

29 July 2010

Company Announcements Office  
ASX Limited

**RE: QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2010**

**Highlights**

- Confirmation of a JORC compliant 9.05 Mt resource at the Tapan Project in Sumatra
- First production scheduled for the fourth quarter of 2010
- Drilling and logging underway at the Mumpie uranium prospect in South Australia

**INDONESIA**



**Figure 1: Indonesia and location of Adavale's Concession**

## TAPAN

Adavale Resources Ltd has completed its initial JORC drilling program on the Tapan Project in Sumatra. The project lies 120 km south of the capital of Padang.

Following the program an initial JORC compliant Inventory Coal Resource of 9.05Mt has been estimated within an 800ha portion of the concession area. The resource estimate is made up of 2.15Mt Measured, 1.5Mt Indicated and 5.4Mt Inferred (estimates from ADA Strategic).

Work has begun on detailed mine planning, haulage, processing and port and transshipment facilities and cash flow forecasts and capital costs are nearing completion.

Adavale is completing the acquisition of the company that held the exploration and exploitation IUP's over the Tapan Project that were granted under the new mining act.

The original Tapan concession area was approximately 5,000Ha with the potential for an inferred resource of 15Mt. The Company is in the process of expanding the area and is completing agreements to secure a total concession area of approximately 13,000Ha. ADA Strategic has been commissioned to determine the potential resource over the 13,000Ha.

In accordance with its development plan, Adavale will continue its exploration program whilst developing the mine plans for this initial resource.

RAW COAL QUALITY ANALYSES	
Total Moisture (%)	4.0 – 10.7
Inherent Moisture (%, adb)	3.2 – 5.5
Volatile Matter (%, adb)	35.3 – 40.3
Ash (%, adb)	5.2 – 22.1
Fixed carbon (%, adb)	37.3 – 48.8
Total sulphur (%, adb)	0.56 – 3.3
Gross Calorific Value (Kcal)	5,500 – 7060
HGI	34 – 48

**Table 1: Tapan Coal Raw Quality Analyses**

Analyses of the coal shows that it is of medium to high quality (Table 1). The high total moisture is due to water saturation in cleavages and inherent fractures within some coal seams.

## JAMBI

The company continues to review projects in the Jambi area and elsewhere.

**SAKATO**

The Sakato project forms part of the Tapan Coal Measure sequence. The KP consists of 2,000 Ha of exploration license and 188 Ha of exploitation license.

Geology, coal quality and coal measures are similar to Tapan. The Sakato project makes up part of the coal belt over which Adavale is looking to secure a total area of 13,000Ha. Terms of the initial MoU were not satisfactory and are being re-negotiated.

Adavale intends to establish itself as a reliable and secure Indonesian coal producer with Australian mining expertise, best practices and the low operating costs.

The Company's objectives are to meet domestic demand and to optimize Sumatra's strategic location to supply the energy demands of China, Malaysia and India.

**AUSTRALIA****LAKE SURPRISE: SOUTH AUSTRALIA (100% Adavale)**

Adavale's sedimentary uranium project at Lake Surprise in South Australia comprises EL 3622 and EL 3620 over an area of 1,836km<sup>2</sup>.

Adavale is continuing exploration on its South Australian uranium project at Lake Surprise and is pleased to confirm a drilling and gamma logging program commenced before the end of the quarter. The program is planned to test deeper targets in the Eyre Formation within the Mumpie prospect in order to test for uranium mineralisation similar to the Beverly and Beverly Four Mile deposits. The current drilling and logging program is ongoing. Results will be reported as they become available.

John Risinger

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*Competent Persons Statements*

*The information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG"), a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard 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 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in the report of the matters based on this information in the form and context in which it appears.*