

**APPENDIX 4D**  
**FULL REPORT TO THE AUSTRALIAN STOCK EXCHANGE**

Name of Entity	Adavale Resources Limited
ABN	96 008 719 015
Half year ended	31 December 2009
Previous corresponding period	31 December 2008

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				\$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>	Down	63%	To	76,090
Loss from ordinary activities after tax attributable to members	Down	574%	To	1,411,024
Net Loss for the period attributable to members	Down	574%	To	1,411,024

No interim dividend was paid and it is not proposed to pay any dividends.

## Explanation of Revenue

The Loss from ordinary activities before income tax expense includes the following revenue whose disclosure is relevant in explaining the financial performance of the entity:

	<b>Half Year Ended 31 Dec 2009 \$</b>	<b>Half Year Ended 31 Dec 2008 \$</b>
<b>Revenues from ordinary Activities</b>		
Interest	61,548	206,914
Other revenue from ordinary activities	14,542	-
Total revenue	<u>76,090</u>	<u>206,914</u>

## Explanation of Net Loss

During the year there was a loss of \$1,411,024 attributable to the costs associated with exploration of the Indonesian coal exploration project and uranium exploration project through its wholly owned subsidiaries.

There was a reduced holding in Queensland, this resulted in a write off of exploration costs of \$617,177. Also due to areas in Queensland being relinquished, an impairment of goodwill (relating to the exploration areas) of \$449,940 has been charged.

	<b>Half Year Ended 31 Dec 2009 \$</b>	<b>Half Year Ended 31 Dec 2008 \$</b>
Loss from continuing operations	(1,411,024)	(224,881)
Gain on disposal of subsidiary	-	15,530
Loss from Ordinary Activities	<u>(1,411,024)</u>	<u>(209,351)</u>

## THE RESULT FOR THE HALF-YEAR IS IN LINE WITH MANAGEMENT AND BOARD EXPECTATIONS.

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary security	\$0.022	\$0.029

## Other matters

There have been no entities over which control has been gained or lost during the period.

# **ADAVALE RESOURCES LIMITED**

ACN 008 719 015

## **HALF YEAR REPORT**

**31 DECEMBER 2009**

This financial report covers the consolidated entity consisting of Adavale Resources Limited and its controlled entities.

This Interim Financial Report should be read in conjunction with the company's annual report for the period ended 30 June 2009.

**ADAVALE RESOURCES LIMITED**  
**FINANCIAL REPORT**

for the half year ended 31 December 2009  
ACN 008 719 015

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**ADAVALE RESOURCES LIMITED**  
**CORPORATE DIRECTORY**

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**Directors**

Richard Poole (Chairman)  
Roger Steinepreis  
John Risinger (Managing Director)  
Mark Stevenson  
Philip Suriano  
Seiki Takakashi

**Secretary**

Sylvie Dimarco

**Registered Office**

Level 33 Colonial Centre  
52 Martin Place  
SYDNEY NSW 2000

Telephone + (612) 9227 8900  
Facsimile + (612) 9227 8901

**Share Registry**

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
PERTH WA 6000

**Auditor**

Robert Nielson Partners  
Level 7, 280 George St  
Sydney NSW 2000

**Stock Exchange**

Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

**ASX Code**

ADD (fully paid ordinary shares)

**ADAVALE RESOURCES LIMITED**  
**DIRECTORS' REPORT**

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The directors of Adavale Resources Limited submit herewith the financial report for the half year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

**Directors**

The names of the directors of the company during or since the end of the half year and up to the date of this report are:

Mr RJ Poole (Chairman)  
Mr R Steinepreis  
Mr John Risinger (Managing Director)  
Mr Mark Stevenson  
Mr P Suriano  
Mr Seiki Takahashi

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Principal Activity**

The principal activities of the consolidated entity are now mining exploration.

On 30 October 2009 Adavale Resources Limited announced the acquisition of rights to two thermal coal projects, Tapan & Jambi – both located in Sumatra, Indonesia. Work has commenced on the Tapan project.

Adavale Resources Limited will continue to evaluate other coal and uranium opportunities.

**Dividends**

No dividends were paid or declared for payment during the financial year.

**Review of Operations**

The net loss from ordinary activities after income tax for the half year ended 31 December 2009 was \$1,411,024 (December 2008: net loss \$209,351).

The loss from ordinary activities before income tax expense includes the following revenues and expenses disclosure is relevant in explaining the financial performance of the entity:

	<b>Half Year Ended 31 Dec 2009</b>	<b>Half Year Ended 31 Dec 2008</b>
	\$	\$
Revenue from continuing operations	76,090	206,914
Expenses from continuing operations	<u>(1,487,114)</u>	<u>(431,795)</u>
Loss from continuing operations	(1,411,024)	(224,881)
Gain on disposal of subsidiary	<u>-</u>	<u>15,530</u>
Profit/(loss) from ordinary activities	<u>(1,411,024)</u>	<u>(209,351)</u>

**ADAVALE RESOURCES LIMITED**  
**DIRECTORS' REPORT**

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The result for the half-year is in line with management and Board expectations.

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

**Audit and non-audit services**

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

Signed in accordance with a resolution of directors.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'RJ Poole', with a stylized flourish at the end.

RJ Poole  
Chairman  
Sydney,  
26<sup>th</sup> February 2010

**AUDITORS INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF ADAVALE RESOURCES LIMITED**

I declare that to the best of my knowledge and belief, during the half-year ended 31 December 2009, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
2. no contraventions of any applicable code of professional conduct in relation to the review.

**Robert Nielson Partners**



**Robert Nielson**

**Date 26 February 2010**

**ADAVALE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the half year ended 31 December 2009

	Note	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
<b>Continuing operations</b>			
Interest received		61,548	206,914
Other revenue		14,542	-
<b>Total Revenue</b>		76,090	206,914
Employee expenses		(60,000)	(60,000)
Telecommunication & hosting expense		-	(698)
Interest paid		-	(490)
Premises expense		(5,000)	(12,000)
Depreciation and amortization expense		(927)	(1,408)
Contractor and consultants expense		(171,386)	(80,576)
Legal expenses		(7,742)	(10,437)
Share registry fees		(57,385)	(27,672)
Management & Administration		(6,250)	(57,107)
Directors fees		(72,000)	(151,840)
Write off of exploration costs		(617,177)	-
Impairment of Goodwill		(449,940)	-
Other expenses from ordinary activities		(39,307)	(29,567)
<b>Total expenses</b>		(1,487,114)	(431,765)
<b>Profit / (Loss) before income tax</b>		(1,411,024)	(224,881)
Income tax expense relating to continuing operations		-	-
<b>Profit / (Net Loss) from continuing operations after income tax expense</b>		(1,411,024)	(224,881)
<b>Profit/ (Net Loss) for the year</b>		(1,411,024)	(224,881)
<b>Other Comprehensive Income/(Loss)</b>			
Gain from disposal of operations	2	-	15,530
<b>Total comprehensive income/(Loss) for the period</b>		(1,411,024)	(209,351)
<b>Earnings Per Share:</b>			
Basic (cents per share)		(0.0077)	(0.0011)
Diluted (cents per share)		(0.0077)	(0.0011)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes

**ADAVALE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 31 December 2009

	Note	Consolidated 31 Dec 2009 \$	Consolidated 30 June 2009 \$
<b>CURRENT ASSETS</b>			
Cash assets		4,048,626	4,821,141
Receivables		26,069	22,152
Other		8,428	16,015
<b>TOTAL CURRENT ASSETS</b>		<u>4,083,123</u>	<u>4,859,308</u>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment		5,413	6,341
Receivables		15,000	15,000
Other	3	2,622,426	3,232,528
<b>TOTAL NON CURRENT ASSETS</b>		<u>2,642,839</u>	<u>3,253,869</u>
<b>TOTAL ASSETS</b>		<u>6,725,962</u>	<u>8,113,177</u>
<b>CURRENT LIABILITIES</b>			
Payables		149,820	126,011
Provisions		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<u>149,820</u>	<u>126,011</u>
<b>TOTAL LIABILITIES</b>		<u>149,820</u>	<u>126,011</u>
<b>NET ASSETS</b>		<u>6,576,142</u>	<u>7,987,166</u>
<b>EQUITY</b>			
Contributed equity		34,771,995	34,771,995
Reserves		31,433	31,433
Accumulated losses		(28,227,286)	(26,816,262)
<b>TOTAL EQUITY</b>		<u>6,576,142</u>	<u>7,987,166</u>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

**ADAVALE RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the half year ended 31 December 2009

	Note	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		14,542	-
Payments to suppliers and employees		(387,774)	(497,229)
Interest received		57,733	156,755
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<u>(315,499)</u>	<u>(340,474)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loan made to other parties		-	(15,000)
Exploration costs paid		(457,016)	(440,823)
Cash lost from disposal of subsidiary		-	(15,624)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(457,016)</u>	<u>(577,839)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>-</u>	<u>-</u>
<b>NET INCREASE/(DECREASE) IN CASH ASSETS HELD</b>		(772,515)	(811,921)
Cash assets at the beginning of the half year		4,821,141	6,024,745
<b>CASH ASSETS AT THE END OF THE HALF YEAR</b>		<u>4,048,626</u>	<u>5,212,824</u>

This above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

**ADAVALE RESOURCES LIMITED****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half year ended 31 December 2009

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	Note	Share Capital \$	Retained Profits \$	Options Reserves \$	Total \$
<b>Balance at 1 July 2008</b>		34,771,995	(26,260,739)	31,433	8,542,689
Total Comprehensive Income/(Loss) for the year		-	(209,351)	-	(209,351)
<b>Balance at 31 December 2008</b>		<u>34,771,995</u>	<u>(26,470,090)</u>	<u>31,433</u>	<u>8,333,338</u>
<b>Balance at 1 July 2009</b>		34,771,995	(26,816,262)	31,433	7,987,166
Total Comprehensive Income/(Loss) for the year		-	(1,411,024)	-	(1,411,024)
<b>Balance at 31 December 2009</b>		<u>34,771,995</u>	<u>(28,227,286)</u>	<u>31,433</u>	<u>6,576,142</u>

This Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

**ADAVALE RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the half year ended 31 December 2009

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**1. BASIS OF PREPARATION**

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2009 and any public announcements made by Adavale Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**Accounting Standards Not Previously Applied**

The Company has adopted the following new and revised Australian Accounting Standards which are mandatory to apply to the current interim period.

AASB 101 Presentation of Financial Statements

Changes reflected in this financial report include:-

1. The replacement of the income statement with a statement of comprehensive income
2. The adoption of a single statement approach to the presentation of the statement of comprehensive income
3. Other financial statements are renamed in accordance with the standard.

AASB 8 Operating Segments

From 1 July 2009 the Company has identified its operating segments based on internal reports that are reviewed by the chief operating decision maker which, for the Company, is the Managing Director.

**2. DISCONTINUED OPERATIONS**

On 1 July 2008 Adavale Resources Ltd disposed of its email and mobile operations, Pocketmail Operations Pty Ltd.

**Sale of the discontinued operation**

	<b>31 Dec 2009</b>	<b>31 Dec 2008</b>
Consideration	-	-
Carrying amount of assets sold	-	(15,530)
Gain on sale before tax	<u>-</u>	<u>(15,530)</u>
Income tax expense	-	-
Gain on sale after tax	<u>-</u>	<u>(15,530)</u>

ADAVALE RESOURCES LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the half year ended 31 December 2009

**3. OTHER NON CURRENT ASSETS**

	<b>Consolidated 31 Dec 2009</b>	<b>Consolidated 30 June 2008</b>
Exploration Licenses	1,049,859	1,499,799
Exploration expenditure capitalised - Exploration and evaluation phase	<u>1,572,565</u>	<u>1,732,729</u>
	<u>2,622,426</u>	<u>3,232,528</u>

Adavale Resources Limited reduced its holdings in Queensland and therefore has written off \$617,177 in exploration costs. A review of the exploration licences had occurred during the period ended 31 December 2009 and an impairment charge of \$449,940 has been expensed to Comprehensive Income Statement.

**4. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There are no contingent liabilities or contingent assets of the company at 31 December 2009.

**5. SEGMENT REPORTING**

The Company has identified its operating segments based on internal reports that are reviewed by the Board and management.

The Company operated in one business segment during the half year, being mining and in two geographical area, being Australia and Indonesia.

a) The segment information provided for 31 December 2009 is as follows:

<b>Primary Reporting – Business Segments Half year ended 31 December 2009</b>	<b>Mining and exploration \$ Australia</b>	<b>Mining and exploration \$ Indonesia</b>	<b>Other \$ Australia</b>	<b>Total \$</b>
<b>Revenue</b>				
Interest	17	-	61,531	61,548
Other	-	-	14,542	14,542
Total Segment Revenue	<u>17</u>	<u>-</u>	<u>76,073</u>	<u>76,090</u>
<b>Segment Result</b>				
Profit/(loss) from ordinary activities before income tax	(698,450)	-	(712,574)	(1,411,024)
Income tax expense	-	-	-	-
Net Profit/(loss)	<u>(698,450)</u>	<u>-</u>	<u>(712,574)</u>	<u>(1,411,024)</u>
Total segment assets	1,280,203	329,168	9,260,261	10,869,632
Total segment liabilities	2,361,334	329,068	102,987	2,793,389

## NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2009

### 5. SEGMENT REPORTING (CONTINUED)

b) The segment information provided for 31 December 2008 is as follows:

<b>Primary Reporting – Business Segments Half year ended 31 December 2008</b>	<b>Mining and exploration \$ Australia</b>	<b>Mining and exploration \$ Indonesia</b>	<b>Other \$ Australia</b>	<b>Total \$</b>
<b>Revenue</b>				
Interest	302	-	206,612	206,914
Other	-	-	-	-
Total Segment Revenue	<u>302</u>	<u>-</u>	<u>206,612</u>	<u>206,914</u>
<b>Segment Result</b>				
Profit/(loss) from ordinary activities before income tax	(60,921)	-	(148,430)	(209,351)
Income tax expense	-	-	-	-
Net Profit/(loss)	<u>(61,223)</u>	<u>-</u>	<u>(148,430)</u>	<u>(209,351)</u>
Total segment assets	1,773,191	-	9,961,891	11,735,082
Total segment liabilities	2,155,873	-	92,044	2,247,917

All segment assets are located in Australia and Indonesia.

c) Segment assets:

Reportable segments' assets reconciled to total assets as follow:

	<b>Consolidated 31 Dec 2009</b>	<b>Consolidated 30 June 2008</b>
<b>SEGMENT ASSETS</b>	10,869,632	11,735,082
Intersegment Eliminations	<u>(4,143,670)</u>	<u>(3,621,905)</u>
Total assets as per balance sheet	6,725,962	8,113,177

d) Segment liabilities:

Reportable segments' liabilities reconciled to total liabilities as follow:

	<b>Consolidated 31 Dec 2009</b>	<b>Consolidated 30 June 2008</b>
<b>SEGMENT LIABILITIES</b>	2,793,390	2,247,918
Intersegment Eliminations	<u>(2,643,570)</u>	<u>(2,121,905)</u>
Total liabilities as per balance sheet	<u>149,820</u>	<u>126,013</u>

# NOTES TO THE FINANCIAL STATEMENTS

for the half year ended 31 December 2009

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## 6. SUBSEQUENT EVENTS

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

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**ADAVALE RESOURCES LIMITED**  
**DIRECTORS' DECLARATION**  
for the half year ended 31 December 2009

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The directors declare that:

- (a) the attached financial statements and notes thereto comply with AASB 134 Interim Reporting;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position as at 31 December 2008 and the performance of the company for the half year ended on that date;

In the directors' opinion:

- (a) the attached financial statements and the notes thereto are in accordance with the Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



RJ Poole  
Chairman

Sydney, 26 February 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ADAVALE RESOURCES LIMITED AND CONTROLLED ENTITIES**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half year consolidated financial report of Adavale Resources Limited & controlled entities ('the consolidated company'), which comprises the condensed statement of financial position as at 31 December 2009, condensed statement of comprehensive income, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors' of Adavale Resources Limited ('the company') are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Adavale Resources Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year consolidated financial report of Adavale Resources Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001.

**Robert Nielson Partners**A handwritten signature in black ink, appearing to be 'RN', with a long horizontal stroke extending to the right.**Robert Nielson**

Dated 26 February 2010