

30 January 2012

Company Announcements Office - ASX Limited

RE: QUARTERLY ACTIVITIES REPORT FOR ADAVALE RESOURCES LIMITED (ARL) FOR THE PERIOD TO 31 DECEMBER 2011

HIGHLIGHTS

- Acquisition of the Tapan project completed. Meetings held with the community, Local Government and Mines Department prior to commencement of required exploration activities in the area
- Continued with due diligence on the PBM project near Batulicin. Final agreement subject to the owners meeting certain conditions precedent
- Secured a Memorandum of Understanding on the Mada Perkasa project near Samarinda

PROJECTS – INDONESIA



Figure 1: Indonesia - Active Project Areas

SUMATRA

ADAVALE NUSANTARA RESOURCES (ANR) (Wholly owned subsidiary of ARL)

TAPAN PROJECT (100% ANR)

ANR has finalised the acquisition of PPA – the company that owns the Tapan coal concession.



Figure 2: Tapan Project Location

ANR has previously carried out substantial exploration on the project, managed by ADA Strategic - a local consulting group. This initial program was carried out in a small percentage of the concession area and a program to identify total potential resources and reserves is being planned.

During the quarter the company held meetings with members of local government, the mines department and local communities in preparation for required exploration activities.

Since ANR completed the initial exploration program, there have been changes in the boundaries of the communities, and accordingly there was the need to meet with the new communities to clarify the company's intentions and to understand community expectations.

During the quarter a team of geologists and representatives of ANR were sent to the area to carry out geological and community development reconnaissance over the greater area proposed for exploration and development.

The Company has maintained its intention to increase the area for exploration and is in discussions with the appropriate authorities. Expanding the land holding will allow the company to access the potential the area hosts. Expressions of interest have been received from parties interested in entering into a joint venture to develop and mine the Tapan project and discussions are ongoing.

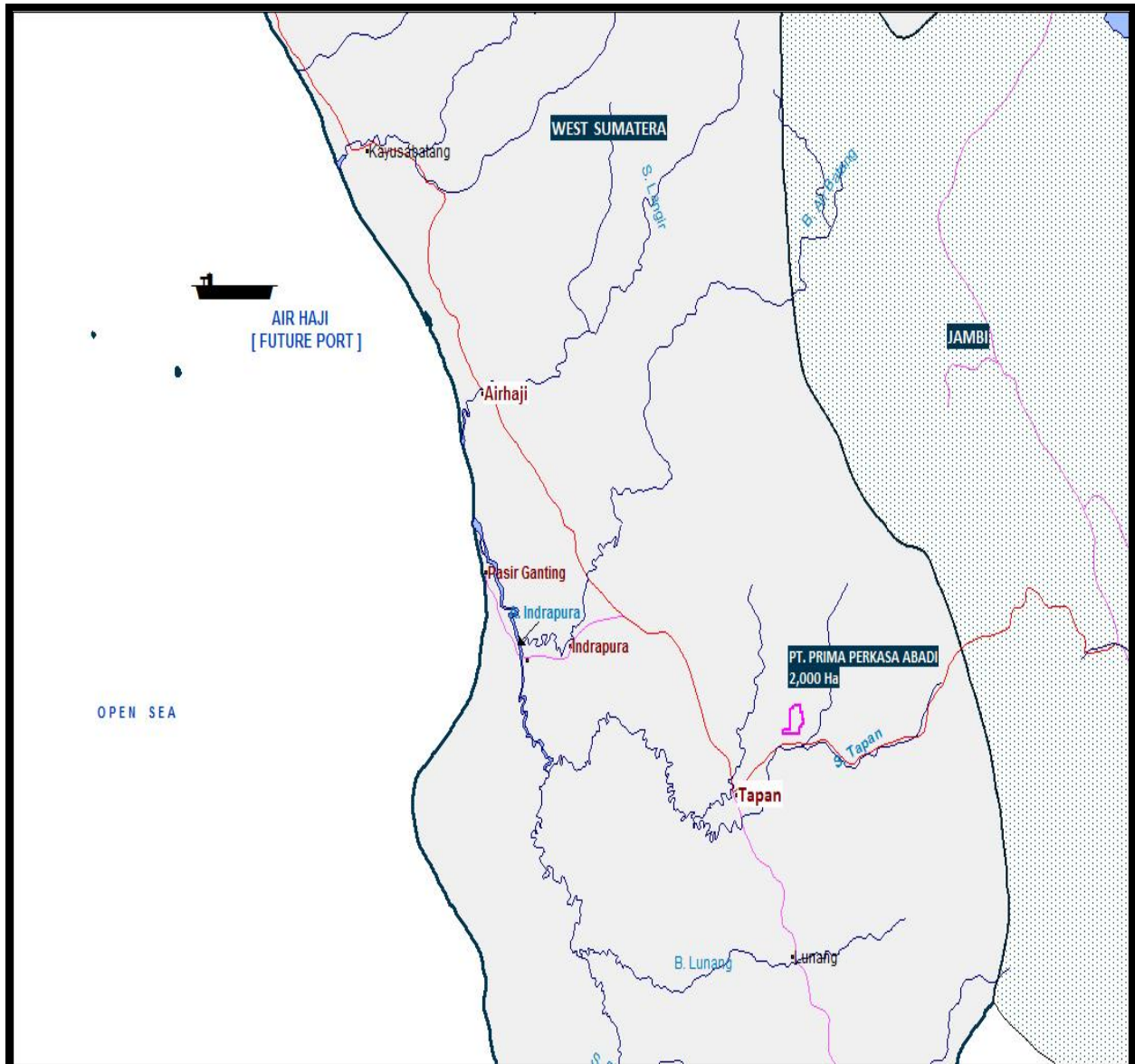


Figure 3: Project location and logistics

KALIMANTAN

ADAVALE HARNER RESOURCES (AHR) (60% ARL)

SOUTH KALIMANTAN

Following initial legal and technical due diligence and a comprehensive risk analysis, the company has signed an agreement with PT. Putra Batulicin Membangun (PBM). Finalisation of the agreement is subject to PBM satisfying certain conditions precedent.

PBM sits on 451ha, located approximately 30 kilometers northwest of Batulicin and is currently in production. Mining is by the vendor who is producing approximately 20,000 tons per month of 6300GCV coal. Under the agreement being negotiated, AHR would have the right to increase existing production and to re-enter two existing pits. AHR has carried out a field survey and is satisfied the concession represents an economic opportunity. On completion of the agreement AHR will carry out a drilling program to confirm geologist expectations and if satisfactory will proceed to mining.

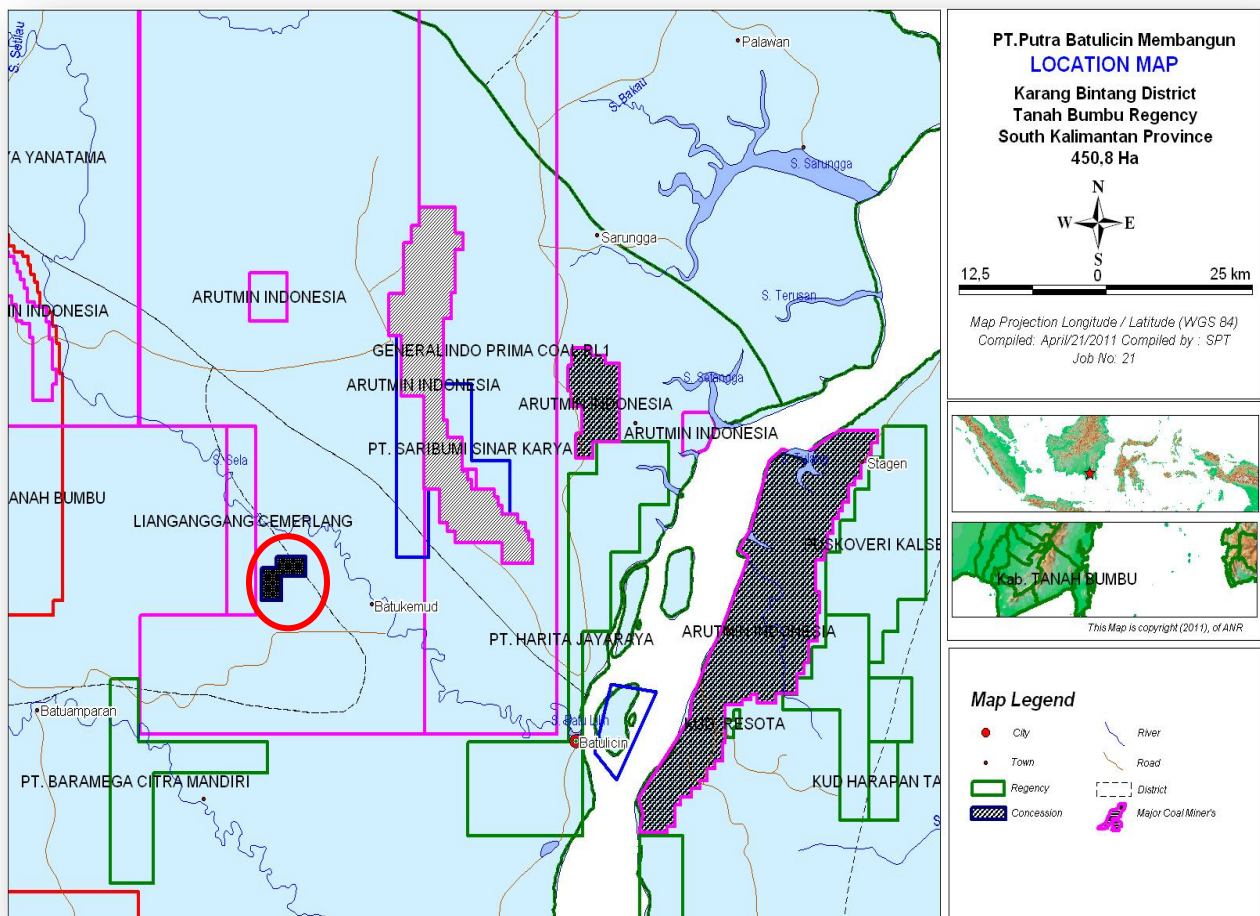


Figure 5: Location of PT. PBM Concession

EAST KALIMANTAN

During the quarter the company signed a Memorandum of Understanding (MOU) on the Mada Perkasa concession. The concession is 496Ha in area and is located approximately 20k north of Samarinda.

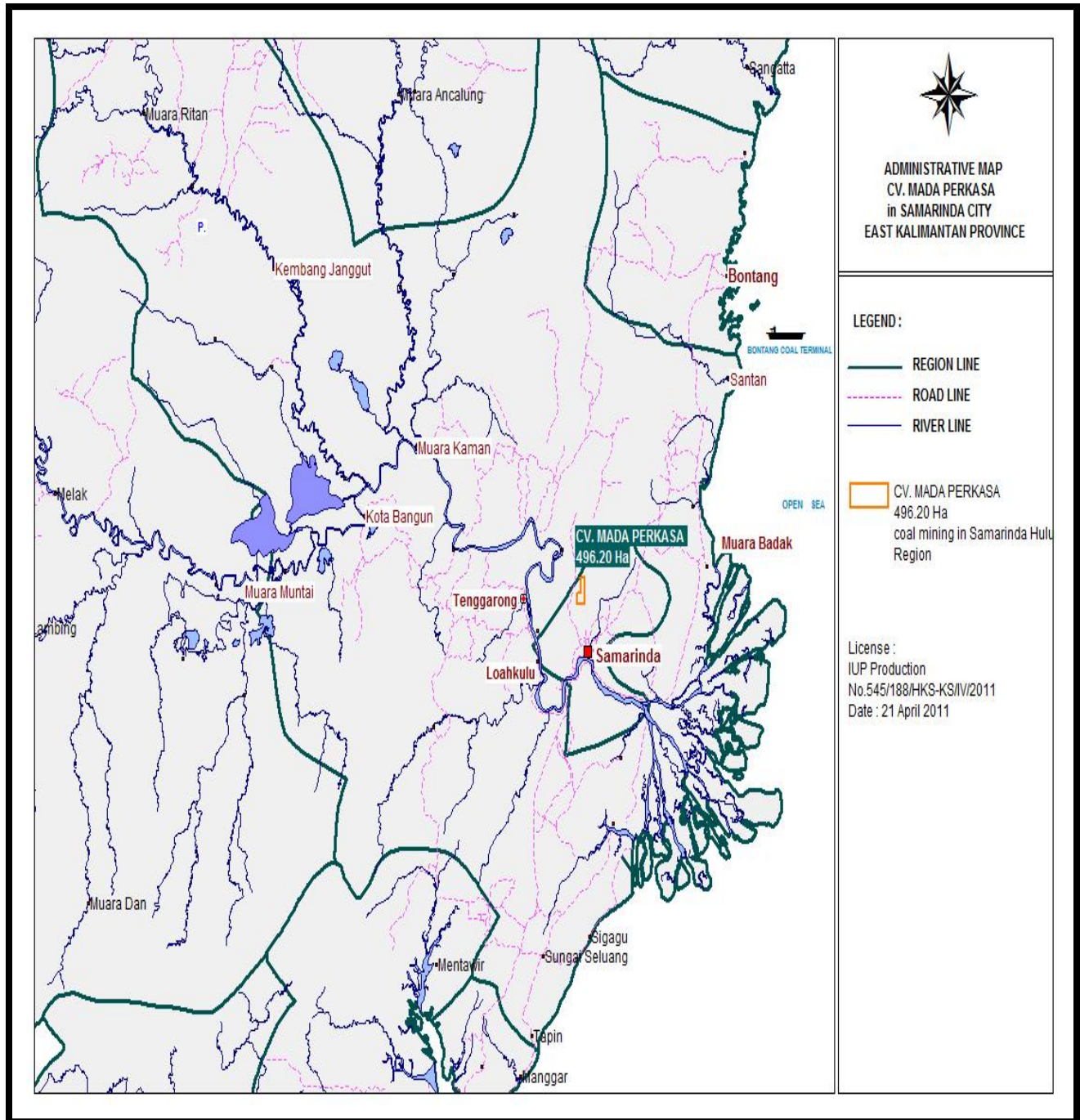


Figure 6: Location of CV. Mada Perkasa Concession

The MOU is with Indotama Bara Surya who holds the rights to mine the Mada Perkasa concession. The formal agreement that will follow the MOU is based on a Joint Operation with an 80/20 share of the profits. Legal and technical due diligence is in progress.

AHR continues to review projects in East and South Kalimantan. The projects are screened to meet minimum criteria and are in strategic locations with good logistics.

During the quarter the company conducted geological field trips and continued with legal and technical due diligence on selected projects

Previous agreements that have expired remain in the company database.

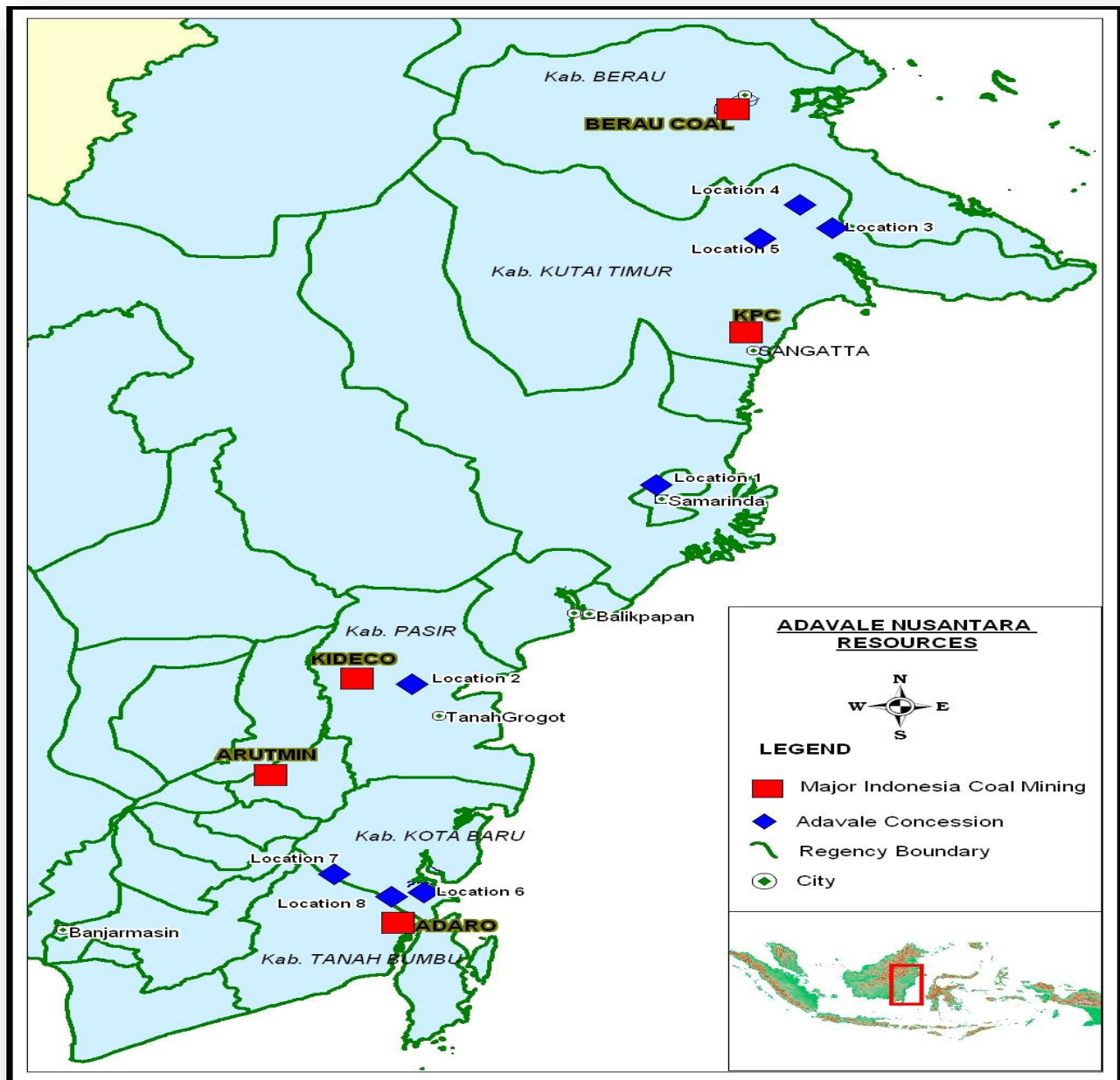


Figure 4: Current Project locations- Kalimantan

AUSTRALIA

LAKE SURPRISE - SOUTH AUSTRALIA (100% ARL)

Adavale's sedimentary uranium project at Lake Surprise in South Australia comprises EL 3622 and EL 3620 over an area of 1,836km². Two prospect areas – Clayton Basin and Mumpie - have been the focus of exploration to date.

ADD is in the process of renewing the exploration licences and complying with rehabilitation obligations. It is the company's opinion that the area holds significant potential and only a very small percentage of that potential has been explored to date.

A detailed report on the project will be completed in due course. The Company will then consider whether to look for joint venture partners to continue the exploration program.

John Risinger

Managing Director
(08) 9467 2049

Competent Persons Statements

The information in this report that related to Exploration Results, Mineral Resources or Ore Reserves is based upon information compiled by Mr Stephen Macmillan a member of the AusIMM. Mr Macmillan is a senior geologist with the company.

Mr Macmillan has sufficient experience which is relevant to the style and mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent persons as defined in the 2004 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Macmillan has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.