable at the end of the reporting period	Vested and unexercisable at the end of the reporting period
Haryono Eddyarto	-	-	1,000,000	-	1,000,000
Albert Cheok	-	-	1,000,000	-	1,000,000
Saharto Saharjo	-	-	1,000,000	-	1,000,000
Peter Murphy	-	-	1,000,000	-	1,000,000

Along with other then existing retiring directors, Messrs Eddyarto, Cheok, Suharjo and Murphy received 1,000,000 options each at date of resignation, April 2017. Messrs Murphy, Cheok and Suharjo retired in April 2017.

In addition to the above, in accordance with the terms of the Convertible Loan Agreement between the Company and Jun Moon Limited (JML) wherein JML has lent \$1,000,000 to the Company, the lender may, at its discretion, direct the borrower to satisfy the repayment of the loan by applying the loan and accrued interest in payment for the subscription of shares by JML at a price of \$0.05 per share. At 30 June 2018 the potential number of shares which would be issued under the terms of this agreement would be 21,876,060.

Shares held by Key Management Personnel

The number of ordinary shares in the Company held during the 2018 reporting period by any of the Key Management Personnel of the Group, including their related parties are set out below.

PERSONNEL	Balance at start of year	Granted as remuneration	Other changes (i)	Held at the end of the reporting period
Haryono Eddyarto	4,238,778	-	-	4,238,778
Huili Guo	19,000,000	-	18,000,000	37,000,000
Allan Ritchie	34,035	-	-	34,035

(i) These shares are held by Jun Moon Limited, a company related to Mr H Guo. In July 2017 a temporary loan was capitalised to 18,000,000 shares as previously approved by shareholders.

END OF REMUNERATION REPORT

Indemnification of Officers and Auditors

The Company indemnifies, to the extent permitted by law, all Directors and the Company Secretary of the Company and all former Directors and Company Secretary, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or Company Secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (CONT)

The Company also indemnifies the current Directors and Company Secretary of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company also indemnifies executive officers of the Company and its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position in the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Company does not indemnify its auditors.

Options

At the date of this report there are 4,000,000 unissued ordinary shares of Adavale Resources Limited.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a State or Territory.

Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the nature of the services disclosed below did not compromise the external auditor's independence.

Neither Grant Thornton nor HLB Mann Judd provided any non-audit services during the year ended 30 June 2018.

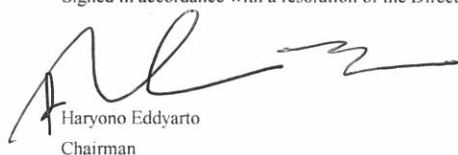
Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2018 has been received and can be found on the following page.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company, or intervene in any proceedings for which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Directors:



Haryono Eddyarto

Chairman

29/08/2018

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Adavale Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
29 August 2018


Brad McVeigh
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2018**

		Consolidated	Restated Consolidated
	Notes	2018	2017
		\$	\$
Continuing operations			
Other Revenue		-	-
Total revenue		-	-
Audit Fees	5	(46,737)	(59,345)
Director fees		(70,005)	(11,667)
Finance cost - financial instrument		(213,610)	(84,854)
Insurance		(22,060)	(21,708)
Share registry fees		(43,159)	(36,198)
Management and administration		(88,506)	(164,783)
Interest expense - funding		(1,342)	(1,760)
Exploration and evaluation expenditure		(12,431)	(19,185)
Legal fees		(44,454)	-
Share based payments		-	(28,000)
Other expenses from ordinary activities		(3,153)	(4,056)
(Loss) before income tax expense		(545,457)	(431,556)
Income tax expense	6	-	-
(Loss) for the year from continuing activities		(545,457)	(431,556)
Profit/(loss) on sale of discontinued operation	10	667,908	(86,069)
Profit/(loss) for the year		122,451	(517,625)
Other comprehensive income/loss			
Items which may subsequently be transferred to profit or loss			
Movement in foreign exchange reserve		43,149	18,733
Total comprehensive Profit/(loss) for the year		165,600	(498,892)
Earnings per Share attributable to the ordinary shareholder of the Company - cents			
Basic (loss)/earnings per share – continuing operations	7	(0.77)	(1.38)
Basic (loss)/earnings per share – discontinued operations	7	0.94	(0.28)
Diluted (loss)/earnings per share – continuing operations	7	(0.77)	(1.38)
Diluted (loss)/earnings per share – discontinued operations	7	0.94	(0.28)

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2018

	Notes	Consolidated 2018 \$	Restated Consolidated 2017 \$
CURRENT ASSETS			
Cash assets	8	13,469	46,595
Other assets	9	26,985	19,875
		40,454	66,470
Asset classified as held for sale	10	-	-
TOTAL CURRENT ASSETS		40,454	66,470
TOTAL ASSETS		40,454	66,470
CURRENT LIABILITIES			
Payables	11	164,208	847,598
Borrowings	12	50,000	180,000
TOTAL CURRENT LIABILITIES		214,208	1,027,598
NON-CURRENT LIABILITIES			
Borrowings	13	850,438	716,823
TOTAL LIABILITIES		1,064,646	1,744,421
NET ASSETS		(1,024,192)	(1,677,951)
EQUITY			
Contributed equity	14	1,988,159	1,500,000
Reserves		327,409	284,260
Accumulated losses		(3,339,760)	(3,462,211)
TOTAL EQUITY		(1,024,192)	(1,677,951)

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2018

		Consolidated	Restated
	Notes	2018	2017
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(378,854)	(246,996)
Payments for exploration and evaluation expenditure		(12,431)	(19,185)
Net cash used in continuing operations		(391,285)	(266,181)
Net cash (to)/from discontinued operations		-	-
Net cash flows used in operating activities	22(b)	(391,285)	(266,181)
Cash flows from financing activities			
Issue of shares		308,159	70,000
Loan funds received (related party)		-	1,215,000
Loan funds received - unrelated party		50,000	-
Loan funds repaid (related party)		-	(1,000,000)
Net cash provided by financing activities		358,159	285,000
Net (decrease)/increase in cash held		(33,126)	18,819
Cash at beginning of financial year		46,595	27,776
Cash at end of financial year	22(a)	13,469	46,595

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2018

	Share Capital	Accumulated Losses	Restated Equity Component Instrument Reserve	Option Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	37,507,431	(39,218,673)	196,656	0	(61,882)	(1,576,468)
Loan issue	-	-	299,409	-	-	299,409
Transfer: lost capital	(36,077,431)	36,077,431				
Issue of shares/options	70,000	-	-	28,000	-	98,000
Transactions with owners	(36,007,431)	36,077,431	299,409	28,000	-	397,409
Equity loan extinguished	-	196,656	(196,656)			
Loss for the year	-	(517,625)	-	-	-	(517,625)
Other comprehensive income	-	-	-	-	18,733	18,733
Total Comprehensive Loss	0	(320,969)	(196,656)	0	18,733	(498,892)
Balance at 30 June 2017	1,500,000	(3,462,211)	299,409	28,000	(43,149)	(1,677,951)
Balance at 1 July 2017	1,500,000	(3,462,211)	299,409	28,000	(43,149)	(1,677,951)
Loan issue			-			-
Issue of shares/options	14 488,159	-	-	-	-	488,159
Transactions with owners	488,159	-	-	-	-	488,159
Loss for the year	-	122,451	-	-	-	122,451
Other comprehensive income	-	-	-	-	43,149	43,149
Total Comprehensive Loss	-	122,451	0	-	43,149	165,600
Balance at 30 June 2018	1,988,159	(3,339,760)	299,409	28,000	0	(1,024,192)

These consolidated financial statements should be read with the accompanying notes

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

NATURE OF OPERATIONS Adavale Resources Limited (“the Company”) and its controlled entities (“the Group”) principal activities of the consolidated entity during the year include mining exploration and development in Australia and Indonesia.

CAPITAL RAISING FACILITY

On 24 July 2017 the Company announced a Standby Subscription Agreement with Addchance Holdings Ltd for a \$1,000,000 facility to provide working capital to the Company. During the year the Company issued 27,193,552 shares raising \$308,159 utilising this facility. The shares are issued at 80% of 15-day VWAP prior to each drawdown. Additionally, Addchance have made a short term advance of \$50,000 to the Company pending shareholder approval to issue further shares per the Standby Subscription Agreement. The balance of the facility at 30 June 2018 amounts to \$641,841.

Additionally, on 7 July 2017, 18,000,000 shares were issued to Jun Moon Limited, thus capitalising the amount of \$180,000 previously advanced to the Company for this purpose and included in the financial statements as at 30 June 2017 as a current liability.

SALE OF TAPAN PROJECT

As was reported on 12 October 2017 the Company entered into an agreement with its Chairman Mr Haryono Eddyarto (subject to shareholder approval) to sell the TAPAN project to Mr Eddyarto and as consideration Mr Eddyarto would extinguish all debt between the Company and Mr Eddyarto and associated companies amounting to approximately \$667,908. Full details of the transaction were included in the Notice of Annual General Meeting held on 30 November 2017, at which shareholder approval was granted for the transaction to proceed. The transaction to realise the sale of PT Prima Perkasa Abadi has proceeded to completion.

The Group is continuing to evaluate its uranium project at Lake Surprise in South Australia as well as evaluating farm-out or joint venture opportunities. The Company continues to look for additional Mining and Energy assets to compliment Adavale's growth outlook. Adavale intends to procure appropriate the assets that will not only accrete capital appreciation for shareholders but can also soon lead to an impact on positive cash-flow outcomes.

1. REPORTING ENTITY

Adavale Resources Limited (the “Company”) is a for profit company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and joint venture entities. The Group is primarily involved in mining exploration.

The registered office of the Company is:

Adavale Resources Limited
Level 12, 225 George Street
SYDNEY NSW 2000

The principal place of business is Australia.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards including Accounting Standards interpretations, adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Compliance with Australian Accounting Standards ensures compliance with the International Financial Reporting Standards (IFRS') as issued by the International Accounting Standards Board IASB).

The financial statements were authorised for issue on 24 August 2018 by the Directors of the Company.

(b) Use of Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. All significant areas of estimation uncertainty and critical judgements in applying accounting policies have been disclosed in the following notes to the financial statements.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

(c) Going Concern Basis of Accounting

This financial report has been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The consolidated profit of the Company was \$122,451 which compared with a net loss for the prior year of \$517,625. During the year the Company had a loss of \$545,457 from continuing operations (2017: \$431,556) and a profit of \$667,908 from discontinued operations (2017: loss of \$86,060), and cash outflows from operations of \$391,285 (2017: \$266,181). Additionally, its liabilities exceeded its assets by \$1,024,192 (2017: \$1,677,951) as at 30 June 2018.

The Group is 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 financial period. Funding of these ongoing activities is required from either the new Capital Raising Facility from Addchance Holdings Ltd or from future capital raisings. The Directors consider the use of the going concern assumption appropriate as:

- 1) Currently the Group has a Loan Agreement of \$1million with Jun Moon Limited (a Company related to Mr Huili Guo, a Director of the Company). At 30 June 2018, this had been fully drawn. This facility expires on 7 January 2020.
- 2) In July 2017 the Company has entered into a capital raising facility (the 'Facility') with a non-related entity named Addchance Holdings Ltd. The purpose of this Facility is to provide further working capital to the Company.

The general terms of the Facility and the Agreement are as follows:

- Facility limit: \$1,000,000; and
- Period of facility: 5 years.

Since inception to 30 June 2018 draw-downs amounting to \$308,159 have been made on the facility and 27,193,552 shares have been issued in accordance with the Agreement. Additionally, as referred to above, a further temporary loan facility has been advanced amounting to \$50,000. The utilisation of the Facility beyond the available capacity of ASX Listing Rules 7.1 and 7.1A will require shareholder approval at an AGM. In addition, shareholder approval will be required should Addchance Holdings Ltd exceed the 19.99% shareholding in the Company.

The Directors recognise that the above represents a material uncertainty as to the Group's ability to continue as a going concern, however, they are confident that the Group will be able to continue its operations into the foreseeable future.

Should the Group be unable to obtain the funding as described above, there is a material uncertainty as to whether the Group will be able to continue as a going concern, and therefore, whether it will be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Material accounting policies adopted in the preparation of this financial report are presented below. The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Change in Accounting Policy – Exploration, Evaluation and Development Expenditure

The Group has changed the accounting policy on Exploration, Evaluation and Development Expenditure as the Director's formed the view that the change in the Group's accounting policy would provide more relevant and reliable information to management and users of the financial statements. The Group has restated the opening statements of financial position as at 1 July 2016 and 30 June 2017 and the statement of comprehensive income for the year ended 30 June 2017.

The Group, when acquiring exploration and evaluation expenditure will carry these projects at acquisition value, less any subsequent impairment.

All exploration and evaluation expenditure within the area of interest will be expensed until the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and the future economic benefits are probable. In making this determination, the Directors consider the extent of exploration, the proximity to existing mine or development properties as well as the degree of confidence in the mineral resource.

Where the Directors conclude that the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and the future economic benefits are probable, further expenditure is capitalized as part of property, plant and equipment.

No amortisation is charged during the exploration and evaluation phase. Amortisation is charged upon commencement of commercial production. Exploration and evaluation assets are tested for impairment annually or when there is an indication of impairment, until commercially viable mineral resources are established. Upon establishment of commercially viable mineral resources, exploration and evaluation assets are tested for impairment when there is an indicator of impairment. Subsequently the assets are stated at cost less impairment provision.

Except as referred to above, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Adavale Resources Limited (the parent entity) as at 30 June 2018 and the results of all controlled entities for the year then ended. Adavale Resources Limited and its controlled entities together are referred to in this financial report as the group or consolidated entity.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

Controlled Entities

A controlled entity is any entity controlled by Adavale Resources Limited. Control exists where Adavale Resources Limited is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to offset those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Where controlled entities have entered or left the economic entity during the year, their financial statements have been included from the date control was obtained or until the date control ceased.

Transactions Eliminated on Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated on consolidation.

(b) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(c) Sale of Non-Current Assets

The gross proceeds of non-current asset sales are recognised as at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and is recognised as other income or expense.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction.

Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at their fair value are reported at the exchange rate at the date when fair values were determined.

The Company's previous subsidiary, PT Prima Perkasa Abadi transacted in USD. The monetary items are translated into AUD, using the average exchange rate for reporting purposes. The non-monetary items are translated into AUD, using the historical exchange rate for reporting purposes.

Exchange differences arising on the translation of monetary items are recognised in the profit and loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

The transactions are translated to Australian Dollars which is the Company's functional and presentation currency.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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(f) Taxation

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date basis, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial instruments are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the value of all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the comprehensive income statement.

(h) Receivables

The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts.

(i) Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(j) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

(k) Cash

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(l) Earnings per Share

(i) Basic earnings per share:

Basic earnings per share is determined by dividing net profit or loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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(m) Earnings per Share (continued)

(ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(n) Exploration and Evaluation Assets

Refer to note 3 above relating to the change in accounting policy relating to Exploration and Evaluation Expenditure.

(o) Segment Reporting

The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Adavale Resources Limited.

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transaction with any of the Company's other components.

Unallocated items comprise mainly of head office assets, expenses and liabilities.

(p) Share Based Payments

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant directors become fully entitled to the award (the vesting period). If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

It is measured by fair value of the equity at the grant date. Fair value is measured by the use of a Black Scholes model.

The purpose of performance securities are to provide cost effective consideration to directors for their ongoing commitment and contribution to the Company in their respective roles as Directors.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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(q) Parent Entity Financial Information

The financial information for the parent entity, Adavale Resources Limited, disclosed in Note 25 has been prepared on the same basis as the basis of the consolidated financial statements of the Group.

In the Company's financial statements, investments in controlled entities are carried at cost. A list of controlled entities is contained in Note 20 of the accounts.

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

(r) New Accounting Standards and Interpretations

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 1 January 2018. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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4. CHANGES IN ACCOUNTING POLICY

Change in accounting policy – Exploration and Evaluation Expenditure

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group has elected to “expense as incurred” expenditure within an area of interest. In previous reporting periods’ exploration and evaluation expenditure was capitalised initially and assessed for impairment on an annual basis. The Directors formed the view that the change in the Group’s accounting policy would provide more relevant and reliable information to management and users of the financial statements. The Group has restated the opening statements of financial position as at 1 July 2016 and 30 June 2017.

Consolidated Group	30 June 2017 (Restated)	Increase/(Decrease)	30-Jun-17	1 July 2016 (Restated)	Increase/(Decrease)	30-Jun-16
	\$	\$	\$	\$	\$	\$
Statement of Financial Position (Extract)						
Exploration and evaluation expenditure	-	(391,000)	391,000	-	(807,500)	807,500
Asset classified as held for resale	-	(100,000)	100,000	-	-	-
Net assets	(1,677,951)	(491,000)	(1,186,951)	(1,576,468)	(807,500)	(768,968)
Accumulated losses	(3,462,211)	(491,000)	(2,971,211)	(39,218,674)	(807,500)	(38,411,174)
Total Equity	(1,667,951)	(491,000)	(1,186,951)	(1,576,468)	(807,500)	(768,968)

Statement of Profit and Loss and Comprehensive Income (Extract)	30 June 2017 (Restated)	Increase/(Decrease)	30-Jun-17	30 June 2016 (Restated)	Increase/(Decrease)	30-Jun-16
Impairment of exploration and evaluation expenditure	-	316,500	(316,500)	-	-	-
Profit/(loss) for the year	(517,625)	316,500	(834,125)	(416,163)	-	(416,163)

5. AUDITORS’ REMUNERATION

	Consolidated	
	2018	2017
	\$	\$
Audit and review of financial statements		
- auditors of Adavale Resources Limited - Grant Thornton	1,500	59,345
- auditors of Adavale Resources Limited - HLB Mann Judd	45,237	-
Remuneration for audit and review of financial statements	46,737	59,345
Other services	-	-
Total other service remuneration	-	-
Total auditor's remuneration	46,737	59,345

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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6. TAXATION

	Consolidated	
	2018	2017
	\$	\$
The prima facie tax on loss before income tax is reconciled to income tax as follows:		
a. Prima facie tax receivable on loss at 30% (2017: 30%)	36,735	(155,288)
Tax effect of deferred tax assets not brought to account	(36,735)	155,288
Income tax expense attributable to entity	-	-

The Directors have not recognised any tax assets in respect of losses, as they do not believe that the conditions for recognition set out in Note 3(e) have been met. The Directors estimate the carry-forward income tax losses to be approximately \$10,643,215 (2017: \$10,311,460) available to offset against future taxable income.

Since 30 June 2017 the equity interest held by Jun Moon Limited has increased from zero at 1 January 2017 to 46% at the date of this report. This, together with issues made through the Addchance facility translates to a greater than 50% change in ownership since the majority of losses were incurred. To retain the future benefit of losses to date the Company will require compliance with the same business test.

7. EARNINGS PER SHARE

	Consolidated	
	Restated	
	2018	2017
	\$	\$
Continuing Operations		
Earnings per share		
- Basic – continuing operations - cents	(0.77)	(1.38)
- Basic – discontinuing operations - cents	0.94	(0.28)
- Diluted – continuing operations - cents	(0.77)	(1.38)
- Diluted – discontinuing operations - cents	0.94	(0.28)
Loss used in the calculation of basic and diluted EPS from continuing operations	(545,457)	(431,556)
Profit/(loss) used in the calculation of basic and diluted EPS from dis-continued operations	667,908	(86,069)
Weighted average number of ordinary shares used in the calculation of basic and diluted EPS		
- in the calculation of basic EPS	70,693,364	31,166,122
- in the calculation of diluted EPS	70,693,364	31,166,122
Number of options not considered dilutive	4,000,000	4,000,000

As the Company reported a loss for the year ended 30 June 2018, options on issue were not included in the calculation of diluted earnings per share.

8. CASH ASSETS

	Consolidated	
	2018	2017
	\$	\$
Cash at bank	13,469	46,595

Cash at bank earns interest at floating rates based on daily bank deposit rates.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

9. RECEIVABLES

	Consolidated	
	2018	2017
	\$	\$
Current		
Other receivables	26,985	19,875
	26,985	19,875

10. DISPOSAL OF ASSET GROUP HELD FOR SALE

As referred to in Note 10 to the 30 June 2017 Financial Statements, the Company had decided to divest its ownership of the Indonesian located assets. As was reported on 12 October 2017 the Company entered into an agreement with its Chairman Mr Haryono Eddyarto (subject to shareholder approval) to sell the TAPAN project to Mr Eddyarto and as consideration Mr Eddyarto would extinguish all debt between the Company and Mr Eddyarto and associated companies'. The mechanism by which this agreement was transacted was for Adavale Resources Limited to sell its equity interest in PT Prima Perkasi Abadi (PPA), the owner and title holder of the TAPAN project. This agreement was ratified by shareholders at the Annual General Meeting on 30 November 2017, and The Directors consider the transaction essentially completed.

The consideration for the sale was essentially as follows;

- \$24,706 cash (being the cash balance in PPA at date of sale)
- \$198,869 being accrued interest owing to Mr Eddyarto
- \$445,795 being net liabilities included in PPA at date of sale considered extinguished.

At the date of disposal the carrying amounts of the net assets included in the disposal are as follows;

	\$
Cash and cash equivalents	24,706
Trade and other payments	(17,689)
Owing to related party	(499,805)
Accrued interest owing to Mr Eddyarto	(198,869)
Foreign exchange variation at date of sale	46,993
Consideration (cash offset)	(23,244)
Profit on sale of discontinued operation	\$667,908

As a result of the above, assets allocable to the disposal were classified as a disposal group (the carrying value of assets allocated to this disposal group was nil). Expenses for the year to the date of sale, and comparative expenses for the year ended 30 June 2017 directly related to this asset have been eliminated from the profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income. Expenses relating to the asset classified as for sale are summarised as follows.

	2018	2017
	\$	\$
Management and administration fees	-	65,707
Tenement outgoings	-	20,362
Loss for year	-	\$86,069

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

11. PAYABLES

	Consolidated	
	2018	2017
	\$	\$
Trade creditors	10,256	47,925
Trade creditors - Owing to related parties	-	495,954
Accrued interest - Convertible Loan to the Chairman	-	198,869
Accrued interest - related party	93,803	13,808
Other creditors and accruals	60,149	91,042
	164,208	847,598

Further information relating to trade creditors to related parties is set out in Note 23.

The accrued interest owing to related party will not be called upon for payment until the Company has available funds. Refer Going Concern note in Note 2(c).

The terms and conditions of the transactions with directors and related parties are no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

12. BORROWINGS CURRENT

	Consolidated	
	2018	2017
	\$	\$
Equity funding from related party	-	180,000
Equity funding from unrelated party	50,000	-
Total borrowings - current	50,000	180,000

Prior to 30 June 2018 the Company received an advance of funds from Addchance which is an advance of capital funds against the capital facility with Addchance which is subject to shareholder approval. The advance is unsecured and interest free.

Prior to 30 June 2017 the Company had received funds of \$180,000 from a related party, Jun Moon Limited designated to be converted to capital. The loan was unsecured and interest free. The funds were converted to capital in July 2017 being converted to 18,000,000 ordinary shares.

13. BORROWINGS NON-CURRENT

	Consolidated	
	2018	2017
	\$	\$
Borrowings	1,000,000	1,000,000
Less: Equity component of instrument	(299,409)	(299,409)
Add: unwinding of interest	149,847	16,232
Loan from related party	850,438	716,823

In 2017 the Company announced it had entered into a Convertible Loan Agreement with Jun Moon Limited, a company related to Mr Huili Guo.

The loan was executed on 28 April 2017, the terms of which are as follows;

- Loan has a Face Value of \$1,000,000;
- The Company made a single draw down under the Loan for the full amount of the facility;
- Interest shall accrue on the Loan at 8%;
- If the Loan has not been repaid or converted, the Company will repay any or all of the Loan 36 months after the execution date;
- Where an event of default occurs, Jun Moon Limited may require the Company to repay any or all of the Loan plus any interest.
- The loan is convertible into shares at a conversion price of 5 cents per Share;
- The Loan is an unsecured debt instrument ranking alongside general secured creditors.

The convertible loan is considered a Compound Financial Instrument, that is, an instrument that has both a debt and equity component. The equity component of \$299,408 has been credited to equity. 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 \$1,000,000 has been split between debt and equity using that rate as a basis for the split.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

14. CONTRIBUTED EQUITY

	Consolidated		Consolidated	
	2018	2018	2017	2017
	No	\$	No	\$
Issued and Paid-up Share Capital				
(a) Ordinary shares, fully paid	80,443,008	1,988,159	35,249,456	1,500,000
	80,443,008	1,988,159	35,249,456	1,500,000
Number	No	\$	No	\$
Ordinary Shares				
Balance as at 1 July	35,249,456	1,500,000	28,249,456	37,507,431
Less: permanent loss of capital		-	-	(36,077,431)
Shares issued	45,193,552	488,159	7,000,000	70,000
Closing balance at 30 June	80,443,008	1,988,159	35,249,456	1,500,000

(i) In the previous financial year, the board considered that as at 30 June 2017 accumulated losses to the amount of \$36,077,431 were deemed to be of a permanent nature. The board therefore, in accordance with Section 258F of the Corporations Act 2001 reduced its share capital by this amount with the consequent reduction in accumulated losses of the same amount. There was no impact on shareholders nor option holders from the capital reduction as no shares were cancelled and there was no change in the net asset position.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share when a poll is called or else one vote each on a show of hands. In the event of a winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
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OPTIONS RESERVE

The following share-based payment arrangements were in place during the current and prior periods:

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$	Vesting date
Directors options	4,000,000	26/04/2017	26/04/2019	\$0.015	\$0.007	26/04/2019

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	2018 Weighted average exercise price	2017 Weighted average exercise price
Number	\$	Number \$
Granted during the year	4,000,000	0.015
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of year	4,000,000	0.015
Exercisable at the end of year	4,000,000	0.015

The fair value of the equity-settled share options granted under both the option and the loan plans is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

**2017 Directors
Options**

Dividend yield (%)	-
Expected volatility (%)	-
Risk-free interest rate (%)	-
Expected life of option (years)	2
Exercise price (cents)	1.5
Grant date share price	

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

14. CONTRIBUTED EQUITY (continued)

(c) Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders.

The Company's strategy, which is unchanged from the prior year, was to maintain a sufficient level of cash to meet its obligations, as and when any debts are due, and to meet any investment commitments.

There is no externally imposed capital requirements for the Company.

15. RESERVES

Option Reserve

The option reserve records items recognised as expenses on valuation of Directors' share options.

Equity Component Reserve

The Equity Component Reserve recognises the equity component of the Compound Financial Instrument when initiated, refer Note 13.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

16. DIVIDENDS

The Directors do not recommend a dividend for the year ended 30 June 2018. No dividend was paid for the year ended 30 June 2018.

17. FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the Board of Directors under policies approved by the Board. The Board identifies and evaluates financial risks and provides principles for overall risk management.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

17. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Interest Rate Risk

The consolidated entity is exposed to interest rate fluctuations as interest rate is fixed at 8%.

Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Weighted Average Fixed Interest rate	Floating Interest rate	1 year or less	Fixed interest maturing in:		Non- Interest Bearing	Total
			\$	\$	1 to 5 years	more than 5 years	\$	\$
2018								
Financial assets								
Cash assets	8	0%	-	-	-	-	13,469	13,469
Receivables	9		-	-	-	-	26,985	26,985
			-	-	-	-	40,454	40,454
Financial liabilities								
Loans and borrowings	13	8%	-	-	850,438	-	-	850,438
Borrowings	12	0%	-	-	50,000	-	-	50,000
Payables	11		-	-	164,208	-	-	164,208
			-	-	1,064,646	-	-	1,064,646
2017								
Financial assets								
Cash assets	8	0%	-	-	-	-	46,595	46,595
Receivables	9		-	-	-	-	19,875	19,875
			-	-	-	-	66,470	66,470
Financial liabilities								
Loans and borrowings	13	8%	-	-	716,823	-	-	716,823
Loans and borrowings	12	0%	-	-	-	-	180,000	180,000
Payables	11		-	-	-	-	847,598	847,598
			-	-	716,823	-	1,027,598	1,744,421

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

17. FINANCIAL INSTRUMENTS (CONTINUED)

Financial Risk Management (continued)

Interest Rate Sensitivity Analysis

As interest rates are fixed there is no sensitivity to changes in interest rate.

(b) Fair Values of Financial Assets and Liabilities

Valuation Approach

Fair values of financial assets and liabilities are determined by the consolidated entity on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors, accounts payable, bank loans and lease liabilities approximate net fair value.

The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The balances of financial assets and liabilities approximate their fair value.

17. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

(c) Unrecognised Financial Instruments

The Company and controlled entities do not have any unrecognised financial instruments.

(d) Foreign Currency Risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	2018		2017	
	AUD	USD	AUD	USD
Receivables	-	-	-	-
Payables	-	-	495,594	381,488

The following significant exchange rates applied during the year:

	Average Rate		Average Rate	
	2018	2017	2017	2016
AUD				
USD	n/a	0.7692	0.7692	0.7282

Following the sale of the Indonesian subsidiary, and extinguishment of all foreign currency balances, the Company is not now exposed to any foreign currency risk.

(e) Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Company measures credit risk on a fair value basis. The credit risk on financial assets, excluding investments, of the consolidated entity, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Company has no significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

17. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through credit facilities or other fund raising initiatives, to meet commitments as and when they fall due.

Management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The Economic Entity cash reserves of \$13,469 (2017: \$46,595) as at 30 June 2018 will meet liquidity requirements in the short term. Funding for long-term liquidity needs is secured by a share issue facility of \$1 million entered into in July 2017.

As at 30 June 2018 the Group's non-derivative financial liabilities have contractual maturities as summarised below:

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30-Jun-18				
Trade and other payables	164,208		-	-
Borrowings - current	50,000	-	-	-
Borrowings non-current	-	-	1,000,000	-
TOTAL	214,208	-	1,000,000	-

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows;

	Current		Non-current	
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
30-Jun-17				
Trade and other payables	138,967		708,631	-
Borrowings - current (i)	180,000	-	-	-
Borrowings non-current	-	-	1,000,000	-
TOTAL	318,967	-	1,708,631	-

Note (i) - these borrowings were converted to share capital in early July 2017.

(g) Capital Management Risk

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and cash equivalents. Total capital is calculated as equity shown in the statement of financial position plus net debt. As the Company is in a transitional stage the gearing ratio has been monitored as a secondary matter to total borrowings and maturity.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

18. COMMITMENTS

	Consolidated	
	2018	2017
	\$	\$
Exploration lease commitments		
Minimum expenditure commitments on exploration licences		
Committed but not provided for and payable:		
Within one year	-	-
One year or later and no later than for five years	770,000	930,000
	770,000	930,000

Note : The three tenement areas referred to as Lake Surprise have been renewed for a 2 year period expiring on or about August 2020. The above commitment relates to the renewed tenement commitment.

19. SEGMENT INFORMATION

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management. The Company operated in one operating segment during the year, being mineral exploration and in two geographical areas, being Australia and Indonesia. Expenditure, assets and liabilities not directly related to either is referred to as other.

The segment reporting is detailed below:

(b) Primary Reporting – Business Segments
Year ended 30 June 2018

	Mineral exploration \$ Australia	Mineral exploration \$ Indonesia	Corporate \$	Total \$
Revenue				
Sales	-	-	-	-
Interest	-	-	-	-
Total Segment Revenue	-	-	-	-
Segment Result				
Depreciation	-	-	-	-
Profit/(loss) before income tax	(12,431)	-	134,882	122,451
Income tax expense	-	-	-	-
Net Profit/(loss)	(12,431)	-	134,882	122,451
Total segment assets				
- Exploration expenditure	-	-	-	-
- Receivables	3,076,245	-	40,454	3,116,699
- Others	-	-	-	-
	3,076,245	-	40,454	3,116,699
Total segment liabilities				
- Loans	3,076,245	-	900,438	3,976,683
- Others	-	-	164,208	164,208
	3,076,245	-	1,064,646	4,140,891

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

19. SEGMENT INFORMATION (CONT)

(a) Primary Reporting – Business Segments	Restated Mineral exploration \$ Australia	Restated Mineral exploration \$ Indonesia	Corporate \$	Total \$
Year ended 30 June 2017				
Revenue				
Sales	-	-	-	-
Interest	-	-	-	-
Total Segment Revenue	-	-	-	-
Segment Result				
Depreciation	-	-	-	-
Profit/(loss) before income tax	(19,185)	(20,362)	(478,078)	(517,625)
Income tax expense	-	-	-	-
Net Profit/(loss)	(19,185)	(20,362)	(478,078)	(517,625)
Total segment assets	-			
- Receivables	3,063,009	-	19,875	3,082,884
- Others	-	-	46,595	46,595
	3,063,009	-	66,470	3,129,479
Total segment liabilities				
- Loans	3,063,009	-	896,823	3,959,832
- Others	-	-	847,598	847,598
	3,063,009	-	1,744,421	4,807,430

All segment assets are located in Australia and Indonesia.

c) Segment assets:

Reportable segments' assets reconciled to total assets as follow:

	Consolidated 30 June 2018	Restated Consolidated 30 June 2017
Segment Assets	3,116,699	3,129,479
Consolidation	(3,076,245)	(3,063,009)
Total assets as per statement of financial position	40,454	66,470

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

19. SEGMENT INFORMATION (CONT)

d) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	Consolidated 30 June 2018	Consolidated 30 June 2017
Segment Liabilities	4,140,891	4,807,430
Consolidation	(3,076,245)	(3,063,009)
Total liabilities as per statement of financial position	<u>1,064,646</u>	<u>1,744,421</u>

20. CONTROLLED ENTITIES

Particulars in relation to controlled entities

	Ordinary Shares Consolidated Entity Interest	
	2018	2017
	%	%
Company:		
Adavale Resources Limited		
Controlled entities:		
Adavale Minerals Pty Ltd	100	100
Adavale Queensland Pty Ltd	100	100
Adavale Indonesia Pty Ltd	100	100
The above entities were incorporated in Australia.		
PT Prima Perkasa Abadi (sold during the year)	0	100

Incorporated in Indonesia

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

21 CONTINGENCIES

Following the sale of the Company's subsidiary PT Prima Perkasa Abadi (PPA) the previously referred to contingent liability of the Group has been extinguished.

22. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	Consolidated	
		2018	2017
		\$	\$
(a) Reconciliation of Cash			
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash at bank	8	13,469	46,595
(b) Reconciliation of the operating loss after tax to the net cash flow from operations			
Profit/(loss) after income tax		122,451	(517,625)
Add/(less) non cash items:			
Non-cash component of gain on sale discontinuing operation (d)		(667,908)	-
Share based payment		-	28,000
Interest capitalised		133,615	19,741
- Other		(3,353)	-
		(415,195)	(469,884)
Changes in assets and liabilities:			
- (Increase)/decrease in receivables		(7,110)	1,378
- Increase/(decrease) in trade creditors and accruals		31,020	183,592
- Increase/(decrease) in FX reserve		0	18,733
Net cash (used in) operating activities		(391,285)	(266,181)

(c) **Changes in liabilities arising from financing activities**

	Consolidated	
	Loans - equity funding	Convertible loan
	\$	\$
Balance as at 1 July 2017	180,000	716,823
Converted to share capital	(180,000)	-
Non-cash unwinding of discount rate	-	133,615
Funds advanced for equity funding	50,000	-
Balance as at 30 June 2018	50,000	850,438

(d) **Non-cash financing transactions**

As shown in Note 11, the sale of TAPAN (PT PPA) was achieved primarily by the extinguishment of debt. Except for the FX movement on cash held there was no cash movement for the group relating to the sale. Additionally as shown above, a loan from Jun Moon Limited of \$180,000 as at 30 June 2017 was converted to 18,000,000 ordinary shares in July 2017.

ADAVALE RESOURCES LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2018

23. RELATED PARTIES

Key Management Personnel

The directors of Adavale Resources Limited are considered the key management personnel of the consolidated economic entity.

The directors' remuneration and equity holdings have been disclosed in the directors report attached to the financial statements.

(a) The key management personnel compensation comprised:

	Consolidated	
	2018	2017
	\$	\$
Short-term employee benefits	70,005	11,667
Long-term employee benefits	-	-
Share based payments	-	28,000
Total	70,005	39,667

Apart from the details disclosed in this note and elsewhere in the financial report, no director or other related party has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other related party transactions

The Group has a convertible loan with Jun Moon Limited, a company related to Mr Huili Gui. The loan balance at 30 June 2018 is \$1,000,000 and at 30 June 2017 \$1,000,000. Interest is charged at 8%. The loan is unsecured and ranks alongside general creditors. The loan is convertible into shares at a conversion price of 5 cents per share. The loan is repayable on 7 January 2020. The carrying value of the loan is \$850,438, (30 June 2017 : \$716,823).

Prior to 30 June 2017 the Company had received funds of \$180,000 from a related party, Jun Moon Limited designated to be converted to capital. The loan was unsecured and interest free. The funds were converted to capital in July 2017 being converted to 18,000,000 ordinary shares.

24. EVENTS SUBSEQUENT TO REPORTING DATE

Except as referred to above, no matters or circumstances have arisen since the end of the 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 future financial years.

25. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	RESTATED	
	2018	2017
	\$	\$
Statement of financial position		
Current Assets	40,451	181,860
Total Assets	40,451	592,965
Current Liabilities	214,208	514,216
Non Current Liability	850,438	716,823
Total Liabilities	1,064,646	1,231,039
Shareholders' contributed equity	1,988,158	1,500,000
Share based payment reserves	28,000	28,000
Compound Financial Instrument reserve	299,408	496,065
Accumulated Losses	(3,339,760)	(2,662,139)
	(1,024,194)	(638,074)
Statement of profit or loss and other Comprehensive Income		
Total profit/(loss)	(974,278)	(411,170)
Total comprehensive income/(loss)	(974,278)	(411,170)

(c) Commitments

The parent entity did not have any contractual commitments or contingencies as at 30 June 2018.


DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 21 to 47 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 professional reporting requirements and other mandatory requirements, and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date;
2. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. Note 2 confirms that the consolidated financial statements also comply with International Financial Statements
4. This declaration has been made after receiving declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Directors



Haryono Eddyarto
Chairman
29/08/2018

Independent Auditor's Report to the Members of Adavale Resources Limited**REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Adavale Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern*, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Change in Accounting policy Note 4	
The Group has elected to change its accounting policy on Exploration and Evaluation assets. A change in accounting policy is subject to a number of disclosures under AASB 108.	We have reviewed the Board minutes to verify the change in accounting policy in order to provide more relevant and reliable information to the users. We then tested the calculations of revised balances to reflect the change in accounting policy. We then reviewed the financial statements in detail to ensure that the appropriate disclosures and adjustments were made to both current year balances and relevant comparative information.
Sale of the Tapan Project Note 10	
The sale of the project was significant to Adavale due to the significant amount of the liabilities settled and a significant non-cash gain associated with this. The transaction is also central to the users understanding of the financial report as a whole.	We have tested the transaction in detail and have ensured that it is accurately recorded. We have also reviewed the financials to ensure the appropriate disclosures were made.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Adavale Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants



Brad McVeigh
Partner

Perth
29 August 2018

Additional information included in accordance with the Listing Rule 4.10 and are not shown elsewhere in this Annual Report are as follows.

1. SHAREHOLDER INFORMATION

(a) Distribution of holders at 7 August 2018

	Number of holders	Fully paid ordinary shares
Distribution is:		
1 - 1,000	410	98,507
1,001 - 5,000	287	708,562
5,001 - 10,000	66	482,337
10,001 - 100,000	91	2,685,904
100,001 and Over	25	76,467,698
	879	80,443,008

(b) Less than marketable parcels of ordinary shares

There are 840 shareholders with unmarketable parcels totalling 2,514,736 shares.

(c) Voting rights

In accordance with the Constitution each member present at the meeting whether in person , or by proxy, or by power of attorney , or in a duly authorised representative in the case of a

(d) Substantial shareholders (as at 7 August 2018)

The Company's register of substantial shareholders as at the above date are as follows:

Shareholder	Number of shares	%
JUN MOON LIMITED	37,000,000	46.00%
PERFECT ATTEMPT LIMITED		
	15,193,552	18.89%
SHINE BRIGHT ENTERPRISES LTD	12,000,000	14.92%
HARYONO EDDYARTO	4,238,778	5.23%

(e) Shareholders

The twenty largest shareholders hold 92.86% of the total issued ordinary shares in the Company as at 7 August 2018 are as follows.

RANK	NAME	NUMBER OF SHARES	% OF SHARES ISSUED
1	JUN MOON LIMITED	37,000,000	46.00
2	PERFECT ATTEMPT LIMITED	15,193,552	18.89
3	SHINE BRIGHT ENTERPRISE LTD	12,000,000	14.92
4	MR HARYONO EDDYARTO	4,238,778	5.23
5	ARTHUR PHILLIP NOMINEES PTY LTD	2,906,102	3.61
6	GEOFFREY FRANK BRAYSHAW	966,667	1.20
7	BYRON DEVESON SUPERANNUATION FUND PTY LTD <THE BYRON DEVESON S/F A/C>	381,417	0.47
8	LIM & TAN SECURITIES PTE LTD (LIM & TAN CLIENT ACCOUNT)	376,277	0.47
9	BLUEKNIGHT CORPORATION PTY LTD	337,474	0.42
10	MR DENNIS VOSSOS AND MRS ANGELA KOSTARAS-VOSSOS	328,423	0.41
11	MR ALBERT SAYCHUAN CHEOK + MR ERIC VICTOR CHEOK	300,000	0.37
12	GURNEY CAPITAL NOMINEES PTY LTD	300,000	0.37
13	MR IAN PETER RAKICH	300,000	0.37
14	SING CAPITAL PTY LTD	268,076	0.33
15	LARCA PTY LTD <THE RISINGER FAMILY A/C>	201,967	0.25
16	BIRKDALE NOMINEES PTY LTD <RISINGER SUPER FUND A/C>	183,334	0.23
17	RANCHLAND HOLDINGS PTY LTD	169,692	0.21
18	MR VINCENZO BRIZZI & MRS LUCIA BRIZZI (BRIZZI FAMILY S/F A/C)	168,436	0.21
19	MR BRADLEY GRAEME READ	153,357	0.19
20	CITICORP NOMINEES LIMITED	144,988	0.18
		75,918,540	94.33

(f) Restricted Securities

There are no shares the subject of any restrictions.

(g) Unquoted Equity Securities (as at 7 August 2018)

The Company has nil unquoted fully paid ordinary shares on issue as at 7 August 2018
The Company has 4,000,000 unquoted option securities on issue as at 7 August 2018

(h) On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.

2. QUOTATION

Listed securities in Adavale Resources Limited are quoted on the Australian Stock Exchange.