



11 August 2009

Company Announcements Platform
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Adavale Resources Limited considering Sumatran Coal Project

Adavale Resources Limited (ASX:**ADD**) (Adavale) is pleased to announce that following an initial review, it is currently undertaking physical due diligence on a potential transaction for the acquisition of two thermal coal assets on the west coast of Sumatra, Indonesia and the east coast of southern Sumatra, Indonesia.

As part of the terms of the project Adavale will be required to issue 25 million shares and 10 million options exercisable at 15 cents. Total capital expenditure is estimated at US\$3m. To ensure the project is properly funded and as part of the proposal, Adavale has reached preliminary agreement with a co-investor to enter into a 60/40 joint venture agreement for the development of the project, on final terms to be agreed.

Whilst continuing to work on its existing projects, Adavale continues to focus on acquiring or investing in projects which will result in near term cash flow and is optimistic that this current opportunity will meet these requirements.

Adavale has also been investigating and discussing other value adding transactions, however at this time those investigations and discussions have not been concluded.

The Company wishes to caution that there is no certainty the due diligence in respect of the potential coal transaction will be completed to the satisfaction of the Board, or that terms for a transaction will be agreed or that the discussions on other transactions will reach the stage where they can be concluded.

Sylvie Dimarco
Company Secretary
Adavale Resources Limited