

2 December 2011

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

Dear Sir/Madam

**Cancellation and Expiration of Options and Confirmation of Capital Structure**

Further to the announcement made by Adavale Resources Limited (ASX: ADD) on 25 November, 2011, it wishes to advise that the following management options have been cancelled:

Number	Unlisted Options
10,000,000	Class A Management Options – exercisable at \$0.10 on or before 1 March 2014 conditional on the volume weighted average price of Adavale shares remaining above \$0.20 for 30 consecutive days
10,000,000	Class B Management Options – exercisable at \$0.10 on or before 1 March 2014 conditional on the volume weighted average price of Adavale shares remaining above \$0.40 for 30 consecutive days
10,000,000	Class C Management Options – exercisable at \$0.10 on or before 1 March 2015 conditional on the volume weighted average price of Adavale shares remaining above \$0.60 for 30 consecutive days

The company also advises that the following unlisted options have lapsed:

Number	Unlisted Options
1,428,571	Unlisted options exercisable at \$0.21 on or before 30 November 2011
1,547,619	Unlisted options exercisable at \$0.21 on before 1 December 2011

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The company confirms that the capital structure is:

Number	Class
316,990,019	Fully Paid Ordinary Shares
65,697,897	Unlisted options exercisable at \$0.04 on or before 31 July 2014 offered pursuant to the Offer and Placement
10,000,000	Class A Options – exercisable at \$0.04 on or before 31 July 2014
10,000,000	Class B Options – exercisable at \$0.04 on or before 31 July 2014 with vesting on that date on which Adavale Resources Limited sells and ships its first load of coal
10,000,000	Class C Options – exercisable at \$0.045 on or before 31 July 2015 with vesting on that date on which Adavale Resources Limited sells and ships its 500,000 <sup>th</sup> tonne of coal
10,000,000	Class D Options – exercisable at \$0.05 on or before 31 July 2016 with vesting on that date on which Adavale Resources Limited sells and ships its 1,000,000 <sup>th</sup> tonne of coal
10,000,000	Arthur Phillip Options – exercisable at \$0.04 on or before 31 July 2014

**Adavale Resources Limited**  
**Sylvie Dimarco**  
**Company Secretary**